U.S. Congress

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

FIRST SESSION OF THE SIXTY-NINTH CONGRESS

OF

THE UNITED STATES
OF AMERICA

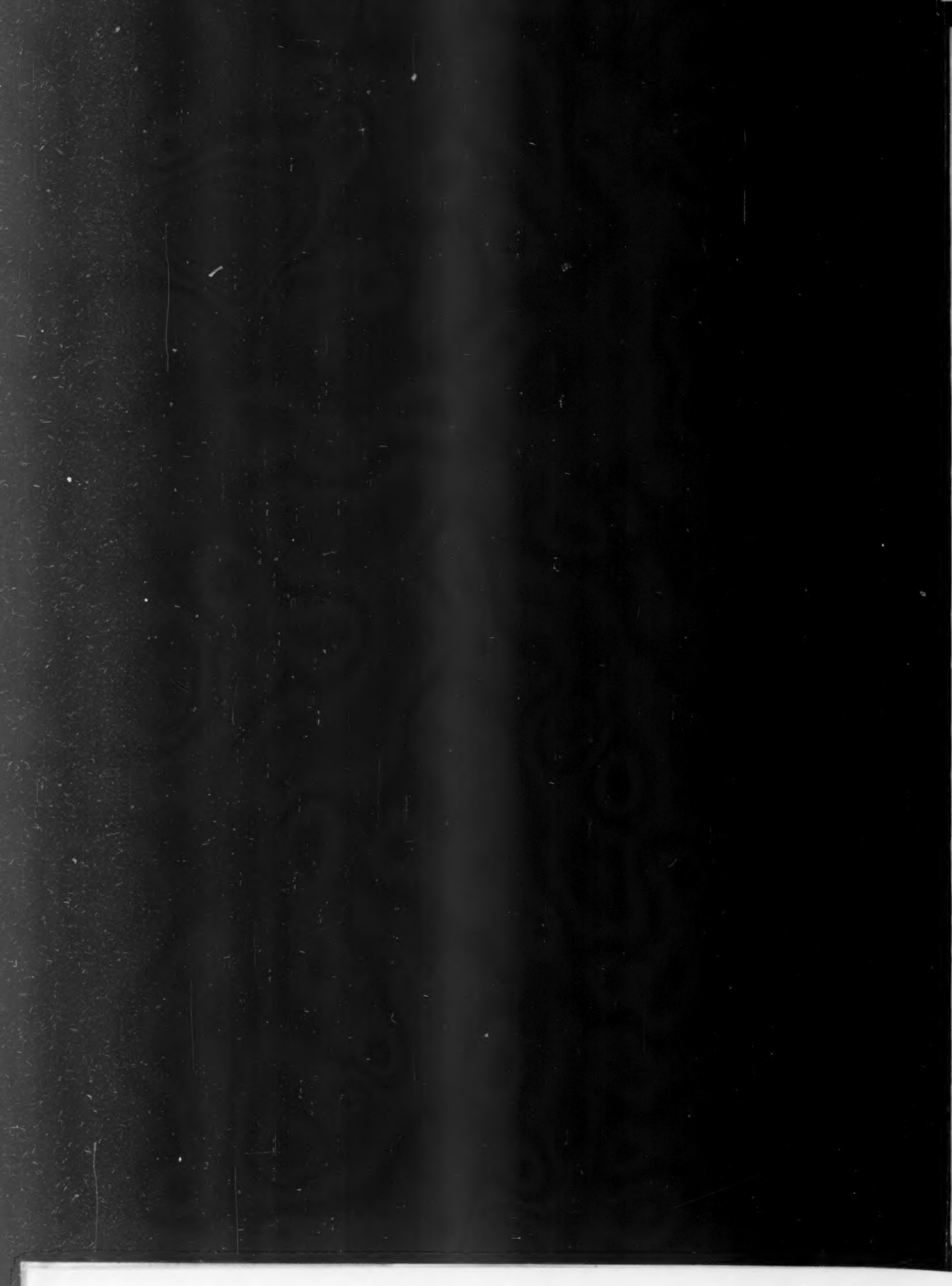
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PROCEEDINGS AND DEBATES OF THE SIXTY-NINTH CONGRESS
FIRST SESSION

SENATE

TUESDAY, *January 19, 1926*

(*Legislative day of Saturday, January 16, 1926*)

The Senate, as in open executive session, reassembled at 12 o'clock meridian, on the expiration of the recess.

As in legislative session,

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed without amendment the following bills of the Senate:

S. 90. An act to amend an act entitled "An act to create a Library of Congress trust-fund board, and for other purposes," approved March 3, 1925; and

S. 1267. An act to extend the time for the completion of the construction of a bridge across the Columbia River between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon.

The message also announced that the House had passed bills and joint resolutions of the following titles, in which it requested the concurrence of the Senate:

H. R. 172. An act to extend the time for the construction of a bridge across the Mississippi River at or near the village of Clearwater, Minn.;

H. R. 173. An act to extend the time for the construction of a bridge across the Rainy River between the village of Spooner, Minn., and Rainy River, Ontario;

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River;

H. R. 3852. An act to authorize the construction of a bridge over the Columbia River at a point within 2 miles downstream from the town of Brewster, Okanogan County, State of Washington;

H. R. 4032. An act granting consent of Congress to the Brownsville & Matamoros Rapid Transit Co. for construction of a bridge across the Rio Grande at Brownsville, Tex.;

H. R. 4033. An act granting consent of Congress to the Hidalgo & Reynosa Bridge Co. for construction of a bridge across the Rio Grande near Hidalgo, Tex.;

H. R. 4440. An act granting the consent of Congress to the board of supervisors of Clarke County, Miss., to construct a bridge across the Chunky River in the State of Mississippi;

H. R. 4441. An act granting the consent of Congress to the Board of Supervisors of Neshoba County, Miss., to construct a bridge across the Pearl River in the State of Mississippi;

H. R. 5027. An act authorizing the construction of a bridge across the Ohio River between the municipalities of Rochester and Monaca, Beaver County, Pa.;

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River in Cook County, State of Illinois;

H. R. 5565. An act granting the consent of Congress to the Civic Club of Grafton, N. Dak., to construct a bridge across the Red River of the North;

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian;

H. R. 6234. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge across the Palmer River;

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.;

H. J. Res. 64. A joint resolution to secure a replica of the Houdon bust of Washington for lodgment in the Pan American Building; and

H. J. Res. 107. A joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

CONSTITUTIONALITY OF ESTATE TAX

Mr. FLETCHER. Mr. President, I ask permission to have printed in the RECORD a letter to me from John S. Parker, a distinguished lawyer of New York and a well-considered memorandum by him as to the constitutionality of an estate tax.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

200 FIFTH AVENUE,
New York, January 16, 1926.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I received a few days ago the copy of your speech on the subject of the proposed estate tax law and read it with great interest.

As requested by you when I saw you at your office last Monday, I am inclosing herewith a memorandum which I have prepared as to the constitutionality of the estate-tax provisions (Title III) of the pending revenue bill. It seems to me to be beyond question that Title III, if enacted in its present form, will be held by the Supreme Court unconstitutional and void, and that the same thing may be said of the estate-tax provisions of the revenue act of 1924.

Faithfully yours,

JNO. S. PARKER.

IN THE SENATE OF THE UNITED STATES

An act (H. R. 1) to reduce and equalize taxes, to provide revenue, and for other purposes

MEMORANDUM AS TO THE CONSTITUTIONALITY OF TITLE III, ESTATE TAX

I. The tax imposed by Title III (estate tax) of the revenue bill of 1926, upon the transfer of the net estate of every decedent dying after the enactment of the act, is a duty or excise within the meaning of section 8 of Article I of the Constitution, and as such is subject to the rule of uniformity as prescribed by the first clause of that section.

Estate, inheritance, legacy, and succession taxes are duties or excises within the meaning of section 8 of article 1 of the Constitution and as such are subject to the rule of uniformity. (Knowlton *v.* Moore, 178 U. S. 41.)

II. By reason of the inclusion in Title III of the proposed act of the provision (sec. 301 (b)) allowing a credit for estate, inheritance, legacy, and succession taxes paid to any State or Territory or the District of Columbia, the whole title is rendered repugnant to the uniformity clause of section 8 of Article I of the Constitution and is void.

A tax is uniform, within the meaning of the constitutional provision on that subject, when it operates with the same effect in all places where the subject of it is found. (Edye *v.* Robertson, 112 U. S. 580.)

The uniformity thus required is the uniformity throughout the United States of the duty, impost, and excise levied; that is, the tax levied can not be one sum upon an article at one place and a different sum upon the same article at another place. The duty received must be the same at all places throughout the United States, proportioned to the quantity of the article disposed of or the extent of the business done. * * * It is contended by the Government that the Constitution only requires a uniformity geographical in its character. That position would be satisfied if the same duty were laid in all the States, however variant it might be in different places of the same State. But it could not be sustained in the latter case

without defeating the equality, which is an essential element of the uniformity required, so far as the same is practicable. (Mr. Justice Field, in Pollock v. Farmers' Loan & Trust Co., 157 U. S. 429.)

It needs no argument to show that in its application under existing conditions in the several States of the Union there is no uniformity whatsoever in the amount of the tax, and it is no answer to the objection raised as to uniformity that the proposed law may be made to operate uniformly throughout the United States by action of the States.

In a recent case before the Supreme Court involving the constitutionality of the income tax law of the State of New York, which in its application discriminated against citizens of other States, the attorney general of New York argued that such discrimination could be removed in practice by appropriate action of the legislatures of the other States. The Supreme Court made short work of this argument, and the reasoning of the court applies with equal force to the proposed law now under consideration. The court said:

"In the brief submitted by the attorney general of New York in behalf of appellant, it is said that the framers of the act, in embodying in it the provision for unequal treatment of the residents of other States with respect to the exemptions, looked forward to the speedy adoption of an income tax by the adjoining States, in which event injustice to their citizens on the part of New York could be avoided by providing similar exemptions similarly conditioned. This, however, is wholly speculative; New York has no authority to legislate for the adjoining States; and we must pass upon its statute with respect to its effect and operation in the existing situation. But, besides, in view of the provisions of the Constitution of the United States, a discrimination by the State of New York against the citizens of adjoining States would not be cured were those States to establish like discriminations against citizens of the State of New York. A State may not barter away the right conferred upon its citizens by the Constitution of the United States, to enjoy the privileges and immunities of citizens when they go into other States. Nor can discrimination be corrected by retaliation; to prevent this was one of the chief ends sought to be accomplished by the adoption of the Constitution." (Travis v. Yale & Towne Manufacturing Co., 252 U. S. 60, 81, 82.)

III. Said title III is an invasion of the rights reserved to the States by Article X of the amendments to the Constitution, and for that reason also is unconstitutional and void.

The tenth amendment reads as follows:

"The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people."

The avowed purpose of the proponents of the provision allowing a credit for State taxes paid is to force uniformity among the States in the imposition of inheritance taxes. The report of the Ways and Means Committee contains this significant paragraph:

"A very important change was also made in the application of the estate taxes. Under the present law a credit is allowed upon the taxes of the amount of any inheritance or estate tax paid to any State, up to 25 per cent of the Federal tax. In order to give the various States full freedom to make use of this tax, the committee decided to extend the credit which might be so allowed up to 80 per cent of the Federal tax. The several States, by the use of this provision, will be enabled to make use of the inheritance tax without additional cost to its citizens."

The power to enforce uniformity of the laws of the States in their domestic affairs is not among the powers committed to Congress by the Constitution.

"We must construe the law and interpret the intent and meaning of Congress from the language of the act. * * * Does this law impose a tax with only that incidental restraint and regulation which a tax must inevitably involve? Or does it regulate by the use of the so-called tax as a penalty? * * * In the light of these features of the act, a court must be blind not to see that the so-called tax is imposed to stop the employment of children within the age limits prescribed. Its prohibitory and regulatory effect and purpose are palpable. All others can see and understand this. How can we properly shut our minds to it? * * * So here the so-called tax is a penalty to coerce people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution." (Chief Justice Taft, in Bailey v. Drexel Furniture Company, 259 U. S. 20, 36, 37, 39.)

The only difference in principle between the above case and the proposed law now under consideration is that whereas in the child labor case Congress merely attempted, in the language of the Chief Justice, to coerce the people of a State, here we find an attempt to coerce the sovereign States themselves in the exercise of one of the very fundamental functions of sovereignty, that is to say, the imposition of taxes upon their citizens.

"Should Congress, in the execution of its powers, adopt measures which are prohibited by the Constitution, or should Congress, under the pretext of executing its powers, pass laws for the accomplishment of objects not intrusted to the Government, it would become the painful duty of this tribunal, should a case requiring such a decision come before it, to say that such a law was not the law of the land." (Chief Justice Marshall, in McCulloch v. Maryland, 4 Wheaton.)

"It is the high duty and function of this court in cases regularly brought to its bar to decline to recognize or enforce seeming laws of Congress dealing with subjects not intrusted to Congress but left or committed by the supreme law of the land to the control of the States. We can not avoid the duty, even though it require us to refuse to give effect to legislation designed to promote the highest good. The good sought in unconstitutional legislation is an insidious feature, because it leads citizens and legislators of good purpose of promote it, without thought of the serious breach it will make in the ark of our covenant or the harm which will come from breaking down recognized standards. In the maintenance of local self-government, on the one hand, and the national power, on the other, our country has been able to endure and prosper for near a century and a half." (Chief Justice Taft, in Bailey v. Drexel Furniture Company (child labor tax case), 259 U. S. 20, 37.)

"Out of a proper respect for the acts of a coordinate branch of the Government this court has gone far to sustain taxing acts as such, even though there has been ground for suspecting, from the weight of the tax, it was intended to destroy its subject. But in the act before us the presumption of validity can not prevail, because the proof of the contrary is found on the very face of its provisions. Grant the validity of this law, and all that Congress would need to do hereafter, in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with, and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called tax upon the departures from it. To give such magic to the word 'tax' would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States." (Chief Justice Taft in Bailey v. Drexel Furniture Co. (child-labor tax case), 259 U. S. 20, 37.)

IV. Title III is void in its entirety

"It is elementary that the same statute may be in part constitutional and in part unconstitutional; and if the parts are wholly independent of each other, that which is constitutional may stand, while that which is unconstitutional will be rejected. And in the case before us there is no question as to the validity of this act, except sections 27 to 37, inclusive, which relate to the subject which has been under discussion; and as to them we think the rule laid down by Chief Justice Shaw in Warren v. Charlestown (2 Gray 84) is applicable—that if the different parts 'are so mutually connected with and dependent on each other, as conditions, considerations, or compensations for each other, as to warrant a belief that the legislature intended them as a whole, and that if all could not be carried into effect the legislature would not pass the residue independently, and some parts are unconstitutional, all the provisions which are thus dependent, conditional, or connected must fall with them.' Or, as the point is put by Mr. Justice Mathews in Poindexter v. Greenhow (114 U. S. 270, 304; 5 Sup. Ct. 903, 962): 'It is undoubtedly true that there may be cases where one part of a statute may be enforced as constitutional and another be declared inoperative and void because unconstitutional; but these are cases where the parts are so distinctly separable that each can stand alone and where the court is able to see and to declare that the intention of the legislature was that the part pronounced valid should be enforceable, even though the other should fail. To hold otherwise would be to substitute for the law intended by the legislature one they may never have been willing by itself to enact.' And again, as stated by the same eminent judge in Sprague v. Thompson (118 U. S. 90, 95; 6 Sup. Ct. 988), where it was urged that certain illegal exceptions in a section of a statute might be disregarded, but that the rest could stand: 'The insuperable difficulty with the application of that principle of construction to the present instance is that by rejecting the exceptions intended by the Legislature of Georgia the statute is made to enact what, confessedly, the legislature never meant. It confers upon the statute a positive operation beyond the legislative intent and beyond what anyone can say it would have enacted, in view of the illegality of the exceptions.'" (Chief Justice Fuller, in the prevailing opinion, in Pollock v. Farmers' Loan & Trust Co., 158 U. S. 601.)

Therefore if paragraph (b), allowing the credit, should be held to be unconstitutional, the whole title would fall, because it is obvious that Congress does not intend to impose the full tax without the credit.

Respectfully submitted.

JOHN S. PARKER, *Counsellor at Law.*

NEW YORK, *January 16, 1926.*

PETITIONS AND MEMORIALS

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD a number of petitions, letters, and resolutions from citizens of Arizona urging adherence to the Permanent Court of International Justice. I ask that the letters and resolutions with the names signed to the petitions accompanying them be printed in the RECORD; and that these papers may lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The letters, resolutions, and petitions are as follows:

FIRST CONGREGATIONAL CHURCH

Phoenix, Ariz., Dec. 17, 1925.

Senator HENRY F. ASHURST,
Washington, D. C.

DEAR SENATOR: I am transmitting to you the message of many prominent people in Phoenix and Arizona who are greatly interested in the World Court, which comes up to-day in the Senate.

For myself I was and am for the League of Nations, but we did not get it and it became a matter of politics and controversy.

I believe that the World Court is one step in the way of peace, and very sincerely hope that you can support it and vote for it in the United States Senate.

A merry Christmas and a happy New Year to you and yours.

Very sincerely,

Rev. J. C. TREAT.

FIRST CONGREGATIONAL CHURCH,
Phoenix, Ariz.

The following resolution was adopted at a mass meeting at Phoenix, Ariz., November 15, 1925, Chief Justice A. G. McAllister, of the supreme court, presiding. All the members of the Supreme Court of Arizona sat, with other leading citizens, on the platform. Judge Alfred C. Lockwood, of the supreme court, presented this resolution, which had been prepared by a committee and which was unanimously adopted by vote:

"Whereas we believe that the United States of America should participate in the World Court along with other nations of the world in an attempt to substitute peaceful settlements for war in case of disputes; and

"Whereas three successive Presidents—Wilson, Harding, and Coolidge—have urged upon the Senate of the United States a favorable vote upon the entry of our country into the World Court: Therefore be it

"*Resolved*, That it is the sense of this meeting of the citizens of Phoenix, Maricopa County, Ariz., that the United States of America should, through action of the Senate, vote to enter the World Court at the earliest possible moment; be it further

"*Resolved*, That a copy of this resolution be sent to the Senators representing Arizona and also that a copy be given to the local press."

Rev. J. C. TREAT,
For the Ministerial Association of Phoenix, Ariz.
Rev. PHILIP Y. PENDLETON,
Central Christian Church.
Rev. RICHARD E. DAY,
First Baptist Church.
Rev. HARDY E. INGHRAM,
First Methodist Episcopal Church.

Resolution prepared for submission that day at close of a noonday dinner given by Bishop Atwood, of Trinity Cathedral, at his home to this committee and others in honor of Dr. Loyal Lincoln Wirt, western secretary of the National Council for the Prevention of War, San Francisco, Calif., who was the speaker of the day upon this occasion.

PHOENIX MEMBERS OF ARIZONA NATIONAL COUNCIL FOR THE PREVENTION OF WAR

Chief Justice of the Supreme Court A. G. McAllister.
Associate Justice of the Supreme Court Alfred C. Lockwood.
Associate Justice of the Supreme Court H. D. Ross.
Judge Frank O. Smith, president Chamber of Commerce.
H. B. Watkins, secretary Chamber of Commerce.
C. O. Case, State superintendent of education.
John D. Loper, city superintendent of education.
E. W. Montgomery, principal Phoenix High School.
J. W. Laird, dean of Junior College, Phoenix.
Dr. A. W. Matthews, president State Teachers College, Tempe.
H. W. Benning, Young Men's Christian Association secretary.
Miss Grace Bennett, Young Woman's Christian Association secretary.
Mrs. H. B. Wilkinson, president Young Woman's Christian Association.
Mrs. C. F. Ainsworth.
Mrs. H. R. St. Claire, president Woman's Club, Phoenix.
Mrs. Samuel White, secretary Woman's Club, Phoenix.
Mrs. W. C. Foster, secretary department of international relations, Woman's Club, Phoenix.
Governor Hunt.
Mayor Whitney.
Postmaster Jones.
Mrs. Dwight B. Heard, Dr. Victor Rule, First Presbyterian Church.
Rev. H. L. Johnson, dean of Trinity Cathedral.
Dr. P. V. Pendleton, First Christian Church.
Dr. R. E. Day, First Baptist Church.
Dr. H. E. Ingham, First Methodist Episcopal Church.
Dr. C. Raymond Gray, Central Methodist Episcopal Church.
Rev. E. C. Roberts, Nazarene Church.
Rev. F. E. Maurer, Lutheran Church.
Rev. J. G. Treat, First Congregational Church.
Rev. T. O. Douglas, Tempe Congregational Church.
Rev. J. H. Smith, Garfield Methodist Episcopal Church.
Rev. R. H. Harbert, Methodist Episcopal Church.

THE MONDAY CLUB,
PRESCOTT, ARIZ.

Resolution

The Monday Club, of Prescott, Ariz., representing a membership of 163 women, at a meeting held November 23, 1925, adopted, by unanimous vote, the following resolution:

"Whereas the Monday Club believes that the United States should take its place among the nations of the world in some concerted effort looking toward peace; and

"Whereas it believes that the Permanent Court of International Justice more fully realizes American ideals for the settlement of disputes by arbitration than is now afforded by any other peace movement; and

"Whereas a resolution embodying the Harding-Hughes-Coolidge reservations, that the United States become a member of this court will come before the Senate during the session of Congress beginning December 7, 1925: Therefore be it

"*Resolved*, That the Monday Club petition the Senators from Arizona, the Hon. HENRY F. ASHURST and the Hon. RALPH H. CAMERON, also the Senate Foreign Relations Committee, Hon. WILLIAM E. BORAH, chairman, to exert their best efforts to secure favorable action on the resolution that the United States join the International Court of Justice; be it further

"*Resolved*, That a copy of this resolution be forwarded to each of the Senators from Arizona and to the Senate Foreign Relations Committee; that a copy be spread upon the minutes of the Monday Club, and that copies be sent to the press for publication."

ETTA J. OLIVER,
111 North Marina Street, Prescott, Ariz.
BLANCHE L. WHETSTINE,
ESTELLE AUBREY BROWN,
Committee.

The Woman's Club of Flagstaff, Ariz., has expressed itself in favor of the United States taking its place among the other world powers in the effort to secure peace and heartily indorses Senate Resolution No. 5, known as the Swanson Resolution.

We hope you will give this your earnest attention when it comes before the Senate and work for its adoption.

Mrs. F. M. GOLD, *President.*
Mrs. R. E. TAYLOR, *Vice President.*

LAVEEN, ARIZ., *November 28, 1925.*

Mr. ASHURST.

DEAR SIR: Inclosed you will find a copy of the resolution as indorsed by the Laveen Women's Club of Arizona.

Very sincerely,

Mrs. WM. LOGSDON, *Corresponding Secretary.*

Resolution

Whereas the members of the General Federation of Women's Clubs have always been staunch advocates of peace;

Whereas we have again and again affirmed our belief in the settlement of difficulties by the nations on the same peaceful basis that settlement is now effected between private individuals;

Whereas the one step that to-day is before our country looking towards everlasting peace is the proposition of our entrance into the International Court of Justice;

Whereas this is absolutely a nonpartisan matter: Therefore, be it

Resolved, That the Laveen Women's Club go on record as heartily favoring the entrance of the United States into the World Court.

CENTRAL ARIZONA DISTRICT FEDERATION OF WOMEN'S CLUBS,
Peoria, Ariz., October 26, 1925.

DEAR SENATOR ASHURST, *Washington, D. C.:*

Resolution

Whereas the members of the Central Arizona District Federation of Women's Clubs have always been staunch advocates of peace;

Whereas we have again and again affirmed our belief in the settlement of difficulties by the nations on the same peaceful basis that settlement is now effected between private individuals;

Whereas the one step that to-day is before this country looking toward everlasting peace is the proposition of our entrance into the International Court of Justice;

Whereas this is absolutely a nonpartisan matter: Therefore be it

Resolved, That the Central Arizona District Federation of Women's Clubs go on record as heartily favoring the entrance of the United States into the World Court.

Very sincerely yours,

Mrs. G. L. BISSINGER,
President.

Mrs. R. D. LAKE,
Corresponding Secretary.

GILBERT, ARIZ., *November 21, 1925.*

To SENATOR ASHURST:

Whereas the members of the General Federation of Woman's Clubs have always been staunch advocates of peace;

Whereas we have again and again affirmed our belief in the settlement of difficulties by the nations on the same peaceful basis that settlement is now effected between private individuals;

Whereas the one step that to-day is before this country looking toward everlasting peace is the proposition of our entrance into the International Court of Justice;

Whereas this is absolutely a nonpartisan matter: Therefore be it

Resolved, That the Woman's Improvement Club of Gilbert go on record as heartily favoring the entrance of the United States into the World Court.

Respectfully,

WOMAN'S IMPROVEMENT CLUB OF GILBERT.
Mrs. PAUL L. CRANDALL, *Secretary.*

MORENCI, ARIZ., *November 22, 1923.*

Mr. HENRY F. ASHURST,
United States Senate, Washington, D. C.

DEAR SIR: I wish you would permit me to say that I am most heartily in favor of the proposal that the United States enter the Permanent Court of International Justice now established at The Hague, and that it is my earnest hope that you are of kindred mind on the matter and will be ready to give all your influence as well as your vote to accomplish this end.

I have already conveyed to you the sentiment of the congregation of which I am pastor, a unanimous expression from the best part of our population, and I am now writing to give personal expression to my own position on the question. And further, I shall be very deeply disappointed should the Foreign Relations Committee of the Senate hesitate or refuse to report out this proposition or should the measure be loaded down with reservations or other limitations calculated to defeat its purpose or to make it impossible for this country to play a positive and constructive part in the great movement to secure the adjustment of international disputes by law instead of by war. For once, may I not hope that mere partisan considerations will give way and that there may be heard only the crying need of mankind for peace?

Yours very truly,

ALLAN KRICHBAUM,
Pastor, Presbyterian Church, Morenci, Ariz.

MORENCI, ARIZ., *November 20, 1923.*

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

DEAR SIR: We, the pastor and elders of the Presbyterian church of Morenci, Ariz., desire to state that we have been commissioned by the congregation of this church to make known to you its unanimous indorsement of the proposal that the United States enter the Permanent Court of International Justice already organized and established at The Hague as recommended by the late President Harding, and to express to you its earnest hope that you will use all your influence as well as your vote to accomplish this end.

To this we wish to add our own emphatic indorsement and to express to you our own personal feeling that our country should play a foremost part in the movement to secure lasting peace for mankind, the end of bloody war.

Yours very truly,

ALLAN KRICHBAUM,
Pastor and Moderator of Session.
L. J. OWEN,
Clerk of Session.

BISHOP'S HOUSE,
Phoenix, Ariz., December 1, 1923.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

MY DEAR MR. ASHURST: The following resolution was unanimously adopted at a recent meeting of the clergy of the Protestant Episcopal Church of Arizona. Will you not use your best efforts in this matter?

"*Resolved*, That the conference of the clergy of the Protestant Episcopal Church of the district of Arizona, assembled in Phoenix, goes on record as approving of and advocating the participation of the United States of America in the World Court, and that we urge upon the Senators from Arizona to support it with their votes and influence.

"*Resolved*, That our secretary be instructed to send a copy of this resolution to each of our Senators in Congress."

Yours very sincerely,

BERTRAND R. COCKS, *Secretary.*

Signed:

J. W. Atwood, Bishop of Arizona; J. R. Jenkins, Archdeacon of Arizona; Bertrand R. Cocks, General Missionary of Arizona; Herbert L. Johnson, Dean of Trinity Cathedral, Phoenix; Edward H. Freeland, Trinity Cathedral, Phoenix; G. O. T. Bruce, St. Mark's Church, Mesa; Henry Clark Smith, St. Andrew's Church, Nogales; H. H. Gillies, Trinity Church, Kingman; A. W. Nicholls, St. Luke's Church, Prescott; George V. Harris, Epiphany Church, Flagstaff; Thos. R. Williams, Christ Church, Jerome; William J. Dixon, St. Paul's Church, Yuma; George A. Wieland, St. John's Church, Globe; E. C. Tuthill, Grace Church, Tucson.

MORENCI, ARIZ., *November 22, 1923.*

Senator ASHURST,
Washington, D. C.

DEAR SENATOR ASHURST: I trust that I may be permitted to convey to you as our Senator the hope that you will use your great influence and power to cause the United States to enter the Permanent Court of International Justice.

I have always favored the League of Nations, but believing that a situation has been created in the United States making it almost impossible for our country to become a member, I therefore am forced to view with favor the Permanent Court of International Justice.

With many others in our community, I am convinced that the United States of America, backed by its preponderating influence and power, can and should aid in adjusting the great difficulties in which Europe is now struggling and which may even threaten our high civilization. It would seem that America can no longer hope to keep itself free from the influences resulting from conditions obtainjng in Europe.

My dear Senator, I hope that you will not consider this letter presumptious, but an expressed hope from one of your constituency that the United States will find a way to play a great and effective part in international adjustments.

With kind personal regards, I am,

Very sincerely yours,

W. E. LUTZ.

MINISTERIAL ASSOCIATION,
Douglas, Ariz., November 30, 1923.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

DEAR SIR: At a recent meeting of the Ministerial Association of Douglas, Ariz., it was unanimously resolved that we urge upon our representatives in the United States Senate to support the "World Court" idea as suggested by our late President Harding in assisting foreign nations in getting back to normal conditions.

Sincerely yours,

S. F. FRASER, *Clerk.*

THE SATURDAY CLUB,
Duncan, Ariz., January 26, 1925.

Hon. HENRY F. ASHURST,
Washington, D. C.

DEAR SIR: The majority of the Saturday Club members of Duncan at a recent meeting voted to ask our Senators and Representative to vote in favor of United States joining the World Court on the basis of the Harding-Hughes reservation.

Dr. Agnes McKee Wallace and myself send a minority report against joining World Court.

Believe me,

Most sincerely yours,

(MRS. ROBT.) ALICE LEE MONTGOMERY,
Corresponding Secretary of Saturday Club.

GLOBE WOMEN'S DEMOCRATIC CLUB,
Globe, Ariz., May 27, 1924.

Hon. HENRY F. ASHURST,
Washington, D. C.

MY DEAR MR. ASHURST: At a special meeting of the Globe Women's Democratic Club, May 23–24, the World Court question was discussed, and it was moved, seconded, and carried that I convey to you the decision of the club in the matter.

The discussion of the "Bok peace plan" has brought a pretty general opinion, I think I may say, that for the United States to join the

World Court with the Harding-Hughes reservation is not only safe and practicable but advisable, and such is the expressed opinion of the club.

In the words of a representative of women's organizations, "The proposal of Senator Lodge (to form a new World Court) would delay our entrance into the World Court indefinitely. What the women want is constructive action now."

We are glad that the recommendation to join the World Court has been reported out of the Foreign Relations Committee at last, and now, of course, will come the contest to get rid of the hampering Pepper reservations and to get the Harding-Hughes reservations substituted. It was said a few months ago that a poll of the Senate at that time showed that there were enough favorable to do that, and we are sincerely hoping that that action will have your earnest support.

Very respectfully yours,

STELLA L. HECHTMAN,
Recording Secretary,
Globe (Ariz.) Women's Democratic Club.

UNIVERSITY OF ARIZONA,
Tucson, Ariz., February 7, 1925.

Senator H. F. ASHURST,
United States Senate, Washington, D. C.

MY DEAR SENATOR ASHURST: As a citizen of Arizona I desire to urge upon you the exertion of your interest to bring before the full Senate at the earliest possible date the question of the adherence of the United States to the World Court on the Harding-Hughes terms.

This great question is of outstanding importance as regards the future of civilization and the avoidance of war and its consideration should not be postponed. I feel that my self-respect as an American citizen demands every effort on my part to secure the participation of the United States in this court and I firmly believe that most of our citizens who have informed themselves as to the organization and purposes of the World Court are of the same mind.

Yours very truly,

F. L. RANSOME.

ALHAMBRA, ARIZ., *December 5, 1925.*

Hon. HENRY F. ASHURST,
United States Senate.

DEAR SIR:

Resolution

Whereas the members of the General Federation of Women's Clubs have always been staunch advocates of peace.

Whereas we have again and again affirmed our belief in the settlement of difficulties by the nations on the same peaceful basis that settlement is now effected between private individuals.

Whereas the one step that to-day is before this country looking toward everlasting peace is the proposition of our entrance into the International Court of Justice.

Whereas this is a nonpartisan matter: Therefore be it

Resolved, That the Alhambra neighborhood go on record as heartily favoring the entrance of the United States into the World Court.

Sincerely yours,

ELDA HERSHEY,
Chairman of International Relations.

Mrs. D. S. HERSHEY,
Glendale, Ariz.

Mr. WILLIS presented a memorial of sundry citizens of Ashtabula, Ohio, remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. WADSWORTH presented a petition of sundry citizens of Oneida, N. Y., and vicinity, praying for the participation of the United States in the Permanent Court of International Justice under the terms of the so-called Harding-Hughes-Coolidge plan, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. BAYARD, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 117) for the relief of the owner of the Coast Transit Division barge *No. 4* (Rept. No. 45);

A bill (S. 493) for the relief of the owner of the steamship *British Isles* (Rept. No. 46); and

A bill (S. 1519) for the relief of the P. Dougherty Co. (Rept. No. 47).

Mr. BAYARD also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

A bill (S. 494) for the relief of all owners of cargo aboard the American steamship *Almirante* at the time of her collision with the U. S. S. *Hisko* (Rept. No. 48);

A bill (S. 508) for the relief of the owners of cargo laden aboard the U. S. transport *Florence Luckenbach* on or about December 27, 1918 (Rept. No. 49); and

A bill (S. 530) for the relief of the owners of the steamship *Basse Indre* and all owners of cargo laden aboard said vessel at the time of her collision with the steamship *Housatonic* (Rept. No. 50).

Mr. KENDRICK, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1170) to provide for the appointment of a commissioner of reclamation, and for other purposes, reported it with an amendment and submitted a report (No. 51) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GERRY:

A bill (S. 2604) to establish a board of public welfare in and for the District of Columbia, to determine its functions, and for other purposes; to the Committee on the District of Columbia.

By Mr. McLEAN:

A bill (S. 2606) to prohibit offering for sale as Federal farm-loan bonds any securities not issued under the terms of the farm loan act; to limit the use of the words "Federal," "United States," or "reserve," or a combination of such words; to prohibit false advertising; and for other purposes; to the Committee on Banking and Currency.

By Mr. BROOKHART:

A bill (S. 2607) for the purpose of more effectively meeting the obligations of the existing migratory-bird treaty with Great Britain by the establishment of migratory-bird refuges to furnish in perpetuity homes for migratory birds, the provision of funds for establishing such areas, and the furnishing of adequate protection of migratory birds, for the establishment of public shooting grounds to preserve the American system of free shooting, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. EDGE:

A bill (S. 2609) for the relief of James E. Van Horne; and

A bill (S. 2610) to authorize payment to the Pennsylvania Railroad Co., a corporation, for damages to its rolling stock at Raritan Arsenal, Metuchen, N. J., on August 16, 1922; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 2611) to improve the status of certain retired enlisted men who volunteered for duty and served as commissioned officers in the Army of the United States during the World War; to the Committee on Military Affairs.

A bill (S. 2612) authorizing the Secretary of the Interior to appraise tribal property of the Klamath and Modoc Tribes and the Yahooskin Band of Snake Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. MOSES:

A bill (S. 2613) granting a pension to Lottie M. Glazier (with accompanying papers); to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2614) to increase the efficiency of the Air Service of the United States Army; to the Committee on Military Affairs.

A bill (S. 2615) to authorize common carriers engaged in interstate commerce to transport any blind person, accompanied by a guide, for one fare; to the Committee on Interstate Commerce.

A bill (S. 2616) for the relief of Herman Shulof;

A bill (S. 2617) for the relief of Charles D. Shay; and

A bill (S. 2618) for the relief of the National Surety Co.; to the Committee on Claims.

By Mr. WATSON:

A bill (S. 2619) for the relief of Oliver J. Larkin and Lona Larkin, of Greencastle, Ind. (with accompanying papers); to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2620) for the relief of certain newspapers for advertising services rendered the Public Health Service of the Treasury Department; to the Committee on Claims.

A bill (S. 2621) to extend the benefits of section 4693 of the Revised Statutes of the United States to certain soldiers of the Civil War and to certain widows, former widows, minor children, and helpless children of said soldiers, and for other purposes; to the Committee on Pensions.

By Mr. McKINLEY:

A bill (S. 2622) making an appropriation of $100,000 for the improvement of the harbor and the levee on the Ohio River at Shawneetown, Ill.; to the Committee on Commerce.

By Mr. ROBINSON of Arkansas:

A bill (S. 2623) to find markets and to provide credits for financing the exportation of surplus agricultural products, and for other purposes; to the Committee on Agriculture and Forestry.

PROPOSED DEPARTMENT OF PUBLIC WORKS AND DOMAIN

Mr. JONES of Washington. Mr. President, as in legislative session, I desire to introduce a bill which I intended to present on yesterday, but overlooked. It is a bill providing for change of the name of the Department of the Interior to the "department of public works and domain" and to provide for the reorganization and more effective coordination of public works and the functions of the Federal Government in the aforesaid department.

I desire to make the statement that those who are behind the bill, the engineers of the country, are not opposed to the general reorganization bill. As a matter of fact, they are heartily in favor of it. They are not having this bill introduced now to interfere with the general reorganization bill. They do not propose to press this bill until it is demonstrated that there is no possibility for the passage of the general reorganization measure. I wanted to make this statement in justice to them. They desired to have the bill introduced so they could discuss its provisions.

I ask that the bill be referred to the Committee on Public Lands and Surveys.

The bill (S. 2605) to change the name of the Department of the Interior to the Department of Public Works and Domain and to provide for the reorganization and more effective coordination of the public-works functions of the Federal Government in the aforesaid department was read twice by its title and referred to the Committee on Public Lands and Surveys.

IMMIGRATION OF CERTAIN WORLD WAR VETERANS

Mr. REED of Pennsylvania. As in legislative session, I ask leave to introduce a bill regulating immigration and naturalization of certain veterans of the World War and ask that it be referred to the Committee on Immigration.

The bill (S. 2608) regulating immigration and naturalization of certain veterans of the World War was read twice by its title and referred to the Committee on Immigration.

Mr. COPELAND subsequently said: Mr. President, this morning the Senator from Pennsylvania [Mr. REED] introduced a very important bill relating to an amendment to the immigration law to permit the admission of certain Italian soldiers. I should like, as in legislative session, out of order, to present three short articles for printing in the RECORD in connection with that bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[From the New York American of Monday, January 18, 1926]

FIVE THOUSAND WAR HEROES BEG REENTRY INTO UNITED STATES—FOUGHT FOR AMERICA—BARRED BY STATUTE FOR LIMITING ALIENS

The following letter, signed by some of the most prominent men in the industrial life of New York, who are of Italian extraction, has been received by the New York American:

EDITOR NEW YORK AMERICAN,
New York City, N. Y.

DEAR SIR: May we call your attention to the astonishing fact that there are nearly 5,000 young Italians, formerly residents of this country, who after having enlisted as volunteers in the United States Army and serving this country in France now find themselves barred from coming back here by the United States immigration laws?

Having performed their full duty, they were mustered out at the end of the World War, and feeling certain that they would have no trouble getting back to the United States they went to Italy for a visit.

They merely took advantage of the fact that they were in Europe and near the land of their birth to go to see their relatives.

JUSTICE FOR THESE

We appeal to you to ask if the Hearst newspapers can not use their great influence to get justice for these young Italians, who had hoped and still hope to become good, useful American citizens.

Your newspapers have always stood for equal justice to all peoples. We are confident that after you have examined the facts you will feel, as we do, that these men should have been allowed to come back to us long ago. We ask you to work for their immediate admission to this country.

When our country needed these boys, they did not hesitate.

Many thousands of them threw everything aside and, without waiting to be drafted, enlisted voluntarily.

General Pershing was glad to have them.

They did everything that was asked of them.

They took every risk that any American citizen in the American Army took. They were among the boys who stood back of Pershing when he said, "Lafayette, we have come."

PROUD OF THEM THEN

These boys formerly trod the streets of American cities and were among the boys we sent foods and medicines to. We were glad in those days to do everything for them.

But a few short years ago some of these very boys marched down our avenues, and with our hearts full of gratitude we called them heroes. We didn't ask them where they were born.

They were American enough at heart to throw aside every consideration except the good of the American Republic. And we considered them American enough to be glad to accept the proffer of their lives.

All of the boys who are now in Italy hoping to get back here had come to the United States originally intending to become citizens. Had it not been that they saw fit to perform the greatest possible service for this country they would now probably all be American citizens.

When these boys originally came to the United States they did not expect an easy time. They knew they had to give as well as receive, and that in return for the great opportunities they would find in our land they would have to give all of their energy and ability, and that they could not help themselves without helping the United States.

WILLING TO TOIL

They knew from the history of the past that it was an uphill fight to come here as an Italian immigrant and progress to the upper rungs of the ladder of success. But they were willing to go through everything that faced them, because they knew that Uncle Sam has had occasion proudly to observe his Italian stepchildren go into high places in American art, literature, finance, and industrial development.

They showed their willingness to meet their obligation by going right into the Army when the call for men came, and before they were fairly started in the industrial army of America.

We feel that it is un-American to keep these men out. We talk as Americans, purely and simply. We think we understand the minds and hearts of all true Americans who may have been here for generations before us when we say that the founders of the American Republic would let these Italians come here and take their proper place in the life of the country they adopted.

WANT PUBLIC TO KNOW

May we urge that this matter be taken up at once by your newspapers, that you investigate the facts, and that you begin letting the entire American public know of this situation? May we ask that you work toward the introduction and passage of any necessary laws to remedy this wrong?

Your newspapers have done many glorious things in the past, and we hope you will add new glory to your name by making a great fight for these men who want to come back to us and again be a part of our national life.

Very sincerely,

RALPH CILUZZI.
ANTHONY PATERNO.
JOSEPH PIROZZI.
HAREY CHAMPOLI.
VICTOR CERANONE.
PASQUALE SIMONELLI.
ANTONIO STELLA.

N. B.—In your investigation you may find that this same situation may exist as to young men of foreign extraction other than Italian; and if you do, we pray that you will fight for their admission just as strongly as you do for the admission of the Italians.

[From the New York American of Tuesday, January 19, 1926]

BOTH HOUSES AIM TO BRING HEROES HOME—IMMIGRATION OFFICIALS DRAW BILL TO ALLOW UNITED STATES VETERANS REENTRY TO ADOPTED LAND—REPRESENTATIVE ROYAL JOHNSON OF SOUTH DAKOTA AND SENATOR REED OF PENNSYLVANIA READY TO FIGHT FOR THIS MEASURE

(By John A. Kennedy, Universal Service Staff Correspondent)

WASHINGTON, January 18.—The first step in a movement by the Government to take down the barriers which now prevent the return to the United States of thousands of foreign-born American war veterans, barred by quota provisions of the immigration law, will be taken in both the House and Senate to-morrow.

At that time a concurrent bill drafted to-day by immigration officials will be introduced by Senator DAVID A. REED, Republican, of Pennsylvania, member of the Immigration Committee, and by Representative ROYAL C. JOHNSON, Republican, of South Dakota, chairman of the Veterans' Affairs Committee.

LIFT BARS 12 MONTHS

The bill proposes to lift quota bars for a period of 12 months for all persons holding discharges from the armed forces of the United States.

It also will eliminate another injustice to aliens who served under the American flag by validating the naturalization papers of hundreds of American veterans whose citizenship papers were recently declared invalid by the Supreme Court.

Care is being taken in preparing the measure to see that it meets every requirement of the courts.

SPEEDY RESPONSE

This was the speedy and patriotic response to an appeal made to the Hearst newspapers by Italian-American war veterans that an almost incomprehensible injustice unwittingly done thousands of their fellow soldiers in the American Army, as well as American war veterans now in other countries, be remedied.

Already Senator REED has had informal conferences with his colleagues on the Immigration Committee with regard to the situation. Every Senator thus far interviewed is said to favor the bill.

Both Senator REED and Representative JOHNSON will press for early action by the committees to which the bill is referred, so that passage can be expedited.

More than 5,000 former American soldiers, in foreign lands, residents but not citizens of this country, who offered their lives in defense of the flag, are stranded in Italy alone, careful survey discloses.

One thousand bear scars of battle, with records of valiant heroism written both on their bodies and in their discharge papers presented by the Government when they were mustered out of service.

Thousands of American war veterans are in the same situation in other European countries. All are eager to return to the land for which they fought, but are prevented by the quota restrictions of the present immigration act.

VISITED NATIVE LANDS

The majority of their number are men who marched to the recruiting stations and volunteered in the stirring days of 1917.

When the armistice brought their period of service under the Stars and Stripes to an end, these men elected to visit their native lands to see the loved ones from whom they had been separated for years.

While the visits were in progress Uncle Sam passed a new immigration exclusion law. The quota allowed Italy was very small. Only the families of Italians then in this country could be allowed to enter.

The loyal Italians who fought and bled in France must wait. These men are still waiting.

"Ours is not an ungrateful Government," said Representative JOHNSON, himself a wounded veteran of the A. E. F., when told of the circumstances in which Italian-American veterans now find themselves.

"Every Member of Congress should and, I am sure, will be in favor of speedy enactment of this bill.

"When Congress passed the last immigration act it did not intend to bar men who have served the Stars and Stripes in times of war.

VALIANT SERVICE CITED

"The men who fought for America in time of war are certainly acceptable to her in times of peace.

"The supreme test of allegiance to a country is the test of service in war.

"I don't care how large their number, nor how far the Government will have to go to provide passage facilities for their return to the United States, these loyal Americans should be given leave to return at once."

[From the New York American of Tuesday, January 19, 1926]

UNITED STATES VETERANS' RELIEF CALLED URGENT STEP

(By Senator DAVID A. REED, United States Senator from Pennsylvania. Written for Universal Service)

WASHINGTON, *January 18.*

Although I am emphatically opposed to tinkering with the present immigration laws, especially as regards letting down the bars set up by the quota restrictions of the present act, I feel sure the situation in which American war veterans in Europe now find themselves should be given speedy remedy.

The men who have fought for this Government certainly have a right to live here.

Soldiers, sailors, or marines who took part in the World War, either in France or at home, received such a baptism in Americanism as should entitle them to entrance into this country without respect to quota laws.

The situation revealed by Universal Service as existing in Europe, where valiant soldiers, many of them with remarkable records on the battle fields of France, are barred from this country, should be given speedy remedy by this Government.

I earnestly hope that the bill granting them entrance, which I plan to introduce to-morrow, will be quickly adopted by both Houses of Congress.

By so doing the National Legislature will right a real wrong.

THE WORLD COURT

Mr. BLEASE. Mr. President, I offer a resolution and ask that it be read and lie on the table.

The resolution (S. Res. 119) was read, as follows:

Whereas the people of the United States have not had the opportunity to fully inform themselves as to the true meaning of the so-called World Court; and

Whereas there is no immediate necessity for the United States to pass any resolution in reference thereto; and

Whereas it is but fair and just to give the people the right to express themselves fully and thoroughly upon this subject: Now, therefore, be it

Resolved, That the date to vote upon the pending resolution and protocol of the World Court is hereby fixed for the 8th day of December, 1926.

The VICE PRESIDENT. The resolution will lie on the table.

HEARINGS BEFORE THE PUBLIC LANDS COMMITTEE

Mr. STANFIELD submitted the following resolution (S. Res. 120), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Public Lands and Surveys, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not to exceed 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

Mr. MCKINLEY submitted the following resolution (S. Res. 121), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Manufactures, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 172. An act to extend the time for the construction of a bridge across the Mississippi River at or near the village of Clearwater, Minn.;

H. R. 173. An act to extend the time for the construction of a bridge across the Rainy River between the village of Spooner, Minn., and Rainy River, Ontario;

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River;

H. R. 3852. An act to authorize the construction of a bridge over the Columbia River at a point within 2 miles downstream from the town of Brewster, Okanogan County, State of Washington;

H. R. 4032. An act granting consent of Congress to the Brownsville & Matamoros Rapid Transit Co. for construction of a bridge across the Rio Grande at Brownsville, Tex.;

H. R. 4033. An act granting consent of Congress to the Hidalgo & Reynosa Bridge Co. for construction of a bridge across the Rio Grande near Hidalgo, Tex.;

H. R. 4440. An act granting the consent of Congress to the board of supervisors of Clarke County, Miss., to construct a bridge across the Chunky River, in the State of Mississippi;

H. R. 4441. An act granting the consent of Congress to the board of supervisors of Neshoba County, Miss., to construct a bridge across the Pearl River in the State of Mississippi;

H. R. 5027. An act authorizing the construction of a bridge across the Ohio River between the municipalities of Rochester and Monaca, Beaver County, Pa.;

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River in Cook County, State of Illinois;

H. R. 5565. An act granting the consent of Congress to the Civic Club, of Grafton, N. Dak., to construct a bridge across the Red River of the North;

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian;

H. R. 6234. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge across Palmer River; and

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.; to the Committee on Commerce.

H. J. Res. 64. A joint resolution to secure a replica of the Houdon bust of Washington for lodgment in the Pan American Building; to the Committee on the Library.

H. J. Res. 107. A joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments; to the Committee on Foreign Relations.

POLICE RAID ON CAFÉ

Mr. BLEASE. Mr. President, I send to the desk a newspaper clipping which I ask to have read, after which I desire to make a personal remark with reference to it.

The VICE PRESIDENT. The Clerk will read as requested.

The Chief Clerk read as follows:

[From the Washington Times, January 18, 1926]

DIPLOMATIC IMMUNITY IN LIQUOR AND TRAFFIC CASES

(By Bill Price)

When the impetuous Senator BLEASE, of South Carolina, attacks the Police Department for arresting women and releasing diplomats participating in a "likker" party at a cabaret a few nights ago he doesn't know that this diplomatic "immunity" stuff is abhorred by all Washington policemen.

The District Commissioners have reported to the State Department numerous instances of flagrant violations of traffic laws of the District by diplomatic attachés and members of their families, accompanied by the grossest insults to traffic officers who sought to make arrests, but were confronted with the "immunity" claim. Nothing has ever been done about it.

The Carolina Senator, though, is merely following his usual trail of decrying the strict application of law to the unimportant personages of life while the ones of consequence and importance get off easily; maybe never arrested at all. The "cotton-mill boys" of South Carolina and folks who have to "work for a living" have always been ardent supporters of the Senator. You can't blame them either, because he is always fighting for the "under dog" in life.

According to him, bootleggers swarm the Senate and House Office Buildings, "even come under the very dome of the Capitol," and go unmolested. "Prohibition is only for the poor devils who haven't got the money to buy liquor," or who, when they buy in pint quantities, are held to the law by enforcement officers.

Diplomatic "immunity" in whisky should extend only to foreign representatives in their own embassies or legations. When they go outside of these embassies, which are regarded as emblematic of their respective nations, they should become amenable to the laws of this country or of the District.

When diplomatic attachés openly, deliberately violate traffic laws of the District, speeding when they get ready, and endangering lives, they should be amenable to our laws, just as they would if guilty of graver crimes.

There was the case of a few days ago of the attaché of the Egyptian legation speeding at 40 miles an hour. The attaché's only excuse to the policeman who followed him and called him to account was that he was "in a hurry."

Some time ago a Washington policeman who hopped on the running board of a speeding machine had his cap grabbed off his head and contemptuously thrown to the ground. This was by "the wife of the secretary of such and such an embassy." When the officer insisted on credentials he was called a "dirty American pig."

Washington policemen simply can't help themselves. If they arrest American women who make themselves pals of foreign attachés in drinking bouts in public places they merely do their duty. American women can't mix in where tar is without getting smeared. Policemen do not make unpopular laws. They merely enforce them. If they didn't do this they would be dismissed.

The immunity of Members of Congress from arrest is antiquated and should no longer apply. This congressional immunity had its foundation in the practices of the early English parliaments. When royalty gave way to democracy in England, and parliament was established, political conditions were so bitter that it was possible for royalists to arrest on trumped-up charges a majority of the members of Parliament on their way to meetings of that body, thereby thwarting the will of the people. Members of Parliament who lived many miles away, and were days in getting to London, were made immune to arrest, because it was felt that the people of a parliamentary district should not be deprived of representation, especially through unfair political tactics.

No such conditions prevail in this country to-day.

Mr. BLEASE. Mr. President, I wish to state, taking what Mr. Price said to be true in reference to the police department, that I do not think they should receive orders from any superior officer which would prohibit them from performing their well-defined duties. I think when such is the case it is their duty to report to some superior authority that they are being hindered in the performance of their duty by some inferior who is willing to show partiality.

The bill that I introduced yesterday does not exempt Senators or Representatives in Congress, or anyone else, but provides that all the Federal officers of the country shall be instructed to enforce all laws equally and impartially against any men or women anywhere within the limits of the United States.

AMERICAN NATIONAL LIVESTOCK ASSOCIATION

Mr. STANFIELD. Mr. President, I ask unanimous consent to have inserted in the RECORD an article from the Arizona Gazette which gives an account of the session of the American National Livestock Association in convention assembled at Phoenix, Ariz., on January 12, 13, and 14, 1926.

The VICE PRESIDENT. Is there objection? If not, leave is granted.

The article is as follows:

NATIONAL MEET OPENED—PRESIDENT BIXBY IN ADDRESS TO COWMEN—VIGOROUS DENUNCIATION OF FREIGHT RATES BY SPEAKER—800 IN ATTENDANCE

Vigorous denunciation of existing livestock freight rates and of grazing fees on the national forests and a plea for better tariff protection for the industry was contained in the annual address delivered this morning at the opening session of the American National Livestock Association by President Fred H. Bixby, of Long Beach, Calif.

Following in the wake of the four all-State conventions which occupied the first two days of the week, the American National Livestock Association, with representatives from 14 Western and Middle Western States, all prominent in the cattle-growing and beef-packing interests of the country, opened its twenty-ninth annual convention at the Masonic temple this morning. More than 800 cattlemen and packers attended the initial opening.

President Bixby devoted a part of his address toward the administration of the packers and stockyards act and said that "perhaps a congressional investigation might develop something of interest."

"We believe the present freight-rate schedules on livestock are excessive, unsound, and unfair, and should be reduced," Mr. Bixby told the assembled delegates.

SAYS FEES EXCESSIVE

"We believe the present charges for grazing on the United States forest reserves are in some instances too high—in most cases more than the cost of administration of the grazing—and in many cases the mechanical administration of grazing in the forests most unsatisfactory.

"We are against commercialization of the forests," Mr. Bixby asserted, "and want tenure of our rights to be stabilized and standardized by law rather than to remain subject to the jurisdiction of some department head in Washington. We have always stood for some control of the unappropriated public domain. The 186,000,000 acres now known as public or Government land must be regulated in some equitable way so that the users of the grass on these ranges can expect protection, proper administration, and permanency of rights at the smallest cost possible. Special preference for the present users and for those whose adjacent privately owned lands are dependent upon the grazing of these Government areas must be taken into consideration.

TARIFF DEMANDED

"We must have a tariff of 6 cents a pound on green or fresh salted hides and 15 cents a pound on dry hides," Mr. Bixby declared. "This duty would increase the value of our cattle from $2 to $3 per head, and would work a hardship on no one. In addition to this, dressed meats, canned meats, and all other meat products should be adequately protected. There is a certain amount of protection now, but not enough.

"At present the United States is the dumping ground for all the surplus hides of the world," he continued, "and prices of our domestic production are on the world level. A fair duty on hides would put some 'pep' back into the cattle business."

Mr. Bixby also expressed dissatisfaction with the commissions now being assessed stock growers at the central markets, and the demand was made by him that these charges be reduced to a level commensurate with the price received for cattle by the stock growers.

YEAR'S WORK REVIEWED

"Among other things that we stand for," Mr. Bixby asserted, "are the eradication of predatory animals, truth in fabric, truth in meats, against unfair restrictions on oleo products, uniform sanitary and quarantine regulations, and uniform chattel mortgage laws."

In reviewing the work of the past year Mr. Bixby asserted that the association had accomplished a great deal, but that "we have not secured all that we went out for, nor all that we were justly entitled to."

"The greatest asset of a militant organization such as ours," he declared, "is that we are ready and equipped at all times to defend our rights."

FIGHTING BUREAUCRATS

Marked enthusiasm followed the reading of a letter by George K. Bowden, extending warm personal greetings and cordial good wishes of United States Senator RALPH H. CAMERON to the assembled delegates.

Advice to "get closer together, cooperate fully, and demand your just rights in the great questions of grazing fees and utilization of public lands" was the main subject in the missive wherein the Senator urged a continuance of the substantial backing of the legislative problems shown in the past year by the members of the organization.

"It is true," Senator CAMERON wrote, "that we have picked a fight with the bureaucrats in Washington, but at least we are making an honorable fight and I believe a successful one to restore to people of the West a reasonable and sane administration of these great natural resources."

Mr. CAMERON praised the members of the livestock association for their alertness in rallying to his support, and for their enthusiasm manifested when the waiver for grazing fees was first placed by him in Congress.

RULE INVOKES GUIDANCE

The first session of the convention, conducted by President Bixby, opened at 10.15 a. m. with an invocation by Rev. Victor A. Rule. Henry G. Boice, president of the Arizona Cattle Growers' Association, gave the first address of welcome, after which Judge Frank O. Smith, president of the Phoenix Chamber of Commerce, extended hearty welcome to the visiting delegates to the gold spot, and assuring them of the hearty cooperation of the local civic organizations in any problems that might come up during their stay in the city.

The response was given by George A. Clough, delegate from San Francisco, filling the place of former President Ike T. Pryor, who was unable to be present. Mr. Clough was raised in Arizona, his grandfather having been a pioneer in this State. Organization in the agricultural projects throughout the country, he asserted, was the cause of their success and prosperity, and maintained that it was the hope of the cattlemen to so organize themselves, thus placing the cattle industry on the same basis.

AFTERNOON SESSION

He also touched lightly on the problem of labor which was facing the Southwestern States, inasmuch as the American cowboys were rapidly fading from view, giving way to Mexicans.

The problem of proposed legislation as to the national forests and public domain, which was discussed by George K. Bowden, attorney for the Senate Committee on Public Lands, was under consideration this afternoon.

Other speakers of the afternoon were: J. M. McFarlane, president of the Utah Cattle and Horse Growers' Association; Sam H. Cowen, attorney for the association at Fort Worth, Tex.; and T. H. Ramsey, president of the Pacific National Agricultural Credit Corporation, San Francisco.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

The VICE PRESIDENT. The Senator from South Carolina [Mr. BLEASE] is entitled to the floor.

Mr. BLEASE. I had two articles that I expected to read this morning with reference to the World Court, but I shall postpone reading them until a later day. I therefore yield the floor.

Mr. JOHNSON obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cameron	Dill	Gerry
Bayard	Capper	Edge	Gillett
Bingham	Caraway	Ernst	Glass
Blease	Copeland	Fernald	Goff
Borah	Couzens	Ferris	Gooding
Bratton	Cummins	Fess	Greene
Brookhart	Curtis	Fletcher	Hale
Bruce	Dale	Frazier	Harreld
Butler	Deneen	George	Harris
Harrison	McMaster	Pittman	Stanfield
Heflin	McNary	Ransdell	Stephens
Howell	Mayfield	Reed, Mo.	Swanson
Johnson	Means	Reed, Pa.	Trammell
Jones, N. Mex.	Metcalf	Robinson, Ark.	Wadsworth
Jones, Wash.	Moses	Robinson, Ind.	Walsh
Kendrick	Norbeck	Sackett	Warren
Keyes	Norris	Schall	Watson
King	Nye	Sheppard	Weller
La Follette	Oddie	Shipstead	Wheeler
Lenroot	Overman	Shortridge	Williams
McKellar	Pepper	Simmons	Willis
McKinley	Phipps	Smith	
McLean	Pine	Smoot	

The VICE PRESIDENT. Ninety Senators having answered to their names, there is a quorum present. The Senator from California will proceed.

Mr. JOHNSON. Mr. President, the multifarious duties of a Senator of the United States sometimes preclude us from the preparation which ought to be made in a matter of the consequence of that which is pending before this body and sometimes make it impossible for us to engage in those matters in which we may be very much interested. I find myself somewhat in that situation to-day. Since I returned for the session I have been entirely engrossed with what I deem to be the most constructive piece of legislation of this decade—the development of the lower Colorado River—and I have had little opportunity to prepare, as the subject demands, an address upon the matter of the entrance of the United States into the World Court.

I realize, of course, sir, that the titanic figures upon this floor have presented this question in its every aspect. I realize, too, that there is nothing that I could add to what already has been said, nothing that I could add to that which I have said from the inception of this controversy; for, Mr. President, since February, 1923, when the late President Harding first suggested that we enter the World Court, in season and out, wherever the opportunity presented itself, I have voiced, feebly, of course, my remonstrance, and have endeavored to present the reasons which actuated me in opposing what he proposed and what is now before the Senate of the United States.

I have listened with interest whenever the opportunity was accorded me to what has been said upon this floor. I have listened to the eloquent Senators who have presented the case of the court with reservations and to the eloquent Senator, who is the leader of the opposition, who has presented the case with other reservations. Mr. President, I am opposed to the entry of the United States into this court with or without reservations. I am opposed to the entry into this court—

1. Because if the court is what its proponents insist, our entry would be an idle and futile act;

2. Because we have ready means at hand, with the right of selection, in The Hague court for the peaceful determination of every controversy;

3. Because joining the court inevitably will take us into the League of Nations;

4. Because if this court has any efficacy I decline to submit American questions to foreign judges, a majority of whom may decide our fate;

5. Because it violently wrenches this country from its American policy of 140 years and takes us finally into Europe's political life;

6. Because if behind the decisions of the court are the sanctions of the league, joining the court does not mean peace, but may involve us in Europe's strife; and

7. Because, sir, to join this court in the manner suggested, avoiding every question of consequence and asserting our aloofness whenever peace might be threatened by other countries would make us the poltroon among the nations of the earth. For this and other reasons, too, which it may be unnecessary to elaborate, I oppose the pending resolution.

Tepidly I am interested in reservations, but only tepidly. I believe, as the eloquent Senator from Idaho [Mr. BORAH] said in his original address, that reservations, after all, will be of little consequence. I recall, sir—oh, how soon we forget—I recall the struggle that we had to keep out of the League of Nations. I recall how reservations were presented of one sort or another during that momentous struggle. I also recall, as the Senator from Idaho recalled only a few days ago, the words of Lord Grey when he said, "Let them come in with the reservations; after they are in they amount to nothing." So, sir, if I believed in those words of Grey—and I do—if I believed that, after all, we are merely in some degree modifying the wrong that we insist exists in the court, I could not give my acquiescence to reservations except, in frankness, for the purpose ultimately by indirection of defeating that which I believe should be directly defeated.

Mr. President, I recognize the foreordained situation that is before this body. I recognize, sir, that no words of mine; I

recognize, sir, that no words of any man in this Chamber; I recognize, sir, that there is no power within these doors that will enable us perhaps to escape from that foreordained situation. It is solely for the purpose that on the record there may be embalmed some of those things which I have said all over this country and that in the proper forum considering the question may be presented what has at other times and in other places been expressed.

This court, sir, has its votaries outside of this Chamber; this court, sir, is to be put over upon the American people not because Senators here believe wholly in it, although, of course, I question neither any man's belief nor any man's good faith; this court, sir, is to be put over on the American people because of a poisonous propaganda that has been in vogue since 1920; that failed then when we had the opportunity to go to all the American people; that succeeds only now, sir, because we have the opportunity to go to only 96 representatives of the American people. This propaganda that has been abroad in the land is like all propaganda of interested parties, where others are merely disinterested. Those with selfish interests are always alert and active; the disinterested, alas, act but sporadically and spasmodically. I smile a bit cynically when I listen to Senators on this floor speak of propaganda against the court. Propaganda against the court!

The pitiable little circulations that have been sent forth against it are of no consequence when an avalanche, a maelstrom of propaganda from New York City and from those who expect to make profit out of taking us into Europe has been, since 1920, poured forth in a constant and continuous flood. Consequently, sir, perhaps it succeeds; but finally there will come a day in this Republic, a day again like the day in 1920, when the people of the United States shall have the opportunity to express themselves upon this matter; and then, sir, with that expression, and that alone, shall we who take the position that I take to-day be satisfied and accept the result. I am not satisfied to accept a result of false, poisonous, and misleading propaganda.

Into every church, into every woman's organization, into every quasi-public association, into little children's schools the propaganda has been sent all in the sacred name of peace, all asserting, all insisting, that the only way that world peace can be brought about, the only method in which we can perform our moral duty to the world is for us to join this court.

I recall, sir, instances of propaganda in the past, instances that have succeeded, none of which, however, have been more deceptive nor of worse duplicity than this in respect to the World Court. I read, sir, only a few weeks ago of a distinguished English general who boastingly asserted in the city of New York that during the World War he had manufactured photographs of dead Germans and had put the story all over the world that the Germans were boiling their dead for fertilizer. He boastingly asserted it and he was oblivious to the enormity of what he had done until an outraged public opinion in the next few days denounced him in unmeasured terms.

I recall the propaganda during the war of children in Belgium whose arms were mutilated, and who were shockingly treated by the invaders. I remember talking to some gentlemen who had come from Brussels just after the war, who had at first commiserated people there over the atrocities that had been committed, and who were laughted at and told that no such atrocities had existed at all. I can recall propaganda of a different sort, too. I remember this beneficent arms conference that was held here in the city of Washington, that all of our pacific friends throughout the land tell us was a marvelous agency for peace, and tell us, too, how in that arms conference we contributed so much to the peace of the world. Do you know, sir, what information we had, during the period of that conference, of what was happening?

I hold in my hand a little brochure by Capt. Dudley W. Knox, of the United States Navy, a little brochure that every man who believes in his country ought to read. It is entitled "The Eclipse of American Sea Power," and it deals with the disarmament conference. It demonstrates what a fraud, a delusion, and a snare the 5–5–3 ratio is. In the very beginning of it Captain Knox quotes the remarks of Mr. Wickham Steed, the editor of the London Times, in a speech made by him a brief time after that arms conference.

Mr. Steed said:

> The American delegates refused to give out any news during the conference. They left this whole matter with the British publicity agent, Lord Riddell, and I am not giving away any state secrets when I say that when Lord Riddell left Washington there was general lamentation among the American and other correspondents, who wondered where they would proceed to get the real news. That may have been quixotic on the part of Americans, but rather than be under any suspicion of using their press to turn public opinion against nations with whom they may have had differences, they did this, and the American delegates were absolutely and honorably silent.

Read that brochure, you who say you are interested in our Navy, and I undertake to say that there is not an expert in the Navy Department to-day who is not tainted with politics but will agree with it and will tell you that the 5–5–3 ratio is a fraud, that it does not exist, and that while America scrapped warships Britain scrapped blue prints. Propaganda, though, has made our people have a different idea, and propaganda has led them to an utterly false conclusion. It is the propaganda, sir, upon this World Court, the propaganda that has invaded every avenue in this country, the propaganda that starts with the statement that the only means of obtaining peace, the only way of preventing war, the only mechanism that exists for the prevention of strife among nations, is this League of Nations court; and therefore that it is the duty of the United States of America forthwith to enter into that court.

If I undertook to tell you of the resolutions couched in just that language that have come to me I would be busy for the next 14 days, and I would be violating the ideas of debate that have been expressed by the distinguished Vice President and lay myself subject, doubtless, to a cloture thereafter—if I undertook, sir, even to pile upon this floor the resolutions and the letters from good men and women, from societies and organizations, from little children who have been lied to about this matter and who pathetically write "in the name of sacred peace, to prevent all wars in the future, for the sole purpose that there never again shall be strife between nations or men, take the United States into the league court"—if I undertook this, I would erect a wall as high as the ceiling and as broad as this Chamber.

It is a wicked thing, sir. That war is a wicked thing every man, of course, concedes. There is no normal man but that hates war. Every normal human being, to the limit of his ability, will endeavor to prevent war; but there are some things, sir, that are almost as wicked as war. A nation may fight a war, may even lose, and yet wax strong again. A nation may undergo all the agonies of war, and yet, with character untainted, again rise to great heights. But a nation, sir, whose character is corroded by hypocrisy and falsehood; a nation, sir, whose very essence and moral fiber are destroyed by insidious and false propaganda—that nation, sir, has no future at all; and what I cry out against is this propaganda, false in fact, that has been put over on the American people, and that has no justification in the facts.

Mr. President, I preach abhorrence of war; but, sir, I preach with equal emphasis abhorrence of pretense, cowardice, hypocrisy and duplicity in our national life. Personally, sir, I prefer a truculent d'Artagnan to a sniffling Pecksniff. I prefer, sir, that our people should understand; and in passing let me remark that those who are the proponents upon this floor of this measure have not indulged at all in the statements that have been made abroad in this land, and upon which the so-called public opinion of our Nation has been founded. No man here insists that this is a measure which will prevent war. No individual cognizant of the facts will insist publicly, upon his own individual responsibility, that peace will result or that war will be prevented by this impotent court—none, sir, as I propose to demonstrate before I conclude; and if it were possible I would blazon upon the sky for all these churches, for all these women's organizations, for all these good people to see throughout this land, that that which has been told them and upon which they have passed their resolutions is false in fact and has been calculated to deceive them for a base and an ignoble motive.

I recognize, sir, how many good people are interested in this question. I am not doubting them nor questioning them here. I recognize, sir, that the holiest emotions of mankind have been played upon by certain people in charge of this propaganda in behalf of the World Court. I recognize that the aspirations that distinguish man from the brute and raise him sometimes to the level of a god are the aspirations that this propaganda has utilized for the purpose of having him deal with his representatives in the Congress of the United States. Nevertheless, sir, I recognize, too, that behind this propaganda there is another force. There is another force, sir, that expects, out of this action of the United States Senate, to gain profit, to make money; and it is that sinister force behind this propaganda against which I cry out, and against which the American people ought to be warned.

Propaganda everywhere; and because so aptly the use of this propaganda recently was expressed I want to read to you a

very brief article recently appearing editorially in the American Mercury.

In six months—

Says this article—

it will be a century and a half since the Yankee brat performed the heroic feat of cutting its own umbilical cord; nevertheless, it remains at nurse, and under constant tutelage and admonition. The fount of honor is still at St. James's; the writ of that court runs both in the country clubs of Pittsburgh and Minneapolis and in the cloisters of Harvard and Yale. One recalls the solemn referendum of November 2, 1920, and one observes the persistent and even lusty prosperity of the League of Nations propaganda to-day. There are plenty of Walter Hines Pages left; the pilgrimage of the bar association last summer made a whole herd of them. And if all of them perished overnight there would still be the weekly swarms of visiting English novelists, shipping magnates, vaudeville hoofers, princes of the blood, itinerant ecclesiastics, exchange professors, note shavers, lecturers, spiritualists, horse-trainers, bootleggers. These men are illuminated by diverse and sometimes antagonistic visions. They bring various messages. But upon one subject they all agree, in public and in private, on the Long Island links and in the Broadway supper clubs, in Wall Street, and along the remotest back stretches of Chautauqua. They agree upon the moral duty of the United States. It is the moral duty of the United States, it appears, to join the League of Nations, and if not the League of Nations, then the World Court.

Then, following, another brief paragraph:

Such is the substance of the current demand that the United States repudiate the solemn referendum of 1920 and enter the league—or some antechamber of it. It is no more spontaneous than the Anglomania of 1915. There are actually not 100,000 people in the United States who show any sign of an honest yearning to put the country into the league, and of these not a thousand have ever offered a rational reason for it—that is, a reason based upon national self-interest. The rest is mere wind—music—a preposterous gabble about moral duty, issuing from England and here echoed mainly by palpable Anglomaniacs. The old propaganda machine is at work again, with its bearings red hot. It failed in 1920, but it did the trick in 1917, and now there are obvious hopes that it will do the trick again. So every incoming ship brings recruits for its crew, and Lady Diana Maudlin works the resorts of fashion as the dean of Mayfair works the resorts of piety, and judges are hauled off the bench and college presidents from the feasts of Rotary to keep it going.

Propaganda, sir! There is propaganda all over this land. But how at variance are the views that are expressed by the distinguished Senator from Montana [Mr. WALSH], those of the Senator from Wisconsin [Mr. LENROOT], and those of the proponents of the league, who are men of responsible position, when they express themselves as to what this court is. Neither here upon this floor, nor in the addresses of those who are the heads of the agitation outside, in one or more of the colleges of this land, is the attempt ever made to say that this particular court will bring peace, or prevent war.

I realize, sir, that various reasons are suggested to us here for joining the court. I have listened with deep attention to the remarks of the Senator from Montana, and those of the Senator from Wisconsin, both of whom minimized what the court was, and undertook to demonstrate that it was nothing; and in that they admirably succeeded. Other Senators on this floor have presented other reasons for joining the World Court. The Senator from Illinois [Mr. MCKINLEY], in his very brief but pithy address, said that we should join the World Court in order that we might sell our wheat, our corn, and our hogs; and as I listened to him when he delivered that speech, and thought of the plight of the farmers of our country, I began to doubt the wisdom of the position I have maintained, and I began to see, in vision, the transportation of our wheat, our corn, and our hogs, across the ocean to Geneva, to be disposed of to the International World Court of the League of Nations. Perhaps, sir, the distinguished Senator from Illinois has thus solved the entire farming problem of his territory and the territory contiguous to it.

I listened to the distinguished Senator from Connecticut [Mr. MCLEAN], express himself in that delightful and epigrammatic way that is his, in an address that was indeed charming in character. I heard in that address none of the talk that is indulged by these organizations outside about the peace of the world, none of the stuff about the prevention of wars in the future as a result of our joining this court; not at all. I saw that for very material reasons, entirely appropriate, sir, in this material era, he would have us join the World Court. Then, in the conclusion of his address, when he spoke of Citizen Genet, and Washington's admonition, he said, in substance, that if anything arises we do not like hereafter in the court we will take the precept of Washington, that was written in words of fire during that memorable period in our history, when Genet came here from France to have us indulge in France's war, and we will say, "We stand aloof, because it is to our interest to do so."

So it will be seen that upon this floor we have a variety of reasons for joining the court. The Senator from Montana says it is a feeble and a halting step. The Senator from Wisconsin says substantially the same thing. Neither of them—and I compliment each upon the fact—seeks in any degree to substantiate the propaganda that has been put over upon the people of this land concerning this court or concerning its ultimate efficacy.

The position I maintain, as I said at the beginning of my remarks, is no new thing with me. It is the position I maintained from 1918 on; that, please God, while I am in public life and when I am retired to private life I shall yet maintain, with all the vigor that God has given me, because I believe that the step we are taking to-day, that which will soon be put over on this body, is the first false step in America's career; that its possibilities can not at the instant be foretold, and no man can say what peril the future may hold for us with that first false step taken.

There is no illusion upon the part of the league men in this country at all. There is no error in their position upon this matter. There is, in the minds of the men who fought the fight since 1918, no mistake as to what we are doing in the matter of this world court.

Oh, ye gentlemen upon this side, who pride yourselves upon your regularity, just let me make you a prophecy. After you have done the job, listen to the distinguished Senator from Mississippi [Mr. HARRISON] and other Democratic brethren on the other side of this Chamber congratulate you upon having finally approved the great Democratic doctrine and the policy of Woodrow Wilson. You will hear this with variations, and you will have it in more speeches than one in the days to come.

I congratulate my Democratic brethren upon their restraint in this debate. Clever are they in the presentation of this matter. Restrained have been their utterances, but restraint will be gone when the deed shall have been done by regulars upon this side of the Chamber, and when the deed shall have been done by the regulars on this side of the Chamber I want to be present for a couple of days, if my duties will permit, and listen to my Democratic brethren congratulate the regulars of the Republican Party upon this side.

What will happen, sir, if we enter this court? You realize, and I realize. When this matter first was bruited by the President of the United States in 1923, I indulged immediately in some facetious remarks. They are of no consequence, but because of the rejoinder they brought forth, and brought forth from the chief exponent of the League of Nations in all the West, the man in all the West who has made the fight for the League of Nations and is now making the fight for the World Court, I want to read just those few facetious sentences I uttered, and that rejoinder which came to me immediately thereafter.

When it was proposed in February, 1923, that we enter the World Court with certain reservations—"reservations!" Oh, when did we hear that word before? Reservations! Reservations! Ah, you, sir, from Montana, are consistent; you, sir, from Wisconsin, are consistent, for, if I recall aright, there was a time in the struggle concerning the League of Nations when these gentlemen sat upon an ex-parte committee for the purpose of preparing a reservation to Article X which should be put over, and under which we should enter the League of Nations. I recall how the task was almost perfected, when 16 men—call them what you please—"irreconcilables"—or call them by any epithet that may be known to the house of Morgan or to international bankers, call them anything you wish, sir, I care not, but the job was perfected and we were right at the entrance of the League of Nations when those 16 men called the thing off through the then leader of the Republican Party in this Chamber.

So it is a natural thing and a consistent thing for the Senator from Montana and the Senator from Wisconsin to be asking us to enter the World Court, with reservations, two of which, if I did not misunderstand the distinguished Senator from Montana the other day, are practically shams and the others of which are of mighty little consequence in any regard at all.

I repeat, sir, I am not interested in whether we enter the World Court with five little reservations or seven big reservations. The point is, I do not want to enter at all, for if we enter, either with three reservations or five or seven, the result will absolutely be the same; we will be tied in exactly the same fashion.

I was recurring, sir, to the remarks I made when first President Harding asked us to enter the court, and when he presented to us his reservations. I said then:

If we now do what is asked, the situation is this: We are wholly out of the league. We are in part of the league. By reservations we are out of the part of the league we are in. The part of the league we are in, and from which by reservations we get out, functions as a part of the league with our assistance.

In the language of a great editor of the West, "All of which is partly true."

Thereafter I received this letter. I here read this letter, and I read it, with permission of its author, because it is an example of intellectual honesty that shows conclusively just exactly what this world court is, just exactly what those who are the League of Nations leaders expect to do with us after we enter the World Court. The letter was dated Omaha, February 27, 1923:

MY DEAR JOHNSON: How small the world is now that electricity has put us all into one room!

Anyhow, I read in the paper this morning your sarcastic quotation from an alleged "great writer," who could perhaps be identified—"all of which is partly true."

You are quite right.

These are his words, not mine:

Your strictures on the Hughes-Root-Taft plan to sneak in the back door of the League of Nations are "partly true." Hughes's arguments for it are at most "partly true." The whole scheme is illogical, impractical, insincere, and cowardly. *And I am for it.* But not for these reasons. You, from your standpoint, will be quite right in being against it. There is no present practical situation calling for action. It is a purely academic, theoretical proposal. There are theoretical arguments for it which are "partly true." You can make others as good against it. I am for it, because, as an opportunist, if the Government has not the courage to walk into the league by the front door, I am willing, not to approve, but to submit to the alternative policy of sneaking in the back door. It will ultimately get us in. That is the final reason why you should be against it and I for it. But in your immediate strictures on the manner of it, I agree with you and am glad if you found my phrase one which you could use, even derisively, as a weapon in the criticism. In Lord Chesterfield's trite language: "Thus you see, my son, with how little wisdom the world is governed."

There is the story. That is the story of the court. We are going into the court not for the settlement of those controversies that we have with other nations at all. We are going into the court because we are going to be taken finally into the League of Nations. It follows just as absolutely as night follows day. There can be no escape from it and, logically from the standpoint of the leaguers, there should be no escape from it. Sir, if we are to go into European broils; sir, if we are finally to destroy the policy that has been ours for 140 years; sir, if this country now in 1926 is to alter the course that has made our country what it is and go into European politics, I prefer as an American with flag flying and head high to go in the front door, as America ought to go, and not to sneak to the side door or side entrance or to be shoved through a trap door into the League of Nations. So far as I am concerned I prefer that you shall take us in as we ought to go in if we are to go in. Why should you do otherwise? What are you doing to us? You gentlemen who want to take us into the league, what do you say we are going to do hereafter?

But before coming to that particular part of the subject let me read another prophetic utterance. This prophetic utterance is of a gentleman from beyond the sea who saw and understood just exactly what would happen to us finally in the matter of the league. One of the officials of the league, Mr. Hagerup, of Norway, reporting the court's constitution to the assembly of the league away back in 1920, used this language:

You know that a representative of the United States of America, a man of the highest authority, Mr. Elihu Root, took part in the preparation of this constitution. The political party to which he belongs in the United States will soon come into power and though this party has not yet decided to go into the League of Nations it has proclaimed in a resolution that it is quite prepared to accept the court. I think I shall be voicing the general sentiments of the assembly—

That is the Assembly of the League of Nations—

when I say that this resolution has within it important results. It is a first step leading to the entrance of the United States into the league.

Does anybody doubt it? Tell me that this court is an independent body and we may join it if we see fit and then act as we desire thereafter and never be involved with the league at all? The very logic of events, the irrefragable proof of what may transpire, makes it not only unlikely but utterly impossible that we should be in this part of the league and we shall not ultimately be a part of the league itself.

What are we to do if we join the court? The gentlemen who are proponents of the court say, "Nothing." They say to us, "You are not bound when you enter the court. You are bound to nothing at all. You get into the court," say they, "and then you stand aloof from it. You are not going in," say the proponents of the court, "to settle American questions, for already we have the mode of settling them." They deny that we are going into the court for the purpose of settling European questions. For what purpose are they going into the court? Somebody errs, Mr. President; somebody is being fooled, Mr. President. Are we fooling the American people or are we fooling the people across the sea?

It is a futile and an idle thing to say to us, "Go into this court, stand aloof from every controversy, have nothing to do with that which may mean the peace of the world if it occurs across the sea." That is exactly what the proponents say to us: "Do nothing as a member of the court and nothing can be done to you." What kind of a position is this for the United States of America? We boast that we are the greatest Nation on the face of the earth. We prate of our obligation to civilization and mankind. We tell of the things that we have done in the past and those things that we may do in the future in behalf of all humanity. Then we join the World Court, deny its jurisdiction in anything pertaining to us, and hold ourselves aloof from any question that involves Europe, the one place on the face of the earth that is likely to engender war.

Not so, Mr. President; not so at all. I would not have my country in any such position as that. If we go into the World Court, I would have my country perform its function and do its duty. Talk to me of moral obligations on the part of America to enter the court, and when we get in there deny that there is any moral obligation that rests on us in relation to any question under the sun! It can not be, sir, that that sort of a position will be maintained by us; and if it were maintained by us we would be not only the laughing stock of the world, but we would be worse—we would be the poltroon of all the nations of the earth. We will go in, if we go in, and we will do our duty; we will do it fully, we will do it accurately, and we will do it no matter what the consequences may be. But to assert what these gentlemen assert in reference to our attitude after we once go in is a position that no American should ever suggest for an instant that his country should take.

Our people generally do not understand what the court is. I found that out when wandering around the country, and you, sir, doubtless have found it out, too. What this court is is little understood, not at all understood by those who pass their resolutions and who demand that forthwith we enter it for the sake of the peace of the world.

Just visualize this court with me, sir, for a moment. Just visualize it! We understand what a court is in the ordinary acceptation of the term. We believe that our courts are maintained to remedy wrongs and to redress injuries and ultimately to administer justice. We understand courts of that sort. Assume that we reside upon a certain part of a certain street. Upon that street and next to us resides our neighbor. He is brutal. He is ruthless. He is cruel. He is grasping and he is avaricious. He is stronger than we are. He comes to us on some day when his passions are aroused and he appropriates a part of our property. He appropriates a part of our property and, not content with that, he assaults us. We rush to the near-by court and we say to the judge who is there, "This neighbor of ours, brutal, ruthless, cruel, has assaulted us. This neighbor has appropriated a part of our property. We want from your honor some measure of justice. We want our property returned and our injuries redressed." The court says, "Will your neighbor come into court?" We answer, "Of course he will not come into court. He is the wrongdoer." The court thereupon says, "I have no jurisdiction. Case dismissed."

That is exactly the thing that they are asking us to join, Mr. President. That is exactly what the World Court is, expressed in homely language. No compulsory jurisdiction has the court. No process has it by which it may compel a wrongdoer to come before it and submit itself to its arbitraments. If a nation of Europe, drunk with its power, mad with its militarism, shall encroach upon the property of another nation of Europe, then it may be called into the great World Court of International Justice? Not a bit of it. All the wrongdoing nation has to do is to say, "I will not have anything to do with your court," and the case is dismissed. No longer is there anything that may determine the righteousness of the cause or redress the wrong that may have been done.

Why, Mr. President, how many criminal nations do you think will come into the World Court after committing a criminal act? The great nations of the earth have denied it compulsory jurisdiction. We are going in under exactly the same idea, denying compulsory jurisdiction. What criminal nation encroaching upon the property of a weaker nation, doing it harm by war or otherwise, will voluntarily submit its criminality to this so-called court? Ah, sir, it is not a world court; it is not a court at all. It will not make for peace in the world.

It can not make for peace in the world. One of the chief proponents of the court, in speaking concerning it or writing in the Christian Century, December 24, 1925, Mr. Manley O. Hudson, admitted frankly this fact. He said:

> I can not say that it has prevented any wars, nor that it will ever prevent any. I do not regard it as probable that nations would fight about the kind of legal questions which they are now willing to submit to the World Court.

What becomes of all the balderdash and the nonsense that has been spread broadcast over this land about the prevention of war by this court? It does not prevent war and it can not prevent war. But the wickedness of the proposal that is before us, the vice of it, in my opinion, is that we go into this court—go into it to do something that we know not what, and refuse to engage in anything that it may do that we do not like.

The naïve words of the President of the United States, when he first suggested it, accurately stated the facts. He said then:

> It is a convenient instrumentality to which we may go but to which we can not be brought.

A convenient instrumentality to which we may go but to which we can not be brought. Accurately that describes the court. If we can not be brought to it, other nations can not be brought to it. The virtue we commend of its inability to deal with us can scarcely become a vice when applied to other nations.

It is a singular situation that presents itself here. Our Presidents—both President Harding and President Coolidge—said we are not going into the league. They asseverated that, and unquestionably in the utmost of good faith they made that asseveration. But the singular thing presented in the discussion is that the proleaguers want us to go into the court because they think the President mistaken, and the antileaguers want to keep us out of the court for precisely the same reason. It is a paradoxical situation that is thus presented, and it illustrates the danger of going into the thing.

Mr. President, something has been said during the course of the argument about party responsibility and party pledge. The platform has been read indicating that the Republican Party has pledged itself to entry into the court, and while it is quite true that the particular provision does so state, it contains in its very next line a denial of the statement itself.

But that is neither here nor there. If the Republican Party and the Democratic Party and every other party had decreed entrance into this court, I still would stand here voicing the views that are mine, without regard to the pronouncements of any party platform.

I have observed, sir, that party platforms are often for me and those of like opinions to mine to be obeyed, but are to be disregarded whenever others of different opinions may desire. I recall the debate upon this floor upon the child-labor amendment. If there were any question upon which the Republican Party had taken its stand, and taken its stand absolutely, it was the question of child labor, and yet I heard the Senator from Wisconsin taunt the Senator from New York because of the latter's stand upon the amendment. The Senator from New York, with a right that was his—because every man must determine his position according to his conscience or his judgment—the Senator from New York, the leader of his party in the great Empire State of the Union, stood here in violation of the pledge of the Republican Party in the United States. That was his right, just as it is my right to-day to stand here against the paradoxical pledge of the Republican Party concerning the World Court.

Sir, history affords example after example of just exactly that kind of independence which has been lauded and remembered, when the men who were mere rubber stamps and who merely responded to a party lash or to a partisan demand have been forgotten. I can recall historically during the Jackson period when Andrew Jackson felt himself almost at war with France. Singularly enough, the acute situation was brought about by a debt settlement. France owed us $5,000,000; France had defaulted in the payment and had broken faith. Jackson, with that singular force of his, demanded again and again and in no uncertain terms the payment of the amount. Finally he asked the Congress of the United States to give him an appropriation of $500,000 to put this Nation in a state of defense. The party which was opposed to Jackson opposed his request. In the House of Representatives that party took its stand against Jackson's position; but up rose that grand old man of Massachusetts, John Quincy Adams, so hostile to Jackson that carefully he treasured everything that Jackson daily did that he did not like that he might inscribe it in his diary at night—old John Quincy Adams stood upon the floor of that House and said that when the country was at stake he knew no party, and he made the fight for the Jackson appropriation for the United States of America. I remember the words of Rutherford B. Hayes, "He serves his party best who serves his country best." I recall another instance when a Senator from the great State of Massachusetts, George F. Hoar, broke for the time being with his friend William McKinley and stood upon the floor of this body fighting the subjugation of the Philippines against the dictum of the Republican Party of the United States. I can recall how in that time the Legislature of Massachusetts reported a resolution that did it infinite credit, a resolution that I would commend to the distinguished gentlemen who now represent that State in this body.

I recall other instances as well. I can recall that in every case where the fight has been made by some individual in behalf of his Nation his name has been remembered in the annals of his country, while the individuals who responded to the party lash and to party regularity have never even had a jot or a tittle in the lines that have been written of the story of their times.

Whether the Republican Party has in one instance or another said that we should enter the league or enter the court, I care not. In 1920 the Republican Party said, if I could understand the language that was employed, we would not enter the league. I remember 31 gentlemen straining their consciences at that time and saying in substance to the people of the United States, "Elect Warren G. Harding President as the means by which we shall enter the league." I recall, I think, that among those 31 was a distinguished gentleman who has been quoted so copiously upon both sides of this Chamber—Mr. Elihu Root. I can remember how night after night in that Presidential campaign I took a delight in answering those 31 gentlemen and denying what they said to the people of the United States of America in defiance of the Republican platform. Oh, if those great men could do that, then smaller men who sit here may as well do likewise. Those 31 great men of the Republican Party, in defiance of the platform of the Republican Party, said to the Republicans and to the people of the United States the way by which we may enter the League of Nations—I speak in substance only and in paraphrase—is by the election of Warren G. Harding as President of the United States. I said I did not believe it when they said it, and I am very glad to say we are still out of the League of Nations, although, Mr. President, we are approaching dangerously close in going into the World Court.

So much, sir, for the politics of this situation. It is not for us to trouble ourselves about that at all, but while upon it, because it was so interesting to me, let me read the resolution which was reported by the Massachusetts Legislature when George F. Hoar was standing in the Senate of the United States in opposition to the President and in opposition to his party.

> *Resolved by the Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled,* That Massachusetts, ever loyal in sympathy and support of the General Government, continues her unabated confidence in her Senators, and with a just pride in the eloquent and memorable words they have uttered, leaves them untrammelled in the exercise of an independent and patriotic judgment upon the momentous questions presented for their consideration.

O that we had more legislatures of that sort to-day; and, oh, sir, that we had more Senators like George F. Hoar in this body!

Here, sir, we come in this particular debate, if it be deemed appropriate, to a discussion more or less of the dangers of the court statute. I shall not, Mr. President, in detail at this time attempt a close analysis of the statute of the court, nor of the league at all. There is, however, one part of the subject concerning which a word may be quite appropriate.

Sanctions are something which in our Constitutional Convention, away back in 1787, we determined never to be a party to. Sanctions have something of a holy name, like "International World Court"; the word "sanctions" and the words "International World Court" rather go together. While it be true, sir, that in the statute of the World Court there is no provision whatever for sanctions, it is equally true that in the

League of Nations covenant there are ample provisions for just that thing.

Sanctions, sir, mean something beyond the benevolence of the pronunciation of the words. Sanctions, sir, mean either starving a people to death, starving them with a blockade, or whipping them with an army. Sanctions, sir, mean, after all, war, and sanctions, sir, may sometimes be put into operation, according to those who are best informed, to enforce the judgments of the International Court of Justice.

It is quite true that we are not a part of the league; it is quite true, sir, that sanctions we could avoid perhaps—I say only "perhaps"; we could avoid them by standing aloof—but it is equally true, sir, that if two nations, members of the league, have a judgment submitted concerning them and that judgment is denied by the one or is in some fashion resisted by the other, then the league, through its sanctions, may undertake the enforcement of that judgment. Bear in mind, sir, that means war. So out of this beatific and ethereal, this beneficent and mystical instrument called the protocol of the International Court of Justice, it is possible, sir, that war may emerge, and it is not only possible, sir, but it is quite likely that it may in some instance emerge.

But it is said, Mr. President, that we would not be a party to it. Legally, I admit it; but here are two nations of Europe, for instance, between whom there arises a controversy that threatens the peace of the world. Those two nations stand before the court; the court renders its decision. That means the peace of the world, let us say, for when they come to consider the decision ultimately one nation may be recalcitrant, it may decline absolutely to be bound, and goes its way, in war or otherwise. Then it is that the league may act, and then it is for the purpose of the preservation of the peace of the world that sanctions may be applied by the League of Nations, sanctions by means of which either the people of the recalcitrant state shall be starved or shall be beaten into submission by cannon and by the shedding of blood.

Then the United States of America, harbinger of peace on earth and the one great country with a moral obligation that is talked of so much, scoots across the sea and says, "The peace of the world being in danger we run and we are going to have nothing to do with it; we will not contribute to it in the slightest degree." Nonsense, sir; nonsense; we never would act in that way, and we would not want our Nation to act in that way. We would do our part; we would play our part exactly as America ever has played her part and has ever done her duty. Sanctions, sir, says Mr. Hudson, are in these decisions. Sanctions, sir, says every individual familiar with the situation, are in these decisions. The Senator from Wisconsin [Mr. LENROOT] in an article which he published in the Nation, said:

> The League of Nations is a treaty or agreement between a large group of nations, and if they choose to enforce the judgments of this or any other court by sanctions, it is none of our affair.

In the name of God, why are we going there, then, if it is none of our affair? If the peace of the world is threatened, if sanctions are demanded by a league to enforce that peace under the decision of a court of which we are a part, tell me that it is none of our affair. Whence came that doctrine to the United States of America, and how long would the people of the United States of America tolerate that doctrine?

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. JOHNSON. Certainly.

Mr. LENROOT. Does the Senator think that we should now withdraw from The Hague Court of Arbitration for the reasons now suggested by the Senator from California?

Mr. JOHNSON. I do not know what the Senator is talking about, Mr. President, and for that reason I do not intend to answer him.

Mr. REED of Missouri. Mr. President, will the Senator allow me to ask a question in reply?

Mr. JOHNSON. Surely.

Mr. REED of Missouri. Does the Senator claim that The Hague Court of Arbitration pretends to enforce its decrees by sanctions, by arms—that it has any such authority, or that it ever has undertaken to assert it?

Mr. LENROOT. It has exactly the same authority that the Permanent Court of International Justice has. The sanctions that the Senator now refers to apply specifically to all awards, and therefore they apply to the court of arbitration at The Hague; and if the argument the Senator now makes is valid we should at once withdraw from The Hague court.

Mr. JOHNSON. Oh, no; I deny that statement, sir. I deny it.

Mr. REED of Missouri. Of course they do not apply to The Hague court.

Mr. JOHNSON. I do not intend to enter into a controversy with the Senator from Wisconsin on that point. I deny that the arbitration court of The Hague permits anything of the sort. It does not do anything of the kind, sir.

Mr. LENROOT. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from California further yield to the Senator from Wisconsin?

Mr. JOHNSON. No; I will yield no further. I want to conclude. The Senator will pardon me. I do not intend any impoliteness by not yielding to him, but I am very weary, and I want to finish if I can.

I desire, Mr. President, to present to you upon this question of sanctions something that has been said by Mr. Hudson. I quote Mr. Hudson because Mr. Hudson, after all, is the outstanding character in the matter of the advocacy of the court and in the matter of the advocacy of the League of Nations. Mr. Hudson says:

> The sanctions behind the court are those contained in the covenant, and if any state should fail to abide by a decision, it will be for the council of the league (under article 13 of the covenant) to "propose what steps should be taken to give effect thereto."

Now, sanctions are behind the court's decisions, according to what Mr. Hudson says. Sanctions are behind the league provisions, we all know; and that these sanctions would be employed in case decisions should be rendered and there were recalcitrant states declining to carry out those decisions seems to me a matter which can not be doubted or questioned. To say to me that The Hague tribunal has exactly the same sanctions is to say to me something that I can not for an instant believe.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. JOHNSON. I will yield for a question.

Mr. LENROOT. I made no such statement.

Mr. JOHNSON. Then we do not differ. I am very glad.

Mr. LENROOT. I said the permanent court had no more sanctions than The Hague tribunal, and the Senator will not dispute that.

Mr. JOHNSON. The permanent court has no more sanctions than The Hague tribunal?

Mr. LENROOT. Yes.

Mr. JOHNSON. The Hague tribunal has no sanctions.

Mr. LENROOT. And neither has this court.

Mr. JOHNSON. Yes; it has—yes; it has—yes; it has! It has the sanctions, as Mr. Hudson says, of the League of Nations behind it, and those sanctions may be starving a people or fighting a people into subjection; and when gentlemen stand here and say that if sanctions be employed it is none of our affair, I take issue with that statement. It is our affair. If we are to do aught that is of value to the world, if we seek at all the peace of humanity, to say that we will go into a court, and when war is imminent, and when it is possible that there may be strife between nations, that we will stand aside and say it is none of our affair, is to put this Nation in a position that no American ought to wish for it at all.

Mr. President, it was my intention to refer historically to much to-day and to some of the things that have gone before. I find that it is a matter of impossibility to continue at great length. I wish, however, sir, to say to our brethren upon this floor concerning what has transpired in this debate: Stop; pause for a moment; see whither you are going. Do you believe that you will stop short in this World Court when once you have entered it, and that no farther will you go? Do you imagine for a second that you can play the part that has been mapped out upon this floor for this Nation, once you enter that World Court? It is as certain as anything can be that entry into the court will take us farther along the path. If you want to go along that path, go along it; that is all right; but if you do not wish to do it, do not pretend that you are entering upon another path altogether and another scene altogether.

Mr. President, a century ago in this city this question was threshed out before the American people. A century ago in this city came the representative of the great Russian Czar. Came he for the purpose of taking the new young Republic into the Holy Alliance. Came he here with instructions to tell our people how the War of 1812 had demonstrated that no longer could America hold her position of aloofness in the world, but that any strife in the future meant that America would be involved.

I read the arguments of gentlemen upon the other side; I read those in the newspapers that are advocating this court; and I see that they are based upon the same premise, the same argument, to-day that the Russian Czar based his argument upon 100 years ago in asking us to join the Holy Alliance.

They say to us, Mr. President: "The World War has demonstrated that you must take part in world affairs. The World War has shown that no longer can there be strife on earth but that you are a party to that strife." They say to us now: "This war has demonstrated that you can not hold your position as you have held it in the past." That was said to us 100 years ago.

Oh, sirs, you upon this floor, read Doctor Cresson's little work here on The Holy Alliance and the Monroe Doctrine. Read old John Quincy Adams's words, then. Read Monroe's utterances. Read of those who were our statesmen in that day, who then mapped out the course of the American Republic that we have followed ever since.

I want to keep out of this mess, Mr. President, not because I say that we are better than the people abroad at all. I do not assert it in any aspect. We are different from those across the sea. We are different from them. Here we have a melting pot, Mr. President, that has not yet melted. Here, sir, we have different aspirations, different ideas, and different governmental policies than those people across the sea. There, between those nations, are shadowy boundaries which have been insufficient to stem the hatreds and the jealousies and the racial feuds of centuries. There, over across the sea, are united nationalities. Over here is a polyglot people. Take us over there into this court and into this league, take us across the sea into this maelstrom, and you not only have your difficulties there and your partisanships over there, but you bring upon us here the ills of the national groups that yet reside in the United States of America. It is because of that, for one reason, that I do not wish to dabble in that which we neither understand nor appreciate. It is because of that, for one reason, that I do not wish to go abroad and become a part of Europe's political life.

Can you stamp out nationalism abroad, Mr. President? Not a bit of it! You can no more stamp out patriotism abroad than, thank God, you can stamp it out in some people at home. Patriotism there means nationality. Nationality there means much to them. They believe, across the sea, in more peoples, more lands. We want neither. We covet no more peoples, we ask no more lands. They believe in imperialism. We do not. We have a set of interests different from theirs. Why leave our soil to stand upon theirs? Over there they have one common purpose. Oh, face the realities, you gentlemen here! Do you not realize what the situation is? No man who comes out of Europe to-day but understands it and will tell it to you. No secret is expressed when I say, however they may snarl at one another across the sea and however they may make faces across their shadowy boundaries, there is a common feeling with them all, a feeling of jealousy, distrust, suspicion, and hostility to the United States of America.

All over Europe that exists. You can not deny it. Whenever a creditor presses his debtor, it results. Not only does it result in this instance from that source, but it results from many, many years and from many, many incidents. A creditor nation pressing every other nation in Europe of power and of standing, and then we go into a court composed of judges from these very nations!

Nationalism you deny, in what terms you will, of this World Court. I have no disposition to say aught of ill concerning it or any man in it. Imagine the Italian judge, however, sitting upon that court, rendering a decision against Italy and Mussolini, and then going back to Italy, Mr. President! Nationalism there, sir, obtains—nationalism of a degree that perhaps we little comprehend—and nationalism will persist to the dawn of the new era.

In Europe since the war what do you observe? What is Europe since the war? What is it that has happened there? Are minorities cared for and weak nations protected? Not a bit of it, sir! A military dictator in Spain sets aside civil power. In Greece a militarist sits in power, and his own sweet will is the measure of the law for the people of that territory. In Italy there is an absolutism such as modern times never before have seen. Into this, with the representatives of some of these nations upon the court, you would take Uncle Sam, the creditor nation of the earth, and submit him to the judgment, perhaps, in some instances, of his debtors!

I have heard of men in the past who were debtors submitting themselves to the judgment of their creditors. I never yet heard of a creditor—you may say it is an impossibility, but possibilities of every sort may arise, sir—I never yet knew a creditor who submitted himself to the judgment of his debtors.

Take the United States into the court, thence into the league. I speak of going into the court and going into the league as one and the same thing, for I firmly believe that one means the other and that ultimately in the league we will find ourselves embroiled in exactly that which we were warned against in the days of the old debate and that which we then escaped.

Mr. President, I recognize the patriotism of the gentlemen on the other side of this Chamber. I recognize that on this question it is no less fervid than my own. I recognize that they desire the right just as I desire the right. Oh, pray with me to the God of Hosts, the God who makes the fortunes of men and settles the destinies of nations, in this hour of our need, to take the right road for the United States of America!

Here we stand at the crossroads, Mr. President. Behind us is the illumined way that we have traveled for 140 years in the past. Behind us is this illumined way, every milestone marked by the blood of patriots and the wisdom of statesmen who have gone before. Ahead of us are the beckoning hands of those who guided our country's course along the road we have traveled these 140 years, traveled to our present eminence and our present greatness under the blessing of God. Let us continue upon that road in the days and the hours ahead of us.

Mr. McKINLEY. Mr. President, in my judgment the sober, second thought of the American people can always be trusted. Great and important questions should never be hastily determined. It has been a little more than six years since the armistice was signed. During this period the interest in world peace has not lessened, but has increased from day to day.

The necessity for some tribunal of international justice has been accepted with increasing force since the day the armistice was signed. At this time all people in this country are interested in and discussing this question. During the last five years this subject has been intensively studied and we may now feel that calm deliberation controls our thought. This international question has received the best thought of the most able and patriotic men and women of the United States.

It is important to dispel the erroneous impressions which sometimes appear to prevail concerning the so-called World Court. There is no opposition, in fact, to the establishment of a tribunal of justice to deal with international questions and with problems which might form the basis of controversy and terminate in actual conflict between nations. The only real difference of opinion that exists relates to the kind of a world court with which our country is willing to affiliate; or, stated differently, what reservations we must impose as a condition to our joining the other nations of the world in the establishment of such a court.

It is important, therefore, to first consider the exact language of the resolution which is now pending for consideration before this body. It reads:

Whereas the President, under date of February 23, 1923, transmitted a message to the Senate accompanied by a letter from the Secretary of State, dated February 17, 1923, asking the favorable advice and consent of the Senate to the adhesion on the part of the United States to the protocol of December 16, 1920, of signature of the statute for the Permanent Court of International Justice, set out in the said message of the President (without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein), upon the conditions and understandings hereafter stated, to be made a part of the instrument of adhesion: Therefore be it

Resolved (two-thirds of the Senators present concurring), That the Senate advise and consent to the adhesion on the part of the United States to the said protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice (without accepting or agreeing to the optional clause for compulsory jurisdiction contained in said statute), and that the signature of the United States be affixed to the said protocol, subject to the following reservations and understandings, which are hereby made a part and condition of this resolution, namely:

1. That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the covenant of the League of Nations constituting part 1 of the treaty of Versailles.

2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other States, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

3. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

4. That the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

5. That the United States shall be in no manner bound by any advisory opinion of the Permanent Court of International Justice not

rendered pursuant to a request in which it, the United States, shall expressly join in accordance with the statute for the said court adjoined to the protocol of signature of the same to which the United States shall become signatory.

The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adhesion by the United States to the said protocol.

A world court tribunal was formally indorsed by the Republican Party at its national convention in Cleveland in 1924. The party platform provides, however, that affiliation with such a tribunal should be made only upon the conditions embodied in the following reservations:

First. That by supporting the court we do not assume any obligations under the league.

Second. That we participate upon an equality with other States in the election of judges.

Third. That the Congress shall determine what part of the expenses we shall bear.

Fourth. That the statute creating the court shall not be amended without our consent.

President Coolidge in his message to the present Congress suggested the adoption of the foregoing reservations, and as a further safeguard President Coolidge suggested the following additional condition and reservation:

That we are not to be bound by advisory opinions rendered without our consent.

As a Republican, therefore, I have the formal declaration of the party platform expressing the conditions upon which this resolution be adopted. With the declaration of my party and the suggestions of the President of the United States, elected upon that platform by a majority of 7,000,000, I am in entire harmony and accord. The additional reservation suggested by President Coolidge, in my judgment, removes any objection which might remain to the action of this Government in joining with the other civilized nations of the world in creating a world tribunal to promote peace.

The distinguished Senator from Idaho [Mr. BORAH] proposes the following reservations as the conditions under which the resolution before us be adopted:

First. That the league impose no new duties on the court unless the statute itself is amended and this action ratified by every power signatory to the protocol.

Second. That adherence of the United States to the statute is conditioned on the understanding that no force or economic sanction shall at any time be employed to enforce the court's decrees or opinions.

Third. That American adherence be conditioned further on the understanding that no section of the statute shall ever be construed as to require the United States to depart from its traditional policy of not entangling itself with Europe's political questions, nor shall anything in the statute be construed as to imply relinquishment by the United States of its traditional attitude toward purely American questions.

It will be seen that there is no startling or irreconcilable conflict between the reservations suggested in the platform of the Republican Party and by President Coolidge, and those proposed by the Senator from Idaho [Mr. BORAH]. It is more a difference in language than in spirit. In both cases the reservations are proposed to prevent our becoming involved in entangling political alliances in Europe, and to preserve our own right to independent action against European interference in our affairs.

Our form of government compels the ultimate compromise of opinion upon mere form, in order to reach the substance, upon any great question. The differences here are more in form than substance. Yet the Senator from Idaho [Mr. BORAH] is by the press often quoted as being opposed to the principle of the organization of any international tribunal to promote world peace. In that regard he is, of course, misquoted. We are all actuated by the same purpose, and are striving to attain the same ultimate end. We want to preserve our own right of independent action, and yet we are not willing to lend our moral support to any great tribunal for world peace.

For myself, I am constrained to follow the mandate of my party platform and the leadership of President Coolidge, rather than undertake to suggest in some modified language another method of reaching the same end. The platform of the Republican Party, with the additional safeguard proposed in the additional reservation suggested by President Coolidge in his annual message, which I have heretofore quoted, appeal to me as proper guidance in the discharge of my duty and the recording of my vote in this body upon the proposition of creating a tribunal to promote peace in the world.

While we must here register our personal views and convictions, yet mindful of the value of the deliberate opinion of the people of the country, expressed after due deliberation and upon sober second thought, I deem it appropriate to here call attention to the expressions of approval by various groups of our citizens, and by men recognized as safe and sound leaders of public thought. The groups and organizations that have spoken on this subject in this country may be roughly divided into three classes.

First I would mention those of a religious character as expressing the thought of various groups of religious thought. Practically every religious denomination, through their respective governing bodies, have voiced their approval in formal communications to the Committee on Foreign Affairs; all of them have urged our entrance into a world tribunal to promote peace.

The Northern Baptist Convention, which comprises a membership of about a million and a quarter people, presented to the Committee on Foreign Affairs this resolution:

Resolved, That we urge the administration at Washington to effect such international agreement as shall enable us to put the strength of our wisdom and experience at the service of humanity.

The resolution further expressed approval of the efforts made by the President in urging our joining a world court.

The National Council of the Episcopal Church submitted to the Committee on Foreign Affairs a resolution adopted by that body, the language of which is:

Be it resolved, That this council indorses the recommendation of our late President that the United States become a constituent of the World Court under the reservations suggested by him; and

Resolved further, That this council urges on all members of the church the duty of prayer for this great step for world peace, of study, and of action in its behalf.

Dr. Sidney L. Gulick presented the following memorial to the United States Senate:

Resolved, That the executive committee of the Federal Council of the Churches of Christ in America, in annual meeting assembled, hereby reaffirms the action of the officers of the Federal council in expressing to President Coolidge, on behalf of the churches, appreciation of his advocacy in his message to the Senate on December 6, 1923, of American membership in the Permanent Court of International Justice.

We warmly indorse the declarations of the late President Harding and of President Coolidge that this matter is not a partisan issue. It should not, we believe, be made one. We respectfully convey to the President and to the Senate of the United States the earnest desire of the constituency of this council that the Senate take speedy and favorable action on the recommendation of the President.

The Rev. Dr. Arthur J. Brown, as the representative of the Presbyterian Board of Missions, personally appeared before the committee in support of this measure.

Dr. Samuel A. Chester appeared, representing the Southern Presbyterian Church.

Dr. Jason Noble Pierce represented the Congregational Churches and presented their resolution, as follows:

Resolved, That it is the sense of the National Council of Congregational Churches that our Nation should arise above political partisanship in its international relation, and that the world situation demands that America proceed at once to enter into the World Court, which was urged upon the people as a present opportunity and duty by President Harding in his last journey.

Also appeared before the committee Mr. J. Henry Scattergood, representing the Society of Friends; also Rabbi Abram Simon, representing the Central Conference of American Rabbis. These and many others, representative of the religious thought of the country, urged upon the committee favorable action upon the resolution under consideration.

Among the additional religious groups who have urged favorable action on this resolution are—

Convention of the Protestant Episcopal Diocese of Pennsylvania.
The Union Ministers' Meeting.
American Unitarian Association.
National Board of Young Women's Christian Association.
United Society for Christian Endeavor.
Baptist World Alliance.
World Christian Citizens' Conference.
International Missionary Union.
Women's Missionary Union of Friends in America.
The Methodist Episcopal Clergy Annual Conference Church Peace Union (a semiay organization).

Next I would call attention to groups which may be more propertly termed secular in character. From the following

groups of this character representatives appeared before the Committee on Foreign Affairs:

The National Chamber of Commerce.
American Federation of Labor.
American Bar Association.
National Association of Credit Men.
National League of Women Voters.
American Association of University Women.
The National Federation of Business and Professional Women's Clubs.
National Council of Women.
World Peace Foundation.
American Federation of Teachers.
National Service Star Legion.
National Council of Jewish Women.
Girls' Friendly Society of America.
National Congress of Mothers and Parent Teachers' Association.
All Nations' Association.
Women's International League for Peace and Freedom.
New York Council for International Cooperation to Prevent War.
Association to Abolish War.

The foregoing are representative and typical of the solemn and considerate thought of outstanding groups among our people upon this subject.

Perhaps we may not indorse all that has been said by individual men and women or by organizations in favor of international affiliations. I, myself, can not go as far as many of our great educational leaders and representative groups have gone by way of encouragement toward affiliations that might lead to entangling alliances; I can not indorse all they have said about our entering into active participation in world affairs. Certainly I can not agree with those who would have us become involved in world politics.

However, consideration should be given to the declarations of students of history; their opinions should be received, and in so far as they give promise of practical application in our desire to provide some method of promoting peace, we may well profit by their suggestions.

Among the outstanding leaders of thought advocating a so-called world court we can mention with confidence such men as former Presidents Roosevelt, Taft, Wilson, and Harding. To these I would add such men as Elihu Root and Charles E. Hughes.

Even with the support and indorsement of the men and women, and groups of men and women above enumerated, I would still be hesitant to unqualifiedly assert that the sober second thought of our people is settled in favor of this resolution.

But there exists in this country a third group of citizens, to whose voice upon this subject we have no right to turn a deaf ear; rather, we should eagerly and unhesitatingly accept their verdict as sound and of controlling importance. I refer to that group of our citizens who were willing to die for their country and who offered themselves as willing to make the supreme sacrifice to save civilization.

Four millions of the flower of our land cheerfully responded in the great crisis of the World War. These men, having experienced the horrors of war, fully realize the importance of the preservation of peace. Nobody can assert that they could be influenced by any false ideas concerning foreign entanglements. Their verdict and judgment may be most safely relied upon as purely patriotic. They are led by no false ideals; they cherish no foolish antagonisms; they simply speak from experience.

The American Legion at their convention in Omaha last October adopted a resolution urging—

the immediate adherence by the United States to a permanent court of international justice.

The Legion did not stop with this simple declaration, but by formal resolution declared:

This should be the chief objective of Legion peace activities and every influence and power of the Legion should be exerted to press the matter to a favorable vote in the United States Senate at the earliest practicable date.

Fortified, therefore, by the expressed opinion of the great religious groups in America and of the most prominent secular organizations, some of which I have before enumerated, when the American Legion, as the representative of the patriotic spirit of the country, speaking seven years after the armistice, names as the chief objective of their peace activities the use of their influence with this body to secure a favorable vote to promote peace, by the adoption of the resolution now under consideration with these essential reservations, I am moved to agreement with their sober and considerate judgment.

Mr. REED of Missouri. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Missouri?

Mr. McKINLEY. I yield.

Mr. REED of Missouri. Does the Senator claim that this resolution represents the sentiment of the American Legion? Does he not know, as a matter of fact, that Legion post after Legion post have protested against our adherence to this World Court?

Mr. McKINLEY. I do not know. I have quoted the resolution passed in their national convention.

Mr. REED of Missouri. I happen to know that.

Mr. McKINLEY. Mr. President, if a fear be entertained that the United States may become involved in European troubles, surely the speech delivered by our Secretary of State in New York on December 14, voicing the sentiments of President Coolidge, should dispel their misgivings. At that time he declared that it has been the settled policy of the United States not to interfere in purely European questions, and we here protect and preserve our American doctrine that the European nations shall not interfere in our affairs.

Secretary Kellogg said in the address referred to:

We shall go to the very limit of reasonable cooperation for all legitimate purposes, but we will not commit ourselves to the European system of alliances and counteralliances to maintain the balance of power upon that continent.

In conclusion, I am moved to suggest the fact that in centuries past most wars have developed from the ambitions and antagonisms of czars and emperors, whose power over their subjects enabled them to declare war. The World War has eliminated all czars and emperors, and particularly in western Europe, in the countries with which the United States is in close touch, the people are in control of their governments, and can dictate a warlike or a peaceful policy. The people in these countries are weary of war. This is evidenced particularly by their prompt acceptance of the Dawes plan and of the recently signed Locarno pact.

Europe needs our moral support. There were some of our citizens who feared the consequences of sending to the war-ridden nations of Europe the services of an unofficial commission, voluntarily tendered, to render possible aid in the solution of their economic problems. We all remember how eagerly they accepted the judgment and suggestions of this unbiased and disinterested commission from the United States. Being satisfied of our fairness and lack of prejudice, and with the sincerity of our motives to lend our moral support to the establishment of sound economic policies, the Dawes plan was promptly accepted, and is to-day acclaimed one of the triumphs of American statesmanship and diplomacy.

The Locarno pact is no theoretical proposition, but is an agreement entered into by the five great nations of Europe; those nations at this time have the ability to enforce their wishes. It should be remembered that 50 years ago there were two similar agreements, one entered into by Germany, Italy, and Austria and the other included the nations of France, England, and Russia. Austria has been dismembered and does not count; the conditions in Russia appear to be chaotic; but the other four nations who were in the agreement of 50 years ago, arrayed on opposite sides and in antagonistic groups, are now combined into an agreement to maintain world peace, and for a considerable period I think they will do so.

Just as Europe asked our moral support, which brought about the adoption of the Dawes plan, so now they are asking our moral support in the proposition for a so-called world court to promote peace.

With the Coolidge reservations, such a court of peace will involve America in no entangling alliances. In a word, to sum it all up, the World Court can do America no harm, and may do the world some good. It is not a contract, but rather a peaceful gesture. It is not an entangling alliance, but a friendly cooperation. It is just a step in the right direction.

It is the duty of America to do what it can to preserve the peace of the world. Surely no civilized people can refuse to help. If peace reigns in Europe, if business there returns to normal, if their purchasing power is regained, then our American surplus of corn, cotton, wheat, and manufactured products will find a growing market.

The World Court resolution as now proposed has been amended in every way to protect American independence in the consideration of purely American questions; in the selection of judges, in the payment of expense, in the equality of votes, in the submission of disputes, in the matter of foreign questions in which America would have no place and no interest. All these matters have been given attention.

There is nothing to fear! There is nothing to lose! And perhaps permanent world peace to gain!

From every standpoint of both cold business and warm humanitarian interest the American Republic should take its place in this new movement and this new hope for "Peace on earth, good will to men."

Mr. HEFLIN. Mr. President, the human race is indebted to the great men who have worked here. The men of vision, the men who have wrought well in their day and generation are entitled to our esteem and reverence. I have in mind one of the greatest Presidents that the United States has ever had. I refer to Woodrow Wilson. Upon two occasions recently I have heard the Senator from South Carolina [Mr. BLEASE] attack and criticize him. At the same time he eulogized Mr. Lodge. He praised Mr. Lodge for helping to defeat the League of Nations. The Senator from South Carolina evidently did not know that Mr. Lodge favored a league of nations or a world court of some kind. In a speech made in the State of Massachusetts in 1915 Mr. Lodge used this language:

If we have reached the limit of voluntary arbitration what is the next step? I think the next step is that which this league proposes, and that is to put force behind international peace. We may not solve it in that way, but if we can not solve it in that way it can be solved in no other way.

The former Senator from Massachusetts opposed the League of Nations. He probably did more than any other one man to defeat it. The former Senator from Massachusetts changed his position entirely, as the record will show and as the debates here upon the League of Nations will show. The former Senator from Massachusetts, just three years before the League of Nations treaty was defeated, favored a league backed by force and he favored this Government being a member of such a league.

The Senator from South Carolina in his attack upon President Wilson, rather contrasting him with Mr. Lodge, praised Mr. Lodge exceedingly. I served with Senator Lodge in this body. He was a very cultured and scholarly man. He was a very cold man. He was a man who had no very warm friendships. I always had the impression, as others had, that he was exceedingly jealous of President Wilson, envious of his scholarship, of his learning, of his masterly manner of presenting questions in which he was interested, and of the intellectual superiority that people generally recognize in him over most of his fellows.

Upon a former occasion a Senator who served in this body who is not now here criticized President Wilson severely, and I stated upon the floor of the Senate at that time that I would not permit anybody to assault unjustly this great man, who could not be here to speak for himself, without replying to such an attack.

The Senator from South Carolina entered into a eulogy upon Senator Lodge while he was attacking in the same breath the martyred President of the United States. While he was praising Senator Lodge I could but think of and contrast the service of the two to the South, to the section from which the Senator from South Carolina hails. One of them, the Senator from Massachusetts, when a Member of the House, introduced a bill known as the force bill. The greatest filibuster in the history of this body was conducted to defeat that bill, and succeeded in doing so. If that bill had been enacted into law, soldiers would have gone to every polling place in the South—in South Carolina, in Alabama. At all the voting precincts in the South they would have stood with their bayonets and they would have controlled the elections by force. They would have permitted negroes, drunk on their new-found freedom and led on by scalawags and carpetbaggers, to have overthrown the civilization of the South. All that was dear to us was at stake. And yet the Senator from South Carolina has eulogized Mr. Lodge as one of the greatest Americans and has criticized and condemned President Wilson.

What did President Wilson do for the South? Born in Virginia, in the first place, he placed in his Cabinet four southern men when he was President. He did all that he could to relieve that people, not yet recovered entirely from the evil effects of the war of 1860 and the reign of the carpetbagger and the scalawag, always encouraging and trying to help us up and relieve us of the burdens that long rested upon us. I was utterly astounded at the speech of the Senator from South Carolina when he attacked this great man and eulogized the man who undertook during his service at this Capital, by one of the most dangerous outstanding acts in his career, to wipe out and destroy the Anglo-Saxon civilization of the South.

I refer to these things because they are matters of record, and I want the record to remain straight. The Senator from South Carolina is entitled to his opinion about President Wilson, but when he comes into this body and undertakes to express that opinion somebody is going to reply to him, if I have to do it myself.

In contrast with what this Senator, who claims to be a Democrat from South Carolina, has said about Mr. Wilson, I want to read what the present President of the United States said about this great man when he went to his last sleep:

As President of the United States he was moved by an earnest desire to promote the best interests of the country as he conceived them. His acts were prompted by high motives and his sincerity of purpose can not be questioned. He led the Nation through the terrific struggle of the World War with a lofty idealism which never failed him. He gave utterance to the aspirations of humanity with an eloquence which held the attention of all the earth and made America a new and enlarged influence in the destiny of mankind.

I submit that statement against the attacks of the Senator from South Carolina. That statement was made by Calvin Coolidge.

I hold in my hand the address delivered at the memorial exercises in the House by Doctor Alderman, of Virginia, another southerner. I prefer to quote him and to read what he has to say than to listen to the attacks of the Senator from South Carolina upon this great man. He quoted President Wilson:

What a man ought never to forget with regard to a college—

He once said at Swarthmore—

is that it is a nursery of honor and principle.

Then he said of President Wilson when president of Princeton:

He inaugurated new principles of educational contact, which now lie at the core of the development, not alone of his own university but of all the institutions of liberal culture in his country.

It seems that this man of very high culture and broad learning differs very much with the Senator from South Carolina in his opinion of this great scholar and statesman. Proceeding in his speech Doctor Alderman said:

Woodrow Wilson had the impulse to write as well as to talk and became a writer of eminence fit to claim a place in the literature of his country along with Jefferson, Madison, Lincoln, and Roosevelt.

Does a man of that character deserve the attack made upon him which was made by the Senator from South Carolina? Doctor Alderman quotes Mr. Wilson again. Mr. Wilson said:

It is not knowledge that moves the world, but ideals, convictions, the opinions or fancies that have been held or followed; and whoever studies humanity ought to study it alive, practice the vivisection of reading literature, and acquaint himself with something more than anatomies which are no longer in use by spirits.

I commend that to the Senators who are harking back to things of a hundred years ago and more, and who seem to have no vision of the present, or of the things that are to come. Again, Doctor Alderman compliments Mr. Wilson:

I can not, at this time and place, attempt even to enumerate the legislative measures which, under his leadership, went forward in the Sixty-third Congress; but I venture to claim that no such well thought out program of financial, social, and industrial reform, no such inspiring spectacle of governmental efficiency and concentrated energy, no such display of fearless devotion to public interests, moving high above the plane of partisan advantage or of private gain, has been spread before the eyes of this generation as is afforded by the list of enduring enactments which crowned the accession to power of Woodrow Wilson.

There is quite a difference of opinion between these two distinguished southerners. Referring to Mr. Wilson, at about the time when the war was nearing the close, Doctor Alderman said:

Still preoccupied with the thought of lasting peace, Mr. Wilson appeared before the Congress in the early winter of 1918, at the darkest moment of the allied fortunes, and formulated 14 points of peace. These generalizations were almost revolutionary in their scope and idealism and ultimately formed the general basis of the peace to be drafted; but they carried, too, a political adroitness aiming directly at putting an end to the fighting. They planted new seeds of aspiration and new hopes of justice between nations in the minds of men; and it is not easy to ostracize such ideas. Its timeliness, as well as its strength, gives to this document a place among the great charters which have marked the progress of mankind.

I commend these statements to the Senator from South Carolina.

This paper, and the complimentary addresses following it, aimed at nothing less than to endow the broken and weary nations with a new order and a new life. Desperate peoples for an hour looked into the shining face of Hope, and had sight of an old heaven and a new earth arising out of horror but ennobled by the self-sacrifice of millions. In Burke's vivid phrase, he was now the Lord of the Ascendant; his speeches had the strength of battalions along the front of battle; his voice was the voice of free peoples; and all over the earth, in the great capitals, among the tribes of the desert, in the islands of the sea, men felt the molding of his thought and sensed the grandeur of his aims.

I submit that a man of that character should not be attacked by anybody in this body, much less by one who hails from the section of the country that gave Mr. Wilson birth. Doctor Alderman goes on to say:

The genius of the Army and Navy displayed itself in war. The genius of the President struck down the enemy morale and laid the foundations of peace.

That is literally true, Mr. President, as all of us who knew this man and knew what he was doing during the war know. Doctor Alderman refers here to language used by President Roosevelt:

In 1910, in his Nobel lecture, Theodore Roosevelt himself said:

"It would be a master stroke if those great powers honestly bent on peace would form a league of peace not only to keep the peace among themselves but to prevent, by force if necessary, its being broken by others. The man or statesman who should bring about such a condition would have earned his place in history for all time and his title to the gratitude of all mankind."

The then Senator from Massachusetts, Mr. Lodge, favored such a course as Mr. Wilson was pursuing; Mr. Roosevelt favored such a course; he pointed it out before Mr. Wilson became President, and told how the world should be grateful to a man who would lead the way to universal peace; but the Senator from South Carolina criticizes and condemns President Wilson for trying to bring about universal peace. Again Doctor Alderman says, referring to Mr. Wilson's tour of the West, when the League of Nations was before the Senate for consideration:

There is no series of political speeches, made under circumstances of such strain, in our annals attaining a higher level of oratory and exposition. He was forewarned, as he fared forth, that his life might be the forfeit of his enterprise. He replied, "I would forfeit my life to attain the end I seek," and he meant it; for he was incapable of melodramatic pose, and the consecration of that statement runs like a thread of gold through the sustained appeal.

Mr. President, that statement is not overdrawn. President Wilson was a man of that character, of that heroic mold that if he believed in anything that affected mankind he believed in it so strongly that he would be willing to die for his convictions. That is more than I can say of a good many public men that I have known in my day and generation. Doctor Alderman continues:

Woodrow Wilson fell stricken as if in battle at Pueblo, Colo., on September 25, 1919, and came home shorn of his unmatched strength to persuade and move the hearts of his countrymen.

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The last words spoken to the people at Pueblo by the President were these: "Now that the mists of this great question have cleared away, I believe that men will see the truth, eye to eye and face to face. There is one thing that the American people always rise to and extend their hand to, and that is the truth of justice, liberty, and peace. We have accepted that truth, and it is going to lead us, and through us the world out into pastures of quietness and peace such as this world never dreamed of before."

What a glorious vision, Mr. President, for any man, be he Republican or Democrat, who is striving for the day when out of the clash of arms and the iron storm of war shall come peace universal! But this man is criticized by the Senator from South Carolina because of his activities even in the World War and especially because of his activities to clinch the result of the World War, and after helping to put war down to provide some way to keep war down.

Doctor Alderman continues:

Posterity will be eager to have knowledge of the personality and the salient qualities of a statesman set apart to play such a rôle in the world's affairs. I shall picture him as I knew him—not the Wilson whom mankind will remember as the stern war leader of a mighty nation, but another Wilson, known to me—a Wilson of sprightliness and humor and handsome courtesy, of kindly countenance and fascinating conversation, with power to "beguile you into being informed beyond your worth and wise beyond your birthright."

I commend that to my friend from South Carolina.

Woodrow Wilson was a deeply religious man. Men who do not understand the religious spirit need not even try to understand him.

I wonder if the Senator from South Carolina was in mind when that sentence was uttered.

No man in supreme power in any nation's life, since Gladstone, was so profoundly penetrated by the Christian faith. He was sturdily and mystically Christian. He took God Almighty in earnest as the Supreme Reality, and he carried Him into his home and saw His immanence and guidance in private and public life. He had the habit of prayer, and he read and reread the English Bible. Through all his speeches flamed the glory of an insistent belief that morality and politics should march hand in hand. Many of his tendencies, perhaps the most of them that occasioned debate and censure, sprang from his pragmatic belief in God.

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Wilson could be, and sometimes was, aloof and unrelenting to this or that friend or foe; but mankind, in the mass, never failed to soften his spirit and awaken his emotions. He would have gone to the stake to protect mankind, as a whole, from tyranny and injustice.

Mr. President, he served his day and generation well, but he is gone. Dead because of the fight that he made to promote peace and prevent war. I do not intend that anybody shall assail him so long as I am a Member of this body without rising and saying something in his behalf. Not that he needs any defense from me or from anyone else, but I just want the people who read the RECORD which goes out of this body to see that we reverence and love Woodrow Wilson here. The Senator from Iowa [Mr. BROOKHART], a Republican, the very day before the Senator from South Carolina attacked him, paid him a tribute in this body. I wanted the RECORD to show just what the situation is here as to the regard in which the memory of Woodrow Wilson is held.

Mr. President, the Senator from California [Mr. JOHNSON] made a very strong speech for his side of this proposition. If he understands this question, and if he has properly presented it, there is nothing to the position of the Senator from Idaho [Mr. BORAH]. The Senator from Idaho has argued here for hours that this court can drag us in and take jurisdiction over us, and the Senator from California holds that the court has no power to take us in or to exercise jurisdiction over us unless we consent. That is my position, so the Senator from California and I are agreed. It is simply a place where nations can go who want to arbitrate their differences. One side can go to it and ask to have a matter arbitrated, and the court would simply say, "Is the other side willing?" "I do not think so." "Then we have no jurisdiction over the matter."

Did you ever hear of a case being arbitrated in a community—and they are being arbitrated throughout the country to-day by the hundreds and the thousands—except where both parties agreed to it? Certainly not. Both sides come up to the arbitration board agreed on, and both sides agree to submit their cause, and to be bound by the judgment that is rendered. We are doing that in common practice throughout the United States to-day, and have done it since we have been in existence as a nation. Are we quarreling with the World Court because it is putting into practice things that we originated, that we have had in practice here since the Government was organized?

"Well, but," they say, "It is not any account, then, if it has no power." Mr. President, it is. Any place created and kept in existence to watch the operations of the nations of the earth, to watch nations contriving to start a war that will involve, perhaps, the whole world, to cry out against it, to cause publicity to be given and let the world begin to use its influence, not after they are out fighting but before hostilities begin, in order to prevent fighting, is a mighty good international institution to have.

The Senator from California described how Democrats would laugh when they got this thing over. Why, this World Court is not altogether what I want. I am frank to say that I am not entirely satisfied with it; but it is the only thing that is submitted to us. It is the best thing in sight, and a Republican President has recommended it in three of his messages.

I want to read to the Senator from California [Mr. JOHNSON] what Mr. Coolidge, the Republican President, says:

Our foreign policy has always been guided by two principles. The one is the avoidance of permanent political alliances which would sacrifice our proper independence. The other is the peaceful settlement of controversies between nations. By example and by treaty we have advocated arbitration. For nearly 25 years we have been a

member of The Hague Tribunal, and have long sought the creation of a permanent world court of justice. I am in full accord with both of these policies.

That is what President Coolidge said in 1923. Here is what he said in 1924. He is still following that up. He is the President of the party of the Senator from California:

America has been one of the foremost nations in advocating tribunals for the settlement of international disputes of a justiciable character. Our representatives took a leading part in those conferences which resulted in the establishment of The Hague tribunal and later in providing for a Permanent Court of International Justice. I believe it would be for the advantage of this country and helpful to the stability of other nations for us to adhere to the protocol establishing that court upon the conditions stated in the recommendation which is now before the Senate, and further, that our country shall not be bound by advisory opinions which may be rendered by the court upon questions which we have not voluntarily submitted for its judgment. This court would provide a practical and convenient tribunal before which we could go voluntarily, but to which we could not be summoned, for a determination of justiciable questions when they fail to be resolved by diplomatic negotiations.

Mr. President, I have to take a choice here between the Senator from California and the gentleman selected by the whole people of the United States to be President of my country. He is charged as Chief Executive with the responsibility of looking after the affairs of the Government, and while he belongs to another party he is President of the United States, and he has certainly informed himself upon this great question. He comes here and says that this is the kind of a court he wants, and the Senator from California says that what the President says about the court is true; that they can not bring us to it, but that we can go to it if we so desire.

Mr. REED of Missouri. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Alabama yield to the Senator from Missouri?

Mr. HEFLIN. I yield to the Senator.

Mr. REED of Missouri. Would the Senator be willing to go into the court if he were convinced that it did have a jurisdiction to decide cases which concerned the United States, and to do so without our consent?

Mr. HEFLIN. I would vote for a reservation to prevent that, and I am going to do so.

Mr. REED of Missouri. No; but the question is this: The Senator states that he is for the court because it has no jurisdiction except that to which we voluntarily assent. I am asking the Senator if he would be willing to go into the court if he were convinced that the court does have or can obtain a jurisdiction to decide cases which concern the United States, and to do so without our consent?

Mr. HEFLIN. I hold that the court can not do that now; but I am going to vote for a reservation offered by the Senator from Virginia [Mr. SWANSON], which will be adopted, which specifically provides that this court shall have no jurisdiction over any case in which the United States is interested unless this Government consents that it may do so. Furthermore, it was agreed yesterday in debate, as I understood the Senator from Idaho [Mr. BORAH], that at any time that this court violates the spirit of our entrance into it the Congress can pass an act withdrawing from it. Does the Senator agree to that?

Mr. REED of Missouri. No; I do not agree to it unless we make it part of the very terms of our entrance. That, however, is not the question I am trying to get my friend to answer; and I am asking this question in no captious way, as he certainly knows.

Mr. HEFLIN. I understand. I have already answered the question in my own way.

Mr. REED of Missouri. I do not think the Senator has quite answered it. If the Senator were convinced that notwithstanding the reservations which may be adopted the court nevertheless can obtain a jurisdiction which will enable it without our consent to decide questions of importance to the United States would he be willing that the United States should then take membership upon the court?

Mr. HEFLIN. I deny that the court ever can have such authority. This court can not have any authority over us except the authority that we give it, so the Senator's question does not fit the situation at all.

Mr. REED of Missouri. If the Senator will do me the favor of listening when I reach that part of my address——

Mr. HEFLIN. I shall be glad to do so.

Mr. REED of Missouri. I do not think I will ask him to listen to all of it; but if he will listen to that part of it, I think I can absolutely demonstrate that the court as constituted has a jurisdiction to decide questions of vital importance to the United States without the United States being a party and without the United States consenting.

Mr. CARAWAY. Mr. President, may I ask the Senator from Missouri a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. HEFLIN. I do.

Mr. CARAWAY. In that case it can do it whether we adhere or do not adhere, can it not?

Mr. REED of Missouri. Technically, yes; but if we sit on the court and take part in its deliberations, and recognize it, we are in a very different situation than if we sit outside of it and say that it is what it in fact is—merely a foreign tribunal set up by foreign nations. Then we will be in a very different situation.

Mr. CARAWAY. If we go into the court with an express reservation that it shall have no jurisdiction to determine any question in which we are interested without our consent, does the Senator think that will leave us more prejudiced by its decision that if it should decide when we are out of the court?

Mr. REED of Missouri. I think unquestionably so.

Mr. CARAWAY. In what way?

Mr. REED of Missouri. Because if we go into this court, and recognize it as having authority——

Mr. CARAWAY. We can not destroy it by simply staying out.

Mr. REED of Missouri. No; but we can ignore it by staying out.

Mr. CARAWAY. It will have the same——

Mr. REED of Missouri. The Senator does not let me answer.

Mr. HEFLIN. Mr. President, I did not intend to speak very long.

The PRESIDING OFFICER. Does the Senator yield further; and if so, to whom?

Mr. REED of Missouri. Very well. I think perhaps the colloquy has gone far enough.

Mr. KING. Mr. President, will the Senator from Alabama yield for just a suggestion?

Mr. HEFLIN. Just a suggestion.

Mr. KING. May I say to the Senator from Alabama, and for my own enlightenment, that I should like to know whether the Senator from Missouri contemplated including within his question matters of domestic concern, so recognized by nations? May I say to the Senator that there are many Americans who believe in a court that has compulsory jurisdiction, excepting, of course, questions of a domestic character. Speaking for myself, I should like to see an international court that had compulsory jurisdiction to handle and decide international questions, but, of course, never to infringe domestic questions which belong to the states themselves.

Mr. REED of Missouri. Will the Senator indulge me long enough to ask my friend——

Mr. KING. I do not have the floor.

Mr. HEFLIN. I yield for a question, Mr. President.

Mr. REED of Missouri. I simply wish to ask my friend if he is willing to have an international court with the jurisdiction to decide all international questions and enforce its decisions?

Mr. KING. Mr. President, if the Senator from Alabama will indulge me——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. HEFLIN. I yield.

Mr. KING. I believe in an international court such as was envisaged in the discussions of The Hague conferences. I am in favor of an international court created by treaty, with jurisdiction clearly defined and before which a state may be required to appear upon complaint of another member of the court, in order that a controversy of an international character may be considered and adjudicated. I do not object to what is called compulsory jurisdiction with respect to international questions. Nor am I now referring to the present court, although I do not mean to infer that it is not an international court; and, of course, I do not mean that domestic questions should be taken cognizance of by the World Court or any international tribunal.

Mr. REED of Missouri. Mr. President, will the Senator indulge me once more?

The PRESIDING OFFICER. Does the Senator from Alabama further yield to the Senator from Missouri?

Mr. HEFLIN. Yes.

Mr. REED of Missouri. I understand the Senator, then, to say that he is in favor of a court that can summon before it

the nations of the earth and can take jurisdiction of international disputes. Is the Senator willing, then, that that court shall be empowered to enforce its decrees?

Mr. HEFLIN. Mr. President, I can not yield to a Senator to ask another Senator a question and then to answer him.

The PRESIDING OFFICER. The Senator declines to yield further.

Mr. HEFLIN. I should be glad to hear my good friend from Missouri ask these questions and to hear my good friend from Utah answer them; but I do not intend to talk very much longer, and I want to hear what the Senator from Missouri has to say, because I think I will make a speech on this subject before the vote is taken. I am just touching now on some things that need clearing up.

Senators who oppose the World Court talk about propaganda. The documents I have received against the World Court cost more money to send out than those I have received in favor of it. Some of them are great big pamphlets, costing, I am sure, hundreds of thousands of dollars to print. They have flooded the Capitol with them. Who is back of that propaganda and who are the men here supporting the World Court? I do not mean to say that the gentlemen who are opposing it are not just as clever and as honest and as conscientious as we are, but there is no partisanship in this fight, so far as I can see. There is none in it with me. I am willing to take the suggestion of a Republican President and to go along with Republican Senators if I can by so doing get closer to world peace.

I am weary of a situation where Senators who stood here in the other fight and fought to the death the League of Nations, a Democratic proposal, and who intimated in those days that if they could get up some other plan they would do what they could for peace, now, when a Republican comes along with a mild-mannered proposition called the World Court, find fault with that, and go to beating that about, but have not a single suggestion to offer in the place of either one of them.

That is not constructive statesmanship. They remind me of the two Dagoes going up the street. They met a man who asked them where the macaroni factory was, and they told him they did not know. They walked about two blocks, when one of them said to the other one, "He does not want the macaroni factory. He means noodle factory." The other one said "Sure." They said, "Let's go back and overtake him." They followed him four blocks back and overtook him, and said, "You did not mean macaroni factory. You meant noodle factory." He said, "That's right, I did." They said, "Well, we don't know where that is, either." [Laughter.]

That is the situation we find here. It is easy to get up here and go to pounding around and beating on something. But what have they to offer in its stead? Do not Senators think that foreign nations are sincerely striving for world peace?

There are yet to be seen widows and orphans in the war-stricken countries. There is still suffering over there because of the war. Senators say those nations are not after anything except to get the United States in.

Talk about propaganda! The Senator from California [Mr. JOHNSON] said that he had gotten letters from children. God knows they have as much right to demand that war be stopped as anybody, and maybe more. Some of them in this country miss their fathers now, fathers killed on the battle field in France. Why have they not a right to appeal? Why should not a little child, who is told that its father will never come back, that its father died in battle, was killed in the war, appeal to Senators? Such a child ought to hate war as long as he or she lives. The opponents of this court make light of the fact that these children in 300,000 homes should write to Senators and ask them to help prevent war. They laugh at it.

The Washington Post had a cartoon some time ago showing a little girl writing a note to a Senator asking him to please vote for a World Court, the cartoon making fun of it. Christ said:

> Suffer little children to come unto Me, for of such is the kingdom of heaven.

He said at another time:

> A little child shall lead them.

I suggest to the Senator from California and to other Senators that it would be well to let these little children lead them into the paths of peace.

The Senator from California said, quoting Madison, I believe, "Who serves his country best serves his party best." I sincerely believe that I am working to the highest and best interests of every man, woman, and child in my country, including the Senators who oppose this World Court, when I stand here and work for an international tribunal to promote peace and prevent war.

Mistakes have been made by public men in the past. Patrick Henry, one of the ablest men the country ever produced, one of the honored oratorical landmarks of the Republic, his speeches spoken in every schoolhouse in the country, one of the most brilliant orators of colonial days, stood up in the convention and fought the Constitution, and he predicted that dire disaster would come if we ever had a general Government and ever adopted that Constitution. He was mistaken; that is all. His vision was not good in that particular. He was sincere in what he was doing, but he was attacking what Gladstone said was the greatest civic document ever emanating from the brain of man. It is now the Constitution, the organic structure of the greatest Government on the globe, written by Mr. Madison, of Virginia.

These Senators who are attacking the World Court, and who are telling us what dire things will follow, are just as much mistaken as Patrick Henry was. They no doubt are conscientious in their positions, but they are wrong. They are unnecessarily alarmed. They were against the League of Nations, and they are against anything that looks in the direction of international peace.

How long would we wait to establish some international tribunal for peace if we should wait for the Senators who are fighting the World Court, and who fought the League of Nations, to come in here with a proposition? We would not have it.

Implements of war have become so dangerous and deadly, something has to be done to prevent war in the future. I will not go into that phase of the matter now, because I do not intend to delay the Senate long. Some one has made the point that we are going to try to set up a world court over the Supreme Court of the United States. That is not my purpose, and I do not think it is the purpose of anybody who is going to vote for the World Court. There is no such provision in this resolution. The World Court can not exercise jurisdiction over affairs that belong to the domestic concerns of this country. Not a single domestic question can be considered by that court, and no international question where we are interested can be considered by that court, unless this Government, by specific action, authorizes the court to take up the question and consider it. Senators, if that is true, what danger is there in our going in?

I hold to the other proposition, and I do not think anybody will gainsay it, that if the World Court should undertake to take jurisdiction over cases when we did not agree they should take such jurisdiction, against the reservations we put on this proposition, the Congress of the United States could pass an act withdrawing us from the court. Everybody conceded that here yesterday, and whether it is conceded or not, I announce it as a fact. There is no way to keep this country from withdrawing from the court if it wants to do so.

I want to say to those Senators who are such alarmists that the people over there, members of the court, would rather see this country in it than to see any other country in it, because they know we are a big, powerful country and that we are not after conquest; that we love peace, and that we are not a military people. They know that we want to promote peace and not war. So they would be glad to have us in, to have our influence work with that of those who really love peace and want to prevent war in the future. So, Mr. President, there is every argument in favor of us going in and no sound argument against our taking such a course.

I shall conclude with this statement: This country has been confronted with a proposition to do something to promote peace and prevent war since our boys ended the World War in victory. Throughout the Nation various societies and churches have passed resolutions indorsing some plan or other to promote peace in the world and to prevent war. I dare say that in nearly every county in the United States some club, some organization of men, women, and children, and Christian organizations throughout the country have been asking us all along to do something. This is 1926, and the war ended in 1918. Eight years have come and gone, and nothing has been done, and here we are about to get together on something that will unite the forces in this body, setting up a tribunal looking toward preventing war and promoting peace, and we find our same friends who fought the league fighting this, the same ones who fight any proposition of an international character crying out against it and offering nothing.

Suppose this is defeated. Of course, it will not be, but what would we have if it were? Nothing. Who would rejoice if the news should go out from the Capitol that it was defeated? The gun and ammunition makers of the United States and the battleship builders. Talk about propaganda! They are the

gentlemen back of the propaganda. I do not charge that Senators on the other side know about that; they are innocent of so many things. But, Mr. President, who makes money out of war? The gun and ammunition makers make their millions and hundreds of millions. The battleship builders are the first called upon in the event of war. They get busy as soon as the tocsin of war is sounded. They do not want any tribunal to prevent war. But they dare not show their heads in opposition to it. They are away back yonder behind the screen, but they touch the button and the propaganda gets in its work. They know that if they dared come out in the open and oppose it, it would defeat their scheme. They come out here charging that we want to put something over on our country.

Would the President want to tie his country up in a dangerous foreign machine? Would two-thirds of the Members of this body deliberately tie their country up in something that was dangerous and deadly? Would three-fourths of the people of the United States—and they are back of this movement—deliberately petition us to vote for this World Court if they thought it meant ruin to their country?

Mr. President, the proposition is utterly ridiculous. The people want some sort of a peace tribunal set up, and we ought to set one up. This is the only chance we have to help along such a tribunal. Let us put reservations on the resolution if it is not sufficient to guard our interests, and we will stand on our reservations. I dare say that when 25 years shall have passed, if we are still on the stage of action, and I ask these Senators, "What about those dire predictions they made?" they will just say, "Well, we were mistaken." And that will be true. There will be a number of international matters that we would want to submit to an international court. We have long advocated the establishment of such a court. Do we propose to draw ourselves off into a shell and say, "We are not going to have anything to do with the world?" We are an exporting people. We send our produce to the markets of the earth. We want to increase our trade. We want peaceful and cordial relations with other nations.

Mr. President, when our country takes her seat in the World Court, America will be there using her great influence to promote peace throughout the world.

Mr. REED of Missouri obtained the floor.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Frazier	Lenroot	Robinson, Ind.
Bingham	George	McKellar	Sackett
Bratton	Gillett	McMaster	Schall
Brookhart	Goff	McNary	Sheppard
Bruce	Hale	Mayfield	Shipstead
Butler	Harreld	Means	Simmons
Capper	Harris	Moses	Smith
Caraway	Harrison	Norbeck	Smoot
Copeland	Heflin	Norris	Stanfield
Couzens	Howell	Nye	Stephens
Curtis	Johnson	Oddie	Trammell
Dale	Jones, N. Mex.	Overman	Wadsworth
Deneen	Jones, Wash.	Phipps	Walsh
Fernald	Kendrick	Ransdell	Warren
Ferris	Keyes	Reed, Mo.	Weller
Fess	King	Reed, Pa.	Williams
Fletcher	La Follette	Robinson, Ark.	Willis

Mr. SMITH. I wish to announce that the Senator from Indiana [Mr. WATSON], the Senator from Nevada [Mr. PITTMAN], the Senator from Idaho [Mr. GOODING], the Senator from Oklahoma [Mr. PINE], and the Senator from Montana [Mr. WHEELER] are engaged at a meeting of the Committee on Interstate Commerce.

Mr. McKELLAR. My colleague, the junior Senator from Tennessee [Mr. TYSON], is necessarily detained from the Senate on business. This announcement may stand for the day.

Mr. COPELAND. I was requested to announce that the junior Senator from New Jersey [Mr. EDWARDS] is necessarily detained from the Senate on public business.

The VICE PRESIDENT. Sixty-eight Senators having answered to their names, a quorum is present. The Senator from Missouri will proceed.

Mr. REED of Missouri. Mr. President, the debate has proceeded to considerable length and has taken a wide range. There is scarcely a vagary of the imagination which has not been exploited on the floor of the Senate. Among other questions that have been thrust forward and dwelt upon with tearful insistence are the horrors of war. Those who thus speak blandly assume that is the whole question in the debate and assert that the proposed court or our entrance into it will terminate war and end all human misery. Of course, if that were true, everybody would be for the court. But the question we are to determine is not whether war is horrible, for that everybody knows and we need no insistence to convince us. Of course, every decent human being would like to see the battle flags furled forever.

But it remains to be determined whether the proposition now before us makes for war or makes for peace; whether, if we should enter the court, we will have more of peace or more of war; whether the United States, by abandoning its ancient policies which kept us at peace with the outside world for more than a century of time, will gain more of peace for herself by remaining aloof from the controversies of Europe and Asia, or whether she will gain more of peace by entering into every controversy of the world and sticking her nose into every dispute of humanity; and likewise whether we will gain more of national dignity, national honor, and national progress by signing a compact or entering into an organization which proposes to permit all of the rest of the world to interfere in American affairs.

So those who have tears may retire and shed them in privacy—tears for war, tears for widows and orphans. That is not the question here, save in the sense that if it can be demonstrated that the United States can safely enter the court without impairment of her dignity and without impairment of her sovereignty and without danger to herself, then the World Court ought to be entered.

If, upon the other hand, however, entrance to the World Court means the entrance of the United States into the disputes of the world and the sending of our young men and our young women to die in foreign lands in the embroilments and battles of foreign countries, then, certainly, we ought to remain out of the court. That is the question.

Moreover, we have been told in the last few minutes that three-fourths of the American people demand our entrance into this court. I assert that nine-tenths of the American people know substantially nothing regarding the proposed court and that nobody has any authority to speak for three-fourths of them or for one-fourth of them or for one-tenth of them. I assert that it is probably true that there are some Senators on this floor who have never read the protocol and statute of the court. I assert that there never has been any public exposition of that statute and of that protocol in such manner as to enable the American people to have a decent opportunity to understand either of them.

To begin with, the problem presented is so intricate as to require a study by the best of lawyers of days and even weeks before the responsibility which we assume can be grasped and understood. I assert that it is fair to say that there have been millions of money expended in working up an apparent sentiment in favor of entering the court, and that probably 999 out of every 1,000 who have signed the petitions in its favor know nothing whatever regarding the real organization, power, and jurisdiction of the court.

When I asked in a resolution the privilege of an investigation so that we could trace this propaganda to its source and develop the financial and other interests back of it, the proponents of the court fled from that investigation and denied it, every single proponent of the court, so far as I know, voting against such an exposition.

We are told that this question has been before the people for a long time. In a technical sense that is true; in a practical sense it is absolutely false. Two or three years ago we began discussing some sort of world court proposal. President Harding sent to the Senate such a proposition. It went to the committee, and it was generally and commonly understood that it had gone into cold storage. It was not discussed on this floor; it was not generally discussed in the country. President Harding, however, proposed at least in one of his speeches, if not in his messages, that a most radical change should be made. What was that change? He said that the court must be entirely divorced from the league, and that in order that it should be divorced from the league the court members then existing should have the right to elect their successors, and those in turn to elect their successors; in other words, he proposed a self-perpetuating judicial oligarchy as undemocratic, as despotic, as infamous as was ever dreamed of in the brain of any man now living or in the brain of any man who is dead.

Following that, President Coolidge indorsed publicly all of the policies of President Harding, specifically stating he was going to carry them out, thus committing himself to this same proposition that the judges of the court then sitting should elect their successors, and those in turn their successors, and so on forever. That was the kind of thing that the people thought was pending here. So far as I was concerned, I was confident that such a proposition would never receive the serious attention of this body or of the American people.

Moreover, we had two elections involving the question of our entrance into the League of Nations. The decision of the people in those two elections was an utter condemnation of the

doctrine of internationalism, for that is the new doctrine with which we are now confronted. So while it is technically true that the so-called World Court proposition has been lying here in the Senate, it is not true that there has been any such discussion carried on for such a length of time as to enlighten the general public of America. I, therefore, say that any attempt to cut off this debate, to shorten the full right of discussion in the Senate, if carried out, will be an attempt at gag rule that will react most disastrously upon its authors and most unfortunately for the country.

Mr. President, who has carried on this propaganda? Every great international banker who was for our entrance into the League of Nations is for it. Every man who has loaned money abroad and would like to have his foreign bonds, which he purchased at an enormous discount, underwritten in the blood and tears of America, is for it. Every foreign influence is for it. Nearly every individual who was for the League of Nations is for it; and the Republicans who were against the League of Nations are now for it because a Republican President is for it. One of the strangest baskets of eggs that ever was carried to market is the one in which the Republican opponents of the League of Nations and Democratic proponents of the League of Nations, including my distinguished friend from Alabama [Mr. HEFLIN], are all basketed together and being carried to market by the hand of Calvin Coolidge. [Laughter.] And one of the strangest sounds ever made in this Chamber, where there have been many strange noises, was that made by the Senator from Alabama when he declared that Calvin Coolidge had said certain things and, therefore, he accepted them as true. [Laughter.]

I have the greatest respect for Mr. Coolidge; but his opinion carries no more weight with me since he happened to be elected President on a national platform which was opposed to internationalism than it carried before he was elected President. There is not a man in this body who would have hesitated an instant to have differed from the opinion of Calvin Coolidge in private life. So his assurance that this adventure is safe carries no more weight with me than his assurance that we ought to take all of the taxes off the great fortunes and leave them on the small fortunes and the poorer people carries weight with me. I want some higher authority.

Mr. President, with these preliminary remarks, I wish to direct the attention of the Senate at some length to the organization which it is proposed we shall enter. I wish, if possible, to get out of the clouds and down to the question before us. I wish to extricate myself from that nebulous belt in which so many of my good friends love to dwell, and which they commonly describe as a sort of millennial period, all of which they promise us is going to come if we will enter this World Court.

Mr. President, one of two propositions is true: This court either has a jurisdiction or it does not have a jurisdiction. A court with jurisdiction may be dangerous, and that danger is to be measured by the degree of its jurisdiction. A court without jurisdiction is of as little use in the economy of life as a bad breath or a white swelling. A court without jurisdiction is a court without power. A court without power is a vacuum; and when men are driven in defense of this proposition to the claim that the court has no power, they are driven to the contention that we propose a cipher and tell us that that cipher represents value.

A court is already set up, and it is said that we will not go into it unless we attach a lot of reservations. If this court is the court of the millenium, if it is going to usher in that day on which my good friend from Alabama [Mr. HEFLIN] continually dwells, when the lion and the lamb shall lie down together and a little child shall lead them—and he wants us all to follow the little child, so why not resign your seat and send here some little girl about 8 years old to do the legislating?—if this court will produce such results as are predicted by these overenthusiastic advocates, then why not join it without reservations? Why put hobbles on the millennium? Why stay the march of progress? Why do you not join the grand procession? Why do you not unite your hosannas with those of the multitude? Why do you not proceed with it to this holy of holies, where all is good and sweet communion of the saints is enjoyed? Why do you say, "Here is the sanctuary where virtue dwells and goodness makes its home, but I am not going in through the door. I am going to crawl halfway over the transom. I am going to be half in and half out. I do not want to be entirely sanctified. I just want to get my head inside the transom, so that I can back out of this sacred place as soon as it gets dangerous"?

Why, Senators, when you propose to make reservations to this court protocol and statute you certify your heart's belief that there is danger lurking there. When you say you will submit to no jurisdiction unless you consent in that particular case, you certify that you fear the decisions of the court. When you say that you will reserve the right to stay out on every question that you do not want to submit, you certify that the court is a doubtful court and that it might exercise its jurisdiction in such manner as to imperil the rights and liberties of your country. So you fear it while you enter it. So you say to all the world: "We discredit this court in advance; we doubt it; we fear it"; and any denial of that statement is not an honest denial.

Let us see what is in this Pandora's box. Let us take the time to analyze it. Let us understand whether it is something or nothing. Let us understand whether it is to have a jurisdiction or no jurisdiction.

Let us understand one thing further: We can not treat these questions from the standpoint that this tribunal which is to be set up is to be a court of justice, for a court that has jurisdiction to do justice also has jurisdiction to do injustice. The power to decide a question at all is the power to decide it either right or wrong. So there is no guaranty that this court will act in favor of world peace. There is no guaranty, and can be none, that its decisions may not ultimately be written in blood. There is no guaranty that its jurisdiction may not be so exercised as to forge chains for a world and destroy the aspirations of all men who seek to enlarge their liberties.

Somebody—some Senator, I think, but he did not send me his name—sent over a note, and it contains these questions:

> Could we have had our independence from England if the league had existed, and the question had been submitted to a world court like the one you were speaking of?
>
> Could we have been free to have annexed Texas and brought that vast and splendid domain within the jurisdiction of a free Nation had this court, or one like it, existed?
>
> May Canada now assert her desire for liberty and become free, and hope to do so with the existence of the league and under the decision of this court?
>
> Could we have emancipated Cuba had we been within the jurisdiction of the court, and compelled to submit to the decision of the court?

And to these questions which I now ask there could be added a large number of other questions of similar import.

Mr. President, I say again, let us look into the structure of this court.

There is no such thing as a world court. There is an organization which may be identified by the name "The league court." It was provided for in the league compact. It was created by the league pursuant to that compact. Its members are selected by the league or the league members. The rules and regulations governing the court emanate from the league. It can be abolished by the league. Its membership can be changed by the league. It is a foreign tribunal, pure and simple, created, dominated, and controlled solely by foreign nations.

The United States is not a member of the league, and had no voice in the creation of the court. The United States has no voice in the selection of any of the successors of the so-called judges of the court. The United States had no part in enacting the rules or regulations of the court. There is no law governing the court except the will of its members and the mandates of the League of Nations.

The proposition, therefore, is that the United States shall agree to submit its controversies with foreign nations to a tribunal created by foreign nations and composed of the delegates of foreign nations, and in which the United States has no adequate assurance either of membership or of voice. That is internationalism, and it is a miserable kind of internationalism.

One hundred and fifty years ago the Revolutionists fought to establish the complete independence and sovereignty of these United States. They declared they would brook no interference by any power on earth; that the sovereign citizens of the United States should alone enact the laws and control the policies of this Republic. They declared for an absolute divorce from the monarchies of Europe. They obtained that divorce at Yorktown, when the British Empire was compelled to lower its flag. A little later they declared the dominance of the Republic upon the Western Hemisphere, and warned foreign nations against further aggression on this side of the sea; and at the same time James Monroe declared that the United States would not tolerate interference by European powers in this hemisphere. He further declared that we would not seek to obtrude ourselves into European controversies, and when we do obtrude ourselves into European controversies we repeal or nullify the first article of the Monroe doctrine.

For a century and a half the American Republic has acknowledged two slogans:

Our liberties we prize and our rights we will maintain.

Millions for defense, and not a penny for tribute.

Accordingly, we have hitherto steadfastly clung to the doctrines that the sons and daughters of America would for themselves determine the policies of the Nation, and that foreign influence and foreign dictation should be rejected as intolerable.

From whence emanates the sinister argument that we should substitute for these heroic doctrines a policy looking to a pusillanimous surrender of the rights of the American Nation to the judgment or rights of foreign powers? Who are these who would place above the American flag the bastard banner of internationalism? Who preaches this doctrine? From what poisoned fountain does it emanate? What selfish interests are to be served? What forces are these which propose to rush us into the league court without time for consideration by the American people, as a gold-brick man seeks to rush a prospective victim into a hasty and disastrous bargain? How many people of the United States know what the league court is? When has it been analyzed generally before the American people?

Who are the men to whom the propagandists and hired agents of somebody would have us submit the interests of America? Who are the members of this court to whom you rush with the fate of America in your hands?

Max Huber, president, of Switzerland.
Rafael Altamira y Crevea, of Spain.
Charles Andre Weiss, of France.
Dionisio Anzilotti, of Italy.
Antonio Sanchez de Bustamante, of Cuba.
Robert Bannatyne, Viscount Finlay, of Great Britain.
Bernard Cornelius J. Loder, of the Netherlands.
John Bassett Moore, a citizen of the United States, serving in a foreign country for a foreign salary.
Didrik Galtrup Gjedde Nyholm, of Denmark.
Yorozu Oda, of Japan.
Epitacio da Silva Pessoa, of Brazil.

Who are the deputy judges?

Frederick Valdemar Nikolai Beichmann, of Norway.
Mikhailo Jovanovitch, of the Serb-Croat-Slovene State.
Dumitriu Negulescu, of Rumania.
Wang Chung Hui, of China.

[Laughter.]

To these men you propose to submit questions in which America is concerned. A few days ago I read this list of names, and at once offense was taken. It was said I was appealing to a low sentiment when I was asking for consideration of the names. Then it was asserted that there were a large number of men with foreign names, or with peculiar names, in our country, and that some of them had served in the war. I do not call this list of names to create laughter because of their strangeness to our ears.

I call them to emphasize the fact that they are a body of foreign gentlemen representing foreign nations, many of them representing nations utterly different from ourselves, representing codes of law utterly different from our codes of law, representing systems of religion entirely different from our systems of religion. If my friend the junior Senator from Alabama [Mr. HEFLIN], whom I love and admire, were to quote the Scripture to this body over there, as he quotes it to us so frequently, only about three of those judges could understand his eloquent Alabama language, and none of them would know what he was talking about. It is a foreign court, named by the representatives of foreign nations, foreign in tongue, foreign in religion, foreign in basic thought, foreign in the principles of civilization, foreign in every way. Yet to this court we propose to consign the destinies of America, or we propose nothing.

It may be answered, of course, that John Bassett Moore is a citizen of the United States. How did he get on the court? He was selected by some foreign country to act as a decoy duck for the United States. The duck is not a very intelligent bird, but not one of them could ever be induced to alight in a pond with so transparent a decoy. John Bassett Moore may be there to-morrow and may be there the day after, but whether he is there or whether he is not there, I do not want John Bassett Moore or any other man to decide questions that concern America vitally. No body but an American tribunal created by the American people should decide such questions.

How would you gentlemen like to be sitting shivering in your chairs six months from now awaiting the decision of the World Court on some question involving the great interests of America, and speculating on how Yorozu Oda is going to vote on that question? How would you feel if you thought your fate depended upon the gentleman who bears the euphonious name of Dionisio Anzilotti, or Didrik Galtrup Gjedde Nyholm, of Denmark, or Antonio Sanchez de Bustamante, of Cuba? Or, dropping down to the deputy judges who might be summoned, how would you like to have a question involving the Monroe doctrine settled by Mikhailo Javanovid or Dumitriu Negulescu or Wang Chung Hui?

Of course, I do not pronounce these names correctly, but if you enter the World Court you will have to learn how to pronounce them, and you will have to wait in breathless suspense the votes of these gentlemen when your country's fate is involved.

I cast no imputations upon these men. I do not care how exalted they may be in their respective countries; and I respect the countries of the earth. I do not care how earnest they may be in the laws of their lands. They are not bone of our bone; they are not flesh of our flesh; they are not wedded to our systems of law. They do not think as we think in many cases. They live under entirely different forms of government, and, as I shall show later on, those governments have interests absolutely opposed to the interests of the United States, and these judges will respond to the interests of their countries.

It is true that one of them, the gentleman from Japan, suggested that that would not be true, because, he said, the judges might be deified, and he said that in one of the solemn conventions of jurists who devised the statutes of the league court. If anybody disputes that I can produce the official record. He suggested that the judges could always be put in a position to be just by being deified, a doctrine not foreign at all to the philosophy of Japan, where they deify their ancestors and worship the ghosts of their departed.

It is to this body you propose to consign the fate of the United States, or you are playing battledore and shuttlecock with words and setting up a shadow and telling us that shadow will produce peace in the world and stop all wars, and yet you are saying that it does not possess power.

Mr. President, there were some internationalists in this country during the war. There were some internationalists in other countries. There is an international movement on. There are societies that were organized in Europe many years ago by Andrew Carnegie, whose estate's money is being expended to-day for propaganda for the very ideas he taught. There were people during the war who said that they believed in international peace and that they would not support this Government in the contest. We sent most of them to the penitentiary. There are people to-day who condemn the Bolshevists for, as they claim, teaching Bolshevism to the world, teaching it in the form that there should be no national adherence and no national life, but that we should all be some sort of a general congiomerate.

I can not draw the line in principle between the doctrine of the Bolshevist or the proletariat who teaches that kind of internationalism, and the doctrine and philosophy taught by Andrew Carnegie, taught by his money, and taught by some men very close to this Chamber that we must sink our nationality into the vortex of the world and that we shall sacrifice American interests in the interests of the world at large.

For my part, when the world is on one side and America on the other, I shall think only of my country, for I shall know that when the light of America goes out the darkness of tyranny will return to the earth, and that there is no greater jeopardy to human freedom and no greater blow that can be struck to mankind in general than to impair the majesty and power of the leadership of this Nation.

Mr. President, I have made some reference to Mr. Carnegie. I hesitate to speak of a man who is dead. I speak of it now because he is largely the author of this movement. I speak of it because his money is now being expended in carrying on the propaganda. Therefore, that which he said when living and which is perpetuated by his dead hands, which lies largely at the basis of this doctrine of internationalism that is now being taught, is pertinent to the question, and I want to lay that article before the Senate.

In the article Mr. Carnegie laments the fact that we have rebelled against Great Britain. In the article he argues there was not sufficient cause. In the article he demands that the United States shall return to the mother country. Following that article he organized these societies all over the world and helped to finance them, and some of them are functioning to-day.

I send to the desk and ask to have read as a part of my remarks the article of Andrew Carnegie printed in the North American Review in 1893. True to his faith he returned to his native soil to die.

The VICE PRESIDENT. Without objection, the Clerk will read as requested.

The Chief Clerk read as follows:

A LOOK AHEAD

(This article is the closing chapter of the new edition of Triumphant Democracy, embracing the results of the 1890 census, which is soon to be issued by Messrs. Charles Scribner's Sons.)

(By Andrew Carnegie)

I think one excusable who has been compelled to live for months among figures and hard facts and record only the past if, his task accomplished, he indulges in a look ahead, where not what is but what is to be is considered, and where, being no longer bound by results achieved, he is fancy free.

I have taken this privilege freely for myself in this closing chapter, and, Utopian as the dream may seem, I place on record my belief that it is one day to become a reality.

Until a little more than a hundred years ago the English-speaking race dwelt together in unity, the American being as much a citizen of Britain as the Scotsman, Welshman, or Irishman. A difference unhappily arose under the British Constitution, their common heritage, as to the right of the citizens of the older part of the state to tax their fellows in the newer part across the sea without their consent; but separation was not contemplated by Washington, Franklin, Adams, Jefferson, Jay, and other leaders. On the contrary, these great men never ceased to proclaim their loyalty to and their desire to remain part of Britain, and they disclaimed any idea of separation, which was, indeed, accepted at last, but only when forced upon them as a sad necessity from which there was no honorable escape if they were to maintain the rights they had acquired not as American but as British citizens.

On the other hand, the motherland, which forced the issue upon her loyal citizens in America, sees nothing more clearly to-day than that she was in error, and that she converted a constitutional agitation for redress of grievances into a question of patriotic resistance to the exercise of unconstitutional power, an issue which Britons have never been slow to accept and have never failed successfully to meet. There is no British statesman who does not feel that if the Britons in America had not resisted taxation without representation and fought out the issue to the end they would have been false to the blood in their veins.

I desire to give my readers in the old land and in the new some idea of the position of the two parties after the difference between them arose.

The following quotations from the credentials presented by the delegates from several of the American Provinces to the First Continental Congress, organized September 5, 1774, show the spirit which then prevailed.

Delegates from the Province of New Hampshire were instructed—

"To secure and to perpetuate their [the Colonies'] rights, liberties, and privileges and to restore that peace, harmony, and mutual confidence which once happily subsisted between the parent country and her Colonies."

Those of the Province of Massachusetts Bay, Samuel and John Adams among them, were charged to seek—

"The restoration of union and harmony between Great Britain and the Colonies, most ardently desired by all good men."

The great Province of Pennsylvania sent delegates for conference—

"And for establishing that union and harmony between Great Britain and the Colonies which is indispensably necessary to the welfare and happiness of both."

Virginia wished its delegates, among whom were Washington, Randolph, and Lee—

"To secure British America from the ravage and ruin of arbitrary taxes and speedily to procure the return of that harmony and union so beneficial to the whole empire and so ardently desired by all British America."

We quote now from addresses and petitions adopted by the Continental Congress.

From an address to the people of Great Britain, approved October 21, 1774, and written, according to Jefferson, by John Jay:

"We believe there is yet much virtue, much justice, much public spirit in the English nation. To that justice we now appeal. You have been told that we are seditious, impatient of government, and desirous of independency. Be assured that these are not facts but calumnies. Permit us to be as free as yourselves, and we shall ever esteem a union with you to be our greatest glory and our greatest happiness."

From the petition of the Congress to the King:

"We ask but for peace, liberty, and safety. We wish not a diminution of the prerogative, nor do we solicit the grant of any new right in our favor. Your royal authority over us, and our connection with Great Britain, we shall always carefully and zealously endeavor to support and maintain."

On Monday, June 12, 1775, the Second Continental Congress passed a resolution for a fast, the Battles of Lexington and Concord having just taken place, seeking aid—

"To avert those desolating judgments with which we are threatened, and to bless our rightful sovereign, King George III."

From the declaration of Congress, setting forth the causes and necessity of taking up arms, adopted July 6, 1775, a few weeks after the Battle of Bunker Hill:

"Lest this declaration should disquiet the minds of our friends and fellow subjects in any part of the Empire, we assure them that we mean not to dissolve that union which has so long and so happily subsisted between us and which we sincerely wish to see restored. We have not raised armies with ambitious designs of separating from Great Britain and establishing independent states. We fight not for glory or for conquest."

From the petition to the King dated July 8, 1775, signed by the Members of the Congress present:

"Attached to Your Majesty's person, family, and government with all the devotion that principle and affection can inspire, connected with Great Britain by the strongest ties that can unite societies, and deploring every event that tends in any degree to weaken them, we solemnly assure Your Majesty that we not only most ardently desire the former harmony between her and these colonies may be restored, but that a concord may be established between them upon so firm a basis as to perpetuate its blessings, uninterrupted by any future dissensions, to succeeding generations in both countries."

From an address to the inhabitants of Great Britain, also adopted by the Congress July 8:

"We are accused of aiming at independence; but how is this accusation supported? By the allegations of your ministers, not by our actions. * * * Yet give us leave most solemnly to assure you that we have not yet lost sight of the object we have ever had in view, a reconciliation with you on constitutional principles, and a restoration of that friendly intercourse, which, to the advantage of both, we till lately maintained."

Thomas Jefferson wrote:

"* * * I am sincerely one of those and would rather be in dependence on Great Britain, properly limited, than on any nation on earth, or than on no nation.

"Believe me, dear sir, there is not in the British Empire a man who more cordially loves a union with Great Britain than I do."

Benjamin Franklin testified before the committee of the House of Commons:

"They [the colonists] consider themselves as a part of the British Empire, and as having one common interest with it: they may be looked on here as foreigners, but they do not consider themselves as such. They are zealous for the honor and prosperity of this nation; and, while they are well used, will always be ready to support it as far as their little power goes."—From the Life of Franklin, by John Bigelow. Lippincott. Vol. I, page 495.

On July 13, 1774, Jay was appointed a member of a committee of New York citizens to draw up resolutions on the nonimportation policy. This committee reported:

"That it is our greatest happiness and glory to have been born British subjects, and that we wish nothing more ardently than to live and die as such;" that "the act for blocking up the port of Boston is * * * subversive of every idea of British liberty;" and that it should be left to the proposed Congress to determine the question of nonimportation, which would be justified only by "dire necessity."—John Jay, by George Pellew, pages 31 and 32.

While the British-Americans were thus proclaiming their love, affection, and loyalty for the parent land, and pleading for British rights and the union, we turn to those in Britain who are now regarded as the greatest and wisest statesmen of that time. Hear the words of Pitt:

"It is my opinion that this kingdom has no right to lay a tax upon the Colonies. At the same time I assert the authority of this Kingdom over the Colonies to be sovereign and supreme, in every circumstance of government and legislation whatsoever. They are the subjects of this Kingdom equally entitled with yourselves to all the natural rights of mankind, and the peculiar privileges of Englishmen; equally bound by its laws and equally participating in the constitution of this free country. The Americans are the sons, not the bastards of England. Taxation is no part of the governing or legislative power. The taxes are a voluntary gift and grant of the commons alone. * * * When, therefore, in this house we give and grant, we give and grant what is our own. But in an American tax, what do we do? We, Your Majesty's commons for Great Britain, give and grant to Your Majesty, what? Our own property? No. We give and grant to Your Majesty the property of Your Majesty's commons in America. It is an absurdity in terms."—From a speech by William Pitt, afterwards Lord Chatham, in the House of Commons, January 16, 1770.

Let us hear Burke:

"No man ever doubted that the commodity of tea could bear an imposition of 3 pence. But no commodity will bear 3 pence, or will bear a penny, when the general feelings of men are irritated, and 2,000,000 of people are resolved not to pay. The feelings of the Colonies were formerly the feelings of Great Britain. Theirs were formerly the feelings of Mr. Hampden when called upon for the pay-

ment of 20 shillings. Would 20 shillings have ruined Mr. Hampden's fortune? No; but the payment of half 20 shillings, on the principle it was demanded, would have made him a slave."

* * * * * * *

"Again and again revert to your own principles—seek peace and ensue it—leave America, if she has taxable matter in her, to tax herself. I am not here going into the distinctions of rights, not attempting to mark their boundaries. I do not enter into these metaphysical distinctions; I hate the very sound of them. Leave the Americans as they anciently stood, and these distinctions, born of our unhappy contest, will die along with it. They and we, and they and our ancestors, have been happy under that system. Let the memory of all actions in contradiction to that good old mode, on both sides, be extinguished forever. Be content to bind America by laws of trade; you have always done it. Let this be your reason for binding their trade. Do not burden them by taxes; you were not used to do so from the beginning. Let this be your reason for not taxing. These are the arguments of states and kingdoms. Leave the rest to the schools, for there only they may be discussed with safety."—From a speech on American taxation, delivered in the House of Commons April 19, 1774.

Horace Walpole said:

"You will not be surprised that I am what I always was, a zealot for liberty in every part of the globe, and consequently that I most heartily wish success to the Americans. They have hitherto not made one blunder; and the administration have made a thousand, besides the two capital ones of first provoking and then of uniting the Colonies. The latter seem to have as good heads and hearts as we want both." From a letter to Horace Mann, dated September 7, 1775. Horace Walpole and His World, Scribner's, page 152.

In a letter dated February 17, 1779, Horace Walpole says:

"Liberty has still a continent (America) to exist in. I do not care a straw who is minister in this abandoned country. It is the good old cause of freedom that I have at heart."

Isaac Barré, member of Parliament, 1761 to 1790, said, in reply to Lord North's declaration that he would never think of repealing the tea duty until he saw America prostrate at his feet:

"To effect this is not so easy as some imagine; the Americans are a numerous, a respectable, a hardy, a free people. But were it ever so easy, does any friend to his country really wish to see America thus humbled? In such a situation she would serve only as a monument of your arrogance and your folly. For my part, the America I wish to see is America increasing and prosperous, raising her head in graceful dignity, with freedom and firmness asserting her rights at your bar, vindicating her liberties, pleading her services, and conscious of her merit. This is the America that will have spirit to fight your battles, to sustain you when hard pushed by some prevailing foe, and by her industry will be able to consume your manufactures, support your trade, and pour wealth and splendor into your towns and cities. If we do not change our conduct toward her, America will be torn from our side. * * * Unless you repeal this law, you run the risk of losing America."

David Hartley, member of Parliament for Kingston-upon-Hull, in a speech in the house, May 15, 1777, concluded with these prophetic words:

"* * * I will venture to prophesy that the principles of a federal alliance are the only terms of peace that ever will and that ever ought to obtain between the two countries."

On November 2, 1775, Mr. Hartley concluded another speech with these words:

"Let the only contention henceforward between Great Britain and America be, which shall exceed the other in zeal for establishing the fundamental rights of liberty for all mankind."

Jonathan Shipley, Bishop of St. Asaph, in 1774, made a speech intended to have been spoken on the bill for altering the charters of the Colonies of Massachusetts Bay:

"Let them continue to enjoy the liberty our fathers gave them. Gave them, did I say? They are coheirs of liberty with ourselves; and their portion of the inheritance has been much better looked after than ours. My Lords, I look upon North America as the only great nursery of freemen now left upon the face of the earth. But whatever may be our future fate, the greatest glory that attends this country, a greater than any other nation ever acquired, is to have formed and nursed up to such a state of happiness those Colonies whom we are now so eager to butcher."

Both Briton and American being now fully agreed that those who made the attempt to tax without giving the right of representation were wrong, and that in resisting this the colonists vindicated their rights as British citizens and therefore only did their duty, the question arises, Is a separation thus forced upon one of the parties, and now thus deeply regretted by the other, to be permanent?

I can not think so, and I crave permission to adduce some considerations in support of my belief that the future is certainly to see a reunion of the separated parts and once again a common citizenship.

First. In race—and there is a great deal in race—the American remains three-fourths purely British. The mixture of the German, which constitutes substantially all of the remainder, though not strictly British, is yet Germanic. The Briton of to-day is himself composed in large measure of the Germanic element, and German, Briton, and American are all of the Teutonic race.

The amount of blood other than Anglo-Saxon and Germanic which has entered into the American is almost too trifling to deserve notice, and has been absorbed without changing him in any fundamental trait. The American remains British, differing less from the Briton than the Irishman, Scotsman, Welshman, and Englishman differ from each other. Englishmen, Scotsmen, Welshmen, and Irishmen are all Britons, and the American (a term which of course includes the Canadian) entering among these would be as near the common type resulting from a union of the five as any of the other parts. Indeed, the American in many respects resembles the Scotsman more than the Englishman does, and he also in other respects resembles the Englishman more than does the Scot. He resembles both Englishman and Scot much more than the Irishman resembles either. His introduction into a common British-American citizenship would not produce a resultant differing greatly from that of the present union of Scot, Welshman, Irishman, and Englishman. The action of a Congress elected by all these elements would not differ much upon fundamental questions affecting the rights, liberties, and privileges of the people from a Congress of Americans sitting in Washington, or of Canadians in Ottawa, or from the action of a British Parliament similarly elected sitting in London. No citizen of any of the present States, either British or American, would have reason to fear the loss of anything which he now holds dear. He could rest securely in the belief that his fellows of the other States could be trusted so to act that the united mass would not oscillate.

A feeling of confidence in each other among the respective communities of the race in Great Britain and America may be expected to grow as political institutions continue to assimilate.

It is to be noted that only in the region of political ideas is there dissimilarity, for no rupture whatever between the parts has ever taken place in language, literature, religion, or law. In these uniformity has always existed; although separated politically the unity of the parts has never been disturbed in these strong, cohesive, and cementing links. The books and periodicals read upon both sides of the Atlantic are rapidly becoming the same. The decision of one court is good law in all. Language remains uniform, every approved change in one part of the great realm rapidly being adopted throughout the English-speaking world. Religious ideas are the common property of the race. There seems nothing, therefore, to keep the sections of the race apart, but everything to reunite them.

Second. No one questions that if, instead of 1,800 miles of water between America and Britain, there lay another Mississippi Valley, the English-speaking race would be one politically, since the federal system of government has proved that immense areas can be successfully governed under one head, and can exist as one power, the freest government of the parts producing the strongest government of the whole. The difference of land and water lying between people has hitherto been great, and, in the words of the poet, instead of mountains, we can say that—

> "Oceans interposed
> Make enemies of nations, who had else,
> Like kindred drops, been mingled into one."

This is quite true of the past; but oceans no longer constitute barriers between nations. These already furnish the cheapest of all modes of communication between men. It has been my good fortune recently to travel from the Pacific coast to Britain. The journey from San Francisco to New York was made in a moving hotel, in which our party traveled for six weeks and had every want supplied. The time necessary for the trip is five days. The other half of the journey, after a short rest at the halfway house, New York, was performed in one of the best ocean greyhounds, the time consumed from land to land being only a few hours more than that required for the journey from San Francisco to New York. Over land and over sea we had traveled under the best conditions of to-day. No luxury was wanting. The moving hotel over the land was the best of its kind, as was the moving hotel over the water. The ocean voyage was by far the less fatiguing and in every respect more comfortable than the overland journey.

The future is, probably, to render travel by sea, if not quite as fast, yet more comfortable to people in general than land travel can possibly be made. The delegate to a conference at Washington, leaving Liverpool or Southampton, now reaches that city in just about the same time as the delegate from San Francisco, Seattle, or Victoria, on the Pacific coast. At the time England and Scotland were united members of Parliament from the north of Scotland required as long to reach London. A short time ago many of the American Representatives to Congress consumed more time in reaching Washington than either of these. The time required is being lessened every year. The next three months are to see both the ocean and the land journey materially reduced.

Third. The telegraph connecting London, Edinburgh, Dublin, Cardiff, New Orleans, San Francisco, New York, Washington, Montreal, Quebec, and Ottawa, bringing all into instantaneous communication, is the most important factor in rendering political reunion possible, and I venture to say inevitable. Without this agency it might well be doubted whether one central authority could act for all the scattered parts, but when events and problems as they arise, and the discussions upon them at the center, can be instantly known at the extremities, and become everywhere the subject of contemporaneous debate and consideration, thus permitting the center to influence the extremities and the extremities to respond to the center, the pulse beat of the entire Nation can be constantly felt by the Government and all the people. No matter where the capital may be, it must still be omnipresent and in touch with all parts of the confederacy. Time is therefore no longer to be taken into account at all, and distance means but little when all can instantly hear everything that transpires.

Fourth. The advantages of a race confederation are so numerous and so obvious that one scarcely knows how to begin their enumeration. Consider its defensive power. A reunion of the Anglo-Americans, consisting to-day of 108,000,000, which 50 years hence will number more than 200,000,000, would be unassailable upon land by any power or combination of powers that it is possible to create. We need not, therefore, take into account attacks upon the land; as for the water, the combined fleets would sweep the seas. The new nation would dominate the world and banish from the earth its greatest stain—the murder of men by men. It would be the arbiter between nations and enforce the peaceful settlement of all quarrels, saying to any disputants who threatened to draw the sword:

"Hold! I command you both;
The one that stirs makes me his foe.
Unfold to me the cause of quarrel,
And I will judge betwixt you."

Such a giant among pigmies as the Re-United States would never need to exert its power, but only to intimate its wishes and decisions. It would be unnecessary for any power to maintain either a great standing army or a great navy. The smaller nations, having discovered that they would not be permitted to disturb the peace of the world, would naturally disarm. There would be no use in maintaining large forces either for attack or defense when the Anglo-American had determined that no one should attack. I believe that the wisdom of the reunited nation and its regard for others would be so great as to give it such moral ascendancy that there would be no disposition upon the part of any power to appeal from its decisions. All would acquire the habit of settling disputes by an appeal to this supreme tribunal, the friend of all, the enemy of none, without thought of ever going beyond its decrees.

Fifth. There are higher, though perhaps not more powerful, considerations than the material benefits involved in reunion. Regarding these I should like Britons to consider what the proposed reunion means. Not the most sanguine advocate of "imperial federation" dares to intimate that the federation he dreams of would free the markets of all its members to each other. This question can not even be discussed when the imperial conferences meet. If it be introduced, it is judiciously shelved. But an Anglo-American reunion brings free entry here of all British products as a matter of course. The richest market in the world is opened to Britain free of all duty by a stroke of the pen. No tax can be laid upon products of any part of the union, even for revenue, although under "free trade" such taxes might still exist. What would not trade with the Republic "duty free" mean to the linen, woolen, iron, and steel industries of Scotland, to the tin-plate manufacturers of Wales, to the woolen and cotton, coal, iron, cutlery, and steel industries of England? It would mean prosperity to every industry in the United Kingdom, and this in turn would mean renewed prosperity to the agricultural interest, now so sorely depressed.

Few except those engaged in manufacturing realize the position of Britain as a manufacturer in regard to the American market. The ocean, which many are still apt to consider a barrier between the two countries, is the very agency which brings them so close and will ultimately bind them together. Coal, iron, steel, and all kinds of merchandise from Britain reach American ports more cheaply than American manufactures produced within a hundred miles of these ports. Thus the coal, iron, and steel from Glasgow, Hull, Newcastle, or Liverpool reach the cities of New Orleans, Charleston, Savannah, Richmond, Baltimore, Philadelphia, New York, Boston, and Portland more cheaply than the same articles mined or manufactured in Pennsylvania, Ohio, Tennessee, or Alabama, the land carriage from these States being far greater than the ocean carriage from Great Britain. To the whole Pacific coast Britain is so much nearer in cost as to give her under reunion the complete command of that market. In the event of reunion, the American manufacturers would supply the interior of the country, but the great populations skirting the Atlantic seaboard and the Pacific coast would receive their manufactured articles chiefly from Britain. The heavy products are taken from Britain to the United States in many instances as ballast for nothing. The freight charge is generally trifling. I do not hesitate to say that reunion would bring with it such demand for British products as would tax the present capacity of Britain to the utmost, for the products of continental nations, which now compete so seriously with Britain, would be almost excluded, even by a tariff strictly for revenue. There would not be an idle mine, furnace, or factory in the land. The consumption of coal in the United States is already greater than in Britain; of iron and steel it is now fully double. Our consumption of tin plate exceeds that of all the rest of the world. The imports of British textile fabrics grow year after year. These never were so great as at present. The only nation which is taking more and more of British products is the Republic. The American market is enormous and constantly expanding. It is in vain that people in Britain hope for any radical change in the tariff laws. No party in the United States can or will make many material changes in these. Revenue will continue to be raised by duties upon imports as at present and chiefly upon the fine textile fabrics—the luxuries of the rich. There can be little question that nothing would so certainly insure the permanent prosperity of Britain as free access to the American market, which can be effected so easily through reunion, which would also bring with it enhanced value to land as the result of prosperity in all branches of British trade and industry; and were Britain and America again one, the American would find the former the best summer home within his reach. Many would purchase such homes there and secure for themselves the delights of a beneficial change of climate and contact with a thousand sources of sweet influences only to be gained in the old home of the race. The prophecy of the Spectator, made many years ago and just repeated, would be fully realized, that the British-American would find the old home his "restful park." It is not going too far to say that every kind of property in the sceptered isle and every business interest would be permanently doubled in value by reunion.

I do not shut my eyes to the fact that reunion, bringing free entrance of British products, would cause serious disturbance to many manufacturing interests near the Atlantic coast, which have been built up under the protective system. But, sensitive as the American is said to be to the influence of the dollar, there is a chord in his nature—the patriotic—which is much more sensitive still. Judging from my knowledge of the American manufacturers, there are few who would not gladly make the necessary pecuniary sacrifices to bring about a reunion of the old home and the new. There would be some opposition, of course, from those pecuniarily interested, but this would be silenced by the chorus of approval from the people in general. No private interests or interests of a class or of a section of what would then be our common country would or should be allowed to obstruct a consummation so devoutly to be wished.

If the question be judged in Britain by the material benefits certain to flow from it, never in all her history was such enormous material gain within her reach, and never as much as now has the future position of Britain so urgently required just such an assurance of continued prosperity. The development of manufactures in other lands seriously menaces her future. She has already lost much in cotton manufacture, which I fear is never to be regained. The product of iron has fallen from nearly nine to less than seven millions of tons. We see decreases written too often in her trade statistics which might be charged to the ebb and flow of industrial affairs were they not accompanied by startling increases in like branches in competing nations.

Her position is the most artificial of all nations, islands that can not grow half enough of food to feed her people, but which produce double the amount of manufactured articles they can consume. Such a nation in order to be secure of her future must have a market for these surplus articles and more land from which to draw food for her people. This is precisely what reunion offers—the most valuable and the most rapidly increasing market in the world for her manufactures, and the richest soil for the production of the food she requires. Reunion restores her to ownership in hundreds of millions of acres of fresh, fertile soil, the like of which is elsewhere unknown, reopens a market for her manufactures sufficient even to-day to absorb all her surplus.

Reunion will further benefit the United Kingdom in regard to debt and taxation, potent factors in the industrial race of nations. The national debt per capita of the United States, amounts to $14, that of Britain to $88, that of Canada to $43. The percentage of taxation in the United States, national, State, and local, to earnings was 5.04 last decade; in the United Kingdom, 9.03—nearly double. When the union is restored it will be upon the basis of uniting also the national debts as they stand, and making all a common obligation of the union, so that the United Kingdom would be relieved at once of the greater portion of its national debt, and of at least one-half of all its present heavy taxation, even if no reduction of expenditure resulted from having one general government, one army and navy instead of two. About one-fourth of all national taxation in recent years in the Republic has gone in payment of debt, and a much greater proportion recently for pensions, which are temporary, so that the current expenses of the general government will after a time not require more than one-half the present amount of taxation.

The only course for Britain seems to be reunion with her giant child, or sure decline to a secondary place, and then to comparative insignificance in the future annals of the English-speaking race, which is to increase so rapidly in America. Heaven forbid that she who has been and yet is so great, and still so deeply reverenced, should unwisely choose continued separation and tread a by-path apart leading to an inglorious career. Let her statesmen study the situation, therefore, and learn that reunion with her American children is the only sure way to prevent continued decline. Reunited with these, Britain takes a new lease of prosperity; decline is arrested and increase begins.

Sixth. The influence upon the individual citizen of power in the state and especially of power used for great and good ends is immeasurable. The conquering Briton has conquered more and more easily as he has had behind him more and more of a record of achievements of his race. "I am a Roman citizen" was a boast which made him who uttered it not only a greater Roman but a greater man. To develop heroes there must be occasions for heroism. To develop statesmen the state must have a great part to play in the world. Had the Republic remained a mere colony it would never have discovered its Franklin, Adams, Hamilton, and Hancock, and what would the world have known of Washington; what part could he have ever played to make him Washington? What would the world have known of that genius Lincoln, the greatest statesman of the century, or of many centuries, had he not been called upon to preserve the Republic, and with a stroke of the pen to make 4,000,000 slaves freemen? In like manner Hampden, Pym, Elliott and Cromwell would have remained comparatively obscure men but for the part which it was possible for them to play upon so large a stage as Britain. What the British boy grows to be as a citizen largely depends upon how he is fashioned by knowing and dwelling upon the history of his country's triumphs and of its leaders in the past. What would the American boy become as a citizen if he had not his Washington and other Revolutionary heroes to inspire him, and cause the blood to tingle in his veins as he reads the story of his country's struggle for independence? What kind of a man would the Scotsman be if bereft of the glorious history of his country and its sacrifices for the cause of civil and religious liberty? He is fed upon and becomes part of Wallace, Knox, and Burns. Every state should aim to be great and powerful, and noble in the exercise of its power, because power in the state, nobly exercised, is the strongest influence in producing good and patriotic citizens. Every citizen, being a constituent part of the state under democracy, partakes in some measure of its greatness. A small and petty political unity tends to breed small and petty men of all classes; dealing with great affairs broadens and elevates the character. All these and many other considerations plead for reunion.

Let us now consider the position and feelings of the various parts of the English-speaking world toward reunion, beginning with Canada. Canada would undoubtedly favor reunion. She would gladly reenter a race federation of which Britain and the United States were again the other members. Therefore it can be said of her: "She is ready."

Touching the United States, we find the American Union constantly adding States. The original 13 have now swollen to 44. Other States, now in process of formation, will soon raise the number to 50. So quietly are these admissions made that the Nation is scarcely aware of them. A convention of the people of a Territory decides to ask admission to the Union as a State; Congress passes a bill of a few lines, which the President signs, admitting the new member. Elections are held in the new State for governor, members of a State legislature, and officers of the State, and also for Representatives and Senators. The latter make their appearance in Washington, present their credentials, take the oath and their seat in the national councils. There is nothing more to be done. The State attends to all its internal affairs, and the General Government attends to all general matters. The American people are favorable to the extension of national boundaries. No evil, but great good, has come from every succeeding addition to their union. Therefore a proposition to reunite Britain and the Republic would not seem anything novel to them. They are used to territorial extension.

The reunion idea would be hailed with enthusiasm. No idea yet promulgated since the formation of union would create such unalloyed satisfaction. It would sweep the country. No party would oppose, each would try to excel the other in approval. Therefore as of Canada so of the Republic we can say: "She is ready."

Here we have two members out of the three secured. As far as these are concerned, the question might be raised to-morrow. It is only when we approach the old home that we are compelled to recognize that it is not yet ripe for reunion. But this can not even be said of all of its members. In one of the islands a proposal to become part of the great British-American nation would be hailed with delight. We can safely say of Ireland: "She is ready."

The position of Scotland in the United Kingdom is that of a small State overshadowed by a great one. She is dissatisfied and is to-day demanding power to govern herself after her own ideas. Her position as a State among the proposed States of the great reunion would be more desirable and infinitely more exalted and more independent in every respect than her present position as a State in the small union of England, Ireland, and Wales. And not one particle would she be less distinctively Scotland than she is Scotland to-day. Indeed, she would be more Scotland than she is now Scotland, because the rights which a State in the reunion would hold are the rights of sovereignty. She would be supreme within her borders with a national parliament and full control over her land, her church, her education, and all her national institutions. She would only surrender to a general parliament control of certain stated affairs of an international character. After a short campaign of explanation throughout my native land I am confident we should be able to say of Scotland, "She is ready"; and what Scotland requires is all that Wales requires, when of her we could also say, "She is ready." Her status would also be raised, not depressed, by reentering the greater union. Scotland would be more Scotland, Ireland more Ireland, Wales more Wales than they are at present. What great difference would it make to Wales, Ireland, and Scotland if their representatives to the supreme council should proceed to Washington instead of to London? Yet this is all the change that would be required, and for this they would have insured to them all the rights of independent States and free access to the only market which can make and keep them prosperous.

The sole remaining member is England, and we confess that much has to be accomplished in the way of change before she can be induced to again accept the headship of the race as the oldest and most revered member in a great reunion which, however, she could not expect to dominate as she now dominates the present union of the three small States, containing less than one-third of her own population, which constitute with her the United Kingdom. But the greater union would be one in which although she could not be all-powerful, yet she would undoubtedly be first, and regarded with all the deference due to age and motherhood.

At first glance the Briton who considers this question may feel that the proposed reunion would involve the giving up of his separate nationality, with its unequaled history, its triumphs, and all that makes the sceptered isle the object of his love and admiration. There is nothing whatever in this. Not a line of the long scroll would be dimmed, not a word erased. The past can not be obscured, and the future, under the proposed reunion with the other branches of her own race, may be trusted to be grander than the past, as the power and career of the reunited nation must be greater than that of any of its branches. Officials may be expected to denounce the idea of reunion, fearing that their positions under the new régime would be, not less dignified, but less likely to be theirs. But the people of Britain have no cause to fear that anything would be taken from them, and every reason to see that much would be added. We observe in the history of the world that patriotism is ever expansive. Centuries ago the people of Perugia and Assisi, 15 miles apart, were deadly enemies, attacked each other, and played at making war and treaties. Even St. Francis was wounded in one of these campaigns. The patriotism of the Perugian and the Assisian could not embrace an area so great as 15 miles. To-day patriotism stretches over hundreds of miles, in some cases thousands of miles, and does not lose but gain in intensity as it covers a wider area. There is more to be patriotic about. The patriotism of to-day, which melts when pushed beyond the shores of the island of Britain, may safely be trusted to partake in the near future of the expansive quality. It will soon grow and cover the doings of the race wherever situated, beyond the bounds of the old home. Professor Freeman, under the influence of this wider and nobler patriotism, has already been compelled to declare:

"He is no Englishman at heart, he has no true feeling of the abiding tie of kindred, who deems that the glory and greatness of the child (Republic) is other than part of the glory and greatness of the parent."

National patriotism or pride can not, therefore, prove a serious obstacle in the way of reunion.

It is to be carefully pondered that had separation never occurred it would long since have been necessary for the larger part of the population to be represented in the General Parliament. It is not conceivable that seventy millions of citizens upon one side of the Atlantic would consent to be governed by thirty-eight on the other. If they were so, they would prove themselves most undesirable members of any union. Free-born Britons should have no union with such people. It is because they are British and masterful and will have equality with other Britons that it is desirable or even safe to unite with them. Long ere this, therefore, the representatives of 70,000,000 would be greater in number than the representatives of 38,000,000; and consequently the condition of England or even Britain in this Greater Britain could not have been that of one member overshadowing all the rest. When reunion takes place no one State can have such power. England would be more powerful than any six of the numerous States; but she would not be more powerful than all combined. Nor is it desirable that any one member should be so. If Britain were to stand for this, it would be equivalent to saying that

even if the American Colonies had not seceded she herself would have seceded from them under the policy of rule or ruin and of refusal to consider her fellow citizens as political equals.

Numerous as would be the States comprising the reunited nation, each possessing equal rights, still Britain, as the home of the race, would ever retain precedence—first among equals. However great the number of the children who might sit around her in council, there could never be but one mother, and that mother, Britain.

To resolve to enter no federation of the race in which Britain's vote would not outweigh all the others combined would be to assign to Britain a petty future indeed, since the race can not increase much in the United Kingdom and is certain to be soon numbered by hundreds of millions in America. "Think what we lost when we lost you," said a Briton recently to an American. "Ah," replied the American, "but just think what we lost." "What did you lose?" "Britain," was the reply. This was true; the loss was mutual—as the gain from reunion will be mutual. Each in losing itself will regain the other.

The impediments to reunion may here be mentioned and considered:

First among these the great colonial empire, upon which Britain justly dwells with pride. The colonial, however, is a mere temporary stage in the development of nations. All colonies which prosper and grow ultimately develop into independent states. These always have done so, and they always will. It is certain that Australasia will have a new confederation if she fulfills the expectations of many as to her future growth. If, however, she does not increase in the future faster than she has been doing for sometime, she will no doubt long remain as at present under the protectorate of the old land. There would be no objection to her remaining under the protection of the reunion. The numerous small settlements and dependencies could in like manner also remain. There is, therefore, no valid obstacle in the colonial feature.

India, with its grave responsibilities, remains. No branch of the race now clear of any share in these would willingly consent to become a partner in them. India, called the "Brightest Jewel in the Crown," may be "red" again some day. My experience in India, traveling as an American, gave me an insight into the forces and aspirations of its people which the citizen of the conquering nation is never permitted to obtain. The wisest and most cautious statesmanship alone can lead in peace the two hundred and eighty millions of India to self-government; and much has been done by the education of the people to render the bestowal of self-government upon them inevitable. British occupation of that vast country is necessarily temporary. Britain will ere long be relieved from its dangerous position there. The right of self-government will be granted to the people, who will be ready upon short notice to establish themselves as an independent power. There is really no longer any decided advantage to the parent land in colonies, or in dependencies like India, since there has been conferred upon these freedom of trade with all nations and the right to tax imports, even from the parent land. Britain retains the trade of these regions because she can best supply their wants and this she could do just as completely were they independent. Trade pays no attention to flags; it follows the lowest price current. India, therefore, can soon be placed upon the road to independence and the British-American Union would guide it to this as well as the present Union of the United Kingdom.

The position of Britain in regard to European questions, which might alarm America, is rapidly changing. The doctrine of nonintervention is strong enough, even to-day, to give her practical immunity from participation in European wars. Were Britain part of the Re-United States all that she would be interested about in Europe would be fully secured; namely, the protection of her own soil and the command of the seas. No balance of power, no occupation of Egypt, or any similar question would be of the slightest importance. The reunited nation would be prompt to repel any assault upon the soil or the rights of any of its parts.

The monarchical form of government is admittedly a cause of disunion, but this form is not eterne. Scarcely a session of Parliament passes which does not in some department bring about an assimilation of political institutions to those of Canada and the United States. It is recognized by all that Britain is no longer a government of the few, but has really become in substance a democracy. A house of hereditary legislators is of all present institutions probably destined to have the shortest life in Britain. The House of Lords is not effective as a legislative chamber, even to-day. With its abolition or reform the question of maintaining an hereditary head of the state will follow. The opinion is often expressed in Britain that the Prince of Wales is probably to be the last official sitting by hereditary right. It is said that this opinion has been expressed by the prince himself. From what wise friends who know the prince tell me, I am persuaded that he is the last man in the world to stand in the way of healing a separation which he so constantly deplores, and unless the estimate formed by all, of the patriotism, virtues, and character of Her Majesty herself be strangely awry, she would give up much beyond her crown to be the peacemaker who brought reunion to her race. Strange almost beyond explanation is the fact that this woman, from one point of view bereft of political power, a mere instrument in the hands of her elected ministers, nevertheless is in this omnipotent. She is the only one who could by a sublime act reunite the separated branches of her race. Never in the history of the world has it been in the power of any human being to perform so great an act, or to secure so commanding a place among "the immortal few who were not born to die." All the saints in the calendar would give place to St. Victoria were Providence to favor her by calling her to perform a mission so fraught with blessing to her people and to the world. There would be but two names set apart forever in the annals of the English-speaking race—names further beyond all other names than any name now known to man is beyond that of all his fellows—Victoria and Washington—patron saints of our race; he the conqueror, who manlike drew the sword in righteous quarrel; she, womanlike, the angel of peace and reconciliation; each adding luster to the other and equal in power and glory.

For such a mission and such a destiny even Queen Victoria on bended knee might pray.

In England, Ireland, Scotland, and Wales a proposition to make all officials elective by the people after Victoria passes away, which God grant must be long is the prayer of every American, would command a heavy vote. It is thought by many that the majority would be great, indeed, in all the members of the United Kingdom for the abolition of hereditary legislators. Before the question of reunion is ripe for settlement in England there will remain no trace of hereditary privilege. As the Scotsman some years ago so well said: "Democracy means, and rightly means, that privilege shall cease."

There remains the question of the established church, which at present would create an insuperable obstacle to reunion; but it has already been abolished in one of the members of the United Kingdom and is about to be abolished in another; and it is only a question of a few years ere it be also abolished in Scotland.

This leaves us again with only England as the obstructive member to reunion; but as with the House of Lords, the colonial system, and the monarchy, so with the established church, even in England. What has been adopted in three members of the United Kingdom will finally be adopted in the fourth. The tendency of the age is fatal to making any sect the favorite of the State. Equal protection to all, favor to none, is the doctrine in regard to religious bodies. The question of an established church in the one member, England, therefore, will not exist to prevent reunion.

We might from one point of view consider the idea of "imperial federation" an obstacle to reunion, but it is really a help, for the discussion of that question can only pave the way for the acceptance of the only desirable federation. It needs only to be pointed out to Britain that, granted imperial federation acquired, she would obtain little or no extension of markets and could then only hope to be a member of a union which comprised a very small portion of the race. The growth of the English-speaking race during the last 10 years is ominous when considered in its bearing upon the imperial federation idea. In 1880 a federation of England and her colonies would have contained 42,308,843 people. The population of the Republic at that time was 50,155,783. Contrast now these figures with those of 1890. Imperial federation would have embraced in 1890, 46,437,974. The population of the Republic was then 62,622,250. Thus in 10 short years the American Republic has added twelve and a half millions to its population; the members of the proposed "imperial federation" only four and a quarter millions. The United Kingdom increased only 2,638,000, Canada only 508,000, Australasia—Queensland, Victoria, New South Wales, New Zealand, Tasmania, etc.—combined, only 1,024,193, sundry small settlements the remainder.

Let it be assumed that the two branches increase in the same proportion as for the last 10 years, and

1900 will show:	
Imperial federation	50,600,000
The Republic	78,100,000
1910 will show:	
Imperial federation	55,600,000
The Republic	97,600,000
1920 will show:	
Imperial federation	61,100,000
The Republic	122,000,000
1930 will show:	
Imperial federation	67,200,000
The Republic	152,500,000
1940 will show:	
Imperial federation	73,900,000
The Republic	190,600,000

This will be the result only 50 years hence, when men now in manhood will still be living.

If the estimate be carried forward for 50 years more, making the complete century, the figures will stand:

Imperial federation	119,000,000
The Republic	581,000,000

We have considered here the two parts—Republic and Empire—as two solid bodies, the increase of the Republic, 1880 to 1890, having been 24.87 per cent, the empire's average increase 10 per cent; the United Kingdom's increase—8.17—has been, of course, less than the

average; Canada's increase, 11 per cent, just 1 per cent above the average; and Australasia's percentage of increase much higher, 39 per cent. It is not probable that any of the parts in either empire or Republic will maintain the past rate of increase; especially is it considered improbable by experts that the United Kingdom can increase much, since other countries are becoming better able to supply their own wants. Australasia has only added 1,000,000 in 10 years, and this chiefly in the first years of the decade. Her future, as the home of a great population, is not yet considered quite clear. Canada, under present conditions, is not likely to do more than maintain her slow rate of increase. The Republic seems likely to more nearly keep up its present rate of increase than the others, so that it is quite safe to assume that at least the relative difference between imperial federation and the United States, here indicated, will be maintained.

If Britain, America, and Canada were to reunite to-day, the population of the reunion would be 108,000,000. All the other parts of the English-speaking race would not number 5,000,000. It is into such a complete race reunion of her people that the door is now wide open for the parent land to enter and take first place—first among equals. In view of this high destiny, hers for the asking, who is he among her citizens who can sit down and deliberately plan for his country such a future as these figures prove would be hers under imperial federation. I can not understand how any true Briton can so far forget what is due to the mother land. No patriot surely can or will longer connect himself with a movement which has for its aim so miserable an end. If the imperial federationist be willing to unite with a few millions of people at the antipodes, who will not even entertain the idea of imports under free trade, much less "duty free," what objection can he raise to reunion with the main body of our race, only five days' sail from his shores, who offer not free trade only, which allows taxes upon imports for revenue, but entrance of everything duty free. I confidently appeal to the sterling patriotism which animates the imperial federationists and inspires them with ardent wishes for the future of their land to discard the narrow idea which tends to defeat their dearest hope. I beseech them to come with us who seek the reunion of all.

In the affairs of nations as well as in those of individuals there is a tide which not taken at the flood swings the ship of state from the main channel into the shoals and eddies where future progress is impossible.

It may confidently be expected there will arise in Britain a strong public sentiment protesting against the effort of some to relegate her to a subordinate rôle through an imperial federation which fails to federate the mass of the race.

From a review of the present position of the question we find that even to-day we can say Canada, the United States, and Ireland are ready for reunion; that Scotland presents no great difficulty; neither does Wales, and both have everything to gain and nothing to lose by reunion; and that the causes of continued disunion which admittedly exist in England are rapidly vanishing and are all melting away like snow in the sunshine; the colonial empire, the Indian question, European entanglements present no insuperable obstacle, and hereditary privilege and a national church are doomed. The present generation is to find several of these obstructions abolished; the succeeding generation probably is to find no trace of any of them.

Let no man imagine that I write as a partisan in dealing with these questions. I know no party in this great argument either in America or in Britain. Whatever obstructs reunion I oppose, whatever promotes reunion I favor. I judge all political questions from this standpoint. All party divisions sink into nothingness in my thoughts compared with the reunion of our race.

The ground thus cleared in the only member in which it is now cumbered, there is presented to us the spectacle of three branches of the race, Britain, Canada, and America, formerly united and now enjoying similar institutions but remaining disunited. We seek in vain for any reason why the old quarrel should not be healed, why those separated by a difference which no longer exists should not let the dead past bury its dead, and once more unite as parts of one great whole, just as the two parts of the Republic, plunged into civil war by the question of slavery, have again united in bonds more loving and more enduring than ever; just as Scotland and England, after long wars and separate existence, have been united, to the incalculable advantage of both; just as the Provinces of Canada have united all the three branches in one dominion, having had in their own histories experience of the evils and cost of separation and likewise of the advantages flowing from union. That each should now consider a reunion on a greater scale, and yet only a repetition of what each has already made upon a smaller scale, seems the most natural thing in the world. The residents of any member of the reunited nation will be nearer in time to the common center than the residents of the north of Scotland were to London at the time of the union; nearer than the residents of the extremities of the Republic were to Philadelphia when the Federal Union was formed. And in addition to this the citizen in any part of the new federation, by means of the telegraph, really will sit within the precincts of the Capitol; almost, it might be said, within hearing of the proceedings of the national councils. Properly viewed, the reunion of the Briton, American, and Canadian will be less of a step forward than was the union of Scotland and England, the union of the Provinces of Canada, or the American Union, the parts to be reunited by such a federation being in every true sense nearer together, and the new empire more compact, than were the parts of either of these three unions at the date of their origin.

The means by which reunion is to be accomplished are ready to hand. There is sitting at this moment in Paris a conference composed of delegates from London, Ottawa, and Washington charged by the three branches of our race to obtain a satisfactory basis for the preservation of the seals in Bering Sea. After their task has been concluded the same distinguished men, each among the foremost citizens of the respective branches, could meet in London and suggest a basis for restoring the union which only a century ago so happily existed between Britain, Canada, and America and made them one nation. It would be so easy a task that its very simplicity amazes and renders us incredulous, but most of the important successes and most valuable discoveries have been remarkable for this very feature.

As easy as Le Cling's setting types, as easy as Franklin's drawing the lightning down, as Newton's divining the meaning of a falling apple, or Galileo of a swinging lamp, or Watts the raising of a kettle lid by the force of the escaping steam, as Spencer's survival of the fittest, as Darwin's origin of species, as Columbus sailing westward, or the making of the American Constitution—the Gordian knot is always easily cut, so easily that the only wonder is that it was not done before. Nothing mysterious, elaborate, or difficult reaches to the root and changes the face of the world, or the trend of events. The road always lies broad, open, straight, obvious to all transcendent successes; there is no hidden, tortuous, and narrow path to anything truly great. Some day, therefore, delegates from the three now separated branches will meet in London and readily agree upon and report for approval and ratification a basis for the restoration of an indissoluble union of indestructible states.

This may all seem Utopian, but we have had many prophetic voices, concerning both Britain and America, more than fulfilled, which were at the time of their inspired utterance much wilder than anything herein suggested. It may be all a dream and I but a mere dreamer of dreams. So be it. But if it be true that he who always dreams accomplishes nothing, so also is it none the less true that he who never dreams is equally barren of achievement. And if it be a dream, it is a dream nobler than most realities. If it is never to be realized, none the less it should be realized, and shame to those who come after us if it be not. I believe it will be, for all progress is upon its side. All that tends to the brotherhood of man tends to promote it. The tendency of the age is toward consolidation. We have behind us and with us, urging its consummation, all the mighty forces of civilization. The parliament of man and the federation of the world have already been hailed by the poet, and these mean a step much farther in advance of the proposed reunion of Britain and America than that reunion is in advance of the Canadian Confederation, of the American Union, or the Union of England and Scotland, all already accomplished.

Readers will kindly note that this is a look ahead—how far ahead I shall not attempt to guess—nevertheless it is ahead, and some time, somehow, it is to come to pass. I see it with the eye of faith, the faith of the devotee which carries with it a realizing sense of certain fulfilment.

Time may dispel many pleasing illusions and destroy many noble dreams, but it shall never shake my belief that the wound caused by the wholly unlooked for and undesired separation of the mother from her child is not to bleed forever.

Let men say what they will, therefore, I say that as surely as the sun in the heavens once shone upon Britain and America united, so surely is it one morning to rise, shine upon, and greet again "The Re-United States," "The British-American Union."

ANDREW CARNEGIE.

During the reading of the article,

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ernst	Heflin	McNary
Bingham	Ferris	Howell	Mayfield
Blease	Fess	Johnson	Metcalf
Borah	Frazier	Jones, Wash.	Moses
Brookhart	George	Kendrick	Norbeck
Butler	Gillett	Keyes	Norris
Capper	Goff	King	Nye
Copeland	Gooding	La Follette	Oddie
Curtis	Hale	Lenroot	Overman
Dale	Harris	McKellar	Pepper
Deneen	Harrison	McMaster	Pine

Pittman	Schall	Stanfield	Warren
Reed, Mo.	Sheppard	Swanson	Watson
Reed, Pa.	Shipstead	Trammell	Weller
Robinson, Ark.	Smith	Wadsworth	Wheeler
Sackett	Smoot	Walsh	Willis

The VICE PRESIDENT. Sixty-four Senators having answered to their names, a quorum is present.

The reading of the article from the North American Review having been concluded,

Mr. CURTIS. Mr. President, does the Senator from Missouri desire to conclude his speech to-night?

Mr. REED of Missouri. I do not.

Mr. CURTIS. Then, if the Senator will yield to me, I will make a motion.

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Kansas?

Mr. REED of Missouri. I will be glad to yield.

RECESS

Mr. CURTIS. I move that the Senate take a recess until 11 o'clock to-morrow morning.

Mr. REED of Missouri. I suggest to the Senator that he make it 12 o'clock.

Mr. CURTIS. We can not do that.

The VICE PRESIDENT. The question is on the motion of the Senator from Kansas that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, January 20, 1926, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

TUESDAY, *January 19, 1926*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, our Lord, how excellent is Thy name. Wilt thou come to us in the compassion of our heavenly Father. Thou who giveth us all things richly to enjoy, in chastisement and rebuke, remember mercy. Do Thou stoop to our needs and help us to see great things out of Thy law. Grant newness of zeal and opportunity to all. Oh, teach us how the good may prevail and help us to hold onto its achievements. May we hear the call to the higher states of power and blessing. Keep before us not success, not greatness, not victory, but fidelity to the public good, through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

LEAVE TO ADDRESS THE HOUSE

Mr. LINTHICUM rose.

The SPEAKER. For what purpose does the gentleman from Maryland rise?

Mr. LINTHICUM. To ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Maryland asks unanimous consent to address the House for two minutes. Is there objection?

Mr. BLANTON. Mr. Speaker, if it is not to read into the RECORD a speech by Governor Ritchie, of Maryland, I shall not object; but if it is on that subject, I shall object.

Mr. LINTHICUM. I will say to the gentleman that it is not on that subject. If it were on that subject, it could not be done in two minutes. That is not my purpose.

Mr. DOWELL. Mr. Speaker, I object. It takes up time.

Mr. LINTHICUM. I am only asking for two minutes. I ask unanimous consent, Mr. Speaker, that I may be allowed one minute in which to address the House.

The SPEAKER. Is there objection?

Mr. DOWELL. The same objection.

NO QUORUM—CALL OF THE HOUSE

Mr. LINTHICUM. Mr. Speaker, I make the point of no quorum.

The SPEAKER. It is evident that there is no quorum present.

Mr. TILSON. I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will summon the absentees, and the Clerk will call the roll.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 20]

Auf der Heide	Cullen	Haugen	Parks
Barkley	Darrow	Hawley	Phillips
Bell	Davey	Hudson	Purnell
Berger	Deal	Johnson, Ill.	Quayle
Black, N. Y.	Dempsey	Kiess	Raker
Bloom	Denison	Kindred	Ransley
Boylan	Dickinson, Iowa	McFadden	Rayburn
Brand, Ohio	Dickstein	McLaughlin, Nebr.	Rouse
Brigham	Doyle	McSwain	Sanders, N. Y.
Burdick	Esterly	MacGregor	Somers, N. Y.
Butler	Fredericks	Mead	Spearing
Canfield	Free	Merritt	Sullivan
Carew	Fuller	Morin	Sumners, Tex.
Celler	Gallivan	Norton	Upshaw
Connally, Tex.	Glynn	O'Connell, N. Y.	Wefald
Connolly, Pa.	Golder	O'Connor, La.	Welsh
Cooper, Wis.	Goldsborough	O'Connor, N. Y.	Zihlman
Crowther	Green, Iowa	Parker	

The SPEAKER. Three hundred and sixty Members have answered to their names, a quorum.

Mr. TILSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The SPEAKER. The gentleman from Connecticut moves to dispense with further proceedings under the call. The question is on agreeing to that motion.

The motion was agreed to.

The doors were opened.

LEAVE OF ABSENCE

By unanimous consent, Mr. HUDSON (at the request of Mr. MAPES) was granted leave of absence indefinitely, on account of illness.

NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill.

The SPEAKER. The gentleman from Idaho moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from New Jersey [Mr. LEHLBACH] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill, with Mr. LEHLBACH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7554, the naval appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes.

Mr. FRENCH. Mr. Chairman, I yield to myself one hour at first. I ask unanimous consent to revise and extend my remarks on this bill.

The CHAIRMAN. The gentleman from Idaho asks unanimous consent to revise and extend his remarks on the bill. Is there objection?

Mr. LINTHICUM. Reserving the right to object, are they to be the gentleman's own remarks or some printed matter?

Mr. FRENCH. They will be my own remarks, though I may use a quotation here and there, or something of that kind; but it will be right on this bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FRENCH. Mr. Chairman and gentlemen of the committee, I am going to ask that for a time I be not interrupted, as I shall plan to cover the essential items in the bill and the programs we have had in mind in shaping the recommendations that we bring to your consideration. In that way I think we shall make progress.

To-day we take up consideration of the Navy appropriation bill, and in my opening statement I want to present a sort of general picture of the Navy, of the factors your committee had to take into consideration in shaping the bill, and indicate to you not only the items as we see them involved in the present bill but point out in a general way future policy as it involves appropriations from our Government.

We must have a Navy that is adequate to the country's defense and adequate to such emergencies as it is possible for human foresight to indicate will arise within any near future.

Our program must have relation to the limitation of armament conference treaties and as I see it to the programs of other nations.

Our program must have relation to the finances of the country and to the regard that our Congress must pay to the burden of taxation that rests upon our people.

NEED FOR ECONOMY

When the President delivered his message at the beginning of the Congress in December, he used these words:

Economy is the method by which we prepare to-day to afford the improvements to-morrow.

The President in his message called attention to the expenditures of the Government and pointed out that for the present fiscal year the expenditures, exclusive of the Postal Service, will run at approximately $3,100,000,000, of which amount approximately $1,920,000,000 may be regarded as representing disbursements on account of past wars, including, of course, pensions, compensations, interest, and such items as that, leaving a balance of approximately $1,180,000,000 as the cost of the Government for ordinary purposes.

The President then pointed out that the War and the Navy Departments call for $642,000,000 for the current fiscal year, of which the Navy's share is $303,000,000. Probably I should say that in addition to this amount an item that was charged to the fiscal year 1925 and carried in the second deficiency act, approved on March 4 of that year, added additional appropriations of $17,000,000. Possibly every dollar of that amount has been or will be expended not in 1925, but in 1926, and a better picture would be given if I would say that for the current year the Navy's share is roundly $320,000,000.

I believe that the Congress will be interested in a statement showing the direct and indirect appropriations for a period of several years, and I am presenting a table, which I direct to your attention:

Navy expenditures

Year	Appropriations		
	Direct	Indirect	Total
1921	[1] $433,279,574.00		$433,279,574.00
1922	[1] 410,673,289.23		410,673,289.23
1923	294,873,697.00	[2] $8,000,000.00	302,873,697.00
1924	294,456,528.00	35,450,000.00	329,906,528.00
1925	275,105,067.00	22,500,000.00	297,605,067.00
1926	302,862,378.00		302,862,378.00
1927 (estimates)	322,869,430.00	5,000,000.00	327,869,430.00

[1] Naval act.
[2] Maximum.

Please bear in mind that the actual authorized expenditure for 1926 is nearer three hundred and twenty millions on account of the authorization to which I have just referred.

Now, I want to present to the House a table showing the estimated expenditures for 1927 and the expenditures proposed in the bill that we have placed before you:

	Estimated, 1927	Proposed, 1927
Direct appropriations:		
Navy Department	$4,240,070	$4,282,070
Naval service	316,714,960	312,992,717
Total	320,955,030	317,274,787
Indirect appropriations, naval service	5,000,000	5,000,000
Contract authorizations, naval service	4,100,000	9,082,000
Reappropriation, naval service	75,000	75,000
Grand total	330,130,030	331,431,787

Let me direct attention to one other factor that has to do with the total. Of the amount reported in the present bill the sum of $4,100,000 becomes necessary to provide for maturing contracts on account of aviation material for which we did not need to appropriate money in the current year. Again the bill carries contract authorizations of $9,082,000, for which we do not need in 1927 to make direct appropriations of money. This sum includes one item of $4,100,000 for aviation contracts and another item of $4,982,000 contract authorization, in addition to a direct appropriation of $1,000,000 for Pearl Harbor.

So then the bill that we bring to your attention to-day calls for a money appropriation of $317,274,787. You contrast those figures with the expenditures for the Navy during the last preceding five or six years. You will notice that they are well below the figures for 1921 and 1922. On the other hand, they are slightly above the figures for the current year.

The Members of the Congress will recall that in presenting the naval appropriation bill two years ago I made the statement that at the close of the World War we had on hand a vast amount of naval supplies that happily had not been needed by the time the armistice was signed. I said that for several years following the war we had been drawing upon those supplies and, further, that we had been supplementing the direct appropriations obtained through the sales of supplies in large amounts. In 1924 we supplemented the direct appropriations by indirect appropriations aggregating $35,450,000. In 1925 our indirect appropriations were $22,500,000. I told you in presenting the bill for 1925 that we could never look forward to any considerable indirect appropriations for the future because the funds would not be available from which large indirect appropriations could be made. For the current year the bill carried nothing. In the pending bill the amount carried is $5,000,000, and again I must remind you that in the future the Congress and the country must expect little or no appropriations of indirect character.

Having made this general statement touching the amounts carried in the bill I believe we shall make time if I shall refer to a few items, essential items they are, but which have not received material modification at the hands either of the Budget Bureau or of the committee that has reported the bill.

BUREAU OF YARDS AND DOCKS

OPERATION, UPKEEP, REPAIR, AND IMPROVEMENT

The Budget estimate under this head is $6,750,000, the same as the current appropriation. The committee proposes an appropriation of $7,000,000. Out of the 1925 appropriation but $2,585,517.97 was expended for repairs at the various shore establishments. On property costing originally $300,989,418, it is quite apparent that some things have had to be neglected. There is no question but that the general policy of retrenchment has caused an accumulation of repair work in the navy yards, some of a character which should not longer be deferred. It is because of this that the committee is proposing to go beyond the Budget to the extent of $250,000.

SALE OF USELESS PROPERTY

With the view to stimulating action on the part of the department the committee is including a provision in the appropriation for "Maintenance, Bureau of Yards and Docks," authorizing and directing the Secretary of the Navy to submit to Congress at its next session a comprehensive plan for necessary improvements and permanent construction at navy yards, naval stations, and Marine Corps bases, founded on using funds received from the sale of property no longer needed for naval purposes when the sale thereof shall have been authorized. There is a growing need for improvements and permanent construction in both the Navy and Marine Corps and it would seem that useless property offers a way to raise a fund that would in part, at least, defray the cost.

PUBLIC WORKS

For specific improvement projects at navy yards and naval stations the Budget proposes appropriations totaling $2,584,300. The committee propose $2,635,300, an increase of $51,000, of which $15,000 is for correcting the really deplorable condition prevailing at the Great Lakes Naval Training Station by reason of inadequate prison facilities, and the remainder, $36,000, is for continuing maintenance dredging at the navy yard, Charleston, S. C., for which no funds are carried in the Budget. Conditions at Charleston are such that unless the river in front of the yard is dredged regularly the dry dock at the yard can not be used.

The act approved March 4, 1925 (43 Stat. 1269), authorized the Secretary of the Navy to proceed with improvement to channel and harbor at the naval station, Pearl Harbor, Hawaii, at a cost not to exceed $5,982,000. In pursuance of that authorization the Budget carries an item of $1,000,000, without authority, intentionally or not, to contract beyond that sum. A project of this sort and size can not be handled economically by letting the work out in piecemeal fashion, and such a course virtually would do away with competition. It is doubtful if continental concerns could be induced to bid if we were to proceed in that way. The committee, therefore, has included in the bill authority to enter into contracts up to the authorized limit of cost.

Another sizable item proposed in the Budget and recommended by the committee covers a general improvement program for the submarine base at Pearl Harbor. This base was inspected by a number of members of the committee during the past summer; and the conditions obtaining there, in their judgment, fully warrant the proposed appropriation of $430,000.

The act of March 4, 1925, previously referred to, also authorized the Secretary of the Navy to acquire, by purchase or condemnation, such land as he may deem necessary in the vicinity of South Brooklyn, N. Y., known as the third Bush lot, now under lease to the Navy Department, for addition to the site of the naval supply depot, at a cost not to exceed $330,000. The Budget estimates include $330,000 to enable the Secretary of the Navy to acquire such property and the committee recommends concurrence. The power plant for the supply depot is situated on the lot in question and the lease to the lot will expire on June 30, 1926. If the owners should refuse to release the property the power plant would be lost. Its removal, it is estimated, would cost more than the purchase price of the land. The improvements on the abutting property, owned by the Navy, have a value in excess of $6,000,000. This value would be much enhanced if the adjoining property were acquired and would make the entire property more salable should that become desirable in the future.

THE MARINE CORPS

For the Marine Corps our estimates are on the basis of continuing the establishment with an average enlisted strength of 18,000 men. The authorized number of officers of the Marine Corps is 1,095, based on the authorized enlisted strength of 27,400 men. The estimates are on the basis of 1,020. The committee is not disturbing the Budget estimates for the Marine Corps except as previously indicated when I discussed the reserve situation generally.

BUREAU OF MEDICINE AND SURGERY

Under the Bureau of Medicine and Surgery the committee is proposing, in conformity with the Budget recommendation, to combine the appropriations "Medical Department" and "Contingent, Bureau of Medicine and Surgery," under the name of the former. There is considerable overlapping at present, and the change seems to be in the interest of good administration.

The Budget proposes that $600,000 of the naval hospital fund shall be made available for making certain improvements at existing naval hospitals. The projects, with one exception, are of a nature which takes them out of the committee's jurisdiction, and the committee is not recommending them, although it is believed they have merit. The excepted item provides for the removal of the cemetery at the naval hospital, New York, N. Y. The estimated cost is $15,000. The committee is proposing that this item be allowed. A bill, H. R. 3959, has been introduced authorizing the projects here referred to.

THE NAVAL RESERVE

For the first time the committee feels that it can unqualifiedly indorse the appropriations proposed on account of the Naval Reserve. This is because of the legislation enacted at the last session (43 Stat. 1080), in pursuance of which a complete reorganization is being effected and a definite objective has been established.

The statement of the Chief of the Bureau of Navigation to the committee gives a very clear picture of what is being done and proposed. It is in part as follows:

The drilling units—divisions, battalions, and squadrons—are organized with a definite objective for each unit, and their quotas of officers and men and their forms of organization and the character of their training is all based on this objective, which is the manning and commissioning and joining up with the fleet of certain vessels now out of commission (specified by name for each drilling unit) or, in the case of aviation units, the formation at specified centers of certain specified fighting, bombing, or scouting squadrons. Each officer and man is trained for the duties he will be required to perform on the particular vessel or with the particular squadron to which his unit is attached, and the unit as a whole is trained for this duty. With this plan of organization, and with the reserve crews skeletonized (in order that the money available might be stretched as far as possible), 134 vessels, mostly destroyers, have been designated by name to be thus mobilized by the fleet reserve, and 10 aviation squadrons, comprising 156 planes. The actual number of officers and men required for these duties at mobilization is 1,182 officers and 18,131 men; and in addition to these there are required in the fleet reserve approximately 320 general service officers for the peace-time administration of these various organizations and for general detail in the event of war. The present strength under this classification is 1,059 officers and 5,949 men, but it is expected to bring this number up to 1,188 officers and 8,070 men by July 1, 1926, the process of reorganization still going forward and their being money available in this year's appropriation. Within the limit of funds allowed by the Budget in this appropriation, we are asking for 1,340 officers and 8,070 men for the fiscal year 1927.

The appropriation proposed by the Budget allows for an expansion of 281 officers and 2,121 men over the present strength. If the old reserve be any criterion, that would seem to be a rather ambitious program. The committee, however, is recommending the Budget estimate for personnel.

The current appropriation on account of the Naval Reserve is $3,000,000. The Budget estimate for 1927, including a supplemental estimate on account of reserve aviation of $230,000, but exclusive of the supplemental recommendation for a reappropriation of $75,000 also on account of reserve aviation, is $3,830,000. The original estimate of $3,600,000 was predicated upon withdrawing 28 of the 55 vessels at present assigned to training Naval Reserves, ostensibly because of the announced intention of the department to give more training on vessels of the regular Navy. It is true also that many of the vessels now assigned are unseaworthy and are unfit for uses other than the conduct of drills while at anchor. The department is averse to taking out so many vessels, but the committee is advised that even with an amount sufficient to keep them all in their present status the department, of its own accord, would withdraw a number of them. A list of the reserve districts and units and of the vessels assigned appears in the hearings, commencing on page 348. Of the units therein listed, 48 have no vessel at all, although it is true that 25 of the 48 are so situated that they may avail themselves of vessels assigned to other units.

The point is, however, that there are not enough vessels to go around, and discrimination would continue whether any or all should be taken out. The committee, however, feels that since the Naval Reserve has just begun, it might be said, to "get somewhere," it hardly would be the right thing to interfere with the plans of the department, at least to the extent that would be necessary under the Budget proposal. The committee therefore has raised the Budget estimate by $190,000 for the exclusive purpose of continuing the assignment of a greater number of vessels to reserve units.

RESERVE AVIATION

As appears in Admiral Shoemaker's statement, supra, the reserve organization plans look to the development of reserve aviators for 10 aviation squadrons, comprising 156 planes. Here also a definite objective is in view. The original Budget estimate fell short of providing for a sufficient number of trainees and a sufficient amount of flying time in the view of those responsible for the administration of this phase of reserve work. A supplemental estimate has been presented which meets these objections by providing for the desired amount of flight training; a larger reserve of aviation mechanics, so as to relieve qualified and student aviators from such work, that they may put all of their time into flight practice and training, and also to keep the maximum number of planes in condition for such flight and practice training; the training of a larger number of student aviators, and providing for the acquisition of five additional training planes exclusively for reserve training. The committee is proposing complete allowance of the supplemental estimate.

The hearings on this subject lend encouragement to the plan suggested herein under the head of "Aviation" as to looking elsewhere than the Naval Academy for our supply of air pilots. With proper inducements no difficulty should be experienced.

MERCHANT MARINE RESERVE

The Naval Reserve law impliedly left to future determination whether or not members of this branch of the Naval Reserve, consisting of male citizens who follow or who have followed the sea as a profession, should be allowed pay simply for performing their regular duties because of their affiliation with the reserve. The committee is proposing that the appropriation of $23,540 recommended in the Budget for this purpose be not granted. While this is a relatively small amount, where the practice would lead to no one can say.

THE FLEET RESERVE

The appropriation proposed by the Budget and recommended by the committee for the Naval Reserve carries no money for the pay of transferred members of the Fleet Reserve, composed of men who have had 16 or more years of naval service. At the time of the hearings there was a total of 6,534 transferred reservists, who are paid from "Pay of the Navy." There is included in the proposed appropriation on account of such reservists $6,807,660, which is $113,500 more than recommended in the Budget, being necessary to provide full compensation for the transferred fleet reservists recalled to active duty with their own consent to act in the capacity of shipkeepers for vessels assigned for training reservists. The Budget contemplated that no transferred men should act in the capacity of shipkeepers. The committee feels that it is in the interest of economy and efficiency to continue the existing practice. As a result of this course the reserve appropriation

has been reduced by $175,600, which was carried therein for the pay of reserve shipkeepers on the assumption that transferred reservists would be withdrawn.

Like the Navy, the Marine Corps also has a transferred reserve list, composed of men who have had 16 or more years of service. There were 262 such Marine Corps reservists at the time of the hearings on account of whom the Budget carries $185,480. The committee is proposing the Budget estimate.

RESERVES GENERALLY

The committee believes that the attention of the House should be called to the reserve situation generally. That the reserves have a necessary and important place in our scheme of national defense there is no question. That there should be a limit, however, there should be no question. To keep it within proper limits under existing law seems to fall to the lot of this committee, which should not be. Unless it is watched, and closely watched, it will expand to the point where we will have accomplished by indirection what we have always striven to avoid directly, and that is the establishment of a large force in this country possessing military views and tendencies which will outnumber and outweigh in voice our Regular Establishments. This is not believed to be an overstatement of what may be reasonably expected if we should fail to watch the situation closely. At the last session of Congress a new Naval Reserve law was enacted. Under the terms of that law the Secretary of the Navy has the power to assign every enlisted man of the Navy and Marine Corps, with their consent, to the Naval and Marine Corps Reserve, respectively, upon the expiration of their enlistments, and to pay them $25 each per annum. The possible effect of that law is obvious. The same law provided a Reserve Officers' Training Corps for the Navy and for the Marine Corps patterned after the Reserve Officers' Training Corps of the Army. The committee is proposing with respect to the Reserve Officers' Training Corps of the Navy to reduce the initial appropriation recommended in the Budget from $45,000 to $40,000 and to refuse completely the initial appropriation proposed in the Budget of $12,500 for the corresponding Marine Corps contingent. The Marine Corps has now on active duty practically its full quota of regular officers on its authorized strength of 27,400 men.

NAVAL AVIATION

The committee was fortunate to have the benefit of the fund of information developed by recent discussions, inquiries, and investigations in considering the fiscal requirements of this highly important phase of naval activity. In the report of the "President's Aircraft Board," dated November 30, 1925, the board says:

> We find nothing but praise of the personnel engaged in naval aviation. The matériel at its disposal is likewise generally of high grade, as is shown by the almost total abstinence of criticism of matériel by the naval witnesses who appeared before us. * * * We believe that the quality of our naval personnel and of its equipment is at least the equal of, and in certain directions superior to, that of any other power.

What the board says finds ample corroboration in the committee's rather exhaustive inquiry into conditions and requirements, which shows a very gratifying situation to prevail. Improvement is going forward under the terms of the appropriation act now current and further progress will be made under the terms of the accompanying bill.

PERSONNEL

A supply of trained pilots, and more particularly the source of supply, is the only real problem confronting naval aviation at this time. No shortage exists to-day, but we should not delay preparing for to-morrow. Full cooperation between surface and air forces is dependent upon officers of the line being schooled in the air arm. It is a matter of administration to accomplish this, subject to funds being available. Whether the line officer, though, should be the pilot of a plane, and we should look to the Naval Academy for our future supply, is a matter for serious reflection. Unquestionably, squadrons and wings and other flight formations should be commanded by line officers who have qualified as aviators, and observers, too, should be qualified Naval Academy graduates, but the matter of plane operators is one which the committee feels should be studied and solved by the appropriate legislative committee before the department proceeds too far under existing law in settling the issue itself.

In the matter of increasing the number of pilots from the enlisted personnel, either of the Navy or of the Marine Corps, your committee found that while there are at this time about 90 qualified pilots within the enlisted men's ratings of the Navy and about 17 from the enlisted personnel of the Marine Corps, the officers from the Bureau of Aeronautics indicated that it would be quite desirable to increase the number of pilots from the enlisted personnel to about 150 upon the basis of present study touching effective work that could be done by enlisted men. This question is one that the committee feels at this time should be handled within the department, and especially in view of the direct study that is being given to the subject.

The committee ventures to suggest the establishment of a new grade of "flight ensign" in the Navy, to be composed of men who will enlist for duty as naval aviators for a period of four years and who will at the same time, should they not reenlist, agree to serve in the Naval Reserve for a further period of four years. Flight ensigns, it is suggested, should rank with but after ensigns of the line of the Navy, should receive corresponding pay and allowances plus flying pay, be given reenlistment gratuities and the right to transfer to the Naval Reserve after 20 years' service, and the right to retirement after 30 years' service.

The committee's study of the subject leads it to believe that this plan would attract to the service high-grade young men of a caliber who would become as proficient as Naval Academy graduates and with equal facility; it would take away from the line of the Navy a minimum number of officers, ultimately diminishing the number at present assigned to aviation; it would create a corps of specialists rather than a force composed of men who would be in aviation to-day and in some other branch of the naval profession to-morrow, and at the same time avoid the problems of pay, rank, selection, etc., which would go with a line officer force; it would create a reserve of trained naval aviators and make available to the industry and commercial aviation a reservoir of skilled material, and, when in full swing, should lessen or dispense with the need for training men as aviators in the Naval Reserve, which ultimately would be composed of men already trained and with practical service experience. Of course, it is recognized that this plan involves other questions for determination and settlement, but the committee suggests it as a basis for solving the supply question of trained aviators and, at the same time, as a means for freeing officers who are or will be required in other fields of naval activity.

The following table shows the situation to-day with respect to qualified aviators and the estimated future requirements:

	Nov. 1, 1925	Required to man 1926 force operating plan	Estimate when peace requirement of planes will have been realized
Officers:			
Navy—			
Line	[1] 371	[1] 389	[2] 1,289
Warrant	25	15	----------
Marine Corps—			
Line	43	56	56
Warrant	1	2	2
Enlisted men:			
Navy	90	65	215
Marine Corps	17	25	25
Total	547	552	1,587

[1] Includes 7 observers. [2] Includes 15 observers.

It is needless to say that if the ultimate number is to come from the Naval Academy it not only will be necessary to increase the number of appointments to the academy but to increase the authorized number of commissioned officers of the line and perhaps to change the distribution in grade law. No matter confronts the Congress affecting the Navy of greater importance than aviation personnel.

Funds are included in the accompanying bill adequate to take care of the officer and enlisted personnel who will be assigned to aviation during the ensuing fiscal year and fully to carry out the plans of the department pertaining to reserve aviation, which, it might be observed, should prove a splendid auxiliary for recruiting the force of "flight ensigns" above suggested.

HEAVIER THAN AIR

A very comprehensive picture of the naval heavier-than-air situation, at present and projected, will be found commencing on page 629 of the hearings. It indicates our full peace requirements as 546 planes for service afloat and 569 for service ashore, a total of 1,115 planes, including 231 planes for the two aircraft carriers under construction, which are being provided

from another appropriation—Increase of the Navy. The 1,115 planes include a reserve of 371 planes for replacing damaged, condemned, or planes temporarily out of commission. The table also indicates a general allocation of the planes. It should be remarked that the program is now under consideration by the Navy General Board and that it has not been approved by the board in its present form. The committee suggests that here, too, the appropriate legislative committee might find need for legislation. It would seem desirable that a program should be established by Congress and with the aid of the Bureau of the Budget a time prescribed for its fulfillment. The committee has endeavored to get an approximation of what naval aviation would cost, directly and indirectly, should the department's peace-time requirements be realized. The figure is given (hearings, p. 655) as $63,009,020. This exceeds the comparable 1925 expenditures by about $28,000,000. This is mentioned not in discouragement of aviation development but to emphasize the importance of determining without delay an economical policy, both as to personnel and matériel, consistent with actual needs.

LIGHTER THAN AIR

The naval lighter-than-air equipment is listed on page 758 of the hearings. It shows that we have 2 obsolete nonrigid airships and 30 obsolete kite balloons. We have but 1 rigid dirigible, the *Los Angeles*, built in Germany, which came to us under diplomatic negotiations on the assurance that it would be devoted to civil purposes. Its chief value to the Navy at this time is the training of officers and men in the handling of this type of aircraft.

The *Los Angeles* is housed in the hangar at Lakehurst, N. J. The annual cost of maintaining Lakehurst under present normal conditions is $1,716,500. The question simply resolves itself into whether or not we are justified in maintaining this establishment on account of a dirigible restricted to civil uses. The Navy is desirous of building a dirigible larger than the *Los Angeles*—possibly two and one-half or three times as large in gas capacity. If the Congress should authorize such an airship we are told that it would take approximately four years to complete it. Are we justified in spending at the rate of $1,716,500 annually for the next four years, or a total of $6,866,000, to provide training for an operating complement for such a vessel, not even authorized? The committee is proposing that we do not, that we free for general duty the 470 officers and men at the station and that the station be closed down. It would cost in a closed down status approximately $128,000 a year. The direct saving would be $717,000 a year.

The accident to the *Shenandoah* has not influenced the view of the committee as to the potentialities of rigid airships for commercial and naval uses, and it is not proposing that we shall abandon lighter-than-air development. A commercial firm has been experimenting with a metal-clad type of airship and is ready, with Government aid, to build an experimental ship of about 200,000 cubic-feet capacity. It is the development of an American idea and, so far as the committee can find out, offers a reasonable chance of success.

The committee is advised that if it should prove successful private enterprise will take hold and that we might look to an increasing number thenceforward. We were also told that the characteristics of such a ship would not be materially different from ships that would be used by the military services and that in time of war it would be merely a matter of outfitting the civilian complements with service uniforms. That is a rather optimistic outlook, but an examination of the hearings will disclose that it has some basis. We have had our experience with the *Shenandoah;* we have had considerable experience with the *Los Angeles*. Private enterprise offers something entirely new. As to the larger types of fabric-covered rigids, we can profit by Great Britain's experience. She is now building two 5,000,000 cubic-foot airships. It seems to the committee that if we can reasonably look to private enterprise for our rigid airships in time of war, we might as well get out of the rigid airship field and put the savings to other needed uses. The experiment with the metal clad will cost the Government approximately $300,000 and the ship will become the property of the Government. The committee has increased the Budget estimate for experimental and development work in all types of aircraft by the sum of $300,000, so that the Navy may be free to conclude an agreement looking to carrying the metal-clad experiment to a successful conclusion.

ESTIMATES AND APPROPRIATIONS

The estimate submitted for "Aviation, Navy, 1927," is $18,900,000, which includes $4,100,000 to satisfy obligations incurred under the authorization in the current appropriation act to enter into contracts involving future payments up to that amount. For ordinary and new undertakings, therefore, the estimate carries $14,800,000, compared with $14,790,000 for the current fiscal year, but, following the practice of a year ago, another contract authorization of a like sum—$4,100,000—is proposed, so that actually for the current fiscal year and for the next year, on the basis of the estimate, just short of $19,000,000 has been allotted to naval aviation, exclusive of pay and allowances of personnel, aircraft carriers and planes therefor, and reserve aviation. The total outlay may be approximated from the table appearing on pages 724 and 725 of the hearings. It will run close to $44,000,000, including construction work on and planes for the aircraft carriers, but excluding the pay and subsistence of the operating crews of aircraft tenders and the aircraft carrier *Langley*.

The committee is recommending the adoption of the estimate with the exceptions heretofore indicated; i. e., $717,000 less by reason of closing down Lakehurst and $300,000 more for experimental and development work, making a net reduction of $417,000. Reserve aviation is discussed elsewhere in this report.

Of the total sum proposed, $9,062,000 will be applied to new aircraft and equipment, apart from aircraft for the two new carriers, including the satisfaction of obligations incurred under the authorization contained in the current appropriation act, and in addition it is provided that orders for new planes may be placed to the total value of $4,100,000. What this will accomplish is best explained by the statement of Admiral Moffett, appearing in the hearings, as follows:

> It is proposed to purchase during the fiscal year 1927 24 fighting planes (VF) and 113 combined torpedo, bombing, and scouting planes (VS–T–B).
>
> If the appropriation is passed as proposed the total number of planes available on July 1, 1928 (the delivery date assumed for all planes purchased with 1927 funds) will be 556 as opposed to 561 on July 1, 1925. There will, however, be one marked difference, and that is that on July 1, 1928, all planes available, except training planes, will be of types which were designed for use with the fleet as well as for duty at stations. This will permit of the formation of squadrons of planes of the same type and all of recent design. The result will be that while not greater in total numbers available, naval aviation will be much improved as to types and can increase to a small extent the number of planes in commission.
>
> Assuming that the amount requested will be appropriated, the following will be the principal increase over the existing organization by July 1, 1928. The squadrons of observation planes on the battleships of the Scouting Fleet will be increased from 6 to 12, and a new squadron of 12 fighting planes will be placed on the same ships. Coco Solo will be increased from 11 planes to 54 planes, which will give an operating allowance of two 18-plane squadrons plus the usual 50 per cent reserve. Pearl Harbor will be increased from 25 to 54 planes, giving, as at Coco Solo, an operating allowance of two 18-plane squadrons. The eight obsolete planes now at Guam will be replaced by eight modern planes. These increases will, of course, be partially as a result of current appropriations.
>
> These increases can be brought about, as mentioned before, by the fact that the numbers of types of planes will be greatly reduced and practically all the planes can then be used and still maintain homogeneous squadrons.

The Navy has gotten out of the business of manufacturing airplanes. Its factory at Philadelphia is devoted chiefly to the repair and overhaul of flying material. The development of experimental types of flying craft is undertaken there. When attended by success production orders are placed with private manufacturing plants. The industry has been greatly stimulated by the enlarged program launched the present fiscal year.

MAJOR FACTORS

Now, I ask the House to consider the major factors within the pending bill, and especially with relation to authorized or proposed building programs and the essential policies your committee has recommended looking to the future.

I have told you that the pending bill carries direct appropriations in the amount of $317,274,787, and indirect appropriations and authorizations amounting to $14,157,000 more, or a total of $331,431,787 for the Navy for 1927. I have told you that the Congress has authorized new building and that programs for new building of ships are being urged upon the Congress.

The last Congress authorized a building program that referred to gunboats, to eight cruisers, to an increase of limitation of cost upon aircraft carriers, and there remains with us an uncompleted program that has been authorized for fleet submarines. More than that, under the Limitation of Armament Conference, the United States was authorized to construct aircraft-carrier tonnage in a total of 135,000 tons.

Of that amount, we have completed one carrier, the *Langley*, of 12,700 tons, and we have approaching completion two carriers, the *Saratoga* and the *Lexington*, that will be completed probably within a year, with 66,000 tons; a total tonnage of 78,700. That leaves us available for future construction of airplane carriers 56,300 tons.

To meet the program of submarines, of cruisers, of airplane carriers that already is indicated either through authorization of the Congress or by the limitation of armament treaty will require an expenditure of approximately $237,000,000. How rapidly that program will need to be developed it is for the administration and the Congress to determine. If it shall mean a program to be completed in five years, then it will call for new appropriations for construction of $47,000,000 annually. But that is not all. We are told by experts of the Navy that we need more cruisers than those that the Congress has already authorized. The Bureau of Aeronautics desires to construct a giant lighter-than-air craft that will involve five or six million dollars, and a bill providing for authorization of such a ship is before the naval legislative committee.

But that is not all. If the present bill shall not be materially modified we shall have at the end of the fiscal year 1927 approximately 708 airplanes of all kinds, including a current total of 567 tactical planes fit for use on shore and at sea, and not including 143 planes that may roughly be described as suitable for training or that are experimental in character or to the extent of five or six that are obsolete or obsolescent. But the Bureau of Aeronautics estimates that the peace-time requirements should be 1,115 planes and that a program to attain this peace-time requirement in planes alone should be met within about three years, or, in other words, that during that period 438 planes, in addition to ordinary replacement on account of obsolescence or elimination from service during the next three years, ought to be added to the aviation service of the Navy Department. Some of these planes will cost as high as $72,500. Probably no one will cost less than $30,000. In the current bill for 215 planes we are providing $12,358,750, or at the rate of $57,000 per plane on an average. Were we to provide the 438 planes that the Bureau of Aeronautics recommends in its program, in addition to ordinary replacement during the three years following the present fiscal year, it would mean, on the basis of costs for the current year, an additional amount for building program of more than $25,000,000.

Gentlemen of the Congress, when you abstract one feature alone of a great bill such as the naval appropriation bill you may think it looks small. But when you assemble a number of parts, or when you bring together the combined program, these individual parts that are not so large within themselves come to assume tremendous importance and call for money appropriations that aggregate hundreds of millions of dollars. These are things that your committee was compelled to take into consideration in the framing of the bill. We must look ahead. We see commitments and we must take them into account. If you provide for one additional cruiser, or one additional submarine, or one additional airplane carrier, or even one additional airplane, it means additional money for fuel, it means additional money for engineering, for repair and ordnance, it means additional money for officers and men.

One of the many items in the bill that we have reported carries $125,000 for the maintenance of a certain naval station in an inoperative basis instead of an active basis that would call for approximately $1,716,000. The paper that I have in my hand tells that as to that one item alone on one day 500 telegrams from employees were sent to the Congress protesting against the action.

All over the country there is a more or less definitely organized program for increasing the Naval Establishment. New yards are wanted where they do not exist to-day or where their activities are small. Naval stations that do exist are being used as a basis for increased demand upon the Public Treasury. Chambers of commerce, commercial bodies, or groups of one kind or another are pressing individual programs that, if they were to be cared for in this bill, would add many millions of dollars to the program for the coming fiscal year.

It is fair to the House that I tell you thus bluntly and briefly of the facts so that Members may give the cooperation and the support that I believe the painstaking care with which we have gone into the estimates that have come before our committee and the demands from all sides that have been pressed upon us would seem to warrant.

SHIPS

Having made the statement that I have just concluded, may I again repeat the words of the President?—

Economy is the method by which we prepare to-day to afford the improvements to-morrow.

A naval establishment that requires an annual expenditure for its maintenance in excess of around $300,000,000 can not be inefficient, can not be unworthy, can not be beneath the dignity of the United States, if those charged with its administration are consecrated to its well-being, as I know they are.

The chief criticisms that have been directed against the bill that we have reported are twofold; on the one hand it is urged we have not been generous enough, and on other it is urged that we have been too generous. Under the limitation of armament treaty we are entitled to 18 battleships, 15 of which are in full commission and 3 of which are undergoing major overhauling in response to the modernization program that was authorized by the last Congress. The three battleships that are now undergoing overhauling will take their places in the fleet and the three other battleships whose modernization was provided for will take their places in the yards and will be available for entrance to the fleet shortly after the fiscal year 1927. We have 17 cruisers in full commission, including 10 new cruisers of the first line. We have 103 destroyers in full commission as of December 12 and 88 submarines, including 4 fleet submarines of the first line and 48 submarines of smaller type. We have a total of 324 vessels in commission as of December 10 last. At this point I want to insert the table that was furnished to the committee by the Navy Department indicating the types of vessels in commission during the fiscal year and the types estimated for in the Budget for 1927. Following that table I shall insert another table indicating the vessels not in commission in the current year and not to be in commission under the Budget estimates for 1927:

Vessels in commission

	1926	1927
Battleships:		
First line	15	15
First line (reduced complement)	3	3
Cruisers, second line	4	4
Light cruisers:		
First line	10	10
Second line	3	3
Aircraft carriers:		
First line		2
Second line	1	1
Mine layers, second line	2	2
Destroyers, first line	103	103
Light mine layers	6	6
Submarines:		
First line	48	48
Second line	32	29
Fleet submarines, first line	4	4
Patrol vessels:		
Eagles	3	3
Gunboats	9	12
Converted yachts	6	6
Auxiliaries:		
Destroyer tenders	6	6
Submarine tenders	7	7
Aircraft tender	1	1
Repair ships	2	2
Store ships	2	2
Colliers	2	2
Oilers	8	8
Ammunition ship	1	1
Cargo ships	3	3
Transports	2	2
Hospital ships	2	2
Fleet tugs	7	7
Mine sweepers	26	24
Miscellaneous	5	5
Fish Commission vessel	1	1
Total	324	324

Vessels not in commission

	1926	1927
Cruisers, second line	6	6
Light cruisers, second line	8	8
Mine layers, second line	2	2
Destroyers:		
First line	161	161
Second line	8	8
Light mine layers	8	8
Submarines:		
Second line	33	36
First line	2	2
Fleet submarines, first line	2	2
Patrol vessels, converted yachts	2	2
Auxiliaries:		
Destroyer tenders	3	3
Submarine tenders	2	2
Repair ships	1	1
Store ships	3	3
Colliers	3	3
Oilers	10	10
Ammunition ships	1	1
Cargo ships	3	3
Hospital ships	1	1
Ocean tugs	9	6
Mine sweepers	9	11

Vessels not in commission—Continued

	1926	1927
Patrol vessels:		
Eagles	31	31
Submarine chasers	5	3
Unclassified	9	9
Ferry boats and launches	1	1
Ambulance boats	1	1
District patrol vessels	2	2
Harbor tugs	4	3
Crane ship No. 1 (ex-Kearsarge)	1	1
Total	330	333

Your committee has reduced somewhat the appropriation for the maintenance of vessels in active commission, and the economies that we believe can be attained through our proposed reduction will aggregate in saving to the Treasury $1,782,000, distributed among such items as engineering, construction and repair of vessels and fuel and transportation.

THE NAVY PERSONNEL

The authorized enlisted strength of the Navy is 137,485. Upon this authorized strength is based the number of line officers. As of October 1, 1925, we had 8,312 officers, of which number 4,837 were line officers out of a total authorization of 5,499. Your committee has always taken the position that we ought to maintain a fairly large officer personnel regardless of the peace-time number of enlisted men, for the reason that it takes years to train officers in comparison with a few months necessary for the training of enlisted men. The Naval Academy is the sole source of supply to the Navy of line officers. The classes that will graduate in 1926 and in 1927 are large classes, that were appointed when, on account of war expansion, Senators and Members of the House were authorized to maintain five midshipmen at the academy. During the last fiscal year 243 line officers were lost to the service, of which number resignations aggregated 115. The members of your committee believe that if the department will tighten up on resignations for the next couple of years and turn all graduates from the academy into the line except those required for the construction corps, the peace-time authorization of line officers will be approximately attained by the end of the fiscal year 1928.

ENLISTED MEN

As of September 30, 1925, we had a strength in enlisted men of 81,702. The Budget estimates for the current year were upon the basis of 86,000 men, and the committee and the Congress allowed the estimates to care for this number. The committee pointed out, however, that this sum might prove inadequate if men were distributed among the several grades so as to provide a somewhat more satisfactory distribution as was desired by the Bureau of Navigation. The reason why we have 81,702 men in the service to-day as against 86,000 is accounted for in small degree on account of a distribution in grades. By far the larger portion of the reduction occurs by reason of three of the battleships being laid up for modernization. These three battleships when in the service under peace complements require approximately 3,600 men. In their present condition they require but one-fourth that number, or 900 men, and hence we have an immediate reduction of 2,700 men not needed for the maintenance of the Navy. During the entire period of 1927 the three battleships that are now out of commission, or their successors in modernization, will be laid up. So, then, upon this basis alone the bill as it came to us from the Budget carried reductions for enlisted men to care for 83,000 during 1927. The bill as it has been reported to you provides for 82,000 men, 1,000 less than the Budget estimates, and the members of your committee believe that this number is abundantly adequate to meet the situation. I shall tell you why.

In the first place, 81,702 are caring for the situation to-day, and it is actual needs that we should consider rather than the fetish of a definite number. In the second place, two programs are recommended by the committee for 1927, by the adoption of which men will be found.

If we turn to Great Britain, which is the only other nation that under the Limitation of Armament Conference has a ratio equal to our own, we find that that country is undertaking economies that we can not overlook. Great Britain is entitled to 18 battleships just as is the United States, but in lieu of 18 battleships equal to our own she was granted 18 of the type that she had plus 4 battle cruisers, a total of 22. Two battleships that were being built at the time of the limitation conference will be added to the British fleet probably within about a year, and other battleships, or their equivalents, will be subtracted. To-day Great Britain has the authority to maintain 18 battleships in full commission and 4 battle cruisers. Is she maintaining them? One of the battleships is out of commission for repair. So also is one of the battle cruisers. That would leave her 17 battleships and 3 battle cruisers that are not undergoing repair. But she is not maintaining them in commission. Instead of that, in view of the necessity for economies, she has placed four of her battleships in reserve and she is maintaining but two of her four battle cruisers in commission. One of the others is undergoing repair and the fourth is held in reduced complement. In other words, not counting a battleship and a battle cruiser that Great Britain has that are undergoing repair, she is withholding out of full commission one battle cruiser and three of her battleships. Turn to the destroyer type of ship and what is Great Britain doing? She had 183 destroyers as of October 1, 1925. Of this number, only 54 were in commission as against 106—I assume should be 103—from the same table as of October 1, 1925, for the United States. On that same date Great Britain was maintaining 34 cruisers in commission as against 18 by the United States. Of light-mine layers, we were maintaining 6 and Great Britain 9. Of first-line submarines, we were maintaining 40 in full commission and Great Britain only 20. Of second-line submarines, we were maintaining 32 against Great Britain's 19. We were maintaining two fleet submarines as against seven for Great Britain of that type and in addition one cruiser submarine and one submarine of monitor type. So then, by a comparison of essential ships of the fleets, Great Britain is following a far more conservative course than are we, and her course must be reflected in expenses for men, expenses for fuel, for engineering, for construction and repair.

Bearing in mind also the general burden that Great Britain is carrying in connection with such vessels as gunboats of 500 to 3,000 tons and river gunboats, Great Britain feels compelled to maintain 51 in commission as against 9 for the United States, and we must recognize that these are types that from the standpoint of the naval strength of the respective countries in a large way count for almost nothing.

If, then, Great Britain finds it to her best interests to practice economy, why should not the United States consider measures along the same line? We have in mind that within just about one year from now two airplane carriers, the *Lexington* and *Saratoga*, will enter our Navy as finished ships. These two ships will require more than 2,300 men. That means that we shall be face to face with the question of adding enlisted personnel to our Naval Establishment in addition to those that we already have, if we are to care for these ships, unless we find the men to man them within the ships of the Naval Establishment as it is to-day.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. VINSON of Georgia. In view of the gentleman's statement, how does he account for the fact that the British Navy is manned by 104,000 officers and men and we are manned by only 90,000 officers and men?

Mr. FRENCH. The question of the gentleman from Georgia is pertinent; it goes right to the heart of the matter, and it ought to be discussed at this time. The committee obtained from the department the figures touching the personnel maintained by Great Britain, by the United States, by Japan, by France, and by Italy. The gentleman has suggested that Great Britain maintains 104,000 plus of officer and enlisted personnel. Let us analyze the figures and see where we arrive. The United States, as of October 1 last, had 8,312 officers and 81,702 enlisted men. In addition to that we had 2,500 men from the marines assigned to duty upon ships.

Were it not for that assignment it would require a replacement from the enlisted personnel of the Navy of an equivalent number. In addition to that there are one or two other factors that I will come to in a few minutes, but I want to show you what the British situation is. The British have 7,839 officers in the regular navy; that is, the Royal Navy. In addition to that there are several hundred officers in the Australian, the Canadian, the New Zealand, and South African navies, making a total of 8,346—not such a bad comparison when you place it alongside of ours. Great Britain has 82,847 men in her regular navy; added to that she has 8,918 more in the navies of the different Provinces which belong to the Empire, or a total of 91,765 enlisted men. But in the figures that the gentleman cites are 4,157 men who are civilians, who are not enlisted men of the navy but who are employed in various kinds of work, on transport and cargo ships. It is hardly fair that these men be included as a part of the British naval establishment. The report that the Navy Department furnished our committee shows that the British maintain 68.77 per cent of their men afloat, while our Navy maintains afloat 75.3 per cent.

Take the number in the British Navy—95,922, excluding officers—and apply the 68.77 per cent figure and you have 65,965 men. But included in that number are 4,157 civilians. Subtract that number from the British total afloat and you have brought the British enlisted personnel down to 61,808 men. Remember that figure. Now, take the American Navy and what do we find? We had 81,702 enlisted personnel as of about the same date as quoted by the British figures, and 75.3 per cent are afloat. That means that of our enlisted men we have 61,521 men afloat. You have almost the same figures as the British figures, there being a difference of less than 300 men between the two establishments afloat.

Mr. HUDSPETH. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. HUDSPETH. Does the gentleman mean by men afloat the men who are actually on the ships at all times?

Mr. FRENCH. Yes. Now I will tell you why the 4,157 ought to be subtracted. One year ago it was brought to the attention of our committee upon the recommendation of the department that we ought to provide more money for freight and transportation and less money for the maintenance of certain transports or cargo ships. We complied with the recommendation, and we are paying to-day vastly more than is Great Britain in transportation and freight. Does the gentleman think we ought to include the conductors, firemen, engineers, brakemen, and everybody included in all the railway establishments engaged in hauling the men and personnel throughout the United States from navy yards to naval stations and thereby saving personnel in the fleet on the seas? Yet the gentleman included more than 4,000 men engaged in the same type of work and included in the British personnel but employed on naval-owned craft.

Mr. BRITTEN. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. BRITTEN. Does the gentleman aim to suggest to the House that we man our railroad trains with enlisted seamen?

Mr. FRENCH. The gentleman's question indicates that he probably has the same opinion I have of including the British civilians. Of course we would not man our railroad trains with enlisted men, and therefore we ought not to include the 4,000 civilian Britishers who are hauling fuel, oil, and people around in the Navy as a part of the British Navy personnel.

Mr. BRITTEN. Will the gentleman yield further?

Mr. FRENCH. Yes.

Mr. BRITTEN. The gentleman knows much better than I do that the British Navy is composed of 94,000 enlisted men while our Navy is composed of 81,000 men. In the name of heaven, with the 5–5–3 treaty ratio, why should we have 10,000 or 12,000 men less than Great Britain? The gentleman has always been in favor of the reduction of personnel. Four years ago he brought in a bill to provide for an appropriation to take care of 66,000 or 67,000 men; the Congress overwhelmingly defeated that bill, and it went on record then for 86,000 men, and it is going on record again for 86,000 men, less 3,000 men, as recommended by the Budget. You gentlemen have cut the Budget and cut the desires of the Navy Department and of every expert of the Navy Department 1,000 men, and you have done it arbitrarily. The gentleman is trying to show some reason for it, but up to the present time he has not done so.

Mr. FRENCH. In the first place, the gentleman from Illinois says that I know the British maintain an enlisted personnel of 94,000.

I had just stated that that was not the fact. I had just stated that the British personnel includes 4,000 plus for men who are civilians, who on the records furnished by our Navy Department are indicated as civilians, and yet are included in the British personnel.

Mr. BRITTEN. Well, deduct that from the total and you will still have 93,000 men.

Mr. FRENCH. Oh, no; the gentleman is wrong in his mathematics. But let me call attention to one or two other factors that will help to take care of the situation to which the gentleman refers.

Mr. PERKINS. May I ask the gentleman a question there?

Mr. FRENCH. Let me answer this other question first. The gentleman might think I did not want to answer his question.

Mr. BRITTEN. He does.

Mr. FRENCH. I want to answer the gentleman, and I am going to answer him; and I believe the House will feel we have answered the gentleman when we get through with this proposition. Of the British personnel afloat there are 61,808 men, and of the American personnel afloat there are 61,521.

Mr. BRITTEN. The gentleman is avoiding the question. I am talking about the total enlisted personnel in the British Navy.

Mr. FRENCH. I am coming to that.

Mr. BRITTEN. All right; let us go to it.

Mr. VINSON of Georgia. How many did the gentleman say the British had afloat?

Mr. FRENCH. I want to answer the gentleman's question first. The British then have an enlisted personnel afloat of 61,808.

Mr. BRITTEN. No.

Mr. FRENCH. Sixty-one thousand eight hundred and eight. The United States has an enlisted personnel afloat of 61,521, as of date only a few months ago.

Mr. BRITTEN. Is that counting the marines?

Mr. FRENCH. That does not count the marines; no.

Mr. BRITTEN. Oh, but the gentleman did count them just a little while ago.

Mr. FRENCH. No; I said they ought to be counted. Does not the gentleman think they ought to be counted to the extent of 2,500?

Mr. BRITTEN. No; because a marine is in no sense a seaman. The British marine is, but the American marine is not.

Mr. FRENCH. Does not the gentleman know—and I am sure he does know—that the American marine to-day to the extent of 2,500 or 2,600 are men who are manning guns, holding positions on naval ships that were it not for those men their places would need to be taken by enlisted men of the Navy? That is true not only in peace but it was true during the World War, and I can not conceive of a time when it would not be true were we to become involved in war.

Mr. LAZARO. Will the gentleman yield for a question?

Mr. FRENCH. Let me continue my answer, please.

Mr. LAZARO. Just for information.

Mr. FRENCH. In just a moment.

Now, what is the heart of the Navy? It is its capacity to function afloat, supported by the personnel ashore necessary to help it to function. I have shown you that the enlisted men of Great Britain afloat compare almost in the same notch with the enlisted personnel afloat of the United States, and to that number for the United States could well be added 2,500 marines and other groups to which I shall refer.

Now, part of the British personnel is made up of their provincials, the Australian Navy 4,669, the Canadian Navy 476——

Mr. BRITTEN. Is that 4,076 or 476?

Mr. FRENCH. Four hundred and seventy-six; the New Zealand division 533, the South African division 131, and the Royal Indian Marine 279.

Another factor that you must take into consideration in estimating ships' complements of men for essential ships is an examination of men of the two nations with respect to the services on types of ships. For instance, Great Britain maintains patrol boats and gunboats in far greater number than does the United States. Are they of any particular importance, will the gentleman say, from a naval-military standpoint?

Mr. BRITTEN. Of course they are.

Mr. FRENCH. Then let me call your attention to the fact——

Mr. MONTGOMERY. Will the gentleman yield?

Mr. FRENCH. Let me first finish this statement. The gentleman from Illinois [Mr. BRITTEN] says they are, of course, of importance, and I say they are of some importance, but, on the other hand, they are not of the importance that the craft will be that are on the high seas and capable of going there. In other words, we are maintaining a few gunboats over in Asiatic waters, and I think the total is something like 9, as against 51 of similar type maintained by Great Britain and classified by the Navy Department in opposite columns. Valuable though these ships may be, after all they are not the ships that Great Britain would rely upon in event of war. But to man them there must be men. The gentleman does not believe that the men who are assigned to these ships are engaged in the same type of naval service as are most of the men of the British service and most of the men of our own Navy.

Mr. BRITTEN. If the gentleman will yield, the gentleman then is making the suggestion to the House that sailors and seamen aboard gunboats are not seamen; that they must be something else and should not be counted as seamen.

Mr. FRENCH. No; if the gentleman wants to make such a speech he can do so, but I am not making that statement.

Mr. BRITTEN. That, in substance, is what the gentleman is saying.

Mr. FRENCH. No; I have not said such a thing.

Mr. BRITTEN. Then tell us about the difference in the totals. Why should Great Britain have ten or eleven thousand more enlisted personnel in her navy than we have?

Mr. FRENCH. All right.

Mr. BRITTEN. You say all right, but you do not do it.

Mr. LAZARO. Will the gentleman yield there?

Mr. FRENCH. One minute. Let me pursue this question of my friend from Illinois a little further, and then I shall yield to the gentleman.

Mr. BRITTEN. The gentleman said he was about to answer my question, but he has failed to do so.

Mr. PERKINS. In order that we may understand the matter, how many do you admit is the difference between the English personnel and our personnel?

Mr. FRENCH. The gentleman from New Jersey asked just what the actual difference is between the British and American personnel, and in answering the gentleman from Illinois I must also answer my friend from New Jersey. I am considering various factors that are not exactly alike in both navies.

We have in the British Navy an aviation force of 357 officers and 2,880 enlisted personnel. We have then a note made by our department that reads:

> The royal air force supplies a large proportion of personnel for naval aviation. The only strictly naval personnel in the naval aviation service consists of 119 officers and 391 men, which are not included in item 7 but are carried in item 1. Six hundred and thirty-eight officers and 3,672 men are employed in United States naval aviation exclusive of those for general service in aircraft carriers, tenders, etc. The figures shown for the royal air force in item 7 are those attached to the coastal area headquarters for aircraft carriers, for flights abroad, etc. On August 31, 1925, the total strength of the royal air force was 3,448 officers, including 109 cadets, 29,797 airmen, and 8,763 civilians and natives. Of these totals, 2,425 officers, including 109 cadets, 21,900 airmen, and 3,439 civilians, were in home stations, such as air ministry, training stations, supply depots, manufacturing plants, etc., the duty performed being for both that portion of the air force detailed to fleet air arm and that portion serving in cooperation with the army and as a separate air force, a portion of this personnel should be considered in making a comparison.

It is contended that a large share of the aviation personnel of Great Britain should be charged to the navy, if a third, then upwards of 8,000.

Mr. VINSON of Georgia. Does the gentleman mean to convey the idea that the 8,000 personnel should be added or subtracted?

Mr. FRENCH. That this number should be added, and that then we should add a corresponding number to our Navy.

Mr. BRITTEN. Will the gentleman let me get this clearly. In the gentleman's figures 104,000 men and officers—how many do you include for aviation?

Mr. FRENCH. I include the figures furnished here 357 officers and 2,480 enlisted men.

Mr. BRITTEN. Then, how many officers and men are assigned to aviation in the American Navy?

Mr. FRENCH. Six hundred and thirty-eight officers and 3,672 men.

Mr. BRITTEN. When you say "officers and men," do you mean civilians attached to stations like Lakehurst?

Mr. FRENCH. No; I do not mean civilians. I do not include the civilians who may be employed in different places.

Mr. MONTGOMERY. These 8,000 civilians, so termed in this act, are they included as enlisted personnel of the British Navy?

Mr. FRENCH. No.

Mr. MONTGOMERY. Do not they function as our enlisted men do in our Navy?

Mr. FRENCH. Possibly they do.

Mr. MONTGOMERY. Then why should they not be included in the total; why should not you add the 8,000 men to the British forces?

Mr. FRENCH. They have not been included in the comparative figures furnished us for either navy.

Mr. MONTGOMERY. If the comparison is going to be made, why do not you include them; they are a part of the naval force; you call them civilians but they are enlisted men and they should be included in the total of the men employed in the navy?

Mr. FRENCH. In Great Britain, as you know, they have a united air service and there are certain officers and men assigned to the navy.

There are those who have urged, just as it is urged here, that because the officer and enlisted personnel in the aviation establishment is around 29,000 the share that should be charged to the Navy ought to be about one-third, and that that should be added to the sum total of the enlisted personnel of the British naval establishment and to ours as well.

The CHAIRMAN. The time allotted by the gentleman to himself has expired.

Mr. FRENCH. I shall take another 20 minutes, Mr. Chairman.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. In just a moment. Let us come to an end of this.

Mr. MONTGOMERY. That is only partially right.

Mr. FRENCH. Does the gentleman think a larger share ought to be added to the British personnel?

Mr. MONTGOMERY. I think it should be a part of the navy.

Mr. FRENCH. Does the gentleman think we should match them officer for officer and man for man?

Mr. BANKHEAD. Mr. Chairman, I rise to a point of order. Several gentlemen on the Republican side have been addressing the gentleman on the floor while seated in their seats. I think that is a bad practice, and I do not think it should be allowed.

Mr. MONTGOMERY. You say that the marines ought to be considered a part of the Navy. Then why not consider their aviation force which is assigned to the navy as a part of their navy? Why such a distinction?

Mr. FRENCH. To the extent that they are marines or aviators and are performing naval functions they should be considered a part of the officer and enlisted personnel of the institution. Instead of adding 18,000 marines to our Navy, I added 2,500, and why? We have 18,000 marines, but only 2,500 are performing naval functions or functions on shipboard that, were it not for the 2,500, would be performed by enlisted men of the Navy. We have then charged up in these columns a certain number of officers and enlisted personnel from the marines, and the statement has been made that we ought to add to that still further officers and men, to the extent of the British Navy's rightful proportion of the united air service. Does the gentleman think that we ought to match the British Air Service to that extent by adding officers and men to our own Navy? That is the point.

Mr. MONTGOMERY. I do.

Mr. BLANTON. Mr. Chairman, I rise to a point of order, and I make the point of order along the same lines that the gentleman from Alabama [Mr. BANKHEAD] made his, that in debate it is improper for the chairman of the subcommittee while on the floor to address any Member in the second person, as "You do so and so," or for a Member to address the gentleman occupying the floor in the same way. There is a proper method of procedure, and I make the point of order that the Chair ought to see that it is conducted properly.

The CHAIRMAN. If any gentleman feels that by lack of parliamentary practice he is in any way injured as to his dignity and the practice of the House, he will make that fact known to the Chair.

Mr. BRITTEN. And in the meantime will the Chair keep his eye on the gentleman from Texas?

Mr. BLANTON. Does the Chair hold that that is proper in debate? I make the point of order that the third person should be used, and not the second.

Mr. FRENCH. The gentleman is correct.

Mr. BLANTON. It is proper to say "the gentleman from Idaho" and "the gentleman from Illinois."

Mr. BRITTEN. I make the point of order that the gentleman from Texas is out of order.

Mr. FRENCH. The gentleman from Texas states the parliamentary rule in this House correctly.

Mr. BLANTON. Certainly I do, and the gentleman from Illinois [Mr. BRITTEN] has been bulldozing the gentleman from Idaho for the last half hour, but he can not bulidoze the gentleman from Texas.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. In just a moment. I am going to yield now to the gentleman from Indiana [Mr. VESTAL] for a special purpose, which he has indicated to me.

Mr. VESTAL. Mr. Chairman and gentlemen of the House, while you are discussing the question of aviation, I have asked for this time to introduce to the House the youngest licensed pilot in America.

The young man to whom I refer is a resident of my home city, and his father and mother are both licensed pilots and are interested in the manufacture of airplanes.

This young man was given his license to fly on the 26th of August, 1925, and since being licensed has been in the air more than 300 hours. He has just completed a flight from Anderson to Washington, bringing to me a letter handed to him by the mayor of my home city. The young man arrived here last evening. His name is Farnam Parker and his age is 13 years.

I would like for the young man to stand in the gallery, so that the Members of the House may see the youngest licensed

pilot in America. It is needless for me to say I am mighty proud of this young man. [Great applause.]

M. FRENCH. Mr. Chairman, now we must get back to the point where we were when these interruptions occurred. It has been suggested that we should add to the officer and enlisted personnel of the American Navy officers and men to match any such officers and men that ought to be chargeable to the British Navy for a similar function in connection with their service. I submit this ought to be the rule of the committee and of the Congress in shaping our appropriation bills. In the first place, we ought to have regard to similar types of services performed, but because it may be necessary for Great Britain to build up a tremendously large air service is not a reason why the United States should be required to build up such an institution here. The fact is that we ought to measure the Navy with their navy, the officer personnel and the enlisted personnel with their officer and enlisted personnel, and we ought not to be required to match men and officers that they feel necessary to maintain in the air service, which gentlemen say ought to be allocated in an arbitrary way, so many to the Navy and so many to the Army. I could turn, gentlemen, to the debates that occurred less than six months ago during the pendency of the naval program bill before the British Parliament and point out the British point of view on aviation, made necessary by the proximity of nations.

Speaking upon the shipbuilding program in the British House of Commons on July 29 last, Hon. Ramsay MacDonald, the former premier, said:

> No one will say that America is a possible enemy. No one will say that Japan is a possible enemy. If anybody imagines that France is a possible enemy, then the problem, in view of modern development of arms, is not a naval problem at all; it is an air problem primarily, and in any event, to be a little more accurate, it is a problem of the coordination of the three forces.

The situation to which the former premier addressed himself had relation to potential enemy nations close at hand.

Have we any such situation as that? Why does it obtain in Great Britain and not here? Because we do not have potential enemies within the radius of effective military operation by means of airplanes.

If Great Britain finds it necessary to build up her air service in the way that she has done, and it is because of the fact that within a period of two hours planes from powerful countries could be within the heart of the British Empire, can there be any sound reason why we should adopt a policy of matching officers and men of Great Britain with officers and men when a corresponding peril does not exist?

Mr. LAZARO. Will the gentleman yield?

Mr. FRENCH. I will.

Mr. LAZARO. The gentleman is chairman of the Subcommittee on Appropriations that has to do with the Navy. I think the House and the country are interested in knowing that the gentleman's subcommittee is for a 5–5–3 Navy or not.

Mr. FRENCH. Does that complete the question?

Mr. LAZARO. No.

Mr. FRENCH. Go ahead and ask your question, as I want to discuss it rather fully.

Mr. LAZARO. If the gentleman is for the 5–5–3 Navy, I would like to know what has been done relative to these six battleships that were lacking in gun range and were coal burners?

Mr. FRENCH. I propose to withhold an answer to that question until I make just a few further observations in the matter of officers and enlisted personnel, and then I shall come to the question which the gentleman proposes.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. FRENCH. I am not through with the question. Gentlemen keep asking me questions and do not allow me sufficient time to answer them.

Mr. BACON. Will the gentleman yield?

Mr. FRENCH. I yield.

Mr. BACON. I understood the chairman to say there were about 4,000 civilian seamen in the British Navy who were deducted from the British totals who are used on transports and cargo vessels.

Mr. FRENCH. They are so listed here; yes.

Mr. BACON. Why should not those 4,000 be included in the British Navy total?

Mr. FRENCH. Is that the gentleman's question?

Mr. BACON. The reason I desired to ask that is because I wanted to find out how many enlisted seamen of our Navy are to-day on transports and cargo vessels. Those are the two questions.

Mr. FRENCH. I said that some 4,000 civilians were classified with the enlisted personnel of the British Navy in bringing up their totals. I say also that it is hardly fair to include that number in the sum of the British totals because of the fact that we are doing in large part a comparable service through employing civilian agencies, not naval agencies, in doing the same work.

Mr. BACON. But do not we use enlisted men on cargo vessels and transports?

Mr. FRENCH. We do.

Mr. BACON. What is the total number?

Mr. FRENCH. We have a limited number, approximately 2,100.

Mr. BACON. Therefore, if we deduct 4,000 from the British total, why is it not proper to deduct 2,100 from the American total?

Mr. FRENCH. For the reason that Great Britain has even more than 2,100 of the same kind that really belong to their navy, naval officers and enlisted men. I do not ask you to deduct them and do not ask you to deduct our 2,100. Let me state this further thought: We have to-day a Coast Guard that in the event of war would be a part of the Navy.

Gentlemen of the committee should remember that the last Congress provided that about 19 or 20 destroyers be turned over to the Coast Guard. These destroyers are officered and manned. These destroyers to-day have a complement aggregating something like 1,820 men. Not only that, but we had a number of craft belonging to the Coast Guard that, together with the ones to which I have referred, have a total of officers and enlisted men complement approaching 9,680. In other words, there are many factors that must be taken into consideration in making comparison between the British Navy and our Navy in enlisted and officer personnel. In the event of war, the officers and men of the Coast Guard would be called into the Naval Establishment.

Mr. BRITTEN. Would not the gentleman suggest to the House that the figures compiled and presented by the Navy Department, showing approximately 94,000 enlisted personnel in the British Navy and 83,000, approximately, in the American Navy are correct?

Mr. FRENCH. I assume that they are correct for the purpose for which they are prepared; but I also have the right, in connection with that, to have the gentleman know and keep in his mind constantly the fact that the comparison for essential purposes is almost exactly alike for officers and men in these two great establishments.

Mr. BRITTEN. The gentleman continues to say in reply to my question something that may be accurate and true, but which is debatable nevertheless. Take the 82,000 men that we are appropriating for now. You say that because three ships are laid up temporarily that would make a logical deduction of 2,700 men. That brings it down to 79,300. You are appropriating for 82,000. By what process do you make that deduction of 1,300 men when the department has estimated for 82,000?

Mr. FRENCH. Mr. Chairman, I will withhold my answer for a moment, just as in the case of the question propounded by the gentleman from Louisiana [Mr. LAZARO], because I think the gentleman from Georgia [Mr. VINSON] has a question about aviation. Suppose, first, we consider the question propounded by the gentleman from Louisiana.

Mr. BRITTEN. They are not comparable questions at all. There is nothing comparable between them.

Mr. FRENCH. The first part of the question of the gentleman from Louisiana involves the question that I think the gentleman from Illinois intended to ask, and the second part refers to the modification of the ships. Now with regard to the 5–5–3 ratio and the question which the gentleman raises touching the enlisted personnel, I beg to say this: The committee believes, and I believe, that we ought to maintain the 5–5–3 ratio, having in mind what other nations are doing in the same connection. I have already called attention to the fact that Great Britain has placed out of full commission five of her battleships and two of her battle cruisers. I have pointed out that she is maintaining 54 destroyers in active commission as against 103 destroyers maintained by the United States. I have pointed out that Great Britain is maintaining scarcely more than one-half the number of submarines maintained by the United States. Yet Great Britain is one of the 5–5–3 parties in the treaty arrangement.

Does the gentleman challenge Great Britain in not maintaining those ships? Does the gentleman say that notwithstanding the fact that Great Britain is working economies by putting those craft out of commission we ought not to have some regard for what Great Britain is doing along the same line?

Mr. BRITTEN. I think Great Britain is maintaining the 5–5–3 ratio, and that is demonstrable when she has 95,000 enlisted personnel as against our 82,000.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman allow me to ask him a question?

Mr. BRITTEN. Yes.

Mr. MONTGOMERY. Is it not a fact that Great Britain has just as many men afloat as the United States and has some 10,000 more men ashore than the United States Navy?

Mr. BRITTEN. The gentleman means the enlisted personnel?

Mr. MONTGOMERY. All her personnel. She has something like 85,000 afloat and 10,000 ashore.

Mr. FRENCH. I have already said that as to the number afloat the figures are practically the same, and as to the number ashore we are doing things either through the Coast Guard or through the marines or through the civilian personnel that bring us up to comparable figure with Great Britain there.

Mr. BRITTEN. The gentleman is not seriously including the Coast Guard as a part of the American Navy, is he?

Mr. FRENCH. Most assuredly. The Coast Guard personnel is doing a work that has as much naval or military value as much of the service which the gentleman includes in the British navy.

Mr. BRITTEN. Is there an officer in the Coast Guard who is a graduate of the Naval Academy?

Mr. FRENCH. I do not know as to that.

Mr. BRITTEN. Then why does the gentleman compare them and say that their work is the same?

Mr. FRENCH. I say their work is very comparable to the types of work of officers and men in the British service that the gentleman insists on including in their navy.

Mr. BRITTEN. Does the gentleman mean that the activities of rum-runners are on a par with military duty?

Mr. FRENCH. The gentleman knows, as I do, that the questions involved in steaming and navigation, with officers trained in those arts, would tend to make them superior as officers and men.

Mr. BRITTEN. That applies entirely to the merchant marine?

Mr. FRENCH. True.

Mr. BRITTEN. Then if you include our merchant marine you would have a vast excess over what Great Britain has.

Mr. FRENCH. My only difference with the gentleman from Illinois is this: He wants to include certain civilians when it suits his purpose with the naval establishment of Great Britain, and to exclude more effective persons when applied to the United States. That is all there is to it. [Applause.]

Mr. BRITTEN. The gentleman was going to answer this question: How did he make his deduction of 1,300 men in the appropriation that is now carried in the bill before the House?

Mr. FRENCH. If the gentleman will not take all my time I will answer his question. In the first place, the statement the gentleman has made is incorrect. We did not make a deduction of 1,300; we deducted 1,000 men from the Budget estimates, the Budget estimates being 83,000, and the estimates we bring in are for 82,000.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. COOPER of Ohio. I do not believe the gentleman from Illinois [Mr. BRITTEN] wanted to leave the impression that all the United States Coast Guard Service has done is to go after rum-runners. Is it not a fact that in a great many respects they have a more hazardous occupation than the United States Navy has, and is it not a fact that during the war they joined hands with the Navy and rendered valuable service to our country?

Mr. FRENCH. Of course, the gentleman has made a correct statement. Now I will answer the question asked by the gentleman from Louisiana [Mr. LAZARO], as to what we think of the 5-5-3 ratio. I have answered the question referred to by the gentleman from Illinois [Mr. BRITTEN] and I have answered as to the personnel.

We believe in maintaining the 5-5-3 ratio, having regard to what other nations are doing looking to its maintenance. The 5-5-3 ratio has relation to several essential things, one being battleships. We are maintaining as many battleships, or have been until three were placed under overhaul, as we were entitled to maintain under the treaty.

Mr. LAZARO. But the gentleman has not answered my question.

Mr. FRENCH. Just wait a minute. We have to-day three battleships undergoing major overhaul for the purpose of accomplishing the things to which the gentleman directed his question. As soon as these three shall be withdrawn from the yards their places will be taken by three others; and shortly after the end of the fiscal year 1927, under the moneys we are carrying in the bill and that were appropriated a year ago, we shall have completed practically the entire work of overhaul, to which the gentleman refers. Then the question arises, Shall we maintain 18 battleships if Great Britain is maintaining but 15, and shall we be accused, if we drop down one or two with Great Britain maintaining but 15, of not keeping up to the ratio? Shall we be accused of that if Great Britain is maintaining a less rigid policy as to battleships?

Mr. LAZARO. I will say this to the gentleman, I am not in favor of having more battleships than Great Britain.

Mr. FRENCH. In commission.

Mr. LAZARO. But those we have ought to be up-to-date, and I am certainly not in favor of having coal-burners as against oil-burners and battleships that lack range.

Mr. FRENCH. Then the gentleman ought to be satisfied. Of course, the question of range was not considered in the bill which the Congress passed last year. As regards the coal-burner situation, it was considered, and the overhaul is proceeding along the economical lines recommended by the Budget, and we propose no reduction whatever in the bill.

Mr. LAZARO. How do we compare with Great Britain when it comes to airplane carriers?

Mr. FRENCH. As to airplane carriers, Great Britain has two completed of the first line, with a tonnage of 41,800, and she has two of the second line with a tonnage of 25,400, a total of 67,200. The United States has completed the *Langley*, with a tonnage of 12,700, and under construction the *Saratoga* and *Lexington*, with a total tonnage of 66,000, or a total when completed within a year of 78,700. In other words, in a year from now we will be superior to Great Britain from the standpoint of airplane carriers, and the limit as to both Great Britain and the United States is 135,000 tons.

Mr. ALLGOOD. Will the gentleman yield to me?

Mr. FRENCH. Yes.

Mr. ALLGOOD. The gentleman keeps using the word "economy." I suppose the gentleman's argument is based on the principle of saving, and I presume that is the reason the gentleman is holding the number down to 82,000 enlisted men. Is that the idea of the gentleman?

Mr. FRENCH. Does that complete the question?

Mr. ALLGOOD. No. I want to know, then, if the gentleman will give us the comparative cost of maintaining the Navy of the United States and the Navy of Great Britain; that is, the officers' salaries and the salaries of the seamen. I would like to have the gentleman give us the comparative cost. I judge the gentleman wants to get down to the basic facts as to whether or not we are maintaining an economical Navy, so I think we ought to have a comparison between the United States and Great Britain. That would be a point of interest, if the gentleman has that information.

Mr. FRENCH. The gentleman has forgotten the first premise I laid down. We had in mind several factors, one is economy as the gentleman suggests, another is the ratio, another is regard for the national defense, and I might say also the working out of the interpretation of the ratio by other countries. So much then for the gentleman's first question.

With regard to the comparison of the two navies as to cost, they are approximately the same. Great Britain's 1924-25 budget was £56,505,216, or $274,695,000. The year before the British budget was somewhat larger. I am not able to give the exact figures touching salaries paid to officers and to men, and I assume the gentleman does not care as to that.

Let me now continue further with regard to the program that the committee has recommended.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for one question right there?

Mr. FRENCH. Yes.

Mr. BRITTEN. In order to follow the suggestion of the gentleman from Louisiana [Mr. LAZARO] a few moments ago, I would like to ask this question. The chairman of the committee very wisely said that as a matter of economy Great Britain is reducing the number of ships she is keeping on the seas, and we should do likewise in order to comply with the 5-5-3 ratio, and I am wondering if Great Britain should run down to 12 ships, just as Japan has now and is authorized under the treaty, would the gentleman be in favor of reducing our ships afloat or in active commission to 12 rather than 18?

Mr. FRENCH. Oh, the gentleman takes one factor into account. That problem the committee would need to meet when we saw what the situation was with regard to Japan, with regard to France and to Italy. I hope as the result of another limitation of armament conference we may reduce the battleships required even to the point the gentleman suggests. [Applause.]

Mr. BRITTEN. That is all right and that is quite true, but does the gentleman suggest to the House that because of economies in England we should come down to the Japanese ratio?

Mr. FRENCH. Oh, I have not suggested that.

Mr. BRITTEN. You are going along that line.

Mr. FRENCH. Oh, no; I have not even started along that line. The point I have in mind is that to the extent Great Britain has already found it desirable to work economies within the 5-5-3 program, if we can see that the military defenses of our country are such that it will be permitted, we ought to approach it and make it easier for Great Britain to progress.

Mr. BRITTEN. If the gentleman will yield once more, do I understand then that notwithstanding the recommendation of the Budget officer or of the Navy Department with its expert personnel, the Committee on Appropriations has arbitrarily appropriated for 1,000 less men than the Navy Department desires and wants and really needs; is that right?

Mr. FRENCH. No; the gentleman will apply whatever designation he pleases to what I say regardless of what I wish him to do. I have already indicated the reasons for our proposed reduction and I have indicated that it is premised upon reductions that we believe we can make and that we ought to make, having in mind what the other nation that is on a parity with ourselves under the treaty is doing and proposes to do. I could have gone further a bit ago and could have said that for the coming year the British Admiralty is proposing a reduction of still further magnitude by withdrawing 15 additional destroyers out of active commission.

Now, how is this going to be reflected in the expenses of the Navy? In the first place, it is reflected to the extent of one-half million dollars for every 1,000 enlisted personnel of the lowest grade in the Navy, and from that up to $700,000 or $800,000 for the higher grades.

But one can not mention the addition of new ships or the retaining of any of our ships within the Naval Establishment without considering other large elements besides enlisted personnel. The two aircraft carriers will add to engineering expenses. They will add to expenses of construction and repair. They will add to ordnance. They will add to expense of transportation. Are you going to ignore the immense amount of money we are appropriating for all of these elements for the Naval Establishment as it is to-day and say that if these carriers shall come in we do not propose to withdraw any one of any type from the Naval Establishment? Does it mean that we are beginning a program under which additional men and additional money will be added for the upkeep of these additions to the Navy without regard to the heavy burdens that the Naval Establishment is exacting of us to-day? The coming year (1927) will witness the addition to our fleet of new ships. They are not of a replacement type, aside from the gunboats. The building program, to which I directed your attention a bit ago, and that in part at least we must expect to meet, will add additional ships, new ships, to the Naval Establishment within the next five years. Do you propose, if you add these ships, and many of them will not be in the nature of replacement ships—do you propose, I say, to keep all the ships of the Naval Establishment that are to-day afloat, that are to-day in commission, in commission as these new craft may be added, and thereby pile your naval appropriation bill moneys higher and higher instead of maintaining them at a constant level? Your committee believes that we must protect the Treasury of the United States from the enormous expenditures that such naval expansion will mean if we are to have regard for the burdens that rest upon the people of this country. For that reason, then, your committee recommends that for the coming fiscal year we effect certain reductions.

PROPOSED REDUCTIONS

These reductions will be attained by withdrawing a very limited number of ships of the establishment as it is to-day out of active commission. When Great Britain takes one of her great ships out of active commission and places it in reserve it is my understanding that she places on board only 10 per cent of the personnel that would be necessary were the ship in full commission. There can be no reason why the United States might not follow the same example. Your committee has not sought to indicate what ships or what types of ships should be withdrawn. May I say that the withdrawal of a battleship would relieve 1,200 men. The withdrawal of a cruiser would relieve 300 men. The withdrawal of a destroyer would relieve 100 men. There can be modifications made in the program of withdrawals. The withdrawals need not all be from battleships or cruisers or destroyers or submarines. They might be from a single type, they might be some chosen from each type. This is a matter of administration and it is a matter that can be worked out by the department. With that then in view, your committee comes to you with a report that will mean the maintenance of your fleet in essentially the condition that it is to-day, that will provide for manning and caring for the additions in the way of new craft that will be added to the Naval Establishment during 1927, and that will effect economies in the following particulars:

Transportation and recruiting	$106,000
Engineering	770,000
Construction and repair	320,000
Pay for the Navy	386,500
Provisions, Navy	186,000
Or a total in these items of	1,768,500

FUEL AND TRANSPORTATION

But there are two other major factors in the program that the committee recommends. Of these two the first one to which I shall refer is fuel and transportation. By withdrawing a limited number of ships from the Naval Establishment that would have regard for about 2,000 enlisted men, we can reduce in sizeable dimensions the item for fuel and transportation.

The Budget estimates for 1927 for fuel and transportation are in the figures $14,750,000. Those figures were based upon the list of ships to which I referred a few moments ago and a fairly definite amount of steaming for each type of ship. The plans for steaming for 1927 include as the major factor the fleet maneuvers for the year. The project as it now appears will be for the maneuvers to occur essentially off Guantanamo and off the Atlantic coast. The major part of our ships at the beginning of the cruise and maneuvers will be on the Pacific coast. Enormous steaming will be required to carry out the complete program and to do all the other steaming that will be necessary during the year upon the part of different types. For battleships it is estimated that the steaming for 12 of the ships will be 21,500 miles. Six of them will be in commission only part of the year, and their miles of steaming will be 7,000 as to three and 13,500 as to the other three. It is planned that 10 of our light cruisers will steam more than 20,600 miles each; that certain other cruisers will steam from 16,200 to as much as 25,500 miles each; that each of 103 destroyers will steam more than 19,000 miles; that each of 77 submarines will steam 10,000 miles; and that each of our four fleet submarines will steam 21,500 miles. I am not mentioning the steaming provided for other craft. Some of the auxiliary ships, such as colliers and transports, must steam far more than the mileage I have indicated for a ship of a single type. The question addressed itself to the committee whether or not this steaming was not in excess of that which was essential.

Manifestly a certain amount of steaming is essential for keeping ships in best condition, for keeping the men trained, for keeping the command advised and trained in the great problems of maneuvering and handling craft essential in the event of war. On the other hand, there comes a line beyond which by the very process of using the craft we are subtracting from their value by wear and tear. This is reflected in engineering. It is reflected in construction and repair. During the last several years extra costs have been piling up under engineering, especially coinciding with a more liberal policy touching the steaming of ships. I have no doubt these two factors have immediate relation and that in part the cause of the necessity for increased cost for repair is by reason of more steaming than ought to be.

STEAMING PROGRAM OF GREAT BRITAIN

It appeared to members of the committee that when it came to steaming, we were following a program far more liberal than that seen necessary by any other nation. Great Britain again seemed to be the nation with which comparison could be made, and we were led to believe that our steaming was vastly beyond the steaming required in the British fleet. Notwithstanding the fact that the British Empire extends all over the world, notwithstanding the fact that there must be added to the cost of steaming in the British Empire vast sums to care for coming into contact with the various parts of the empire, nothwithstanding such things as this, it seemed that we were following a program of steaming far in excess of that which Great Britain believes necessary. Officers of our Navy before the committee did not believe that we were in excess by 50 per cent. I pressed further, and while no accurate figures could be given touching the steaming of Great Britain, I believe that our steaming can not be far from 30 per cent in excess of the steaming required by the British fleet. I think that our officers feel that this figure can not be far wrong and that they would not be willing to make a positive statement

that our steaming is not more than that, and, on the other hand, that it is not less. We feel that the item for fuel and transportation could not be justified to the extent of the excessive steaming to which I have referred.

EAST AND WEST COAST PURCHASES

Again, on the basis of Budget estimates it was anticipated that one-third of the fuel oil would be purchased on the Pacific coast and two-thirds on the Atlantic. Upon consideration of the factors to which I have just referred, namely, the withdrawal of a very limited number of ships from active commission and the cutting down in some degree of the amount of steaming, we feel that we could and that we ought to take from the item fuel and transportation the amount of $1,750,000. In other words, to report to you an item for fuel and transportation of $13,000,000 for the fiscal year 1927. I believe that this will provide steaming on a somewhat reduced scale, but that will permit carrying out the essential maneuvers for 1927, and I believe that it will provide for a program that is considerably larger than Great Britain would regard as adequate for her navy.

Mr. BRITTEN. The gentleman has just said that the deduction of $1,711,000 was made in fuel appropriations. Was that deduction made with the advice and guidance of the experts of the Navy Department, the General Board? Did the committee arbitrarily deduct $1,700,000? I am asking for information.

Mr. FRENCH. Does the gentleman think that the officers of the Navy Department would advise us to take any ships out of commission?

Mr. BRITTEN. My question was whether the committee arbitrarily deducted $1,700,000, or did they do so on the recommendation of the experts of the Navy or the Budget officer?

Mr. FRENCH. The gentleman knows that the Navy Department officers would not advise us to take any ships out of commission.

Mr. BRITTEN. Does the gentleman want me to answer the question?

Mr. FRENCH. My friend from Illinois likes to answer questions when the answer will support his side of the question. He knows the answer to the question he asked me just as well as if I would answer it. Of course the officers of the Navy Department have not come and begged us to take ships out of commission.

Mr. BRITTEN. Will the gentleman yield?

Mr. FRENCH. I have indicated my willingness to yield to the gentleman.

Mr. BRITTEN. Yes; the gentleman has been very kind. I have asked him no questions about taking ships out of commission. For the enlightenment of the House I want to know by what authority the committee made a reduction of $1,700,000 in the appropriation for fuel. The gentleman talks about ships. I am not talking about ships.

Mr. FRENCH. The gentleman forgets that fuel has relation to ships. [Laughter.] The only purpose of carrying an appropriation for fuel at all would be to maintain the ships in motion. The department through its officers did not recommend a reduction of ships, nor the estimates in the Budget, nor the reduction of steaming mileage, nor has the department recommended or advised that we purchase oil on the Pacific side instead of on the Atlantic to the extent proposed by the committee. But these three propositions will appeal to the sensible Members of this House. Specialists in the Navy as everywhere are interested in their own line, and we must take into consideration the good of the whole country and not necessarily take the advice of any branch of the Navy in which the experts may be interested. [Applause.]

Mr. MONTGOMERY. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. MONTGOMERY. Does not the gentleman think that we ought to keep the 5-3 ratio with Japan as we do the 5-5 ratio with Great Britain?

Mr. FRENCH. That question has had the consideration of our committee.

We believe we are substantially carrying out the program of the ratio with respect to Japan. It is true that as to the different types of ships we do not have at all times the ratio in all ships that might be suggested by the treaty, either as to Japan, Great Britain, or any other nation. In one place one nation bulges out stronger than another. In another place that same nation will be weaker than another. To-day there is an unusual condition existing in Japan. To-day Japan has a rather large enlisted personnel. But there are reasons that exist for a liberal personnel program on the part of Japan that do not involve the United States. What is the situation? Suppose there were adjacent to the United States countries that were involved in war. Suppose Mexico, the Central American countries, South America, were all aflame, does anyone think, then, that we would fail to maintain rather a large enlisted personnel? We possibly would be putting into full commission destroyers and submarines that are now in decommissioned status, not with a view to hostility, but for the purpose of protecting ourselves against any eventuality. So it is with Japan to-day. Fire is running through China. It can not help but involve Japanese interests. Russia is interested. Japan must be interested, and being interested must keep a large personnel on her ships to watch and care for the situation.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. MONTGOMERY. The gentleman will admit, however, that we have not the 5-5-3 ratio between the United States and Japan.

Mr. FRENCH. I did not say that; nor is it true.

Mr. MONTGOMERY. Japan has a greater ratio than we.

Mr. FRENCH. No; that is not correct. What I said was that Japan to-day has possibly a slightly larger number of enlisted personnel in proportion to the ratio than have we, but the ratio does not refer to enlisted personnel. The ratio refers to battleships and carriers and tonnage and to sizes of guns.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. TABER. Is it not a fact that while Japan has six battleships under the treaty she has only five in commission, and that while she has four battle cruisers under the treaty she has only three in commission?

Mr. FRENCH. I think the gentleman gives the figures accurately.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. LAZARO. Does the gentleman mean to say to the House that because the personnel is not involved in the 5-5-3 treaty, an undermanned ship can meet a fully manned ship?

Mr. FRENCH. I have not undertaken to say that at all, but I have said in substance that there are a good many elements that enter into the picture. There are a good many factors that must be considered. One of them is men and one is ships, and you can subdivide that as to types of ships, and I do say that substantially the United States is maintaining her rightful place under the treaty.

Mr. LAZARO. But the gentleman has just made the statement that Japan has a larger personnel than we have.

Mr. FRENCH. No; I have not made that statement.

Mr. LAZARO. That is what I understood.

Mr. FRENCH. If the gentleman so understood, he understood incorrectly. I will give the figures furnished to us. The United States has an enlisted personnel of 81,702 as of September 30, plus 2,500 marines, who are doing the duty that would be done by enlisted men in the Navy were it not for the marines, and in addition to that we have all those other indefinite numbers of men to which I have referred.

Japan has 65,402 enlisted men. She maintains from 60 to 62 per cent of her enlisted men afloat. That means that she has afloat from 39,242 to 40,550 men on her ships, as against more than 61,522 men afloat maintained by the United States.

Mr. LAZARO. Did not the gentleman say awhile ago that on account of the trouble in China and Russia, Japan had a little larger personnel than we?

Mr. FRENCH. No. What I did say was this, that as to men she has a relatively larger figure than the ships' ratio.

Mr. LAZARO. One more question. Are our ships fully manned?

Mr. FRENCH. Of course they are not. No navy ought to keep its ships fully manned in peace times.

Mr. LAZARO. Are they as well manned as the British ships in personnel?

Mr. FRENCH. It has always been thought that the United States mans her ships more strongly than Great Britain—that is, personnel in the essential ships.

Mr. LAZARO. Then, why has Great Britain a larger personnel than the United States?

Mr. FRENCH. I have already indicated that by pointing out the number of types of ships that Great Britain has that are performing functions that I do not think are of an essential military value, as are the functions performed by battleships, cruisers, destroyers, and ships of that sort.

Mr. LAZARO. And the gentleman includes marines and the Coast Guard?

Mr. HADLEY. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. HADLEY. The gentleman prefaced this colloquy with a statement with reference to the treaty ratio strength as to Japan, and he stated in his opening statement that the program reported out by the committee is substantially in conformity to the treaty ratio. In this colloquy which has recently occurred he states that the enlisted personnel does not go to the question of the ratio strength at all.

Mr. FRENCH. I did not make that statement.

Mr. HADLEY. That was the inference drawn from the statement the gentleman made.

Mr. FRENCH. It was not the inference that should have been drawn from the statement.

Mr. HADLEY. Very well. The gentleman has opened this question not in a full way at all, and I think, in view of the questions which have been asked and answered, the gentleman owes it to the House to put in the RECORD, either now or later, for the information of the House, a definite and detailed statement that will give the House the information as to what the committee has done in reference to the treaty ratio strength as to Japan, and full particulars be given, so that no inference will be necessary to be drawn and we will have the facts. I think the House should have that information.

Mr. FRENCH. Let me make this observation in answer to the suggestion of my friend from Washington [Mr. HADLEY]. The statement I made with reference to the question of the gentleman from Louisiana [Mr. LAZARO] as to men could have been to the effect that one of the factors that must be taken into account is men, but, even so, a factor that is not even mentioned in the treaty touching ratios. The gentleman knows that the treaty refers to 18 battleships for the United States, 18 for Great Britain——

Mr. BRITTEN. No; 22.

Mr. FRENCH. Yes; 18 battleships, some of which are old, and 4 battle cruisers to make up for her inferior ships. Japan has 6 battleships and 4 battle cruisers. The treaty refers to tonnage total of 525,000 for battleships of the United States and three-fifths of that for Japan. It refers to airplane-carrier strength of 135,000 for the United States and Great Britain each and three-fifths of that for Japan. Outside of that, there is nothing in regard to ratio in the treaty. We may build as many cruisers as we desire; we may build any other ships we desire. We would be limited as to tonnage on all ships, and we would be limited as to size of guns. There are certain factors of that kind in the treaty, but nothing as regards the number of men.

Mr. ALLGOOD. Will the gentleman yield?

Mr. FRENCH. No; let me go on further. Now, as we have presented in this bill, we have felt that there is something even more than that we ought constantly to have in mind, and that is the spirit of the treaty. That is a factor that does involve men; it does involve ships of auxiliary types; and it does involve resources; it does involve a great many elements not recognized in the treaty itself. All of these factors your committee has endeavored to consider.

Mr. ALLGOOD. Will the gentleman yield there for a question?

Mr. FRENCH. I want to bring this discussion to an end.

Mr. HADLEY. Mr. Chairman, I sought recognition to ask a question, and the gentleman declined to yield then, and I ask him to yield now.

Mr. FRENCH. For a further question?

Mr. HADLEY. The House is thoroughly familiar with all the treaty provided, I think. The gentleman, instead of answering the question I asked, proceeded to tell the House the provisions of the treaty. What I am asking about is the provisions of the bill with respect to its relation to treaty requirements and particularly in reference to the ratio between the United States and Japan.

Mr. FRENCH. Well——

Mr. HADLEY. The gentleman has not answered that question and not purported to answer it, except by the statement that he has just made when he proceeded to analyze the provisions of the treaty.

Mr. FRENCH. The gentleman ought to bear this in mind: That when we report a bill we do not report it in the terms of a treaty. Now, under the bill we have reported the Navy Department can maintain all our treaty battleships in full commission and all the airplane carriers, including the two that will come into commission within a year. The department can make some deduction in other ships of the Navy if it chooses to do so. In other words, as to every essential part or factor that should be considered, whether within the treaty or outside of it, the bill carries funds that will enable our Government to maintain its part within ratio.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield for a question for information?

Mr. FRENCH. All right.

Mr. SCHAFER. Will the gentleman give me any information as to just how the Navy promotes the officer personnel? And do they demote some of them? For instance, if they have a thousand officers and the appropriation provided for only 800, how do they make the reduction? Do they take a commissioned officer and put him back to the position of a noncommissioned officer?

The CHAIRMAN. The time referred to by the gentleman has expired.

Mr. FRENCH. I want to consume 15 minutes more, Mr. Chairman.

Now, let me make this statement: The gentleman's problem is taken care of in the law itself. The number of officers is based upon a certain percentage, defined in the law, of the authorized enlisted men strength. These are line officers and include a ratio from admiral down to ensign. Staff officers, such as the Medical Corps and the Dental Corps and others of that type, are added in defined ratio. In fact, the department could not keep a larger percentage of officers than is defined by the law itself.

Mr. SCHAFER. What I want to get at is this: Say we have a certain number of graduates of the Naval Academy, and we reduce the number of the officer personnel. What do you do with the graduates? Do you make them noncommissioned officers?

Mr. FRENCH. We do not have the maximum in officer strength at present that we are entitled to under the law. At the present time we take care of the graduates of the Naval Academy by having them enter the Navy. To-day we are short about 700 officers. It will be at least two years before we shall be up to the authorized strength of officers in the Navy. Should there be a surplus of graduates, commissions would be refused to the extent of the excess number.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. McSWAIN. I am compelled to deduce from the gentleman's statement that he has no navy yards in his district, and that he has neither a son nor a nephew nor a brother in the Navy. [Laughter.] The graduates from the Naval Academy constitute the basis for the officers of the line?

Mr. FRENCH. Yes.

Mr. McSWAIN. A man who is a graduate of a civilian college who wishes to serve his country's Navy can not rise to be an officer in the Navy because some Member of Congress will not give him an appointment to the Naval Academy. He can not break through the crust of the officers' class even by hard work and study and loyalty?

Mr. FRENCM. In the Navy a different policy is maintained from that pursued in the Army. In the Army more than one-half of the officer strength comes from colleges, universities, technical schools, military schools, and other similar institutions.

In the Navy the policy is different because of the technical work having to do with the ships and with the Naval Establishment generally. In other words, the Navy is eventually fed through the academy in the matter of line officers. In the Army we expand by taking many officers from civil life.

Mr. McSWAIN. The gentleman acknowledges that that very technical work he is talking about is done by the warrant officers in the Navy themselves?

Mr. FRENCH. Oh, no; the gentleman is mistaken.

Mr. BRITTEN. Every year as many as 100 boys can come out of the service itself without appointment by Members of Congress and go directly to the academy. They go through the academy without appointment by Members of Congress, do they not?

Mr. FRENCH. Yes.

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. In a moment. We may admit 100 from the enlisted personnel in addition to 25 from the Naval Reserve and the number named by the President and those maintained at the academy at all times by Senators and Representatives.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. BUTLER. Does the gentleman mean to deny that the opportunity is shut off from the enlisted men of getting commissions? I know of some of the best men in the service have come from the enlisted ranks and never entered the academy.

Mr. FRENCH. But only, I am sure my friend will agree, under special or war legislation.

Mr. PATTERSON. Will the gentleman yield now?

Mr. FRENCH. Yes.

Mr. PATTERSON. Will the gentleman explain what he is going to do about replacing the *Shenandoah*, and what he will do about the *Los Angeles*, and what we will do about the station at Lakehurst, the only one of its kind in the country?

Mr. FRENCH. I was just reaching that question.

LAKEHURST

Lakehurst is the lighter-than-air station of our Government, and that was built at a cost of more than $6,000,000. When we had the *Shenandoah* she was cared for at Lakehurst, and, aside from the expenditures for helium, it required approximately $1,715,000 to maintain the institution. The *Shenandoah* was in every sense a Navy ship. There was no limit as to its use. It was as much a ship of the Navy, so far as use was concerned for peace time or for war, as was a battleship or a cruiser. The *Los Angeles* under the treaty was turned over to the United States, but it was turned over to the United States under limitations that denied us the use of the ship for any military purpose. It could be cared for at Lakehurst alongside of the *Shenandoah* by practically the same officers and men, by essentially the same cost for heat and light and overhead—in other words, as a sort of by-product, by an expenditure of $130,000 a year. Now, when we were expending $1,715,000 for the maintenance of the *Shenandoah*, and when by the expenditure of an amount less than 10 per cent as large, we could care for a sister ship, even though she was not usable for military purposes or the defense of our country, we were ready to add our approval of the program. But with the destruction of the *Shenandoah* the equation has changed.

To maintain the *Los Angeles* will require approximately the same amount of money as was necessary for the maintenance of the *Shenandoah*. It would require $1,716,500 to maintain Lakehurst and care for the *Los Angeles* for 1927, and this exclusive of any expenditures for helium. The members of your committee were challenged by such a program. Would we have been justified in bringing in an item in so large a sum that would accomplish so little as that which could be accomplished by maintaining the *Los Angeles* in commission? What had we to gain? We were told that from experiments made, test flights, and programs that had been undertaken by both the *Shenandoah* and the *Los Angeles*, that neither type of ship would justify itself from a commercial standpoint. Barring accident, either type of ship could make the trip across the seas or to Bermuda or across the country. We were told that it would be desirable to see whether or not a ship of this type could maintain a regular route. But why expend such a vast amount of money for such a purpose? We were not proposing, and it was not proposed, that we maintain a definite route. I think we may accept it as certain that, barring accidents and barring unfortunate weather conditions of the severest type, that a ship such as either the *Los Angeles* or the *Shenandoah* could maintain definite service. It was argued that we ought to look forward to the time when we would have a ship of five or six million cubic feet. We were told that such a ship would be profitable commercially across the Atlantic, but further experience with the *Los Angeles* would prove little in the matter of a ship two and a half times as large. But we were told that we should maintain the *Los Angeles* for the training of officers and men. But to what end? No such ship has yet been authorized by Congress. Your committee did not have authority to make appropriation for so much as the beginning of such a ship.

With these thoughts in view your committee has recommended that Lakehurst be maintained in a closed-down condition. We have recommended an appropriation of $125,000 for the care of the great plant and the care of the *Los Angeles;* her machinery and her fabric must receive attention. We believe the amount we have recommended will be adequate for the purpose, and it is in the terms of the figures submitted by the Bureau of Aeronautics. By maintaining Lakehurst in a closed-down condition we shall be able to release more than 200 men for the Navy and more than 200 marines, who will take their places elsewhere in the naval or marine service.

Mr. APPLEBY. I would like to ask the gentleman this question: The bill for the construction of the new *Shenandoah* is before the Naval Affairs Committee, so would it not be better to wait until the Naval Affairs Committee has decided whether or not they are going to build another *Shenandoah* before you determine what you are going to do with Lakehurst?

Mr. FRENCH. It is always the policy of the committee to wait for an authorization before it makes appropriations for such purposes as that, and we would need to do that here.

Mr. BUTLER. Why did you not wait? When did your waiting begin, my friend? You have not waited in this bill, because you have authorized the construction of a ship in connection with commerce. You have provided for an appropriation of $300,000, against which we shall have to take some exception.

Mr. PATTERSON. Does the gentleman mean that the $1,700,000 includes the pay of the officers and men?

Mr. FRENCH. Yes.

Mr. PATTERSON. That pay will go on just the same?

Mr. FRENCH. That part as to pay of the men will go on, and it is in part because of the men we could find at Lakehurst that we were able to make a deduction of 1,000 men in the estimates that we have brought forward.

Mr. PATTERSON. About 400.

Mr. FRENCH. That would include the marines. A little over 200 would be the number for the Navy.

Mr. ARENTZ. Was anything brought out in the hearings regarding the commercial investigation of helium in addition to that carried on by the Government?

Mr. FRENCH. Let me answer the suggestion of the gentleman from Pennsylvania [Mr. BUTLER], the chairman of the legislative committee. I said the Appropriations Committee did not have the authority to appropriate for a ship, but it does have authority to make appropriations for experimental purposes. We have carried appropriations aggregating $1,900,000 for continued experimental purposes in aviation. Of this amount $1,600,000, plus, is for heavier-than-air craft and $300,000 is for lighter-than-air experimentation. That is within the discretionary authority of the Navy Department. The item to which my friend refers did not come to us through the estimates of the Bureau of the Budget, but it does have reference to an experiment—if the department desires to carry it on—looking to the development of a metal type of lighter-than-air craft.

Mr. BUTLER. What induced this? Did the military men recommend it? The fact is that they have all come to us and said they protested against it.

Mr. FRENCH. It would not be fair to state to the House that the recommendation for the duralumin type of metal airship has the support or recommendation of the department nor did it come to us through the Bureau of the Budget. But on the other hand, the proposition is not new. It has been before several of the departments for a good many months and it was finally brought to our committee. The committee held hearings upon it.

Mr. BUTLER. My friend, it was brought to you by a business institution in the United States, which is endeavoring to build this kind of an airship, and we are going to put $300,000 of Government money into it.

Mr. BEGG. Will the gentleman yield?

Mr. FRENCH. Let me just finish this.

Mr. BEGG. My question has to do with that proposition and the statement the gentleman from Pennsylvania has just made.

Mr. FRENCH. Let me finish answering the question. This proposition, I would say, has been a subject of investigation by the Aircraft Corporation, of Detroit, Mich. That concern has spent thousands of dollars on investigational work, and the proposition was made to the department that that concern would spend more money than the department would be asked to spend on a joint experiment, and after the hearings we had it was decided that it would be a desirable investigation to carry on.

We are to-day carrying $1,600,000 for experimental work where the Government assumes all the responsibility of experimentation in heavier-than-air aircraft. Here was $300,000 that we appropriated to match, dollar for dollar, an experiment that seemed worth while to make, where the other fellow was willing to more than match the dollar of Uncle Sam. Even at that, it is up to the sound discretion of the Navy Department, and the department does not need to make the investigation if it does not feel it is a desirable thing to do. Now I yield to the gentleman.

Mr. BEGG. I am not interested in the controversy between the various branches of the Navy. The thing that struck me pretty forcefully was what I understood the gentleman to say in his remarks when the gentleman from Pennsylvania [Mr. BUTLER] first introduced the subject of the $300,000 appropriation unauthorized.

I understood the gentleman to say that, of course, the Committee on Appropriations could not appropriate for an unauthorized ship but did have the authority to appropriate to experiment. That kind of reasoning followed to a logical conclusion means that if you want to build a ship for $10,000,000 all you have to do is to label it an experiment. [Applause.]

Mr. BUTLER. The gentleman is entirely right, and will the gentleman please ask our friend now to tell us wherein the jurisdiction lies.

Mr. BEGG. That is the point I have in mind.

Mr. BUTLER. Where would you draw the line—on a 5-cent ship or a $10,000,000 ship?

Mr. BEGG. How far does authority to experiment rest with the Committee on Appropriations?

Mr. FRENCH. I will say in response to the gentleman that there is a border line there that has never been determined by the Congress or by the rules of the House. We are appropriating money for experimentation touching airships. Is an airship a ship or is it not a ship?

Mr. BEGG. I would like to ask the gentleman a question which he can readily answer.

Mr. FRENCH. Let me first finish my statement. It has been contended by some that for every airplane you build you ought to have the specific authority of Congress. I do not think the Members feel that way about it. It is urged, on the other hand, that for a ship such as the proposed dirigible you must have the authority of Congress. The fact of the business is, I think it is up to the committee to endeavor to respect the wishes of the Congress in this regard, and it is a problem that is fairly subject, possibly, to debate under the rules whether or not we do have the authority to conduct such an experiment. Personally I think we have.

Mr. BEGG. Will the gentleman yield right there?

Mr. FRENCH. Yes.

Mr. BEGG. And I am not doing this to take up the time, but I think it is vital. This thing you are proposing right now is vital to the rest of us in the House, and I want to ask the gentleman, Suppose some man should come along with a proposition that would flap its wings and fly, something unheard of, does the gentleman mean to say that under the authority of this House granted to the Committee on Appropriations, the committee could appropriate a million dollars or $5,000,000 or $500 to build one of those machines to experiment to see whether it was practical or not, without specific authority from Congress?

Mr. FRENCH. You mean without authority from Congress?

Mr. BEGG. Yes; without specific authority, I am talking about. I mean under the present rules, could you do that?

Mr. FRENCH. Of course, we might assume that an experiment on so extravagant a ship would not be made, but the House and not the committee must finally pass on any program.

Mr. BEGG. To make the illustration apropos we must make it extreme.

Mr. FRENCH. The department is to-day making experiments on all kinds of airplanes it believes are worth while.

Mr. BEGG. Absolutely, but I want to direct the attention of the gentleman to the fact that every dollar they are spending was given them by the Congress for the specific purpose of experimenting in that special field and not for buying new ships.

Mr. PERKINS. Will the gentleman yield? Did they not spend over $200,000 on a heliocopter?

Mr. MONTGOMERY, Mr. BRITTEN, and Mr. AYRES rose.

Mr. AYRES. Will my colleague yield?

Mr. FRENCH. Gentlemen of the House, I want to bring this discussion to an end and at the same time the subject is so important I do not want to seem to deny Members the right to ask questions. My colleague on the committee has arisen and I ought to yield to him before I answer the gentleman from Ohio [Mr. BEGG] further, and I therefore yield to my colleague from Kansas.

Mr. AYRES. I would suggest to my colleague that this is a matter that will have to be decided anyhow when a point of order is made, and I think it is useless to discuss it at this time. May I also make another observation, in view of the question asked? Is it not a fact that the experts of the Navy Department did come before our committee and state that while they were not recommending this appropriation for such a lighter-than-air ship, they did say it was worth trying out; and if it proved to be a success, it would be far superior to anything we have now?

Mr. FRENCH. There is no question as to the statements of experts from the department along the line of the statement made by the gentleman from Kansas.

Mr. BRITTEN. Will the gentleman yield right there, because of what transpired in his committee room the other day, which is not secret at all? Will the gentleman yield for one second?

Mr. FRENCH. I am compelled to yield to the gentleman, of course.

Mr. BRITTEN. Thank you very much. Is it not a fact that the Assistant Secretary of the Navy came into your committee room the other day and told you he had been directed by the Secretary himself to tell you that the Navy Department did not want this Tin Lizzie at all?

Mr. FRENCH. Well, the gentleman is phrasing the proposition in language——

Mr. BRITTEN. Well, I will call it a metal-clad lighter-than-air ship. Did he not state the Navy Department does not want it, and the gentleman who is proposing it——

Mr. FRENCH. Let me answer your question. The gentleman wants to ask his question in his language and put the language to answer it in his own words. He has asked the question in his own language, and I propose to answer it. The gentleman from the department did not phrase the statement or the position of the department, as the gentleman has suggested; but as I said to the gentleman from Pennsylvania a bit ago, this proposition did not come from the department.

But the gentleman from Kansas [Mr. AYRES] is correct in the statement that experts within the Bureau of Aeronautics believe it is a worth-while experiment to carry on; and as one of them said—and one of them in whom we have tremendous confidence—the United States would certainly be a poor sport unless it would match dollar for dollar such an experiment as this that held out the hopes that are held out if what is claimed for it can be attained.

INCREASE OF THE NAVY

For the current fiscal year there was appropriated under this head in the naval act $7,444,000, and in the second deficiency act $4,000,000. The latter act, however, carried further appropriations under this head totaling $17,000,000, chargeable to the fiscal year 1925, but more properly chargeable to the current fiscal year. In effect, therefore, the current appropriations footed $28,444,000. As against this, the committee is proposing, in harmony with the Budget, direct appropriations totaling $28,275,000 and an indirect appropriation of $5,000,000, representing a transfer to be effected from the working capital of the naval supply account fund.

The following table indicates the vessels now in course of construction on account of which appropriations are proposed in this bill:

Ship construction in progress

Number, type, and unit cost	Appropriated in this bill			Remaining to be appropriated
	Hull and machinery	Ordnance	Aviation	
2 aircraft carriers ($47,612,500)	$8,000,000		$3,300,000	$525,000
1 mine-laying submarine, V-4 ($6,150,000)	1,350,000	$425,000		
2 cruising submarines, V-5, V-6 ($6,320,000)	5,500,000	500,000		4,140,000
2 light cruisers, Nos. 24 and 25 ($16,750,000)	7,400,000	3,600,000		20,500,000
6 river gunboats ($700,000)	2,000,000			200,000
Total (13)	[1]24,250,000	4,525,000	3,300,000	25,365,000

[1] $5,000,000 by transfer from naval supply account fund.

The aircraft carriers will be completed during the fiscal year, as will the submarine *V–4*. The construction which will extend beyond the fiscal year 1927 was all commenced during the present fiscal year, and, as the table indicates, will require future appropriations totaling $25,365,000.

In addition to carrying forward work on vessels now under way, the Budget proposes and the committee is recommending an appropriation of $1,200,000 for commencing three more (two are now under construction) of the eight light cruisers authorized in the act approved December 18, 1924 (43 Stat. 719). The total unit cost of these vessels is $16,750,000. With respect to these cruisers, attention is called to the fact that the act authorizing their construction, contemplated that the entire number (eight) would be commenced before July 1, 1927. The committee, notwithstanding, has agreed with the Budget proposal to postpone the commencement of them in the realization that Congress will have convened again in regular session well before the time limit imposed in the authorizing act will have expired. It should be stated, however, that there is nothing in the language of the appropriations proposed to hinder the President from commencing these three vessels if he should conclude such course to be wise or necessary. By retarding work on other vessels, funds could be found for making a commencement. In the naval appropriation act approved August 29, 1916, authority was given for the construction of nine fleet submarines. Three of these submarines have not been commenced. The six for which appropriations have been provided do or will represent the acme of our naval architectural and engineering skill. The importance of this type of craft is obvious and that we should have more, in the absence of inter-

national limitation, is generally recognized by naval students. The committee is proposing that plans and estimates for the three submarines already authorized but not yet commenced shall be presented to Congress at the beginning of its next regular session.

Attention is called to the form in which the appropriations are stated. It is a return to the form employed prior to the Conference on the Limitation of Naval Armament. A direct allocation is set up by the Congress for each branch of the work, and it is believed that a better picture can be had of and a better check made or maintained on the funds requested or made available. Furthermore, by introducing a fixed ordnance cost, which is a new departure, we are better able to arrive at our total commitments when considering new undertakings.

Mr. BRITTEN. I want to ask the gentleman if he does not think he is occupying an unusual attitude before the House when the committee says in one breath, through its chairman, we have declined to appropriate for a ship like the *Los Angeles* because we doubt our authority, and yet comes in here with an appropriation of $300,000 for a metal ship which the Navy Department does not want and sent word that it does not want. I think the committee is occupying an unusual position.

Mr. FRENCH. I must decline to yield further. I decline to yield because I must bring this discussion to an end, and I must speak briefly of the new building program.

Gentlemen, our program should be supported because it means economy. It should be supported because it is adequate. It should be supported because we look forward to future conferences on armament limitation. It should be supported because it will make it easier for other nations to arrange their budget programs. The action that will be taken by this Congress will be observed by every other great nation in the world. If we make our program large this very reason will be cited by Great Britain as an argument for increasing her budget and by Japan as a reason for raising her expenditure for her naval establishment. More is involved than mere dollars. Let me cite an illustration: When the program for new construction of replacement cruisers was before the British Parliament on July 29, last, Captain Benn, in the House of Commons, pointed out that action looking to large expenditures of money in behalf of the British Navy would find its reaction in the United States. Captain Benn said: "We know that the eight ships which appear in the fleet estimates are not appropriated at all. The money has not been voted. The Americans have been holding their hands. I have little doubt that the result of our decision to-night will be to cause Congress to vote the money for these eight ships (the eight cruisers authorized by the Fifty-eighth Congress), and when that money is voted and the ships are laid down, they will be quoted in argument by speakers in this House as a reason for entering into a larger program of construction. We stand to-night at the parting of the ways."

That is the situation that addresses itself to us to-day. We are at the parting of the ways. Are you going to hold to a program that means economies with adequate defense, or are you going to follow a program that means an ever-increasing naval establishment for the United States? I appeal to you to support the program recommended by your committee. [Applause.]

Mr. AYRES. Mr. Chairman and gentlemen of the committee, the matters included in this bill have been so ably presented to the committee that I shall not undertake to discuss the bill at all, because it would be a repetition of a great deal that has been said by the chairman of the subcommittee [Mr. FRENCH], who has gone into it and discussed it from start to finish.

I do, however, feel that I may discuss some things that were developed during the hearings before the committee that would be of interest to the people over the United States and to this House. I refer to a number of activities engaged in by the Navy Department that is in no way a part of the naval proposition. A great deal of the $317,000,000 carried in this bill goes to defraying expenses of these various activities. While I will not take the time to refer to all the activities in view of the time that has been taken by the chairman of the committee, I do want to refer to some of them for the information of the House and the general public.

However, before referring to these activities I do want to say as the ranking minority member of the subcommittee charged with its preparation there is but little I can add, except that it has my indorsement and approval. It calls for a total cash outlay of $317,274,787, including $5,000,000 by transfer from the naval supply account fund and a reappropriation of $75,000 for certain aviation expenses.

My own judgment is that it hardly would be practicable to frame a bill for the proper support of the Navy carrying a smaller sum than here proposed. I mean by that, apart from new ship construction. Whether some of the amounts making up the total could be more wisely applied is another question.

For instance, we are told that the Boston and Charleston Navy Yards could just as well be closed and merely maintained in an inoperative status; that even the Philadelphia Navy Yard, with the exception of the aircraft factory, could be dispensed with, and yet no move is being made to close these establishments, and they are being operated with the usual large overhead and taking money which the Navy could well afford to put into ship repairs and improvements.

By this I mean that it does appear that we are devoting money to some objects which might just as well be thrown into the discard. I am inclined to believe that both the Navy and Congress to a certain extent are to blame. I have discovered that activities begun during the war and intended for war purposes in many instances are still being maintained at the expense of the Government, even though they may be useless, or practically so, at this time.

As I have said, the Navy is not altogether to blame. When an effort is made to close up a useless navy yard or training station, the Congressman in whose district it may be situated stands ready to fight for its continuance. I can realize it may be embarrassing for the Navy heads to insist upon abandoning these activities, or at least it has been in the past. Therefore it seems to me there is but one course to pursue, and that is for the naval authorities to state frankly the facts concerning these matters to this committee and for this committee to cease appropriating for the maintenance of such projects even though we have to fight it out with our colleagues.

The Navy is entitled to use every dollar appropriated for some necessary naval purpose, and the taxpayers are entitled to have the money appropriated used for the purpose of building up and maintaining a good Navy and not used for some project which is useless simply because some Representative may feel he is being outraged because he is going to have something taken from his district.

You know most people vision the Navy as a big war machine; little do they know of its peace-time missions and employments, and it is upon these I should like to throw some light, if I may.

Before doing so, however, I wish to illustrate the sphere in which the naval officer moves through life. It will recall to many of you, and bring to the attention of others, the rôle of our naval representatives at home and abroad. This calls to my mind what President Coolidge said in his address to the Naval Academy graduating class of 1925:

> You have chosen a profession which represents one of the greatest military arms of our Government. You will be a constant testimony throughout your lives that America believes in military preparation for national defense, for the protection of the rights, the security, and peace of her citizens. You will be called to places of responsibility and command. You will be given the power of life and death over fellow countrymen. You will represent the power, the glory, and the honor of this Nation among foreign people, with all the prominence that arises from wearing the uniform and carrying the flag. What you are the American sailor will be, and what you represent the American Navy will represent in the ports of our own country and in those of foreign peoples where little will be known of the nature of authority under liberty save what is learned from you. You have been chosen for this high calling.

Not generally appreciated by the citizens of our country but forcefully praised by our late Secretary of State, Mr. Hughes, is the Navy's part in initiating trade through diplomacy.

The increasing importance of our foreign trade—last year it amounted to well over $8,000,000,000, including the marketing abroad of our surplus cotton, wheat, tobacco, mineral oils, automobiles and parts, flour, and many other commodities, and the importation of such vital necessities to our industrial and economic life as rubber, tin, manganese, jute, coffee, sugar, and silk—all this foreign trade which is transported overseas makes this promotion and protection of commerce by our Navy a tremendous industrial asset!

Other maritime nations also comprehend the importance of visits of friendship by naval vessels to foreign ports. Only recently a member of the House of Commons of Great Britain uttered a complaint in legislative session because naval vessels were not sent more frequently to South American ports, stating freely that immediately following a visit of their vessels of war to a large South American seaport, Great Britain had done a particularly large amount of business.

We are, however, not without many historical examples of naval diplomacy and the consequent trade following it. In 1826 Capt. Catesby Jones, of the Navy, negotiated a treaty with the native chiefs of Hawaii. While it was an excellent treaty, the Senate failed to ratify it. This hesitancy on the part of the Senate rendered much more difficult our future negotiations with the islands. In 1839, Commodore Wilkes during his scientific exploration of the Anarctic and Southern Pacific Oceans was more successful when he made an agreement with the native chiefs of Samoa, which was subsequently the basis of our claim to the island of Tutuila.

Commodore Kearney in 1840 exercised initiative and judgment when, following the "opium war" in China, he resolutely demanded the same extension of trade concessions for the United States as were demanded of China by Great Britain. The principle of the "open door" and equal opportunities in China were, it is evident, herewith initiated by an American naval officer.

It was in 1853 that Commodore M. C. Perry succeeded where many others had failed in persuading the Japanese Government to open their ports to the commerce of the world, thus accomplishing an acknowledged feat of diplomatic genius. The last hermit kingdom of the world, Korea, was opened to world commerce through the efforts of Commodore Shufeldt in 1882.

Ground was broken by the Navy in Santo Domingo and Haiti for American commerce. In 1902, when John Hay was Secretary of State, he commented on the Navy's work after a revolution in the West Indies as follows:

> I have always felt relieved when a naval officer had arrived on the scene, because he always kept within the situation.

In 1904 John Hay again remarked:

> We have had a number of difficult international situations in the West Indies in the last two years, and they have all been handled by naval officers very well. They have not made one single mistake.

An outstanding example of the Navy's diplomatic work is afforded in the reappointment, at the request of the State Department, of Rear Admiral Mark L. Bristol as high commissioner to Turkey. Admiral Bristol was sent by the Navy to Constantinople soon after the armistice in Europe in 1918 to command the small American naval forces there. A large part of his efforts was devoted to the promotion and security of American commerce in the unsettled countries bordering the Black Sea. His intelligent grasp of the situation existing there led to his appointment by the State Department as high commissioner, with the subsequent request by that department for his reappointment. Daily we read in the newspapers that "at the request of the State Department," naval ships are transporting diplomatic agents on special missions over the oceans. The dignity of a naval vessel creates an impression befitting such errands of diplomacy. We read that the battleship *Utah* furnished transportation for the State Department's mission, headed by General Pershing, to South America from November 20, 1924, to March 13, 1925, the *Utah* steaming 17,250 miles on this mission, utilizing at the same time the opportunity for the regular, continuous peace-time training of the ship's personnel. We read that the U. S. S. *Rochester* transported the Tacna-Arica mission from Key West to Arica, and remained at that port until December 3, when she was relieved by the U. S. S. *Denver*; that the Chileans and citizens of Peru were exceedingly pleased with the courtesy of the admiral on board the *Rochester;* also, that the *Denver*, or some other ship of the special service squadron will remain at the disposal of the mission until its work is completed. We read, further, that at the request of the countries concerned, naval missions are now at Brazil and Peru, instructing their naval officers, fostering closer relations; and that sending a similar mission to Mexico is now under consideration.

Our citizens abroad know the Navy. In China, on more than one occasion, the prompt dispatching of a division of destroyers from our Asiatic Fleet to protest the bombardment of Canton by contending forces engaged in almost ceaseless civil war, has spared not only the lives of our own citizens there but also those of other equally grateful inhabitants. In September and October, 1924, and again in the fall of 1925, our Asiatic Fleet spread its protecting wing over Shanghai and the lower Yangtze River. Without the services of our gunboats on the Yangtze and South China patrols, which penetrate some sixteen hundred miles up river, American business men and missionaries frankly state that should this patrol be discontinued they would have to leave simultaneously.

Down in the turbulent Caribbean countries, revolutionists have learned that it is futile to challenge the protection afforded by our Navy's Special Service Squadron to our tremendous fruit, sugar, and hemp trades, as well as our oil and mining interests.

In European waters, the dispatch of two destroyers to Beirut has served recently to shield our nationals from injuries while the Druses and French threw the region thereabouts into bloody turmoil. In 1923 and 1924, our naval forces there answered calls from our ministers to Greece and Albania, where revolutions created precarious situations.

In September, 1922, when the Greek army of occupation retired in utter rout from Smyrna, our destroyers were on hand to protect our nationals and to guard our oil, tobacco, and flour trade commodities. Again, in October, 1923, the moral effect of a searchlight thrown by the U. S. destroyer *Simpson* upon the pier at Samsoun at the request of the Americans there had a stabilizing result that can not be overestimated. In commenting on the work of our small European naval detachment, the director of the foreign department of the Near East Relief praises unstintedly the efficiency of this force—and here I quote—

> as a positive and quiet force for the security of American citizens working in the Near East, whether on business, in missions, or philanthropy.

I desire at this time to call to your attention the splendid services our Navy has rendered in a humanitarian way. I wonder how many people in our Nation realize that the Navy's errands of mercy have saved more lives than ever have been destroyed by the Navy's guns in all our wars. And lives, not only of our own citizens but also of citizens of foreign countries. I will not need to quote many instances of this work of philanthropy and first aid to prove my point.

When earthquake, tidal wave, and fire laid the region of Tokyo Bay, Japan, in ruins September 1, 1923, the services of our Asiatic Fleet were placed at the disposal of the Japanese Government, and stores and medical supplies were rushed to the scene of disaster. The U. S. destroyer *Stewart* was the first foreign man-of-war to arrive with aid, and other ships of our Navy rapidly followed her with succor. The naval forces rendered such heroic assistance that when the fleet took its departure it carried away the warmest gratitude of the Government and the people of Japan and hundreds of American citizens and foreigners whom it had aided in the greatest disaster of modern times.

In 1922, following the evacuation of the Greek army from Smyrna, fire broke out in several quarters of the city, devastating the foreign sections. Three hundred thousand refugees from outlying districts, and stragglers from the routed army, were left destitute and homeless. It was decided that the refugees must be evacuated. They were fed and transported away from the scene of horror on board the United States destroyers and other ships requisitioned under orders of the senior American naval officer present. This American naval officer had to insist on an extension of the time limit allowed by the Turks for evacuation. At another time, an American naval officer's requests delayed the bombardment of the Turkish port of Samsoun by the Greek fleet, so that American citizens and American property could be removed to a place of safety.

Previous to the great task of evacuating Smyrna, our High Commissioner to Turkey, Admiral Bristol, had cooperated with the Allies in finding homes and employment for over 100,000 Russian refugees in Constantinople, and, seeing the necessity for an organization to take care of the refugee problem, this same high commissioner, an American naval officer, organized the Smyrna disaster relief committee.

Closer home we find that assistance was sent by the Navy to the British Leeward Islands of Tortola and Anegada in August, 1924, when the Virgin Islands were swept by a West Indian hurricane. Also that the citizens and officials of Santa Barbara, Calif., were deeply grateful for the aid rendered by the Navy when the earthquake of June 29, 1925, threw that city into a state of havoc and horror. The Navy sent ships and supplies immediately, established a marine guard and bluejacket patrol ashore, maintained a relief station on shore, and kept open communications to the outside world.

Going back into history the score for our Navy rises high. The famine in the Loo Choo Islands in 1832 and the great famine in 1843 in Ireland found our Navy ships on hand with relief supplies of food and clothing. The Navy furnished first aid following the earthquakes on the island of Chios in 1881, at Martinique in 1902, San Francisco in 1906, Jamaica in 1907, Messina in 1908, and Chile in 1922. Always cooperating closely with our magnificent relief organizations, the Navy has placed its name high on the roll of honor for missions of mercy to humanity in distress.

I have spoken of the cooperation rendered by our Navy to relief organizations and to the State Department. I would like now to mention in passing instances of the cooperation of our Navy Department with other governmental agencies. At present the States of Massachusetts, New York, and Pennsylvania are using naval gunboats for the maintenance of merchant-marine nautical schools, and the Navy, besides lending these vessels to the States, is also contributing an adequate sum of money each year toward the upkeep of each ship. Navy personnel mans the Bureau of Fisheries vessel *Fish Hawk* for the Department of Commerce, and the Navy Department gives that bureau every aid possible in carrying out their work. The vessels of the naval transportation service, in addition to the carrying of naval personnel, transport Government officials and civilian employees. Small quantities of freight for other Government departments are carried by the naval transportation service where there are no regular steamship lines available. The naval transportation service carries explosives for the Panama Canal authorities. The naval transportation service transported the 16-inch guns for the defense of Hawaii and guns and armor plate for the defense of Panama. The supply ship *Vega*, at the request of the Department of Commerce, transported personnel and supplies to the radio and sealing stations in the Pribilof Islands and Bering Sea ports in the summer of 1925, showing an actual money saving to the Federal Treasury of about $15,000. The naval communication service handled last year, not including the work of radiocompass stations, a total volume of 24,457,031 words for other departments or agencies of the Government. Radio-equipped naval seaplanes flying over the Atlantic and Pacific Oceans are cooperating with the United States Weather Bureau in the work of forecasting meteorological conditions. At the request of the War Department, naval vessels guarded the Army around-the-world flight, 33 ships being employed, at a cost of $321,157.30 for fuel, these vessels being diverted from regular naval duties for a total of 128 days. Many other examples such as these come to mind, but I will pass to another subject.

Turning now to the vast business of American manufacturing, I shall endeavor to give you an insight for a moment into the important part our Navy has played and is constantly playing in the development of home industries.

The Navy's demand for high-grade armor and ship plates in 1887 for its steel ships, forced, in the opinion of no less an authority than Andrew Carnegie, the present-day American steel industry. When the World War cut off the supply of optical glass from Germany, the Navy's requirements for this commodity, and the Navy's cooperation, resulted in the firm foundation for the manufacture of this important product at home. The Navy's experimental model basin, in which its ship models are tested for efficient performance before the ships are built, has been constantly available to and used by civilian shipbuilders. Navy standard specifications for various materials and machines have set high commercial standards. Naval influence has been of value in the adoption and development of electrical ship propulsion and in propulsion by heavy oil-burning internal-combustion engines.

The Navy's cooperation with aircraft-engine manufacturers has led to America's supremacy in aircraft-engine plants. The Navy pioneered in the work of building rigid airships in this country and has in this and many other ways pointed the way to the development of a new industry and the creation of a new sphere of commercial activity.

Nor should it be overlooked, in passing, that another recent manufacturing art—radio—was introduced into the American field by the demand, research, and development of the Navy. The establishment of 100 per cent American-owned commercial radio companies came about as a result of conferences—just before we plunged into the World War—in which, to insure the secrecy of our overseas communications, naval officers took a leading part. The ensuing development and research of radio in this country has profited by the coordinating efforts of our Navy's work along lines of war-time preparedness in this art of communication.

The Navy is constantly engaged in research, and in this it holds many honors in the promotion of science. Research work is carried out in radio and sound apparatus at the Naval Research Laboratory, Bellevue, and on naval vessels. Improved navigational tables and methods are worked out both at the Naval Academy and the Naval Observatory, and also at the Hydrographic Office, the results being published by the latter and given out to the shipping world. Types of fuels and lubricants are constantly being tested at the naval experimental station, Annapolis, to find the most economical and best type to use. The Naval Bureau of Ordnance is experimenting with success on a rust-preventing compound to be used on steel. Before the United States helium production plant at Fort Worth, Tex., was transferred on July 1, 1925, by act of Congress, from the jurisdiction of the Navy Department to the Bureau of Mines, Department of Commerce, the Navy, operating the plant, had reduced the cost of helium from $200 per thousand cubic feet in 1922, to $25 to $30 per thousand cubic feet in June, 1925. The National Industrial Conference Board, made up of an imposing array of organizations representing manufacturing, has enlisted, among other governmental agencies, the services of a bureau of the Navy Department in making a special study of the cost of distribution of this country's overproduction of farm products. I may say I am in hopes this board will succeed better than has other governmental agencies, including Congress.

Naval medical officers, while stamping out disease in Guam, Samoa, and the Virgin Islands, where naval governors are in charge, have made invaluable contributions to the knowledge of medical science as applicable to tropical regions. A naval doctor paved the way for suppression of fever in the Tropics during the construction of the great Panama Canal. The Navy is testing the capabilities of heavier and lighter than air craft with a view to furthering naval and commercial aviation. This committee has such confidence in naval experts along this line we have increased the appropriation $300,000 to experiment in lighter-than-air craft.

I do not need to remind you that the vast maritime world on which our commercial products are carried to the seven corners of the globe, and on which our citizens travel abroad, depends upon our Navy to an incalculable degree for its charts, radiocompass bearings, and sailing directions in order that the ships of all nations may continue their business in as safe and sure a manner as the winds and oceans will permit. The Navy is ceaselessly at work here in its element. The Hydrographic Office of the Navy Department prepares and prints navigational charts, Notices to Mariners, Changes in Charts, Notices to Aviators, a Weekly Bulletin, Pilot Charts, Sailing Directions, Light Lists of the World, Pilots of Foreign Waters—all, vital to the master mariner—and has charge of the sale of the above publications to the merchant marine. The naval communications service maintains radiocompass stations along the United States coasts, which give radio bearings to all ships requesting them. Accordingly, ships accurately locate their positions during foggy weather. The volume of this traffic in 1925 totaled 137,592 bearings for 5,765 naval and 58,723 merchant vessels. Navy radio stations give out time signals, storm warnings, weather reports, notifications of any derelicts or other dangers likely to be encountered at sea.

Surveys of the oceans are constantly being carried on in localities which have not as yet been accurately charted. The three regular naval survey vessels—the *Hannibal*, *Nokomis*, and *Niagara*—are now charting the south coast of Cuba and the Gulf of Venezuela. In addition to the regular survey ships, vessels of the Special Service Squadron, which operates in the Caribbean, survey any reported shoals in their theater of action. Lines of sounding are made by naval vessels crossing the oceans by means of sonic depth finders. The most recent sonic survey was made by the U. S. S. *Colorado* while she was steaming back to the United States from Australia and New Zealand.

Survey and exploration expeditions have been sent to the outlying islands of the Hawaiian group, and to Christmas, Jarvis, and Palmyra Islands to the southward in the Pacific. The Navy placed—from the 15th of April to the 12th of June, 1925—the minesweeper *Ortolan* at the disposal of scientists from the California Academy of Sciences during their minute geological and biological survey in the Pacific Ocean of the Revilin Gigedo Islands, Las Tres Marias Island, and points of the west coast of Mexico. Naval airplanes have mapped our naval oil reserves.

Plans have been made for naval aircraft to survey Kingmans Reef and Palmyra Island in the southern Pacific in 1926 and, at the request of the Interior Department, to map photographically the 40,000 square miles contained in that inaccurately charted section known as southeastern Alaska.

Our men-of-war while cruising throughout the world are constantly going to the rescue of ships in distress. The naval tanker *Brazos* only recently searched for and towed into Pilon Harbor, Cuba, on November 30, 1925, the Haitian ship *Ville des Cayes*, which had been adrift for five days because of broken-down machinery and had 400 passengers on board. The services of the U. S. S. *Trenton*, one of our modern light cruisers, were employed from November 3 to the 14th last year in a search for the missing Danish ship *Leiv Eiriksson*. When the Italian aviator Locatelli dropped to the icy ocean south of Greenland, the U. S. cruisers *Richmond* and *Raleigh*, the destroyer *Barry*, and naval planes were ordered by the Navy Department to comb the seas for him. A lookout on board the

U. S. S. *Richmond* saw a lighted flare on the drifting plane the night of August 25, 1924, and Locatelli with his mechanician were picked up by the cruiser. The destroyer *Bainbridge* effected a rescue in the Sea of Marmora, Turkey, on December 16, 1922, which upheld the highest traditions of an heroic service. The French transport *Vinh-Long*, with 496 passengers on board, caught fire at sea. The *Bainbridge*, en route to Constantinople, was maneuvered alongside by her gallant commander, rescuing 482 of the passengers despite the panic on board incident to a series of explosions which twice blasted the destroyer away from the transport's side and caused many persons to be blown into the sea. I was on this vessel, the *Bainbridge*, last summer cruising among the Hawaiian Islands. It was exceedingly interesting to hear her officers tell of this wonderful act in rescuing the passengers from the *Vinh-Long*.

As you observe, gentlemen, from the brief touches of its manifold activities which I have deemed it a privilege to present, our Navy is a great, going concern which, preparing itself daily as an instrument of war, actually becomes an industrial asset of silent, progressive strength during times of peace. And in the performance of these duties we must not forget the rôle played by the Navy as a training school for youth. Annually this great American university, with its carefully prepared trade courses and its essential naval discipline, turns out about 20,000 graduates. These graduates return to civil life with a conspicuous improvement in personal bearing, health, physical strength, technical skill, knowledge of the world, respect for genuine authority, and civic responsibility. Who can gainsay that they are not assets to their community, State, and Nation for having been taught discipline, self-restraint, clean living, the building of character—for having been instilled with the principles of Americanism, those high principles of inherent respect for the Constitution, the law, and ideals for which our great country stands?

In conclusion I can say that I agree with President Coolidge when he said:

> Our people should realize what the Navy has done for the country in the past, not only in war but in peace. They should know that the Navy is not a financial burden, but an industrial asset that has returned more in economical value than its cost; that it has never caused a war or tempted the country to go to war.

[Applause.]

Thus, gentlemen, it can be seen that the $317,279,287 appropriation carried in this bill is not for the sole purpose of building up a huge war machine but an industrial asset as well, and I have tried to throw some light on this peace-time Navy of ours and reveal it in its splendid entirety. [Applause.]

Mr. STEVENSON. Mr. Chairman, in the month of October a subcommittee of the Banking and Currency Committee of the House, accompanied part of the way by a subcommittee of the Banking and Currency Committee of the Senate, at the invitation of the Federal land banks and the Federal intermediate credit banks, made a visitation of all of the land banks and intermediate credit banks in the United States. It was for the purpose of learning first hand the problems that were confronting both the banks and their owners, the farmers, and the matter of legislation that might be judicious in order to solve some of the problems still unsolved. We started at Springfield, Mass. We were on the road 27 days, and we spent 19 of the nights on Pullman cars, working in the daytime and riding at night. I believe we attended 26 collations and made enough speeches, if printed, to encumber the CONGRESSIONAL RECORD to the exclusion of the speech of the gentleman from Kansas [Mr. TINCHER] made yesterday on the tariff question. We got back weighing more than we started out with, but we did get a lot of information on these banks.

In the first place, I shall discuss for a moment the physical condition of the banks. The banks are owned, organized, and manned by farmers. Two years ago, against the advice of many of the wiseacres of this country—and, by the way, at first of the Farm Loan Board itself—we placed the control of the banks in the hands of their stockholders, to wit, the farmers, who owned them. We gave them the right to name four out of the seven directors, and there were a good many dire predictions that they would borrow loosely after that, because the owners were the borrowers, but it proved to be the other way around. The borrower is the owner, and after he has borrowed he is going to look after it to see that he does not lose, and that has not only not worked to the detriment of the banks but great wisdom has been shown in the selection of the directors, and great wisdom has been shown in the management of the banks.

Ten of the banks have buildings of their own, and that is an index to the economic ideas of the people who run the banks. Ten of these banks have built their own buildings, and they have expended for the buildings $2,370,000.

Mr. AYRES. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. AYRES. No building has been constructed in the city of Wichita, Kans., for the land bank out there, has it?

Mr. STEVENSON. There are two places where they have not constructed buildings yet: One is at Wichita, Kans., and I shall state to the gentleman in confidence, so that he can use it as he pleases, that the impression given us was that the minute the Wichita people made it possible for a proper lot to be acquired at a proper price, and location, there would be a building put up there. That is all they are waiting for.

Mr. AYRES. Then I shall see if we can not have that done as quickly as I get home.

Mr. STEVENSON. That seemed to be the only difficulty. They have the money, and they need the building.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. GARNER of Texas. How does the cost of their buildings compare with the cost of the buildings of the Federal reserve banking system?

Mr. STEVENSON. In New Orleans the building is not complete; but they know what the cost will be, and there is another one in course of construction, and there is no building started as yet at Wichita, as I state, for the reason that they could not get a proper lot. Ten of them are completed and are contained in the financial statement. Those 10 buildings cost $2,370,000, an average of $237,000 each. The Federal reserve banks have 12, and they cost $61,809,000, which is 53 per cent of the capital of all of the Federal reserve banks, being an average of $5,150,750 for each building. That makes a comparison between the management of the financial magnates of the country and the management of the farmers when they get to running a banking institution.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. TINCHER. The Wichita Farm Loan Bank is the best one in the system, is it not?

Mr. STEVENSON. I am not going to enter into invidious comparisons, but the Wichita bank is a most splendidly organized institution. If I had to say which is the best, I could tell you which has lost the least, which is the lowest in default, which has the cleanest slate, which has practically everything right up to date, and that is the bank at Houston, Tex., manned by a gentleman who is a native of South Carolina, and the Wichita and the New Orleans banks are right up in the same class.

Mr. TINCHER. Then they ought to have a building at Wichita, and I hope my friend from Kansas will arrange for the lot.

Mr. STEVENSON. They are entitled to a building. It is a splendidly run bank.

Mr. AYRES. I promise my colleague from the West that I shall arrange for the lot.

Mr. STEVENSON. And I want to say to the gentleman from Texas [Mr. GARNER] that the man who runs the bank at Wichita, and who has made a splendid institution out of it, is a Texan. All three of them are good banks, and all the banks are run well, some better than others.

Mr. LUCE. Making a comparison as between the land banks and the Federal reserve banks, the gentleman would not ignore the possible difference between the land values in Houston and one of the great centers of population.

Mr. STEVENSON. I would not, but I happen to have an instance right in mind in the city of St. Paul and in the city of Minneapolis. In the city of St. Paul the Federal land bank has acquired and fitted up a splendid bank building, with every equipment necessary, and the building stands on the books of the bank at $175,000. They drove us over to the Federal Reserve Bank Building, which is in Minneapolis, across an imaginary line, and we found that they have a magnificent building there, which cost three and a half million dollars. That is the difference. Let me tell you one of the differences, and I pointed this out to some of the New Englanders who were along. They took us into the Federal Reserve Bank Building, and they began to show us the magnificent marble. It was all trimmed in Italian marble, and the man said that it came from Italy, and was dressed in Italy, and numbered, each stone, and all they had to do was to set the stones in place when they got here, and this notwithstanding the fact that marble underlies the whole of that northwestern country within 100 or 75 miles of where we were. I asked the man how they had taken care of the American laborer and American raw material. Then we got into the great counting room,

where they had teakwood floors. I was not familiar with them, nor was my friend from Kansas [Mr. STRONG].

It turned out that it was wood which was gotten in the jungles of India and carried out by elephants and sawed by coolie labor in India. It is splendid to walk on, but it expands so they have to put a little segment of cork in each joint so that the cork would shrink and spread as it contracts or expands; and when my friend STRONG walked in and looked at it he said, "Where in the world did you get this floor? It looks to me like my dairy-barn floor down in Kansas." And it does; and yet they went all the way to India to get the most expensive wood in the world, brought by elephants out of the jungle and worked up by the people of India, who get about 15 cents a day, and brought over here, when the whole Northwest is full of hardwood of the finest kind.

Mr. McSWAIN. If the gentleman will permit, has the gentleman's curiosity induced him to see whether or not teakwood is on the free list?

Mr. STEVENSON. I have not. It does not make any difference if it was $100 a thousand feet. That is the difference between our farm-loan banks and some of these. However, I did not intend to institute any invidious comparisons, but there is the difference. You have got 53 per cent of the capital of the Federal reserve banks in great buildings in this country when money is the thing you do business with. You can not pay with brick and mortar, with marble or teak wood; you need money and you have to get money. It is like Russell Sage was in the panic of 1907, when he had millions of actual cash locked up in the vaults, and he got 25 per cent regardless of how long they got it. Money is the thing that banks need and that is the one thing the farm-loan banks are standing for.

Now, as to looking at the size of the banks. The greatest of them is Omaha, with $127,000,000 assets. St. Paul is close to it, with $123,000,000, Houston $118,000,000, New Orleans $105,000,000, Louisville $102,000,000, Spokane $100,000,000, Wichita $93,000,000, St. Louis $74,000,000, Columbia $68,000,000, Baltimore $60,000,000, Berkeley $44,000,000, and Springfield $33,000,000, making a total of $1,064,000,000 which the farmers by cooperation have gotten together. Now, to discuss for a minute the operations of them. I remember—all of you do—that we had a great question about whether we should let this institution go into Porto Rico or not. I was very doubtful about that but I finally voted for it, and we voted that they should have a limit of $5,000 as a maximum loan. Subsequently we increased that to $10,000, and I tell you that bank is being run as a branch of the Baltimore bank, and when we were there in October there never had been one borrower delinquent down there on a single payment. It is a remarkable thing. Those people down there think they belong to Uncle Sam, and I think they think that if they do not pay these installments down there the Army and Navy will go down there after them. There never has been a delinquent payment on any of these loans. That is the justification of the act of Congress in giving them the opportunity. [Applause.]

They have $8,000,000 loaned out there in that branch. I tell you it was a gratifying thing to me to find our judgment so thoroughly justified. Well, you say, what about the management of the banks? I just want to give you one instance to show you how splendid has been the organization. I want to say to you that Judge Lobdell, of Kansas, has supervised all of this and has accomplished the most statesmanlike management of all of these institutions, and you did hear a great deal of criticism by certain alleged statesmen of another body because he is a financial agent now at a salary of $25,000 a year. He sells bonds of the intermediate credit banks and Federal reserve banks, and is one of the most competent men connected with the system. He went up and saw personally to the organization of them. There are over a billion dollars of coupon bonds out. Those coupons come in just as coupon bonds of the United States come into the Treasury, except each bank's coupons goes to its own bank ultimately. They have the most complete system there in each bank that is managed by one woman, and it takes not more than half of her time, so when a coupon comes in immediately it is recorded, it is in and paid, and then it is filed in order so in a minute or two you can find it. All you have to do is to give the number of the coupon and bond, and in two or three minutes it can be found. What has been the result of it? Why, you heard all of this talk about duplicate bonds which the United States Government has been paying and duplicate coupons, and there is millions of it. That thing can not occur with the farm-loan banks because the very minute the duplicate comes in the first thing they do is to turn to the book to see if that coupon has been paid, and they find that it is paid, and so it is investigated and run down. Immediately a duplication arises of coupons of the same date and same maturity they begin an investigation and run it down.

"Oh, well," you may say, "how can you tell which is good and which is bad?" They have their coupons so arranged that they can immediately turn to the coupon that has been paid and compare them, and then take them to the original bond and show whether this coupon is good and the other is spurious. They can settle it at once. It is the cheapest method possible, and it guards the treasury of the land banks just as the Treasury of the United States ought to be guarded by the system which has been abolished because they say it will cost $75,000 a year to do it. I say it would not. They have investigated every case in which duplicate coupons have been printed. It can be detected. Why? Because they have the information right there, and you have a coupon to compare with it, and you know where the bond is, and you can determine it at once. In one instance there was a $1,000 coupon presented which was immediately detected and sent back with the statement, "There is something wrong about this. The one that has been paid is the genuine one, and this is the spurious one." The spurious one immediately dropped out of sight, and nothing more was heard about it, but that duplicate would have been paid if it had not been detected in that way.

Mr. MORTON D. HULL. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. MORTON D. HULL. Can they duplicate these bonds?

Mr. STEVENSON. Yes. Once in awhile you will find that the numbering machine may not have worked all the time, and two bonds may be numbered the same.

Mr. ALMON. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. ALMON. You say there have been fraudulent farm-loan bonds found?

Mr. STEVENSON. They have all been explained except one, and that was eventually found to be a fraudulent one, or at least the holder withdrew the coupon and never presented any more. They have a machine set up by Judge Lobdell, which works like an automatic machine. That is a safeguard which used to prevail at the Treasury of the United States and which we demanded in the report filed last spring should be reestablished here, but it has been discontinued because they say it caused too much trouble. But it would be a mere bagatelle in cost to protect the United States in that way, with $20,000,000,000 of bonds outstanding.

Mr. ALMON. How much does it cost?

Mr. STEVENSON. Well, there is a lady clerk that attends to it, and she gets about $1,500 a year. There are 12 of them.

Now what have the banks done about the bonds? If you look at the statement of the bank you will find the bonds are backed by live collateral, not in default. You know when an installment is over 90 days past due they charge it off and put it in suspense account. They do not carry that in their active account at all. When a mortgage is foreclosed they charge it off and leave only the live mortgages on their books.

The experience is that they have not lost 10 per cent of the money invested in land where they had to buy it in. To-day they have, altogether, out of $1,000,000,000, $6,000,000 of real estate which has been charged off, but they will get practically the value of it, with the exception of the great area over in Montana, which threatened to cripple the Spokane bank which went into wheat raising under the inspiration of war prices. They made wheat for a few years with remarkable success. People crowded in there and made extensive improvements all over that country. However, you can ride to-day on the Great Northern trains a whole day and see beautiful homesteads that have been deserted because they found it practically impossible to raise wheat there three years out of four.

The Spokane bank had not enough collateral to take care of its bonds after charging off the lands taken under foreclosure there. They have got to put out a fresh mortgage to back the bonds in the register when a mortgage is foreclosed and the land bought. But we have other banks with splendid surplus accounts and unimpaired credits and assets free, amounting to $50,000,000. What did they do? They just came up and took the $3,000,000 worth of land and took it over and charged it off to profit and loss and appointed a committee to make the best disposition they could with it.

But that was one of the things that could not be foreseen. The Spokane bank and the other banks will lose but an insignificant amount if they are handled judiciously hereafter. That illustrates the power of the combination. Here is a calamity that strikes one territory in the country. It

impairs the power of the farmers to meet their obligations. It makes so much paper in default that the banks in that section are insufficient in collateral to meet the bonds. But the other banks are ready and able to respond and charge the expense out of profit and loss, and when they restore it they place it in a profit account. That is the only instance of that kind that has happened.

They have had a great deal of trouble with two things, with taxes and the irrigation and reclamation projects. Many of these irrigation projects are private, bonded to death, injudiciously managed, pumped out until the water level is below where they can get water. Many of them are bonded until the debt against them is $150 on every acre in them. In the Berkeley district, constituted by Utah, Nevada, Arizona, and California, but very largely California, the average per acre indebtedness against the reclamation land is $41 an acre. That stands ahead, except on United States projects. That stands ahead of the farm-loan bonds, and consequently the farm-loan banks have had to get out of it. They have found it injudicious to loan money in many of those places where they need water. You can not know how it will pay. They take the water out until it gets below the level where the pump will reach it. That is one of the great difficulties that they have out in the western country.

Mr. STRONG of Kansas. The banks in that territory employ experienced irrigation engineers to advise them as to the situation and condition of the irrigation projects there?

Mr. STEVENSON. Yes. They must have the most experienced irrigation engineers that are to be had, and they have them go to the bottom of every project. They do not loan any money until these engineer appraisers tell them it is safe to loan it in that community.

Now, there is a great deal of complaint about the fact that the Government has loaned money on all sorts of projects out there. They had a bitter experience in northern Montana, eastern Washington, and in the great bend of the Columbia River in Washington. What happened there? The great bend of the Columbia River was grazing country; it was in an arid region, but they were getting along pretty well. But they wanted to get rich all at once, and a lot of speculators and land grabbers got in there, and they said, "We must irrigate it and we will make it the garden spot of the world." They did irrigate it, and it was all right for a year or two. They rushed in and borrowed a lot of money from the Spokane bank to improve their land, but the application of water to the land brought the alkali to the top, and there is a large part of it which will be an alkali desert for all eternity. The black alkali has destroyed it, and they have not found any way to counteract it. It is said that white alkali will be removed after some years of cultivation and proper handling, but that is not true of black alkali. That is just one of the problems they got up against there. They loaned money on this land; it looked like a safe venture, but it was a disaster.

They had another experience at the St. Paul bank. The St. Paul bank loaned money on a project in Wisconsin where there was a tremendous bog that covered about all of one county there. The agricultural college fellows said it would be the garden spot of Wisconsin if they could just drain it. They were getting an income from ferns, evergreens, grasses, and other vegetation which grew in the swamp, but they induced the State of Wisconsin to spend many hundreds of thousands of dollars in draining it.

They rushed in there and bought it in quarter sections and borrowed money from the St. Paul bank to improve it and help pay for it. However, when they planted it it would not sprout anything; it is now an arid desert and absolutely waste land, and they are endeavoring to-day to get water back on it, so that they can begin to grow ferns and grasses again. That is another of the kind of problems which the land banks have been up against. But they are being educated and they are not lending much money out there on risky projects.

You know, the evidence everywhere is universal, with the exception of New England, that the interest rate on real estate loans has been reduced on an average of 2½ per cent. That is not true of New England, because there a slight accession to the rate has resulted, but that is entirely explainable. The old rate was about 4 per cent; the savings bank rate. There has been a tremendous demand for money to invest in Florida and other places like that, and some of the constituents of my friend from Massachusetts [Mr. LUCE] withdrew their money and the banks called their real estate loans and sent it to Florida to invest in sunshine or moonshine. The result was to raise the rate to about 4½ per cent there. If it had not been for the farm land bank they would not have been able to get their money out of the farm loans they had, but the general level has been reduced 2½ per cent. Do you realize that the loans in the United States on farm mortgages amount to $10,000,000,000, and 2½ per cent per annum is $250,000,000, and that is about the amount the system is saving to-day. But, you say, they loan only $1,000,000,000 of it, and that is true, but they have come to where they dominate the price of long-time farm money, because they handle such a large percentage of the business that the other people have had to meet them, not only on rates, but on amortization, and money is now being loaned for a long term of years without renewal. That has been one of the accomplishments of the Federal farm land banks.

There is another. You take it in my country; a man who borrows $1,000 has to pay 8 per cent, and he has got to pay it every year. In addition he has to pay a renewal fee every now and then. When he borrows $1,000 and pays 8 per cent, that is $80 a year. If he pays interest on that loan for 35 years, he has not only paid $2,800 in interest but he still owes the $1,000. I have here the amortization table of the Federal land banks; it works out and it is guaranteed. If a man borrows $1,000 from a Federal land bank, he pays $62.50, being 6½ per cent interest, and that is applied on both principal and interest, and when he pays that $62.50 a year for 34½ years he has paid all of his debt. He has not only done that but he has paid $517.50 less than he would have paid if he had an 8 per cent loan. He has paid his debt, whereas if he had an 8 per cent loan under the old rule he would have paid $517 more and still owed the $1,000. That is the difference, and it means the difference between the success and the destruction of the agricultural people of this country.

Mr. McKEOWN. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. McKEOWN. The gentleman is making a very interesting speech on this subject. I would like to ask him whether his committee, during their investigations, which no doubt proved very interesting to the committee and of value to the country, gave thought to the proposition of increasing the percentage that would be permitted to be loaned?

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. AYRES. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. LUCE. Will the gentleman yield to me?

Mr. STEVENSON. Yes.

Mr. LUCE. The gentleman's exceedingly valuable statement is so helpful that I wish he would take enough time so that he will not overlook telling us about the condition of the intermediate credit banks.

Mr. STEVENSON. The gentleman will have to intercede with the gentlemen who have time at their disposal. The gentleman from Kansas [Mr. AYRES] has been extremely kind in giving me this time and I do not want to take more of his time than is absolutely necessary. Answering the gentleman from Oklahoma, I will say that we considered that proposition, but considering the situation of the people in this country and the fact that there are $9,000,000,000, or more, of farm loans that ought to be absorbed by this system, we do not deem it proper to recommend that more than 50 per cent of the appraised value be loaned on any real estate. It is a safe margin, and they have had $6,000,000 of real estate out of $1,000,000,000 on their hands as a result of loaning on only 50 per cent, and we thought it was safe to leave that just as it is.

Mr. MORTON D. HULL. What is the amount of the other loans made by the joint-stock companies?

Mr. STEVENSON. The joint-stock companies have loaned $500,000,000. A billion five hundred million dollars has been taken up by the two systems.

Now, the gentleman from Massachusetts [Mr. LUCE] asked for some statement about the Federal intermediate credit banks. I was just coming to that point. The loans to the farmers are capital loans, production loans, and marketing loans. The principal capital loan, of course, is a loan to purchase and settle himself on his farm. That is furnished by the land bank. Then there is the capital loan for people out in the West who want to buy a herd of cattle with a view to raising them. That is a capital loan.

The basis of his herd, as the gentleman from Colorado knows, who is a cattleman or has been a cattleman, is a capital requirement, and consequently the intermediate credit bank has to take care of that because the commercial banks can not. They can make the loans for three years which gives them time to bring on a crop of calves and get them ready for market. There is a great deal of this done by the intermediate credit banks.

Then the production loans made to farmers who are producing an annual crop are made now and beginning to be made very extensively by the intermediate credit banks by discounting the paper of agricultural credit corporations. The farmers

will get together and form their agricultural credit corporation. They did it in my State last year in an area that had disasters and did not have either the credit or the banking facilities to do business at all. They got their money through this credit corporation and it cost them about 6 per cent. They redeemed themselves and made a splendid crop and the intermediate credit bank did not lose a cent. It collected 100 per cent, so I was told when I was home during the holidays, and that has been its history everywhere. They get these loans at a low rate. They are all combined in a cooperative movement and they have made good and have paid their loans when they were due because the loans are due to an institution that has been a beneficiary to them.

Mr. McSWAIN. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. McSWAIN. I assume the gentleman refers to what we call the Pee Dee section.

Mr. STEVENSON. I was referring to the coast section and not the Pee Dee section.

Mr. McSWAIN. The gentleman will remember that the Pee Dee section had practically four years of crop failures.

Mr. STEVENSON. Yes; the Pee Dee and the coast section also.

Mr. McSWAIN. In corroboration of what the gentleman has said, I remind him that in my section, which is the Piedmont section, there was practically a total crop failure in 1925 on account of a drought, and it is the hope, and the sole hope, of the farmers of that section that the intermediate credit banks will enable them to make a success this year.

Mr. STEVENSON. Yes; and that is simply an illustration of the facilities we have provided by the intermediate credit banks. Here is a territory devastated last year which does not have the capital with which to produce another crop, and this intermediate credit bank steps in and finances them and they come back. Then this year there is another section that has been burnt out by drought and they have to be helped during this next year. They will get this help and they will be back next year good and strong, and the help is distributed over such a large area that it takes care of the emergencies and there is practically no loss in it. [Applause.]

Now to sum up and conclude.

The credit needs of the farmer of America are divided into three general classes:

First. The capital loans, which include the purchase, improvement, and equipment of the farms and the purchase of herds of livestock for production purposes.

Second. The production loans, being the loans necessary to purchase fertilizer and seed and pay for labor necessary to cultivate and harvest the crop.

Third. Marketing loans, which are necessary to finance the crop after it is made, pay off the production loan, and enable the farmers to market their crops in an orderly way without glutting the market, distributing the market over a period of months instead of marketing it all together.

After an inspection of the 12 land banks made by a subcommittee of the Banking and Currency Committee, in which I went through each of the 12 banks very carefully, and also each of the intermediate credit banks, run in the same building and under the same officers, and concerning the problems which are revealed by the dealings of these banks with the farmers, I was very much gratified to find the efficiency with which the two institutions were meeting these three needs for capital.

First. As to capital loans for the ownership and improvement of farms, there are in round numbers $10,000,000,000 of farm loans secured by mortgages of farms in the United States, and, it being figured that there are about $40,000,000,000 invested in farms, it will be noted that there is 25 per cent in round numbers borrowed. Up to the time of the institution of the farm-loan system the rate of interest would average at least 8 per cent on all farm loans, or, in round numbers, $800,000,000 per annum. Since the farm-loan banks entered the business, $1,000,000,000 of loans in round numbers has been made by the farm-land banks and half a billion has been made by the joint-stock land banks. They have absorbed such a per cent of the business that they have compelled the land-mortgage companies and the insurance companies to meet their interest rates and to amortize their loans. The reduction in interest rates will average 2½ per cent over the whole United States, which means a saving in that item alone of $250,000,000 annually. A farmer now can borrow $1,000, have it amortized so that he will pay 6½ per cent per annum, being $65 on the $1,000, divided into two payments, one each six months, and by so doing and meeting simply that 6½ per cent, at the end of 34½ years his debt, interest, and everything is paid. Under the old system he paid 8 per cent on the average and thereby paid $80 a year instead of $65, and would pay that in the 34½ years and still be owing the $1,000. He will then have paid $517.50 more than he does under the land-bank system and yet will owe the $1,000, whereas by paying the land bank $517.50 less he will have paid both the interest and the debt. The money is obtained for these loans on the joint credit of all the farmers who are members of the farm-loan associations, pooled in the shape of notes and mortgages against which debenture bonds are sold, and sold readily at a little over par at a rate of interest now about 4¼ per cent. The Government stock has been retired with the exception of $1,331,930, while the farmers own $52,000,000 of the stock. The bonds are absolutely gilt edge, no dead assets are carried in the statement of the banks, which shows them with surplus and reserve abundant to care for everything after charging off, as they do monthly, all real estate bought in under foreclosure and in the billion dollars of loans the real estate so bought is negligible and is resold without loss in the majority of instances. It is the best financial cooperative effort that has ever been organized, and is just reaching its stride now in service to the American farmer, whereby he is serving himself. Of the 365,000 loans made to farmers the average loan is $3,100 in round numbers.

Second. As to the capital loans of a temporary nature, loans to stock farms with livestock, machinery, and so forth, the intermediate credit banks are being used, and they can make loans for that purpose and rediscount paper of agricultural credit corporations and of banks which have at least six months to run and not over three years, and where a man purchases a herd of cattle for purposes of production and will need at least three years to begin to put his product on the market these banks have been wonderfully helpful and remarkably successful, and some agricultural credit corporations procure from these institutions the funds for their members for producing their crops at a very low rate of interest and with remarkable results in reducing the cost of crops and increasing the profit of the farmers. Then, when a crop is made, for example, the cotton crop of the South, the marketing loan is necessary. Fifteen million bales of cotton marketed in one month would overwhelm the market of the world, and yet it is a scant supply for the needs of the world, and if marketed in an orderly way as the need develops and as the manufacturers call for it, there should be no demoralization in price. The intermediate credit banks furnish the marketing association with the money at a rate of interest which can not be had elsewhere for the orderly and systematic feeding of the crop to the market as it is needed, and thereby giving stability to the price of the product. In the matter of cotton manufacturing this is a wonderful help to the manufacturer and everybody concerned, because the price is comparatively stable and the manufacturer is not required to make enormous loans to acquire the cotton while it is being marketed at once, but he knows there is a reservoir where the cotton is sold where he can buy at a comparatively stable price as the needs arise. The money for these intermediate credit loans, covering the short-time capital loans, the production loans, and the marketing loans, is obtained by selling debentures of the intermediate credit banks against the notes of the farmers, which they have discounted, and is obtained at a rate of interest between 4 per cent and 5 per cent, and the rate to the farmer can not be more than 1½ per cent more than the money cost the bank.

A word about the intermediate credit banks. They have $60,000,000 capital from the United States Treasury. They can sell debentures to ten times that amount. Thus each bank can have $55,000,000 capital for the needs of its district. Not more than $10,000,000 has been used by any bank, I think, at one time. They can rediscount farm paper for any bank in the district which has not less than six months nor more than three years to run. But the banks do not handle it, because they can not use paper where the rate charged was over 7 per cent, and they can not afford to break their rate to that. The way it is done is to organize agricultural associations, with good, solvent farmers and bankers as stockholders, and the banks take much of the stock, and this corporation takes the farmers' notes and rediscount the paper with the intermediate credit bank at 5¾ to 6½ per cent.

Patience and conservatism on the part of all concerned I feel sure will develop these twin institutions into a system which will enable the farmer of America to become self-sustaining and make a living profit out of his activities. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. AYRES. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, from the House floor on January 6, 1926, I mentioned that Mr. Leon L. Shield, of Coleman, Tex., who had demanded that I resign because I would not obey orders from the tax clubs, had himself resigned as cashier of his bank.

The CONGRESSIONAL RECORD for January 6, 1926, showed just what I said. Certain newspapers got mixed up and erroneously reported that it was Lee Satterwhite who told me to resign.

Lee Satterwhite is a newspaper man. He is an old, experienced one. He knows just how many errors appear in press reports. He knew that in the CONGRESSIONAL RECORD he could see just exactly what I had said. He has access to the daily CONGRESSIONAL RECORD. Lee Satterwhite is the editor and publisher of the Panhandle Herald. Each day from Washington the daily CONGRESSIONAL RECORD is mailed to Lee Satterwhite's newspaper. He has been closely watching the proceedings of Congress. As one of the spokesmen for the tax clubs he has had his expenses paid on his two recent trips to Washington. He sat in the gallery when the House debated the tax clubs. He could hardly have escaped notice of my former speech, wherein I first mentioned that Lee Shield had requested me to resign. If he had exercised ordinary judgment, he would have known that I was misquoted. But he seized upon this erroneous press report, and proceeded to take advantage of it. Instead of sending me a letter through the mails, which I would receive promptly, if he wanted to address me, he proceeded to print a letter covering two whole columns, and a part of a third, on the front page of his newspaper; the Panhandle Herald, published in Carson County—whose population the 1920 census gave as 3,078—addressed to me here in Washington. And a copy of it was finally brought to my attention.

And he proceeded to deny that he had asked me to resign, although I had made no such assertion, and to unjustly abuse me in his newspaper, as if he were addressing me in a letter. I quote from his paper the following:

> At a little dinner party in Washington at which you and I were present and the repeal of the Federal inheritance tax was under discussion, you made the assertion that you did not believe the Federal inheritance tax would be removed. I replied in a spirit of levity, more than in earnestness, that perhaps Congress would not remove the tax, but perhaps some Congressmen could be removed. When that remark was made, I had no intention of exercising any effort to defeat you or any other Member of Congress, because we happen not to agree as to whether Congress should or should not levy an inheritance tax.

The dinner party he mentions was the one he helped to arrange and pull off in the oak room of the Raleigh Hotel. He presided over same as toastmaster. It was paid for by the tax clubs. Only four Congressmen attended. He called on me, and I frankly expressed my views that they were wasting time and money, as I felt sure they would not induce the House to repeal the inheritance or estate tax, and I gave my reasons. Congressman THOMAS, of Oklahoma, expressed views similar to my own. Congressman RAINEY, of Illinois, likewise expressed views unalterably opposed to a repeal of such tax. Although he was our presiding host, he could not conceal his displeasure, for in a fit of petulance Lee Satterwhite arose and exclaimed that—

> We may not be able to get rid of the estate tax, but in Texas we will know how to get rid of some Congressmen.

And I immediately arose and told him that his remark was a discourtesy to his guests who conscientiously disagreed with him. And immediately his clubs, through his main officer, Mr. Colvin, began to attack me in the Texas press. His associate, Senator Stuart, was sent, with his expenses paid, to my district, and he spoke against me at Coleman, warning me of political opposition unless I obeyed orders, following which his club's secretary, Leon Shield, requested me to resign. And his clubs have filled the Texas press with articles attacking me, and the other 17 Congressmen from Texas, all of whom unanimously refused to repeal the estate tax.

Then, because he had been sued for a $75 board bill, he sought to vent his spleen upon me by falsely asserting in his paper that I had twice borrowed $100 in Wichita Falls. This is not true. I have never borrowed any sum from any person in Wichita Falls. No one there has ever made me any loan. There has never been a time during the past 25 years when I could not borrow from my home bank a thousand dollars on my note without interest. And during my service here I have been so situated that my bank here would loan me as much as $1,000 at any time on my plain note without security.

I have at all times treated Lee Satterwhite with the utmost courtesy. I have never abused him. I have appreciated his splendid ability as a newspaper man in Texas. I have merely defended myself against unjust attacks which he and his tax clubs have unjustly waged against me. Every reference I have ever made concerning him was in defense of unjust action he and his tax clubs had directed against me. Self-defense is always justifiable. The following discloses that erroneous press items have been incited in my district:

[From Austin American, issue of January 13, 1926]

BLANTON'S SEAT OBJECTIVE OF W. C. WOODWARD

THOMAS L. BLANTON, "economy watchdog" of Congress and unique campaigner of west Texas, will be tackled for his seat in the National House this year by State Senator Walter C. Woodward, of Coleman, colleagues of Senator Woodward disclosed here.

Senator Woodward, a consistent "Ferguson man," will inject a strong "administration" angle in this race by his entry, it is believed. He was leader in the senate for the Ferguson amnesty measure, and has been a supporter of the administration throughout the year of its term.

You will note that when the opposition selected a man to make the race against me they found him in Coleman, where lives this Mr. Leon Shield, secretary of Lee Satterwhite's tax clubs; and remember that Coleman is the place to which these tax clubs sent their Senator Stuart to speak against me; and it was from Coleman that the first warning came to me that if I "did not obey, I would have opposition of the deadly earnest kind"; and it was from Coleman that Mr. Leon Shield requested me to resign if I did not obey. But their selected candidate took a second thought, for I have just received the following:

CRITZ & WOODWARD, ATTORNEYS AT LAW,
Coleman, Tex., January 14, 1926.

Hon. THOMAS L. BLANTON,
Washington, D. C.

DEAR SIR: Perhaps you have heretofore had your attention called to some unauthorized news items in the Texas press stating that I would be a candidate for Congress. Perhaps your attention has been called to the correction I have made of these reports, but, nevertheless, I am advising you that the reports were unauthorized by me and I am not a candidate for Congress; in fact, I have announced for reelection to the State senate, the position I now hold.

Yours very truly,

WALTER C. WOODWARD.

Mr Chairman, I am here 2,000 miles from my district, laboring each day and some of each night in behalf of the people I represent, hoping to be of benefit to my country and my Government. Propagandists in Texas must not tell stories on me. I am going to force them to keep the record straight, and therefore it has been necessary for me to divert thus far from my main subject.

I have secured this time to reply to a tariff speech made yesterday by the Republican leader on high tariff rates, the gentleman from Kansas [Mr. TINCHER].

Since we resumed our labors here following the Christmas holidays, several Democrats have made speeches on the tariff, and have justly taken you Republicans to task concerning your many inexcusable, unconscionable high rates carried in your Fordney-McCumber bill. They have chastised you first on one part of your protective anatomy and then on the other. Consequently, you Republicans were sore all over. You have been hearing from the industrial workers in the cities, who have been carrying a part of the load. You have been hearing from the farmers and producers, who have been carrying most of the load, because they do not receive corresponding benefits. You were in a dilemma. These speeches had to be answered. They could not be answered by facts. What was most needed were skill, ingenuity, and detractive argument. In your emergency yesterday, you Republicans sent for the best debater you have on this floor, for he is really the only rough and tumble high-tariff debater you have left who can stand up and hold his own with the Democrats of this House. If you had not had available my friend the gentleman from Kansas [Mr. TINCHER], our Democratic thrusts would have gone unanswered. I want to say this about him. The gentleman holds his own in debate, but yet he comes from that part of the country which believes a man ought to be square with his opponent, and when I had much trouble with the Chairman here yesterday afternoon in getting my position clearly stated in the RECORD, I had no trouble with the distinguished gentleman from Kansas [Mr. TINCHER]. He is a most worthy foe.

What is the correct Democratic position on the tariff so far as the farmer is concerned? Here are the facts. Every year now, through the customhouses, even Democrats will agree with the Republicans that we must collect $500,000,000 of our revenue.

Mr. BLACK of Texas. If the gentleman will yield, what Democrat has advocated that? I have not heard any Democrat advocate that. [Laughter.]

Mr. BLANTON. How much does the gentleman say we ought to collect?

Mr. BLACK of Texas. Oh, the gentleman knows I am against the Fordney-McCumber tariff bill and any such high rates as it imposes, but I do not know of any Democrat that advocates——

Mr. BLANTON. So am I unalterably against most of the Fordney-McCumber rates. But how much does the gentleman think ought to be collected each year through the customhouses?

Mr. BLACK of Texas. I am not stating any arbitrary figure.

Mr. BLANTON. Well, not arbitrarily, but reasonably and justly, how much does he say ought to be collected in that way? Do we have to collect any sum through the customhouses?

Mr. BLACK of Texas. This gentleman from Texas favors a Democratic tariff written for revenue only and not based upon such high rates as the Fordney tariff bill imposes.

Mr. BLANTON. How much of our needed revenue do we have to collect through the customhouses?

Mr. BLACK of Texas. I am not going to state any arbitrary figure. I would not undertake to set any such figure.

Mr. BLANTON. The gentleman will agree we have to collect some amount, because the gentleman says he is for a tariff for revenue only, and that admits we must collect part of our revenue through the customhouses. Then, how much does he say that we should collect through that method? He will not say. Yet it is a problem that we Congressmen must decide. It is our duty to find out from the Budget estimates the full amount of money that is needed by our Government to run its business, and then, as statesmen, we must determine through what methods this money must be raised. And we must determine just how much of it must be raised by tariff rates collected through the customhouses.

The Underwood tariff bill was a so-called Democratic measure, because it was passed by Democrats under Democratic administration. Under this Democratic Underwood bill our Government collected between $300,000,000 and $400,000,000. When the expenses of our Government now are several hundred million dollars more than they were when the Underwood bill was passed, we may reasonably suppose that Democrats who agreed to the Underwood bill would now agree that much more revenue must now be collected through the customhouses than were collected by the Underwood bill. If with much lower expenses then Democrats agreed through the Underwood bill that between $300,000,000 and $400,000,000 must be collected in tariff rates through the customhouses, then at this time with expenses nearly doubled, will Democrats deny that we must collect as much as $500,000,000 each year in tariff duties?

Other good Democrats have said that it is now necessary for us to collect as much as $500,000,000 of our needed revenue each year through the customs houses. I am taking the word of Democrats who are willing to say how much in tariff duties we must collect. Then, it being admitted by most Democrats that we must so collect $500,000,000 annually, then what is the problem? Upon what products are we going to distribute the $500,000,000? Is all of it to be on the finished products of New England? Are the farmers to have no benefit whatever from a proper distribution? Their products will raise revenue just as well as the manufactured products of New England.

I will go my Texas friend [Mr. BLACK] one step further. I am for a tariff for revenue where it is needed, but I am likewise for a tariff that will maintain the American standard of living in the United States. [Applause.] That is as far as I will go. A tariff for revenue and one that will protect our American standard of living. My position on this subject has been consistent ever since I was a schoolboy. I had a joint debate in my State on that subject when I was 21 years of age, and I took that identical position and I have maintained it ever since.

Mr. friend from Oklahoma [Mr. MCKEOWN] did me a valuable service a moment ago. He handed me a document that I sent to my Democratic colleagues in 1920. That was before we framed the emergency tariff bill and it was before you framed the Fordney-McCumber bill. It was long before the bills had been in the making that I addressed this communication to my Democratic colleagues. It is dated December 4, 1920. Here is what I then said. I will read some extracts from it, because I want you to know that my position now is the position that I took then, and it has been my position through every campaign that I have made in Texas. It was the position I took in my campaign and platform when I came to Congress from a Democratic district in Texas, as strong a Democratic district as exists in the United States. Now let me show you what I said to my Democratic colleagues then. I quote from this communication of mine dated December 4, 1920, the following:

WASHINGTON, D. C., *December 4, 1920.*

MY DEAR SIR: Through wise counsel comes wisdom. Hoping to help solve a problem of momentous national importance, I am seeking light. May I ask that you aid in its solution? What would you suggest?

Time has proven that free raw material is not a fundamental of true democracy. It has been a fatal policy, and constitutes one of our gravest mistakes. It has almost bankrupted some of our southern producers, who by law have been forced to purchase everything they have to buy in a protected market and then sell all of their raised products in a free one, where the whole world, dissimilar as it is, competes on an equal footing. The elusive, seductive doctrine of permitting raw materials from every foreign country of the world to enter the United States absolutely free of duty has taken away from our home producers their home market and is largely responsible; for the chamber of commerce in Ranger, Tex., now offering some of the splendid farms of Eastland County rent free to any farmers who will agree to cultivate them next year; for our warehouses now bulging out with both the spring and fall clips of domestic wool, which can not now be sold for its cost of production; for the crippling of our great peanut industry; for stagnating our important stock-raising and dairy interests; and for swiftly depopulating our farms and ranches. Our farmers and stockmen of the United States, sturdy producers who yearly feed and clothe our 105,000,000 people, are now with their backs to the wall, facing a most serious crisis.

In Mexico, South America, Australia, Europe, Asia, and Africa there exists an entirely different state of conditions, a different standard of living, a different standard of working hours, a different standard of wages, a different standard of necessities, morals, intelligence, hopes, ambitions, and aspirations. Mexican peons are content to work for a miserable existence. Chinese and Japanese laborers are perfectly satisfied to work from 10 to 14 hours each day for less than 20 cents pay, to live on rice, to go almost naked, and to let the future take care of itself. Must our intelligent, ambitious, deserving men and women on the farms and ranches of the United States be longer placed on the same level by being forced to compete directly with the peons and slaves of the universe? I am one loyal Democrat who is not in favor of it.

I have had Hon. Thomas W. Page, chairman of the United States Tariff Commission, to assemble for me the following authentic statistics concerning recent importations. During the last fiscal year, ending June 30, 1920, the following raw materials were imported from foreign countries into the United States absolutely free of any duty, to wit:

Cotton, 345,314,126 pounds.
Corn, 10,229,249 bushels.
Wheat, 4,744,712 bushels.
Wheat flour, 157,896 barrels.
Wool, 427,578,038 pounds.
Beef and veal, 42,436,333 pounds.
Mutton and lamb, 16,358,299 pounds.
Cattle, 575,328 head.
Sheep, 199,549 head.
Cowhides, 439,461,092 pounds.
Calf hides, 68,359,825 pounds.
Cabretta hides, 101,848 pounds.
Buffalo hides, 14,682,279 pounds.
Other hides, 275,964,213 pounds.
Oil cake, 145,026,652 pounds.
Chinese nut oil, 10,613,638 gallons.
Coconut oil, 269,226,966 pounds.
Cottonseed oil, 24,164,821 pounds.
Palm oil, 50,163,387 pounds.
Palm kernel oil, 53,508 pounds.
Olive oil, for manufacturing, 210,145 gallons.
Soy-bean oil, 195,773,594 pounds.
Other oils, $1,542,271 worth.

During the recent four months of July, August, September, and October, 1920, the following raw materials were imported from foreign countries into the United States absolutely free:

Cotton, 42,961,691 pounds.
Corn, 5,317,376 bushels.
Wheat, 12,040,541 bushels.
Wheat flour, 221,989 barrels.
Wool, 44,435,246 pounds.
Beef and veal, 19,456,961 pounds.
Mutton and lambs, 64,623,776 pounds.
Cattle, 142,139 head.
Sheep, 94,960 head.

Cowhides, 80,023,347 pounds.
Calf hides, 10,782,491 pounds.
Cabretta hides, 488 pounds.
Buffalo hides, 3,270,450 pounds.
Other hides, 53,013,186 pounds.
Oil cake, 128,615,571 pounds.
Chinese nut oil, 3,354,901 gallons.
Coconut oil, 62,402,486 pounds.
Cottonseed oil, 579,172 pounds.
Palm oil, 12,962,010 pounds.
Palm-kernel oil, 1,403,651 pounds.
Olive oil, for manufacturing, 9,896 gallons.
Soy-bean oil, 26,923,725 pounds.
Other oils, $378,053 worth.

It does not require an expert to realize just how much the above free competitive imports have discriminated against our farmers and stockmen, and their consequent losses thus occasioned, besides the great loss in revenue to the Government. We raise annually about 65,000,000 head of cattle, while South American countries with only a little more than a third of our population raise over 80,000,000 head of cattle yearly. Due to their tropical climate, cheap and luxuriant grass, cheap labor, ample water, and little feeding, our cost of production is about five times as great as theirs per pound.

The time has come when we must take products of American farms and ranches and all competitive substitutes off of the free list and let our American market afford a living wage and return to our producers, and when we must so arrange our tariff schedules on such products and substitutes as will equalize our cost of production with that of foreign countries. To a certain extent this principle was recognized and followed in the tariff act of October 3, 1913, in placing a duty on certain products largely raised by cheap labor in foreign countries. And during the last fiscal year, ending June 30, 1920, the following dutiable products were imported from foreign countries into the United States and duty paid upon same, to wit:

Rice, uncleaned, 22,437,197 pounds, duty five-eighths cent.
Rice flour, 1,265,198 pounds, duty one-fourth cent.
Rice cleaned, 156,217,566 pounds, duty 1 cent.
Beet sugar, 1,219,834 pounds.
Cane sugar, 7,533,200,338 pounds.
Molasses, 154,670,200 gallons.
Peanuts, shelled, 120,344,425 pounds, duty three-fourths cent.
Peanuts, not shelled, 12,067,998 pounds, duty three-eighths cent.
Butterine and cocoa butter, 41,500 pounds.
Olive oil, edible, 6,812,596 gallons, duty 30 cents.
Linseed and flaxseed oil, 4,550,391 gallons, duty 10 cents.
Peanut oil, 22,064,363 gallons, duty 6 cents.
Rapeseed oil, 1,229,526 gallons, duty 6 cents.
Other dutiable oils, 1,432,695 gallons.
Certain wheat, 35,052 bushels, duty 10 cents.
Certain wheat flour, 1,160 barrels.

If it is Democratic and American to place a duty upon rice, peanuts, and cane products, then why not upon our corn, wheat, cotton, wool, hides, livestock, and Far Eastern vegetable oils and substitutes that daily compete with our farm and ranch products? And why beg the question any longer? Why not place a proper and adequate duty upon all such items to do some good?

The millions of city consumers who inhabit New York, Boston, Philadelphia, Pittsburgh, Baltimore, Washington, Cleveland, Detroit, Chicago, St. Louis, and our other large cities, while demanding and getting their $6, $8, $10, $15, $20, and $25 for six to eight hours' work each day are constantly demanding that everything they eat and wear be furnished to them at the lowest minimum. They never give a serious thought to the subject of a living wage to the producer who feeds and clothes them. And I am afraid that it has been the clamoring of these millions of city consumers, whose votes are very much desired, which has caused free raw materials to be written into Democratic platforms. Much too long have we Democrats permitted rest-needing politicians to entwine into our platforms and policies some city vote-catching slogan, to the detriment of our producers. With blinking eyes we Democrats have sat by and let our brother Republicans pass their measures to place a duty upon pearl buttons, chemical glass, surgical instruments, tungsten, magnesite, and the numerous other products their rich millionaire friends are interested in, thus placing unneeded millions into the pockets of a few wealthy millionaires, and we have let our worthy producers appeal to us in vain.

The proper solution of this question more vitally concerns the consuming millions in cities than anyone else. For suppose our producers were to get tired and quit. There would be starvation in cities. When the manufacturer can't make a profit he shuts down and prevents loss. But after the producer prepares and plants his ground in the spring and arranges for the season growth of his flocks and herds there is no shutting down for him without losing his whole year's income. He must combat drought, floods, disease, grasshoppers, boll weevil, rust, depredations, plots of gamblers, and the score of other enemies that seem to combine for his destruction. Just now there is ample demand for our products abroad, but want of funds and credit prevents a sale. At an enormous expense we have built a large merchant marine, so essential in bringing the markets of the world to our producers, and we must not let it stand for naught or slip out of our hands. We must find a safe way to assist worthy producers to obtain necessary credit. We must see to it that our producers are not forced off of their farms and ranches.

What suggestions have you to offer? This problem will soon be before Congress for solution. It must be solved properly. We must get out of ruts and meet the present. I would appreciate hearing from you.

Very sincerely yours,

THOMAS L. BLANTON.

Now, Mr. Chairman and gentlemen, remember that it was on the 4th day of December, 1920, that I proposed the above to my colleagues, long before we began framing the emergency tariff bill and long before the Fordney-McCumber bill was framed. My position was: First determine just how much revenue we must collect from the customhouses, and then distribute a just proportion of it upon the products of the farms and ranches, so that the American standard of living may be maintained on farms and ranches as well as among the industrial workers in the cities. Then all of the farm boys would not be leaving the farms and going to the cities. A tariff on certain products of the ranches and farms will produce revenue. Then why do not we divide the benefits justly between the producers and industrial workers? And the duties thereafter placed on certain farm products and ranch products, as mentioned by the gentleman from Kansas [Mr. TINCHER], followed these suggestions I made to my colleagues as early as December 4, 1920.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. BLANTON. Yes; I must yield to my colleague from Texas.

Mr. BLACK of Texas. Do I understand that the gentleman is defending and indorsing the rates in the Fordney-McCumber bill?

Mr. BLANTON. No; certainly not. I voted against it, and I will tell my friend why.

Mr. COLTON rose.

Mr. BLANTON. Oh, let me finish with this question first, and then I will yield. I had to yield to my colleague from Texas because I jumped on him in one matter, and I have not jumped on the gentleman from Utah. I will tell you why I was against that Fordney-McCumber bill. They did not stop with arranging for revenue only in fixing the rates. They did not stop with maintaining the American standard of living. That meant merely an equalization of the cost of production. If they had, I would have gone with them, like my friend from Texas [Mr. HUDSPETH] did. I would have gone with the Republicans if they had stopped at that. But they sought to enrich manufacturers with rates that were several times larger than was necessary to equalize cost of production.

What is maintaining the American standard of living? It is a tariff rate that will equalize the cost of production in this country as against that in every foreign country. That is what a tariff to protect the American standard of living means, and you Republicans know it as well as I do, but you did not stop there; you Republicans put the rates up many times over and over beyond that, so that it becomes a protection to favored manufacturers who become rich because of the necessities of the poor people of America, who bear the burden. It is to the interest of every person that American standards should be maintained. You protected the industrialists in the cities, and you want to see their American standard of living maintained, but you forgot the American standard of living on the farm, and you forgot the American standard of living on the ranches of the country, where those who produce the food for the Nation must exist. I am for giving these worthy producers a look-in on this tariff question. I am for giving them a protection for their American standards of living.

Mr. COLTON rose.

Mr. BLANTON. Oh, I must yield to my friend from Utah. He is so persistent.

Mr. COLTON. The gentleman gave a very vivid description of the full warehouses of raw materials in 1920. Will he state that that condition now obtains among the producers of his country?

Mr. BLANTON. Let me tell the gentleman this: That he might travel with me through his State and through Kansas, and through Texas——

Mr. COLTON. Do not forget Iowa.

Mr. BLANTON. And through Iowa, when cattle are dying, lots of them, and many times you could not get a man to skin them for the small amount you could sell the hides for.

Mr. COLTON. The gentleman referred to wool.

Mr. BLANTON. Oh, I voted for the wool schedules in the emergency tariff bill because the rates equalized the cost of production in this as against that of foreign countries. [Applause on the Republican side.] I voted with you for a tariff on frozen meats, on frozen beef and mutton. Frozen beef and frozen mutton were coming in here by the hundreds of millions of pounds from South America and other countries, where peon labor produces it.

Mr. BLACK of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a moment, when I reply to the gentleman from Utah—where peon labor raises them, where they have luxuriant grass and plenty of water, where they do not have to feed them, where you can raise a cow for one-half of what you can in this country. They were bringing millions of pounds of frozen meats in here, and, naturally, I wanted to protect the producing ranchmen and farmers of this country, and I voted for the emergency tariff bill with you; but let me tell you where my friend from Kansas [Mr. TINCHER] fell down. I asked him to show me a beneficial tariff on steers, and he said:

> Oh, yes; I am going to show you. I have got you in a jackpot; you did not know there was a tariff on steers, but I am going to show you.

And he attempted to read the law to us, and he said:

> Why, there is a tariff of 1½ cents on steers up to 1,000 pounds, and when you get over 1,000 pounds, it is 2 cents.

Did he not say that? It is in the RECORD. He said it yesterday in two different places on two different pages, and he said he was going to rub it in on me good because I did not know it. Now, he had a chance to revise and correct those remarks, and he did not do it.

Mr. TINCHER. I never do.

Mr. BLANTON. He had a chance to look up to see whether he made any mistake. Mr. Chairman, the tariff on steers is not 1½ cents up to 1,000 pounds, it is 1½ cents up to 1,050 pounds. Why did not the gentleman give us the correct figures if he wanted to be accurate? If the gentleman wanted to condemn me for inaccuracy, why was not he accurate himself? I will tell you what is the matter. He has kind of lost interest in the farmer, because Tincher No. 1, that fine oil and gas well in Oklahoma, came in yesterday with a fine production, and whenever you let a fellow become an oil magnate and a gas magnate, with a natural gas flow of several hundred million cubic feet per minute, you will find that he forgets the farmers and forgets farms and ranches. Therefore, I forgive him—he is so fair in other things. How many steers are there now that can be shipped into this country? There are none in Mexico and few in Canada. You put a tariff on steers when it did not do the producer much good, because no one can pay freight on live cattle from South America. That is what I was trying to bring home to the gentleman from Kansas yesterday. From only two countries you can bring cattle into this country under a 1½ cent tariff up to 1,050 pounds, and those are Mexico and Canada, and there are none to bring from Mexico and few to bring from Canada. And we raise about 65,000,000 cattle here each year.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I must yield to the gentleman.

Mr. McKEOWN. I wanted to ask the gentleman if the tariff has done so much good to the farmer why it is that the property of the farmer has gone down $20,000,000,000 since 1920; since we have had such wonderful laws?

Mr. BLANTON. I will answer that in a moment, but I want first to attend to this single Republican debator on whom his whole party depends for its maintenance here in the House [Mr. TINCHER]. I thank the gentleman from Kansas for that little 1½ cent tariff on cattle weighing up to 1,050 pounds. It has benefited the ranchmen a little bit, but not much, and I will tell you why. I am going to put the Tariff Commission's figures in as to the cost of shipping a steer from South America to this country. I have not the time to give you the figures now, but the Tariff Commission has prepared them for me to-day. They can not ship them from South America or from some country other than Canada or Mexico, because the cost is prohibitive.

You can not ship them alive, but you can ship them dead, and that is the reason I worked so hard here with some of you gentlemen in 1920 to get a proper tariff upon frozen meats. You did give them a little tariff on frozen meats, but you ought to have doubled it. And I feel that my preachment to you back in 1920 helped to cause you to place this tariff both on live cattle and on frozen meats, for there was no such tariff before I wrote that communication of December 4, 1920.

You ought to have doubled it. You can double and treble it several times and you will not equalize the cost of the production of a steer in this country as against the cost in South America. You could not do it. I know of ranchmen in the United States who during certain years of the war were millionaires, and they are not worth a dollar to-day because of the deflation that occurred after the war.

Why, you talk about shipping from Mexico. I want to ask my friend from Kansas [Mr. TINCHER] how many cattle have been shipped from Mexico in the last few years. None. Why, Mexico has been depleted almost of cattle during the war, and we ship more cattle into Mexico than came from Mexico. He ought to know that. Mexico now is not half stocked. Lots of its pastures have no cattle on them. Our cattlemen have been going across the Rio Grande with their herds and grazing the grass that otherwise would not be used in Mexico. That is what I had in mind when I spoke to the gentleman yesterday, but the shortness of time would not allow me to make my position clear when he talked about these Haugen steers that came from Canada. The gentleman [Mr. TINCHER] said they were feeder steers last fall. Some of you do not know the difference between feeder steers and finished steers. Feeder steers are steers that the farmers buy and put in their feed lots to finish. They feed them with their surplus corn and other feed. Feeder steers are much cheaper than the finished product. Oh, he said that feeder steers Brother HAUGEN found out he could get for 8¼ cents, or how much was it?

Mr. TINCHER. Eight at Kansas City and 8.25 to 9 at Chicago.

Mr. BLANTON. That is what he said.

Mr. TINCHER. That is true; that is the fact.

Mr. BLANTON. Now let me tell you about that. He cited the gentleman from Texas [Mr. HUDSPETH] as an authority. And he is, on cattle. If you will ask Mr. HUDSPETH he will tell you that at that time he had some fat steers, not feeders, but fat steers ready for the market, and he shipped them there and got 6 cents; that was all he got there, and some went for 5½ cents a pound. Ask my friend from Oklahoma [Mr. CARTER], who is a cattleman—ask him what he got for his finished steers on the market at that time. Six cents was the highest and 5½ he got for part of them.

Mr. COLE. What time was it?

Mr. BLANTON. Last fall when he said these Haugen steers were brought across and he found out they were bringing 8¼ cents per pound or something like that. I will get the exact figures. I will find it in just a minute.

Mr. COLE. Seven and seventy one-hundredths he said he paid.

Mr. BLANTON. I want to quote it exactly. He says "he found that at Kansas City where your cattle were shipped steers weighing around 800 pounds." That is small size. You do not find any steers from Brother HUDSPETH's district going to market weighing 800 pounds. You do not find any steers from my country going to market weighing 800 pounds.

Mr. COLE. Feeders.

Mr. BLANTON. He was talking about sure-enough steers. The steers that Mr. HUDSPETH shipped were not feeders; they were finished fat and ready for slaughter and were slaughtered, and they sold for 5½ to 6 cents. Brother TINCHER says, "he found that at Kansas City where your cattle were shipped steers weighing around 800 pounds were selling for 8¼ cents a pound." The market will not support you.

Mr. TINCHER. Yes; it will.

Mr. BLANTON. Here is your witness [Mr. HUDSPETH], and I can prove it by him. Here is another witness, CHARLEY CARTER, who sold them, and I can prove it by him. The gentleman can not do it. It will not hold out. Now here is the proposition in a nutshell.

Mr. TINCHER. The gentleman does not believe Mr. HAUGEN would have bought steers from a quarantine division to feed——

Mr. BLANTON. I think the gentleman made a mistake.

Mr. TINCHER. The gentleman did that yesterday, and he is mistaken again to-day.

Mr. BLANTON. He spoke of a 1½ cents a pound tariff up to 1,000 pounds when it was 1,050 pounds. The gentleman made a mistake and could be mistaken again. Usually he is very accurate for a full-back debater. He is your Republican full back. He is your emergency debater you send for when you need help. When the distinguished Speaker hears in the Speaker's rooms that the Republican Party is in trouble on the tariff and he has not any reply—he usually has a reply on most subjects, but he has not any—and the distinguished floor leader from Connecticut is without an answer, they send for the distinguished Kansan [Mr. TINCHER] to come over here to answer, and he is the best they have got.

Mr. TINCHER. And pretty good, too. [Applause.]

Mr. BLANTON. But he is mistaken sometimes. Now, let me tell you what is the matter——

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Give me two minutes additional.

Mr. AYRES. I yield the gentleman two minutes.

Mr. BLANTON. If you want to help the Kansas farmer and Kansas stockmen, why do not you put a tariff of at least $5 on hides? I am ready to vote that on here, and in the emergency tariff bill we Democrats voted that and forced you to put a duty on hides, but when you got back in the House, because we would not give an undue advantage to the New England manufacturers in a compensatory tariff on the finished product when shoes were then selling at $12 to $16 a pair you immediately took the tariff off of hides.

But you hurt every farmer in Kansas, and you hurt every farmer in Iowa, and you hurt every farmer in Texas when you refused to give him a tariff on hides. Now, if you want to equalize the cost of production between here and South America, where they have peon labor; if you do not want to put the stockmen of this country on an equality with the peons of South America, for God's sake change that and give us a tariff on hides. I am one Democrat who will vote with you on it. [Applause.] If you will revise the Fordney-McCumber bill and reduce every duty in it down to a rate that equalizes the difference between the cost of production in this and every foreign country in the world, I will vote with you.

When every country in the world was represented here in this Hall recently, during the Interparliamentary Union, and they brought up a free-trade movement on this floor, I was the one American who got up here and spoke against it and told them I was in favor of upholding the American standard of living and I was in favor of protecting same with tariff rates covering the difference in the cost of production here and that in every foreign country. [Applause.]

I promised that I would put into the RECORD some statistics which I have had the United States Tariff Commission prepare for me to-day. Note the following:

UNITED STATES TARIFF COMMISSION,
Washington, January 19, 1926.

Hon. THOS. L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: In compliance with your request by telephone this date, there are inclosed herewith tables showing imports and exports of live cattle, of frozen meat, and of hides during the years 1924 and 1925.

This material has been assembled hurriedly and it is hoped that it may prove to be what you have in mind.

Very truly yours,

JOHN F. BETHUNE,
Secretary.

Live cattle and sheep imported into the United States during 1924 and during 11 months of 1925

[Calendar years]

Imported from—	1924	1925 (11 months)
CATTLE (FREE)	*Number*	*Number*
England	506	
Canada	612	
Mexico	92	
Virgin Islands	50	
Total	1,262	1,360
CATTLE (DUTIABLE)		
England	16	
Canada	130,590	
Mexico	11,275	
Virgin Islands [1]	1,185	
All other	104	
Total	143,170	152,710
SHEEP (DUTIABLE)		
Mexico	11,758	
Canada	18,626	
Total	30,384	53,611

[1] Free—included in total.

You will note from the above data furnished by the United States Tariff Commission, that in 1924 there were 1,262 head of cattle imported into the United States absolutely free of duty, and that during the first 11 months of 1925 there were 1,360 head of cattle imported into the United States absolutely free of duty.

Also note that during the year 1924 there were only a total of 143,170 head of dutiable cattle imported from all countries into the United States, and of this number 1,185 of same paid no duty. When we remember that we raise each year in the United States about 65,000,000 head of cattle it will be readily seen that these imports have very little effect upon the price of beef.

Now note that in spite of the fact that the United States each year raises about 65,000,000 cattle, and that in spite of our little tariff rate of 3 cents per pound on frozen beef and veal and 2½ cents per pound on frozen mutton, the following statistics furnished by the United States Tariff Commission show that quite a lot of frozen meats are brought from foreign countries into the United States:

Frozen meats imported into the United States

[Calendar years]

Imported from—	1924		1925 (11 months)	
	Pounds	Dollars	Pounds	Dollars
BEEF, FRESH (DUTIABLE)				
Canada	5,797,732	651,837		
Mexico	803	131		
Argentina	3,758,856	328,748		
Uruguay	404,467	44,177		
Australia	195,836	10,721		
New Zealand	3,357,474	194,695		
All other	21,842	3,610		
Total	13,537,010	1,233,919	10,631,696	1,097,334
VEAL, FRESH (DUTIABLE)				
Canada	3,777,261	542,162		
Argentina	5,956	889		
Uruguay	1,366	123		
Australia	152,568	11,598		
New Zealand	630,317	43,851		
Total	4,567,468	598,623	3,621,936	483,234
MUTTON, FRESH (DUTIABLE)				
Canada	50,440	8,710		
Argentina	643,053	58,245		
Uruguay	291,212	24,803		
Australia	3,722	412		
New Zealand	51,490	4,970		
Total	1,039,917	97,140	182,819	23,483
LAMB, FRESH (DUTIABLE)				
Canada	127,123	$30,032		
Argentina	580,878	72,842		
Australia	103,256	13,682		
New Zealand	314,838	44,838		
All other	75	22		
Total	1,126,170	161,416	2,363,160	540,488

And it is interesting to note from the statistics furnished by the United States Tariff Commission the number of free hides that were imported into the United States from foreign countries during 1924 and the first 11 months of 1925 in free competition with all hides raised by our farmers and stockmen:

Free hides imported into the United States

[Calendar years]

Imported from—	1924			1925 (11 months)		
	Pieces	Pounds	Dollars	Pieces	Pounds	Dollars
CATTLE HIDES, DRY OR DRY SALTED (FREE)						
Belgium	10,635	238,064	42,455			
France	13,797	279,065	65,167			
Canada	68,909	1,420,685	151,462			
Nicaragua	21,813	461,849	75,758			
Mexico	14,268	320,094	39,626			
Argentina	54,491	1,074,201	133,872			
Brazil	10,675	259,517	37,738			
Colombia	229,290	5,698,951	955,732			
Venezuela	79,648	1,926,582	275,205			
Australia	16,477	420,008	54,719			
All other	67,809	1,363,613	232,107			
Total	587,832	13,462,629	2,063,841	766,912	16,069,035	3,128,894

Free hides imported into the United States—Continued

Imported from—	1924			1925 (11 months)		
	Pieces	Pounds	Dollars	Pieces	Pounds	Dollars
CATTLE HIDES, WET SALTED (FREE)						
France	59,066	3,994,538	618,313			
England	10,065	498,690	76,833			
Canada	714,881	33,543,588	3,451,083			
Panama	20,804	1,099,985	118,573			
Mexico	35,259	1,640,924	150,009			
Cuba	95,438	4,631,354	582,954			
Argentina	1,966,059	105,717,211	14,458,535			
Brazil	21,479	1,200,140	111,381			
Chile	14,706	802,868	79,586			
Colombia	19,482	815,393	96,526			
Uruguay	203,450	11,799,845	1,640,337			
Australia	47,446	1,779,471	192,883			
New Zealand	27,017	1,065,919	113,098			
All other	59,251	3,562,617	550,363			
Total	3,294,403	172,151,543	22,240,474	2,785,952	139,655,998	21,824,247
CALFSKINS, DRY OR DRY SALTED (FREE)						
Denmark	90,870	330,103	135,462			
Finland	480,023	1,212,761	625,315			
Latvia	369,514	1,023,610	523,991			
Netherlands	189,162	608,428	296,365			
Norway	192,582	617,474	300,340			
Poland and Danzig	65,570	353,517	85,270			
England	80,712	177,997	55,066			
Canada	164,267	841,246	193,217			
Argentina	405,760	1,222,443	293,887			
Uruguay	77,396	257,096	57,403			
New Zealand	203,473	978,600	271,220			
British South Africa	62,580	221,463	35,656			
All other	515,608	1,733,416	646,554			
Total	2,897,517	9,668,154	3,519,746	2,029,187	6,292,301	2,906,256
CALFSKINS, WET SALTED (FREE)						
Denmark	143,136	1,004,938	237,845			
Finland	70,000	449,575	104,897			
France	429,656	4,128,634	1,249,381			
Latvia	216,388	1,294,176	315,293			
Lithuania	136,142	718,763	187,340			
Netherlands	93,615	717,187	173,025			
Poland and Danzig	221,203	1,384,954	298,835			
Sweden	199,862	1,728,031	436,805			
Switzerland	75,866	777,760	244,301			
Canada	749,515	5,791,930	1,117,060			
Argentina	101,958	609,763	117,869			
Australia	71,105	356,936	81,046			
New Zealand	174,389	875,505	235,331			
All other	299,644	2,393,405	579,363			
Total	2,982,459	22,291,557	5,378,391	2,263,879	16,838,514	4,390,856

When it is a fact that our farmers and cattlemen have not been able to sell their hides for much more than it costs them to skin their cattle, yet foreigners, who raise them in other countries with peon labor, are able to ship them here across the water and sell them in free competition with our producers, it does seem to me that both Republicans and Democrats should agree that we must place a tariff duty on foreign hides.

When I have the time I intend to look up a splendid speech which my distinguished colleague from Texas [Mr. BLACK] made from this House floor deprecating the fact that the producers in his district could not get enough for their hides to pay for skinning the animal. It is worth preserving in the present RECORD. There is no Member in this House more valuable to the Government than my colleague from Texas [Mr. BLACK], and my disagreement with him on one phase of the tariff question is not to be deemed a criticism of him. We are both sincere, and merely view the question from different angles. Let me say in conclusion that unless we show the same consideration for the farmers and stockmen of the United States that we do for the manufacturer of the finished articles, and that we do for the industrial workers in the cities, our farms are going to be depopulated, for our farm boys are all going to quit and move to the cities, and then the city consumers will starve to death. We must give the American producers a square deal.

Mr. FRENCH. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. TINCHER].

The CHAIRMAN. The gentleman from Kansas is recognized for five minutes.

Mr. TINCHER. Mr. Chairman and gentlemen of the committee, men can be mistaken, and I do not believe it does a man any good to deny that he is mistaken. I do not remember whether I forgot that the rate was changed half a cent or 2 cents at a thousand yesterday. I was somewhat afraid that I had made a mistake, but I did not want to change it; I thought if I said a thousand when it should have been one thousand and fifty I would be criticized. In the main I believe every Member of Congress tries to be accurate.

But the gentleman claimed—the gentleman representing a great cattle district—that there was not a duty on cattle. He was mistaken. Why in the mischief did he not admit that he was mistaken? I remember when he made those remarks that he referred to. It was right after the election. The truth was in that statement. We had had eight years of the Underwood tariff law, and this country, so far as agriculture was concerned, was never at a lower ebb. And you voted with us, enough of you, to pass the Young emergency tariff law.

What happened? Why did you back up and vote against the Fordney-McCumber tariff law? I know a distinguished gentleman from your State, a man whose ability and learning no one will question, JACK GARNER, now the ranking member of the minority on the Committee on Ways and Means, who stood up on this floor, confronted with the facts as the facts existed after eight years under the Underwood law, and made the best protective-tariff speech that was ever made in this House. He mentioned the things the gentleman referred to in the circular. When the Republicans came to write a real tariff law, the Fordney-McCumber law, along the same line as the emergency tariff law, you caucused. You caucused to select a member of the Committee on Ways and Means, and the contest was between men like you and men like Mr. BLACK—I believe you were together in it—men with divided opinions, like you, on the tariff. Colonel HAYDEN was a candidate from the West on the Committee on Ways and Means, and the gentleman from New York, the Tammany leader in this House, was the other candidate.

Mr. TAYLOR of Colorado, a western Democrat, adhering to the principles on the tariff you now advocate, fought for HAYDEN. HAYDEN was defeated in your caucus, and the policy of the Democratic Party from that day on was dictated by our distinguished and learned friend, a man we all admired, the lamented Mr. Kitchin. He said Mr. GARNER must not only not make another such tariff speech, but he must not put into the RECORD the one he made, and you changed your policy in the matter of the Fordney-McCumber tariff law, and you did not admit it in the circular that you disseminated through the country.

Mr. BLANTON. That relieved me of any responsibility to the caucus for my action in that campaign and in subsequent campaigns.

Mr. TINCHER. That is giving a little more detail. You bolted the caucus and walked out.

Mr. BLANTON. The Democratic caucus does not bind a man against his will under such circumstances.

Mr. TINCHER. Well, with that amendment to my statement as to what happened in that caucus I am willing that it stand in the RECORD exactly that way. You were relieved but you did not avail yourself of the relief, because you finally voted against the permanent tariff law after having voted for the temporary law.

Now, I do not want to be placed in the attitude with the House or the country of giving figures that are not accurate. I would not have given figures as to the transactions of the gentleman from Iowa [Mr. HAUGEN] unless I knew they were accurate. I not only obtained the figures from Mr. HAUGEN himself, but I had his statement about them. You know what I am talking about.

I do not want to stand here and tell you about my private affairs, but if the gentleman from Texas [Mr. HUDSPETH] had any live steers in the Kansas City market last fall, at the time Mr. HAUGEN was buying his feeders, which were sold for 6 cents, it was because they could not be sold as feeders and had to go to the packers. A feeder is a steer which can go to either, generally, because I had them there and know conditions there. I had steers there from the great State of Texas that weighed 850 pounds, and they brought 8½ cents in the Kansas City market. I do not have to go to you for facts with reference to them, because I know what the Kansas City market was.

You have always assumed to make it appear that I do not want to do something to assist agriculture. I have told you in private conversation that until I brought in this oil well that I am going home to see about, my family and I had no other interest in the world except agriculture.

You keep talking about a tariff on hides and think you can stir up something. However, you are right about it.

It ought to be put on. [Applause.] I am glad you voted for it, and with your fellows over there and with a little good

luck over here we might have gotten it on. But I did not know at the time you were making your fight for a tariff on hides that you had overlooked the fact that we had a tariff on the animal for twice as much. You say that does not do any good, but there is not another man in the House who represents an agricultural district but who will admit that if you put a tariff on the frozen meat and leave it off of the live animal they will bring in the live animal, but if you leave it off of the frozen meat and put it on the live animal they will bring in the frozen meat.

I am glad you have changed. I was gone for two weeks, and you were making speeches all the time in favor of reducing the tariff, but to-day your speech is in favor of raising it. I am glad we have made some converts. I am going home again to see if there is anything to your talk about this oil well, and when I come back I will be willing to hold another meeting and baptize all those who have been converted, as has the gentleman from Texas, on the subject of the tariff. [Laughter and applause.]

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. TINCHER. Here is another one. I yield to the gentleman.

Mr. SHALLENBERGER. I just want the gentleman to state whom he means by "you." The gentleman does not refer to all of us?

Mr. TINCHER. I mean BLANTON, and since the gentleman wants to be in, I will include him. The gentleman made a speech while I was away, and he put all the blame on the tariff. He said there was a terrible condition that existed in agriculture. That was a general speech and the gentleman did not give any figures, and I question the truth of some of the gentleman's statements. Does the gentleman want a revision of the tariff upward or downward?

Mr. SHALLENBERGER. I want to reduce it downward.

Mr. TINCHER. On cattle?

Mr. SHALLENBERGER. On everything.

Mr. TINCHER. The gentleman wants the tariff revised downward on cattle?

Mr. SHALLENBERGER. I am in favor of a tariff for revenue only, if the gentleman wants me to state my position. Of course, the tariff on cattle is a tariff for revenue, because the gentleman says we are importing them.

Mr. TINCHER. But we are keeping most of them out. You take that tariff off and if, as a producer of livestock, you say it will not reduce the price of every hoof in America, you will stand alone.

Mr. SHALLENBERGER. Oh, no; I will not stand alone.

Mr. TINCHER. You will not say that to a cattleman's convention out in Nebraska. [Laughter.]

There is nothing in the world I love better than a debate on the tariff. I am a little like BLANTON. It is the first thing I ever learned to debate on. I am glad the Democrats have announced their policy is going to be to make the tariff the issue in the next campaign, and so long as half of them are in favor of raising the rates and the other half in favor of lowering them, I think we are sitting rather pretty on this side of the House. [Laughter and applause.]

Mr. FRENCH. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, I take this opportunity of calling attention to a bill I have introduced, which has been referred to the Committee on Agriculture, which proposes the establishment of a Federal market-finding board to assist in the domestic and foreign marketing of agricultural commodities and in the disposition of surplus agricultural products, the same to be set up as an independent agency in the executive branch of the Government.

The establishment of such a board simply seeks to provide for agriculture what every other business and industry has, to wit, a plan for the disposal of the surplus that drags and depresses market prices and which the farmers, because of the multiplicity of their individual units, do not have; and since agriculture is the Nation's basic industry on which our prosperity rests, I believe that the Government should set up such an agency.

The bill provides that such a board shall be composed of the Secretary of Agriculture, the Secretary of Commerce, and five members appointed by the President by and with the advice and consent of the Senate, to be made with due regard to the knowledge and experience of an appointee in (1) the production and marketing of livestock, (2) the production and marketing of grain, (3) the production and marketing of dairy and poultry products, (4) the production and marketing of cotton and tobacco, and (5) the production and marketing of fruits and vegetables.

In addition to the usual powers given such an independent agency, its duties shall be to acquire from the Department of Agriculture, the Department of Commerce, or any other department or agency of the United States, State, Territory, or possession of the United States, information with respect to—

The existence of a surplus of any agricultural commodity.

The domestic and foreign markets for such commodity.

The prices, or the probable trend of the prices, of such commodity in the markets.

The process of manufacturing, packing, and new uses of agricultural products.

The transportation facilities to and the handling, storing, and other facilities in such markets.

The board shall publish and shall furnish upon request to any producer of such commodity, any cooperative association or other organization of such producers, or any person owning or controlling such commodity, its recommendation upon the disposition of such commodity, and the available methods of financing.

The United States shall assume no liability, directly or indirectly, arising out of the execution by the board of any of its functions.

The salaries of the board, together with a secretary, experts and employees, offices and expenses to be paid by the Government.

I believe that such a board with the powers given it would be able to determine the surpluses of agricultural products in any part of the country and assist the owners of the same in finding the best market therefor, and wherever such information disclosed a surplus beyond the needs of the whole Nation, that through the Department of Commerce with its commercial agents throughout the world and other sources, it could assist the owners of such products in the exporting and marketing of the same and, if financing was necessary, could advise how the same could best be secured through either our commercial or intermediate credit banking system.

I also believe that with the experience that would come to such a board they would be in a position to recommend any sound, helpful legislation that might be necessary and secure the passage of the same through Congress.

I realize that with the present demand for "price fixing" and the "purchase of surpluses" by the Government or by a tax on agricultural products that my bill may not meet with approval, since it only provides for an organization to do for agriculture what other industries are able to do for themselves. But I have introduced the same to have a record of what I believe to be a sound, businesslike plan to market surplus agricultural products. I expect to vote for all legislation which the Committee on Agriculture, after due deliberation, favorably reports for passage to the House, and I hope they may be able to form and agree on legislation acceptable to agricultural interests, but should the representatives of agricultural interests fail to agree, or either the provisions of the Constitution or the impossibility of passage through Congress stand in the way of legislation now being proposed, I urge consideration of the plan suggested in my bill.

The bill is as follows:

IN THE HOUSE OF REPRESENTATIVES,
January 18, 1926.

Mr. STRONG of Kansas introduced the following bill, which was referred to the Committee on Agriculture and ordered to be printed:

A bill (H. R. 7908) to establish a Federal market-finding board to assist in the domestic and foreign marketing of agricultural commodities and in the disposition of the surplus of agricultural commodities

Be it enacted, etc., That this act may be cited as the Federal marketing act of 1926.

SEC. 2. (a) There is hereby established as an independent agency in the executive branch of the Government a board, to be known as the Federal market-finding board (hereinafter referred to as the "board"), and to be composed of (1) the Secretary of Agriculture and the Secretary of Commerce, and (2) five members appointed by the President, by and with the advice and consent of the Senate.

(b) The terms of office of the appointed members first taking office shall expire, as designated by the President, one at the end of the second year, one at the end of the fourth year, one at the end of the sixth year, one at the end of the eighth year, and one at the end of the tenth year after the date of the enactment of this act. The terms of office of all successors shall expire 10 years after the expiration of the terms for which their predecessors were appointed, but any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of his predecessor.

(c) The board shall annually designate an appointed member to act as chairman of the board.

(d) Any member in office at the expiration of the term for which he was appointed may continue in office until his successor takes office.

(e) Vacancies in the board shall not impair the powers of the remaining members to execute the functions of the board, and a majority of the members shall constitute a quorum for the transaction of the business of the board.

(f) Each of the appointed members shall be a citizen of the United States, shall not actively engage in any other business, vocation, or employment than that of serving as member of the board, and shall receive a salary of $10,000 a year, together with actual and necessary traveling and subsistence expenses while away from the principal office of the board on business required by this act.

(g) The appointment of the members shall be made with due regard to the knowledge and experience of (1) one appointee in the production and marketing of livestock, (2) one in the production and marketing of grain, (3) one in the production and marketing of dairy and poultry products, (4) one in the production and marketing of cotton and tobacco, and (5) one in the production and marketing of fruits and vegetables.

GENERAL POWERS OF BOARD

SEC. 3. The board—

(a) Shall maintain its principal office in the District of Columbia.

(b) Shall have an official seal which shall be judicially noticed.

(c) Shall make an annual report to the Congress.

(d) May make such regulations as are necessary to execute the functions vested in it by this act.

(e) May (1) appoint a secretary and such experts and, subject to the provisions of the civil service laws, such other officers and employees, and (2) in accordance with the classification act of 1923, fix the salaries of such secretary, experts, officers, and employees, and (3) make such expenditures (including expenditures for rent and personal service at the seat of government and elsewhere, for law books, periodicals, and books of reference, and for printing and binding), as may be necessary for the execution of the functions vested in the board and as may be provided for by the Congress from time to time. All expenditures of the board shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman.

SPECIAL POWERS AND DUTIES

SEC. 4. (a) The board shall acquire, from the Department of Agriculture, the Department of Commerce, or any other executive department, independent establishment, or agency of the United States, any State, any Territory, or possession of the United States, or the District of Columbia, and analyze information in respect of—

(1) The existence or the possibility of the existence of a surplus of any agricultural commodity produced within the United States.

(2) The domestic and foreign markets for such commodity.

(3) The prices, or the probable trend of the prices, of such commodity in such markets.

(4) The process of manufacturing, packing, and new uses of agricultural products.

(5) The transportation facilities to, and the handling, storing, and other facilities in, such markets.

(b) The board shall publish and shall furnish, upon request, to any producer of such commodity, any cooperative association or other organization of such producers, or any person owning or controlling any of such commodity, its recommendations upon the disposition of such commodity and the available methods of financing.

(c) The United States shall assume no liability, directly or indirectly, arising out of the execution by the board of any of its functions under this act.

COOPERATION OF EXECUTIVE DEPARTMENTS

SEC. 5. (a) It shall be the duty of any governmental establishment in the executive branch of the Government, upon request by the board, or upon Executive order, to cooperate with and render assistance to the board in carrying out the provisions of this act. The board may, in cooperation with any such governmental establishment, avail itself of the services and facilities of such governmental establishment in order to avoid preventable expense or duplication of effort.

(b) The board may cooperate with any State or Territory, or department, agency, or political subdivision thereof, or with any person.

APPROPRIATION

SEC. 6. For expenses in the administration of the functions vested in the board by this act, there is hereby authorized to be appropriated the sum of $200,000, to be available to the board for such expenses (including salaries and expenses of the members) incurred prior to July 1, 1927.

Mr. HARE. Will the gentleman yield?

Mr. STRONG of Kansas. Certainly.

Mr. HARE. I would like to ask the gentleman for information whether or not the purposes of his bill are embodied in the act creating the Bureau of Foreign and Domestic Commerce?

Mr. STRONG of Kansas. I think not. This is to be an independent organization set up for the purpose of handling this as an independent matter and learning where the surplus products of agriculture are and where a market can be found for them.

Mr. HARE. I had the impression the same idea was embodied in the act creating the Bureau of Foreign and Domestic Commerce, and I asked for information.

Mr. STRONG of Kansas. I think not. If so, the authority has not been used.

Mr. AYRES. Mr. Chairman, I yield two minutes to the gentleman from Mississippi [Mr. LOWREY].

Mr. LOWREY. Mr. Chairman, to-day is the one hundred and nineteenth anniversary of the birth of Robert E. Lee. Five years ago I began here the agitation of the proposition to restore his mansion at Arlington and maintain it to his memory. A year ago Congress went far toward the execution of that plan by passing the resolution so generously proposed by the gentleman from Michigan [Mr. CRAMTON].

Arlington is a place sacred to the Nation. To us of the South it is a place of peculiar consequence and peculiar sorrow. Linked with it indelibly in our minds and hearts is the name and silent glory of Robert E. Lee, "the most stainless of earthly commanders, and, save in fortune, the greatest." A man who in the words of Ben Hill, of Georgia, was—

Cæsar without his ambition, Frederick without his tyranny, Napoleon without the selfishness, and Washington without his reward.

Twenty-five years ago I came to Washington, as people occasionally do, with a party of sightseers, about a hundred people, all of them southerners. Most of them were on their first visit to the National Capital. I noted with grief, and yet with approval, their expressions that in and around the splendid residence of Robert E. Lee there was not one thing to remind us by atmosphere that this was once his home. There mingled into our party a stalwart New Englander, who had come to visit the grave of his father. As he heard these expressions from my southern friends, he quietly remarked, "I don't blame them. I should feel that way myself."

From that day to this I have had a growing conviction that this thing ought to be changed, and that one day it would be changed. "His enemies themselves being judges," Lee stands as one of the purest and gentlest and at the same time one of the most brilliant and heroic men in American history.

An editor of a great New York magazine referred to him recently as the most splendid and heroic character of the Civil War, and said, "I am glad to have the columns of this magazine used to honor his name." When I spoke from this floor on this subject some three or four years ago, the lamented Congressman Osborne, from California, was the only Union veteran in the House. He wrote me a letter of cordial appreciation and assured me he considered it a privilege to join in such a cause.

Since the Cramton resolution was passed a year ago there have been published a few bitter and hurtful expressions against it. But, of course, we must expect some lingering bitterness after so terrible a conflict. The more is the obligation of the generous on both sides to carry on. And it is gratifying to observe that not one of the discordant notes, in so far as I have been able to observe, has come from a Member of this House. Hence I expect with confidence the passage of legislation to put the Cramton resolution into effect.

I need not argue other reasons. They are obvious. The loyalty of the South is established, sealed with the blood of her sons. Before the secession she had given largely to the building of the Nation. Since the reunion she has given just as generously. I would not say that she has come back to the Union conquered, because in her attitude toward the Government she has exhibited none of the animus of defeat. I do not know another case in history where a people have mastered themselves with the strength and poise of their own character as hers have. On other continents such a situation as existed at the close of the Civil War in this country would have been the breeding of a score of wars and provincial hatreds to a dozen generations. The South has come back with head erect and eyes unafraid, having fought to her last energy for a principle which she considered vital, but accepting the issue of battle with good grace and honest courage.

We each fought as Americans for what we believed to be American rights, and the valor of both sides is a heritage to all Americans. If brotherhood does exist in our hearts it is certainly reasonable to expect that it be given material expression, and that we make haste to remove such material conditions as exist in contradiction of it.

May I make this suggestion? What would have been the reaction in the minds and hearts of most of the gentlemen here

had the South opposed the erection of the Grant or the Lincoln Memorial? We do not propose the erection of a memorial. We simply ask the preservation of one.

We of the South have been called on to pay tribute to the valor of the North, and gladly we have paid it. As worthy foemen we have honored the soldiers in blue; as honest foemen we have respected them; as reunited brethren we have worked with them; as comrades in arms our sons have shed blood under a common flag with theirs through two wars in a common cause. For more than half a century our money has been added to theirs to pension the veterans of the Grand Army, against which we fought; to buy, beautify, and maintain Federal cemetaries from Gettysburg to Vicksburg; to erect monuments to Federal leaders.

Not many months ago we heard a southern Democrat on this floor speak of General Grant, "who was as generous as he was brave," and we have witnessed under the very shadow of the Capitol the unveiling of the Grant Memorial, where the most striking tribute paid to the Union commander came from the commander of the Confederate Veterans.

Why should it not be so? Men who are gallant enough to fight as these men fought are usually generous enough to do each other justice after the fight is over. This is typical of the spirit of the Nation. The great objective to which we all are now striving is world peace, and the eyes of the world are turned on America for leadership. If we are to lead the world in peace, we must be at peace among ourselves.

And truly we find this spirit of generosity on both sides of the line. The lamented and great-souled President Harding said a few short months before his death, "There is no longer any sign of conflict, we are united in the sweetest concord that ever united men."

And Secretary Denby said publicly in a southern city, "I am a northerner, but first I am an American. You can not take from me my pride in Lee and Jackson and Pickett, and your own immortal Forrest."

This is nobly spoken, and if its leaders can speak thus, can not the Nation? Then let the names of Lee, of Jackson, of Stuart, of Forrest, and of Semmes take their rightful places beside those of Grant, Thomas, Sheridan, Sherman, and Farragut. Is it reasonable to deny this simply because they lived south of the Mason-Dixon line? Simply because in a national division they took their places against the Government that kept its seat at Washington? Are there no precedents? Have we forgotten that the body of Cromwell was hanged at Tyburn, and that to-day the kingdom is filled with statues and memorials to him, erected by loyal subjects of a government that bears the name of that against which he fought? Is there not echoing in our ears even now the voice of a Briton declaring the rebel Washington to be "our greatest Englishman"?

Let us teach the children of the Nation that American valor is American valor wherever found. Let the gates of the cemetery and of the ampitheater bear the whole story. Let the home of Lee, as the home of Washington, be held sacred, kept in its original beauty, the treasure of a reunited people.

Then, indeed, we will dwell together in the sweetest concord that ever united men. Then, indeed, will we not be northerners or southerners but Americans. Then, indeed, will the blood of our young men at San Juan Hill, at Belleau Wood, and in the Argonne, shed under a common flag and in a common cause, have sealed our hearts with a bond eternal.

And our children's children will look with joy on the great memorial bridge spanning the Potomac, uniting the North and the South, connecting the great highways—the Lee and the Lincoln—by which the people of the Nation shall visit together, know and love each other better, and trust each other more.

And one end of the great span shall open upon the Nation's majestic memorial to Lincoln, the other upon sacred Arlington, the resting place of valiant Americans, whether they wore the blue, the gray, or the khaki, and the home of America's spotless Christian warrior, patriot, and hero, Robert Edward Lee.

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I am sorry my friend the gentleman from Kansas [Mr. TINCHER] is not here. The gentleman has been talking a good deal about the tariff question for the last day or two and has been trying to convince the House and the country that the Fordney-McCumber tariff law is very beneficial to the farmers of America. When Mr. TINCHER or anyone else makes that statement he comes in direct conflict with some of the outstanding Republican leaders in America. In other words, he gets into a debate with the junior Senator from his own State. Senator CAPPER only a few days ago made a speech at Boston in which he said that the farmers of America, under the present tariff law, get the hot end of the bargain; that the farmer is not protected, but, on the contrary, is flimflammed by the Fordney-McCumber Tariff Act.

The gentleman from Kansas [Mr. TINCHER] also said that the stock raisers of America were greatly benefited by a tariff of 1½ cents a pound on livestock weighing up to 1,050 pounds and 2 cents a pound on cattle weighing more than 1,050 pounds, and the gentleman undertook to submit proof that 154,000 head of cattle were shipped into the United States last year. There are 64,000,000 head of cattle in the United States, my friends. In other words, the imports of cattle from Mexico and from Canada were one-fiftieth of 1 per cent of the production of cattle in the United States. I do not believe there is an intelligent man in America or elsewhere who will say that an importation of one-fiftieth of 1 per cent of a product will protect that product in the United States, amounting in this case to 64,000,000 head of cattle.

This question was investigated back in 1909, and, if I recall properly, Senator Lodge was on the investigating committee, and the committee was unanimous that any product produced in America, whether it was a farm product or a manufactured product, if there was a surplus to export to foreign countries, a protective tariff policy would not benefit that product.

Mr. BOX. My recollection is that Senator McCumber was a member of that commission. Will the gentleman insert that report in his remarks?

Mr. OLDFIELD. If I can find it, I will be glad to do so.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. SHALLENBERGER. The gentleman from Kansas intimidated me by his manner, and I was afraid to read this to him, but as confirming the fact that the farmers are demanding relief I want to read a resolution that the Farmers' Union in Nebraska, a real organization of farmers, passed at their last session. It is as follows:

> We, the Farmers Union of Nebraska, favor the equality of agriculture in tariff legislation, and we believe that in the very nature of agricultural production the only way this can be achieved is through the reduction of the excessive protection that is now given manufacturers and nonagricultural industries.

Mr. OLDFIELD. Certainly, and that is the position that the farmers of America are taking everywhere at this time. There can be no question about it. The West is wrought up about this question. Senator Capper says that there is a cyclone or a tornado coming because the farmers of America are beginning to realize that under the Fordney-McCumber law the people are mulcted by more than $5,000,000,000 every year in excess prices above reasonable prices to the American consumer.

The gentleman from Kansas [Mr. TINCHER] says that the tariff on cattle allowed 154,000 head of cattle to come in when we have 64,000,000 head in the United States.

Take fencing wire. Do you suppose the farmers of Kansas use fencing wire—$10 a ton in the Fordney-McCumber law on fence wire. The farmers lose more on fence wire than they get out of the entire tariff system.

Mr. STRONG of Kansas. Barbed wire is on the free list.

Mr. OLDFIELD. I am talking about fencing wire—all fencing wire is not barbed wire. The material that goes into the barbed wire is not on the free list, and the gentleman knows it. Iron and steel, out of which you make barbed wire, is on the protected list. The material that goes into the making of barbed wire is not on the free list.

Mr. STRONG of Kansas. How much is the tariff?

Mr. OLDFIELD. I will put into the RECORD just how much the tariff is and let you place some figures of how much it increases the price of it.

Mr. STRONG of Kansas. Barbed wire?

Mr. OLDFIELD. All of the material that goes into barbed wire. Now, here is baling wire—do the farmers of Kansas use baling wire?

Mr. STRONG of Kansas. That is on the free list.

Mr. OLDFIELD. No; one-half a cent a pound, or $10 a ton. That is on the dutiable list. It was on the free list under the Underwood law, but you put it on the dutiable list at a half a cent a pound, or $10 a ton. The farmer will lose more on fencing wire and baling wire than they get from giving protection to cattle.

Now, when Congress placed on the statute books the emergency tariff law, what happened? Wheat went down and down, and every real farmer knows that it went down. Now, when President Coolidge flexed it up—and it always is flexed upward—when he increased the tariff from 30 cents to 42 cents in 10 days it went down 12 cents on the bushel. That is what happened to the farmers here in America. This year we had a shortage of wheat of 200,000,000 bushels and wheat was selling at harvest time for about $1 a bushel.

The gentleman from Kansas [Mr. TINCHER] referred to his great bill regulating the grain exchange. My information is that the grain exchanges themselves had a great deal to do with writing the provisions of the grain exchange bill. We had a deficit in wheat of 200,000,000 bushels last year, but the farmers did not get the benefit of it. Wheat did not go up until the farmers had sold their wheat. When it got out of their hands it was $2 a bushel, but it went back to $1.70, not on the farm but in the Chicago market.

THE WHEAT FARMER AND THE TARIFF

Estimates of the United States Department of Agriculture

June 1, 1920. Average price received by producer on every type and grade, per bushel	$2.583
June 1, 1920. Good milling wheat was worth near, on farm	3.00
June 1, 1920. Good milling wheat was worth near, at mill	3.30
Apr. 1, 1921. While emergency tariff bill was under discussion, average farm price	1.335
May 1, 1921. While emergency tariff bill was under discussion, average farm price	1.107
June 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	1.274
July 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	1.122
Aug. 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	1.048
Sept. 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	1.012
Nov. 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	.942
Dec. 1, 1921. (After President Harding had signed the bill which was effective until the Fordney-McCumber bill was approved in 1922)	.927

Throughout the year of 1922, during all of which time either the emergency tariff law or the new permanent tariff law was in effect, which was approved on September 21, 1922, and on December 17, 1922, Congress appropriated $20,000,000 to buy wheat for Russian relief, the farm price ranged between 88.7 cents per bushel and $1.21, closing at the end of the year at about 96 cents.

Under the Underwood law wheat was imported free. Under the emergency tariff (Republican) the duty was 35 cents per bushel, and under the Fordney-McCumber permanent tariff law (Republican) a duty of 30 cents per bushel was provided.

The average yield of wheat for the last five years in the United States has been about 880,000,000 bushels per annum.

The amount used for domestic consumption has been rather less than 575,000,000 bushels and about 75,000,000 bushels more are annually used for seed. This leaves a surplus of something like 230,000,000 bushels which can not possibly be consumed within the United States and must be sold abroad.

In 1910 the Republicans, through a special Senate committee, were forced to admit the fraud and deception they had practiced on the farmers by a tariff on agricultural products in their report and through their campaign textbook, as follows: "The tariff on the farmers' products, such as wheat, corn, rye, barley, cattle, and other livestock, did not and could not in any way affect the prices of these products." On this committee was Chairman Gallinger, Senator Lodge, of Massachusetts; Crawford, of South Dakota; SMOOT, of Utah; and McCumber, of North Dakota. Their report on the effect of the tariff on agricultural products was unanimous.

Every person who is familiar with the Chicago Wheat Exchange, or the New York Cotton Exchange, or any of those exchanges, knows that you can not get as much at the farm as the quotations are every day on the Chicago Exchange, the New Orleans and the New York Cotton Exchanges. That is the situation. Any farm product or manufactured product can not be benefited by a protective tariff if you produce for export. The tariff on automobiles does not benefit the automobile industry at all; it does not put a dollar in their pockets. There is no nation on earth that can compete with the automobile manufacturers in America. Yet the automobile manufacturers in the country pay the highest wages of any industry and they are not benefited by the tariff, and they know it, and everybody else knows it. They export their surplus just as the wheat farmers do. [Applause on the Democratic side.]

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7554) making appropriations for the Naval Department and had come to no resolution thereon.

ADJOURNMENT

Mr. FRENCH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 20, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

292–293. A letter from the chairman of the Interstate Commerce Commission, transmitting, in compliance with the provisions of Senate Resolution No. 438, dated February 26, 1923, a report for the month of December, 1925, showing the condition of railroad equipment and the related information indicated in the resolution, so far as such information is available; to the Committee on Interstate and Foreign Commerce.

294. A communication from the President of the United States, transmitting a supplemental estimate for the Department of Agriculture for the fiscal year ending June 30, 1926, for cooperative construction of rural post roads, $22,900,000, and construction of forest roads and trails, $3,775,000 (H. Doc. No. 221); to the Committee on Appropriations and ordered to be printed.

295. A communication from the President of the United States, transmitting for the consideration of Congress a draft of proposed legislation affecting the appropriation for the Department of the Interior for fees of examining surgeons, pensions, for the fiscal year ending June 30, 1926 (H. Doc. No. 222); to the Committee on Appropriations and ordered to be printed.

296. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the John Ericsson Memorial Commission for the fiscal year ending June 30, 1926, to meet the expenses of the dedication of the John Ericsson memorial in May, 1926, $3,500 (H. Doc. No. 223); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. FREDERICKS: Committee on Interstate and Foreign Commerce. S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing; without amendment (Rept. No. 118). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 4034. A bill granting consent of Congress to Texas-Coahuila Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico; without amendment (Rept. No. 119). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 6515. A bill granting the consent of Congress to the Gateway Bridge Co. for construction of a bridge across the Rio Grande between Brownsville, Tex., and Matamoras, Mexico; with amendments (Rept. No. 120). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 6733. A bill granting the consent of Congress to the construction of a bridge across the Rio Grande; with an amendment (Rept. No. 121). Referred to the House Calendar.

Mr. BARKLEY: Committee on Interstate and Foreign Commerce. H. R. 6740. A bill to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about 2½ miles east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch; with amendments (Rept. No. 122). Referred to the House Calendar.

Mr. KELLER: Committee on the District of Columbia. H. R. 7069. A bill to provide home care for dependent children;

without amendment (Rept. No. 124). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on the Public Lands. H. R. 187. A bill making a grant of land for school purposes, Fort Shaw division, Sun River project, Montana; without amendment (Rept. No. 125). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. GIFFORD: Committee on the Public Lands. H. R. 5673. A bill authorizing the Secretary of the Interior to issue letters patent to George Hughes; with amendments (Rept. No. 123). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 7959) granting an increase of pension to Mary E. McGinnis; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7538) granting an increase of pension to Elizabeth J. Bartlett; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7763) granting an increase of pension to Sophia Elder; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7697) granting an increase of pension to Jennie B. Darby; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK: A bill (H. R. 7960) to amend the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916; to the Committee on the Judiciary.

By Mr. CARTER of California: A bill (H. R. 7961) for the relief of former officers of the United States Naval Reserve Force and United States Marine Corps Reserve who were erroneously released from active duty and disenrolled at places other than their homes or places of enrollment; to the Committee on Naval Affairs.

By Mr. FLAHERTY: A bill (H. R. 7962) to amend an act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes," approved February 28, 1925; to the Committee on the Post Office and Post Roads.

By Mr. MONTGOMERY: A bill (H. R. 7963) for the purchase of a site and erection thereon of a public building at Miami, in the State of Oklahoma; to the Committee on Public Buildings and Grounds.

By Mr. WATSON: A bill (H. R. 7964) for the purchase of a site and the erection of a public building at Ambler, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. BACON: A bill (H. R. 7965) granting leave of absence to officers and employees of the Government who attend the citizens military training camps; to the Committee on the Civil Service.

By Mr. WELLER: A bill (H. R. 7966) to provide the name by which the Board of General Appraisers and members thereof shall hereafter be known; to the Committee on Ways and Means.

By Mr. ZIHLMAN: A bill (H. R. 7967) authorizing the retirement of acting assistant surgeons of the United States Navy; to the Committee on Naval Affairs.

By Mr. JOHNSON of South Dakota: A bill (H. R. 7968) regulating immigration and naturalization of certain veterans of the World War; to the Committee on Immigration and Naturalization.

By Mr. GREEN of Iowa: A bill (H. R. 7969) to amend the act entitled "An act to license customhouse brokers," approved June 10, 1910, and for other purposes; to the Committee on Ways and Means.

By Mr. LEAVITT: A bill (H. R. 7970) to authorize the cancellation under certain conditions of patents in fee simple to Indians for allotments held in trust by the United States; to the Committee on Indian Affairs.

By Mr. LINEBERGER: A bill (H. R. 7971) to provide cooperation to safeguard endangered agricultural and municipal interests and to protect the forest cover on the Santa Barbara, Angeles, San Bernardino, and Cleveland National Forests from destruction by fire, and for other purposes; to the Committee on Agriculture.

By Mr. McFADDEN. A bill (H. R. 7972) to prohibit offering for sale as Federal farm-loan bonds any securities not issued under the terms of the farm-loan act, to limit the use of the words "Federal," "United States," or "reserve," or a combination of such words, to prohibit false advertising, and for other purposes; to the Committee on Banking and Currency.

By Mr. McMILLAN: A bill (H. R. 7973) to provide American registry for the Norwegian sailing vessel *Derwent*; to the Committee on the Merchant Marine and Fisheries.

By Mr. LUCE: A bill (H. R. 7974) to amend further an act entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes," approved August 24, 1912; to the Committee on Interstate and Foreign Commerce.

By Mr. REID of Illinois (by request): A bill (H. R. 7975) to amend the Code of Law for the District of Columbia in relation to descent and distribution; to the Committee on the District of Columbia.

By Mr. DEAL: A bill (H. R. 7976) providing for the restoration of the old lighthouse at Cape Henry, Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. HARE: A bill (H. R. 7977) to make additions, extensions, and improvements to the post-office building at Aiken, S. C., to be used as post office and courthouse; to the Committee on Public Buildings and Grounds.

By Mr. HUDSPETH: A bill (H. R. 7978) to prevent gambling in cotton futures and make it unlawful for any person, corporation, or association of persons to sell any contract for future delivery of any cotton within the United States, unless such seller is actually the legitimate owner of the cotton so contracted for future delivery at the time said sale or contract of sale is made; to the Committee on Agriculture.

By Mr. RAKER: A bill (H. R. 7979) granting to the Yosemite Valley Railroad Co. the right of way through certain public lands for the relocation of part of its existing railroad; to the Committee on the Public Lands.

By Mr. WYANT: A bill (H. R. 7980) to change the name of the Department of the Interior to the Department of Public Works and Domain and to provide for the reorganization and more effective coordination of the public-works functions of the Federal Government to the aforesaid department; to the Committee on the Civil Service.

By Mr. BOWLING: Resolution (H. Res. 94) to print 2,500 copies of the Soil Survey of Tallapoosa County, Ala.; to the Committee on Printing.

Also, resolution (H. Res. 95) to print 2,500 copies of the Soil Survey of Autauga County, Ala.; to the Committee on Printing.

By Mr. HAUGEN: Resolution (H. Res. 96) to provide for the consideration of the bill H. R. 7893, entitled "A bill to create a division of cooperative marketing in the Department of Agriculture," and for other purposes; to the Committee on Rules.

By Mr. GRIFFIN: Resolution (H. Res. 97) for the appointment of a special committee, composed of seven Members of the House, appointed by the Speaker, to inquire into the construction of submarines, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY: A bill (H. R. 7981) providing for the examination and survey of the channel from the North River, via Back Sound, to Lighthouse Bay, N. C., with a view of providing a depth of 5 feet; to the Committee on Rivers and Harbors.

By Mr. BEERS: A bill (H. R. 7982) granting a pension to Mary L. Peck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7983) granting a pension to Nannie E. Bowman; to the Committee on Invalid Pensions.

By Mr. CELLER: A bill (H. R. 7984) for the relief of Herman M. Bernelot Moens; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H. R. 7985) granting an increase of pension to Matilda Jane Adams; to the Committee on Invalid Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 7986) granting an increase of pension to Luman B. Palmeter; to the Committee on Invalid Pensions.

By Mr. CRISP: A bill (H. R. 7987) granting an increase of pension to John T. Rossee; to the Committee on Pensions.

By Mr. DYER: A bill (H. R. 7988) granting an increase of pension to Christina Muller; to the Committee on Invalid Pensions.

By Mr. FREEMAN: A bill (H. R. 7989) granting an increase of pension to Caroline M. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7990) granting an increase of pension to Mary E. Baldwin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7991) granting an increase of pension to Elizabeth W. Perkins; to the Committee on Invalid Pensions.

By Mr. GIFFORD: A bill (H. R. 7992) granting a pension to Sarah L. Greene; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 7993) granting an increase of pension to Thirza E. Green; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 7994) granting a pension to Elizabeth Haas; to the Committee on Pensions.

By Mr. HILL of Maryland: A bill (H. R. 7995) granting a pension to Howard E. Tolson; to the Committee on Pensions.

By Mr. HUDSON: A bill (H. R. 7996) for the relief of Detroit Fidelity & Surety Co.; to the Committee on Claims.

By Mr. WILLIAM E. HULL: A bill (H. R. 7997) granting an increase of pension to Ann Boggs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7998) granting an increase of pension to Mary M. Eaton; to the Committee on Invalid Pensions.

By Mr. KIEFNER: A bill (H. R. 7999) granting a pension to John J. Saffell; to the Committee on Invalid Pensions.

By Mr. KUNZ: A bill (H. R. 8000) for the relief of Harry A. Tedswell; to the Committee on Claims.

By Mr. McLAUGHLIN of Nebraska: A bill (H. R. 8001) granting a pension to Sarah E. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8002) granting an increase of pension to Adelle Tobey; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8003) granting an increase of pension to Sarah Zimmerman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8004) granting an increase of pension to Susan Witman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8005) granting an increase of pension to Leah Brunner; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 8006) granting an increase of pension to Agnes Jones; to the Committee on Pensions.

Also, a bill (H. R. 8007) granting a pension to Nancy Reedy; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 8008) granting an increase of pension to Herbert O. Kohr; to the Committee on Pensions.

Also, a bill (H. R. 8009) granting an increase of pension to Eliza M. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8010) granting an increase of pension to Rachel Wright; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 8011) granting an increase of pension to Lucy E. Findley; to the Committee on Invalid Pensions.

By Mr. O'CONNELL of New York: A bill (H. R. 8012) granting a pension to James Cash; to the Committee on Pensions.

By Mr. PARKER: A bill (H. R. 8013) granting an increase of pension to Margaret Mallery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8014) granting an increase of pension to Annie M. Kelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8015) granting an increase of pension to Jane Pelletier; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 8016) granting an increase of pension to Arsula Bagley; to the Committee on Invalid Pensions.

By Mrs. ROGERS: A bill (H. R. 8017) for the relief of James M. Thomas; to the Committee on Naval Affairs.

By Mr. ROMJUE: A bill (H. R. 8018) granting an increase of pension to Margaret Palmer; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 8019) granting a pension to Mary Abbie Mears; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8020) granting an increase of pension to George Ann Tadlock; to the Committee on Invalid Pensions.

By Mr. SMITH: A bill (H. R. 8021) granting a pension to Adaline Macaw; to the Committee on Invalid Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 8022) granting an increase of pension to Herbert Edward Poynter; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 8023) authorizing the President to appoint Albert L. Derbyshire surgeon in the United States Public Health Service; to the Committee on Interstate and Foreign Commerce.

By Mr. TABER: A bill (H. R. 8024) granting a pension to Eliza Blake; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 8025) granting an increase of pension to Lucina Hightower; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 8026) granting a pension to Addie Bayles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8027) for the relief of John P. Stafford; to the Committee on Claims.

Also, a bill (H. R. 8028) granting a pension to William E. Worden; to the Committee on Pensions.

By Mr. TILSON: A bill (H. R. 8029) granting an increase of pension to Clara B. Griswold; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 8030) granting an increase of pension to Ida O. Southwick; to the Committee on Invalid Pensions.

By Mr. WARREN: A bill (H. R. 8031) for the relief of Abraham L. Alexander, postmaster of Plymouth, N. C., for postal funds stolen from the post office in said town; to the Committee on Claims.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8032) granting a pension to Emily Ray; to the Committee on Invalid Pensions.

By Mr. ZIHLMAN: A bill (H. R. 8033) to authorize the general accounting officers of the United States to allow credit to Galen L. Tait, collector and disbursing agent, district of Maryland, for payments of travel and subsistence expenses made on property certified and approved vouchers; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

399. Petition of the National Sculpture Society, 215 West Fifty-seventh Street, New York City, concerning a number of war memorials being erected throughout the country; to the Committee on the Library.

400. By Mr. BLOOM: Petition of Republican organization of the twenty-second assembly district, New York City, regarding the present coal situation; to the Committee on Interstate and Foreign Commerce.

401. By Mr. GALLIVAN: Petition of the Carded Woolen Manufacturers' Association, Boston, Mass., recommending certain changes in the Merritt "misbranding" bill (H. R. 3904); to the Committee on Interstate and Foreign Commerce.

402. By Mr. GARBER: Letter from the Farmers' Educational and Cooperative Union of America, Oklahoma City, Okla., relative to House bill 4798; to the Committee on Agriculture.

403. Also, petition of the employees of the United States Railroad Labor Board, asking the Committee on Interstate Commerce of the Senate and the House to consider an amendment to proposed bills S. 2306 and H. R. 7180; to the Committee on Interstate and Foreign Commerce.

404. Also, recommendations of the Oklahoma Society of Certified Public Accountants, in regard to the proposed 1926 Federal revenue law; to the Committee on Ways and Means.

405. Also, article by F. I. Brown, president Babson's Service Co., relative to existing postal rates; to the Committee on the Post Office and Post Roads.

406. By Mr. KIEFNER: Resolution from the Flat River Chamber of Commerce, of Flat River, Mo., favoring the purchase of a site and the erection thereon of a public building for the use of the United States post office at that place; to the Committee on Public Buildings and Grounds.

407. By Mr. LEAVITT: Petition of the Montana Federation of Women's Clubs, and Woman's Clubs at Missoula, Philipsburg, Dutton, Deer Lodge, Ollie, Harlem, Helena, and Ringling, Mont., urging reenactment of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

408. By Mr. MORROW: Petition of the New Mexico Cattle and Horse Growers' Association, in favor of the Gooding long-and-short-haul bill; to the Committee on Interstate Commerce.

SENATE

WEDNESDAY, *January 20, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate, as in open executive session, reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. REED of Missouri. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Frazier	McKellar	Robinson, Ark.
Bayard	George	McLean	Robinson, Ind.
Bingham	Gerry	McMaster	Sackett
Blease	Gillett	McNary	Schall
Borah	Goff	Mayfield	Sheppard
Bratton	Gooding	Means	Shipstead
Brookhart	Greene	Metcalf	Shortridge
Bruce	Hale	Moses	Simmons
Cameron	Harris	Neely	Smith
Capper	Harrison	Norris	Smoot
Caraway	Heflin	Nye	Stephens
Copeland	Howell	Oddie	Swanson
Couzens	Johnson	Overman	Trammell
Curtis	Jones, Wash.	Pepper	Tyson
Dale	Kendrick	Pine	Wadsworth
Deneen	Keyes	Pittman	Walsh
Dill	King	Ransdell	Warren
Fernald	La Follette	Reed, Mo.	Weller
Fess	Lenroot	Reed, Pa.	Willis

The VICE PRESIDENT. Seventy-six Senators having answered to their names, a quorum is present.

REPORT ON CONDITION OF RAILROAD EQUIPMENT

The VICE PRESIDENT. As in legislative session, the Chair lays before the Senate, in accordance with the provisions of Senate Resolution 438, dated February 26, 1923, a report of the Interstate Commerce Commission for the month of December, 1925, showing the condition of railroad equipment and related information, which will be referred to the Committee on Interstate Commerce.

As in legislative session,

PETITIONS AND MEMORIALS

Mr. LA FOLLETTE presented memorials numerously signed by citizens of Chippewa, Clark, Kenosha, and Waukesha Counties, all in the State of Wisconsin, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. FERRIS presented memorials numerously signed by citizens of Allegan, Berrien, Oakland, Wayne, Shiawassee, Macomb, and Kent Counties, and of Detroit, Lansing, Bay City, Kalamazoo, Richland, Tuscola, Dowagiac, Lawrence, and Decatur, all in the State of Michigan, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. FRAZIER presented the memorials of R. R. Rhodes and 68 other citizens of Minot and vicinity, and of J. S. McKay and 40 other citizens of Fargo and vicinity, in the State of North Dakota, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. CAPPER presented memorials numerously signed by citizens of Rossville, Newton, McPherson, and Plains, all in the State of Kansas, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented a petition of members of Alonzo V. Ricketts Camp, No. 34, United Spanish War Veterans, of Paola, Kans., praying for the passage of Senate bill 98, providing increased pensions to Spanish War veterans and their widows, which was referred to the Committee on Pensions.

PROPOSED DEPARTMENT OF EDUCATION

Mr. BINGHAM. Mr. President, I ask unanimous consent to have printed in the RECORD a very brief article from the Bristol Press in regard to Senate bill 291. I ask also that the article may be referred to the Committee on Education and Labor.

There being no objection, the article was referred to the Committee on Education and Labor, and ordered to be printed in the RECORD as follows:

[From the Bristol (Conn.) Press, January 9, 1926]

BRISTOL OBJECTS TO SENATE BILL 291

At the last meeting of the board of education it was unanimously voted to disapprove Senate bill 291, which is for the purpose of providing for a department of education with a secretary in the President's cabinet. We feel confident this action will meet general approval. The bill under discussion if it became a law would be a triumph for bureaucracy and centralization and a radical departure from the accepted and fundamental duty and principles of each State to care for and direct its own public-school system. To delegate direction and control of this function and privilege to the Federal Government would be a calamity, and one of the far-reaching consequences. Too much has already been surrendered. The centralization scheme is an invention of faddists who have not shown any such capacity as to warrant their being trusted with such great responsibility. The State of Connecticut and her communities will continue to manage their own school and educational system with success and progressiveness.

TAX REDUCTION

Mr. SMOOT. Mr. President, as in legislative session, from the Finance Committee I report back favorably with amendments the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes. I will state that I shall instruct the clerk of the committee to place a copy of the bill upon the desk of every Senator within the next hour. I hope to be able to call up the bill at a very early day.

I will also state that to-morrow morning I will have the report of the majority members of the committee ready to submit to the Senate. It may be possible that we can have it printed in time to place it upon the desks of Senators this afternoon, but that is a little doubtful. However, it will be upon the desks of Senators to-morrow morning.

The VICE PRESIDENT. The bill will be placed on the calendar.

REPORTS OF COMMITTEES

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

A bill (S. 2083) for the relief of Charles Wall (Rept. No. 53); and

A bill (S. 2085) to correct the naval record of John Cronin (Rept. No. 54).

Mr. ODDIE, from the Committee on Naval Affairs, to which was referred the bill (S. 1828) for the relief of Lieut. (Junior Grade) Thomas J. Ryan, United States Navy, reported it without amendment and submitted a report (No. 55) thereon.

Mr. CAMERON, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1856) amending further an act providing for the withdrawal from public entry lands needed for town-site purposes in connection with irrigation projects, reported it with amendments and submitted a report (No. 56) thereon.

Mr. TRAMMELL, from the Committee on Claims, to which was referred the bill (S. 612) for the relief of Elizabeth Wooten, reported it without amendment and submitted a report (No. 57) thereon.

He also, from the same committee, to which was referred the bill (S. 1767) for the relief of Benjamin F. Spates, reported it with an amendment and submitted a report (No. 58) thereon.

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 1452) to carry into effect the findings of the Court of Claims in the case of William W. Danenhower, reported it with an amendment and submitted a report (No. 59) thereon.

Mr. BROOKHART, from the Committee on Claims, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

A bill (S. 74) for the relief of W. H. Presleigh (Rept. No. 60); and

A bill (S. 1520) for the relief of Isabelle R. Damron, postmaster at Clintwood, Va. (Rept. No. 61).

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1824) for the relief of R. E. Swartz, W. J. Collier, and others, reported it without amendment and submitted a report (No. 62) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 1456) authorizing the Court of Claims of the United States to hear and determine the claim of H. C. Ericsson, reported it without amendment and submitted a report (No. 63) thereon.

He also, from the same committee, to which was referred the bill (S. 2324) for the relief of the New Jersey Shipbuilding & Dredging Co., reported it with an amendment and submitted a report (No. 64) thereon.

He also, from the Committee on the District of Columbia, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

A bill (S. 1119) to transfer jurisdiction over United States reservation No. 248 from the Director of Public Buildings and Public Parks of the National Capital to the Commissioners of the District of Columbia (Rept. No. 65); and

A bill (S. 1121) to amend an act of Congress approved March 1, 1920 (Public 153, 66th Cong., H. R. 6863), entitled "An act to regulate the height, area, and use of buildings in the District of Columbia, and creating a Zoning Commission, and for other purposes (Rept. No. 66).

Mr. CAPPER, also from the Committee on the District of Columbia, to which was referred the bill (S. 1115) creating a commission to procure a design for a distinctive flag for the District of Columbia, reported it with amendments and submitted a report (No. 67).

Mr. CARAWAY, from the Committee on Claims, to which was referred the bill (S. 871) for the relief of Harry Scott, reported it without amendment and submitted a report (No. 68) thereon.

He also, from the same committee, to which was referred the bill (S. 1531) for the relief of the heirs of George E. Taylor, deceased, reported it with an amendment and submitted a report (No. 69) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOFF:

A bill (S. 2624) to provide for the acquisition of a site and erection thereon of a public building at Gassaway, W. Va.; to the Committee on Public Buildings and Grounds.

By Mr. NEELY:

A bill (S. 2625) for the relief of Lola Blanche Dean; to the Committee on Claims.

A bill (S. 2626) providing for the purchase of a site and the erection thereon of a public building at Mannington, W. Va.; to the Committee on Public Buildings and Grounds.

By Mr. PINE:

A bill (S. 2627) granting a pension to Mallie C. Fikes (with accompanying papers); to the Committee on Pensions.

By Mr. CAMERON (for Mr. McKINLEY):

A bill (S. 2628) for the relief of certain Mississippi Choctaws; to the Committee on Indian Affairs.

A bill (S. 2629) for the relief of Daniel M. Banks (with an accompanying paper); and

A bill (S. 2630) for the relief of Emory S. Hall (with accompanying papers); to the Committee on Claims.

A bill (S. 2631) granting a pension to Eli H. Brown, alias Henry Brown (with an accompanying paper);

A bill (S. 2632) granting a pension to Harry S. Glazebrook (with accompanying papers);

A bill (S. 2633) granting a pension to Anna Kindred (with accompanying papers);

A bill (S. 2634) granting an increase of pension to Hardy L. Knowles;

A bill (S. 2635) granting an increase of pension to Amelia M. Ferner;

A bill (S. 2636) granting an increase of pension to John Baker;

A bill (S. 2637) granting an increase of pension to Alba B. Bean; and

A bill (S. 2638) granting an increase of pension to Cathryn White; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 2639) granting an increase of pension to John Ralph Robertson; to the Committee on Pensions.

A bill (S. 2640) for the relief of Mrs. Brewster Agee;

A bill (S. 2641) for the relief of Henry J. Wright; and

A bill (S. 2642) for the relief of Samuel W. Tyson; to the Committee on Claims.

By Mr. FESS:

A bill (S. 2643) to provide for the cooperation of the United States in the erection, in the city of Panama, of a monument to Gen. Simon Bolivar; to the Committee on the Library.

By Mr. WADSWORTH:

A bill (S. 2644) for the relief of Michael J. Leo; to the Committee on Claims.

By Mr. RANSDELL:

A bill (S. 2645) to remit the duty on three church bells to be imported for the Church of the Sacred Heart, Albuquerque, N. Mex.; to the Committee on Finance.

By Mr. JOHNSON:

A bill (S. 2646) to provide cooperation to safeguard endangered agricultural and municipal interests and to protect the forest cover on the Santa Barbara, Angeles, San Bernardino, and Cleveland National Forests from destruction by fire, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SHORTRIDGE:

A bill (S. 2647) granting permission to Lieut. Col. James I. Mabee, United States Army, retired, to accept a decoration and diploma of officer of the French Legion of Honor, tendered by the President of the French Republic; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 2648) providing for the erection and completion of a public building at Binghamton, N. Y.; to the Committee on Public Buildings and Grounds.

A bill (S. 2649) to amend section 4 of the immigration act of 1924; to the Committee on Immigration.

A bill (S. 2650) to amend the Code of Law of the District of Columbia, in relation to descent and distribution;

A bill (S. 2651) to amend section 1159 of the Code of Law for the District of Columbia so that the widower shall have the same share in the real estate of his deceased wife as is given by law to the widow in her deceased husband's estate; and

A bill (S. 2652) amending subchapter 5 of the Code of Law of the District of Columbia, as amended to June 7, 1924, relating to offenses against public policy; to the Committee on the District of Columbia.

CHANGES OF REFERENCE

On motion of Mr. WARREN, the Committee on Appropriations was discharged from the further consideration of the following bills, and they were referred as indicated below:

A bill (S. 1540) to amend an act entitled "An act making appropriations for sundry civil expenses of the Government for fiscal year ending June 30, 1884, and for other purposes"; to the Committee on Patents.

A bill (S. 2591) providing for the grading of the Thomas MacDonough memorial site, and for other purposes; to the Committee on the Library.

DETROIT FIDELITY & SURETY CO.

Mr. FERRIS submitted an amendment intended to be proposed by him to the bill (S. 1034) for the relief of the Detroit Fidelity & Surety Co., which was referred to the Committee on Claims and ordered to be printed.

HEARINGS BEFORE THE COMMITTEE ON EDUCATION AND LABOR

Mr. PHIPPS submitted the following resolution (S. Res. 122), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Education and Labor, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

S. 90. An act to amend an act entitled "An act to create a Library of Congress trust fund board, and for other purposes," approved March 3, 1925; and

S. 1267. An act to extend the time for the completion of the construction of a bridge across the Columbia River between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon.

OPINION OF CIRCUIT COURT OF APPEALS IN OIL LEASE CASE

Mr. WALSH. Mr. President, I send to the desk and ask to have printed in the RECORD the opinion of the Circuit Court of Appeals for the Ninth Circuit in the case of the Pan American Petroleum Co. and others against the United States of America, the so-called Elk Hills oil-lease case.

It may be of interest if I state in this connection that while the court said it finds no reason to disturb the findings of fact of the lower court, which it will be recalled found that the lease was tainted with corruption, the decision is placed squarely upon a ground common to the Teapot Dome case as well as to the Elk Hills case. If I may be indulged for just a moment, I want to read from the opinion as follows:

It is contended that the act of June 4, 1920, conferred upon the Secretary of the Navy ample authority to enter into the exchange contracts of April and December, 1922. We can not think that by the use of the word "exchange" in the act which was a rider to the appropriation bill of June 4, 1920, it was the intention of Congress to bestow upon the Secretary of the Navy power to dispose of the oil products of the naval reserves in the manner in which it was done in the contracts and leases here in question. The act, after giving the Secretary possession of the naval reserve lands, etc., authorized

him "to conserve, develop, use, and operate the same in his discretion, directly or by contract, lease, or otherwise, and to use, store, exchange, or sell the oil and gas products thereof, and those from all royalty oil from land within the reserve, for the benefit of the United States. * * * *Provided further*, That such sums as have been or may be turned into the Treasury of the United States from royalties on lands within the naval petroleum reserves prior to July 1, 1921, not to exceed $500,000, are hereby made available for this purpose until July 1, 1922." The power to lease, following as it does the authority to conserve, was evidently to be used as a protective measure to prevent drainage of the naval reserve lands from adjacent oil drilling. The power to sell so conferred necessarily carried with it the legal obligation to turn into the Treasury of the United States the proceeds of sales. If anywhere in the act there is authority to justify the execution of the contracts and leases in question here, it must be found in the word "exchange."

Then the court considers that subject and reaches the conclusion that the word "exchange" did not so authorize.

I ask unanimous consent that the entire opinion may be printed in the RECORD.

Mr. ROBINSON of Arkansas. Mr. President, can the Senator announce the status of the Wyoming case?

Mr. WALSH. The Wyoming case is pending on appeal to the Circuit Court of Apeals for the Eighth Circuit. This is the opinion of the Circuit Court of Appeals for the Ninth Circuit. My understanding is that it will be for a hearing before that court—that is, the Circuit Court of Appeals for the Eighth Circuit—some time in the spring.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

IN THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

Pan American Petroleum Co., a corporation, and Pan American Petroleum & Transport Co., a corporation, appellants and cross appellees, v. United States of America, appellee and cross appellant. No. 4651.

OPINION BY CIRCUIT JUDGE GILBERT, FILED JANUARY 4, 1926

Before Gilbert, Hunt, and Rudkin, district judges.

The United States, in a bill in equity against the two corporations named as parties defendant—which herein will be called respectively the petroleum company and the transport company—alleged that a fraudulent conspiracy was formed between Edward L. Doheny, the chief executive officer of the defendants, and Albert B. Fall, Secretary of the Interior of the United States, to procure for the defendant companies the execution of a contract dated April 25, 1922, a lease of a portion of naval reserve No. 1, situated in California, a further contract of December 11, 1922, and a lease for 20 years covering the remainder of naval reserve No. 1, dated December 11, 1922. The object of the suit was to rescind and cancel said contracts and leases and obtain a decree for accounting. The bill alleged that between said conspirators an agreement was made prior to November 30, 1921, that if Secretary Fall could bring about the execution of said instruments he was to receive for so doing $100,000 from Edward L. Doheny; that on or about November 30, 1921, Doheny, in furtherance of said conspiracy, paid Fall the $100,000 reward so promised to him, and that thereafter Fall, in pursuance of said conspiracy, awarded the said contract of April 25 and caused to be executed and delivered the said lease of June 5, and caused the said contract and lease of December 11 to be executed. The bill alleged that by the contract of April 25, 1922, made between the transport company and the United States by the Acting Secretary of the Interior, it was agreed to exchange crude oil to be produced from naval petroleum reserves Nos. 1 and 2 in the State of California, which oil was unsuitable for fuel for the United States Navy, for fuel oil suitable for the use of said Navy, to be delivered by the corporation at the United States naval station at Pearl Harbor, Hawaii, the corporation agreeing to furnish 1,500,000 barrels of fuel oil and to deliver the same into storage facilities to be by it constructed according to specifications in consideration of the delivery to the corporation of 5,878,905 barrels of crude oil from said naval reserves, with a further provision that the corporation should be granted by the Government a preferential lease on certain portions of reserve No. 1 not included in the contract in case the Secretary should decide to lease the same.

It was alleged also that the said award of the contract to the transport company was made without competitive bidding and that it gave to said corporation a prior right or option to become the lessee of certain portions of naval reserve No. 1, and was so drawn purposely and intentionally to secure said right to that corporation to the detriment and in fraud of the rights of the United States and prevent other persons or corporations from becoming the lessee and to prevent competitive bidding or open competition to any lease on lands in said reserve; that the intention between Fall and Doheny was that the latter's company should become the lessee of the entire reserve; that pursuant to the said unlawful agreement the instruments of April 25, 1922, and December 11, 1922, were executed secretly and privately and without competition and that all the agreements and leases referred to in the bill are illegal and void by reason of said fraud and illegal conspiracy and for the further reason that no authority was lodged in the officers of the United States who acted therein to execute the same and that they were unauthorized by law. The prayer of the bill was in substance that the contracts and leases be surrendered to be canceled, that the defendants be enjoined from further trespassing upon the lands of the United States under or by virtue of said instruments, and that the defendants be required to account for all oil received or taken by them under the terms of said instruments.

The answer denied the allegations of fraud, conspiracy, and bribery, asserted the validity and legality of the contracts and leases, and alleged in defense that the plaintiff had not tendered to the defendants the amount which they were justly and equitably entitled to receive under said contracts and leases, and had failed to offer to do equity in the premises, and alleged that the bill was without equity.

In substance the findings of fact of the trial court are that the transport company, a corporation of which Edward L. Doheny was president up to December 7, 1923, owned and absolutely controlled the entire capital stock of its co-defendant; and that at all times mentioned in the complaint Doheny directly or indirectly controlled over 50 per cent of the capital stock of the transport company and was in fact in effective control of the policies and actions of both said companies. On September 2, 1912, the President made an Executive order setting apart a portion of the lands in petroleum reserve No. 2, ordering that they should be held for the exclusive use or benefit of the United States Navy, and on May 31, 1921, President Harding made an Executive order authorizing the Secretary of the Interior to lease producing oil wells within any naval petroleum reserves and to permit the drilling of additional wells or to lease the remainder or any part of a claim upon which such wells had been drilled, and directing the Secretary of the Navy to conserve, develop, use, and operate by contract, lease, or otherwise, unappropriated lands in naval reserves, and committing to the Secretary of the Interior the administration and conservation of oil and gas bearing lands in the naval reserves, but providing that no general policy as to drilling or reserving lands in a naval reserve should be changed or adopted except in consultation and cooperation with the Secretary or Acting Secretary of the Navy. The order authorized and directed the Secretary of the Interior to perform any and all acts necessary for the production, conservation, and administration of the said reserves subject to the conditions and limitations contained in the order and the existing laws, or such laws as might hereafter be enacted by Congress pertaining thereto.

Secretary Fall was very active in procuring the transfer of the naval oil reserves from the Navy Department to the Interior and after the order of May 31, 1921, he dominated the negotiations that eventuated in the contracts and leases in the suit. The Secretary of the Navy was absent through all said negotiations and took no active part therein but signed the contracts of April 25, 1922, and December 11, 1922, and the lease of December 11, 1922, and the letter of April 25, 1922, under misapprehension and without full knowledge of the contents thereof. On July 8, 1921, Fall wrote to Doheny: "There will be no possibility of any further conflict with naval officials and this department, as I have notified Mr. Denby that I should conduct the matter of naval leases under the direction of the President without calling any of his force in consultation, unless I conferred with himself personally upon a matter of policy. He understands the situation and that I shall handle the matter exactly as I think best, and will not consult with any officials of any bureau in his department but only with himself, and such consultation will be confined strictly and entirely to matters of general policy." Doheny and the defendants understood from and after July 8, 1921, and acted upon the belief, that Fall had authority to make contracts and leases touching royalty oils from land of the naval reserve and they dealt with him accordingly. Between July 8, 1921, and October 25, 1921, Fall and Doheny held personal conferences with regard to the royalties reserved under a lease that had been granted to the petroleum company for a strip of land in section 1, township 31 south, range 24 east, in Kern County, Calif., and between the same dates they held conferences respecting the proposal to be made by the transport company whereby the latter should receive from the United States royalty oil accruing from leases on naval reserves No. 1 and No. 2 in California, and in consideration thereof agree to erect certain storage tank facilities at Pearl Harbor, Hawaii, and fill the same with fuel oil. At said conferences the matter of granting further leases on naval reserve No. 1 was discussed and on October 25, 1921, and prior to March 7, 1922, Fall and Admiral John K. Robison, the personal representative of the Secretary of the Navy in naval-reserve matters, agreed that the proposed contract for the construction of tankage facilities and filling the same should be kept secret, not for military reasons but in order that Congress and the public might not know what was being done, and in fact the proposed contract was

concealed and kept secret until after the award was made on April 18, 1922. At and prior to November 30, 1921, there was pending in the Department of the Interior for action by Fall as Secretary a petition of the petroleum company praying for reduction of the royalty of 55½ per cent reserved to the United States in the lease of July 12, 1921, of certain land in naval reserve No. 1. At the same time there was pending before the Department of the Interior a proposition by the transport company that in consideration of the receipt of royalty oils by said company and the granting of further leases of lands in naval reserve No. 1, the company would agree to erect certain storage-tank facilities at Pearl Harbor, Hawaii, and fill the same with fuel oil. On November 28, 1921, Doheny, on behalf of the transport company, wrote to Fall that in view of the cost of fuel oil, the cost of delivery of 1,485,000 barrels at Pearl Harbor would be $2,821,500, which, added to the cost of constructing the necessary tanks to store the same, would make a total of $3,360,420, and that to pay the contractor for both tanks and oil in royalty accrued oil from the naval reserve it would require 2,973,823 barrels.

The letter suggests that the matter be turned over to First Assistant Secretary Finney to arrange the details with Rear Admiral Robison during Secretary Fall's proposed absence. On the following day Fall wrote to Admiral Robison, submitting to him Doheny's letter, and saying: "Should you think best to accept this proposition, then, of course, it would be necessary in my judgment to turn over to Colonel Doheny, if we can do so, leases upon further wells or area in the naval reserve in which he is now drilling. If this is done, it must be understood that the royalty must be made less than are the present royalties being paid by the Midway and Pan American. * * * The two companies named are pumping their wells and so, of course, they are not making any money, but will experience a loss in the payment of a 55 per cent royalty to the Government. If you approve the proposition will you kindly indicate such approval by simple indorsement upon Colonel Doheny's letter to myself signed by yourself. Your simple O. K. will be sufficient." On November 30, 1921, Fall was ready and desirous to consummate a contract with the transport company along the lines outlined in the two letters just referred to, which letters expressed and implied an understanding and agreement between Fall as Secretary of the Interior and Doheny as executive and managing officer of the transport company, that Fall, upon the execution of the contracts as suggested in the letter of November 28, 1921, would grant to that corporation further and additional leases in naval petroleum reserve No. 1 in consideration of the construction of storage facilities for 1,485,000 barrels of fuel oil at Pearl Harbor and filling of the same with fuel oil in exchange for royalty crude oil due the United States from existing leases and further leases agreed to be made in the naval petroleum reserves.

Prior to November 30, 1921, Fall and Doheny discussed a proposal that Doheny should advance and deliver to Fall the sum of $100,000 for the personal use of the latter, and Doheny agreed to furnish said sum when Fall should need it, and on that date, Doheny, then being in New York City, did at the request of Fall send to him at Washington $100,000, not in the usual manner of business transactions, but in currency obtained from a bank by the use of the check of Doheny's son. The currency was "carried in a satchel" by Doheny's son from New York to Washington and by him delivered to Fall, but no entry of the withdrawal of said currency appears in the account of Edward L. Doheny with the bank on which the check was drawn, and no entry of said advance or of any personal transaction connected therewith between Fall and Doheny was ever made a matter of record in the books of the latter or of either of the defendant corporations, but on November 30, 1921, Fall handed to Doheny's son, who delivered the same to his father, a note payable on demand with interest after date in the sum of $100,000 to said Doheny at New York or Los Angeles, Calif., value received. No sum, however, either on account of principal or interest has been paid by Fall to Doheny on account of said note or said money so advanced. Within a few weeks after receiving the note Fall's signature was torn therefrom by Doheny and said note remains so torn. The purpose of so tearing the note was that it might not in the hands of third parties be an enforcible obligation against Fall.

On or before December 1, 1921, Fall issued instructions to his subordinates in the Department of the Interior that the Petroleum Co.'s petition for the reduction of royalties under the lease of July 12, 1921, be refused and that instead thereof the company should as relief be granted a lease at regulation Interior Department royalties in section 1, township 30 south, range 24 east, Kern County, Calif., in naval reserve No. 1. From January 27, 1922, to April 15, 1922, Fall knew that the transport company would make a bid to construct storage tankage facilities at Pearl Harbor, and fill the same with fuel oil in consideration of the delivery to it of royalty oil of the United States and in consideration that it be assured of further leases in naval reserve No. 1, and that the bid to be named by said corporation in construction of storage facilities and filling the same with fuel oil would be at cost, but he knew that the bid would involve the granting to said corporation of further oil and gas leases of the land within the said naval reserve No. 1. Aside from certain officers and agents of the United States and those operating the corporation, no others knew that the corporation would bid at cost for the construction and the filling of said storage facilities, nor were any informed by Fall or by any person on behalf of the United States that a bid conditioned upon the assurance to the bidder of further leases in naval petroleum reserve No. 1 or a preferential right to leases therein would be considered.

Due to Fall's interest in furthering a contract with the transport company for constructing and filling storage-tank facilities at Pearl Harbor and granting such further leases, the said corporation and its engineering representative were from December, 1921, to April 15, 1922, kept in close touch with the development of the plans for constructing the tankage facilities and had opportunities for conference and advice from the officers and employees of the United States which no other bidder was afforded. The only other oil companies conferred with by the officers of the United States concerning the project at Pearl Harbor and the proposed contract were the Standard Oil Co. of California, the General Petroleum Co., the Associated Oil Co., the Pacific Oil Co., and the Union Oil Co. of California. Prior to April 15, 1922, Fall knew that the General Petroleum Co. considered the proposed contract illegal and would not submit a bid; accordingly no invitations for proposals were sent to it. Fall also knew that the counsel for the Standard Oil Co. was of the opinion that the proposed contract was illegal and had written an opinion to that effect, and Fall knew that said company would not submit a bid. He knew or could have known prior to April 15, 1922, that the Union Oil Co. of California had not been asked to submit a bid. He knew prior to April 15, 1922, that the Associated Oil Co. would not submit a bid except upon condition that authority be obtained from Congress. He knew prior to April 15, 1922, that invitations had been furnished to two construction companies, but he was of the opinion, and so stated, that it was impossible for construction companies to make bids for the reason that the construction would have to be paid for by delivery of royalty oils belonging to the United States. On April 15, 1922, the bids were opened. The Associated Oil Co.'s bid was conditioned upon congressional action approving the contract. A proposal from the Standard Oil Co. of California applied only to the furnishing of fuel oil. Aside from these, the only bids were those of the transport company. That company submitted two bids marked "A" and "B."

In proposal "B" a smaller lump sum in barrels of crude royalty oil was named than in proposal "A." It agreed that if the contractor's actual cost of construction were less than a mentioned stipulated amount any saving below that stipulated amount would be credited to the Government, and the proposal was conditioned upon the granting by the United States of a preferential right to the bidder to become the lessee in all leases thereafter to be granted by the United States for recovery of oil and gas in naval petroleum reserve No. 1. No other bidder was invited to compete on the terms mentioned in proposal "B" or upon any terms granting preferential rights to leases, and no person or corporation was advised that any bid would be received for doing the construction work at cost.

Fall was not present at the opening of the proposals. When he left Washington on April 13, 1922, he gave instructions to his subordinates that no bid should be accepted and no contract awarded without his first being informed and without his consent thereto. On April 18, 1922, Finney, the Acting Secretary of the Interior, telegraphed to Fall advising him that he and Admiral Robison recommended the acceptance of said proposal "B," and on the same day Fall telegraphed his consent thereto. Finney notified the Transport Co. of the acceptance of its proposal "B," but before the contract was executed the vice president of that corporation stated to Finney that his company did not desire to proceed further unless the United States would agree that within 12 months from the date of the contract it would grant to the corporation a lease or leases on some portion of the lands within naval reserve No. 1. On April 20, 1922, Ambrose, chief petroleum technologist of the Bureau of Mines of the Department of the Interior, was sent with documents and papers relating to the contract to New Mexico to consult with Fall. On April 23, 1922, Fall telegraphed instructions to Finney to execute the contract. One of the matters about which Ambrose was instructed to confer with Fall was the question whether Denby, Secretary of the Navy, should be made a party to the proposed contract, and on April 23, 1922, Fall by telegraph answered in the affirmative. The question whether the Secretary of the Navy should be made a party to the agreement or whether the Executive order of May 31, 1921, had any legal force and effect was originally raised by Cotter, vice president and attorney of the Transport Co. He refused to permit his company to enter into the contract unless the Secretary of the Navy were made a party thereto and signed the same.

From the inception of negotiations concerning the contract for the erection of storage facilities and filling the same with fuel oil Fall kept in touch with the matter, and no question of policy or action of importance was determined without his consent. The condition of proposal "B" touching a preferential right to leases was inserted for the express purpose of preventing any other company from having an opportunity to obtain leases in said naval reserve and so that the said

bidder might be able to eliminate competition for such leases as the United States might thereafter decide to make. Before the contract was executed Finney and Denby wrote to Cotter that the Department of the Interior would agree to grant to his company within one year from the date of a contract for the Pearl Harbor project, leases to drill on the NE. ¼ of Sec. 3, T. 31 S., R. 24 E., and the strip of land lying in the E. ½ of Sec. 34, T. 30 S., R. 24 E., and specifying the rate of royalty that would be charged thereon.

The guaranty of certain specified leases in that letter was not necessary, nor was it necessary to make the lease of June 5, 1922, to prevent drainage. The purpose of the guaranty of certain leases in the letter of April 25, 1922, was to assure the production of additional royalty oil to be used in payment for the construction of storage-tankage facilities at Pearl Harbor and filling the same with fuel oil. The posted field price of crude oil in California declined rapidly after making the contract of April 25, 1922. In the autumn of 1922 Doheny was in consultation with Fall concerning a proposal that the transport company should at once become lessee of certain areas in naval reserve No. 1, and in consideration thereof should agree to do for the United States certain things mentioned in a written proposition. The proposal was reduced to writing by Doheny and delivered to Fall some time in October or November. Fall delivered it to certain other officers and employees of the United States with his approval. Doheny in a subsequent written proposal enlarged his proposition and made further suggestions as to areas to be leased and the consideration which his company would give therefor. He and Fall conferred together concerning the schedules of royalty to be inserted in the proposed lease which was to be made to the petroleum company, with the result that they agreed upon a schedule of royalties recommended by Fall and expressed in the lease of December 11, 1922. That lease was arranged by private negotiation, and no competition of any kind was had in the making of it and no other oil company was invited to submit a proposal for a lease, although at least one other oil company would have been interested in the matter. Some time prior to the making of that lease and down to October, 1922, Fall and other officers and employees of the United States, who were in close touch with him in the administration of the naval petroleum reserves stated to persons making inquiry for leases in the naval reserve No. 1 that it was not the intention of the Department of the Interior or of the United States to make any lease or to drill in naval reserve No. 1 except for purely defensive purposes, and that no immediate leasing or drilling was in contemplation. So far as Fall was concerned, those representations were false and untrue and by him known so to be. In February, 1922, an agreement was made by the United States with the Pacific Oil Co. that no drilling should be done by either party except on six months' notice to the other party on certain lands in sections 27, 28, 29, 30, 31, and on all of sections 32 and 33 and the west half of 34, T. 30 S., R. 24 E., and on portions of sections 3, 4, 5, and 6 in T. 31 S., R. 24 E.; and in October, 1922, a similar agreement was made as to section 31, T. 30 S., R. 24 E., and section 36, T. 30 S., R. 23 E. Both agreements are still in force. There was no necessity, on account of threatened drainage, to make the lease of December 11, 1922, at the time when it was made. At that time the plans for construction work at Pearl Harbor had not been prepared, nor were they prepared until January 7, 1922. The contract of April 25, 1922, is a contract for the construction of a reserve fuel depot at Pearl Harbor and filling the same with fuel oil. The contract of December 11, 1922, contains an agreement for the erection of two reserve fuel depots for the Navy at Pearl Harbor and filling the same with certain petroleum products.

It was understood by him and Fall that the latter need not repay said sum or any part thereof to Doheny.

Doheny expected that if Fall did not sell or turn over certain ranch land owned by him or to be acquired by him in New Mexico, Doheny would cause the transport company to employ Fall at a salary sufficiently large to enable him out of one-half thereof to pay off said amount in five or six years. At the time of the said payment to Fall, Doheny knew that Fall expected to leave the service of the Government and to accept employment with one of his companies or both through his, Doheny's, procurement. Doheny and Fall acted in cooperation and collusion with respect to the royalties being paid and to be paid on subsequent leases by the defendant corporations, and the royalties stipulated in the leases were fixed, arranged, and settled by Fall and Doheny.

By the contracts of April 25, 1922, and December 11, 1922, the Secretary of the Navy surrendered and delegated to the Secretary of the Interior vital, essential, and discretionary rights, powers, and duties which by the Congress of the United States were conferred exclusively and solely upon the Secretary of the Navy.

There have been constructed and completed under the direction of the defendants at Pearl Harbor all of the fuel oil storage facilities mentioned in the agreement of April 25, 1922, and there have been constructed and completed under the direction of the defendants much of the additional storage facilities for crude oil products mentioned in the agreement of December 11, 1922, and such projects and property are of benefit and value to the United States and have been constructed economically and without waste or extravagance and are now available for use by the United States, and are on property of the United States at Pearl Harbor, and the money expended for the construction thereof has been expended by the defendants upon the property of the United States and under the supervision and inspection of duly appointed officers of the Navy, and said property so constructed upon the property of the United States should be retained and kept thereon.

At the time of the conclusion of the trial all the additional storage facilities for crude oil products required by the agreement of December 11, 1922, had been completed and there had been delivered into the possession of the United States at Pearl Harbor and into said storage facilities 1,453,274.94 barrels of fuel oil of the quality required by the agreement, and the same was accepted by the United States and is retained by it and is of value and benefit to the United States equal to the cost of furnishing and transporting the same. The court further found that the lessee in compliance with the terms of the leases of June 5 and December 11, 1922, did expend sums of money in exploration, exploitation, and development of the lands referred to therein and in producing and maintaining production of oil, gas, and gasoline therefrom and in making permanent improvements and facilities upon said lands necessary to comply with the terms of said leases, and said expenditures were made economically and without waste and with the knowledge and under the general supervision of duly appointed officials of the United States, and the result of said expenditures is and will be of benefit and value to the United States equal to the amount thereof.

From all of said findings of fact the court drew the following conclusions of law: That the payment of $100,000 by Doheny to Fall was contra bonos mores and against public policy; that it is immaterial whether the directors and stockholders of the transport company knew of said payment; that the making of said payment constitutes a fraud upon the United States and renders voidable all contracts and transactions made subsequent thereto between said corporation or its codefendant and the United States; that Doheny and Fall conspired and confederated for the making of certain contracts and agreements of great benefit and advantage to the transport company, to wit: The contract of April 25, 1922, Exhibit B, of the complaint, the contract of April 25, 1922, Exhibit E, the lease of June 5, 1922, the contract of December 11, 1922, and the lease of December 11, 1922; that the contract of April 25, 1922, Exhibit B, was not let upon competitive bidding; that that contract and the contract of December 11, 1922, Exhibit C, the lease of June 5, 1922, and the lease of December 11, 1922, are voidable at the option of the United States and should be delivered up to be canceled; that the contract of April 25, 1922, Exhibit B, and the contract of December 11, 1922, are null and void and of no effect because they constitute unlawful delegation of authority to the Secretary of the Interior contrary to the terms and provisions of the act of June 4, 1920, and they should be surrendered for cancellation; that the Executive order of May 31, 1921, is, in so far as it attempts to transfer the discretionary power of the Secretary of the Navy to the Secretary of the Interior, ineffectual and in excess of the executive power of the President; that the lease of June 5, 1922, was part of the consideration of an illegal contract, to wit: The contract of April 25, 1922, Exhibit B, and the same should be delivered up for cancellation; that the lease of December 11, 1922, constituted part of the consideration given by the United States for the contract of December 11, 1922, which contract being wholly void and illegal, the said lease also is void and illegal, and should be delivered up for cancellation; that the defendants should cease to trespass upon the lands of the United States and forthwith surrender possession thereof and be enjoined and restrained from further operations or activities of any kind on said lands and from removing any materials, tools, machinery, etc., therefrom.

In view of the equities between the parties, the trial court concluded that the defendants should be paid for and allowed credit for moneys actually expended in the construction of the storage facilities at Pearl Harbor and that a complete account should be taken between the plaintiff and the defendants to determine the total and gross amount of oil petroleum products the defendants have taken from the lands covered by the lease of June 5, 1922, and the lease of December 11, 1922, and the money value of such products so taken, and upon ascertaining the total gross quantity of such products and of the pecuniary value thereof, such sum to be found due, if any, upon such accounting, should be paid by the defendants to the plaintiff, and that in such accounting the defendants be entitled to be credited with the cost price of the storage facilities so completed and installed at Pearl Harbor, together with the cost price of fuel oil contents placed therein and the actual expenditures of money in drilling and putting on production in wells drilled under the leases of June 5, 1922, and December 11, 1922, and that the costs of the suit should be paid by the defendants.

The defendants take their appeal from that portion of the decree which awards the plaintiff equitable relief. The plaintiff takes its cross appeal from that portion of the decree which awards the defendants credit for moneys expended under the contracts and leases and directs an accounting.

Gilbert, circuit judge, after stating the case:

The defendants assign error to certain of the findings of fact of the trial court, certain of the rulings of that court upon the admission of evidence, and certain of the court's conclusions of law. We find no ground for disturbing the findings of fact which we deem essential to the decision of the cases, and while the evidence may be insufficient to support certain contested findings, the disputed facts, in view of our conclusions upon the law applicable to the case, become of little importance.

Particular objection is made to the admission in evidence of statements made by Doheny before the Senate committee. Those statements were offered in evidence after Doheny had been called as a witness for the plaintiff to testify as to the $100,000 payment to Fall by him and had availed himself of his constitutional privilege by declining to answer on the ground that his testimony might tend to incriminate him. The offer in evidence of the statements so made before the Senate committee was accompanied with a proffer of proof that Doheny had voluntarily appeared and made the statements before the committee. Objection was interposed on the ground that the said statements were not shown to have been made as part of any transaction of the defendant corporations or as part of the res gestae of any corporate transaction or under circumstances showing that Doheny had any express or implied authority to appear before the Senate committee and speak for said corporations. The court held that at the time of making the declarations Doheny was acting within the scope of his authority as an agent of his corporations and admitted the testimony. There having been a preliminary showing before the court that the leases were negotiated by Doheny on behalf of the defendants and as their agent, and that those matters were the very matters brought for investigation before the Senate committee, we are not convinced that the court's ruling was erroneous. There can be no question but that the declarations of an officer or agent of a corporation, even though they consist of a narrative of past facts, may, under appropriate circumstances, be admitted in evidence against the corporation, nor does the admissibility of such declarations necessarily depend upon the length of time that has elapsed between the occurrences and the declarations. (10 R. C. L. 978.) Clearly, if any officer of the defendant corporations was authorized to bind them by declarations after the event, it was Doheny. As president of both companies, he had negotiated the agreements and had executed the same. The scheme to pay for tankage facilities construction and fuel oil by Government royalty oil originated with him and Fall. He was the dominating figure and the administrative officer by whom the business of the corporations was conducted, and acts done by him within the scope of the corporate powers were presumably duly authorized. At the time when the declarations were made there were pending transactions between the plaintiff and the defendants to which the declarations were pertinent, for the contracts and leases were in active operation and their validity was being investigated by the Senate committee. The defendants were interested in vindicating the contracts, and it was to their interest to show that the $100,000 transaction was a purely personal one and in no way related to the procurement of the contracts. The declarations were also against the interest of the declarant and no other means of obtaining the evidence were available to the plaintiff.

Among the cases tending to support the ruling of the trial court are Chicago *v.* Greer (9 Wall. 726); Xenia Bank *v.* Stewart (114 U. S. 224); Fidelity & Deposit Co. *v.* Courtney (186 U. S. 342); Joslyn *v.* Cadillac Automobile Co. (177 Fed. 863); C., B. & Q. R. R. Co. *v.* Coleman (18 Ill. 298). In Rosenberger *v.* H. E. Wilcox M. Co. (145 Minn. 408) the court said: "The fact that this transaction occurred some time after the contract of sale of the stock, and that the statement was an admission as to facts existing when the contract was made, is not decisive. An agent of a corporation, if acting within the scope of his authority, may make an admission in behalf of the corporation as to a past transaction, just as a natural person or his authorized agent may do so."

It is contended that the act of June 4, 1920, conferred upon the Secretary of the Navy ample authority to enter into the exchange contracts of April and December, 1922. We can not think that by the use of the word "exchange" in the act which was a rider to the appropriation bill of June 4, 1920, it was the intention of Congress to bestow upon the Secretary of the Navy power to dispose of the oil products of the naval reserves in the manner in which it was done in the contracts and leases here in question. The act, after giving the Secretary possession of the naval reserve lands, etc., authorized him "to conserve, develop, use, and operate the same in his discretion, directly, or by contract, lease, or otherwise, and to use, store, exchange, or sell the oil and gas products thereof, and those from all royalty oil from lands within the reserves, for the benefit of the United States. * * * *Provided further*, That such sums as have been or may be turned into the Treasury of the United States from royalties on lands within the naval petroleum reserves prior to July 1, 1921, not to exceed $500,000, are hereby made available for this purpose until July 1, 1922." The power to lease, following as it does the authority to conserve, was evidently to be used as a protective measure to prevent drainage of the naval reserve lands from adjacent oil drilling. The power to sell so conferred necessarily carried with it the legal obligation to turn into the Treasury of the United States the proceeds of sales. If anywhere in the act there is authority to justify the execution of the contracts and leases in question here, it must be found in the word "exchange." The opinion of the Judge Advocate General of the Navy was that the authority thus granted to exchange was "unrestricted," which could only mean that the Secretary of the Navy would exchange all oil in the naval reserve and all royalty oils for any purpose for which he saw fit. The defendants do not go so far as that. They assume that the authority to exchange is limited to exchanges for fuel reserve purposes. We find nothing in the act which imposes such a limitation and we think it clear that the word "exchange" embraces either the broad authority which was found by the Judge Advocate General, or that the intention was to limit the exchange by the words of the accompanying proviso "not exceeding $500,000," and that the exchange intended was an exchange of crude oil for fuel oil for the current use of the Navy, the then existing depots of fuel oil for current use having been authorized by express acts of Congress. The act of June 4, 1920, bestows no express authority to create fuel depots. If the power to exchange be extended beyond exchange for current fuel oil or facilities for the storage of royalty oils not to exceed $500,000, there is no limit to it.

There can be no middle ground. Either the intention was that the power was thus to be limited or it was absolutely without limit, and under it the Secretary of the Navy might have exchanged crude oil for battleships or airplanes, or anything else which he deemed to be of benefit to the Navy, and all this in addition to the millions contracted to be extended for the storage facilities at Pearl Harbor and the filling of the same, the total estimate for which, according to the testimony of Admiral Robison, was $103,000,000. As early as August 31, 1842, Congress, under its constitutional authority to provide and maintain a Navy, enacted that "the Secretary of the Navy may establish in such places as he may deem necessary suitable depots of coal and other fuel for the supply of steamships of war" (Rev. Stat. 1552). On March 4, 1913 (37 Stats. 893), on account of the establishment of fuel depots by the Secretary of the Navy, which had subsequently been abandoned, Congress, on the recommendation of the House Committee on Naval Affairs, "in the interest of economy" repealed section 1552, Revised Statutes, and at the same time made an appropriation for the completion of a coaling plant and oil tanks at Pearl Harbor. Thereafter annual appropriations were made for fuel oil storage at various points, the largest appropriation for that purpose being $200,000. For the year 1921 an appropriation of $1,000,000 for storing oil at Pearl Harbor was requested by the Chief of the Bureau of Yards and Docks of the Navy, but the request was denied and no appropriation for that purpose was made for that year. Nor was any made for any subsequent year, obviously for the reason that none was applied for.

It is not conceivable that by the rider to the appropriation bill Congress intended in that casual way to surrender its legislative functions as to the control and disposition of the naval oil reserves and the establishment of fuel-oil depots for the Navy, to revolutionize the established method of transacting the public business of the United States, and to repeal, so far as they relate to the oil reserves, sections 3732 and 3733, Revised Statutes, and sections 6884, 6885, 6886, and 6873, Compiled Statutes of 1918, which forbid the making of contracts to bind the Government beyond the amount appropriated therefor unless otherwise specifically provided, and section 3709, Revised Statutes, which makes competitive bidding and advertising indispensable to the making of all such contracts, and sections 3617 and 3618 of Revised Statutes, which makes it obligatory to turn into the Treasury of the United States all proceeds of sales of royalty oils, as was done prior to June 4, 1920, and as was expressly provided by the act of February 25, 1920. If such had been the intention, it is but reasonable to assume that it would have been expressed in terms so clear as to exclude all doubt. The construction placed upon the act by the officers of the Government to whom were delegated the powers conferred thereby is of no value as indicating the meaning of the act. The evidence is that the Secretary of the Interior and the representatives of the Department of the Navy, who were most interested and active in furthering the Pearl Harbor scheme, were doubtful of their authority to engage in it and intentionally refrained from giving out information concerning the same and withheld from Members of Congress knowledge of their action through fear that they would encounter trouble from Congress. Clearly any such contract is illegal unless made in pursuance of authority previously given by Congress.

It is no answer to these considerations to say that the contracts were beneficial and that the United States received full value for every dollar expended thereunder. Said the court in Filor *v.* United States (76 U. S. 45): "The officers at Key West did not represent the United States except in their military capacity, though assuming to do so. In signing the agreement and in taking possession of the premises claimed by the petitioners they acted on their own responsibility. Their unauthorized acts can not estop the Government from insisting upon their invalidity, however beneficial they may have proved

to the United States. If the petitioners are entitled to compensation for the use of the property they must seek it from Congress."

The defendants, referring to the fact that the record contains no finding that the contracts or leases were harmful or that the Government was damaged thereby, contend that the suit may not be maintained without proof of pecuniary damage to the United States. To that we can not agree. As indicating pecuniary damage the trial court directed attention to the fact that the Government had for a period of 15 years parted with possession of the oil and petroleum products of its naval oil reserves, and had been deprived of its right to make more valuable contracts and leases than those which were made with the defendants and to obtain the benefits of competition for leases, and passing by those considerations as not necessarily pertinent to the case, the court based its decree upon the right of the United States to be restored to the use and possession of its naval oil reserves, which through fraud, undue favoritism, and misconduct of its officers had been relinquished to private enterprises. We think the ground so taken by the trial court was justified. Applicable to this question are the authorities cited later in this opinion on the question of the obligation of the United States to accord the defendants equity. In Heckman v. United States (224 U. S. 413, 439), upon the right of the United States to invoke the equity jurisdiction of its courts, the court said: "It was not essential that it should have a pecuniary interest in the controversy. In United States v. Carter (217 U. S. 286), it was held that the fact that the United States had suffered no pecuniary damage from a fraud committed against it did not prevent recovery. In Hammerschmidt v. United States (265 U. S. 182, 188), the Chief Justice said: "To conspire to defraud the United States means primarily to cheat the Government out of property or money, but it also means to interfere with or obstruct one of its lawful governmental functions by deceit, craft, or trickery, or at least by means that are dishonest. It is not necessary that the Government shall be subjected to property or pecuniary loss by the fraud, but only that its legitimate official action and purpose shall be defeated by misrepresentation, chicane, or the overreaching of those charged with carrying out the governmental intention."

We are unable to affirm the court below in holding that the United States, in order to obtain the relief which it sought, is required to credit the defendants with the sums which they expended under the leases and contracts, and in holding applicable to the case the maxim that he who seeks equity must do equity. That maxim is as old as equity itself and is of almost universal application. It means that he who seeks the aid of an equitable court subjects himself to the imposition of such terms as the settled principles of equity requires. But the maxim is only a guiding principle and not an exact rule governing all cases, Hanson v. Keating (8 Jur. 949).

In that case the vice chancellor said: "It is a rule which per se can by no possibility decide what the rights of the defendant are. It only raises the question what equity, if any, the defendant has against the plaintiff in the circumstances of the case to which the rule is sought to be applied." And it is held that the maxim is restricted to cases where the plaintiff is wholly without remedy at law and is entirely dependent upon a suit in equity for relief. (Gilliat v. Lynch, 2 Leigh 493; Scott v. Scott, 18 Gratt. 150; Dranga v. Rowe, 127 Cal. 506.) Here the plaintiff had a remedy at law, but resorted to equity to avoid a multiplicity of suits. It is well settled also that the maxim is not applicable in the case of a suit by the United States to vindicate its dominion over the public lands and to avail itself of substantial rights under statutory provisions. In United States v. Trinidad Coal Co. (137 U. S. 160, 170), Mr. Justice Harlan said: "If the defendant is entitled, upon a cancellation of the patents fraudulently and illegally obtained from the United States, in the name of others for its benefit, to a return of the moneys furnished to its agents in order to procure such patents, we must assume that Congress will make an appropriation for that purpose when it becomes necessary to do so. The proposition that the defendant having violated a public statute in obtaining public lands that were dedicated to other purposes can not be required to surrender them until it has been reimbursed the amount expended by it in procuring the legal title is not within the reason of the ordinary rule that one who seeks equity must do equity; and if sustained would interfere with the prompt and efficient administration of the public domain." In Heckman v. United States (224 U. S. 413, 447), Mr. Justice Hughes, answering the contention that there should be equitable restoration before enforcement of the law in a case involving the violation of statutory restrictions on the alienation of Indian lands, said: "The effectiveness of the acts of Congress is not thus to be destroyed. The restrictions were set forth in public laws and were matters of general knowledge. Those who dealt with the Indians contrary to these provisions are not entitled to insist that they should keep the land if the purchase price is not repaid, and thus frustrate the policy of the statute." In Causey v. United States (240 U. S. 399, 402), Mr. Justice Van Devanter, after observing that the public lands are held in trust for all the people, and that in providing for their disposal Congress has sought to advance the interest of the whole country by opening them to entry under restrictions, said: "And when a suit is brought to annul a patent obtained in violation of these restrictions the purpose is not merely to regain the title, but also to enforce a public statute and maintain the policy underlying it. Such a unit is not within the reason of the ordinary rule that a vendor suing to annul a sale fraudulently induced must offer and be ready to return the consideration received. That rule, if applied, would tend to frustrate the policy of the public land laws; and so it is held that the wrongdoers must restore the title unlawfully obtained and abide the judgment of Congress as to whether the consideration paid shall be refunded." In line with the foregoing decisions are Washington Sec. Co. v. United States (234 U. S. 76); United States v. Poland (251 U. S. 221), and Diamond Coke & Coal Co. v. Payne (271 Fed. 362).

To the proposition that the equitable claims of the Government appeal to the conscience of a chancellor with no greater force than do those of private citizens under like circumstances, the defendants cite, among other cases, United States v. Stinson (197 U. S. 200) and United States v. *The Thekla* (266 U. S. 328). In the first of these cases a suit was brought by the United States to set aside patents alleged to have been fraudulently acquired. The decision was that in such a suit the Government is subjected to the same rules as is an individual respecting the burden of proof, quantity and character of evidence, and presumptions of law and fact, and that in a case of that kind equity will protect the rights of an innocent purchaser for value and without notice. In the second case a libel had been filed by the owners of the *Luckenbach* against the bark *Thekla* for damages resulting from a collision. The owners of the bark filed a cross libel. The United States became a party libellant as owner pro hac vice of the *Luckenbach* and made claim thereto and filed a stipulation to pay any amount awarded against that vessel by the final decree. Concerning the effect of the claim and the stipulation the Supreme Court said: "When the United States comes into court to assert a claim it so far takes the position of a private suitor as to agree by implication that justice may be done with regard to the subject matter. The absence of legal liability in a case where but for its sovereignty it would be liable does not destroy the justice of the claim against it." The propositions involved in those cases are not in dispute here. But the defendants cite also cases such as United States v. Debell (227 Fed. 775) and United States v. Midway Northern Oil Co. (232 Fed. 619), which apply the equitable maxim to the United States when it resorts to equity in suits of the kind there involved. There can be no doubt that where a patent to public land has been acquired by fraud and the patentee has conveyed the land to an innocent purchaser for value the remedy of the United States is to resort to a suit in equity to set aside the patent, the patent having been issued in due and proper form and under authority of law as attested by the action of the officials of the land office. In so doing the Government being required to seek equitable relief, must as incident thereto deal equitably with defendants who in good faith have acquired title from the patentee, and there can be no doubt that in a suit brought by the United States for accounting against trespassers who entered upon public lands in good faith through a mistake of law and in the belief that they could acquire title under the mineral laws, the plaintiff will be required to do equity. But in the present case, although the suit is in form a suit to cancel leases of the public domain, the United States is not seeking equity. It is but fulfilling its duty to protect the public domain and to compel compliance with fundamental laws of the United States. To do what the defendants here claim to be equity would be to require the court to exercise functions which belong to the legislative branch of the Government, to legalize demands founded upon violations of the laws of the United States, and to make judicial disposition of the public resources of the United States.

To hold in the present case that the defendants have equities which demand the protection of the court would be to ignore the fundamental distinction between cases brought to determine rights as between the United States and citizens depending upon contracts made under the authority of the laws of the United States and cases in which the contracts have been made without authority of law or in violation thereof.

In the Floyd Acceptances (74 U. S. 666, 680) it was said: "Our statute books are filled with acts authorizing the making of contracts with the Government through its various officers and departments, but in every instance the person entering into such a contract must look to the statute under which it is made, and see for himself that his contract comes within the terms of the law." That doctrine is exemplified in numerous decisions: Whiteside v. United States (93 U. S. 247); Hooe v. United States (218 U. S. 322); Chase v. United States (155 U. S. 489); Sutton v. United States (256 U. S. 575).

Credit for moneys expended by the Petroleum Co. in drilling and operating oil wells and making improvements on Naval Reserve No. 1 could be allowed only on the theory that said corporation committed innocent trespass upon the naval reserve and in good faith expended said money and made said improvements. The mala fides of the trespasses, however, follows from the findings of the court below. That such credits could lawfully be decreed only in a case where the trespass upon the lands was innocently made in good faith is well

established. Pine River Logging Co. v. United States (186 U. S. 279); Wooden Ware Co. v. United States (106 U. S. 432); Union Naval Stores v. United States (240 U. S. 284).

The decree of the court below, so far as it awards affirmative relief to the United States in ordering the cancellation of the leases and contracts and commands the defendants to surrender possession of the lands mentioned in the bill of complaint and enjoins them against trespassing thereon or removing property therefrom, is affirmed. That portion of the decree which directs that the defendants be credited with the cost price of the storage facilities for crude-oil products at Pearl Harbor and the cost price of the fuel oil contents thereof and the actual expenditures of money in drilling and putting on production any wells drilled under the leases is reversed, and the cause is remanded to the court below for further proceedings in accordance with the foregoing opinion.

(Indorsed:) Opinion. Filed January 4, 1926.

F. D. MONCKTON, *Clerk*,
By PAUL P. O'BRIEN, *Deputy Clerk*.

MONUMENT TO MAJ. BENJAMIN MAY

Mr. OVERMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Hon. CHARLES L. ABERNETHY, Member of Congress from North Carolina, at Farmville, N. C., on November 19, 1925, upon the occasion of the unveiling of a monument to Maj. Benjamin May, a Revolutionary hero and patriot.

The VICE PRESIDENT. Without objection, it is so ordered. The address is as follows:

ADDRESS UNVEILING MONUMENT MAJ. BENJAMIN MAY, A REVOLUTIONARY HERO AND PATRIOT, BY HON. CHARLES L. ABERNETHY, MEMBER OF CONGRESS FROM NORTH CAROLINA, AT FARMVILLE, N. C., ON NOVEMBER 19, 1925

Ladies and gentlemen, the great and successful men of history are commonly made by the great occasions they fill. They are those who have faith and vision to meet the occasion and measure up to it.

It is encouraging to note that North Carolina is beginning to write her history and to make known to the world that we have a place in the galaxy of States no less worthy than the others.

Since the year 1808 a patriot and Revolutionary hero has rested in an unmarked grave, and the task has remained to the North Carolina Historical Society and his descendants under the auspices of the Daughters of the American Revolution this day to erect a bowlder and tablet that future generations may profit by the example of the life of so great and good a man.

It has fallen to my lot to speak to you to-day of this hero, Maj. Benjamin May. Born in Scotland, on March 17, 1736, and died August, 1808. He moved to this country as a young man and settled in the upper part of Pitt County. He married Mary Tison, born April 6, 1748, and died January, 1800, and there was born of this marriage, Benjamin May, William May, James May, John May, Polly May, Clara May, and Sally May, and others whose names I have been unable to verify. Benjamin May, the second, married Penelope Grimes, and from the records of a division of his lands there were the following children: Nancy May, who married William Williams; Turner May, John May, James May, Polly May, who married Jesse Speight; Patsey May, Louisa May, Benjamin May, the third; Penelope May, who married Moses Tison. Benjamin May, the third, who married Mary A. E. Williams, and from this marriage there were born the following children: William May, Martha May, Mary May, Penelope May, and Benjamin May, the fourth.

It is not my purpose to undertake to run down the various lines of descent, as I have not the information at hand and it would be impossible for me to get it correct, but I have contented myself by giving you the names of some of the descendants as I have them and shall leave the tracing of the other lines of descent to those who have the family records and data at their disposal. I would suggest, however, in this connection, while there are so many descendants of this illustrious man present, that an association should be formed to complete the various lines of descent.

Major May was a justice of the peace, a captain of the militia of Pitt County, a member of the committee of safety of Pitt County, a patroller, a major in the Revolutionary Army with a fine military record, a member of the Provincial Congress of North Carolina held at Halifax in 1776, in which Congress he made a most splendid record. He lived in a day that tried men's souls. A conspicuous service rendered by him in addition to his great military service was on the committee of safety for the county of Pitt. In all our history there had been nothing like these committees of safety, born of necessity, originating in the political and economic confusion of the time, they touched the lives of the people in their most intimate affairs, and gradually extended their jurisdiction until they assumed to themselves the functions of government. Governor Martin characterized them as "extraordinary tribunals." In every respect they were extraordinary, insurrectionary, and revolutionary.

I commend to those present who have not done so to read the accounts of the meetings of this committee in the Colonial records. It has been said of these committees that neither wealth nor position could purchase immunity from their inquisition; neither poverty nor obscurity was accepted as an excuse for disobedience. Social and commercial ostracism was the favorite weapon used to enforce the decrees of the committee, and few there were with spirit and courage to withstand it.

It was in Martinborough on October 4, 1774, that returns showed that Mr. May, with others, was elected as a member of the committee of safety. Probably the most important meeting of this committee was July 1, 1775. The document which was spread upon the minutes of the meeting was a veritable declaration of independence. It is a document breathing the spirit of free men, yet couched in language that could not offend the King, yet serving him with notice of their rights guaranteed as loyal subjects. It is a masterpiece as a great diplomatic state document and deserves to be placed among other great documents of history proclaiming human rights. It reads as follows:

"We, the freeholders and inhabitants of the county of Pitt and town of Martin, being deeply affected with the present alarming state of this Province and of all America, do resolve that we will pay all due allegiance to His Majesty King George the Third, and endeavor to continue the succession of his crown in the illustrious House of Hanover as by law established against the present or any future wicked ministry or arbitrary set of men whatsoever, at the same time we are determined to assert our rights as men and sensible that by the late acts of Parliament the most valuable liberties and privileges of America are invaded and endeavor to be violated and destroyed, and that under God the preservation of them depends on a firm union of the inhabitants and a sturdy, spirited observation of the resolution of the General Congress, being shocked at the cruel scenes now acting in the Massachusetts Bay and determined never to become slaves to any power upon earth, we do hereby agree and associate under all types of religion, honor, and regard for posterity that we will adopt and endeavor to execute the measures which the General Congress now sitting at Philadelphia conclude on for preserving our constitution and opposing the execution of the several arbitrary illegal acts of the British Parliament, and that we will readily observe the directions of our general committee for the purpose aforesaid, the preservation of peace and good order and security of individuals and private property."

Again on August 23, 1775, there were 77 persons, as representing the committee of safety of Pitt County, gave to the world the following great declaration of principles:

"The subscribers professing our allegiance to the King, and acknowledging the constitutional executive powers of government, do solemnly profess and testify and declare, that we do absolutely believe that neither the Parliament of Great Britain nor any member or constituent branch thereof have a right to impose taxes upon these colonies to regulate the internal policy thereof, and that all attempts, by fraud or force, to establish and exercise such claims and powers are violations of the peace and security of the people and ought to be resisted to the utmost, and that the people of this Province, singly and collectively, are bound by the acts and resolutions of the Continental and Provincial Congresses, because in both they are freely represented by persons chosen by themselves, and we do solemnly and sincerely promise and engage, under the sanction of virtue, honor, and the sacred love of liberty and our country, to maintain and support all and every the acts, resolutions, and regulations of the Continental and Provincial Congresses to the utmost of our power and abilities. In testimony whereof we have hereto set our hands, this 23d day of August, 1775."

While Mr. May took a conspicuous part in these meetings of the committee of safety, and as a patroller he felt the call to arms, and his wisdom, sagacity, and courage fitted him as a leader in the War of Independence. He as early as 1773 had been chosen as a captain of a company.

The field return of the regiment of militia for Pitt County at a general muster the 18th day of November, 1773, designates Company No. 6, Benjamin May, captain; Jacob Tison, lieutenant; and James May, ensign. In this company there were 3 sergeants, 3 corporals, 1 drummer, 53 under arms, 9 absent; making a total of 72 in the company.

On the 17th day of July, 1775, the committee of safety of Pitt County accepted the various companies and their officers and one of the companies was organized with Benjamin May, captain; Samuel Truss, lieutenant; and Thomas Wallace, ensign.

At a council held at Kingston the 30th day of July, 1779, it was resolved that the governor be advised to appoint Edward Salter, lieutenant colonel; Benjamin May, first major; and John Enloe, second major in the Pitt Regiment.

On November 12, 1776, the members returned as elected to the Provincial Congress from Pitt County were as follows: Messrs. Benjamin May, William Robson, James Gorham, George Evans, and Edward Salter.

In the Provincial Congress Mr. May was one of the appointed ones to receive, procure, and purchase firearms for the use of the troops under certain regulations connected therewith.

He served his country with distinction and honor.

We find in Wheeler's North Carolina history that Benjamin May was a member of the senate from Pitt County for the years 1809, 1810, 1811, and 1812. Benjamin May was a member of the house of commons the years 1804, 1805, 1807, 1809. Whether this was Maj. Benjamin May or his son, Benjamin May, I do not know.

In civil life Mr. May was a large landowner and also a large slave owner. The records, deeds, bills of sale, and old papers and receipts found in the possession of some of his descendants are most interesting and evidence his great activity in civil life. He was called upon as the personal representative to settle many estates for his neighbors. One very interesting document in the form of an unsigned memorandum, that has withstood the ravages of time, came to light in my search among old papers, and it may interest you as his descendants. It is as follows:

1 barrel brandy to Ben May	12–19–6
1 barrel brandy to Ben May	12–19–6
6¼ gallons brandy Ben Riland	10– 3–5
65 barrels corn to Samuel Alberson	25
5 barrels corn to Josiah Bundy	25
Arthur Forbes	24

I give this information without comment other than to say that there have been considerable changes in the times.

Another priceless document found among his old papers is a military commission signed by Gov. Benjamin Smith in blank. All that Major May had to do was to fill in the blanks. The blank commission has the governor's genuine signature and that of his private secretary, and also the great seal of the State already affixed to it. What greater confidence could be bestowed on any man, and by the governor, captain, general, and commander in chief.

Major May made a last will and testament, but I have been unable to find the original or any copy of it extant. The burning of the courthouse in Pitt County destroyed many valuable records pertaining to this great man. I found recorded in book M, page 251, register of deeds' office for Pitt County, a deed of gift from Major May to his son, Benjamin May, jr., dated March 25, 1790, and the record of division of the lands of Benjamin May in 1818, which is recorded in the register of deeds' office for Pitt County and can be found there, and which gives the names of his children, which is evidently the division of the lands of Benjamin May, jr.

I have run across an old receipt which will be of interest to Major May's descendants. It is as follows:

"We, the undernamed subscribers, have each of us received of Benjamin May, William May, and James May, executors of Benjamin May, deceased, the sum of $1,000 in full for legacies left our wives in said Benjamin May, deceased, will and in full for all the residue of said estate that was coming to each of them. We also agree that if ever any debts ever comes against the estate of said deceased to pay our proportionable part of whatsoever they should pay. Given under our hands and seals this 10th day of February, 1810.

"(Signed)	SAM VINES.	[SEAL.]
	"JAMES ALBRITTON.	[SEAL.]
	"JOHN JOINER.	[SEAL.]
	"JAMES STANTON.	[SEAL.]
	"WM. MCKINNEY.	[SEAL.]"

Major May, from the best records obtainable, died in 1808. We know from the receipts given by his sons-in-law to his executors that it was prior to February 10, 1810.

There are other documents and records pertaining to Major May but it is not practical to give them to you in this address. I have only dealt with what I consider the most important ones I have been enabled to see.

This great man and patriot leaves behind him a long line of distinguished descendants and it is well that they are undertaking by this monument and these ceremonies to place his name, where it rightfully belongs, among the State's most illustrious sons. There can be no richer heirloom than the memory of a noble ancestor. Such was Maj. Benjamin May.

SUPPLEMENTAL ESTIMATE, YAKIMA PROJECT, WASH. (S. DOC. 43)

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1927, for the Department of the Interior, Bureau of Reclamation [Yakima project (Kittitas division), Washington: For continuation of construction and incidental operations], in amount $2,000,000; which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

The VICE PRESIDENT. The Senator from Missouri [Mr. REED] is entitled to the floor.

[Mr. REED of Missouri yielded to Mr. GOFF and several other Senators to present reports from committees and to introduce bills, which appear under the proper headings.]

Mr. REED of Missouri. I think, Mr. President, the interruptions to present routine morning business illustrate the necessity for a morning hour in the Senate; but I am glad to yield to my colleagues for their accommodation, of course.

Mr. President, on yesterday I sent to the desk and had read as a part of my remarks an article written by Andrew Carnegie, advocating two propositions: First, that the United States never ought to have set up its independence and rebelled against King George III, and, second, that we must, in the course of things, go back under the British flag. When I sent the article to the desk I stated to the Senators who are conducting this fight for entrance into the court that I was wearied with speaking, and that I was entirely willing to have the article printed in the RECORD if the Senate could be adjourned, so that I could resume the floor this morning, after having had a night's rest. My suggestion was refused. Therefore I allowed the reading of the article to continue, simply because I was not physically able, without great suffering, to occupy the floor and finish my remarks at that time.

Mr. President, the request I made was for a courtesy which has been almost universally extended in this body. It was extended in this debate to one Senator who desired to speak on three different occasions; he was indulged. It is always extended when the spirit that ought to prevail in the Senate is adhered to.

The article I had read from the desk, which was exactly the same as though I had read it myself, is an article of the utmost importance in my opinion. In the opinion of the censor of the Senate it may have been unimportant. That is a difference of intellectual slant and perhaps of intellectual capacity. It is important because the money of Andrew Carnegie, who advocated our reentrance into the British Empire, is now at this moment being employed to put over this measure now before the Senate. It is employed, of course, outside of the Senate in attempting to create sentiment. It is important because he originated a large number of societies in Europe that have consistently advocated the doctrine of internationalism ever since this article was written and those associations were formed. It is important because the lawyers employed by his money to-day are among those who are the most earnest advocates of internationalism. It is, in my opinion, I will not say the origin but one of the principal sources of this movement which to-day threatens our country.

The Vice President on last evening delivered himself over the radio. I do not intend to attack the Vice President from this floor. He has no opportunity to reply, and when I see fit to attack a man in debate I always want to do it where he can answer. It would, in my opinion, be indecent to attack him from the floor, and I leave to his sense of decency whether it was decent for him to have attacked me over the radio last night when I was not present. That, of course, is a matter of taste. Every man has his code of honor and his code of ethics, and we must all decide those questions for ourselves.

The VICE PRESIDENT. If the Senator from Missouri will permit me to make a brief statement, as a matter of fact, I had reference to an article which was read at the request of the Senator from New York [Mr. COPELAND], and did not have in mind at all the article which was read at the request of the Senator from Missouri.

Mr. REED of Missouri. Then, Mr. President, you have been very indifferently and improperly reported by all of the newspapers, for I read in the press of this morning a statement which contains my name. I am glad, however, to have the Vice President make that statement.

Mr. COPELAND. Mr. President——

Mr. REED of Missouri. Just one moment. What I wanted to call attention to, and which it is proper I should call attention to, is a statement of fact made to the country. I read it:

> I am speaking to an intelligent audience. You understand what it means to have individuals stop the wheel from turning. There are 110,000,000 people vitally interested in the tax bill, and when such a piece of legislation is before a great body like our United States Senate you should not permit a man to go up there and read magazine articles, newspapers, or something else irrelevant.

That is practically an assertion that the tax bill was before the Senate, and that it was held up by the reading of the article which I sent to the desk. That statement of fact I can not allow to go unchallenged. The tax bill was not before the Senate. The tax bill was not reported to the Senate until

this morning. The tax bill was not held up one second by the reading of that article or one second by anything I have said or done. It would be well for the supercritics of this country to know a little about what they are talking about before they fulminate in the air, a habit which seems to have fastened upon some of them.

Mr. President, not only is it true that I have not held up the tax bill, but although I had three important amendments for which I desired to gain the consideration of the committee, when the committee informed me that they were practically ready to report I consented to waive consideration of my amendments by the committee before the report came in, with the understanding that after the report was made I could then have some consideration given by the committee to these amendments, and they could be reported as committee amendments on the floor without delaying the bill a moment.

I want to see a tax bill passed—I will not say the particular one reported, for I assume it may be amended on the floor and I may desire to offer amendments—but I want to see it passed; and if it is held up from consideration on this present day it is because the proponents of the World Court, the league court, insist that the league debate shall take precedence of the tax bill.

We who are for a tax bill are willing to lay aside the World Court proposition and proceed this morning to the reading of the revenue measure. I will yield the floor at this moment to the chairman of the Finance Committee to take up the tax bill, if he will move to take it up for consideration; and I can hardly conceive of a proposition that would be accepted with more joy by the Members of the Senate than my proffer of leaving the floor in order to get up this bill.

You who are for the tax bill, you people who want to lift the burdens from the taxpayer, have but to rise in your places at this moment and accept my proposition; and I pause for a reply.

No reply having been made, the distinguished champion of this measure sitting here as mum as the proverbial oyster, but with a much more intelligent expression of countenance, I charge that the responsibility for delaying the tax bill is upon those who will jeopardize the passage of that great measure in time to relieve the people. It is not upon those of us who say that we have done without a league court ever since Adam was a boy, that this particular court has been in existence a good while, that we have struggled along without it, and that we could still postpone entering this foreign court to submit America's interests to a body of foreigners long enough to relieve the American people without doing any great violence to this Nation's future.

If we want time to debate this measure—and, Mr. President, we propose to occupy all the time necessary, and no more than is necessary—we will debate it. When it is proposed to reverse the policies of Washington, and Jefferson, and Lincoln, to reverse our national policies as they have existed from the first, when it is proposed to embroil this country in the wars and contests of Europe, the question is of sufficient importance to warrant a reasonable debate. That debate we intend to have, but you can have it after the tax bill is passed if you want it; and again I say, if you want the tax bill considered, say so now and I will yield the floor; and if there be delay in passing that bill, let the responsibility rest where it should—on those who prefer internationalism to relief of the American taxpayer.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Alabama?

Mr. REED of Missouri. I do.

Mr. HEFLIN. If the Senator refers to me, I for one am in favor of disposing of the World Court proposition before we take up the tax bill.

Mr. REED of Missouri. I understand perfectly that my friend is, and I have no criticism of him; but I hope and I know that the Senator from Alabama will not criticize me for insisting that we have the right to full debate of the World Court proposition.

Mr. HEFLIN. I agree to that; and we have debated this question since the 1st of December, and I think two or three days more will give every Senator here ample time to discuss it.

Mr. REED of Missouri. Perhaps. Yesterday we debated it, and while we were debating it my good friend took something like an hour of the time in discussing a question which I think was utterly irrelevant to that proposition; and I do not complain of that. He had the right to do it.

Mr. HEFLIN. And the Senator from Missouri had read an essay from Carnegie that is nearly as old as I am.

Mr. REED of Missouri. That is true. It is nearly as old as the Senator, and the Senator is following it to-day. The Senator is following the torch lighted by Andrew Carnegie.

Mr. HEFLIN. I am following the torch of anybody who is leading toward world peace and against war.

Mr. REED of Missouri. Yes, of course; and the Senator knows that this will lead toward peace. A prophet, standing on the heights and looking down the coming centuries, knows that this will bring peace.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from New York?

Mr. REED of Missouri. When I read this statement I will yield to the Senator from New York. I ought to yield to him.

Mr. HEFLIN. Mr. President, is not the Senator making himself a prophet when he is telling us of the dire evils that may come of this thing if we go into the court?

Mr. REED of Missouri. No, sir; I am not making myself a prophet. I am standing on the history of my country, upon her traditions and her policies, and I am challenging the change of those conditions until it shall be demonstrated that the change will be beneficial; and when I find that those policies are to be reversed, when I find that it is proposed to take the United States into European conflicts, then I am not acting as a prophet. I am acting as a patriot. I am not an internationalist. Let those who think more of Europe than they do of the United States essay the business of prophecy.

In a moment I will yield to the Senator from New York. Listen to this from Mr. Carnegie. After he had condemned the Revolutionary War, after he had condemned the revolutionists, after he had said that we should go back into the British Empire, these are the conditions under which he would have us go back——

Mr. HEFLIN. If the Senator will permit me right there, I listened to the reading of that article, and Mr. Carnegie was chiding the British for bringing on the war, and defending the colonists for fighting after the war was brought on.

Mr. REED of Missouri. Oh, Mr. President, the article is here. It speaks for itself. If my friend could not understand that article in any other way than that, then he and I are at such utter difference in regard to the meaning of language that debate would be useless. But here are the terms under which Mr. Carnegie proposed we should come back:

> Numerous as would be the States comprising the reunited Nation, each possessing equal rights, still Britain, as the home of the race, would ever retain precedence—first among equals. However great the number of children who might sit around her in council, there could never be but one mother, and that mother, Britain.
>
> To resolve to enter no federation of the race in which Britain's vote would not outweigh all the others combined would be to assign to Britain a petty future indeed, since the race can not increase much in the United Kingdom and is certain to be soon numbered by hundreds of millions in America. "Think what we lost when we lost you," said a Briton recently to an American. "Ah," replied the American, "but just think what we lost." "What did you lose?" "Britain," was the reply. That was true; the loss was mutual—as the gain from reunion will be mutual. Each in losing itself will regain the other.

I turn that article over to the construction and defense of the Senator from Alabama.

Mr. HEFLIN. I will undertake later on to point out the language that I referred to in that article.

Mr. REED of Missouri. I hope the Senator will.

Mr. President, if that article was not treason, then Eugene Debs never ought to have been sent to the penitentiary, and no "red" ever ought to have been prosecuted in one of our courts.

I yield now, somewhat tardily, to the Senator from New York [Mr. COPELAND].

Mr. COPELAND. Mr. President, I sent to the desk to get a copy of what the Vice President said a moment ago in reply to the Senator from Missouri. I quote:

> If the Senator from Missouri will permit me to make a brief statement, as a matter of fact I had reference to an article which was read at the request of the Senator from New York [Mr. COPELAND] and did not have in mind at all the article which was read at the request of the Senator from Missouri.

Those are the words of the Vice President, uttered 10 minutes ago.

I read from this morning's Washington Herald an article which I had not seen until I came into the Chamber a few moments ago:

> Dawes opened the firing immediately after he was announced by Gen. James G. Harbord, and said:

"I had prepared a few relevant remarks for this occasion, but after listening for an hour and a half this afternoon to the reading of a magazine article published in 1893, read in the Senate, the remarks have completely left me.

"If I were to state here that I propose to read an article, whether it has any bearing on the subject or not, as long as I wish, and that I propose to take up as much of your time as is possible, my statement would be taken as a mere joke. And if I succeeded in making you realize that I was serious, I would hardly expect respect from you.

"The situation, however, is exactly that through which I have been to-day. This seems to be a good time to start a campaign against it."

Mr. President, I listened to a speech made by the Vice President in my city, in which he made an attack on the dignity of the Senate. In his remarks he held up the Senate to ridicule, and he was making what, in effect, seemed like a deliberate effort to undermine the influence and the usefulness of this body. This morning we read that the Vice President is continuing the same sort of attack upon the Senate.

Mr. CARAWAY. In what year was the Senator's article published? Was it 1893? Was that the year the article was published?

Mr. COPELAND. My article?

Mr. CARAWAY. Yes.

Mr. COPELAND. My article, to which possible reference is made, was published yesterday, in 1926, some years after 1893. As a matter of fact, I read no article into the RECORD yesterday. I sent to the desk certain articles from yesterday's papers which, by unanimous consent, are printed in the RECORD, but which I did not read and which nobody else read.

I have no disposition to enter into any debate, either with the Vice President of the United States or anybody else, as to my right and duty as a Senator, but I do resent the inaccurate statement of the Vice President made this morning in reply to the Senator from Missouri.

Mr. REED of Missouri. Mr. President, I shall call attention now to another influence back of this league court movement. Another potential influence is the money and organization of international bankers and financiers. It is not hard to discover their interest. Between the outbreak of the European war and our entrance into the conflict a great group of bankers, headed by Morgan & Co., became the financial agents of all the allied powers. Morgan & Co. advanced to these powers billions of money at high rates of interest. The policy was continued until the close of the war, and is still in active existence. The result is that this group of international bankers, and others who have been playing a similar game, now hold European securities, both national and private, running into many thousands of millions of dollars. Naturally, this entire group would like to see the securities which they obtained at an enormous discount, and which bear excessive rates of interest, and which are affected by European conditions, made absolutely secure. The security will become substantially absolute if the United States can be induced to pursue the policies these international brokers dictate.

Among the demands they have made from the first have been that the United States should enter the League of Nations and thus guarantee the political stability and territorial integrity of every nation of Europe and Asia. They were willing to plunge us into that kind of contract, because our signature thereto would have amounted to an indorsement of every one of their European securities in the blood of America's sons and by the force of America's arms. They were willing to go to this extremity because the moment the United States entered the league the European securities held by this brood of note shavers would at once have gone to or far above par.

In consonance with the foregoing scheme they boldly advocated the cancellation by the United States of all debts owing to it by foreign nations. They cried from the housetops that the United States was the richest nation on earth, and that it could afford to cancel the indebtedness due from the poor, struggling European powers. But while they thus heartily indorsed and advocated the cancellation of the debts due the American Republic, not one of them has ever been heard to suggest the cancellation of the European debts due the American international bankers.

Of course these bankers will understand that if our Government were to cancel the European indebtedness due to it, then every stock and bond held by the bankers would immediately be enormously enhanced in value. In order to gain this direct advantage they were willing for the Government to cancel the European indebtedness, although such a transaction meant the saddling upon the taxpayers of the United States of the debt thus canceled, so that our industries, our labor, our prosperity, would be for perhaps a century compelled to bear the burden.

At this very day the same influences are demanding that we shall settle the indebtedness of foreign countries upon terms which amount almost to repudiation. Recently one of these bankers denounced all those who have insisted that foreign nations should honestly meet their obligations to America as "last centers." He classified them as Shylocks and consigned them to obloquy. At that very time his bank was negotiating a loan of $100,000,0000 to a foreign country. The loan bore 7 per cent interest, was to be discounted 5 per cent, and a commission paid to the gentleman's bank of 9 per cent. So that, speaking in round numbers, the borrowing country would receive only $85,000,000. But it was further stipulated that $50,000,000 of the $85,000,000 should be paid back to this banker in cancellation of an old debt of $50,000,000, the latter having been negotiated upon similar terms or worse than those of the loan just made. Accordingly it appears that, deducting the discounts and commissions upon the two loans, nearly all of the present loan has been absorbed by the present or previous discounts and commissions.

Another influence is an organization created by one Edward Bok. That gentleman will be remembered as a native of Holland. He made his fortune—that is, the part of it which he made—publishing a woman's magazine, and in his own self-laudatory autobiography discloses how artfully he managed his lady clientele.

Mr. Bok will be further remembered as the man who offered a prize of $100,000 for the best plan to promote world peace and advertised widely that all plans would be received and passed upon by a distinguished committee by him selected. A partial investigation by Congress disclosed the fact that probably not one out of a hundred plans submitted was ever turned over to the committee; that the award was made to a certain college professor; that the check went through the banks in a very peculiar way, leaving a strong inference that its proceeds never reached the pocket of the gentleman to whom the prize was awarded. Whether that inference be correct or not I do not say, but the investigation, although partial, left no doubt that the entire scheme was one for the self-glorification of Bok, and that it was to all intents and purposes a hoax and fraud.

In an examination before a committee of the Senate Mr. Bok declined to answer certain questions which were to him embarrassing. These questions touched upon the sources of his money, the money being employed to control American public opinion. Senator CARAWAY asked this question, after Bok had substantially declined to answer:

I have a perfectly honest intent to help you present your plan without prejudice to the American people. I do not think it is at all wrong that you hope that when you yourself find out what America thinks that the Senate might do a wise thing. I am not so hopeful as you, but I see no reason for utterly despairing. I really think you embarrass your friends when you assume the position that you do.

That is, the refusal to answer.

We are conceding that you do it with a perfectly honorable and honest motive.

That is, conceding that what he is doing in his propaganda is honest.

Mr. BOK. I thank you for that. No; I can not see that the amount has any interest whatever—

That is, the amount of money—

beyond to satisfy a certain curiosity. I can see that if there were any other interests with me contributing any part that that would be a question of interest.

Senator CARAWAY. Well, then, on your theory that would be only so far as to know who they were, and not the amount?

Mr. BOK. Well, but as there is no one else, and it is a purely personal matter, I can see no reason for giving amounts.

Again:

Senator CARAWAY. And the amount. And with that viewpoint in mind I hope that you will reconsider.

Mr. BOK. As I said, I think you put it in a very courteous and a very sympathetic way, Senator, and there is nothing to hide at all, except that I feel that that is purely personal with me. The American people seem to want a chance to give an expression, and I am giving it to them, and I am hoping they will.

Senator CARAWAY. And it is perfectly proper.

Mr. BOK. Yes.

Senator CARAWAY. And therefore do not cast any suspicion upon it by not saying how much was spent.

Mr. BOK. I don't think I cast any suspicion on it.

Senator CARAWAY. May I suggest this: A gentleman recently was in high office, and he has a lot of money, and he was asked where he got it. He said he got it from one source. It now develops that he did not get it from that source, and it has become a tremendously important question, and there is a suspicion attached to it because of the fact that he declined to reveal the source from which he got it. And you know, with your wide experience, that the things that sometimes do not appeal to you and me at all may influence the opinions of thousands of equally intelligent and equally honest men and women, and the good way then always, it seems to me, is to reveal everything. The people then know that there is not any sinister motive or an undue influence or an exorbitant expenditure. Why, it robs those people who want to whisper around and stamp out any effort by suspicions. Suspicions sometimes go farther than arguments.

Mr. BOK. You see that I am not declining to reveal the source of the money at all. I say to you frankly it comes from me, and from me alone.

Senator CARAWAY. I am conscious of that.

Mr. BOK. I can not see that the amount of money has any interest.

Then after Mr. Bok refused to disclose the amount of money the Senator from Vermont [Mr. GREENE] undertook to get from Mr. Bok a statement of the amount of money he had spent. He asked him a question, of which I shall only read a part:

But I want to bring to your mind, as I attempted before, whether you were prepared, as a man who has through many years of most beneficent publicity, reaching into all homes of the land, whether you are now prepared to say that a person who can command that marvelous responsibility and obligation should never be under responsibility or obligation to the public to disclose the extent of the means by which he accomplishes it?

So Mr. Bok took his stand upon his answer and refused to disclose the amount of money spent. I shall not encumber the RECORD by reading in detail the rest of that testimony. Here is a great proponent of this scheme spending so much money that he dare not tell how much. I have here upon my desk, and if I were filibustering I would read it into the RECORD, one circular sent out by this concern which discloses the names of people whom they claim are in an organization extending over this entire country, reaching into nearly every hamlet and village.

Mr. President, a moment ago I referred to some of the bankers who have been concerned and who are concerned in trying to drag the United States into Europe. Let me read some of these names of men who are in this movement distinctly and who also are the principal lenders of money upon European securities:

Thomas W. Lamont, of J. P. Morgan & Co.
Norman H. Davis, of J. P. Morgan & Co.
Edward T. Stotesbury, of J. P. Morgan & Co.
Edward R. Stettinus, late partner of J. P. Morgan, who is now deceased.
Dwight W. Morrow, partner in J. P. Morgan & Co.
Charles M. Schwab.
Frank A. Vanderlip.
Elbert H. Gary.
Julius S. Bache.
Fred I. Kent.
Julius H. Barnes.
Owen D. Young, president of the General Electric Co. and author of the Dawes plan.

All of these gentlemen have been decorated by France. I have here a list of others, and Senators will find that it embraces nearly all of the leading men who are in the World Court movement. There is an entire page of a newspaper taken up with a list of decorations. Some of them, of course, are decorations conferred upon soldiers for their valor, and to that kind of decoration I make no objection. But the decorations that have gone to the bankers, to the usurers, and to the international pawnbrokers tell the story of their connection with the French Government and with this movement. That connection and their bonds tell the story.

Mr. President, I repeat that I asked for an investigation of the moneys expended, and it was denied by the proponents of the court. They ran from it. They feared it. They did not dare permit it. They pretended, as an excuse, that the investigation would delay the consideration of this measure. That was not their real reason. They feared it would beat the measure by arousing the American people.

Sir, scores of paid agents are employed to deliver lectures to create sentiment in favor of the court. Scores of writers are hired to compose misleading articles. Even a justice of the Supreme Court was taken from the bench and sent about the country on a barnstorming tour, and I would like to know how much more salary he gets for his efforts to mislead the American people than he received as a member of the Supreme Court of the United States. I would like to know how many ministers have been employed and paid. I would not here be misunderstood. I do not charge ministers generally with being employed and paid.

Most of them undoubtedly are acting in the best of faith and without compensation, but I have reason to believe that some of the more prominent are in the pay of somebody, advocating for money the abandonment of the policies of George Washington.

Mr. President, in response to this sort of propaganda, backed and supported, of course, by many earnest individuals, most of them utterly unacquainted with the protocol of the league or the protocol of the court or the origin and powers of the court, demand is made that we shall at once subscribe our names to an agreement to submit America's destiny to the league court. Appeal is not made to reason and argument but to a natural sentiment against war. Indeed, the chief argument of a distinguished, if not a paid, advocate of the court, who has been touring the country, is a description of the poppies on Flanders field, which he copiously waters with tears from eyes well trained to weep.

As I said on yesterday, to the sentiment against war every decent human heart responds. The question is not whether we are opposed to war. The question is whether by embroiling ourselves in all the controversies of Europe we will escape war or get into all of the wars of the world. That is the question. The question is whether we shall remain, as we did for nearly a century and a half, free from all of the bedeviliments and intrigues and wars of Europe, and once in 150 years have been compelled to send our sons to one Flanders field, or whether we shall send them to many other foreign fields where their blood shall add a new crimson to the poppies already reddened by the older European conflicts. For my part, I prefer the policy which for a century and a half kept us out of the embroilments of Europe to a policy which puts us into every contact with their problems and involves us in their disputes.

Twice the American people, in the great assizes to which Mr. Wilson appealed, have by an overwhelming vote decided that the United States shall not enter the League of Nations.

Oh, Mr. President, there were many arguments in favor of entering the League of Nations which can not be advanced for subjection to the court. The advocates of the League of Nations could well say that if the United States joined that body it could exercise a potential influence in all of the activities of the league, that it would have a voice in the creation of the court of the league and the rules and regulations under which the court would function, and would hold a high place in the councils of the so-called court.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to his colleague?

Mr. REED of Missouri. I yield.

Mr. WILLIAMS. I call for a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Frazier	McMaster	Schall
Bingham	George	McNary	Sheppard
Blease	Gerry	Mayfield	Shipstead
Borah	Gillett	Means	Simmons
Bratton	Glass	Metcalf	Smith
Brookhart	Goff	Moses	Smoot
Bruce	Gooding	Neely	Stanfield
Butler	Hale	Norbeck	Stephens
Cameron	Harris	Nye	Swanson
Capper	Harrison	Oddie	Trammell
Caraway	Heflin	Overman	Tyson
Copeland	Howell	Pepper	Wadsworth
Couzens	Jones, Wash.	Phipps	Walsh
Curtis	Kendrick	Pine	Warren
Dale	Keyes	Pittman	Weller
Deneen	King	Ransdell	Wheeler
Dill	La Follette	Reed, Mo.	Williams
Ernst	Lenroot	Reed, Pa.	Willis
Ferris	McKellar	Robinson, Ark.	
Fess	McLean	Sackett	

The VICE PRESIDENT. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. REED of Missouri. Mr. President, I was saying just before the interruption, and repeat for the purpose of the context, that there were arguments in favor of entering the league which can not be advanced in favor of entering the court. The advocates of the League of Nations could well say that if the United States joined that body it could exercise a potential influence in all the activities of the league; that it would have a voice in the creation of the court, in the rules and regulations under which it would function; that it would hold a high place in the councils of the so-called court; and that, therefore, be-

cause of our power and weight in the league, we could afford to submit our controversies to the latter tribunal. But none of these arguments can now be advanced for our adherence to the court.

We do not sit as a member of the league; we have no voice in its mandates or its policies. We do not sit upon the court; we have no part in its proceedings or decisions. The most ardent advocate of the league can well say, "I was willing to enter the league and the court because I had a voice; I refuse to enter a court which I neither created nor can influence nor control." Nevertheless, the anomaly is presented of a people so infatuated with the idea of a league in which America might have a membership and a potential voice that they are willing to submit America's rights to a totally foreign tribunal in the hope that thereby they may somehow or other gain entrance to the league by the back-door route.

I think it should be observed that the authors of the league and its most earnest advocates have always in the past insisted that we could enter with safety because we could exercise, as they claimed, a control. That position I did not believe to be safe or sound, but it had some reason to support it. I regard the present proposition as sheerly idiotic, not to say disloyal. If the President and the Senate, contrary to the spirit of the mandate delivered to them by the people in the last two great elections, shall sign a contract binding upon this Nation to obey the decrees of a foreign tribunal, then that President and that Senate will, in my opinion, go down in history as utterly indifferent to the plain wishes of the citizens of this Republic.

This thing is called a "court." It possesses not a single attribute of a court of justice. The first qualification of a court is that it shall construe and enforce established laws which have been created or enacted by some authoritative body outside the court. Under what law does this court act? If you answer, "the law of nations," I reply there is no such thing as a law of nations in the sense we employ the term "law." That which is called the law of nations is only a jumble of precedents, sometimes observed during peace, and almost invariably disregarded in time of war.

What, then, is the law under which this body acts? There can be but two answers: First, the mandate of the league; that is to say, laws, rules, or regulations enacted by a body of foreigners, in which we have no part or voice; or, second, the will of the judges themselves. Indeed, this latter doctrine is clearly outlined in the protocol of the court. That is to say, the judges make their own laws; that is to say, they follow their own wills; that is to say, they do exactly as they please; that is to say, we set up an oligarchy asserting the right to try and condemn according to its own sweet pleasure and will. Such an oligarchy can only be established upon the grave of human liberty.

The second attribute of a court of justice is that its members shall be free from all bias, prejudice, or interest. These requirements we impose upon every court of our land. Yet, sir, there is no great international question in which every country of the earth is not substantially interested. No controversy can be imagined important enough to produce a great war in which the majority of the countries represented by the judges on this court will not be directly involved or directly interested.

The Panama Canal tolls question is of direct interest to every country flying its flag upon the high seas. The Monroe doctrine is of direct interest to every European country desiring to expand its territorial possessions upon this continent, and every important country of Europe is afflicted with that identical desire; and all of these countries have a common interest against the policy of the United States. The question of the Dardanelles, the Suez Canal, the control of the Mediterranean and Adriatic, equally involve the interests of many countries. I challenge any man, I challenge him now upon this floor, to name a single great question sufficiently important to involve the world again in war in which a majority of the nations represented on the court will not have a direct interest. I pause for a reply, and none is made.

If it be said that these judges will not be influenced in their opinions by the interests of their respective countries, I answer that the man who can forget his country and its interests is unfit to decide any human question. I answer again that the assertion that men can forget their countries, their bloods, and their traditions of race is denied by every page of history. All this is true if they remain human beings. If, however, they become gods, the case is different; and some of them seem to have that ambition.

I read from the official records of the committee of jurists, to whom the league intrusted the framing of the World Court:

Mr. Adatci, of Japan, expressed his surprise at the discussion. He thought that the court was to be permanent in the literal sense of the word, and that the judges were to resign their national occupations in order to internationalize themselves; as Mr. Adatci liked to express it, to deify themselves.

That is not difficult in Japan. All you have to do in Japan is to get yourself made an emperor or a nobleman and you are at once a god and are worshipped by the people. All the ordinary man has to do is to die, and then he becomes the object of ancestral worship. So Mr. Adatci thinks that you can go on the court and you can be deified; and this man is as likely to sit on the court as any other man from Japan. He sat in the councils of those who were considering the "statute" of the court; and to that kind of mind and that kind of prejudice American Senators would submit questions of American rights! You might as well submit the idea we entertain of the family to men whose foreign birth and alien ideas repudiate our respect for womanhood.

Sir, the third attribute of a court is that it shall possess power to assume jurisdiction not by consent but against the will of the defendant in the controversy. If this court does not possess such power, then it is utterly impotent to prevent war, for nations willing to go to war will not bother to submit their controversies voluntarily to the court. Whenever both parties are willing to arbitrate or submit to a decision, war does not result.

Here I call attention to the colloquy between the distinguished Senator from Montana [Mr. WALSH] and myself. I ask permission to print that colloquy as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Mr. WALSH. Now, I want to get this slant from the Senator. Suppose the United States has such a controversy with some foreign country as we have been accustomed to submit to arbitration, the determination of which we have submitted to foreigners. Of course, it could not be submitted to arbitrators of our own or of the other country. Am I to understand the Senator to be opposed to that policy?

Mr. REED of Missouri. I am glad the Senator called attention to that; but, of course, that is aside from what I am discussing here.

Mr. WALSH. Not at all. The Senator is saying that it is impossible to get people to decide cases upon grounds of justice and the law.

Mr. REED of Missouri. No; I did not say that.

Mr. WALSH. That is my understanding of the argument.

Mr. REED of Missouri. I said that a world court composed of permanent judges appointed by the political powers of other countries will represent those countries on such a court.

Mr. LENROOT. Will the Senator yield at that point?

Mr. REED of Missouri. Let me answer one question at a time. Arbitration is a wholly different proposition from the World Court. In the first place, you do not arbitrate unless two or three things coordinate. First, you have a particular question to arbitrate, and you know what that question is before you talk about arbitration. You are therefore dealing with a concrete thing.

Mr. WALSH. You will be doing the same thing in the case of the World Court.

Mr. REED of Missouri. No; I do not agree with the Senator on that. But let me not be led aside. Let me draw the line between these two principles.

Second, we name an arbitrator, our opponent names an arbitrator, and those two gentlemen name a third. Taking a concrete question, it may be possible to find in all the world some third man who can fairly decide it, and so we can arbitrate certain questions. But what questions? We never arbitrate any question except it be one that, if the decision be against us, no fatal consequences will result. We have never arbitrated a great national policy. We never will arbitrate a great national policy. On the other hand, where there is some concrete question that we are willing to arbitrate, where we have one of the judges, where we have a voice in the selection of the third or determinative vote, where we can find some man whom we may regard as fairly impartial, and where the decision is necessarily limited in its scope, we enter voluntarily and without any obligation whatsoever to enter.

When you come to the World Court, however, you find there representatives of the important countries or groups of countries sitting permanently. If we had a membership upon that court, nevertheless we would have nothing to say with reference to the selection of the other members, and at present we have no membership and no means by which to acquire membership. This permanent court, with its fixed judges, then, is the tribunal before whom we would come. Name me an American question, a question that is great enough to involve our country in war, that we can submit to that tribunal and have a fair and impartial judgment. Name me the question.

Mr. WALSH. We submitted the Alaskan boundary question to arbitration.

Mr. REED of Missouri. I am talking about the World Court. Certainly, we submitted that question to arbitration.

Mr. WALSH. Why are we running any more risk before the World Court than we are before The Hague Tribunal, or were before the Alaskan Boundary Commission?

Mr. REED of Missouri. Let us leave the World Court out for the present and leave the others out.

Mr. WALSH. All right; take the Alaskan Boundary Commission.

Mr. REED of Missouri. The Alaskan boundary dispute was a concrete question, very limited in its scope, one that did not involve the life of this country, and one over which we never would have gone to war with Great Britain. It was just such a problem as has been settled over the diplomatic table every day in the year for the last 2,000 years between the nations of this world, the trifling and small things that never bring war. But would the Senator be willing to submit the Monroe doctrine to this court?

Mr. WALSH. Mr. President, I would not submit the Monroe doctrine to the court, and we are under no obligation to submit the Monroe doctrine to the court. We are at just as perfect liberty to submit questions to the World Court as we were to submit a question to the Alaskan Boundary Commission.

Mr. REED of Missouri. I understand that argument. We would not submit the Monroe doctrine to the World Court; then we can not expect Great Britain to submit to this World Court her similar policies, which have to do with her zones of influence throughout the world.

Mr. WALSH. The Monroe doctrine is not a legal question that would go to the court at all; neither is Great Britain's policy of imperialism a question which would go to the court. Whenever a treaty is made and there is a controversy concerning the construction of the treaty, and the parties agree to go to the World Court with it, they go there.

Mr. REED of Missouri. Let us not get into an argument about submitting policies. Of course you do not submit a policy. I am talking about questions arising under the Monroe doctrine. Let us say that some foreign country proposes to come over and establish itself on this side the ocean contrary to the Monroe doctrine and we protest. Is the Senator willing to submit that to this World Court?

Mr. WALSH. It is not necessary to answer that question, because we are under no obligation to submit it.

Mr. REED of Missouri. Exactly. Let me proceed a little further, and we will see where we come out. If we claim that as a condition attaching to violations of the Monroe doctrine, we must concede to Great Britain the same right to hold out of this court questions arising under her national policies which involve zones of influence and the holdings of vast bodies of land.

Mr. WALSH. Of course, she can withhold anything she pleases unless she has bound herself by treaty to submit it.

Mr. REED of Missouri. Exactly; but she would withhold them.

Mr. WALSH. I presume so.

Mr. REED of Missouri. Then we can say the same thing with reference to France, the same thing with reference to Russia, and the same thing with reference to the rest of them.

Mr. WALSH. No question of policy goes before the court.

Mr. REED of Missouri. So we have now eliminated from the consideration of the court every question that really is likely to involve a country in war, for it is only over those great questions the world goes to war.

Mr. WALSH. I stated in the first address I made to the Senate substantially the same thing——

Mr. REED of Missouri. Very well; I thank the Senator.

Mr. WALSH. That the great international controversies likely to precipitate war are not legal controversies. They are political controversies and do not go before the court at all.

Mr. REED of Missouri. Exactly so; and now we have your court, which the propagandists have been telling the world will settle all human dispute, usher in the millennium, paint the skies of the immediate future with all the rosy dawn tints of the glorious day when God will reign on earth. We have got down to the point that not a single question which really will involve the world in war is to go before the World Court, and what have we left? It is something that would not rise to the dignity of a first-class justice of the peace court at the road forks.

Mr. REED of Missouri. It is sufficient for my present purpose to say that in that colloquy the distinguished Senator from Montana stated that great questions of international policy were not justiciable by the court, and could be brought there only by the common consent of both parties, and that the United States never would submit such a question. I believe I quote the Senator correctly.

Mr. President, that is a confession that this court never can prevent a war; for there is not a war of modern history that has resulted from slight or inconsequential causes. It is true that the particular excuse employed may be some slight cause; but always, if you look back of that excuse, you find the real cause to be in some national policy. Let me illustrate that.

The World War was lighted by a spark, the assassination of one man, the Archduke Ferdinand; but who is there that thinks that was the real cause of the war? That spark fell into a magazine or into several magazines that had been in preparation for half a century of time. The policies of Russia, the policies of England, the policies of Germany, and the policies of Austria, all had been formulated; their armies had been massed, their cannon had been prepared, and their ships were ready for action. Winston Churchill discloses in his book that a year before the war he was making preparation for the inevitable conflict, and was causing the guns on the British dreadnaughts to be transformed from 14-inch to 16-inch guns, and that he had the British fleet practically stripped for action and ready to move at a moment's notice.

Inconsequential things do not produce war. It is produced by national ambitions, national policies, national designs; and if you say this court does not possess jurisdiction over such designs and such causes, then you have a court that is impotent to prevent war, a useless thing, a thing which indeed becomes an element of danger; for if we rely upon this court as a means to prevent war, and it does not prevent war, then we may find ourselves unprepared. We may be led by such a thought to the abandonment of the necessary means for the preservation of our Republic.

It is as though a man were induced to leave his doors unlocked, believing that a police force was adequate to protect him, when, as a matter of fact, the police force had been disbanded, or was composed of men who were unwilling to act. The very proposition spells danger to our Republic; yet, so far as I know, there is no man advocating this court to-day who proposes that we shall submit our national policies to it. They say we will not submit them. When they say that, they of course must concede that other nations will not submit theirs. So we have ruled out of this tribunal everything that really produces the great wars that devastate the world.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Montana?

Mr. REED of Missouri. I yield.

Mr. WALSH. I want to remind the Senator that the statesmen of the world, assembled at The Hague in 1899 and again in 1907, conceived that such a court which would have the right to try only controversies that were legal in their nature would be a very serviceable instrument in the cause of peace, and that that view had been entertained by statesmen and lawyers for the last several centuries. Does the Senator desire to have us understand that he takes issue with all those people, and contends that such a court is useless?

Mr. REED of Missouri. Why, Mr. President, nobody will deny that every means leading to peaceful discussion may remove causes of irritation; and so there was no objection to having a tribunal at The Hague ready at hand to which controversies and small disputes or large disputes might be referred if the nations saw fit. But nobody pretends that The Hague court was able to prevent a great world war, and the question I am discussing is that question. But if such a tribunal tends to prevent war, then we already have it in the court at The Hague.

Mr. WALSH. Mr. President, I am calling the attention of the Senator to the fact that The Hague conference, having set up that tribunal undertook to set up another tribunal, deeming the other tribunal necessary for the preservation of peace.

Mr. REED of Missouri. The Hague tribunal?

Mr. WALSH. The Hague conference having set up The Hague Court of Arbitration, conceiving that they ought to set up another court that did not have any power to entertain any controversies except those purely justiciable, organized the statute of such a court.

Mr. REED of Missouri. Yes; and what did they accomplish?

Mr. WALSH. They accomplished nothing, because the nations could not agree upon the method by which the judges of that court should be selected. But I am calling attention to the fact that it is the common view of the statesmen of the world that there ought to be such a tribunal; that in connection with the argument that the Senator is now making, that such a tribunal would be useless.

Mr. REED of Missouri. Let us not get two questions for discussion at the same time. In the first place there is The Hague tribunal, to which the nations can voluntarily submit their disputes, and, having that, what is the use of having another tribunal?

Mr. WALSH. I refer the Senator to the statesmen there assembled.

Mr. REED of Missouri. As an American I do not intend that my view shall be controlled by the views of foreigners who have always wanted to decoy the United States into all of their troubles in the hope that they could use us, as we were in fact used in this last desperate war.

Mr. WALSH. Mr. President, I do not desire to follow that question further, but will the Senator excuse me if I call his attention to another line of argument he was pursuing?

Mr. REED of Missouri. Certainly.

Mr. WALSH. That is, that the sentiment of nationality, the sentiment of patriotism, is so powerful that it is impossible to assume that such a tribunal can or will render impartial judgments. I want to call the attention of the Senator to the two controversies between Poland and Germany which went to the Permanent Court of International Justice. The first was as to whether rights secured to land under the German Government by persons who were within the territory which became Poland should or should not be recognized by the Polish Government, as they agreed in their treaty with Germany. I would like to learn from the Senator if he thinks the national sentiment in the breast of Mr. Altamira, of Spain, would prevent him rendering a fair and impartial judgment as between Poland and Germany in that controversy; or Mr. Anzilotti, of Italy; or Mr. Pesson, of Brazil; or Mr. de Bustamente, of Cuba; or Mr. Loder, of the Netherlands; or Mr. Oda, of Japan; or Mr. Moore, of the United States; or Mr. Huber, of Switzerland; or any other judges upon the court, except Mr. Weiss, of France, and Lord Finlay, of Great Britain, whose countries were interested in the controversy?

Mr. REED of Missouri. Mr. President, the Senator is asking a question which is entirely outside of my declaration. I said great national policies and great national questions which would produce war were such questions in which the court or its members or the countries represented upon it would have an interest.

Mr. WALSH. Mr. President——

Mr. REED of Missouri. Just a moment. That is what I said. That is what I am discussing. I said, and have always said, that you might have inconsequential or local things that would not produce war submitted to almost any kind of a tribunal, and the Senator has called attention to just such a controversy, a controversy over the ownership of land in a particular country by private individuals.

Let him call attention to an attempt of Russia to take Poland, or of Poland to invade Russia, or of Russia to seize the Dardanelles, and then answer me whether the judges from these countries would be disinterested. That is the question I am discussing, not discussing the question of some little dispute, such disputes as have been settled for thousands of years across the diplomatic table, and which we all admit are proper subjects for arbitration by tribunals selected properly to decide each particular case.

Mr. WALSH. I do not care to follow that further, but there is just one more argument the Senator is making to which I should like to direct his attention—that is, that the United States will not submit its controversies to the arbitrament of foreigners. I want to know from the Senator if he knows in how many instances the United States has submitted its controversies with other nations to the arbitrament of some arbiter not a citizen of the United States?

Mr. REED of Missouri. Mr. President, the Senator again asks a question outside of the case. Bearing in mind that I have always said that small matters are proper for arbitration, and that I have been discussing the question of submitting great national policies and great national interests, I answer that we have never submitted a great national policy to the arbitrament of anybody. We have submitted small controversies, but, again, we submitted them to arbitration in nearly every case, and you can submit a question to arbitration which you can not refer to a permanent court; and let me tell the Senator why.

In the first place, you will not submit to arbitration a great national policy, but when you are going to submit one of the smaller matters you pick one of the arbitrators yourself, your opponent picks an arbitrator, and the two together select the third arbitrator. I am speaking of the customary way; it is not necessarily universal. In a small controversy, in a concrete case, it is always possible, as every lawyer knows, to find somebody somewhere in the world to whom you may be willing to submit the controversy. But here is a court composed of judges sitting here permanently, representatives of various countries, for so I construe this court, and it is proposed that we shall send our controversies there; and while the distinguished Senator from Montana says we will send nothing there that really amounts to anything, because we will submit no national policy, no question of vital interest—and, of course, if that is true, the court amounts to nothing in preventing war—while he says that I say that if it is to be a court having any influence to prevent war, great questions must be submitted, and when you submit a great question, then you submit it to a tribunal whose judges represent peoples that have a direct interest. That is what I say, and on that ground I stand.

You can not name the great question which really involves the peace of the world that can go to this court without a large number of the judges representing countries having a direct interest. You might as well talk about getting an honest decision in the courts of our own land if the parties litigant were permitted to sit upon the court, or their brothers or their sisters or their cousins or their aunts. We do not permit it. We exclude them, and we select from the body of our own people as jurors men who have no interest and no prejudice. But here your jury is picked, if you want to call them a jury; there they sit, and to that jury, without right of challenge, you must submit your questions. The man who can not distinguish between that and voluntary arbitration of small questions has not given the matter very much consideration.

The fourth attribute of a court, Mr. President, is the power to enforce its decrees. If this court does not possess such power, directly or indirectly, then its decrees are as idle as the whisperings of the wind. Perhaps that is an extreme expression; but they have no more force than an arbitration decision, and we already have treaties of arbitration with nearly every country on earth.

If the court does possess power to enforce its decrees, either directly or through the instrumentality of the league that created it, then that power must be great enough to overwhelm any single nation or, indeed, a combination of great nations. Who will command this international army and this international navy? What American is there willing to contribute to the creation of an international force, acting in response to the will of a foreign tribunal, captained by foreign officers, and great enough to crush the United States and compel its submission to the decrees of a body of foreigners?

It is argued that we enter the court with reservations, and can provide that we will never submit a question to the court unless we see fit at the time to make such submission.

If the United States claims such a right as that, a corresponding right must be conceded to all other countries, particularly in controversies with America. That is to say, all parties will agree in advance that if they have a controversy which they all want to submit to the court, they will do so. If they do not all want to submit it to the court, then the court can go to the devil or stay at Geneva, as it pleases. That is the proposition. Again I say, such a scheme will never prevent a great war, because when nations are willing to submit their disputes to a decision and to abide by that decision war does not result. Let it not be forgotten that the right to arbitrate has not only existed but that arbitration has been employed directly and indirectly throughout the centuries. We have arbitration treaties with nearly every important nation of the world. Arbitration is always open and The Hague tribunal has been in existence for many years. To it all of parties could go. To it they have often gone on small occasions. When the great European crisis arose, The Hague tribunal was powerless to prevent the sanguinary conflict.

One of two propositions seems to me indisputable: Either we should go into the League of Nations head, horns, and tail, and accept its responsibilities and endeavor to control its policies, or we should pursue the doctrines of Washington and Jefferson and Lincoln and keep ourselves free from the entanglements and conflicts of the Old World.

Nor is this latter doctrine without hope. We are strong to-day. We are potential to-day because we have pursued the policy of noninterference in conflicts which do not concern us. We in that way have gained a large influence in the world, and whether or not we are regarded with affection by foreign governments we are looked upon with respect and admiration by the peoples of other lands. We have furnished an example of world government under a free constitution. That example has profited all mankind. The fires lighted by the Revolutionary fathers illumined a night of tyranny which for centuries had settled upon the peoples of Europe and of Asia. They beheld a vision of some happy day when the chains of their masters might be broken, when tyrants might be tumbled from their thrones, and human beings might stand erect and enjoy the liberties God intended. That day, sir, is approaching. The French Revolution broke the power of the Bourbons and finally established the Republic of France. Each succeeding year brought with it a reduction of arbitrary power, and the late

war seems to have given a death stroke to tyranny in most lands. The Romanoffs are in their graves, and the Russian people are groping their way toward the sunlit plains of liberty. The dynasty of the Hapsburgs is broken and its members are fugitives. The Hohenzollerns are in exile. A great German Republic has sprung from the ashes of the empire. There is scarce a people on earth who do not enjoy a measure of constantly expanding liberty.

The one great life toward which those people have turned their eyes for a century and a half is the star of America, shining in the skies of the west. The mills of the gods grind slowly, but they have been grinding a fine grist. We were dragged into one war in 150 years. Enter the World Court, become embroiled in the conflicts of Europe and Asia, and we may be compelled to fight 150 wars in the next 150 years. Against this reversal of our policy, against this denial of Washington, this repudiation of Jefferson, I protest, sir, and shall continue to protest.

Mr. BLEASE. Mr. President——

The PRESIDING OFFICER (Mr. HOWELL in the chair). Does the Senator from Missouri yield to the Senator from South Carolina?

Mr. REED of Missouri. I yield.

Mr. BLEASE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lenroot	Schall
Bayard	Frazier	McKellar	Sheppard
Bingham	George	McMaster	Shipstead
Blease	Gerry	McNary	Simmons
Borah	Gillett	Mayfield	Smith
Bratton	Glass	Metcalf	Smoot
Brookhart	Goff	Moses	Stanfield
Bruce	Hale	Neely	Swanson
Butler	Harreld	Norris	Trammell
Capper	Harris	Nye	Tyson
Caraway	Harrison	Oddie	Wadsworth
Copeland	Heflin	Overman	Walsh
Couzens	Howell	Phipps	Warren
Curtis	Johnson	Pine	Weller
Dale	Jones, N. Mex.	Ransdell	Wheeler
Deneen	Jones, Wash.	Reed, Mo.	Williams
Dill	Kendrick	Reed, Pa.	Willis
Ernst	Keyes	Robinson, Ark.	
Ferris	King	Robinson, Ind.	
Fess	La Follette	Sackett	

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Seventy-seven Senators having answered to their names, a quorum is present. The Senator from Missouri will proceed.

Mr. REED of Missouri. Mr. President, I am going to undertake now to demonstrate by documents certain of the statements I have made. But we can not understand the powers of the menace of this court until we first understand the powers and the menace of its creator, the League of Nations.

The organization sitting at Geneva has assumed the euphonious title "Permanent Court of International Justice," but that is a misnomer. It came into existence pursuant to the so-called covenant of the League of Nations. That covenant is a part of the treaty of Versailles, and according to its construction is affected by other parts of that treaty. The treaty of Versailles was signed on June 28, 1919, by the various countries then at war. The league covenant when originally promulgated was open to signature by 44 states. It has been actually signed by 55 states.

Merely for information, Mr. President, I ask to have printed in the RECORD as a part of my remarks the list of the present members of the league.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Without objection, it is so ordered.

The list is as follows:

MEMBERS OF THE LEAGUE OF NATIONS JULY 1, 1925

Abyssinia, Albania, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, British Empire, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Esthonia, Finland, France, Greece, Guatemala, Haiti, Honduras, Hungary, India, Irish Free State, Italy, Japan, Latvia, Liberia, Lithuania, Luxemburg, Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Poland, Portugal, Rumania, Salvador, Serb-Croat-Slovene State, Siam, South Africa, Spain, Sweden, Switzerland, Uruguay, and Venezuela.

Mr. REED of Missouri. An examination of the list to which I have just referred discloses several important and impressive facts, among which are these: The British Empire is directly represented as follows:

A. The British Empire is represented as a whole, which, of course, embraces all of its parts.

B. The British Empire is then represented by certain constituent parts, namely, Australia, Canada, New Zealand, and South Africa. The latter country, having been recently conquered, is to-day held in subjection by the force of British arms.

C. The empire is further represented by India, whose millions are held in sullen thraldom by British cannon.

At the time of the formation of the league England was further represented by the King of the Hedjaz. However, that important nation seems to have disappeared from the face of the earth before the attacks of the Wahabis, a sort of oriental Ku-Klux Klan and antisaloon league [laughter], which refuses to tolerate any government which permits either the use of tobacco or alcoholic beverages. It is notable, however, that when the attack of the Wahabis upon the Kingdom of Hedjaz was made the League of Nations stretched out no arm of effective protection of its member. However, Great Britain, in consonance with its age-old policy, utilized the emergency by grabbing the most important part of the territory of the late kingdom. That territory has been since confirmed to Great Britain by the league in what is known as the Mosul-Iraq decree. It will be observed that while Great Britain thus lost a vote in the league she obtained the land and the oil.

A further scrutiny of the list of members discloses that there are several other countries almost completely under the domination of British influence or dependent upon the support of Great Britain for their very existence. Among these may be named Greece, Portugal, Belgium, and Persia. Thus it is clear that Great Britain, through the votes she directly controls or can almost certainly influence when she sees fit to exert that influence, will be able to cast 11 votes in the Assembly of the League of Nations.

At this point I want to call attention to a very informative article printed in the Washington Post of January 15, 1926, being an interview with J. Reuben Clark, formerly Solicitor of the Department of State, and who has represented the United States in many arbitration cases. His knowledge of international law is said to be recognized abroad as well as at home. The question was asked Mr. Clark:

"Does the Hughes reservation insure equality of voting power between the United States and the British Empire?" asked the reporter.

"No," replied Mr. Clark. "The reservation was intended to provide that the United States should, in the nomination and election of judges to the World Court, stand upon the same footing as each of the other powers or international states. In no other way could that 'equality,' which is the basis of all intercourse among independent sovereign states, be worked out. But it appears obvious that the reservation as drafted is inadequate for this purpose.

"Under the fourth article of the World Court statute every national group represented on the permanent court of arbitration at The Hague and every member of the league not represented on this Hague tribunal, may each nominate four persons whose names are placed on the list from which the league council and assembly elect the members of the World Court. Thus Great Britain, the empire, or commonwealth, if it be preferred, is a member of The Hague tribunal and may nominate four persons; and Canada, Australia, South Africa, New Zealand, India, and Ireland, being members of the league though not members of The Hague tribunal, may also each nominate four persons for places on the list. Taken as a whole, the British Empire, the international state, may thus nominate 28 persons, whose names are placed in this list from which the World Court is chosen. Under the proposed reservations as drawn, the United States, the international state, could nominate but four persons for placing on this list. This clearly is not an equality as between international states.

"The same relative disparity would exist in the election of judges from the list, by the council and assembly of the league, and the disparity might even become greater. In the council Great Britain has (as the council is now constituted) one vote; but if, as seems possible, one of her 'self-governing' political entities—that is, Canada, Australia, South Africa, New Zealand, India, or Ireland—should also become a member of the council, then Great Britain would have there two votes; if two of these 'self-governing' entities should become members of the council, then Great Britain would have three votes, and so on, until Great Britain might have in the council a total of five votes. While this is unlikely, it is possible.

"The United States, under the proposed reservation, could in no event have more than one vote.

"But the disparity in the voting power in the assembly would be much greater than this; it would be seven to one. That is, Great Britain herself, and the 'self-governing' dominions and India, would have one vote each, or a total of seven votes, whereas the United States would have but one vote.

"That is to say, in the election of judges, under the situation that would be created by the proposed reservation, Great Britain, the international state, would always have, combining the votes in the council and in the assembly, a total of 8 votes, and might have 12, while the United States, the international state, could have but 2.

"What is the remedy?

"Either one of two obvious remedies may be applied," said Mr. Clark, "to secure the 'equality' which seems to lie at the basis of the proposed reservation—either increase the votes of the United States or decrease the votes of Great Britain.

"If the remedy be the increase of the vote of the United States, then the extent of such increase should not be a mere arbitrary one which would always give rise to discussion and possible international difference, but should be an accurate determination upon the same principles that were applied in determining the extent of the British vote. The British vote was determined, it is said, on the theory that each of the 'self-governing' dominions and India, and to each of whom a vote was given, was more or less autonomous in the judicial, legislative, and executive branches of government—they were 'self-governing.'

"But none of them has the power of conducting its own foreign affairs. The legislative power of each is confined to its local problems; legislation for the British international state appears lodged in the Parliament of Great Britain. The judicial power of each appears likewise confined to matters affecting its local problems and its local legislation, the judicial power for the British international state seeming to be lodged in the courts of Great Britain itself, culminating in the House of Lords. Indeed, in certain local matters an appeal lies from the highest local court of the 'self-governing' entity to courts of Great Britain—that is, to the privy council, and, as it appears in certain cases, to the House of Lords. The executive power of each is also confined to the administration of its own local affairs, the executive power of the British international state being lodged in the Government of Great Britain, with the King at the head.

"There is not one of these tests or characteristics of a British 'self-governing' entity which is not just as applicable to the individual States of this Union as to those British 'self-governing' entities. In broad general principles the two systems are the same.

"But more than this may be said in favor of our States as against these British Dominions and India.

"Our States elect their own chief executives; the British 'self-governing' entities have their chief executives appointed by the crown.

"Our central government has only such powers as the people of the United States have given to it; the reserve powers are in the States. In the British system the 'self-governing' Dominions and India have the powers which the British central government has granted to them, the reserve powers apparently remaining in the central British Government.

"It may be also observed as to India that the central British Government has reserved to itself and its representative in India certain legislative functions in the local affairs of India, and that these functions may be exercised against the will of the legislative branch of the Indian government.

"Thus there is a materially greater political autonomy resting with the individual States of the United States than rests with the individual 'self-governing' Dominions and India of the British Empire or Commonwealth.

"Applying to the United States the same principles for creating voting units in the league bodies that are applied to the British Commonwealth, the United States should have for its component States 48 votes; for its Territories and insular possessions, Alaska, Hawaii, Porto Rico, and the Philippines (which in governmental form much more nearly resemble the British 'self-governing' Dominions and India than do our States), 4 votes; and for the United States as an international State, 1 vote, or a total of 53 votes in the assembly, and of 1 vote with a possible 5 votes in the council.

"Under these same determining rules the United States and its component political entities would have the right to nominate 212 persons whose names should be placed on the list, from which would be elected the members of the World Court.

"These principles would result in placing us on an equality with Great Britain, since it would apply to us, as to nominations and elections for the World Court, the same principles that are applied to Great Britain.

"The alternative plan would be to reduce the British power of nomination to that of one group of The Hague tribunal, and the power of voting to 1 vote in the council and 1 in the assembly.

"Under either of these plans an absolute equality could be established between the United States, the international state, and the British Empire, the international state. The proposition might be crystallized thus: Fifty-three for us or one for Britain."

Mr. President, that is an accurate analysis, an accurate showing up of the disparity between our rights in the court, except that this distinguished gentleman omitted entirely to say that, in addition to the votes of the so-called self-governing parts of the British Empire, there lie outside that Empire the states I have named, which are subject to the will of Great Britain almost as are its self-governing states subject to its will. And so the tremendous predominance of British influence and British power in both the Council and the Assembly of the League of Nations must stand as an admitted fact which we must consider when we propose to consider entering this court.

Again, there are several countries largely dependent upon French power and money for their continued existence. Among these may be named Poland, Finland, Czechoslovakia, and Yugoslavia.

It seems to be entirely within the fact that France can cast or control at least five votes in the league.

Among the members of the league—and I wish I could get the attention of Senators to this—are a number of states, some of them of recent origin and of doubtful stability, and all of them utterly incapable of maintaining their own rights or of being of material advantage in a great world controversy. Among these states may be named Liberia, Haiti, Panama, Costa Rica, Salvador, Nicaragua, Albania, Abyssinia, Honduras, Paraguay, Esthonia, and Guatemala—a total of 12 nations utterly impotent to assert any force in their own defense, utterly impotent to contribute anything whatsoever to a world government except votes.

The unification now of the votes controlled by France and Great Britain and the votes of the unimportant countries may constitute at any time a decisive majority in the assembly of the league. I do not profess that the foregoing analysis is complete, because there are a number of other small countries which undoubtedly will not possess complete freedom of action in the contests likely to be brought before the League of Nations. What has been said, however, serves to illustrate the fact that the league as constituted falls far short of fulfilling the pretense so often made that it is a body composed of independent nations enjoying the privileges of equality.

Again, dividing the membership of the league into white and dark races, and counting as dark only those in which more than 75 per cent of the population do not belong to the white race, it will be seen that 32 of the states may be counted as white countries; and I here give the list, together with the populations and, so far as readily ascertainable, the degree of illiteracy. I shall not take the time of the Senate to read this entire list. I ask to have it printed in the RECORD, where it may be examined by Senators.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

White countries

Country	Population	Percentage of illiteracy
Albania	832,000	High.
Argentina	9,500,000	35.1
Australia	5,000,000	1.8
Austria	6,500,000	Low.
Belgium	7,500,000	13.1
British Isles	45,000,000	11
Bulgaria	4,860,000	High.
Canada	8,300,000	11
Chile	3,755,000	60
Cuba	2,048,000	44
Czechoslovakia	13,000,000	
Denmark	3,267,000	1
Esthonia	1,110,000	
Finland	3,435,000	.7
France	39,500,000	3
Greece	2,750,000	57
Hungary	7,980,000	13
Italy	28,500,000	34
Latvia	1,500,000	
Lithuania	2,168,000	High.
Luxemburg	260,000	Low.
Netherlands	7,212,000	.5
New Zealand	1,218,000	Very low.
Norway	2,649,000	Very low.
Poland	27,000,000	High.
Portugal	6,000,000	68
Rumania	7,500,000	41
Serb-Croat-Slovene State	12,000,000	High.
Spain	21,000,000	46
Sweden	6,000,000	Very low.
Switzerland	3,880,000	.6
Uruguay	1,378,000	
Total	202,102,000	

Mr. REED of Missouri. It will be found that in a very large number of these white countries the degree of illiteracy is enormously high, and it will be found that there are classified and counted among the white countries certain countries which really are incapable of anything like proper self-government. However, I pass that.

The dark countries number 22, and I ask to have them printed in the RECORD without reading.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Dark countries

Country	Population	Percentage of dark and mixed races	Percentage of illiteracy
Abyssinia	[1] 10,000,000	100	Very high.
Bolivia	2,890,000	77	Very high.
Brazil	24,500,000	88	80
China	407,253,000	100	High.
Colombia	5,855,000	75	Very high.
Costa Rica	498,000	60	High.
Dominican Republic	897,000	90	Very high.
Guatemala	1,842,000	85	92
Haiti	1,500,000	90	Very high.
Honduras	562,000	85	68
India	294,361,000	95	High
Japan	56,860,000	99	Low
Liberia	2,000,000	100	98
Nicaragua	703,500	90	High.
Panama	450,000	90	High.
Paraguay	1,000,000	80	Very high.
Persia	9,000,000	100	Very high.
Peru	4,500,000	86	Very high.
Salvador	1,527,000	90	Very high.
Siam	6,230,000	99	Very high.
Venezuela	2,412,000	25	Very high.
Total	834,840,500		

[1] Estimated.

Mr. REED of Missouri. I do not pause to read the names of these countries, but their population and the percentage of their illiteracy is given where it is possible to give it, although in almost a majority of them there is no sufficient government so that a census has been taken which is of a reliable character. I find, for instance, that in Brazil the degree of illiteracy is 80 per cent; in Guatemala, 92 per cent; in Honduras, 68 per cent; in Liberia, 98 per cent, and so on.

It will be observed from these tables that the total population of the white nations is 292,102,000, and that the total population of the dark nations is 834,840,500. That is to say, there are almost four times as many dark people in the league as there are white people. The inequality in voting strength is further accentuated by the fact that the total population of Albania, Costa Rica, Dominican Republic, Nicaragua, Panama, Luxemburg, Esthonia, Honduras, Latvia, and New Zealand does not equal the population of New York City. There may, sir, be selected from the membership of the league 32 countries, the population of which does not equal that of the United States; and, judged from the standpoint of literacy, of the ability to read and write, the result is even more startling. Yet, each of these countries, many of them dependent and deeply involved in ignorance, has a vote in the Assembly of the League of Nations which, should the United States ever join that body, would technically at least be equal to the vote of the United States. Of course, so long as the United States remains out of the league it does not even possess the small privilege of casting 1 vote out of 55.

A still greater divergence, Mr. President, exists as to racial characteristics and religion. This is important, for we are setting up a court, and a court must be governed by some kind of a rule or law or by the will of judges.

A still greater divergence, as I say, exists as to racial characteristics and religions. Cannibalism is practiced in at least one of these countries, while the religions embraced by these variegated populations run the gamut from Voodooism to Christianity. There is scarcely a creed or faith known to the world that is not the dominant religion in some one of these countries. Among the principal religions are Mohammedanism, Shintoism, Confucianism, Taoism, Buddhism, Zoroastrianism, Brahmanism, Shamanism, Guruism, Animism, and Satanism. In short, there is no faith so degrading that it is not embraced; there is no ceremony so vile that it is not practiced.

The vast majority reject our God, our Bible, our standards of morals, our conceptions of justice, and the basic principles of our laws. It is, nevertheless, proposed to bring together in one body the representatives of all these peoples, whites and blacks, browns and yellows, civilized, half civilized, barbaric, and savage, and produce a scheme of world government so exalted as to satisfy the aspirations of the most highly civilized peoples of the world, and to make the United States subject to that government!

Moreover, the kinds of government and the systems of laws or customs acknowledged by these different nations are so varied and conflicting as to be utterly irreconcilable. These laws or customs embrace everything from the mandates of great despots pretending to speak as gods and the decrees of petty dictators and tyrannical autocracies, to the common law of England and the United States.

Even in the most highly civilized nations of Europe there are more than 15 systems of laws basically different. Lord Phillimore admitted this; and I read from page 152 of the records of the league committee considering the permanent court. He said:

> Mr. Root's plan was to insure, as far as possible, a representation on the court of all the systems of law. Lord Phillimore did not quite understand what was meant by "the different systems of law." He enumerated the different legal systems actually in force; he mentioned the Japanese, Italian, Scandinavian, and German systems of law, and raised a question as to how representatives of each of these systems were to be chosen.
>
> He also drew attention to the Slav, Turkish, and Eastern systems which should be represented. He pointed out the difficulties created by the complicated question of the laws in force in the British overseas dominions, Roman-Dutch law, old French law, Hindoo law, and Mohammedan law.
>
> Lord Phillimore thought that a definite obligation to insure the representation of all these systems could not be imposed on the electors. If only a moral obligation were intended, he was quite satisfied.

A moral obligation, sir, is a binding thing. The man who will not be bound by a moral obligation will not be bound by a legal obligation unless force be put back of the obligation. The great law that ought to control among nations is the moral law. If we are morally bound, as Lord Phillimore says, to put upon this court the representatives of all these systems of law, then you degrade our ideas of justice, our ideas of right, to the common level that will be reached when you add Hindu law, Mohammedan law, Turkish law, and all the other systems of laws which we abominate and repudiate. By that common level and that common standard you propose to measure the rights of the United States of America. I denounce it, Mr. President; there is only one word to describe it, and I have too much respect for this body to employ it. Let the American people, as they ultimately will, brand that word on the brows of those who would dare surrender the independence of the United States. Let those who were against entering the league when Wilson was President, who now would have us enter the court at the beck and nod of a Republican President, answer, and some day they will answer to an outraged people.

We are to decide America's rights by what? By decrees written by judges representing all of these systems of laws; and they are as different as our civilization is different from their uncivilization. They are as variegated as the population that inhabit this earth. They are as impossible for us to live under as it is impossible for us to change an American citizen into a Chinaman, into a Jap, or into a Turk.

They are as impossible to our civilization and our conceptions of right as it would be to get the American women of this country to pass resolutions in favor of inaugurating here the system of Turkish harems. Drive on, my lords, you who say you have pledged your votes. Pledged your votes to whom? To the Edward Bok committee? To the little lady who sits drawing a salary to send out letters asking you how you are going to vote? Is that pledge to bind you in the presence of the stupendous objections which obtain against the consummation of these schemes?

Think of a court that is to administer justice for us! Oh, I appeal to you, my brother Senators. That court, according to Lord Phillimore, and according to the very precepts and principles of the league, is to be dominated by the Mohammedan idea, the Japanese idea, the Indian idea, all these ideas, and out of that conglomerate of conflicting laws, and by the common levels thus produced America's rights are to be decided.

If this proposition had not come from this high authority, but had come from the lower walks of life, you would have demanded the trial of its author, his conviction, and his punishment.

Mr. President, I have considered thus far the Assembly of the League of Nations. I come now to consider the council. If you say this is not in point, I answer, you might as well deny that the representation of the several States of the Union, with a voting power here in Congress, is not in point when we consider the laws that are likely to emanate from this body. I am dealing with the creative power, the power that makes this court, the power, as I shall show, that makes the rules that govern this court, that will govern this court in its decisions on American questions, if you gentlemen have your way.

The council is often referred to as the upper house of the league. It is certainly the more powerful of these governing bodies. Its peculiar construction demands scrutiny. It is composed of two classes of members: (a) Permanent members; (b) elective members. As originally planned, the United States, Great Britain, France, Italy, and Japan were, through

their representatives, to hold the five permanent seats in the council. The other four members of the council were to be elected from time to time by the assembly. The United States having declined to enter the league, the four permanent seats were held by Great Britain, France, Italy, and Japan, and continue to be so held up to the present time.

In 1922 the council—and I am challenging attention to this—determined to increase the number of temporary members from four to six, and that action of the council having been approved by the assembly, the council now consists of 10 members. The importance and significance of this act deserves more than passing notice, because it is an assertion and exercise of the power vested in the membership of these governing bodies to fundamentally change the character of the governing bodies themselves. Indeed, it is expressly provided in article 4 of the so-called covenant of the League of Nations:

> With the approval of the majority of the assembly, the council may name additional members of the league whose representatives shall always be members of the council; the council with like approval may increase the number of members of the league to be selected by the assembly for representation on the council.

Here, then, is a power reserved to the assembly and council to alter at will their own membership. These two bodies possess the power to increase their own membership. These two bodies possess the power of creating permanent members of the council. The league is not only a government, but it is a government possessing the power to change and alter its own composition, and this without reference to any power on earth.

It is also worthy of note that whenever the council can gain the consent of the assembly, it, the council, may name additional permanent members of the court. Also, with like approval, the council may increase the number of elective members of the league.

It is, therefore, plain that at any time a majority of the council so determines it can, with the assent of the assembly, admit the representatives of any number of nations to permanent seats on the council, and these seats having been once acquired, there is no provision by which such membership can be discontinued. Therefore, at any time when a mere majority of the council so determines, it can, with the assent of the assembly, admit the representatives of any number of nations. A mere majority of both bodies having been obtained, it is possible to pack the council permanently by adding additional members so as to permanently assure the dominance of particular policies.

It is exactly as though the Senate of the United States were empowered, by simply gaining the consent of the House of Representatives, to increase its membership by granting to certain States additional and permanent representation. If that were the case, then any political party gaining dominance in both Houses might at any time assure itself of complete and almost permanent control of the Senate by employing the device referred to.

The ease with which such a result may be accomplished in the league is illustrated by the fact, first, that the assembly can do little or nothing without the consent of the council, and hence the coercive power of that body is tremendous.

Second. In electing the nonpermanent members of the council, the nations already represented upon the council by permanent seats have the right, as members of the assembly, to participate in the election of nonpermanent members.

Third. The foreign nations holding permanent seats control four-tenths of all the votes in the council, a power which, shrewdly exercised, is very likely to bring complete control.

Fourth. All of the members of the council are eligible to also sit as members of the assembly, where, of course, they can exercise a potential influence on the deliberations of that body. Indeed, this dual membership practically destroys the independence of the assembly.

Fifth. The concentration of power in the council and the complete negation of anything like a democratic form of government is emphasized by the fact that there are 55 nations belonging to the league, and that 51 of these nations have no permanent rights to seats in the council, the four seats being permanently preempted by the four great powers I have named.

Further, when the 51 nations come to elect representatives on the council, all of the members of that body who are members of the assembly can participate in the election and hence the holding members can promote their reelection or the election of those who are agreeable to them. These gentlemen step from the council over into the assembly and vote on their own reelection.

It is hard to conceive of a more unrepresentative form of government, a more unjust and one-sided form of government than the League of Nations. Artfully contrived and its real purposes carefully concealed, the truth remains that it is a vast trust of power, the dominance of which to all intents and purposes is concentrated in four great countries. Two of these countries are at this moment substantially repudiating their indebtedness to the United States, and another, Japan, seriously and vehemently contending that the United States in the exercise of its sovereign power can not determine who shall be admitted within its borders.

Yet it is into the organization thus constituted that men in the past have sought to plunge us. It is now proposed that we shall submit questions involving the rights of the United States to an organization created and controlled by this league government.

I now, Mr. President, invite your attention very briefly to the personnel of the two governing bodies of the league.

The present membership of the council is as follows:

Spain: M. Quiñones de Leon (president).
Belgium: M. Paul Hymans; substitute, M. Joseph Melot.
Brazil: M. Afranio de Mello-Franco.
British Empire: The Right Hon. Austen Chamberlain.
Czechoslovakia: M. Eduard Benes; substitute, M. Veverka.
France: M. Aristide Briand; substitute, M. Paul-Boncour.
Italy: M. Vittorio Scialoja.
Japan: Viscount Ishii.
Sweden: M. Oesten Unden; substitute, M. Sjoborg.
Uruguay: M. Alberto Guani.
Secretary general, Sir Eric Drummond.

I have been unable to secure a list of the present delegates to the assembly. I, however, present a list of the members for 1924 which will serve to illustrate my point. I shall in a moment ask leave to print this list of names as a part of my remarks, because I do not want to consume the time of the Senate in reading it.

First. It will be found that every present member of the council was a member of the assembly of 1924, and I think is still a member. They hold in both places. It is the same as though the Senate sat here as an independent body and then walked over and sat with the House of Representatives and voted to reelect itself, and voted also on every measure before the House. That is the idiotic concept of this Government—or perhaps it was not idiotic; perhaps it was the shrewd design of those who intended to control it.

Second. A glance at the names both of the council and of the assembly will convince all candid persons that both organizations are not only political in their character but that the important membership is made up almost exclusively of the direct representatives of foreign governments, men who are a part of the machinery of their respective governments.

To illustrate by the members of the council alone:

His Excellency M. Jose Quinones de Leon was Spanish ambassador in Paris.

His Excellency M. Theunis was the Prime Minister of Belgium.

His Excellency M. Afranio de Mello-Franco was a member of the Chamber of Deputies, ambassador on special missions, and had held other important positions of state for Brazil.

The Right Hon. James Ramsay MacDonald was member of Parliament, Prime Minister, First Lord of the Treasury, and Secretary of State for Foreign Affairs of Great Britain.

His Excellency Dr. Eduard Benes was Minister for Foreign Affairs of Czechoslovakia.

His Excellency M. Aristide Briand was member of the Chamber of Deputies and former Prime Minister of France.

His Excellency M. Vittorio Scialoja was former Minister of Foreign Affairs and senator of Italy.

His Excellency Viscount K. Ishii was ambassador to France and former Minister for Foreign Affairs of Japan.

His Excellency M. Oesten Unden was former Minister of Justice for Sweden.

His Excellency M. Alberto Guani was envoy extraordinary and minister plenipotentiary in Belgium and the Netherlands for Uruguay.

The balance of the membership of the assembly is equally political in character.

I now ask, Mr. President, to have inserted in the RECORD at this point the list to which I referred a moment ago.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The list is as follows:

LIST OF MEMBERS OF DELEGATIONS AT THE ASSEMBLY

ABYSSINIA

Aba Wolo Ras Nadeou, Governor of Corea.
Count Robert Linant de Bellefonds, adviser to the Abyssinian Government.
Ato Sahlé Sedalou, Secretary General for Foreign Affairs.

ALBANIA

Monsignor Fan Stylien Noli, Prime Minister.[1]

M. Louis Gurakuqi, Finance Minister.

M. Mehmed Konitza, minister plenipotentiary at Paris and London.

Substitute and secretary: M. Benoit Blinishti, consul general in Switzerland, director of the permanent secretariat accredited to the League of Nations.

AUSTRALIA

The Hon. Sir Littleton E. Groom, K. C. M. G., K. C., M. P., Attorney General for the Commonwealth of Australia.

The Right Hon. Sir Joseph Cook, P. C., G. C. M. G., high commissioner in London.

The Hon. Matthew Charlton, leader of the opposition.

Substitutes: Mrs. S. M. Allan, LL. B., and Sir William G. McBeath, K. B. E.

Expert: Mr. G. S. Knowles, O. B. E., M. A., LL. M.

Adviser: Mr. W. H. Bale.

Secretary: Major O. C. W. Fuhrman, O. B. E.

AUSTRIA

His Excellency Mgr. Ignace Seipel, Federal Chancellor.[2]

His Excellency Dr. A. Grünberger, Minister for Foreign Affairs.[2]

His Excellency M. Albert Mensdorff-Pouilly-Dietrichstein, former ambassador.

Substitute: His Excellency M. Emèric Pflügl, envoy extraordinary and minister plenipotentiary.

Secretaries: Dr. Francois Matsch, secretary of the League of Nations office at the Ministry of Foreign Affairs; M. Frédéric Bodo, counsellor.

BELGIUM

His Excellency M. Theunis, Prime Minister.[3]

His Excellency M. Paul Hymans, Minister for Foreign Affairs, Minister of State, member of the House of Representatives, former minister in London, former Minister for Economic Affairs.

His Excellency M. Prosper Poullet, Minister for the Interior and Health, member and former president of the House of Representatives, former Minister for Sciences and Arts, former Minister for Transport, the Navy, Posts and Telegraphs, professor of international law and diplomatic history at the University of Louvain.

Substitutes: M. L. de Brouckère, professor at the University of Brussels; M. Joseph Mélot, minister plenipotentiary; M. Henri Rolin, assistant legal adviser to the Ministry for Foreign Affairs; M. Louwers, member of the Belgian council for the colonies; and M. van Leynseele, secretary to the Ministry for Foreign Affairs.

Secretary general: M. Joseph Mélot, minister plenipotentiary.

Secretary: Mlle. Darscotte.

BRAZIL

His Excellency M. Afranio de Mello-Franco, member of the Chamber of Deputies, ambassador on special mission, Brazilian representative on the Council of the League of Nations, former Minister of State, former ambassador on special mission in Bolivia, member of the Permanent Court of Arbitration at The Hague, professor at the faculty of law of Bello-Horisonte (State of Minas-Gernes), former president of the Brazilian delegation to the fifth Pan American conference at Santiago.

His Excellency M. Raul Fernandes, envoy extraordinary and minister plenipotentiary on special mission, former member of the Chamber of Deputies, former delegate at the Peace Conference and on the Reparation Commission.

His Excellency M. Frederico de Castello Branco-Clark, envoy extraordinary and minister plenipotentiary, deputy minister on the permanent delegation accredited to the League of Nations, former chef de cabinet of the minister for foreign affairs.

Experts: Rear Admiral A. C. de Souza e Silva, Brazilian representative on the permanent advisory commission for military, naval, and air questions, member of the temporary mixed commission for the reduction of armaments; Maj. E. Leitao de Carvalho, professor at the Staff College at Rio de Janeiro, Brazilian representative on the permanent advisory commission for military, naval, and air questions; M. J. A. Barboza-Carneiro, commercial attaché at the embassy in London, member of the economic and financial commission and of the committee on the allocation of the expenses of the league; M. E. F. de Montarroyos, former staff captain, engineer; and M. A. Bandeira de Mello, secretary general of the national labor council at Rio de Janeiro.

Secretary general: M. Sylvio Rangel de Castro, secretary of embassy, former assistant secretary general of the presidential office of the Republic.

Secretary: M. Heitor Lyra, secretary of embassy in London.

BRITISH EMPIRE

The Right Hon. James Ramsay MacDonald, M. P., Prime Minister, First Lord of the Treasury, Secretary of State for Foreign Affairs. (Mr. Ramsay MacDonald was not able to remain in Geneva for the full period of the assembly, and on his departure Prof. Gilbert Murray acted as third delegate.)

The Right Hon. Lord Parmoor, P. C., K. C. V. O., Lord President of the Council.

The Right Hon. Arthur Henderson, P. C., M. P., Secretary of State for the Home Department.

Substitutes: Prof. George Gilbert Aimé Murray, LL. D., D. Litt.; Sir Hubert Llewellyn Smith, G. C. B., economic adviser to the British Government; Mrs. Helena M. Swanwick; and Sir Cecil J. B. Hurst, K. C. B., legal adviser to the foreign office.

Assistant delegate: Mr. Charles Roden Buxton.

Experts: Sir Malcolm Delevingne, K. C. B., Assistant Undersecretary of State; Mr. S. W. Harris, C. B., C. V. O.; Mr. G. H. Villiers, C. M. G.; Mr. Herbert Brittain; Rear Admiral Aubrey Smith, C. B., M. V. O.; Lieut. Col. S. J. Lowe, D. S. O., O. B. E.; Squadron Commander Tweedie, O. B. E., A. F. C.; and Sir George Buchanan, C. B.

Secretary general: The Hon. A. M. G. Cadogan.

First secretary: Mr. A. F. Yencken, M. C.

Private secretaries: Lieut. Col. Sir R. Waterhouse, K. C. B., C. M. G., secretary to the Prime Minister; Mr. W. H. Selby, M. V. O., secretary to the Prime Minister; Mr. M. R. K. Burge, secretary to Lord Parmoor; Mr. G. R. A. Buckland, secretary to Mr. Arthur Henderson; Mr. Philip Baker, secretary to Prof. Gilbert Murray; and Mr. Llewellyn Smith, jr., secretary to Sir Hubert Llewellyn Smith.

BULGARIA

His Excellency M. Christo Kalfoff, Minister for Public Worship and Foreign Affairs.

His Excellency M. Mikail Madjaroff, member of the Chamber of Deputies, former Minister for Public Worship and Foreign Affairs.

His Excellency M. Georges Danaffilow, member of the Chamber of Deputies, former minister.

Substitute: M. Svétoslav Poménow, Director of Political Affairs at the Ministry for Foreign Affairs.

Secretary general: M. Dimitri Mikoff, chargé d'affaires in Switzerland.

Secretary: M. Georges Kussélvanoff, first secretary of legation in Paris.

CANADA

The Hon. Raoul Dandurand, K. C., LL. D., senator, member of the privy council, minister of state, representative of the Government in the senate.

The Hon. Edward Mortimer Macdonald, K. C., member of Parliament, minister of the privy council, Minister of National Defense.

Substitute: Mr. Oscar Douglas Skelton, M. A., Ph. D., counsellor to the Ministry for External Affairs.

Secretaries: Mr. Ralph Osborne Campney, B. A., member of the Canadian bar and Mr. E. M. Macdonald, jr., member of the Canadian bar.

Assistant Secretary: Mr. Roger Weber.

CHILE

His Excellency M. Armando Quezada, former Prime Minister, former Finance Minister, envoy extraordinary and minister plenipotentiary in France.

His Excellency M. Enrique Villegas, former Prime Minister, former Minister for Foreign Affairs, ambassador at Rome.

Substitute and Secretary General: M. Jorge Valdés-Mendeville, chargé d'affaires at Berne.

Secretary: M. Ernesto Bertrand-Vidal, secretary of legation in France.

CHINA

His Excellency M. Tang Tsai-Fou, envoy extraordinary and minister plenipotentiary at Rome.

His Excellency M. Tai Tehenne Linne, envoy extraordinary and minister plenipotentiary in Sweden, Norway, and Denmark.

His Excellency M. Chao-Hsin Chu, minister plenipotentiary, chargé d'affaires in London, former senator, professor of economics at the University of Peking.

Substitutes: Dr. C. C. Wang, director general of the Chinese Eastern Railway; M. Wang Tseng Sse, counsellor of legation, secretary general of the Chinese delegation accredited to the League of Nations.

Expert: Dr. Tcheou Wei, first secretary of legation, director of the permanent office at Geneva of the Chinese League of Nations service.

Secretaries: M. H. K. Hsai, secretary of legation at Stockholm; M. William Hsieh, secretary of legation at The Hague; M. Su-Sung Koo,

[1] In the absence of Monsignor Fan Noli, M. Konitza acted as first delegate.

[2] Monsignor Seipel and Doctor Grünberger were not able to stay in Geneva for the whole of the assembly and on their departure M. Pflügl acted as full delegate.

[3] M. Theunis was not able to stay in Geneva for the whole period of the assembly, and on his departure M. de Brouckère acted as third delegate.

secretary of legation: M. Tzon-Luen Hwang, attaché; M. Niétsou Wang, attaché at the legation at The Hague; M. Shu-Seng Chu, attaché at the legation in London.

COLOMBIA

His Excellency Dr. Francisco José Urrutia, former Minister for Foreign Relations, minister plenipotentiary in Switzerland.

Secretary: M. Alfredo Michelsen, secretary of legation at Berne.

COSTA RICA

His Excellency M. Manuel de Peralta, minister plenipotentiary.

CUBA

His Excellency M. Cosme de la Torriente, ambassador at Washington, former Minister for Foreign Affairs, former president of the committee for foreign affairs of the senate, member of the Permanent Court of Arbitration at The Hague.

His Excellency M. Aristides de Aguero, envoy extraordinary and minister plenipotentiary at Berlin and Vienna.

His Excellency M. Guillermo Patterson, Undersecretary of State for Foreign Affairs, envoy extraordinary and minister plenipotentiary.

Substitutes: His Excellency M. Guillermo de Blanck, envoy extraordinary and minister plenipotentiary at Berne and The Hague, and His Excellency M. Carlos de Armenteros, envoy extraordinary and minister plenipotentiary at Rome.

Expert: M. Ramiro Hernández Portela, counsellor of legation at Berlin.

Secretaries: M. Gabriel de la Campa, consul general; M. Augusto Merchán, consul general at Genoa; and M. Manuel F. Calvo, second secretary of legation at Paris.

Attachés: M. Ursulo J. Dobal, attaché at the legation in Paris, and M. Augusto Maxwell.

CZECHOSLOVAKIA

His Excellency Dr. Eduard Benes, Minister for Foreign Affairs; His Excellency Dr. Stephen Osusky, envoy extraordinary and minister plenipotentiary at Paris; and His Excellency Dr. Ferdinand Veverka, envoy extraordinary and minister plenipotentiary at Bucharest.

Substitutes: His Excellency M. Jan Dvřáček, engineer, minister plenipotentiary, chief of the economic division of the Ministry for Foreign Affairs; Dr. Jan Krčmář, professor at the University of Prague; M. Jan Masaryk, counsellor of legation at the ministry for foreign affairs; and M. Rudolf Künzl-Jizerský, counsellor of legation in the political division of the Ministry for Foreign Affairs.

Expert: Gen. Vladimir Klecanda.

Secretaries: M. Josef Chelmar, secretary at the Ministry for Foreign Affairs; M. James V. Hyka, secretary at the Ministry for Foreign Affairs; M. Miroslav Lokay, secretary of legation at Berne; M. Arnošt Heidrich, secretary of legation at the Ministry for Foreign Affairs; and M. Karel Trpák, secretary at the Ministry for Foreign Affairs.

DENMARK

His Excellency M. Stauning, Prime Minister. (During the stay of M. Stauning in Geneva, M. Borgbjerg acted as substitute delegate.)

His Excellency M. Herluf Zahle, envoy extraordinary and minister plenipotentiary at Berlin, member of the Permanent Court of Arbitration.

M. F. Borgbjerg, Minister for Social Affairs, member of Parliament.

M. Laust Moltesen, doctor of philosophy, member of Parliament.

Substitutes: His Excellency M. Andreas d'Oldenburg, envoy extraordinary and minister plenipotentiary at Berne, representative of the royal government accredited to the League of Nations office; M. Peter Munch, doctor of philosophy, former Minister for Defense, member of Parliament; and M. Holger Andersen, member of Parliament.

Expert: Mlle. Henni Forchhammer, president of the National Council of Danish Women, member of the central administration of the International Women's Council.

Secretaries: M. Pierre Oesterby, director of the parliamentary archives, and M. Johannes V. Rechendorff, secretary of the Ministry for Foreign Affairs.

Assistant secretary: Mlle. S. Damm.

DOMINICAN REPUBLIC

M. Jacinto R. de Castro.

Secretary: M. Manuel S. Gautier.

ESTHONIA

His Excellency M. Charles Robert Pusta, Minister for Foreign Affairs.

Gen. Johan Laidoner, member of the Chamber of Deputies, former commander in chief of the Esthonian Army.

M. Ado Anderkopp, member of the Chamber of Deputies, former Minister.

Private secretary to the Minister of Foreign Affairs: M. Louis Villecourt.

Secretary: M. Oskar Öpik, chief of section at the Ministry for Foreign Affairs.

FINLAND

His Excellency M. Hjalmar Johan Procopé, Minister for Foreign Affairs. (After the departure of M. Procopé from Geneva, M. Holsti acted as third delegate.)

His Excellency M. Carl Johan Alexis Enckell, envoy extraordinary and minister plenipotentiary in Paris, former Minister for Foreign Affairs.

His Excellency M. Rafael Waldemar Erich, professor of international law at the University of Helsingfors; envoy extraordinary and minister plenipotentiary, unattached; former Prime Minister.

Substitutes: His Excellency M. Eino Rudolf Holsti, envoy extraordinary and minister plenipotentiary at Tallinn, former Minister for Foreign Affairs; M. Kaarlo Väinö Voionmaa, professor of the history of Finland and of the northern countries at the University of Helsingfors; and M. Urho Toivola, director of the Finnish secretariat accredited to the League of Nations.

Expert: Baron Aarno Yrjö-Koskinen, director of the political section of the Ministry for Foreign Affairs.

Head of the secretariat: M. Urho Toivola, director of the Finnish secretariat accredited to the League of Nations.

FRANCE

His Excellency M. Edouard Herriot, Prime Minister, Minister for Foreign Affairs. (During M. Herriot's stay in Geneva M. Paul Boncour acted as substitute delegate.)

His Excellency M. Léon Bourgeois, senator, former Prime Minister, former president of the Senate, representative of the French Republic accredited to the League of Nations.

His Excellency M. Aristide Briand, member of the Chamber of Deputies, former Prime Minister.

His Excellency M. Paul Boncour, member of the Chamber of Deputies, president of the advisory committee of the higher council for defense.

Assistant delegates: M. Louis Loucheur, member of the Chamber of Deputies, former minister; M. Henry de Jouvenel, senator, former minister; M. Maurice Sarraut, senator; and M. Jean Réveillaud.

Substitutes: M. Georges Bonnet, member of the Chamber of Deputies; M. Léon Jouhaux, secretary general of the General Labor Confederation; and M. René Cassin, professor of the faculty of law at Lille, honorary president of the Federal Union of the Mutilated and Former Combatants.

Secretary general: M. Clausel, minister plenipotentiary.

Experts: M. Serruys, M. Geouffre de Lapradelle, M. Jacques Dumas, M. Eugène Pépin, M. Louis Aubert, M. Massigli, M. Georges Scelle, and M. André Matter.

Assistant secretaries general: M. Fournes and M. Amé-Leroy.

GREECE

His Excellency M. Nicolas Politis, former Minister for Foreign Affairs, envoy extraordinary and minister plenipotentiary in France; His Excellency M. E. J. Tsouderos, Finance Minister; and M. André Andreades, professor at the University of Athens.

Substitutes: M. St. Seferiades, professor at the University of Athens, and M. Nicolas Souidas, director of the League of Nations section at the Ministry for Foreign Affairs.

Experts: M. Vasili Colocotronis, chargé d'affaires of the Greek Republic in Switzerland, and M. G. Mantzavinos, director of general accountancy at the Ministry for Finance.

Secretary general: M. Nicolas Souidas, director of the League of Nations section at the Ministry for Foreign Affairs.

Secretary: M. Pierre Depasta, attaché of the Greek legation at Berne.

Information service: M. C. Melas, former member of the Chamber of Deputies.

GAUTEMALA

His Excellency M. Adrian Recinos, envoy extraordinary and minister plenipotentiary in France, and M. Rafael Pineda de Mont, counsellor of legation.

HAITI

His Excellency M. Bonamy, envoy extraordinary and minister plenipotentiary in Paris, member of the Permanent Court of Arbitration at The Hague, former Secretary of State for External Relations, former president of the court of cassation.

HUNGARY

His Excellency Count Bethlen, Prime Minister. (During the stay of Count Bethlen in Geneva, General Tánczos acted as substitute delegate.)

His Excellency Count Albert Apponyi, member of the National Assembly, former Minister for Public Worship and Education.

His Excellency Batron Frédéric Korányi, Finance Minister.

Gen. Gariel Tánczos, former Minister for Foreign Affairs.

Substitute: Count Alexandre Khuen-Héderváry, first counsellor of legation.

Experts: M. Denys de Sebois, former Undersecretary of State; M. Siméon Lukáts, counsellor of section at the Ministry for Foreign Affairs; Col. Géza Siegler; and M. Dadislas Gajzágó, ministerial counsellor at the Ministry for Foreign Affairs.

Expert and secretary general: M. Zoltán de Baranyi, secretary at the Ministry for Foreign Affairs, director of the secretariat accredited to the League of Nations.

Secretary: M. Antoine Ullein, secretary of legation.

INDIA

The Right Hon. the Lord Hardinge, of Penshurst, K. G., G. C. B., G. C. S. I., G. C. M. G., G. C. I. E., G. C. V. O., I. S. O., privy councillor, former viceroy, former ambassador.

Maj. Gen. His Highness the Maharajah of Bikaner, G. C. S. I., G. C. I. E., G. C. V. O., G. B. E., K. C. B., A. D. C., LL. D., chancellor of the chamber of princes.

Sir Muhammad Rafique, member of the council of state.

Substitutes: Capt. Maharaj Kunwar, of Bikaner, C. V. O.; Sir Stanley Reed, K. B. E.; Mr. John Campbell, C. S. I., O. B. E.

Secretaries: Mr. P. J. Patrick and Mr. W. T. Ottewill.

IRISH FREE STATE

Mr. Desmond Fitzgerald, Minister for Foreign Affairs.

Mr. Patrick McGilligan, Minister for Commerce and Industry.

Mr. John O'Byrne, Attorney General.

Substitutes: Mr. James McNeill, high commissioner in London; Marquis MacSwiney, of Mashanaglass, member of the Royal Irish Academy; Mr. John O'Sullivan, member of Parliament, doctor of philosophy, professor at the National University of Ireland; Mr. Michael Heffernan, member of Parliament.

Expert: Mr. Michael MacWhite, representative of the Irish Free State accredited to the League of Nations.

Secretary: Mr. Joseph Walshe, secretary at the Ministry for Foreign Affairs.

ITALY

His Excellency Prof. Antonio Salandra, former Prime Minister, member of the Chamber of Deputies.

His Excellency M. Vittorio Scialoja, former Minister for Foreign Affairs, senator.

His Excellency M. Carlo Schanzer, former Minister for Foreign Affairs, vice president of the council of state, senator.

Substitutes: His Excellency Count Lelio Bonin-Longare, ambassador and senator; Dr. Alberto Pironti, prefect and senator. Brig. Gen. Alberto de Marinis Stendardo di Rigigliano, senator, representative of Italy on the permanent advisory commission for military, naval, and air questions, member of the temporary mixed commission for the reduction of armanent. His Excellency M. Giovanni Ciraolo, president of the Italian Red Cross, senator. M. Stefano Cavazzoni, former minister for labor, member of the Chamber of Deputies. Count Fulco Tosti di Valminuta, member of the Chamber of Deputies, former Undersecretary of State for Foreign Affairs. M. Paolo Bignami, engineer, former Undersecretary of State, former member of the Chamber of Deputies. Marquis Giuseppe Medici del Vascello, envoy extraordinary and minister plenipotentiary. Count Antonio Cippico, senator. Baron Gian Alberto Blanc, member of the Chamber of Deputies. M. Massimo Pilotti, counsellor at the court of appeal at Rome, legal adviser to the Reparation Commission and the Conference of Ambassadors.

Experts: M. Daniele Varé, counsellor of legation. Count Guido Viola di Campalto, counsellor of legation. Capt. Don Fabrizio Ruspoli, representative of Italy on the permanent advisory commission for military, naval, and air questions. Count Manfredi Gravina. Prof. Giuseppe Gallavresi.

Secretary general: Marquis Giuseppe Medici del Vascello, envoy extraordinary and minister plenipotentiary.

Secretaries: Count Senni, consul general. M. Guido Segre, consul. Capt. Francesco Giorgio Mameli, secretary of legation. M. Armando Morini, vice consul. Count Ettore Perrone di San Martino, attaché of legation. Dr. Guido Romano, consular attaché. M. Mario Salandra.

Archivist: M. Alberto de Sangro.

JAPAN

His Excellency Viscount K. Ishii, ambassador to France, former Minister for Foreign Affairs, Japanese representative on the Council of the League of Nations. His Excellency M. Minéitcirô Adatci, ambassador to Belgium, vice president of the Institute of International Law. His Excellency M. M. Matsuda, minister plenipotentiary.

Substitutes: M. Yotaro Sugimura, counsellor of embassy, assistant head of the Japanese office accredited to the League of Nations.

M. I. Tokugawa, first secretary of embassy in London.

M. N. Ito, first secretary of legation at The Hague.

Secretary: M. Yotaro Sugimura, counsellor of embassy, assistant head of the Japanese office accredited to the League of Nations.

LATVIA

His Excellency M. Louis Seja, Minister for Foreign Affairs.

His Excellency Dr. Michel Walters, envoy extraordinary and minister plenipotentiary at Paris, permanent delegate accredited to the League of Nations.

M. Félix Cielens, member of the Chamber of Deputies, president of the foreign affairs committee.

Substitutes: M. Vilis Schumans, director of the political department at the Ministry for Foreign Affairs, and M. Jules Feldmans, chief of the League of Nations section at the Ministry for Foreign Affairs.

Secretary: M. Jules Feldmans, chief of the League of Nations section at the Ministry for Foreign Affairs.

LIBERIA

His Excellency Baron Rodolphe Auguste Lehmann, envoy extraordinary and minister plenipotentiary in France.

Substitute: M. Nicolas Ooms, first secretary of legation.

LITHUANIA

His Excellency M. Ernest Galvanauskas, former Prime Minister and Minister for Foreign Affairs, envoy extraordinary and minister plenipotentiary in London.

His Excellency M. Wenceslas Sidzikauskas, envoy extraordinary and minister plenipotentiary at Berlin.

M. Bronius K. Balutis, director of the political section at the Ministry for Foreign Affairs.

Secretary: Dr. Jnozas Sakalauskas.

LUXEMBURG

M. Tony Lefort, Councillor of State, former chargé d'affaires in Switzerland.

Substitute: M. Ch. Vermaire, consul at Geneva.

NETHERLANDS

His Excellency Jonkheer H. A. van Karnebeck, doctor of law and political science, Minister for Foreign Affairs. (In the absence of Jonkheer van Karnebeck, Jonkheer Loudon acted as first delegate.)

His Excellency Jonkheer J. Loudon, doctor of political science, envoy extraordinary and minister plenipotentiary in Paris, former Minister for Foreign Affairs.

Jonkheer W. J. M. van Eysinga, doctor of law and political science, professor at the University of Leyden.

Substitutes: Count F. A. C. van Lynden van Sandenburg, doctor of law and political science, grand chamberlain of Her Majesty the Queen of the Netherlands, former government commissioner in the Utrecht Province, former member of the second chamber of the states general; M. J. Limburg, doctor of law, president of the Order of Barristers at The Hague, former member of the second chamber of the states general, member of the executive committee of the states provincial of Southern Holland; and M. J. P. A. François, doctor of law and political science, head of the League of Nations section at the Ministry for Foreign Affairs, extraordinary professor at the school for higher commercial studies at Rotterdam.

Expert: M. W. G. van Wettum, former chief of service of the opium monopoly of the Dutch Indies, Dutch member of the advisory committee on the traffic in opium.

Secretary to the First Delegate: M. L. Carsten, doctor of law and political science, secretary of legation.

Secretaries: Mme. C. A. Kluyver, secretary at the Ministry for Foreign Affairs; M. H. J. D. Doorman, first chancellor of legation.

NEW ZEALAND

Colonel the Honorable Sir James Allen, high commissioner in London.

Substitute and secretary: Mr. C. Knowles.

NICARAGUA

Dr. A. Sottile, consul at Geneva.

NORWAY

Dr. Fridtjof Nansen, professor at the University of Christiania.

His Excellency M. Otto Albert Blehr, former Prime Minister.

M. Christian Fredrik Michelet, barrister, former Minister of Foreign Affairs.

Substitutes: Dr. Christian L. Lange, secretary-general of the Inter-Parliamentary Union; Dr. Mikael S. H. Lie, professor of law at the University of Christiania; and Mlle. Kristine Elisabeth Bonnevie, doctor of philosophy, professor at the University of Christiania.

Expert: M. Jens Bull, head of section at the Ministry for Foreign Affairs.

PANAMA

His Excellency M. Narciso Garay, Minister for Foreign Affairs.

His Excellency M. Antonio Burgos, minister in Italy and Switzerland.

PARAGUAY

Dr. Ramon V. Caballero, chargé d'affaires in Paris.

PERSIA

His Highness Prince Mirza Riza Khan Arfaed-Dowleh, ambassador, former Minister for Justice.

Legal adviser: Dr. Edmond Privat.

Head of secretariat: M. Abol-Hassan Khan Hékime, first secretary of legation at Berne.

Secretary: Mirza Aly Mohammad Khan Scheybany, secretary of the Persian delegation accredited to the League of Nations.

Private secretary to the first delegate: Hassan Khan Arfaos-Soltan.

POLAND

His Excellency M. Aleksander Skrzyński, doctor of law, Minister for Foreign Affairs, permanent delegate to the League of Nations.

His Excellency M. Henryk Strasburger, minister plenipotentiary, commissioner general of the Polish Republic at Danzig, former Undersecretary of State for Foreign Affairs.

His Excellency M. August Zaleski, envoy extraordinary and minister plenipotentiary at Rome.

Substitutes: His Excellency M. Jean de Modzelewski, envoy extraordinary and minister plenipotentiary at Berne; and M. François Sokal, Polish delegate on the governing body of the international labor office.

Assistant delegates: M. Léon Babinski, counsellor of legation, legal adviser to the Ministry for Foreign Affairs; M. Juljusz Lukasiewicz, counsellor of legation, assistant director of the political department at the Ministry for Foreign Affairs; and M. Oscar Halecki, professor at the University of Warsaw.

Experts: Count Charles Potulicki, doctor of law, honorary attaché to the permanent delegation accredited to the League of Nations; Major Kunstler, doctor of law; M. Anatole Mühlstein, first secretary of legation; and M. Georges Nunberg, first secretary of legation.

Secretary general: M. Miroslaw Arciszewski, first secretary of legation.

Assistant secretary general: M. Thadée Gwiazdowski, first secretary of legation.

Secretaries: M. Stanislas Zalewski, first secretary of legation; M. Titus Komanicki, doctor of law, secretary of legation at Belgrade; M. Vladimir Czaykowski, secretary of legation; M. Thadée Kozminski; and M. Sigismund Gralinski.

PORTUGAL

His Excellency M. João Chagas, former Prime Minister, former Minister for Foreign Affairs; His Excellency Dr. Augusto de Vasconcellos, former Prime Minister, former Minister for Foreign Affairs, senator; and His Excellency Gen. Alfredo Freire d'Andrade, former Minister for Foreign Affairs, former Governor of Mozambique.

Substitute and secretary general: His Excellency M. Antonio Maria Bartholomeu Ferreira, envoy extraordinary and minister plenipotentiary in Switzerland.

Secretary: M. H. R. Dias de Oliveira, attaché to the legation at Berne; and M. Antonio Gomès d'Almendra, attaché to the legation at Berne.

RUMANIA

His Excellency M. Jean G. Duca, Minister for Foreign Affairs. (On the departure of M. Duca, M. Puscarin acted as third delegate.)

His Excellency M. Nicolas Titulesco, envoy extraordinary and minister plenipotentiary in London; permanent delegate to the League of Nations; former Finance Minister; professor at the University of Bucharest.

His Excellency M. Nicolas Petresco Comnène, envoy extraordinary and minister plenipotentiary in Switzerland; permanent delegate to the League of Nations.

Substitutes: M. Sextil Puscarin, chancellor of the Cluj University; and Mlle. Hélène Vacaresco.

Experts: M. Mircea Djuvara, professor at the University of Bucharest; member of the Chamber of Deputies; M. V. V. Badulesco, Doctor of economic and financial science; Col. Jean Antonesco, military attaché in London; M. D. Ciotori, director of the press bureau at the legation in London; and M. Nicolas Raicovicianu, doctor of law; former chef de cabinet of the Finance Minister.

Secretary general: M. C. Constantinesco, chef de cabinet of the Minister for Foreign Affairs.

SALVADOR

His Excellency Dr. J. Gustave Guerrero, envoy extraordinary and minister plenipotentiary in France and Italy.

KINGDOM OF THE SERBS, CROATS, AND SLOVENES

His Excellency Dr. Voïslav Marinkovitch, Minister for Foreign Affairs. (On the departure of Doctor Marinkovitch and Doctor Choumenkovitch, Doctor Politch and Doctor Novakovitch became second and third delegates, respectively.)

His Excellency Dr. Ilia Choumenkovitch, Minister for Commerce and Industry. (On the departure of Doctor Marinkovitch and Doctor Choumenkovitch, Doctor Politch and Doctor Novakovitch became second and third delegates, respectively.)

His Excellency Dr. Kosta Koumanoudi, former Finance Minister; member of the Chamber of Deputies.

Substitutes: Dr. Miléta Novakovitch, professor at the University of Belgrade; Dr. Ladislav Politch, professor at the University of Zagreb; and Dr. Leonidas Pitamic, professor at the University of Ljoubljana.

Experts: Gen. D. Kalafatovitch, attaché at the Ministry for Foreign Affairs, and Dr. Rista Mitkovitch, privat-docent at the University of Geneva, director of the press service.

Private secretary to the head of the delegation: M. Radovan Choumenkovitch, chef de cabinet of the Ministry for Foreign Affairs.

Secretary general: M. Konstantin Fotitch, first secretary of legation.

Attaché: M. Miloutine Milovanovitch, attaché at the Ministry for Foreign Affairs.

SIAM

His Highness Prince Charoon, minister at Paris, representative of Siam accredited to the secretariat of the League of Nations.

His Excellency Phya Sanpakitch Preecha, minister in Rome.

Secretaries: M. Khun Biraj Bisdara, second secretary of legation in Paris; M. Luang Bahiddha Nukara, secretary of legation in Rome; M. K. Vathanaprida, secretary of legation in Paris; M. Chin Jumajoti, attaché at the legation in Paris.

SOUTH AFRICA

The Hon. Sir Edgar Harris Walton, K. C. M. G., high commissioner in London.

Sir Henry Strakosch, K. B. E.

The Hon. G. R. Hofmeyr, C. M. G., administrator of Southwest Africa.

Secretaries: Mr. Robert Webster, Mr. A. T. Goldup, and Mr. H. Bense.

SPAIN

His Excellency M. José Quiñones de León, ambassador in Paris, Spanish representative on the Council of the League of Nations.

His Excellency M. Emilio de Palacios, envoy extraordinary and minister plenipotentiary at Berne.

Substitutes: His Excellency M. Eduardo Cobián, former Undersecretary of State for Finance; M. Leopoldo Palacios, former Undersecretary of State for Finance, professor at the University of Madrid.

Substitute and legal adviser: M. Cristóbal Botella, doctor of law, legal adviser to the Spanish Embassy in Paris, president of the Franco-German mixed arbitral tribunal.

Secretary general: M. Carlos de la Huerta, first secretary of embassy in Paris.

Assistant secretary general: Marquis de la Torre.

Secretaries: M. Julio Casares, head of section at the Ministry for Foreign Affairs; M. Francisco Ramirez y Montesinos, first secretary of embassy; M. Juan de Arenzana, consul at Geneva; and M. Alvaro Maldonado, secretary of embassy.

SWEDEN

His Excellency Baron Erik T. Marks von Würtemberg, Minister for Foreign Affairs. (On the departure of Baron von Würtemberg, Baron Ramel became third delegate.)

His Excellency M. K. Hjalmar Branting, former Prime Minister, former Minister for Foreign Affairs, Swedish representative on the Council of the League of Nations.

M. Jonas Eliel Loefgren, former Minister of Justice.

Substitutes: His Excellency Baron Sten Gustaf Fredrik Troil Ramel, envoy extraordinary and minister plenipotentiary at Berlin; Mme. Anna Bugge-Wicksell, master of law; and M. Oesten Undén, former Minister for Justice, professor at the Upsal University.

Secretaries: M. O. Johansson, first secretary of legation; M. E. Boheman, first secretary of legation; and M. H. de Ribbing, attaché.

SWITZERLAND

His Excellency M. Giuseppe Motta, federal councillor, head of the federal political department.

His Excellency M. Gustave Ador, former federal councillor, president of the International Red Cross Committee.

Dr. Robert Forrer, vice president of the national council.

Substitutes: Col. B. Henri Boili, member of the council of states, and Prof. Walter Burckhardt, chancellor of the Berne University.

Secretary and expert: Dr. Paul Ruegger, secretary of legation at the federal political department.

Secretary: M. Daniel Secretan, secretary of division at the Ministry for Foreign Affairs.

URUGUAY

His Excellency M. Alberto Guani, envoy extraordinary and minister plenipotentiary in Belgium and the Netherlands, representative of Uruguay on the Council of the League of Nations.

His Excellency M. Benjamin Fernandez y Medina, envoy extraordinary and minister plenipotentiary in Spain, former Undersecretary of State.

His Excellency M. Enrique Buero, envoy extraordinary and minister plenipotentiary in Switzerland, former Undersecretary of State and Financial Undersecretary, former member of the Chamber of Deputies.

Substitute: M. Manuel Herrera y Reissig, secretary of legation.

Secretary general: M. Adolfo Sienra, secretary of legation.

Assistant secretary: M. Eduardo D. de Arteaga.

VENEZUELA

His Excellency M. César Zumeta, former senator, former Minister for the Interior, envoy extraordinary and minister plenipotentiary at Rome.

His Excellency M. Diogenes Escalante, former member of the Chamber of Deputies, envoy extraordinary and minister plenipotentiary in London.

His Excellency M. Caracciolo Parra-Pérez, special minister plenipotentiary to the Swiss Federal Council, chargé d'affaires at Berne.

Secretary: M. Alberto Adriani, former consul at Geneva, former chef de cabinet of the Minister for External Relations at Caracas.

Mr. REED of Missouri. Not only does the league possess the power, as heretofore stated, to change the membership of the court, but by a two-thirds vote of the assembly the membership of the league may be changed and any nation whatsoever may be admitted.

Mr. KENDRICK. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Missouri yield to the Senator from Wyoming?

Mr. REED of Missouri. I yield.

Mr. KENDRICK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lenroot	Sackett
Bayard	Frazier	McKellar	Schall
Bingham	George	McNary	Sheppard
Blease	Gerry	Mayfield	Shipstead
Borah	Gillett	Metcalf	Shortridge
Bratton	Goff	Moses	Smith
Brookhart	Hale	Neely	Smoot
Bruce	Harreld	Norris	Stanfield
Butler	Harris	Nye	Swanson
Cameron	Harrison	Oddie	Trammell
Capper	Heflin	Overman	Tyson
Caraway	Howell	Pepper	Wadsworth
Copeland	Johnson	Phipps	Walsh
Couzens	Jones, N. Mex.	Pine	Warren
Curtis	Jones, Wash.	Ransdell	Williams
Deneen	Kendrick	Reed, Mo.	Willis
Dill	Keyes	Reed, Pa.	
Ferris	King	Robinson, Ark.	
Fess	La Follette	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present. The Senator from Missouri will proceed.

Mr. REED of Missouri. Mr. President, I have thus far discussed the composition of that body which creates, and, as I shall undertake to show, will perpetually control the so-called court. I have endeavored to show that the body is undemocratic, unrepresentative, and that it is made up of the political agencies of foreign countries. I shall on to-morrow discuss the question of the relation of the court to the League of Nations and the powers and jurisdictions which that court has, at the present time, and the powers and jurisdictions which may be conferred upon it by the League of Nations. For the present, Mr. President, I yield the floor.

THE COAL SITUATION

As in legislative session,

Mr. REED of Pennsylvania. Mr. President, on last Friday, the 15th instant, the Senator from New York [Mr. COPELAND] put into the RECORD a letter from one of his constituents living in Richmondville, N. Y., complaining that coke and soft coal were costing the inhabitants of that town $17 per ton, and inferentially complaining, I gathered, against the profiteering of the producers of that fuel. I send to the desk and ask to have read by the Secretary a letter from a coal company in Pittsburgh, Pa., giving the exact situation as to the cost of coal at the mines, the freight rates, and the profit of the retail dealers who are selling such coal. I ask unanimous consent that the letter may be read.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Chief Clerk read as follows:

CLINTON BLOCK COAL CO.,
Pittsburgh, Pa., January 18, 1926.

Hon. DAVID A. REED,
United States Senate, Washington, D. C.

DEAR SENATOR: We note by the public press that Senator COPELAND read a letter in the United States Senate Friday, January 15, from one of his constituents, S. G. Shafer, Richmondville, N. Y., a small town 50 miles west of Albany on the Delaware & Hudson Railroad, stating that coke and soft coal were doled out in small quantities at $16.40 per ton, plus delivery charges, which were from 50 cents to 60 cents a ton, making $17 a ton.

We do not understand this price and think the bituminous operators in central and western Pennsylvania are being indirectly accused of profiteering.

Nut and egg coal, which are substitutes for anthracite, can be purchased in the Pittsburgh district for $3 per ton at the mines. The freight rate to Richmondville, N. Y., is $3.47 gross ton on the New York Central Lines and $3.62 gross ton on the Pennsylvania Railroad, thus making a delivered price to the coal dealer in Richmondville of $6.47 and $6.62.

Yours very truly,

CLINTON BLOCK COAL CO.,
B. H. CANON, *General Manager.*

Mr. REED of Pennsylvania. Mr. President, at the present time I understand that this fuel is being sold in the city of Washington at $14 and $14.50 a ton. It can be bought from the union mines in the Pittsburgh district at less than $3 a ton in any reasonable quantity that may be suggested, far more than is needed to fill all requirements in this neighborhood. The freight from there is approximately $2.95; the freight on the Baltimore & Ohio Railroad from the mines near the Maryland-Pennsylvania line is $2.84 a ton; the drayage charge in Washington would not in any event exceed $1 per ton; so the total delivery cost of that coal coming from union mines, which pay the highest labor rates, could not by any possibility exceed $6.50 per ton.

If we want to remedy a condition under which our people are being frightfully overcharged for this fuel, the remedy does not lie at the mines but at the town points of delivery.

On the other hand, if people wish to buy this character of coal from mines employing nonunion labor, it can be bought at around $2 per ton from mines which have a freight rate of less than $3 per ton to Washington; so the delivery cost will be less than $6 per ton in Washington. If the gentlemen who have been criticising the coal-mine operators will give some of their attention to the profiteering which is going on by the dealer who contributes nothing but the agency of purchase, I think they can give a better relief to their constituents than by any other means.

Mr. REED of Missouri. Mr. President, will my friend from Pennsylvania permit me to ask him a question?

Mr. REED of Pennsylvania. Yes.

Mr. REED of Missouri. What suggestion has the Senator from Pennsylvania to make for the relief of the people of Washington? Assuming that his figures are correct—and I know that he believes them to be correct—and assuming that there is a profit being taken of $8 per ton, or nearly that, by retail dealers, what is the remedy?

Mr. REED of Pennsylvania. I think the remedy lies in the plain statement of facts. I know of residents of Washington who within the last few days have clubbed together and bought single carloads of coal. I know of one gentleman who spoke to me this morning who bought 50 tons of coal at $2 at the pit mouth from a mine near the Maryland-Pennsylvania line; he paid the $2.84 rate to get it here by freight, and a drayage charge of a dollar a ton to have it delivered to his house. He tells me that coal cost him delivered at his house $6.84 per ton, whereas the cheapest price that he could get quoted to him by a retail dealer was $14 a ton.

Mr. President, if the people only know that they can do it, it is perfectly easy for them to do just what the gentleman to whom I have referred did. The remedy lies in acquainting the people with the facts. He and his neighbors combined and bought 50 tons of coal. It does not take very many consumers to use that much coal, and people can order coal in that way of their own accord at any time they desire to do so.

Mr. REED of Missouri. Does the Senator from Pennsylvania understand that anybody is free to go to a mine and buy coal and have it delivered to him promptly, or is there some understanding or regulation by which there are difficulties thrown in his way or by which there is a refusal to sell to anyone except regular dealers?

Mr. REED of Pennsylvania. Absolutely not. A telegram would start a carload of coal this afternoon to any reputable person who cared to order it. All that is necessary is to get the facts before the people, and they can quickly bring the prices down.

Mr. REED of Missouri. Mr. President, if the prices are held up, there must be some combination among the retailers of Washington.

Mr. BORAH. Mr. President, I should like to ask the Senator from Pennsylvania a question. It seems to be conceded that profiteering is going on somewhere to a very remarkable degree. Is there no protection against such things except the protection which the citizens may possibly give to themselves by reason of a voluntary clubbing together and purchasing in the manner which the Senator suggests? He must bear in mind that there are hundreds of thousands of people so situated that it is practically impossible for them to come together and form associations for the purpose of purchasing coal in the manner which he has suggested; and he must bear in mind, secondly,

that when they do so the agencies which mine the coal and the agencies which ship the coal, together with the retail dealers, have such influence as to make it practically impossible for those people to realize as the result of their efforts. Mr. President, that profiteering prevails is conceded, as has been true in every instance in which this coal question has been up. There is an attempt to put the profiteering here or there, but that it exists there can be no doubt. Now, the question is whether the Government can protect the people against such an unconscionable condition as is now admitted to exist.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED of Pennsylvania. I yield to the Senator from New York.

Mr. COPELAND. If the Senator is going to speak at any length, I prefer to proceed later in my own right.

Mr. REED of Pennsylvania. I am merely going to answer the question propounded by the Senator from Idaho.

My purpose in having the letter read into the RECORD was to show that the retail dealer in the town mentioned by the Senator from New York was receiving more for his service over and above his expenses of distribution, including the drayage of the coal, than all that was paid to the owner of the coal mine, plus all that was paid to the labor of the men who mined the coal, plus all that was paid to the railroad that carried it several hundred miles. All of those costs amounted to less in the consumers' price than the profit of that retail dealer.

Of course, there is nothing the national Government can do to get at the retail dealer in Richmondville, N. Y., who charges too much. The remedy lies in a knowledge of the facts by the people with whom he deals and a knowledge of the profit that is available for anybody who wants to import a carload or a larger quantity of coal, for, if the profit is understood, ordinary economic laws will bring the remedy.

Mr. BORAH. There is not a man in Washington who purchases a bucket of coal who does not understand the facts perfectly, and that he is being charged four times what he ought to be charged, but he is perfectly helpless to get any relief unless he can form a combination stronger than all the other combinations. There is no want of facts. The very fact that coal jumped three or four prices after the strike occurred was proof positive to everybody that every one connected with the coal industry was taking advantage of the situation.

Mr. REED of Pennsylvania. That is just what I am trying to clear up, Mr. President—the misunderstanding that still seems to persist in the mind of the Senator from Idaho. Everybody connected with the production of coal is not taking advantage of the situation. The producer of the coal is not; the railroads are not; and the only profiteering that I can see is on the part of the distributers. I do not believe that that fact has been understood.

Mr. BORAH. Mr. President, there is no doubt that profiteering exists other than where the Senator thinks. The facts which he gives may be correct in that particular instance, but I have in my office plenty of figures showing the advantage which has been taken of the situation by others than retailers.

Mr. REED of Pennsylvania. Mr. President, if they are profiteering in the soft-coal industry, then it is strange that a great many of the mines are still shut down because they can not receive for their coal enough to pay the cost of mining it.

Mr. BORAH. The reason why they are shut down is because they can not afford to open up for 30 or 60 or 90 days, and those who are in control of the situation are so in control of it that they can raise or lower the price in order to compel other people to close their mines whenever they see fit to do so.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED of Pennsylvania. I yield to the Senator from Ohio.

Mr. WILLIS. I just want to answer the suggestion made by the Senator from Idaho touching the part of the railroads in this matter. I happen to know of a situation in the State which I in part represent. The mines are down in that State. Why? Because the railroads that haul the coal give a better rate to the lake ports from the States of Kentucky and West Virginia than they give to mines in the State of Ohio.

Coal is hauled directly through the State of Ohio at a rate lower than that which is given to coal produced in the State of Ohio.

Mr. REED of Pennsylvania. And the same situation prevails in western Pennsylvania.

Mr. SACKETT. Mr. President, will the Senator from Ohio please State what the rates are?

Mr. WILLIS. I can get the rates for the Senator. I reiterate the statement I have just made. I have the figures in my office, and I can show the Senator that that is true—that coal is hauled from the Senator's State and from the State of West Virginia through Ohio to the lake ports, and the shipment is made at a lower rate than is given coal that is mined in the State of Ohio; and for that reason our mines are down. I congratulate the Senator that he has such a situation that the mines in his State are working; but I am seeking to give an additional reason why our mines are down, because of the peculiar situation affecting rates.

Mr. REED of Pennsylvania. Mr. President, I will answer the Senator's question in dollars and cents. I understand that Harlan is in Kentucky. Is not that so?

Mr. SACKETT. Yes, sir.

Mr. REED of Pennsylvania. You can send a ton of bituminous coal from Harlan, Ky., to the lake ports, an average haul of 448 miles, for $1.91 a ton, while from Clearfield, Pa., to send one ton of the same kind of coal to the same ports, a distance of 304 miles, costs $2.38 per ton.

Mr. SACKETT. What is the rate from Pittsburgh, from which the coal goes to the lake ports?

Mr. REED of Pennsylvania. The coal does not go from Pittsburgh.

Mr. SACKETT. From the Pittsburgh district.

Mr. REED of Pennsylvania. Clearfield is in the central Pennsylvania district.

Mr. SACKETT. Yes.

Mr. REED of Pennsylvania. The distance from Pittsburgh to the lake ports is 177 miles, and the rate is $1.66 a ton.

Mr. SACKETT. Compared with $1.91 from the Harlan, Ky., fields, I think the Senator said.

Mr. REED of Pennsylvania. A difference of about 25 cents a ton for an extra haul of nearly 300 miles.

Mr. SACKETT. Correct; but does not the Senator know also that that differential rate has been in effect for a number of years at just about the same amount, and that businesses have been built up on the basis of those rates, and millions of dollars have been invested in the development of coal mines because of the grouping of those rates, and that prior to the last two years the mines of the Pittsburgh district had no difficulty in competing for the lake trade and taking the bulk of it and building up a tremendous business into the Northwest, and yet all the time that differential continued in effect?

Mr. REED of Pennsylvania. Mr. President, I know that the mines of western Pennsylvania and Ohio have been losing their proportion of that trade throughout the last 15 years; that protests have been repeatedly made to the Interstate Commerce Commission; that the examiners of the commission themselves have said that these rates are wholly unjustifiable; that they have recommended a new rate structure; but, for no other reason on earth than that they wanted to build up what they called a new industry, the Interstate Commerce Commission has confirmed the rates that were in effect, and has refused to rectify them.

Mr. SACKETT. And yet the rates are lower from the Pittsburgh district than they are from West Virginia and Kentucky.

Mr. REED of Pennsylvania. The rates are not lower.

Mr. SACKETT. They are in the total rate per ton.

Mr. REED of Pennsylvania. From the city of Pittsburgh they are lower, but from the towns in the Pittsburgh district they are not. Let me give you one, for example—Spangler, Pa., which is about 60 miles from the city of Pittsburgh. It costs, to send a ton of coal from there to the lake ports, $1.98 a ton for a haul of 260 miles; and yet to send a ton of coal twice the distance from Harlan, Ky., it costs less, or $1.91. What possible justification in common sense, in rate making, in the building up of new industries or any other theory, can be given for such an inequality?

Mr. SACKETT. Because the rates from that district on the coal hauled to the lake ports have continually been an average of 25 cents per ton lower than those rates which have existed from West Virginia and Kentucky and mines in that section, and yet even under those circumstances those mines have been able gradually to get some of that business to the lake ports and have been able to afford the people of the Northwest to whom that coal must go some competition in getting coal for their winter use. The rate is lower. It may not be lower per ton-mile, but it is lower per ton of coal, as it crosses the country and passes out through the Lakes, than is the rate from West Virginia and Kentucky.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED of Pennsylvania. I do.

Mr. WILLIS. I want to say just a word in response to the observation now made by the Senator from Kentucky [Mr. SACKETT].

In the first place, he is laboring under a misapprehension if he assumes that the coal for the up-lake traffic comes largely from the Pittsburgh field. As a matter of fact, I live in a town where I see the great coal trains on three great roads going through day and night, not coming at all from the Pittsburgh field or having anything to do with it. Those trains go to Sandusky, to Toledo, some of them farther east to Conneaut, to Huron, to Fairport, and the various ports along Lake Erie. I know from personal investigation that that coal is hauled right through the State of Ohio for a rate very much less than is accorded to coals that are mined within the State of Ohio.

The Senator says that those rates have existed for a long time, and that a great business has been built up. Very true; but does that justify it, simply because the rates have existed for a good while and a great business has been built up in Kentucky and West Virginia? That, in my opinion, does not justify a continuance of rates that kill the coal business in Ohio and Pennsylvania.

Mr. REED of Pennsylvania. Mr. President, will the Senator let me give him an illustration at this point?

Mr. WILLIS. I shall be pleased to have the Senator do so.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. REED of Pennsylvania. Mr. President, the rate on a ton of soft coal from Ironton, Ohio, to the lake ports is $1.91, exactly the same as from Harlan, Ky.; but the Kentucky coal travels 448 miles, while the coal that is shipped from Ironton, Ohio, travels only 258 miles.

Mr. WILLIS. Precisely.

Mr. REED of Pennsylvania. They get 200 miles of haul for nothing. Providence put Ironton, Ohio, 200 miles closer to those people of the Northwest than Harlan, Ky., and yet the Interstate Commerce Commission, standing blindly for this rate structure, will negative all that natural advantage that Ironton, Ohio, ought to have.

Mr. COPELAND obtained the floor.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Minnesota?

Mr. COPELAND. I yield to the Senator.

Mr. SHIPSTEAD. I should like to ask the Senator from Ohio a question, with the permission of the Senator from New York.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. SHIPSTEAD. I should like to ask the Senator from Ohio if the coal mines of Ohio are not what are called union mines?

Mr. WILLIS. They are.

Mr. SHIPSTEAD. If the Senator from New York will permit me for just a moment, I want to say that this little discussion this afternoon has been very illuminating. The Coal Commission in its report stated that the power to fix railroad rates had a great deal to do with the production of coal. In view of the fact that charges have been made time and time again that the Interstate Commerce Commission has discriminated against coal mines operated by union labor in reducing freight rates to nonunion mines, and in view of what has taken place here this afternoon, it seems to me that it is as plain as the English language can make it that the power of the Government has been used to lower rates to nonunion mining territory for the purpose of breaking labor unions in regions where labor is organized in the coal industry. That may explain to the Senator from Ohio why the union mines of Ohio have been idle this winter.

Mr. REED of Pennsylvania and Mr. JONES of New Mexico addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I will yield to the Senator from Pennsylvania for a very brief statement.

Mr. REED of Pennsylvania. I was only going to add one sentence to what the Senator from Minnesota has said. There is great force in his point. The mines in Ohio and Pennsylvania are paying either the union scale or the substantial equivalent of it. They are paying a living wage, and thereby they suffer an additional disadvantage against these other new fields, which pay a very much lower scale; and yet, in spite of that, the Interstate Commerce Commission increases their rates and makes it impossible for them to operate.

Mr. JONES of New Mexico. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from New Mexico?

Mr. COPELAND. I do.

Mr. JONES of New Mexico. I should like to express a word of appreciation for the remarks of three of our very able Senators. What they have said has had a direct bearing upon a question which has been near my heart ever since I have been in the Senate.

We have listened to criticisms of the fact that in some localities coal is hauled as much as 100 miles for the same price that they will haul it for an additional mileage from another locality. I call attention to the fact that there is an immense traffic, not of coal perhaps but of general commodities amounting in the aggregate to millions of tons, worth millions of dollars, which is constantly being carried a distance of 1,500 miles for less than at the point which I have in mind. It is not at all an uncommon thing to see trainload after trainload of merchandise pass from the East through the States of New Mexico, Colorado, Wyoming, and Montana to the Pacific coast, a distance 1,500 miles beyond, and at a less rate than they unload the same commodities in the Rocky Mountain region. So when the so-called Gooding bill comes up for consideration, as it will again at this session of the Senate, I feel sure that we can count upon these very able recruits; and we shall rely upon the Senator from Pennsylvania, the Senator from Ohio, and the new Senator from Kentucky to join with us in trying to do at least a measure of justice to the people of the West.

Mr. SMOOT. Mr. President, may I add to what the Senator has already stated, that that applies not only to freight going from the east to the west, but it applies also to freight coming from San Francisco, or other coast points, to the east.

Mr. JONES of New Mexico. The Senator from Utah is quite right, and I thank him for making the observation.

Mr. REED of Pennsylvania. Will the Senator from New York yield to me to ask a question of the Senator from Utah?

Mr. COPELAND. I think I will take the floor now.

Mr. REED of Pennsylvania. Just one question.

Mr. COPELAND. Very well.

Mr. REED of Pennsylvania. I would like to ask the Senator from Utah if it is not a fact to-day that it is cheaper to ship sugar from Ogden, Utah, to San Francisco, and back through Ogden, Utah, to Chicago, than it is to ship it direct to Chicago over the same route?

Mr. SMOOT. I can not say the rate is lower; but it is no greater. I can cite a case that will tell the story completely. Some time ago I wanted to buy a few carloads of wool, and I went to San Francisco to buy it. After purchasing about three or four carloads of wool, I went to the railroad and asked them what the rate on wool was. They said that it was 75 cents a hundred. They asked, "Where do you want to ship it; to Boston, or to Philadelphia?" I said, "No; I want to ship it to Provo, Utah." They answered, "Oh, well, then the rate is $2.25," three times the rate to the east, and one-third of the distance. That is a case I have had in my own experience.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. The Senator from New York has the floor. Does he yield?

Mr. BROOKHART. Will the Senator yield to me a moment?

Mr. COPELAND. If the Senator wants me to yield for a question I will yield; but I want to say something about coal.

Mr. BROOKHART. I want to call the attention of the Senate to this: The Senator from Pennsylvania seems to lay the blame on the Interstate Commerce Commission. I know that all these charges that have been made with reference to rate discriminations are true; but I want to say that the same discriminations were worse before the Interstate Commerce Commission had power to fix rates than they are now. I can bring the Senator a set of figures from my State covering a period extending 31 years back, showing discriminations on everything, built up on the basic point theory, before the Interstate Commerce Commission had any power at all. That broke down the development of industries in the State of Iowa almost entirely.

Mr. COPELAND. Mr. President, this discussion is very interesting to economists, but it will not heat the homes of the poor. The Senator from Pennsylvania [Mr. REED] intimates that there is really no excuse for the people in Richmondville, N. Y., paying such a price as they do pay for coal. The fact is, however, they do pay it. It is well to repeat the story of the lawyer who said to his client in the jail, "They can not put you in jail for what you have done," but the client answers, "No; but they have." The fact remains that the people in my State are paying exorbitant prices for unsuitable coal substitutes. They are paying $33

for anthracite, and are paying as high as $22 for a very poor quality of bituminous coal, and $20 for coke.

The Senator from Pennsylvania has said that the prices in Washington are exorbitant. There is only one power which can control conditions here in the District of Columbia, and that is Congress.

I can not understand the attitude of the administration Senators in their unwillingness to indicate to the President of the United States that there is a real interest in this body regarding the coal situation. I am fully aware that the passage of the resolution I presented the other day and which is pending here requesting the President to take whatever steps are proper and necessary does not give him any authority to do a definite thing, but it does indicate to the President that the Senate would like to have something done. I am forced to believe that the Senate does not want anything done, that the Senate is perfectly willing to have a situation continue which will result in illness and death among the families of the poor.

A bill was introduced on the 8th of December by the Senator from Nevada [Mr. ODDIE], known as Senate bill No. 3. That bill, as I understand it, is in a sense the administration bill, intended to carry out the recommendations made by the President of the United States in his message to Congress. It contains many splendid features. I hope that when the time comes it will be given consideration by the Senate and that many of the matters contained in the bill will be enacted into law.

I am glad the Senator from Nevada, the author of this bill, chairman of the Committee on Mines and Mining, to which the bill has been referred, is in the Chamber, because I am going to challenge him now to accept at once a proposal to enact the emergency feature of his bill. I hope his bill has been read by Senators, but I want to call attention to page 21 of the bill. Beginning with the last word on line 16, page 21, the bill reads:

> In the event it shall be the judgment of the President that a national shortage of fuel exists, he shall have authority to declare as operative and in full effect the provisions of the act approved September 22, 1922, entitled "An act to declare a national emergency to exist in the production, transportation, and distribution of coal and other fuel, granting additional powers to the Interstate Commerce Commission, providing for the appointment of a Federal fuel distributor, providing for the declaration of car-service priorities during the present emergency, and to prevent the sale of fuel at unjust and unreasonably high prices.

That is exactly what we want done now. It deals with the situation to which attention has been called by the Senator from Pennsylvania. We want to prevent the sale of fuel at unjust and unreasonably high prices.

The bill introduced by the Senator from Nevada providing for a Fuel Administrator. The act of September 22, 1922, expires at the end of one year. The Oddie bill gives the President authority to put that act into effect again.

Then it adds these words, which I read from page 22, line 2:

> *Provided, however,* That said act approved September 22, 1922, is hereby amended to require that the Interstate Commerce Commission shall immediately comply with such recommendations as the Federal fuel distributor may make, not in conflict with existing law, which, in his opinion, will relieve, or tend to relieve, any shortage of anthracite or bituminous coal during the existence of the said emergency.

I call attention to line 20, page 22, where it provides:

> Said act of September 22, 1922, as amended by this act, shall continue in full force and effect until the President shall by public announcement declare such emergency to have ceased to exist.

Mr. President, I send to the desk and ask to have printed as a part of my remarks a joint resolution which recites exactly what I said in the Senate resolution now pending and adds the identical language of the emergency feature of the Oddie bill:

> Whereas anthracite-coal mining has been at a standstill for months and in consequence the bins of dealers and consumers are empty; and
>
> Whereas the conference between the coal operators and miners has ended in failure; and
>
> Whereas there is imminent danger to the public health and welfare because of the lack of an essential fuel, for which substitutes are unsatisfactory and unduly expensive: Therefore be it
>
> *Resolved, etc.,* That the President of the United States be, and he is hereby, requested to take whatever steps are necessary and proper to bring about an immediate resumption of anthracite-coal mining, and in the event it shall be the judgment of the President that a national shortage of fuel exists, he shall have authority to declare as operative and in full effect the provisions of the act approved September 22, 1922, entitled "An act to declare a national emergency to exist in the production, transportation, and distribution of coal and other fuel, granting additional powers to the Interstate Commerce Commission, providing for the appointment of a Federal fuel distributor, providing for the declaration of car-service priorities during the present emergency, and to prevent the sale of fuel at unjust and unreasonably high prices": *Provided, however,* That said act approved September 22, 1922, is hereby amended to require that the Interstate Commerce Commission shall immediately comply with such recommendations as the Federal fuel distributor may make, not in conflict with existing law, which, in his opinion, will relieve, or tend to relieve, any shortage of anthracite or bituminous coal during the existence of the said emergency.
>
> Said act of September 22, 1922, as amended by this act, shall continue in full force and effect until the President shall by public announcement declare such emergency to have ceased to exist.

Mr. ODDIE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nevada?

Mr. COPELAND. I yield.

Mr. ODDIE. I should like to say very emphatically, in reply to the Senator's statement, that the bill I introduced is not an administration bill, that it can not be so regarded, because it is a bill drawn by myself and not under the advice or after consultation with the administration at all. This bill now is before the Secretary of Commerce for his approval.

In my remarks the other day I stated that I believed that it was not wise for the Committee on Mines and Mining to press this bill at this time, while the anthracite situation is in a condition of such controversy. I feel that way to-day, although the bill is in the hands of the Secretary of Commerce, and he is the one who will send a report to the committee, at such time as he sees fit, in order that the committee may act on it.

Mr. COPELAND. Mr. President, I regret beyond words the statement of the Senator from Nevada that this is not an administration bill. If I rightly understand what he said, there is no administration bill; there is no administration policy; there is no intent or apparent desire on the part of the administration to relieve this situation.

Mr. ODDIE. Mr. President, I call the Senator's attention to the message to Congress by the President of the United States. He recommended that certain coal legislation be enacted. Many of the provisions in the bill I have introduced comply with the suggestions made by the President in his message.

Mr. COPELAND. Mr. President, I can not conceive it possible that the President of the United States is so indifferent to the physical sufferings of his fellow citizens that he wishes nothing done. I am convinced that if the Senate would indicate its interest in the situation by passing some resolution about the emergency, that would stimulate the President to take some step looking toward an adjustment of the present situation.

It is very well, indeed, for any Senator to say that coal can be bought at the mines for $2 or $3 per ton. I know that. I have had letters from mining concerns in Kentucky offering to sell me all the coal I can buy at $2 a ton at their mines. But what good does that do, when the people in New York and in Pennsylvania and in every State in New England can not buy coal at any price?

If I had known this debate was to come on to-day, I should have had these letters I have received with me in order that they might be inserted in the RECORD. Among others, I had a letter from a constituent of mine living in Brooklyn, giving the names of 12 firms, leading coal dealers of that city. He had visited them for the purpose of getting coal to heat a little two-story apartment house, and there was no coal to be had at any price.

In my own community in New York State during the Christmas holidays I was utterly unable to buy either anthracite or bituminous coal. I did find coke, which is a very unsatisfactory substitute for coal, and I paid for it a very high price, far beyond the normal price for anthracite.

I have letters from Philadelphia, from other places in the State of Pennsylvania, criticizing the Pennsylvania Senators because they seem to be indifferent to the situation. I was very much surprised the other day when the Senator from Pennsylvania [Mr. REED] made such a plea for substitutes—for bituminous coal, for coke, and so forth—when in his State there are 600,000 persons suffering from hunger and from illness because of the situation in the anthracite mines. I should think the Senator from Pennsylvania would be exerting every effort to reopen those mines in order that in his own State there should not be suffering among the families of the miners. He spoke, too, about the merchants up in that section who were suffering and likely to go into bankruptcy.

I should think that in the interests of the merchants of his State he would want to have the mines reopened.

Mr. President, so far as I am concerned, I do not care who does it or who gets the glory for it or what the procedure is, but I beg Senators to find some way to relieve a situation which is imperiling the public health and welfare. The Senator from Nevada [Mr. ODDIE] disclaimed administration authorship or responsibility for this bill, but he makes the plea to us to do nothing until his bill has been given consideration. In the name of humanity I ask him why not then enact the emergency feature of the Oddie bill, in identical language with his bill? Let us do that much now to take care of the present situation and then at our leisure, in the springtime, when the air is balmy, we may give consideration to the other features of the bill which deal with the chronic disease.

But regardless of all theory, regardless of what people can do if they group together by fifties or twenties or tens, regardless of all theories which may be put forth, the condition remains that the people can not get decent coal, and if they can get any at all it is at such an exorbitant price that it is beyond their means to purchase. To buy coal at all they must go without adequate food, clothing, and other necessities.

I have no desire to play politics in this matter. I will gladly withdraw from the debate. I will turn over any material I have to any Senator on the other side of the aisle. It can be made an administration matter. It can be put to the glory of the Coolidge administration. I do not care how it is done, but in the name of hundreds of thousands of citizens in my State and more in other States in the North I appeal to Senators to take some effective action.

Mr. President, I ask that the joint resolution which I send to the desk may be received, printed, and lie over under the rule, so that it may be given consideration at the earliest date the rules will permit.

The joint resolution (S. J. Res. 43) requesting the President to take steps to bring about an immediate resumption of anthracite coal mining was read twice by its title.

The PRESIDING OFFICER. The joint resolution will lie on the table.

Mr. REED of Pennsylvania. Mr. President, the attitude of the Senator from New York reminds me of what Mark Twain once said, that people talk all the time about the weather but nobody does anything about it. The Senator talks all the time about something that ought to be done, but he never suggests anything that can be done. He puts in the RECORD a complaint from his own State of New York about the excessive price that is charged to consumers there for fuel, and when I reply to him by showing that it cost the dealer there $5.84 a ton and that the local dealer in New York tacks on a profit of more than $10 a ton, he rises and says that we in Pennsylvania ought to do something about it. He never volunteers even an expression of interest toward any action in New York against the man who is getting two-thirds of that price for the smallest service that is rendered from the mine to the consumer's cellar.

Mr. President, what does the Senator think the President could do to help the situation in the mining region?

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED of Pennsylvania. I yield.

Mr. COPELAND. He could do what Theodore Roosevelt did. He could call the operators and the miners to the White House, and when they once saw the President of the United States, representing the popular opinion of the country, demanding a settlement of the strike and a resumption of anthracite mining, a plan would be worked out and in operation before sundown of that day. That is what the President of the United States could do.

Mr. REED of Pennsylvania. The Senator knows perfectly well that the strike can not be settled to-day without an increase in wages. He knows perfectly well that if the President brought about a conference that resulted in an increase in wages, the Senator from New York himself would be the first to rise in his place and complain that President Coolidge had raised the price of coal to the consumers in his State of New York. He knows perfectly well that the President is absolutely without any power except as his position entitles his recommendation to be listened to with respect. He knows perfectly well that the President can not compel either side to this controversy to abate their demands. He knows that fruitless conferences have been held for weeks and months past in an effort to arrive at a compromise. If they had not had those conferences the President might summon them before him, but what good would be accomplished by his bringing them together when only last week they separated as unable to agree?

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED of Pennsylvania. I yield.

Mr. BORAH. May I ask the Senator from Pennsylvania a question, because he is now presenting a situation which must be of great concern to everybody. Here are the anthracite mine owners and the anthracite miners, and it seems to be the situation that they can not agree, and therefore the mines are closed down. One hundred and ten million people, or that portion of them who are interested in the situation, must await the decision of those peoples represented by the mine owners and the mine workers before they can have any relief. I agree with the Senator from Pennsylvania that the President himself has perhaps no power except moral persuasion, which under the circumstances would not be very effective, and I am not presuming to criticize the President for failing to act.

But, secondly, there must be lodged somewhere in the Government the power to control the situation, which situation, if continued, imperils the health and the life of an entire people. In my opinion the fault of the situation lies here in the Congress rather than with the President. I think it up to the Congress of the United States to find the power if it exists; if it does not exist, to provide by a change of the instrument under which we live that it may exist, to the effect that people can not seize the great natural resources of the country, without which we can not live, and conduct them as if they were purely private affairs. It is impressed with a public service, and the Government has the right to impress upon it the stamp of a public service. In time we will have to take that position in order to protect the people of the United States.

Mr. REED of Pennsylvania. Mr. President, I tried to bring out the other day, and I thought with some force, that the only real suffering in this country because of the strike is in the mining regions themselves. There is a perfectly adequate supply of cheap fuel, barring local profiteers like those about whom the Senator from New York [Mr. COPELAND] proposes to take no action—a perfectly adequate supply of cheap fuel available to the whole United States, and only about one-tenth of the United States uses anthracite anyway. But the suffering in the anthracite regions is becoming more intense every day, and if there were anything that could be done, if anybody could suggest a practical method of putting an end to it, I can assure the Senator that we would be glad to take the lead.

It has been intimated that the present situation is a conspiracy between the operators and the miners to force a higher price on a long-suffering public. The very consideration of the situation in the hard-coal region shows the absurdity of that suggestion. The miners' suffering, the suffering of those people who are dependent upon them, and the suffering of all the community which owes its livelihood to this industry, is so much greater than any possible increase in wages over the next five years could compensate for, that it is obvious that the men have not entered into any such conspiracy. The losses of the operators during this period of suspension are so much greater than any possible increased profit during the next few years could compensate them for, that it is equally obvious that they are not conspiring by that small profit to overcome the enormous present losses. The suggestion disproves itself.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED of Pennsylvania. I yield.

Mr. COPELAND. The Senator is so impressed with the futility of the proposal I made that I am led to ask if his fertile brain can not propose something that will give relief to the miners in his own State? If they are relieved I think that those who suffer in my State will be relieved. But if his interest is only within the confines of his own State, in the name of high heaven why not propose something that will give relief to the miners?

Mr. REED of Pennsylvania. Because, unlike some Senators, I wait until I have something to suggest before I start to make suggestions.

Mr. COPELAND. Next spring we will have warm weather. Perhaps by that time a thought may come to the Senator.

Mr. HEFLIN. Mr. President, the Senator from New York [Mr. COPELAND] in the beginning of his remarks said that it seemed the Senate was not in favor of taking any action in the matter of the anthracite coal strike. I am in sympathy

with the Senator from New York in the position he has taken. I think there are several Senators here who feel as I do about it. The situation was strongly stated by the Senator from Arkansas [Mr. ROBINSON] a few days ago when he said these strikes have become annual occurrences. It does seems as though there is some secret understanding somewhere. The strikes take place; the public is held up; the price of coal advances; and people suffer because they are not able to pay the price.

The Senator from Pennsylvania [Mr. REED] has stated that the strike in Pennsylvania has nothing to do with the situation in New York; that the price advance in New York is because local dealers desire more profit. Mr. President, the existence of the strike gives every coal dealer in anthracite coal everywhere the opportunity to raise the price of his coal; because when men and women call for coal, the dealer immediately throws up his hands and says: "The supply is going to be exceedingly scarce; the mines are all tied up in Pennsylvania; you had better get in your order and get it in quickly; the price is advancing rapidly now; I can supply you with a hundred tons of coal immediately"—at a certain figure—"but if you wait two or three weeks you will probably have to pay much more than that."

Then what happens? The man who needs the coal tells other people about his experience; he tells them if they want to get coal they had better hurry in their orders, because the price is going to be advanced very rapidly, and that the supply may not be adequate. So the dealers make the public keen and hungry for coal; they get them agitated and excited, and they commence wiring and writing in for their coal supply. The anthracite dealers in other States take advantage of the situation which is created by the strike in Pennsylvania, and the price of coal advances to enormous figures.

Mr. President, what are the people of New York City and in cities in other Northern States going to do for coal if the supply is inadequate and the price is sky-high? Somebody, as the Senator from Idaho [Mr. BORAH] has just said, ought to come to the rescue. Who is that somebody, if it is not the Government? The Government is set up for the purpose of looking out for the welfare of the citizen; the welfare of the citizen is the whole end and aim of constitutional government. It is the citizen who must have coal or freeze. Yet he must stand by and look on while the mine owners and those who dig the coal are in deadlock as to what they are going to do and drag their differences through the months when the cold winter is upon us. What are we going to do if the Government can not come in and interfere?

Mr. President, some Senators seem to think that nobody has any interest in the situation except the man who owns the mine and the man who digs the coal from the ground. That is not the situation. The public is concerned; the public has a right to demand that the necessities of life shall be within its reach at reasonable prices.

If that proposition is not sound, then a few men could buy up all the necessities of life in the United States and have the whole population at their mercy; the Government would be powerless to speak; the profiteer would flourish; and the people would suffer greatly.

I am in favor of doing something. I am in favor of passing this resolution, of calling on the President to tell us what he can do or what suggestion he has to make. If he has not any power, let him send us a statement to that effect; let him point out wherein he would like to have authority to act. I should like to give him some authority to act if he has not the authority. Let us follow the suggestion made by the Senator from New York and the Senator from Idaho, and let Congress take action.

I want to ask a question of the Senator from New York. He has stated that some one in Kentucky wrote him that he would sell coal at the Kentucky mines for $2 a ton. What do people now have to pay for coal in New York?

Mr. COPELAND. They have to pay $20 a ton.

Mr. HEFLIN. That price is simply outrageous. No wonder thousands of people in the Northern States are suffering and shivering in the cold.

Senators, it is high time that Congress should act in an effort to do the fair and just thing by those who dig the coal and those who own the mines and to the thousands of men, women, and children who are suffering because of the dreadful anthracite-coal situation in the United States.

Mr. WILLIS subsequently said: Mr. President, a little while ago, in a colloquy between the Senator from New York [Mr. COPELAND], the Senator from Kentucky [Mr. SACKETT], and myself, there was some question touching coal rates. I then referred to those rates, but did not have them with me. I now ask permission to have inserted in the RECORD the comparison of lake coal rates, to which I then made reference.

The VICE PRESIDENT. Without objection, permission is granted.

The rates are as follows:

Comparison of lake coal rates

District	Route	Port	Distance (miles)	Rate, May 4, 1921 to Nov. 30, 1921[1]	Rate per ton per mile (cents)	Present rate, July 1, 1922	Rate per ton per mile (cents)
Ohio No. 8	P. Co	Ashtabula	159	1.55	0.91	1.63	1.03
Do	B. & O	Lorain	150	1.55	1.03	1.63	1.09
Do	P. Co	Cleveland	134	1.55	1.16	1.63	1.22
Do	W. & L. E	Huron	152	1.55	1.05	1.63	1.07
Hocking	H. V. Ry	Toledo	195	1.55	.80	1.63	.84
Do	T. & O. C	do	194	1.55	.80	1.63	.84
Do	K. & M.-T. & O. C	do	241	1.55	.64	1.63	.68
Do	Z. & W.-T. & O. C	do	206	1.55	.75	1.63	.79
Cambridge	P. Co	Cleveland	151	1.55	1.03	1.63	1.08
Pittsburgh	W. S. B.-W. P. T.-W. & L. E	Huron	171	1.59	.92	1.66	.97
Do	B. & O	Lorain	220	1.58	.72	1.66	.75
Do	P. Co	Cleveland	166	1.58	.95	1.66	1.00
Do	P. & L. E. Erie	do	160	1.58	.99	1.66	1.04
Do	B. & O	Fairport	162	1.58	.975	1.66	1.02
Do	P. Co	Ashtabula	158	1.58	1.00	1.66	1.05
Do	P. & L. E., N. Y. C	do	152	1.58	1.04	1.66	1.09
Do	B. & L. E	Conneaut	131	1.58	.87	1.66	.92
Do	P. Co	Erie, Pa	177	1.58	.89	1.66	.96
Fairmont	Mon.-Con.-P. Co	Ashtabula	244	1.73	.71	1.81	.74
Do	B. & O	Lorain	250	1.73	.69	1.81	.79
Kanawha	K. & M.-H. V. Ry	Toledo	322	1.83	.57	1.91	.59
Do	C. & O.-H. V. Ry	do	337	1.83	.54	1.91	.57
Do	K. & M.-T. & O. C	do	329	1.83	.56	1.91	.58
Do	C. & O.-C. H. & D	do	445	1.83	.41	1.91	.43
Thacker	N. & W., H. V. Ry	do	342	1.83	.535	1.91	.56
Kenova	N. & W., P. Co	Sandusky	333	1.83	.55	1.91	.57
Kentucky	C. & O., B. & O	Toledo	440	1.83	.41	1.91	.43
Do	C. & O., H. V. Ry	do	358	1.83	.51	1.91	.53
Do	S. V. & E., B. & O	do	487	1.83	.375	1.91	.39
Do	L. & N., B. & O	do	418	1.83	.44	1.91	.46
New River	C. & O., H. V. Ry	do	400	1.98	.495	2.06	.52
Do	C. & O., B. & O	do	484	1.98	.41	2.06	.43
Pocahontas	N. & W., H. V. Ry	do	431	1.98	.46	2.06	.48
Do	N. & W., P. Co	Sandusky	422	1.98	.47	2.06	.49

[1] Rates resulting from the 28-cent reduction.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. LENROOT. Mr. President, I wish to occupy the time of the Senate for only a few moments. Yesterday in his ad-

dress the Senator from California [Mr. JOHNSON] dwelt at some length upon the matter of sanctions under the covenant of the League of Nations. Senators may remember that I asked him if that were a reason for our refraining from adhering to the World Court, if it were not likewise a reason for our withdrawing from the court of arbitration at The Hague. It will be recalled that the Senator from California, as was well within his right, declined to yield for a further colloquy upon that subject.

Mr. President, the only sanctions that there are in the covenant of the League of Nations to-day apply to awards. There are no sanctions applying to the judgments of any court.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LENROOT. Yes.

Mr. BORAH. Is not the Senator in error about that? Amendments have been proposed——

Mr. LENROOT. I am coming to that.

Mr. BORAH. Very well.

Mr. LENROOT. It is true that amendments have been proposed by the council and assembly to the covenant so that sanctions will apply to the judgments of this court. However, sufficient ratifications have not as yet been had to put those amendments in force.

Mr. BORAH. That is a matter about which I was going to ask the Senator. I am informed that ratification has now been completed, so that the condition at present exists. That information comes to me from one who is in a position to know the fact. Of course it is hearsay with me, but my informant told me that within the last 60 days a sufficient number of ratifications had been received to include the amendments in articles 12, 13, and 16.

Mr. WILLIAMS. Mr. President, may I interrupt the Senator?

Mr. LENROOT. I will yield in a moment. I am entirely willing to accept the statement of the Senator from Idaho, although I was not aware of the fact that ratification had been completed. But granting that to be so, Mr. President, if the amendments have been ratified, it puts sanctions in the covenant of the League of Nations with reference to judgments of this court exactly where they are now with reference to awards in arbitration. The Senator from Idaho, I am sure, will not question that statement. So, Mr. President, we are at this point, that opponents of the pending resolution must admit that there are sanctions in the covenant applying to any award made as a result of arbitration through The Hague court; and if it is to be argued that we are in any way involved or we are in any way endangered by reason of the fact that there is a sanction in the covenant of the League of Nations in respect to a judgment of this court, we are already involved, because there are sanctions involving awards made by The Hague Court of Arbitration.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield further to the Senator from Idaho?

Mr. LENROOT. I yield.

Mr. BORAH. Let me understand the Senator, for I am afraid I do not. Do I understand the Senator to contend that by reason of the provisions of articles 12, 13, and 16 sanctions may be said to exist with reference to arbitral awards which may be made before the arbitral tribunal at The Hague as distinguished from the Court of International Justice at The Hague?

Mr. LENROOT. Yes.

Mr. BORAH. Then do I understand the Senator to contend that by reason of the covenant there has been imposed upon another body, to wit, the arbitral tribunal at The Hague, an obligation which did not exist prior to the covenant?

Mr. LENROOT. Not at all.

Mr. BORAH. Does the Senator contend that the same sanctions existed with reference to The Hague tribunal prior to the covenant that exists now?

Mr. LENROOT. So far as The Hague tribunal is concerned; exactly the same.

Mr. BORAH. Then the covenant has not changed that at all?

Mr. LENROOT. Not at all so far as The Hague tribunal is concerned.

Mr. BORAH. Then we may start with the proposition that if there are any sanctions connected with The Hague tribunal now they existed prior to the covenant, and the covenant has nothing to do with them?

Mr. LENROOT. Certainly.

Mr. SHIPSTEAD. Let me ask the Senator a question.

Mr. LENROOT. Just a moment, if the Senator please. Let me develop this thought. There were no sanctions at any time in the convention creating The Hague tribunal. There are no sanctions now in the statute to which we are asked to adhere. The only sanctions there are are those which exist under an agreement made between a group of nations that, as between themselves, they will take action if there is a failure, in the one case, to abide by an award to which they have voluntarily submitted, and, in another case, if the amendments have been ratified, that they will endeavor to force one of their members to abide by a judgment in any case which they have voluntarily agreed to submit to the court. There are no sanctions in either case applying either to the statute or to The Hague Court of Arbitration.

Mr. BORAH. In other words, as to The Hague Court of Arbitration there are no provisions with reference to sanctions?

Mr. LENROOT. No.

Mr. BORAH. And the statute to which we are asked to adhere has no such provisions?

Mr. LENROOT. That is right.

Mr. BORAH. Then the position of the Senator is perfectly clear to me. Whatever sanctions do exist, exist by reason of the covenant?

Mr. LENROOT. Exactly; and the point I was making was that if the fact that there are sanctions in the covenant is a reason why we should not adhere to the statute of the court, it is likewise a reason why we ought to withdraw from The Hague Court of Arbitration. That is the point I was trying to make yesterday, and which I did not have the opportunity to make.

Mr. President, in that same connection the Senator from California read a paragraph from a letter of mine that was recently published in the Nation. As Senators are aware, growing out of an article published in the Nation some time ago in regard to sanctions, the editor of that publication wrote, I think, to every member of the Foreign Relations Committee asking for an expression of opinion as to that article. I replied, as did the Senator from Idaho, and, I think, as did the Senator from California.

The Senator from Pennsylvania certainly replied, the Senator from Minnesota certainly did, and a number of other members of the Committee on Foreign Relations responded to the request of the editor. In my letter I did use the language quoted by the Senator from California. I said:

> The League of Nations is a treaty or agreement between a large group of nations, and if they choose to enforce the judgments of this or any other court by sanctions, it is none of our affair.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LENROOT. I do.

Mr. BORAH. Of course, it is none of our affair if they choose to do it, but it is our affair as to whether we choose to go into the institution whose judgment they are going to enforce. That is the exact question here—whether it is wise for us to become a member of an institution whose judgments may be enforced by a political institution in Europe. Europe undoubtedly has a right if thought wise to employ force in enforcing court judgments, but is it wise for us to go into such an institution?

Mr. LENROOT. Then let me ask the Senator from Idaho again, Does the Senator think we ought to withdraw from The Hague Court of Arbitration because of this power in the League of Nations?

Mr. BORAH. I must say to the Senator that I do not follow him with reference to that; but, to make my position perfectly plain, I never under any circumstances would by my vote subscribe to membership in a court whose judgments against a nation were to be enforced by a foreign institution.

Mr. LENROOT. Mr. President, again the Senator declines to answer a very proper question that I ask. If he is correct in his conclusion, he presents a reason why we should withdraw from The Hague Court of Arbitration.

Mr. BORAH. I thought I had answered, but I will answer it for the Senator. If the Senator is correct—which I do not concede for a moment—with reference to the sanctions existing as to The Hague tribunal, I should unhesitatingly withdraw from it. I am utterly opposed to enforcing the judgments of a court against a nation or a state by force, whether it is The Hague tribunal or this so-called court.

Mr. LENROOT. Mr. President, the Senator does not question the fact that any sanctions that are in the covenant of

the League of Nations do apply to awards of arbitration tribunals; does he?

Mr. BORAH. I contend that they do not apply to The Hague tribunal.

Mr. LENROOT. They apply to awards of arbitration, and that is all there is; is it not?

Mr. BORAH. I do not admit the correctness of the Senator's contention. But if he is correct, I am opposed to the proposition.

Mr. LENROOT. Of course, if the Senator did admit it, he would have to admit his whole case away. I can appreciate that.

Mr. BORAH. No; I would simply be in the position which I have taken, and which I do not hesitate to announce—that I would not permit this country to become a member of any arbitral tribunal or court whose judgments or decrees were to be enforced through military power.

Mr. LENROOT. That leads us to another branch of the matter. Then the Senator from Idaho would be unwilling to have any kind of a world court, however created, however constituted, unless it was also provided that the nations that might be brought before that court never could enforce through force their claims that might have ripened into judgments?

Mr. BORAH. Absolutely. The Senator understands my position exactly.

Mr. LENROOT. I understand.

Mr. BORAH. I believe, as a member of this court has said, that when you put force behind these judgments the court becomes a firebrand instead of an instrument of peace.

Mr. LENROOT. Now, let me ask the Senator another question. Suppose that Mexico enters into a treaty with Japan, and under the terms of that treaty Japan makes the claim that Mexico has ceded to Japan Lower California, and Japan secures peaceful possession of Lower California, and the construction of that treaty is submitted to this court and a judgment is rendered that Japan shall retire from Lower California. Is it the Senator's position that no force shall be administered by anybody with reference to the carrying out of that judgment, or would the Senator be willing to let Japan remain in possession of Lower California?

Mr. BORAH. Mr. President, there are circumstances and conditions under which a nation will always fight, and the Senator is now simply interposing a court here for the purpose of presenting his illustration. I do not know whether under those circumstances I would go to war or not; but I do say, Mr. President, that if I should go to war it would be solely upon another principle, aside and distinct from the fact that a court had rendered the judgment. That would not make any difference at all; and I say, as the fathers said when they organized the Supreme Court of the United States, that when you put force behind the judgment of a court which operates against a sovereign nation you are simply appealing to war. I am not in favor of making instruments which you call instruments of peace instruments of war. I am not in favor of providing for war in a plan for peace.

Mr. LENROOT. Mr. President, we are not talking about any force behind the court. There is no force behind the court.

Mr. BORAH. We are told that there is force behind the judgment of the court.

Mr. LENROOT. By some other body, of course.

Mr. BORAH. Yes.

Mr. LENROOT. If a nation is to be deprived of asserting a right which has ripened into judgment by a court, I want to say to the distinguished Senator from Idaho that you will never have a world court at all.

Mr. BORAH. Exactly. Now the Senator has made an admission which I am very glad to have on record here—that, after all, we are not building for peace at all. We propose to resort to war, to economic pressure, to starvation of the people, and just exactly the same things that are appealed to now. So long as a court is nothing more than an instrument in the hands of those who believe that you can apply force or military power to its enforcement, it is simply an instrument in the hands of the militarists and imperialists, as I have stated over and over again in this controversy.

Mr. LENROOT. Mr. President, I have not any such Utopian idea as has the Senator from Idaho with reference to the abolition of war. I have no idea that the time has come, or that any person within the sound of my voice will ever see the time, when war will be no more in this world; and I have been the last to claim that this court is going to abolish war. The Senator knows that. I do not say, however, that this court, if it shall continue in the future as it has in the past, may be the means of settling many disputes that, left unsettled, lead to misunderstanding, bitterness, dissension, hate; if there be a tribunal such as this that can in the very beginning, when the cause may be very trivial, settle these beginnings of misunderstanding, we shall have done something to avoid war in the future.

I say just as frankly, however, that if a nation is to understand that it surrenders the power that it now has to enforce a judgment of the court through economic pressure or otherwise—in other words, if we say to a nation, "If you will only come into this court, we will agree that there will be no way except the force of public opinion to get any redress for our grievances"—then I agree with the Senator that there never will be any cases before the court.

Mr. BORAH. Mr. President, suppose a judgment were rendered by this court in the interest, we will say, of Great Britain as against Turkey, and suppose the time had come when it was thought proper to enforce that judgment and it was thought necessary to enforce it through military power. Who would provide the military power to do it?

Mr. LENROOT. Why, Great Britain, of course, would provide it.

Mr. BORAH. Exactly; and you are right back to the old proposition of war between the original parties. The court is an incident in machinery of war.

Mr. LENROOT. I appreciate that, Mr. President; of course I do, except that in one case you have a nation that has voluntarily submitted its dispute to a tribunal and has agreed to abide by the judgment of that tribunal; and, knowing that if it fails to fulfill its obligations force may be used to compel enforcement of the judgment, it is much more likely to fulfill them than if it knows that there is nothing to be done and that it can go on without any kind of restraint, continuing its transgressions, and flouting the court. It is very clear to me, Mr. President.

The distinction is as wide as the ocean; and if we are really seeking some practical way of bringing world peace a little nearer it will not be found along the path urged by the distinguished Senator from Idaho, much as we all would like to see the time come when the force of public opinion would be strong enough to compel the observance of every judgment rendered by a properly constituted court.

It has been said many times that there is no force behind our own Supreme Court. Of course that is true in a sense, and yet the executive part of our Government is the enforcing power; and, quite aside from that, as Senators know, very recently in the case of Virginia against West Virginia the court very seriously considered the question of whether it could not find some constitutional means for enforcing its own judgment, but did not succeed in doing so.

Mr. BORAH. No; after nearly a hundred years they have not found it.

Mr. LENROOT. But the executive department of the Government, as the Senator knows, has the power to enforce any judgment of the Supreme Court of the United States.

Mr. BORAH. I challenge that proposition absolutely.

Mr. LENROOT. The court said so.

Mr. BORAH. No; I do not think it has said so. If the Senator will pardon me, the Supreme Court of the United States has decided unanimously that there is no power lodged in the Government, either in the Executive or in the court, to enforce a judgment of the court against a State.

Mr. LENROOT. Mr. President, in that very case of Virginia against West Virginia that matter was very fully discussed; and the court, as the Senator knows, held that that was not a matter of judicial policy, but was a matter of executive or legislative policy with which they had nothing to do.

Mr. President, the Senator from California [Mr. JOHNSON] complained of my language with reference to sanctions in the League of Nations, that that was none of our affair, and he said:

> In the name of God, why are we going there, then, if it is none of our affair?

In the first place, we are not going there at all. Let me say, in this connection——

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from California?

Mr. LENROOT. I do.

Mr. JOHNSON. I sincerely hope the Senator is correct, that we are not going there, but I thought he was laboring under the delusion that he was going to take us into the court.

Mr. LENROOT. No; the Senator said "the League of Nations."

Mr. JOHNSON. Oh, no; the context shows that I was referring to the court.

Mr. LENROOT. Very well. I will correct it, then.

In the name of God, why are we going there, then—

Meaning the court—

if it is none of our affair? If the peace of the world is threatened, if sanctions are demanded by a league to enforce that peace under the decision of a court of which we are a part, tell me that it is none of our affair.

I say the only way it could be made an affair of ours, that applying only between members of the league, would be for us to do what the Senator from California has been foremost in declaring we ought not to do, and that is interfere in the affairs and politics of European nations. That is why I said it was none of our affair. Does the Senator say it is?

Mr. JOHNSON. Mr. President, I do not want to interrupt the Senator's discourse, but when he concludes I will answer.

Mr. LENROOT. I will be very glad to have the Senator interrupt.

Mr. JOHNSON. Then I will answer the Senator. Do you mean to tell me, sir, that you have a doctrine that this country will go into this court—that it will be a part of this court—that when questions shall arise in that court, where the peace of the world may be threatened, we will scuttle and run and have nothing to do with them? That is not my idea of the American Republic, and I would not take this Republic into any organization where that sort of thing might be possible, or the imputation might be put upon our country, or any such imputation could be put upon it under any circumstances.

Mr. LENROOT. Now the Senator is talking about something entirely different.

Mr. JOHNSON. No; I am talking about exactly what I was talking about yesterday.

Mr. LENROOT. Yes; the Senator is talking about something different. We are talking about sanctions of the League of Nations.

Mr. JOHNSON. Of course we are, and that is exactly what I am referring to.

Mr. LENROOT. Very well; let us see then. A group of nations make an agreement among themselves that if any one of their number shall refuse to abide by an award by The Hague Court of Arbitration, or as proposed to be amended, by the Permanent Court of International Justice, the other members of the group shall bring their influence upon that recalcitrant member to compel it to obey. It is an agreement voluntarily entered into by each one, including the one who may be recalcitrant. Does the Senator say that is an affair of ours, as to what agreement they make among themselves for the observance of their own undertakings? If he does, then he gets us right exactly where he has opposed our going.

Mr. JOHNSON. Oh, no, Mr. President; I am not going there. That is the difference between the Senator and myself. I am not going into the court if I can prevent it. I am not going into a part of the League of Nations, the League of Nation's court, if I can prevent it. The Senator from Wisconsin is going to take us into a part of the League of Nations, the League of Nation's court. He is going to have that court render its decisions, and then the league, which is the father of the court and the controller of the court, will direct what shall be done. Then he is going to have this country, a part of the court, a part of a part of the League of Nations, scuttle and run, and say that it is none of our affair. That is what I object to, sir, and I object that we shall go in at all. That is the point that I have endeavored to make.

Mr. LENROOT. Mr. President, again the distinguished Senator from California makes general statements that I challenge him to substantiate. He says this court is controlled by the league. He has not endeavored to point out anywhere in the statute of the court to which we are asked to adhere anything which indicates there is control of the functions of this court by the league, nor is he able to show it by any of the 16 decisions of the court.

Mr. JOHNSON. On the contrary, Mr. President, the very fact that it can ask advisory opinions indicates a control such as no real court ever should permit in any body under any circumstances.

Mr. LENROOT. And the fact that the court has expressly declined to give an advisory opinion conclusively shows the independence of the court and conclusively answers the Senator from California.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin further yield?

Mr. LENROOT. I yield.

Mr. JOHNSON. The statement is wholly inaccurate that the court has refused to give an advisory opinion. It has given 11 advisory opinions. Upon a specific matter it refused to give an advisory opinion once, it is true, but upon 11 other matters it has given its advisory opinions, and will continue to do so in the future, just as it has done in the past.

Mr. LENROOT. Does the Senator complain of any of those advisory opinions that they were not judicially made, that they were not made in exactly the same way that the Supreme Court of the United States passes upon cases?

Mr. JOHNSON. Oh, much complaint, sir, might be made of them, but no useful purpose will be served in discussing specific opinions that may have been rendered as advisory to the league, although a discussion from now until breakfast time might be indulged concerning the decision that was rendered between Great Britain and Turkey in the Mosul case.

Mr. LENROOT. May I ask the Senator——

Mr. JOHNSON. I do not propose to discuss specific opinions in this matter at all.

Mr. LENROOT. I thought not.

Mr. JOHNSON. The fact is the court has the right to and does render at the request of the league its advisory opinions, and there is not a single, solitary legal luminary I know of, not a single individual, who has been heard in connection with this particular matter but who insists that the giving of advisory opinions is a matter which should be intrusted to no court, and the power to render such opinions should be given to nobody in respect to any court.

Mr. LENROOT. The Senator, like some other opponents of the court, declines to discuss the statute of the court, declines to discuss the opinions rendered by the court, and would much rather make general statements, such as has just been made by the Senator from California.

Mr. JOHNSON. I challenge that statement, Mr. President. It is my purpose before this debate concludes, unless of course, it shall be rushed through under the lash of a party to a conclusion that is outrageous and shameful—it is my purpose to discuss in detail the statute of the court and all the opinions that have been rendered by the court. Yesterday was the first time I had had opportunity to discuss this question at all in the Senate, and it was discussed, as I said then, in general terms.

Hereafter I shall discuss it more analytically; as well as I am able I shall discuss it in detail. So that the statement that we have declined to discuss it in detail is one that is not warranted by the facts; for others upon this floor, notably the Senator from Idaho [Mr. BORAH], the junior Senator from Missouri [Mr. WILLIAMS], and the senior Senator from Missouri [Mr. REED] have discussed in the greatest detail the protocol and all things connected with this court. I shall do so hereafter, and I shall do so, I trust, to the instruction and the edification and perhaps even the amusement of the Senator from Wisconsin.

Mr. LENROOT. Not to my amusement. I made the statement, and I repeat it, and the Senator admits, that up to this time he has not discussed the statute, and he has just said that he did not wish to discuss the work of the court—the opinions of the court. Now he says yesterday was the first time he had had opportunity to discuss this question. Mr. President, this matter has been pending since the 17th day of December. There has been ample opportunity for the discussion of this question upon both sides.

Mr. JOHNSON. Mr. President——

Mr. LENROOT. Day after day, during the earlier part of this debate, we recessed because there was no one opposing the court ready and willing to speak.

Mr. JOHNSON. Mr. President, will the Senator yield for a moment there?

Mr. LENROOT. Yes.

Mr. JOHNSON. There has not yet been ample time for a full discussion of this problem at all. It is true we began on the 17th day of December last with speeches that were made in behalf of our adhesion to the particular protocol. It is true that immediate adjournments were taken after those speeches were made, as I recall. It is true that up to this week the amount of time occupied in the discussion of this question exceeded on the part of those who were asking us to join the court the discussion that was indulged by those who were opposing the court. We have had during that period, too, a recess during the holidays, and the actual time that has been taken up in the discussion of this matter is less than has been taken up in any matter of like importance since I have had the honor to be a Member of this body.

Mr. LENROOT. That has no bearing at all; but that was because day after day I asked opponents if they were not ready to speak, stating that I wished to go on. They said they were not; and because they said they were not, until a week ago Monday I did not press this matter, because I wanted

to give full opportunity for discussion. They did not choose to exercise their privilege, and the Senator can not talk about the time consumed, because the opponents of the court had ample opportunity and time, and the Senate would have been glad to remain in session; but for some reason or other the opponents of the court declined to discuss it until this week.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LENROOT. I yield.

Mr. WILLIAMS. I will ask the Senator from Wisconsin whether he does not think that more time should be given by the Senate to the consideration of a treaty than to the consideration of legislation, and that on this theory legislation is initiated in the Congress and goes to the President for his advice and consent? He may take time to give his advice and consent, because it may be that he wants to take counsel of his advisers, to sound public opinion, and determine what his action upon the legislation shall be; whereas a treaty originates with the President and comes to the Senate for its advice and consent, and, by the same token, the Senate must have as much time, not only to consider the treaty itself but to determine, after such consultation with public opinion as they may get, whether they shall yield their advice and consent. Therefore I ask whether we should not take more time in deliberating upon a treaty than in considering legislation?

Mr. LENROOT. Mr. President, I think three years is a pretty fair amount of time. That is the time this treaty has been pending before the Senate, or it will be three years next month.

Mr. MOSES. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LENROOT. I yield.

Mr. MOSES. The Senator was quite correct in saying that this protocol came to us three years ago. But I call to his attention the fact that for more than a year no Senator was sufficiently interested to raise the question upon the floor in any form whatever, and no Senator in the Committee on Foreign Relations was sufficiently interested in the question to raise it there until the spring of 1924, when the so-called Pepper report was brought forward, and no Senator on the floor was sufficiently interested in the Pepper report, or in the minority report filed with it, known as the Swanson report, to make any move here to bring it before the Senate until 15 minutes before the inauguration of Coolidge and Dawes on the 4th of March, 1925, when the junior Senator from Utah [Mr. KING], in those crowded moments, sought to bring the question before the Senate, a perfectly futile gesture and done for the purpose of making a record, and none other.

The question did come before the Senate by unanimous consent on the 17th of December last. Since that time we have had the entire period of the holiday recess; there was one day when there was no session; there were four days when the Nye case was considered, and up to the beginning of this week the total amount of space in the CONGRESSIONAL RECORD occupied by those who have argued for the court is 68½ pages, while those who were arguing against the court have occupied 49½ pages.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me to correct an error in the statement just made by the Senator from New Hampshire?

Mr. LENROOT. I yield.

Mr. ROBINSON of Arkansas. The Senator from New Hampshire has stated that by unanimous consent this resolution was brought before the Senate on the 17th day of December. That statement is incorrect. It will be recalled that when the Congress convened on the 4th of March in extraordinary session there was a disposition to proceed then to the consideration of this resolution, or a kindred resolution.

Mr. MOSES. That is true.

Mr. ROBINSON of Arkansas. And that after protracted consideration of the subject the Senator from Kansas [Mr. CURTIS] asked unanimous consent that the Senate proceed early in the following session to consider the resolution. That consent was denied. I myself then made a motion that the resolution be made a special order for the 17th day of December; the Senate took a vote upon that question, and it carried with only three votes against the motion. That is the history of the steps leading up to the consideration of this subject in the Senate.

Mr. MOSES. I am very glad to have my recollection refreshed on that. The statement made by the Senator from Arkansas is accurate. My recollection when I spoke was that it had been by a unanimous-consent agreement. I recall now that that was denied.

Mr. LENROOT. The Senator from New Hampshire also refers to the fact that I think 48 columns—or pages?

Mr. MOSES. Pages.

Mr. LENROOT. Forty-eight pages have been used by the opposition and something like 68 pages by the proponents. The reason is, I repeat, that at the request of opponents the Senate took recesses and adjournments day after day when we ought to have been debating the question, because I did not wish to be in the position of unduly pressing the matter. That is the reason why there are not more pages of the RECORD taken by the opponents.

Mr. JOHNSON. Mr. President, I am in no position to deny the statement made by the Senator from Wisconsin, and therefore I accept it, but so far as I am concerned he made no disposition or continuances or adjournments or otherwise at my instance or at my request; neither have I asked him for any; neither shall I ask him for any.

Mr. MOSES. Mr. President, may I add my disclaimer to that also, with the consent of the Senator from Wisconsin? He made none at my request. Last Friday, when the chairman of the Committee on Foreign Relations [Mr. BORAH] was ill and unable to come to the Senate, the Senator from Wisconsin issued me an ultimatum in these words: "Vote or talk."

Mr. LENROOT. That is correct, Mr. President.

Mr. MOSES. Then, when I wanted to bring an important appropriation bill before the Senate on that day and dispose of it, and thus advance the general legislative program of the session, I was denied the privilege, and being forced to take the alternative of talking and the chairman of the Committee on Foreign Relations being ill and absent, somebody talked. [Laughter.]

Mr. LENROOT. Mr. President, it is correct that a week ago last Monday I stated to those whom I supposed were in charge of the opposition that as far as I could influence the matter from that time on it would be pressed, and there would have to be debate or a vote. That was not an unreasonable position to take in view of the opportunity that had theretofore been afforded the opponents of the measure and which they had not seen fit to exercise. I submit to the Senate and the country whether since that time all of those who oppose the treaty have shown themselves very anxious to debate the real merits of the proposition.

Mr. MOSES. Mr. President——

Mr. LENROOT. I yield to the Senator from New Hampshire.

Mr. MOSES. Of course I well understand the view which the Senator from Wisconsin takes of the remarks which I offered on the subject, but I can assure him that I gave considerable time to their consideration, and I have not offended against the rules of the Senate in the matter of debate either in this case or in any other case.

Mr. LENROOT. No; not at all. I did not refer to anyone on this side of the aisle, I will say to the Senator from New Hampshire.

Mr. MOSES. But, Mr. President, the irritating feature about the situation to me is that we are constantly deprived of any opportunity to go on with the routine work of the Senate. We are not permitted to have a morning hour. We were not permitted to have regular Calendar Monday this week. Inasmuch as the proponents of the court have used 69½ pages of the RECORD to express their views and have been granted adjournments day after day so that we could have morning hours and the regular routine work of the Senate proceed, why is it that the Senator from Wisconsin now insists upon putting the noses of the opponents of the court to the grindstone and holding them there hour after hour every day?

Mr. LENROOT. Wholly for the purpose of expediting the business of the country, appropriation bills, the tax bill, and other measures.

Mr. MOSES. Then I think we should be permitted to take up the appropriation bill which has been pending here for 10 days, and then proceed to consider the tax bill which came in yesterday, and get down to the real business of the country.

Mr. LENROOT. We will do that, Mr. President, may I suggest to the Senator from New Hampshire, if we can agree to a vote upon this measure. We will in that way expedite all of the other business before the Senate.

Mr. MOSES. So far as I am concerned, I have said to the Senator from Wisconsin privately, and I am perfectly willing to say in open session on the floor of the Senate, that I am ready to vote on this question at any time. I am willing to begin to-day, but I happen to be only a single Member of the Senate.

Mr. LENROOT. The Senator from New Hampshire has repeatedly told me that, and if all of his associates will only

agree with him we will have very little difficulty in adjusting the matter.

Mr. MOSES. Some of my associates are preparing speeches. Some of them have spoken to me to-day about the difficulty they have in finding time to get their remarks in order. Some of us have chairmanships of important committees; some of us have membership on working committees which occupy a great many hours of the day when the Senate is not in session. We can not be giving uninterrupted attention to the affairs of the Old World when the affairs of the United States are pressing upon us.

Mr. LENROOT. I shall not ask the Senator from New Hampshire to admit upon the floor that the business of the country would be expedited if we could get the World Court out of the way, but I assume he realizes that.

Mr. MOSES. The Senator may ask me that question. What is the question?

Mr. LENROOT. I ask the Senator if he does not think that all business would be expedited by having a vote upon the World Court measure?

Mr. MOSES. I am not so clear about that, because I do not know what embroidery may be put upon the fabric of the court as soon as we have gone into it.

Mr. LENROOT. I have just one more word to offer, Mr. President. The Senator from California [Mr. JOHNSON] yesterday said that the country had not had an opportunity to form an opinion upon this question.

Mr. JOHNSON. No, Mr. President; I do not think the Senator from California said anything of the sort, but I am willing to agree that that is the fact.

Mr. LENROOT. That is what I understood him to say yesterday; but whether he did or did not, he has said it to-day. President Coolidge declared for the World Court in December, 1923. Everyone in the United States knew that President Coolidge was in favor of the World Court when he was a candidate for the Republican nomination at the Cleveland convention. Was there any lack of opportunity for any other candidate to have raised the issue upon the World Court in that campaign?

There was opportunity. If it was not availed of, Mr. President, it was because no doubt the thought was that an issue could not be made of it to the advantage of any candidate against President Coolidge. Certainly there was the opportunity, and the pledge went into the Republican platform.

I have no criticism of any Senator with regard to his vote upon this measure. It is the duty of every Senator to vote according to his convictions. If I entertained the convictions of the Senator from California with respect to the measure, I am willing to say I would not vote for it, because, while I do believe that upon all matters of policy one should surrender his convictions to his party when it has made a solemn pledge, yet whenever a principle is involved upon which one has deep convictions I believe it is the duty of a Senator to follow his convictions, as the Senator from California is doing here and now.

Mr. President, it is a little after 4 o'clock. There has been some colloquy with reference to the possibility of coming to an agreement upon this question, and in the hope and belief that a recess at this time may expedite final action upon the measure I am going to ask unanimous consent that when the Senate concludes its business to-day it shall take a recess until 12 o'clock to-morrow.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD certain telegrams both for and against the World Court.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegrams are as follows:

SYRACUSE, N. Y., *January 19, 1926.*

Hon. Mr. COPELAND:

Senator from State of New York, Washington, D. C.:

Students at Syracuse University after study and discussion of the question of the entrance of the United States into the World Court went on record in a carefully conducted ballot as favorable to the entrance of the United States into the World Court with the Harding-Hughes-Coolidge reservation. As student chairman of the university World Court committee, and as spokesman for the student body, I strongly urge that you support the entrance of the United States into the World Court by your influence and vote. This request is being made to Senator WADSWORTH also.

A. PAUL WRIGHT.

ITHACA, N. Y., *January 19, 1926.*

United States Senator COPELAND, of New York,

Capitol Building, Washington, D. C.:

As citizens of New York State we would like you to do all you can to keep the United States from entering the World Court.

M. E. SNYDER, *Chairman.*
RUSSELL FERGUSON,
E. J. FITCH,
W. T. KELLOGG,
A. J. LEONARD,
W. PARKER,
CHESTER RIDER,
C. A. HYATT.

BOSTON, MASS., *January 19, 1926.*

Senator ROYAL S. COPELAND,

Senate Office Building, Washington, D. C.:

On behalf of 12,000 Unitarian laymen from all parts United States urge prompt vote on World Court.

CHARLES H. STRONG,
President Unitarian Laymens League.

NEW YORK, N. Y., *January 19, 1926.*

Hon. ROYAL S. COPELAND,

United States Senate, Washington, D. C.:

The National Society Women Builders of America representing great number of citizens in your community and elsewhere earnestly request you to oppose the entry of United States into the World Court.

MRS. WILLIAM CUMMING STORY,
National President.

BROOKLYN, N. Y., *January 19, 1926.*

United States Senator ROYAL S. COPELAND,

Senate Chamber, Capitol Building, Washington, D. C.:

Millions have been poured into organizers, speakers, literature, etc., on behalf of League of Nations court advocates for the past four years. It is an outstanding crime against the democratic process of representative government that the people who must depend upon their elected representative to intelligently debate the question are not to be permitted to hear or read the pro-American side. It takes time for the people to pass judgment upon the merits of a question that is so vital to American destiny. What's the hurry? Won't the court keep?

WM. TOBIAS BUTLER,
Chairman Progressive Party.

NEW YORK, N. Y., *January 19, 1926.*

Hon. ROYAL S. COPELAND,

Senate, Washington, D. C.:

The members of the John Jacob Astor unit of the Steuben Society of America have instructed me to inform you that they are unalterably opposed to the entry of the United States into the World Court.

Very respectfully yours,

G. R. BRANDSTETTER,
Secretary, 315 East Ninetieth Street.

EXECUTIVE SESSION

Mr. CURTIS. Mr. President, I move that the Senate proceed to the consideration of executive business with closed doors.

The motion was agreed to, and the Senate proceeded to the consideration of executive business with closed doors. After five minutes spent in secret executive session the doors were reopened, and (at 4 o'clock and 15 minutes p. m.), under the order previously entered, the Senate, as in open executive session, took a recess until to-morrow, Thursday, January 21, 1926, at 12 o'clock m.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 20 (legislative day of January 16), 1926

POSTMASTERS

ALABAMA

Zebedee Vick, Corona.

FLORIDA

Daniel C. Smith, Center Hill.
Henry C. Reynolds, Littleriver.
Clyde Bland, Pompano.

IDAHO

William S. Dunn, Hazleton.

MASSACHUSETTS

Benjamin S. Whittier, East Walpole.
Horace D. Prentiss, Holyoke.
John H. Pratt, Natick.
William H. Pierce, Winchendon.

NEVADA

George F. Smith, Reno.

OHIO

Benson M. Harrison, Alexandria.
William H. Campbell, Galena.
Jacob E. Davis, Kingsville.
Stanley C. Compher, Piedmont.
Ralph E. Saner, Powhatan Point.
Charles S. Kline, Port Washington.

TEXAS

Fred W. Nelson, Clifton.
William T. Phillips, Stamford.

HOUSE OF REPRESENTATIVES

WEDNESDAY, *January 20, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy Spirit, heavenly Dove, dwell in all our hearts, giving us assurance and peace. May He so abide with us that a faint faith, a chilled affection, a calculating service, shall be entirely strange to us. God of our fathers, give us a great reach of soul, that we may more certainly share Thy purity and strength. We thank Thee that we lift up our faces, and to find that Thou art not gone. We would plead with the Psalmist: "Hide Thy face from my sins and blot out all my iniquities." May our souls pass into that quiet hopefulness which is the strength of life. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

CHANGE OF REFERENCE

The SPEAKER. The Chair announces a change of reference of the bill H. R. 6564 from the Committee on Public Buildings and Grounds to the Committee on Indian Affairs. The Chair is informed that both chairmen agree to the change of reference.

Mr. OLDFIELD. Mr. Speaker, what is this about?

The SPEAKER. This is a bill providing for the construction of a sanatorium and hospital at Claremore, Okla., and providing an appropriation therefor.

Mr. OLDFIELD. What committee has the bill?

The SPEAKER. The Committee on Public Buildings and Grounds has the bill, and the chairmen of both committees, the Chair is informed, agree that the bill should go to the Committee on Indian Affairs. Is there objection? [After a pause.] The Chair hears none.

ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 90. An act to amend an act entitled "An act to create a Library of Congress trust fund board, and for other purposes," approved March 3, 1925; and

S. 1267. An act to extend the time for the completion of the construction of a bridge across the Columbia River between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon.

NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7554, with Mr. LEHLBACH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7554, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes.

Mr. FRENCH. Mr. Speaker, I yield 10 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, we have but recently passed the sixth anniversary of national prohibition. I want to make a few observations on six years of national prohibition.

When we take liquor-law enforcement out of politics and put the rich violator and the poor violator on the same rock pile we will have respect for law. The padlock and rock pile will give results.

Yes; and there are two others that ought to be on the same rock pile—the foreign diplomat, who breaks our laws, and the public press, which feeds its readers on distorted news morning, noon, and night, 365 days in the year. [Applause.] These are doing more to break down respect for law than all the anarchists that ever landed on Ellis Island. [Applause.]

After 75 years of active agitation, education, and organization the eighteenth amendment was enacted. We slipped up on the blind side of nobody.

No other proposed amendment of the Constitution was so long before the country.

No other amendment was ever approved in principle and put in operation by so many towns, cities, counties, and States prior to its adoption by the Federal Government.

No other amendment was ever sponsored and urged by so many American citizens.

No other amendment was ever so overwhelmingly approved by Congress and State legislatures.

No other legislative act in America ever brought so much joy to the mothers of men as the eighteenth amendment.

AND THEN WHAT?

A law-breaking minority, backed by their wealth coined from wrecked manhood, broken homes, and mothers' tears, deliberately set about the nullification of this act.

How would they nullify it? By legal procedure? No; not by legal procedure but by organized law breaking would they bring into disrepute our Constitution, the most sacred instrument of the American people.

What of six years of national prohibition? We have liquor peddlers and illicit stills—yes, and innumerable nullification societies with their ill-gotten pelf who continually plot to wreck our Government for their own miserable profit.

We have a metropolitan press that daily dishonors itself and insults its readers by magnifying the evils and minimizing the benefits of national prohibition, but these things were all being done in the old liquor days.

But what else have six years of national prohibition wrought?

ARE WE MAKING PROGRESS?

One hundred and seventy-seven thousand licensed saloons have disappeared.

The Federal Government and a self-respecting American people have gone out of legalized debauchery—and that alone is worth all that prohibition has ever cost.

The premises once occupied by saloons are now occupied by groceries and women's and children's ready-to-wear shops and other legitimate concerns and $2,000,000,000 that once went over the bars now feed mouths that were once hungry and clothe women and children that were once in rags. Extreme poverty has disappeared from America and these are worth all that prohibition has ever cost.

One thousand two hundred breweries no longer brew 100 gallons of beer annually for every adult male in the United States.

Five hundred distilleries no longer produce 10 gallons of poisonous intoxicating liquors annually for every man in the country.

Wife beating, alcoholic, stillborn infants, and the abuse of little children have almost disappeared in America, and that is worth more than prohibition has ever cost.

The alcoholic death rate in the United States has been reduced from 5,800 per hundred thousand annually to 2,000 per hundred thousand annually. Reliable and unbiased statistics of a long array of life-insurance societies also declare an unexpected, astounding, and unprecedented diminution in the death rate under a prohibition even half-heartedly administered. A still more valuable index of the signal benefits of prohibition is to be found in the general health of the Nation, which has never been better. The Metropolitan Life Insurance Co. a few months ago declared that—

The health of the people of the United States and Canada was in all probability better in 1924 than ever before. This is the first year in which every important cause of death has registered a decrease from the year before.

And that is worth ten times all that prohibition has ever cost.

No one knows the social status of multitudes better than Evangeline Booth. She writes:

> From a social standpoint the change amounts to a revolution. Money spent on liquor now goes, at least a substantial part of it, for gasoline. Formerly it but purchased deprivation and often cruelty for the family. Now it procures healthful recreation and the cementing of family ties. Prohibition means that in the future we shall have less to do with the grave and more to do with the cradle.

Nearly $100,000,000 of funds once spent to cure the harm done by the saloon is now expended in fresh-air work, free dental clinics, prematernity care, district nursing, hospitalization, and other forms of work. Can more be expected when opposition is great and the law is only six years old? [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. SUMMERS of Washington. I will yield.

Mr. BLANTON. Is it not a fact that for over 300 years international law has required and expected diplomats in foreign countries to obey the law of the countries to which they have been attached? Is not that a fact?

Mr. SUMMERS of Washington. It should be the fact, and I believe it is a fact.

Mr. BLANTON. And is it not a fact that any diplomat from a foreign country in Washington who does not see fit to obey our laws ought to be considered persona non grata, and our Secretary of State ought to hand his passport back? Is not that the fact?

Mr. SUMMERS of Washington. That would be entirely agreeable to me. If they want to come to this country, but do not desire to obey and respect our laws, they should not be accredited to this country.

Mr. TYDINGS. Will the gentleman yield?

Mr. SUMMERS of Washington. I can not yield further.

Mr. TYDINGS. The gentleman has the time.

Mr. LINTHICUM. Mr. Chairman——

Mr. TYDINGS. Just for a question.

Mr. SUMMERS of Washington. I will yield.

Mr. TYDINGS. What the gentleman from Washington says may be true, but why pick on the diplomats? We have enough Americans who are violating the law; why pick on the diplomats?

Mr. SUMMERS of Washington. Perhaps the gentleman did not hear me, but I advocated the padlock and rock pile for all violators. I am wholly impartial. I am "picking" on no one.

BUT WHAT HAS BEEN THE EFFECT ON AMERICAN YOUTH?

Many phases of national prohibition were recently ably discussed at length in the North American Review.

Wayne B. Wheeler reminds us that the American-youth problem is less serious than that in other countries. France, the land of wine and of the heaviest alcohol consumption, and England, the home of beer, face the same question. English boys and girls throng dance clubs at all hours of the night with flasks on their hips, doing the very things the wets say young America is doing. The daily papers, notably the London Morning Post, have been full of letters on this theme, blaming youth's excesses on the housing situation, the movie, and a host of other things, but prohibition can not be made the scapegoat there.

James J. Britt, chief counsel for the United States Prohibition Unit, points out that it took more than 300 years to lead the people of Israel from the practice of idolatry, and more than 40 years for the American people to stop the slave trade after the Congress had made it unlawful, but we finally destroyed human slavery.

We broke up State lotteries, applied the rod of correction to trusts and monopolies, and made interstate traffic in women a crime, and after 50 years of active skirmishing closed the legalized saloon. This is a gain of tremendous importance. The removal of an institution so antisocial and degrading is of incalculable worth to the Nation, and particularly to its youth. In some places there are organizations of children under 10 years of age who never saw a saloon. What a glorious heritage for youth!

Nor has prohibition injuriously affected respect for law in general. The charge is a gratuitous assumption made for anti-prohibition propaganda, says Mr. Britt. There is no logical connection between the alleged cause and effect.

Mr. Britt asked that keen observer, Secretary Mellon, whether, in his opinion, prohibition is responsible for the prevailing disregard for law, to which he replied:

> I think not. I believe it to be due, at least in part, to the general let down and disorganization following the war. Of course, the prohibition law has suffered in the general breakdown in common with other laws.

Unbiased opinion everywhere supports this view.

That there is a general increase of lawlessness, all know, but it has no connection with the prohibition amendment other than as all laws are involved. It is due to the general lowering of morale following a war, in which the moral props of centuries were removed. In very truth Satan was loosed for a season, nor has his recapture been too vigorously undertaken. America, with the rest of the world, was tremendously shaken and has not yet regained its former steadiness. The let down is universal. A distinguished European publicist recently declared that since the war there has been a threefold increase of crime on the Continent of Europe, with a like increase of cost of enforcement. Since all European countries are non-prohibition, this can hardly be attributed to the eighteenth amendment.

Much of the misunderstanding arises from the fact that it is practically impossible for prohibition to get a fair report. Nothing in all American history has been so misrepresentative as the attitude of the press. With a few honorable exceptions, it is impossible to obtain a correct news account or favorable comment on anything relating to the subject. It is the maxim of Amos Cummings over again, that if a dog bites a man, it is not news, but if a man bites a dog, it is the liveliest of news. Obedience to law, the sober conduct of the great masses, their quiet pursuit of industry, morality, and religion, furnish no headlines.

BUT WHAT OF THE CRIME WAVE

Justice Hopkins of the Supreme Court of Kansas quotes an early opinion of that court, as follows:

> Intoxicating liquor is the prolific cause of disease, misery, pauperism, vice, and crime. Its power to weaken, corrupt, debauch, and slay human character and human life is not destroyed or impaired because it may be susceptible of some innocent uses or may be used with propriety on some occasions. The health, morals, peace, and safety of the community at large are still threatened.

This authority then shows by the reports of the American Bar Association that the net result of prohibition is a great reduction of crime. The question for solution, says the judge, is whether the Government has the courage to "carry on," whether the people will insist that the officials enforce a law adopted by the orderly processes of government. Crime can be reduced to a minimum everywhere when courts impose adequate penalties, when criminals know that punishment is sure and the penalty commensurate with the offense.

Every citizen can help reduce crimes relating to liquor by setting the example of voluntary obedience to law. There are comparatively few criminals in the United States, probably not more than 1 per cent. The 99 per cent of the people who believe in the enforcement of law can suppress crime. To do so they must select men for office who believe in the law and its enforcement. No business concern would place at its head a man who did not believe in the business, even though he stated that he would honestly try to earn his salary and make it a success. Men opposed to a law are not proper selections as officers to enforce it. They are apt to take the position that the law is a failure and can not be enforced. They are too prone to surrender upon the appearance of difficulty. They thus encourage those who are violating the law. They discourage honest officials who are endeavoring to do their duty. They embolden the minority who are seeking an excuse or defense for their criminality.

And now comes the Attorney General of the United States, who lays the crime wave to liquor buyers; not to the bootlegger himself, but to the otherwise law-abiding citizen who bribes the bootlegger to violate the law of his country. Attorney General Sargent says:

> Every person who sells liquor does it solely and only because some one will pay a price high enough to make a profit sufficient to offset the chance of detection, conviction, and punishment. To put it differently, every such sale is the direct result of the offer and payment by the purchaser of a bribe to commit the offense.

In comparing criminality of to-day with crimes committed 6 or 10 years ago it should not be forgotten that 175,000 saloons, by selling to minors, by selling to habitual drunkards, by keeping open after hours and on Sundays, and by more serious offenses, broke the law several hundred thousand times every day in the year without arrest, and so without public record.

BUT WHAT EFFECT HAS PROHIBITION HAD ON BUSINESS?

In the olden days it was shouted from every street corner that stopping the sale of liquor "would ruin business." Richard H. Scott, nationally known business man, tells us "prohi-

bition is business." The better the observance of prohibition the better business we have. There is no fanaticism about a balance sheet.

Prohibition arrived at the exact time in our history when it was most needed, according to Mr. Scott. The world's most expensive and most devastating war had just ended. America adopted prohibition and proceeded at full steam ahead. Her credit is good; she is rapidly liquidating her war debt; her savings banks are bulging; she is building more homes than ever before in her history; wages are good and extreme poverty has all but disappeared.

Compare America with her Allies whose drink bill is staggering, whose credit is at lowest ebb, whose national debts have increased rather than decreased since the war and where unrest, hunger, and poverty stalk the land. Mr. Scott tells us that in America prohibition was a stabilizing force. The gyroscope of business that held us steady under the most severe strain our business fabric has known. Production and consumption have increased. According to Secretary Hoover new American standards of living are on the average 19 per cent higher than when prohibition arrived.

Congressman COOPER, himself a member of the Brotherhood of Locomotive Engineers, tells us that—

> greater gains have been made by labor since the adoption of the eighteenth amendment, with fewer strikes, than in any other equal period of time.

Labor has learned that there is neither profit nor pleasure in getting drunk. It gets more "kick" out of an auto and a decent home than it ever did out of the corner saloon. The bootlegger does not find many of his customers in this social group. The rank and file have learned that drink does not pay. Men might "drown their sorrows in the flowing bowl," but labor has not as many sorrows as joys to-day and no one wants to drown joys. The older element, conservative and slow to change, may still grumble about a man's right to have a glass of beer when he wants it. The old brewery trades may still orate and agitate in the hope of getting their easy jobs back again. But labor, as a whole, is back of the eighteenth amendment and the Volstead Act, and Labor's wife joins with Labor in whole-hearted opposition to any attempt to weaken the enforcing laws, says Mr. COOPER. That is why each election sees heavier votes cast for dry measures and dry men than the preceding election.

No; we are not going back to liquor days, not even to wines and beer. The wage earner and the business man knows you can not buy boots and booze with the same dollar.

BUT WHAT OF OUR "PERSONAL LIBERTY"?

We insist with every energy at our command—

Says Dr. Howard Kelly, of Johns Hopkins University—

> that the State has the inalienable right to restrict any action whatever, whether it concerns our eating or drinking or other personal habits, in order to promote the public welfare.

If the Government controls our use of opium and of cocaine, then why not by parity of reasoning, alcohol? Communities have frequently been forbidden to drink from suspicious wells and such wells have repeatedly been closed to the great inconvenience of their near-by patrons, and yet no doctor has appeared to insist on reopening such a well to exploit his personal liberty.

The veto placed upon intoxicating beverages is of all bans the best entitled to a place in this list of restrictions and prohibitions which have poured out their blessings upon mankind. Alcohol as our race has used it is but a brother to the typhoid and smallpox germs and the louse of typhus as well as to all the other nasty promoters of the fatal diseases which yearly decimate large communities, says Doctor Kelly.

We believe that this "due regulation" of our conduct for the benefit of the social body is clearly implied in the very word "government," and so as citizens who esteem the public welfare as an obligation higher than our personal tastes we cheerfully render due obedience to all laws.

WHAT OF THE FUTURE?

Prof. Horace D. Taft, headmaster of the Taft School in Connecticut says:

> I am one of those who were opposed to prohibition. But I believe enormous good has followed the adoption of prohibition. It has resulted in enormous benefits for the whole country.

"Occasionally," says Mr. Taft, "one hears in the wet papers of a reaction against prohibition in this country." If true, this reaction has shown itself in peculiar ways. Each Congress elected since the policy was adopted has been drier than the one before. Except in New York, New Jersey, and possibly Maryland, each election gives the same evidence. Two years ago on a referendum Massachusetts voted by 120,000 majority against a State enforcement act. Last November, in spite of extraordinary efforts and the expenditure of enormous sums on the part of the wets, the people voted in favor of a State enforcement act by 4,000.

After repeating that he was not a prohibitionist, and that he was heartily opposed to the policy, Professor Taft tells us there is no hope whatever of a beer and wine amendment, for not only is the public opinion of the Nation strong against it, but this public opinion tends to grow stronger.

But much more important than that, a beer and wine amendment would only make matters very much worse. The flood of hard liquor would still go on, the saloon would come back, the beer and wine would inevitably grow stronger, and the honest officials would be hopelessly handicapped. "Understand that I am not discussing the harm of drink," says Mr. Taft. "I am discussing the vital question of the corruption and demoralization. I can think of nothing so hopeless as our situation if we had a beer and wine amendment. It would be confusion worse confounded. How innocent must those good people be who think that the bootleg trade would be abated in any degree! We should combine all the evils of our present situation with those of old days. Of course, such an amendment would have to pass the courts, anyhow. More confusion. The law would have to forbid the making of beer and wine of intoxicating strength. Does anybody care for beer or wine without a 'kick' in it?"

What does a "kick" mean? One prosecutor in Hartford told me that in the old days the great majority of the cases of drunkenness which he had to prosecute came from beer. To a man whose mind is not set on indulging his appetite but has his eyes fixed on the rotting of our moral fiber the beer and wine amendment offers no way out. But whether this be true or not there is absolutely nothing in the manifestations of public opinion to indicate the slightest possibility of such an amendment.

WHAT OF ENFORCEMENT?

The stricter attitude of the judges represents one of the greatest forward steps. It was well illustrated within the past few weeks, says Governor Pinchot, when the president pro tempore of the Pennsylvania Senate, who is a member of the wet Philadelphia machine and an attorney for bootleggers, in open court undertook to abuse and ridicule laws passed in support of the eighteenth amendment. The judge gave him 10 minutes to apologize to the court and the jury and announced from the bench that he would send him to jail for contempt if he refused. The apology was made, with seven minutes to spare.

There is work for United States marshals, for governors, for sheriffs, and for police magistrates, but back of all there is the great body of right-thinking, law-abiding citizens of America, who believe in God, believe in the Constitution, and believe in law, who will rise in their peaceful might and secure law enforcement. Meanwhile Professor Taft tells us there are two clear, logical answers that come to every citizen who inquires what his part shall be. One is, "I will obey the law and help enforce it." The other is, "Let the country go to the dogs; I am going to have my liquor."

Again I say padlocks and rock piles will give results.

Mr. LINTHICUM. Mr. Chairman, I asked for recognition. When the gentleman asked leave to extend his remarks, I asked for recognition.

The CHAIRMAN. The time is within the control of the gentleman from Idaho and the gentleman from Kansas, and the gentleman can not secure a recognition under an agreement made in the House as to division of time.

Mr. LINTHICUM. I have a right to object to the gentleman extending his remarks in the RECORD.

The CHAIRMAN. The objection comes too late. The Chair asked for objection.

Mr. LINTHICUM. I was on my feet, Mr. Chairman, and addressed the Chair for recognition.

The CHAIRMAN. If the gentleman will bear with the Chair for a moment. The gentleman was on his feet, and without making objection to the request then pending asked the Chair for recognition, and the Chair is not in a position to recognize the gentleman because the House has fixed the division of time in committee, which is in control of the gentleman from Idaho and the gentleman from Kansas.

Mr. LINTHICUM. Mr. Chairman, a parliamentary inquiry?

The CHAIRMAN. The gentleman will state it.

Mr. LINTHICUM. The committee does not control the question of the extension of remarks, and that is the purpose for which I rose.

The CHAIRMAN. A unanimous request for extension of remarks is not a subject matter of debate for which recognition may be sought and granted.

Mr. LINTHICUM. I was not asking for any recognition except to ask the gentleman what he proposed to put in the RECORD. I desired to object to the putting of a lot of printed matter in the RECORD.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman should have made his objection at the time and not asked for recognition.

Mr. LINTHICUM. How could I make an objection when the Chair did not recognize me?

The CHAIRMAN. The gentleman from Maryland, instead of making reservation of an objection, asked for recognition from the Chair. Consequently, no reservation having been made, and no objection having been made, the Chair said, "There is no objection," and the matter can be extended.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BOX].

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. BOX. Mr. Chairman and gentlemen, last Saturday was, I believe, the sixth anniversary of the issuance of the certificate of the Secretary of State showing the adoption of the eighteenth amendment to the Constitution of the United States. As an individual Member of this House and one of its Committee on the Alcoholic Liquor Traffic, I am glad to join others in some reflections pertinent thereto.

The eighteenth amendment and the statutes based thereon officially declare the national will. The conflict of that purpose with the intent of those who are resisting and violating this part of the Constitution and laws presents a subject worthy of thoughtful discussion. The determination declared by these provisions was and is neither sudden nor transitory. I doubt if there is a statute in our code or a clause in our Nation's charter which was longer in the process of consideration and formation or more maturely and thoroughly fixed in the intent of the people. Few, if any, amendments were ratified by so nearly all of the States.

The will they express is especially democratic and American in spirit because it did not proceed from the Government down toward the people, but from the people up to the Government. Congress and the State legislatures did not force this on the people. The public will drove it through the State capitols and Washington. It began in the country townships, school districts, precincts, and counties, extended to the smaller towns and cities, and on upward through the larger centers of population. It covered State after State. This is a people's movement, not in any buncombe sense, but truly.

The present issue between the Constitution and law on one part and insubordination and lawlessness on the other was not created by prohibition. Constitutional and statutory prohibition developed as a defensive measure, adopted by American society for the purpose of protecting itself from violence to its welfare which was old and ever grew worse. The traffic in intoxicants and the promiscuous use of them have been a menace to individual and collective mankind since order and organization began to be established among men. The first serious disturbance after the adoption of our country's Constitution arose when the young Nation's great fiscal needs required that Congress levy a small tax on distilled liquors, whereupon the "whisky insurrection" burst out, and General Washington had to send an army to quell the sedition. Since then there have been hosts of moonshiners in the mountains, in the blackjack brush, and in the cities.

The saloon at the crossroads, in the country town, and in the metropolis has been the center where gamblers, criminals, and tough men and women of every sort gathered to find congenial surroundings, companions, and cooperation. All who hated and dreaded wholesome police law found a haven and stimulation there. Political corruption, miscellaneous crime, and their devotees gathered in and about them and went out upon the community, until the people, having with restrained indignation endured much, determined that these depots and rendezvous of indecency, debauchery, and crime should no longer exist among them. No change in the name or form of the traffic would alter its malignant character or check its baleful work.

As our numbers and wealth increased, as our cities enlarged, as the complication and speed of our living were intensified, this lawlessness, always too strong in America, grew worse. This was augmented by the coming of many who had never learned, and therefore never loved, the orderly ways of the best American life. Therefore, under continued and increasing provocation and necessity, American public opinion fixed itself in substantial form, decreeing that the traffic's shameful course shall end.

The measure adopted is a valid one. The contention that the eighteenth amendment is unconstitutional never embodied anything but the absurd proposition that it is unconstitutional to amend the Constitution in a way provided by the Constitution and usually followed from the first in adopting amendments. But whatever excuse for haggling might have been hatched up at first, that same constitutional and nation-tried usage provided a forum for the settlement of all controversies. Whether flimsy or bona fide, they can be presented, heard, and settled for all who are willing to stop short of sedition or revolution. When the Supreme Court spoke, the question whether the national will thus sustained should be obeyed was no longer an open one among good Americans.

That stage being reached, what are the parties to this conflict of purpose to do? Let me ask another question: If the statute, the Constitution, and the adjudication of the Supreme Court are not to be obeyed or enforced, what next? Sedition is next, banditry, irregular warfare; a condition in which low-browed criminals with high-powered cars and rapid-fire guns, and the unfortunate victims of appetite as patrons, will disturb the peace and disgrace this period of our history; a condition such as they often have in Mexico and Haiti and other regions where disorder rules, where property and life are not safe, and where violence and chaos reign.

If violence breaks down the Constitution at one point, all its friends and all interests protected by it know that it can be broken at other points, and that each successive breaking will be easier. It will need only aggressive, persistent, numerous enemies. The collective public well-being once enervated and overcome, will not sustain it. It is our barrier against chaos. It restrains the enemies of property, the destroyers of life, the disturbers of society's peace. Think of our joining or acquiescing in the destruction of the mainstay of all our worth-while institutions! Think of wealthy people outraging and weakening the sole defender of their property! Think of the poor tearing up the charter of their liberty! Think of native Americans demolishing the tallest and noblest monument of the patriotism and wisdom of their fathers! Think of newcomers wrecking the framework and the underpinning of the house which shelters them after their escape from the wretchedness of Europe!

We are at the present stage of the conflict between the will of American society, expressed in its Constitution and law, and the purpose of those who, "with hearts regardless of social duty, are fatally bent on mischief." The conflict is not new. This is merely the latest and most acute stage of an old and progressive antagonism between the sustained will of American society and those who, for unworthy ends, resist their country's will as embodied in its Constitution and laws.

What of the future? Those who have resisted must obey or confess their sedition and expect to feel the country's heavy hand upon them.

What of the attitude of the great majority, whose will, expressed in a valid, constitutional, American way, is become the law of the land? That law will prevail if the land is to be ruled by law. The majority knows that all efforts at restraint have failed to control this spiteful, aggressive, defiant social evil. We know that to return to the long tried and discarded efforts to regulate the traffic is impossible. We know that crime is in its very nature and can not be separated from it, and that the only way to avoid an unending, sickening conflict with this ugly social and political menace, so long as it lives, is to let its sway be undisturbed. A thing unthinkable. [Applause.]

There is no common ground on which these antagonistic purposes can be compromised. No repeal or modification of these statutes to meet the views of those who oppose their purpose—to accommodate the law to the views and interests of distillers, brewers, moonshiners, rum runners, bootleggers, and their patrons and defenders will harmonize with the national purpose declared in the eighteenth amendment to the Constitution.

The present acute, disquieting state of society's effort to protect itself is but a stage of an antagonism which will continue so long as the evil exists in any form and society has any will to protect itself.

Mr. LOWREY. Mr. Chairman, will the gentleman yield for a question?

Mr. BOX. Yes.

Mr. LOWREY. Has not prohibition, since it has been adopted, prohibited better than attempted regulation succeeded in regulating?

Mr. BOX. Yes; I think so. But there is difficulty enough in connection with both. I believe the gentleman is correct; but I would, if I could, remind those who are at war with the Constitution that they have no right to engage in such war.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BOX. May I have a little more time; say, five minutes?

Mr. AYRES. Mr. Chairman, I yield to the gentleman five minutes additional.

The CHAIRMAN. The gentleman from Texas is recognized for five additional minutes.

Mr. BOX. In spite of a sinister and misleading propaganda, the American purpose is unshaken. This is shown in many ways. Among them is the election of the personnel of this House. From three out of every four of the congressional districts of the United States there come, and will continue to come, men whose votes sustain the American purpose. There are about three dry districts for every wet one. Hear it; you who oppose your country's Constitution and laws and seek to set them at naught! A minority of constituencies of a certain type, and many individuals of a certain type in all of them, hope that America will abandon its struggle with this social enemy. It will not!

How can any man in official position, here or elsewhere, who is under heart allegiance or oath-fixed obligation to the Constitution, encourage sedition against it? I hope we shall hear less and less of that; but whether we have more or less of it, the purpose of America is fixed, and sooner or later it will be accomplished. If I could make my suggestion reach over the Nation, I would call upon it to speed the accomplishment of that purpose by measures which are characteristic of the country's vigor. [Applause.]

Mr. HASTINGS. Will the gentleman yield?

Mr. BOX. Yes.

Mr. HASTINGS. Does not the gentleman think that when the Prohibition Enforcement Unit adopts the policy of appointing men throughout the country in real sympathy with this legislation instead of making political appointments we shall have a better enforcement of the prohibition law?

Mr. BOX. I think there is great force in the suggestion the gentleman makes. The ends of political patronage often seem to be uppermost in the minds of the administration in making these appointments. The politicians dictating them are not usually in either branch of Congress; but in the executive department and in the national and State machines, outside of Congress.

Mr. HASTINGS. Does not the gentleman know that the civil service law is disregarded in every branch of this Government and particularly in the Post Office Department, and does not the gentleman know that there is no regard whatever paid to the civil service law in the appointment of postmasters or rural carriers throughout the country?

Mr. BOX. The gentleman has some suspicion in that direction; indeed he knows that to a great extent it is true.

Mr. HASTINGS. I will say, without fear of successful contradiction, that every appointment made in my district is a political appointment.

Mr. GREEN of Florida. Will the gentleman yield to me?

Mr. BOX. Yes.

Mr. GREEN of Florida. Does not the gentleman believe that foreign diplomats and any other foreigners who come to America should have to abide by the American Constitution while they are here?

Mr. BOX. Yes; and I believe that we, native born and newcomers, must ourselves obey or be forced to obey. [Applause.]

The difficulties are great but the salutary purpose which prompted prohibition, respect for the Constitution as the mainstay of order, and the dignity and self-respect of the Nation, require vigorous enforcement of this law against the present wholesale violation of it. The United States Government has the power to enforce it. If the Government fails to enforce it, the failure will be due to unwillingness or weakness.

Mr. BLANTON. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. AYRES. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. MCCLINTIC].

Mr. McCLINTIC. Mr. Chairman and gentlemen of the House, some time ago my attention was directed to a statement published in the press which was to the effect that the newspaper reporters had not been able to find a precedent which would warrant the same kind of sentence that was given Colonel Mitchell in the recent court-martial proceedings.

I have made an investigation of this subject, and my object in addressing the House on this occasion is to bring to your attention a sentence which was given one of our naval officers a little over 100 years ago. There may be some difference in the exact charges that were made against this officer, but the facts run so very near parallel with the records in the recent court-martial proceedings that I think I can be safe in saying that the case is as near a precedent as can be found, and I consider it of sufficient importance to be brought to the attention of the House.

On the 22d day of September last, while aboard the U. S. S. *Marblehead*, a small body of water called Post Office Bay, which is on the shores of Charles Island in the Gallapagos Islands, was the anchoring place for this ship. There are no inhabitants on this island and no one to look after the post office, which consists of a little box nailed to a tree. This is probably the only post office in the world where there is no one to look after the mail, and for 150 years the whaling ships and other vessels which have navigated the South Pacific Seas have anchored here for the purpose of depositing the mail, hoping that some ship would come along in a short time and carry the same to some civilized country. When a small motor boat was sent to this little post office you can imagine our surprise when we found the same contained 75 letters. Following the usual custom that is known to all captains, these were carried to Panama and mailed.

In April, 1813, Captain Porter, of the United States Navy, in command of the U. S. S. *Essex*, sailed around the Horn, followed the Humboldt current along the coast of Chile, and arrived at this same Post Office Bay on April 17, 1813. We were at war at that time with England, and his object was to destroy all of the whaling ships and other vessels found in this section who were flying the English flag. Anchoring at Post Office Bay, he took the mail out of the box and, inasmuch as we were at war, he felt justified in reading the same. The information gained in these letters was very valuable, for he was able to know the number of enemy ships that were in this part of the world.

On April 27 he captured three English whaling ships, one having aboard a cargo of sperm oil estimated at one-half million barrels. He continued his operations with great success until practically all of the enemy ships were captured. As fast as he would add a prize to his fleet he would place on board some of his officers, and when he had captured a large number of ships there was only remaning on his ship the surgeon's mate and a 12-year-old boy he had adopted at New Orleans. Later, when another ship was captured he buckled a brace of pistols around this lad, put him in charge of the ship and said, "Son, shoot the first person that fails to obey you," and the boy successfully operated this ship when all of the prizes were taken to South America and sold. This is the same lad that afterwards performed gallant service for the Nation and became Admiral Farragut.

Captain Porter had many narrow escapes; at times the *Essex* would be engaged with several ships, yet, he was the kind of an officer that never gave up a fight, and this, no doubt, accounts for much of his success. Captain Porter is the first officer that ever used camouflage. He would rig his ship up with false masts, false decks, change the appearance on the sides and ends and paint the same in different colors. By this method the enemy would often be deceived as to the kind of ship that was approaching, and by the use of this art it, no doubt, made his work more successful.

After all the enemy's ships had been destroyed he added several vessels to his fleet, and inasmuch as the number were sufficient to be in charge of an admiral, and there being no way to get news to the Navy Department, he automatically assumed this position.

He then sailed to the Marquesas Islands and took possession of them, but the United States at a later date refused to extend sovereignty over these islands. Therefore, they never came into our possession. According to history he was captured in or near a neutral port, and rather than remain a prisoner of war he accepted a parole. Returning to the United States he was later commissioned a commodore and sent to Porto Rico or to the West Indies for the purpose of putting an end to piracy, and because he followed some pirates into the inland of Porto Rico charges were preferred against him and here in Washington he was subjected to court-martial proceedings.

I am calling this to your attention to show that Commodore Porter single handed performed as great a service as was ever credited to any officer during this war. There were some in the Navy who felt that he had exceeded his authority when he made this long trip; yet, when it is taken into consideration

the importance of sperm oil before the discovery of petroleum to the English people, one can realize the effect of destroying this source of supply in a war, and I am sure that the service he gave to the Nation at this time had much to do with the molding of sentiment in England which caused the war to be brought to a conclusion. It is always more or less true that there is a lot of jealousy among the officers who perform service in the Navy. This situation exists at the present time, and it is known that the remarkable record made by him caused some of those who were holding administrative positions in Washington to view his remarkable accomplishments in the wrong way. Therefore they eagerly seized the first opportunity to bring court-martial proceedings against him.

Nearly every person in the United States feels and believes that regardless of the testimony that was given in the Mitchell case that he would have been found guilty for the reason that those who were selected to try him were incensed because of the bombs he had thrown into the Army camps and the startling disclosures he had made with respect to the woeful conditions of aircraft.

The court of inquiry was ordered on the 19th day of April, 1825. It was convened on the 7th day of July.

President John Quincy Adams on the 28th day of May ordered a court-martial, and the same was convened on the 7th of July, 1825, at the Washington Navy Yard.

About this time Lafayette was on a visit to the United States as a guest of the Nation, and becoming acquainted with Commodore Porter, and sympathizing with his cause, he took the liberty of asking the President, as a personal favor, that the latter receive the commodore and permit him to make a personal explanation, which request the President could not refuse to grant so honored a person. It was arranged that Lafayette and the commodore should call at the White House at 12 the next day. When they alighted at the door of the Executive Mansion, the President was apparently awaiting to receive them. He stepped forward and shook hands cordially with the marquis, took his arm and left the commodore standing under the front portico, without taking any notice of him whatsoever. This gratuitous insult to both Lafayette and Commodore Porter was not explained nor was the matter referred to while the interview lasted.

The board who tried Commodore Porter was composed of 13 naval captains and the Judge Advocate General. The statement has been made that if it had been the Secretary's intention he could not have appointed a court more inimical to Commodore Porter. The President was his known enemy, and nearly all of the others maintained the animosity against him.

First. Commodore Porter was charged with disobedience of order and conduct unbecoming an officer.

Second. Insubordinate conduct and conduct unbecoming an officer, in that he had written a letter which contained statements and insinuations not warranted by the facts highly disrespectful to the Secretary of the Navy. Also statements that reflected on the officers in the Navy and the heads of the various departments.

Thus it will be seen that the charges made against Commodore Porter were very similar to the charges made against Colonel Mitchell over 100 years later.

He was found guilty and suspended from the service for a period of six months.

Rather than suffer the humiliation he asked permission to leave the United States, and while in Mexico he was offered a position of commander in chief with the Mexican Navy at a salary of $12,000. This he accepted, but the service was not satisfactory.

Then there came a change of administration, and a new President was elected who was a Democrat. It was "Old Hickory" Andrew Jackson. [Applause.] Those who have read the history of this great American character know that he would not stand for any unjust discrimination against a patriotic son who had performed a great service for the Nation. Therefore Commodore Porter came back home, and I am sure, if the truth were known, that he was invited to return to Washington by the President in order that this wrong might be righted.

During President Andrew Jackson's administration Commodore Porter's friends who were interested in seeing the wrong inflicted upon him righted kept the case constantly before President Jackson.

In October, 1829, he returned to the United States and immediately on arrival called on the President, who offered to nominate him to the Senate to fill his old position in the Navy, Porter replied, "Thank you kindly, sir, but I would rather dig than associate with men who sentenced me for upholding the honor of the flag." "Right, by the Eternal," said "Old Hickory." "You shall not either if I can help it; I wouldn't associate with them myself." Therefore he was offered a number of different kinds of appointments which were not accepted; however, at a later date he was appointed as ambassador to Turkey, where he served this Nation with distinction and honor for a period of over 14 years. He died at his post of duty and when brought home was buried in Philadelphia with as an elaborate a ceremony as was ever given any person of equal rank. Thus it was a Democratic President who refused to see one of the bravest naval officers that ever served our country humiliated with an unjust sentence.

General Mitchell was a flyer in the World War. He daily bared his breast to the enemy's gunfire. He was a fearless, conscientious officer who at all times performed the kind of service that reflected credit on our country. He has done more for national defense than any man in the last 50 years. By his fearless, forceful statements, which gave to the public the true situation with respect to the negligence in promoting aircraft, a revolution in methods has taken place, and this branch of the service will receive proper consideration in the future.

It is true that he has offered himself on the altar as a sacrifice for the principles and truth that had to be disclosed in order to bring about certain results. He will be made, no doubt, to suffer the same kind of humiliation that came to Commodore Porter more than a little over 100 years ago. Yet he can be consoled with the thought that the majority of the American people commend his brave stand when he opposed the "war gods" who always crush everyone who would dare criticize their policies.

Colonel Mitchell to-day stands suspended and is occupying the same position as Commodore Porter did 101 years ago. It has been said that the verdict decided upon by these officers who acted as the judge and the jury would have to be reviewed by the President of the United States before the sentence goes in effect. I have the greatest admiration for any man who is willing to sacrifice himself in order that the Nation may profit. [Applause.] If this sentence is to stand, then it will be interesting to watch the cycles of time in the future, as some new President that is selected to be at the head of this Nation in the future may view the service performed by Colonel Mitchell in a different light; and inasmuch as the citizens of this Nation are practically all of the opinion that he was honest and fearless in the performance of his duty, this should be sufficient to cause him to wipe out this stain on his record in an appropriate manner.

I stand here a believer in justice, truth, and right, and whenever the time comes that a man has to be penalized for telling the truth, then God help this Nation, because no one else can. [Applause.]

Mr. AYRES. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, my object and purpose in addressing the committee is to endeavor to keep the record straight with reference to the debate on the naval appropriation bill. I am sorry that the debate has been so diverted from that measure, for I trust that all the members of the committee will thoroughly understand it at least before we reach the five-minute rule.

I find myself in accord with some features of the bill as presented by the distinguished chairman of the subcommittee, Mr. FRENCH, of Idaho, but in a few particulars I am in disagreement with him. Yesterday he stated that this bill appropriated slightly more than the bill for 1926. The other afternoon the distinguished gentleman from Texas [Mr. BLANTON] stated that he wanted liberal debate for the reason that this bill appropriates $17,000,000 more than was carried in the bill for 1926.

Mr. BLANTON. That is true, is it not?

Mr. VINSON of Georgia. No, sir. The statement that appears on the first page of the report is indeed misleading, but, of course, it was not intentional.

Members ought not to be required to read all of these reports and figures to get an idea of the actual amount of money being appropriated. If you will examine the report as submitted by the committee you will see that they claim to have appropriated for 1926 approximately $300,000,000, when, as a matter of fact, the appropriation bill approved February 11, 1925, for 1926, carried $287,402,328. In addition thereto the deficiency bill that was passed on March 4, 1925, carried $9,000,000 for major alterations, $17,000,000 for aircraft carriers and airplanes to go thereon, $4,000,000 for cruisers and gunboats, making a total appropriation for 1926 of $317,402,328.

But this report on first examination discloses the fact that there was only appropriated $300,402,328. Let us see how

much is appropriated this year. The report indicates that we have appropriated this year $331,431,787.

I submit that the committee has not appropriated that amount and that some charges to that item are not justified. In this report, Table 1, page 1, the amounts of $5,000,000 and $75,000 are simply transfers of funds from one subhead to another. Nine million and eighty-two thousand dollars does not represent money to be spent in 1927, but is authority to enter into contracts, for which money will be appropriated in 1928.

Mr. BLANTON. Will the gentleman yield?

Mr. VINSON of Georgia. I will yield to the gentleman.

Mr. BLANTON. I thank the gentleman from Georgia because he is kind to the rest of us. The Committee on Appropriations framed this bill with five of its members. Only these five members know anything about it. They bring in a printed report for the information of the balance of the 430 Congressmen. To what may we look for accurate information if we do not look to the printed report of the committee, may I ask my friend?

Mr. VINSON of Georgia. I am complaining because we have to delve into and look through too many reports.

Mr. BLANTON. Here is what I have in mind. I stated yesterday to the gentleman from Idaho that he had increased the bill $27,000,000. And that is what has been done, for the report shows for last year we appropriated $304,000,000 plus. This report shows that this appropriation bill carries $331,431,708. That is an increase as shown by the report of $26,929,359 more than last year, which is approximately the $27,000,000 I mentioned.

Mr. VINSON of Georgia. Therefore the gentleman is correct in stating that it appears as if we appropriated $16,000,000 more this year than last year. But the total appropriation for last year, including the deficiency bill, amounted to $317,402,328. The total appropriation for this year is $317,274,787. Therefore this bill carries $127,541 less than the appropriation bill of last year.

Upon the first glance in examining the report it would appear that we are appropriating $16,000,000 more. I say that, as I stated before, merely to keep the record straight so that no one will get the idea that we are appropriating $16,000,000 more this year than we appropriated last year. We are appropriating, as I said, $127,541 less for the support of the Navy than we appropriated for 1926.

Mr. TABER. Will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. TABER. If gentlemen will read four or five lines on the second page of the report they will have a complete statement of the whole situation.

Mr. VINSON of Georgia. That is my point. You submit a picture with figures, and then you undertake to explain it later. I complain that the picture of figures should contain the true statement.

Mr. SCHAFER. But in making that statement we must follow the figures given us by the Budget for 1926.

Mr. VINSON of Georgia. I think I have cleared that up so that there will be no misunderstanding, and that Members will know that we are not appropriating as much this year as we did last year for the support of the Navy.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. BLANTON. Then the gentleman from Georgia, so far as his subcommittee on Naval Affairs is concerned——

Mr. VINSON of Georgia. Oh, I am not on that subcommittee.

Mr. BLANTON. Well, so far as this Subcommittee of the Appropriation Committee is concerned, they would have Congressmen pay no attention to their printed reports; the would want us to find out the facts ourselves.

Mr. VINSON of Georgia. The conclusion from the statement of the gentleman from New York [Mr. TABER] is that you must not watch his figures too closely but you must read what he has written.

Mr. BLANTON. I do not think that he would mislead us.

Mr. VINSON of Georgia. He certainly does not intend to do that.

Mr. BLANTON. The gentleman from Georgia knows that, besides this bill, there will be a deficiency bill for the Navy Department a little later on, and possibly a second and maybe a third one before the Congress is over. There always is. They bring in their additional items in another deficiency bill, a second or a third and sometimes a fourth or fifth.

Mr. VINSON of Georgia. I want to clear the matter up so that the gentleman from Texas or any other Member will not think that we are appropriating as much for the Navy this year as we did last year.

Mr. Chairman, there is another objection that I find to the bill, and that is the reduction of the enlisted personnel, and I invite the attention of the committee to this subject because it is highly important to the Navy; it strikes at the very heart of the Navy. What should be the strength of the enlisted personnel? After long debate this Congress some years ago established the policy that the authorized enlisted strength of the Navy should be approximately 136,000, and that the actual enlisted strength of the Navy should be 86,000. We base our officer strength upon the authorized enlisted strength and not upon the actual enlistment. This subcommittee from the Committee on Appropriations sought a few years ago to reduce the actual enlistment to about 63,000. After a long debate, led by the distinguished gentleman from Tennessee, Mr. Padgett, now deceased, this House went on record opposed to any reduction below 86,000 in the actual enlistment. What has the committee done? They found an opportunity this year to curtail the money for the enlisted personnel. In view of the fact that three ships are going out of commission to be repaired, the complement of those ships being approximately a thousand men each, the committee correctly reduced the appropriation to support the actual enlistment of 83,000.

No complaint can be found to that, because we have three ships going out of commission. Therefore, the complement of those ships could be dispensed with, while they are out of commission. But the committee did not stop there. They started to reduce, and they could not stop, and on their own volition, over the protest of the Navy Department, knowing that when they reduce it another thousand they are striking at the very heart of the organization, they reduce the enlisted personnel to 82,000 men.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. McKEOWN. Does the Budget have anything to do with these estimates?

Mr. VINSON of Georgia. Of course, the Budget passes on every item.

Mr. McKEOWN. What was their attitude?

Mr. VINSON of Georgia. The Budget recommended 83,000 men. No criticism can be made of the Budget, or the President, or the Navy Department for reducing the enlisted personnel from 86,000 to 83,000 men, because three ships go out of commission, but, as I have just stated, this committee was not satisfied with reducing the number 3,000, but went on and reduced it 4,000. A few years ago this same subcommittee sought to reduce it to sixty-odd thousand. I presume every Member of this House wants the 5–5–3 ratio maintained for the Navy, and I presume every Member wants this Navy kept up equal to that of Great Britain and up to the ratio of 5–3 with Japan. Of course, the enlisted personnel goes to help make up the treaty Navy. England has the same number of battleships that we have authorized by the treaty. She classifies them somewhat differently, but neither one can have more than 18 ships that fall within the classification of battleships or battle cruisers. To support her navy she requires 104,768 officers and enlisted men. To support our Navy we require 90,014 including officers and enlisted men. Using the English figure as the basis of maintaining the ratio, we should have 95,922 officers and enlisted men.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. McKEOWN. What is the difference, if any, between the base pay of the British and the American?

Mr. VINSON of Georgia. I can not state that, but I am going to state this. The English require enlistment for 12-year periods, and we require enlistment for 4-year periods. Therefore, when you reduce the enlisted personnel it necessarily means that you have reduced your training facilities, and it requires longer to train our men than it does the men of the British Navy on account of the period of enlistment. We must enlist three men for every one the British enlist. The British establishment, by virtue of its men of longer service, is 91 per cent fully trained, as against 75 per cent fully trained for our service. Further, the British Navy has a reserve of practically 33,000 men and officers, ex-members of the regular establishment, now serving with the merchant marine. Thus, as far as training of enlisted men goes, we are far behind Great Britain. To reduce our number of men is to reduce their training facilities, which are activities and operations, ships in commission, which has an accumulatively injurious effect on readiness for war.

Now, let us glance at the Japanese Navy, which is entitled to a navy ratio of 5–3. She has 72,000 officers and men in her navy. The United States has only 90,014. Based on the strength of the Japanese Navy, we would be entitled to have an enlisted and officer strength of 109,000 men. Yet this com-

mittee seeks to reduce us another thousand. Japan has 42,382 officers and men in her naval reserve, making a total of officers, enlisted men, and naval reserve 114,937. We have 30,000 in our Naval Reserve, giving us a total of men in the Regular Establishment and in the reserve 120,081. England has 75,167 in reserve, making a total naval strength for her of 179,835 men.

Mr. BLANTON. Before the gentleman leaves these two, may I ask a question?

Mr. VINSON of Georgia. Yes.

Mr. BLANTON. The gentleman surely will not contend that our naval necessities are so great as are those of Japan or England. England depends absolutely on the sea, and we do not do that.

Mr. VINSON of Georgia. The gentleman loses sight of the fact that we have more coast line than either Japan or England, and we must prepare for maneuvers on the Atlantic coast and for different maneuvers on the Pacific coast, and you can only be prepared by having a complement sufficient to take care of what ships you have in commission.

Mr. McKEOWN. Will the gentleman yield?

Mr. VINSON of Georgia. I will.

Mr. McKEOWN. Before the gentleman leaves that, answer this, please.

Mr. VINSON of Georgia. Yes.

Mr. McKEOWN. Where would these additional men be used? Have you a necessity for those men?

Mr. VINSON of Georgia. Yes, sir. These additional men will keep the complement of these ships up to what they should be until the airplane carriers come in. It will require 1,600 men for the *Lexington* and *Saratoga* next spring. Where are we going to get them? Going to get them from a reduced complement of other ships?

Mr. BLANTON. Will the gentleman yield?

Mr. VINSON of Georgia. I will.

Mr. BLANTON. The gentleman may have heard the rumor that the quarters at the Army and Navy Club are going to be enlarged, and therefore the complement of naval landlubbers must be filled.

Mr. VINSON of Georgia. This does not apply to officers. This applies to enlisted men. If you reduce the enlisted personnel you will have fewer men for the officers to command; therefore they would have more time to enjoy the sumptuous additional quarters of the club.

Mr. BACON. Will the gentleman yield?

Mr. VINSON of Georgia. I will.

Mr. BACON. Do I understand the committee to say the Committee on Naval Appropriations has further reduced the estimates from what the Budget recommended?

Mr. VINSON of Georgia. Yes, sir; 1,000 men. The Budget recommended an appropriation for 83,000 men, and the subcommittee has reduced it 1,000 men.

Mr. BACON. But did not Congress authorize a strength of 86,000 enlisted men?

Mr. VINSON of Georgia. Yes, sir; but the committee is justified in reducing it 3,000 men, as three ships will be out of commission for the next fiscal year; but there was no justification for any further reduction, and that is the point I am complaining about.

Mr. BACON. But the committee is not justified in going below what the Budget recommended.

Mr. VINSON of Georgia. Of course not.

Mr. TABER. Will the gentleman yield?

Mr. VINSON of Georgia. I will.

Mr. TABER. This is the present situation in reference to enlistment. On September 30 there were 81,702. On November 30 there were 81,072 in the Navy. On December 31 there were 80,912. That leaves the increase we are providing for of 1,500. We are taking out 200 at Lakehurst; that makes 1,300. The aircraft carriers require 2,300, but will not come into commission until the latter half of 1927. The average increase which we have allowed will take care, without any reduction of ships in commission, of those aircraft carriers over what the Navy now has.

Mr. VINSON of Georgia. Why the gentleman, if he will read his own report, will see that it is the intention on account of reduction in the enlisted personnel and reduction in fuel to take certain ships out of commission.

Mr. TABER. That is true; but notwithstanding, the facts I have stated are true.

Mr. VINSON of Georgia. In regard to enlistments let us see. With the expired enlistments——

Mr. AYRES. Will the gentleman yield?

Mr. VINSON of Georgia. I will.

Mr. AYRES. What ships are we going to take out of commission?

Mr. VINSON of Georgia. That is what I want to know.

Mr. AYRES. Squadrons of destroyers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. AYRES. I yield the gentleman 10 additional minutes if the gentleman's time has expired.

Mr. VINSON of Georgia. Does the gentleman know that it requires more training to keep a destroyer and submarine in commission than any other type of ship?

Mr. AYRES. The gentleman knows we have 270 destroyers.

Mr. VINSON of Georgia. I have to correct the gentleman on that, too.

Mr. AYRES. I will not be positive, but it is near that. We have 106 in commission.

Mr. VINSON of Georgia. Here is what we have and what Great Britain has. Of course, I am diverted from what I was saying, but the British have 62 in commission.

Mr. AYRES. I am speaking of the number.

Mr. VINSON of Georgia. They have 62 in commission, 37 with 50 per cent complement and 9 with two-thirds complement, making a total of 108 in some form of commission. The United States has 112 destroyers in commission, 93 per cent complement, and all the other destroyers of the United States are entirely out of commission. Go to San Diego and you will see a graveyard of destroyers being manned by just enough men to keep them from utter deterioration. Now, just one moment. In addition to the 108 England has in commission, she has 89 in reserve with one-tenth complement, so that if you take out the destroyers then you will reduce the destroyers' strength far below that of Great Britain.

Mr. AYRES. As a matter of fact Great Britain has got 54 destroyers in full commission out of 181.

Mr. VINSON of Georgia. Sixty-two.

Mr. AYRES. I think the gentleman will find it 54 out of 181 destroyers.

Mr. VINSON of Georgia. But the gentleman loses sight of those in reserve. Let us take now enlistments for the Navy, from which subject I was diverted a moment ago.

Mr. AYRES. Will the gentleman tell why we should have all of our destroyers in full commission?

Mr. VINSON of Georgia. It is for training purposes, to keep a well-balanced Navy ready in case of a national emergency. Why should we keep 18 battleships or 57 submarines in commission. It is for the training of the men in the Navy. We do not want our Navy tied up to the docks The reason why you appropriate for fuel is in order that they may steam the seas and train the men.

Mr. AYRES. Is the gentleman in favor of keeping all our boats in commission?

Mr. VINSON of Georgia. No; but I am in favor of keeping in commission all our boats necessary to maintain the treaty strength of five with Great Britain and three with Japan. [Applause.]

Now, let me ask the gentleman from Kansas a question in relation to enlistment.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield there, so that I can ask the gentleman from Kansas a question?

Mr. VINSON of Georgia. Yes.

Mr. STEPHENS. How many destroyers have we in reserve which can be called to action inside of 24 hours?

Mr. AYRES. I do not think we have any that could be called into action inside of 24 hours. How many has Great Britain in reserve that she could call out in 24 hours?

Mr. VINSON of Georgia. Eighty-nine.

Mr. AYRES. Well, even with that, we have 109 in full commission.

Mr. VINSON of Georgia. We have 112.

Mr. STEPHENS. In actual practice we have 84 destroyers at San Diego, Calif., that can be put in active commission in 24 hours; can be put in commission with the men in shorter time if they had the men. They are in splendid condition.

Mr. VINSON of Georgia. But if you reduce the enlisted strength by a thousand, you can not put them in?

Mr. STEPHENS. No. In that case you can not put them in.

Mr. AYRES. Is not that sufficient for our Navy at the present time? What particular emergency are you gentlemen expecting in the next 24 hours or in the next 2 years or in the next 10 years?

Mr. VINSON of Georgia. I always want the Navy to be prepared to meet any emergency. It is our first line of defense.

Mr. AYRES. That is what we have now.

Mr. VINSON of Georgia. You can not do that if you reduce the men on the ships.

Mr. AYRES. We have three battleships at this time under repair, which release 2,700 men. As soon as they are put in active service three more battleships will be taken out of commission. There are 2,700 men that can be put on other

vessels. Those men can not be used on these battleships when the battleships are under repair.

Mr. VINSON of Georgia. Why do you bring it down from 86,000 to 82,000?

Mr. AYRES. That is because we do not need them.

Mr. VINSON of Georgia. It is because you are going to put ships out of commission, and when you do that you reduce the ratio prescribed under the treaty.

Mr. BLACK of New York. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. BLACK of New York. I noticed a statement yesterday in the papers to the effect that there were wholesale dismissals of the mechanical forces in the Brooklyn Navy Yard because no money was appropriated last year for new construction. I think that is a shameful situation.

Mr. AYRES. That is not the fault of the Committee on Appropriations because they have not used the money for new construction.

Mr. VINSON of Georgia. Let me show you what a turnover there is in the Navy all the time. During the next fiscal year there will be 28,862 expiration of enlistments and an estimated wastage of 13,330. Of the expired enlistments we expect to reenlist approximately 60 per cent, or 17,317, leaving 11,544 plus 13,330, equalling 24,874 new enlistments—in other words, over 30 per cent of the enlisted force will be recruits who must have training. There is no way to train them properly except to have their ships do a proper amount of cruising.

The English enlist for 12 years, while we enlist for only 4 years. Every time you reduce the personnel it naturally follows that you are impairing the efficiency of your organization.

Now, Mr. Chairman, there are a few other questions on which I disagree with the subcommittee, but I am frank to state that in the main, except for the building of this new metal airship and the items to which I have called attention, I think the Navy has been fairly treated by the subcommittee.

Mr. AYRES. What does the legislative committee propose to do as a substitute for the tin airships?

Mr. VINSON of Georgia. I am not a liberty, of course, to speak for the whole committee, but the legislative committee are daily having hearings to determine the military value of a dirigible to see whether it is of any military value. Personally, I do not know if it has any military value. That is a question into which we are inquiring.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VINSON of Georgia. May I have one minute more?

Mr. AYRES. I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Georgia is recognized for five minutes more.

Mr. VINSON of Georgia. I trust, gentlemen of the committee, that you will disapprove the attitude of the subcommittee in reference to the two main things I have been discussing, to wit, the reduction of the enlisted personnel and a reduction of $692,000 for fuel; when you reduce the fuel you reduce the training. I trust that when we reach these sections under the bill they will be corrected. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. AYRES. Mr. Chairman, I now yield to the gentleman from New York [Mr. GRIFFIN] 30 minutes.

The CHAIRMAN. The gentleman from New York is recognized for 30 minutes.

Mr. GRIFFIN. Mr. Chairman, if it may not seem incongruous, I am about to bring into the discussion of a militant bill the question of the sanctity of human life. At the bottom of the ocean off Block Island there lies an American submarine which in time of peace met with a sudden, unforeseen disaster, and within its coffinlike hull repose the decaying remains of 33 brave men of the United States Navy. The *S–51* was sunk on September 25, 1925. It has not been raised yet.

This Government of ours, wealthy as it is and wise as we hope it is, seems not to have had the foresight, notwithstanding many bitter experiences, to provide the facilities for salvaging such vessels or safeguarding the lives of their crews. It makes me blush to feel that in this regard we are behind other civilized nations.

Germany, France, and Italy have salvage vessels which, at a moment's notice, are summoned when disaster overtakes their submarines and in a few hours are able with grappling chains and hooks to raise their vessels to the surface; and yet, here in the United States, the most advanced Nation in all the world for inventive capacity and genius, we have not had the forethought, we have not had the intelligence or the delicate consideration for human life to provide such safeguards. Remember, too, that this is not the only disaster which has overtaken our submarines. Since the war three of them have been incontinently driven to the bottom, at the sacrifice of the lives of their crews. In fact, the toll of human life in disasters to submarines has become an intolerable disgrace. I think we ought to know why this neglect should be permitted to go on year after year without some adequate provision being made for the salvage of these vessels and the protection of their crews.

I have taken the pains to prepare a list of disasters to submarines since the time they became of practical utility, or were considered by the nations of the world as possible factors in the carrying on of war. Between March 18, 1904, and March 25, 1915, there were 18 disasters to submarines, involving the loss of 260 lives.

Of these vessels, 8 were British, 4 were French, 2 were Russian, 1 Italian, 1 Japanese, 1 German, and 1 American. I will put this list with the details—the date of the disaster, the name of the vessel, its nationality, the place where the accident happened, and the cause of the accident, together with the number of lives lost, in this place in my remarks:

Submarine disasters with loss of life from March 18, 1904, to March 25, 1915

Date	Name	Nationality	Place	Cause	Lives lost
1. Mar. 18, 1904	A–1	British	Spithead	Collision steamship Berwick Castle	11
2. June 29, 1904	Delfine	Russian	Cronstadt	Weight of extra crew and open hatch	26
3. Feb. 16, 1905	A–5	British		Explosion of gasoline	4
4. Feb. 8, 1905	A–8	do	Plymouth	Sudden dive	14
5. July 6, 1905	Farfadet	French	Bizerta Bay, Africa	Unknown	14
6. Oct. 16, 1906	Lutin	do	do	Pebble in valve	13
7. Apr. 26, 1909	Foca	Italian	Naples, Italy	Explosion gas fumes	13
8. June 12, 1909	Kambala	Russian	Black Sea	Collision, 28 fathoms; 2 divers lost lives in attempt at salvage.	20
9. July 14, 1909	C–11	British		Collision	13
10. Apr. 15, 1910	No. 6	Japanese	Hiroshima Bay	Defective sluice valve	14
11. May 26, 1910	Pluviose	French	English Channel	Collision steamship Pas de Calais	27
12. Jan. 17, 1911	U–3	German	Kiel	Faulty valve	3
13. Feb. 2, 1912	A–3	British		Collision with steamship Hazard	14
14. June 8, 1912	Vendemiaire	French		Collision	24
15. Oct. 4, 1912	B–2	British		Unknown	15
16. June 8, 1913	E–5	do		do	3
17. Jan. 16, 1914	A–17	do		do	11
18. Mar. 25, 1915	F–4	American	1¼ miles outside Honolulu	do	21
Total 18 disasters involving loss of life of.					260

[NOTE.—British, 8; loss of life, 85; French, 4; loss of life, 78; Russia, 2; loss of life, 46; Italy, 1; loss of life, 13; Japan, 1; loss of life, 14; Germany, 1; loss of life, 3; United States, 1; loss of life, 21.]

THE GERMAN "U-3"

An interesting thing about this table is this: On January 17, 1911, the *U–3*, a German submarine, was sunk at Kiel through a faulty valve. When she sank there was almost immediately released from her hull a signal buoy, and in that buoy was a telephone. A vessel near at hand came to the point where the signal buoy was floating on the surface, and, knowing its significance, immediately opened it, attached a telephone, and opened up conversation with the crew, ascertained the name of the vessel and the number and condition of the men whose lives were jeopardized. Within a few hours chains were lowered and attached and an attempt made to raise the submarine,

but the rescue vessel, not being of sufficient size to sustain the weight it compromised by raising one end of the submarine until its prow was above the surface of the water. Then 27 men of the crew crawled through the torpedo tubes.

The significant feature of that incident is this: That the vessel was equipped with a signal buoy and a telephone; it was equipped with grappling rings or eyelet hooks for the purpose of attaching chains, so it was possible, the moment the vessel was located, to bring it to the surface. The next morning, January 18, the German salvage vessel *Vulcan* came to the scene and raised the vessel without difficulty.

Now, compare the prevision and the carefulness of the Germans with the thoughtless, indifferent, and heartless method of construction and salvaging which we have followed for years.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. LAGUARDIA. Was not the *U–3* in comparatively shallow water as compared with the *S–51*?

Mr. GRIFFIN. That is true; yes. But the point is that our Government has abandoned the idea of affixing to the hulls of submarines grappling rings or eyelets for the purpose of attaching chains to them, to be used in the operation of raising. The consequence is that the divers engaged in the rescue are obliged to muddle around in the mud in order to get chains around the hull to bring the vessel to the surface.

AMERICAN SUBMARINE "F-4"

Compare the case of the German *U–3* with that of the American submarine *F–4*, which was sunk on March 25, 1915, a mile and a half outside of Honolulu. They fiddled around for days before they could locate her. There was no signal buoy to indicate her position. They had to drag the bottom in order to locate her; and when they did, three valuable weeks of precious time were spent in improvising two mud scows, rigging them with cranes to convert them into a salvage vessel.

Then wire cables, with great difficulty, were put around her hull. And, by the way, the divers who did this had to be summoned from the Brooklyn Navy Yard, 5,000 miles away. When the strain of lifting began the wire wore through Then they had to experiment with chains, which they finally slung around her, after more heart-breaking delay. Think of it! It sounds like opera bouffe. It took them three weeks to improvise a salvage vessel in the form of two mud scows to raise the stricken vessel. Did they succeed? No. When they got the chains around her, after two weeks of further struggle, they managed to pull her into shallow water; but even then the chapter of incompetence and neglect did not end. Six pontoons had to be built at San Francisco and shipped by the cruiser *Maryland* before the vessel could be finally raised, and when she was raised, of course, the doomed crew had long been dead.

Loss of life in warfare is to be expected. It is a dangerous vocation, but there is no excuse for sacrificing the crews of submarines in times of peace. The more dangerous the vocation, the more is it incumbent upon a government to provide proper safeguards.

SUBMARINE LOSSES IN THE WORLD WAR

During the war 264 submarines were lost, entailing a loss of life of 5,280. The Germans appear to have lost 203 submarines with a loss of life of 4,000, and the British lost 61 with a loss of life of 1,220.

Submarine losses in the World War

Boats lost:	
Germans	203
British	61
Total	264
Lives lost:	
Germans	4,060
British	1,220
Total	5,280

That sacrifice of human life was an incident of war; but in peace maneuvers, what excuse is there for continuing this practice of building ships without the simplest life-saving devices or without providing salvage vessels to raise a submarine when she has sunk?

The following table shows that since the armistice on November 11, 1918, there have been nine disasters, divided as follows among the nations of the world: The British lost 3; we suffered a loss of 3; Japan, 2; and Italy, 1, and the total loss of life in those four years was 362.

Submarine disasters since armistice, November 11, 1918

Date	Name	Nationality	Place	Cause	Lives lost
1. Sept. 26, 1921	R-6	American	San Pedro Harbor	Premature opening of torpedo tube	2
2. Mar. 23, 1922		British	Gibraltar	Collision with British destroyer	23
3. Aug. 21, 1923	No. 70	Japanese	Kobe, Japan	Unknown	85
4. Oct. 28, 1923	O-5	American	Panama Canal	Collision with steamship Abangarez	3
5. Jan. 10, 1924	L-24	British	Portland, England	Collision with British steamship Resolute.	43
6. Mar. 19, 1924	No. 43	Japanese	Sasebo, Japan	Collision with steamship Tatsuta, 26 fathoms.	49
7. Aug. 26, 1925	Sebastiano Veniero	Italian	Sicily	In maneuvers	50
8. Sept. 25, 1925	S-51	American	Block Island, U. S. A	Collision with City of Rome	33
9. Nov. 11, 1925	M-1	British	English Channel	Collision	69
Total, 9 disasters, involving loss of lives of.					362

[NOTE.—British, 3; loss of life, 140; United States, 3; loss of life, 38; Japan, 2; loss of life, 134; Italy, 1; loss of life, 50; total, 362.]

In the case of the Japanese submarine *No. 43*, telephone communication was established through a telephone signal buoy which had been released when the vessel sank. Eighteen of the crew survived the collision and continued conversation with the surface until their final asphyxiation.

Are not these figures appalling? Note that they are not the ordinary, usual, and reasonable toll of war or war preparations. They represent a useless, unnecessary, and scandalous sacrifice of human life on the altars of Moloch and Mammon. It is the duty of all humane men to join in removing this blot from the escutcheon of civilized nations.

Mr. FRENCH. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. FRENCH. Does the gentleman have a division as to the nations where the losses of life occurred and could he insert that in his remarks?

Mr. GRIFFIN. Yes; I have that, and I will insert it in my remarks.

Mr. SEGER. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. SEGER. Does the gentleman know when and why the rings he speaks of were eliminated in the construction of submarines?

Mr. GRIFFIN. I do not know. They were put upon the *Plunger* in 1905, when President Roosevelt went down in that vessel in Oyster Bay, N. Y., and they appear to have been attached for some time after that, but in recent construction they seem to have been abandoned.

Mr. FRENCH. I was hoping the gentleman could indicate to the House now the number of lives lost in the period since the armistice by nations.

Mr. GRIFFIN. I have already given that—362 men.

Mr. FRENCH. And classified by nations—how?

Mr. GRIFFIN. There were 3 British disasters, loss of life 140; 3 American disasters, loss of life 38; 2 Japanese disasters, loss of life 134; and 1 Italian disaster, loss of life 50. The largest loss of life was on the Japanese submarine which sank on August 21, 1923, at Kobe, Japan. There were 85 men lost in that disaster.

Mr. FRENCH. I think in spite of the disaster to the *S–51*, to which the gentleman referred a bit ago, the gentleman will find the United States has been fortunate in comparison with other nations as to the number of lives lost.

Mr. LAGUARDIA. By submarines?

Mr. FRENCH. Yes; by submarines.

Mr. GRIFFIN. But we have lost three submarines during the four years, with a total death list of 38.

Mr. LAGUARDIA. The gentleman has given this matter a great deal of study.

Mr. GRIFFIN. If the gentleman will permit me to answer my colleague from Idaho further, we were fortunate, it is true, but we can not claim any credit to ourselves for our escape from a greater death toll nor from the full consequences of our own neglect.

Mr. LAGUARDIA. Were not these rings and hooks the gentleman refers to used in the smaller craft, and does the gentleman know whether nations use them in their larger submarines?

Mr. GRIFFIN. The German *U–3* had them.

Mr. LAGUARDIA. That was a small craft.

Mr. GRIFFIN. About 600 tons.

Besides the three disasters to American submarines, in which 38 men lost their lives, there were the following sinkings in which there was no loss of life:

First. September 2, 1920. *S–5*, off Delaware Capes, in 168 feet of water, due to defective valves. Note this is a very significant accident. Only one end sank; the stern remained above the surface. The crew were imprisoned 44 hours and were not rescued until a hole was drilled in her hull by W. G. Grace, chief engineer of the steamship *George W. Goethals*. Please note that the rescue was not made by the Navy, but by volunteer help.

Second. March, 1921. *N–2*, *O–7*, and *O–8* ran on rocks.

Third. February 2, 1921. *L–1*, off Cape Henlopen. Collision with pilot boat *Philadelphia*. Crew saved.

Fourth. December 7, 1921. *S–48*, off Bridgeport, Conn. Neglect to close one of the hatches was the cause of the accident. The crew of 43 men saved by shifting ballast and thus floated the bow above the surface. The crew then crawled through the torpedo tubes.

Fifth. January, 1925. *S–19*, off Nauset Beach Light.

Sixth. January 29, 1925. *S–48*, ran on rocks off Portsmouth Harbor.

With those few exceptions, where good luck was on our side, the loss of human life in submarine disasters is appalling; and it surpasses human belief that an enlightened nation should continue to build their vessels without the slightest concern for the lives of the crews or the salvaging of these valuable vessels.

If the owners of an ocean liner were to suggest sending their ships to sea without lifeboats, life rafts, signaling apparatus, or radio appliances there would arise a general protest of alarm and indignation. And yet this is precisely what we have been doing with our submarines. In their present construction they are little better than floating coffins. I wonder if our Government wishes to be committed to the doctrine that sailors' lives are not worth saving.

Or, suppose it should be proposed to abandon our Coast Guard Service, for which we are annually spending $10,000,000—what a cry would go up!

The building of surface ships and the development of safeguards have kept an almost equal pace, but in the development of submarine service the factors of safety and salvage have been practically disregarded.

AIRCRAFT AND SUBMARINES IN THE FUTURE

I have been very much interested in going through the hearings of this committee. Though I plead for human life, I am not a peace-at-any-price man. I believe in preparedness, and I note with pleasure the space that has been given to the subject of aviation. This is a very important factor in war and it is bound to rise to greater importance. I do not know whether or not he will be deemed an acceptable prophet, but I want to quote you what General Mitchell says with regard to the future of aircraft and submarines. He says:

> * * * the use of air power will gradually lead to the giving up of large surface armament, transferring the activities more and more to the subsurface craft—

I concur with General Mitchell in that vision of the future. I can see the war vessels of the future diving beneath the surface of the oceans and their antagonists, immense aircraft, hovering in squadrons overhead like seagulls searching for their prey. The big war vessels, the battleships, are things of the past. We had evidence of that in the last war when the splendid dreadnought fleet of Great Britain was compelled to seek shelter in safe harbors while the enemy submarines scoured the sea and sank merchantmen almost at their discretion.

The aircraft and the submarine are the combatants of the future. The battle will rage between them. In time of war the surface vessels will have to seek shelter in convenint ports.

I do not blame the committee, but some one is to blame that this naval appropriation bill has not given sufficient consideration to the importance of submarine construction and development.

For new construction this bill provides an appropriation of $28,775,000. For submarines, $7,775,000; but that is to be used for submarines under construction. There is no provision for salvage vessels or safety devices. I presume that is because the Navy officials have not asked the Bureau of the Budget to provide for them, and I do not believe they ever will unless public opinion demands it.

SAFETY DEVICES

I want now to direct the attention of the House and the committee to what I consider the essential elements of safety in submarines.

First. A double hull. Oh, what a long fight there was against that innovation. What objections were raised by the experts; it would take up too much room, consume too much space, that should otherwise be given to ordnance and other military appurtenances.

Second. Dividing of the interior into compartments.

Third. The drop keel, a releasable false keel. If the submarine is in danger, or if she sinks and the blowers or engines of the submarine prove inadequate to drive out enough water to obtain buoyancy, a lever is pressed, the keel is detached, and the vessel, obtaining increased buoyancy, rises to the surface.

Fourth. The telephone and signal buoy to indicate where a vessel lies that has met with disaster.

Fifth. Grappling rings or eye-bolts to facilitate the raising of the vessel when she has sunk.

Sixth. Salvage vessels equipped with diving apparatus, cranes, and suitable paraphernalia to render quick assistance.

HOUSE RESOLUTION 97

In order to bring this matter to an issue, I introduced a resolution yesterday (H. Res. 97), wherein I asked for the appointment of a special committee to be appointed by the Speaker of the House for the purpose of inquiring into the matter of the construction of submarines for the United States Navy, the method of consideration and approval of plans and specifications and particulars as to the issuance of contracts for their construction, the number, condition, and general seaworthiness of submarines so far constructed or in commission, with particular reference to the installation of safety devices for the protection of the lives of the crew and the facilities, if any, for the raising and salvaging of submarines in case of disaster.

> The said committee is also authorized and directed to investigate the sinking of the United States submarine *S–51*, the reasons for the failure to raise it, and the advisability of constructing for the United States Navy suitable salvage vessels such as are in use in foreign navies.

I believe, gentlemen, with all due humility, that the importance of the submarine as a factor in war in the future calls for a careful study of this whole question, and as this House is the appropriating body I believe we are entitled to and ought to know just what are the conditions under which submarine contracts are let and with what concerns we are doing business. You know the Government has not built all its submarines. It has let out the contracts to private corporations, in a sense, to rival corporations, and if you are interested in that phase of the rivalry between these two corporations I would suggest to you the reading of the speech of Senator GEORGE P. MCLEAN, of Connecticut, in the United States Senate May 11, 1921.

Mr. FRENCH. Will the gentleman yield a moment?

Mr. GRIFFIN. Yes.

Mr. FRENCH. Upon the completion of the S line of submarines, that completed the submarine construction with private contractors. At present the Government is building all the submarines that are under construction.

Mr. GRIFFIN. Yes; at Mare Island they are building one, the *V–6*, and at Portsmouth they are building one, the *V–5*, and a mine layer, the *V–4*.

Mr. FRENCH. And three others have come out but are not yet completed.

Mr. GRIFFIN. Yes; I know that.

The House is entitled to know all the circumstances in connection with the building of these submarines and to what extent they are kept up to date in embodying the latest safety appliances. So far as I have been able to ascertain, they are all defective in essential particulars.

NEVER MIND THE EXPERTS

It does not do to pay too much attention to what experts say on this question.

The American people are alert and responsive to new ideas; but officialdom is and always has been conservative in every age.

The official mind is prone to be lazy and correspondingly content with things as they are—instinctively repelling new ideas.

No invention of any moment has ever been evolved out of the bureaucratic mind. In ships, ordnance, and aviation the new ideas have come from without.

Never mind the experts; their opinions are usually valueless. It is amazing to go back over the history of submarine invention and development and mark the attitude of official experts.

Admiral Simpson, for instance, pooh-poohed the submarine in the beginning and expressed the opinion that they could not be navigated under the surface.

Spear, long recognized as an expert, tabooed the double hull and the idea of the level keel. So long as the Electric Boat Co. was committed to the diving form of boat he resisted any change of plans.

To-day practically all submarines are constructed on the level-keel principle, with double hulls and fitted with compartments.

SALVAGE VESSELS

After the sinking of the British *A-3* on February 2, 1912, there was a spontaneous outcry for the Admiralty to provide salvage vessels. Immediately all "experts" were drafted into service to drown public indignation by their sophistry. Pathetic to relate, the propagandists of death succeeded. The disaster, in which 14 brave British seamen lost their lives, agitated the public mind for the usual nine-day period and then was forgotten. That was 14 years ago, and yet up to this good hour the Admiralty have not made any provision for salvage vessels. Other submarine disasters followed at less than yearly intervals. They provoked the same horror, excited the same mass sympathy, and, as usual, stimulated the same propaganda of "donothingism."

We are in no better shape on this side of the Atlantic. It has proven to be equally difficult to goad our own Navy Department into even the simulation of interest, in providing safety devices to safeguard the crews, or in providing salvage vessels to raise the sunken submarines.

But let us go back to the fate of the *S-51*. She was run down on September 25 of last year, and she still lies in the mud. It took days to locate her. Having been located, we were then in the helpless plight of not having a single ship in our entire Navy suitable or available to raise the doomed vessel. Our Navy Department was then obliged to negotiate with private wrecking companies. How long these negotiations took, I do not know, but I would like to know. And I would like to know why, when the contract was signed, they did not go to work immediately, and why, after nearly two months of pottering, they were obliged to abandon the work of rescue. Surely, if the successful bidder were properly equipped, it should have raised the submarine in a few days. It looks to me like a case of "the blind leading the blind."

Therefore the vital point that we ought to insist on is the construction of salvage vessels. Is it not a disgrace to this country of ours that we should be in the predicament that we have to deal with private wrecking companies whenever we meet with a disaster to a submarine; that we should enter into contracts with them, haggle over the price per day that these vessels will cost to be used in raising submarines where American men are imprisoned and facing death? I think we ought to be above such petty commercialism. I want to see the Government provide salvage vessels—put three on the Atlantic, one on the Gulf coast, and three on the Pacific coast, and keep them there. They would not be useless, because they would be available for the salvage of other vessels as well as submarines. We have millions of dollars invested in things of less importance in this country than the saving of human life. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from New York yields back two minutes.

Mr. FRENCH. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. TABER], a member of the subcommittee.

Mr. TABER. Mr. Chairman and members of the committee, the members of this subcommittee are a unit in believing that we ought to have and must have for the defense of the United States an adequate Navy. The treaty fixed our limits as to capital ships. As to that treaty we are right up to the mark.

Now, as to whether or not we are maintaining the 5-5-3 ratio with reference to Great Britain and Japan on cruisers and destroyers and submarines and airplanes, I wish to spend a minute or two to show you just exactly what the situation is to-day.

To-day Great Britain has 4 scout cruisers of upward of 7,000 tons built; she has building 13. We have 10 built, we have 2 more appropriated for, and we have 3 more in this bill. When this bill is passed we will have 15, as compared with 17 for Great Britain.

As far as Japan is concerned, Japan has none above 7,000 tons. She has 8 building. Both Great Britain and Japan have a large number under 7,000 tons, but these ships are described by the British authorities as being entirely unequal to modern conditions. None less than 7,000 tons are now being laid down.

With reference to destroyers we have practically 100 more destroyers than Great Britain. We have 200, almost, more than Japan.

In this bill we raised the Budget $190,000 to take care of the development of our naval reserve, and it is proposed by the Navy Department to train these reserves on destroyers, and its plans provide that in case of emergency these reserves will be placed on destroyers. These reserves will provide a full complement of officers and men for the destroyers now out of commission. So that as fast as the destroyers can be placed in commission and as the provisions of the reserve law and this appropriation are carried out, we can put the ships in commission as fast as they can be used in case of emergency.

In reference to the naval aircraft what is the situation, because naval aircraft is what we are providing for in this bill? As compared with Great Britain we have 35 squadrons of naval aircraft as against 20—1¾ to 1. As against Japan we have 35 against 12—3 to 1. As against France we have 35 against 6—almost 6 to 1. As against Italy we have 35 against 20, or 1¾ to 1.

So that when it comes to the 5-5-3 ratio, in other craft than capital ships which are limited by the treaty, we are as near to it as it is possible to be.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. PERKINS. The gentleman speaks of squadrons of aircraft. Is he talking about squadrons on paper or in the air?

Mr. TABER. In the air.

Mr. PERKINS. I thought it was universally conceded that both France and England were ahead of the United States in the air.

Mr. TABER. They are on land, but not in naval aircraft.

Mr. PERKINS. We have 35 squadrons. How many ships are in a squadron in the Navy?

Mr. TABER. Eighteen, I think.

Mr. PERKINS. Then the gentleman means to state that we have 18 times 35?

Mr. TABER. Yes.

Mr. PERKINS. Of first-class ships in the Navy?

Mr. TABER. Not entirely that, but we will have 561 first-class ships, by the time the 1927 appropriations are used.

Mr. APPLEBY. Mr. Chairman, will the gentleman yield on this point?

Mr. TABER. Yes.

Mr. APPLEBY. How is it, then, if that statement is true, that in lighter-than-air craft we have no ships available at the present time?

Mr. TABER. Because the House, through its Naval Affairs Committee, and the Senate, through its Naval Affairs Committee have authorized the building of none to this date. It is a matter which is not, and has not, been up to the Subcommittee on Appropriations having to do with naval affairs. If we are to have any further lighter-than-air craft in the Navy other than of an experimental type, it will be up first to the Naval Affairs Committee of the House or the Senate to bring in a bill authorizing the construction of such lighter-than-air ships, and then for the House Committee on Appropriations to present to the House a bill providing for an appropriation before we can proceed further with the lighter-than-air craft. At the present time we have nothing but the *Los Angeles*, which, under the treaty, can not be used for military purposes.

I did not intend to go into the lighter-than-air craft situation at this point, but I have started and I might as well finish, because that is one of the items in this bill that I wanted to discuss a little bit. Here is our situation. From the date that we get authority to build a lighter-than-air craft—and it is generally conceded that we must build a 5,000,000-cubic-foot ship, if we have any new airship of a possible military value—it will take at least four years to construct it. Lakehurst to-day is costing us to run $1,700,000 and upward, and unless this House is going to adopt a policy of constructing more lighter-than-air craft of a military character, it is absolutely useless to continue that great expenditure. Included in that $1,700,000 is the cost of 228 marines and 242 officers and men of the Navy who at the present time, with the present situation, are not doing anything constructively. The *Los Angeles* has served every purpose which she

can serve the United States Navy. Perhaps a few men might be trained upon her, not to exceed a dozen a year, according to the evidence in our hearings. It is a serious question among military authorities, especially those having to do with aircraft, as to the value of lighter-than-air craft. Having the situation in mind as it is, being in doubt as to whether we should continue it, the committee decided that it is time to stop that great big expense which would run into practically $7,000,000 before a new aircraft which might be of any use could be constructed and put in operation. That would be practically double what it cost to build a 5,000,000-cubic-foot ship. In order to hold in abeyance for a little while the question of lighter-than-air ships, and if it is possible to find out whether such a ship might be of some military value, we have put a proposition up to Congress calling for a 250,000-cubic-foot metal-clad experimental airship costing $300,000, and I believe it is proper. I do not believe that in putting this up to the Congress we have usurped the function of the Naval Affairs Committee, and certainly we had no such intention in so doing. We propose that we build experimentally, just as the Navy Department builds airplanes experimentally, many of which have been constructed by contract from a cost of $75,000 to $90,000 each. We have provided $300,000 to be used, if the Navy Department shall determine it is wise to do so, for the experimental construction of an airship by the Detroit concern, the Aircraft Development Corporation of America, with a metal shell, which a great many of the air experts think may be of great value. We have also provided for the current year for the continued development of the storage of helium. We have appropriated for that purpose $300,000. I am frank to say that unless this country has determined upon a policy involving the construction of more lighter-than-air ships for military purposes, by the time the next appropriation bill comes around, I do not believe that it will be wise to go much further with producing helium for storage, because if we do go much further than the current year will run, we will have to tap another field, which would have to go on and be finished for a great many years.

That much for the lighter-than-air craft program of your committee.

I wish to discuss for a moment the question of personnel. In answer to some questions from the gentleman from Georgia [Mr. VINSON] I give some figures. I am going to repeat them in order that they may appear here in a consecutive and orderly way, so that they may be compared. The naval enlisted personnel on the 30th of September was 81,702; on the 30th of November it was 81,072; on the 31st of December it was 80,912. We have provided in this bill for an increase over the present personnel of 1,100. We have provided for the addition of 200 men by closing Lakehurst, making an increase of 1,300 in the personnel over the present situation. The new aircraft carriers will not go into commission until after the middle of the fiscal year 1927, and we will only have to have 2,300 men to man those aircraft carriers for a little less than one-half of the fiscal year of 1927. That means that the increase of 1,300 men, without cutting out a single thing, takes care absolutely of your entire needed increase to take care of those two aircraft carriers and put them in commission as soon as they are ready to go into commission.

Instead of cutting down the enlisted personnel of the Navy we have increased it above what the present current appropriations will care for, and our appropriation is also greater than it was a year ago. Now, let us have a little more comparison. Let us compare a little bit with some other countries and see where we get off. I have here the navy budget of Great Britain. It provides for 102,675 officers and men. Of these 10,580 are marines. That leaves almost exactly 92,000 seamen we have——

Mr. BRITTEN. Will the gentleman permit an interruption there?

Mr. TABER. Yes.

Mr. BRITTEN. The marine in the British service is in every sense a seaman and not a marine as we know them in this country.

Mr. TABER. That is not the statement of the Navy Department, and I have been into it very thoroughly since this committee was in session at 5 o'clock last evening. This is the situation. There are 5,000 British marines out of the 10,000 who perform practically the same duties that our marines, 2,500 of them, perform on our ships. The rest of the British marines are in barracks and under training, the same as our marines are.

Mr. BRITTEN. Will the gentleman please yield again?

Mr. TABER. Certainly.

Mr. BRITTEN. Is it not a fact that in the British Navy the marines are ostensibly and primarily performing marine service on the sea, and if half of them are in training stations they are in training stations as our enlisted seamen are?

Mr. TABER. A great many of our marines are in training and have had experience along this line. We have 18,000 as against the British 10,000, and at least 5,000 or 6,000 of the 18,000 have had experience and are competent to serve in the same capacity, along the line of gunfire, orderly duty, and guard duty around ships just as the British marines serve.

Mr. BUTLER. I am sure my friend will also agree with me that the American marine is primarily a soldier?

Mr. TABER. That is true as to a certain number of them——

Mr. BUTLER. All of them, but some——

Mr. TABER. But there are places where there might be trouble, like Haiti or Nicaragua, or something like that, and where the British send soldiers, we send marines; but we have a great many more than the British have, and a great many of ours perform absolutely similar functions to those performed by the British.

Mr. BRITTEN. If the gentleman will yield a little further along that line. The gentleman also probably will agree with me that the marines in the British service are marines for service at sea, and they are not in any sense soldiers—they are seamen.

Mr. TABER. They are somewhat on that order, but notwithstanding they do perform a certain type of duty that is not specially laid out for the ordinary seaman.

Mr. FRENCH. Will my colleague permit an interruption?

Mr. TABER. Certainly.

Mr. FRENCH. I think in the budget of the British estimates which the gentleman has before him it will appear that 10,000 British are for service either on shore or at sea.

Mr. TABER. Absolutely.

Mr. BRITTEN. That also applies to all our boys in the service; 81,000 of our boys may be on land or on sea?

Mr. TABER. Absolutely.

Mr. BRITTEN. Certainly.

Mr. TABER. Now, there is another feature of the situation I think should be called to the attention of the committee. We will have with this bill approximately 82,000 enlisted men. We will have approximately 8,000 officers. We have 9,600 in the Coast Guard who are well trained, who were made a part of the Navy in time of war by a bill which was brought in here by the Committee on Naval Affairs, and which was very proper. Now, the British wiped out their coast guard two years ago and turned over its function entirely to the Admiralty, so those 9,600 ought to be added to the 90,000 which you have. Now, that makes 99,600 as against the British figure of 102,675, without including any marines; and if we only include the marines on our battleships—2,500—we have then within 500 as many seamen as the British, even figuring all the marines in for the British. Now, here is another thing that is very important to consider. We have 324 ships in commission. We have more out of commission than the British. The British have 313 ships in commission. The British complements are smaller than our complements—that is, we have more men manning the ships of our Navy ship for ship than the British have. Just take these figures and figure that out. Are we so badly off? It must be—and there is no other possible deduction—that the British have a number of their marines and seamen upon other duties. Now, I tried to run that down, but the Navy Department was unable to give it to me, but that is the only logical deduction from the situation. Now, with reference to Japan.

Japan has 65,000 men. They have no marines, and the enlisted men, the seamen, perform just the same duty in the Japanese Navy which the marines perform in our Navy and the British Navy. So that in considering a comparison with Japan, we must consider amongst our enlisted men the marines, and if we add the 2,500 to the 90,000, we have 92,500. Now, here is the situation for comparison, and that is—and I say it with no criticism of the Japanese—but they are from 25 to 50 pounds lighter than our men and their complement must necessarily be larger upon the large ships, because it takes more of their men to handle large shells and powder bags and other things which have to be handled upon a battleship. Now, our personnel compares favorably with theirs, and here is the meat of the situation with reference to the personnel. I want an adequate Navy; your committee wants an adequate Navy; but we must provide for our Navy on a basis of what our Navy needs, and, as I showed you at first, our Navy at 82,000 will take care of any possible exigency that comes up in the line of new ships coming in the year 1927.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield for a question right there?

Mr. TABER. Certainly.

Mr. BRITTEN. The gentleman said that his committee desired to take care of the Navy, for the needs of the Navy?

Mr. TABER. Absolutely.

Mr. BRITTEN. Just tell the House who is the best qualified to determine the needs of the Navy—the best experts in the Navy and the board, backed by the President of the United States and the Budget officer, or the subcommittee which has seen fit to reduce their figures?

Mr. TABER. I am glad the gentleman asked that question. The Subcommittee of the Committee on Appropriations of the House of Representatives is not a rubber stamp. [Applause.]

Mr. BRITTEN. That is not answering my question. Who is best qualified?

Mr. TABER. The subcommittee is not willing to let its judgment be confined to what somebody else tells it. It is sent here to represent its constituents and to use fair and honest understanding and judgment as to whether this thing or that thing is needed. And we have come here and shown you why this thing that we are providing adequately takes care of the situation, and to date there has not been a single earthly thing said that could possibly controvert it.

Mr. BRITTEN. Where does the committee get its information?

Mr. TABER. We get it through hearings from the responsible officers of the Navy.

Mr. BRITTEN. Then why do you not follow their advice?

Mr. TABER. Because we find that what we have provided adequately meets the situation, and the gentleman has not presented anything here to dispute it, except the say so of some one.

Mr. BRITTEN. The gentleman could just as well have said those words three or four years ago, when they brought in a bill here which would practically destroy the Navy.

Mr. TABER. I am not speaking of ancient history. I am sorry the gentleman can not do anything but go back to ancient history.

Mr. BRITTEN. Does the gentleman mean that our Navy is ancient history?

Mr. TABER. I mean that the gentleman from Illinois, when he speaks on the subject of the bill of four years ago is speaking of ancient history. I was not in the House at that time.

Mr. BRITTEN. The gentleman is setting up his own wisdom, and he admits that he was not here four years ago, and he says he will not follow the expert advice of the Navy Department, and he is going to write into this bill measures that will break it.

Mr. TABER. We have written into the bill what is necessary for the Navy Department to enable it to operate intelligently and successfully, and the gentleman from Illinois has not given us a single fact, nor has any other gentleman who has appeared before this committee, which could possibly be construed as disputing that we have done that.

Let me tell you another thing about this personnel question while we are at it. There will be required, with 82,000 men in the Navy, 24,000 new enlistments. That is more than the Navy has been called upon to train in many a day. It is more than they can train in one year without changing their layout and their program with reference to that sort of thing.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, may I have 10 minutes more?

Mr. FRENCH. I yield to the gentleman 10 minutes more.

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes more.

Mr. TABER. Is it not better to provide for just what we need for 1927, and then take care of what we need in 1928, when we shall have three more battleships in commission, and, I hope, two of the new scout cruisers, and, I hope, three of the new submarines, which we have not got now? Is it not better to take care of our needs instead of taking care of our imaginations? [Applause.]

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. TABER. Yes.

Mr. VINSON of Georgia. Next year you will have three battleships to go into the navy yard to be reconditioned.

Mr. TABER. In 1927 our situation will stand just as it is, but in 1928 those alterations will be completed and we shall have the whole 18 ships in commission.

Now that much for personnel.

I now want to talk to you a minute or two about fuel. It is up to this committee and it is up to this House to use its pencil when it comes to making appropriations for the Navy and for everything else, to see that the job is done right. When the Bureau of the Budget estimated for fuel they figured it at $1.59 plus per barrel. The price of fuel the other day, when we were having our hearings on this subject, was $1.11 on the Pacific coast, a difference of 48 cents per barrel. I am going to assume for this purpose—and I believe that it is a fair assumption—that one-half of the coal used in our Navy can be purchased on the Pacific coast efficiently. I do not think that there is any doubt about that. With this reduction in price and this suggested proper method of purchase there can be a saving of at least $1,065,700.62 in the fuel appropriation without in any way affecting the amount of fuel to be used by the Navy. This means that of the cut from $14,750,000, $1,065,700.62 is on account of a reduced price and only $685,000 has to be applied toward reduced steaming and additional ships to be placed out of commission. For instance, there can be no possible excuse for the proposal of the department to increase the steaming of submarines from 9,000 to 10,000 miles.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield there?

Mr. TABER. Yes.

Mr. VINSON of Georgia. I trust the gentleman will pardon me for submitting this inquiry at this point. When I came into the Chamber a moment ago the gentleman was discussing the number of ships held in commission by Great Britain and the number held by ourselves. I understood him to say we had in commission about 300 ships.

Mr. TABER. Three hundred and twenty-four.

Mr. VINSON of Georgia. In January, 1926, the combative fleet of Great Britain in some form of commission was 189, and in our Navy 192. Now the gentleman does not mean to convey the idea that we have a Navy of—how many ships?

Mr. TABER. Three hundred and twenty-four is the number in commission, according to the information supplied to us by the Director of Naval Intelligence. I refer the gentleman to pages 117 and 118 of the hearings.

Mr. VINSON of Georgia. That may account for the provision for 82,000 men. I would like to have the gentleman use the same degree of diligence in regard to that. We have only 18 battleships; we have 112 cruisers; we have only 50 submarines, and so many destroyers. Of course we have not three hundred and some odd combatant ships in service. In that case you would have to have more than 82,000 men.

Mr. TABER. I do not mean combat ships. I mean to include colliers and patrol vessels. For instance, we have 30 patrol vessels in commission, vessels of between 100 tons and 500 tons; 22 around 500 tons.

We have 81 submarines in commission, we have 106 destroyers in commission, and so on. If the gentleman will look at the tables on pages 117 and 118, he will very readily see the details.

Mr. VINSON of Georgia. As a matter of fact, on January 16, we had only 51 submarines in commission. If the gentleman wants the latest information and accurate information upon which the gentleman and his committee can reach some conclusion about the Navy, I can supply it to the gentleman.

Mr. TABER. Well, does the gentleman mean to imply that he has been going over the heads of the responsible officers of the Navy?

Mr. VINSON of Georgia. No; I mean I have been throwing the chaff from the wheat.

Mr. TABER. If the gentleman is correct, I would suggest that he proceed to the Navy Department and have them correct the table which they furnished to us.

Mr. VINSON of Georgia. If the gentleman will permit, here are the facts about it, and I presume they will be of considerable interest to the members of his committee. I think it will be of interest to them to know what we have in commission in this country, in England, and in Japan, because they are the only three countries that have large navies. This information is as of October 1, 1925. The British have 16 of their 22 capital ships in commission, while we have 15 of our 18 in commission and 3 of them with 25 per cent complement; the British have 4 with one-tenth complement. Of first-line cruisers, the British have 31 in commission; the United States has 10 in commission and Japan 16. As to destroyers and destroyer leaders, the British have 62 in full commission; 37 with 50 per cent complement; 9 with two-fifths complement, a total of 108 in some form of commission. The United States has 112 destroyers in full commission, 93 per cent complement. All others of the United States are entirely out of commission, while the British have, in addition to the 108 above, 89 with one-tenth complement on board in reserve. As to submarines of the first line, the British have 28 in full commission, 1 in reduced complement, and 10 in reserve, those

in reserve having a complement of about one-tenth. The United States has 51 in full commission. As to aircraft carriers, the British have 4 first and second line carriers in commission, whereas the United States has but 1 second-line carrier in commission. Both nations have 2 first-line carriers building, but it will be noted that as of this date the British have 4 carriers in commission to our 1. Totaling all of these combatant types, the British keep in some form of commission 189 vessels against the United States's 192. In addition to that England carries 105 ships in reserve to none for this country. I ask the gentleman whether the Navy Department submitted that information to his committee?

Mr. TABER. It did not. But may I ask the gentleman a question? Will the gentleman be as frank with the House as we have been with the House, and state the source of his information?

Mr. VINSON of Georgia. I received this information from the Navy Department. All of the information I have on this subject is from the experts of the Navy, and after I have used the common sense I have in trying to find out the facts about it, I let the testimony of the experts, if it has more reason in it, guide me as to what is the proper course for the Navy to pursue with reference to legislation and appropriations.

Mr. TABER. I call the gentleman's attention to the tables to be found on pages 117 and 118, which were furnished to us by the Navy Department. The information contained in those tables does not agree with the information which has been furnished to us by the gentleman from Georgia. The information contained in those tables shows that the British, instead of having 16 capital ships in commission, have 15, just as we have. Now, it is a well-known fact that all of the British cruisers except four are under 7,000 tons.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. AYRES. Mr. Chairman, I yield my colleague five additional minutes so that he may inform the members of the legislative Committee on Naval Affairs.

Mr. TABER. With reference to destroyers, the British ships which are in reserve have a complement of only 10 per cent, in a large measure, so that a very large number of our 151 ships could be placed in commission practically as soon as the British ships. Now, as I view it, that is the difference between the situation that was presented by the gentleman from Georgia and the situation as it actually is.

I think I have clearly shown that we do not need any more men for the Navy than this committee has recommended be provided. I think I have clearly shown that we do not need any more money for fuel unless the price advances, and in that case such a thing as that is a matter for a deficiency appropriation and always has been. I think I have clearly shown that we have adequately provided in every way for the needs of the Navy, and on that basis the members of the subcommittee ask your support of the bill. [Applause.]

Mr. BRITTEN and Mr. VINSON of Georgia rose.

Mr. TABER. I will yield to the gentleman from Georgia.

Mr. VINSON of Georgia. I will state to the gentleman that I find myself in disagreement with the subcommittee in only one or two respects, particularly on the questions of personnel and fuel. The Budget recommended for fuel for transportation $14,750,000, did it not?

Mr. TABER. Yes.

Mr. VINSON of Georgia. The committee reduced that amount to $13,000,000?

Mr. TABER. Thirteen million dollars.

Mr. VINSON of Georgia. Having done that, and recognizing the fact that you are going to have new enlistments of about 23,000 men next year, I wish the gentleman would enlighten the committee on how you are going to train these men if you reduce the cruising capacity of the fleet?

Mr. TABER. I have just told the gentleman that the difference between the cost of fuel at the time the Budget made its estimate and the price to-day, plus a proper method of purchase, is $1,065,700.62, and that takes care of the greater portion of our cut. I do not believe that some of the additional steaming which has been proposed, such as the increase for the S-boats from 9,000 to 10,000 miles, is going to be a good thing for the Navy, and I believe that once in a while and here and there they can cut down enough to take care of the $685,000. That is really all the cut is—$685,000—when you come to analyze it.

Mr. VINSON of Georgia. Is not this true, that you reduce the appropriation for fuel and transportation only 12 per cent, and that the amount which goes for fuel for the fleet is reduced 89 per cent? For instance, to make my question more intelligent to the gentleman, of your $13,000,000 appropriated, $10,000,000 plus of it must go for various things, and that only leaves $2,724,000 available for fleet cruising. You have reduced the other item only 12 per cent, but for fleet cruising you have reduced it 29 per cent.

Mr. TABER. It is not true. The total appropriation for fuel oil as carried in the Budget is $10,633,857.71, and the cut is about 15 per cent. Two-thirds of that cut is in price, and the balance, 5 per cent, is the cut on steaming or vessels in commission.

Mr. VINSON of Georgia. Let me ask the gentleman this further question: The Navy Department, these experts whom the gentleman followed just a while ago in reference to the number of ships in commission, were opposed to this reduction, were they not?

Mr. TABER. Well, they gave us the information upon which I have just figured out a possible saving under this appropriation in the price of fuel of $1,065,700.62, and it is not possible to escape from the natural deduction to be made from that information.

Mr. VINSON of Georgia. Now, is it not true that the average mileage for the entire fleet on which the Budget estimated $14,750,000 would be 17,936 miles, but under the appropriation of the committee of $13,000,000, the fleet can only have a fleet mileage of 12,621 miles?

Mr. TABER. I do not understand that is the situation. The greatest possible cut in steaming is 5 per cent, or a possible average reduction of less than 900 miles.

Mr. VINSON of Georgia. It is, if the gentleman will pardon me.

The CHAIRMAN. The time of the gentleman from New York has expired.

[Mr. TABER asked and received leave to extend his remarks in the RECORD.]

Mr. FRENCH. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. NEWTON].

Mr. NEWTON of Missouri. Mr. Chairman, more than seven years have passed since the roar of battle died away in France. More than seven years ago Germany laid down her arms in complete surrender. During that conflict we seized in this country property amounting to approximately $1,000,000,000 belonging to private citizens in Germany, and now after more than seven years, with the exception of the paltry sum which we returned under the Winslow Act, we are still holding these vast properties, save and except that which has been confiscated or wasted.

Repeatedly I have appeared upon this floor to protest this action of our Government. And why? Because I conceive it to be in flagrant violation of our sacred treaty obligations which have existed for more than 130 years. In 1785 Benjamin Franklin, Thomas Jefferson, and John Adams represented the United States in the negotiation of a treaty between the United States and Prussia. That treaty was renewed between these Governments in 1799, again in 1828, was made to extend over the entire of Germany, and was still in force when war was declared in 1917. Article 23 of that treaty reads as follows:

> If war should arise between the two contracting parties, the merchants of either country then residing in the other shall be allowed to remain nine months to collect their debts and settle their affairs and may depart freely, carrying off all their effects without molestation or hindrance, and all women and children, scholars of every faculty, cultivators of the earth, artizans, manufacturers, and fishermen unarmed and inhabiting unfortified towns, villages, or places, and in general all others whose occupations are for the common subsistence and benefit of mankind, shall be allowed to continue their respective employments and shall not be molested in their persons, nor shall their houses or goods be burnt or otherwise destroyed, nor their fields wasted by the armed force of the enemy into whose power by the events of war they may happen to fall; but if anything is necessary to be taken from them for the use of such armed force, the same shall be paid for at a reasonable price.

It is as clear as day that a state of war was exactly the contingency for which this article was intended to provide. History tells that this was at that time an advanced doctrine in treaties between nations; that the article was written by Franklin and was insisted upon by his colleagues, Adams and Jefferson. The far-seeing Franklin realized the importance of inducing German capital and skill to come to this country to develop our resources and build our industries, and he knew that a guaranty from our Government for the protection of private property in the event of war would accomplish this result. Then, too, this doctrine was in keeping with America's conception that the individual should have some rights to liberty and property which do not belong solely to the State.

The war came, was fought, and won. But can it be said that German merchants in business in this country were

allowed nine months in which to collect their debts and settle their affairs? Can it be said that they were allowed to depart freely, carrying off their effects without molestation or hindrance? Nor were German scholars of every faculty and cultivators of the earth allowed to continue their respective employments unmolested. On the contrary, in direct conflict with all of these provisions of our treaty providing for the protection of the person and property rights of German nationals, we seized their property and interned their nationals in jails and prison camps.

But it was contended in Congress when this action was authorized that war abrogates all treaties. As proof conclusive, however, that neither Germany nor the United States intended that such a construction should ever be placed upon that treaty, let us read Article 24, immediately following the one which I have just read:

> It is declared that neither the pretense that war dissolves all treaties, nor any other whatever, shall be considered as annulling or suspending this and the next preceding article, but, on the contrary, a state of war is precisely that for which they are provided, and during which they are to be as sacredly observed as the most acknowledged articles in the law of nature and nations.

The clear and scholarly brain of Benjamin Franklin never produced a document more conclusive as to its meaning or intent, and it is inconceivable that we who were so far away from the conflict during the World War could have been so blinded by our prejudice and hatred.

With the birth of this Republic the nations of the earth beheld the dawn of a new day. For centuries past the wars of the Old World had been stimulated and carried on for the purpose of conquest and confiscation, under the direction of ambitious and ruthless monarchs. The founders of this Government were patriots, inspired by a sense of equity, justice, and fair play. And bright among the laurels of Franklin, Adams, and Jefferson shines the achievement, for the first time in the world's history, of writing into an international treaty a provision insuring security, justice, and protection for the person and property of nationals domiciled in the enemy country during the time of war.

We, in America, have always pointed with pride to the fact that we stood far in advance of the Old World in our ideals and conceptions of liberty and justice; and in the further fact that we have always insisted upon respect for the rights of the person and property of the individual.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Missouri. I will.

Mr. DENISON. The gentleman has been discussing the treaty with Germany and he has been doing it very ably. I understand it covers the cases of merchants and travelers and professors and others residing in this country. I have not read the treaty for some time. Does it cover the cases of citizens of Germany having investments in this country?

Mr. NEWTON of Missouri. It is clearly evident from the language of the treaty and in the light of the circumstances under which it was written that it was intended to cover all nationals of the enemy country having property in this country, whether domiciled here or elsewhere. Of course, at the time this treaty was written, large corporations such as we have now did not exist and the investment of foreign money and property in this country necessitated the presence of the owner much more than it does in these modern days. But it is clearly evident that Franklin and Jefferson and Adams, representing a new world and a new liberty, had in mind to write a treaty which would guarantee to the individual certain personal liberties and property rights independent of the State, and they sought to establish for the first time the principle that the property of the individual, even though found in the enemy country, should not be seized and taken as the spoils of war.

Mr. DENISON. There is a distinction between those merchants and scholars and travelers who are here at the courtesy of the Government and have property here and the nationals of Germany residing in Germany and having investments here. I think the gentleman will find that the treaty does not cover those cases.

Mr. NEWTON of Missouri. Such a construction is clearly not in harmony with the spirit of the treaty, and for us to resort to such a technicality in order to seize as the spoils of war and confiscate property of the nationals of a foreign country who had enough faith in our integrity and decency to bring their property and inventions here and help to develop our country, is a precedent fraught with great dangers for our future.

Mr. DENISON. I ask the gentleman to look it over. I understand that we have returned the property of German citizens living in this country.

Mr. NEWTON of Missouri. My information is to the effect that there are German nationals who were living in this country during the war whose property has not been returned. But suppose for argument's sake that the technical construction of the treaty which the gentleman suggests could be maintained. Or suppose that no treaty existed between the United States and Germany. Are we not bound as a matter of broad national policy to respect the sacred property rights of the nationals of the enemy country—nationals who in time of peace placed their property in the custody of our faith? Are we not bound to protect the rights of those nationals? If we do less, how can our Government in the future protect our bankers and others who are making large investments in the securities and other properties of France, Italy, Belgium, and other European nations in the event of a rupture in the diplomatic relations between our country and theirs?

If by placing this technical construction upon our treaty we hold as the spoils of war the properties of the nationals of Germany who in times of peace, and upon our urgent invitation and solicitation, invested and helped to build our industries, how can we reconcile such conduct with our oft-declared American doctrine of immunity and protection of private property situated in an enemy country? How can we harmonize it with the doctrine of Alexander Hamilton, as declared in Camillus letter 19, as follows:

> The right of holding or having property in a country always implies a duty on the part of its government to protect that property and to secure the owner the full enjoyment of it. Whenever, therefore, a government grants permission to foreigners to acquire property within its territories or to bring and deposit it there it tacitly promises protection and security.
>
> There is no parity between the case of the persons and goods of enemies found in our own country and that of the persons and goods of enemies found elsewhere. In the former there is a reliance upon our hospitality and justice; there is an express or implied safe conduct; the individuals and their property are in the custody of our faith; they have no power to resist our will; they can lawfully make no defense against our violence. To make them a prey is, therefore, to infringe every rule of generosity and equity; it is to add cowardice to treachery.

It was strong language which Hamilton used, and as I stand before you to-day I am wondering what Hamilton, or Adams, or Franklin, or Jefferson, or any of the founders of this great free country, a country where they spent their lives to establish an asylum of equity, justice, and good faith, would say if they could come back and witness the spectacle of the conduct of our Government in dealing with trust estates belonging to the helpless nationals in a conquered land. I am wondering how they would regard our conduct in the face of the language which they wrote into our treaty more than a century and a quarter ago. Hamilton said that "whenever the foreigner acquires property in our territory or brings and deposits it here, we tacitly promise him protection and security, that such foreigner relies upon our hospitality and justice, and that we by our conduct should justify our faith." He further said: "No powers of language at my command can express the abhorrence I feel at the idea of violating the property of individuals which, in an authorized intercourse, in time of peace, has been confided to the faith of our Government and laws, on account of controversies between nation and nation." I wonder what Hamilton would say if he were here to-day.

Not only did the founders of our Government advocate a policy of equity, justice, and good faith in dealing with private property in the event of war, but their descendants prior to the World War have ever adhered to the same doctrine. In 1907 our Government, in its instructions to the delegates to The Hague Conference, used the following language:

> As the United States has for many years advocated the exemption of all private property not contraband of war from hostile treatment, you are authorized to propose to the conference the principle of extending to strictly private property at sea the immunity from destruction or capture by belligerent powers, which such property already enjoys on land, as worthy of being incorporated in the permanent law of civilized nations.

It is contended that the treaty of Berlin between the United States and Germany, signed on the 25th day of August, 1921, ratified the action of the Alien Property Custodian and justifies our Government in retaining the property of nationals of Germany until the German Government shall have made suitable provision for the satisfaction of all claims of American na-

tionals against Germany. But what right had the Governments of the United States and Germany, by treaty or otherwise, to vitiate the vested property rights of the nationals of either country? The provisions of the treaty of 1785, which were continued by later treaties and remained in force during the World War, were inserted for the benefit of third parties, to wit, the nationals of either country investing or creating property in the other and they were guaranteed protection for such property in the event of war between the two; and relying upon this sacred treaty obligation that their property rights would be respected and their property sacredly preserved and restored to them in the case of war, the German nationals came to this country, invested, and accumulated property to the extent of approximately $1,000,000,000.

It was their capital, genius, and their inventions which contributed much toward the development of the resources and industries of our Nation. They brought their patents and inventions here. They came for the most part upon the inducement of our consular and diplomatic representatives, and they came always, as was their right, relying upon the good faith of our Government to fulfill its treaty obligations in the protection, preservation, and return to them of their private property in the event of war. They are the third parties for whose benefit the treaty of 1785 between the United States and Germany was executed; and as third parties, when exercising the benefits which the treaty guaranteed to them, they acquired vested rights which the two Governments by subsequent treaty had no right either morally or legally to vitiate.

The doctrine for which I am contending has long been the uniform law throughout the States of this land, and has repeatedly been expressed in the following language:

> If a contract for the benefit of a third person has been accepted or acted upon by him it can not be rescinded without his assent. (Armstrong *v.* School. District No. 8, 28 Missouri Appeal 169; Gifford *v.* Corrigan, 117 N. Y., 257; Bassett *v.* Hughes, 43 Wis., 319; Insurance Co. *v.* Rosenstein, 88 Northeastern (Indiana), 97; Dodge *v.* Moss, 82 Kentucky, 441; Paquet *v.* Paquet, 17 La., 204; Van Eman *v.* Stanchfield, 10 Minn., 255.)

It certainly can not be contended that the provisions of our treaty were not accepted and acted upon by those in Germany who invested in this country.

It may be contended that we have thus far not confiscated the property of German nationals, but in reply I beg leave to point to the conduct of the custodian in dealing with patents, trade-marks, and copyrights owned by German citizens and seized by the Alien Property Custodian during the war. There were 6,475 of these properties, with an estimated value of approximately $500,000,000. The value of the rights in this country of German nationals in Salversan alone has been estimated at $10,000,000, and yet these properties, especially the chemical patents, were sold out by the custodian of this Government to the Chemical Foundation for a sum total of $250,000, or an average of less than $50 for each patent, and this paltry sum can not be paid to the owners of these properties because it is impossible to prorate the amount according to the values of the various properties. If this is not confiscation, what is it? And worst of all it is not confiscation for the benefit of the Government, but to satisfy the greed and avarice of certain of the unscruplous in this country.

Instead of the Alien Property Custodian conducting himself as a trustee, regarding as sacred and preserving the trusts under him, he played rather the part of an auctioneer, and for the most part worse than that. He sold the properties of his wards at private sale without even giving the public an opportunity to bid to their value.

Mr. OLDFIELD. Will the gentleman yield?

Mr. NEWTON of Missouri. I will.

Mr. OLDFIELD. I notice the gentleman speaks about the Chemical Foundation. I have seen in the newspapers that there has been a lawsuit pending about that.

Mr. NEWTON of Missouri. There has.

Mr. OLDFIELD. What has been the result of that lawsuit?

Mr. NEWTON of Missouri. The case was tried in the district court, and that court held that Congress, by the alien property act and amendments thereto, gave authority to the custodian to sell this property. The court in deciding the case did not go into the question of treaty rights or the power of Congress to act thereunder. The district court held further that under the provisions of the act of Congress the lack of an adequate consideration in such sale was immaterial.

No man who reads the debates which transpired during the consideration of that bill would suspect for a moment that Congress ever intended such an abortion of justice as the act of the custodian which was sustained by the district court. The case went to the court of appeals, and that court sustained the findings of the district court. The Department of Justice, in an effort to sustain the fair name and integrity of our country, has appealed the case to the Supreme Court, where it has been argued and submitted.

Mr. OLDFIELD. The courts have held that the gentleman to whom the gentleman from Missouri refers had a legal right to sell these patents, trade-marks, and so forth.

Mr. NEWTON of Missouri. Yes; the district court and the court of appeals have held that the act passed by Congress authorized the custodian to do that which he did, but I am happy to be able to state that the Supreme Court has not yet sustained that ruling, and I will later undertake to show from extracts from the debates in Congress that Congress never intended that any such an interpretation should be placed upon the act.

Mr. OLDFIELD. The gentleman is not criticizing the custodian but the law.

Mr. NEWTON of Missouri. I contend that the law did not justify the custodian in his course of action, and that if it had undertaken to justify such a course, it would have been in conflict with our treaty obligations.

Mr. SCHAFER. Will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. SCHAFER. Does the gentleman think it was right for the custodian to organize a private corporation and then transfer the property in his custody to that corporation which he had formed? Is not that rather sharp practice?

Mr. NEWTON of Missouri. I think it was immoral; I think it was unjust; I think it was outrageous and utterly without authority.

I will concede that these copyrights, trade-marks, and patents, with the secrets which they embrace, are useful to our country and valuable to our industries, but if our inventive genius is not capable of supplying them, then we have no right to take them by force, even as spoils of war, from people who are unfortunate enough to be the subjects of a conquered foe.

It has been contended, however, that it was necessary to use these patents in the successful conduct of the war. Granting this to be true, how can we reconcile their confiscation with the sacred provisions of article 23 of our treaty, which says—

> but if anything is necessary to be taken from them (enemy nationals) for the use of such armed force, the same shall be paid for at a reasonable price.

Can it be said that these patents, trade-marks, and copyrights were paid for at a reasonable price? Such contention was not even made by the representatives of those who are enjoying the benefits of these inventions, for which they have never paid, when the case was argued in the district court and court of appeals.

I do not believe for one moment that Congress when it passed the alien property act ever dreamed of this horrible conduct in the administration of the affairs of the custodian's office. That act, on its passage through the House, was in charge of that able and conscientious former Governor of Virginia, our colleague, Judge MONTAGUE. During the debate Mr. Hill, of Connecticut, asked him if confiscation would be possible under the provisions of the bill, whereupon Judge MONTAGUE replied:

> Not confiscation at all. The Government will act, if I may use the legal term, as bailee. It will take this property and invest it in the best security in the world. It will take property which does not belong to debtors in this country, and who may not be solvent at the end of the war, and hold it for final disposition after the war. In other words, the Government undertakes to do by these enemy creditors better than the resident debtors or such enemy creditors could do for themselves.

It is evident that President Wilson never anticipated such conduct, because on February 8, 1917, before war was declared, when it had been reported to him that there was anxiety among some of our people lest private property of enemy nationals would be seized, the President, through the State Department, made the following statement:

> The Government of the United States will under no circumstances take advantage of a state of war to take possession of property to which under international understandings and the recognized law of the land give it no just claim or title. It will scrupulously respect all private rights alike of its own citizens and the subjects of foreign states.

Surely no one can contend that the conduct of the custodian in depriving the subjects of Germany of their patents, trade-marks, and copyrights without compensating the owners therefor is in harmony with the pledge of President Wilson that this Government would under no circumstances take advantage of a

state of war to seize their property, but that it would scrupulously respect all of the private rights of citizens of foreign states.

A custodian, in the ordinary English definition of the term, means a keeper, a trustee who stands in the place of the owner, preserves his property, and protects his rights thereunder. Can such a definition be harmonized with the conduct of the Alien Property Custodian in dealing with trade-marks, copyrights, and patents? To my mind the most regrettable spectacle connected with the World War was exhibited by him when under oath to discharge a sacred trust, he sold valuable properties worth hundreds of millions of dollars from himself, as trustee for the owners, to himself, as the head of a corporation conceived and designed to deprive the owners of these valuable properties, for a consideration so paltry as to amount to confiscation, not only because of its utter inadequacy, but also because it can not be apportioned and paid to the owners of such properties, and when the injustice had been perpetrated and its object accomplished he abandoned his position as the protector of his wards, whom he had sworn to protect, and took charge as president of the corporation which had acquired title to their properties.

Mr. BOX. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. BOX. Is it not true that there was a treaty between the United States and Germany by which that property was to be held as security?

Mr. NEWTON of Missouri. Yes; the treaty of Berlin contained such a provision, but that treaty was not entered into until long after the war.

Mr. BOX. It exists now, however, and probably existed when these rights were sold.

Mr. NEWTON of Missouri. Oh, no; that property was sold out long before the treaty of Berlin was executed.

Mr. BOX. I want to ask this question, if it will not take too much of the gentleman's time.

Mr. NEWTON of Missouri. Proceed.

Mr. BOX. The gentleman from Texas is a member of the Committee on Claims, which has had to wrestle a good deal with the question of the French spoliation claims. The gentleman from Texas has foreseen that in the management of this problem, with which the gentleman is dealing now, there is connected a state of affairs that will probably give rise, or possibly give rise, to a great number of claims against the Government of the United States. If under the treaty made with Germany this property of German citizens—and I recognize the force of the gentleman's contention—is returned to the German citizens, and is, therefore, not applied to the claims provided in the treaty, I think it may be safely predicted that before long the holders of these accrued claims against Germany will be claiming that the United States, having returned the property out of which the claims should have been paid, thereby became liable for the payment of those claims, and I think they will have a stronger claim than there is in the French spoliation claims.

Mr. NEWTON of Missouri. I contend that the treaty of Berlin was entered into in direct conflict with the provisions of the treaty which had been in force between the United States and Germany for a century. I contend, further, that the rights of the nationals in Germany to the properties held by the Alien Property Custodian were, and still are, vested rights, resulting from a treaty entered into between two Governments for the benefit of these nationals and acted upon by them. I have reason to believe that the treaty of Berlin was the treaty of a conqueror who dictated the terms, presented them to the conquered, showed him the dotted line, and told him to sign; but even if the treaty of Berlin was voluntarily and freely entered into by Germany, that Government had no right to sign away a vested right due from this Government to a national of Germany when such vested right was the result of an inducement upon the part of this Government.

Ample provision has been made for the payment of American claims by the German Government, and I am sure that arrangements will be made whereby these claims will soon be settled. But regardless of such claims we have no right, either legally or morally, to take money which our Government owes to the national of Germany with which to pay the private claims which somebody in this country holds against the German Government because of some act committed by the Kaiser during his reign. Our duty to the German national is fixed, definite and certain, not only under the treaty but as a matter of equity and good conscience and as a matter of sound public policy; and that duty should be discharged. If we can discharge that duty without any cost to our Treasury and without subjecting ourselves to any claim upon the part of our nationals, well and good; but if it is necessary to appropriate money out of our Treasury in order to discharge our duty and liabilities to the German nationals we should not hesitate to do so.

I am not willing to sacrifice our national honor and set a dangerous precedence for the future in order to save money for our Treasury. These treaty relations have existed for more than a hundred years. Their terms provide that they "shall be as sacredly observed as the most acknowledged articles in the law of nature and nations," and let us not falter now when temptations confront us.

Nor does our handling of trade-marks, copyrights, and patents offer our only example of confiscation. The holding of this alien property in violation of our treaty obligation, and thus depriving its owners of the use of their property and the incomes which they would have received for a period of seven years, is also tantamount to confiscation.

It has been suggested in some quarters that this Government take the property now in the hands of the custodian and pay American claims and that German nationals be told to look to their Government for the settlement of their claims. And it has been urged as an excuse that this course was pursued in the war between the United States and Spain. In the first place, I am not aware that the provision in the treaty between the United States and Germany, to which I have referred, was in the treaty between the United States and Spain. But even if it were, Spain was in a position to pay the claims of her nationals, and we know full well that if we take the property in the hands of the custodian with which to pay American claims the German claimants, to whom we are in duty bound to return the property, would never be paid. The treaty of Versailles, which our representatives helped to formulate, would of itself make such payment impossible, and we can not by such a pretext or subterfuge, without sacrificing our national honor, escape our duty to the national who invested in this country.

I conferred recently with an American consul who spent many years in Berlin, and he told me that the most insistent injunction which our Government gave to him, and of which he was frequently reminded, was that it was his duty to make an effort to induce German capital and genius to come to this country in order that we might have their assistance in developing our resources and building our industries. And he told me further that our Government instructed him to call the attention of the people in Germany to the absolute protection and security of their property in this country in the event of war, as provided for in the treaty existing between the United States and Germany; and we certainly can not now with honor appropriate the property of those who came in good faith and justify ourselves by telling them to look to their government, upon which France and her allies have a strangle hold which will take every dollar of her available revenue for generations yet to come.

The suggestion of the Secretary of the Treasury, in his plan for the disposal of alien property, that the $31,000,000 income from alien property held by the custodian and deposited by him in the Treasury should be appropriated and used for the payment of American claims threatens confiscation. This vast sum of money is not ours to appropriate. It is held in trust. It belongs to the aliens from whose property it came; and to appropriate it and use it for any other purpose would be confiscation.

Suppose, for illustration, that we persist in our course of confiscating hundreds of millions of dollars' worth of patents, trade-marks, and copyrights, and suppose we pursue the plan suggested of confiscating $31,000,000 of the income collected from the alien property which for seven long years has been held by the custodian, while in many cases its owners have lived in dire want; and suppose we continue in our course of holding on to this property, though all these years have passed since the exigencies and dangers of war have ceased. Do we not by such a course set a dangerous precedent for our own future?

We have become a creditor nation; and furthermore, our nationals are investing vast sums of money in every country where resources exist and industries are possible. Suppose at some future day we should become engaged in a war with Russia, or China, or Japan, or with a combination of the three of them, are we not setting a precedent which will justify them in confiscating the billions of dollars' worth of property owned by American nationals and invested in those countries? Yea, more, are we not by our example inviting them to create a state of war, thereby making such confiscation possible?

There are people scattered throughout the United States who own millions of dollars' worth of oil, mining, agricultural, and grazing properties in Mexico. These properties have been developed to the point where they would be very attractive to the Mexican Government to seize and own. Suppose some

bandit like Villa with a gang of outlaws should dash across our border and do great damage to the property and lives of our people. It would become immediately necessary for some one to conduct another expedition such as that led by General Pershing. Mexico would declare our invasion to be an act of war, and would seize all the valuable properties of our nationals in Mexico. In the face of the course which we have pursued and are pursuing in dealing with the properties of German nationals in this country what argument could we present against the confiscation of our properties in Mexico? The precedent set by our own conduct would stand conclusive against us. Would it not be inspiring to have some adroit Mexican diplomatic lawyer come forward and concede their obligation to protect the property of American citizens domiciled in Mexico, but refuse protection to citizens domiciled in our States whose investments are there?

Let us assume for argument's sake that war did terminate the treaty between the United States and Germany, and suppose the treaty of Berlin did destroy the vested rights of German nationals and give to the United States the right to continue to hold their property until the German Government should make "suitable provision" for the satisfaction of all American claims against that Government, I still insist that we have no right to hold on to the remainder of this property which is still in the possession of the Alien Property Custodian, because in the treaty of Paris, executed January 4, 1925, and to which the United States was a party, it was agreed that 2½ per cent of the payments of the German Government to the Allies should be paid to the United States for the settlement of American claims. The claims of the Americans, allowed by the Mixed Claims Commission, amount to approximately $180,000,000; while it is estimated that under the provisions of the treaty of Paris there will ultimately come into our Treasury from the German Government for the payment of our claims the sum of $250,000,000. Why is this not "suitable provision" for the satisfaction of all American claims against the German Government? And why under these condition do we still continue to hold, at this late day, the property of German nationals still in the hands of the Alien Property Custodian?

It appears that the Secretary of the Treasury has formulated a plan for the settlement of alien property and other related questions. In a copy of that plan, which was given to the press some days ago, and I am advised has been submitted to the proper committees of Congress for their consideration, appears the following language:

> As a matter of broad national policy, it is believed the United States should recognize the property rights of private individuals, even though we were at war with their country, and not use this private property of nationals to pay claims against their nation. If this is the proper policy for the United States, the seized property, or its substantial equivalent, should be returned.

I fully agree with the Secretary of the Treasury that as a matter of national policy this property should be returned to its owners, for it is a precedent dangerous to the future of the United States to do otherwise. It should be returned to its owners because it is right to do so. But the most impelling reason why this property should be returned in full and forthwith is that our sacred treaty obligations impel us to do so if we would keep our plighted faith.

The only thing which disturbs me in the language of the Secretary which I have just read is the term "substantial" equivalent. Why not return the property itself where possible and otherwise the equivalent of the property seized, because we can not do less with honor? Why not make the law for the return explicit, and why leave a loophole through which flagrant abuses may be practiced? No one can read the debates in Congress upon the alien property bill when it was enacted into law without acquitting the Members of this body of the remotest idea that they were authorizing the abuses which were perpetrated by the Alien Property Custodian in the administration of his office under that law.

The first provision embodied in the Secretary's plan requires the prompt payment of private American claims, and with this provision I am in most hearty accord; but I am not in favor of paying these claims which resulted from wrongs committed by the Kaiser's government out of the property belonging to private citizens in Germany, citizens who had enough faith in our Government and its integrity to observe its treaty obligations to bring their money and inventions and help to develop our resources and build our industries. My views upon the question were concisely expressed in a colloquy between two Members of this House which occurred on February 23, 1923, during the consideration of the Winslow bill, providing for the return of property to German nationals to the extent of $10,000 on each claim. That colloquy occurred between Mr. Sanders, of Indiana, and Mr. TILSON, of Connecticut, now majority leader, and was as follows:

> Mr. SANDERS of Indiana. I want to say at the outset that I am opposed to the application of the property in the hands of the Alien Property Custodian to the payment of American claims.
>
> Mr. TILSON of Connecticut. Does not the gentleman think that the precedent we are setting by turning back a part of it can be taken as a pledge that all the rest of it will be disposed of in the same manner?
>
> Mr. SANDERS of Indiana. I do not know, but the matter is in the hands of Congress. This property can not be confiscated without the assent of Congress, and the American Congress can never under the sun consent to such a policy of confiscating private property of any German nationals to pay American claims. [Applause.]
>
> * * * "The establishment of the general principle of the inviolability of the right of private property under international law is as important to international trade as was the inviolability of private property secured by the Constitution of the United States to domestic trade."

These sentiments expressed in open debate upon the floor of the House were never challenged, and were clearly the sentiments of that body at the time the Winslow bill was passed.

The second provision embodied in the plan of the Secretary of the Treasury requires the return to the German and Austrian nationals of their property or its substantial equivalent. I agree with that sentiment if the word "substantial" is eliminated from the law.

The third provision in the Secretary's plan provides for the payment of the claims of the German owners of ships, radio stations, and patents taken over and used by the United States, provided, however, that such award is not in excess of $100,000,000. If the total value of these properties exceeds $100,000,000, as I am persuaded that it does, then, to the extent of such excess we would be guilty of confiscation. The Secretary does not specifically mention the German docks in New York seized by our Government during the war, although I assume that he intends to include them. A partisan board of our Government, selected to appraise these docks as a basis for payment therefor, has valued them at $7,146,583, and I am advised that they have been appraised by disinterested persons at approximately three times that value.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. HOUSTON. Is not the gentleman aware of the fact that the Germans did not own those dock companies? They were leased to American companies for 999 years; they were taken over by the Government of the United States and paid for.

Mr. NEWTON of Missouri. I know that those docks were owned in part by the Hamburg-American Line Terminal & Navigation Co.; that this was a New Jersey corporation; and that all of the stock in that corporation was owned by the Hamburg-American Line Steamship Co., a German corporation of Hamburg. I know also that the remaining portion of the docks was owned by the North German Lloyd Dock Co., also a New Jersey corporation, and that all of the stock in that company was owned by the North German Lloyd Steamship Co., a German institution, of Bremen. The stock of these corporations was kept in the United States by representatives of the German corporations, and all the stock in both companies was seized by the Alien Property Custodian in December, 1917.

I know that the Alien Property Custodian voted all this stock, ousted all the German directors, and put in directors of his own, and I know that the Alien Property Custodian, through his own board of directors, acting as one arm of the Government, sold the Hamburg-American Line Terminal & Navigation Co.'s piers to the War Department, another arm of the Government, for $2,314,877, and I know that this money was never turned over to the German owners but was paid to the Alien Property Custodian, who placed it in the Treasury of the United States, where it still remains.

I know that the Alien Property Custodian voted the stock of the North German Lloyd Dock Co., ousted the German directors, and elected directors of his own; that he sold this property to the War Department for the sum of $4,831,705; that this money was paid to the Alien Property Custodian, who placed it in the Treasury of the United States, where it still remains, and I know that none of the German owners of this property have ever received one dollar therefor and that they were never given an opportunity to appear before any agency of this Government to establish the real values of the properties which were seized. And I am surprised that the gentleman from Delaware [Mr. HOUSTON], who, prior to coming

to Congress, was chief of the bureau of law for the Alien Property Custodian, should ask a question such as he has propounded to me.

Mr. HOUSTON. Is it not a fact that that property was taken over because it was leased to an American corporation for 999 years, and it was seized under authority of Congress, under the provision of law of eminent domain of Congress, and the value was arrived at and the property was paid for?

Mr. NEWTON of Missouri. The property was taken over under an authorization act similar to the act upon which proceedings in eminent domain are based, but it was an arbitrary proceeding on the part of the Government, without any permission to the German owners to be heard, and no opportunity was afforded them to establish values of their properties.

Does the gentleman claim that the ships were owned by an American corporation?

Mr. HOUSTON. No; the ships were not taken over by the Alien Property Custodian; they have always been held, under authority of Congress, by the Shipping Board.

Mr. NEWTON of Missouri. What difference does it make whether it is the right hand or the left hand of the Government that holds them?

The German ships which we seized have been appraised by a partisan board of the Government at $63,000,000, but on the basis of values allowed for ships which the Shipping Board requisitioned for the Government's service during the war, the German ships at the time they were seized were worth $213,649,000, and I have never heard it charged that the values which the Government placed upon requisitioned ships were excessive.

Thus it will be observed that the values of the German ships and docks upon a reasonable basis were worth over $230,000,000. I am advised that the radio stations which we seized and which are referred to in the Secretary's plan for settlement are worth over $10,000,000, so that it will be observed that the suggestion of settling all the claims for ships, radio stations, and patents for a sum not to exceed $100,000,000 is totally inadequate, and if settlement were made upon that basis, to the extent of the difference between $100,000,000 and the actual value of these properties this plan would contemplate confiscation.

By patents, I trust, the Secretary means all patents, trademarks, and copyrights whose owners are deprived of title thereto through the conduct of the United States, its officers and agents, for we are as much in duty bound to respect the rights of the owners of these properties as we are the rights of the owners of property of any other kind or character, and the value of these properties extends into the hundreds of millions of dollars, and to settle the claims for all these properties for a sum which amounts to only a small percentage of their real value because as conquerors we have the power so to do amounts to confiscation—a precedent which will rise up to embarrass generations yet unborn—a precedent of which descendants who follow us will be ashamed.

The fourth provision in the Secretary's plan for the settlement of alien property and other related questions provides that it shall impose no new burden on the Treasury. As a Member of this House I have consistently stood for the Secretary's economy program and have voted for every so-called Mellon-plan bill which has been before us. I believe in economy where it can be accomplished by honorable means; but if it comes to the point where we are to have economy at what I conceive to be at the cost of our national honor, then I am against it.

The owners of these properties were wrongfully deprived of them. The conduct of the agents of our Government who accomplished these conversions would never have been tolerated except in the shadow of the prejudice resulting from the bitterness of war. But that bitterness and passion has had time to cool, and our feelings toward our former enemies will increase in moderation as time goes by, and the conduct of America to-day should not be a source of regret to the American of the future. These properties should be turned back to their owners intact; but if our conduct has been such as to render this impossible, then they should be paid for "at a reasonable price."

Many of us condemn some of our allies for forcing us to accept bankrupt settlements for the money which they borrowed from us. Do we, as conquerors, propose to force a bankrupt settlement upon the helpless subjects of our defeated foe for property which they confided to our care under a sacred treaty pledge?

The plan of the Secretary further provides that a trustee shall be appointed who shall receive the money to be paid to the United States from Germany under the Dawes plan as embodied in the treaty of Paris; and that 25-year 5 per cent bonds shall be issued by such trustee, based upon the funds to be collected from Germany in the sum of $250,000,000, and that such bonds shall be guaranteed by the United States. Why a trustee to perform a duty which involves the honor and treaty obligation of the United States? And what is to be his compensation or financial reward as a result of his part in the transaction? And why 5 per cent bonds guaranteed by the United States when experience has proven that bonds bearing the guaranty of our Government with a rate of interest much less can be sold at par? Why not the United States, through its Treasury, discharge the duty imposed upon it by treaty, equity, good morals, and sound public policy? Why not authorize the Treasury of the United States to issue bonds, bearing interest at the usual Government rate, sufficient to pay the $180,000,000 of American claims which have been allowed by the Mixed Claims Commission, and then reimburse the Treasury out of moneys which this Government will receive from Germany under the provisions of the Dawes plan as embodied in the treaty of Paris?

The Secretary, in setting forth the advantages of his plan, says that it will have the consent of both the American and German claimants. I assume that this is true, otherwise the Secretary would not have said it, although I am advised that many of the German claimants have not been consulted. The American claimants should be glad enough to receive immediate cash to the full face value of their claims allowed against a Government in the financial straits in which we find Germany. The German claimants have long been deprived of their property. They have suffered many hardships and privations as a result, and I fear that in their distress they might be willing to take whatever we may condescend to give them. But such a settlement, under such conditions, does not harmonize with our national honor. It does not conform to sound public policy; it does not fulfill our sacred treaty obligations; and these are the things with which I am most concerned.

Prior to the war we had in this country many rich women who went to Germany to marry counts, barons, and other titles among the German aristocracy, and for years they and their alien dignitaries lavished in wealth produced in this country while they revelled at the courts and royal social assemblages of the empire. When the war came their property in this country was seized by the custodian. Most of their husbands and sons, being of aristocratic birth, became officers fighting in the Kaiser's army against us. No part of their property was confiscated, nor was it held by this Government for long after the war, because as soon as the war was over an act was passed by Congress, which was approved by the President June 5, 1920, which provided for the return in full of all properties belonging to these women, who by the assumption of their marriage vows had demonstrated their lack of patriotism for our country and its flag.

The conduct of no German during the war aroused so much hostility, antagonism, and bitterness in this country as that of Count Von Bernstorff, the German ambassador to the United States. Our people thought that he violated every rule of hospitality by the spreading of German propaganda in this country; and yet we turned back to his wife in full and without penalty her property, amounting to more than $1,000,000; and still we hold, and in many cases we have converted, the property of German girls who were never afforded an opportunity to marry an American boy. To my mind such a course is indefensible.

Nothing did more to effectively arouse and inflame the war spirit in this country than propaganda to the effect that Germany had violated her treaties by the invasion of Belgium. We inspired the masses to believe that the United States regarded an international treaty as being as sacred as the Bible, and it should grieve every thoughtful patriotic American if in dealing with alien property our conduct is such as to make America stand convicted before generations yet unborn of violating the sacred treaty pledges entered into by the patriotic founders of our country.

President Wilson, who was authorized to speak for the American people in a public proclamation, said:

> We have no selfish ends to serve. We desire no conquest or dominion. We seek no indemnities for ourselves, no material compensation for the sacrifices we shall freely make.

And yet by authority of law and with the approval of the lower courts we have undertaken to deprive private citizens of Germany of properties, in the form of patents, trade-marks, and copyrights worth hundreds of millions of dollars, without giv-

ing them any compensation in return therefor, and again on April 2, 1917, President Wilson, in a public proclamation, said:

> We have no quarrel with the German people. We have no feeling toward them but one of sympathy and friendship. * * * We are but one of the champions of the rights of mankind. We shall be satisfied when those rights have been made as secure as the faith and freedom of the Nation can make them. * * * We are, let me say again, the sincere friends of the German people, and shall desire nothing so much as the early reestablishment of intimate relations of mutual advantage between us, however hard it may be for them for the time being to believe that this is spoken from our hearts.

Do the Members of this House believe that the conduct of our Government in dealing with alien property has been in harmony with this plighted faith so elegantly phrased by our President? Has our conduct been such as to inspire the faith of those people in any pledge we may again make? On the contrary, if we pursue the course which we have followed thus far regarding this property, may not the future generations of that country exclaim, as of old, "Beware of the Greeks when they come bearing gifts"?

I fear that our failure thus far in the fulfillment of our treaty pledges may be due in part to the powerful influence of those who enjoy the ill-gotten wealth derived from properties wrongfully taken from the subjects of our former enemies. I have a feeling that they may believe that when Congress considers the matter for final settlement a sense of justice may impel it to undo the wrongs which the custodian committed in the name of the law.

I fear, also, that this delay may be due in part to the opposition of those who indulge in the bitterness of the memories of war, and who like to gratify the passion of their hatreds by dealing severely with the subjects of our fallen foe. But those who cherish such bitterness and who foment such hatred should not forget the gratitude we owe to the kinsmen in this country of the subjects of these former enemies for the contribution which they have made to the defense of our liberty and the preservation of our Republic. The feelings of these Americans should not now be entirely ignored. Nor should we expect these kinsmen, now that the war is won, to indulge the same bitterness and hatred toward helpless people in a land from which their fathers came. President Wilson, in his Memorial Day address at Arlington Cemetery on May 30, 1916, said:

> We have no criticism for men who love the places of their birth and the sources of their origin. We do not wish them to forget their fathers and their mothers running back through long, laborious generations, who have taken part in building up of the strength and spirit of other nations.

Our writers have had much to say of the landing of the Pilgrims at Plymouth in 1620, but there transpired in the autumn of 1683 an event of equal importance in the making of American history and in the molding of American liberty. That event was the landing of the *Concord* carrying 13 German families from Crefeld under the leadership of Franz Daniel Pastorius.

These 13 families established the first German settlement in the United States at Germantown, Pa. Others followed until many German settlements were established in New York, Pennsylvania, Virginia, and Carolina, and no historian can record truthfully the hardships and privations of the early colonies without dealing at great length with the courage, valor, and chivalry of the German pioneers of that time.

These German settlers not only did their full share in clearing the forests, navigating the rivers, fighting the Indians, building homes, and establishing schools in our early colonial days, but they contributed extensively to the trades, avocations, and industries which developed among the colonies.

The first book on education produced in America was written by Christoph Dock in 1754, and the first kindergarten was brought to this country in 1826 by Frederick Rapp. William Rittenhaus erected the first paper mill in this country in 1690, and Thomas Ruetter founded the first iron works in Pennsylvania in 1716. Kaspar Wuester founded the first glass factory in America in 1738. Thomas Leiper laid the tracks of the first railroad in America in 1806. Johann August Roebling built the first suspension bridge in America. Christoph Witt, in 1775, built the first church organ in America; and Christoph Saur, in 1743, printed the first Bible that was printed in America.

Not only did the early German settlers who came to this country bring with them a determination to clear the fields and establish a civilization which would serve as an asylum for the oppressed, they came with a will to help build a government which would serve as an example of liberty for the Old World, and they brought with them and cherished as sacred the principles of freedom. It was the German Society of Friends in Germantown, Pa., who, on the 18th of April, 1688, issued the first public protest against human slavery, and of these sainted patriots John Greenleaf Whittier wrote:

> That bold-hearted yeomanry, honest and true,
> Who, haters of fraud, gave to labor its due;
> Whose fathers of old sang in concert with thine,
> On the banks of Swatara the songs of the Rhine,
> The German-born pilgrims, who first dared to brave
> The scorn of the proud in the cause of the slave.

In the early days of our colonial history groups of white settlers, pioneers of American history, battled against privation and savagery in their respective colonies, while they suffered from oppression enforced by emissaries from the Old World. Each colony fought its own battles independent of the other. There was lack of that cooperation and concerted action essential to the common welfare. It remained for a German, Jacob Leisler, Governor of New York, to call together, in 1690, the first colonial congress, and it was this act of Governor Leisler which made possible the successful struggle for American liberty and independence. For it was the colonial congress which unified the forces of all the colonies and made it possible for them to throw their unified strength against the common enemy—Great Britain.

Between the settlement of Germantown in 1683 and the breaking out of the Revolution in 1776, a multitude of German settlers came among the Colonies. As the rule of Great Britain became more and more oppressive, British influence was asserted with greater force among the English colonists to prevent a rebellion. So great was this influence that Pennsylvania hesitated to join with the other Colonies in their stand for American freedom and independence. It was at this crisis that the German settlers, having no sympathy for the British Crown, threw their weight into the balance and swung the Keystone State into line. And, likewise, the German settlers throughout the Colonies, imbued with the spirit of liberty and fired with a zeal for freedom, stood steadfast for the American cause. British influence in Georgia was so strong that the colony for a time considered separating from the independence union and remaining loyal to Great Britain. History records that it was the influence of liberty-loving Germans among the population of that State which finally resulted in Georgia casting her lot with the Colonies in the battle for independence, and it was a German—John Adam Truetlen—who became the Revolutionary Governor of Georgia.

So marked was this evidence of German enthusiasm for the cause of independence that John Dickinson, one of the signers of the Declaration of Independence, wrote in 1775:

> It is amazing to see the spirit of the Germans among us. They speak with infinite pleasure of sacrificing their lives and property for the preservation of liberty, which they know full well how to value, from its deprivation by despotic princes.

It was but natural that Germans in America should be devoted to the cause of freedom. They had come from a land where they had felt the cruel hand of the oppressor, and in this country they had fought the savages and wild beasts, cleared the forests, built their homes, and claimed the soil upon which their battles had been won. Furthermore, they had no royal British connections, they had no prospects of returning to England for political favors or social preferment, and they owned no estates or gifts from the crown.

In 1775 George Washington was commissioned commander in chief of an army to be raised by the Continental Congress, and on June 4 that year Congress issued a call for troops. Pennsylvania forthwith raised four companies of German sharpshooters. They were backwoods pioneers, strong and brave, who had lived among dangers. Under the leadership of Colonel Nagel and Colonel Daudel they started a march of 600 miles to join their commander in chief. In large letters upon each man's breast was written "Liberty or Death," and history relates that when these sunburnt German backwoodsmen arrived at Washington's headquarters, in less than a month after the call for troops went out, tears streamed down his face as he greeted them.

During the siege of Boston these German sharpshooters fired with such deadly aim that when a report of the battle reached London a member of Parliament cried:

> Those Americans know more of our army than we dream of. They shoot it up, besiege, destroy, and crush it, and wherever our officers show their noses they are swept away by American rifles.

That the valor and courage of these German soldiers was recognized by the Continental Congress is shown by the fact that on May 25, 1776, Congress authorized the formation of

an entire German battalion, one-half to come from Pennsylvania and one-half from Maryland, and so well did they respond that the battalion was quickly overfilled.

During the summer of 1777 the cause of the Revolution was dragging, and the condition in the North seemed desperate. General Burgoyne began his famous march from Canada to New York, along the Hudson, with a view to cutting off New England from the rest of the Colonies. With this accomplished the American cause would be lost. Burgoyne was to be met by a British expedition coming up the Hudson, while Colonel St. Leger was to come from the West, subdue the Mohawk Valley, rob the farmers of their rich harvests, secure abundant supplies, and join Burgoyne at Albany. St. Leger's army of 1,600 men consisted of British regulars, Canadian volunteers, Hessian Chaussers, and Indians.

Nicholas Herkimer, hearing of St. Leger's approach, raised a force of 800 men, consisting almost entirely of German farmers of the valley. At Oriskany, near the present city of Rome, N. Y., they met in battle. Historians tell us that in proportion to the number engaged it was the bloodiest battle of the war. The two forces came together in a narrow defile. A thunderstorm raged, and the rain came down in torrents, so that their old flintlock rifles could not be used. The battle was fought out with cold steel in a terrible hand-to-hand conflict. No prisoners were taken; all who were lost on either side were slain. But the German farmers, though outnumbered 2 to 1, proved their ability to successfully grapple with these British regulars, Canadians, Hessians, and Indians.

St. Leger was defeated, and his defeat resulted in the defeat of Burgoyne's entire expedition. The colonies were thrilled by the courage and valor of these German farmers, and Harold Frederic wrote:

> All honor and glory to the rude, unlettered, great-souled yeomen of the Mohawk Valley, who braved death in the wildwood gulch at Oriskany that Congress and the free Colonies might live.

Of the achievement of these German soldiers and their fearless leader George Washington said:

> It was Herkimer who first relieved the goomy scene of the northern campaign. The pure-minded hero of the Mohawk Valley served from love of country and not for reward. He did not want a continental command nor continental money.

Thus it will be observed that Lexington and Concord were not the only fields where embattled farmers stood and resisted British regulars or fired the shot that was heard around the world.

During the dark days immediately before the Revolution, when patriotic hearts were aching under the ever tyrannical grip of George the Third, a Lutheran Church stood at Woodstock, in the Shenandoah Valley. Its pastor was Peter Muhlenberg, whose father was Rev. Heinrich Muhlenberg, the founder of the Lutheran Church in America. Young Muhlenberg was intensely patriotic. He was an intimate friend of George Washington and a coworker with Patrick Henry. When the war broke he announced that he would preach his last sermon on the following Sunday. This news brought an enormous congregation. Wrapped in his clerical robes he stood before his vast audience and delivered a farewell sermon which was marked by its fervor. After discoursing for a time upon the wrongs which the Colonies had suffered he exclaimed:

> There is a time for preaching and praying. But there is also a time for fighting, and that time has now come.

Whereupon he threw off his clerical robe and stood forth a soldier in the full uniform of a colonel in the Continental Army. Enthusiasm reigned, and almost the entire congregation enlisted and served with him until the battle for independence was won. So thrilling was the scene of Reverend Muhlenberg's leaving the pulpit to lead a patriotic band to battle for liberty that Thomas Buchanan Read wrote of him:

> Then from his patriot tongue of flame
> The startling words of freedom came.
> And grasping in his nervous hand
> Th' imaginary battle brand,
> In face of death he dared to fling
> Defiance to a tyrant king.

Early in the Revolution Tories and British sympathizers were numerous everywhere. Many were hesitating and some actually opposing the war. When Washington won the Battle of Trenton it was the pastors of the German Lutheran churches who announced the glad tidings to their congregations, and they used these words:

> But the Lord of Hosts heard the cry of the distressed and sent an angel for their deliverance.

And the patriotic Germans offered prayers and thanksgiving.

Treachery and disloyalty were so prevalent among the Colonies that it found its way into the Army and even into Washington's bodyguard, where plots were revealed by which the Commander in Chief was to be seized and turned over to the British forces. In the solution of this problem will be found the best example of Washington's faith in the patriotism and loyalty of the Germans during our war for independence. Washington abolished his guard and formed a new one made up of 150 Germans, commanded by Col. Jacob Meytinger, Maj. Bartholomaeus von Heer, and Lieuts. Philip Struebing and Johann Nutter. This bodyguard, selected entirely from German stock, guarded the Father of his Country safely through seven years of war, and when the work was finished he selected 12 of these men, who had served longer than any other in the Continental Army, to escort him to his home at Mount Vernon.

Perhaps the darkest hours of the Revolution were those spent during the winter at Valley Forge. Forlorn, hungry American soldiers left their blood-stained footprints upon the frozen ground while they watched the British Army comfortably encamped in Philadelphia, and while Washington went into the forest to pray for divine help and guidance. The troops had been defeated at Brandywine and Germantown. Philadelphia had been captured by the British, who also held control of the Delaware River, and the entire American Army consisted of less than 5,000 discouraged men. Washington and his soldiers were not trained in military tactics. They were skillful in fighting Indians from ambush, but they did not know how to meet British regulars in the open. Their great need was a general to train the soldiers and their officers in modern civilized warfare in order that during the following season they could meet the seasoned British soldiers in open conflict. While gloom prevailed during the early winter at Valley Forge, Benjamin Franklin was in Europe seeking friends and supplies for the American cause, and he met Friedrich Wilhelm von Steuben, a descendant of a noble military family of Prussia, and who had been reared in the rigorous military school of Frederick the Great. He had taken active part in many battles of the Seven Years' War, and had become an officer of distinction schooled in the science of modern warfare. During his interview with Franklin he became interested in the American cause, and proceeded at once to this country. Upon his arrival in Boston he addressed a letter to the Continental Congress which reads as follows:

> HONORABLE GENTLEMEN: The honor of serving a nation engaged in defending its rights and liberties was the only motive that brought me to this continent. I ask neither riches nor titles. I am come here from the remotest end of Germany at my own expense, and have given up honorable and lucrative rank. I have made no condition with your deputies in Europe, nor shall I make any with you. My only ambition is to serve you as a volunteer, to deserve the confidence of your general in chief, and to follow him in all his operations, as I have done during the seven campaigns with the King of Prussia. Two and twenty years spent in such a school seem to give me the right of thinking myself among the number of experienced officers, and if I am possessed of the acquirements in the art of war, they will be more prized by me if I can employ them in the service of a Republic, such as I hope to see America soon. I should willingly purchase at the expense of my blood the honor of having my name enrolled among those of the defenders of your liberty.

Congress, thrilled by the unselfish motives which actuated this distinguished soldier to come and battle for the cause of liberty, immediately accepted his services, and he proceeded to the gloomy headquarters at Valley Forge, where Washington appointed him inspector general of the Army. He at once set about his task of training and disciplining a heartsore, weary, discouraged army. He brought order out of chaos. He trained the officers in military tactics and drilled the men. He inspired them with hope and renewed courage, and so well did he succeed that when the conflict was renewed with the coming of spring the British were astounded at the force and training of the new army which they encountered.

To tell of all the achievements of that great soldier in that eventful war would take more time than I have allotted to me. Not only did he discipline and train our soldiers but he distinguished himself as a skillful general in action. At Yorktown he was the only American officer who had been present at a siege. He was in command of a division and fortune willed that his division should be in the trenches when the first overtures for surrender were made. He had the privilege, therefore, of being in command when the enemy's flag was lowered, and none was more deserving of this great distinction than he.

Of his wonderful services Alexander Hamilton said:

He benefited the country of his adoption by introducing into the Army a regular formation of exact discipline and by establishing a spirit of order and economy in the interior administration of the regiments.

The writers of American history have had much to say about the valor and chivalry of Lafayette; nor would I detract from the luster of his magnificent service to our country. I do not believe, however, that his achievements for American liberty were comparable with those of General Baron von Steuben. Nor do I believe that Washington thought that they were. As proof of this assertion I beg leave to call your attention to the last official act of General Washington as Commander in Chief of the American Army, when he wrote to General von Steuben as follows:

MY DEAR BARON: Although I have taken frequent opportunities, both in public and private, of acknowledging your great zeal, attention, and abilities in performing the duties of your office, yet I wish to make use of this last moment of my public life to signify in the strongest terms my entire approbation of your conduct, and to express my sense of the obligations the public is under to you for your faithful and meritorious services.

I beg you will be convinced, my dear sir, that I should rejoice if it could ever be in my power to serve you more essentially than by expressions of regard and affection; but in the meantime I am persuaded you will not be displeased with this farewell token of my sincere friendship and esteem for you.

This is the last letter I shall write while I continue in the service of my country. The hour of my resignation is fixed at 12 to-day, after which I shall become a private citizen on the banks of the Potomac, where I shall be glad to embrace you and testify the great esteem and consideration with which I am, my dear Baron, etc.

GEORGE WASHINGTON,
Commander in Chief, United States Army.

What greater evidence could the Father of his Country have displayed not only of his gratitude for services rendered by a general of German stock but of his conviction that General von Steuben had rendered a service of first importance? If Washington believed that the services of Lafayette were more valuable than those of General von Steuben, then why did he devote the last sacred hour of his military career to writing a letter to him?

Another German patriot who had the courage to come and fight for American freedom was Johann von Kolb, who was born in Bavaria and who fought through the Seven Years' War. He came to this country with Lafayette in 1777. Washington made him a major general in the Continental Army, and for three years he led and fought for our liberty. He was regarded as one of the most experienced, calculating, and cautious officers of the whole Army. In the Battle of Camden, riddled with bullets, he fell. When another officer came to assist him, he said:

This is nothing. I am dying the death I have longed for. I am dying for a country fighting for justice and for liberty.

Another inspiring figure of German stock who made his contribution to the War of Independence was Christopher Ludwig, a Philadelphia baker, who was made superintendent and director of baking for the entire Army. He was required by the Continental authorities to furnish 100 pounds of bread for every 100 pounds of flour, but he said:

No; Christopher Ludwig does not wish to get rich by the war. Out of 100 pounds of flour one gets 135 pounds of bread, and so many will I give.

Would to God we had had some Christopher Ludwigs during the World War.

Three of the most important positions in the Continental Army were held by Germans. General von Steuben was inspector general, and the value of his services I have discussed; Gen. George Weeden, whose real name was Gerhard von der Weiden, was born in Hanover, Germany, and was quartermaster general of the Army; and Christopher Ludwig was superintendent and director of baking and performed efficiently and well the important task of supplying bread to the Continental soldiers.

What patriotic American has not been thrilled by the story of Molly Pitcher, whose real name was Marie Ludwig, an American woman of German stock, the wife of a German-American soldier of the Continental Army? For seven long years she went with her husband to the fields of battle. She won the name by which she is known in history from the pitcher in which she carried water among flying shot and shell to relieve the parched lips of the wounded and dying soldiers. Her husband was an artillery gunner, and when he fell in the heat of the fray at Monmouth it was Molly who sprang to his cannon and with the skill of a veteran hurled destruction into the ranks of the British until reinforcements came. Washington himself witnessed her act of heroism, and after the war, upon his recommendation, Congress gave her a pension for life.

After American independence was established, Americans of German stock, joined by immigrants from the fatherland, carried the banner of American civilization beyond the boundaries of the original thirteen Colonies and into Kentucky, Indiana, Ohio, Michigan, Wisconsin, Iowa, Missouri, Texas, Colorado, and on to the west-coast States, and as God-fearing pioneers, Indian fighters, and settlers they blazed the trail, which was followed by the clearing of fields, the building of cities, the establishment of schools, the development of industry and commerce, and this continued until 1848, when the failure of the German revolution brought a large number of highly cultured and refined Germans to this country, men of the type of Carl Schurz and others.

Not only were the German Quakers of Germantown, Pa., almost a century before the Revolution, the first to voice a public protest against slavery, but when the Civil War came two centuries later the German Turners of Washington were the first to enlist in the Army for the defense and preservation of the Union, and three days after Lincoln's call 1,200 Germans in Cincinnati were under arms and ready to march, and during that great conflict 52 Americans of German stock, composed of men like Carl Schurz, Franz Sigel, Adolph von Steinwehr, and Ludwig Blenker, because of their valor and chivalry attained the rank of general in the Union Army.

The achievements of these soldiers of German stock, as well as our generals and officers who fought in defense of the Union during that frightful conflict, are too numerous to mention within the time allotted to me, but I can not refrain, however, from referring to the marvelous services rendered to the Union by the Germans of St. Louis.

The United States arsenal, containing valuable stores of arms and ammunition, was stationed there. Missouri was overwhelmingly secessionist, with a governor from the South who adhered to the same views. His attitude was made fully apparent in his reply to Lincoln's call for volunteers, in which he said:

Your requisition, in my judgment, is illegal, unconstitutional, and revolutionary in its objects, inhuman and diabolical, and can not be complied with. Not one man will the State of Missouri furnish to carry on such an unholy crusade.

Not only did Governor Jackson send this insulting and disloyal response to the President of the United States, but he sent an autographed letter to the president of the Confederacy requesting him to furnish officers, siege guns, and mortars with which to capture the United States arsenal at St. Louis, with its supplies and ammunition, for the use of the South.

Realizing the value to the Confederacy of the military supplies in the arsenal, and with a view to their capture, Governor Jackson had assembled the Missouri Militia at Camp Jackson, in St. Louis, under pretext of inspection and drill. Captain Lyon, of the Regular Army, commanded a small garrison at the arsenal. Understanding the governor's purpose and realizing the importance of saving the arsenal, with its supplies, the Germans of St. Louis rallied overnight to the Turner halls, and within 24 hours four regiments were formed, commanded by Blair, Heinrich, Franz Sigel, and Colonel Schutter, and on the following morning, May 10, 1861, they marched out, surrounded, and captured the rebel Camp Jackson. They forced the governor to flee for his life, and they saved Missouri to the Union.

The value to the Union of this achievement wrought by the Germans of St. Louis can not be overestimated. It was a crucial point in the war, and but for this success the history of the war might have been different. The recapture of St. Louis would have been a difficult task for the Union Army, and the children in our schools to-day would probably be reading of the siege of St. Louis instead of the siege of Vicksburg.

Who has not been thrilled by the story of Barbara Fritchie, a German woman, whose maiden name was Hauser, and who was immortalized by John Greenleaf Whittier. Born before the Revolution she was past 90 years of age when the Civil War came. She lived at Frederick, Md. Stonewall Jackson, with an army of Confederate soldiers, came to town. Every Union flag was lowered, save one. Out of an attic window, past which Jackson's army had to go, floated the Stars and Stripes of Barbara Fritchie. The Confederates shot it down.

The fires of patriotism kindled within her, and I will let John Greenleaf Whittier tell you what she did:

> Quick, as it fell, from the broken staff
> Dame Barbara snatched the silken scarf.
> She leaned far out on the window sill,
> And shot it forth with a royal will.
> "Shoot, if you must, this old, gray head,
> But spare your country's flag," she said.

The real test of the patriotism of Americans of German blood came with the World War. It is but natural that they should have regarded with sorrow and regret a conflict which made it necessary for them to fight against their kinsmen in the land from which they came or from which their fathers came. They are a people with strong family and country ties, and it is but human that they should grieve at the prospect of such a conflict.

And yet, when the call to arms came the Germans responded without faltering, and so valiantly did they fight that every casualty list from the American front contained a substantial number of German names. It may have been a bitter duty for them, but it has been said, and well said, too, that "a bitter duty well performed is the best test of patriotism."

I have the honor to represent in Congress a district containing more than a half million people. A vast majority of that population is of German stock. Detectives and secret service men from Washington kept those people under continual surveillance and yet, during the World War, in that entire district not one American of German blood was convicted for disloyalty.

Not only is the military record of Americans of German stock who fought for the defense of our country an enviable one, but their achievements in civil life have never been surpassed. In agriculture, industry, and commerce they have done their full share toward developing the resources and creating the wealth of the Nation. Their turnvereins and gymnastic societies have done much to develop the physical man and womanhood of the country, and it is through their influence mainly that athletic departments have been established in the schools and universities of the Nation. They have made large contributions to our arts and sciences and their symphony orchestras and singing societies have greatly added to the character, culture, and happiness of our people.

Not only should we turn this alien property or its full equivalent in value back to the people to whom it belongs, because we can not do less with honor, but should we not, out of consideration for the feelings of more than 25,000,000 of our citizens who come from German stock—citizens who have contributed so much toward the development and defense of our country—should we not for their sake do justice to their kinsmen on the other side?

What other race which has contributed to the melting pot from which comes the free people of this great Republic can boast of a greater contribution to the establishment and maintenance of our liberties or to the building of our institutions? What race has a better right to sing, "Land where our fathers died," or in the words of Frederick Lucien Hausmer:

> Oh, beautiful our country, round thee in love we draw. For thee our fathers suffered; for thee they toiled and prayed; and upon thy holy altars their willing lives they laid.

[Applause.]

Mr. FRENCH. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD with reference to H. R. 7669.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD with reference to H. R. 7669. Is there objection?

There was no objection.

Mr. MILLS. Mr. Chairman, the House will consider shortly H. R. 7669, a bill to provide home care for dependent children, which has been reported by the Committee on the District of Columbia and in which I have a great interest, not only because of its general purpose but because it embodies an all-important provision contained in the bill introduced by me, H. R. 4055, which I consider essential for the full attainment of the intended benefits.

Some 15 years ago the child-welfare movement in this country began a period of truly constructive progress. It had its inception at the White House conference on the care of dependent children, when President Roosevelt stated the governing principle of the work to be done in the following words:

> Home life is the highest and finest product of civilization. Children should not be deprived of it except for urgent and compelling reasons. Surely poverty should not disrupt the home. Parents of good character suffering from temporary misfortunes, and, above all, deserving mothers, fairly well able to work but deprived of the support of the normal breadwinner, should be given such aid as may be necessary to enable them to maintain suitable homes for the rearing of their children.

My own experience with the problem was acquired as chairman of the district committees of the Charity Organization Society, New York City, in which capacity I was weekly called upon to deal with a number of cases involving the future of the child, and more particularly that class of cases where, owing to the death of the breadwinner, the child would be deprived of home life, unless private charity should contribute to the maintenance of the home. In those days neither municipalities nor the State in New York did more than to provide institutions for the care and maintenance of destitute children. Having learned the facts first-hand, and with the consequent desire to do something to remedy the evils of the situation, I was only too pleased, when I became a member of the New York State Legislature in 1915, to introduce a bill providing for a system of pensions to widows and to do all in my power to secure the enactment of such legislation, which was accomplished that year. Since those early days much has been accomplished. Forty-two of our States now have legislation of this character on their statute books, and while they differ widely as to character and details, the principle is now firmly established in this country that the State should do its share to maintain the home when other unfortunate circumstances have deprived it of its breadwinner. And this is wise public policy, since better citizens can be reared and developed in the home atmosphere rather than that of an institution.

We in New York recognize at the start that a measure of this kind must not be confused with ordinary charitable or poor relief. The vital distinction between mothers' aid and poor relief is, that the latter simply contemplates financial assistance as an end in itself and the alleviation of immediate material distress, while the former is a constructive effort aiming to preserve the integrity of family life and the creation of a healthy, intelligent, normal citizen. As has been well said, the father is much more than a pay envelope, and he can not be replaced by a pay envelope. There is something demoralizing to the recipient of just charitable gifts. The highest type of mother frequently, in spite of the most dire necessity, hesitates, from considerations of pride and self-respect, to ask for a dole. Under a proper system of mothers' aid, she should and can be made to feel that she is not a supplicant for charity asking for a special favor, but that the State is awarding her a certain compensation from which it, in turn, expects ample reward, while she, in turn, assumes a direct obligation to society to bring up her children as right-thinking, right-minded, useful American citizens. By giving her the right to receive, rather than compelling her to beg for assistance, we are providing an all-important psychological factor which goes a long ways toward eliminating the demoralizing circumstances of pauperism.

It is almost vital, therefore, if the full benefits of this constructive measure are to be reaped, that the administration of the law should be divorced from the ordinary charitable agencies, public and private. The children whose only trouble is poverty, due to the loss of their father, must not be classed with the lame, the halt, the blind, the drug addict, the aged, and other recipients of so-called public charities. This is not a matter of theory. It is the mature conclusion of those who have been actively interested in this character of legislation for over a decade, many of whom have had long administrative experience. It is the opinion, for instance, of the New York City Child Welfare Board, the magnitude of whose work may be gathered from the following figures. In 1924, the board received from the city $4,760,936 for 9,105 families, with 26,000 children under 16 years of age. You are bound to give great weight to the opinion of these men and women, and I know that you will.

I am emphasizing this point because there has been some opposition to that feature of the bill providing for the creation of an independent board of mothers' assistants on the ground that it will interfere with the contemplated plan of consolidating all charitable agencies in the District under a board of public welfare. In the first place, the creation of the independent board, as provided for in my bill and in H. R. 7669, will not interfere with the proposed consolidation, for once the latter has been effected it will be perfectly possible to subject the Mothers' Aid Board to the supervision and general authority of the Board of Public Welfare. In the second place, in accordance with the principle that I have discussed, that mothers' aid should be distinguished from ordinary charitable relief, I can not emphasize too strongly that it is well nigh impossible to make that distinction unless we are pre-

pared to divorce its administration from the agencies administering ordinary charitable relief. It is all right to subject the Mothers' Aid Board to the general supervision of the Board of Public Welfare. It would be utterly improper, from my standpoint, to make it a mere bureau in a department of charities, or place its administration in the hands of a bureau chief appointed by a commissioner of public welfare.

In enacting legislation of this character, the Congress should never lose sight of the fact that it is not simply sitting as a city council or a State legislature, enacting legislation for a single municipality or State, but that it should be its constant purpose to so draft its statutes that they may be in every sense model ones, that should ultimately be adopted by all of the States. It is with this thought in mind that I am laying great stress on the importance of distinguishing mothers' aid from ordinary charitable or poor relief, and of making this distinction clean cut and unmistakable by giving it recognition in the field of administration.

Mr. FRENCH. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. CROWTHER.]

Mr. CROWTHER. Mr. Chairman and gentlemen of the committee, it is very evident from the tenor of the speeches in the last few days that there is going to be in the very near and continuing future a great deal of discussion about the protective tariff, and I hope I shall be spared long enough to inject a few humble opinions of my own; but at this time I want to read into the RECORD a letter from a very distinguished citizen of this country, a former Governor of Iowa and Secretary of the Treasury under President Roosevelt. As my friend from Texas [Mr. JONES] seemed to get so many crumbs of comfort from his quotations from a distinguished Senator from the great State of Kansas, I want at this time to read these letters into the RECORD:

JANUARY 9, 1926.

Senator ARTHUR CAPPER,
Washington, D. C.

DEAR SENATOR CAPPER: Over 60 years of conscious observation of the effects of tariff agitation has given me quite pronounced views on the subject.

No one takes notice when Democrats assail a protective tariff. Only when Republicans call in question legislation they themselves have enacted does the public respond. Our political history records no instance of agitation for tariff reduction that has not passed beyond control, like a bonfire started to please children and ending in conflagration. It has usually taken six or eight years, sometimes longer, to consummate disaster, but disaster has invariably resulted. Three times within my recollection have we suffered the logical result of ill-advised Republican leadership.

In 1906 South Dakota had become pretty well infected with tariff-revision virus from Iowa, where it was then known as "The Iowa idea." At the Republican State convention that year I warned the leaders of the party in that great State in part as follows: "Please bear in mind there are several times as many people demanding cheaper food as there are asking cheaper manufactured goods." As always, this warning went unheeded. The disease became a contagion. The President elected two years later proved not immune, and then, with many others of his party, he paid the inevitable penalty of his indiscretion. Woodrow Wilson was elected, and the Underwood tariff resulted.

The Underwood bill correctly interpreted the never-changing principles of the Democratic Party. It placed farm products, grains, vegetables, all fruits except a few grown exclusively in the South, sugar, fresh meats and meat animals, dairy products, poultry, eggs, and wool on the free list, while foreign manufacturers of competitive merchandise were boastfully given an advantage over their American rivals in American markets, in the avowed hope that they would take advantage of their gratuitously tendered opportunity, to the end that "revenue only" might result.

What followed? During the first 12 months of the Underwood tariff law there was imported of grain, potatoes, hay, butter, cheese, eggs, poultry, meat, cattle, horses, sheep, and wool from Canada; butter, cheese, and eggs from Europe; eggs literally in shipload lots from China; cattle, fresh meats, wool, and hides from South America and Australia, in value $350,000,000 more than the aggregate importations of like products during the entire preceding Republican administration, and before the war neutralized the baneful effects of free trade for the farm and tariff for revenue only for the factory 5,000,000 men were forced into idleness. Which, in your judgment, Mr. Senator, damaged the farmers of your State more, the importation of $350,000,000 from foreign farms or $5,000,000,000 clipped from the industrial pay roll? Unquestionably American farmers are benefited more indirectly than directly by ample protection for every industry.

The following figures should interest you, and through the columns of your many publications they ought to instruct a great and growing clientelé. Anyone can readily verify them. During the administration of President Harrison ready and profitable employment, made possible by a protective tariff, enabled the American people to consume an average of 5.45 bushels of wheat per capita per annum. During the administration of President Cleveland a tariff for revenue forced economies that resulted in a drop in the average consumption of wheat of a little over 1 bushel per capita per annum. A decrease of 1 bushel per capita in our present domestic consumption would double our surplus of wheat. Knowing full well you do not desire this, I implore you to let the present agitation end where it has begun, in dear old Iowa.

During 1917 and 1918, when we were economizing in wheat so that more could be sent to the boys overseas, we consumed an average of 4.90 bushels per capita per annum, as against 4.44 bushels under the Wilson-Gorman tariff. The wheatless days under Wilson did not take as much bread from the mouths of our children as the workless days under Cleveland. In no year from McKinley to Taft, inclusive, 16 years of blessed memory, did the American people consume less than 6 bushels of wheat per capita, and in one year, 1906, they disposed of a little over 7 bushels.

Governor Goodrich, of Indiana, whose company refines the garbage from several cities, is my authority for saying that the tonnage of garbage dropped materially in all industrial centers during the months when the Underwood tariff had driven 5,000,000 men out of work, and that the grease per ton fell 25 per cent. Before you assist, or even permit the farmers of your State and mine, to attempt to carry out their threat to cripple industry, please show them by the figures that the garbage cans of well-paid American laborers, man for man, affords them a better market than the dinner tables of European workmen or government dole beneficiaries.

[Applause.]

European dinner tables may carry more tonnage, but it is not from American farms. Nothing, unless it be tea and coffee grounds, goes into American garbage except from American farms.

The Department of Commerce has said that the output of American factories represent 38 per cent of their cost in food consumed. Thus every time the farmers of your State buy $1,000 of merchandise or machinery of American production they create a home market for $380 of American food. They receive no similar benefit from the purchase of foreign merchandise.

Nor is this the only encouraging phase of protection. This truth has surprised many, but the fact remains unchallenged that we always import more in per capita value during periods of ample protection than under a tariff for revenue only.

The present affords an excellent illustration of this universal experience. Our per capita peace-time imports were never as large as now. The reason is simple. When American producers of competitive products of both farm and factory are given such advantage as enables them to dominate their own markets, each group consumes the product of the other, and in the aggregate we dispose of most that we produce. Then being prosperous, we import about every noncompetitive thing known to commerce, especially luxuries and raw materials.

I cite but one of the many illustrations. We now annually import over $500,000,000 in raw silk, and swell the farmers' market by nearly $200,000,000 added to the pay roll. Not a silk mill in America can operate 12 months under even a competitive tariff if such a thing were possible, for then the foreigner would undersell in our market, cheerfully pocketing his loss until our factories closed, and thereafter he would possess our market as well as his own.

The other side is equally logical. Whenever tariff rates are purposely placed so low as to give foreign producers of competitive merchandise an advantage in our markets we are inundated for a few months, our industries are promptly ruined, labor joins the bread line, domestic consumption dwindles, our surplus multiplies, and importations naturally and inevitably decrease.

I am sure, my dear Senator, that you need not be reminded that a tariff for revenue only is a tariff for only one purpose, and that is to give foreign producers of competitive merchandise a clear advantage in our markets. For unless they have this advantage they can not import their wares, and unless they import no revenue results and the sole purpose of the law is defeated. Both logically and in practice a tariff for revenue only is a tariff for the sole purpose of giving the foreigner an advantage in our markets, for the sole purpose of increasing the importation of merchandise heretofore produced by our people, for the sole purpose of closing our industries, and for the sole and logical purpose of driving our workmen into the streets. What's more, it works just that way. Instead of all this propaganda of disturbance and unrest, why not teach even the children of your State that if we import next year things that Americans make this year those thus employed will soon look in vain for work, and their families will look in vain for bread. In industry, if not in blood, Americans are kinfolks.

Do you realize, my dear Senator, what a blessing to the farmers of this country you might be, both as statesman and as publicist, if you would set yourself to exalting the benefits of the American pay roll, upon which, directly or indirectly, we must all rely? However large a man's income, everything he buys, real estate alone excepted,

is the product of labor plus profits, and both wages and profits go again to labor. We are one-fifteenth of the population of the globe, yet our annual pay roll is vastly more than the combined pay roll of the other fourteen times as many people.

[Applause.]

This has resulted very largely from the simple fact that the Republican Party always has, does, and always will foster industry. I have many times during political addresses offered my check for $1,000 to anyone who will name a single industry now in successful operation, from pearl buttons to locomotives, that had its origin in Democratic pre-war or post-war legislation.

I "listened in" the other evening and heard a representative of the Department of Commerce broadcast the prediction that in 10 years we will be importing food. Already there is a per capita shortage of both cattle and hogs. It is a matter of common knowledge that in anticipation of lack of food the Department of Commerce is now conducting a series of deep-sea explorations in the hope of discovering flesh or vegetable that can be used to sustain life. These predictions will prove unwarranted and the precautions useless unless we multiply factories rather than farms. No one can predict the price of wheat as soon as we have to import.

War-time prices for farm products simply afford an example in the inexorable law of supply and demand, and the slump furnishes another unanswerable illustration. The price of farm land advanced as prices of land products advanced, but unfortunately the volume of farm mortgages increased more rapidly than either. Those who paid off their mortgages with $3 wheat or $2 corn are now on easy street. The sufferers are those who are facing war-time mortgages with peace-time demand and therefore peace-time prices.

There can be but one remedy. That is the natural and logical remedy. Let the many thousand worthless farms, those on which men under most favorable conditions can only exist, be abandoned. Let their present occupants join the ranks of well-paid labor, restrict immigration, multiply industries, swell the pay roll, and in less time than the Department of Commerce predicts lands will be worth the prices at which they are now held. Waging war is not the only way by which demand can be increased and supply decreased. Multiplied industries, able to pay a wage that will invite men from poor farms, is just as sure and preferable from every angle. Ample protection for every industry and freedom from agitation will accomplish the end so devoutly wished.

But it is not my purpose to attempt instruction. What I seek is information. Whatever may be said of advocates of tariff revision from other States, I know mighty well that you are not deliberately renouncing all political dreams except for what must seem to you patriotic justification. You must have heard your name many times coupled with possible high office, but no one knows better than you that a Republican convention has never but twice chosen a standard bearer known to be unsound on the tariff, and in each instance the steam roller did it. As well might a modernist seek elevation to the bishopric in the Catholic Church as for a revisionist to seek anything at the hands of a Republican National Convention.

You also must remember that only once in our history has a party ever attempted to revise the tariff downward and carried the next election, and in that instance it was the slogan "He kept us out of war" rather than the free-trade record of an administration, that carried the country.

Republicans attempted revision downward in 1882 and Cleveland was elected two years later. In his first message to Congress, Mr. Cleveland recommended free wool, free hides, free coal, free raw materials generally, as well as free agricultural products. The Mills bill passed the House, and although it was defeated in the Senate, Republicans carried the next election, and Harrison carried the country in 1888. In 1890 the Republicans enacted the McKinley bill, which was an attempt to revise the tariff downward, and 30 days thereafter we lost the House by the largest majority then in the history of parties, and Cleveland was returned in 1892. The Wilson-Gorman bill was passed in 1893, we elected a majority of the House in 1894, and placed the greatest of all exponents of protection, William McKinley, in the White House in 1896. Then all went well until "The Iowa Idea" proved a catchy allurement in 1906. President Taft sanctioned an attempt to revise the tariff downward in 1910, and as a result lost the Congress in the election of that same year, and all but two States in 1912. Then came Wilson and the Underwood bill, and as soon as war issues were out of the way the country went back to protection with a bang. I repeat that with the single exception when war issues saved an administration, no party has even so much as attempted a downward revision of the tariff and carried the next election.

Whenever the people have stood prosperity as long as they can, and really decide to abandon protection, they place the responsibility for such a procedure upon the party that does not believe in protection. Then whenever they decide to try another period of prosperity, they return to power the party that believes in protection. The American people never choose a physician of one school of medicine to administer remedies exclusively employed by another.

If a new tariff law could be made overnight the effort would be less damaging. Apprehension of the unknown is often more demoralizing to business, as well as to children and masses, than the worst that can happen. While President Cleveland's recommendation of free wool and many other things in 1885 failed of consummation, the fear of it clipped over 30 per cent from the price of wool, and in the two years pending discussion of the Mills bill, finally defeated by the Senate, farmers who sold their livestock at the Union Stock Yards in Chicago received $10,000,000 less than they had obtained for a fewer number of animals during the previous two years of President Arthur. This is both natural and inevitable.

If you were contemplating the erection of an office building, or even a church, and you learned that the Administration of Heaven had gone into agitation over the law of gravitation, and proposed so to revise it as not to kill women and children, or sink ships, would you proceed to build; especially, if you recalled that similar attempts had invariably resulted in universal collapse? It seems to me, my dear Mr. Senator, you should recognize that you are jeopardizing business and national prosperity, as well as bidding good-bye to your own political prospects.

In the face of all this, which are matters of public knowledge, what, may I ask, warrants this new attack? Surely you see some great evil that demands adjustment. What is it, pray? You helped make the present tariff law, and you got for the farmers of your State everything you dared ask. The only reason you did not get more is that you did not ask more, and the reason you did not ask more is there was nothing more to ask. I challenge anyone to name a measure upon which the farmers of this country have been united that a Republican Congress has failed to give, and on a silver platter. There never has been, is not now, and never will be occasion for a farm bloc. Everything that farmers thus far have desired, unless it be squarely in the teeth of the inexorable laws of nature or economics, has been had for the asking. No other interest has fared thus, and none other deserves as well.

We read that once upon a time a sycophantic people cajoled old King Canute that he was such a wonderful sovereign that even the tides would obey him. He defied them and failed. Neither the laws of physics nor the laws of economics can be set at naught either by a sovereign king or by a sovereign people. Both laws are inexorable.

I think, my dear Senator, indeed I am persuaded that you owe it to me, that you owe it to your party, to your State, to the people of this Nation, and to each of them, and above all that you owe it to yourself to be at this time exceedingly frank. What changes in the present tariff law would you make if you could? This is no time for generalities. What is all this about, anyhow?

Most cordially and respectfully yours,

LESLIE M. SHAW.

[Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FRENCH. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CROWTHER. Mr. Chairman, I want to read into the RECORD the letter from Senator CAPPER to the Hon. Leslie M. Shaw.

Mr. OLDFIELD. The gentleman is going to put it all in the RECORD?

Mr. CROWTHER. Yes; and I will not leave a thing out, and perhaps I will put in a little extra besides that may interest the gentleman from Arkansas, relative to some ludicrous statements he has been making during the last few days. [Laughter.]

The matter referred to is as follows:

UNITED STATES SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C., January 13, 1926.

Hon. LESLIE M. SHAW,
Woodward Building, Washington, D. C.

MY DEAR MR. SHAW: Your letter of January 9 was received, and I have read with very great interest what you have to say with respect to the tariff situation. I am particularly glad to have your views, because I know that during your long life, both as a private citizen and as a public servant, you have given very close study to this and other questions. I therefore value your opinion highly.

From reading your letter, however, I can not escape the conviction that you have misunderstood somewhat my position on the tariff question. I believe in a protective tariff and voted for the existing law. I recognize the fact that American industries need protection of this kind against materials imported from foreign countries, where production can be carried on much more cheaply than here. My recent criticism of the tariff, which I assume occasioned your letter, was simply presenting a viewpoint which is quite general among farmers in the West. The farmer is well aware that we have had in the past five years the most marvelous prosperity this country has ever known. The protective tariff has been a prime factor in bringing about that prosperity. During this period every line of business and every industry

except agriculture has prospered as never before. The farmer feels, and I think rightly, that he has not received his fair share of the benefits which came from the protective policy. He has contributed more than he has received. He simply insists that the protective system shall be made effective as to agriculture, so that the price he receives for his surplus on the open world market will not be the controlling factor in determining the price he is to receive for that portion of his crop which he sells on the domestic market. We find that prices of farm products are below the average price level of other commodities. This puts the farmer on a lower basis than anybody else. He asks for equality for agriculture. He wants the same kind of a market to sell in that he is obliged to buy in. He does not have it at this time, and that is the main reason why farming is to-day paying a less return than any other business. My opinion is that farmers will not be satisfied with the tariff until there is a readjustment.

I was very glad to have you write me, and some day I should be pleased to have a chat with you about this and other questions in which I know you are interested.

With kindest personal regards, I am,

Very respectfully,

ARTHUR CAPPER.

Mr. CROWTHER. Then I want to put in the RECORD Mr. Shaw's reply:

JANUARY 19, 1926.

MY DEAR SENATOR CAPPER: Your very courteous but brief response to my letter of the 9th is just received, and I hasten to reply, first quoting every material portion:

You say: "I believe in a protective tariff and voted for the existing law. My recent criticism was simply presenting a viewpoint which is quite general among the farmers of the West. The farmer is well aware that we have had in the last five years the most marvelous prosperity this country has ever seen. He feels, and I think rightly, that he has not received his fair share of the benefits. He simply insists that the protective system shall be made effective as to agriculture, so that the price he receives for his surplus on the open world market will not be the controlling factor in determining the price he receives for the portion he sells in the domestic market. He wants the same kind of a market to sell in that he is obliged to buy in."

Are you quite sure? There is no tariff on most of the things he buys. Lumber, harness, implements, barbed wire, binding twine, shoes, fertilizer, cement, and all building material are on the free list. Are you sure he wants the tariff taken from farm products?

I know you will pardon me, my dear Senator, if I kindly suggest that the language of your letter is that of a politician. You must remember that I asked the conclusions of a statesman. I asked specifically what changes you would make, not what misfortunes of overproduction you have discovered.

If you will mention a single change in the tariff that will materially help the market in which the farmer sells I will contribute $1,000 to your next campaign, but if you are statesman enough to do that no one will need contribute.

In all kindness I repeat the conclusions of my letter of the 9th. You are simply taking leadership in a propaganda of unrest that will, as sure as history repeats itself, lead to ruin of business and to dire destruction of the only dependable market the farmer has or ever did have. The hope of agriculture is the industrial pay roll. Touch that and you cast a blight on every farm in America.

Most cordially yours,

LESLIE M. SHAW.

Mr. OLDFIELD. Is that Senator CAPPER'S letter?

Mr. CROWTHER. No; that is Mr. Shaw's letter.

Mr. McKEOWN. Does not the gentleman believe that if we would increase the buying power——

Mr. CROWTHER. I do not yield now, because I desire to put these letters in the RECORD. I will indulge in debate later on.

Mr. OLDFIELD. As I understand, the gentleman is putting all of the letters into the RECORD?

Mr. CROWTHER. Yes; I am putting them all in. I will not hide anything, as the gentleman sometimes does, and your friend, Mr. GARNER, the gentleman from Texas, who made a splendid speech for the emergency tariff bill and failed to print it in the RECORD.

Mr. OLDFIELD. I never hide anything.

Mr. CROWTHER. The late Mr. Claude Kitchin ordered him not to put that into the RECORD, and he never dared to put it in. That was stated by the gentleman from Kansas [Mr. TINCHER].

Mr. RANKIN. But the gentleman from Kansas waited until Claude Kitchin was dead before making that charge. He never made it while Claude Kitchin was alive and was able to be on this floor. He waited until he was in his grave before he made that charge.

Mr. CROWTHER. The gentleman from Kansas [Mr. TINCHER] has never been challenged as to his good faith, and is quite as courageous as the gentleman from Mississippi.

Mr. RANKIN. But the "gentleman from Mississippi" would not attack a man unless he were alive. He would not wait until he was in his grave to make the attack.

Mr. CROWTHER. Oh, I appreciate the courage of the gentleman, but I know he will not be so unfair as to question the good faith and courage of the gentleman from Kansas [Mr. TINCHER].

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman, ladies, and gentleman of the committee, I am just wondering what would be the replies which I would receive from the nearly 500 Members of the Congress if I should ask each one to tell what each considered to be the greatest menace to our national life. Well, I have a very definite idea about the proposition and I am very sure that a large majority of Congress agree with me. The great trouble, though, is not what is believed by Congress, but is what Congress is doing in spite of that conviction. We believe that the fire we are building will soon become an all-consuming conflagration, and yet many of us are toiling with all our might to build larger and yet larger this very inferno of national destruction.

I secured time to make this speech, and yet I have several times almost persuaded myself that there is no use to argue a proposition to which all agree in speeches and yet disagree and go absolutely contrary in matter of official conduct. We are face to face with a menace to our liberties which will ultimately become greater than would be the menace of an attempted invasion of our country by all the armies and all the navies of all the earth, and yet most of the Members of Congress recognizing that menace refuse to oppose it but espouse it, encourage it, and engage in a wild stampede in support of it.

I refer to the once gradual, now speedy, usurpation of State rights by Congress and to the abject abdication of bureaucrats by Congress of not only the rights so ruthlessly taken from the States, but of every right and power ever given to Congress by our Federal Constitution. [Applause.]

It is bad enough to steal the other man's property, but it is much worse when it is stolen not because it is needed but for the purpose of destruction. It is bad enough when we take from the States that which belongs to the States and the people of the several States. But the crime becomes much more abominable when we take for the purpose of destroying what we take or turn the loot so recently taken over to those whom we know will use the property taken for the destruction of the very people from whom it was taken.

If the Congress has reached the place in its existence where it is too timorous to exercise the rights given Congress by the Constitution, then Congress should not be seeking to deprive the States of any additional rights but should be passing back to the States whatever rights Congress feels unable to exercise. In no event should Congress be taking from the States rights which Congress does not expect to exercise and which Congress expects to immediately pass on to bureaus and bureau chiefs. The flow of rights and privileges and powers should be from Congress back to the States and to the people of the several States rather than from the people and the States through Congress to bureaucrats.

This is the people's Government and not the Government's people. Let the people run the Government and this Government will endure—let the Government run the people and our Nation will perish.

The Government should never govern the people. It should only be the means by which and through which the people govern themselves.

Congress obtained its powers from the people; and if there be any powers which Congress feels too anemic to exercise, then those powers should be returned to the people from whom they were derived. If any Congressman gets tired of his commission, let him return it to the people who gave it to him and not deliver it to some bureau chief who was not elected by anybody. If any Member here does not know what his district wants, then how does he expect some bureau chief or some underling under that chief who never saw his district to know what his people desire. I am willing to assume the responsibility of representing my people, and when I so far forget my duty as to want to pass that blessed privilege on to some stranger who happens to be a bureau chief, or an appointee of a chief or some political henchman of the party under whom the bureau chief was appointed, then I will resign my commission and hand it back to the good people who so kindly gave it to me.

I am speaking very plainly about this matter, not for the purpose of hurting any one's feeling but for the purpose, if

possible, of preventing us from hurting the people of our Nation.

Mr. Chairman, before I came to Congress I saw the trend toward centralizing all power here in Washington and felt that too much power was being given to appointive officials and ofttimes to men who were not even appointed, but only acted as referees in dealing with the people's rights.

On the third day of my service here I mentioned this evil and used this language:

> The time will come, if the Federal Government continues to encroach on the rights of the States to settle their own affairs, when our States will need no legislatures, for all our laws will be made here and administered in the Federal courts. Our State and county lines are being blotted out. The people of each county are slowly but surely losing their rights. The States are gradually becoming States in name only.

Mr. Chairman, after nearly seven years of service I am more and more convinced that the counties of the States are losing their rights and the States are losing their rights, but, worse than all, Congress is passing all its rights and powers, both present and past, as well as prospective, on to individuals who are not the choice of the people and who ofttimes are not really responsible to anyone.

We have only to "stop, look, and listen" in Congress and out among the people to see and hear the awful effects of the menace about which I am speaking.

There are so many invasions of the rights of the States and so many surrenders of the rights of the people to the bureaus that I will not attempt to list them at present. I do want to direct my attack, however, at lump-sum appropriations. I hope to speak of some of the other surrenders later.

More and more Congress is making lump-sum appropriations and leaving the distribution of the funds to the bureau or to underlings in the bureaus. Why? Is it because the Congress can not determine how the appropriation should be dished out? Is it because Congress, or the Members of Congress, wish to shirk their duty? Is it because the appointees of the bureau chief are more efficient or more conscientious than Members of Congress? What is the real cause of this desire to pass the power to legislate in this respect to bureaus?

Are these privileges and rights passed on to the bureaus in order that they may become spoils? I shudder to ask the question. I do wish that I could think that this does not enter into the proposition.

It is a dangerous thing to put too much power in the hands of too few men. It is impossible for our President, or any or all of the Cabinet members, to keep up with these details. It sounds like a joke to be delegating power to the President to handle the details of dishing out money or patronage, or the details of making rules and regulations for the carrying into effect of any law passed by Congress when Congress admits that nearly 500 Members of the Congress can not do it properly. Why shove the responsibility on any one man of doing what 500 shirk and admit their inability to do properly?

It matters not whether Congress passes its powers onto the bureaus for the purpose of these powers being used as a part and parcel of a spoils system; the facts remain that Congress is inviting corruption. Not only is Congress inviting corruption, but the corruption is evident. We see only a small part of it. Occasionally the curtain is lifted, and we get only a glimpse of the rottenness of paying political debts with patronage or with other people's rights or money. We should get as far away from the spoils system as possible. Our President condemned the spoils system in his message, and I would not fear the spoils system very much if all these matters could be handled by the President, by the average Cabinet member, or by Congressmen, but this is impossible.

Now what about the proposed bill to appropriate a large sum of money to be delivered to the Treasury and Post Office Departments to be used by these departments in erecting buildings whenever and wherever these departments may determine? There was never a more vicious bill. What is the necessity for this kind of a bill? Is Congress incompetent to determine where buildings should be built? Is the Committee on Public Buildings and Grounds incapacitated to report out a bill specifying where buildings should be built and the amount to be expended for each building? Are the various Members of Congress unable to determine what should be done in each respective district? By what legerdemain can some mysterious person, reported to be acting for the Post Office Department or the Treasury Department, go to any Member's district and determine these questions? The Secretary of the Treasury will not do it. The Postmaster General will not do it. Neither of these gentlemen could do this if they did nothing else and tried to do all these things.

If Congress can not do this, who is there that can? Are these Federal buildings and grounds to be dished out to the faithful, as the post offices are dished out? Is there to be made a charge for the recommendation for a Federal building, the same as charges are now made in many places and practically all over the South for recommendations for rural carriers and for appointment as postmaster? If not, why not? Oh, what a fine chance this unelected individual will have to get fees for recommendations. If the system of making postmaster appointments is followed in selecting locations for these Federal buildings, then the Republican referees will make the recommendations for public buildings, and the referees, of course, will not have time to go to the different counties, and some one not even appointed by the department will make the collections and report which places should be recommended. Some may say I am overdrawing the things which will happen. This is what is happening with the appointments of the men to occupy the buildings. Then why not the same rule apply as to the building? Then just think what 10 per cent of the amount to be spent on a building would run to.

Mr. BEGG. Will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. BEGG. Is that the way the politics of the South is conducted? We do not have anything like that in my country.

Mr. LANKFORD. I am sorry to say that is really the way it is conducted under the present administration.

Mr. BEGG. Democratic politics you are talking about?

Mr. LANKFORD. I am talking about Republican politics, and let me say that I do not think President Coolidge indorses that kind of thing and——

Mr. BEGG. Does the gentleman think——

Mr. LANKFORD. Wait a minute. I yielded to the gentleman, and I am going to answer the question. I do not think that President Coolidge or the Postmaster General indorses that kind of thing, but the matter gets beyond their control and ofttimes gets beyond the control of those acting immediately for the administration.

It does happen that some one claiming to act for the administration or for the administration's referee goes around and says to the postmaster, "Your term is about to expire. If you put up a certain sum of money, there will be no more examination and you will be appointed without an examination." If he does not put up the money, an examination is called, and then the man who is appointed is requested to put up money before his recommendation goes in.

Mr. BEGG. Will the gentleman yield further?

Mr. LANKFORD. I will.

Mr. BEGG. I think the gentleman is making a serious charge.

Mr. LANKFORD. I am.

Mr. BEGG. And I want to ask the gentleman, does the gentleman know that to be the fact?

Mr. LANKFORD. I do, or I certainly would not make the statement.

Mr. BEGG. Has the gentleman turned over the information he had to the Department of Justice, the prosecuting department of the Government? That is a Federal offense, and the gentleman has his recourse, if he knows that to be the fact.

Mr. LANKFORD. I understand it is not a Federal offense.

Mr. BEGG. Oh, yes, it is. If the gentleman has looked up the statutes passed by this Congress, the gentleman knows it is a Federal offense, and I think the gentleman is making a very serious charge.

Mr. LANKFORD. I am making a serious charge.

Mr. BEGG. And if the gentleman would make that charge any place other than on this floor, the gentleman could be held to an accounting.

Mr. LANKFORD. No; I could not, for I am stating the truth. I have called the attention of the Post Office Department to this thing, and it has been called to the attention of the Department of Justice, but upon investigation it is found that there is no law to cover this kind of thing when it is done outside of a Federal building by some one who is not an official. They are careful to stay within the law.

Oh, gentlemen, why do we invite this sort of a spoils situation? Why can not we decide for our people just what we want them to have?

It may be insisted by some that the day of the pork-barrel system no longer exists. Well, if I am to choose between pork and spoils, I will say, "Give me a little more pork." I much prefer a barrel of decent pork rather than a trainload of fly-blown beef.

I much prefer a few Federal buildings to be located by Congress in each district rather than millions of the people's

money to be used in a spoils system as pleaseth a few sent to rule over the people without the people's permission or vote.

The spoilsmen of the past killed men, women, and children in order to rob, plunder, and carry away the spoils. If they were caught, they were shot or hanged. To-day the spoilsmen without any excuse rob men, women, and children of their reputation, which they built up during a lifetime and which is their all. They kill innocent men, women, and children and drive them to suicide by depriving them of their rights and giving the spoils to the so-called victors, and yet the spoilsmen of to-day sit in high places and boast of their authority in this grand and glorious Government of ours. Many of the common people of our Nation are filling premature graves because of legislation which makes the rich richer and the poor poorer and gives to bureaus and individuals the right to dish out favors and patronage.

Ah, Mr. Chairman, what are we coming to? Congress is stripping the States of all rights. All power is being centralized here in Washington, and the power of a few men, appointees under a spoils system, is being made tremendous.

The time is at hand when men who never saw my State, men whom my people did not vote for and had no chance to vote for, men not in sympathy with the traditions and American impulses of my people, yea, men who do not like my people, hold in the hollow of their hands the power to control almost every activity of my people. They can and are destroying the rights, liberties, and lives of my people. Talk about free representative government! Every centralization of power is a blow at liberty and is the undermining of our form of government. Every enlargement of the power of men who hold office by appointment is a weakening of representative government. The spoils system inevitably leads to corruption and anarchy.

Centralize enough power here, carry the spoils system to its fullest extent, and give the Executive sufficient power to enforce his decrees and you have the worst Government since the beginning of the human race. If we are to save this wonderful Government which our forefathers gave us let us return to the old teachings of the fathers before we shall have lost all.

It is said that "Experience is a dear school, but fools will learn in no other." It seems that many people are so wedded to the spoils system as to not even be willing to learn in the school of experience. The Tea Pot Dome scandal ought to cause an awakening of the public and a condemnation of everything that smells like "spoils."

Is Congress to eventually take from the States and the people in the States every vestige of authority to control local affairs? Is Congress then to abdicate its right to legislate and give to department heads, bureau chiefs, and other appointive officials all the right to legislate, and then let these officials appointed under a spoils system dish out rules, regulations, and laws under a spoils system, thus controlling all rights of all the people under a system of spoils, rottenness, and corruption?

Is every official of the public soon to be appointed under the spoils system, and are those spoilsmen to control every activity of this once free people? Are freemen to be cast down and spoilsmen to be enthroned? Is liberty a thing of the past, and political corruption the present dominating force?

Is this Nation, which can never know defeat by the armies and navies of the world from the outside, to rot unto death of political corruption and of the awful poison of the spoilsmen on the inside? This Nation can not long endure unless it purges itself of every vestige of the corrupt spoils system. The American people to-day enjoy probably not over one-tenth of the liberty for which our forefathers fought. To what extent will Congress go? Will we turn back before it is too late?

We are working the destruction of our Nation when we concentrate too much power here to be exercised by people not elected by the people, but by people holding office, the very commission to which is tainted with the odor of spoils. We ought to leave the people to control their own affairs. We ought to mind our own business and let the people manage their business. We should fight for more freedom and greater human rights, not for less. We should legislate for people to control their own legitimate activities and not for spoilsmen to dominate their every move. There is no one thing that Congress or the President can do which will so vitally serve the people and so fully guarantee the future safety of this Nation as to end for all time the present deplorable and baneful spoils system. Will we act for the right? Will we save our Nation by reestablishing not only in name but in fact every principle for which our forefathers fought, and which are embodied in our Declaration of Independence and in our Constitution, and which are placed by the Almighty in the heart of every free man?

May an all-wise God grant unto us here in Congress the foresight to see the certain destruction toward which we are drifting and the power to turn aside and save all before the final hour of doom shall have come. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Chairman and gentlemen of the committee, undoubtedly there will be developed in the consideration of this bill adverse opinions as to the personnel of the Navy and some appropriations regarding the supplies for the Navy, but I want to direct the attention of the committee, Members present and those not here, to one appropriation carried in this bill on which I think it will be impossible to have two opinions.

I refer to the appropriation, on page 40 of the bill, for Pearl Harbor at Hawaii. I was fortunate enough to visit that island and that harbor. I want to say to the membership of Congress that we must do one of two things—we must either abandon the Navy in the Pacific or we must provide some place for her to repair her vessels other than the Pacific coast or the Orient.

There has never been a battleship built that can travel more than 5,000 miles away from its base, fight one day, and return. There is no repair base from San Francisco coast clear to the Orient. Twenty-five years ago that was not true. The war vessel of that time could go into Pearl Harbor and repair, but there has been development, improvement, advancement, and progress in warships, as in every other line, and a ship to-day draws not 25 feet of water, as they did 20 years ago, but draws 40 feet of water when in a calm sea. If the sea be at all rough, the tilt of the waves will probably drive the lower end of the ship down 4 or 5 feet further.

That being true, the naval defense in Hawaii at this good hour is not worth $7. Now, if there is anybody or any class of people who can write an insurance policy that the United States will never again need a navy, then good business tells us to quit appropriating for any navy at all; but if on the other hand there is no assurance that in the future at some time we may need a navy, no policy is a wise policy that does not provide equipment for whatever Navy we furnish with 100 per cent opportunity to function.

The only equipment that will furnish 100 per cent opportunity to function for the Pacific Fleet is some place in the Pacific Islands where they can go in for repair and rest, and the only available spot under the flag of the United States seems to be at Pearl Harbor. The estimates that are furnished by the committee to-day are that it will cost us nearly $6,000,000.

I think the committee is to be congratulated, particularly on this item, that they have given as a direct appropriation $1,000,000, the amount of money the Navy Department feels they can use this year, and authorizes an appropriation of $4,800,000 at a later date. I believe that Congress in the face of the economy program ought immediately to authorize the appropriation of as much more money, if any, as is needed to make Pearl Harbor big enough and deep enough to house every ship in the Pacific Fleet.

I do not speak for the committee or anyone in the attempt to cut down this appropriation at all. I believe no man in Congress can go over there, see how far it is from San Francisco to Yokohama, and then come back and be against the appropriation for a supply base two or three thousand miles out into the ocean. Why, any failure it seems to me to make the appropriation sufficient to do the thing that is being mentioned would force upon Congress the adoption of a narrow-minded policy of saying to the world, particularly in the Orient, we are not interested in you at all; we are not interested in your affairs at all; and if trouble ever comes in the future bring the trouble to the shores of the United States and we will meet you there on our own battle ground.

Why, such a policy as that compels the United States to say to the world, "We are going to cease to be a world power; we are going to adopt provincialism as our policy."

I am quite aware that men may charge me, with my position on this and some other questions that have to do with the policy of the United States—I am quite aware of the fact that they will charge me as being a junker or a materialist. I am not. I challenge any man to cite a single instance where the American flag ever went that oppression followed.

On the contrary, every time the jurisdiction of the United States has been extended over any place anywhere, prosperity and happiness and progress have followed the planting of that flag. [Applause.] If that is to be our policy, and if we are to continue that which we have done and not turn around and be a crawfish and run backward, we must provide the equipment to repair and fuel our implements of protection and the

machinery that carries with it sovereignty beyond the coast line. I yield to the gentleman from Ohio.

Mr. STEPHENS. Has the gentleman read the report of the Naval Affairs Committee which visited Pearl Harbor and made a recommendation as to the development of Pearl Harbor and the necessary amount of money that would be spent in the next five years?

Mr. BEGG. I am very sorry to say that I have not read the report, but I would be very glad to have the gentleman state briefly a synopsis of it.

Mr. STEPHENS. The report recommends the improvement of Pearl Harbor. It recommends altogether probably an expenditure of some $20,000,000. The Appropriation Committee has begun on the matter with an appropriation of nearly $6,000,000 in order to straighten out the channel. I imagine that by the next year appropriation will be made for the building of a sea wall and for the development and dredging of the harbor so that it will take care of at least 16 and probably 18 or all of our battleships in the Pacific. That is the policy that has been reported, and I think it will be carried out.

Mr. GILBERT. And, if the gentleman will permit, regardless of our policy in the Orient, the completion of Pearl Harbor furnishes a better protection to the west coast of the United States than could be furnished by the west coast itself.

Mr. BEGG. Certainly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FRENCH. Mr. Chairman, I yield five minutes more to the gentleman from Ohio.

Mr. BEGG. Mr. Chairman, I do not claim to be an authority, but I am sure that business sense says that $1,000,000 expended 2,000 miles away from the west coast of the United States in establishing protection for the west coast will furnish more protection than $20,000,000 spent right on the coast. [Applause.] I go one step further and say I do not believe Pearl Harbor is the only place that the United States ought to spend money in improving harbor facilities in Hawaii. One hundred and fifty miles away from Honolulu is Hilo, and at Hilo all they need is a sea wall completed that is already half built, and they will have the finest harbor there that I ever saw in my life. We own the Hawaiian Islands, and if trouble ever comes, if we leave a natural protection undeveloped and insecure, what will prevent the enemy from sailing in 150 miles away from our base of supplies? A fleet of airplanes could carry enough bombs from there in spite of all the defense that we could offer, if we permit that kind of a policy to be established, and could absolutely cripple our whole fleet and almost never get on the water. Either bring the American flag back home and say to the world that we will never go outside of our own territory to protect commerce, to protect business, to protect American lives, or quit the cry of imperialism and junkerism and send the money to equip the fleet so that it can be as it is intended to be—the police power of our great country in the Pacific. I for one will vote for just as big an appropriation as is necessary to equip our fleet and our Navy and put it on a par with any navy in the world, to the fullest extent of the capacity under the treaty rights. And again I ask this House, when this committee presents its bill, let us not get too alarmed over a few hundred personnel. I do not claim to know whether we ought to have four or five hundred or ten thousand more or less personnel in the Navy, but I have all the confidence in the world in this subcommittee's willingness and readiness to give us the money to pay all the seamen that can find room on all of the boats there are in commission to-day in our Navy. [Applause.]

Mr. FRENCH. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman and Members of the House, I wish to enter my emphatic protest to the summary manner in which the subcommittee of the Appropriations Committee in charge of the budget for the Navy for the next year has decided to practically wipe out the naval air station at Lakehurst, N. J. In this bill they actually scrap this $6,000,000 activity under the guise of economy, before the future policy of the Government has been determined regarding the continuance of dirigible airships and their value and use in times of peace or war. I have no objection to economy being practiced in the Naval Establishment or in any other branch of the Government, and my observation has been that there is always much waste in governmental operation. While this condition may not always be avoidable, it seems to me sometimes as if we attempted to stop leaks at the spigots and made no effort to prevent overflows at the bungholes. Parsimony is not always economy, and the closing down of the Lakehurst air station would appear to me to be a penny-wise and pound-foolish proposition.

The committee in its report on this bill says that it costs $1,716,500 annually to operate the Lakehurst station and that if it is closed down for four years that a saving could be effected of $6,866,000. That would be fine if it was true. The committee says even if closed down the station would cost $128,000 a year. That would be approximately $500,000 for four years. At the present time there are about 470 officers and enlisted men at the station, and their pay would continue whether they were at Lakehurst in the Air Service or were transferred to other activities in the Navy. Their pay, I believe, amounts to $800,000 a year and for four years would aggregate $3,200,000, which would not be saved to the Government. That reduces the contemplated saving of $6,866,000 by $3,700,000. The committee admits that the direct saving would be but $717,000, and this, I believe, includes $300,000 annually for helium gas. I am reliably informed that the actual cost of the Lakehurst station, exclusive of the pay of officers and men and the cost of helium gas, is approximately $417,000 a year, and when you deduct the $128,000 estimated cost of the closed-down upkeep it leaves an actual saving of less than $300,000 a year, which the committee suggests could be spent in experimentation in joining with some commercial activity in constructing a new and smaller type of a metal dirigible that has been rather undignifiedly referred to on the floor of this House as a "tin lizzie."

I have no particular objection to this experiment being tried, provided the required legislative authority can be secured, but I do object to such an experiment being foisted upon the American people at the expense of practically scrapping Lakehurst, where the Government has $6,000,000 invested. The Lakehurst plant is the only dirigible station in the United States, and Captain Steele, its commandant, says the situation is almost ideal. It is located on a tract of land of 1,400 acres, of which 500 acres have been cleared, within a short distance of the Atlantic coast, and its hangar and mooring mast and other equipment are complete in every detail. The ill-fated *Shenandoah* was constructed there, and it is the new home of the German-built Zeppelin and where the latter was christened the *Los Angeles* when taken into our Navy.

Do you think, gentlemen, that under the circumstances we should scrap Lakehurst? Especially in view of the fact that the policy of the Navy Department and the Congress has not yet been settled regarding the future of dirigibles and their practical value both in peace and war times. In fact, the subcommittee on naval appropriations proposes to spend $300,000 on a small metal airship that is admitted to be an experiment, and Chairman BUTLER, of the Naval Affairs Committee, has a bill before Congress proposing the expenditure of $6,000,000 for the building of an airship of 5,000,000 cubic feet capacity to take the place of the wrecked *Shenandoah*. And, as the subcommittee says in its report:

> Great Britain is now building two 5,000,000 cubic foot airships, and we can wait and profit by her experience.

My God! Does the great United States always have to wait and follow in the footsteps of Great Britain? Is it not nearly time that Uncle Sam should awake and take the initiative and the lead in both airship and airplane construction? Must we always lag behind and let some other nation show us the way and then find ourselves unprepared as we were in the memorable days of but nine short years ago?

The suggestion has been made to me that as there is talk of establishing an airport at Camden that I make an effort to secure the removal of the Lakehurst station to Camden so that it would be near the aircraft factory maintained at the League Island Navy Yard, Philadelphia. This suggestion is too ridiculous for discussion. In the first place it would cost as much to dismantle and move the Lakehurst station as the latter is worth, and to secure a 1,400—or even a 500—acre site in Camden at the price that real estate is selling there to-day on account of the erection of the new Delaware River Bridge would cost as much as it would to procure a similar site at Miami, Fla. From a selfish standpoint, however, the retention of the Lakehurst site and the building of a new $6,000,000 dirigible there would mean employment for 500 more civilians at Lakehurst and 1,200 more men in the aircraft factory at League Island. But that is incidental and should in no way influence our judgment as to the wisdom of retaining the Lakehurst station until we decide the question as to whether we are going ahead with the building of dirigible airships or reach the conclusion that such types of vessels are obsolete or are only good for scouting purposes and therefore are not worth what they cost for construction and upkeep. My personal opinion is that our fast airplane carriers—the *Saratoga* and *Lexington*—with a speed of 33 knots at sea in all sorts of weather, and each containing a fleet of 100 airplanes, will be more practical

and effective in case of emergency than a dozen rigid airships of the present type. However, we have seen great improvements in automobiles and airplanes, even since the war, and it may be that dirigible airships can be perfected so as to make them of practical use and value instead of being, as they are now, more or less expensive toys. I often wonder if this can be brought about. I confess I do not know; but if it can be done, it is certainly worth striving for.

If we abandon or close the Lakehurst station, we practically abandon all attempts to solve the problem of the practicability of the dirigible, and I do not think that Congress wishes to adopt such a course. The new dirigible proposed of 5,000,000 cubic feet capacity is estimated to cost between five and six million dollars. The testimony before the Naval Affairs Committee to-day was that the cost would be but $3,000,000, and that it would cost $500,000 to reassemble the present aircraft force at Lakehurst if Congress permitted the shutting down of that naval air station. [Applause.]

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I hesitate to make this statement, and yet I feel it is absolutely necessary. In the Washington Herald of this morning appears the following statement from the Universal Service, a reputable newspaper service here in the city of Washington:

G. O. P. WON WAR WITH ITS TARIFF, WILL WOOD SAYS

Several hundred members of Republican State clubs meeting here last night, were told by Representative WILL WOOD, of Indiana, chairman of the Republican congressional campaign committee, that the Republican Party won the World War.

The actual work of bringing victory to the Allies rested on the United States Steel Corporation, but it was the Republican Party that supplied the tariffs that enabled the big steel concern to build up its production to a point where it could compete with German steel producers, said Wood.

Mr. Chairman, I rise to defend, not only the Democratic Party and those of it who engaged in the war as young men, more than 2,000,000 of them, but as well the Republican young men who went to France and helped to win this war. The idea that the United States Steel Corporation or the Steel Trust won the World War! What a ridiculous statement! I wonder what the boys who went to France and the fathers and mothers of those boys will think of such a cruel statement? At that time it was the greatest business institution in the country, and no doubt furnished immense war supplies, and no doubt at the same time this great institution made more money out of the war than any other institution. My idea has always been that young men like the gentleman from New York [Mr. BACON] and the gentleman from Texas [Mr. CONNALLY] and other young men who are now serving in this House as well as the 4,000,000 other young men had something to do with winning the World War. I have always understood and felt that the Red Cross nurse had a great deal to do with it and other employees in France and in this country. Therefore, I rise to defend all of the people of America against this slander on the part of my friend, WOOD, when he said that the United States Steel Corporation won the World War. It is not the first time that the gentleman from Indiana, chairman of the Republican national congressional committee, has spoken in laudatory terms of the United States Steel Corporation. I remember in the Sixty-seventh Congress he made a speech here lasting an hour, and he headed the speech in the RECORD, "A Corporation with a Soul," and then went on to tell what a wonderful institution the United States Steel Corporation is.

Mr. AYRES. The gentleman has probably forgotten that this Steel Corporation is a constituent of the gentleman from Indiana.

Mr. OLDFIELD. Oh, yes; Gary, Ind., is in the gentleman's district, and I do not blame him for feeling kindly toward the managers of this Steel Corporation, because they probably have a great deal to do in electing and keeping the gentleman in Congress.

But I do not think he ought to reflect upon all the other people of America who played their part and did their bit in winning the greatest war in American history or in the history of the world. The Underwood tariff law was placed on the statute books October 4, 1913, three and one-half years before we entered the war. The Fordney-McCumber tariff law was placed upon the statute books on September 21, 1922, three and a half years after the World War was over. So that is the record so far as tariff legislation is concerned. But furthermore, gentlemen, the United States Steel Corporation can successfully compete in the steel business with any country on the face of the earth, and they can do it without any tariff protection whatsoever, and I have no doubt but that Judge Gary would so tell this Congress if he were called upon to do it, because they fix the price of steel and steel products in America, and at that time when the Underwood tariff law was placed upon the statute books the United States Steel Corporation, the Bethlehem Steel Co., and others were selling their product in foreign countries cheaper than they were selling them in the United States. Yet my friend WOOD——

The CHAIRMAN. The time of the gentleman has expired.

Mr. OLDFIELD. Can the gentleman yield me two minutes?

Mr. AYRES. I yield the gentleman two minutes.

Mr. OLDFIELD. And yet my friend WOOD makes political speeches on the floor and elsewhere and attributes the success of our armies in France to the United States Steel Corporation. Now, gentlemen, I have not much time and I think that is all that I have to say on this subject.

Mr. SCHAFER. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. SCHAFER. And one of the speeches which the gentleman mentions is where he spoke about the exorbitant expenditures for nose bags, halters, and so forth.

Mr. OLDFIELD. Yes; that is the same gentleman; also the same gentleman who started an investigation about the war right in the beginning of the war and did everything he could do to hinder the administration. I want you gentlemen to remember, and I want Mr. WOOD to remember, that during the World War, so far as the United States was concerned, the Commander in Chief of the Army and Navy of the United States was one of the greatest men which this or any other country has produced, Woodrow Wilson, a Democratic President. [Applause.]

Mr. BLACK of New York. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. BLACK of New York. The gentleman realizes that Mr. WOOD will not stay in heaven if he finds a Democrat there?

Mr. OLDFIELD. And will probably never get a chance. [Applause and laughter.] I yield back the balance of my time.

The CHAIRMAN. The gentleman has consumed his time.

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. NELSON].

Mr. NELSON of Missouri. Mr. Chairman, a few days ago I received a letter from Wayne Dinsmore, secretary of the Thoroughbred Horse Association of America, a nonprofit organization incorporated under the laws of Illinois to aid and encourage the breeding, rearing, and use of horses and mules.

In Mr. Dinsmore's brief communication the association calls attention to the fact that—

right now, when the whole Nation is concerned with helping farmers to secure better market outlets for surplus grains, when the Corn Belt is on the warpath, the Commissioners of the District of Columbia have proceeded to spill the beans—

The specific act being the enactment of a traffic regulation barring horse-drawn pleasure vehicles from designated streets in Washington. It is asserted that this action—

wholly unwarranted and uncalled for, is doing incalculable damage to the sale of horses for city use.

Concluding, Mr. Dinsmore, whom I have known intimately for a number of years, says:

I feel sure we can count on your prompt cooperation in a matter that does materially affect farm markets.

Mr. Chairman, Missouri is a great horse State, being unexcelled in the importance of her horse and mule industry. I represent a district where Rex McDonald, Charles Reed, Sometimes and Always, Peter Pan, Astral King, and many other names of horses are household words.

But in the short time allotted me I shall not restrict my remarks to any one section or State. I prefer to speak for horse lovers everywhere.

The objections voiced against recently enacted traffic regulations in Washington are just. There is no reason why horse-drawn pleasure vehicles should be barred from the streets of this city, the Capital of a Nation where the horse has been bred and developed as nowhere else in the world. To bar from the streets the horse, which, with the possible exception of the dog, has long been man's best friend, is to me unthinkable.

I am advised that as early as October representatives of the horse interests in America filed with the Commissioners in the District of Columbia vigorous protests against any regulations which would discriminate against horse-drawn and in favor of motor-driven vehicles. It is said that not only were such proper protests ignored but that the protestants were not even favored with a copy of the amended regulations until after press

notices heralding the banishment of the horse from certain Washington streets had been sent out.

I am in receipt of another communication, this from Prof. E. A. Trowbridge, head of the animal-husbandry department of the University of Missouri. This man, teacher and nationally known judge of horses, feels that somebody has blundered. Yes; put in the parlance of the street, "somebody has pulled a bone"—probably a jawbone.

It was with considerable amusement and equal satisfaction that I read in Washington papers of how this new traffic rule barring horse-drawn pleasure vehicles had been successfully defied by the driver of a mule-drawn pleasure vehicle. It should not, however, have required the use of a Missouri mule to show just how asinine are such regulations, lacking, as they do, even the semblance of good horse sense.

In connection with the regulations, against which horsemen protest, I enter no criticism against the makers of cars. Frankly, I doubt if they had anything to do with them. Almost without exception they have always shown better judgment.

While this "horse-senseless" order goes far toward destroying any demand which might here be developed for the best horses in America—and the best should be seen on these streets, to which the representatives of the nations of the world come—and while the indirect effect is certain to be hurtful in the matter of sales of top horses, I wish also to speak of another side.

Remembering my first pony, next my first real horse, and then a long list of saddlers, including running walkers of the "nodding" or plantation type, and harness horses, too, I know what the fellowship of a horse means. A horse, while developing in the boy less of the mechanical than does the motor car, develops more of the moral. It will be a sad day for the youth of Washington if the time comes when horses are banished from these streets. Would that it were possible to make provision for the children of the Capital to know more of animal life. The love of a horse has brought out the best in many a boy.

Let us keep real live horses, pleasure horses if you please, on Washington streets, rather than hasten the day when the youngster who would learn of horse formation must visit the Smithsonian Institution or take note of some of the statues on which statesmen or soldiers are shown. Vision, too, if you can, when in public places here in Washington, city of statues, commanding generals shall be shown, not mounted on fiery steeds but seated in luxurious limousines.

Because I love horses, and while it is somewhat aside from the subject, I want just here to protest against some of the so-called sport as pictured in the papers. Only last Sunday there was shown the picture of a horse which, in making a hazardous jump, had fallen so that it was virtually standing on its head when caught by the camera. In the name of sport or horsemanship, men who are neither real sports nor good horsemen frequently force their mounts over high hurdles or hedges, the latter sometimes with a body of water to be spanned as an additional handicap. Think of how terrible must be the strain on the horse. Such practices, where carried to excess, should be stopped. Better by far the enforcement of laws against cruelty to animals than the writing of nonsensical regulations to banish the horse from city streets.

I concede that the motor car has come to stay. But let it never be said that, through foolish and sumptuary legislation, the horse has been forced from our streets. Rather let he who prefers the magic, the indescribable thrill which comes from holding reins over a spirited horse, one with style and speed and stamina, enjoy equal rights with the owner of the auto. [Applause.]

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, I want to write a few postscripts to the diabolical Republican correspondence radioed from station GOP by the gentleman with the good broadcasting voice, my friend from New York [Mr. CROWTHER]. Let me say to the gentleman who preceded me, what could you expect for the horse in Washington after the President went forth in full array on the iron horse? I am glad to see the gentleman from New York has at least indicated the true Republican emblem for the next Republican campaign—the good old garbage can. Of course, they will never use the ash can, in view of the coal situation and the President's inaction on it, unless they use it for a resting place. [Laughter.]

History is being made, all of which will be boiled down and blown up in the Republican campaign textbook for 1928. The case is being made for a continuance in power of the strange combination of Queen Victoria and Captain Kidd who operates from that island of craftiness entirely surrounded by propaganda known as the White House.

It is about time then for a few remarks that might be carried under the title "Lest we forget" or "Now it can be told."

I suppose the leading feature of the Republican ballahoo will be "Coolidge and prosperity." It will have nothing to say about Cal's advice to wear old shoes, old clothes, and to use old tires. This theory of economics eventually means a country held together by safety pins and patches—Uncle Sam dolled up like Joe Jackson, of vaudeville fame.

Then next will be Coolidge and business—not a line will be inserted about him and his submission to the idealized money changers of the land. He has turned the country into a vast industrial machine, in which he presses the button while Dwight Morrow holds his hand. He has degraded the people's Government before the gilded humbuggery of big business. He is weak, and because of that the most dangerous man who has ever appeared in American politics.

Then Coolidge and the farmer—this will be one blank page and one picture. The picture will show the President playing squat-tag with Henry Ford on some ancient sap buckets.

Then Coolidge and coal—the issue in the next Republican national convention will be "Freeze with Cal" or "Get hot with Giff." But Pinchot has not a chance while Mellon has the delegates in Winston's brief case. The Republican textbook will set forth Cal's message on the question and blame Congress for not adopting it. For that paragraph the Congress will be entirely made up of Democrats.

Then will come his glorious Cabinet—and first of all will be Hoover. They will tell the people that Hoover cut down the price of rubber. Hoover told the congressional rubber committee that is trying to stretch around the world that because crude rubber dropped last Saturday the country will save two hundred and fifty millions. He talks like a filing cabinet with a bilious attack. You would believe that all the rubber that was to be used in America was bought last Saturday. There was not enough spot rubber on hand for two weeks' consumption. Any attempt to buy it would have jumped the price. The real reason rubber dropped was due to a regular December decline in consumption. This is due to the factories taking annual inventories, the holidays, and to the using of the end of the year for general repairs.

The consumption annually drops off about 7,000 tons in December. About 40,000 tons of crude rubber came to America and about 30,000 was used in December. In January the estimated arrivals and consumption are the same.

Moreover, if Hoover thinks that rubber dropped because of his anemic attack on Great Britain, he must also be blamed for the increases. To-day rubber advanced to 6 cents a pound in spite of Mr. Hoover. Moreover, if he takes credit for the low prices, he must be blamed for the high prices. He says the peak price of $1.10 a pound was gouging, but there was little buying at that figure—and yet he estimates a tremendous loss to America at that price. To listen to Hoover you would think rubber was at $1.10 all during 1925, when it really averaged 70 cents.

Hoover has as much to do with rubber fluctuations as he had with the rise and fall of the Roman Empire, the rise and fall of the tides, and the rise and fall of the Capitol elevators. Rubber was rising and falling when Hoover was dropping his "H's" and necking the British lion.

Now, if Hoover has forced the price of crude rubber down, and crude affects the price of tires, why does he not tell the public that his friends who make tires should cut the prices of tires? Let them rebate to the public some of their unconscionable profits of the last few years. Why does he not tell the American public that the British public buys American tires 25 per cent cheaper than Americans? Let him also tell the American public that two of the big tire companies which bought rubber at 30 cents turned speculators and sold it for 45 cents, and when they could not buy it cheaper squawked about the restriction plan.

I do not know what the rubber committee will do next, and neither does the rubber committee. Last week I suggested to one of my New York colleagues that he try to get Mr. PARKER to take up the coal question. He wrote PARKER for a hearing, but PARKER was as impolite to him as the Corinthians were to St. Paul. Probably the committee will investigate the lost marriage records of the Fiji Islanders. Why does not Hoover have them look into the new rubber exchanges which will run rubber up to $5 a pound? Speculative buyers will come in the market and the demand will be increased. Rubber will be kept out of factories and in the warehouse to furnish markers in

the rubber gambling game. Let Hoover break up this new threat to the rubber industry and I will join his admirers.

Now, I want a little credit. Before I made my speech a couple of weeks ago the rubber-tire trade was going to raise prices from 10 per cent to 15 per cent. Now they are not. They sold $1,200,000,000 worth of tires last year. Pretty near a scallion's worth. Fifteen per cent of these sales figures would be about $150,000,000, so this I saved the public in a seven-minute speech. [Applause.]

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Missouri [Mr. MILLIGAN] 10 minutes.

The CHAIRMAN. The gentleman from Missouri is recognized for 10 minutes.

Mr. MILLIGAN. Mr. Chairman, we have before Congress the important question of completing our national inland waterway system. This is most important to the shipper, producer, and the consumer of the Nation. It is my opinion that Congress should devise a plan for the immediate completion of this system so that our people may reap the benefits from such a system.

In 1910 Congress adopted a project on the Mississippi River from Cairo, Ill., to St. Louis, Mo., providing for an 8-foot channel; $21,000,000 were to be expended on this work. Fifteen years have passed and we have actually spent $3,018,156 for improvement and maintenance and the work, of course, has not been completed. Congress also adopted a project on the Mississippi River from St. Louis, Mo., to Minneapolis, Minn., the cost of which was to be $27,000,000, making a 6-foot channel. Fourteen million five hundred thousand eight hundred and forty-eight dollars have actually been spent on this project on improvements and maintenance and the river can not be used because the job has not been finished. The project on the Missouri River from Kansas City, Mo., to St. Louis, Mo., was adopted in 1912, the cost of which was to be $20,000,000; this project was to have been completed in 10 years. This period is now three years past and we have expended $8,418,534 on improvements and maintenance and completed about one-third of this work. These projects were adopted by Congress but have not been completed because Congress has failed to make the proper appropriations for the work.

There seems to exist a prejudice against these projects in some sections of the United States. A prejudice is also held by certain gentlemen of this House against the Missouri River project. It is contended that its banks are of such a nature that revetment work will not hold. Government engineers who know the facts and have been over the ground state that the Missouri River can be made a navigable stream by expending the amount estimated by Congress in 1912. I was allowed to accompany the Government engineers on an inspection trip on the Missouri River from Kansas City to St. Louis in May, 1922, and although this work had been neglected for seven years, the Government engineers estimated that 90 per cent of this work was intact. That the Missouri River can be made navigable is proved by the fact that for 50 years or more freight was carried up and down this river.

I do not get the viewpoint of some gentlemen of this House who live in one section of the country and oppose meritorious waterway projects in other sections of the country. I feel that the Mississippi and Missouri River projects are a part of a great national waterway system, and their improvement and completion means the completion of this great national system. The expenditure of money to complete such a waterway system is a sound financial investment that will bring big returns to our people. Congress has been dillydallying with this matter since 1875, and up to the present time only about two-thirds of this system is complete. The people of the Nation are demanding that Congress complete this work begun 50 years ago. The people of the Mississippi and Missouri River Valleys are demanding the work begun on these rivers be completed, and rightfully so.

The States embracing this rich and fertile area contain almost 60 per cent of our country's entire population. These people produce 70 per cent of our total agricultural products, 45 per cent of our manufactured products, and 70 per cent of our total exportable products originate in this area. In view of these facts, why have not the inhabitants of this vast and productive area a just cause? Is it not wise to afford these people cheaper and better transportation facilities by improving and completing these two great waterways that traverse the States that produce 57 per cent of our wheat, 55 per cent of our corn, 68 per cent of our oats, 73 per cent of our rye, and 65 per cent of the barley that is produced in the United States?

Many bills have been introduced in this Congress with the idea of giving relief to the farmers of the Nation, who have been facing bankruptcy for the last six years. Congress can give some relief by reducing at least 20 per cent the high freight rates they are now paying by completing our national waterway system. Is it bad economy for our Government to spend the required amount to complete these two great waterways, when it is apparent that additional and cheaper transportation facilities which they would furnish would save to the farmers of this territory every year more than the entire cost of the improvement?

I submit to you the following table showing the difference between the railroad rates and the barge rates from St. Louis to Memphis and New Orleans; also showing the difference between the rail and barge rates from New Orleans and Memphis to St. Louis:

Difference between railroad rates and barge rates

From St. Louis, Mo.	To Memphis, Tenn.		To New Orleans, La.	
	Rail	Barge	Rail	Barge
	Cents per hundredweight	*Cents*	*Cents per hundredweight*	*Cents*
Wheat, carload lots	11½		28½	23
Corn, carload lots	11½		28½	23
Oats, carload lots	11½		28½	24
Canned goods	42	33½	60	48
Iron and steel articles	35	28	50	40
Roofing material	25	21½	38½	31

To St. Louis, Mo.	From Memphis, Tenn.		From New Orleans, La.	
	Rail	Barge	Rail	Barge
	Cents per hundredweight	*Cents*	*Cents per hundredweight*	*Cents*
Sugar, carload lots			50	40
Molasses, carload lots	27	21½	38	30½
Rice, carload lots	33½	27	47	37½
Coffee			49	41½
Bags, burlap	27	21½	38	30½

One barge will carry 75,000 bushels of wheat. A fleet on the Mississippi River now consists of six barges and will carry from St. Louis to New Orleans 450,000 bushels of wheat. With a little more work on the river a power boat will be able to pull nine barges from St. Louis to New Orleans carrying 675,000 bushels of wheat, at a saving of $22,275.

I have not the difference in these rates between Kansas City and St. Louis on the Missouri River, but you will find there will be a saving of at least 6 cents on every bushel of wheat carried.

If the Missouri River project had been completed last year, it would have saved the wheat growers of Kansas $4,488,600 and the wheat growers of Missouri $1,324,620. This is true, of course, of other grains grown in these two great States.

It is conceded by all who are familiar with the facts that our railroads can no longer handle our increasing commerce, and the only possible solution of the transportation problem is the improvement and completion of our national waterway system. It is conceded by most everyone except those directly interested in the railroad business and, of course, a majority of the members of the Interstate Commerce Commission that freight rates charged by the railroads are too high, especially those rates on farm commodities. I had hoped that after the passage of the Smith-Hoch resolution by the last Congress, which, in fact, directed the Interstate Commerce Commission to reduce freight rates, the farmers of the Nation would be relieved of some of this burden, but from the press accounts of the hearings now being held by the Interstate Commerce Commission in Kansas City, Mo., it seems that the commission will run true to form and will more than likely increase rates on farm commodities.

If the Members of this House want to reduce freight rates on farm commodities and give the farmer additional transportation facilities, they should support a plan for the immediate completion of our national waterway system. I am opposed to the general proposition of blocs in this House, but this is a case of absolute necessity, and the Members representing this vast territory would be justified in forcing action on this matter in such a manner. I wish to state to the Members from the Mississippi Valley that the people you represent expect favorable and immediate action on this matter, and if such action is not obtained you will be held responsible by them. [Applause.]

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. BLAND].

The CHAIRMAN. The gentleman from Virginia is recognized for 10 minutes.

Mr. BLAND. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLAND. Mr. Chairman and gentlemen of the committee, I am in hearty accord with all measures looking to the defense of this country from foreign attack. It has been said, and I think truly, that eternal vigilance is the price of liberty. The vigilance that is enjoined upon us in this maxim is not only vigilance against an enemy abroad, but it is also vigilance against the initiation of vicious and insidious policies at home.

I heartly concur in the statement made by the distinguished Representative from Texas [Mr. CONNALLY] on this floor a short time ago when, in addressing the committee, he said that he would not detract from or cast aspersion upon any person who held the high position of President of the United States. With that I am in hearty accord. But it was thoroughly surprising—yea, more than that, astounding—that a few days ago the statement was made in the Senate of the United States that the President of the United States, as a condition precedent to an appointment to an important position, had demanded that the appointee should tender in advance his resignation, duly executed and placed in his hands, so that his appointment might be recalled at any time.

I felt then that there must be some mistake, and I am still more surprised when I find to-day in the official organ of the administration, the Washington Post, a statement emanating from one who appears to be the official spokesman of the White House to the effect that—

> Commissions created by Congress and delegated with certain powers under the law must be held responsible to the limitations of that particular law. It is the duty of the President to see that this is done.

Again, saying that the Interstate Commerce Commission in its operation is exclusively responsible to Congress, the article continues:

> There are other commissions, however, which are more sensitive to the Executive, and because of this it was said by the White House spokesman, the Constitution makes the Executive the head of the executive branch, and therefore he is responsible for these commissions.
>
> Because the President feels his responsibility in this matter in this manner it was stated he felt it incumbent upon him to see that these particular commissions carry out their work in the manner which is prescribed by the law creating them, despite the fact that in many instances responsibility seems to be divided.

In other words, according to the statement of the official spokesman of the White House, the President vests himself with the responsibility and the power to interpret the law, and then before an appointment is made, as a condition precedent to the execution of his will and to the execution of his policies, demands that there shall be in his hands a resignation to be accepted at any time.

Gentlemen, I respect the present incumbent of the White House, and my remarks to-day are not directed to Mr. Coolidge, but to the inauguration of a policy that ultimately, by logical processes, would mean the subversion of the liberties of this country. Think what it would mean, gentlemen, with the vast appointing power of the President of the United States if, when he came to appoint men to the Supreme Court of the United States, he should say to them, "Place in my hands your resignation as a condition precedent to your appointment." Think what it would mean if he should say to the postmasters of the United States whom he appoints, "Place in my hands your resignation as a condition precedent to your appointment." In the exercise by the President of the power to promote officers of the Army and the Navy he wields enormous power. Consider the dangerous possibilities if, as a condition precedent to such appointments, he should require resignations in advance to be placed in his hands—in the hands of a President seeking dictatorial powers and not one who was trying to preserve the liberties of his country; I am not now referring to President Coolidge, but I am calling attention to the possible menace to this country of such a course if such resignations were in the hands of an official trying to destroy the liberties of the country. Think what enormous power he could acquire for himself throughout the entire United States. Who can look into the future and say that the time will never come when a President, fired by inordinate ambition, will wield this power for selfish purposes and against his country's good?

Again, gentlemen, consider the individual himself who would respond to any such request. I submit that there is not a red-blooded American on the floor of this House or elsewhere who would not spurn with indignation any idea that he was to receive his appointment to office upon the condition that, unless he executed absolutely the will of the Executive and interpreted the law in strict accordance with the Executive's idea, his resignation should be at once accepted. [Applause.]

Gentlemen, it is a power that is far-reaching. You know that just about 150 years ago the forefathers of this country rose in rebellion against acts which had their inception in burdens that in themselves were not so heavy to be borne, but from the first they saw their logical result, and they said they would not submit to a stamp act, however small it might be, because it meant ultimately the subversion of the liberties of the Colonies.

Gentlemen, let us preserve our liberties; let us see to it that no Executive shall inaugurate a policy that in the end may mean the establishment of a dictator in these United States. I appeal to the President to realize the dangers of the path on which he has entered and I implore him not to attempt to pursue that policy any longer. If he does, then let the Congress of the United States, in the protection of the liberties of the people, say to him, "Thus far shalt thou go but no farther." [Applause.]

Mr. AYRES. Mr. Chairman, I yield two minutes to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR of Louisiana. Mr. Chairman, in view of the splendid address delivered to-day by the gentleman from Ohio [Mr. BEGG], expressing his viewpoint with clearness and force, I thought I might ask the chairman of the committee if he deemed it the part of wisdom to make big expenditures in the development of Pearl Harbor and other advanced bases, as well as of the Naval Establishment as presently constituted, in view of the fact that no determination has been arrived at—though the matter is under discussion and agitation—as to whether or not the submarine or aviation is to supersede the battleship as the principal factor in our Naval Establishment?

Mr. FRENCH. The gentleman will remember that the program for the development of Pearl Harbor was approved and authorized by this Congress less than a year ago, and that the estimates under that authorization came to the Congress. Personally, I think we should develop Pearl Harbor, and I think we should develop it regardless of the coming, as I hope, of a conference for the limitation of armament. It seems to me we ought to have a harbor there deeper than 35 feet, which is the present depth of a great part of the channel.

Mr. O'CONNOR of Louisiana. The gentleman thinks we should continue to develop the Naval Establishment as presently constituted, although it has been seriously questioned as to whether or not aviation or the submarine or both will not entirely supersede the battleships and cruisers as the principal factors in the Naval Establishment?

Mr. FRENCH. Well, to the extent recommended by the Budget and recommended by your committee to the Congress.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. FRENCH. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. APPLEBY]. [Applause.]

Mr. APPLEBY. Fellow Members of Congress, I wish to take this opportunity to thank Mr. FRENCH, of the Committee on Appropriations, for granting me this opportunity to express myself on this important subject known as the Navy appropriation bill.

Due to the brief time I am allowed I decline to yield to anyone.

Report No. 84, pages 10 and 11, paragraph "lighter than air," I wish to quote as follows:

> It shows that we have 2 obsolete nonrigid airships and 30 obsolete kite balloons. We have but one rigid dirigible, the *Los Angeles*, built in Germany, which came to us under diplomatic negotiations on the assurance that it would be devoted to civil purposes. The Navy is desirous of building a dirigible larger than the *Los Angeles*—possibly two and one-half or three times as large in gas capacity. If the Congress should authorize such an airship we are told that it would take approximately four years to complete it.

Reading further from the report as follows:

> The accident to the *Shenandoah* has not influenced the view of the committee as to the potentialities of rigid airships for commercial and naval uses, and it is not proposing that we shall abandon lighter-than-air development.

In the same paragraph the committee says that the Lakehurst station should be closed down. What would be the use of closing the air station down when the Naval Affairs Committee has not yet decided whether or not another airship is to be constructed; and if constructed, in all probabilities would be constructed at Lakehurst. This airship should be constructed at Lakehurst, where there are ample facilities, with American workmen and using American material.

In another paragraph in same report referring to the construction of airship:

> It is the development of an American idea and so far as the committee can find out offers a reasonable chance of success.

If we do not start to construct another ship of the *Shenandoah* type and war should break out we are without a rigid dirigible unless we break our word. Is the American flag going to disappear from the dirigible airships?

Reading further from the report, page 11, second paragraph—

> and that in time of war it would be merely the matter of outfitting the civilian complement with service uniform.

To my mind that is a misstatement. I will admit that engineers, riggers, and radio operators from commercial training are suitable, but how about machine gunners, men familiar with aerial torpedoes, and men familiar with warfare operations of an airship. Where are they going to receive their training?

In the naval report I notice there is the same amount appropriated for the Navy hospital fund as last year. I would like to call the attention of the Members of Congress that nearly one-fifth of the amount of hospital funds of the Navy is raised by deducting 20 cents per month from the compensation of each enlisted man every month, and with a Navy approximately 82,000 men this fund yields nearly $200,000. Why is this discrimination going to continue; why are enlisted men paying a direct proportion of cost of operation of our own hospital? The Army does not do this. Why continue this salary levy longer?

Reading from the same report:

> We can profit by Great Britain's experience. She is now building two 5,000,000-cubic-foot airships.

Is Great Britain going to be superior to us or any other nation in this type of aircraft construction? [Applause.]

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WATRES].

Mr. WATRES. Mr. Chairman, the gentleman from New York who addressed the House a few minutes ago on the coal situation would seem to make of it a subject for jesting and one of politics. I can assure the gentleman that to the people of the anthracite regions in Pennsylvania it is neither.

I wish to say that I am not speaking as the representative in any sense of the President or his administration.

The recommendations of the President contained in his annual message to Congress, embracing the recommendations of the last coal commission, should, I believe, be enacted into law. I regret to say, however, that in my opinion these measures alone, although they will be helpful generally, will fall far short of putting an end to the present anthracite strike and preventing future strikes. Of the measures which have been proposed for enactment by Congress, I regret that none will accomplish that purpose.

It should be realized that while the district represented by the gentleman from New York and the rest of the anthracite-consuming portion of the country have not been seriously endangered in this strike as in former cases, the present controversy is an economic disaster appalling in its effect on the entire anthracite region of Pennsylvania. Hundreds of thousands of innocent persons who are not parties to the dispute, who appear thus far to have been helpless in their desire for a settlement, are facing not merely serious financial loss but absolute ruin and bankruptcy.

Mr. OLDFIELD. Will the gentleman yield for just one question for information?

Mr. WATRES. Yes.

Mr. OLDFIELD. Does the gentleman take the position that there ought not to be any legislation?

Mr. WATRES. If the gentleman will permit, I think my position will develop as I go along.

Mr. OLDFIELD. I will say to the gentleman that I will be glad to go along with the kind of legislation the gentleman thinks would solve the question, because I know it is a serious one and that there ought not to be any politics in it.

Mr. WATRES. I think my statement will explain my position. The losses are suffered not merely by those engaged in the coal business but by every person in the region; the totals up to the present time reach into the hundreds of millions of dollars. Not only is that true; what is worse, there is actual suffering from hunger and cold. The charitable organizations are taxed to their utmost to care for the most urgent cases. In the city of Scranton the charities are well organized. In that city alone a corps of many volunteers are assisting the trained staffs; more than a hundred autos are required to transport the relief workers; but in spite of all this there is said to be misery and wretchedness.

I assume that it is well understood that the conditions which obtain in the anthracite field are entirely different from the conditions in the bituminous fields.

The two interests involved in the production of coal are very strongly organized and either one has the power to practically destroy the industry. The present strike has demonstrated that the industry is already doomed unless a way can be found to insure an uninterrupted supply of coal for the market at reasonable prices. Since April, 1922, more than 25 per cent of the time has been consumed either by strike or suspension The time has now arrived when the industry can not hope to survive if that condition should continue. Consumers have of necessity been educating themselves in the use of substitute fuels, some of which are cheaper than anthracite.

The above facts are not cited for the purpose of leading to the conclusion that the strength of the miners' organizations should be lessened. I believe thoroughly in labor unionism—it is essential to protect and advance the interest of the miners. Lives of workmen have been safeguarded, their health protected, the wives and children of miners who have been injured or killed have been provided for through laws which were only obtained through the organized strength of the unions.

The important facts to recognize are—

First. That the essential element of labor is very strongly organized that it can not be coerced and that it must be reckoned with whether by the coal operators, a State commission, or a Federal administrator.

Second. Labor must recognize that it can not contravene economic laws without bringing dire consequences on itself. The supply of anthracite will in the future necessarily be maintained without interruption and at a reasonable price, else there will be no jobs for labor.

Third. While, as stated above, there is room for legislation which will be helpful to some extent, the fundamental question which must be met and solved is not within the realm of legislation—at least Federal legislation—it consists in some method being agreed upon between the parties for a settlement of differences on a thoroughly just and equitable basis which need not abrogate the right to strike, but which will make resort to strikes unnecessary and undesirable in the eyes of the miners themselves. [Applause.]

Mr. AYRES. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman and gentlemen of the House, on December 7 the President made a farm speech in Chicago. It has been referred to several times, and especially its failure to be printed in the RECORD. On January 18 I again made mention of the fact that while the President had made his famous Chicago farm speech many days ago no one on the Republican side had seemed to possess the temerity to ask that it be inserted in the RECORD. The gentleman from Kansas [Mr. TINCHER], with his usual dramatics and fanfaronade, rose in his majesty and asked unanimous consent that it be inserted in the RECORD at the conclusion of his speech, and there was appropriate applause for this act of bravery by the committee on applause at that time. He followed it with the statement, "We are not afraid to stand for it." But I notice that in the RECORD following his speech he failed to insert the President's address. Now, the question of having that speech inserted in the RECORD is evidently embarrassing to the Republican Members of the House, and no doubt it is humiliating to the President not to have it inserted. Therefore, in order to relieve the embarrassment on the one hand and the humiliation on the other, I am going to ask that the speech be inserted.

In doing so I want to disclaim any indorsement of the utterances, but am simply extending a courtesy. I ask unanimous consent that it may be inserted in the RECORD, Mr. Chairman. I have it here.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. JONES. Mr. Speaker, under leave to extend my remarks I insert an address made by the President in Chicago, which is as follows:

[From The Chronicle, December 12, 1925]

PRESIDENT COOLIDGE SAYS AGRICULTURE MUST REST ON INDEPENDENT BUSINESS BASIS—OPPOSITION TO GOVERNMENT PRICE FIXING—COOPERATIVE MARKETING SOLUTION OF FARMER'S PROBLEMS

Before the American Farm Bureau Federation in convention at Chicago on December 7, President Coolidge reviewed the position of agriculture in the Nation's affairs and presented his views as to the measures "to bring agriculture as a whole back to the same relative economic position that it occupied before the war." The President alluded to the fact that "there have been discussions which seem to indicate some fear that our agriculture is becoming decadent, that it has already reached its highest point, and that, becoming unprofitable, it is likely to diminish. Nothing in the appearance of the country or of its people as I have traveled over it," he said, "has seemed to indicate any deterioration, nor do I find anything in the farm census and reports that warrants this conclusion. Although it is gratifying to know," the President stated, "that farm conditions as a whole are encouraging, yet we ought not to cease our efforts for their constant improvement. We can not claim that they have reached perfection anywhere, and in too many instances there is still much distress. Various suggestions of artificial relief have been made. Production has been ample, but prices, compared with the war era, have been very much reduced, although they are now considerably improved. The proposals made have, therefore, had the purpose of increasing prices." Proposals looking to price fixing and tariff revision in the interest of the farmer found no sympathy with the President, who said "that one of the methods put forward was to have corporations organized through which the Government would directly or indirectly fix prices or engage in buying and selling farm produce." As to this, he said:

"This would be a dangerous undertaking, and as the emergency is not so acute, it seems at present to have lost much of its support. No matter how it is disguised, the moment the Government engages in buying and selling, by that act it is fixing prices. Moreover, it would apparently destroy cooperative associations and all other marketing machinery, for no one can compete with the Government. Ultimately it would end the independence which the farmers of this country enjoy as a result of centuries of struggle and prevent the exercise of their own judgment and control in cultivating their land and marketing their produce.

"Government control can not be divorced from political control. * * * The Government price is not always a high price. Unless we fix corresponding prices for other commodities, a high fixed price for agriculture would simply stimulate overproduction that would end in complete collapse."

In disposing of the contention that certain factors "have thought that the tariff rates were unfavorable to the farmer," the President observed:

"Protection is a great benefit to agriculture as a whole. The $780,000,000 of agricultural produce imported last year had to pay $260,000,000 for the privilege of coming in to compete with our own farm production. If these were admitted free of duty, they would no doubt greatly increase in volume, reduce present farm prices, and result in much lower standards of living on our farms. We are also exporters as well as importers. Protection greatly aids diversification and so eliminates an unprofitable surplus. Under our tariff our flax acreage has increased from 1,641,000 in 1921 to 3,093,000 in 1925. Much of this would otherwise have been devoted to wheat, increasing the surplus and further demoralizing that market. The same principle holds in relation to sugar, wool, and other agricultural products."

In pronouncing his support of the cooperative marketing movement, the President declared that "for a more orderly marketing calculated to secure a better range of prices the cooperative movement promises the greatest success." He added:

"Already they are handling $2,500,000,000 of farm produce, or nearly one-fifth of the annual production. The disposition of surplus produce has been discussed. If by this is meant the constant raising of a larger supply than is needed, it is difficult to conceive of any remedy except reduced production in any such commodity. But there are, of course, accidental surpluses due to more favorable weather conditions, which are unavoidable and which ought to be managed so that they can be spread over a year or two without depressing prices. The initiative of the farmers themselves, with such assistance as can be given them by the Government without assuming responsibility for business management, through financing and through the cooperative movement, would appear to be a wise method of solving this problem. Of course, I should be willing to approve any plan that can be devised in accordance with sound economic principles."

The President pointed out that "for financing the farmer we are developing the farm-loan and intermediate-credit banks. These have put out about $1,200,000,000 of loans at moderate rates to about 350,000 farmers. In addition, there is the general-banking system, National and State. All of these agencies need to give more informed attention to farm needs. They need more energy in administration. They should be equipped to supply not only credit but sound business advice and the farmers to a much better extent should learn to use all of these facilities." "To have agriculture worth anything," he observed, "it must rest on an independent business basis. It can not at the same time be part private business and part Government business. I believe the Government ought to give it every assistance, but it ought to leave it as the support, the benefit, and the business of the people." He continued in part:

"With a production influenced by information from the department, with adequate storage, supplied with necessary credit and the orderly marketing effected through cooperative action, agriculture could be placed on a sound and independent business basis. While the Government ought not to undertake to control or direct, it should supplement and assist all efforts in this direction. The leaders in the cooperative movement, with the advice of the Department of Agriculture, have prepared what is believed to be an adequate bill embodying these principles, which will be presented to the Congress for enactment. I propose actively and energetically to assist the farmers to promote their welfare through cooperative marketing.

"Under the working out of the provisions of this bill the farmers would have the active and energetic assistance of the Government in meeting the problem of surplus production. Through consultation and conference the best experts of the country would be employed as the needs require and methods of storage, credit, and marketing would be devised. The agencies created would have at their disposal the active cooperation of the great organizations of the Departments of Agriculture, Commerce, and Federal banking. Their representatives at home and abroad would be engaged in locating and supplying domestic and foreign markets. The fundamental soundness of this proposal rests on the principle that it is helping the farmer to help himself. Already the cooperative effort in raisins and other products has met with marked success by adopting this plan."

The following is the President's address in full:

"No one can travel across the vast area that lies between the Alleghenies and the Rockies without being thoroughly impressed with the enormous expansion of American agriculture. Other sections of our country, acre for acre, are just as important and just as productive, but it is in this region that the cultivation of the land holds its most dominant position. It is to serve the farmers of this great open country that teeming cities have arisen, great stretches of navigation have been opened, a mighty network of railways has been constructed, a fast-increasing mileage of highways has been laid out, and modern inventions have stretched their lines of communication among all the various communities and into nearly every home. Agriculture holds a position in this country that it was never before able to secure anywhere else on earth.

"It is the development which has taken place within this area, mostly within the last 75 years, which has given agriculture a new standing in the world. By bringing the tillage of the soil under a new technique it has given to the people on the farm a new relationship to commerce, industry, and society. The ownership of land has always been a mark of privilege and distinction, but in other times and places the laborious effort of farming, the hard work of cultivating the soil—which was done almost entirely by hand—the comparative isolation of rural existence was traditionally an unattractive life assigned to the serf and the uncultured peasant. It still partakes of that nature in most countries.

"But in America the farm has long since ceased to be associated with a mode of life that could be called rustic. It has become a great industrial enterprise, requiring a broad knowledge in its management, a technical skill in its labor, intricate machinery in its processes, and trained merchandising in its marketings. Agriculture in America has been raised to the rank of a profession. It does not draw any artificial support from industry or from the Government. It rests squarely on a foundation of its own. It is independent.

"The place which agriculture holds to-day in this country, superior to that which it ever held before in time of peace in this or any other land, is by reason of its very eminence one of increasing exactions and difficulties. It does not require much talent or any great foresight to live on an inferior scale, limited and impoverished, nor does it evoke much eulogy, but to maintain freedom and independence, to rise in the economic scale to the ownership and profitable management of a great property amid all perils of our competitive life requires a high degree of industry and ability. Those who achieve that position in a community will always be entitled to the highest commendation. Whatever other obstacles the American people have had to meet and overcome, of every station in life, they have never permitted themselves to be hampered by a condition of dependence. As what they have had was secured not by favor or by bounty but by their own efforts, no one else has had any power to deprive them of it. Unencumbered by any special artificial support, they have stood secure on their own foundation. America is not without a true nobility, but it is not supported by privilege. It rests on worth.

"It is our farm life that is particularly representative of this standard of American citizenship. It is made up of many different types and races; it includes many different modes of thought and living. Stretching from the North, with its months of frost, to the Gulf, with its perpetual summer, it embraces a wide variety of production. But it is all a partaker of the same high measure of achievement and char-

acter. It rises in its importance above the products of the land and puts a stamp of its own upon the quality of our people. It is not merely for a supply of food that we look to the farms, but as a never-failing source, if others become exhausted, from which we can always replenish the manhood and womanhood of the Nation. It is for this reason that our whole country entertains the greatest solicitude for the welfare of the people who make up our agricultural population. The importance of their continued success and progress can not be overestimated. It affects not only the material prosperity but reaches beyond that into the moral and spiritual life of America.

"It was the people of this stamp and character who were mainly instrumental in founding American institutions. It was well on into the nineteenth century before the great industrial development of our country began. In the old days there were some professional men and there were the clergy who exercised in a high degree an inspired leadership not only in the religious and educational but to a marked extent in the political life of their day. But the people were of the farm. Their living came from the soil. Their sturdy industry, their determination to be free, resulted in no small part from their occupation and mode of life. Wherever there is a farm there is the greatest opportunity of a true home. It was the loyalty and perseverance bred of the home life of the American farmer that supported Washington through seven years of conflict and provided the necessary self-restraint to translate his victory in the abiding institutions of freedom. It is the spirit of those homes that our country must forever cherish.

"But the gratitude of America and I think of the whole world is due not only to 'the embattled farmers' who stood at Concord Bridge and 'fired the shot heard round the world,' but to those tillers of the soil of the great prairie States, prophets and pioneers of freedom, who rose to power in time to make it possible for Lincoln to save the Union, and also to the informed, improved, and well-equipped agriculture of our own day, which, while giving generously of their own manhood and womanhood, put forth those stupendous efforts which provided food, cotton, wool, and other materials that turned the tide for the cause of liberty in the Great War.

"It is the existence of this superb power, both of resources and of people, which has its home in the great open country, that has made possible not only the independence and freedom of our own land and the extension of liberty throughout the world, but has furnished the foundation on which has been built the great expansion in the industrial and commercial life of the Nation. Our statesmanship can be dedicated to no more worthy purpose than the perpetuation of this high standard of American farm life.

"All of these results would appear to lead to the inevitable conclusion that to a very large extent the underlying support to the strength and character and greatness of America has been furnished by the strength and character and greatness of its agriculture. Our country has been developed under the influence of a new spirit. In the early beginnings of organized society the main form of wealth which was plentiful consisted of land. It was almost the sole source of production. Always in theory, and usually in practice, all land belonged to the Crown. It was the custom for the ruler to bestow upon his retainers not only landed estates but to provide in addition the serfs, who were attached to the soil, in order that they might supply the necessary labor for its productivity. The workers in the field were held in servitude, while their masters usually lived away from the land, sometimes in their castles, sometimes in towns and cities.

"This was the established condition all over the Old World. The position of the country thus became stationary. It was in the cities and towns, where opportunity came for exchange of ideas and educational advancement, that there started that progress toward freedom and self-government which marked the beginning of the modern age. The importance of the cities and towns became predominant. Even after freedom was granted to the serfs, the tillers of the soil never became a great influence. Their interests were always subordinated to the stronger, more aggressive life of the industrial population and of the ruling classes.

"But America never fully came under this blighting influence. It was a different type of individual that formed the great bulk of our early settlers. They gained their livelihood by cultivating the soil, but there was no large and overmastering city or industrial population. The expansion of our country down to almost as late as 1880 was an agricultural expansion. A large majority of our inhabitants were engaged in that occupation. They not only tilled the soil but they owned it. They not only directed the Government but they made it. The fertile lands and generous homestead laws under American institutions all worked together to produce an entirely new position of place and power for agriculture. When there was added to this the marvelous inventions of farm machinery which have come into modern life, it made it possible to establish here the first agricultural empire which did not rest upon an oppressed peasantry. This was a stupendous achievement.

"Following this came the vast business growth which brought great changes. The town and industrial population for the first time began to exceed that of the farms. From the surplus of food products requiring foreign markets we began to reach something like a balance between domestic production and consumption. Before 1910, so wise a man as James J. Hill expressed the opinion that in the near future we should be importers of wheat.

WAR'S EFFECT ON PRODUCTION

"Under normal conditions Mr. Hill might have been correct, but the World War intervened. The enormous demand from abroad brought the high prices which so stimulated production that it reached a new record in amount and value. Without this service famine undoubtedly would have prevailed over wide areas. This resulted in a great inflation and in an overproduction, reaching its summit in 1919, which was followed by the inevitable deflation of 1920 and 1921. The best economic authority tells us this was inevitable. Whether it was or not, it came. It afflicted both agriculture and industry. The values of manufacturing plants and their stocks on hand went down, their orders were canceled, their operations ceased, and the buying capacity of their wage earners being greatly reduced, the consumption of food products declined, causing a fall in prices that reached back to the farm. The resulting losses have never been fully recovered either in industry or agriculture, but starting from the low point of 1920 and 1921 both have made progress and from every indication appear to be entering an era of prosperity.

"It has seemed to me desirable to consider thus briefly the development of our American agriculture, in order that by a better understanding of the method of its progress and the position it now holds we may better comprehend its needs and better estimate what the future promises for it. Everyone knows that the farmer, who is often least able to bear it, went through the most drastic deflation. Considered as a whole, his position has steadily improved since 1921. I do not mean that land values or prices have reached their former level. That was not to be expected. But I do mean that, generally speaking, the present business of farming as a whole is beginning to be profitable. Of course, there are exceptions to be made of localities, individuals, and crops. Some people would grow poor on a mountain of gold, while others would make a good living on a rock. We can not bend our course to meet the exceptions; we must treat agriculture as a whole, and if, as a whole, it can be placed in a prosperous condition, the exceptions will tend to eliminate themselves.

"There have been discussions which seem to indicate some fear that our agriculture is becoming decadent, that it has already reached its highest point, and that, becoming unprofitable, it is likely to diminish. Nothing in the appearance of the country or of its people as I have traveled over it has seemed to indicate any deterioration, nor do I find anything in the farm census and reports that warrants this conclusion.

"It is true that there is an increasing interchange of population between the city and the country. With the coming of the automobile many of the city people are moving out into the country, and with the increasing use of machinery some of those formerly employed on the farm have been released for employment in the industries. For the past 15 years urban population has been increasing, while farm population and the number of farms have slightly decreased. This has reversed the condition that existed before that period. But this is only a part of the story.

"The real question is not the numbers employed but the amount of production. If that should appear to be inadequate to meet our requirements for food and raw materials, if the morale of the farmers should be breaking down, the situation might be serious. Such does not appear to be the fact. In intelligence, in education, in the general standards of living farm life was never so well equipped as it is to-day. In the past 45 years, which roughly marks our great industrial development, the index number of production rose from 100 to 237, while that for population is estimated to be but 226. Production has outrun population, according to the statistics of the Harvard Service. While the number of farms and people engaged in farming was slightly less in 1924 than in 1910, production in 1923 and 1924 was 15 per cent greater than in 1910. Fewer people but more production means each person on the farm will receive more.

PRODUCTION AND PRICE IMPORTANT TO FARMER

"It is not only production, however, but price that is important to the farmer. The value of his produce for 1924, excluding crops fed to animals, was about $12,136,000,000. The estimates for the present year are about the same. This compares with $3,549,000,000 in 1900. According to estimates the number of people on farms in 1924 was about 10 per cent greater than in 1900. The amount of money received was about 350 per cent greater. But as the general price level of all commodities had greatly advanced, measured in purchasing power, the amount received was only about 90 per cent greater. This means that 110 per cent of people engaged in agriculture received 190 per cent more in 1924 than they did in 1900.

"While it is true that there was a great decline in farm prices in 1920 and 1921, and an even greater decline in the purchasing power of farm produce compared with other commodities, yet since that time farm prices have risen more rapidly than other commodities, so that the purchasing power of farm produce has risen also. The

tendency appears to be to bring agriculture as a whole back to the same relative economic position that it occupied before the war. While general production, prices, and living conditions on the farm are improving, there is little ground for fear that agriculture is becoming decadent; yet some areas are still depressed; debts and taxes still remain.

"Although it is gratifying to know that farm conditions as a whole are encouraging, yet we ought not to cease our efforts for their constant improvement. We can not claim that they have reached perfection anywhere, and in too many instances there is still much distress. Various suggestions of artificial relief have been made. Production has been ample, but prices compared with the war era have been very much reduced, although they are now considerably improved. The proposals made have, therefore, had the purpose of increasing prices.

OPPOSITION TO PRICE FIXING

"One of the methods by which this has been sought, though put forward chiefly as an emergency measure as I understand from its proponents, was to have corporations organized through which the Government would directly or indirectly fix prices or engage in buying and selling farm produce. This would be a dangerous undertaking; and as the emergency is not so acute, it seems at present to have lost much of its support. No matter how it is disguised, the moment the Government engages in buying and selling, by that act it is fixing prices. Moreover, it would apparently destroy cooperative associations and all other marketing machinery, for no one can compete with the Government. Ultimately it would end the independence which the farmers of this country enjoy as a result of centuries of struggle and prevent the exercise of their own judgment and control in cultivating their land and marketing their produce.

"Government control can not be divorced from political control. The overwhelming interest of the consumer, not the smaller interest of the producer, would be sure to dominate in the end. I am reliably informed that the secretary of agriculture of a great foreign power has recently fixed the wages of farm labor in his country at less than $5 per week. The Government price is not always a high price. Unless we fix corresponding prices for other commodities, a high fixed price for agriculture would simply stimulate overproduction that would end in complete collapse. However attractive this proposal was at first thought, careful consideration of it has led to much opposition on the part of the farmers. They realize that even the United States Government is not strong enough, either directly or indirectly, to fix prices which would constantly guarantee success. They are opposed to submitting themselves to the control of a great Government bureaucracy. They prefer the sound policy of maintaining their freedom and their own initiative as individuals or to limit them only as they voluntarily form group associations. They do not wish to put the Government into the farming business.

PROPOSAL FOR TARIFF REVISION

"Others have thought that the tariff rates were unfavorable to the farmer. If this should be a fact, it ought to be corrected. Let us examine our imports. Last year their gross value was $3,610,000,000, but $2,080,000,000, or 57⅗ per cent, came in wholly free of duty. This free list was constructed especially to favor the farmer, and contains more than 50 articles which he purchases, like fertilizer, leather harnesses, farm machinery, coffee, binder twine, barbed wire, and gasoline.

"Of the $1,530,000,000 of goods paying imports $780,000,000 was upon agricultural products, levied solely to protect the farmer, including animal and dairy products, grain, flax, wool, sugar, nuts, citrus fruits, and many others. If any farmer wants to get an accurate and full list of his products which are protected and his purchases which come in free, let him go to his public library and consult Official Document No. 33, comparing the last three tariff acts. Thus 80 per cent of our imports either come in free or pay a duty to protect the farmer. This must be further increased by $250,000,000 more of imported luxuries like diamonds, fine rugs, silks, cut glass, jewelry, and mahogany. These items can not affect the prosperity of the farmer. This brings the total of imports up to 88 per cent, which are either free, or luxuries, or protected to help the farmer, and leaves only 12 per cent of our imports upon which the agricultural industry pays any part of the tariff.

SAYS FARMERS PAY LITTLE DUTY

"But, on the other hand, our industrial and city population pays the tariff on the $780,000,000 worth of agricultural imports and also participates in the $500,000,000 worth of imports outside of luxuries. While the farmer pays part of the duties on 12 per cent of our imports which do not benefit him, industry and commerce pay part of the duty on 36 per cent of the imports which do not benefit them.

"But if we take all that the farmer buys for his household and farm operation and subtract from it articles dutiable to protect the farmer, the free list, and luxuries, we should have left less than 10 per cent of his expenditures. This means that less than 10 per cent of farm purchases are at an increased cost which is adverse to the farmer. Admitting that the price of these purchases is increased by the full amount of the duty, this means that the total adverse cost to the farmer on account of the tariff is only beween 2 per cent and 3 per cent of his purchases.

"Many economists consider that even this calculation as to the contribution of our farmers to the tariff is overestimated. As their expenditures include many items for labor and service on which there is no duty, the proportion of total expenditure on dutiable articles outside the three lists above mentioned is not 10 per cent, but only 8 per cent or 4 per cent of his total expenditures. Thus, even assuming that the farmer pays tariff on this ratio of goods, his expenditures would only be increased by one-third of 3 per cent or 4 per cent, or not over 1⅓ per cent.

"On the other side, protection is a great benefit to agriculture as a whole. The $780,000,000 of agricultural produce imported last year had to pay $260,000,000 for the privilege of coming in to compete with our own farm production. If these were admitted free of duty, they would no doubt greatly increase in volume, reduce present farm prices, and result in much lower standards of living on our farms. We are also exporters as well as importers. Protection greatly aids diversification and so eliminates an unprofitable surplus. Under our tariff our flax acreage has increased from 1,641,000 in 1921 to 3,093,000 in 1925. Much of this would otherwise have been devoted to wheat, increasing the surplus and further demoralizing that market. The same principle holds in relation to sugar, wool, and other agricultural products.

"It has been thought that protection does not help agricultural products. Any study of dairy products, flax, wool, and the many other commodities, will demonstrate that it does. Even wheat, where we are exporters, shows its effect. If we take Buffalo, to secure a point of common contact, American No. 1 dark northern is 25 cents to 35 cents higher than Canadian. No. 2 dark, hard winter is 37 cents to 42 cents higher, and No. 2 red would be 45 cents to 46 cents higher. Contract wheat for future delivery in Chicago has been usually as high as future deliveries in Liverpool, although the difference in freight is about 20 cents a bushel, which means that our wheat is now about that much above world price levels. The question is complicated with different grades and qualities, some of which do not show the same differences.

"But the largest benefits accruing to the farmer come from supplying him with home markets. What the farmer raises must either be sold at home or sent abroad. Our per capita consumption of butter, sugar, meats, eggs, milk, and tobacco is far above those of foreign countries. When the depression of 1920 came and 5,000,000 of our wage earners were unemployed, their consumption of the more expensive agricultural supplies, such as animal products, fell 18 per cent below what it had been before and what it became again when employment increased. This was more than the amount of our exports. Prosperity in our industries is of more value to the farmer than the whole export market for foodstuffs. Protection has contributed in our country to making employment plentiful with the highest wages and highest standards of living in the world, which is of inestimable benefit to both our agricultural and industrial population. General economic stability is of the utmost importance to the farmer, and a depression in industry with the attendant unemployment would do the farmer an incalculable injury.

COOPERATIVE MOVEMENT PROMISES GREATEST SUCCESS

"If the price fixing and tariff revision do not seem to be helpful there are other proposals that do promise improvements. For financing the farmer we are developing the farm loan and intermediate credit banks. These have put out about $1,200,000,000 of loans at moderate rates to about 350,000 farmers. In addition there is the general banking system, national and State. All of these agencies need to give more informed attention to farm needs. They need more energy in administration. They should be equipped to supply not only credit but sound business advice and the farmers to a much better extent should learn to use all these facilities.

"For a more orderly marketing calculated to secure a better range of prices the cooperative movement promises the greatest success. Already they are handling $2,500,000,000 of farm produce, or nearly one-fifth of the annual production. The disposition of surplus produce has been discussed. If by this is meant the constant raising of a larger supply than is needed, it is difficult to conceive of any remedy except reduced production in any such commodity. But there are, of course, accidental surpluses due to more favorable weather conditions, which are unavoidable and which ought to be managed so that they can be spread over a year or two without depressing prices. The initiative of the farmers themselves, with such assistance as can be given them by the Government without assuming responsibility for business management, through financing and through the cooperative movement, would appear to be a wise method of solving this problem. Of course, I should be willing to approve any plan that can be devised in accordance with sound economic principles.

AGRICULTURE MUST REST ON INDEPENDENT BASIS

"To have agriculture worth anything it must rest on an independent business basis. It can not at the same time be part private business and part Government business. I believe the Government ought to give it every assistance, but it ought to leave it as the support, the benefit, and the business of the people. The interest which the National Government takes in agriculture is manifest by an appropriation of about $140,000,000 a year, which is nearly one-fifth of our total expenditure, exclusive of the Post Office, prior to the war. I do not need to recount what is being done for education, and good roads, for opening up our waterways, or the enormous activities of the Department of Agriculture, which reach to almost every farmer in the land.

BILL TO PROMOTE COOPERATIVE MARKETING

"The most important development of late years has been the cooperative movement. With the economic information furnished by the department, which was of such great value to the hog and potato industries for the last year or two, with better warehouse and storage facilities and a better credit structure, much can be done to take care of the ordinary surplus. With a production influenced by information from the department, with adequate storage, supplied with necessary credit, and the orderly marketing effected through cooperative action, agriculture could be placed on a sound and independent business basis. While the Government ought not to undertake to control or direct, it should supplement and assist all efforts in this direction. The leaders in the cooperative movement, with the advice of the Department of Agriculture, have prepared what is believed to be an adequate bill embodying these principles which will be presented to the Congress for enactment. I propose actively and energetically to assist the farmers to promote their welfare through cooperative marketing.

"Under the working out of the provisions of this bill the farmers would have the active and energetic assistance of the Government in meeting the problem of surplus production. Through consultation and conference the best experts of the country would be employed as the needs require and methods of storage, credit, and marketing would be devised. The agencies created would have at their disposal the active cooperation of the great organizations of the Departments of Agriculture, Commerce, and Federal banking. Their representatives at home and abroad would be engaged in locating and supplying domestic and foreign markets. The fundamental soundness of this proposal rests on the principle that it is helping the farmer to help himself. Already the cooperative effort in raisins and other products has met with marked success by adopting this plan.

COURSE OF FARM PRICES

"It would be a great mistake to underestimate the difficulties under which the farmers labor. They are entitled to all the sympathy and help which the Government can give them. But I feel they are also entitled to consider the encouraging features of their situation. Human nature is on their side. We are all consumers of food. The more prosperous we become, the more we consume of the higher-priced products. In the past farm prices have always tended to get the better of industrial prices. In the period from 1820 to 1860 there was a general rise of all commodities, but farm prices increased about 50 per cent more than other commodities. After the Civil War, from the seventies to 1896, there was a decline in all commodities, but farm prices declined less, so that their purchasing power actually increased. From 1896 to 1913, according to the Bureau of Labor Statistics, the index number of farm prices rose 82 per cent, while that of other prices rose but 37 per cent. It was this great increase in the price of food products which brought about the complaint and discussion of the high cost of living, which everyone will recall became acute about 1911, and remained a problem of economic adjustment unsolved when the World War began.

"With the coming of the great conflict an entire transformation took place. The price of all commodities rose and the price of land rose. There was a great temptation to expand. Farmers bought more land at very high prices. Then came the terrible world depression which left many involved in great debts and everybody with shrunken land values. Farm produce decreased in price faster than other commodities. These debts and shrunken values still remain as a great burden. On top of them are the war taxes, which the Nation has greatly reduced, but which the local communities still tend to increase.

"It is this burden which is causing distress, but history is again showing signs of repeating itself. In 1921 the price of farm produce reached its low point. According to the Department of Agriculture, however, the end of this four-year period sees the price of farm products substantially increased. Much of the debts and taxes remain, but with the prices now received the present business of farming is very much improved.

"I believe that the past history of the relative trend of prices between farm products and other commodities is of tremendous significance. The surplus lands of the country are exhausted. The industrial population is outstripping the farm population. Manufacturing is expanding. These must come to the farmers for their food and their raw materials. While we can produce more, the markets for food are increasing much faster than present farm productivity. The future of agriculture looks to be exceedingly secure.

"The real wealth of our country, its productive capacity, its great manufacturing plants, its far-reaching railroad system, its mighty commerce, and its agriculture did not come into being all at once, but is the result of a vast multitude of small increments brought about by long, slow, and laborious toil. Whatever a few individuals may do, the Nation as a whole and its great subdivisions of industry, transportation, commerce, and agriculture can increase by no other method. The percentage of yearly returns upon all the property of this country is low, but in the aggregate it is a stupendous sum. Unless all past experience is to be disregarded, notwithstanding its present embarrassments, agriculture as a whole should lead industry in future prosperity.

"In all our economic discussions we must remember that we can not stop with the mere acquisition of wealth. The ultimate result to be desired is not the making of money but the making of people. Industry, thrift, and self-control are not sought because they create wealth, but because they create character. These are the prime products of the farm. We who have seen it and lived it, we know.

"It is this life that the Nation is so solicitous to maintain and improve. It dwells in the open country, among the hills and valleys, and over the great plains, in the unobstructed light of the sun, and under the glimmer of the stars. It brings its inhabitants into an intimate and true relation to nature, where they can live in harmony with the great purpose. It has been the life of freedom and independence, of religious convictions and abiding character. In its past it has made and saved America and helped rescue the world. In its future it holds the supreme promise of human progress."

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7554) making appropriations for the Navy Department, and had come to no resolution thereon.

PROHIBITION ACT

Mr. HILL of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter to General Andrews, Assistant Secretary of the Treasury, and his reply thereto in relation to his interpretation of section 29 of the national prohibition act.

The SPEAKER. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. HILL of Maryland. Mr. Speaker, under the unanimous consent given me by the House, I file herewith a letter of inquiry from me to Gen. Lincoln C. Andrews, Assistant Secretary of the Treasury, and his ruling on the subject of the interpretation of section 29, national prohibition act, on the subject of cider and homemade wine. On November 25, 1925, I wrote to General Andrews as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., November 25, 1925.

Brig. Gen. LINCOLN C. ANDREWS,
Assistant Secretary of the Treasury,
Treasury Department, Washington, D. C.

SIR: Under the caption "Dry Czar Forbids Home Wine Making," the statement is made in a Washington newspaper of this morning "all manufacture of wine in the home is prohibited by Gen. Lincoln C. Andrews, of the Treasury, in charge of prohibition enforcement." Your recent order is then quoted as follows: "It is unlawful to manufacture, possess (except preprohibition wines under section 33 of the national prohibition act), or remove wine for beverage purposes in the home or elsewhere." The above statement conveys the impression that you have issued an order forbidding the making of homemade wine, euphemistically known as homemade grape juice, as permitted under section 29 of the Volstead Act. From another newspaper I read that you have specifically stated that your ruling "will not impair or place any limitations upon the rights conferred by section 29 of the national prohibition act as to nonintoxicating cider and fruit juices for use in the home."

In the case of the United States against Hill, Judge Soper decided that under section 29 of the Volstead Act, homemade wine or grape juice might contain more than one-half of 1 per cent, and that in order to be illegal it had to be intoxicating in fact; that is, of such a nature as if partaken in sufficient quantity to make an ordinary man drunk. He further decided that the burden of proof was upon the Government to show that such homemade wine or fruit juices were actually intoxicating as above defined. On October 20 last the United States Circuit Court of Appeals for the Fourth District, sitting in Richmond, con-

firmed, in the case of Isner against United States, the above declaration of the meaning of section 29 of the Volstead Act.

Under the pre-Volstead law all wine of one-half of 1 per cent of alcohol or more was taxable as wine. Under the Treasury decision, which you have now revoked, the householder was permitted to make 200 gallons of wine tax free. It is my understanding that your ruling quoted above merely takes away from those who operate under section 29 of the Volstead Act the tax exemption for 200 gallons previously enjoyed. It is my understanding that your order has no effect on the decisions in the two above cases, and that it is still legal for the householder to make homemade wine of a natural alcoholic content, which was 12½ per cent in the case of United States against Hill, unless a jury shall say that such homemade wine is intoxicating in fact. It is my understanding that your recent order merely removes the tax exemption, but in no way affects the privileges of the householder in the making of homemade wine.

The reports in the newspapers, if I understand aright, are misleading, and I am therefore writing to ask you if my construction of your order is correct.

Respectfully,

JOHN PHILIP HILL.

On January 8, 1926, General Andrews replied to me as follows:

TREASURY DEPARTMENT,
Washington, January 8, 1926.

Hon. JOHN PHILIP HILL,
House of Representatives.

MY DEAR MR. HILL: Replying to your favor of December 23, 1925, which has just reached me upon my return from the South, I am answering you formally, with the understanding that you may wish to give it out as a reply from me to your letter of November 25.

It was the intention of the recent Treasury decision in the matter of the manufacture of 200 gallons of wine tax free to remove the color of governmental authority for the manufacture of wine, and thus to place the matter squarely under section 29 of the Volstead Act, where it belongs.

Section 29 has been interpreted by the courts in the case of United States against Hill and in the case of Isner against United States, and I am satisfied that the court has properly interpreted the law in these cases, which interpretation, as I understand it, amounts to this: That a householder who manufactures in his home for home consumption ciders and fruit juices which acquire by fermentation one-half of 1 per cent or more of alcohol by volume, but which are not intoxicating in fact, does not violate the law, but that the law is violated if the fermentation process is allowed to proceed to the point where the beverage becomes intoxicating in fact.

Trusting that this meets the questions of your letter of November 25,

Very sincerely yours,

L. C. ANDREWS, *Assistant Secretary.*

ADJOURNMENT

Mr. FRENCH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p. m.) the House adjourned until to-morrow, Thursday, January 21, 1926, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. RATHBONE: Committee on the District of Columbia. H. R. 5010. A bill to provide for the payment of the retired members of the police and fire departments of the District of Columbia the balance of retirement pay past due to them but unpaid from January 1, 1911, to July 30, 1915; without amendment (Rept. No. 127). Referred to the Committee of the Whole House on the state of the Union.

Mr. MORROW: Committee on the Public Lands. H. R. 6355. A bill providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, and Taos Counties, N. Mex., within the Mora grant and adjoining one or more national forests, by exchanging therefor lands or timber within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona; with amendments (Rept. No. 128). Referred to the Committee of the Whole House on the state of the Union.

Mr. DENISON: Committee on Interstate and Foreign Commerce. S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian; without amendment (Rept. No. 129). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian; without amendment (Rept. No. 130). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HILL of Washington: Committee on the Public Lands. H. R. 4810. A bill granting and relinquishing title to certain lands in the State of Washington to the American Board of Commissioners for Foreign Missions, and for other purposes; with an amendment (Rept. No. 126). Referred to the Committee of the Whole House.

Mr. THOMAS: Committee on the Public Lands. H. R. 2797. A bill for the relief of Mary M. Pride; with an amendment (Rept. No. 131). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6564) providing for the construction of a sanatorium and hospital as Claremore, Okla., and providing an appropriation therefor; Committee on Public Buildings and Grounds discharged, and referred to the Committee on Indian Affairs.

A bill (H. R. 8007) granting a pension to Nancy Reedy; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8006) granting an increase of pension to Agnes Jones; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2728) granting an increase of pension to Lottie Nugent; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2727) granting an increase of pension to Mary E. Stewart; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2473) granting an increase of pension to Mary Ritchie; Committee on Invalid Pensions discharged; and referred to the Committee on Pensions.

A bill (H. R. 6002) granting an increase of pension to John A. Rafter; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 7536) granting an increase of pension to Gordon W. Hall; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRAHAM: A bill (H. R. 8034) to authorize the destruction of paid United States checks; to the Committee on the Judiciary.

By Mr. KNUTSON: A bill (H. R. 8035) to authorize the appropriation of not more than $375,000 for the payment of drainage charges due on the public lands within the counties of Beltrami, Koochiching, and Lake of the Woods, in the State of Minnesota; to the Committee on the Public Lands.

By Mr. RAKER: A bill (H. R. 8036) authorizing any tribe or band of Indians of California to submit claims to the Court of Claims; to the Committee on Indian Affairs.

By Mr. RANKIN: A bill (H. R. 8037) to provide for an examination and report on the condition and possible drainage development of the upper Tombigbee Valley in Itawamba County, Miss.; to the Committee on Irrigation and Reclamation.

By Mr. SPROUL of Kansas: A bill (H. R. 8038) to provide for the collection of fees from royalties on production of minerals from leased Indian lands; to the Committee on Indian Affairs.

By Mr. STROTHER: A bill (H. R. 8039) to authorize the acquisition of a site and erection of a Federal building at Kenova, W. Va.; to the Committee on Public Buildings and Grounds.

By Mr. LEAVITT: A bill (H. R. 8040) granting the consent of Congress to the reconstruction, maintenance, and operation of an existing bridge across the Missouri River at or near Fort Benton, Mont.; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIHLMAN: A bill (H. R. 8041) to amend the act of Congress approved March 4, 1913, creating the Public Utili-

ties Commission of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. BURTNESS: A bill (H. R. 8042) to provide for the purchase of a site and the erection of a public building at Lakota, in the State of North Dakota; to the Committee on Public Buildings and Grounds.

By Mr. PERLMAN: A bill (H. R. 8043) to amend "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof; to the Committee on the Judiciary.

By Mr. REID of Illinois: A bill (H. R. 8044) to provide for the erection of a public building at the city of Lockport, Ill., for the use and accommodation of the post office and other Government offices in said city; to the Committee on Public Buildings and Grounds.

By Mr. MORROW: A bill (H. R. 8045) to amend paragraphs 18, 19, and 20 of section 400 of the transportation act approved February 28, 1920, and all acts amendatory thereof and supplementary thereto; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD: A bill (H. R. 8046) to provide for the purchase of a site and the erection of a public building thereon at Wayne, Nebr.; to the Committee on Public Buildings and Grounds.

By Mr. WRIGHT: A bill (H. R. 8047) for the erection of a public building at Columbus, Ga., or the enlargement and repair of the present one; to the Committee on Public Buildings and Grounds.

By Mr. SINNOTT (by departmental request): A bill (H. R. 8048) to provide for the leasing of public lands in Alaska for fur farming, and for other purposes; to the Committee on the Public Lands.

By Mr. BLAND: A bill (H. R. 8049) authorizing the appropriation of $20,000 to provide for the erection of a suitable monument to mark the grave of Richard Henry Lee; to the Committee on the Library.

By Mr. SPROUL of Kansas: A bill (H. R. 8050) to prohibit Indians or other persons from assaulting or forcibly interfering with officers or employees of the United States Indian Service in or on account of the performance of their official duties; to the Committee on Indian Affairs.

By Mr. ANTHONY: A bill (H. R. 8051) to extend the benefits of the act of June 27, 1890 (as amended by the act of May 9, 1900), granting pensions to soldiers and sailors who served in the military or naval forces of the United States, their widows, minor children, or dependent parents, and the act of February 6, 1907, granting pensions to certain enlisted men, soldiers, and officers who served in the Civil War and the war with Mexico, and the act of May 1, 1920, to revise and equalize rates of pension to certain soldiers, sailors, and marines of the Civil War and the war with Mexico to certain widows, including widows of the War of 1812, former widows, dependent parents, and children of such soldiers, sailors, and marines, and to certain Army nurses, and granting pensions and increase of pensions in certain cases; to the Committee on Invalid Pensions.

By Mr. BACON: A bill (H. R. 8052) to amend and supplement the merchant marine act, 1920, and the Shipping act, 1916, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. SUTHERLAND: Joint resolution (H. J. Res. 119) authorizing a preliminary examination or survey of Portage Bay, Alaska, and adjacent bays with a view of providing a practicable harbor accessible to the Cold Bay oil fields; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 120) authorizing a preliminary examination or survey of Gastineau Channel, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 121) authorizing a preliminary examination or survey of Cordova Harbor, Alaska; to the Committee on Rivers and Harbors.

Also, joint resoltuion (H. J. Res. 122) authorizing a preliminary examination or survey of Sitka Harbor, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 123) authorizing a preliminary examination or survey of Dry Pass, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 124) authorizing a preliminary examination or survey of Anchorage Harbor, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 125) authorizing a preliminary examination or survey of Port Frederick, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 126) authorizing a preliminary examination or survey of Nome Harbor, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 127) authorizing the improvement of Tolovana River, Alaska; to the Committee on Rivers and Harbors.

Also, joint resolution (H. J. Res. 128) authorizing the construction of a Government dock or wharf at Juneau, Alaska; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANTHONY: A bill (H. R. 8053) granting a pension to Albert Garrett; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 8054) granting an increase of pension to Maranda A. Wachob; to the Committee on Invalid Pensions.

By Mr. BECK: A bill (H. R. 8055) granting a pension to Delia Bertrand; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8056) granting a pension to Inez L. Hoxsie; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8057) granting an increase of pension to Caroline Cox; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 8058) granting an increase of pension to Adaline Thatcher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8059) granting an increase of pension to Lucy Irwin; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 8060) granting an increase of pension to Adam L. Foley; to the Committee on Invalid Pensions.

By Mr. CELLER: A bill (H. R. 8061) granting an increase of pension to Gindea Stoppelkarn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8062) granting an increase of pension to Mary Mueller; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 8063) granting an increase of pension to John G. Murphy; to the Committee on Pensions.

Also, a bill (H. R. 8064) granting a pension to William A. Rogers; to the Committee on Pensions.

By Mr. CONNOLLY of Pennsylvania: A bill (H. R. 8065) for the relief of Walter R. Smith; to the Committee on Claims.

By Mr. CRUMPACKER: A bill (H. R. 8066) granting a pension to Dessie M. Johnson; to the Committee on Invalid Pensions.

By Mr. DICKINSON of Missouri: A bill (H. R. 8067) granting an increase of pension to Maggie Taylor; to the Committee on Invalid Pensions.

By Mr. DOYLE: A bill (H. R. 8068) granting an increase of pension to Margaret Hand; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 8069) granting an increase of pension to Mary E. Crosbier; to the Committee on Pensions.

Also, a bill (H. R. 8070) granting an increase of pension to Emma L. Jesser; to the Committee on Pensions.

Also, a bill (H. R. 8071) granting an increase of pension to Annie Fitzpatrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8072) granting an increase of pension to Mary A. Corwin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8073) granting an increase of pension to Elizabeth L. Conklin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8074) granting an increase of pension to Mary E. Carpenter; to the Committee on Invalid Pensions.

By Mr. GARBER: A bill (H. R. 8075) granting an increase of pension to Amanda J. Looper; to the Committee on Invalid Pensions.

By Mr. HULL of Tennessee: A bill (H. R. 8076) authorizing the President of the United States to appoint Sergt. Alvin C. York as a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. HAWLEY: A bill (H. R. 8077) granting an increase of pension to Harriett Nye; to the Committee on Invalid Pensions.

By Mr. HAYDEN: A bill (H. R. 8078) for the relief of Edgar K. Miller; to the Committee on Indian Affairs.

By Mr. HOWARD: A bill (H. R. 8079) for the relief of the city of Columbus, Nebr.; to the Committee on Claims.

By Mr. JOHNSON of Illinois: A bill (H. R. 8080) granting a pension to Christofa Preston; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 8081) granting a pension to Atwood P. Latham; to the Committee on Pensions.

Also, a bill (H. R. 8082) granting an increase of pension to Albert Long; to the Committee on Pensions.

By Mr. KEMP: A bill (H. R. 8083) to carry into effect the findings of the Court of Claims in favor of Elizabeth White,

administratrix of the estate of Samuel N. White, deceased; to the Committee on War Claims.

Also, a bill (H. R. 8084) authorizing preliminary examination and survey of Bayou Castaigne, La.; to the Committee on Rivers and Harbors.

By Mr. McLAUGHLIN of Nebraska: A bill (H. R. 8085) granting an increase of pension to Margaret S. Thomas; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8086) granting a pension to Mary S. Arnett; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H. R. 8087) for the relief of Edward H. Cotcher; to the Committee on Military Affairs.

Also, a bill (H. R. 8088) for the relief of James S. Varnell; to the Committee on Military Affairs.

By Mr. MENGES: A bill (H. R. 8089) granting an increase of pension to Mary E. Collins; to the Committee on Invalid Pensions.

By Mr. MILLER: A bill (H. R. 8090) for the relief of George D. Root; to the Committee on Claims.

By Mr. MOORE of Kentucky: A bill (H. R. 8091) granting a pension to Roy Gann; to the Committee on Invalid Pensions.

By Mr. NEWTON of Minnesota: A bill (H. R. 8092) granting a pension to Emma Dally; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 8093) granting an increase of pension to Sarah A. Tefft; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8094) granting an increase of pension to Phoeby Pecue; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8095) granting an increase of pension to Louisa Taffe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8096) granting an increase of pension to Marie Simpson; to the Committee on Invalid Pensions.

By Mr. PERLMAN: A bill (H. R. 8097) for the relief of Sarah Seigel; to the Committee on Claims.

By Mr. RAYBURN: A bill (H. R. 8098) granting an increase of pension to Mary Hare Mason; to the Committee on Pensions.

By Mr. RUBEY: A bill (H. R. 8099) granting an increase of pension to Sarah Carroll; to the Committee on Invalid Pensions.

By Mr. SIMMONS: A bill (H. R. 8100) granting an increase of pension to Frank F. Judson; to the Committee on Pensions.

By Mr. SMITH: A bill (H. R. 8101) granting an increase of pension to James W. Shields; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8102) granting a pension to Sarah J. Garthwait; to the Committee on Invalid Pensions.

By Mr. SPEAKS: A bill (H. R. 8103) granting an increase of pension to Ellen E. Whitmer; to the Committee on Invalid Pensions.

By Mr. STROTHER: A bill (H. R. 8104) for the relief of Ruth Gore; to the Committee on Claims.

By Mr. THURSTON: A bill (H. R. 8105) granting an increase of pension to Mary J. Zimmerman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8106) granting an increase of pension to Mary A. Fuller; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 8107) granting an increase of pension to Lucilla P. Reeves; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 8108) granting a pension to William E. Oyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8109) granting an increase of pension to Mary E. Nutting; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8110) granting an increase of pension to Sarah A. Blackstone; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8111) granting an increase of pension to Mary E. Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8112) granting an increase of pension to Mary Janes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8113) granting an increase of pension to Elizabeth Russell; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 8114) granting a pension to Lola M. Miller; to the Committee on Invalid Pensions.

By Mr. WHEELER: A bill (H. R. 8115) granting an increase of pension to Anne E. Bunn; to the Committee on Invalid Pensions.

By Mr. WINTER: A bill (H. R. 8116) granting an increase of pension to Martha E. Moore; to the Committee on Invalid Pensions.

By Mr. HAWLEY (by request): Resolution (H. Res. 98) to pay Samuel W. Hardy additional compensation as assistant janitor to the Ways and Means Committee; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred to as follows:

409. By Mr. CHAPMAN: Petition of Mary Garden, the musicians of Mary Garden's party, Miss Anna Chandler Goff, and 1,500 citizens of Lexington and central Kentucky, asking Congress to repeal the admission tax on musical concerts; to the Committee on Ways and Means.

410. By Mr. GALLIVAN: Petition of Thomas W. Proctor, 25 Pemberton Square, Boston, Mass., recommending early and favorable consideration of legislation to increase the salaries of the Federal judges; to the Committee on the Judiciary.

411. By Mr. LEAVITT: Petition of the Woman's Club at Bozeman, Mont., urging reenactment of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

412. By Mr. O'CONNELL of New York: Petition of the board of trustees of the New York Public Library, Astor, Lenox, and Tilden Foundations, protesting against the passage of House bill 5841; to the Committee on Patents.

413. Also, petition of the William Wrigley, Jr., Co. of Brooklyn, N. Y., protesting against the passage of Senate bill 575, known as the Gooding long and short haul bill; to the Committee on Interstate and Foreign Commerce.

414. By Mr. RAMSEYER: Petition of the Marcus Garvey Committee on Justice, of New York City, urging Congress to investigate the case of Marcus Garvey; to the Committee on the Post Office and Post Roads.

415. Also, petition of sundry citizens of Ottumwa, Iowa, protesting against entire proposal of the World Court; to the Committee on Foreign Affairs.

416. By Mr. WELLER: Petition of trustees of the New York Public Library, in protest of House bill 5841; to the Committee on Patents.

417. By Mr. WOOD: Memorial passed by the Indiana Retail Dry Goods Association, protesting against House bill 11, Kelly price maintenance bill; to the Committee on Agriculture.

418. Also, petition adopted by the Weekly Press Association, protesting against the Government printing and selling envelopes; to the Committee on the Post Office and Post Roads.

419. Also, petition adopted by the Chamber of Commerce of East Chicago, Ind., protesting against the enactment of Senate bill 575, to amend the fourth section of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, *January 21, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate, as in open executive session, reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McLean	Sackett
Bayard	Frazier	McMaster	Schall
Bingham	George	McNary	Sheppard
Blease	Gillett	Mayfield	Shipstead
Borah	Goff	Means	Simmons
Bratton	Gooding	Metcalf	Smith
Brookhart	Greene	Moses	Smoot
Bruce	Hale	Neely	Stephens
Butler	Harreld	Norbeck	Swanson
Cameron	Harris	Norris	Trammell
Capper	Harrison	Nye	Tyson
Caraway	Heflin	Oddie	Wadsworth
Copeland	Howell	Overman	Walsh
Couzens	Johnson	Pepper	Warren
Cummins	Jones, Wash.	Phipps	Watson
Curtis	Kendrick	Pine	Weller
Dale	Keyes	Ransdell	Wheeler
Deneen	King	Reed, Mo.	Williams
Edwards	La Follette	Reed, Pa.	Willis
Ferris	Lenroot	Robinson, Ark.	
Fess	McKellar	Robinson, Ind.	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

As in legislative session,

INVITATION TO AGRICULTURAL MARKETING CONFERENCE

Mr. BROOKHART. Mr. President, I desire to have inserted in the RECORD a telegram from the All-Iowa Agricultural Marketing Advisory Committee. The Senator from Michigan [Mr. COUZENS] suggests to me that it be read, and I ask that it may be read at the desk.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

DES MOINES, IOWA, *January 21, 1926.*

Hon. SMITH BROOKHART,
United States Senate, Washington, D. C.:

The executive committee of the All-Iowa Agricultural Marketing Advisory Committee at its meeting in Governor Hammill's office to-day unanimously voted to send this cordial and respectful invitation to Hon. Charles Dawes, Vice President of the United States, to respectfully say that the entire body of the United States Senate is cordially and sincerely invited to attend the interstate agricultural marketing conference to be held at 10 a. m. in the State capitol, Des Moines, Iowa, on Thursday, January 28, 1926. We are wiring each Iowa Senator to ask you to present to Hon. Charles Dawes, on behalf of the Iowa committee, so that he in turn may present this invitation to the honorable United States Senate. The Iowa Congressmen are being respectfully requested to present a like invitation to Speaker NICHOLAS LONGWORTH on behalf of the United States House of Representatives. Will the Iowa Senators also kindly join with the Iowa Congressmen to present, in whatever manner they may deem best, a like equally hospitable invitation to our distinguished and illustrious President, Calvin Coolidge, and the able Secretary of Agriculture, Mr. Jardine, to come out to this agricultural marketing conference? This is a conference devoted to the Nation's basic industry, that of food producing, and the people of the granary of the world here in the great Central West cordially and sincerely invite the distinguished President and the Secretary of Agriculture and the eminent Congress to come out and be our guests and discuss with us the complex problem of trying to work out some marketing machinery to properly and orderly handle the products of this great food-creative area. For your interest this is to say that plans are vigorously going forward for the greatest agricultural marketing conference ever held in the United States and set January 28 here in Des Moines.

Respectfully submitted.

ALL-IOWA AGRICULTURAL MARKETING ADVISORY COMMITTEE.
JOHN AUE, *Chairman.*
FRANK WARNER, *Secretary.*

PETITIONS AND MEMORIALS

Mr. WARREN presented a memorial of sundry citizens of Rawlins, Wyo., remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. COPELAND presented memorials numerously signed by sundry citizens of Endicott, Union, and Binghamton, all in the State of New York, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. REED of Pennsylvania presented a resolution adopted by the World Court Committee of Easton, Pa., praying for the prompt participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. FRAZIER presented telegrams, in the nature of petitions, from Sam Stern and 13 other citizens of Fargo, and the City Federation of Women's Clubs of Fargo, all in the State of North Dakota, in favor of the prompt participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. CAPPER presented a petition and telegrams, in the nature of petitions, from the congregation of the Church of the Brethren, of Morrill; Irvin C. Coppock, president of the Student Body of Friends University, of Wichita; and the Young Women's Christian Association, Kansas State Teachers' College, of Pittsburg, all in the State of Kansas, in favor of the prompt participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented memorials of sundry citizens of Louisburg, Caldwell, and of Brown County, all in the State of Kansas, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. FESS presented resolutions adopted by the board of directors of the United States Fisheries Association (Inc.), in convention assembled at Washington, D. C., favoring an increase of $30,000 in the appropriation for the Division of Scientific Inquiry of the Fisheries Bureau, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by members of the faculty of the University of Heidelberg, at Tiffin, Ohio, favoring the amendment of section 15 of the existing copyright law by inserting "or mimeographic process" after the words "or photo-engraving process," which was referred to the Committee on Patents.

Mr. KEYES presented a resolution adopted by members of the faculty of the University of New Hampshire, favoring the amendment of section 15 of the existing copyright law by inserting "or mimeographic process" after the words "or photo-engraving process," which was referred to the Committee on Patents.

Mr. CAMERON. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred to committees copies of resolutions adopted at the meeting of the National Livestock Association held in Phoenix, Ariz., on January 13, 14, and 15, 1926.

There being no objection, the resolutions were ordered to be printed in the RECORD and referred to committees as indicated below:

To the Committee on Banking and Currency:

Resolution urging extension of intermediate credit system

Resolved, That we, the American National Livestock Association in convention assembled, express our appreciation of the efforts that have been made to extend credit to the livestock industry through the Federal intermediate credit system, and urge our member to cooperate in the formation of additional sound and well-managed loan companies through which the benefits of this system may be made available to stockmen.

To the Committee on Immigration:

Resolution on restriction of immigration

Whereas Congress is considering extending the quota provisions of the immigration law of 1924 to include immigrants from the Western Hemisphere; and

Whereas the American National Livestock Association views with grave concern any efforts by Congress to place restrictions on such immigration as will impair in any degree the supply of labor which is so imperative to the economic welfare of the country; and

Whereas it has been a long and established policy of the United States to recognize North and South America as friends and neighbors and entitled to special consideration as such: Now, therefore, be it

Resolved by the American National Livestock Association Convention assembled at Phoenix, Ariz., this 15th day of January, 1926, That no change be made in the immigration law that will restrict the flow of common labor between the United States and Mexico, but that such changes will be made as will tend to remove the barriers now existing.

To the Committee on Foreign Relations:

Resolution approving embargo on contagious livestock diseases

Whereas the outbreak of foot-and-mouth disease in California and Texas has caused thinking livestock producers to reflect on the possible consequence of this dreadful plague in Canada or Mexico, or in perhaps both of these countries at the same time, the proper thing to do under existing conditions is to urge Mexico and Canada to join with us in a close livestock treaty, having for its object the adoption of uniform quarantine regulations and the exclusion of all cloven-hoofed animals from any part of the world where dangerous livestock disease exists into any one of three countries constituting North America (Canada, United States, and Mexico); and

Whereas, should any one of the three countries which are parties to this treaty wish to open its ports to admit cloven-hoofed livestock from any other country harboring dangerous disease of livestock, it must first secure the consent of the two remaining countries:

Resolved, by the Executive Committee of the American National Livestock Association, That a copy of this resolution be submitted to the honorable, the Secretary of Agriculture, with a request that the Secretary of Agriculture confer with the honorable, the Secretary of State, with a view of having diplomatic exchanges made with the Governments of Canada and Mexico, looking toward the adoption of a three-party treaty agreement which will have for its object a uniform procedure relative to prohibitions and quarantines affecting the importation of livestock into all three countries from countries where dangerous diseases of livestock are known to exist.

To the Committee on Public Lands and Surveys:

Resolution approving action of Sale Lake City conference

We, the members of the American National Livestock Association, in annual convention assembled at Phoenix, Ariz., this 15th day of January, 1926, indorsing the action of our representatives in preparing and presenting the platforms dealing with the range problem in the public-land States at the joint hearing before the Senate Public Lands Committee at Salt Lake City, Utah, August 26, 1925.

Resolution indorsing proposed grazing legislation

As a result of its findings in the investigation of the grazing use of the public ranges, including national forests, the Senate Public Lands Committee has caused to be drafted a preliminary bill known as Committee Print No. 1, proposing certain action to legislate grazing use of the areas concerned.

While this draft has not been available sufficiently long to permit its consideration in detail, its basic principles coincide with our best

judgment of those necessary to a proper solution of the range problem in the public-land States and therefore are given the indorsement of the members of the American National Livestock Association assembled in annual convention at Phoenix, Ariz., this 15th day of January, 1926, with the recommendation that its prompt and most careful consideration be undertaken by the Congress.

To the Committee on Finance:

Resolution regarding livestock in Mexico

Whereas under public resolution of the Sixty-eighth Congress, approved February 21, 1925, livestock which had strayed or been driven across the national boundary lines have been permitted to be returned free of duty; and

Whereas the period of such permission terminated under said resolution December 31, 1925; and

Whereas the same situation exists at the present time as that which caused the adoption of the said resolution: Now, therefore, be it

Resolved by the American National Livestock Association in convention at Phoenix, Ariz., January 13–15, 1926, That we call upon Congress to enact legislation which will permit cattle and horses to be returned to the United States, free of duty, during the year 1926.

Resolution to increase tariff on canned meats and tallow

Whereas large quantities of canned meats imported from South America are being sold in the markets of the United States in competition with domestic products: Therefore be it

Resolved by the American National Livestock Association in annual convention assembled at Phoenix, Ariz., January 13, 14, and 15, 1926, That we recommend that the tariff on such commodities be increased so as to afford proper protection to the livestock producers in this country; and we respectfully request the United States Tariff Commission to institute the necessary proceeding for that purpose.

Resolution relating to duty on hides

Whereas American agriculture is operating under conditions of high production cost and high living standards; and

Whereas the stock raiser and farmer are forced to buy almost all necessities in a protected market in competition with foreign countries, which are producing under more favorable economic conditions: Now, therefore, be it

Resolved by the American National Livestock Association in convention at Phoenix, Ariz., January 13–15, 1926, That the stockman and farmer are entitled to the same economic protection as is accorded to the American manufacturer:

Resolved, That we demand specifically that cattle hides be removed from the free list and that a duty be imposed on said hides of not less than 6 cents per pound on green hides and 15 cents per pound on dry hides; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States and to the respective chairmen of the Finance Committee of the Senate and of the Ways and Means Committee of the House of Representatives.

Resolution on war finance loans

Whereas the War Finance Corporation has heretofore advanced $297,000,000 for livestock and agricultural purposes, which has all been repaid except approximately $30,000,000, of which $9,954,363.92 represents advances for livestock purposes secured by the notes and chattel mortgages of stockmen; and

Whereas market conditions generally and severe drought for several years in many of the cattle-growing States have seriously crippled the cattle industry and have prevented numerous stockmen from retiring their loans, which conditions are beginning to improve; and

Whereas the life of the War Finance Corporation expires by statutory limitation in March, 1928, and the remaining livestock loans held by such corporation can not be paid by that date except through forced liquidation and sale of the cattle securing such loans; and

Whereas such forced liquidation may be avoided and the cattlemen involved be given ample time to pay off their indebtedness by the plan of amortization hereinafter recommended, and which plan will involve no additional appropriations of public money and will result in the collection of much larger amounts of the money already advanced from the Treasury than can be collected through forced liquidation, and at the same time will leave more of the proceeds of the annual sales of increase for use of the borrower and will materially improve the local credit of such borrower: Now, therefore,

The American National Livestock Association in convention assembled at Phoenix, Ariz., earnestly recommends the passage by Congress of legislation authorizing the amortization of the existing loans held by the War Finance Corporation in substantially the following manner: That the indebtedness of each borrower held by the War Finance Corporation be extended or amortized on a 10-year basis at a reasonable rate of interest by dividing the indebtedness into 10 equal payments to be represented by 10 adjustment notes, one of which shall mature each year, the present notes and mortgages of each borrower be held as collateral for his new adjustment notes; that from the sale of increase and steers now on hand the one note maturing annually be paid, the balance of the proceeds of such sales in any year to be used by the cattlemen for running expenses; that the entire proceeds of the sale of any of the breeding part of the herd be applied on the adjustment notes, the notes having the latest maturity to be first paid out of such proceeds with discount of interest to maturity; that the borrower be authorized to pay any of the notes, beginning with the note having the latest maturity, at any time with discount of interest to maturity; that these notes so given with the collateral be taken by the War Finance Corporation and the Treasury Department at their net amount before the addition of interest on credit on the existing indebtedness of the loan companies through which the advances were originally made, and that the notes be collected by the Treasury through the intermediate credit banks or such other agency as may be deemed advisable.

To the Committee on Interstate Commerce:

Resolution urging enactment of Gooding long-and-short-haul bill

Whereas the intermountain West suffers in comparison with the Pacific Coast States from an absence of competition in passenger and freight traffic; and

Whereas such inequality would be materially increased by a lowering of railroad rates to meet water competition: Now, therefore, be it

Resolved, That we favor a rigid application of the fourth section of the transportation act; and

Resolved, That we urge on Congress the enactment of bill S. 575, known as the Gooding bill, with the least possible delay.

Resolution urging enactment of H. R. 5572

Whereas it has become a great expense and burden in the preparation of evidence, statistics, rate tables, tariff provisions, decisions, and public documents to present to the Interstate Commerce Commission, which the commission should consider where pertinent to reference in briefs, memoranda, and otherwise, instead of requiring at great and oftentimes needless expense of procuring copies of such documents to be presented; and

Whereas there has been introduced in Congress a bill, H. R. 5572, by Congressman RAYBURN, of Texas, proposed and submitted by this association, to authorize and require the Interstate Commerce Commission to take judicial notice of its statistics, decisions, rates, railroad tariffs on file, their annual reports and the public documents, statistics, and reports of departments of the Government and of State railroad commissions, by the same being pointed out in brief or otherwise under rules of the commission with respect thereto: Now, therefore, be it

Resolved, That we urge upon Congress the prompt passage of said bill, to the end of opening the door to statistics of the Government and public documents to be referred to for use essential in the hearing and determination of cases by the commission, expediting the same and saving the large expense now entailed on shippers, which has the effect of depriving them of the opportunity of presenting important facts: Be it further

Resolved, That copies of this resolution be sent to Congress.

Resolution to repeal section 15a—For appropriation to administer the Hoch-Smith resolution

Be it resolved by the American National Association in annual convention assembled at Phoenix, Ariz., January 13 to 15, 1926, That we reiterate and indorse the resolution passed by this association at its several conventions since 1921, against section 15a of the act to regulate commerce, and declare that the method of making rates for railroad transportation therein provided gives a taxing power upon our production and under its administration of endeavoring to provide 5¾ per cent net income upon an aggregate valuation inflated far beyond the investment in railroad property that is equivalent to the worst form of confiscation, by unreasonable burdens upon the livestock industry, and the Interstate Commerce Commission becomes the tax gatherer for the railroads under the said section 15a: And therefore be it

Resolved, That we appeal to Congress to repeal said section of the act and restore the rights of the producers and shippers and the authority of the State rate-making commissions; and that a copy hereof be transmitted to Congress; and be it further

Resolved, That we fully indorse and reaffirm the action of this association in bringing before the Interstate Commerce Commission the case 15686, to reduce the livestock rates to the basis in effect next before the advances made during the war, and case 14190, to secure reasonable through rates on movements between ranges, pastures, and feed lots of stock, cattle, and sheep; and the general investigation by the commission docket 17000 rate-structure investigation, and exports 87, and the interventions of this association filed in cases before the commission 10444 and consolidated cases to reduce the rates on livestock and meat products from Mississippi River crossings and Chicago to the Atlantic seaboard.

We hereby indorse the action and position taken before the commission and the conduct of said proceedings by our attorney, S. H. Cowan, and Secretary T. W. Tomlinson, and indorse the policy of this

association to continue the vigorous prosecution thereof to their ultimate conclusion, to the end of securing the relief demanded for our industry.

Resolution on Hoch-Smith resolution on rate cases

Whereas this association and organizations and others with whom we are acting in the common purpose to secure relief from burdensome freight rates of products of agriculture, including livestock as defined in the Hoch-Smith resolution, have pending and in process of hearing, or for submission on briefs and arguments, the cases of greatest possible importance to our industry and the country where it is carried on; and

Whereas there is likewise pending before the commission cases brought by eastern and western packers to reduce livestock rates and rates on their product to centers of consumption, in which we have intervened; and

Whereas the Interstate Commerce Commission, on its own motion brought on the proceedings known as docket 17000, rate-structure investigation among other matters, to determine what reduction should be made under said resolution on products of agriculture, including livestock; and

Whereas the railroads of the western district filed their application before the Interstate Commerce Commission and western State commissions for an advance of 5 per cent over existing rates, docketed as exports 87, along with said docket 17000, all of which is in process of hearing before the Interstate Commerce Commission, wherein we have become parties, and our attorney is representing the livestock interests: Now therefore be it

Resolved, That the Hoch-Smith resolution enacted by Congress, directing the Interstate Commerce Commission to make the lowest possible lawful rates on products of agriculture, including livestock, is necessary to a removal of the undue burden of existing freight rates on livestock and its products and feed and feed products, as a relief rendered more imperative from the depressed condition of our industry, we urge upon the Interstate Commerce Commission that it speedily make such rates as in said resolution is provided, to the end of affording us the relief which Congress so directed of that investigation, and of which was fully indorsed by your officers, secretary, and attorney: Now therefore be it further

Resolved, That Congress make a special appropriation for the purpose and direct the commission to ascertain from the books of the railroads the cost and relative cost, as near as may be, of transportation of livestock, compared to the cost of transporting the average traffic, to the end that the commission and the public may have accessible these comparative average costs, and to the end that the commission may so apply the Hoch-Smith resolution as to make the lowest possible rates on products of agriculture and livestock, based upon the actual outlay for performance of the transportation service, and leaving to other traffic the burden of producing returns to cover overhead and general expenses, taxes, and profits, as that resolution plainly intends, and to which we are entitled.

To the Committee on Agriculture and Forestry:

Resolution on truth in meats

In recognition of the invaluable services rendered the beef-cattle producers by the National Live Stock and Meat Board and the Department of Agriculture in their efforts to establish uniform classes and grades of livestock and meat, this association in convention assembled expresses its most sincere appreciation and hearty approval.

Furthermore, it is the urgent desire and request of this association that immediate steps be taken to provide for the grading and marking all beef in both interstate and intrastate commerce according to standard grades based upon quality in a manner that will clearly disclose on each retail cut its practical grade and quality.

Resolution extending thanks to Secretary Work and Commissioner Spry

Be it resolved, The thanks and appreciation of the American National Livestock Association is tendered to the Hon. Hubert Work, Secretary of the Interior, and to the Hon. William Spry, Commissioner of the General Land Office, for the assistance rendered to the stockmen of the West with reference to their action pertaining to the nonremoval of drift and division fences on the public domain. At a period when the stock raisers of the West were facing the greatest difficulties in a generation the broad-minded action which permitted the retention of these fences, pending legislation which will provide for legalized use of the public domain for the grazing of livestock, has assisted the livestock industry to an extent which will be of untold benefit to the economic life of a great national industry.

Resolution relating to private stockyards

Whereas we are informed that an effort is being made to introduce a bill for passage by the present Congress along the general lines of the so-called "Capper bill" (S. No. 2089), which failed of passage in the Sixty-eighth Congress, the object of which was to close the Mistletoe Stockyards and other yards not directly connected with public markets; and

Whereas this association stands, as always for the right of the stockmen of the country to market their stock where and how they please, and favors more rather than fewer markets and more systems of marketing, and favors elimination of marketing charges where possible; and

Whereas we regard such proposed legislation as an attempt to force all livestock to pass through the central markets, which are already congested and where marketing charges are excessive: Now, therefore, be it

Resolved, That we are unalterably opposed to all measures tending to limit the number of markets or to restrict the liberty of the individual in seeking a market for his livestock.

Resolution in regard to auction sales

Whereas there exists at present an increasing necessity and demand for better marketing facilities and regulations at the central markets for the sale of cattle and other livestock; and

Whereas the auction plan of disposing of livestock is no longer an experiment but is growing in popularity and practice, and is proven to be the fairest and most satisfactory method to both the seller and buyer; and

Whereas at the present time the facilities for holding such auction sales at the central markets are inadequate: Now therefore be it

Resolved, That the American National Livestock Association use every effort to induce the stockyard companies at the principal market centers to erect and set aside adequate buildings necessary to properly conduct auction sales and that such buildings and equipment be given due prominence by being conveniently and centrally located within such yard, and that a committee of this association be appointed to carry out the purposes of this resolution.

Resolution relating to packers and stockyards act, etc.

Whereas the packers and stockyards act has failed to effect in all respects the purposes for which it was passed; and

Whereas in particular the act requires such amendments as would empower the secretary to suspend such combinations as the recent Armour-Morris merger pending a decision of the courts as to their legality; and

Whereas this association at its annual convention in January, 1925, adopted certain resolutions favoring amendments to this act, said resolutions being Nos. 11, 12, and 13, to which reference is made; and

Whereas the suspension of the consent decree leaves the larger packers, known as the "Big Five"—now four—free to retain and extend their stockyards holdings and to resume their operations in lines of merchandise unrelated to the meat industry: Now therefore be it

Resolved, That the American National Livestock Association in convention at Phoenix, Ariz., January 13 to 15, 1925, favors the prompt passage of the necessary law or laws which will remove the disabilities of the packers and stockyards act, and of the Secretary of Agriculture, and will confine the larger packers to the activities to which they agreed to limit themselves under the consent decree.

Resolution pledging support to grazing legislation

On March 4, 1925, the United States Senate adopted Senate Resolution 347, introduced by the Hon. RALPH H. CAMERON, Senator from Arizona, providing for the investigation of the laws applicable to and the administration of the public lands, reserved and unreserved. Pursuant to the Cameron resolution the Committee on Public Lands and Surveys of the United States Senate has, since the passage of the said resolution, and still is continuing an exhaustive investigation of public-land problems.

The committee has held hearings throughout the States wherein are located considerable bodies of public lands. Opportunity has been given to all citizens to present to the committee their recommendations. Among the problems included within the scope of this investigation is the use of public lands, reserved and unreserved, for grazing purposes.

This association indorses the Cameron resolution. This association indorses the democratic manner in and the thoroughness with which the committee is and has been conducting its investigation.

This association appreciates the opportunity the committee has given its members, individually and collectively, to present its recommendations on land laws and administration thereof.

This association pledges to the Committee on Public Lands and Surveys of the United States Senate its aid and support in bringing about a land policy more beneficial to the livestock industry and general welfare of all of the people of the United States.

AGRICULTURAL EXPORT CORPORATION

Mr. WHEELER. Mr. President, I send to the desk a statement given out by the commissioner of agriculture of the State of Montana, which I ask may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

HELENA, January —.—A. H. Bowman, commissioner of agriculture for Montana, to-day made public a letter sent Saturday to President Coolidge in which the commissioner enters a strong protest because

farm leaders, he says, have been ignored by the administration in selecting an advisory board to propose legislation for farm relief by means of an export corporation.

"This is a matter that affects farmers," Mr. Bowman said. "Is the administration to ignore the organized farmers in a question that affects agriculture?"

Excerpts from the letter follow:

"On December 22, at Des Moines, Iowa, two great farmer organizations, the Corn Belt Committee and the American Council of Agriculture, adopted resolutions favoring an export corporation. The tenth annual convention of the Montana division of the Farmers' Educational and Cooperative Union of America has gone on record as favoring the principle. On January 6 Gov. J. E. Erickson, speaking at Bozeman before the Montana Farm Bureau Federation, indorsed the idea of an export corporation.

"Organized farmers in all of the great grain-growing States of the West and Middle West are united in the belief that the export-corporation idea, if enacted into legislation, would be of great benefit to agriculture as a whole. The farmers, Mr. President, have come to the conclusion that they are entitled to a dollar of equal purchasing power to the dollar granted to industry. The products of the farms have been sold against world competition; the products of industry are protected. In commenting upon this situation it might be well to quote from resolutions adopted at the Des Moines conference of farm organizations: '* * * The time has come when Congress must choose between one of two great alternatives * * * If industry insists that it can not exist without the tariff, then it must take agriculture in on the deal. And failing to do this, it should not blame the farmers if they invoke the principle that self-preservation is the first law, and if thus, they should declare open war upon the protective system.'

"A few days after the appearance in the public press of the various resolutions adopted by farm organizations, as mentioned above, dispatches from the National Capital, to all appearances inspired by the administration, published a list of persons invited to attend a conference to advise on some method of handling surplus agricultural products. In this list the names of many able and distinguished men are to be found, but I am informed by A. C. Ricker, of Minneapolis, secretary of the Corn Belt Committee, that 'not a single name of the head of a farm organization in the Corn Belt is mentioned.' This is a matter that affects the farmers. Were business men concerned in this proposed legislation, it would be natural that the national chamber of commerce be consulted. The heads of the great labor federations would doubtless be called into conference if the matter affected labor. Is the administration to ignore the organized farmers in a question that affects agriculture?

"I desire also to respectfully call your attention to the last Government report on wheat. Farmers of the United States sustained losses not less than $1,000,000 in the value of their wheat as a result of the misleading estimates on total wheat production announced by the experts in the Department of Agriculture. In November the Government sent out reports showing the crop to be 698,000,000 bushels. Thirty days later the estimates were 30,000,000 bushels less, to the profit of the grain gamblers. What can be done to remedy these misleading reports?"

SUNDAY OBSERVANCE

Mr. TYSON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Noah W. Cooper, chairman of the Methodist Sabbath Crusade, at Washington, D. C., January 20, 1926, favoring a Sunday observance law for the District of Columbia, and I also ask that it be referred to the District Committee.

There being no objection the statement was referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *January 21, 1926.*

Hon. LAWRENCE TYSON,
United States Senate, Washington, D. C.

DEAR SENATOR: In behalf of our Tennessee annual Methodist conference, and the Holston Methodist conference and many other Methodist conferences throughout the South, we respectfully and prayerfully beg you to have inserted in the CONGRESSIONAL RECORD the inclosed statement of their plea for a Sunday observance law for the District of Columbia. We would be very glad if you could have this done to-day.

We most heartily appreciate your great courtesy, in arranging for the appearance of our committee before the District of Columbia Committee of the Senate. We were given a very gracious hearing before that committee yesterday.

With great appreciation, we are

Yours very truly,

NOAH W. COOPER,
W. R. WEBB,
BRUCE LYLE,
H. LYNN WADE,
A. S. THORN,
Committee.

NOAH W. COOPER, CHAIRMAN OF METHODIST SABBATH CRUSADE, AT WASHINGTON, JANUARY 20, 1926

Appeal to our President and Congress for Sunday observance law for the District of Columbia and for help to restore Sunday observance to our great interstate commerce

To our President and Congress: Speaking, as we believe the voice of God, and the sentiment of the various southern Methodist conferences, which we come representing, we respectfully and prayerfully beg that a Sunday observance law be enacted for the District of Columbia, and that the Sabbath rest, the Sunday cessation from labor, inherited from our forefathers, be restored to our interstate commerce. We ask it, not to harm any, but to bless all. We ask it for the financial, mental, and spiritual welfare of every child, home, laborer, citizen, State, and Nation. It will be of infinite value and safety to us, just as God says and just as all history confirms.

In the days of America's building it was the custom and law in every State to cease from all secular work on Sunday and give that day to communion with God and fellow men. The constitutional conventions, the Congress, the legislatures, the courts, the banks, the stores, the farms, the shipping—all stopped on Sunday.

Why so? Because America was born a godly people; America was founded and built as a Christian Nation, as all our courts have often decided.

On their coins, as in their lives, their thought was "In God we trust." In God, who established the weekly Sabbath rest for all men and beasts of burden. In God, whose incarnate Son, our Savior, proclaimed himself "Lord of the Sabbath," and declared anew that the Sabbath was made for man, not for mammon.

It is the heart of Christian civilization. Its life and pulsations in Anglo-Saxon and American growth largely helped to keep us in partnership with God. So our officials take oath on the Bible and our Constitution expressly provided that Sunday shall be accepted as a rest day for our President.

Our Government was instituted as the preamble to our Constitution says, "In order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and posterity."

And there is no one habit that will better secure these ends than keeping the Sabbath holy, for it mightily makes for godliness and righteous brotherhood everywhere.

As our Holy Bible says, "Blessed is the nation whose God is the Lord"—the Lord of the Sabbath. He can not be America's God unless America keeps His Sabbath.

"Blessed is the man * * * that keepeth the Sabbath from polluting it." God's great prophets, Moses, Nehemiah, Isaiah, Jeremiah, and Ezekiel all pronounce God's curses on Sabbath breakers and His blessings on Sabbath keepers. Verily a Sabbath-keeping people shall be "like a watered garden and like a spring of water * * * that never fails."

"God will cause thee to ride upon the high places of the earth. * * * Thy light shall break forth as the morning. * * * The glory of the Lord shall be thy reward. * * * Thou shalt raise up the foundations of many generations. * * * Thou shalt be called the repairer of the breach, * * * the restorer of paths to dwell in."

Sabbath breaking is war against God and brings His fury upon a nation.

So it is no wonder that the honor and praise of the kept Sabbath illuminates the customs, laws, and court decisions of our fathers. Our constitutions require church and State governments to be kept separate. Yet we all know that no government can be a blessing unless godliness pulses through its habits and laws.

As President Coolidge said December 8 last, we can't make material and spiritual progress unless "we work in harmony with divine providence."

SABBATH BEING DESTROYED

We insist that our national Sabbath is being fast destroyed. What is the proof?

1. Nearly 10,000,000 people are working on Sunday in America in the railroads, express companies, telegraphs, shipping, newspapers, stores, and factories.

2. Our interstate commerce, the biggest in the world, has no Sabbath. Congress is its civic guardian.

3. About 20,000,000 Sunday newspapers are printed, shipped, sold, patronized, and read every Sunday through interstate commerce. This traffic goes through every State, a Sabbath-polluting, nation-destroying stream of evil. It pulses unrestrained through the District of Columbia.

4. Our Capital City, once a Sabbath keeper, now is an evil example of Sabbath breaking that is polluting all our Nation.

If Congress should enact a Sunday observance law, to close secular business and sports on Sunday in Washington, as we ask, it would be a good step forward, not backward, because already, under old customs or the laws of Congress, it is now required that—

1. Congress and courts and legislatures adjourn for Sunday.

2. All United States schools, Army and Navy, West Point and Annapolis, have Sunday as a rest day.

3. All postmen and rural-route carriers have Sunday off.

4. The sale of stamps, money orders, registration, postal-savings banks, and general delivery all stop on Sunday save in few instances.

5. Departmental clerks have Sunday off.

6. Ships from foreign ports are forbidden to unload on Sunday, save by special license.

7. Sunday is a holy day with United States banks.

8. Congress closed for Sunday the World's Fair and the St. Louis Exposition.

So, we ask nothing radical, only a step forward.

Why license Sabbath breaking in interstate commerce?

Despite all these good customs and laws, mammon is insidiously destroying the Sabbath in our interstate commerce.

Trains and papers and the like didn't run on Sunday in the beginning. This bad business largely began in the Civil War. Even now every railroad schedule shows that many trains run every day except Sunday. Likewise with newspapers.

This reminds us of the rock whence we were hewn, the landmarks of safety and righteousness.

WICKED PIED PIPER OF HAMELIN

Every one of these 20,000,000 Sunday papers is like a wicked Pied Piper of Hamelin, seducing our children, churchmen, and citizens to ruin through Sabbath breaking.

Every one of these 2,500 Sunday trains is tooting America's downfall, riding America to ruin. These Sunday trains and papers combine much of the brains and money of America, and they are tearing down America's partnership with God. They are causing 10,000,000 to work on Sunday. If any State bar association were to demand the destruction of our jury system, or our habeas corpus writ, or the court's power to enjoin—these newspapers and railroads would denounce them as devil-bred foes of America. Yet these great Sabbath-breaking trains and papers are doing a hundred times more harm to America than that bar proposal would mean.

All the sacred civil rights of the American citizen sprang from Christianity with its Sabbath keeping. To destroy the Sabbath imperils them all. It is like killing our mother.

Jackson's suppression of South Carolina's nullification of United States law was a monumental service to America, but the suppression of America's nullification of God's Sabbath law would be a hundred times greater service.

We think it bad that the British burned Washington's homes and Capitol in 1814. Then why sit idle while Satan sets the destructive fire of Sabbath breaking into Washington and into all our commerce?

The restoration of the Sabbath to our commerce would far exceed in value Jefferson's purchase of Louisiana or Grant's purchase of Alaska.

To repulse these Sabbath-breaking assaults on America would far exceed in value the repulse of the British in 1812 or of the Mexicans in 1848.

Jackson rescued America's throat from the clutch of greedy mammon in 1835, and God calls on us now to rescue American commerce from the deadly grip of Sabbath breaking. About 30,000,000 children in America are getting almost no religious instruction, so the church census tells us. But they are getting evil instruction, and this Sabbath-breaking evil is slyly, surely heading them to ruin.

We can't hope to save our children in godliness, nor stay the tide of high crimes, high taxes, murder, divorce, robbery, perjury, and intemperance unless we get into new and better partnership with God, and we can't do that without restoring and keeping His Sabbath day for all. We can't hope to have our civil laws observed if we insult God, violating His Sabbath law for all.

Congress is pleasing God by securing the Sabbath to a million citizens, but pleasing Satan by allowing 10,000,000 to be enslaved to Sabbath labor.

America can't serve God and mammon. America can't long live as Doctor Jekyl and Mr. Hyde. America can't live half slave and half free.

Lincoln set free 3,000,000 negro slaves. We have the greater and harder task of emancipating 10,000,000 slaves to Sunday labor. America and our Congress must answer God's call to duty or go like Israel to the Babylon of perdition.

We have faith that America, like Samuel of old, will hear and heed God's call.

And we repeat:

1. America was born and bred a Sabbath-keeping nation.

2. America must emancipate her 10,000,000 slaves to Sunday labor or soon go to ruin.

3. The church must awake and lead, or perish.

SAVANNAH RIVER BRIDGE

Mr. BINGHAM. As in legislative session, I report back favorably from the Committee on Commerce without amendment the bill (H. R. 3755) granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River, and I submit a report (No. 70) thereon. This is a bridge bill in the usual form, and I ask for its immediate consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the county of Anderson, in the State of South Carolina, and the county of Elbert, in the State of Georgia, to construct, maintain, and operate a bridge and approaches thereto across the Savannah River, at a point suitable to the interests of navigation, near Sanders Ferry or Crafts Ferry, between Iva, S. C., and Elberton, Ga., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The act of Congress approved January 31, 1925, granting to S. M. McAdams authority to construct a bridge across Savannah River at the aforesaid locality is hereby repealed.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

ENROLLED BILLS PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that on January 21, 1926, that committee presented to the President of the United States the following enrolled bills:

S. 90. An act to amend an act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925; and

S. 1267. An act to extend the time for the completion of the construction of a bridge across the Columbia River between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KENDRICK:

A bill (S. 2653) for the adjustment of water-right charges on the Fort Laramie Division of the North Platte irrigation project, Wyoming, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. FLETCHER:

A bill (S. 2654) to extend the limitations of time upon the issuance of medals of honor, distinguished-service crosses, and distinguished-service medals to persons who served in the Army of the United States during the World War; to the Committee on Military Affairs.

By Mr. TRAMMELL:

A bill (S. 2655) authorizing the appointment of John Fawcett as captain, Quartermaster Corps, United States Army; to the Committee on Military Affairs.

A bill (S. 2656) for the relief of the estates of John Frazer, deceased; Zephaniah Kingsley, deceased; John Bunch, deceased; Jehu Underwood, deceased; and Stephen Vansandt, deceased; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 2657) to amend section 217, as amended, of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909; to the Committee on Post Offices and Post Roads.

By Mr. WADSWORTH:

A bill (S. 2658) to authorize the Secretary of War to fix all allowances for enlisted men of the Philippine Scouts; to validate certain payments for travel pay, commutation of quarters, heat, light, etc., and for other purposes; to the Committee on Military Affairs.

A bill (S. 2659) for the relief of Cyrus Durey; to the Committee on Claims.

By Mr. REED of Pennsylvania:

A bill (S. 2660) to prevent the manufacture, sale, or transportation of improperly labeled or misbranded paint, turpentine, and linseed oil; to the Committee on Manufactures.

By Mr. MEANS:

A bill (S. 2661) granting an increase of pension to Orlando B. Spencer; to the Committee on Pensions.

By Mr. OVERMAN:

A bill (S. 2662) authorizing the Secretary of the Treasury to convey to the board of education, New Hanover County, N. C., a marine hospital reservation; to the Committee on Finance.

By Mr. JONES of Washington:

A bill (S. 2663) authorizing the Secretary of the Interior to cooperate with the States of Idaho, Montana, Oregon, and

Washington in allocation of the waters of the Columbia River and its tributaries, and for other purposes, and authorizing an appropriation therefor; to the Committee on Irrigation and Reclamation.

A bill (S. 2664) granting a pension to Ada A. Long (with accompanying papers); to the Committee on Pensions.

By Mr. CAMERON (for Mr. McKINLEY):

A bill (S. 2665) for the relief of John Sands (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2666) granting an increase of pension to Mary Green;

A bill (S. 2667) granting an increase of pension to Thomas E. Roberts (with an accompanying paper);

A bill (S. 2668) granting an increase of pension to Vivian L. Saunders (with an accompanying paper);

A bill (S. 2669) granting a pension to Martha Stoltz (with an accompanying paper); and

A bill (S. 2670) granting a pension to Parthenia Roberson (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2671) for the relief of George M. Shane (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2672) to amend the act of Congress approved March 4, 1913, creating the Public Utilities Commission of the District of Columbia, and for other purposes; and

A bill (S. 2673) to amend the act approved June 3, 1896, entitled "An act to establish and provide for the maintenance of a free public library and reading room in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. HEFLIN:

A bill (S. 2674) for the relief of Kate T. Riley; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2675) granting a pension to Frank Hall;

A bill (S. 2676) granting a pension to David D. Sharp; and

A bill (S. 2677) granting a pension to Alfred R. H. Wolff; to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 2678) for the relief of Charles E. Reyburn (with accompanying papers); to the Committee on Claims.

By Mr. WILLIAMS:

A bill (S. 2679) for the relief of Herman A. Lucking, of St. Louis, Mo.; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 2680) to amend section 304 of an act entitled "An act to regulate interstate and foreign commerce in livestock, livestock products, dairy products, poultry, poultry products, and eggs, and for other purposes," approved August 15, 1921; to the Committee on Agriculture and Forestry.

By Mr. HALE:

A bill (S. 2681) to authorize the appointment of a Second Assistant Secretary of the Navy;

A bill (S. 2682) to provide for the temporary needs of higher rank for flying officers and for flying officer qualification in naval high command; and

A bill (S. 2683) to provide for the promotion or advancement of officers who have specialized in aviation so long as to jeopardize their selection for promotion or advancement to the next higher grade or rank; to the Committee on Naval Affairs.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. WARREN submitted an amendment intended to be proposed by him to House bill 6707, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 81, after line 2, insert the following:

"Riverton project, Wyoming: For operation and maintenance, continuation of construction, and incidental operations, $250,000."

APPOINTMENT OF A MESSENGER—JAMES W. PETERS

Mr. BAYARD submitted the following resolution (S. Res. 123), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Sergeant at Arms of the Senate be, and he hereby is, authorized and directed to appoint James W. Peters a messenger, who shall be paid at the rate of $1,440 per annum from the contingent fund of the Senate, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate, until otherwise provided for.

SPECIAL ASSISTANT CLERK TO INTERSTATE COMMERCE COMMITTEE

Mr. GOODING submitted the following resolution (S. Res. 124), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Interstate Commerce of the Senate hereby is authorized to employ a special assistant clerk during the remainder of the Sixty-ninth Congress, to be paid out of the contingent fund of the Senate at the rate of $2,500 per annum.

TYPEWRITERS, ETC., CIVIL SERVICE COMMISSION

The PRESIDING OFFICER (Mr. SHIPSTEAD in the chair) laid before the Senate a communication from the Secretary of the United States Civil Service Commission, transmitting, pursuant to law, a statement showing the typewriters, adding machines, and other labor-saving devices exchanged in part payment for new machines during the fiscal year 1925, which was referred to the Committee on Appropriations.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. REED of Missouri. Mr. President, I think that timorous Members of this body ought to be now warned of their impending fate. They are to be deluged with more propaganda emanating from Mr. Bok's hired agents. I want to demonstrate what I have said by reading a letter, dated January 16, 1926, which is written on the letterhead of "The American Foundation (Inc.), maintaining the American peace award, 565 Fifth Avenue, New York City." I do not know whether this incorporation has issued any stock, but, if so, I will undertake to say that Mr. Bok holds the majority of it in trust for the American international bankers. The letter is addressed to a gentleman in Greenfield, Mass., and reads:

DEAR MR. ——: A crisis has been reached in the World Court situation in the Senate. You will have seen that filibustering was begun this week by Senator BLEASE under order from the opposition. Contrary to the very definite plan by which a record vote was to be taken before the tax bill was brought before the Senate at all, the opponents of the court in the Senate are now forcing displacement of the World Court by the tax bill. We all realize the need of action on the tax bill at an early time; but this is a reason for expediting not for delaying action on the World Court.

Won't you see to it that the greatest possible number—

The three last words are underscored—

of individual telegrams from your community are immediately sent to your Senators showing them that you expect them to hold to their original plan of getting a vote on the court before the tax bill is allowed to come up? There would be value in sending a copy of your telegrams to Senators LENROOT and SWANSON, who are definitely in favor of an early vote and whom we wish to support.

All press reports of this week agree that President Coolidge regards the displacement of the World Court resolution at this time as unnecessary and regrettable.

It would be advisable to have telegrams sent also to the President showing him that the majority of the country will be with him if he presses for a vote on the court now.

Too much emphasis can not be laid on the fact that the opponents of the court inside the Senate and outside of it have recently become exceedingly active. Only a vigorous and genuine protest from the friends of the court now effectively conveyed to the Senate can avoid dangerous delay and perhaps indefinite postponement. Will you write us what action you have taken?

Faithfully yours,

ESTHER EVERETT LAPE,
Member in Charge.

So, Mr. President, those Members of the Senate who have pledged themselves to Mrs. Lape or Miss Lape will now please take their orders and stand upon notice that they are expected to perform and also be prepared for a flood of telegrams, because this paper organization has its agencies in every State and in almost every county of the Nation. Its business is to write telegrams whenever Miss Lape tells them to do so.

Now, let us stop a moment and consider what this organization is. We have had a good deal to say about lobbying in this body, yet here is a lobby organized for the purpose of promoting particular legislation. Its employees are paid; it is a paid lobby; its business is to create in the minds of the Senate the thought that there is a great uprising in the country. It is just as obnoxious a lobby as the Sugar Trust ever had in Washington; just as obnoxious a lobby as the Steel Trust ever had in Washington. It is not the project of individual citizens of our country who may come here to express their sentiments; it is an incorporated lobby, and it has been brought into existence to expend large sums of money for the purpose

of creating a public sentiment or of creating the appearance of a public sentiment. I have not any doubt now that some of our Members have been overwhelmed with telegrams; but bear in mind, after all, that they are the telegrams sent only by the proxies of Miss Lape, and that Miss Lape is merely the hired employee of one Edward Bok, a man who was born abroad. That, of course, is not to be held against him, and I most of all the Members of this body have the right to say it should not be held against him, for many Senators who are now trying by advocating the World Court proposal to send us to a foreign court to try our rights as a nation, denied the right of foreigners to land on our soil, where they desired, many of them to become citizens and to swear allegiance to our Constitution.

There never was anything more ridiculous presented in the history of the world than the spectacle of a Senate one day passing restrictive immigration bills and deliberately trying to cut off foreigners from a chance to land on our soil and become citizens, as the old traditions of our country said they should be permitted to come, and the next day proposing to submit the fate of this country and the interests of this country, either great or small, to a court that is entirely foreign and alien to our laws, to our Constitution, and to our national destiny and national rights.

There is no use praying for consistency here, I know, but when I see Senators voting against the right of foreigners to come here, though they may be selected, though they may be men of education and learning, though they may be men of brawn and of muscle and of the best intentions, though they may come here simply because they desire to live under free institutions, though they may be willing to support our flag with their blood and their muscle and their brawn—excluding men of that kind from our own shores—and then turning about face and proposing to submit the fate of America to foreigners who do not want to come here, who do not love our flag, who do not appreciate our institutions, but who owe their allegiance and willingly give it to foreign kings and potentates and powers. But of course some Senators are pledged to Miss Lape, a little woman who weighs about 90 pounds and who is working for a salary down here for Edward Bok. If we continue this sort of truckling to propaganda, the Senate will become so contemptible that it will not be worth the while of the Vice President to continue his criticisms. [Laughter.]

Mr. President, on yesterday I occupied the floor at great length to try to demonstrate something with reference to the organization of the league.

Mr. HEFLIN. Mr. President, before the Senator resumes that branch of his argument will he yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Alabama?

Mr. HEFLIN. If it will not interrupt the Senator, I want to show him that I was right yesterday in what I said about Mr. Carnegie. I rose and interrupted the Senator and said:

> Mr. President, if the Senator will permit me right there, I listened to the reading of that article, and Mr. Carnegie was chiding the British for bringing on the war and defending the colonists for fighting after the war was brought on.
>
> Mr. REED of Missouri. Oh, Mr. President, the article is here. It speaks for itself. If my friend could not understand that article in any other way than that, then he and I are at such utter difference in regard to the meaning of language that debate would be useless.

Mr. REED of Missouri. Mr. President, will my friend do me the great favor, as that is a matter totally foreign to what I am now speaking on, to wait until I am ready to yield the floor, when I will be glad to take it up with him, and we may have the Carnegie article all read over again if he desires? [Laughter.]

Mr. HEFLIN. No; I merely wish to read about six lines.

Mr. REED of Missouri. Very well; but it may compel me to read the whole article. However, let the Senator proceed, if he wants to proceed.

Mr. HEFLIN. Mr. Carnegie said:

> On the other hand, the motherland, which forced the issue upon her loyal citizens in America, sees nothing more clearly to-day than that she was in error and that she converted a constitutional agitation for redress of grievances into a question of patriotic resistance. * * *

That is enough of it to read to show that I was right in what I was then contending for.

Mr. REED of Missouri. Mr. President, the whole import of the article was that it was a great mistake for America to secede, and that we ought to get back under the skirts of the mother country just *as fast* as we can and tie ourselves to her apron strings, and then, as I read yesterday in a specific clause, we should always be in a position of secondary importance to Great Britain. A man who can justify that article must say that we were wrong to set up an independent government; that the most we ought to have done would have been to rebel a little while and then run back to the old lady and say, "Now we will be good boys."

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri further yield to the Senator from Alabama?

Mr. REED of Missouri. I do.

Mr. HEFLIN. I was not justifying the article. I think some of the things suggested in it are ridiculous. It does not make any difference who might write an article saying that we should go back to the mother country; it is a ridiculous suggestion.

Mr. REED of Missouri. Yes; and why should the Senator then rise and find one sentence in it to justify a defense of a ridiculous statement?

Mr. HEFLIN. I was rising to call the Senator's attention to the fact that what I said was correct, so far as that part of the article was concerned.

Mr. REED of Missouri. I would not say that the Senator stated anything that was incorrect; but the general import of his interjections yesterday was that, after all, I was doing Mr. Carnegie an injustice when I said his article was a disloyal article. We need not pursue the controversy. The Senator has read the one sentence that he found in the article that he wants to stand for, and it took four hours to read the article. Let us admit that the old principle that he who throws the javelin all day must some time hit the mark may be true here, and that Carnegie did say one decent or one true thing in the entire article.

Mr. HEFLIN. Let us not have the article read any more, or anything like it.

Mr. REED of Missouri. No; we ought not to. Neither ought there to be found in this body or in this country men who are following the torch that was lighted by Andrew Carnegie when he gave that article to the country. That is the genesis of this movement, and back of this movement to-day is the money of Carnegie, and from the grave is thrust forth his dead hand to support this movement.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Montana?

Mr. REED of Missouri. I do.

Mr. WALSH. I submitted some remarks to the Senate upon that subject some time ago, and called attention to the fact that the Carnegie Foundation publishes the Advocate of Peace. The Advocate of Peace has been discreetly silent about this whole question. You can not find a word in it, neither can you find a word uttered by James Brown Scott or anybody connected with him, that in any wise has been helpful in this matter. They are against this World Court.

Mr. REED of Missouri. When did they reverse themselves?

Mr. WALSH. They never were for it.

Mr. REED of Missouri. Why, Mr. President, the money of Carnegie is being expended to-day back of this movement, and if you will give me the investigation that I asked I will prove it. There is plenty of it being spent.

Mr. WALSH. Of course, the Senator may say what he pleases; but I have given the foundation for my statement that the Advocate of Peace, which is the organ of the Carnegie Foundation, is against this World Court.

Mr. REED of Missouri. Mr. President, I say that Carnegie money is back of it, and I can say that boldly to any man who denied me the right to an investigation. Come on and let us investigate it now. Lay this matter over for 30 days or 40 days.

Mr. WALSH. The Senator could have had the investigation if he had asked it last spring.

Mr. REED of Missouri. Last spring! Last spring I supposed that your court was dead, and I am still saying that it was since last spring that the court propaganda was organized and put on during the entire summer. You can not very well investigate a thing until it happens.

Mr. President, not only does the league possess the power, as heretofore stated, to change the membership of the council, and by a two-thirds majority of the assembly the membership of the league may be changed, but any nation whatsoever may be admitted.

The third body of the league is the so-called Court of International Justice, the membership of which I have already given. Now let us see whether this is a league court.

The creation of that court was authorized by article 14 of the league compact. Pursuant to the powers conferred by

that article the court was called into existence. The article reads:

The council shall formulate and submit to the members of the league for adoption plans for the establishment of a Permanent Court of International Justice. The court shall be competent to hear and determine any dispute of an international character which the parties thereto submit to it. The court may also give an advisory opinion upon any dispute or question referred to it by the council or by the assembly.

As the court is the creature of the league, acting under its authority and by its mandate, the present or possible future jurisdiction of the court can be determined only by ascertaining first the powers and jurisdiction at present assumed by the league, and second, by ascertaining the extent of the powers of the league to extend hereafter the jurisdiction of the court, for manifestly if the league at present asserts a world-wide jurisdiction or if, asserting a limited jurisdiction, it has the inherent power of extending that jurisdiction, then it may correspondingly enlarge the powers and jurisdiction of any of its creatures.

The ease with which the Government can be changed and the league itself thus alter its own jurisdiction, authority, and power is demonstrated by the fact that the league covenant has already been amended eleven times. Two of these amendments are fundamental. It has been further substantially amended in the most important particulars by the enactment and ratification of what is commonly called "the statute of the court," for the statute of the court is of equal authority with the covenant of the league.

It is idle, therefore, to pretend that the covenant of the league is in the nature of a constitution, because while its amendments may require reference to the different states, nevertheless the organization is of such a character that the ratification can always be secured when desired. To all intents and purposes the league members carry the votes of their states in their pockets and can, therefore, almost at will enlarge their own powers. Even if this were not so, the fact still remains that the league covenant can be amended, changed, or abrogated by the votes of foreign nations, and that the United States does not possess the power or right to cast a single vote or utter a single effective protest.

I contend, therefore, that no amendment is necessary to the league covenant, because it already asserts power and jurisdiction absolutely unlimited, because there is no tribunal like the Supreme Court of the United States to decide whether the council and the assembly have exceeded the powers assumed to be granted by the league covenant; for the league court is the creature of the league itself, responsible to it, and necessarily subject to the will of the members of the league.

Article 3 recites:

The assembly may deal at its meetings with any matter within the sphere of action of the league—

And notice—

or affecting the peace of the word.

Article 4 recites:

The council may deal at its meetings with any matter within the sphere of action of the league or affecting the peace of the world.

Here, then, are two bodies, each authorized to deal with any question "affecting the peace of the world"; and if that language means anything, it authorizes interference in domestic as well as foreign problems, for domestic controversies may involve the peace of the world.

The language does not mean "affecting the peace of the entire world," of every country of the world, for such a meaning would restrict the jurisdiction of the league so that it never could function; for in no war of history has every nation been involved. The language, therefore, must mean that the league can deal with any question which disturbs the peace of any part of the world; and there can not be peace in this sense when there is war at any place in the world. Every question which may lead to war is, therefore, within the claimed jurisdiction of the league.

Accordingly, an agitation which may result in a rebellion comes within the jurisdiction of the league, even though there is nothing to indicate that the fire will spread beyond the borders of the particular state involved. If there should be a rebellion in India against the British Empire, why is not that condition embraced within the broad language I have quoted? Why is not the war which France and Spain are carrying on in northern Africa justiciable by the league, and why has not the league stretched out its hand in that dispute? The answer is that there people are standing on their naked heels fighting for home and liberty against two tyrannical forces bent upon their destruction.

Why is not our dispute with Japan over the question of immigration also a matter for league consideration and decision?

In addition to these broad powers, the league, by specific provision, asserts its dominance.

The league assumes, under Article VIII, to submit plans for the reduction of armaments in every country, and while it is true that the limits thus recommended are not binding until they have been considered and acted upon by the several governments; nevertheless, once such action is taken the respective nations of the world are deprived of the right thereafter to regulate their own armament, save with the permission of the council. And that permission of the council must be by unanimous vote, as an examination of Article V will demonstrate. That is to say, if once the states agree to the plan of disarmament submitted, they have forever barred themselves from the right to arm in their own protection, unless they can first gain the unanimous consent of the council. In a word, the provision embraces a complete surrender of sovereignty, for no nation can claim to be sovereign which has yielded the right to defend its own territory.

Moreover, the same article provides (article 8):

That the members of the league agree that the manufacture by private enterprise of munitions and implements of war is open to grave objection. The council shall advise how the evil effects attendant upon such manufacture can be prevented, due regard being had to the necessities—

And so forth.

Let us assume that the council shall give this advice. The phrase "The council shall advise" is, of course, ambiguous, but it is ridiculous to say that it is only intended that the council shall *advise*, and that nobody shall be under obligation to accept the advice, and that the league will not undertake to enforce the advice, for always in connection with this phraseology we must remember the fact that the council and the assembly have asserted the right to deal with any question "affecting the peace of the world."

In view of that claim of right, the phrase "The council shall advise" places upon the council the imperative duty of formulating the plan which is to be put into action under the claimed right to deal with any question affecting the peace of the world.

Again, article 11 provides:

Any war or threat of war, whether immediately affecting any of the members of the league or not, is hereby declared a matter of concern to the whole league, and the league shall take any action that may be deemed wise and effectual to safeguard the peace of nations. * * *

It is also declared to be the friendly right of each member of the league to bring to the attention of the assembly or of the council any circumstance whatever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends.

That article, standing alone, is the assertion of jurisdiction over every question which in the opinion of the members of the assembly and the council will disturb the good understanding between nations. In such case the league is authorized to take any action it pleases. It may declare embargoes. It may cut off the trade of a nation. It may sweep its commerce from the seas. It may invade its territory. It may burn its temples, sack its cities, and cut the throats of its people whenever the gentlemen composing the council and assembly see fit to declare that it has taken "any action which in their opinion threatens to disturb the peace." And this it may do although the victims of their combined power may be a people seeking to break the chain of an intolerable slavery or defending their liberties against the assaults of tyranny.

Such a power was never realized. The Pharaohs dreamed of it, but the brown hosts of Egypt were scattered by the chariots of Assyria.

Darius and Xerxes dreamed it, but their armies broke upon the fields of Marathon and the pass of Thermopylæ, and Persia's ships sank at Salamis.

Alexander dreamed it, but his successors saw the Macedonian phalanx broken and the glory of Greece departed.

Hannibal dreamed it, but Carthaginian valor died upon the sword of Scipio.

Rome, nearest of all, realized the infamous dream, but her mighty fabric, resting upon the bodies of innumerable slaves, at last toppled and fell.

The Holy Alliance dreamed that dream. With incomparable hypocrisy, it proclaimed the brotherhood of man. With infinite sacrilege, it invoked the name of Christ. But its promise of peace was a mantle to conceal the assassin's dagger. Its pious

protestations were the cloak which tyrants spread above their bloody deeds. And the Holy Alliance became an unholy memory.

George the Third, in a lesser degree, dreamed that dream. He saw the vision of an English Empire embracing the continent of North America. He, too, established courts in foreign lands, and dragged thither citizens of America for condemnation, as gentlemen would now drag the American Republic to a foreign tribunal for condemnation. But the vision of George the Third was disturbed by the armies of the Revolution, and was dispelled by the cannon of Washington at Yorktown.

Such likewise will be the fate of this latest dream of world dominion. The mighty coalition, known as the League of Nations, is a conspiracy in restraint of human liberty. It seeks to render the world static. Its mighty force is intended to strike down any people who dare assert or defend their rights. Its iron heel is ready to crush any nation not obedient to its imperious will.

It may exist for a time; it may write its bloody story, but let the great American Nation, always the champion of individual and national liberty, keep her hands unstained and her escutcheon untarnished.

Be assured of this: However long may be the history of the league, however black may be the night of international tyranny, some day the sun of liberty will rise above the horizon, and the nations of the earth will assert and regain their independence.

The power asserted by the league is absolutely unlimited in its scope. Its power to make war is limited only by the will of the governing bodies of the league.

Not only is there express provision made for waging war, but it is also stipulated that the council may make levies upon various member nations for military and naval forces.

Section 16 provides:

> Should any member of the league resort to war in disregard of its covenants under articles 12, 13, or 15, it shall ipso facto be deemed to have committed an act of war against all other members of the league, which hereby undertakes immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking state, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the league or not.
>
> It shall be the duty of the council in such case to recommend to the several governments concerned what effective military, naval, or air force the members of the league shall severally contribute to the armed forces to be used to protect the covenants of the league.
>
> The members of the league agree, further, that they will mutually support one another in the financial and economic measures which are taken under this article, in order to minimize the loss and inconvenience resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by the covenant-breaking state, and that they will take the necessary steps to afford passage through their territory to the forces of any of the members of the league which are cooperating to protect the covenants of the league.
>
> Any member of the league which has violated any covenant of the league may be declared to be no longer a member of the league by a vote of the council concurred in by the representatives of all the other members of the league represented thereon.

Not content with asserting a jurisdiction over its own members, the league undertakes to extend its jurisdiction over all of the nations of the earth, including the United States of America.

Article 17 recites:

> In the event of a dispute between a member of the league and a state which is not a member of the league, or between states not members of the league * * * [the nonleague members] shall be invited to accept the provisions of articles 12 to 16 * * * [and] if a state so invited shall refuse to accept the obligations of membership in the league for the purposes of such dispute and shall resort to war against a member of the league, the provisions of article 16 shall be applicable as against the state taking such action.

That is, her trade shall be cut off and war shall be made upon her.

And again:

> If both parties to the dispute—

If both parties to the dispute—

> being nonmembers refuse to accept the obligations of membership in the league for the purposes of such dispute, the council may take such measures and make such recommendations as will prevent hostilities and result in a settlement of the dispute.

Nobody but an idiot would ever say that that does not mean that the council will summon the forces of the world to produce a peace which is produced at the point of the bayonet and brought about by the keen edge of the sword.

The last expression is soft language:

> Will take such measures as will prevent hostilities.

The only way hostilities can be prevented in the case of war is by producing a bigger war and a greater force, one more capable to compel obedience. Put into execution, the language means the council may cause war to be made upon a recalcitrant state and crush it into submission

One is reminded of the expression—

> He made a solitude and called it peace.

The language just referred to amounts to nothing more nor less than a solemn agreement that if the United States shall have a dispute of any character with any nation which is a member of the league, the league can summon the United States before it, demand that it accept the obligations of league membership for the purposes of the dispute.

And if the United States shall refuse to accept the jurisdiction of the league, and shall sustain its rights by force of arms, then every member of the league has agreed, at the demand of the league council, to make war upon the United States.

Besides this, if the United States shall have a controversy with a nonmember nation, "the council may take such measures as in its judgment will prevent hostilities." That is to say, it will itself employ the necessary force to compel the United States to obey the will of the league.

No candid man can deny that there is now in existence a solemn treaty between 55 nations under the terms of which they bind themselves to make war upon the United States in the event the United States shall dare to make war in behalf of itself without the gracious consent of the league.

The so-called League of Nations compact is therefore a treaty of offense against the United States, signed by 55 nations.

Fifty-five nations agree if the United States shall dare to exercise its sovereign right to defend its own interests or the interests of its citizens without first obtaining the consent of the league, then these 55 nations will unite their forces and their arms to cut off our trade upon the seas, to prohibit all intercourse with the United States, and to advance upon us with war's horrible instrumentalities of destruction.

This infamous arrangement has been consummated under the cloak and pretense that it is a great movement for peace, and hence our people have not been alarmed.

But if without such propaganda and such setting our people had been suddenly advised that 55 nations had signed a compact by which they had agreed that if the United States dares to assert its right by force of arms against any nation whatsoever, or under any circumstances whatsoever, all of the 55 nations would levy war upon the United States—if that information had been conveyed to our people in all its nakedness, there is not a county of the United States in which soldiers would not have been drilling within 48 hours.

There exists to-day a coalition bound by solemn engagement to make war upon the United States if we dared assert our national rights of defense or of offense, and it is time the American people woke to that horrible fact.

If the League of Nations is not a mere paper league—in which event it is useless—if it be a real league, if the words of the treaty have vitality and life and force, then a great peril has arisen for our country, a mighty menace exists across the seas, a combination of the most powerful ever conceived in the brain of man has been brought into existence, and that combination now assumes the right to control, to regulate, and to crush this Republic.

I refer again to the terrible power vested in the council by article 16:

> It shall be the duty of the council in such case to recommend to the several governments concerned what effective military, naval, or air force the members of the league shall severally contribute to the armed forces to be used to protect the covenants of the league.

Here is a solemn agreement by 55 nations by which they authorize the 10 men sitting on the council to issue a requisition or order of draft for soldiers, ships, and airplanes; nor is the language of article 16 a mere fulmination of idle words.

A most serious and almost successful attempt has been made to create the machinery by which armed forces are to be assembled.

On September 6, 1924, the fifth assembly of the League of Nations adopted the following resolution:

The assembly,

Noting the declarations of the governments represented, observes with satisfaction that they contain the basis of an understanding tending to establish a secure peace,

Decides as follows:

"With a view to reconciling in the new proposals the divergences between certain points of view which have been expressed and, when agreement has been reached, to enable an international conference upon armaments to be summoned by the League of Nations at the earliest possible moment:

"(1) The third committee is requested to consider the material dealing with security and the reduction of armaments, particularly the observation, of the governments on the draft treaty of mutual assistance prepared in pursuance of Resolution XIV of the third assembly and other plans prepared and presented to the secretary general, since the publication of the draft treaty, and to examine the obligations contained in the covenant of the league in relation to the guaranties of security which a resort to arbitration and a reduction of armaments may require.

"(2) The first committee is requested: (a) To consider, in view of possible amendments, the articles in the covenant relating to the settlement of disputes; (b) to examine within what limits the terms of article 36, paragraph 2, of the statute establishing the Permanent Court of International Justice might be rendered more precise, and thereby facilitate the more general acceptance of the clause.

"And thus strengthen the solidarity and the security of the nations of the world by settling by pacific means all disputes which may arise between states."

The work of the two committees was finally set forth in the single-draft protocol, accompanied by two draft resolutions, and is generally known as the "Geneva protocol."

The report was made on October 1, 1924, and on the next day the delegates to the assembly unanimously recommended the acceptance of the protocol by their governments.

The assembly also requested the council of the league to undertake various measures in preparation for the disarmament conferences alluded to in the protocol.

With this request the council complied, for immediately after the request of the assembly the council made certain decisions as to how the preparatory work was to proceed.

Provision was made for the appointment of a committee of jurists to consider amendments to the covenant of the league, which were made necessary by the proposed protocol and the preparation of the plan—

for the execution of financial and economical sanctions—

Notice that—

the preparation of the plans for the execution of the financial and economic sanction—

That is, plans for starving nations to death, for cutting off the trade of nations, and for conquering them by force of arms. That is what the language means, and also the preparation of a plan for the consideration of the conference on the limitation of armaments.

The protocol then went to the various nations for their ratification, but failed chiefly, if not entirely, because a single nation, Great Britain, refused her assent.

However, the terrific significance of the unanimous vote of all of the delegates to the assembly and the acquiescence in the plan of the council can not be overlooked. This situation serves to indicate the ease with which the covenant of the league and the statutes of the league's court may be altered. It is important to know what the principles of the Geneva protocol are. They are set forth in the speech of M. Benes, of Czechoslovakia, who presented the report of the committee to the assembly. M. Benes, the spokesman for the committee, said——

Mr. MOSES. Mr. President, may I ask the Senator from Missouri is not M. Benes, at that time Prime Minister of Czechoslovakia, the real author of the protocol?

Mr. REED of Missouri. It is understood that he is.

Mr. MOSES. And was not the protocol drawn on account of conditions that he had in mind, because of which he wanted the common use of the military forces in connection with the problems that he thought might confront his country at any time?

Mr. REED of Missouri. That is understood to be the situation, and I think it undoubtedly was and is.

Mr. BLEASE. Mr. President——

The PRESIDING OFFICER (Mr. SHIPSTEAD in the chair). Does the Senator from Missouri yield to the Senator from South Carolina?

Mr. REED of Missouri. I yield.

Mr. BLEASE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Frazier	McMaster	Sackett
Bayard	George	McNary	Schall
Bingham	Gillett	Mayfield	Sheppard
Blease	Goff	Means	Shipstead
Borah	Gooding	Metcalf	Shortridge
Bratton	Hale	Moses	Simmons
Brookhart	Harreld	Neely	Smith
Bruce	Harris	Norbeck	Smoot
Butler	Harrison	Norris	Stephens
Cameron	Heflin	Nye	Trammell
Capper	Howell	Oddie	Tyson
Caraway	Johnson	Overman	Wadsworth
Copeland	Jones, N. Mex.	Pepper	Walsh
Couzens	Jones, Wash.	Phipps.	Warren
Curtis	Kendrick	Pine	Weller
Dale	Keyes	Pittman	Wheeler
Deneen	King	Ransdell	Williams
Edwards	La Follette	Reed, Mo.	Willis
Ernst	Lenroot	Reed, Pa.	
Fernald	McKellar	Robinson, Ark.	
Ferris	McLean	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, there is a quorum present. The Senator from Missouri will proceed.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER (Mr. SHIPSTEAD in the chair). Does the Senator from Missouri yield to the Senator from New Hampshire?

Mr. REED of Missouri. I yield.

Mr. MOSES. At the time the Senator from South Carolina [Mr. BLEASE] suggested the absence of a quorum the Senator from Missouri and I were engaged in a colloquy with reference to the so-called protocol of Geneva, in which we had developed an agreement between ourselves, at least, that the protocol was the product of the brain of the then Prime Minister of Czechoslovakia, M. Benes, and that the purpose of it was to make sure of the sanctions which should govern any decision which might be arrived at by any organ of the League of Nations.

The question of sanctions, Mr. President, was a subject of colloquy here the other day between the Senator from Idaho [Mr. BORAH] and the Senator from Wisconsin [Mr. LENROOT]. I understood the Senator from Wisconsin at that time to assert that the same character of sanctions lies behind any decision which might be reached by an arbitral tribunal such as the Permanent Court of Arbitration at The Hague equally with the sanctions which lie behind the decisions of the Permanent Court of International Justice, as I understand it to be.

The Senator from Missouri, if I correctly followed his line of argument up to the point where I interrupted him with my question, was undertaking to point out that the Geneva protocol, although for the moment halted by reason of the opposition of Great Britain to its application, is none the less an integral part of the machinery of the so-called World Court whenever it shall come into full operation and we have become enmeshed in its provisions. I wish now to ask the Senator from Missouri if it is his understanding that, according to the terms under which the court operates, there may be brought into effect all sorts of sanctions with which to enforce its decrees? If I recall the language of the Senator, he proceeded to enumerate several of the varieties of pressure which might be brought upon recalcitrant nations; for instance, the embargo.

The Senator spoke with great feeling of the starvation which would be entailed upon helpless populations by reason of such an embargo. He also spoke of the militaristic activities which would follow any attempt to apply sanctions to the decisions which might be reached by this court. Is it the Senator's contention that the court is really provocative of war rather than of peace, and that through the application of the sanctions which are contemplated in the construction of the court, the court inevitably must produce war if its decisions are to be recognized?

Mr. REED of Missouri. Mr. President, I think I shall reach that point in order, but I desire to answer it now.

Mr. MOSES. I have no desire, Mr. President, to interrupt the orderly progress of the Senator's argument.

Mr. REED of Missouri. It will do no harm to answer the question at this time, even though I should afterwards travel somewhat the same ground.

Mr. President, I claim, and I have proven, that the League of Nations assumes the right to take jurisdiction by its council or its assembly of any dispute between nations, whether they are members of the league or not. Moreover, that it claims the right and the jurisdiction to assume to interfere in any matter, whether domestic or foreign, which, in the judgment of the men constituting the council and the assembly, will disturb the peace.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri further yield to the Senator from New Hampshire?

Mr. REED of Missouri. I do.

Mr. MOSES. Is not the language even more inclusive than that? Is not the language something like this—

which threatens to disturb international peace or the good understanding between nations upon which peace depends?

Mr. REED of Missouri. Yes; the Senator is correct—"good understanding." Language could not be more sweeping. No pen can write language which will express a greater assumption of power.

I claim and shall argue, first, that the court is created by the council and the assembly; second, that it has no law governing it except the regulations made by the council and the assembly and the terms of the league covenant itself, save and except the will of the judges of the court; third, that all of these judges, no matter by what pretense they may be selected, are in fact the representatives of their respective nations and responsive to the political power thereof; fourth, that even if the jurisdiction is not now expressly conferred upon the court to decide all questions which the league may assume to decide there is no doubt of the right of the league when it seeks to exercise any of its broad powers to ask for an advisory opinion; fifth, that the powers of the court can be extended at any time by the council and by the assembly; and sixth, that even if that contention were unsound its powers can be extended by the nations composing the league, and that those nations, with one exception, have universally responded to the desire of their delegates in the council and the assembly.

That being true, I come now to answer the question of the Senator from New Hampshire [Mr. MOSES].

If, then, there is set up an organization which not only assumes the right to adjudicate the disputes of the members of the League of Nations but assumes or can assume the right to adjudicate the disputes between other nations, it amounts to this—that no proud nation, no great nation, will submit to its dictation; and the minute it thrusts itself into a controversy and undertakes to dictate, that spells not a dispute between that nation and some other single nation, but a dispute between that nation and the combined powers of the world; and hence, instead of a local fight, you have a universal world conflagration. So that this thing you are setting up is merely the machinery by which wars can be spread, and disputes can be lifted from mere local controversies into great world questions.

There is no better way to produce neighborhood quarrels than for a man to go across the back fence and interfere with his neighbor's family affairs. There is no better way to produce world quarrels than for European and Asiatic powers to undertake to dictate to this country or to any other self-respecting country. Small countries may be obliged to yield, as they have yielded all through the course of centuries, but the great countries will not yield. Let me say here that before I get through with this discussion I think I can show you that if this league carries out its purposes, and if this court carries out the purposes of the league, the court is bound to interfere with strictly American disputes. Thus, we will combine against ourselves, if we shall recognize this power, the forces of all the 55 nations that make up the league.

This, sir, is madness. This, sir, I unhesitatingly say, is disloyalty.

What did Mr. Benes—the man who drew the protocol that came within 1 vote of acceptance, and that may be accepted at any hour—say were the purposes of the protocol when he presented it to the league? I want to read it all, and I will comment on parts of it:

The first committee has instituted a system of peaceful settlement of disputes and has devised the methods and machinery to be used; it has specially devoted its time to finding a means of determining clearly and quickly which state is the aggressor.

In other words, it assumes the right to decide between these states, and say which of them is wrong.

Mr. Benes proceeds:

In other words, the first part of the protocol is intended to obviate the possibility of a conflict. It works out the procedure to be followed in dealing with every dispute. Either it effects a peaceful settlement *or*, the conflict breaking out, it has to indicate the guilty party and decide which state is the aggressor.

Yet the Senator from Wisconsin [Mr. LENROOT] says that this court does not pretend to any such jurisdiction.

Mr. LENROOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED of Missouri. Yes; certainly.

Mr. LENROOT. Does the Senator pretend to say that the language he is reading refers to the statute of the court?

Mr. REED of Missouri. Why, this is the Geneva protocol and, if adopted, will create the belligerent force necessary to carry out the judgments of the court.

Mr. LENROOT. That has nothing to do with the statute of the court. It is an amendment to the covenant of the League of Nations.

Mr. REED of Missouri. Yes, I understand; and it will be accepted the minute Great Britain signs it.

The second part of the protocol—

Says Mr. Benes—

is a logical continuation of this constructive work; as soon as a conflict has broken out, and when once it is shown which state is the aggressor, the machinery of sanctions has to be set in motion.

That is to say, war is made; your ships are seized upon the high seas; intercourse between the nationals of the United States and the other countries is interfered with; and if you do not then yield, all the armies and navies assembled by the 55 nations are to crush the United States. That is the conspiracy of power that now exists.

"The machinery of sanctions!" Let us put it in plain English. The horrible bedevilment and hell of war is to result. What does this mean but war? You seize our ships and we supinely let them be seized? Ah, no. Why did we go into the War of 1812? Why did we go into the war of 1914?

The latter war we went into upon the express ground that Germany had sunk some of our ships, and nearly all of them were old oil tubs. Why, if an attempt were to be made to seize our ships, the President would instantly order our Navy to protect our commerce, and the fight would be on the first time an officer of the League of Nations dared set foot upon the quarter-deck of an American vessel. If we ever get so that we will not do that, then we had better pull down the American flag and run up a white rag and live under it.

But they do not hesitate to make plain what they mean. They mean armies and navies and airplanes and bombs and poison gas and all that war means.

Continuing, Mr. Benes says:

As soon as it has been decided which state is the aggressor, the system of sanctions becomes operative and has to be set in motion. The three following questions then immediately arise—

Said Mr. Benes:

1. How is the system of sanctions—

That is, war—

to be set in motion?

When you blockade the ports of a country that is an act of war of the highest character.

2. Of what nature are the sanctions that become operative?
3. What is the scope of these sanctions?

The replies to these three questions—

I am reading what Mr. Benes said—

comprise the outstanding features of the whole system embodied in the protocol and manifestly affect the vital problems in the policy of every member of the league. * * *

When once the council has decided which state is the aggressor according to the system * * * which introduces into this machinery an automatic element leaving very little room for doubts or individual opinions on the question, it calls upon the states to apply sanctions forthwith against the aggressor.

It calls upon the states, says Mr. Benes—

to apply sanctions forthwith against the aggressor.

Let us put it in plain English, and get away from diplomatic language. It calls upon the states to cut off the trade, to lay waste the cities of countries with cannon shot and high explosives, to fill the air with deadly airplanes, to redden the streets and lanes and fields with the blood of the dying. They are called upon to do things that the Holy Alliance never wrote in anyone of its proclamations of power.

There, then, arises the second question—the nature of these sanctions.

I am still reading from Mr. Benes:

The protocol says quite clearly in article 11 that as soon as the council has called upon the signatory states to apply sanctions, the obligations of all kinds which they incur under article 16, subparagraphs 1 and 2—

That is, to contribute arms and ships and men and money—

immediately become operative in order that such sanctions may forthwith be employed against the aggressor. This—

Says Mr. Benes—

means that economic and financial sanctions, as well as military, naval, and air sanctions, must be applied if the occasion is considered to demand them.

Tell me this is not a league of offense against the United States! Tell me that it does not exist! I say to my friend BORAH, whom I admire as I admire but few men, that with this threat against us, there never should have been sunk an American ship, there never should have been a discontinuance of arming here to protect ourselves, and some day, if the League of Nations runs amuck, some day we will need that mighty vessel that was 90 per cent finished and which we dismantled and sent to the bottom. We will need the 16-inch guns, and we will need the elevation that England says we dare not give to our own guns to-day. We will need the superiority which we had the chance to take and would have taken had not our representatives stupidly, with infinite stupidity, signed a contract that gives Great Britain a 25 per cent advantage over us upon the high seas, a thing I have demonstrated in the past, and can demonstrate again, by the measurements of the ships, by their speed, and by the armaments they carry.

Again, Mr. Benes says:

If we compare the protocol with the covenant, we see that in the protocol the problem of sanctions has been solved in a very clear, precise, and decisive manner.

If the rest of the system in our protocol works as smoothly as we hope, we may consider the system of sanctions applied in this manner to be a really adequate one.

We will have enough men and enough guns to lick anybody.

All the men who are for this court were for that league, still as willing to surrender our rights as they were then, and then they said there was to be no international force, and argued here upon this floor until they were black in their faces. Here is the evidence of the truth of the argument we who opposed the court then produced, namely, that there is provision for armed force, and that it was within the contemplation of those who created the league, and it is a right now asserted on behalf of the league.

Mr. Benes proceeds:

* * * How far is each state obliged to apply sanctions? What forces should it place at the league's disposal to defend a state which is attacked?

I think that article 11 of the protocol states this sufficiently clearly and explicitly: "These obligations shall be interpreted as obliging each of the signatory states to cooperate loyally and effectively in support of the covenant of the League of Nations and in resistance to any act of aggression in the degree which its geographical position and its particular situation as regards armaments allow."

We therefore have a standard fixed for us: "Loyally and effectively." This standard may not be a mathematically exact one, but it is all the same sufficiently definite to serve as a guaranty.

Who is to command this international army? Who is to command this international navy, to which the proponents of this court would have had us contribute by going into the league; for the proponents of this court are the proponents of the league, the single exception being those Republicans who have turned tail now and turned their backs because a Republican President, one man sitting a mile from here, of no greater stature than any of the rest of us, says that he wants us as a political measure to go into the court. The recruits to the court come alone from partisan Republicans who opposed the league when it was advanced by a Democratic President, and who accepted the vermiform appendix of the league when it is indorsed by a Republican President.

Mr. Benes said further—that is like the argument of a highwayman who says to his confederate—

If you press your automatic to your victim's heart, do you not think he will thereby be induced to produce his pocketbook and to turn it over without resistance? Thus you will have peace upon the highways.

This peace they speak of is the peace of the sword. This agreement they speak of is a yielding to force. This consent they speak of is a concept yielded with a dagger at the throat. This acquiescence they talk about is the acquiescence of a nation who beholds the oceans covered with mighty fleets, who hears the rumble of the cannon, and yields as the victim yields when the assassin's knife is pressed against his skin.

No wonder Republican Senators will not stay and listen as I read. No wonder Democratic Senators vacate the Chamber as I read them the doctrine of those who create this court, and expose the objects and purposes back of this damnable international conspiracy. They may not stay here to-day, sir, and some of them will not be back here after the American people have spoken. There will be more lame ducks looking for jobs down here than there are jobs, unless we make some more.

Mr. Benes blandly concludes this phase by saying:

I therefore consider the replies to these three disturbing questions concerning the application of sanctions—

That is, concerning the proposition to make war—

to be satisfactory, provided, as I have already said, that the rest of the system works properly and is applied in good faith.

Who is to decide the good faith? The man who has the army, the man who has the navy, the man who has the power. The highwayman is to decide whether you have produced all of your money or not. He is to tell you whether you are to take the rings off your fingers or the rings out of your ears and contribute them, and be stripped of your clothing and go naked, or whether he is going to let you wear your shoes home, or perhaps keep the jewels he can not readily dispose of. The power to decide is in the power that is to command this great international force.

Mr. Benes proceeds:

I now pass to the second fundamental question dealt with in the protocol.

It is the system of security which we have developed in the protocol; the signatory states are concerned with the aggressor on the one hand and with the party attacked on the other.

What silly talk! Who is the aggressor in a war? Who has ever been able to really determine that question in most wars? Who was the aggressor in the last war? We said Germany was. Germany has said, and comes mighty nearly proving, that she was not any more the aggressor than other countries were. Who was the aggressor? It is mighty hard to tell. This much I do know, as I mentioned yesterday, that Winston Churchill discloses in his book the fact that more than two years before the German war broke out he had been preparing plans to change the cannon on British ships from a 14-inch caliber to 16-inch, and had been preparing to increase the speed of those ships. He had issued orders concentrating the ships at vital points. He practically had them stripped for action and ready to move at a moment's notice.

Of course, he would say he did that because he thought Germany was going to attack, and the German would reply that he had his army in readiness because England had her fleet stripped for action. Decide who is the aggressor? Each nation claims the other is the aggressor, either by having done an unjust act or by actually having backed it by arms. That sort of talk is all twaddle.

But suppose a nation were the aggressor. It has the right to be the aggressor many times. Suppose that our citizens were to be murdered by the thousands in Mexico by the Mexican banditti and the Mexican Government were to fail to protect them and we then moved our troops over to protect their lives; we would, under international law, be the aggressor, for we would have invaded the territory of another State. Illustrations could be piled up here until the tax bill would rot in its archives, and yet the illustrations would not be exhausted.

Mr. Benes again said:

In the system of security which we have developed in the protocol the signatory states are concerned with the aggressor on the one hand and with the party attacked on the other. The system of sanctions of all kinds is applied against the aggressor. But we have not wished to establish a system of punishment alone; we have also wished to provide a definite scheme of assistance to the victim of the attack.

We have completed the system of sanctions against the aggressor by a system of economic and financial assistance to the state attacked which would clearly render the system of sanctions doubly effective. The protocol gives a sufficient account of the details of this assistance.

The third important point in our system consists, on the one hand, in the preparation and application of the sanctions.

That is, in the preparation for war and the making of war, for that is what it means and nobody will dispute it, not even an advocate of the court would dispute it.

The third important point in our system consists, on the one hand, in the preparation and application of the sanctions, and, on the other, in the preparation of economic and financial assistance.

That is, you send your troops and your money to one of those nations.

The constant interrelation between these two aspects of security is one of the characteristics of the protocol.

Why, of course. When you are at war with a country you send to the other country that is fighting beside you your guns and your money, just as we sent our men and our money over to help the cause of England and France. We were fighting with them.

In view of the complexity of the conditions—

Said Mr. Benes—

in which the system of sanctions and the system of economic and financial assistance might have to be applied, the necessary preparations should be made in advance.

That is, you must get your armies ready, you must get your navies ready, you must have a standing army and a standing navy or the means to immediately call them into existence from other countries where they are already in existence.

Accordingly, the council, through its competent organs, will draw up; first, plans of action for the application of the economic and financial sanctions against an aggressor state; and secondly, plans of economic and financial cooperation between a state attacked and the different states assisting it.

Wonderful. It is as old as warfare. It was the same thing that the men of the stone age did when a third party interfered between two contending parties and, of course, helped the party that was fighting with him. He supplied arms and munitions and men, and then gathered with him after the battle was over and roasted and ate the bodies of the other side. Wonderful! Wonderful advance! That is to say, the League of Nations is following the same kind of policy and preparing the same kind of weapons and using the same means that have been used since that remote time when men gathered in the forest to attack their neighbors or to defend their homes. Wonderful!

But Mr. Benes does not leave the matter in doubt. Thank God he is at least frank. He does not try to cover the dagger with a cloak. He does not come with the pretense we have been witnessing here on the part of those who advocate the court, saying that it means nothing; that it is to be all powerless, yet it is to subdue the greatest passions that ever formed in the breast of man. It is to produce that millennium which Christ's Sermon on the Mount has not yet brought and yet has no power at all. It is just a little insignificant thing! It is not a court at all. It is a kind of an international justice of the peace without jurisdiction over any question that amounts to anything. Wonderful thing, if any one takes that view.

Senators plead themselves out of court, they confess they have nothing, that when we go in we have gone into a soap bubble, a thing without power, and yet they know it is intended to use power. Quit trying to fool the American people. Let us have done with hypocrisy in this Chamber. Let us be men and either say we are going into a court that has power and jurisdiction great enough to keep the peace of the world, or else let us say it is a fraud, a hoax, a pretense which we refuse to indorse.

But Mr. Benes does not say it is a hoax. Mr. Benes, after stating how you are to starve these people into submission, how you are to destroy their commerce, how you are to refuse their nationals even the right to write a letter home if they happen to be in a foreign land, how you are to apply all of these instrumentalities of war that, after all, are more effective than cannon, then proceeds to tell us about the cannon.

Some people seem to think that cutting off the trade of a country means nothing. If the German submarines had not been stopped when they were by the discovery of an instrument that would locate them under the water, so they could be destroyed by the explosives of Great Britain and America, in 30 days the people of the British Isles would have been starving and in 60 days England would have been obliged to surrender. What was it broke the mighty heart of the Prussian Army? Wrong in the fight, of course; but he who does not recognize the gallantry of the Prussian Army does not know men. It was Bonaparte, I think, who said that every Prussian was hatched from a cannon ball; by which he meant that every Prussian was a born fighter. The mighty hosts of Germany were holding the line, but their supplies began to give out. The American soldiers were there by the millions, fresh, well clothed, their stomachs filled with food, their hearts with valor. Germany began to withdraw her lines to stronger positions. She held those lines until her heart was broken by the cries of the starving women and children at home.

That does not detract from the valor of our troops. It takes no laurel wreath from their brow, for their valor and gallantry was unequaled in all the story of man upon this earth. Never elsewhere has such heroic sacrifice been manifested as was demonstrated in the last war. In ancient days where a Goliath came forth and a David went out to single combat, their names went down in song and story for the reverence of the ages. When Horatius could stand and keep the bridge, confronting with his own body the advancing enemy, standing there with but two companions, his name was written in letters of fire and gold among the exalted heroes of the earth. But, sir, these and others of like kind did not compare in their courage with the sublime heroism of the men who, sailing 20,000 feet above the earth in the gray twilight, with no witnesses but the stars and no voices of encouragement but the rushing wind as it tore through the wings of their airplanes, fought it out alone, with death certain for one or both of the combatants, and did not yield an inch in the presence of that almost certain death.

So I take no laurel from the brow of any soldiers when I say that Germany's army was never beaten from the front. Germany was destroyed from the rear by sanctions—by sanctions, for we had cut off her commerce. We had cut off her provisions. We had cut off her supplies, and at last the specter hand of starvation was laid upon the heart of Germany, and the great German heart ceased to beat with the courage of battle.

So the South was conquered—not because the southern armies were beaten, but because the southern armies could not fight for lack of supplies and munitions and because their fields were barren and their cupboards were empty. The mighty Lee pulled down the stars and bars of the Confederacy and yielded his sword to the equally gallant Grant.

Sanctions are war's eternal hell in its most horrible aspects. Sanctions are starvation for babes sucking the dry breasts of mothers that have no food. Sanctions are the staggering bodies of men and women who no longer can walk, but who creep and crawl in the dust, eat vermin, and then die. Sanctions mean poison gas poured from the air upon the cities of the earth. Sanctions are fire and sword; and the World Court is created by a combination of nations that propose fire and sword and starvation for all who oppose their imperious will. Men would take America across the ocean and place her into that conspiracy and make her responsible to that jurisdiction. I say it is un-American; I say it is a repudiation of every line of history we have written; I say it is disloyalty; and if that does not please you, gentlemen, make the most of it.

You are pledged to Miss Lape, who represents Mr. Bok, who represents some money. Pledged! You owe a higher pledge than that. You owe a pledge that came to your veins when your mother gave you birth—a pledge to protect your native land. You owe a pledge to the Constitution of the United States, and you swore you would keep that pledge. You do not keep it if you fail to defend your country.

Ah, some day there will be an hour of reckoning. Some day the American people will have a chance to speak again, as they have twice spoken. They may be betrayed by a man in the White House, whom they elected believing he would keep us free from the entanglements of Europe, but some day, and not long hence, the people will have a chance again to speak. I think I know the heart of America, although I do not pretend to speak with many tongues, as do some of my friends; but deep down in the heart of America is the fire of national love; upon the altars of this country fires are still burning, and the incense that rises from them is the unalloyed incense of American patriotism. But I proceed with Mr. Benes:

In order to make the system complete we have embodied in the protocol provisions concerning special treaties as a means of carrying out obligations resulting from the covenant and as an addition to the general guaranties provided for in the protocol. From this point of view, separate treaties are embodied in our system as a species of military preparation similar to the economic and financial preparations provided for in the protocol.

Let me read that again. Somebody may have missed it.

From this point of view, separate treaties are embodied in our system as a species of military preparation similar to the economic and financial preparations provided for in the protocol.

Mr. Benes continues:

As you will observe, the scheme of sanctions constitutes a complete and comprehensive system of security; it unquestionably offers guaranties to that end, which are, I repeat, fully sufficient in themselves if the rest of the system works smoothly and regularly.

We have created a juggernaut now, and if its joints and hinges only work smoothly we have the world beneath its brutal wheels.

Mr. Benes proceeds further. He wears no mask; he has no soft and gentle voice. He is not trying to decoy us into something. He talks business. If he were here on this floor, he would confess the advocates of this World Court out of countenance in five minutes, because he says what they mean. The

advocates of the World Court say what they do not mean or what the World Court does not mean. I will not accuse any of them of bad faith. There is always a question of understanding. Some people can understand and some can not, but it is our business to understand.

We have still to consider—

Says Mr. Benes—

a fourth group of questions. The definition and determination of the aggressor is so difficult a problem that special methods have had to be evolved in order to facilitate the fixing of responsibility for aggression. Three special methods have been taken into consideration, namely:

1. The establishment of demilitarized zones, the violation of which can readily be determined, and will, therefore, be regarded as equivalent to an act of aggression.

2. The adoption by the council of so-called provisional measures, such as orders to withdraw troops, to declare an armistice, to stop movements of troops, and so on. In this way it will be relatively easy for the council to determine the aggressor.

Let us see. For some reason we find it necessary to invade Mexico. The council proceeds then to sit on our case. Although we are not a member, I shall show you later on that that does not make any difference. The council orders us to withdraw our troops from Mexico. What do you think we will do if we have a red-blooded President? What do you think Theodore Roosevelt would have done under such circumstances? What do you think Grover Cleveland would have done under such circumstances? God knows what an anemic pacifist might do, but I know what an American would do. He would issue a call to arms, and he would tell Europe, Asia, and Africa—the blacks and the browns, and the yellows of the earth, the Christians, the Turks, and the infidels, the fire worshipers, and ancestor worshipers who make up the League of Nations—that we would stand along our seagirt shores and redden all its tides with the blood of any foe that dare set foot upon our soil. If we ever cease to be of that caliber and character, then all our ancestors fought for is gone; all the heroic qualities of men are dead, and we would better resign and turn the arms over to the women, for the women would stand and fight in such a cause as that. Order us to stop!

3. The provision of means for keeping a watch on preparation for war.

So I suppose they will be sending over a few spies to watch us and see what we are doing, for, mark you, Mr. President, we must not consider this proposition from the standpoint of what we are going to do to them; let us think a little bit about what they are going to do to us, and remember that he who thinks that all the world, especially its governments, loves the United States would better revise his opinion. We are just as popular over there now as creditors are in the eyes of dishonest debtors to whom money is loaned. A dishonest debtor always hates the man to whom he owes the money, and several foreign governments are dishonest debtors.

3. The provision of means for keeping a watch on preparation for war. Certain provisions of the protocol are aimed not only at definite acts of aggression but also at threats of aggression.

Why, we would not dare to build a powder factory in this country without the right of these gentlemen—the asserted right—to interfere, and if the League of Nations advocates had had their way we would have signed a contract to that effect.

In such cases the council can bring into play the system of provisional measures accompanied by inquiries and investigations, and we shall thereby obtain sufficient security against states guilty of bad faith.

In addition—

Says Mr. Benes—

to these three questions concerning the aggressor, there is a fourth, namely, the punishment of the aggressor.

That is what France is trying to do to Germany now. Perhaps Germany needs some punishment, but I do not want the United States ever to help set up a power to punish us.

The penalties provided for in the protocol do not include annexation of the aggressor's territory or curtailment of his political independence. He will be required to make economic and financial reparation up to the extreme limit of his capacity, not excluding measures of all kinds which will provide guaranties against further aggression.

They used to take hostages, you know, of the sons and daughters of the royal family or the principal people. Just what they are going to do here I do not know, but evidently Brother Benes has some scheme up his sleeve.

Then he states:

I have still to deal with the last fundamental question in the protocol, the reduction of armaments. * * *

It will also be brought about by the fact that the state attacked can rely upon receiving economic and financial aid from all the signatory states.

Nevertheless, in the case of states which, owing to their geographical situations, are particularly exposed to acts of aggression, the dangers of a sudden attack are so great that they will not be able to base their scheme for the reduction of armaments solely upon these two political and economic factors.

What? After you have established this League of Nations and put down war for all time, after you have introduced the millennium, after you have brought about that day that my friend from Alabama [Mr. HEFLIN] on yesterday referred to, that day when the little child shall lead them—after all the glories of that holy day, when there shall be songs upon the lips of all men, and when we shall have beaten our swords into plowshares and our spears into pruning hooks—after all that has been accomplished by this league and this court, says Brother Benes—

Nevertheless, in the case of states which, owing to their geographical situations, are particularly exposed to acts of aggression, the dangers of a sudden attack are so great that they will not be able to base their scheme for the reduction of armaments solely upon these two political and economic factors.

They still have to be ready to fight, the danger is so great; and what does that mean? It means that when they get this international army and requisition our troops, they will be located in France; or, if the German balance should have risen, and they should have obtained—as they may any day obtain—great influence in this league government, then perhaps they will be located in Germany; but, anyway, they will be somewhere near the spot where the battle is to break out.

You talk about keeping us out of war, and you want us to go into a combination that proposes to police the earth, and have us send our troops over to the exposed points and keep them there, and that is the way you are keeping America out of war—by thrusting her into all the conflicts of the world! That is the ridiculous thing that is said upon the floor of the Senate of the United States by men who can not sit and listen to an argument on the subject, but who will go home and tell their people: "Oh, well, it did not mean anything at all."

You told us, when you tried to put us in the League of Nations, that none of the things that Mr. Benes here is accomplishing would be done. You told us then that it was as harmless as the milk that is doled out in drops to an infant; that it would not hurt us at all; that there would be nothing done. You told us there was to be no international army. You swore it by all the gods of high Olympus and all the other gods upon this floor. You said that this league did not pretend to any real jurisdiction; yet you find Mr. Benes's trumpet call summoning the nations to produce their men and guns, and every nation in the league accepted it except Great Britain, and Great Britain said she wanted to look further into it. She may sign it to-morrow. She will if British interests demand it. She will not upon any such idiotic doctrine as we teach, that we are responsible for the world.

We are not responsible for the world. We did not make the world. God made the world. God is responsible for the world, and the creatures that live in it are responsible for their own conduct. We are responsible to this Nation, to protect her and protect her sons and daughters from every danger we can; and that we do not do when we thrust America into all the wars of the world.

Then Mr. Benes says:

In conclusion, gentlemen, let me say this: The fifth assembly has taken in hand a great work, fraught with incalculable consequences and well-nigh limitless hopes.

That is a correct statement. It is fraught with incalculable consequences.

It has at a stroke assumed the task of rendering war absolutely impossible.

How? By preparing a force so great that it can crush any nation daring to assert its rights. It is the old philosophy of the Irishman who said he was going to have peace if he had to fight for it. That is all there is to it.

It has at a stroke assumed the task of rendering war absolutely impossible. In order to attain this end, it was necessary to create a system of pacific settlement for all the disputes which can possibly arise.

That does not mean the disputes of the members of the league; it means the disputes of the world, as the league covenant proclaims.

In other words, we have endeavored to create a system of arbitration such that no international dispute, whether juridical or political, can possibly lie outside its compass.

We have endeavored to create a system of arbitration such that no international dispute, *whether juridical or political*, can possibly lie outside its compass!

Yet Senators here say that the World Court is not to have jurisdiction of any national policy? Here, however, is one of the moving spirits in the league trying to extend the power of the league, and nearly succeeding. That league creates the court; that league can extend its jurisdiction; and if it does, and we are in, what are we going to do about it?

You say, "Get out." Well, why not stay out, and then you will not have to get out?

But the scheme—

Says Mr. Benes—

must necessarily be complete in every part and must be applicable to every type of question.

And, of course, that is the truth. An international justice-of-the-peace court without even a constable would not be a good international joke. It would be only the object of contempt everywhere.

But the scheme must necessarily be complete in every part and must be applicable to every type of question. A single loophole, a single door of escape, and the whole structure is threatened with ruin.

Do you say that going into a court created by gentlemen with ideas like that is a safe proposition? And did not your advocates of the league, those of you who are here, say that such things as this never would be attempted by the league? Did you not all go back and tell your people so? Yet the league has attempted it. The league has asserted these powers, and then has come within one vote, which may be given at any minute, of the creation of the armed force that Mr. Benes pleads for; but you all said that that never would be. If I had time, I would read all of your speeches back to you now. I do not know but that I will before this debate is over.

For the same reasons we have endeavored to make good the deficiencies of the covenant and to define the sanctions—

The means of making war; the means of making levies of troops; the means of getting the cannon and the shot and the shell and the powder and the poison gas.

For the same reasons we have endeavored to make good the deficiencies of the covenant and to define the sanctions so precisely as to allow no possibility of evasion and to give a sense of definite and absolute security.

No possibility of evasion of the obligation to produce the troops, as I have already shown by the language of Mr. Benes.

It is hard for us to-day—

Says Mr. Benes—

to say positively whether the system we have established is really as water-tight and complete as it should be. Already we hear critics expressing their doubts. If the protocol once comes into force we shall soon learn by practical experience whether we have succeeded. * * *

Like many of my colleagues—

Said Mr. Benes—

I have taken part from the outset in the work of the League of Nations at Geneva—

He has been one of its architects—

and I can assure you that never before has the assembly been animated by such sentiments as it has this year. Never before has the spirit of international solidarity and true humanity permeated our work so profoundly as during the last five weeks.

"Never before has the spirit of international solidarity and true humanity permeated our work so profoundly as during the last five weeks." In other words, they are getting their international state formed. They are striking down the independent rights of nations. They are getting a sentiment over there almost like the sentiment that is sometimes manifested in this Chamber—that we owe duties to other countries greater than we owe to our own.

Internationalism, a serpent born in the caves of Europe and Asia where anarchists and "reds" met to conspire; a serpent whose offspring twined their slimy folds about the Government of Russia until over there they have come to believe, according to their enemies at least, in the doctrine of internationalism; a serpent that has crept and crawled out among the nations of the world and distilled its poison in their blood so that there is scarcely one of them where the people can really be trusted; a serpent that sunk its fangs into the flesh of the soldiers of Italy so that they threw down their arms and broke the British battle line at a crucial hour in the Great War; a doctrine which, if ever it obtains, will destroy that mighty fabric of liberty which we wove in this country for our own people and for their posterity.

I read that last sentence again:

Never before has the spirit of international solidarity and true humanity permeated our work so profoundly as during the last five weeks.

"Accordingly, we are prepared to exterminate with fire and sword all who oppose us!"

Of course, Benes did not say that last, but that is what the whole scheme means.

Oh, my fellow Senators, regardless of positions that have been taken in the past, regardless of dreams that have been dreamed, is it not time we awakened from our dreams when this loud knocking of the enemy upon our doors is heard? Is it not time we should shake off our lethargy and stand for America's rights and tell the world that they will be defended to the last drop of blood, and that we will suffer no interference with those rights by a single nation or by a combination of nations known as the league?

Mr. Benes concluded:

I am sure you will pardon me, however, if, as the representative of a small country, I venture to refer more particularly to the invaluable work done by the delegates of France, the British Empire, Italy, and Japan. I say this because I desire to recall now, when we have completed our work, what was said in this assembly during the memorable discussions of the first week, that the peace of the world largely depends on the situation of the small nations, and that the small nations will not be safe until the great powers can insure the operation of a system of compulsory arbitration and sanctions.

So this man, speaking for a nation that had but recent existence, for a people who could not in the past maintain their rights, a people whose chains were broken by the force of our arms and the arms of Britain and of France, unhesitatingly would set up a world power if in that world power he could get some measure of protection beneficial to his own small and precariously situated state. Yet this man is the leading spirit in the League of Nations to-day. He and de Bustamente, who represents that great empire known as Cuba, are the men to decide the fate of America!

Mr. President, I am unable to conclude my remarks at this time, and I shall yield the floor to one of my colleagues. I intend to pursue this theme as soon as my other engagements will permit me to return to the Chamber.

Mr. REED of Missouri subsequently said:

Mr. President, I am sorry the distinguished Senator from Montana is not in the Chamber, and I would wait until he arrived, but I am obliged to leave. This morning we had a colloquy, in which he challenged my statement that the money of Mr. Carnegie's estate was back of this movement, and specifically said that Mr. James Brown Scott, of the Carnegie Foundation, was against it.

I hold in my hand the official record of the league, entitled "Permanent Court of International Justice Advisory Committee of Jurists—Proceedings," covering the period from June 16 to July 24, 1920. There had been created a committee of jurists to devise the statute and protocol of the league. That committee consisted of M. Adatci, M. Altamira, M. Bevilaqua, Baron Descamps, M. Hagerup, M. Albert de Lapradelle, Doctor Loder, Lord Phillimore, M. Arturo Ricci-Busatti, and Mr. Elihu Root, former Secretary of State of the United States. I read:

M. Raoul Fernandes, former Brazilian delegate to the Paris conference, was present at the meetings of the committee, at first in a consultative capacity, as adviser to M. Bevilaqua, who was prevented from attending; but in the course of the committee's work he was appointed a member of the committee to replace the latter. *Dr. James Brown Scott was present at the meetings as legal adviser to Mr. Root.*

That will be found on the second page of the book. So it appears that Mr. James Brown Scott was there advising Elihu Root as to what the law was under which the statute of the league of the court was being devised. I think that is a reasonable answer to the criticism of this morning.

Now, Mr. President, before I leave the Chamber let me again say that every man who is opposed to America entering the league court is anxious to be understood as not standing

here for the purpose of keeping the tax bill from being acted upon; that we are ready to cooperate in bringing that bill before the Senate, but that we do not intend to cut off proper debate upon the World Court. However, we are willing to postpone it until the distinguished Senator from Utah [Mr. SMOOT] has had the opportunity to relieve our people of the burdens of taxation.

Mr. MOSES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bingham	Gooding	Means	Sheppard
Blease	Hale	Metcalf	Shipstead
Borah	Harreld	Moses	Simmons
Bratton	Harris	Neely	Smith
Brookhart	Harrison	Norbeck	Smoot
Bruce	Heflin	Norris	Stephens
Cameron	Howell	Nye	Swanson
Capper	Johnson	Oddie	Trammell
Caraway	Jones, N. Mex.	Overman	Tyson
Copeland	Jones, Wash.	Pepper	Wadsworth
Curtis	Kendrick	Phipps	Walsh
Dale	Keyes	Pine	Warren
Deneen	King	Ransdell	Watson
Edge	La Follette	Reed, Mo.	Weller
Fernald	Lenroot	Reed, Pa.	Wheeler
Ferris	McKellar	Robinson, Ark.	Williams
Frazier	McMaster	Robinson, Ind.	Willis
George	McNary	Sackett	
Goff	Mayfield	Schall	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, there is a quorum present.

Mr. HARRELD obtained the floor.

Mr. CURTIS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Kansas?

Mr. HARRELD. I yield.

Mr. CURTIS. I ask unanimous consent that when the Senate concludes its business to-day it shall take a recess until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HEFLIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Alabama?

Mr. HARRELD. I yield.

Mr. HEFLIN. Mr. President, I received last night a telegram from Doctor Staveley, of Alabama, president of the Birmingham Southern University, for himself and 49 other members of the faculty and 900 students. He urged the adoption of the resolution of adherence to the World Court before we take the tax bill up for consideration.

I think the Senate has reached the time when it should act upon the World Court. No one can deny that all Senators have had plenty of time in which to discuss the question. They have had since December 1 to discuss it. They permitted days and days to go by without mentioning it at all. It has been pending for three years, as was suggested yesterday, I believe, by the Senator from Wisconsin [Mr. LENROOT], and we know now about how Senators are going to vote. What sense is there in continuing the discussion day after day and thrashing out the same things over and over again when we have a great deal to do at this session of Congress? We have some very important measures awaiting our attention, and the World Court measure ought to be disposed of, and I, for one, am ready to join with other Senators in taking action to dispose of it.

We have all the rules that we need now to enable us to obtain a vote without amending the rules, as the Vice President has suggested. We have a rule by which 16 Senators can sign a request to submit a proposition to the Senate as to whether debate shall be closed or not; and if two-thirds of the Senators vote to close it, we do so, and even then we do not shut off debate entirely. Each Senator, after that action has been taken, will have one hour in which to discuss the proposition if he wants to do so. It is a very fair rule. I am not in favor of such a drastic rule as suggested by the Vice President; but I am in favor of this particular rule, and it is sufficient. I want the country to know and I want the Vice President to know that we can act in this body under the rules we have.

I have seen, as I have said before, some footmarks of a filibuster against the World Court in this Chamber. Every now and then the point of "no quorum" is made by opponents of the World Court and time is killed and debate drags on. Senators are engaged in committee rooms trying to get legislation ready for this body to act on, and nothing is being accomplished by this long drawn-out debate, and still we have a few more days to devote to it. Let Senators get right down to work, those who want to discuss the proposition, and discuss it, and see if we can not get some agreement as to when we can vote. If we can not reach such an agreement, I am in favor of attempting to bring about some action looking to an early vote.

Mr. LENROOT. Mr. President, I ask unanimous consent to have printed in the RECORD certain action taken by the executive and administrative committees of the Federal Council of the Churches of Christ in America and resolutions passed by the ecclesiastical and other bodies, contained in a memorial to the United States Senate concerning American membership in the Permanent Court of International Justice from the constituent bodies of the Federal Council of the Churches of Christ in America and other bodies, issued in January, 1924.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The memorial is as follows:

A MEMORIAL TO THE UNITED STATES SENATE CONCERNING AMERICAN MEMBERSHIP IN THE PERMANENT COURT OF INTERNATIONAL JUSTICE FROM THE CONSTITUENT BODIES OF THE FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA AND OTHER BODIES, JANUARY, 1924

(Commission on International Justice and Goodwill of the Federal Council of the Churches of Christ in America, 105 East Twenty-second Street, New York City)

ACTIONS TAKEN BY THE EXECUTIVE AND ADMINISTRATIVE COMMITTEES OF THE FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA

December, 1921

We believe in international law and in the universal use of international courts of justice and boards of arbitration.

May, 1922

The Federal Council of the Churches of Christ in America sees in the Permanent Court of International Justice not only the fruition and consummation of many decades of American discussions, plans, and desires for international peace through justice based on law, but also the promise of a larger and truer righteousness and justice among the nations, a step forward in the establishment of the Kingdom of God among men. It believes this court will promote the development of a well-considered body of international law and the substitution of reason, justice, mutual good will, and universal law in place of the crude and savage methods of war, or threats of war, in maintaining even legitimate and vital national interests.

Resolved, That this administrative committee of the Federal Council of the Churches of Christ in America, expressing the repeated action of our constituent bodies in behalf of this method of settling international disputes, earnestly requests President Harding, Secretary of State Hughes, and the Senate to take into consideration the importance of such action as may be necessary to enable the United States to become a party to and supporter of the Permanent Court of International Justice.

May, 1923

The Christian forces of this land for many years have advocated the settlement of international disputes by courts of arbitration rather than by resort to force. Indeed, to them belongs no small responsibility for the leadership taken by the United States in behalf of such a program before the World War, and since 1918 denomination after denomination has officially requested the leaders of our Government to take such steps as will lead us to active participation in the new Permanent Court of International Justice.

A day of great decision for our country and the world has now arrived, a day long sought by the Christian people of our land. There will be strong forces at work opposing the action recommended by the President. Some will conjure up dangers to frighten doubtful minds. Others may oppose it because it does not go all the way in outlawing war. Although this is true, the establishment of the court is a most important practical step in this direction. Surely we should not hesitate to take the first step because it is not a complete solution all at once. Concerted, vigorous, and continuous effort in support of the court is imperative on the part of all who see in the principle of the supremacy of law the only hope for the nations.

RESOLUTIONS PASSED BY ECCLESIASTICAL AND OTHER BODIES

NORTHERN BAPTIST CONVENTION

Whereas under the Providence of God the nations of the earth have become so vitally interrelated that no single nation can longer hold itself aloof in selfish isolation without guilt: Therefore be it

Resolved, That we urge the administration at Washington to effect such international agreement as shall enable us to put the strength of our wisdom and experience at the service of humanity and enable us to carry out our share of the world's burden through an association of nations and an international court, and that we express our approval of the efforts thus far made by President Harding to this end.

CENTRAL CHRISTIAN CONVENTION

The Central Christian Convention of the Christian Church, representing a constituency in Pennsylvania, Ohio, Kentucky, Indiana, Illinois, Wisconsin, and Michigan of 50,000 members, in convention assem-

bled November 7, 1923, unanimously voted that it recognizes and indorses the Christian principles embodied in the Permanent Court of International Justice.

NATIONAL COUNCIL OF CONGREGATIONAL CHURCHES

Resolved, That it is the sense of the National Council of Congregational Churches that our Nation should arise above all political partisanship in its international relationships; and that the world situation demands that America proceed at once to enter into the World Court, which was urged upon the people as a present opportunity and duty by President Harding in his last journey.

INTERNATIONAL CONVENTION OF DISCIPLES OF CHRIST

Realizing the terrible sufferings and hardships of war, the awful sin of taking the lives of our fellow men, and desiring to encourage every effort that looks toward world peace, and believing in the general principles of the World Court of Justice, and agreeing with our lamented President Harding in his speech in Salt Lake City when he said, "The court will not abolish war, but it is the longest and most practical step in that direction taken thus far in the history of the world," and again in his final address released August 2, "The big thing is the firm establishment of the court and our cordial adherence thereto; all else is mere detail": Therefore be it

Resolved, That we look with favor on the entrance of the United States into this World Court of Justice and we urge the members of the Senate of the United States to give careful and favorable consideration to this very vital subject.

PRIMITIVE METHODIST CHURCH—GENERAL COMMITTEE OF THE EASTERN CONFERENCE

Resolved, That we most heartily indorse the proposal of the late President Harding and indorsed by President Coolidge that the United States enter the World Court of International Justice and express the hope that the coming Congress will adopt the proposal without material alterations or amendments, and that our people write or wire their Congressmen urging them to support this measure.

PRESBYTERIAN CHURCH IN THE UNITED STATES OF AMERICA—GENERAL ASSEMBLY

That this assembly records its sympathy with the recommendation of the President of the United States that we enter the World Court and regards such entrance as a most important step toward world peace, and further that the general assembly earnestly hopes for the entry of our Nation into closer relation with the other nations, realizing that only so may we bear our part as a Christian Nation in bringing and maintaining world peace.

METHODIST EPISCOPAL CHURCH—BOARD OF BISHOPS

The board of bishops of the Methodist Episcopal Church in their semiannual meeting at Brooklyn, N. Y., extend greetings and best wishes to the Hon. Calvin Coolidge, President of the United States, and pray that he may be divinely guided and sustained in the great responsibilities of his high office. We pledge to him our support and express our appreciation of his vigorous policy of law enforcement and his endeavors looking toward the promotion of good understandings among the nations of the world through the medium of the World Court and by all other means looking toward those desired ends.

PROTESTANT EPISCOPAL CHURCH—HOUSE OF BISHOPS

Resolved, That the house of bishops of the Protestant Episcopal Church in special session in the city of Dallas, Tex., would express intense interest in the petition presented by the Secretary of State in in his strong, wise plan for a world court of justice to settle many of the problems causing unrest and mistrust of nation against nation.

Therefore we, the bishops assembled, wish to express our earnest hope that the Government of the United States will follow the lead of the Secretary of State, believing that the United States should enter this World Court of Justice and bear her part in stabilizing the conditions of the world and using her influence to avoid war and promote peace.

UNITED PRESBYTERIAN CHURCH OF NORTH AMERICA—GENERAL ASSEMBLY

That we indorse the proposal of the President and the Secretary of State that the United States associate itself definitely with the Permanent Court of International Justice established at The Hague.

AMERICAN UNITARIAN ASSOCIATION

Believing that the economic and the moral interests of the United States are inseparably bound up with the welfare of the world, and that America's favored position imposes a corresponding duty; and

Believing that organization to promote international understanding and cooperation is the most effective way to abolish war in the future and thereby save civilization from collapse;

We therefore approve most heartily the proposal of President Harding that the United States give its support to the Permanent Court of International Justice and urge the speedy advice and consent of the Senate to that proposal.

GENERAL CONFERENCE OF UNITARIAN AND OTHER CHRISTIAN CHURCHES

Holding that the ideals of peace and the establishment of law and order can be promoted by the participation of all nations in the Permanent Court of International Justice, the general conference of Unitarian and other Christian churches assembled at New Haven, Conn., urges that full support be given our Government in its efforts to establish right international relations by joining and actively supporting the World Court.

UNIVERSALIST GENERAL CONVENTION

Whereas war is a denial of the basic principles of the fatherhood of God and the brotherhood of man and is the cause of terrific destruction in both material and spiritual values and has reached such a stage of development that it threatens the existence of civilization; therefore be it

Resolved, That this convention place itself unequivocally on the side of every effort toward causing war to be recognized as a crime in international law and a violation of the Christian religion; and further be it

Resolved, That this convention urge every member of the Universalist Church to study the causes of war and to search for the means by which it may be eliminated; and still further be it

Resolved, That this convention request the Senate of the United States to take steps looking to the entrance of this country into the World Court.

WORLD'S SUNDAY-SCHOOL ASSOCIATION

The executive committee of the World's Sunday School Association, representing millions of children all over the world, realizing the awful misery of war as pressing upon childhood, earnestly and respectfully asks you to urge upon the Congress the entrance of the United States into the plan for a world court.

We believe that such membership would not embarrass our land in independent judgment, but that it would certainly bring unmeasured help to the work amongst the childhood of the world, to which we have consecrated our strength in the name of Him who loved and blessed little children when on earth.

NATIONAL BOARD OF THE YOUNG WOMEN'S CHRISTIAN ASSOCIATION

Resolved, That the national board indorse the principle of the participation by the United States in the Permanent Court of International Justice.

WORLD ALLIANCE FOR INTERNATIONAL FRIENDSHIP THROUGH THE CHURCHES

We demand * * * that the Senate of the United States take immediate steps to make our Nation a signatory power to the court of international justice. We respectfully petition the President of the United States to continue the crusade begun by our lamented President Harding to this great end. We believe that to stand outside the court violates our whole American tradition. We believe it also violates the will of the American people.

The United States Senate is urgently requested to instruct its Committee on Foreign Relations to report promptly upon the Harding recommendation for participation in the Permanent Court of International Justice.

NATIONAL WOMEN'S CHRISTIAN TEMPERANCE UNION

We believe that the United States should in concert with other nations work for the confirmation of an enduring peace and the stabilization of the life of the world. We declare the policy of isolation to be selfish and un-Christian and heartily favor entrance into the World Court.

Mr. HARRELD. Mr. President, before beginning my discussion of the question of the league court I want to say something on the question of filibusters. I am not a party to any filibuster. I have been a Member of this body now for five years. I have seen filibusters take place. There are two kinds of filibusters. There are filibusters that have for their purpose the prevention of a vote on a pending question. Usually they come at the end of a session. There are other filibusters which have for their purpose the prevention of an immature vote upon questions that are pending before the Senate. I want to say to Senators that a filibuster to prevent an immature vote is very frequently not reprehensible in any sense of the word.

If anything has been said or done here during the consideration of the World Court that smacks of a filibuster, it has been said and done by those who want to prevent an immature vote upon this question. I think they were within their rights when they took that position. The people who formed our Constitution and created this body expected it to be one body where there should be open discussion, one body where, when a judgment was rendered, it should be the mature judgment of the membership of the body. I want to say further, and in thunder tones, that I think it is just as reprehensible for a brutal majority to force a vote in this

body before we have had time for mature discussion as it is for others to try to prevent a vote by a filibuster.

Mr. President, it is not my intention to make an abstruse legal argument upon the question of our adhering to the proposed Permanent Court of International Justice of the League of Nations, as it is referred to in article 415 of the so-called treaty of peace with Germany, including the league covenant. It will hereafter be referred to as the league World Court or the World Court. It is my purpose only to give the reasons for the votes I propose to cast on the resolution of adherence and the various amendments and reservations offered thereto.

I was an ardent advocate of a world court long before the League of Nations was proposed. I was a bitter opponent of our becoming a member of the League of Nations. I was elected to the House of Representatives of the Congress in 1919 upon an antileague platform and to the Senate in 1920 on the same platform. I am more convinced now than ever that the League of Nations is not for us, though it may be all right for Europe. When the league World Court proposal was first put forward by President Harding and afterwards by President Coolidge, supported by such an array of eminent statesmen as now advocate it, I made up my mind that I would keep an open mind upon the sufficiency of the proposed reservations until I could hear the discussions here and study the question for myself. I have read much of the propaganda in favor of the court and listened with interest to the debate. I must confess it has not served to convince me that we should adhere; neither has it removed the fears that I know are entertained by several Senators who are going to vote in favor of adherence largely because the Republican convention at Cleveland adopted a platform containing a pledge of adherence, with the Coolidge reservations, and for no other reason. My loyalty to my party is also strong, but not so strong as my conscience, and in this case I have decided to vote my conscientious convictions.

I was a member of the committee on resolutions at the Cleveland convention. I opposed the plank-pledging adherence, because I felt that the platform pledge of 1920 to keep out of the League of Nations, which had been indorsed by the voters of the Nation, was mandatory. I still think so. It is more binding upon my conscience than the platform pledge of 1924, which nullifies that of 1920. I therefore have no scruples from a party standpoint, especially since I openly announced before the resolutions committee at the time that I would feel more bound by the platform of 1920 than that of 1924 on this point, and reserved the right to vote as I pleased when it came here for action.

Now for a few of the reasons why I can not bring myself to support the resolution of adherence. I have always felt that the League of Nations as constituted is a supergovernmental agency to which all component nations surrender some part of their sovereignty, their governmental functions. If it is not that, it is nothing. The court is a part of this governing body and can not be differentiated from it; the judges are chosen by the council and assembly of the league; if the league should fall, the court will fall. Its judges will always be chosen—that is, a majority of them—from countries and nations not in accord with our institutions, our aspirations, or our concepts politically. They will be the product of a civilization of which we are not a part. It will not be such a court as that to which we can safely submit our questions of national import with that assurance of fair dealing that we should feel toward a court before which we bend the suppliant knee. A court to which we are not willing to submit all is not worthy of our support.

I take the position, first, that the League of Nations is bad for the United States; second, that joining the league's court leads us into the League of Nations; third, that the World Court is therefore bad for the United States. In discussing this question I shall necessarily be compelled to consider the League of Nations and the court in connection with each other. The court and the council of the league are so closely connected, first, in their rules of procedure; second, in their derivation of authority; third, in their common inspirations and purposes; that they, in my judgment, are practically one and the same; that they are simply component parts of a newly established governmental agency, having a common purpose and using common methods to bring about that purpose. Without the league connection the court is of no value to the league. With this connection it is to be avoided by the United States, unless we have changed our minds as a nation and want to join the league. It is the legal advisor of the court; and if we adhere, we shall be compelled to take our legal advice from the employed counsel of our adversary, the league.

The League of Nations, like all governmental agencies, will seek to draw unto itself more and more power and the court, with its international law-making power, will be a powerful agency in adding to its power and influence. The recent Mosul decision demonstrates that fact. When I was campaigning against the League of Nations in 1920, I argued that if we became a member of the league we would have no voice in determining any question coming before the council where we were a party in interest. The advocates gave me the "horse laugh" and pointed out that all decisions of the council must be unanimous and that we could thus prevent unanimity of action. In the Mosul case, the court held that Turkey and England had no vote and that unanimity meant a decision reached without the votes of the interested parties. Granting for the sake of argument the court to be right in that decision, it gives us a glimpse of the situation which would have confronted us if we had joined the league. It also shows that the court may be counted upon to render such decisions as are necessary to enlarge the powers of the League of Nations. It should make us doubly glad that we are well out of the league. One thing is certain; namely, that if Turkey had not played with the League of Nations, as we are asked to do, it would still have a valid claim to Mosul. Because it did play with the league it has lost Mosul, and if we continue to play with the league, or its creature the court, we may wake up to find that we, too, have lost a part of our sovereignty and a portion of our territory.

Is it such a court, for instance, that we would be willing to submit to it questions of our foreign policy, such as the Monroe doctrine, or our Philippine policy? If not, are we not hypocritical in joining it?

It is said that this court is no more the creature of the league than is our Supreme Court the creature of the President who appoints and the Senate which confirms the judges. Our Supreme Court is circumscribed by the Constitution. The league court is not so circumscribed, and therein lies one of our strongest reasons for not adhering. The judges of the league court for the most part are subjects of nations upon which are imposed no constitutional inhibitions and restrictions. The court will have power to create international law without let or hindrance. Can we afford to be bound by its decrees in the field of international law? In my judgment, our Constitution makers were wise when they provided that our Supreme Court should have power to construe treaties, and it is wise to leave that power there. Our Supreme Court judges are appointed for life, and in that fact possibly is found the reason why they are independent in the rendering of opinions from the influence of the appointing power. Not so with the judges of the league court, who hold for a time only and must look to the league for reappointment. This may or may not affect findings of the court when asked for an advisory opinion by the league council.

The Senator from Pennsylvania [Mr. PEPPER] has pointed out conclusively that any reservations we may adopt can not change the statute of the court. We may find out that the reservations we adopt are not, therefore, operative. The league court may hold that they are worthless. Where, then, would we be? The league court statute does not provide any way we may withdraw when once we adhere. No one disputes that the league itself is a political body. That is agreed. Naturally, then, the questions upon which the league council will want advisory opinions will be limited to political questions or questions of a political nature. Yet, as in the Mosul case, they are determinative by the court. Should we join a court which is thus empowered to determine political questions? Turkey had no suspicion that the court would take jurisdiction, over its protest, of a purely political question. Yet it did.

Mr. LENROOT. Mr. President——

The PRESIDING OFFICER (Mr. DALE in the chair). Does the Senator from Oklahoma yield to the Senator from Wisconsin?

Mr. HARRELD. I yield.

Mr. LENROOT. Would the Senator say that the court's action in the Mosul case determined a political question?

Mr. HARRELD. My position is that it was purely a political question.

Mr. LENROOT. Will not the Senator explain that?

Mr. HARRELD. It was a political question because territory was involved.

Mr. LENROOT. But the court did not assume to pass upon that question, did it?

Mr. HARRELD. Its decision, however, did pass on it.

Mr. LENROOT. No; it did not.

Mr. HARRELD. It had the result of passing on it.

Mr. LENROOT. No. It determined the construction of a treaty and nothing else, for nothing else was involved.

Mr. HARRELD. It was the basis though of the decision that was afterwards made by the council.

Mr. LENROOT. Not at all. The court expressly disclaimed expressing any opinion whatever upon the merits of the controversy.

Mr. HARRELD. That brings us right down to the point that the statute of the court does not define what is a political question—and what is not a political question—but the court itself is the only judge of what is a political question and what is not. That is one of the reasons why I am not in favor of going into this court.

Mr. LENROOT. May I ask the Senator another question?

Mr. HARRELD. Certainly.

Mr. LENROOT. Does the Senator know of any statute of the United States defining political and judicial questions in our own domestic affairs?

Mr. HARRELD. Our courts have no jurisdiction of anything except what the litigants may bring before them.

Mr. LENROOT. That is, of judicial questions. Our courts refuse to pass upon any political question, but we have no statute upon the subject.

Mr. HARRELD. Of course we have no statute upon the subject, but we are dealing here with something quite different from our own courts. We know what our own courts will do, but we do not know what this foreign court will do.

Mr. President, it may be assumed as a fact that all of America wants world peace. In 1923 there were 35 peace societies in America. Many wanted peace so badly that they were willing to go into the League of Nations under the impression that it would bring it, but not because they saw in it a perfect document, for it was admitted that it was not perfect, even by its strongest supporters. Even such a strong supporter as Irving Fisher says:

> It was the treaty which killed the league. Many of the objections and much of the ill-feeling in the Senate discussion and in the political campaign of 1920 were directed against the treaty—the reparations, the disposition of German colonies and Alsace-Lorraine, especially the turning over of so much to Great Britain, the fact that Fiume was not given to Italy nor Shantung to China. * * * Those who think the treaty of Versailles was wrong in many ways (and I am among them) can approve the league without being deterred by their disapproval of some of the treaty.

He attributes our failure to enter the League of Nations to the defects in the treaty of which the league covenant is a part. Of course, I do not agree with him in this, but the fact remains that if we become a member of the league court, as we are asked to do, we will ratify the defects in the treaty, because the court, as adviser of the league, has power to construe the terms of the league.

Peace is an American ideal, but not peace at any price—not a peace by the terms of which we must guarantee the iniquitous treaty provisions of the League of Nations. The League of Nations, by its peace terms, created boundaries between the various European countries, which have bred and will breed wars for centuries to come between the various nations of Europe, as instanced by the recent controversy over Fiume, Mosul, Shantung, and other territories. We can not afford to put ourselves in a position to defend the territorial integrity of the nations that were given by the terms of the League of Nations territory which belonged to others. The American people voiced their opposition to being put in a position to defend these monstrosities of the League of Nations by the Senate's refusal to ratify the treaty and by the vote of the people in the election of 1920. We who are of the opinion that the World Court just as effectively perpetuates these iniquities as does the league believe the court should also be repudiated.

Taking advantage of the strong sentiment in this country for peace and a league of nations or a world court which would perpetuate peace, the propaganda of the Internationalists has been of such a character as to impose upon the credulity of a peace-loving people to bring about our adherence to the court or to the league. I yield to no one in my advocacy of peace. I favor a world understanding or a world court into which we may enter with equal voice and with equal opportunity to bring about a peace of righteousness, as Roosevelt was wont to call it. We can not, however, enter a world court or a league of nations which is based upon the condition of things created by the League of Nations. Such a court or such a league would involve us in enforcing the iniquities of the league, which were not of our making. We can no more afford to become an accessory after the fact than we can afford to become an accessory before the fact. This applies as well to crimes against nations as it does to crimes against individuals.

To enter the League of Nations by way of the World Court door or otherwise makes us become the guarantor of the territorial integrity of the various nations of Europe as fixed by the League of Nations, and, therefore, is to be avoided. It was Theodore Roosevelt who voiced our true position in this behalf. He died six weeks before the first draft of the league covenant was made public. His arguments, therefore, were not directed at that instrument. They are of interest in that they show clearly what the American people expected the League of Nations to contain and to purport.

He said in 1915:

> In view of what has occurred in this war, surely the time ought to be ripe for the nations to consider a great world agreement among all the civilized military powers to back righteousness by force. Such an agreement would establish an efficient world league for the peace of righteousness. Such an agreement could limit the amount to be spent on armaments.
>
> World peace will not come save in some such manner as that whereby we obtain peace within the borders of each nation; that is, by the creation of reasonably impartial judges and by putting an efficient police power—that is, by putting force in efficient fashion—behind the decrees of the judges. At present each nation must, in the last resort, trust to its own strength if it is to preserve all that makes life worth living. At present this is imperative. This state of things can be abolished only when we put force, when we put the collective armed power of civilization behind some body which shall, with reasonable justice and equity, represent the collective determination of civilization to do what is right.

Looking forward and realizing that there was a possibility that the League of Nations might, in fixing boundaries, violate the territorial integrity of some nation, Mr. Roosevelt said:

> The nations should agree on certain rights that should not be questioned, such as their territorial integrity—

And I want Senators to bear in mind that this was said before the League of Nations had established the boundaries of Europe—

> * * * all should guarantee each of their number in the possession of these rights. All should agree that other matters at issue between any of them or between any of them and any one of a number of specified outside civilized nations should be submitted to the court as above constituted.

I agree with him in the expression quoted, except that I do not believe the time has come to enforce the judgments of such a court by force. That would be determined by a process of evolution when once a court were established; in the meantime we could depend upon public sentiment to enforce its just decrees.

Again he says, speaking of his proposed world league for the peace of righteousness:

> They would lay down the rule that the territorial integrity of each nation was inviolate; that it was to be guaranteed absolutely its sovereign rights in certain particulars.

That presupposes that the territorial integrity of each nation referred to is first settled beyond question. The League of Nations not only did not settle these questions of territorial integrity, but it violated them in many instances, thus making it impossible for us to guarantee such violations as we would do had we become a member of the league or should we now become involved in it through the league court or otherwise; and I assert that had Theodore Roosevelt lived he would have taken the exact position that I have taken here and would have opposed entry into the league and likewise entry into the league court.

Mr. HEFLIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Alabama?

Mr. HARRELD. For a question only.

Mr. HEFLIN. Is the Senator aware of the fact that Mr. Roosevelt favored a league or a world tribunal in 1910?

Mr. HARRELD. I have just said that he favored a league; but he took particular pains to say that the territorial integrity of every nation should be established first, and that is the point I am making.

Mr. HEFLIN. And he suggested using force, did he not, to carry out the decrees of such a body?

Mr. HARRELD. I have just said that I did not agree with him in that particular. The point I was making, or trying to make, was that he believed in a league of nations and a world court, but he took particular pains, in everything he said and each time he spoke, to say that the question of territorial integrity was a question that must not come before

this court and this league, and that those questions must be settled before the court was established.

Again, Mr. Roosevelt said in January, 1919, just before his death:

> Without question there is a general desire for some kind of international agreement or union or league which will tend to prevent the recurrence, or at least to minimize the scope and the horrors of such a hideous disaster to humanity as the World War. In common with most of my friends, I strongly share this feeling; indeed, the scheme which still seems to me most likely to prove feasible and beneficial in action is that which I gave in outline four years ago in the little volume called "America and the World War."
>
> Let us go into such a league. But let us weigh well what we promise; and then train ourselves in body and soul to keep our promises. Let us treat the formation of the league as an addition to, but in no sense as a substitute for, preparing our own strength for our own defense. And let us build a genuine internationalism; that is, a genuine and generous regard for the rights of others, on the only healthy basis—a sound and intense development of the broadest spirit of American nationalism.

It will be noted that he again indorsed the position he had taken four years before, just above quoted, with all it implies with regard to territorial integrity; and it will be noted further that he inveighs against the merging of our American nationalism into "genuine internationalism" which he proposes.

Again, three days before his death, he said:

> We all of us earnestly desire such a league, only we wish to be sure that it will help and not hinder the cause of world peace and justice.

In my judgment, to join the League of Nations or the World Court, which, to my mind, are one and the same thing, would do just what he admonishes us about; it would hinder and not help.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. HARRELD. I do.

Mr. McKELLAR. What was the date of that statement?

Mr. HARRELD. That was just three days before he died—January, 1919.

In this same article Mr. Roosevelt says further:

> Let us at the peace table see that real justice is done as among these allies, and that while the sternest reparation is demanded from our foes for such horrors as those committed in Belgium, northern France, Armenia, and the sinking of the *Lusitania*, nothing should be done in the spirit of mere vengeance. Then, let us agree to extend the privileges of the league, as rapidly as their conduct warrants it, to other nations, doubtless discriminating between those who would have a guiding part in the league and the weak nations who would be entitled to the privileges of membership but who would not be entitled to a guiding voice in the councils. Let each nation reserve to itself and for its own decision, and let it clearly set forth, questions which are nonjusticiable.

He evidently had in mind that such a league as he proposed would have judicial powers and recommends that there be clearly set forth those questions which are nonjusticiable. No such clarity appears in the League of Nations covenant or in the World Court statute, and we are asked to enter a court which decides for itself what questions are justiciable and what are nonjusticiable.

Referring again to the question of party regularity, it is insisted by some advocates of adherence that party loyalty should be the controlling motive when a Senator comes to deciding how he should vote on this question, which may affect the future welfare of the Nation.

I believe that a party platform should be kept when it does not conflict with the general welfare of the country. Party loyalty does not mean that one will stultify his conscience in carrying out every vagary put into a platform, often for the purpose of inducing groups of voters to support its candidates. In determining party loyalty, the rule to apply is: Does the individual, generally speaking, seek to carry out the well-defined policies of the party? In determining what is the well-defined policy of the Republican Party as to the League of Nations and the World Court, we must not only study the platform of 1924 but we must also consider the obligations the party assumed in the adoption of the platform of 1920. In fact, in my judgment, more weight should be given to the platform of 1920 where it conflicts with that of 1924, because it was one of the main issues in the campaign of 1920, and the Republicans of the Nation spoke in no uncertain terms. In the campaign of 1924 it was openly asserted and understood that it would not be made one of the main issues of the campaign. It was not stressed as one of the main issues in the campaign that fall, and there were leaders who openly said that the insertion of this plank in the platform of 1924 meant nothing except to consign this issue to oblivion. I differed from them then, and the fact that it is here to-day, embarrassing many who would like to vote against the World Court except for so-called party regularity, justifies my position taken at that time.

I believe I am safe in asserting that if adherence is voted when this matter comes to a vote in the Senate it will be because of the obligation which certain Senators feel was imposed upon them by this plank in the 1924 platform rather than upon the merits of the issue involved. As for me, I deem this issue of such vital importance to the Nation that I would not be true to myself if I did not seek to prevent the Nation from making this blunder, even though it does, in the judgment of some, conflict with the party platform.

The platform of 1920 contained this provision:

> Subject to a due regard for our international obligations, we should leave our country free to develop its civilization along lines most conducive to the happiness and welfare of its people and to cast its influence on the side of justice and right should occasion require.

Does that sound as though we were giving up any of our sovereignty to the League of Nations? De we not specifically reserve the right to determine, when "occasion requires," what action we shall take; and does it not negative any intention to give over to a world court or a league of nations the right to decide for us?

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma further yield to the Senator from Tennessee?

Mr. HARRELD. I do.

Mr. McKELLAR. The Senator was speaking of ex-President Roosevelt's views on the subject of the League of Nations. I desire to call the Senator's attention to the views of ex-President Roosevelt as expressed by him first in an article in the Outlook in 1915:

> All the civilized powers which are able and willing to furnish and to use force, when force is required to back up righteousness * * * should join together to create an international tribunal and to provide rules, in accordance with which that tribunal should act. These rules would have to accept the status quo at some given period, for the endeavor to redress all historical wrongs would throw us back into chaos. They would lay down the rule that the territorial integrity of each nation was inviolate; that it was to be guaranteed absolutely its sovereign rights in matters affecting its honor and vital interest. * * * All other matters that could arise between these nations should be settled by the international court. * * * Then, and most important, the nations should severally guarantee to use their entire military force, if necessary, against any nation which defied the decrees of the tribunal or which violated any of the rights which in the rules it was expressly stipulated should be reserved to the several nations, and rights to their territorial integrity, and the like.
>
> In addition to the contracting powers a certain number of outside nations should be named as entitled to the benefits of the court. These nations should be chosen from those which are as civilized and well behaved as the great contracting nations, but which, for some reason or other, were unwilling or unable to guarantee to help execute the decrees of the court by force.
>
> No power should be admitted into the first circle, that of the contracting powers, unless it was civilized, well behaved, and able to do its part in enforcing the decrees of the court.

And in the Lafayette day address—I do not know whether the Senator has read that or not——

Mr. HARRELD. Mr. President, I would rather the Senator would not read too much.

Mr. McKELLAR. Just a small amount. I know that the Senator does not want to misquote Mr. Roosevelt, now dead, for whom we all have the greatest respect and the highest admiration. This is taken from an address delivered a very short time before his death:

> In sum, then, I shall be delighted to support the movement for a league to enforce peace or for a league of nations, if it is developed as a supplement to and not a substitute for the preparation of our own strength, and the cultivation of the intense Americanism which will make us able to use that strength for ourselves and for the well-behaved peoples of the world.

I take it that those statements by the ex-President are quite at variance with those quoted by the Senator from Oklahoma a few moments ago.

Mr. HARRELD. Mr. President, I have already said that I did not agree with Mr. Roosevelt as to the use of force. I should like to ask the Senator from Tennessee if he agrees with him on that point?

Mr. McKELLAR. I think the plan we have is a very excellent plan as it is, and that no force will be necessary if all the nations agree to abide by the result given us by the international court.

Mr. HARRELD. Mr. President, the point I had in mind, and was trying to make in connection with the quotations from Mr. Roosevelt, was that every single utterance he made regarding the World Court, or a world league, was based on the fact that the questions of territorial integrity should be adjusted first. But along comes the League of Nations, three months after he dies, and does violence to the territorial integrity of almost every nation of the earth, and I say that if Mr. Roosevelt had lived he would not have stood for it. I say, further, that by going into this court we simply agree that we will stand for the monstrous raids that have been made upon the territorial integrity of the various states of Europe by the League of Nations.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. HARRELD. I yield to the Senator.

Mr. WILLIS I dislike to interrupt the Senator, but he stated a number of times, as I understood him—and I tried to listen carefully—that when we shall become a member of this court we thereby will become sponsor for the maintenance of the territorial boundaries and the political integrity of the various nations. Will the Senator explain how we become bound thereby and thereto? What is there in the statute that would bind us?

Mr. HARRELD. Does not the Senator admit that the court is the adviser of the council of the league, and does not the Senator admit that just recently a question affecting the territorial integrity of Turkey, the Mosul case, came before the league council, and did not the World Court take away from Turkey what she claimed? Can the Senator say we are not guaranteeing the territorial integrity established by the league?

Mr. WILLIS. Of course, the Senator admits that the council of the league may call upon the court for advisory opinions. There is no dispute about that whatever. What I am asking the Senator is this: If we shall become a member of the court under the pending resolution, with a reservation, what is there that will place upon the United States any obligation whatsoever to maintain the territorial boundaries or the political integrity of nations, when it is specifically stated that by entering the court we assume no obligation whatsoever under the treaty of Versailles?

Mr. HARRELD. The Senator and I differ in this particular: I say that when we become a member of the court we are in the league, and my whole speech is along the line of attempting to prove that. But I want to ask the Senator this question: The league council eventually will seek to carry out all the terms of the league, including the covenant, as well as treaties, will it not?

Mr. WILLIS. Probably so. I am not particularly interested in that, however. I am talking about the court, not about the league.

Mr. HARRELD. In doing so will it not call upon the court from time to time for advisory opinions as to what the terms of the league are, what the terms of the covenant are, what the terms of the treaty with Germany are, and what the terms of treaties with other nations are?

Mr. WILLIS. Very likely.

Mr. HARRELD. Does that not involve the question of these boundaries? Are they not set out in detail in every treaty that is made with every country in the league?

Mr. WILLIS. But how does the United States become thereby obligated, when we specifically state, in the instrument now pending before the Senate, that we assume no obligation whatsoever as to the terms of the treaty of Versailles? That specifically covers the objection which the Senator makes.

Mr. HARRELD. That is just where we differ. I say that we can not withdraw from an obligation by a declaration in the form of a reservation.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. HARRELD. I yield.

Mr. KING. The Senator made a statement a moment ago, which I am sure upon reflection he will want to modify, relating to the controversy over the boundary between the Kingdom of Iraq and the Vilayet of Mosul and the autocracy sometimes called the Republic of Turkey. If the Senator will pardon me for a moment, the situation with respect to that controversy briefly is as follows:

Several hundred years ago the Turks conquered Armenia and all of Mesopotamia, which was inhabited by Christians, by Arabs, and by Kurds. It also conquered Syria, Palestine, and Egypt, and the victorious Turks swept on into Europe, overcome Greece, destroyed the Byzantine Empire, conquered the territory now known as the Balkan States, and reached the gates of Vienna. It is asserted by some that if it had not been for the gallant and heroic Sobieski a large part of Europe would have passed under Moslem control.

When the World War was over the inhabitants of Syria, Palestine, and what is known as Iraq and Turkish Armenia, who had lived for a number of centuries under the cruel rule of the Turks, insisted, as they had insisted when some of them aided the Allies during the war, that they should have the right of political independence, and the treaty of Sevres, which was signed by Turkey, conceded independence to Armenia, promised autonomy to the Kurds, and promised sovereignty to the Arabs and Christians who inhabited what is known as the Kingdom of Iraq.

Subsequently Turkey repudiated the treaty of Sevres, and later marched to Constantinople and retook it. Then another treaty was entered into with the allied powers, and one with the United States at Lausanne, and during the negotiations Turkey insisted that the Vilayet of Mosul should be awarded to her; indeed, she was desirous of retaining territory which had been taken from her during the war by Arabs and others who had for many years denied her right to govern them and subject them to an alien rule.

It was agreed at Lausanne that the Kingdom of Iraq and Syria and Palestine should be separated absolutely from Turkey, but there was some question as to where the boundary line should be fixed between Turkey and the Vilayet of Mosul, which was claimed as a part of Iraq, which was inhabited principally by Kurds, Arabs, and Nestorian Christians. There was a controversy as to where the boundary line was or should be, and it was agreed by Turkey and the allied nations signatory to the treaty that the Council of the League of Nations should determine the boundary line.

The council, not quite clear as to the terms of the treaty, asked an advisory opinion of the World Court as to the meaning of the treaty. There was no objection made at the outset. The World Court gave an advisory opinion merely as to the interpretation to be placed upon the treaty. Then the council proceeded, pursuant to the authority which it had under the Lausanne treaty, to delimit the boundaries of the Mosul Vilayet and Turkey.

So the Senator is entirely in error, I respectfully submit, in the conclusions which he announced a moment ago with respect to that matter.

Mr. HARRELD. Mr. President, I am not concerned about the history the Senator gives. I am concerned about this: That that instance cited in the statement of the Senator from Utah himself shows that the court we are asked to enter does consider itself the adviser of the league council on the terms of the league, and if it is the adviser of the league council as to the meaning of the terms of the league, then it is a question as to whether we ought to belong to it or not, because we are, in a measure, putting ourselves in a position to maintain the monstrous lines that were drawn between the countries of Europe establishing the boundaries of those countries.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. HARRELD. I yield.

Mr. LENROOT. I would like to ask the Senator whether he considers the construction of a treaty a judicial question or not?

Mr. HARRELD. I do not know whether it is for this court or not. I would like to have somebody tell me what this court is, anyway.

Mr. LENROOT. I suggest that the Senator must have read the statute creating it.

Mr. HARRELD. It is not a judicial question, but it gets before this court just the same.

Mr. LENROOT. The Senator says the construction of a treaty is not a judicial question?

Mr. HARRELD. I thought the Senator was talking about the boundaries. Of course, the construction of a treaty is a judicial question.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. HARRELD. I do; but not for a long speech.

Mr. McKELLAR. I merely wish to ask the Senator if he believes in the platform adopted by the Republican Party in 1924.

Mr. HARRELD. I am going to read it right now.

Mr. McKELLAR. I have it before me.

Mr. HARRELD. I have it before me, too.

Mr. McKELLAR. I want to refer not to all of it but to just this part:

The Republican Party reaffirms its stand for agreement among the nations to prevent war and preserve peace. As an immediate step in this direction we indorse the Permanent Court of International Justice and favor the adherence of the United States to this tribunal as recommended by President Coolidge.

Does the Senator believe in that plank of his party's platform?

Mr. JOHNSON. What is the next sentence, please?

Mr. McKELLAR. That refers to the League of Nations, not to the permanent court.

Mr. JOHNSON. Oh!

Mr. HARRELD. When I was interrupted I was discussing that very question, and I coming right to it.

The platform of 1920 contains this provision:

Subject to a due regard for our international obligations, we should leave our country free to develop its civilization along lines most conducive to the happiness and welfare of its people, and to cast its influence on the side of justice and right, should occasion require.

Does that sound as if we were going to give away any of our sovereignty to the League of Nations? Do we not specifically reserve the right to determine, when occasion requires, what action we shall take, and does that not negative any intention to give over to a world court or to a league of nations the right to decide for us?

Further, the platform of 1920 contains the following provisions:

The Republican Party stands for agreement among the nations to preserve the peace of the world. We believe that such an international association must be based upon international justice, and must provide methods which shall maintain the rule of public right by the development of law and the decision of impartial courts, and which shall secure instant and general international conference whenever peace shall be threatened by political action, so that the nations pledged to do and insist upon what is just and fair may exercise their influence and power for the prevention of war.

We believe that all this can be done without the compromise of national independence, without depriving the people of the United States in advance of the right to determine for themselves what is just and fair when the occasion arises, and without involving them as participants and not as peacemakers in a multitude of quarrels the merits of which they are unable to judge.

The covenant signed by the President at Paris failed signally to accomplish this great purpose, and contained stipulations not only intolerable for an independent people but certain to produce the injustice, hostility, and controversy among nations which it proposed to prevent.

Mind you, I am reading from the platform of 1920, and I assert that if I owe allegiance to either of these platforms I owe allegiance to the platform of 1920, when it conflicts with that of 1924. I read further from the platform:

That covenant repudiated to a degree wholly unnecessary and unjustifiable the time-honored policies in favor of peace declared by Washington, Jefferson, and Monroe, and pursued by all American administrations for more than a century, and it ignored the universal sentiment of America for generations past in favor of international law and arbitration, and it rested the hope of the future upon mere expediency and negotiation.

Yet the advocates of the court contend and insist that we should go into a court which, as I repeat, will be an instrument to carry out the iniquities of the treaty which the platform condemned in 1920.

I read further from the platform of 1920:

The Senators performed their duty faithfully. We approve their conduct and honor their courage and fidelity, and we pledge the coming Republican administration to such agreements with the other nations of the world as shall meet the full duty of America to civilization and humanity in accordance with American ideals and without surrendering the right of the American people to exercise its judgment and its power in favor of justice and peace.

In the committee on resolutions at Cleveland I offered to substitute this plank of the platform of 1920 for the plank that was later adopted and was incorporated in the platform of 1924. Of course it was not accepted.

Mr. LENROOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Wisconsin?

Mr. HARRELD. I yield.

Mr. LENROOT. Then the Senator did call the attention of the committee on resolutions of the Republican convention that in his opinion the plank proposed by the majority did definitely pledge the Republican Party to adhere to this court, and for that reason he offered the substitute?

Mr. HARRELD. The Senator can look at it in that way if he wishes, but the fact is they said, "No, we do not mean this; we just want to sidetrack it."

Mr. LENROOT. Will the Senator repeat that statement?

Mr. HARRELD. The fact is, that when I made the suggestion and offered a substitute they voted it down because they said it was necessary to do it to kill the proposition and keep it from coming up again.

Mr. LENROOT. To kill what proposition?

Mr. HARRELD. The World Court proposition.

Mr. LENROOT. And they pledged the Republican Party to the World Court so as to keep it from coming up again? Is that the idea?

Mr. HARRELD. Some of them did, and openly said so.

When the platform of 1920 was adopted by a vote of the people the American people gave to the Republican Party a mandate which should be carried out in the spirit and to the letter, notwithstanding any subterfuges in conflict therewith adopted at subsequent conventions by the party, as was done by the adoption of another platform at Cleveland, from which I quote:

We indorse the Permanent Court of International Justice and favor the adherence of the United States to this tribunal, as recommended by President Coolidge. This Government has definitely refused membership in the League of Nations and to assume any obligations under the covenant of the league. On this we stand.

This provision has for its basis the belief which some people had that we would not, by adhering to the World Court, involve ourselves with the League of Nations. To those like myself, therefore, who did not share in that belief, it is in no way binding.

I consider Mr. Coolidge one of the greatest Presidents we have had. He has surrounded himself with able advisers in the capacity of Cabinet officers. I think Mr. Mellon a financial genius, who has had no superior since the day of Alexander Hamilton. Some of the other members of the Cabinet are the ablest men of our time. I desire to support them in the policies which they are seeking to carry out in their respective departments; I have consistently done so. I believe that the President is wrong in his advocacy of our adherence. I believe that I am absolutely in accord with the principles of the Republican Party as laid down in the two platforms mentioned above, and, believing thus, I must oppose adherence, even though I do so at the expense of being charged with party disloyalty.

Again, the plank of the 1924 platform, which I quoted, is predicated upon the Senate being able to make certain reservations and is predicated upon the opinion that those reservations when adopted would preserve us from the League of Nations. No reservations that have been proposed satisfy my judgment in that particular. Reservations that are strong enough to protect us from the League of Nations, if adopted, would leave nothing but another Hague tribunal, an organization with the same powers exactly as that of The Hague tribunal, and is therefore unnecessary. It was the purpose of the founders of The Hague tribunal to limit its jurisdiction to arbitral matters with the ultimate expectation of allowing it to grow into a court of justice in the course of time. That is the only way any world court of justice will ever be established. Instead of being an assistance toward the realization of the hope for a real world court, our entry into this court with the kind of reservations that are necessary to protect us from the league will therefore only serve to becloud the issue, destroy the efficacy of The Hague tribunal, and defer the coming of the day when it would have become a real world court, answering all the purposes and fulfilling the world's desire for such an institution.

It is argued by its advocates that the league court will, by process of evolution, become a real world court in accordance with the dreams of the founders of The Hague tribunal, but that is an impossibility. It is argued that the statute of the court, after our adherence, can be so amended from time to time as to make it a real world court. In the first place, this could not be brought about, because the proposed statute is satisfactory to the powers that created it; and if amended at all, would not be amended to correspond with American ideas.

We would be powerless, even as a member, to bring about any reforms of the character which we desire; but if we admit, for the sake of argument, that the statute could and would be amended, the nature of the court could not be changed as long as it must render advisory opinions for the league, as provided in article 14. If it were not for this provision in article 14 of the league, we might hope to make it a real world court, but the makers of the league covenant left no chance for a change here. Article 14 was complete without

the inclusion of the last sentence providing for advisory opinions, which read as follows:

> The court may also give an advisory opinion upon any dispute or question referred to it by the council or by the assembly.

This proviso was not in Wilson's draft of a league of nations. Nobody seems to know just how it became a part of the league covenant. My own judgment is that it was put there for a purpose, and that purpose was to make the World Court a part of the league. Our Constitution provides its own method for its change or amendment. That right is reserved to the people. Can anyone say as much for the League of Nations, which is the real constitution of the World Court?

Many Republicans have been induced to support the World Court by the advocacy thereof on the part of leading Republican statesmen, such as Root, Hughes, Taft, and others. Of course, I have a high regard for these men and their opinions, but their conclusions are often hard to reconcile with their public utterances. For instance, Mr. Root, whose advocacy of the court has perhaps influenced more Americans than that of any other statesman, has in the past offered the strongest argument that could be offered for our refusal to adhere to the court at this time. He said:

> The new court, being the judicial organ of the League of Nations, can only be created within the league. If it be a component part of the league, it must originate from an organization within the league and not from a body outside it.

I do not know whether Mr. Root in his advocacy of the court has ever at any time taken the position that the court is not the organ of the league. The fact, in my mind, that it is an organ of the league is strengthened by this argument of Mr. Root, able statesman that he is, and only serves to make my opposition to entry into the court more determined. As for myself, while tolerant of the opinions of others and willing to go along with them when they appeal to my own judgment, I can not bring myself to believe that I should subordinate my own judgment and conscience to a platform platitude where a question of national import is concerned; neither can I allow myself, against my judgment, to drift along with the convoy of men of opposite opinion when it involves a sacrifice of my conscientious opinion to do so.

It has been asserted that the United States Supreme Court is given the right by the Constitution of the United States to construe treaties. It has been argued that the establishment of this court would, therefore, mean the relinquishment of that part of our sovereignty; that by drawing from the various nations a part of their sovereignty the World Court will be constituted a governmental body. Of course, that was disputed; but I want to call attention to the fact that our Constitution was created—

> To establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty.

It seems to me that nobody can truthfully assert that any organization which exercises the functions necessary to carry out any of the things enumerated above can be other than a governmental body, just as we are a governmental body. It is equally apparent that the League of Nations and the World Court are both established for those very purposes. If not, what is its purpose? If it is not organized to establish justice, if it is not organized to provide for the common defense, if it is not organized to promote the general welfare, if it is not organized to secure the blessings of liberty, then, indeed, it is important that we should keep from any entangling alliances with it. If it is organized for any of those purposes, then it is a governmental body, to which we must surrender some part of our sovereignty when we become aligned with it. Such a governing body, which gets its power from the surrendered sovereignty of its constituent member governments, may be needed to stabilize conditions in Europe, but we do not need it. Sufficient for our needs is our own judiciary, on which the Constitution confers power to construe treaties and even confers jurisdiction to settle controversies between the States and citizens thereof and its citizens and a foreign state.

It seems to me these are some of the powers we are called upon to give up and surrender to the league court. Can we do so without affecting our sovereignty? Indeed, can we do so without exceeding the authority conferred upon us by our Constitution? Wherein does the Constitution give us the authority to do what we are here asked to do—to adhere to the league World Court? Of course, under the treaty-making powers conferred by the Constitution upon the President and the Senate, we may agree to give up property or property rights in exchange for things of value in dealings with other nations, but the bartering away of our sovereignty is quite another matter.

As our Supreme Court gets its authority from the Constitution, which was in turn adopted by the States of the Union, just so the World Court gets its authority from the fact that the League of Nations was adopted by its member states; and just as surely as the fall of the United States Constitution would mean the fall of our Supreme Court, so the fall of the League of Nations would mean the fall of the World Court. Can we say truthfully that the one is not interdependent upon the other, and that the court is not a part of the machinery of the league?

We will be involved in the league in at least four ways:

First. We will be obliged to sit with it in selecting the judges.

Second. We will have to deal with it when it is proposed to amend the so-called statute of the court.

Third. We will have to do business with the league to determine how much of the court's expense we must bear, since the league, and not the members thereof, pays the expenses of the court. The language used is:

> The expenses of the court shall be borne by the League of Nations in such a manner as shall be decided by the assembly upon the proposal of the council.

It is presumed we may be allowed an "unofficial observer" to sit in.

Fourth. We will be supporting a court financially and otherwise which by way of advisory opinions will be construing the league covenants and peace settlements made in 1918, which we repudiated in 1919 when we refused to enter the league, and again in 1920 by vote of the people.

The World Court has rendered 19 opinions in the four years of its existence, 13 of which have been advisory opinions upon request of the league council, and yet our friends who favor adherence say it is not an agency of the league. That it is an agency of the league is also proven by the fact that while there are 64 sections of the so-called statute of the court, there are 65 places in that statute where appear such terms as "league," "League of Nations," "covenant," "covenant of the league," "council," "assembly," "secretary general," "secretariat," all of them referring to other agencies of the league.

Mr. President, one of the reasons for the action of the Senate, first, and of the American electorate, second, in refusing to join the League of Nations was the fact that the league covenant itself contained provisions which set aside in a wholesale way what the nations of the world had accepted as a part of the international code; for instance, the rights of neutrality and the right to declare war without the consent of the league. It was hailed as a new organic law of the world that was to supersede the established law of nations where it came in conflict with the provisions of the League of Nations. It must be remembered that the member nations of the league take that position now, while we assert that because we refused to accept the league we have kept the code of international law intact as it was before the league came into existence. Now, should we adhere to the World Court we would be putting ourselves in a position which would preclude us from disputing the claim of the League of Nations and its constituent membership that "old things have passed away" in so far as international law is concerned. If we did dispute it, an advisory opinion of the league court—our court, if you please—to the league council would leave no room for doubt on that point. By joining the league we would have subscribed to this wholesale change in the international code, and by joining the court we will do so just as certainly.

In this connection it is well to remember that the 10 jurists who proposed to the league council the statute for the court also recommended that a third Hague conference be held as soon as practicable to restate the principles of international law and to agree upon amendments to international law. They saw clearly what the League of Nations did to the established order of things in the realm of international law and were anxious to remedy the damage done; but the league council, while accepting the recommendations of these jurists as to the court statute, with certain amendments, carefully pigeonholed that part of the recommendation concerning a restatement of the law of nations. They saw the value of the changes in the law of nations made in the league covenant and wanted to preserve those changes and to allow its court and its council to restate the law of nations.

In this connection, the words of David Jayne Hill, in 1919, are pertinent. He said:

> The attitude of this covenant, even in its revised form, toward international law is indeed surprising. It nowhere makes reference to it except briefly in the preamble, and it does not even there commit

itself to the support of it or the improvement of it. It speaks of "understandings of international law," but it does not admit the authority of international law as an accepted corpus juris to which civilized nations have already agreed. It does not state whose "understandings" are to be applied, and it does not inform us where or how any "understandings" are to be obtained. It leaves the subject with ground for inference that they are to be discovered, if at all, only in its own decisions.

In one breath the advocates of the court say: "The court is gradually to build up a complete body of international law," to quote one of the Cabinet officers, and in the next breath they quote article 59 of the statute of the court, which reads:

The decision of the court has no binding force except between the parties and in respect of that particular case.

One of these schools of thought is wrong, unless, indeed, those who take the position of the Cabinet officer are basing their contention upon article 14 of the league covenant instead of upon the court statute. They must have in mind that the court can build up a complete body of international law by way of its advisory opinions, which advisory opinions are not controlled by the court statute, as everybody agrees. What do the Republicans who oppose the league and favor the court think of this method of building up an international code?

In 1898 the United States, in the interest of humanity, and as it had a right to do, intervened in the war between Spain and Cuba. We then exercised our own judgment, as we have the right to do when any exigency arises. Who of all American statesmen would be willing to forego that privilege which our Government then exercised when the exigency shall again arise? But when we adhere to this World Court or the League of Nations do we not in a measure give to a foreign body the right to interfere with that privilege? Suppose again war should rage between Spain and Cuba after we have adhered to the court. Cuba and Spain are both members of the league, and the league council would certainly interfere as between those parties. It would, of course, have no jurisdiction over the United States, because we are not a member of the league, but when the league council learned that we were about to come to the aid of Cuba, what would keep the league council from calling upon the league court for an opinion as to whether our entrance into the war would in any way interfere with the contemplated action of the league council in the premises? And if the court should promptly hold that our entrance in no way affected the rights of the council in the premises, would we not be placed in a very embarrassing position—a position which might involve us in a war with all the members of the league, or, worse still, subject us to an economic boycott by all the members of the league?

If we shall adhere to the court we shall occupy a position different from any of the other nations that have adhered. All the other nations are also members of the league. Whatever this court may become, it can not be denied that at present it is a league court, because all the nations adhering are league members.

We are allowed the great privilege of joining because President Wilson affixed the name of the United States to the covenant of the league, notwithstanding the Senate refused to ratify his act in doing so. Since we, therefore, will become by adhering a sort of intruder upon the sacred premises, since we enter the sanctum sanctorum timidly by a back door, will we not be looked upon with suspicion? Can we expect that same fair and considerate treatment that will be accorded the other nations that belong to the league—nations that in the sacred precincts of that great forum, the league council, decide in advance what shall be done before asking the sanction of its private counsel, the Permanent Court of International Justice of the League of Nations? As for me, I had vastly rather join the league than the court. We can disavow the acts of the league; we can withdraw from it, thus disavowing its actions when they do not suit us; but we could not withdraw from the court in a way, if at all, that would release us from the moral obligation that its decisions would bring upon us while we were yet adhering.

Mr. President, when the protocol was being considered at Geneva the Japanese made the point that immigration laws were of international concern. Only the United States, and prehaps England, would contend that this is not sound. Suppose the World Court should decide that immigration was a matter to be dealt with by the league council. We might not be bound by it, but we would be in a very embarrassing position—that of condemning the action of our own court.

The tariff of China is even now determined by alien nations. Suppose the court should hold in an advisory opinion that the tariff is a matter to be dealt with by the league council. It may be said by some that we would not be bound, but we would be in the embarrassing position of condemning a court which we have constituted our tribunal. Some Senator may argue that this will not happen. Perhaps not for a while, but it must be remembered that this new world power, the League of Nations, will grow more and more arrogant as time goes on.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. HARRELD. Yes.

Mr. KING. I invite the attention of the able Senator to the fact that Republicans and some Democrats have repeatedly stated until the last year that the league was dead. They have been singing requiems and pronouncing funeral orations over it during the past four or five years, but the Senator now confesses that the league is not dead but is a virile and important and, as he says, powerful organization.

Mr. HARRELD. The league is powerful in Europe; it is not very powerful in the United States.

Mr. President, we recently had to restrict immigration to protect American labor from Europe's unemployed. Our action was resented in Italy and all southern Europe. Italian statesmen recently undertook to advise Italians in this country what they should and should not do, showing that they still consider Italians in this country as Italian subjects. They have more members and influence in the league court than we have. They are not circumscribed by any constitutional inhibitions; nor is the World Court.

The very suggestion that we can only join the court with reservations implies that there are objections to the court. They cast a doubt upon the all-important question of whether or not we shall occupy a place of perfect equality with every other power. They cast a doubt upon the question of whether the court is a world court or a league court. I propose to resolve all doubts in favor of remaining out until these doubts are dissipated and we have an opportunity to join a real world court. We must in a way agree to join the league in order to adhere to the court. We must join to the extent, at least, of attending when it meets to choose judges. If the court renders a decision against a nation, the League of Nations must enforce its decree by boycott or otherwise in accordance with the league covenant.

Senators have heard the powerful description of the boycott given by the Senator from Missouri [Mr. REED] to-day. Can we very well take part in such decisions of the court and not assist to enforce them? At least, we will have to stand by and see the league enforce the decrees of the court by the use of the un-American device of a boycott. Would we not be as guilty of violating American policies as if we ourselves assisted in prescribing the boycott?

England is even now insisting that if she accepts the mandate over Iraq, including the Mosul oil fields, and thus involves herself in war with Turkey, the League of Nations and the members thereof must contribute money and soldiers to assist her in bringing Turkey into subjection. All this comes from a decision of the league World Court. Suppose we had already adhered; do you think we could afford to refuse to aid England in such a war on Turkey? We would bring down upon us as a nation the contumely of all the nations if we refused. Similar situations are likely to arise again and again.

Recently the Chilean Government filed a complaint with the League of Nations, complaining that General Pershing was dealing unfairly with Chili in the Tacna-Arica plebiscite matter. The fact that this complaint was filed shows the danger of any entanglements on our part with the league. Nothing would suit Europe better than to break up the good relations existing between the United States and the Latin-American nations. If we were an adherent of the court, could we very well complain if Chili saw fit to attempt to invoke the aid of the league? We can not trifle with the league or its creature, the court, without endangering the Monroe doctrine. I am for the Monroe doctrine. Here is what John Quincy Adams said when he was Secretary of State and induced President Monroe to promulgate the Monroe doctrine:

America, in the assembly of nations since her admission among them, has invariably, though often fruitlessly, held forth to them the hand of honest friendship, of equal freedom, of generous reciprocity; she has uniformly spoken among them, though often to heedless and often to disdainful ears, the language of equal liberty, of equal justice, and equal rights; she has, in the lapse of nearly half a century, without a single exception, respected the independence of other nations while asserting and maintaining her own; she has abstained from interference in the concerns of others, even when the conflict has been for principles to which she clings as to the last vital drop that visits the heart.

She has seen that probably for centuries to come all the contests of that Aceldama, the European world, will be contests of inveterate power.

Wherever the standard of freedom and independence has been or shall be unfurled there will her heart, her benedictions, and her prayers be. But she goes not abroad in search of monsters to destroy. She is the well-wisher to the freedom and independence of all; she is the champion and vindicator only of her own.

She will recommend the general cause by the countenance of her voice and the benignant sympathy of her example. She well knows that by once enlisting under other banners than her own, were they even the banners of foreign independence, she would involve herself beyond the power of extrication in all the wars of interest and intrigue, of individual avarice, envy, and ambition, which assume the colors and usurp the standard of freedom.

The fundamental maxims of her policy would insensibly change from liberty to force; the frontlet on her brow would no longer beam with the ineffable splendor of freedom and independence, but in its stead would soon be substituted an imperial diadem flashing in false and tarnished luster the murky radiance of dominion and power. She might become the dictatress of the world; she would be no longer the ruler of her own spirit.

That is the American doctrine to which I subscribe.

President Coolidge recently saw fit, in one of his messages, to suggest another reservation to the effect that this Government would not be bound by any advisory opinion rendered for the league council. We may try to make such a reservation, but we can not put a stop to the rendering of advisory opinions to the league council; for the provision as to advisory opinions is not found in the court statute, but in section 14 of the league itself. If, as I contend, the League of Nations is just another government with which we must deal, then we are in the position of dealing with another power before a court, from which court one contending party may demand and obtain an advisory opinion which the other party, which may happen to be us, could not demand. Do you think we would have a square deal in a controversy we may have with the league before such a court?

If there were no other reason for me to give for voting against adherence, the fact that this court is empowered by section 14 of the League of Nations to render advisory opinions would, in my opinion, be sufficient. A court which renders advisory opinions soon disqualifies itself to decide any question upon its merits. These opinions are often rendered without the aid of discussion, without having the white light that comes from the anvil of discussion and lights the world. You lawyers know the worthlessness of an opinion given under such circumstances. How many times have you, as lawyers, found your deliberate judgments set aside in your own minds by the light of discussion? How many times have you seen the best of judges of our courts reverse themselves upon rehearings when their attention is called to principles of law applicable to the case under consideration which had not occurred to them in rendering their first opinion? A court which renders advisory opinions must needs become set in its conclusions of law. When a question is submitted to it of justiciable nature, it will already have formed and expressed its opinion; and thus the litigant does not appear before a court which has an open mind, but before a court which perhaps is already steeled against him.

Besides, it seems to me that if we become a part of the court it follows that we are advisers of the league when the court advises the league. Since we are advisers of the league, then we are a part of the league. We can not advise a man to commit a crime without becoming particeps criminis and bringing down upon ourselves the responsibility for our acts. Neither can we advise the league as to its duties without becoming responsible for the results. We thus become a part of the league just as certainly as if we had joined in the beginning. Swanson reservation No. 5 does not protect us. The fact that we said in a reservation that we would not be bound by advisory opinions does not relieve us of the moral responsibility for an act of our agent which we have appointed, even though we may protect ourselves from legal responsibility. In international affairs, moral obligations are more highly considered than legal obligations. At any rate, we would engender hatred of the other nations for our moral cowardice in not supporting the acts of our agents when acting within the scope of their legitimate authority as a World Court.

Mr. LENROOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Does the Senator from Oklahoma yield to the Senator from Wisconsin?

Mr. HARRELD. Yes.

Mr. LENROOT. Will the Senator name any agent that we would have appointed?

Mr. HARRELD. Of course, we differ as to whether or not you are constituting the court as an agent. That is the very question I am discussing.

Mr. LENROOT. The Senator was referring to an individual.

Mr. HARRELD. I am talking about the court as an individual. I was referring to the court as an agency.

Mr. LENROOT. Is the Senator aware of article 59 of the statute?

Mr. HARRELD. I am.

Mr. LENROOT. In view of that article, can the Senator state how in any way the United States could be bound when it was not a party?

Mr. HARRELD. My answer to that is that the statute of the court can be changed by the league council any day.

Mr. LENROOT. Will the Senator explain how?

Mr. HARRELD. It provides for the making of amendments by the league council.

Mr. LENROOT. Does it? Will the Senator point it out?

Mr. HARRELD. It is not in the statute; no.

Mr. LENROOT. Where would the council get the authority?

Mr. HARRELD. Has it not the inherent power to do so?

Mr. LENROOT. Certainly not. Does the Senator say that it has?

Mr. HARRELD. I do not know. I am asking the Senator.

Mr. LENROOT. Of course it has not.

Mr. HARRELD. Do we, then, by becoming a member of it, become joined to a law of the Medes and Persians that can not be changed?

Mr. LENROOT. It can not be changed without the consent of all the parties to it; and, we becoming a party, it can not be changed without our consent.

Mr. HARRELD. That is just it—all the parties to what?

Mr. LENROOT. To the court.

Mr. HARRELD. All the parties to the League of Nations.

Mr. LENROOT. Where does the Senator get the authority for that statement?

Mr. HARRELD. I do not remember anything that says that the members themselves shall amend the statute.

Mr. LENROOT. Certainly not, but——

Mr. HARRELD. That is what the Senator is asserting.

Mr. LENROOT. It is a rule of international law, I will say to the Senator, that there can be no change in the terms of a treaty entered into by two or more nations without the consent of all the parties who have entered into it. There can be no change in the terms of this court statute without the consent of all the parties that have adhered to the court.

Mr. HARRELD. But there is another principle of law that is just as strong: Only the body which created the statute can amend it; and that body is the league council, of which we are not a member.

Mr. LENROOT. Now, the Senator says "the body which created the statute." The Senator knows that the League of Nations could create nothing, and it had no existence until it was ratified by the nations who became parties to the court.

Mr. HARRELD. Does the Senator dispute the fact that the League of Nations created the present statute of the court?

Mr. LENROOT. It proposed it, exactly as the Congress of the United States proposes an amendment to the Constitution. Does the Senator say that the Congress of the United States can repeal the eighteenth amendment because it was the proposer of it?

Mr. HARRELD. Does it not remain a fact that the present statute was made by the league council?

Mr. LENROOT. It was proposed by the league council, the same as we propose a constitutional amendment.

Mr. HARRELD. I think it was made by the league council. There is where we differ.

In its last analysis the League of Nations was nothing more nor less than the usual European treaty of peace—a treaty dictated by the victors, which the vanquished were compelled to sign. Those not classed as vanquished who signed it did so because they were afraid they would be vanquished if they did not. It is not surprising, therefore, that they indorsed the league court idea, for it did serve to relieve them very materially from the bad bargain many of them made when they signed the league. Likewise, these signers welcomed the Locarno treaty for the same reason. As a matter of fact, these later pacts have greatly alleviated and diluted the unfavorable reactions against the league, until now it is not such a bad thing for European nations; but it is none the less objectionable for the United States. Thanks to the United States Senate, we are not in the league, and the Senate's action has been approved by the people. It is not for us now, in this Senate, to undo what a former courageous Senate did in keeping us out.

President Coolidge said, in his last inaugural address, in speaking of the Permanent Court of International Justice:

> We can not barter away our independence or our sovereignty.

I agree with him in this, but where he and I differ is that I can not bring myself to believe, as he does, that we are not bartering away our independence and sovereignty by becoming a party to this court just as certainly as we would if we joined the League of Nations. We do at least, and without question, become parties to the league in the selection of judges. I am opposed to becoming a part of the league, even for this minor matter.

The question is asked by ex-Senator BURTON, of Ohio, for whom I have great admiration, in advocating adherence:

> Who then shall we join? The League of Nations is a reality, and some 50 nations have joined. If we are to ignore those members, who then are we to join? It must be with Russia and Turkey and others not members of the league.

No; not at all. We are only carrying out our age-old determination not to join any nation in any venture which involves the giving up of any part of our sovereignty or entangles us in the political embroglios of other nations.

I see no room for embarrassment to us in the situation. The nations of Europe have seen fit to establish the League of Nations, and to pretend to surrender to it certain of their respective sovereignties. If so, it becomes simply another governmental body—a supernation, if you please—with which we must deal. We will, of course, use the methods of dealing with it that we use in our international dealings with Great Britain or any other governmental agency. If this is borne in mind, why should we be embarrassed about sending "unofficial observers," and why should we be embarrassed when we are invited by the league to take part in a preliminary disarmament conference?

Believing, as I do, that the League of Nations is a new governing body—another European government, if you please—I can no more bring myself to advocate our joining it than I could advocate our becoming a part of Great Britain, from whose dominion our forefathers fought to free themselves. The same reasoning applies to the League World Court. Granting that it is free of the League of Nations, does it not in that case constitute a governing body within itself? It is a lawmaking body, because it is the boast of its advocates that it will add to and perfect our code of international law by its decisions when universally approved. Of course, the League of Nations approval, they will hold, constitutes universal approval. It is a judicial body, because it will settle juridical cases as distinguished from arbitrations. Perhaps it will become the real governing body, with the League of Nations as the instrumentality to enforce its decrees.

Those statesmen of the United States who advocate joining the League of Nations also favor the submission of the question of an American tariff to the league. Only a few days ago Mr. HULL of Tennessee introduced in the House of Representatives a joint resolution proposing to create an "international congress" to deal with discriminatory practices in international trade, and he specifically characterizes high protective tariff rates as discriminatory. If these internationalists favor such a congress, is it not reasonable to suppose they would be willing to submit the tariff question to the league?

What do you Republicans who believe in the principle of the protective tariff think of that? Is it not possible that this pet court we are asked to join will hold in an advisory opinion that the tariff is an international question and a justiciable question when it is brought before the league by some member of the league in a controversy with some other member of the league? If it should so decide, what could we do about it? Would we not be morally bound by the decision of "our court"?

Some one has said that the World Court idea is an American idea. They point to the fact that before the World War we had a League to Enforce Peace here in America, headed by Chief Justice Taft. Yes; and I was a member of it. It had for its purpose the establishment of a world court. I remained a member of it until I was convinced that it meant, as its name implies, to have peace by force. I could not stand for such an un-American thing as that. I remained a member of it until I learned that in 1918 this League to Enforce Peace, eight months before the armistice was signed, laid before President Wilson a complete draft of a league of nations which had been indorsed by the executive committee of the League to Enforce Peace, in which there appeared the following provisions:

> 3. All justiciable questions arising between members of the league, not settled by negotiation, shall be submitted to a judicial tribunal, hereinafter called the court of the league. * * * The members of the league hereby agree to comply with the decisions of the court of the league.

Article 9 of this same League of Nations plan of the League to Enforce Peace says:

> 9. The organs of the league shall be as follows: The court of the league, the council of conciliation, the court of conflicts, the court of claims, the congress, and the executive body of the league.
>
> The court of the league shall be a permanent tribunal continuously open. It shall consist of not more than 16 judges. * * *

Now, there is an American source of this court; but why do they not boast about that right now? Because there is proof that in the minds of its main backers this world court always was and forever will be a part and parcel of the League of Nations! Who, you will ask, were the men who approved this plan? The committee consisted of William H. Taft, A. Lawrence Lowell, Oscar S. Straus, Theodore Marburg, Oscar S. Holt, Talcott Williams, William H. Short, and Glenn Frank—every one of them a leading advocate of the League of Nations as subsequently proposed by Woodrow Wilson; every one of them (except Mr. Taft, silenced by his present judicial position) a leading supporter of the World Court to-day, and every one of them now volubly assuring the American people that this world court is not a league court.

If it is not a league court, it is not their fault. They were willing to make it a league court.

When I learned that it had committed itself to this program I quit it cold. You will notice that this committee of the League to Enforce Peace wanted to put teeth in it. Now all, Judge Taft excepted, insist that we will not be compelled to submit to its jurisdiction except by agreement. If it is not a part of the league, it is through no fault of theirs. Is it not reasonable to suppose that when the league council sees fit to so amend the statute of the court as to provide for compulsory jurisdiction and for force in carrying out its decrees, it will assume that these leaders represent the sentiment of this country, and that this opinion will soon result in such amendments to the court statutes so as to provide for these things. In this connection, remember that the council of the league has this power to amend the statutes, and we will have no voice in this revision unless we become a member of the league. What a powerful argument this will then make for our joining the league.

Mr. LENROOT. Does the Senator think he ought to make that statement without stating his authority for it?

Mr. HARRELD. I make this statement, that the present statute of the court was adopted by the league council, and it is my opinion that it can only be amended by the same body.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER (Mr. PINE in the chair). Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. HARRELD. I yield.

Mr. WALSH. Will the Senator expatiate on that just a little and tell us how he reaches that opinion?

Mr. HARRELD. I reach it just as the Senator draws the conclusion which the Senator from Wisconsin has expressed.

Mr. WALSH. Let me tell the Senator why I think it can not be done, and then he can tell us why he thinks it can be done. I think it can not be done, because the council was simply authorized to prepare a draft of a statute to be submitted to the various members of the league for their approval.

Mr. HARRELD. I understand the Senator's contention.

Mr. WALSH. The draft, after it was satisfactory to them, was submitted to the members of the league and to those mentioned in the annex, for their signatures, and their signatures were affixed. It therefore constitutes a treaty between the signatory powers, and, like every other treaty, can be amended only by the consent of the signatory powers.

Mr. HARRELD. Let me ask the Senator a question. He admits that the council prepared and proposed this World Court statute?

Mr. WALSH. Yes.

Mr. HARRELD. Has not that council the same power to propose an amendment to the statute?

Mr. WALSH. Unquestionably it has; and any state has a right to propose an amendment. If the United States became a signatory, it would certainly have the right to send around a suggestion to all of the other signatories something like this, "Would it not be wise to change the statute in the following particulars?" That is just exactly what the council and the assembly may do.

Mr. HARRELD. Does the Senator doubt for a moment that if the council of the league does propose a new statute entirely, or amendments to the old one, the component members of this

court, under the control of the league, will adopt it instantly? And what voice would we have?

Mr. WALSH. It is altogether likely, because all of those powers—57 in number—have their representatives there, and, inasmuch as the council and the assembly act only by unanimity, it is altogether likely that when they send it to the various countries it would be signed; but it would be effective only by reason of the signatures of the powers.

Mr. HARRELD. It is perhaps true that it becomes legal by the adoption of the powers, but the point I am making is that we would be powerless to prevent that kind of amendment.

Mr. WALSH. Of course.

Mr. LENROOT. We would have to consent to it before it would be effective against us.

Mr. HARRELD. I confess I do not know whether it would take a majority or not.

Mr. WALSH. To amend a treaty? What is the difference between a treaty and a contract between individuals? If the Senator from Oklahoma, the Senator from Ohio, and myself enter into a contract, how can any one of us change that contract?

Mr. HARRELD. It is possible that the treaty could be amended in that way, but we would have very little to do with it.

Mr. WALSH. Let me suggest to the Senator this: Suppose the American Society of International Law should draft some amendments which they think ought to be effected and send them around to the various nations, and the various nations say, "That is quite agreeable to us. We will do that."

Mr. HARRELD. They would first have to have it submitted by the league council.

Mr. WALSH. Why by the league council?

Mr. HARRELD. That is how the original statute was made.

Mr. WALSH. The American Society of International Law, taking the matter under consideration, suggests certain amendments to the statute, and they go to Secretary Kellogg and say, "We think this ought to be done." He says, "I think so, too. I will send this around to the various states," and he does so, and they all say, "Yes; it is entirely satisfactory to us." The statute is amended by the proposal of the American Society of International Law.

Mr. HARRELD. Of course, I must admit that it can be amended in the same way that the original statute was made. That is bound to be true. But the original statute was made after first being proposed by the council. Afterwards it was accepted by the nations, and I assume the Senator is right in saying that it could be amended in that way.

For some reason, President Wilson did not adopt this draft proposed by the League to Enforce Peace, but presented one somewhat similar. It in turn was so changed as not to be recognizable when the league covenant came forth.

The present league World Court is not an American idea. World peace is an American idea, and these international bankers who have precarious loans in Europe, these professors who want a Carnegie pension or a Bok prize, these newspapers who are controlled by the money powers or rich importers, these lawyers and judges who hope to be members of the World Court, all conspire together to prey upon the American sentiment for a world peace, and have succeeded in seducing many of our nationals from the moorings of our forefathers. They have induced the American people, many of them, to forget that Washington warned against "permanent alliances"; that Thomas Jefferson said in a letter to President Monroe on October 24, 1823—

> Our first and fundamental maxim should be: Never to entangle ourselves in the broils of Europe; our second: Never to suffer Europe to intermeddle with cis-Atlantic affairs.

Out of this immortal maxim of Jefferson came the Monroe doctrine, which I would not abandon for all the world courts that can be imagined in the mind of man.

I am inclined to twit our Democratic friends upon their attitude on this League of Nations and World Court. They count Thomas Jefferson as the greatest American, the founder of their party; yet they refuse to follow him. Not long ago a certain Democratic statesman wrote a brochure on Democracy, harking back to Thomas Jefferson, urging the Democrats to return to State rights, and complaining that the Republicans had all but stolen the doctrine of State rights and all the other sheet anchors of the Democratic Party. State rights, indeed. Not only has the Democratic Party strayed entirely away from State rights inclosures, but they have become internationalists. What a chasm there is between local self-government and State rights as advocated by Thomas Jefferson and the internationalism involved in the proposal to join the league and its court.

Mr. WALSH. Mr. President, will the Senator yield for a further interruption?

Mr. HARRELD. I yield.

Mr. WALSH. The Senator is quite right in saying that if the assembly or the council of the league, particularly the assembly, should propose an amendment to the statute it is quite likely—certainly if the assembly did it by unanimous vote—that all of the nations would indorse it. It would become effective, however, by the subscription of the nations to the treaty, not by the resolution of the assembly. But that need not follow by any means if the council should propose an amendment. There are only 10 states represented on the council, and there are 57, it will be remembered, in the league. So it does not by any means follow that an amendment proposed by the council would have the approval of the 57 subscribers. But, of course, if it was unanimously proposed by the assembly, it is quite likely that when it went to the various countries it would be approved, because the governments are all represented in the assembly. That does not necessarily follow, however, because the Senator will remember that the British representatives joined in what was known as the Geneva protocol of 1924 and were instrumental in sending it out to the various nations for approval, but when it went to their own country their own country would not stand for it.

Mr. BORAH. There had been a change of ministers.

Mr. WALSH. Exactly. So that it does not by any means follow necessarily that an amendment, even proposed by the assembly of the league, would have the indorsement even of the members of the league when it went to their various chancelleries.

Mr. HARRELD. From all of that it can be seen that it will be very difficult to change this statute.

Mr. WALSH. So it will.

Mr. HARRELD. I was just in the middle of a few remarks I was addressing to the Democratic Party when I was interrupted. I repeat:

What a chasm there is between local self-government and State rights as advocated by Thomas Jefferson and the internationalism involved in the proposal to join the league court. Not content with quitting Jefferson in the matter of State rights, they first become ultranationalists, as shown by the extremes in centralization to which they went under the Wilson administration, and now openly become the advocates of internationalism and advocate joining the league and the league court. No wonder they adopted a straddle on the league question at the New York convention. It has dawned upon some of them that their party of all parties does not belong in the pastures of internationalism into which President Wilson led them. For Woodrow Wilson I must say this, that if he could have brought back from Versailles a treaty or a league based upon his famous 14 points, then, indeed, would he have been the greatest statesman of his age. I read them again a few days ago. When he wrote them he was imbued with the American spirit and rose to heights of statesmanship not excelled by any of our Presidents, but he failed to embody them in the treaty of Versailles and was obliged to accept a counterfeit. It was not his fault he failed, but he found, as we will find when we again get entangled in the affairs of Europe, that Europe is the same to-day, yesterday, and forevermore. Their ways are not our ways. Their concepts are not our concepts. He strove to make the "world safe for democracy," but the League of Nations he wanted us to accept has produced Mussolini of Italy, Pangalos of Greece, who just proclaimed himself dictator, General Primo de Rivera of Spain, and scores of other virtual dictatorships, which is anything but making the world safe for democracy.

I have always believed that President Wilson felt and knew how far short of his ideals the League of Nations fell, but he had hopes to yet make it conform to his 14 points in after years. Six years have elapsed since then. We who are living see now how utterly unattainable was that hope. The league is not for us. We shall hope that it may be an agency of good for Europe, but even Europe by the adoption of the Locarno treaty admitted that the League of Nations was not inspired; that it was not complete within itself even for the needs of Europe. If it were, why Locarno at all?

The league nor any of its component organizations is for us, even though they may serve a purpose in Europe, because ours is a nation of laws. Do you suppose a Mussolini or a Pangalos have any regard for laws? Do you suppose the new dictator of Spain, General Rivera, has any regard for a government by laws? Many of those nations, members of the league, are governed by men, not by laws, and that is one of the things Washington and Jefferson, Adams and Monroe had in mind when they advised us to avoid alliances. The two

kinds of government will no more mix than oil and water, and a court of justice established under the one is radically different from a court of justice established under the other.

Europe is further from democracy than before the war. The nations of Europe not controlled by dictators are controlled by blocs and groups. They recognize no semblance of party government. In France the man who brings together the greatest number of groups becomes for a time the leader, but only for a few weeks at most. There is no stability. Is there any wonder that there is no stability of its currency? The trouble is Europe is governed by men and groups, while America is governed by laws. It would be political harlotry for us to be joined with them, either in the League of Nations or the World Court. It is for Europe; that is sufficient reason why it is not for us.

In addition to the warnings of Washington, Adams, Jefferson, and Monroe against entangling alliances with European nations, there might be added the name of that great English statesman, Lord James Bryce, who spent some time in America and wrote that great work, The American Commonwealth. In this work, speaking of the United States Senate and of the treaty-making power of the Senate, he said that this power on the part of the Senate prevents the United States from making secret treaties or "coups in foreign policy," and thus differentiates us from the European nations in that we have no secret diplomacy, and then added:

> The answer is that America is not Europe. The problems the foreign office of the United States has to deal with are far fewer and usually far simpler than those of the Old World. The Republic keeps consistently to her own side of the Atlantic, nor is it the least of the merits of senatorial control that it has tended, by discouraging the Executive from schemes which may prove resultless, to diminish the taste for foreign enterprise and to save the country from being entangled with alliances, protectorates, responsibilities of all sorts beyond its own frontiers. It is the easier for Americans to practice this reserve because they need no alliances, standing unassailable in their own hemisphere.

These words of wisdom, from one who knew from his years of experience as a European statesman, with few equals and no superiors, were spoken in 1888—37 years ago. Why is the advice not good in this day? Is there less of duplicity in European foreign policy? Decidedly not.

The way to keep peace among nations is the same as the way to keep peace among individuals. The Bible commands, "Thou shalt not covet thy neighbor's goods." How can we keep this commandment, and by doing so preserve peace, if we join forces with the nations who are constantly coveting the territory of their neighbors and seeking to get possession of it, even using the league and its court to bring it about, as in the Mosul case? When the nations of the world cease to covet the territory and trade of other nations, then we will have peace, and there will be no need for a league of nations or a world court.

I shall conclude in the language of Daniel Webster, who said:

> I mean to stand upon the Constitution. I need no other platform. I shall know but one country. The ends I aim at shall be my country's, my God's, and truth's. I was born an American; I live an American; I shall die an American; and I intend to perform the duties incumbent upon me in that character to the end of my career. I mean to do this with absolute disregard of personal consequences. What are personal consequences? What is the individual man, with all the good or evil that may betide him, in comparison with the good or evil that may befall a great country in a crisis like this and in the midst of great transactions which concern that country's fate? Let the consequences be what they will; I am careless. No man can suffer too much, and no man can fall too soon, if he suffer or if he fall in the defense of the liberties and Constitution of his country.

Mr. LENROOT. Mr. President, I desire to give notice that to-morrow I shall ask the Senate to remain in session until 6 o'clock.

EXECUTIVE SESSION WITH CLOSED DOORS

Mr. JONES of Washington. I move that the Senate proceed to the consideration of executive business, with closed doors.

The motion was agreed to, and the Senate, with closed doors, proceeded to the consideration of executive business. After five minutes spent in secret executive session, the doors were reopened, and the Senate (at 5 o'clock and 10 minutes p. m), under the order previously entered and in open executive session, took a recess until to-morrow, Friday, January 22, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate January 21 (legislative day of January 16), 1926

POSTMASTERS

CALIFORNIA

Violet VerLinden to be postmaster at Colma, Calif., in place of W. J. Mowry, resigned.

Isaac D. Jaynes to be postmaster at Buena Park, Calif., in place of I. D. Jaynes. Incumbent's commission expires January 21, 1926.

William R. Stephens to be postmaster at Roseville, Calif., in place of W. R. Stephens. Incumbent's commission expires January 21, 1926.

Daisy L. Plant to be postmaster at Spreckels, Calif., in place of D. L. Plant. Incumbent's commission expired November 18, 1925.

Hugh W. Judd to be postmaster at Watsonville, Calif., in place of H. W. Judd. Incumbent's commission expires January 21, 1926.

COLORADO

Francis M. Wheeler to be postmaster at Campo, Colo., in place of F. M. Wheeler. Incumbent's commission expired January 20, 1926.

CONNECTICUT

Harlan G. Hills to be postmaster at East Hampton, Conn., in place of H. G. Hills. Incumbent's commission expires January 21, 1926.

Durward E. Granniss to be postmaster at New Preston, Conn., in place of D. E. Grannis. Incumbent's commission expires January 21, 1926.

Charles A. Jerome to be postmaster at Plainfield, Conn., in place of C. A. Jerome. Incumbent's commission expires January 21, 1926.

Edward Perkins to be postmaster at Suffield, Conn., in place of Edward Perkins. Incumbent's commission expires January 21, 1926.

Robert O. Judson to be postmaster at Woodbury, Conn., in place of R. O. Judson. Incumbent's commission expires January 21, 1926.

FLORIDA

Elmer J. Yonally to be postmaster at Winter Haven, Fla., in place of E. J. Yonally. Incumbent's commission expires January 21, 1926.

ILLINOIS

Oscar L. Anderson to be postmaster at Cobden, Ill., in place of H. P. Miller, resigned.

David B. Troxel to be postmaster at De Land, Ill., in place of D. B. Troxel. Incumbent's commission expires January 21, 1926.

James A. Duncan to be postmaster at Flat Rock, Ill., in place of J. A. Duncan. Incumbent's commission expires January 21, 1926.

Howard L. Scott to be postmaster at Fox Lake, Ill., in place of H. L. Scott. Incumbent's commission expires January 21, 1926.

Elmer Beck to be postmaster at Herrick, Ill., in place of Elmer Beck. Incumbent's commission expires January 21, 1926.

Claude W. McDaniel to be postmaster at Martinsville, Ill., in place of C. W. McDaniel. Incumbent's commission expires January 21, 1926.

Albert L. Weible to be postmaster at New Athens, Ill., in place of A. L. Weible. Incumbent's commission expires January 21, 1926.

Carlysle Pemberton to be postmaster at Oakland, Ill., in place of Carlysle Pemberton. Incumbent's commission expires January 21, 1926.

Elmer C. Nethery to be postmaster at Palestine, Ill., in place of E. C. Nethery. Incumbent's commission expires January 21, 1926.

Albert R. Cooper to be postmaster at Pesotum, Ill., in place of A. R. Cooper. Incumbent's commission expires January 21, 1926.

John B. Dillon to be postmaster at Sadorus, Ill., in place of J. B. Dillon. Incumbent's commission expires January 21, 1926.

Rudolph Mueller to be postmaster at Sherrard, Ill., in place of Rudolph Mueller. Incumbent's commission expires January 21, 1926.

Norredden Cowen to be postmaster at Sorento, Ill., in place of Norredden Cowen. Incumbent's commission expires January 21, 1926.

Norman A. Jay to be postmaster at Steeleville, Ill., in place of N. A. Jay. Incumbent's commission expires January 21, 1926.

IOWA

Charles H. Howe to be postmaster at Janesville, Iowa, in place of C. H. Howe. Incumbent's commission expired January 17, 1926.

LOUISIANA

Ruth W. McCleish to be postmaster at Athens, La., in place of R. W. McCleish. Incumbent's commission expires January 21, 1926.

Tina Collins to be postmaster at Bastrop, La., in place of Tina Collins. Incumbent's commission expired January 20, 1926.

Marguerite L. Tatum to be postmaster at Gibsland, La., in place of M. L. Tatum. Incumbent's commission expired January 20, 1926.

Samuel M. Plonsky to be postmaster at Washington, La., in place of S. M. Plonsky. Incumbent's commission expired January 20, 1926.

MARYLAND

Harry Bodein to be postmaster at Perry Point, Md. Office became presidential July 1, 1924.

Margaret T. Bowdoin to be postmaster at College Park, Md., in place of M. T. Bowdoin. Incumbent's commission expired November 23, 1925.

MICHIGAN

Clarence J. Williams to be postmaster at Carleton, Mich., in place of C. J. Williams. Incumbent's commission expires January 21, 1926.

Curtis G. Reynolds to be postmaster at Dundee, Mich., in place of C. G. Reynolds. Incumbent's commission expires January 21, 1926.

James D. Housman to be postmaster at Petersburg, Mich., in place of J. D. Housman. Incumbent's commission expires January 21, 1926.

NEW HAMPSHIRE

Charles Myers to be postmaster at Jaffrey, N. H., in place of Charles Myers. Incumbent's commission expired December 21, 1925.

NEW JERSEY

Le Roy Sofield to be postmaster at Avon by the Sea, N. J., in place of Le Roy Sofield. Incumbent's commission expires January 21, 1926.

George G. Titus to be postmaster at Belmar, N. J., in place of G. G. Titus. Incumbent's commission expires January 21, 1926.

Helen Mylod to be postmaster at Glen Ridge, N. J., in place of Helen Mylod. Incumbent's commission expires January 21, 1926.

Alvin C. Stover to be postmaster at Pennington, N. J., in place of A. C. Stover. Incumbent's commission expires January 21, 1926.

NEW YORK

R. D. Rider to be postmaster at Medford Station, N. Y. Office became presidential October 1, 1924.

Charles R. Diehl to be postmaster at Brewster, N. Y., in place of C. R. Diehl. Incumbent's commission expired August 24, 1925.

John H. Roberts to be postmaster at Canastota, N. Y., in place of J. H. Roberts. Incumbent's commission expires January 21, 1926.

William M. Stuart to be postmaster at Canisteo, N. Y., in place of W. M. Stuart. Incumbent's commission expires January 21, 1926.

William B. Donahue to be postmaster at Catskill, N. Y., in place of W. B. Donahue. Incumbent's commission expires January 21, 1926.

LeRoy M. Tripp to be postmaster at Clinton Corners, N. Y., in place of L. M. Tripp. Incumbent's commission expires January 21, 1926.

Erastus C. Davis to be postmaster at Fonda, N. Y., in place of E. C. Davis. Incumbent's commission expires January 21, 1926.

Fred H. Bacon to be postmaster at Franklinville, N. Y., in place of F. H. Bacon. Incumbent's commission expires January 21, 1926.

Selleck S. Cronk to be postmaster at Grand Gorge, N. Y., in place of S. S. Cronk. Incumbent's commission expired December 22, 1925.

John Newton to be postmaster at Holcomb, N. Y., in place of John Newton. Incumbent's commission expires January 21, 1926.

Marian L. Woodford to be postmaster at Marcellus, N. Y., in place of M. L. Woodford. Incumbent's commission expired December 22, 1925.

Fletcher B. Brooks to be postmaster at Monroe, N. Y., in place of F. B. Brooks. Incumbent's commission expires January 21, 1926.

L. Belden Crane to be postmaster at Mount Kisco, N. Y., in place of L. B. Crane. Incumbent's commission expires January 21, 1926.

Esther L. Smith to be postmaster at North Lawrence, N. Y., in place of E. L. Smith. Incumbent's commission expires January 21, 1926.

Deane Mitchell to be postmaster at Odessa, N. Y., in place of Deane Mitchell. Incumbent's commission expires January 21, 1926.

Lionel J. Desjardins to be postmaster at Piercefield, N. Y., in place of L. J. Desjardins. Incumbent's commission expires January 21, 1926.

Ethel Kelly to be postmaster at Pyrites, N. Y., in place of Ethel Kelly. Incumbent's commission expires January 21, 1926.

Stanley D. Francis to be postmaster at Tannersville, N. Y., in place of S. D. Francis. Incumbent's commission expires January 21, 1926.

Fred D. Seaman to be postmaster at Unadilla, N. Y., in place of F. D. Seaman. Incumbent's commission expires January 21, 1926.

William B. Stewart to be postmaster at Walden, N. Y., in place of W. B. Stewart. Incumbent's commission expires January 21, 1926.

Edwin F. Still to be postmaster at Warwick, N. Y., in place of E. F. Still. Incumbent's commission expires January 21, 1926.

Mabel E. Stanton to be postmaster at Wellsburg, N. Y., in place of M. E. Stanton. Incumbent's commission expires January 21, 1926.

Warren A. Bush to be postmaster at Wilson, N. Y., in place of W. A. Bush. Incumbent's commission expires January 21, 1926.

Edward W. Elmore to be postmaster at Yorkville, N. Y., in place of E. W. Elmore. Incumbent's commission expires January 21, 1926.

NORTH CAROLINA

Claude C. Tillman to be postmaster at Dover, N. C., in place of C. C. Tillman. Incumbent's commission expired January 5, 1926.

John C. Smith to be postmaster at Lenoir, N. C., in place of J. C. Smith. Incumbent's commission expires January 21, 1926.

Henry Reynolds to be postmaster at North Wilkesboro, N. C., in place of Henry Reynolds. Incumbent's commission expires January 21, 1926.

NORTH DAKOTA

Ruth C. Whiteaker to be postmaster at Alamo, N. Dak., in place of R. C. Whiteaker. Incumbent's commission expired January 20, 1926.

Ada E. Olson to be postmaster at Fingal, N. Dak., in place of A. E. Olson. Incumbent's commission expired January 20, 1926.

Arthur B. McLaughlin to be postmaster at Hope, N. Dak., in place of A. B. McLaughlin. Incumbent's commission expired January 20, 1926.

Leif O. Fjeld to be postmaster at Mayville, N. Dak., in place of L. O. Fjeld. Incumbent's commission expired January 20, 1926.

William E. Burhans to be postmaster at Sentinel Butte, N. Dak., in place of W. E. Burhans. Incumbent's commission expired January 20, 1926.

Milton T. Hefty to be postmaster at Walcott, N. Dak., in place of M. T. Hefty. Incumbent's commission expired January 20, 1926.

Thaddeus C. Michael to be postmaster at Willow City, N. Dak., in place of T. C. Michael. Incumbent's commission expired January 20, 1926.

OHIO

Homer E. Graham to be postmaster at Holloway, Ohio, in place of H. E. Graham. Incumbent's commission expired January 20, 1926.

Gailord A. Case to be postmaster at Loudonville, Ohio, in place of G. A. Case. Incumbent's commission expired January 20, 1926.

OKLAHOMA

Frank J. Kohr to be postmaster at Poteau, Okla., in place of Martin Baswell, resigned.

Ray E. Sutton to be postmaster at Boynton, Okla., in place of R. E. Sutton. Incumbent's commission expires January 21, 1926.

Jesse W. Pinkston to be postmaster at Drumright, Okla., in place of J. W. Pinkston. Incumbent's commission expires January 21, 1926.

Leo N. Hawkins to be postmaster at Hitchcock, Okla., in place of L. N. Hawkins. Incumbent's commission expired September 27, 1925.

Herbert Harris to be postmaster at Oilton, Okla., in place of Herbert Harris. Incumbent's commission expires January 21, 1926.

OREGON

Guy E. Tex to be postmaster at Central Point, Oreg., in place of G. E. Tex. Incumbent's commission expires January 21, 1926.

Ethel N. Everson to be postmaster at Creswell, Oreg., in place of E. N. Everson. Incumbent's commission expires January 21, 1926.

Albert M. Porter to be postmaster at Gaston, Oreg., in place of A. M. Porter. Incumbent's commission expires January 21, 1926.

Carl A. Peterson to be postmaster at Orenco, Oreg., in place of C. A. Peterson. Incumbent's commission expires January 21, 1926.

John S. Sticha to be postmaster at Scio, Oreg., in place of J. S. Sticha. Incumbent's commission expires January 21, 1926.

William E. Tate to be postmaster at Wasco, Oreg., in place of W. E. Tate. Incumbent's commission expires January 21, 1926.

PENNSYLVANIA

Frank B. Wythe to be postmaster at Philipsburg, Pa., in place of F. B. Wythe. Incumbent's commission expired January 5, 1926.

Harry T. Callen to be postmaster at Tower City, Pa., in place of H. T. Callen. Incumbent's commission expired November 23, 1925.

UTAH

Ewell C. Bowen to be postmaster at Hiawatha, Utah, in place of E. C. Bowen. Incumbent's commission expired January 20, 1926.

WASHINGTON

Lucy F. Bushnell to be postmaster at Napavine, Wash., in place of E. L. Hughes. Incumbent's commission expired December 22, 1925.

Theo. Hall to be postmaster at Medical Lake, Wash., in place of Theo. Hall. Incumbent's commission expired January 17, 1926.

WISCONSIN

William C. McMahon to be postmaster at Cumberland, Wis., in place of W. C. McMahon. Incumbent's commission expired June 5, 1924.

John E. Himley to be postmaster at Wabeno, Wis., in place of J. E. Himley. Incumbent's commission expires January 21, 1926.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 21 (legislative day of January 16), 1926

POSTMASTERS

CALIFORNIA

Ernest W. Dort, San Diego.

COLORADO

Alexander G. Thomson, Leadville.
Loran G. Denison, Telluride.

IOWA

Ralph H. Halloway, Churdan.
John A. Edwards, Cumberland.
Alfred Wright, Denison.
George L. Evans, Elma.
Carrie H. Randall, Epworth.
Sam L. Shales, Farmersburg.
Emily L. Gibson, Reinbeck.
Leona B. Christensen, Swea City.

KANSAS

Floyd I. Shoaf, Clay Center.
Asahel A. Castle, Clayton.
James M. Rhine, Gove.
Ovid Butler, Hoisington.
Joseph H. Andrews, Overbrook.
Ruth N. Nickerson, Rexford.
Will D. Finley, Sedan.

MAINE

Clifford J. Sharp Maine, Monticello.
Fremont A. Hunton, Readfield.
Leo M. Cyr, Rockwood.
Lemuel Rich, Sebago Lake.
Joseph M. Gerrish, Winter Harbor.

MICHIGAN

Sylva Blain, Alba.
Fred W. Fitzgerald, Bellevue.
Ernest Muscott, Breckenridge.
Charles G. Chamberlain, Breedsville.
Martin C. Kilmark, Coloma.
David E. Hills, Fife Lake.
Helen L. Brown, Inkster.
John A. Sherman, Ludington.
John A. Meier, Manistee.
George N. Jones, Marine City.
Harry N. Colby, New Lothrop.
Ray G. Turner, Onsted.
Leslie A. Quale, Onekama.
Victoria Jesionowski, Posen.
Alfred Beutow, Reese.
Charles W. Munson, Republic.
May Rowley, St. Charles.
Charles F. Grozinger, Woodland.

MINNESOTA

Earle H. Yarick, Aurora.
Harris V. Albrecht, Backus.
Bernard McGrath, Barnesville.
Arthur F. Johnson, Barrett.
William H. Sturgeon, Canton.
Fred A. Shipman, Chokio.
Lambert J. Dols, Cologne.
Mary J. Anderson, Cyrus.
Chris N. Nesseth, Deer River.
John A. Oberg, Deer Wood.
Lewis F. Hodgson, Donnelly.
Elmer C. Hutchinson, Eagle Bend.
James C. Wilson, Grygla.
Stanley A. Torgerson, Hawley.
Henry Hendrickson, Hoffman.
Axel P. Lofgren, Karlstad.
George W. Fried, Luverne.
Olaf M. Groven, Mentor.
Wilbert F. Ott, Nashwauk.
William J. Kritta, New Prague.
William R. Gates, North St. Paul.
John A. Fridgen, Parkers Prairie.
Olive O. Dahl, Pine River.
Martin O. Sortedahl, Red Lake Falls.
Charles J. Moos, St. Paul.
Arthur H. Rowland, Tracy.
Anton Levandosky, Williams.
John Jensen, Winger.
Albert H. Sugg, Zumbro Falls.

NEBRASKA

George C. Dearing, Brule.
Leslie J. Hummel, Burwell.

NEW HAMPSHIRE

Frederick R. Jennings, Gorham.
Herbert Perkins, Hampton.

NEW MEXICO

Helen M. Lindsey, Portales.

NORTH CAROLINA

Nancy E. Bullard, Haw River.
Reuben H. Staton, Hendersonville.
Pierce P. Richards, Lawndale.
A. Hobart Greene, Mooresboro.
Ira E. Tucker, Polkton.
Frielden B. Jones, West Jefferson.

OKLAHOMA

Harry F. Hall, Alva.
Oliver T. Robinson, Britton.
Charles L. Logan, Butler.
Walter Waller, Carter.
Minta J. Spraggins, Davidson.
Elta H. Jayne, Edmond.
Edwin C. Willison, Elk City.

Denny Montgomery, Hobart.
Rose Crowder, Krebs.
David King, Luther.
William M. Bennett, Sentinel.
Clay Cross, Skiatook.

PENNSYLVANIA

Charles S. Bentley, Corry.
Paul Jones, Elmora.
Augustus J. Cornely, Nanty Glo.

WASHINGTON

Rollie K. Waggoner, Bickleton.
Roy H. Clark, Palouse.
William L. Oliver, Rockford.
James E. Clark, Ryderwood.

WEST VIRGINIA

George B. Thompson, Davis.
Carl F. Stewart, Littleton.
Sherman Jones, Lundale.
Gilbert W. Smith, Middlebourne.

WISCONSIN

John H. Sterling, Ferryville.
Felix A. Roeseler, Hustisford.
Walter J. Nelson, Waupaca.
Charles A. Smart, Wild Rose.

WYOMING

Wilson A. Clark, Clearmont.
Elizabeth W. Kieffer, Fort Russell.
Elmer T. Beltz, Laramie.

HOUSE OF REPRESENTATIVES

THURSDAY, *January 21, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, every day mayst Thou hear our voice ascending to Thee in prayer. We would offer at the Father's throne our word of praise and our plea for help. Do Thou lead us to meditate upon our dependence and thus be duly grateful for the wonderful manifestations of Thy mercy. Bless our country and ever keep over it an undefiled representative government. That we may have the best and avoid the worst, may all citizens understand that Christian character and high intelligence are the dominate notes in the progress of the Republic. Endow us more and more with clean conscience, clear vision, and great wisdom. After while, when the earth is taken in her beauty to the breast of God, may we sit down and share Heaven's immortal joy. Amen.

The Journal of the proceedings of yesterday was read and approved.

NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill. Pending that, I want to see if we can not agree upon the remaining time for general debate. I have talked the matter over with the minority leader of the committee [Mr. AYRES], and we think that three and one-half hours will be adequate. I therefore ask unanimous consent that further general debate be limited to three and one-half hours, to be divided equally with that which has been used heretofore.

The SPEAKER. The gentleman from Idaho asks unanimous consent that further general debate upon the naval appropriation bill be limited to three and one-half hours, one-half to be controlled by himself and one-half by the gentleman from Kansas [Mr. AYRES].

Mr. AYRES. Mr. Speaker, I think I have a little time coming to this side from yesterday. I will ask how the time now stands.

The SPEAKER. The gentleman from Idaho has consumed 5 hours and 28 minutes, and the gentleman from Kansas has consumed 5 hours and 16 minutes.

Mr. AYRES. I think there will be no question raised about that?

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The motion of Mr. FRENCH was then agreed to; accordingly the committee resolved itself into Committee of the Whole House on the state of the Union, with Mr. LEHLBACH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill, of which the Clerk will read the title.

The Clerk read the title, as follows:

A bill (H. R. 7554), making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes.

Mr. FRENCH. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Chairman and gentlemen of the committee, I have asked for this time for the purpose of making a few inquiries of my good friends on the Democratic side of the House. I would not dare at this time to ask for time unless I had been informed that the distinguished gentleman from Arkansas [Mr. OLDFIELD], chairman of the Democratic congressional committee, is in the near future to visit my district. Before he goes I want him to tell me whether he is going into my district to talk about the past history of the Democratic Party or whether he is going down there to talk about the present policy of the Democratic Party.

The gentleman from Kentucky [Mr. BARKLEY] has already been in my district. He talked about the grandeur of Thomas Jefferson and the glories of Andrew Jackson, but he did not mention one thing concerning the present policy of the Democratic Party.

I have lived in that country practically all my life. I have heard Democratic campaign speeches since I was knee high. Every time they talk only of Andrew Jackson or Thomas Jefferson or tongue scourge and damn forever the great financial interests of Wall Street, but they never dare talk about the present policies of the Democratic Party and explain exactly what they mean. In that respect, gentlemen, I have listened to so many of these Democratic speeches, I was past 21 years of age before I knew in truth and in fact Wall Street and hell were not one and the same location. [Laughter.] I want to tell the gentleman that these subjects are exhausted and threadbare. I trust the gentleman from Arkansas will go there, and I cordially invite him there, although I realize that when he goes with the great talent of eloquence that divine Providence has so abundantly endowed him with he will heap coals of fire upon my humble head.

Mr. OLDFIELD. Will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Arkansas.

Mr. OLDFIELD. I want to assure my young friend that I will not say one word reflecting on him personally. I would not think of doing anything like that. I will say something about the Republican Party and the Republican policies and about the Democratic Party and the Democratic policies, but I want to assure him that there will be nothing personal about it.

Mr. MONTGOMERY. I thank the gentleman for his assurance; but what I want you to do, sir, is to talk about the tariff law as you talk it here in the House and tell the folks that you believe in a downward revision of the Fordney-McCumber law and just exactly how such a revision will affect them and their property.

Mr. OLDFIELD. I shall gladly comply with that request. [Applause on the Democratic side.]

Mr. MONTGOMERY. I am not given to prophecy. I can not read the horoscope nor decipher the secrets written in the stars, but that assurance is almost too good to be true. [Laughter.] I do not believe the gentleman will, so I venture no prediction in that regard.

Mr. BLANTON. Will the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. BLANTON. I am perfectly willing for the gentleman to distribute my recent tariff speech in his district for Democrats there to read.

Mr. MONTGOMERY. I am coming to the Democratic gentleman's protective tariff speech. I am going to talk about that later and tell the House why he made it. I want to state to the gentlemen of this lower House of Congress as a preface to my remarks the reason I shall make these inquiries is because I am unlearned and inexperienced and untutored in politics.

I look at the thing through the eyes more of a civilian than as a politician. Until last March 4 I never ran for or aspired to an office, and on that day from a normal Democratic district a majority vote elevated me or lowered me—designate it as you may please—to a seat in this House as a Republican who stands four square on every principle and every policy of the Republican Party. [Applause.]

I have heard gentlemen from the Democratic side of the aisle criticize severely the Fordney-McCumber tariff law. It

is a Republican tariff law, a Republican protective tariff law, and yet I have never heard a single, solitary gentleman on that side of the House submit any exact substitute in lieu therefor. Whenever they are individually questioned on anything that concerned their particular district each and every one of them say they stand for protection on that particular article or those particular articles.

Mr. BLACK of Texas. If the gentleman will permit, the gentleman is a little too broad in that statement. I am one who represents an agricultural district, and I am not asking and do not want any so-called protection on anything raised in my district. Plenty of other Democrats are in the same position.

Mr. MONTGOMERY. There is at least one free trader in the House.

Mr. HUDDLESTON. I represent an industrial district producing probably as much steel as any district in the United States and other manufactured products, and I would like to give the gentleman a chance to look at a sure-enough free trader if he will just cast his eye this way.

Mr. MONTGOMERY. Two free traders! I do not know how many Democrats there are in this House, but of all their number only two dare declare publicly that they really believe in that grand old policy of Democracy—free trade. Now, gentlemen, I would rather not yield until I have finished, because my time is limited. If it is imperative I will yield, and if I have time left at the conclusion of my remarks I will answer all questions. Gentlemen, I desire to inform your distinguished political leader what he will find when he arrives in my district of Oklahoma. In the first place, he will find honest, intelligent, sincere, and candid men who, when questioned, give honest, intelligent, sincere, and candid answers, and they in turn, sir, shall expect that honesty, that sincerity, and that candor, and if they do not receive it they may in a way doubt your sincerity. When the gentleman speaks there for a revision of the tariff, when he tells them he wants to revise it downward he will be talking only vagaries, only generalities, that mean nothing. If he takes that position unqualified or undemarked, then he can be all things to all men. He can tell the men who manufacture a product that he believes in protecting them and he can tell the men who produce the raw material that he will protect them, that he stands only for a general revision on the downward grade. I want to know and those men will want to know just exactly what that downward grade revision will be in so far as it concerns their industries and their products. Will you tell them just what you advocate specifically and exactly and just how it will affect them? In the northeast corner of that district you will find the lead and zinc mines.

You will find in the vicinity contiguous thereto a vicinity that produces over half of the zinc that is produced in America. You will find them protected by this robber tariff, as you so graphically designate it. You will find under the Fordney-McCumber Tariff Act that there is a duty of 1½ cents per pound on lead-bearing ores, and you will find that it was only three-quarters of a cent per pound under the Underwood Act. Will you tell that locality that you intend to cut this protection again in half by your downward revision? Next you will find that the zinc ores that are mined there contains 25 per cent of zinc or over, and under the Fordney-McCumber Act it is protected by a tariff of 1½ cents per pound, which is equivalent to 30 per cent ad valorem. These figures are given me by the Division of Statistics of the Bureau of Foreign and Domestic Commerce. You will find under the Underwood law there was only 10 per cent ad valorem protection upon it. Will you tell those concerned in these mines that you again intend to cut their protection to one-third as it was under the Underwood Act? You will find under the Underwood Act that there was shipped zinc ores from Mexico to my home city of Bartlesville and smelted there, after hauling it a thousand to fifteen hundred miles, cheaper than Ottawa County could mine and ship it 80 miles to those smelters. You tell these men if the tariff is to be revised just exactly what you offer in reference to zinc, whether you would reduce the tariff down to where it was in the Underwood Act, or place it upon the free list. You will also find there, sir—now I am going to get to the gentleman from Texas and mention his tariff speech. You will find there also cattlemen. The gentleman from Texas evidently represents a cattle district, but I take from his speech that he is not a cattleman. No; he can not fool me on that. If he had been a cattleman he would not have made the mistake he did. He would have known cattle are protected.

Mr. BLANTON. Since the gentleman has mentioned me, will he yield?

Mr. MONTGOMERY. Yes; I will yield.

Mr. BLANTON. Why does not the gentleman go and tell his Oklahoma cattlemen why he and his Republican Party do not put a tariff on hides, with millions of pounds of free hides coming in free from foreign countries?

Mr. MONTGOMERY. I will tell the gentleman this: If my vote would put hides on the protective list, as soon as that vote is cast they will be there.

Mr. BLANTON. Then let the gentleman get his party to do it without waste of time, and some of us Democrats over here—a few of us at least—will help him to do it. My colleague from Texas, Mr. GARNER, and my colleague, Mr. HUDSPETH, and my colleague, Mr. JONES, and a few others of us will help him.

Mr. MONTGOMERY. Then there are two or three Members over there who are not free traders. I heard in the House many exclamations of surprise when the gentleman from Texas [Mr. BLANTON] made a real honest-to-goodness Republican protective-tariff speech in spite of the fact that he is a Democrat. I heard Members over here on my side of the House say they were surprised at the attitude he took. I was not surprised. I know how he feels about it; and I tell you, gentlemen, if you represent the interests of cattlemen and you wish to continue to represent their interests, you have to make a good Republican protective-tariff speech at least once in six years, and you have to bolt Democratic caucuses. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield for one more question?

Mr. MONTGOMERY. Yes.

Mr. BLANTON. I have never bolted a Democratic caucus, and I have made that same speech here practically every year for nine years.

Mr. MONTGOMERY. That is what keeps you here. [Laughter.]

Mr. BLANTON. And I am kept here by Democrats, and they think exactly as I do on that question.

Mr. MONTGOMERY. By Democratic cattlemen.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Iowa.

Mr. GREEN of Iowa. Will the gentleman tell the committee whether it would be possible to operate the mines in his district under the Underwood tariff, with wages still lower than they were at the time he speaks of?

Mr. MONTGOMERY. I will tell the gentleman that it is not only impossible to operate them now, or would be, impossible under the Underwood Act, but it was impossible to operate them then; and when the gentleman from Arkansas [Mr. OLDFIELD] goes down there and talks revision of the tariff I want him to tell those men whether he intends to close the doors of the mines or not. I do not want him to go down and deal only with the history of the Democratic Party but inform those miners and mine owners as to present-day Democratic policies.

Mr. GREEN of Iowa. As I understand it, you do not want the gentleman to talk generalities when he goes down there?

Mr. MONTGOMERY. That is exactly it. I want him to be specific.

Mr. OLDFIELD. Maybe the gentleman would like to write my speech for me before I go. [Laughter.]

Mr. GREEN of Iowa. I will say to the gentleman from Oklahoma that in that case it would be a much better speech under those circumstances in that part of Oklahoma. [Laughter.]

Mr. MONTGOMERY. For the benefit of the gentleman from Arkansas I want him to go there, and I want him to talk of the principles of the Democratic Party as they exist at the present day.

Mr. OLDFIELD. And Republican issues of the present day also. You want those discussed?

Mr. MONTGOMERY. Oh, yes. When you talk of Democratic policies I will talk Republican policies.

Now, on cattle and beef I want to read some figures that I received from the same source as the other figures. In the year 1920, under the Underwood Act, there was imported into the United States 379,114 head of cattle. In 1924, under the Fordney-McCumber Act, there was imported 143,170 head of cattle, not quite one-half as many. In 1919, under the Underwood Tariff Act, there were 642,395 cattle imported into these United States. In 1923, under the Fordney-McCumber Act, there was imported 140,539 cattle, not quite one-fourth as many. When the Underwood Act was in force the cattlemen of my district had to compete with the cattlemen of Mexico, and they could not do it, and it bankrupt nearly every cattleman there. They not only had to compete with the Mexicans in beef on the hoof, but in the year 1920, under the Underwood Act, there

were 50,000,000 pounds of beef and veal imported into this country. In 1924, under the Fordney-McCumber Act, there were only 17,000,000 pounds, and in 1919, under the Underwood Act, 38,000,000 pounds of frozen beef and veal were imported. In 1923, under the Fordney-McCumber Act, this "robber" tariff, as you refer to it, there were 19,000,000 pounds imported. They not only had to compete with the Mexicans under the Underwood Act but they had to compete with the South Americans, and it drove them into bankruptcy.

Mr. OLDFIELD. Mr. Chairman, will the gentleman yield for one question?

Mr. MONTGOMERY. Yes.

Mr. OLDFIELD. In 11 months of last year, 1925, there were 560,000,000 pounds of meat exported from this country, coming into competition with the meat products of other countries.

Mr. GREEN of Iowa. Beef?

Mr. OLDFIELD. Meats; beef, veal, ham, and so forth.

Mr. GREEN of Iowa. And only 38,000,000 pounds imported into this country?

Mr. OLDFIELD. I am talking about meat.

Mr. GREEN of Iowa. I was talking about cattle.

Mr. OLDFIELD. Let us keep the record straight here.

Mr. MONTGOMERY. I wish to mention one more thing. Just before I left my district, the district the gentleman is about to visit, I was at the opening of a great cotton-cloth manufactory, not the largest in the world, but very complete. Men of my district, with capital and genius and business foresight, have invested from $2,000,000 to $4,000,000 in this industrial plant. It employs from 2,000 to 4,000 people. They are also contemplating an addition. They are going to make it twice as big if they can, and it will be possible if it be properly protected. It is absorbing cotton that is grown in my district. They are manufacturing cloth there and employing men of my district. I want to ask the gentleman, when he talks in generalities and says he is going to revise the tariff downwards, just how he is going to revise it concerning that mill? I want to know if he is going to close that mill, just as the Underwood Act closed the mills of New England?

Mr. OLDFIELD. I will say to the gentleman that one-third of the New England mills are now closed and the employees are out of employment. I have made an investigation of that. You do not want an embargo built around this country to keep everything from coming in, do you?

Mr. MONTGOMERY. No. I stand for a tariff that will protect American industry and American labor.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Connecticut.

Mr. TILSON. Speaking of cotton mills, the gentleman is aware of the fact that on the cotton textiles the present tariff rate now in existence is so low that there is extremely hard competition along a number of lines, and that some of the mills are suffering for the reason that the tariff was not made high enough on certain particular lines of fine goods.

Mr. OLDFIELD. You can not make a tariff high enough to suit the textile mills of New England. I deny the statement that the tariff is not high enough to keep out competition.

Mr. MONTGOMERY. I want to know particularly how low it will be made by this downward revision when now it seems inadequate, and those men want this information, and then if you can not tell them how it will affect them they will tell you.

I must hurry on. I have talked only of two or three industries that are located there, and have not the time at my disposal to enumerate all of them; I most assuredly would like to.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. FRENCH. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MONTGOMERY. I want to come now to the principal industry; I want to come to the oil industry. The gentleman says one-third of the mills are shut down, yet under the Underwood Act there was a far greater number out of operation. I want to know if you are going to shut those mills down again and close the gate to the market of petroleum products, as you did under the Underwood Act, and I want to know if the oil men in my district will have to cut their runs and have the price cut to where they can not afford to produce oil.

Mr. OLDFIELD. Does the gentleman claim there is a tariff on oil?

Mr. MONTGOMERY. No; but a tariff which makes it possible for these mills to keep running affords a market in which the oil can be sold.

Mr. OLDFIELD. The gentleman from Oklahoma wants a tariff on oil but the Republican Party did not give it to him in the Fordney-McCumber tariff act. Therefore, the quarrel of the gentleman is with the Republicans, and the same is true with respect to hides. If you could have gotten New England Republicans to agree to a tariff on hides there would have been such a tariff, but they would not agree to have that done.

Mr. MONTGOMERY. The gentleman misconstrues my meaning, and I have not the time to go over it again.

Mr. BLANTON. Will the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. BLANTON. The gentleman represents one of the greatest oil fields in the country. Has he ever been able to explain to his Tulsa people why they have to pay 16 cents and 17 cents a gallon for gasoline while the people in San Antonio, Tex., in the district represented by his Republican colleague [Mr. WURZBACH] get it at times for 11 cents? Why such a discrimination?

Mr. MONTGOMERY. I do not know about that.

Mr. WYANT. Will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman.

Mr. WYANT. I would like to ask the gentleman from Texas to explain how it is we pay in these hotels from $3 to $5 for a steak large enough for two, and they give cattle away in Texas? [Laughter.]

Mr. BLANTON. If they are steaks from Texas cattle they ought to be worth the price. It is not Texas cattle, but cattle hides that are almost given away because of free hides from foreign countries.

Mr. OLDFIELD. The gentleman from Massachusetts [Mr. TREADWAY] is a hotel man and he is a member of the Committee on Ways and Means. If he were here, he could probably explain that to you.

Mr. MONTGOMERY. I shall conclude. My extra time has just about expired, but I extend this invitation to the Democratic side of the House. If free trade or tariff for revenue only as against a protective tariff is to be made an issue in the coming campaign, taking into consideration, if you please, the personal inequality, and I know I do not have the talents of the weakest Member on that side of the House—I invite any one of you and I invite all of you to come into my district and talk free trade or tariff for revenue only.

Mr. AYRES. Does not the gentleman think he is covering a lot of territory? I happen to represent a Republican district yet I am not inviting those gentlemen to come into my district. [Laughter.]

Mr. MONTGOMERY. If I can get them to talk tariff and not talk about Thomas Jefferson, Andrew Jackson, and fight the Civil War over, I believe I shall be able to meet them, no matter how weak my talents may be. [Laughter and applause.] I desire to lay stress on that point. If they will go there and if they will advocate a reduction in the tariff and tell the people of my district just exactly how it will affect them, I will have no fear of the result. If they will tell the people of my district that they will have to compete with a foreign market and foreign labor, in spite of my very limited ability, I believe I can convince the intelligent voters there that America should be kept safe for Americans. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman, it had not been my intention to take any part in the debate on the pending bill, but my interest was aroused by the remarks just made by the new Member from Oklahoma [Mr. MONTGOMERY], and I think that the inquiries made by a great representative group of western farmers, who held a meeting in Des Moines, Iowa, upon a recent occasion will give food for thought not only to the gentleman from Oklahoma but also to those who have a very much more enlarged vision of political interests in this country. Here is the report in reference to that convention, composed of the representatives of more than 1,000,000 farmers, representing farmers, as the account says, reaching from Oklahoma to all of that great region in the Northwest, which is now apparently suffering so much from depressed agricultural conditions:

> Representatives of every grain-belt farm organization of consequence, including in their membership 1,000,000 farmers in the territory from Oklahoma through the Northwest, unanimously adopted bristling resolutions here yesterday assailing the last two addresses of President Coolidge, the administration cooperative marketing bill of Secretary Jardine, and condemning "anyone who thwarts a constructive agricultural program evolved by farmers without having an equally constructive one to offer in its place."

In connection with the Fordney-McCumber tariff bill—and this is what I particularly desire to call to the attention of the

gentleman from Oklahoma—they made this declaration. Remember, gentlemen, these were not Democrats. There may have been a few scattering Democrats represented, but this great grain belt is represented in this House almost exclusively by Republicans, and I imagine they were talking the sentiment of men who have heretofore been voting the Republican ticket almost en masse. Here is what they say:

> We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole. On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class—on the one hand the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while on the other hand the price of his great surplus commodities is fixed in the world markets.

I want the young gentleman from Oklahoma to answer this very vital question propounded by these great farm organizations of the West, if he can.

"If the existing tariff," inquire these farmers, "is such a boon to agriculture, then how can the fact be explained that although this tariff has been in operation for five years agriculture at this hour is staggering on the brink of complete collapse?"

Mr. MONTGOMERY. Will the gentleman yield?

Mr. BANKHEAD. Yes; I will yield.

Mr. MONTGOMERY. I want to ask the gentleman if they made any recommendation about taking the present existing tariff rates off of their products?

Mr. BANKHEAD. I will answer that in this way: The gentleman in answer to an inquiry said that if he had his way he would put a duty on hides. I will say to the gentleman that if he will persuade those in charge of the policies on his side of the House, the Republican side, to open up this question at this session of the Congress of the United States and give us an opportunity for a revision of the tariff we will undertake to show that practically all the Democrats on this side stand pat upon the original proposition of a tariff for revenue only, and that we will undertake to help you write a tariff bill that will answer some of these questions propounded by this great group of western farmers. [Applause.]

I have answered the gentleman's question and I would like the gentleman to answer a question of mine.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. AYRES. Mr. Chairman, I yield the gentleman five minutes more.

Mr. BANKHEAD. I would like to ask the gentleman from Oklahoma, who has interrogated me, how he undertakes to answer this question propounded to the administration, and propounded indirectly to his side of the House; how he answers this question of this great group of western farmers: That if the Fordney-McCumber tariff bill is the great boon for agriculture, as claimed, and also for the promotion of agricultural interests, how does the gentleman explain, as these farmers assert, that although it has been in operation for five years agriculture in that great region of our country is standing in a condition of almost absolute collapse?

Mr. MONTGOMERY. Will the gentleman yield?

Mr. BANKHEAD. I would like the gentleman to answer the question.

Mr. MONTGOMERY. I will answer it the best I can. That is regulated by the fundamental, irrefutable law of supply and demand; and if it were not for the fact that they had a protective tariff and had the feeding of these mill people in New England, and if it were not for this general degree of prosperity, the condition would be even worse than it is.

Mr. BANKHEAD. The gentleman concedes then that the depressed price of agricultural products in the West is regulated by the inexorable law of supply and demand, ergo the tariff has no influence on that situation.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. BANKHEAD. I will.

Mr. BLACK of Texas. The former Secretary of the Treasury, Mr. Leslie M. Shaw, gave what I think is the keynote answer of the Republican Party, and that is, if the farmers can not make farming pay let them quit the farm. I notice that statement in his letter to Senator CAPPER, put into the CONGRESSIONAL RECORD yesterday by the gentleman from New York [Mr. CROWTHER]. Here is what Mr. Shaw said:

> There can be but one remedy. That is the natural and logical remedy. Let the many thousand worthless farms, those on which men under most favorable conditions can only exist, be abandoned.

Mr. BANKHEAD. Yes; exactly.

This is all I have to say on the subject, and I yield back the remainder of my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back two minutes.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. HUDDLESTON]. [Applause.]

Mr. HUDDLESTON. Mr. Chairman, as an old-fashioned Democrat and hence a free trader, I want to offer a little apology for those who may sit on this side and yet of whom the gentleman from Oklahoma [Mr. MONTGOMERY] says that they may be seduced away from Democratic principles by an offer to levy a protective tariff on some production of their districts and which will thereby make their particular constituents more prosperous.

Gentlemen who are influenced by such means recognize the fact that the looting of the general public is going on and is going to be continued, and they do not see why, when the robbery is being committed anyway, they should not claim some of the loot for their home folks.

It is the way all tariff laws are gotten up. It is merely a matter of trading off the general public interest. Selfish groups get together with enough other selfish groups to be able to dominate the Government. Then each one gives the other what he demands as the price of his support, and they go in together. Each knows that the other group is robbing his group, but they form a sort of plunderbund for the privilege of putting their hands in the pocket of the general public. Each gives the other groups the privilege of putting their hands into his pockets. A, B, and C submit to being robbed by each other for the privilege of robbing the other letters of the alphabet.

It puts me in mind of a story I heard when I was a boy living in the district of my friend, the gentleman from Tennessee [Mr. HULL]. Old man Myers was a very old-fashioned backwoodsman. He was very ignorant, but was thrifty and had accumulated considerable property. He lived simply and in a very primitive way, but was amply supplied with the plain necessaries of life. He had two sons, Morg and Ab, who had married and had left home and had families of their own. They came to see the old man every Sunday. The boys nearly always carried something home with them when they left, either with the old man's consent or without it. Just as the sun was going down one Sunday, when Ab got ready to leave his father's house, he happened to sidle around near the old-fashioned kitchen that was some distance out from the house. He saw the door ajar and a ray of sunshine piercing through, and when he peeped in there he saw Morg standing by the old-fashioned punger gourd in which the parched coffee was kept, and Morg was reaching in the gourd and stuffing the coffee down into his pocket. Morg looked up and saw he was caught, and said, "Come on in, Ab, and get you some." [Laughter.]

That is the protective-tariff system. That is the principle upon which it works. That is the true explanation why the protective tariff is tolerated.

This country in that respect is governed as it is in practically all other respects. It is governed by selfish groups. It is ridiculous to talk about party government. There is no such thing. It is group government. And the trouble is that the governing groups are outside of and not in Congress. Congressmen are merely marionettes that dance when powerful outside selfish groups pull the strings.

The people of this country do not respond to public questions as citizens. They respond as groups, and each considers the selfish interests of his own group as superior to all other considerations. That is what is the matter with the country. That is what is threatening to destroy the country. So long as you do something for the selfish group to which a man belongs he is for it, and it does not make any difference to him that it robs the general public and hurts the general public welfare. Citizens are thinking only about their groups. They are not thinking about the generations that are to come. They are not thinking about the great unorganized multitudes that are mute, inglorious, and have no way of expressing themselves.

Therefore are protective tariffs. If the people ever get organized as citizens instead of as selfish groups; if the people ever become alert and conscious as soldiers of the common good; if they could be organized and made active along lines of idealism, instead of along lines of group selfishness and group benefits, then there will be hope for America. That is the only hope for the future of this country.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. AYERS. Mr. Chairman, I yield the gentleman five more minutes.

Mr. HUDDLESTON. Unless the people of this country do become conscious of their responsibility to the general welfare,

not as organized groups, but as citizens of a great country, its institutions can not be preserved. When such a state of things shall be, then nobody will have the impudence to propose a protective tariff. Protection's only reason and purpose whatever is to force one American citizen to pay to another American citizen for things he wants more than he would have to pay in the open markets of the world. In practice it operates to rob the general public for the benefit of selfish interests.

But I did not rise to talk on the tariff. I got up to say a few words in behalf of a humble constituent, an old colored woman down in Bessemer, Ala. She had a son and they took him for the war. He received an honorable discharge and went back home and worked and supported his mother. In September, 1923, this son was strickened with pulmonary tuberculosis and became unable to work. He stayed at home with his mother. She did washing, cared for him the best she could. He might have had help but they were ignorant and did not know it. He lingered on for about a year and finally died as the result of his tuberculosis.

During the year after he was stricken, he was unable to contribute to his mother's support. Then, after the boy died somebody told her that she was entitled to his adjusted compensation—soldier's bonus. She filed her claim and submitted the facts to the Veterans' Bureau as I have stated them to you. She is in need. She is old and destitute. What do they say? I have the bureau's letter in my hand and I will put it into the RECORD. They say in short:

Because your son was sick during his last year and did not contribute anything to your support during that time, but to the contrary was dependent upon you, you were not dependent on him at the time of his death, and therefore you are not entitled to anything.

The letter is as follows:

JANUARY 15, 1926.

Jackson, Louis (deceased), A–1836799.

Hon. GEORGE HUDDLESTON,

House of Representatives, Washington, D. C.

MY DEAR MR. HUDDLESTON: Receipt is acknowledged of your communication of recent date, with inclosures, relative to the claim of Mrs. Dina Jackson, of 1709 Ninth Avenue, Bessemer, Ala., for the benefits of the World War adjusted compensation act in the case of the above-named deceased veteran.

You are advised that this claim has received careful review on the basis of the supplemental affidavit received with your communication, and it has been determined that Mrs. Jackson was not in fact dependent upon her deceased son for support at the time of his death within the required meaning of dependency under this act. The evidence presented in this case indicates that the veteran was ill after his discharge from the service in 1919, and was consequently unable to make any contribution toward the support of his mother up to and including the date of his death. It would seem, therefore, that this claimant was not in fact dependent upon the veteran for support, inasmuch as he had not contributed for a period of one year prior to his death, and it is necessary for this bureau to confirm the disallowance in this case.

A copy of this letter is inclosed for your use.

All future communications relative to this matter should bear the file number A–1836799.

For the director.

CHARLES E. MULHEARN,
Assistant Director.

I cite that as a most shocking illustration of what a strained and unnatural construction the bureau places upon the effort of Congress to do something for our soldiers.

Constantly we who are interested in these soldier claims are confronted by such decisions. If the boy was killed on the battle field and had not made his mother an allotment she can not get his adjusted compensation. That is their construction of the law. She must not only have been in need, but he must have been contributing to her support at the time he died. Otherwise she is not "dependent" within the law. This works a great hardship.

I want to call attention to one more aspect of construction. Claimants do not come before them on equality. If a mother who is in the habit of living on a high plane goes to the bureau and shows that their living cost them, say, $500 a month, and that the soldier son was contributing, say, $50 a month to her living on that scale, they allow her claim. But if some humble mother receiving a total income of $40 or $50 a month that she lived on and that was all she had though she was getting only the barest necessities of life, perhaps not sufficient to keep the body in a state of health, her claim is rejected. She "lived" on that scale, and therefore the bureau says, "You are not entitled to receive anything." Congress never intended such a thing.

Mr. BULWINKLE. Will the gentleman yield?

Mr. HUDDLESTON. Yes.

Mr. BULWINKLE. Members of Congress are frequently meeting with cases like this, Was this decision by the Comptroller General?

Mr. HUDDLESTON. In the Jackson case, referred to, it was not a decision of the Comptroller General.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. AYRES. I yield to the gentleman three minutes more.

Mr. HUDDLESTON. But I do not care whether the Comptroller General or the Veterans' Bureau is responsible, it is just as asinine and it makes no difference who did it.

Congress intended that the parents should have the bonus if the parents were in need of it. It is for Congress to see that its will is reflected by decisions made by these administrative officers. We should amend the law so that these things will be done that Congress intended to have done.

We must amend the law so as to give such people as this poor negro woman her rights.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. HUDDLESTON. Yes.

Mr. CHINDBLOM. The Committee on Ways and Means have that subject before them now.

Mr. HUDDLESTON. I am glad that the gentleman from Illinois has stated that. His great committee ought to engage once in a while in considering things like this, and if it does not then we should give jurisdiction to some other committee.

Mr. CHINDBLOM. I will say to the gentleman that the Committee on Ways and Means is considering this matter now.

Mr. HUDDLESTON. Let us not get tangled up in legal technicalities. The so-called "adjusted compensation" is in reality a soldiers' bonus. I am the father of it. I introduced the first bill and made the first speech ever made in Congress in behalf of a gratuity for discharged soldiers. It is not adjusted compensation; it is a gift, a gratuity from a grateful Government, and it ought to be passed on to those for whom Congress intended it.

Mr. RANKIN. Will the gentleman from Kansas yield me two minutes?

Mr. AYRES. I yield the gentleman two minutes.

Mr. RANKIN. Mr. Chairman, in regard to the so-called soldiers' bonus, I desire to say that I regard it as adjusted compensation. It is money that the Government owed these men for their services during the war. That was the intention of Congress when it was passed, and it is unjust to withhold this money from these people or from the estates of these men who have died before they had an opportunity to file their claims; and I trust the gentleman from Illinois [Mr. CHINDBLOM], who is on the Ways and Means Committee, and every other member of that committee will take this question up now and do now what public opinion will force them to do later, and that is to amend this law so as to carry out the intention of Congress to give these men and their dependents that adjusted compensation that the Government owes them, and which we have said the Government owes them, by the passage of the adjusted compensation law. I think myself these technical constructions are all wrong. But the Ways and Means Committee should bring out a bill now and correct this error and let the country know that we regard this as an adjusted compensation that belongs to the dependents or to the estates of these men who died before they had opportunity to file their claims. Take a man, for instance, who was sick and who had to incur debts, who had to employ physicians, who had to buy medicines, and who had to go in debt to sustain himself and his family, and then say to him, as you are saying to-day, that because his father and his mother are dead and he has no wife or children that his brothers and sisters who were dependent upon him can not get this adjusted compensation, is little short of an outrage, in my opinion. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. CRAMTON].

Mr CRAMTON. The 1927 bill which has so recently passed the House included the following item:

Seven thousand five hundred dollars for the Aileen Nusbaum Hospital and equipment thereof.

The proposed construction of a hospital in the Mesa Verde National Park will fill a great need in that park. The name given it comes from our committee, acting upon our own initiative, and is intended as a permanent and tangible recognition by the Government of outstanding service and sacrifice, without pay, by Mrs. Aileen Nusbaum, wife of the superintendent of the park.

The action of the House in approving this item has brought forth the following editorial from the Stockton (Calif.) Record, which recounts better than I can the services that have appealed to our committee as justifying this tribute:

The Interior Department appropriation bill has been introduced in the House of Representatives by Congressman LOUIS C. CRAMTON, of Michigan. The measure fixes the budgets under which the various bureaus of the Interior Department, including the Reclamation Service, the Bureau of Mines, of Indian Affairs, of Lands, of Patents, the Geological Survey, and the National Park Service, must operate during the ensuing year. In the park service budget, according to a dispatch from Leo A. McClatchy, published in yesterday's Record, Chairman CRAMTON has included an item of $7,500 for the "Aileen Nusbaum Hospital at Mesa Verde National Park."

Not a very large amount for the purpose of building a hospital, surely. As hospitals go, generally speaking, the appropriation would not produce very much in the hands of a city building contractor. But at Mesa Verde it is a very different matter. In order to fully appreciate the extent of the splendid tribute which Congress seems just about to pay to one of America's most extraordinary women, one must have visited Mesa Verde. The park is located in southwestern Colorado, and was created to preserve the largest and finest examples of America's prehistoric cliff-dweller ruins. There are found evidences of an ancient semicivilization which it is claimed have been traced back 2,000 years before Christ, to or about the time when many of California's wonderful Sequoi gigantea, the largest and the oldest of the earth's living things, were little more than young saplings.

Mesa Verde, which means "green table," and which gets its name from the fact that it is a beautiful, verdant plateau which rises over 2,000 feet above the surrounding country and for several hundred miles commands a view of the great colorful southwestern desert, is in charge of Jesse L. Nusbaum, archæologist, and one of the country's best-versed men on the American Indian, who holds the position of park superintendent. Aileen Nusbaum is his wife. The Nusbaums are truly a remarkable couple. Both are cultured and talented. Had they chosen to cast their lots in the big centers of population they undoubtedly could be living to-day in abundance and ease. Instead, they chose a life of hard work, and which until the past few years, when the fame of Mesa Verde became spread afar, practically meant exile.

The Nusbaums have accomplished unusual things at Mesa Verde in spite of great difficulties and what to many would be real hardships. To begin with, the Government was not at all lavish in its appropriations for park developments. But, in the eyes of Jesse Nusbaum, every dollar allotted to Mesa Verde was made of rubber, and he stretched it until it was made to do the work of many. While her husband toiled with gangs of Navajo Indians in building roads and trails, Government structures of native stone, or drainage ditches to carry every drop of water that fell on the mesa into the ancient reservoirs built by the Aztecs to provide a summer supply, Mrs. Nusbaum busied herself with a multiplicity of things. She aided in collecting and cataloging artifacts excavated from the cliff-dweller ruins by her husband and other park employees in cooperation with the representatives of the Smithsonian Institution at Washington, D. C. These were placed in a small museum on the mesa which, through the kind assistance of Mrs. Stella Levinson, of San Francisco, and other generous friends, is gradually being expanded to more pretentious proportions.

When winter descends upon the mesa the Nusbaums become isolated, excepting for the telephone line which reaches out to Mancos and Durango. Holed up in the snow for months, they have turned their talents to wood carving. Every piece of furniture which adorns their home, and many of those which grace several of the small but picturesque Government buildings—especially the museum—is the work of their own hands. The Nusbaums have a very comfortable home, built of native rock. It reflects appreciation of the Spanish and Indian types of architecture. Standing at the edge of the bluff overlooking Spruce Tree Canyon, its veranda commands a view of one of the park's finest ancient cities, inset like a gem in a niche in the opposite canyon wall. The structure is in perfect harmony with its surroundings, and yet, located on the heights of residential Los Angeles, it would attract more than passing notice. "Whoever lives there must possess an artist's soul," would be the mental comment.

And the Nusbaums built their home with $1,500, that amount being all that was allowed by Congress for the construction of the park superintendent's dwelling. The building material was found close at hand and was free. There was an abundance of rock. Peeled logs were used for ceiling joists and the rooms were ceiled mouse tight with a cribbing of peeled pine, laid in zigzag fashion for artistic effect. Much of the lumber used in constructing household furniture was cut from timber remnants of abandoned bridges. Beautifully carved and stained with a mulch of broken and frozen sandstone, which was rubbed down until the furniture took on a polish, wood that ordinarily might be regarded as only fit to feed a fire, was made to serve a high purpose. All of these things, the Nusbaums did with their own hands, aided by Indians, during the long winter months.

Through professional experience in dramatics, Mrs. Nusbaum was able to write two ceremonial plays which the Navajos were induced to present for park visitors, using the Spruce Tree House, an ancient cliff dwelling, as a stage setting. One of these, the Fire Play, has attracted offers from some of the biggest film producers, but thus far she has refused to commercialize her work or permit it to be taken from Mesa Verde.

But it is as an angel of mercy among the sick and the distressed that Mrs. Nusbaum's work has won congressional attention. As Mr. McClatchy says in a Washington dispatch: "This woman for a number of years has been venturing forth through the rugged wastes of Colorado administering to the sick and aiding the indigent, all without compensation. Indians and whites alike have benefited from the ministrations of this messenger of mercy, a messenger who frequently has fought her way through snow-clogged canyons to render her simple aid to suffering humanity."

During the war Mrs. Nusbaum was an overseas nurse. The Indians regard her with love and reverence. To the Navajos she is a "medicine woman."

And it is this woman whom Congress proposes to honor by providing a hospital at Mesa Verde in order that the needs of visitors and dwellers may be served. It is the first time, so far as is known, that a bit of sentiment like this has crept into an appropriation bill.

No; $7,500 is not a large amount for a hospital; but in the hands of the Nusbaums of Mesa Verda we suspect it will go remarkably far.

Mr. AYRES. I yield 15 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. TABER. I also yield the gentleman 10 minutes.

The CHAIRMAN. The gentleman from Minnesota is recognized for 25 minutes.

Mr. KVALE. Mr. Chairman, the bill under consideration contains an appropriation of $317,000,000 for the Navy for the ensuing year. I am opposed to this large appropriation for two reasons. One is that I consider much of it a waste of the taxpayers' money, and in the next place it is not in the interest of peace.

Figures have been quoted, many of them—figures to show the Navy costs but little, figures to show it costs a great deal. Statistics and assertions to show it is national economy; more statistics to prove that, whether economical or not, we must have more and more ships.

Have you inquired into the cost of this Navy? We are expending more on its maintenance and expansion than any other world power expends on its navy, and we are being urged constantly toward even greater expenditures. The following figures show the gradual expansion up to and including 1914, the last year that can fairly be considered as pre-war:

In 1893 we spent for the Navy $30,000,000. In 1898, five years afterwards, $59,000,000; in 1903, $83,000,000; in 1908, $118,000,000; in 1913, $133,000,000; in 1914, $141,000,000; and we are spending now $317,000,000.

We are spending between fifty and seventy-five million more on the Navy than is spent by all the colleges and all the universities in the United States in a year.

We will pass over the staggering cost of this arm of the service during the war. But to-day, seven years and more after its close, when we are again in time of peace, we have the right to ask why our appropriations of moneys for the Navy Department should be $317,000,000, or nearly a million dollars every day of the year. Two times as much as the year before the "war to end war."

Why such vast expenditures? For national defense? Oh, yes, I want a Navy for defense, just as I want an Army for police purposes. We must have some ships, of differing design and construction, for policing our shores, for defense, for the errands of mercy which are such a credit to our Navy, for the several activities of the Navy.

But I have no sympathy with the propaganda that preparedness is a preventive of war; that the greater the military and naval strength, the greater the insurance of peace. Just one quotation from the address on The True Grandeur of Nations, delivered by the illustrious orator, the former Senator Charles Sumner of Massachusetts:

History teaches that the nations possessing the greatest armaments have always been the most belligerent; while the feebler powers have enjoyed, for a longer period of time, the blessings of peace.

O Mr. Chairman, the world should be disillusioned now with regard to the fallacy of preparedness preventing war.

Moreover, there is little doubt to-day, in the light of the many revelations through hearings and through inquiries and through courts-martial and through expert testimony and incontrovertible facts and proofs, that as a factor in national defense the battleships are near to obsolete. We are in this body in the heat of this epochal discussion at present; the trend, undeniably, is away from the time-honored ideas of

defense and toward development of aerial defense. It has reached the point where the bitterest opponents of the proposal are to be found within the Navy Department and the War Department, and practically nowhere else. Reports from those departments lavish praise on all except men of the type of Colonel Mitchell and Admiral Sims, both of whom have clearly proved and demonstrated how we could save for the taxpayers millions and millions of dollars by substituting airplanes for huge battleships and huge armies, airplanes that would be far more useful in peace-time pursuits than are the agencies of defense at this time. If we must expend these enormous sums, let us build airplanes instead of battleships.

We are building battleships that cost $40,000,000, with the cost of construction steadily mounting, with the modernization and maintenance expenses adding by millions to the original figure. Battleships that can be sunk in four minutes by an airplane. I recall the work of the late Senator La Follette; I remember that time and again he charged in the Senate, and proved his charges, that Morgan & Co. and its industrial ally, the United States Steel Corporation, coined millions annually from the fat Government contracts for construction of the various ships and for the sale to the Government of materials and supplies.

A Navy for defense! I cheerfully grant it. But what is it to defend? And whom? The United States? That is their claim, that is the propaganda.

Of course, if by the United States you understand that small coterie of financiers who are now in absolute control of our Government, your claim is valid. But if by the United States you understand our country, all the people of that country, all its institutions and its resources, the claim is to a very large extent unwarranted. It is, to revive an old war-born word, camouflage.

I need not add, I hope, that this in nowise is intended as a reflection on the members of the committee which has reported this bill, with recommendations that the appropriations be accepted by the membership of this body. I certainly do not question either their patriotism, their integrity, or their high motives. But, without trying to explain how it is being done, it is nevertheless a fact that we are being drawn into this maelstrom of expenditure of the public money, the people's money, by the hundreds of millions, and the bulk of it for the protection of foreign investments by our millionaires.

But of course we must hide this as much as possible under the cloak of patriotism. We must not openly refer to it. It is something to be talked over quietly, perhaps, but to call it into the limelight of public attention is unpardonable. It is an offense against patriotism. Oh, Mr. Chairman, it is the same stripe of propaganda that is used in drawing a peace-loving nation into war. If anyone dares to lift his voice against a large army and navy, they brand him as deficient in patriotism, as being a despicable pacifist, as betraying the best interests of his country.

The points I make here, Mr. Chairman, are not unsupported assertions. I shall quote from accepted spokesmen of the Navy itself; I shall quote from the department's official publications; I shall call to your attention portions of testimony which appears in the hearings before the committee. I want to assemble them so you may see them and so these facts may stand in the RECORD.

I have listened for the injection into this debate of a statement to supplement the plea for national defense which is constantly being stressed. I have waited for a reference to the functions and activities of the Navy, which, according to its own high officials and officers, are regarded as among its most important duties. In the excellent address of my friend the gentleman from Kansas [Mr. AYRES] I came near to hearing it. But not elsewhere.

I make the charge: The United States Navy is being used largely, if not primarily, to protect the foreign investments of our great financiers, this relative handful of citizens.

I do not mean foreign trade and commerce as such; for I have always favored the building up of foreign trade; I am well aware of the benefits to the Nation of such trade and its economic necessity. I said "foreign investments"; and in support of my charge I want to bring testimony from those high in naval authority and from those who know whereof they speak.

I refer you to American Industries, the issue of May, 1922, to a special article submitted to that magazine by former Secretary of the Navy Charles Denby, to show that he wanted a large Navy to protect American citizens who are making trading ventures abroad. I will not read it, but I shall place it in the RECORD. It says, in part:

In peace the Navy, by its latent power, every day of the year exerts a silent pressure calculated to deter any other nation from adopting selfish policies which, if initiated and persisted in, would operate against our legitimate foreign trade and commerce and would perhaps even plunge us into the horrors of war.

History teaches us again and again that no nation can found a great commercial sea power that will endure unless its merchant ships are supported by an adequate, efficient, and relatively powerful navy.

Most people think of our Navy purely as a means of national defense. They picture it repelling the invader from our shores with shot, shell, torpedoes, and mines. This picture is correct as far as it goes. National defense is a Navy's first and most important function. The Navy is rarely, however, called upon to defend the country more than a few months in each century. The Navy has another and very important function which is valuable to the people every day of every year. By its inherent potentiality it confers prestige and inspires respect. It insures justice and fair treatment to those of our citizens who undertake trading ventures abroad.

Permit me next to read some extracts from an address delivered by Admiral R. E. Coontz, the then Chief of Naval Operations in the Navy Department, to the annual convention in New York of the National Association of Manufacturers. I shall read first the report taken from the New York Times published the following day, and I want you to note particularly the headlines that appeared in this conservative newspaper and their significance. They read:

Cites vast capital protected.

The article says:

On the subject of an adequate Navy to protect our foreign policy and our foreign trade, Admiral Coontz spoke probably more frankly than any other naval officer of his rank has spoken since the scrapping of battleships was accepted by the armament conference as one of the necessary steps to end war.

Admiral Coontz, speaking at the dinner, described the Navy as "one of the Government's biggest assets." He said its property value was $3,000,000,000, that it cost approximately $300,000,000 a year to maintain it, but that the Navy furnished protection to $8,000,000,000 worth of foreign trade for the United States. He described as "false propaganda" the argument to the effect that the cost of the Navy is excessive.

In another report of the same address, published in the June, 1922, edition of American Manufactures, we read further:

The Navy Department has divided the whole world into areas and has assigned an admiral with a squadron of ships to protect American lives, property, and commerce in each area. It costs the Navy some $3,000,000 a year to guard our interests in the Asiatic * * *. The Navy maintains a force of destroyers in Europe for the purpose of guarding our interests in the eastern Mediterranean and in the Black Sea. * * * We have large tobacco interests in the port of Samsun, on the Black Sea. In fact, etc., * * * Americans have large oil interests in Rumania, and these are protected by our naval forces. It costs the Navy annually some $4,000,000 to maintain our forces in European waters. * * * Naval forces are maintained throughout the Caribbean Sea for the purpose of keeping down revolutions, protecting life, and protecting our commerce.

Money spent on the Navy serves the dual purpose of insurance in time of peace and a fighting force in time of war.

As a matter of fact, the treaty Navy consists of 18 battleships and 5 plane carriers and all the cruisers, destroyers, submarines, mining ships, and auxiliaries we choose to build.

These statements are significant. And, if you will check the reports for yourself, you will find that the context and presentation of the argument he advanced made it more emphatic, if that be possible, than these bare statements I quote from his published remarks.

I also want to read from a volume published by the Navy Department itself, entitled, "The United States Navy as an Industrial Asset." The quotations are somewhat lengthy, and in view of the short time allotted me, I shall read only one or two, and incorporate the remainder of them in my remarks in the RECORD. Listen to some of these statements:

The Navy's rôle as a stabilizer for our trade in unsettled regions is much less understood than that of giving physical protection. There are great areas of the world containing very rich markets, which are in a constant state of unrest and frequently of disorder. China, Mexico, Central America, Cuba, and the Near East are frequently in this category.

We maintain a force of gunboats on the Chinese coast and for many hundreds of miles up Chinese rivers which serve to stabilize our commerce.

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The Navy has divided the whole world into sea areas and maintains a squadron of ships in each. It is the duty of the officer in command to give protection to our commerce and to our citizens abroad in the countries adjacent to the waters he patrols. At present such squadrons are operated in the Far East, in the Caribbean and in the Mediterranean—areas in which frequent disturbances occur that endanger American lives and property. Through radio communication with our State Department representatives in these countries, the admiral is readily informed when conditions are such as to warrant the dispatching of a naval vessel, the mere arrival of which is usually sufficient to ease the situation for our nationals and other foreigners.

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A portion of the Asiatic Fleet has not been mentioned thus far, the Yangtze and the south China patrols. The Yangtze patrol under the command of a rear admiral, consists of several small river-going gunboats which operate between Shanghai and Ichang, 1,000 miles up, and of which two gunboats of very shallow draft ascent 600 miles still farther, through the great gorge and even beyond the city of Chung King, into the very heart of China.

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The special-service squadron in the Caribbean consists of five small second-class cruisers of little or no use in the line of battle. They are under the command of a rear admiral and are active in protecting our nationals and our tremendous fruit, sugar, and hemp trades, as well as oil and mining interests. * * *

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In the Mediterranean we have an old armored cruiser and one division of six destroyers under the command of a vice admiral. As in past years, the converted yacht *Scorpion* maintains her station off Constantinople. These naval forces in Europe make frequent visits to major ports and are ever ready to protect our nationals and their property. * * * Because of their close proximity, the destroyers can readily aid our high commissioner to Turkey if he finds them necessary for the protection of our rapidly growing commerce and of the lives of our nationals, be they business men or missionaries, in that growing young Republic.

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American intreests in oil, tobacco, flour, and other commodities of everyday necessity, both to and from this country, were jeopardized and the continuation of our business interests seriously threatened. Our warehouses in Turkey and Greece, for example, contained hundreds of thousands of dollars worth of American-owned tobacco, the loss of which would have meant the loss of so much of our capital. The situation was acute. Obviously we could not send an army over there to guard our property, but we could and did send the Navy. We sent a number of destroyers—small, light-draft, and almost self-supporting vessels—to anchor off the principal centers of our business interests.

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In the event of a local disturbance, a destroyer would proceed to the port nearest the scene of such disturbance and remain there until conditions settled down. Invariably its presence had a most stabilizing influence, and the sight of the flag which stands for justice the world over made it possible for our foreign representatives to continue their perfectly lawful and legitimate business transactions without interruption.

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Another great rôle of the Navy not generally appreciated is its part in initiating trade through diplomacy.

Referring to Commodore Perry's famous mission to Japan, we read:

The point requiring emphasis here is that Perry's efforts had no connection with anything warlike, but were wholly in the interests of American commerce.

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More recent examples of the Navy's breaking ground for American commerce are afforded by the diplomatic and other efforts of the Navy in Santo Domingo and Haiti.

I am afraid it affords examples not only of breaking ground for American commerce but also of breaking some of America's most sacred traditions.

A couple more citations will suffice:

Soon after the armistice in Europe Rear Admiral Bristol was sent to Constantinople to command the small American naval forces there. A large part of his efforts was immediately devoted to the promotion of American business in that unsettled region, including the countries bordering on the Black Sea.

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The present opportunities for development of American commerce in the Near East are very great, and its permanent success will depend largely upon the continued influence of the Navy in that region.

Mark you, this is not trade; this is in reference directly to the property and interests in which this group of American magnates has invested their $10,000,000,000. Yes, this figure is correct. Listen to this, an extract from an indisputable source:

Some men might not find the home opportunity (for investment), and they might seek the foreign opportunity, and they have to the extent of about $10,000,000,000, Mr. Chairman, as I understand.

Yes, that shows the immense prosperity of the country, notwithstanding the taxes. We have invested $10,000,000,000 abroad.

That, gentlemen, is a colloquy between Mr. Mondell, well known in this body, and the chairman of the Ways and Means Committee [Mr. GREEN], and it appears on page 139 of the hearings before his committee on revenue revision a few weeks ago.

Who have invested these ten billions? No answer is needed. It is only a handful of men. And it is this wealth which the Navy is safeguarding, according to the official reports and addresses I have read.

Why should citizens and taxpayers of all the United States be burdened with the payment of a round million dollars every day of every year largely to underwrite the speculative investments of this relative handful of men?

I also want to read you from the hearings of the Subcommittee on Appropriations for the Navy Department.

Admiral Eberle, present Chief of Naval Operations, offered the following information:

It is considered that the advantages and prestige resulting to the United States Government from showing the flag in the various European countries and in the Near East is ample justification for continuing the practice of having one division of destroyers, with one large cruiser, operate continuously in these waters.

The special service squadron is maintained in Central American waters because of the many American citizens engaged in business in this locality. The presence of the United States ships is imperative to insure them protection.

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The Asiatic Fleet, based on the Philippines, has been safeguarding our citizens and protecting American interests in the Far East. Owing to the unsettled conditions in China, two portions of this force—the Yangtze patrol and the south China patrol—have been kept extremely busy and their strength augmented from time to time by other units of the fleet. In addition, the Asiatic Fleet has carried out the prescribed forms of gunnery exercises and engineering competitions.

The naval forces in Europe have been engaged in showing the United States flag and safeguarding American interests in the Near East. * * *

The special service squadron has been engaged primarily in protecting American interests in Central America.

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The naval forces in Europe will be engaged during the fiscal year 1927 in showing the United States flag and in safeguarding American interests in the Near East.

In this connection I want to quote you what a Senator from the Committee on Foreign Relations said yesterday in the other body concerning another scheme of the international bankers. It is equally applicable here. He said:

This group of international bankers and others, who have been playing a similar game, now hold European securities, both national and private, running into many thousands of millions of dollars. Naturally, this entire group would like to see the securities which they obtained at an enormous discount, and which bear excessive rates of interest, and which are affected by European conditions, made absolutely secure. The security will become substantially absolute if the United States can be induced to pursue the policies these international bankers dictate.

Why, I ask, are all these thousands of millions of dollars turned into foreign investments instead of being placed in domestic industries and investments at home? If you know history, if you know the policy of this Government, you will know the answer also to this question.

O Mr. Chairman, had these financiers invested their billions within the United States, do you not see it would have meant the necessity of entering into competition with industries and industrial factors in which they are already heavily interested? It would have tended to disrupt the American scheme of things—trusts and monopolies and elimination of competition. There would have been an adequate and fair return on their investments here, but the competition would have reduced prices, would have cut their dividends, would have lowered the cost of living. I repeat, if these ten billions had been invested within the United States, the inevitable result would have been a very substantial lowering of the cost of living for our people.

Has any of this capital been invested in transportation for the last 25 years, to build new lines to care for the enormously increased load of transportation? No. Prices have risen again and again, profits increased, competition reduced and set aside. They have earned money, increased their power, kept up the interest rates.

So when they go to foreign lands and invest, attracted by the speculative rates of return there, they are not satisfied with their enormous profits, with their increase of power, with their elimination of home competition, with the governmental favors granted them under the revenue act. No; in addition to all that, they want the taxpayers of the United States to provide for them, through the United States Navy, the insurance that the Government will itself assume these risks; make sure their speculative profits. I insist that these risks should be assumed by the speculators themselves as a rightful and fair part of their opportunity. "Nothing ventured, nothing won." Yet where they venture much and win much they would, through the assistance of and at the expense of the taxpayers, change the venture into a sure thing. Is it right?

Economists are right when the trend of these affairs give them serious concern. John F. Sinclair, the banker-economist, whose articles on revenue and governmental expenditures created so much thought and discussion a few months ago, was right when he said:

> America is the greatest investment country in the world. And the United States must redefine its foreign policy with regard to just how much protection should be given investments of American citizens in foreign lands.

This view is concurred in by the best economists the Nation can produce. Among them, Basil Manly, former joint chairman of the War Labor Board, now head of the People's Legislative Service. Many others could be cited.

And the point must be carried further, to its logical conclusion. The assumption by the United States of the risks the investors are compelled to take is not the only factor. Our Navy sends its ships broadcast through the world, concentrating them at the points where investments are heaviest; and every gunboat, every cruiser, every destroyer which "shows the flag" and which exerts this silent pressure they refer to, every one of them is a constant potential source of irritation and trouble which may at any time become uncontrollable.

No man of information and mental balance can deny the truth of the statement that these squadrons of the United States Navy, cruising through foreign waters for the purpose of subjugating those who may cause any discomfort of mind or endanger the holdings and concessions of the investors and speculators, are a constant source of irritation. Nor can any man say when an open disturbance of formidable proportions may break out. They are potential sources of war.

Their task is just that. Oh, we have it from the Navy's own lips. We have it from the mouth of the present Secretary and his predecessor in official statements. We recall the speech made in the far western United States by the present Secretary of the Navy, who told his home-town audience that "there is nothing so cooling to a hot temper as a piece of cold steel," and was straightway recalled to Washington by an alarmed President and his equally alarmed advisors.

Suppose these speculators, sensing some situation, some action or development in the country where their interests lie which might jeopardize the source of their rapidly-acquired power and fortunes, should call for assistance from the ever-ready Navy?

The least sign of trouble, ordinarily smoothed over, and, at any rate, rightfully a part of their opportunity and their solemn duty to contend with for themselves, might light the spark that would ignite the fires of war. Recent history bears witness to the unbelievably modest beginning of this world's most awful war. It can happen, you see.

A large navy is less defensible than a large army. Recent investigations and testimony on that point are incontrovertible.

Let me, right here, call to your attention an admirable and powerful address by a man who is now a Member of this body, a man whom I admire and respect, and for whose knowledge of public affairs and whose understanding and vision I have the greatest admiration, the gentleman from Alabama [Mr. HUDDLESTON]. Listen to these excerpts from his address on The New Americanism, and the Old:

> "Cuba libre" was the hypocritical slogan by which the masses were rallied to our first great venture in imperialism. It was not by mere chance—

Notice the words, please. The gentleman knows whereof he speaks. He was a soldier in that war—

> It was not by mere chance that Dewey's squadron was in oriental waters, ready to swoop on the Philippines, an admirable base for our operations in the Orient. We swallowed Porto Rico at a gulp, but our professions concerning Cuba forced us to almost Old World diplomatic delicacy in assuming a protectorate.

In the congressional and governmental concern over high taxes bear these things in mind. Only through lesser war expenditures and through decreasing the military and naval machines and through reducing these agencies to police power size can taxes really be lowered. We must work within reason. We can not reduce too far, because the world is not yet ready for such a movement. But neither can we blindly sink millions into a navy that contemporary history and modern developments prove is rapidly growing helpless and obsolete for war purposes.

To change our system of underwriting the risks of speculative investments abroad will materially reduce governmental expenses and will do more for the advancement of peace than any other one thing we can do in this House. [Applause.]

Mr. AYRES. Mr. Chairman, I yield one minute to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman, the gentleman from New York [Mr. MILLS] and myself spoke over the radio last night here in Washington on the subject of taxation. I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to print the matter indicated in the RECORD. Is there objection?

There was no objection.

Mr. OLDFIELD. Mr. Speaker, under leave to extend my remarks, I insert an address delivered by myself over the radio from station WCAP Wednesday evening, as follows:

ADDRESS ON TAXATION DELIVERED BY REPRESENTATIVE WILLIAM A. OLDFIELD, CHAIRMAN DEMOCRATIC NATIONAL CONGRESSIONAL COMMITTEE, OVER WCAP WEDNESDAY EVENING, JANUARY 20, 1926

Ladies and gentlemen, the question of taxation is an absorbing one. It touches the pocketbook of every citizen. Our Government must have in tax revenue for many years to come approximately three billions per year to carry on the operations of the Government and pay the interest on our twenty billions of public debt. The Democratic Party takes the position that all taxes are necessary burdens. We would like to run the Government without levying any taxes on the people if it were possible to do so. This being impossible we take the position that the burdens of taxation should be distributed in accordance with the ability of the individual taxpayers to pay. In other words, we stand upon the proposition that the only just and equitable system of taxation is based upon ability to pay. Assuming that the tax bill which passed the House in December will pass the Senate substantially as it passed the House, what do we find? First, the individual income-tax payers and the corporations of the country will pay into the Treasury this year approximately $1,700,000,000; second, miscellaneous internal-revenue taxes made up largely of automobile and other sales taxes will bring to the Treasury $740,000,000. The Democratic Party is opposed in principle to sales taxes. Such taxes are not based on ability to pay but on the purchase price of goods necessary for the comfort and happiness of the people, and bear most heavily on those least able to pay. Such taxes have a tendency to restrict consumption, and therefore retard production; hence, detrimental to both producer and consumer. Third, the Treasury will also receive through the customhouse approximately $550,000,000 in tariff taxes. From these sources the Government will get the three billions necessary to supply its needs.

Tariff taxes under the exorbitant rates in the Fordney-McCumber Tariff Act are the most burdensome of all our Federal taxes. Competent experts have estimated the cost of the Fordney-McCumber Tariff Act in increased prices, above fair and reasonable prices, to American consumers to be about $5,000,000,000 per year. While the Treasury gets five hundred and fifty million in revenue, the protected interests get five billions in increased prices from American consumers. The Farm Bureau Federation experts figured out the effect of the Fordney-McCumber Tariff Act on our farmers. Their report, which is extremely conservative, states that this act is costing the American farmers $300,000,000 net per year, or $1,000,000 for every working-day in the year. The cost is probably three or four times this amount. It is conceded by economists that those who produce for export, whether food products and other raw materials or manufactures, can not be benefited by protective tariff rates. In this class we find the wheat, corn, cotton farmer, and the livestock producer, as well as nearly all of the other farmers; also copper producers, the automobile producers, and shoe manufacturers, as well as many others that could be mentioned if more time were allotted.

Hence, it must be clear that no producer, whether he be farmer or manufacturer who sells his surplus in foreign markets, is benefited by a protective tariff policy; but, on the contrary, he is injured by such a policy by having his own costs of production increased.

Those engaged in the following occupations are injured by the Fordney-McCumber Tariff Act to wit: Banking; the railroads; the building trades; wholesalers and retailers; public utilities, such as light, power, telephone, and telegraph companies; hotels; theaters; newspapers; all educational institutions; hospitals; lawyers; doctors and professional men generally; all Government employees—Federal, State, and municipal—as well as many other groups of our people. These producers and consumers are beginning to realize this injustice.

The farmers of the country, about one-third of our population, are in dire distress because of the high prices they must pay for the things they must buy in a highly restricted and protected market, and the low prices he receives for the things he produces for sale in an unprotected market, for the tariff rates on the Fordney-McCumber tariff act do not and can not protect our farmers' products, for the reasons just stated. High Republican authority recently made the statement through the press that since farming implements are on the free list in the tariff law—furthermore, since wheat, corn, and other farm products are on the dutiable list—the farmers are not injured but benefited by the Fordney-McCumber Tariff Act. This same high Republican authority forgot to say in his statement that the tariff rates on wheat, corn, and other farm products are not effective and do not benefit the farmer, for the reason just stated. He also forgot to tell the public that, while farming implements are on the free list, yet the materials that go into making these implements, like iron, steel, wire, paint, etc., are highly protected, and this protection is reflected in the higher price which the farmer must pay when he purchases his farm machinery. The laboring man is not benefited by the Fordney-McCumber Tariff Act. Everything he buys in the way of clothing and shelter is increased by the rates of the Fordney-McCumber Tariff Act, but his wages are not increased thereby. To illustrate this statement by a concrete example, the cotton and woolen manufacturers are the most highly protected industries in the country, yet these same industries pay the lowest wages. The wages of labor in the automobile industry are much greater than in the woolen and cotton mills, yet the woolen and cotton mills have much greater protection under the tariff act. The facts are that high tariff rates are not written for the purpose of benefiting labor or the farmers but for the purpose of building up monopolies which prey upon these classes as well as all other consumers of the country.

One of the best illustrations of a monopoly built up by tariff favoritism is the Aluminum Trust. The Fordney-McCumber Tariff Act increased the tariff rates on crude aluminum from 2 cents to 5 cents per pound, or 150 per cent increase. Within 30 days thereafter the price of aluminum was increased just 3 cents per pound, or 150 per cent. Just why anybody, regardless of politics, would contend that a monopoly should have increased tariff protection is beyond me. It must be remembered that the automobile producers and hospital-supply manufacturers and the kitchen-utensil manufacturers use practically all of the aluminum used in this country; hence every purchaser of an automobile and every hospital, when it purchases its supplies, every housewife who buys a kitchen utensil made of aluminum, must first pay tribute to the Aluminum Trust, fostered and built up through the exorbitant tariff rates of the Fordney-McCumber Tariff Act.

Former President Taft said in his Winona speech that the wool schedule of the Payne-Aldrich Tariff Act was indefensible. Yet the rates in the woolen schedule of the Fordney-McCumber Tariff Act are much higher than those of the Payne-Aldrich Act. Under the Fordney-McCumber Act the duty on wool is 31 cents per clean pound of wool. Wool varies in price all the way from 20 cents per pound to $1.50 per pound. Hence the cheaper grades of wool are taxed 150 per cent, while the higher grades are taxed only 20 per cent. It would be just as equitable to tax all residences on a flat valuation of $1,000 each, whether they be cottage or mansion. The woolen clothing of the masses is made of the cheaper grades of wool, therefore more heavily taxed. The woolen clothing of the well-to-do and the rich is made of the higher grades of wool, therefore more lightly taxed. You may go through the thousands of items of the Fordney-McCumber Act, and you will find thousands of cases where tariff taxes bear more heavily on those of our citizens who are least able to pay. Indeed, that is the purpose of tariff laws urged by Republican Presidents and written by Republican Congresses. More than 90 per cent of our people are being injured by the high protective tariff policy of the Republican Party, while less than 10 per cent of the people are being enriched to the tune of five billions per year by virtue of the unholy rates in the Fordney-McCumber Tariff Act.

Republicans say for campaign purposes that they only want tariff rates high enough to equalize the difference between foreign and American labor costs. Yet many of the rates in the Fordney-McCumber Act are many times the difference between American and foreign labor costs. For example, the American labor cost in cutlery used in every home in the country is 30 per cent of the value of the cutlery, and the tariff rates on cutlery in the Fordney-McCumber Act is 101 per cent, three and one-half times the entire American labor cost.

Suppose we take another example; salt, a prime necessity; human beings could not live without salt. The labor cost on a pound of salt is 21⅛ per cent of the value of the product and the tariff in the Fordney-McCumber Tariff Act on salt is 34 per cent, or more than one and a half times as much as the entire labor cost, and you might extend this list indefinitely.

President Coolidge in his inaugural address on the 4th of March last year, in discussing reduction of income taxes, made the statement in substance that unnecessary taxation is "legalized larceny." In view of the fact that the American people pay at least eight times as much taxes because of the exorbitant rates of the Fordney-McCumber Tariff Act as the individual income-tax payers pay in income taxes, it seems to me that it would be in order for the President to urge cutting out the "legalized larceny" in our tariff taxes along with cutting out "legalized larceny" in income taxes.

Some Republicans take the position that high tariff rates do not increase prices. If this is true, why do the protected interests clamor so loudly for these high rates? Republican leaders know that the high tariff rates increase tariff taxes on the people, but they say the people who pay these tariff taxes do not know it. In this they reflect seriously upon the intelligence of the American taxpayer. It must be remembered always that we are a great creditor Nation now; hence, our economic situation is vastly different from what it was prior to the World War. We can not build a prohibitory tariff wall around America under present world economic conditions and hope to have a well-rounded prosperity for all our people. The protective tariff policy as exemplified by the high rates in the Fordney-McCumber Tariff Act is also the most corrupting influence in the political life of the Republic. There is overwhelming proof for this statement.

What is the remedy? The remedy is to reduce the rates in the present tariff law to a reasonable revenue basis which will protect the people from extortionate prices and at the same time promote international trade as well as international peace.

Mr. AYRES. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. The proposition which confronts the American people is not so much a technical understanding of the different tariff schedules and tariff rates but in the result of the high protective tariff upon the industries of the whole Nation. That is what is giving us trouble now. The conditions at present are similar to the time when the famous Progressive Party was organized in Chicago in August, 1912, and they wrote their platform. Among the things contained in the Progressive platform upon which the great former President of the United States, Mr. Roosevelt, ran, and which had his indorsement, was the following:

We declare that no industry deserves protection which is unfair to labor or which is operating in violation of the Federal law. We believe the presumption is always in favor of the consuming public. We condemn the Payne-Aldrich tariff bill as unjust to the people. The Republican organization is in the hands of those who have broken their promises and can not again be trusted to keep the promise of necessary downward revision.

If that convention were in session to-day, with that illustrious gentleman again with us, instead of the Payne-Aldrich tariff act it would be the Fordney-McCumber Tariff Act.

Now, gentlemen say the present tariff has been of inestimable value to the farmers of the country. The President of the United States in his speech in Chicago reached a wonderful conclusion, he reached a remarkable conclusion. He reached the conclusion that our farmers are not taxed more than 1⅛ per cent by the tariff.

Now, gentlemen, here is the situation: The farmers who reside in the North and East of this country are engaged in producing products that are consumed domestically. The products of the farmers in and about the New England States are consumed by the great industrial centers of the country. They are not so much interested in tariff rates because they have been taught and have grown up to believe that the high protective tariff is necessary in order to keep the mills going and continue employment in those cities which are the buyers and purchasers of the products which they sell. But that is not true as to the farmers in the great Northwest and in the South.

Now, let us see. The farmers in the great Northwest have been complaining for some time. Just as long as the price of wheat was satisfactory, just as long as their crops were good and they were prosperous they went along and swallowed this protective tariff fallacy that was handed to them by the Republican leaders, because they were Republicans and believed in the doctrine of their party. As long as prosperity continued with them they took with great ease the doctrine that protection was of great benefit to the farmers of the country, because it produced great markets for their products

in the industrial centers. But lo and behold, even the tariff on wheat did not help the Northwestern farmer—because it is an economic fact that whenever you produce in this country an agricultural product, the surplus of which must be sold somewhere else than in this country, then difficulties are going to arise and a high tariff is not going to give them the necessary relief.

Now, I want to show you the attitude of some of the Northwestern States. I am going to call your attention to what took place in the last Congress. Several legislatures of the Northwestern States sent protests to Congress. One of the most striking was from the State of South Dakota. The South Dakota Legislature sent a petition to Congress, and in that petition they said that the protective tariff as to agricultural products was ineffective where those products were produced in excess of the demand for home consumption. They said that Congress through special legislation, in the form of a protective tariff, protected the products of industry and labor, and that that is the fundamental cause of the disparity between the purchasing value of the farmer's dollar and that of those engaged in industry.

The farmers of the great State of Iowa for half a century have voted the Republican ticket because they were prosperous. They have gone along believing that this doctrine of high protective tariff was the proper doctrine, but since the unfortunate conditions that have arisen in that State affecting agricultural interests they are beginning to see a new light.

Why, gentlemen, you have increased the cost to the farmer, because he has to pay not only this protective rate at the incoming port, but in addition thereto he has to pay what is added on by the wholesaler and the retailer.

Gentlemen come here and say that this protective tariff has opened up the great employment agencies through which idle men have been employed. The textile manufacturers of this country came down to Washington from the New England States and presented their plea to the Congress and said it was necessary in order to keep them going, so they would not have to compete with foreign goods, to give them enormously high rates, and Congress gave them the rates; but since that time, despite the fact they have had these high rates, what do you find? You find they are to-day, many of them, running on short time, and they have cut their wages at least three times, until Mr. Green, of the American Federation of Labor, has notified the textile manufacturers that unless they refrain from cutting wages in these mills they propose to come down here and ask Congress to take off the protective rates which have been thrown around them.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. McKEOWN. I yield, although I ought to yield first to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. That is all right.

Mr. COOPER of Ohio. Notwithstanding the Republicans have placed high protective tariff rates upon our statute books, as the gentleman says, Great Britain to-day is exporting into our country 10 per cent more than she exported in pre-war days.

Mr. McKEOWN. Oh, the gentleman knows this is the situation: The stimulus to business to-day is not from the high protective tariff. The stimulus you are bragging about as a result of protective tariff is not from a protective tariff, but is from two causes. First, because of the investment of new capital in the credits that have been extended to foreign countries, which money is being spent here creating a market, and, in addition to that, your business men, in order to take the goods off of their shelves, have initiated the plan of selling on installments, and to-day there are goods bought on installments in the United States to the amount of $8,000,000,000. Why is it necessary, if you have such great prosperity, to sell $8,000,000,000 of goods by installments? Why, it used to be they sold the Singer sewing machine on installments, and then they began selling the automobile on installments, and now they sell everything but groceries on installments, and I look for them to start that in a few days if present conditions keep up.

I now yield to the gentleman from North Dakota.

Mr. BURTNESS. I wanted to ask the gentleman a question when he was discussing the tariff on wheat. I wonder if the gentleman will agree to this proposition: Economically the wheat that is raised in the United States is divided into two classes, spring wheat and winter wheat, and the tariff may be of very great benefit to the spring-wheat producer, and by benefit I mean reflected in the price to the spring-wheat producer, while it might not during that same year be reflected in the price of winter wheat.

Mr. McKEOWN. I will say to the gentleman that wheat is usually divided into the classes of hard and soft wheat. In the spring-wheat country there is some hard wheat raised, it is true, but it seems to me from the proceedings of the legislatures of those States where they grow spring wheat that they are the ones who have been raising this tariff question more than any other part of the United States.

Mr. BURTNESS. Does the gentleman claim the tariff is of no value to the producer of hard spring wheat?

Mr. McKEOWN. Oh, no; the gentleman misunderstands me if he thinks I say it is of no value. What I am trying to say is that every time this tariff question comes up gentlemen on the Republican side of the House always assume that gentlemen on the Democratic side or that the Democratic Party as a whole stands for free trade, which it never has stood for from the beginning of the country, and it does not stand for free trade now. I say to the gentleman that what little you gain from the little protection you get on your wheat is overcome by the enormous amounts that you put into the pockets of the manufacturers of this country. [Applause.] When they give you a measly 15 per cent they always take the hog share of 45 and 50 per cent. They are willing to give you something, but look at what they take. They give the cotton farmers 15 per cent, and then look what they take. They take 65 per cent. They are always willing to give the fellows on the farm a little something if they will keep quiet. In other words, they are ready to give them little pacifiers, but they are not willing to give them anything for the colic.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. AYRES. I yield 10 minutes more to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. BURTNESS. Will the gentleman from Oklahoma yield for another question?

Mr. McKEOWN. Yes, sir.

Mr. BURTNESS. What is the gentleman's idea as to whether the tariff on wool and the tariff on flax is of any value to the producers of those commodities?

Mr. McKEOWN. Well, I will say to the gentleman that while the tariff on wool produces a revenue I could give the gentleman figures to show that that is a fallacy which costs the farmers a great deal more money than they get out of it.

Mr. BURTNESS. Does the gentleman contend that the tariff on wool does not help the producer of wool, in so far as the price he receives is concerned?

Mr. McKEOWN. I agree it probably helps them; but look at the amount of wool they import into this country, in addition to that produced here, and look at the prices you pay for woolen goods after they get it in here. Who buys the most of that stuff? Does not the farmer buy most of it? Does he not have to pay, when he goes to buy woolen goods, a great deal more than he gets out of the little tariff they put on it?

Mr. BURTNESS. In other words, you think a farmer would be better off——

Mr. McKEOWN. Let me call the gentleman's attention to this fact: When you get into this question of protecting certain agricultural products, it works just like it works in protecting manufactured products. You protect the men engaged in that industry as against everybody else in the United States, and therefore when you protect the wool men to the extent that will make their business prosperous you are making everybody else in every other line of business have to pay for the little bit of protection you give him, and that same thing is true when you take the wheat proposition or any of the rest of them.

Now, you might benefit a little class or a special industry, but I am saying to you that the rates are so enormously high and unjust to the consuming public that it ought to be reduced and put on a parity.

Mr. BURTNESS. Then specifically you are opposed to a tariff of 31 cents on wool?

Mr. McKEOWN. I will say that I do not know whether the wool rate is high enough or low enough, but I know the rate on woolen goods is too high, because I produce no wool and I get no benefit from it. You gentlemen put a tariff on classes, and you overlook the fact that the farmers of this country are paying more by that means than they get out of the so-called protection.

Mr. BURTNESS. Is the gentleman opposed to an 8 per cent duty on butter; is that of no value to the farmer?

Mr. McKEOWN. Oh, the gentleman might figure out a number of items that we get a little benefit from. I will say that if the 8 cents protects your butter, all right, but we have to pay if it does protect it.

Mr. BURTNESS. That is true of all tariff, is it not?

Mr. McKEOWN. Now, I can not yield further; I want to go on with my remarks.

Mr. DOUGHTON. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. DOUGHTON. Is it not a fact, referring to the tariff on wool, that there is not one farmer in 10 who owns a sheep?

Mr. McKEOWN. That is true. Now, the fact is that they pay $75,000,000 a year and get $60,000,000 protection on wool.

The manufacturers of knit goods in this country pay $300,000 as their part of the duty, and yet they get $192,000,000 out of the protective tariff.

Mr. BURTNESS. Does the gentleman want to put the manufacturers out of business?

Mr. McKEOWN. No; but I want them to remain in business on a fair basis to all industries. They have no right to special privilege and special legislation. We started out on the tariff theory that it was to enable infant industries to get started. What do we find? They started out as infant industries and now they have grown to have beard and whiskers and stand on their own feet and walk all over our feet. [Laughter.]

Mr. HERSEY. Will the gentleman yield?

Mr. McKEOWN. I will.

Mr. HERSEY. I would like to have the gentleman from Oklahoma answer two or three practical questions. Is the gentleman in favor of a revision of the present tariff?

Mr. McKEOWN. I am.

Mr. HERSEY. Upward or downward?

Mr. McKEOWN. Downward; to a basis that will give us a fair, square deal, those of us who have to buy.

Mr. HERSEY. Is the gentleman in favor of taking off the tariff on farm products?

Mr. McKEOWN. I will say to the gentleman that I am in favor of this proposition: If you are not going to lower the rates that give protection to the manufacturers I am in favor of raising the other rates; I believe in what is right and fair. I do not believe it is necessary to raise them in the first place. It is impracticable to protect agricultural products where you produce more than you consume in this country.

Mr. HERSEY. Is the gentleman in favor of taking the tariff off all industries except farm products?

Mr. McKEOWN. Oh, no.

Mr. HERSEY. Where will the gentleman begin?

Mr. McKEOWN. I would begin in the first place with the Aluminum Trust, which is violating the laws of this country.

Mr. HERSEY. But we have no evidence before us that there is an Aluminum Trust.

Mr. McKEOWN. Oh, the Federal Trade Commission does not mean anything these days. We find gentlemen in the Department of Justice who have had information four months and made no move, and now you come and say you have no information there, and yet it gets 70 per cent protection under the present tariff laws. I am in favor of refusing to protect any industry that violates the antitrust laws of the country.

Mr. HERSEY. Well, after you get through with the Aluminum Trust, what are you going to take next?

Mr. McKEOWN. I can not yield to the gentleman further. The matter that the President overlooked in his speech was the fact that the farmer buys a great quantity of products that he says are protected. I will give you a few figures. The total gain for agriculture from tariff rates in 1924 was $124,800,000. Sugar accounts for $48,800,000; wool accounts for $37,500,000; tobacco, $10,000,000; wheat and other cereals, $11,000,000. It was fair to presume that like other tariffs for protection the States that are specially benefited are those that produce the products that are protected. Counting the rest of the people as consumers they are mulcted out of $391,700,000, and the farmers thereby as consumers of other farm products are mulcted out of $94,900,000, all for the benefit of special agricultural classes. Now, the gentleman from Oklahoma [Mr. MONTGOMERY], one of my colleagues, talks about the wonderful things the tariff has done down in Oklahoma for zinc and lead mines. The fact of the business is during the war the Miami boom at Miami, Okla., was second only to the Miami boom in Florida to-day. Every man who could get a dollar, school teacher, farmer, preacher, and everybody else, rushed into the Miami lead and zinc field to invest in lead and zinc properties, and when the armistice came and prices went down there was a retrenchment, there was a depression, and the whole thing fell of its whole weight, and in the depression that followed that period of time the Republican Party had the billposts of Oklahoma posted with posters as to the wonderful prosperity which "is just around the corner"——

The CHAIRMAN. The time of the gentleman has expired.

Mr. AYRES. I yield the gentleman five additional minutes.

Mr. GARBER. Will the gentleman yield for a question?

Mr. McKEOWN. I will in just a minute. "Prosperity just around the corner" in great big billposters, and I saw a farmer stand on the corner and looking at that advertisement, and all at once he went around and looked at it, and he said, "You are a long time coming." [Laughter.] I yield to the gentleman.

Mr. GARBER. In order to obviate any erroneous conclusion that might be drawn from the gentleman's argument concerning the lead and zinc mines at Miami, are not those mines of substantial value and in the capacity of their production put Oklahoma in the second rank among the States of the Union in production?

Mr. McKEOWN. That is true; the gentleman's statement is correct, and I want it distinctly understood it was not the protective tariff that revived Miami's lead and zinc mines. It was only simply recovering from a depression which followed immediately after the signing of the armistice. Why, gentlemen, I want to say this: Men in all the walks of life say, "Let us not rock the boat." That is a common expression. Whenever some fellow starts a row about something, they say, "Let us not rock the boat." Big business says, "There must be no tariff reduction, no tinkering with the tariff. Pass a tax-reduction bill, but no tinkering with the tariff." I want to tell you, gentlemen, you will have to reduce these high, exorbitant tariff rates in this country or you will meet some real opposition one of these days in the election. Now, you know the present tariff act reminds me of this: I remember the time, when I was a boy, I used to have to go to mill. Some of you fellows had to ride a horse to take a turn of corn to mill. A father sent his son to the mill with a sack of corn, but he did not tell the boy the procedure he was to follow. The boy rode up to the mill. The miller went out and took the sack of corn off the horse and put the sack down ready to grind it in its turn. Shortly the old man took his toll out of the corn. The boy saw him take out the toll and thought the old man was stealing some of the corn. He watched the man reach down and take up the sack and pour the corn into the hopper. When he put the sack down, the boy grabbed the sack up and started to run out of the mill. The miller called to the boy and said, "Come back here; what are you doing?" The boy kept on running. The miller ran after him, and the boy met a farmer coming down the road, who said to the boy, "Stop; that man is calling you." The boy said, "Yes, I know it; but he stole all of my corn and now he is trying to take my sack from me." [Laughter.]

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman and gentlemen of the committee, I had hoped I could have been assigned a little time last Saturday to make a few remarks on the question upon which I am going to touch to-day.

January 16 was the sixth anniversary of the date upon which became effective the eighteenth amendment to our Constitution, which prohibits the manufacture and sale of intoxicating liquor for beverage purposes.

To my mind, this day is as epoch making in our history as any national anniversary we ever celebrate.

The greatest battles mankind wins are not those where nations struggle on the battle field, but those bloodless combats where conflicting ideals and national purposes clash. [Applause.] As "he that ruleth his spirit is greater than he that taketh a city," so the nation that curbs its own appetites, restrains its own lusts, and develops its own man power pushes out the frontiers of civilization farther than the militant nation that overruns its neighbor's borders. [Applause.]

Prohibition has succeeded. Not perfectly, for there is no perfection where the control of human appetites is involved. But I believe that six years of experiment have revealed the wisdom and practicability of this measure.

THE OBJECTS OF PROHIBITION

It was designed to save the human resources of the Nation from the ravages of the liquor traffic.

It sought to reduce drunkenness by lowering the consumption of intoxicants to the minimum.

There were other hopes and dreams involved in the struggle to secure the eighteenth amendment and the laws to enforce it, but these two purposes were dominant.

It has achieved these purposes more largely in six years than many of its advocates would have dared believe.

As by-products it has accomplished other miracles in the realm of morals, of health, and economics, any one of which would have justified this revolution in our national policy toward the liquor traffic.

AN INTEGRAL PART OF THE CONSTITUTION

To my mind, the eighteenth amendment is just as sacred as any other part of the Federal Constitution. Can any one say it was not established in an orderly manner? The wets talk about it having been "put over," yet 46 out of 48 States of the Union ratified this amendment. [Applause.] But there

are many in our land seeking to break down and nullify the eighteenth amendment. When the right of a self-governing people to enforce its own laws enacted in an orderly process of government is challenged, then the conflict must be without quarter until the law and its enforcement are masters of the field. [Applause.]

Mr. Chairman, the alarming fact is the method which is being pursued for the accomplishment of this purpose. Those who want the return of the legalized liquor traffic do not seek the repeal of the eighteenth amendment, which is a legitimate right that they have under the Constitution; but what they are seeking to do, is to put through an amendment to the national prohibition enforcement act which would permit the sale of wine and beer.

Now, this program, if put into operation, would nullify the clear purpose and intent of the eighteenth amendment to the Constitution. The eighteenth amendment gave Congress the power and placed upon it the responsibility of enacting legislation to enforce that constitutional provision relating to prohibition; and to repeal the national prohibition enforcement code would leave the Federal Government without any authority whatsoever to enforce a plain provision of the Constitution of the United States.

THE FALLACY OF BEER AND WINE

As to the beer and wine proposal which is urged so much to-day, to hear some of the advocates of beer and wine talk you would think that a little child could drink a barrel of 4 per cent beer and a gallon of 12 per cent wine and they would have no effect upon him at all. For the sake of argument let us assume that beer and wine are as harmless as their advocates claim them to be. Do you believe that those who crave strong liquor would be satisfied? Of course not. They would still insist on their brandy and whisky and gin, and if the country permitted the sale of beer and wine, how could we enforce the prohibition of the sale of stronger intoxicating liquor? It would be an absolute impossibility to enforce the law against the sale of stronger liquor if we permitted the sale of beer and wine. To my mind the beer and wine proposal constitutes a bold and brazen invitation to the American people to disregard a constitutional provision. [Applause.]

Now, if one class of our citizens can disregard a constitutional provision because it is not to their liking, other classes will disregard other provisions in the Constitution, and in the end all orderly government will be destroyed and anarchy will reign supreme.

Mr. BLACK of New York. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No; not now.

Our greatness as a Nation, all of the rights, benefits, and privileges which we enjoy as American citizens are based on the American Constitution, and a blow at the Constitution is a blow at all that is near and dear to the hearts of the American people. This fight for prohibition affects far more than the friends of the cause. It should have a vital appeal to every friend of orderly government, for if the outlawed liquor interests can defy the Constitution, it means that our Government itself has failed.

THE GREAT ISSUE

Mr. Chairman, as far as the question of prohibition of the liquor traffic is concerned to-day, the only question before the American people is whether law and order shall prevail, whether the Constitution shall be respected and obeyed, and on no other terms can the law-abiding citizens of our country meet it, except on the terms of an unconditional surrender, for the very life of America and her institutions of orderly government depend upon the issues of this conflict. [Applause.]

If the opponents of prohibition are sincere in their avowed allegiance to the Constitution and honest in their desires for a modification of the law, they will command greater respect from the American people if they will proceed in the legal and orderly manner by attempting the repeal of the eighteenth amendment, and not forfeit the confidence of the public by extending to believers in orderly government an invitation to nullify the Constitution.

On the prohibition question the American people are confronted with this issue to-day, Shall the Constitution of the United States, which has been the pride and bulwark of this Republic, be subverted by the avarice and appetite of those who decline to seek fulfillment of their wishes through lawful means? That is one of the great, important issues of the day. It challenges the patriotism of every loyal American.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. BLANTON. That is the best lecture I have heard administered to the "wets" for a long time, and therefore I shall not object. I ask for the regular order.

Mr. HILL of Maryland. Reserving the right to object, Mr. Chairman, I shall not object, because the gentleman who made the speech practices in his life the principles he so ably advocates. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

DRINKING IN THE UNITED STATES

Mr. COOPER of Ohio. Charges that Americans are drinking "as much as ever" or even "more than ever" are unsupported by evidence. The wish, seemingly, is father to the thought. All the available data refutes this assertion.

Before prohibition the national drink consumption was mounting yearly. In 1917, the last year of comparatively unrestricted sale under license, according to the United States Statistical Abstract, 1922, page 697, we consumed 42,723,376 gallons of wine, 1,885,071,304 gallons of malt liquors, and 167,740,325 gallons of distilled spirits. These wines contained over 6,500,000 gallons of pure alcohol, the dry wines ranging from 12 to 14 per cent and the port and sherry from 18 to 24 per cent alcohol. The distilled spirits contained 83,870,000 gallons of pure alcohol. The malt liquors contained 84,825,000 gallons of pure alcohol. This makes a total beverage consumption of pure alcohol in 1917 of 175,195,000 gallons. Those who maintain that the Nation is drinking as much as ever must show where such a quantity of alcohol is obtainable illicitly to-day. Probably the highest estimate of diverted alcohol claimed that 90,000,000 gallons of hard liquor or 55,000,000 gallons of pure alcohol was entering bootleg channels, and this estimate was based on a misconstruction of alcohol withdrawals.

Withdrawals of tax-free alcohol increased from 22,388,000 wine-gallons in 1921 to 81,808,000 gallons in 1925. Of that total production of denatured alcohol, 46,983,969 gallons were completely denatured. To redistill this alcohol would be impracticable, if not impossible. It was not a source of illicit beverage liquor. The consumption of this completely denatured alcohol can practically all be accounted for legitimately. As far back as 1917 and 1918 the annual use of completely denatured alcohol was over 10,000,000 gallons per year. Since then the winter use of the automobile and the motor truck has developed. Little alcohol was used in auto radiators seven or eight years ago. The increased consumption of completely denatured alcohol has kept pace with the increased registration of motor vehicles. In 1924 it is estimated that the average automobile used 2 quarts of antifreezing solution per month during the freezing periods in those States where the temperature falls below the freezing point. Using the Department of Agriculture figures on the months of freezing weather in each State, the 17,591,981 autos registered in 1924 consumed 32,443,836 gallons of completely denatured alcohol. The auto registration in 1925 was over 20,000,000, requiring over 37,000,000 gallons of completely denatured alcohol. This plus the 10,000,000 gallons used annually in 1917 or 1918 for other legitimate purposes accounts for the entire production of completely denatured alcohol in the last fiscal year—46,983,969 gallons.

LEGITIMATE USES OF ALCOHOL

Such diversions as occur are in the specially denatured groups. Specially denatured alcohol production in 1925 was 34,824,303 gallons. Scores of industrial uses which were nonexistent five years ago use most of this alcohol. Henry Ford draws 75,000 to 100,000 gallons each month for the manufacture of artificial leather. Artificial-silk makers consume large quantities. Over 24,000,000 gallons of this specially denatured alcohol is not redistillable. Only 11,000,000 can be made potable cheaply and practically. This is far less than the amount of potential supply for beverage use through diversions in 1922, when 12,000,000 gallons of potable alcohol was withdrawn. Such withdrawals were reduced in 1925 to 4,500,000 gallons, a decrease of 7,500,000 in that period. While it is possible that some of that alcohol was diverted, no one asserts that all or a considerable quantity was.

Of the 11,000,000 gallons of redistillable denatured alcohol released in 1925, it is possible that half may have been diverted to the illicit trade. Doctor Doran, of the Prohibition Unit, so testified before a committee of Congress last year. If 6,000,000 gallons were diverted, this would have furnished 12,000,000 to 15,000,000 gallons of illicit liquor. Seizures by Federal officers account for 1,102,787 gallons of spirits and 569,921 gallons of wine. Seizures by State and local enforcement officers will account for at least as much, if not several times this total.

The remainder available to the bootlegger's customer would not make a very large drop in the preprohibition glass.

MOONSHINING EXAGGERATED

The moonshining output is grossly overestimated. Seizures of stills with a capacity of several hundred gallons are quoted sometimes as evidence of the magnitude of illicit distilling. These stills are few. Their output is small. Those who estimate illicit liquor production in terms of millions of gallons do not realize that a million gallons of liquor would mean from 130 to 140 carloads. Ninety times that sum would mean a quantity which would create a troublesome transportation problem, even if it did not have to be moved clandestinely.

The activities of the Coast Guard have eliminated rum row as an important factor in the illicit liquor supply. From over 300 vessels that hovered off the coast the row has been reduced to an occasional vessel or two. Captures of small boats plying between the supply ship and the shore have aided in this reduction. Cooperation between Canadian and United States officials has checked the flow of liquor over this border. Few of the most ardent wets to-day claim that smuggling liquors play any prominent part in the enforcement problem.

The per capita consumption of liquors of all kinds before prohibition was estimated by the United States Statistical Abstract at 20.2 gallons per year. This estimate made no allowance for any teetotalers. It has been frequently claimed that there were 20,000,000 adult drinkers before prohibition. On that basis the per capita allowance of liquors was 108.7 gallons per year.

HOW DRINKING HAS DECREASED

If the 20,000,000 former drinkers are still unreformed, the 15,000,000 gallons of possible liquor made from diverted alcohol, plus an unverified 10,000,000 gallons from smuggled supplies or moonshine sources, would give each of the old-time drinkers 5 quarts per year in place of the former 108.7 gallons. If, on the other hand, there are remaining to-day only 2,500,000 drinkers, occasional as well as steady, there would be 10 gallons apiece for them each year, or a little over a pint and a half of liquor a week.

The decrease in consumption is probably greater than this. Besides the licensed liquor sold in 177,790 saloons, there were the illicit liquors distilled by moonshiners and the "split" by which liquors were adulterated to two or three times their original quantity. Charles D. Howard, chemist of the New Hampshire State Board of Health, some time ago declared that—

> Probably as much as 90 per cent, if not more, of the whisky and gin as sold by the glass over the bar of the common saloon in pre-prohibition days was "synthetic," either wholly or mostly.

No one knows exactly how much intoxicating liquor the Nation consumed before prohibition. It is certain, however, that it was much more than the total reported by the Internal Revenue Bureau figures.

What George Rothwell Brown, in the Washington Post of December 12, 1925, says of the Nation's capital could be said, with a change of names, of every city of America:

> The distinguished Senators who so earnestly contend that there is more drinking in Washington to-day than there used to be in the "good old days" before prohibition are doubtless newcomers, who don't remember when, back in Reed's time, there was a bar under the House of Representatives, when gentlemen drank their way up the Avenue every afternoon from "Brock's to Shoo's," stopped in for a moment at the old Willard bar for Tom Ochiltree's latest story and a cocktail, dined with Sam Ward, topped off the evening at John Chamberlain's, and went home at 2 a. m. in open-faced hacks with both feet out of the windows. They don't remember "rum row" and "sawdust hall," the race-track crowd that flocked back from St. Asaph's for a little refreshment at Hancock's every evening, the foaming steins in the old Lawrence beer garden, the post-graduate course at the University of Gerstenberg, and the nightcap at the old Owen House. More drinking in Washington now! Shades of Count Perreard!

Mr. FRENCH. Mr. Chairman, I yield one minute to the gentleman from Kansas [Mr. HOCH].

The CHAIRMAN. The gentleman from Kansas is recognized for one minute.

Mr. HOCH. Mr. Chairman, it is with sorrow and a sense of personal loss that I announce to the House the death of the Hon. James Monroe Miller, of Kansas, who for 12 years was a Member of this body from the fourth district of Kansas, which I now have the honor to represent. Mr. Miller passed away yesterday, January 20, at his home in Council Grove, Kans. He served his district, his State, and his country with ability and fidelity, and his record in public and private life is a treasured memory to his loved ones and to his unnumbered friends.

Mr. FRENCH. Mr. Chairman, I yield two minutes to the gentleman from Kentucky [Mr. THATCHER].

The CHAIRMAN. The gentleman from Kentucky is recognized for two minutes.

Mr. THATCHER. Mr. Chairman and gentlemen of the committee, I wish to address you briefly and to take occasion to record my cordial approval of certain items in this bill, namely, those making appropriations for the improvement of Pearl Harbor, and for the construction of quarters for the submarine personnel in Hawaii. These items are as follows:

> Naval station, Pearl Harbor, Hawaii: Improvements to channel and harbor, $1,000,000, and the Secretary of the Navy is authorized to enter into contract or contracts for such improvements at a cost in the aggregate not to exceed $5,982,000.
>
> Submarine base, Pearl Harbor, Hawaii: Improvements toward general development, $430,000.

I visited Hawaii, Guam, the Philippines, China, and Japan last summer, and as a result I obtained certain first-hand information, and received certain impressions concerning our naval needs in Pacific waters. We hold dominion over certain islands in those waters for no purposes of exploitation or oppression. Wherever, upon this cruise, I came into contact with Europeans, they spoke of the unselfish spirit of the United States in the government of these insular countries—a spirit which I believe is unequaled by any other country holding or governing foreign possessions. I believe that the world at large considers our authority and contacts in the Pacific Ocean to be of a thoroughly benign character. Wherever the American flag has gone the flowers of American civilization have been planted and the native populations helped. While it has been inevitable that some mistakes have been made in dealing with our insular problems, it is also true, and gratifyingly so, that every insular race or people which has come under our flag has been immeasurably aided and inspired. The population of Hawaii is of rather a polyglot character, yet it is manifestly a happy and progressive population, proud of the status of the Hawaiian Islands as an American Territory. The people there feel themselves to be part and parcel of the United States, and a continental American feels himself to be quite as much at home there as on the mainland.

Guam, like the Philippines, came to us as a result of the Spanish-American War. The natives of Guam, the Chamorras, about 15,000 in number, like the Filipinos, became wards of our Nation as a result of that war, and our authority and duty in the premises constitute a trust of the most sacred character. I believe that the great body of our American people hold for all of these island countries a deep and abiding affection, and wish to see them rapidly advance along every line of progress and worthy achievement. These insular lands, through the fortunes of war and treaty, are as completely American territory as are the lands of the Louisiana Purchase or those acquired as a result of the Mexican War. So long as they constitute American territory they are entitled to the protection of the American Army and Navy against any foreign occupation or aggression to the same extent that our American mainland is entitled to such protection.

I believe that Governor Farrington and his associates are doing excellent work in Hawaii, and that Governor Price is rendering fine service in Guam. The former acts under general powers accorded by Congress to the Territory of Hawaii. In Guam the government is naval in character, a naval officer being the governor. The island lies far off the regular lanes of ocean traffic, 3,800 statute miles west of Honolulu and nearly 1,800 miles east of Manila. It is about 8 miles wide and 30 miles long, and because of its remoteness is a veritable no-man's land, though tropically picturesque and attractive. There are practically no laws in force there except the orders and decrees promulgated by the governor, who has practically supreme power.

Congress has provided no organic act for the government of the island and has paid practically no attention to its affairs except to the extent of making limited appropriations for its naval needs, a United States naval base being there maintained. The natives are thoroughly loyal to the American flag, and their highest civic ideal is to become American citizens, a result, however, not possible under existing law. The progress in the island in education, in road building, and in agriculture has been most commendable. In my judgment, Congress should enact appropriate laws for the government of the island and for the welfare of its people. Also, adequate appropriations should be provided for the reconstruction of the naval hospital kitchen in Guam, which is in a state of collapse, and for the construction of quarters for the naval officers stationed there.

I believe that Governor General Wood, with limited powers, is performing splendid service in the Philippines. I believe that he is promoting the welfare and prosperity of the Filipino people.

For many reasons the Filipino question is a more or less difficult one, and one of the chief of these reasons is our uncertain policy in dealing with it; and because, also, as I believe, the powers of the governor general, under the organic act for the government of the Philippines—the Jones law—or under its interpretation, have been too greatly restricted or hampered. The progress in roads, schools, and civic enterprise in the Philippine Islands since they became American Territory has been of a most gratifying character; but from the impressions derived during my visit there and from what I may have gained from general study and observation—although, of course, I make no claim to any profound knowledge on the subject—I am firmly of the opinion that if the American Nation should now cut the islands wholly adrift and cease to exercise any authority there, instead of there resulting a united nation made up of the many islands scattered through those wide stretches of the far Pacific, there would eventuate political confusion and chaos.

I believe that the interests of the Filipino people should be our chief consideration in dealing with these questions; and by that test I am of the judgment that we could do them no greater injury than, at this juncture, wholly to withdraw from the islands, and sever all the ties that now bind us together. To-day they are in no sense an oppressed people, but are altogether the reverse. They have liberty under the law, and possess the essentials of freedom. Should we ever withdraw, our withdrawal should be absolute in character, for I do not believe that the American people will ever consent to carry responsibility there, except upon the condition of retaining there, adequate power to deal with the burdens which inevitably follow in the wake of responsibility. Authority must go with responsibility.

In its wider aspects the surrender of the Philippines at this time, under present conditions, will not be, in my judgment, conducive to world peace; but will, as I believe, prove conducive to international strife, a result that will prove anything but promotive of the unity and welfare of the Filipino people. Our complete withdrawal—under present conditions—will eliminate one of the most powerful leverages our Nation to-day holds, enabling it to speak on Chinese and related questions in the Far East with compelling and beneficent authority. Should we withdraw, the situation would be different. How long would the political integrity of China thereupon continue? With rubber becoming, in the world's advance, more precious than diamonds, how long would the great potential rubber resources of the Philippine Islands escape the clutches of powers less altruistic than our own? No one can go among the Filipino people without conceiving for them real affection; but I can not escape the belief that, divided as they are, by the seas into many widely separated insular groups; divided as they are, by various dialects into a number of lingual groups; and, also, divided, as they are, by antagonistic religions into mutually antagonistic religious groups; and dependent as they are, upon free trade with the United States—which they now enjoy—for their economic salvation, the hour is not yet timely nor propitious for our withdrawal from the islands. The Filipinos have accomplished much since the American flag first floated over them; but they must accomplish much more, as I view it, before they will become sufficiently homogeneous in tongue, in custom, and in political outlook and ideals to justify, from their own standpoint, such withdrawal.

All of which I say in no spirit of unkindness, but in kindness alone. Every race or people which has advanced to the high estate of complete and absolute self-government has had to travel forward just as the Filipino people are traveling to-day, though usually under far less favoring circumstances than those which have surrounded them since the American contact. If the Philippines were near our American shores, like Cuba, for instance, the problem would be a much simpler one. We could then afford to assume more risk or hazard; but the geographical situation of the Philippines is such that if and whenever we may withdraw therefrom the withdrawal must be final and absolute. We must be very sure of our ground, very sure that the welfare and happiness of the Filipino people—of the Filipino people as a whole—will result from our withdrawal. We must deal with conditions and not with theories. Whatever our policy is to be as regards the Philippines, it will be best for the Filipinos and best for ourselves that it be well defined and understood. In no sense should it be treated as a political or partisan question.

In saying these things I am not unmindful of assurances given in the past by those in authority in the United States. These assurances were typical of the unselfish spirit which, from the first, has actuated the American Government in dealing with the Philippines. Our Philippine policy may not have always been wise, but it has certainly been unselfish, and this it must ever be. The assurances referred to must be kept in mind, and, as I believe, they will serve to insure—even if there were no other considerations involved—a final solution of the Philippine question—whatever that solution may be—to the mutual satisfaction and benefit of the American and Filipino peoples. The Filipinos are our friends and we are theirs, and as friends we must deal with all these questions in perfect candor and good will.

Because of our interests and obligations in the Pacific Ocean, the harbors of the Hawaiian Islands constitute indeed "the key to the Pacific."

During my visit to Hawaii I had the opportunity of seeing Pearl Harbor, and I sought to make some study of conditions there. I believe that every consideration relating to our national defense, to our Pacific and trans-Pacific interests, and to the prevention of untoward situations in the waters of the Pacific, requires that Pearl Harbor, at Honolulu, be adequately dredged and improved and its entrance be deepened and straightened. When these things are done our entire fleet—if need shall arise—can find safe anchorage and shelter there; and in no other harbor beyond the western shores of our mainland—under present conditions—may adequate accommodation for our fleet be found.

Also, it is highly important that our submarine personnel—those of our Navy who literally go down into the sea in ships—be comfortably housed when making Pearl Harbor their headquarters and base. To-day this is not the case.

I do not regard such action as being in any sense a gesture of hostility. Under our treaties dealing with questions of the Pacific Ocean, we can not further fortify or construct new harbors at any point west of the Hawaiian Islands; that is to say, in either Guam or the Philippines; but we can do these things without limit in the Hawaiian Islands, just as Japan may do them without limit in the island of Formosa.

Hence, I believe that these items are, in every sense, wise; and that they will constitute judicious expenditures. I hope, therefore, that this House will give them its approval. [Applause.]

Mr. FRENCH. Mr. Chairman, I yield to the gentleman from Maryland [Mr. HILL].

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the House, the election of 1789 was the first election held under the Constitution and party organization had not yet begun. Since that time this Government has functioned under party organization and under party government.

The election of 1832 was the first election in which all presidential candidates were nominated by national convention. There were three parties at that time, the Democratic, the National Republican, and the Anti-Masonic Parties. All three of these parties met in convention in Baltimore.

The Democratic Convention met May 21, 1832. Delegates were present from every State except Missouri. No platform was adopted, but Andrew Jackson was nominated for President without opposition. Martin Van Buren was nominated for Vice President.

The National Republican Convention met December 12, 1831. No platform was actually adopted at that time, but this convention authorized a further national gathering in Washington the following May 11, 1832, at which time was adopted the first platform ever issued by a national convention. It is interesting to note, therefore, that the first party platform of a formal nature adopted by conventions was the result of the Republican National Convention held in Baltimore nearly 100 years ago.

The first plank in this platform was:

1. *Resolved*, That in the opinion of this convention although the fundamental principles adopted by our fathers as a basis upon which to raise a superstructure of American independence can never be annihilated, yet the time has come when nothing short of the united energies of all the friends of the American Republic can be relied on to sustain and perpetuate that hallowed name.

American freedom was then the great issue. The platform of the Republican National Convention also declared in this, the first of all party platforms adopted by a party national convention—

2. *Resolved*, That an adequate protection to American industry is indispensable to the prosperity of the country.

The National Republican Party also declared—

5. That the Senate of the United States is preeminently a conservative branch of the Federal Government; that upon a fearless and

independent exercise of its constitutional functions depends the existence of the nicely balanced powers of that Government; and that all attempts to overawe its deliberations by the public press or by the national Executive deserve the indignant reprobation of every American citizen.

These resolutions have often been published in mistake as the resolves of the convention which nominated Jackson and Van Buren, but they were the platform of the National Republican Party, and that party, in Baltimore, in December, 1831, nominated Henry Clay, of Kentucky, for President, and John Sargent, of Pennsylvania, for Vice President.

The anti-Masonic convention, which, like the other two, met in Baltimore, adopted no platform, but nominated for President William Wirt, of Maryland, and for Vice President Amos Ellmaker, of Pennsylvania.

Jackson was elected, having a popular vote of 687,502, while Clay polled a popular vote of 530,209. Maryland gave Clay a popular majority of 4, probably because his party had a definite platform which appealed to the inherent principles of the people of Maryland. Maryland gave Clay 19,160 votes, to 19,156 for Jackson, but the 4 majority gave to Clay 5 votes in the electoral college to 3 votes for Jackson.

In 1836 again the Democratic Convention was held in Baltimore. It adopted no platform, and nominated Martin Van Buren for President. The National Republican or, as it had come to be called, the Whig Party held no convention. President William Henry Harrison, of Ohio, became its nominee for President by action of State conventions. There was no national party platform, but the New York Whigs resolved—

That the support we render to William Henry Harrison is by no means given him solely on account of his brilliant and successful services as leader of our Armies during the last war, but that in him we view also the man of high intellect, the stern patriot, uncontaminated by the machinery of hackneyed politicians—a man of the school of Washington.

The Democratic Convention of 1840 was also held in Baltimore. Van Buren was nominated for reelection, and a platform was adopted, the first plank of which was:

1. *Resolved*, That the Federal Government is one of limited powers, derived solely from the Constitution, and the grants of powers shown therein ought to be strictly construed by all the departments and agents of the Government, and that it is inexpedient and dangerous to exercise doubtful constitutional powers.

The seventh plank was, in part, as follows:

7. *Resolved*, That Congress has no power under the Constitution to interfere with or control the domestic institutions of the several States, and that such States are the sole and proper judges of everything pertaining to their own affairs not prohibited by the Constitution.

The Whigs, by which name the National Republicans were now known, held their convention in Harrisburg, and again nominated William Henry Harrison, but adopted no platform.

There ensued the famous hard-cider campaign of "Tippecanoe and Tyler too" and Harrison was elected.

In the election of 1844 both the Democratic and the Whig conventions were held in Baltimore. Both adopted formal platforms.

Again in the election of 1848 Baltimore was selected for the Democratic convention, while the Whigs met in Philadelphia. Both parties adopted platforms. The Whigs declared for—

The principles of the Constitution as administered by its founders. Standing—

They declared—

as the Whig Party does, on the broad and firm platform of the Constitution * * * we are proud to have as the exponent of our opinions one who is pledged to construe it by the wise and generous rules which Washington applied to it.

They nominated General Taylor and won on the above declaration of principles.

It would be interesting to continue this examination of the various party platforms which have been adopted since party government became inherent in this Nation. It would be interesting to trace the fundamental expressions of adherence to the original Constitution and of jealous protection for the rights of the individual States. The Republican National Convention of 1832, the first of its kind to adopt a platform, declared that the united energies of all the friends of the American Republic were necessary to sustain and perpetuate the work of the founders. Again, this platform declared the necessity of the preservation of the nicely balanced powers of the Federal and State Governments. The people of Maryland have always been tenacious of principles. Maryland was founded on the then much doubted theory of religious toleration. The popular majority given to Clay by Maryland was because his party had a definite platform, which appealed to the people of what we often call to-day the "Maryland Free State."

The Democratic Convention of 1840 made a strong declaration for State rights. It is interesting to note that the Whigs, succeeding to the State rights constitutional views of Henry Clay, nominated and won with William Henry Harrison. It is also noteworthy, in view of the present interest in the Volstead Act, to note that in the Harrison campaign the question of hard cider was considered of very great importance because of its relation to fundamental conceptions of State rights.

There have been many conventions of importance in Maryland. I myself recollect with a great deal of interest the convention which nominated Woodrow Wilson, but of recent years party platforms have had little to say of the question of State rights. Party platforms of late have had little to say of fundamental principles, but have dealt chiefly with what purported to be specific applications of these principles to existing problems.

Theodore Roosevelt said that all through his life he had attempted to apply fundamentals of age-old principles of government to existing conditions, and it is interesting to note at the present time symptoms of return of parties and politicians to fundamental declarations of principles.

There have been many interesting party platforms written in Baltimore. The original platforms adopted there were based on the doctrine of State rights. The most recent platform adopted in Baltimore was based on this great theory as enunciated by Lincoln and the party platform of the second convention of the present Republican Party. The most recent platform adopted in Baltimore was adopted on the 28th of October, 1925, by a group of Maryland Republicans who felt that the time had come to return to the principles of Washington, Jefferson, Clay, Lincoln, and Roosevelt, and I feel that the House of Representatives will be interested to compare this most recent platform with the platforms which I have quoted above. The Maryland free-State platform of October 28, 1925, is as follows:

THE MARYLAND FREE-STATE PLATFORM

American freedom is the issue.

As candidates for Governor, Senator, and Attorney General of Maryland, it is for American freedom we stand, and, what is more, will continue to stand if elected.

For too many years American freedom has been whittled down—whittled down by extravagant taxation; whittled down by volumes of unnecessary lawmaking; whittled down by shallow and ill-considered schemes of so-called reform; whittled down by failure, honestly and frankly, to stand up and fight for what you believe, be the consequences to your personal fortunes what they may.

The practical, very simple, and entirely businesslike principles we place our faith in are principles to be found in the Declaration of Independence, the Bill of Rights, the Maryland constitution, the Maryland religious toleration act of 1649, and in the addresses of three old-fashioned, hard-headed Americans—Washington, Jefferson, and Lincoln.

Those principles mean that we believe the people of Maryland deserve to be trusted, because they are thoroughly responsible and decent.

Those principles mean a square deal for all.

We believe in the right of the people of this State to work out their local problems in their own way.

We believe in the right of the people of this State to know where candidates stand as to governmental economy, as to the Volstead Act, as to the proposed Volstead Act for Maryland, and as to the need of more major legislation.

We favor economy in government, economy in the Federal Government, and economy in the government of Maryland.

We are opposed to the Volstead Act and opposed to the introduction of Volsteadism into Maryland through the proposed local Volstead Act.

The laws of Maryland as they stand to-day are sufficient fairly, intelligently, and effectively to administer questions arising in connection with business, education, public-service corporations, the courts, transportation, and other matters, and we are opposed to further increase in the size, undertakings, and complexity of the Federal Government.

We believe stable and genuine progress comes about through a homely, straightforward endeavor to be just, sincere, upright, and sensible rather than through gilded fakes and panaceas.

American freedom, and principles coming directly of it, are the surest, safest, soundest guides to-day—locally, nationally, and internationally.

That is our platform.

Marion A. Humphreys, candidate for Governor of Maryland.

JOHN PHILIP HILL, candidate for United States Senator from Maryland.

William F. Broening, candidate for Attorney General of Maryland.

In this country we are fortunate in having the system of two-party government. A strong majority party and a strong minority party are both necessary for the welfare of this Nation. It is the business of the minority party to constantly observe, criticize, and correct where necessary the policies of the party in power.

It is interesting to know that in the State of Maryland at the present time there is a political movement afoot based on thoroughly definite principles of government, and for this reason I have felt the House of Representatives would be interested in the most recent Baltimore platform which, harkening back to the first platform of any party in this Nation, adopted through the Baltimore Convention of 1831, declares that "American freedom is the issue."

American freedom and principles coming directly of it are the surest, safest, soundest guides to-day—locally, nationally, and internationally. The time has come when we must realize that stable and genuine progress comes about through a homely, straightforward endeavor to be just, sincere, upright, and sensible rather than through guilded fakes and panaceas. A party platform should be an honest declaration of sincerely cherished principles. This Nation was founded on such principles, and to-day it is necessary to reiterate them. [Applause.]

The United States, itself a Republic, is composed of 48 smaller Republics, and the Constitution guarantees to each of them "a republican form of government." There are to-day governmental evils in these Republics. Divorce is increasing, marriage is decreasing. In the States of Delaware, Connecticut, Rhode Island, Maryland, Maine, New Jersey, and Wisconsin alone in 1924 divorce increased a little more than 6 per cent, while marriage decreased about 6 per cent. In the Capital itself several hundred dry law cases clog the dockets of the police courts. In New York the Federal courts are so congested with thousands of cases that the United States attorney states that vigorous enforcement has become impossible.

In Maryland the Federal court is about 700 cases in arrears. Unless further offers are received from State officials to assist the Federal Government in housing the approximately 8,000 Federal prisoners Government prison authorities expect little relief from the overcrowded conditions in the Atlanta and Fort Leavenworth prisons. There is a general increase of crime throughout the jurisdiction of the 49 Republics that are the United States. There may soon be proposed a "marriage and divorce" amendment to the Constitution.

One group seeks to eradicate these evils by Federal standardization, which, if logically continued, will ultimately do away with the 48 State Republics and make of the forty-ninth Republic, the Federal Government itself, not a Republic, but an imperialistic Government with 48 or more Federal departments. It will substitute for the American constitutional system the type of Prussian central government against which we fought in the recent war.

The other group seeks to retain the American constitutional system, to restore the balance of State and Federal powers and duties, and to retain republicanism by the restoration and vitalization of State rights.

The invasion of State republicanism has proceeded by (1) direct Federal control secured by constitutional amendment, and (2) by indirect Federal control secured by Federal legislation which usurps State functions.

The basis of republicanism is State rights. A wise group of Democrats to-day is seeking to acquire for the Democratic Party the fundamental doctrine of State rights.

Neither in State action on amendments to the Constitution nor in Federal legislation has the Democratic Party stood for State rights since the fifteenth amendment.

The Republican Party was founded on a clear declaration of State rights, reiterated and confirmed by Lincoln in his first inaugural address.

The Republican Party is logically the party of State rights, and it should not now permit its great rival to take possession of what to-day is the vital issue in American politics. Republicanism means State rights.

In its recent decision invalidating the Oregon school law the Supreme Court said:

> The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the State to standardize its children by forcing them to accept instruction from public teachers only.

The Supreme Court could equally well say that the fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the Federal Government to standardize the citizens of the 48 State Republics by Federal laws covering the field of local self-government.

Blaine wrote in 1892 concerning the settlement of America:

> New England and all its generations exhibited one type; Virginia and all its generations exhibited another type—and they still remain. English by descent, both of them, yet they differ as much as did the Puritan and the Cavalier in the reign of the first Charles.

Any attempt to standardize the Americans of the 48 State Republics will and should fail.

The Constitution was adopted by a convention of the States September 17, 1787, and was subsequently ratified by the 12 States whose representatives had approved the work of the Constitutional Convention and by Rhode Island. Such men as Washington, Hamilton, Franklin, Madison, Carroll, and Pinckney signed the original document. The State of Vermont by convention ratified the Constitution January 10, 1791, and was by act of Congress of February 18, 1791, "received and admitted into this Union as a new and entire member of the United States of America." From time to time the great States of Ohio, Texas, and 32 others were admitted, until when the sixteenth amendment was proposed in 1909 there were 48 "entire members" of the Union. When the fifteenth amendment was adopted in 1869 there were but 37 States in the Union.

The term "entire members of the United States" is a noteworthy description of the status of the States and has a definite value in the consideration of the most vital national question of to-day—the question of the relative powers and duties of the Union and of its 48 members. This question is popularly termed "State rights." It did not acutely exist as a national problem before the adoption of the eighteenth amendment. To-day, while the ratification of the twentieth amendment is before the States, it has become, as President Coolidge's recent Memorial Day address shows, the most engrossing national question. The President's fight for Federal economy and for demobilization of Federal bureaucracy is an effective move toward the restoration of "entirety" to the individual States.

In 1916 I asked the question, "Is our Government slowly changing to a benevolent despotism?" Rightly or wrongly it has been so changing. The time has come when we must ask ourselves what form of National and State Government we want. If we wish to retain the theory of a union of 48 Republics, let us oppose those changes in the Constitution and those more subtle, insidious, apparently unimportant laws daily offered in Congress which take away from the individual State its right of local self-government. If we are convinced that the great American experiment in republicanism is a failure, let us openly declare the Constitution outworn and useless and make knowingly the change to imperial centralization. If we believe that the type of government, conceived in 1787, and most successful until 1919, a period of 132 years, is the best for the Union, let us realize the insidious, as well as the open, attack on the integrity of each of our 49 Republics, for the attack on the 48 smaller Republics is ultimately an attack on the forty-ninth Republic, the Federal Government itself.

> A republican form of government for each is one in which every State is, except for the general powers ceded to the Union, a local self-governing sovereignty, independent of every other State, and independent of the Union itself in its local affairs. Such republics possess those powers known as "State rights."

Some States to-day want State rights. Some States to-day value their republican form of government. Other States, although they may not realize it, act as if they do not want a republican form of government but prefer to cede all of their powers to the Union and let the Federal Government rule them from Washington.

I heard a Georgia Congressman, during the debate in the House on the twentieth, or proposed child labor amendment, say that the doctrine of State rights was a fundamental principle of the Democratic Party, yet that same Congressman had a few days before reiterated his belief in the eighteenth, the prohibition amendment, which imposes on the Federal Government the duty of entering the Republic of Georgia for the purpose of taking over a large part of its local police powers. The eighteenth amendment was the first attack on the entirety of State republics. The child labor amendment is a far greater blow at State rights than even the prohibition amendment, because the former empowers the great Federal Republic, the Union, to regulate the whole daily lives of all of the future citizens of the 48 lesser Republics, while the latter attempts but to deprive them and their parents of the joys of the marriage feast at Cana of Galilee. This Member from Georgia voted for the eighteenth and against the twentieth amendment, not realizing that both amendments were direct violations of the fundamentals of republican government in Georgia.

A study of the votes in Congress and by the State legislatures shows that in the last five amendments to the Constitution the Democratic Party was not guided by the doctrine of State

rights. The attacks on the rights of the States, as I have pointed out, have been of two sorts: First, directly by Federal control obtained by constitutional amendment; and second, indirectly by Federal control obtained by acts of Congress. The sixteenth, seventeenth, eighteenth, nineteenth, and the proposed twentieth amendments to the Constitution are all more or less negations in part of the republican form of government guaranteed to each State by the Constitution, under which each State is an "entire member of the United States" and not to be deprived of its local republican form of government, even by 47 of its fellow members; for if this guaranty means anything, the right of amendment by two-thirds of the States could not apply to the local powers reserved to the individual members and thus guaranteed. Until recently, however, the doctrine of State rights has been obsolescent.

In 1916 the federalization of the National Guard of the various States, the assumption of an ever-increasing control by the central Government over interstate business, the creation of the Department of Labor were only three of the indications of the tendency to add to the functions of the Federal Government. In 1916 it was true that the old cry of "State rights" was occasionally raised as a political slogan, but the ancient jealousy of the Union no longer played an important part in the promulgation of political policies. That was true in 1916, but it is not true to-day.

Let us examine the last five amendments to the Constitution. The sixteenth amendment gave to the Congress the power to lay and collect taxes on incomes "without apportionment among the several States or without regard to any census or enumeration." It was adopted in 1913. The seventeenth amendment provided for the election of Senators by the people of each State, instead of by the legislatures of each State, as provided by Article I of the Constitution. It was ratified in 1913.

The eighteenth amendment imposed Federal prohibition on every one of the 48 Republics. It was declared ratified in 1919. The nineteenth amendment forced the 48 Republics to admit to the franchise a new class of voters, against the declared forms of government of many of such Republics. It was adopted in 1920. The twentieth amendment proposes to take from the 48 Republics the control of the labor of all of their citizens under the age of 18 years.

All of these are vital curtailments of the rights of the States. It makes no difference whether or not the objects sought to be attained are good or bad. The eradication of tuberculosis, the elimination of criminally reckless automobile driving, the prevention of fires, the prevention of murders—all these are objects of moral worth equal to any of those made the subjects of the eighteenth and twentieth amendments. There are many more matters that are not properly dealt with by some of the States, as, for example, the matter of marriage and divorce. The question, however, is not what shall be the local laws, but what government shall make and enforce them.

Are we ready to declare that the American system is a failure and that we should adopt the French system of departments? Our State lines are in many cases artificial, and modern transportation tends daily to make them more so. Is this sufficient reason for having the great central Republic absorb all of the 48 constituent members?

So far the States have not divided on this matter along ordinary political lines. Take, for example, two States that are normally Republican, Ohio and Pennsylvania; two States that are usually Republican in presidential elections and Democratic in gubernatorial elections, New York and Maryland; and two States that are always Democratic, Texas and Georgia. Ohio ratified all four of the sixteenth, seventeenth, eighteenth, and the nineteenth amendments. Pennsylvania took no action on the sixteenth, but ratified all the rest. New York and Texas ratified them all. Georgia took no action on the seventeenth and the nineteenth, but ratified the sixteenth and the eighteenth, while Maryland rejected the nineteenth, took no action on the seventeenth, and was the fifth State to ratify the prohibition amendment and the seventh State to ratify the income tax amendment.

So, too, in the passage of Federal legislation which encroaches on State rights. The cooperative agricultural extension Smith-Lever Act of 1914, the Federal aid for roads act of 1916, the Smith-Hughes Vocational Educational Act of 1917, the industrial rehabilitation act of 1920, and the Sheppard-Towner Maternity Act of 1921 added an expenditure of $75,966,380 annually to the Federal expenditures on what Governor Ritchie, of Maryland, calls the "50-50" system of Federal aid. All of those acts were passed under a Democratic administration, except the maternity act, which spends $847,536 a year and which a number of us Republicans fought in Congress as an invasion of State rights.

A reference to the first platform of the Republican Party will show that republicanism was founded on a clear enunciation of State rights. In his first inaugural address Lincoln said:

> Those who nominated and elected me did so with full knowledge that I had made this and many similar declarations and had never recanted them. And more than this, they placed in the platform for my acceptance, and as a law to themselves and to me, the clear and emphatic resolution which I now read:
>
> "*Resolved*, That the maintenance inviolate of the rights of the States, and especially the right of each State to order and control its own domestic institutions according to its own judgment exclusively, is essential to that balance of power on which the perfection and endurance of our political fabric depend, and we denounce the lawless invasion by armed force of the soil of any State or Territory, no matter under what pretext, as among the gravest of crimes."

Blaine, in his memorial address on President Grant, said of Lincoln in 1885:

> Lincoln was the prophet who warned the people of the evils that were undermining our Government and the statesman who was called to leadership in the work of their extirpation.

When we consider the relationship of republicanism to the vital question of State rights we can do no better than to follow Lincoln and the first Republican platform. The Maryland free-State platform I have quoted above embodies these principles. [Applause.]

When we consider the political tendencies of to-day, we must realize that the time has come to go back to the fundamentals of the Constitution. "American freedom is the issue." The Republican Party is founded on that issue, and the Maryland free State platform is good Republican doctrine. [Applause.]

I ask unanimous consent to revise and extend these remarks on the subject of party government and party platforms.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to revise and extend his remarks in the RECORD on the subject of party government and party platforms. Is there objection?

Mr. STRONG of Kansas. Mr. Chairman, reserving the right to object, I shall not object, because my friend practices in his private life the things he advocates so strenuously on this floor. [Laughter and applause.]

Mr. HILL of Maryland. Mr. Chairman, I should like to add to that, because I know the gentleman from Kansas will agree, that I do them with entire legality. [Laughter.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DENISON].

Mr. DENISON. Mr. Chairman, I had not intended to ask any time on this bill, but there has been some considerable discussion on the subject of the tariff. I do not profess to be at all well informed on that subject, and I have a rule under which I hesitate to discuss subjects here unless I am pretty well informed upon them. But there is one phase of the tariff question that I want to speak about, particularly to my Democratic friends, because it has been brought home to me by a situation which exists in the district I represent.

I happened to be in the Chamber a little while ago when the gentleman from Alabama [Mr. HUDDLESTON] was making a few very pointed remarks on the subject of the tariff. I have a very high personal regard for the gentleman from Alabama. I think he is always sincere and courageous in his views. There are a great many things in common between the gentleman and myself. We both represent what are known as industrial districts. I have, or did have, in the district in which I live about 50,000 bituminous coal miners, it being one of the largest bituminous coal-mining districts in this country, if not the largest, and the gentleman from Alabama represents a district in which there are large coal-mining interests and other industrial interests; and yet the gentleman from Alabama and myself represent directly opposite opinions on the question of the tariff.

Now, let me tell the committee of a condition that exists in the coal-mining industry in Illinois which brings to my mind forcibly one phase of the tariff question. The mines in Illinois are operated by union labor, and in recent years they have been operating under what is known as the Jacksonville agreement. Under that agreement there is a fairly good wage paid to the union miners, but down in Kentucky—Tennessee, I think—and West Virginia the coal-mining industry is not organized and many of those mines are operated by nonunion labor, and the scale of wages is considerably less than in the mines of Illinois, where the same quality of coal is mined.

Now, what has been the result, the result of the difference in the wages paid to the coal miners in the nonunion fields in Kentucky and West Virginia and the wages that are paid the

union miners in the mining fields of Illinois? The coal mines in Illinois have been closed down for practically the past year and have not been able to operate, largely because of this difference in the cost of production. We in Illinois see daily long trains of coal being taken from the nonunion fields in these other States, right through the bituminous coal fields of Illinois, and delivered to the markets in Chicago and the Northwest, while the mines in Illinois are idle and the miners and their families in that coal field for more than a year have been suffering because of being out of employment.

Now, that is an illustration of how a little difference in the cost of production will put a large coal-mining industry in one part of our country completely out of business and throw the miners completely out of work.

There is also another element of cost that enters into it. The Interstate Commerce Commission has put into effect a differential in freight rates which adds to this difference in the cost to the consumers, and that has contributed to putting the coal miners in Illinois out of employment. The same thing is true of some of the coal mines in Pennsylvania. I am informed by some of the Members from Pennsylvania that because of a differential in freight rates put into effect by the Interstate Commerce Commission in favor of the coal fields in some of the Southern States the mines in Pennsylvania, Ohio, Indiana, and Illinois can not operate, and the miners are out of employment. Of course a remedy could be suggested for that situation; that is, we might take action here which would compel the Interstate Commerce Commission to correct the situation with reference to freight rates. But that would be very drastic and might be unwise. There is, however, nothing, that we can do as legislators that will correct the difference in the wage scale. We have no right to pass a law that will protect the laborers of one State from cheaper labor in another State. We can not do that under the Constitution. So there is no legislative remedy for a situation which results in suffering to the miners and their families in one State, which is the result of competition with coal miners in other States who are working under a lower wage scale. There is no remedy, so far as legislation is concerned, that I can see. Now, I merely mention this situation as a forceful illustration of what a small difference in the cost of production will result in within our own country. It closes a great many of our coal mines and throws a large number of our laborers out of employment.

Now, let us suppose that these nonunion coal mines, instead of being in Kentucky or in West Virginia, were just over the border in Mexico or in the Dominion of Canada. My friend from Alabama [Mr. HUDDLESTON], I assume, and my friend from Oklahoma [Mr. MCKEOWN] and my friend from Arkansas [Mr. OLDFIELD] and others—who, I take it, do not believe in the policy of protection—would not put into effect any tariff law that would protect the coal miners in this country from the cheap labor in the coal mines of Mexico and Canada if that situation existed. They say they are opposed to the Republican policy of protection entirely, and therefore if that situation did exist—if these nonunion mines were over in Mexico or up in Canada, and if they could produce coal there at a lower cost by reason of lower wages and could deliver it to the consuming public in this country cheaper than we could produce it in this country and deliver it to the consuming public, our Democratic friends, logically following their policy of nonprotection or free trade, would say, "We will not give protection to the miners in this country; we will let the coal mines remain idle and the miners remain out of employment and suffer."

There is where the gentleman from Alabama and I differ radically in our views. He does not believe in protecting American industries and American laborers by tariff laws. But I do.

Mr. SHALLENBERGER. Will the gentleman yield for one question?

Mr. DENISON. I am sorry I can not yield.

Mr. SHALLENBERGER. On the labor question?

Mr. DENISON. No; I can not yield. I have only a short time.

Mr. SHALLENBERGER. I would like to ask the gentleman a question on the labor question.

Mr. DENISON. I am sorry.

I believe in the policy of protection. When we come to our national borders, the Federal Government has a right under the Constitution to pass protective legislation and to erect a tariff barrier that will protect the industries and the laborers in this country against the products of cheap labor in foreign countries. We can do that, and I can not understand how our Democratic friends can go before their constituents and argue that it is wrong to protect them against the cheap labor of other countries. I say we ought to protect them. [Applause.]

Competition in all lines of industry is such to-day that a very small difference in the cost of production, a difference in the cost of labor, or even in the cost of transportation to the markets may result in the closing down of large industries and throwing out of employment large numbers of workingmen. As I have just stated, this is very forcefully illustrated by the condition of the coal-mining industry in Illinois and in Ohio and Indiana and parts of Pennsylvania. The coal companies in those States can not successfully compete on the markets with the coal companies in other States where cheaper labor is employed or where a more favorable freight rate is allowed.

Now, if that condition is true within the United States, it must be equally true where the competition is between industries located within the United States, where higher wages are paid, and industries located in other countries, where cheaper labor is employed. And it seems clear to me that it is the duty of our Government to protect our industries and our workingmen against the competition of other countries where similar industries are operated by cheaper labor. We can do this by protective tariff laws, and the Republican Party believes that that is a sound economic policy.

Now, a large part of our country, particularly that part of it lying east of the Mississippi River, is highly developed industrially. Millions of dollars of American capital are invested in these industries, and millions of American workingmen are employed in them. Similar competing industries exist in England, France, Germany, Japan, and other countries where the standard of living is far below that of the American workingmen, and where the wages paid are far below the wages paid to American workingmen. If our markets are free to the competition of the industries of these other countries, they can manufacture or produce their products and transport them to the American markets and sell them cheaper than can the American industries, where higher standards of wages prevail.

Our Democratic friends say we ought to allow that to be done. They say we ought to allow the products of cheaper labor from other countries to come into this country free and be sold to the public cheaper than our industries can sell them, even though by doing so American industries will have to close down and American workingmen remain out of employment. I can not accept that doctrine. I believe it is better policy for the Government, by a protective tariff, to prevent the industries of other countries from selling their products on our markets cheaper than we ourselves can produce them. I believe it is better for our industries to remain busy and our workingmen to remain at work at American wages under American standards of living, even if the consuming public do have to pay a little higher price for what they have to have.

And this policy is a direct benefit to the great producing country of the West, because if production in this country is materially curtailed, consumption will be materially curtailed. If great industries of the eastern and central part of our country are closed down and millions of men are out of employment, their capacity to consume is reduced and a large part of the market for the products of the farms of the West is destroyed. And this will result in a depression of prices and an injury to the producers of the entire country. Our greatest prosperity has always been when the industries of the country are busy and when the working men are all at work at good wages. We never have had such a condition of prosperity, and we never will have it, if our ports are thrown open and the products of cheap labor in foreign countries are allowed to enter freely into the American markets and by such unequal competition close down American industries and throw American laborers out of employment.

Therefore, Mr. Chairman, I believe in the policy of protection, and I believe that our Government should have protective tariff laws in effect that will at least equal the difference between the cost of production in America by American labor at American wages and under American standards of living, and the cost of production in foreign countries where the standard of living is lower and wages are cheaper.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. COYLE].

Mr. COYLE. Mr. Chairman, the House of Representatives is so directly responsive to public opinion because of the fact that from all over the land there is a fairly constant influx of Members from all sections of the country, and the House in its courtesy—which has been in my case immensely appreciated—listens to and absorbs from each his experience and his message.

The new Member who through this courtesy is to-day making his initial bow is bringing from his experience of the past a message which he hopes will be considered as sufficiently indicative of the way of safety and economy to warrant its acceptance in some measure by the subcommittee in charge of the bill, and consequently by the whole House.

I believe it was William Dean Howells who said in effect that no man can adequately describe an experience unless he has himself had that experience. Consequently from an experience of years of contact with the training of men and officer personnel in Navy and in the Marine Corps, in peace and in war, I am asking you, my colleagues who have welcomed me here, to give heed to this request to consider the necessity for at least a reasonably long-term program for personnel of Navy and Marine Corps, active and reserves.

Truly if, as the distinguished gentleman from Idaho, the chairman of the subcommittee, has indicated, there is a necessity for a five-year program on the contract work at Pearl Harbor, so four years is the minimum of program for policy as regards numbers of enlisted men and first-line reserves.

In our service this program should be for not less than the number of years included within the term of a man's enlistment.

This enlisted personnel is not an unskilled-labor proposition of mere weight or man power, but a highly trained corps of specialists, each of whom is employed under a contract which the Government makes with him and which each agrees to keep for four years. On first enlistment in the old days when on the U. S. S. *Prairie* we would take out 400 young men to make of them in three months pretty good ordinary seamen. In those days life was much simpler, and radio for one thing was just beginning and the Wrights had not made their flying experiments, and we spoke of time in terms of the midwatch or the dogwatches. Now, when I hear a keen-eyed youngster, intent on America's safety and honor, taking no thought for his own but only his country's safety, and realize the lifetime of experience that has been crowded into his 2,000 hours in the air or on submarine or destroyer, I realize the training time it takes in comparison with those old days, when the world was young and the sailor learned sails, and yet that training took three months afloat and about two months ashore.

Gentlemen of the committee, think well before you insist on cutting off 1,000 men from the number necessary for an effective fleet ready to take the sea.

Gentlemen of the committee, think well before you abandon Lakehurst—not for the bricks and mortar, hangars and masts, but for the spirit of that trained personnel. Listen, as I have listened, to Steele, of the *Los Angeles*, and Rosendahl, senior survivor of the *Shenandoah*. Hear them testify of the undaunted spirit of enlisted and commissioned personnel. Are the survivors of that accident afraid? No. Rather they ask that in memory of the honorable dead they be allowed to learn by experience, and dedicate that knowledge and, if need be, their lives and sacred honor on their country's altar. [Applause.]

In marine training my knowledge is more of current date, and I know that under stress of war times 1,000 men per week, through an eight weeks' course, learned the elements of a foot-soldier's duties and that was record time and required 2,000 instructors and coaches. But, after learning to march, to swim, to shoot, and to fight, he goes now to the further schools of combat and of shipboard until he has Kipling's picture of general handy man "backed off of the map," and the end of his four-year enlistment finds him at the acme of form and proficiency and his contract over. Except that for the part of the year that has elapsed since the act passed by the last Congress became effective, 1,600 of these men who have come to the end of their enlistment have agreed to hold themselves and their peculiar trained fitness for four years more, subject to their country's call, and have agreed to come to the colors at any time the commander in chief sends that word. In consideration of that agreement, the people of the United States have agreed to pay each man $25 per year.

The ultimate maximum size of this force was determined by the Congress to be 8,000 men. From a sentimental point of view, gentlemen, that is an historic figure. There were approximately that number in the Marine Brigade at the second Battle of the Marne. Trained men they were, and the roll is an illustrious one. They stopped the German advance at that point; there was no dispute there as to whether it was Democrat or Republican who won the war. They were American marines, trained to the minute, and 6,300 of the 8,000 either laid down their lives or stopped an enemy bullet.

Of the 8,000, two, though wounded there and in the same company, are present as Members in this House and join with me in asking—what? Something for the marines? No; something for America's safety! Something for world peace! Gentlemen of the committee, I dislike to take advantage of the immense popularity of the marines in this country and would not do so for any less cause than America's safety and world peace.

Who can tell the times and places where this Marine Corps has landed and restored order, established justice, and prevented war?

The need for the President's recommendation through the Budget Bureau is seen in the statement of General Lejeune who also was one of the 8,000 at the Marne. He speaks not in his own interest, not for his own honor and glory, but for the safety, honor, and welfare of America.

I am reading from memorandum sent me by him:

It is noted in H. R. 7554 (Union Calendar No. 24, Rept. No. 84), House of Representatives, January 13, 1926, on page 47, lines 7 and 8, that the appropriation recommended for assigned men is $40,000, whereas the Budget recommended $65,000 for the same purpose.

By the act of February 28, 1925, effective July 1, 1925, the Marine Corps Reserve was reorganized.

The provisions of this act created a class of reservists, designated "assigned men."

This class in the Reserve Regulations of the Marine Corps has been entitled Class III and will be so referred to in this communication. Members of this class are authorized to obligate themselves to serve four years in the Fleet Marine Corps Reserve upon termination of their enlistment in the regular Marine Corps. Congress provided that these men will receive during this period $25 per annum as pay. No man can serve in Class III for a longer period than four years, as will be seen; therefore Congress has provided a limit on the number of men that can be assigned to this class.

Immediately following the passage of the above-mentioned act the Major General Commandant appointed a board of officers to draw up regulations to carry into effect its provisions. These regulations were approved by the Secretary of the Navy, June 10, 1925, and were promulgated to the service in the regular manner. Commencing July 1, 1925, many enlisted men of the regular Marine Corps who terminated their service by reason of expiration of enlistment have obligated themselves to serve for four years in Class III.

It is estimated that during the fiscal year ending June 30, 1926, 4,612 enlisted men of the Marine Corps will be discharged through expiration of enlistment. Of this number, it is estimated that 1,384 will reenlist. The remainder, amounting to 3,228, is the number eligible to serve in Class III. Of this latter number, it is estimated that 1,924 will so obligate themselves.

In this connection it now appears appropriate to state that up to the time of the committee's hearings no questions were raised as to the size of Class III, so that the Marine Corps now has on its rolls 1,600 men who have been assigned to this class. The committee's appropriation for the fiscal year 1927 provided $40,000 for pay for Class III—only sufficient funds to pay 1,600 men—so that I am constrained at this time to invite the committee's attention to this point. This action, if translated into law, means that we must suspend further assignments to Class III for the balance of the fiscal year and during the whole of the next fiscal year.

The estimates submitted by the department were for pay for 2,600 men in this class for the year 1927, the total appropriation recommended amounting to $65,000.

For the year 1927 it is estimated that there will be discharged from the Marine Corps by reason of expiration of enlistment 2,212 men. Of this number, it is estimated that 862 will reenlist; 600 of the remainder will obligate themselves to serve in Class III. On the figures aforementioned were based the estimates for funds to pay 2,600 men for the fiscal year ending June 30, 1927.

Assuming an average of 2,000 a year, it is evident that the maximum number in Class III will not exceed 8,000. This will cost the Government $200,000. This is a most economical method in the event of war of having ready a trained force immediately available for duty with fleet operations.

MISSION

With a definite objective in view for the reserve—service with the United States Fleet—there were organized for administrative purposes four reserve regiments. Class III men as they left the regular service were assigned to these regiments, each man being assigned to an organization where his qualifications enabled him to render the best service. The qualified rifleman was assigned to the rifle company, the machine gunner to the

machine-gun company, the howitzer man to the howitzer company, and the signalman to his proper signal platoon.

The Marine Corps must be prepared to move with the fleet promptly. The advanced base force which moves with the fleet can not await the delays incident to recruiting of men or those incident to a selective-service scheme, but must have its men ready for instant service. To provide such a force, it is essential to have reservists already in the service, assigned to organizations, and ready to report in time of war or national emergency without the delay incident to voluntary recruiting and the selective-service scheme. No better men could be provided than marines who obligate themselves to serve in Class III. They have served honorably in the regular Marine Corps for four years. They are qualified riflemen. They are machine-gun experts. They are signalmen. They served aboard ship, on landing work. They are mobile. They have voluntarily obligated themselves to render prompt service, such as will be required of the advanced marine forces that would move out with the fleet.

The theory underlying this provision of the reserve act was that the United States, in case of war or national emergency, would have available for instant call a force of trained men at a cost of only $25 per year per man. As stated above, no one can serve in this branch for more than four years, the reason for this limitation being the assumption that a man would retain without training his military efficiency for a period of four years after his discharge from the regular service, but not for a longer time.

As was brought out at the hearing the total annual expense to train, pay, clothe, and ration one marine is $1,000 per year—for four years $4,000. To retain this man in the reserve four years longer, while he is still a trained man, while he is young, active, enthusiastic, and earnest, it costs at the rate of $25 per year per man, or a total for the four years of $100. This is an insurance and an economical one.

The actual limit to the size of this class will be about 8,000 men, but this limit will not be reached until 1929.

These points were brought out at the hearing prior to the enactment of the present law, and we are, therefore, justified in assuming that it was the intention of Congress that Class III of the Marine Corps Reserve should have an eventual strength of about 8,000. That section of the naval appropriation bill would now fix the strength of Class III at 1,600, or only 20 per cent of 8,000. The bill also deprives all enlisted men whose enlistments expire during the remainder of this fiscal year and the whole of the next of the rights accorded them by the reserve act to obligate themselves to serve in Class III for four years.

In view of the foregoing it is urgently recommended that the appropriation for assigned men for the fiscal year 1927 be increased to $65,000, as originally recommended by the Budget, and that the figures $40,000, on line 8, page 47, H. R. 7554, be stricken out and the figures $65,000 be substituted therefor, and that on the same line there be substituted for the figures $305,480 the figures $330,480, and on line 16, page 47, strike out the figures $14,970,347 and substitute therefor the figures $14,995,347. [Applause.]

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CLEARY].

Mr. CLEARY. Mr. Chairman and gentlemen, several years ago, when I first came to Congress, I remember being quite surprised one day when I was attending a meeting of the Rivers and Harbors Committee; I thought that was a subject which needed much discussion, but I found they talked about everything but rivers and harbors. So it is to-day; and while I perhaps am too earnest in disposition to enjoy that sort of thing, yet there have been several things brought out here that are interesting.

A little while ago a gentleman for whom I have great respect brought up the question of coal, and as I was thinking about his remarks that side of the question seemed to be a little amusing. Here is the great city of New York, where I happen to live, with its 6,000,000 people and with lots of poor people out of coal. They can not get any coal. There are a lot of other large cities in the country—Boston, Philadelphia, and others—that are in the same condition.

I noticed in the papers last night that the price of pea coal is $24 a ton. I might say I have bought it for $3 a ton, and have bought lots of it, because I used to be in the business. It is now $24 a ton.

What a beautiful thing it would be now if we could get some coal from some other place besides the American coal regions. Just think of it. We have the owners of the coal, whom we call the operators, on one side and the miners on the other. They disagree and it is impossible for them to get together. It is a situation that seems absurd. They meet and each side is so stubborn it will not yield enough so they can come together in the best interests of the people.

We all agree upon one thing, and that is that the Government of this country is for all the people and not for any particular interest, and so in this case everybody who thinks correctly thinks that this question should be solved in the interest of the people as a whole and not in the interest of the miners or the operators. I know there is coal coming into this country, because I have been in the transportation business and have transported a lot of foreign coal in and around the harbor of New York; in fact, I do not know what we would have done without it. The same situation exists in a good part of the country. They are bringing in some foreign coal here and there to relieve the actual necessity of keeping the people alive. Suppose we had a tariff prohibiting entrance of foreign coal; how infamous it would be.

What we want at present is the coal. The price is now ridiculous. The price is awful, and I have no sympathy for any high tariff or any other thing that would keep foreign coal out.

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Texas [Mr. SUMNERS] 10 minutes.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the House, there has been a good deal of discussion of the tariff, and especially as it relates to those who are engaged in the production of what we know as surpluses in agriculture. I have been a Member of this House for some time. It has always seemed to me a tragic thing that so important a governmental and economical question as the tariff can not be considered by the Houses of Congress sitting as a board of directors for a great nation free from personal and party politics. In my judgment, gentlemen, the time is not far distant when the seriousness of the situation developing is going to compel men who sit in this Chamber to sit as statesmen, not as Democrats or Republicans, in considering this great question.

When we began this tariff policy, this protective tariff policy, it was for the purpose of helping "infant industries" to get started. The country was rural and agricultural then. As late as the Civil War 82 per cent of our people were rural. In so far as the protective feature of the tariff is concerned, it is the exercise of the coercive power of the Government to compel the body of the people to pay to classes of producers more than they otherwise would receive. Whether that is wise or unwise we may debate, but the purpose and the effect is not debatable.

The protective policy now, gentlemen, may justify, at least to their own satisfaction, but the conclusion that it is the most direct sort of paternalism can not be escaped. The theory upon which justification is attempted is that if the Government will compel the American purchasers to pay more to somebody who is protected than that somebody otherwise would receive, that additional amount of money will enable the beneficiary to become a better customer of the rest of the people. That is the only argument advanced.

We protect one industry, the clothing industry for instance, to illustrate, and thereby increase by an arbitrary power of the Government the price that the people pay for clothing. That price goes in as overhead with reference to every other activity in America. That requires everybody to get more than they would otherwise receive in order to absorb this added overhead cost. Having protected the clothing industry, people engaged in other industries come in and ask to be protected also, and so we go on and pyramid, pyramid, pyramid, until the day is not far distant, it seems to me, when we shall have exhausted our great natural resources to the level of the resources of other countries, when America will be shut out of the foreign markets, except as American manufacturers are so organized that they can sell in America under a protective tariff law and dump their surplus in foreign markets at a price less than that received in our own home markets. We have not kept any debit account. We have not charged ourselves with the loss in soil fertility, with our exhausted timber resources, or with the element of mineral depletion. Agriculture, the chief crops thereof, have borne the chief share of the burden of this system, because their surpluses have been sold in the open competitive markets of the world, and the prices there have fixed in the main the domestic prices also. It is a remarkable thing that these agriculturists should have submitted to this policy through all of these years. There is some evidence that they will not willingly submit much longer. We come now to the test—soon, perhaps. As one Member I do not agree with the wisdom of the protective policy broadly considered, but I do not understand how those who do agree to that policy can now question the wisdom or justice of the Federal Government making the protective tariff policy effec-

tive in behalf of those who produce agricultural surpluses which must be sent abroad.

It is not the method which determines whether or not a policy is wise, but the effect of the policy. I do not believe that anybody of intelligence—I have not heard all of the debate, and it may be that I will have to apologize to some individual after I make this statement—I do not believe that anybody with good sense will claim that a protective tariff levied on an agricultural product, of which there is a substantial surplus produced in this country, can afford to the American producers a substantial benefit. He bears a large share of the burden, but receives no such share in the benefits unless, as it is claimed, that the higher prices received by the protected manufacturers and the operatives make them better customers. But the fact is they pay to these farmers no higher prices than the foreigners pay to whom the surpluses are shipped. Besides, if that is sound, why not pay the farmer more so that he will be a better customer?

I had an experience with one of my friends who came from near the Canadian border. He was making a speech here telling how much higher the wheat on the American side was than on the Canadian side. We had exported 200,000,000 bushels that year. I asked him to take a walk with me for I did not believe that anybody could get to heaven with that belief. [Laughter.]

I said to him, "Why do you make that statement that can not be so?" He said, "I was talking about hard wheat." That old boy was standing on the floor of this House making that sort of a speech when he knew that we were exporting 200,000,000 bushels of wheat. We were selling it in the foreign markets, as cheap as Canada or any other place in the world was selling it, otherwise we could not have sold it. And we were not getting any more at home than the price there, or we would not have shipped to the foreign markets rather than sell at home. The American Government could put a tariff of $100 on a bushel of wheat and not affect the domestic price under those conditions. We have got to make up our minds, gentlemen, it seems to me, either to let the surplus disappear under the process of starvation resulting from the paternalistic policy of the Federal Government, manifest through its tariff policy, or you have got to put a bounty on American exportation covering this surplus. I do not say it is sound. I do not say this policy is sound, but I say that such a policy would be as sound as the present protective tariff policy. It would make the tariff policy sounder than it is. If you want to make it so that the people of America shall have a surplus of agricultural products against the day when the drought comes and the insect comes—and I believe it is just as important that America shall have a surplus of grain in its granaries as a surplus of gold in its Treasury—you must quit starving agriculture for the benefit of the manufacturers. I would say we must quit robbing agriculture for the benefit of the manufacturer, except for the fact that the agricultural vote made the tariff policy possible. You have just heard the remarks of the gentleman who comes from New York, complaining about coal; I want to say to my friend from New York if this policy of discriminating against agriculture continues it is not far distant when the 6,000,000 people of New York not only will be concerned by the price of coal, but they will be concerned about where they will get the meat and the bread to feed the hungry millions. We have been building up cities under this policy—and I have no prejudice against cities; I represent a good city myself—we have been building up great cities in this country by absorbing the wealth resulting from the productive energy of agriculture. I do not appeal to prejudice. The vote of farmers have established this policy. It is not their problem. It is the Nation's problem. The condition is not sound.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. May I have two additional minutes?

Mr. AYRES. I yield the gentleman two minutes.

Mr. SUMNERS of Texas. Now my reasoning may not be sound, gentlemen, my conclusions may not be sound, but I submit to the judgment of the gentlemen who are in governmental responsibility that when you see this great vocational migration you must know without any further reasoning about it that the farm is not the center of best opportunity. Individuals change their place of residence under all sorts of reasons and conditions, but the great mass of the population moves under the operation of an irresistible economic law, that it is as irresistible as the law of gravitation. Under this policy in our country we are taking the stones from the foundation of our economic and governmental structures for the building up of this great superstructure in the cities. Where is the population of this country moving to? It is to the factories; they are in the industries of the country. There was never such a vocational migration in the history of the world. I do not see how it is possible, if you are going to maintain the present tariff policy, to continue a surplus of agricultural products without putting a bounty on agricultural exports. That may or may not be sound, but it is sounder than to starve these surpluses out of existence. I hope I have not injected anything partisan in this discussion. We are representing a common country, dealing with a common interest. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Gentlemen, I thank you.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I have asked for this five minutes, as I want to elaborate on the question which I sought to propound to the gentleman from Illinois [Mr. DENISON], and that was if the laboring men of Illinois agree with him. Would they agree that the reason the coal mines in Illinois are idle—that is, the soft-coal mines—was because labor was receiving too high a wage in that State? I do not think the gentleman would make that contention——

Mr. DENISON. I did not make that statement.

Mr. SHALLENBERGER. The gentleman will permit me to finish. He would not let me interrupt him, and he can take the floor again.

Mr. DENISON. I say I do not desire the gentleman to misquote me. I did not make that statement.

Mr. SHALLENBERGER. I wanted to ask that question.

Mr. DENISON. I did not have the time, otherwise I would have been glad to have yielded to the gentleman.

Mr. SHALLENBERGER. The reason why the coal mines remain idle in Illinois, as the gentleman knows, is well defined. The tariff is not involved. There is no tariff on coal. The gentleman is well aware you can make the tariff as high as Haman was hung, and it would not help the coal mines of Illinois.

But the trouble in Illinois is the preferential freight rate given to those mines that come into competition with them, and to show the House and to convince the gentleman from Illinois that others agree with me I want to read from the debate in the Senate on this same question yesterday, in which Senator WILLIS called attention to the fact that the coal mines in Ohio are idle for the same reason as the coal mines in Illinois. He said:

> I just want to answer the suggestion made by the Senator from Idaho touching the part of the railroads in this matter. I happen to know of a situation in the State which I in part represent. The mines are shut down in that State. Why? Because the railroads that haul the coal give a better rate to the lake ports from the States of Kentucky and West Virginia than they give to mines in the State of Ohio.
>
> Coal is hauled directly through the State of Ohio at a rate lower than that which is given to coal produced in the State of Ohio.

In other words, he maintained that it is a question of railroad legislation, and if the committee, of which the gentleman from Illinois is such a distinguished member and of which I also am a member, would report to this House a bill to correct this situation, the coal mines in Illinois and the coal mines in Ohio might be opened. That would be legislation that would go directly to the evil of the matter. But, in my judgment, so long as the protected interests of this Nation and the transportation interests are in control of the committees of the House the coal mines of Illinois and the coal mines of Ohio can remain idle, and the interests of agriculture can still continue to suffer in this country. Railroad legislation and not the tariff is the remedy for the soft-coal trouble. [Applause.]

Mr. FRENCH. Mr. Chairman, I yield two minutes to the gentleman from Illinois [Mr. DENISON].

The CHAIRMAN. The gentleman from Illinois is recognized for two minutes.

Mr. DENISON. Mr. Chairman, I am very sorry that the gentleman from Nebraska [Mr. SHALLENBERGER] has misunderstood the remarks I made, or the substance of them, and I am very sorry that I could not yield to my friend from Nebraska when I was occupying the few minutes that I had at my disposal. I only had 10 minutes to express what I had to say. It was not through discourtesy to him that I refused to yield to my friend from Nebraska.

I did not say that the wages of miners in Illinois are too high. Nor can I understand how the gentleman from Nebraska could have understood me to say such a thing. I do not think they are too high. I was simply stating that there was such a difference in the rate of wages paid to the miners in Illinois and to those in the other States I mentioned, that that difference in the cost of production largely caused the mines in

Illinois to be closed down and the miners thrown out of employment. Of course, there is a freight differential that adds to that, but the principal difference, I think, is in the difference in wages that prevail. I was not complaining of the tariff on coal.

I was only calling attention to the distressing conditions to-day in the bituminous coal fields of Illinois and Indiana and Ohio and elsewhere, as an illustration of the disastrous effects upon the coal industry and men employed in that industry in those States, that has resulted from the competition of the coal industries in other States where cheaper wages prevail and a more favorable freight rate is allowed.

Now, the gentleman from Nebraska and his Democratic friends think that is all right, I presume. If they were in control of our Government they would, I presume, at once put into effect their Democratic doctrine by either lowering or removing the protective tariff that now protects the great industries of our country. They would bring about the same distressing conditions in the textile mills and the steel mills and all the other great industries of the country that now exist in the coal fields of Illinois. In their devotion to their discredited free-trade doctrines they would throw the markets of this country open to the competition of other countries and would have millions of workingmen out of employment, as was the case under the Underwood tariff law. That is where we Republicans differ with them. I think it is bad enough to have the suffering and other distressing conditions that now exist in the bituminous coal fields of the country. I do not want to see the same conditions existing in the other great industries of our country. If I could have my way I would remove the unfair freight differentials that now exist against the bituminous coal fields of Illinois and other States, and I would see to it that decent living wages were paid to all the coal miners of this country, so that all of the coal mines could be kept busy and all of the miners employed on somewhat of an equal basis at profitable living wages, and I will support the policy of protection that will keep the industries of the entire country going and American workingmen employed.

Mr. FRENCH. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. TILSON].

The CHAIRMAN. The gentleman from Connecticut is recognized for 10 minutes.

Mr. TILSON. Mr. Chairman, in view of considerable talk more or less pertinent to the issue in regard to the crude rubber inquiry now being made by the Committee on Interstate and Foreign Commerce of this House, it seems to me appropriate at this time to sum up very briefly the situation which brought about the inquiry as well as to state some of the results which it was hoped and is still hoped will flow from it.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield for a question?

Mr. TILSON. Yes.

Mr. SHALLENBERGER. Are you addressing yourself to the rubber situation?

Mr. TILSON. I am.

The inordinately high price of crude rubber during the last few months has attracted considerable attention, and the effects of such prices have been and are destined to be keenly felt by the country at large. It is one of the many problems largely growing out of the war. When the very unusual demand for rubber caused by the war suddenly ceased the reaction upon the price of rubber was, of course, to lower it to a figure that made its production unprofitable. The price reached a level that prostrated the industry. It was evident that if this violent reduction in the demand were allowed to have its normal effect, rubber production would be discouraged to a degree that would injuriously affect the rubber supply for years to come. The so-called Stevenson plan was hit upon and generally acquiesced in to the effect that a fair price for rubber should be fixed and that means should be adopted to make effective such a price. After a thorough consideration by those best informed on the subject, it was agreed that 35 cents per pound for crude rubber was a fair price, and a price that would encourage and result in an increased production for the future.

The scheme succeeded so far as the price was concerned, and apparently succeeded too well. After the price had reached the level agreed upon as fair, it was seen that a much higher price could be successfully exacted. Prices kept going skyward. Let us trace them through the year 1925. In February, 1925, the price of rubber was still at or near the fair price. In March the average price was 41 cents; in April, 43.6 cents; in May, 58.4 cents; in June, 77.3 cents; and in July, 103.2 cents. At this point it was found that the increase had been made too rapidly and there was a halt in the upward soaring of prices as shown by the fact that in August the average price was 83 cents; in September it was 88.9 cents; in October, 98.1 cents; and for November, the last month for which average prices had been computed when my resolution was drawn, the average price was 109.5 cents. At one time the price reached $1.21 per pound.

The methods used for the most part have been restriction of production and release of output, and have been permitted under the colonial legislation of Great Britain. It may be said in passing that these measures are of such a character that if used in the United States in domestic affairs would be a violation of our laws for the prevention of combinations and agreements in restraint of trade.

What does such a price mean to our manufacturers of rubber products and to the people in general as consumers of those products? Our annual crude rubber needs are about 900,000,000 pounds. At the agreed fair price our supply requirements would cost approximately $300,000,000, while under the prices already reached our supply will cost approximately $1,000,000,000. In other words, if compelled to buy at the highest price reached, we shall pay about $700,000,000 per annum in excess of what we should have to pay at 35 cents a pound, which was originally agreed upon as a fair price. As has been boasted by a British newspaper, $700,000,000 per annum for seven or eight years will exceed the British war debt to the United States.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. TILSON. Yes.

Mr. BANKHEAD. Was that 35 cents a fair price at the source of production or delivered in the United States?

Mr. TILSON. I do not know whether it means at the source or at the port. I am not prepared to say as to that.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. TILSON. Yes.

Mr. CHINDBLOM. That is the London price?

Mr. TILSON. The gentleman is probably correct, but whether it was the price delivered in London or whether it was the price fixed there I am not certain.

Mr. BLACK of New York. Will the gentleman yield?

Mr. TILSON. For a short question.

Mr. BLACK of New York. The gentleman does not want to state to the House that it could be expected that that price of 35 cents would be paid for all the rubber that would be used in the United States for a year, because if the American people went into the market and bought a year's supply all at once the price would be bound, under the law of supply and demand, to go up.

Mr. TILSON. No; that was not contemplated at all; it was intended to have the production price stabilized, and I assume that the intentions of those who went into the arrangement were good. It was believed that to stabilize the price in the long run would be for the benefit of all concerned. But, as I have said, the scheme worked too well.

It was in view of the situation just described that I introduced a resolution authorizing the Interstate and Foreign Commerce Committee of the House to inquire into the means and methods by which such prices are made possible and to report its findings and recommendations to the House. The inquiry under this resolution has been going on for about two weeks, and already much information not before generally known has been brought out and brought together in a way that can not be otherwise than helpful.

Although no direct opposition was offered to the resolution or to the inquiry, still there has been a constant effort to minimize the possibilities of helpful results to flow from it, and especially to minimize the very able and persistent efforts that Secretary Hoover has made during the last three years. There were those who immediately seized upon this proposal for an inquiry to try to show that in some way or other the situation in regard to rubber was brought about as a matter of retaliation for our tariff laws. The only logical remedy that can be inferred as being in the minds of such persons is that we should remove our customs duties, yield up our home markets in the articles produced by us, and that in so doing we should so benefit other nations of the world that they could afford to sell us rubber at a reasonable price. I doubt whether our people are quite ready for such a drastic remedy.

Another group of carpers have indulged themselves in a line of criticism of what has been done, or has not been done, by our Government and by private business. They stop when they have pointed out that the situation might have been different if a different course had been pursued by our Government and by private business. Such criticism is not constructive. It gets us nowhere. "It might have been" are sad words, whethered uttered by tongue or pen, but they will accomplish nothing toward bringing down the price of rubber. Concede that in the past a mistake has been made in legislation for the Philippines. Admit that some of our business men have been shortsighted in connection with rubber. Then what shall

we of the living present do about it? Shall we sit down, fold our arms, and be content with bewailing the fact that the statesmen and the business men of the years that are gone acted unwisely? We are living in the to-day, and it is our duty, as it is our privilege, to work for to-day and to-morrow. We can do nothing to change the past. Utilizing the experience of the past as a lamp to guide us, we should do our work to-day looking ever to the future. We must let the dead past bury its dead, while we squarely face the facts of the present as we find them and try to solve the problems brought about by these facts.

The rubber inquiry has already accomplished much good by focusing the attention of this country and foreign countries on the situation. If it should accomplish nothing else, it will bring before the country a realization of any mistakes that may have been made in the past, which being realized means that the genius of the American people will soon set itself the task of providing against the recurrence of such mistakes in the future. The action of a number of business men in New York the other day indicates the spirit in which American enterprise tackles difficult problems when thoroughly aroused and fully acquainted with their nature. A company with a capital of $10,000,000 was tentatively formed to undertake the working out of this very problem. Other good has and will come from this inquiry. For one thing, the price of crude rubber has, temporarily, at least, dropped about 25 per cent, which means $700,000 a day to the rubber industry and the consumers of rubber products. It will accomplish other good. The British people are as a whole a fair-minded people. They believe in fair play in business as in sport. The situation that has been created by monopolistic restriction and control has not been brought about by methods that can be justified either in sound economics or in fair play.

I can not do better than to quote an excerpt from the statement of Secretary Hoover, made before the Committee on Interstate and Foreign Commerce during the hearings on my resolution. Speaking of the restrictive methods employed, he said:

> The object of these controls is universally asserted to be to stabilize prices to both producers and consumers at fair rates, and we would probably not be considering the question to-day if all these combinations had been content with fair returns, no matter how much we might object to them in principle. Our dominant desire has been to get along with our neighbors without engaging in the slightest friction, and we would bear a great deal to avoid involving our Government in such bickerings of trade. But when we see prices suddenly boosted above what even the spokesmen of the monopolies have announced to be "fair" by an additional amount which, if continued, would cost our consumers nearly a billion per annum, we may well conclude that either these monopolies possess that inherent quality of all monopolies—never to be content with reasonable returns—or that we are having vigorous trade war made upon us. In any event we can well question whether the nation is safe in depending upon such assurances of fair treatment. In any conception of this situation the time has arrived when we must take stock of our present status and future prospects and determine what policies we should adopt in national defense.
>
> Since this question was raised we have been abruptly reminded that each nation must make its own economic policies and that we have no right even to protest. I do not wish to argue this question on any theoretical ground, but I may observe that sound economic and public relations, whether between individuals or governments, can only exist where both producer and consumer hold their demands within that area of consideration which makes for their mutual prosperity, not for mutual destruction.

In the end, instead of disturbing relations, an inquiry such as this will eventually make for better international feeling because already this inquiry has caused the British public as well as our own to understand this matter more clearly, and a better understanding among fair-minded men always makes for better relations, international as well as personal. [Applause.]

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, I feel more satisfied with the situation in the House this morning than I have felt during the last three or four days. I wondered when anybody on the Republican side was coming to the defense of the administration. Day after day we have been hearing tariff and protection speeches on the Republican side of the House merely for the purpose of having something to talk about over there when the Democrats on this side of the House were properly criticizing the administration and the party activities of the party in control. Of course, I was not surprised at the majority leader coming in this morning and making a defense of Hoover's activities on rubber, but I realize that the majority leader of the House is too fair a man to be unfair in this crisis, because he, himself, by his very talk this morning must have convinced you of the weakness of the activities of Mr. Hoover on rubber.

Now, what is the situation? Hoover is now trying to take credit for the reduction in the price of crude rubber. He took credit last Saturday before our special committee, and to-day, again the price of rubber has gone up. That is the trouble with the Republican Party. It can not realize that everything will not stand still because its President stands still. As long as Coolidge stands just where he is and does not make a move, then all the laws of creation ought to stand still. Rubber should not go up or down; nothing should go up or down; nothing should move forward or backward; but everything ought to just stand with Coolidge, and that is the trouble with the Republican Party.

Mr. SPROUL of Illinois. Will the gentleman yield?

Mr. BLACK of New York. In about four minutes.

Mr. SPROUL of Illinois. Just for a word.

Mr. BLACK of New York. Sure.

Mr. SPROUL of Illinois. The only time this country ever stands still I have known about is when the Democratic Party is in power. [Laughter and applause.]

Mr. BLACK of New York. Well, I will show you in about two minutes just what the Democratic Party did to make this country move. They gave you the Federal reserve act. They gave you the greatest President you have had in the history of this country in modern times [applause]; and if you want a few more things named, I will see you afterwards in the cloak room and go over the matter with you, but I am now talking to you about the rubber situation. [Laughter and applause.]

If our friend Hoover wants credit for anything, let him get credit for spending $50,000 of his country's money on an investigation into these monopolies a few years ago, when he gave you the same advice he gave the committee the other day—use old tires; do not buy new tires. He told American industry practically to stop making tires. Let the public use old tires, and yet he thinks, and you think, you are going to get the thanks of the industry for that advice.

It is ridiculous for the majority leader to come out here and talk about the high price of rubber being the basic price for the rubber consumed in this country. The average price of rubber last year was 70 cents a pound. Very little rubber was bought in this country at $1.10 a pound; and who were the speculators in rubber? Were the British manufacturers guilty of speculating in rubber? Some of them were, but the American manufacturers were the guilty ones. The American manufacturers who are never guilty in the eyes of the Republican Party as long as they kick in their fine every four years for what they do to the people during a Republican administration.

Two rubber companies, at least, bought their year's supply of rubber at 30 cents a pound and then sold it to the other companies at 45 cents a pound. They became speculators and one of them is now advertising a security issue of $10,000,000 so they can buy more rubber. They are trying to sell that issue, based to a certain extent on propaganda issued by this wild committee we have sent out to the Malay Islands or somewhere else to learn a few things about monopolies. They do not have to go that far and they all know it. Hoover said something the other day to the effect that we do not buy rubber far ahead because of the bank credits involved. I understand rubber is purchased as a C. O. D. proposition and you pay on delivery, or at least within 30 or 60 days.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. AYRES. Mr. Chairman, I yield the gentleman two more minutes.

Mr. BLACK of New York. If you want to do something about this rubber situation for the future of that industry, a thing that the rubber-tire crowd will thank you for—and you have not done them any good now. The rubber-tire crowd does not thank the Republicans for anything because you have ruined their attempt to get high prices merely because I caught on to what you were doing and said something about it on the floor here. Otherwise the rubber-tire crowd would have gotten away with it, and now you have hurt them more than you have helped them.

If you want to get on a friendly basis with the rubber-tire trade, let me tell you what to do. Get your committee together, Mr. Majority Leader, and subpœna the men from New York who are forming two rubber exchanges in order to create an

artificial monopoly in crude rubber, in order to run rubber up some day to perhaps $5 a pound and take rubber out of the market and throw it into the warehouses for the purpose of using it in the gambling game. There are new commodity exchanges being organized. The speculators of the country are realizing how much money they can make out of the necessities of the people, and rubber is the latest victim, and if the Republican Party does not want to stand still and wants to emulate our policy about speculators and our policy about food control, go up to New York and bring these speculators down here and find out what they have in mind. Then, Mr. Majority Leader, you will not have to send your men on the floor to make speeches about a tariff issue that does not exist except in your need to forget the administration for the time being. [Applause.]

Mr. FRENCH. Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts [Mr. TREADWAY].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 15 minutes.

Mr. TREADWAY. Mr. Chairman, there appeared in the press this morning, as well as in the RECORD, an account of a speech made in the Senate yesterday referring to the profiteering in coal in the city of Washington. That profiteering, admitting it to be true, in view of the high authority under which the statement was made, is as nothing compared with the profiteering that has been going on indefinitely by the State of Pennsylvania, which the gentleman to whom I refer so ably represents.

The State of Pennsylvania is the greatest profiteer in the coal industry that I have been able to run across in my experience of following the coal subject for several years.

A Member of the House yesterday from Pennsylvania also referred to the Pennsylvania situation, wherein he said:

> It is not within the realm of legislation, at least Federal legislation, to cure this condition.

The gentleman from Pennsylvania intimates that Federal legislation is not the cure for the coal situation as we see it to-day.

I envy, Mr. Chairman, any member of the Legislature of the State of Pennsylvania at this special session. I almost wish I were a member of that distinguished body. I would like nothing better than to advocate in the Legislature of Pennsylvania legislation which I think starts at the bottom of the coal trouble as we are facing it, and I would endeavor by legislation there to help correct some of the profiteering that the State of Pennsylvania itself is responsible for. Yesterday, according to the press, several bills were killed in the Legislature of Pennsylvania starting at the wrong end. They were rightly killed, but why does not some member of that legislature have the nerve to advocate legislation which will help cure the situation?

Everybody says—and it has been said time and again on this floor—that the troubles begin with the State of Pennsylvania Now, what are some of the things that that State can do by legislation? It can repeal the export tax that is placed on coal, at an expense of from seven to nine million dollars to the users of anthracite coal outside of the State of Pennsylvania. In other words, every ton of coal going into interstate commerce is paying a direct subsidy into the treasury of the State of Pennsylvania and therefore adding that amount to the cost of fuel to the consumer. If that is not profiteering at the expense of other citizens by the great Commonwealth of Pennsylvania, I do not know what is.

Mr. ROMJUE. Will the gentleman tell us how much that export tax is?

Mr. TREADWAY. One and one-half per cent on the value of the coal put into interstate commerce.

Mr. ROMJUE. Is not the tax on the same principle as the tariff law?

Mr. TREADWAY. Oh, you Democratic gentlemen continually talk about the tariff law and are trying to create propaganda. We will take care of the tariff when the time comes. The gentleman ought to know the difference between an export tax on anthracite coal and the principles of the tariff law. I have no objection to any gentleman interrupting me with a fair question; but when the gentleman wants to butt in with Democratic propaganda on the tariff, I wish he would reserve his inquiries.

Mr. BLANTON. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BLANTON. What about the $100,000,000 in wages that the poor coal miners have lost because of the mandate to stay idle?

Mr. TREADWAY. I was just going to touch on another feature which will answer the gentleman's question. There is another law where the State of Pennsylvania is supporting profiteering. I refer to the miners' license law. That law provides that nine men who are themselves members of the union must pass on the qualifications of every man desiring to be a licensed miner. Can you think of anything more ridiculous than a law that places in the hands of nine prejudiced men that power? In other words, a board composed of the union says to every miner that wants to work in the mines of Pennsylvania, "You must belong to our union or you can not mine coal in the State of Pennsylvania." These two laws together mean more to the coal-consuming people of this country than any other two laws on the statute books in Pennsylvania or any other State.

Mr. McKEOWN. Will the gentleman yield?

Mr. TREADWAY. I will yield to the gentleman.

Mr. McKEOWN. Has the question ever been tested as to the right of the State of Pennsylvania to levy this tax?

Mr. TREADWAY. The export tax on coal has been passed upon by the Supreme Court, and I understand it has been held to be constitutional. The question submitted to the Supreme Court was not on the basis of this question alone, but as to whether or not it was fair to tax anthracite coal and not bituminous, and that point was upheld by the Supreme Court.

Mr. McKEOWN. I was interested to know because they held in a similar case in Oklahoma and Kansas that we could not stop the sale of gas, although it was not a tax at all.

Mr. TREADWAY. It has been upheld as to the constitutionality, for which I am sorry and so is everyone else. That does not make it just or equitable, and it is a blot on the fair name of Pennsylvania.

Mr. McMILLAN. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. McMILLAN. What is the annual amount that the State of Pennsylvania receives through the imposition of this tax?

Mr. TREADWAY. The last record I have was two years ago, when the treasurer reported something over $8,000,000. A moment ago I said that the tax actually put into the treasury of Pennsylvania from seven to nine millions. I thought I was fair in striking an average.

Now, let me call attention further to the fact that the tax is 1½ per cent on the value of the coal ready for the market. Of course, the gross overhead is the basis of the price fixed by anyone having stock for sale. That is a business proposition. In other words, the total cost is what goes to make up the price at which the percentage of profit is fixed. Therefore when you add that cost or tax to other costs of the coal, of course, everybody gets a profit down the line, until it reaches the consumer. Therefore I say that the State of Pennsylvania is profiteering beyond all right.

Mr. McKEOWN. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. McKEOWN. Is there any other tax levied by the State of Pennsylvania on the production of coal?

Mr. TREADWAY. Well, that is a plenty; it produces nearly $9,000,000. But I am going to refer to another tax, not levied by the State, but where the State is indirectly responsible. I claim that the Legislature of the State of Pennsylvania to-day can do more to stop this iniquity to which I am referring than we can ever do here.

I refer to the royalties paid for a lease of coal land. Now, you may be interested in some figures I have——

Mr. WAINWRIGHT. Will the gentleman give way for one question?

Mr. TREADWAY. I will.

Mr. WAINWRIGHT. Just for one question. I hope the gentleman, before he takes his seat, will tell us what he thinks we can do.

Mr. TREADWAY. I will be glad to do so.

Mr. WAINWRIGHT. So that something can be done. There are so many who want something done.

Mr. TREADWAY. I am referring now to what the State of Pennsylvania can do. That is the beginning point. We all admit there should be cooperation. There is an intrastate and there is an interstate relationship. We get the interstate end of it, but the beginning is intrastate through the State of Pennsylvania. The gentleman will agree to that.

Mr. WAINWRIGHT. I hope the gentleman will have enough time to come to a point where we may end this thing before he takes his seat.

Mr. TREADWAY. I want to continue on the iniquity performed by the State of Pennsylvania before touching upon the royalties. Let me say that the Members of this Congress receive resolutions from legislatures asking that we do certain things. Now, I say that by the same analogy we have the right to pass resolutions here urging and praying the State of Pennsylvania to legislate. I have prepared such a resolution,

and I would be glad to introduce it if worth while. I think we should pray the Legislature of the State of Pennsylvania to act on these two important questions within the State and the third one upon which I am about to touch.

Mr. HILL of Maryland. Will the gentleman yield?

Mr. TREADWAY. I will.

Mr. HILL of Maryland. Is there a tariff on foreign coal now, I would like to ask the gentleman, which in an emergency might be withheld to help the situation?

Mr. TREADWAY. Not a particle, because there is no such thing; there is no tariff on coal.

Mr. HILL of Maryland. That is my understanding, but there was a good deal of talk here about it, and I wanted the gentleman to clear it up.

Mr. TREADWAY. That is my understanding also. I agree fully with the gentleman from Maryland. Let me speak of the third iniquity. It is not directly chargeable to the State of Pennsylvania, but it is chargeable within the State of Pennsylvania. The Coal Commission in its very able report referred to the royalty situation as follows:

> The high royalties of the Girard Estate therefore suggests the profit that inures to the more fortunate operating companies simply in their capacity as landowners; for where the land is held in fee the mining companies' costs are lower by the difference between the depletion charge and what they would pay as royalty if they were lessees, and there is the possibility of that much higher margin.
>
> Royalties thus became a contributing cause of premium coal, and a charitable institution in Philadelphia became unwittingly the beneficiary of the distress of the poor in other cities.

That is from the fact finding commission's report.

Now, I have here a letter from the board of directors of the City Trusts of Philadelphia signed by the general manager. It says that under the present royalty contract in 1914 the Girard trust of the city of Philadelphia received $999,881 of royalty for 1,902,943 tons of coal, 52 cents per ton. In 1925, under the same identical contract, 11 years later, it received $2,676,927.77 in royalties on 1,938,473 tons of coal. In other words, it received $1.38 per ton in 1925 as against 52 cents in 1914. The Legislature of the State of Pennsylvania can very well take up this kind of profiteering directly within its own boundaries. And so to my mind in a brief way that is the intrastate feature of the situation. Now I would like to answer the inquiry of the gentleman from New York as to what we can do. We can follow the advice of the President of the United States and his repeated request for legislation. We can follow the suggestions of John Hays Hammond, wherein he, too, advocates Federal legislation.

The gentleman from Connecticut [Mr. TILSON] a few moments ago referred to the rubber situation and hearings which have already been had. There is no more opportune time, Members of this House, for hearings on the subject of coal than the present, following the advice and requests of the President of the United States. Now what were those requests?

Mr. WAINWRIGHT. Will the gentleman give way for a brief question?

Mr. TREADWAY. I will.

Mr. WAINWRIGHT. As to the question of legislation. Is the gentleman aware whether the Department of Commerce or the Department of Justice have framed or contemplate the framing of any legislation to carry this legislation into effect?

The CHAIRMAN. The time of the gentleman has expired.

Mr. AYRES. I yield the gentleman 10 additional minutes.

Mr. TREADWAY. I thank the gentleman. I will say to the gentleman that there are ample brains in this House to frame that legislation. I would be only too glad to join him and other gentlemen interested in this subject in an appearance before the Committee on Interstate and Foreign Commerce with suggestions and leave the framing of the legislation to that very able committee.

Mr. WAINWRIGHT. The gentleman is well aware that my views rather coincide with his general views on this subject, and I will be very glad to accompany the gentleman in an appearance before that committee to see if we can not secure some relief.

Mr. TREADWAY. I thank the gentleman.

Mr. BLACK of New York. Will the gentleman yield?

Mr. TREADWAY. I will.

Mr. BLACK of New York. One day last week I had a little talk with the gentleman from New York [Mr. WAINWRIGHT], and I suggested to him that Democrats and Republicans who had bills before the Committee on Interstate and Foreign Commerce concerning coal and those who were interested in the matter should join in a petition to the chairman of the committee——

Mr. TREADWAY. I did not yield for a speech unless the gentleman from Kansas desires to yield time to his colleague.

Mr. BLACK of New York. Now the gentleman from Massachusetts, I understand, is asking the chairman of the committee to give a hearing along the same lines we wanted.

I wonder if the gentleman from Massachusetts has been any more successful than we have been in getting something definite from the chairman of the committee about these hearings?

Mr. TREADWAY. I will say in behalf of the chairman of the Committee on Interstate and Foreign Commerce that he has shown a very creditable and willing intent to give us hearings.

Mr. BLACK of New York. There is only one place in creation where you can get warm with good intentions, and that is not the United States.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SNELL. Has the gentleman a bill pending before the committee?

Mr. TREADWAY. Yes. I am glad that the gentleman from New York has asked me that question. It must be a pretty poor bill or the gentleman could have digested its contents before this time.

Mr. SNELL. My understanding is that that bill has been given consideration. The general subject is pretty well understood.

Mr. TREADWAY. I agree with the gentleman from New York. The subject is perfectly clear, both in the address of the President of the United States and in Mr. Hammond's interview in this morning's paper. That interview asks that we give prompt consideration to the recommendations of the fact finding commission.

Now, what were those recommendations, briefly? First, they asked that there be established in the Department of Commerce a coal bureau that can make regulations under which people can deal in coal in interstate commerce. It is perfectly within our rights to do that; a licensing system. Then they ask that there be within the bureau of the Department of Commerce power given so that that board can secure definite and positive information and make it public.

There is more to be gained, as the gentleman well knows, through publicity than any hidebound law. That is in their report. The first thing they recommend is legislation based upon this observation:

> Coal is quite as much a public necessity as gas or street-railway service or any other public service or commodity that has been brought under public regulation. The guiding principle in such enterprises is no longer maximum profit to the owners but maximum service to the public.

Also, the commission states:

> Banks and insurance companies are privately managed because we have found by experience that they can be managed more efficiently and economically on the principal of individual responsibility. But, like railroads, they are required to report to a public authority, and they are subject to such regulation in the public interest as experience may show to be necessary and public opinion may from time to time approve. The guiding principle in such enterprise is no longer maximum profit to the owners but maximum service to the public.

Further, there is this definite recommendation:

> The President of the United States should be authorized by act of Congress to declare that a national emergency exists whenever, through failure of the operators and the miners in the anthracite industry to agree upon the terms of employment or for any other reason, there is a suspension of mining operations, seriously interrupting the normal supply of anthracite fuel in interstate commerce, and to take over the operation of the mines and the transportation, distribution, and marketing of the product, with full power to determine the wages to be paid to mine workers, the prices at which the coal shall be sold, and, subject to court review, the compensation to be paid to landowners and mine owners.

Mr. SNELL. Then it is your idea to have something like the Interstate Commerce Commission to deal with coal?

Mr. TREADWAY. Yes. The moment Pennsylvania acts, then from the State line the interstate power that we have here could do the rest; and that, to my mind, would very quickly solve the coal question.

But I want to add this: No matter what we do here now, it will have no bearing on the present coal strike. That is beyond our legislation at this time.

Mr. BANKHEAD. That is a matter that I wanted to ask the gentleman about.

Mr. TREADWAY. I am not speaking from the standpoint of hoping to cure the present strike. We all concede that has gotten beyond our power.

Mr. BANKHEAD. But suppose that strike continues indefinitely. The inadequacy of the coal supply is because of the strike. Suppose that situation continues for two or three years.

Mr. TREADWAY. The difficulty is partially solved, in a way, by the use of substitutes. It is fortunate that this strike has convinced the people of the Northern States who used anthracite that they are not absolutely dependent on the use of anthracite, whether they clear up this difficulty between the miners and operators or not. The miners and the operators are cutting their own throats. In the meantime, although we are suffering some discomfort, we can get along in the New England States.

Mr. HUDSON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HUDSON. Is there not an exploitation of the people now by those who sell these substitutes?

Mr. TREADWAY. Yes. I was about to refer to that. There is just as much reason why the Federal Government should have some control over bituminous coal as over anthracite. Furthermore, if the gentleman will permit, during this period the cost of bituminous coal has increased practically $1 a ton at the mines. What does that mean? Twelve million tons are used weekly.

Mr. HUDSON. I paid $15 for it.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. WAINWRIGHT. I could call attention to a part of the country where it is $20.

Mr. TREADWAY. Here is a bill which I received this morning for coke. It shows what the market price is up in my country. Here is a coke bill, dated December 23, 1925—Christmas time—where coke is charged for at $15 a ton. Here is also one dated December 31—happy New Year for the buyer of substitutes at these prices—with bituminous billed at $17 per ton. There is just as much necessity for regulating the bituminous-coal industry, because those who engage in it will be profiteers, just the same as those engaged in anthracite, if they get a strangle hold on us.

Mr. HUDSON. Does not the gentleman believe that the time for legislation to affect the present situation has gone?

Mr. TREADWAY. I have taken the position so long in advocating the enactment of legislation at the present time that I have gotten hoarse. The President has asked for it, and there is something subterraneous, something wrong, if we can not get at the bottom of this matter. Something surely is wrong. What ails Congress, and what ails the State of Pennsylvania, when everybody is asking for this legislation and it can not be secured? It has been asked for, I say, from the President down.

Mr. WAINWRIGHT. Can the gentleman give us what was the average price of bituminous coal and coke before this strike?

Mr. TREADWAY. Why, before the strike you could hardly give coke away.

Mr. WAINWRIGHT. How much did you pay for bituminous coal?

Mr. TREADWAY. Seven dollars. It never exceeded $8. It is apparent that to-day we are suffering from profiteering in bituminous almost as much as for years we have been suffering from profiteering in anthracite. The publicity asked for by the fact finding commission—and it is asked for and advised also by the President of the United States—is one of the cures for that evil.

Mr. PEERY. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. PEERY. The gentleman spoke of buying bituminous coal at $17 a ton. Would the gentleman mind telling us where he paid that price?

Mr. TREADWAY. In Massachusetts. I have not paid it yet, but that is what the man wants me to pay him.

Mr. PEERY. Would the gentleman mind telling the House what the mine producer gets for that coal—what he gets out of it?

Mr. TREADWAY. The average price at the mines, according to the latest statistics I have, is about $6.25 a ton for the best grades of bituminous.

Mr. PEERY. Is the gentleman aware of the fact that in certain sections bituminous coal is now being sold at the mine for less than the cost of production?

Mr. TREADWAY. Well, we are not getting any benefit from it.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. AYRES. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has five minutes remaining.

Mr. AYRES. I yield the gentleman four additional minutes.

Mr. TREADWAY. I appreciate my friend's courtesy. I want to make a matter of record what the increase is simply by the added mine price of bituminous coal. At the present time statistics show there is an increase at the mines of $1 per ton. There was mined during the week of January 9, 1926, a total of 12,883,000 tons. With this increase of $1 per ton the cost was raised by $12,883,000. The cost was raised at the mines; not back to the consumer, but at the mines.

Mr. RAGON. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. RAGON. I am very much interested in the gentleman's discussion. If I gather his solution of the problem, as far as the gentleman would go in the matter would be to give publicity to these things?

Mr. TREADWAY. Let me interrupt the gentleman. I would go just as far as we can under the Constitution, and if the gentleman or any of our colleagues can figure that we can go further under the Constitution than to ask for publicity I am going with him. [Applause.]

Mr. RAGON. I am with the gentleman. I would like to ask the gentleman whether he has any suggestions to make of any other system by which we could correct these matters?

Mr. TREADWAY. Well, we could very readily legislate. If you can declare coal a public necessity, a public utility, so that from the moment the miner puts his pick into the ground and pulls out the coal it is in interstate commerce until it reaches your bin, then we can legislate here for the whole subject matter. But as it stands to-day we must start, so far as interstate commerce is concerned, when the coal is put on the cars for transportation. Let me add what has appeared previously in my remarks, that out of a total aggregate of about 80,000,000 tons of anthracite which was mined before the strike less than 10 per cent of that is intrastate.

The State of Pennsylvania does not consume 8,000,000 tons of its total mining; therefore, common sense itself must show us that the other 72,000,000 tons are mined purely for interstate-commerce purposes.

Mr. MOORE of Ohio. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. MOORE of Ohio. The gentleman was speaking about the retail price as referred to in the bill he has and also the amount it would cost at the mine. If there be any profiteering, is it not with the retailer?

Mr. TREADWAY. The gentleman who sends me that bill is not a profiteer.

Mr. MOORE of Ohio. I am not charging anybody with being a profiteer.

Mr. TREADWAY. The price I was quoting there is the going price in our section of the country to-day. The blame comes as much on the retailer, perhaps, as it does anywhere else, but all down the line there is need of a governmental policy, based upon publicity—let us say pitiless publicity.

Mr. MOORE of Ohio. I want to say that in my district there are thousands of men in the bituminous field who are not on strike but are idle, and there are mines which have been idle for more than a year, so there can not be any combination between what the gentleman would call the bituminous-coal operators, when you find men idle and both the operators and the men willing to work.

Mr. TREADWAY. I can not take the time to answer the gentleman's line of argument, but I do think there is an opportunity here for us to bring pressure on the legislature of Pennsylvania to take up the question of Pennsylvania profiteering. Then we can take up the interstate proposition.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. AYRES. Mr. Chairman, I yield the gentleman the balance of my time.

The CHAIRMAN. The gentleman from Massachusetts is recognized for one additional minute.

Mr. TREADWAY. I must be making a nonpartisan speech.

Mr. HOCH. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. HOCH. I was interested in the gentleman's statement about the Pennsylvania tax on coal going into interstate commerce, and the gentleman suggested that might possibly be removed through the regulation of a bureau or commission.

Mr. TREADWAY. No; that must be removed by the action of the Legislature of Pennsylvania.

Mr. HOCH. If this bureau or commission could have any power, why can not Congress take some action and do something about this?

Mr. TREADWAY. Let us get the bureau started and see whether we can get at it in that way.

Mr. DENISON. Will the gentleman yield to me?

Mr. TREADWAY. Yes.

Mr. DENISON. Let me state this fact to the gentleman from Massachusetts: That in the bituminous field in Illinois there are a number of large coal mines closed down, a great number of them, and the companies which own them are going into bankruptcy because they can not sell their product on the market at a profit. That being so, does the gentleman still think that the operators are the only profiteers?

Mr. TREADWAY. I know that the bills of those who sell the coal show some one is profiteering. How do my constituents know where the coal is coming from, whether it is from the fields of Illinois, West Virginia, or Pennsylvania? But they do know the price that is being asked of them, and they know that somebody is profiteering in the price that goes to them. It is preposterous to say there is no profiteering when the price of all substitutes has more than doubled in recent months.

Mr. DENISON. I know that, too, but it is not the operators.

Mr. TREADWAY. Under permission to extend my remarks I include resolutions suggested to the Legislature of Pennsylvania:

Resolved, That the attention of the Legislature of the State of Pennsylvania, now in special session, should be directed to certain outstanding features which materially add to the price of anthracite coal when being mined under normal conditions.

Resolved, That the House of Representatives of the Congress of the United States recognizes that the present law of the State of Pennsylvania in regard to miners' licenses permits a monopoly of employment in the mines, and therefore it urges that this statute be so amended as to permit of licenses being secured from officials of the State, who are impartial in the exercise of their duties.

Resolved, That the House of Representatives recognizes that the so-called export tax of the State of Pennsylvania adds materially to the price of anthracite in interstate commerce and is a tax directly levied against residents of other States. It therefore urges the repeal of this law.

Resolved, That the House of Representatives recognizes another material factor in the price of anthracite to consumers in other States is the system of royalties now in operation. It therefore urges the Legislature of the State of Pennsylvania to bring such influence to bear as may be just and proper, looking to the abrogation of the royalty contracts, whereby a very much larger sum is collected from the consumers of anthracite than was the intention when these contracts of royalties were originally made.

Resolved, That the House of Representatives recognizes that in any effort to reduce the cost of anthracite to consumers there must be cooperation between the State of Pennsylvania and the Federal Government. It therefore urges that the legislature of the State wherein anthracite originates should so frame its laws that in cooperation with Federal legislation the cost to consumers may be proportionately reduced.

Also, I insert copy of letter sent to the chairman of the Committee on Interstate and Foreign Commerce:

JANUARY 16, 1926.

Hon. JAMES S. PARKER,
Chairman Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D. C.

MY DEAR COLLEAGUE: May I call the attention of yourself and your committee to the fact that the present is a very opportune time for hearings to be held upon the general subject of coal legislation? You have just been holding lengthy and important hearings upon the general subject of rubber production, with a view of having the publicity resulting therefrom effective in the rubber markets of the world. I have no doubt that other pressing matters are soon to engage the attention of your committee, but I venture to suggest, as a Representative from Massachusetts and New England, that there can be nothing more pressing than some way out of the discomfort to people in the Northern States from the lack of proper fuel during the next few months.

I do not advocate Government interference in the existing strike. I entirely agree that the President, under existing laws, is without authority to intercede.

There are two outstanding reasons why I reassert the present is the opportune time for the Committee on Interstate and Foreign Commerce to take up this subject.

The first reason is that it has been clearly demonstrated that the two parties in dispute, namely, the operators and the miners, are incapable of adjusting their differences without intervention of the public, in whose behalf Government institutions are conducted. The power that President Coolidge has twice asked for in messages to Congress should be placed in his hands promptly.

My second reason for stating that the present is the most opportune time for congressional hearings is that the Legislature of the State of Pennsylvania is now in session at Harrisburg, having before it, among other matters for consideration, coal legislation.

In a colloquy on the floor on December 19 last, you and I agreed that a great deal of the difficulty of the situation was within the State of Pennsylvania. The very items wherein the State can make material corrections in the situation will evidently not be given definite consideration so far as the message of Governor Pinchot to the legislature discloses. I refer to the mining license and the export tax.

The third correction that can come through Pennsylvania action is a voluntary abrogation on the part of the Girard trust of its royalties. Let me give you these figures:

In 1914 the city of Philadelphia, trustee, received a royalty of $999,881.09 upon 1,902,943 tons of coal, or at the rate of 52 cents plus per ton.

Under the same contract for 11 months of 1925 the city of Philadelphia, trustee, received $2,676,927.77 upon 1,938,473 tons of coal, or at the rate of $1.38 plus per ton.

If public opinion can be aroused for the benefit of the rubber consumer through hearings by your committee upon the subject of rubber and accomplish any results, can not a similar public opinion be aroused by your committee which will bring direct results for the benefit of coal consumers?

I therefore urge prompt hearings by your committee on the general subject matter of coal as embodied in the recommendations of the President on December 6, 1923, and December 8, 1925.

There is, of course, available the complete report of the Fact Finding Commission with its suggestions of legislation, and any information or facts that I may have compiled are at the disposal of the committee.

If your committee desires to give attention to specific bills I suggest the two I have introduced—namely, H. R. 3979 and H. R. 3980.

Sincerely yours,

ALLEN T. TREADWAY.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired. All time has expired, and the Clerk will read the bill.

The Clerk read as follows:

PRINTING AND BINDING, NAVY DEPARTMENT

For printing and binding for the Navy Department and the Naval Establishment executed at the Government Printing Office, $542,000, including not exceeding $85,000 for the Hydrographic Office, $27,000 for drill books for sale to officers and men at cost of printing and paper, and $5,000 for the Naval Reserve Officers' Training Corps.

Mr. FRENCH. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Idaho offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FRENCH: Page 4, lines 15 and 16, strike out the clause reading "$27,000 for drill books for sale to officers and men at cost of printing and paper," and insert in lieu thereof the following: "$27,000 for drill books for issue to officers and men."

Mr. FRENCH. Mr. Chairman, the only thing involved in the amendment is this: The amendment provides for the issue of drill books to officers and men instead of their sale. When the representative of the department was before our committee explaining the item, it was his opinion, and he so advised the committee, that the policy was to sell them to the officers and men. After the bill was printed, it was discovered that in this particular point he was mistaken. We do not care to change the policy of the department.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Idaho.

The amendment was agreed to.

The Clerk read as follows:

PAY, MISCELLANEOUS

For commissions and interest; transportation of funds; exchange; for traveling expenses of civilian employees; for the expenses of the attendance of representatives of the Navy Department who may be designated as delegates from the United States to attend the meetings of the International Research Council or of its branches; for the expenses for the attendance of representatives of the Navy Department who may be designated as delegates of the United States to attend the International Hydrographic Conference; actual expenses of officers while on shore patrol duty; hire of launches or other small boats in Asiatic waters; for rent of buildings and offices not in navy yards; expenses of courts-martial, including law and reference books, prisoners and prisons, and courts of inquiry, boards of inspection, examining boards, with clerks, and witnesses' fees, and traveling expenses and

coats; expenses of naval defense districts; stationery and recording; religious books; newspapers and periodicals for the naval service; all advertising for the Navy Department and its bureaus (except advertising for recruits for the Bureau of Navigation); copying; ferriage; tolls; costs of suits; relief of vessels in distress; recovery of valuables from shipwrecks; quarantine expenses; reports, professional investigation; cost of special instruction at home and abroad, including maintenance of students and attachés; information from abroad and at home, and the collection and classification thereof; all charges pertaining to the Navy Department and its bureaus for ice for the cooling of drinking water on shore (except at naval hospitals), and not to exceed $170,000 for telephone rentals and tolls, telegrams and cablegrams; postage, foreign and domestic, and post-office box rentals; for necessary expenses for interned persons and prisoners of war under the jurisdiction of the Navy Department, including funeral expenses for such interned persons or prisoners of war as may die while under such jurisdiction, and for payment of claims for damages under naval act approved July 11, 1919; and other necessary and incidental expenses; in all, $1,550,000: *Provided*, That no part of this appropriation shall be available for the expense of any naval district unless the commandant thereof shall be also the commandant of a navy yard, naval training station, or naval operating base: *Provided further*, That the sum to be paid out of this appropriation, under the direction of the Secretary of the Navy, for clerical, inspection, and messenger service in navy yards and naval stations, for the fiscal year ending June 30, 1927, shall not exceed $464,000.

Mr. SPEAKS. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the subcommittee a question. What is the necessity for 42,000+ civilian employees in the Navy Department?

Mr. FRENCH. The gentleman does not refer to the department, where we have about 2,500 employees?

Mr. SPEAKS. No; I mean the Navy Department, which includes all the naval activities under the Secretary of the Navy.

Mr. FRENCH. The gentleman refers to the different yards and stations, and so forth, throughout the country?

Mr. SPEAKS. Of course, I understood before asking the question they were probably employed in that manner.

Mr. FRENCH. Yes.

Mr. SPEAKS. Have you gone into the subject of the necessity for such a very large number of civilian employees?

Mr. FRENCH. Yes; the committee looked into that question, I would say to the gentleman.

Mr. SPEAKS. No; I am basing my question upon a communication received from the Civil Service Commission in response to an inquiry of mine for a statement as to the number of civilian employees in the Army and the Navy, and I am sure you will all be surprised to learn that in the Army it is about 52,000 such employees and in the Navy slightly less. It is almost incomprehensible to a person who has fairly close contact with both services, and I am sure it will be beyond the understanding of Members of the House who give this subject only incidental attention to realize why there should be in the civil employ of the Army and the Navy almost 100,000 men and women.

Mr. FRENCH. That subject is one that has had the attention of the committee, and we have been striving for the last several years to pinch down the number of employees of the different yards and stations and offices of the Navy Department. For instance, in 1921 we had 10,031 under the classified list of employees and 71,531 unclassified, or a total of 81,562. That was only five years ago. We have been pinching down that number, until on September 30, 1925, we had 6,528 of classified employees and 33,583 unclassified, or a total of 40,111, less than one-half the number employed in 1921. The number does seem large.

Mr. SPEAKS. The number is large, if the gentleman will permit.

Mr. FRENCH. It is large; but if the gentleman will also make another comparison, the number we now have is not very far from the number employed in 1916, when there were 35,265. We have a far greater Naval Establishment to-day than we had then, but we have less than 5,000 more employees of the types indicated by the gentleman.

Mr. SPEAKS. My purpose in raising the question at this time was to ascertain whether the committee has given very thorough consideration to the subject. I am sure that, without explanation, the country will misunderstand conditions when they learn that to-day the Army and the Navy alone employ almost 100,000 civilians.

Mr. FRENCH. Of course, the gentleman will bear in mind that of the number to which he refers, 6,528 are in the classified civil service.

Mr. SPEAKS. I mean in the aggregate there are 42,000 assigned to the Navy.

Mr. FRENCH. And of that number, 33,583 are largely employed in the care of the great naval establishments, bases, and stations along the coasts under the department.

Mr. SPEAKS. I do not know that this is the proper time to raise the question; but have you information as to the number of automobiles, for instance, that are employed by the Navy?

Mr. FRENCH. Oh, yes; we have that, and we shall read it.

Mr. SPEAKS. What is the number?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FRENCH. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes more, and I beg to say I am glad the gentleman is directing the attention of the House to this item because it is important.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FRENCH. If the gentleman will turn to the hearings on pages 840 to 843, the gentleman will find the entire list of automobiles assigned to the different stations throughout the Naval Establishment. We went into that question, too, with the greatest care, and it seemed to members of the committee that there must be maintained at the different stations some means of getting about the yards and stations such as an industrial plant would provide for responsible employees, and we are trying to look at the question from a strictly business standpoint.

Mr. SPEAKS. The gentleman is thoroughly familiar with every detail of this bill, and I am sure in response to my question the gentleman can state the number of automobiles. I could run it down, but with the assistance of the expert here it seems to me the gentleman ought to be able to state the number.

Mr. FRENCH. The sum total would be a moment's work to calculate, but as I cast my eyes down the column it looks like about 150.

Mr. BUTLER. In the navy yards and stations and the 800 pieces of ground?

Mr. SPEAKS. Perhaps they have too many pieces of ground.

Mr. BUTLER. I want to say that I commend the committee for its economy because I know that they are economical, and no committee could have done better than this subcommittee has done.

Mr. SPEAKS. I have great respect for the opinion of my friend from Pennsylvania, but at the same time I do not feel that his observation settles the matter completely.

Mr. FRENCH. I appreciate the remarks of the chairman of the legislative committee. I want to say that the members of the subcommittee have been very diligent in trying to cut down expenses, and when it comes to the supply depots you will find that there is a very limited number under the control of the Navy, and these are maintained wherever it has been deemed wise to maintain them rather than to cut them down and concentrate on larger supply bases.

Mr. SPEAKS. I had no intention of precipitating such an extended discussion, but I wanted to be assured that the committee is making every effort to reduce naval expenses generally.

Mr. FRENCH. A moment ago I pointed out that the civil employees, classified and unclassified, have been reduced within about five years more than 50 per cent, and this should suggest that we have had our eyes directed to the subject.

Mr. HILL of Maryland. I want to bear personal testimony to the large number of naval appointees that have been dismissed from the yards in this vicinity.

Mr. WOODRUFF. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. WOODRUFF. There is something I would like to bring out that has not yet been alluded to—whether or not the unclassified employees are employed in the work of the different plants within the yards themselves?

Mr. FRENCH. Yes; carpenters, mechanics, and others.

Mr. WOODRUFF. And inasmuch as we do construct ships in these yards and we do practically all the repairing of the Navy in the yards, it is necessary to employ thousands of men for that purpose.

Mr. FRENCH. Absolutely.

Mr. HILL of Maryland. They have been discharging these employees all of the time.

Mr. FRENCH. That is true.

Mr. SHALLENBERGER. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to speak out of order.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to speak out of order. Is there objection?

There was no objection.

Mr. SHALLENBERGER. Mr. Chairman, the floor leader of the House discussed the rubber situation, and the gentle-

man from New York also, and I desire, as a member of the committee having the rubber resolution under consideration, to be allowed to give the House a little information touching upon that matter.

The New York Times carried a statement the day before yesterday giving Mr. Hoover's testimony before the committee. The remarks of the Secretary to the committee, apparently, and the remarks of the gentleman from Connecticut were based upon the idea that the cost of rubber to the American people amounted to the enormous sum of $700,000,000 last year. Mr. Hoover, in respect to a question by myself asking if the rubber men of America could not have protected themselves by contracts for rubber in advance, made this reply: That the cost of rubber consumed was $750,000,000, also basing his statement on money saved to the American consumer, which reached $250,000,000 on the price dropping from 110 to 85.

I wonder if the Secretary reads his own publications. I hold the Monthly Summary of Foreign Commerce for November last, and it gives the actual figures of the amount of rubber imported into this country in 1925 and the price for the 11 months of 1925, and the entire amount of rubber imported was 798,000,000 pounds. The entire cost was $364,649,144 and not $750,000,000 and not $700,000,000, but on the contrary the cost of rubber to the rubber manufacturers of America was only something over one-half of seven hundred and fifty millions of dollars.

As to the American price of rubber, I asked every rubber manufacturer who appeared before the committee to inform the House and the country what was the average price they paid for rubber last year that warranted the advance in the price of tires 100 per cent. I could not get a single statement of that important fact. But take the November report of the Department of Foreign Commerce, page 50, and we find there were 798,000,000 pounds imported in 11 months in 1925 which cost $364,000,000, so that the average cost was not 76 cents, it was not $1, it was not a dollar and ten cents, as variously stated to the committee, but was less than 50 cents. In November the price of rubber to the manufacturers of this country, as shown on page 91 of Report of Foreign Commerce, was not $1, it was not 86 cents, but 66 cents a pound. That is one thing you will not find in the hearings; although I asked bureau representatives and manufacturers, they would not, or could not give it.

But there is one thing demonstrated, and that under the cloak and pretense of all this enormous price which they have never paid, they charged the American consumer at least $8 for every $1 they had to pay in the increased price of rubber. It was demonstrated to my satisfaction at least that the investigation should have been of the American robber rather than of English rubber. The English rubber dealers advanced the price of rubber from 35 cents to 50 and 60 cents a pound to the American manufacturer, but the tire maker and dealers have advanced the price of standard tires 100 per cent to the American consumer. Why should we not investigate the real profiteers to protect the American consumer? I asked that question of the secretary, and the answer was that the public usually protects itself. My answer to that remark was, if he can.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LINTHICUM. I ask that the gentleman have two additional minutes in order to ask a question.

The CHAIRMAN. Is there objection?

Mr. TILSON. Mr. Chairman, I would ask for one minute to stretch this rubber question a little further——

Mr. BLACK of New York. I ask that the time be extended five minutes, as the gentleman from Connecticut wants a minute.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. LINTHICUM. What proportion does the cost of the rubber tire bear to the entire cost?

Mr. SHALLENBERGER. That is a question which I was unable to determine accurately, or at least get a statement which I considered was accurate. I got a statement from Mr. Sebring, the manufacturer you know at Akron, that whereas the cost of the rubber in the so-called hard tire, old fashioned, was 25 per cent of the cost, that because of the additional amount of rubber now used in a balloon tire of like size there is an additional cost of manufacture, that now the cost of the rubber was 60 per cent of the cost of a balloon tire, and when Mr. Firestone came upon the witness stand I asked him directly, What does a 33 by 6 balloon tire of standard quality cost to manufacture at this time, he said that that was private trade information, and he did not want to give it. Then later I asked him the same question that had been put to Mr. Sebring, and he said he thought Sebring's estimate was a fair statement. It will appear in the hearings. He said, after being asked two or three times, that it was a fair statement. So with 10 pounds of rubber in a tire costing $6, it would cost the tire manufacturer $10 to produce the tire. A 33 by 6 balloon tire is sold to the public at $54 on the market to-day.

Mr. BLACK of New York. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. BLACK of New York. I wondered if the gentleman took into consideration the fact that there was an increase in the value of the pound sterling that had anything to do with the price because they are paid for in English money?

Mr. SHALLENBERGER. I think the price of rubber, like everything else entering into international trade, is governed by supply and demand, which determines the price. The British have attempted to control the price by a certain extent and do control it to a certain extent, but there is another fact we are confronted with—in the last three years the increase in the consumption of rubber has been 100 per cent. The visible supply has been reduced from 300,000 tons to 100,000 tons, so with only one-third as much rubber in sight and the enormous demand in this country it has advanced from 35 cents to 50 cents, as shown in the foreign commerce report. This could be expected under such conditions, but the trouble is that under the cloak of this British monopoly American tire makers have advanced the price of tires 100 per cent to the American consumers.

Mr. TILSON. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order in reference to this rubber question.

Mr. FRENCH. Mr. Chairman, reserving the right to object, and I shall not object, I desire to make a brief statement. Members of the subcommittee having charge of the naval appropriation bill have been as generous, it seems to me, as they could have been. We have been on this subject under general debate for three or four days. I do not know of one Member of this House on either side who has asked for time who did not get it, either from me or from the gentleman from Kansas. However, I do not think it would be fair after having omitted to object to my friend from Nebraska bringing in outside matters that I should object to the gentleman from Connecticut, the floor leader on this side, but in the future I desire to ask Members to support the committee in preventing the bringing in of outside matters, and I shall feel compelled to object hereafter. I withdraw objection to the gentleman from Connecticut speaking at this time.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent to proceed for one minute out of order. Is there objection? [After a pause.] The Chair hears none.

Mr. TILSON. Mr. Chairman, the gentleman from Idaho [Mr. FRENCH] in charge of the bill is entirely correct in what he says and I apologize for taking even one minute out of order. I simply wish to say in this one minute that the Committee on Interstate and Foreign Commerce is considering the British monopoly referred to by the gentleman and not domestic manufacture. So far as the figures given in my earlier remarks are concerned they are not the average for the year, and if the gentleman will do me the honor to look at my remarks when they appear in the RECORD he will see that I gave the figures by months—that is, the average for each month. The averages given are correct; but I did not attempt to give a yearly average.

Mr. O'CONNOR of Louisiana. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. The gentleman from Louisiana moves to strike out the last three words.

Mr. O'CONNOR of Louisiana. Mr. Chairman, I make this pro forma amendment for the purpose of asking the chairman of the subcommittee a question. He assigned a reason for the number of civilian employees in the Navy Department, but he did not assign any reason for the continuation of the operations in naval stations. May I ask him whether that subject was ever considered? From my own thought on the subject and what has been told me by men who have given the Naval Establishment considerable study there is not the slightest reason for the continuance of these stations. I understand that in view of recruiting officers—of which we have certainly a sufficient number—there is no reason in the world for continuing the operations of these naval training stations. The recruiting officers point out all the advantages that come from joining the Navy, and the ship acts as a training school. Will the gentleman from Idaho favor us with the knowledge I know he has on the subject? I will be glad to be enlightened if I happen to be under an erroneous impression, but at present it appears to me that these stations are totally unnecessary.

Mr. FRENCH. The committee went into the question of training stations very carefully. We have four naval training stations, one at Newport, one at Hampton Roads, one on the Great Lakes, and one at San Diego, Calif.

The coming year will witness a very large turnover in the Navy on account of the fact that it will be four years removed from the year 1923. In other words, the four-year period removes us from the year following the expiration of the war. Naturally there will be a large expiration of enlistments in that year; there will be an unusually large number, approximating 24,000, as I recall. That is a number considered to be larger than the normal turnover in the Navy. It will then be necessary for us to provide for the training of men who wish to enter the Naval Establishment other than by reenlistment. It will put a burden larger than usual upon the four different plants. I think it will probably be physically possible to train all of them in three plants.

The committee considered the question of what would be the cost of training them in any three of the stations instead of in the four, San Diego, where two-thirds of the fleet are at the present time, and the committee was surprised to find that the expense of maintaining any three in lieu of all four would be practically the same as maintaining all four.

I think in a normal year the expense would not be more than $35,000 in addition to maintaining all four, and any three, other than at San Diego, as I said. This year it will possibly be $65,000, but there will be compensating advantages obtained by permitting the four to run instead of three, and I will tell you what they are. In the first place, when the enlisted man goes to a training station and finishes two months of training he is thought to be ready to receive his assignment to a ship or to some other place. At that time he wants to return home, and by having the four stations, as a rule, it is well within his allowance of pay or possible arrangements with his family to return home. After a few days' visit he returns back to the station and may be given his assignment, and he goes into the Navy as a contented, happy man. On the other hand, if he does not have the opportunity of paying this visit home, he may become restless, and the result will be that you are going to meet a greater trouble from the standpoint of desertions later on.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. FRENCH. May I have two minutes more?

The CHAIRMAN. The gentleman from Idaho asks unanimous consent to proceed for two minutes more. Is there objection?

There was no objection.

Mr. FRENCH. If the gentleman will follow closely the hearings as we developed them, he will find that for several years the number of desertions has been growing less and less constantly. In part it is because of this policy that has been followed, in my judgment.

Mr. O'CONNOR of Louisiana. The trouble is that the training station is totally unnecessary, because the vessel is naturally the proper place for the training of the recruits.

Mr. FRENCH. Oh, the gentleman is not accurate, and I will tell him why. The preliminary detention at the training stations is for two purposes. In the first place, these training stations are filled with young men who must be given several weeks of physical observation. They must be kept in a sort of quarantine pending disclosures as to whether or not there is any reason physically that would bar them from the Navy.

Again, there are a good many things taught in these naval training stations that are essential for the enlisted men to know before assignment to their work upon shipboard, and the school is a means of familiarizing the men with the work to which they will be assigned. Again, the men are fairly near home. Many will visit home after two months' training. This opportunity alone contributes, I think, to the great well-being of the Naval Establishment by helping the new men to be inducted into the service gradually.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

TEMPORARY GOVERNMENT FOR WEST INDIAN ISLANDS

For expenses incident to the occupation of the Virgin Islands and to the execution of the provisions of the act providing a temporary government for the West Indian Islands acquired by the United States from Denmark, and for other purposes, approved March 3, 1917, to be applied under the direction of the President, $280,000, plus so much of $20,000 additional as may equal the sum of revenue collected and paid into the treasuries of said islands in excess of $280,000.

Mr. HUDSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUDSON: Page 7, line 7, after the figures "$280,000," insert "*Provided*, That no person owing allegiance to any country other than the United States of America shall be eligible to hold office as a member of the Colonial Councils of the Virgin Islands of the United States nor to hold any public office under the Government of the said islands."

Mr. FRENCH. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Idaho reserves a point or order on the amendment.

Mr. FRENCH. I would like to hear from the gentleman who proposes the amendment.

Mr. HUDSON. Mr. Chairman and gentleman of the committee, for a number of years the bill has carried that identical provision. I think the bill that passed in 1921 was, perhaps, the last one, but somehow it has inadvertently been left out. There are people in the Virgin Islands who were given the opportunity of retaining their allegiance to the Danish Government; they are there, and at the present time some of those people are members of the council of the islands and are receiving their pay as councilmen from the Government of the United States which, it seems to me, is improper.

Mr. FRENCH. Mr. Chairman, the item, I think, is subject to a point of order. It was not brought before the committee at the time we were holding hearings. I hesitate to make the point of order, because there are members of the legislative committee here. The proposed amendment was brought to my attention by the gentleman from Michigan after the bill was reported. I recognize that under the terms of the treaty we extended certain privileges to people who were inhabitants of the islands prior to the time we acquired them. I wonder whether the gentleman knows of any reason why the matter should be acted upon at this time or whether it possibly ought not to be the subject of consideration by the legislative committee?

Mr. HUDSON. Mr. Chairman, I might say, in reply to the gentleman from Idaho, the chairman of the committee, that it was not called to my attention during the hearings on the bill; it has just been brought to my attention by a member of the council, and I hope the gentleman will not make the point of order, because it has been in the other appropriation bills.

Mr. FRENCH. I think it has not been in the appropriation bill since the bill has been reported from the Appropriations Committee. It probably was in the bill, as the gentleman stated, some years ago when the bill came from the legislative committee, that committee at the time exercising a liberal policy in carrying legislation in appropriation bills.

Mr. HUDSON. Mr. Chairman, may I offer a substitute for this amendment which will, perhaps, take care of the point of order?

The CHAIRMAN. If the amendment is not in order, a substitute for it is not in order. The amendment is simply rejected as not being in order.

Mr. HUDSON. I withdraw the amendment and offer a substitute amendment.

The CHAIRMAN. The point of order against the original amendment is sustained. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUDSON: Page 7, line 7, after the figures "$280,000," insert: "*Provided*, No part of the $280,000 be paid to anyone holding office in the Colonial Council of the Virgin Islands or other public office under the government of said islands who owes allegiance to any country other than the United States of America."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken, and the Chair being in doubt, the committee divided, and there were—ayes 27, noes 12.

So the amendment was agreed to.

The Clerk read as follows:

SALARIES, OFFICE OF NAVAL RECORDS AND LIBRARY

Salaries, Navy Department: For personal services in the District of Columbia in accordance with the classification act of 1923, including employees engaged in the collection or copying and classification, with a view to publication, of the naval records of the war with the Central Powers of Europe, $40,000.

Mr. BLANTON. Mr. Chairman, on page 8, in line 15, I move to strike out the words "Navy Department."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 8, line 15, strike out the words "Navy Department."

Mr. BLANTON. Mr. Chairman, I want to call the attention of my colleagues to the fact that there is a discrepancy between the provisions of law requiring discharge of minors in the naval service and those in the Army service that ought to be rectified in this bill. In the naval service the law requires the Navy Department to discharge a minor who has enlisted without the knowledge and consent of his parents if within 60 days they ask for his discharge. You will remember that in the last Army bill our friend from Kansas [Mr. ANTHONY] very kindly consented to an amendment that increased the time within which parents could apply for a discharge of their son from 60 days to 6 months after enlistment, because sometimes a minor runs off from home and it is six months before his parents can find out where he is. He gets on a ship, and the ship goes to China, for instance, and they never hear from him for several months. We ought to allow parents six months both in the Army service and in the Navy within which to have their minor son discharged. It ought to be six months in the Navy as well as in the Army, because it takes longer to locate them in the Navy than it does in the Army.

Now, another thing. The Commandant of the Marine Corps, General Lejeune, holds that this does not apply to the Marine Corps. You know they are as technical as they can be, these Army and Navy officers; they are cold-blooded. They want you to set forth these authorizations in the law specifically before they will grant discharges. He says that although it is in the naval bill he does not consider it applies to the Marine Corps. In my district a young boy ran away from home and went into the Marine Corps. It took several months for his father to locate him. I tried my best to get General Lejeune to discharge him and send him home, but before he would do it he required me to get about 17 different kinds of affidavits, and this boy, John McInnish, was discharged only yesterday.

Mr. AYRES. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. AYRES. The gentleman does not think the amendment ought to be offered at this point?

Mr. BLANTON. No; because it is not applicable here, but no doubt the item to which it is applicable will come up to-morrow. I wanted to discuss it now so that we may reach an agreement on it. My friends from Texas have been very active with me in this matter, Representative CONNALLY, Representative JONES, and some others. We have been working together several years on this proposition of getting a proper law for the discharge of minors. We are going to act together, and present a proper amendment and bring it to the distinguished gentlemen who run the bill, and we are hopeful that, just like the gentleman from Kansas [Mr. ANTHONY], who runs the Army bill, in the interest of the mothers and fathers all over the country, whose minor sons run away from home and join the Army and the Navy, these gentlemen will agree to the amendment and make the law uniform in both services—the Army and the Navy—and also make it apply to the Marine Corps in the Navy as well as to the Navy. We will submit that amendment to the gentlemen and we hope to-morrow at the proper time they will agree to such an amendment.

Mr. STEPHENS. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. STEPHENS. In case they are discharged then, they are discharged with a bad conduct discharge?

Mr. BLANTON. No, sir.

Mr. STEPHENS. It has been that way in the past.

Mr. BLANTON. No; we provided in the Army bill that they should give them an honorable discharge and pay their way home. With reference to this boy that I finally got General Lejeune to discharge, they discharged him at New Orleans and that poor farmer who needed his boy at home because he had lost his wife and had some little children to take care of—that poor farmer who was in almost a destitute situation, had to go to his friends and raise $35 and send that amount to New Orleans to pay that boy's fare back home to Texas, because General Lejeune held that he did not have authority under the law to pay his way back home because he claimed the law we passed did not apply to the Marine Corps. So let us make it applicable to the Marine Corps and make the law uniform both in the Army and the Navy and allow parents six months within which to make this application for discharge.

Mr. COYLE. Will the gentleman yield for a question?

Mr. BLANTON. Certainly, if I have the time.

Mr. COYLE. My question is whether there was any underlying cause back of the refusal other than the minority of the young man. Was there any charge against him?

Mr. BLANTON. Not a thing. I could not get him out on the question of age, because General Lejeune held this provision did not apply to the Marine Corps. I got him out on the question of dependency. The parent was absolutely dependent on the boy, and upon that ground General Lejeune finally sent him home, but he would not consider discharging him on the age question, because he said the law was not applicable to the Marine Corps.

Mr. FRENCH. Mr. Chairman, I rise in opposition to the pro forma amendment. May I make the observation that the object of the remarks of the gentleman would not be in order at this point in the bill?

Mr. BLANTON. Oh, no; my amendment was a pro forma one, made so that I might discuss this question now. We will present the amendment to the gentleman to-night, hoping that he will agree to it to-morrow.

Mr. FRENCH. Then I shall defer making any observations until we shall reach the amendment when it shall be offered; and, of course, members of the committee will be glad to consider the matter when it shall be brought to their attention. I also wonder if members who are interested in the subject would not prefer to delay discussing it until we reach the amendment.

Mr. HASTINGS. Mr. Chairman, I rise in opposition to the pro forma amendment. I do not want to take but two or three minutes' time, but the matter has been brought to the attention of the House and I have such a concrete case on it I want to take two or three minutes to discuss this particular subject.

It is not my purpose to criticize the Navy Department, but I do want to invite attention to the construction placed upon this law by the War Department.

You will remember that under the act of June 7, 1924, we provided that wherever a minor should enlist under 21 years of age without the consent of the parent, if application were made within 60 days thereafter the minor should be discharged from the Army. We found that was not properly interpreted by the War Department, and it was thought that was not a sufficient length of time. So in the next Army appropriation bill, which was approved on February 12, 1925, we did two more things: We extended the time to six months, and we provided for the written consent of the parent, so there would be no question about it.

Mr. BLANTON. And we made it permanent law.

Mr. HASTINGS. We made it permanent law, as the gentleman from Texas suggests.

Now, I have this kind of case in my hand, which I do not intend to take up your time to read; but a young man by the name of Box in my home county and in my neighborhood was 18 years of age in November, 1924. In February of 1925, and before the new law containing the six months' provision had gone into effect, because it was prospective and did not go into effect until July 1, 1925, this boy was sent over to a remote section of the county to do some work for a widowed sister, as I now recall. His parents thought he was over there. He took a notion while he was over there that he would run off and join the Army, and did so without the knowledge or consent of his parents.

Within 30 days after the parents found it out, according to this testimony, they came into my office and we prepared the necessary affidavits and they were signed by reputable neighbors there attesting as to the age of this boy. We sent them up here to get him discharged, but the department held that the application had not been made within 60 days from the time the boy, without the knowledge or consent of the parent, joined the Army, although it was within 60 days from the time the parents found it out. Then they held the next law was not applicable because it was prospective and did not go into operation until July 1, 1925.

Now, I claim that is too narrow a construction. It was not the construction this Congress intended should be placed upon the Army act. I am inviting attention to it here because the subject was brought up this afternoon and similar legislation, if not identical legislation, was placed upon the naval appropriation act, and as I understand, is now permanent law. I do not believe Members of Congress agree that such a narrow construction as this should be placed upon the language of the act of 1924 or the act of 1925. If a parent in good faith makes the application within the proper time after the parent finds out that his minor son has joined the Army or the Navy, I believe it was the intention of the Congress of the United States to afford relief, and that upon that showing being made it was intended that the boy should be discharged either from the Army or the Navy. The pro forma amendment was withdrawn.

The Clerk read as follows:

BUREAU OF NAVIGATION

TRANSPORTATION, BUREAU OF NAVIGATION

Transportation and recruiting: For mileage and actual and necessary expenses and per diem in lieu of subsistence as authorized by law to officers of the Navy and Naval Reserve while traveling under orders, and officers performing travel by Government-owned vessels for which no transportation fare is charged shall only be entitled to reimbursement of actual and necessary expenses incurred; for mileage, at 5 cents per mile, to midshipmen entering the Naval Academy while proceeding from their homes to the Naval Academy for examination and appointment as midshipmen, and not more than $2,500 shall be available for transportation of midshipmen, including reimbursement of traveling expenses, while traveling under orders after appointment as midshipmen; for actual traveling expenses of female nurses; for travel allowance or for transportation and subsistence as authorized by law of enlisted men upon discharge; transportation of enlisted men and apprentice seamen and applicants for enlistment at home and abroad, with subsistence and transfers en route, or cash in lieu thereof; transportation to their homes, if residents of the United States, of enlisted men and apprentice seamen discharged on medical survey, with subsistence and transfers en route, or cash in lieu thereof; transportation of sick or insane enlisted men and apprentice seamen to hospitals, with subsistence and transfers en route, or cash in lieu thereof; apprehension and delivery of deserters and stragglers, and for railway guides and other expenses incident to transportation; expenses of recruiting for the naval service; rent of rendezvous and expenses of maintaining the same; advertising for and obtaining men and apprentice seamen; actual and necessary expenses in lieu of mileage to officers on duty with traveling recruiting parties; transportation of dependents of officers and enlisted men; in all, $4,594,000.

Mr. JONES. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 11, line 3, after the figures "$4,594,000," insert the following: "*Provided further*, That hereafter upon the presentation of satisfactory evidence as to his age and upon application for discharge by his parent or guardian presented to the Secretary of the Navy within six months after the date of his enlistment, any man enlisted after July 1, 1926, in the naval service or Marine Corps under 21 years of age who has enlisted without the written consent of his parent or guardian, if any, shall be discharged with the form of discharge certificate and the travel and other allowances to which his service after enlistment shall entitle him."

Mr. FRENCH and Mr. BRITTEN reserved points of order.

Mr. JONES. Mr. Chairman, this is the identical provision placed in the Army bill last year and practically the same provision already in the naval bill adopted in 1924, except that in the naval bill there is a two-months' provision instead of six months within which to make application for discharge. This also provides for traveling pay and allowances, which the naval bill at the present time does not include, but which is included in the Army law. I have copied the identical language of the naval and the Army bills, with these exceptions.

I understood the same provision last year was going into the naval bill or I would have offered the amendment at that time. Gentlemen of the House, the reason why it is difficult to apply the law in the present naval bill is on account of the frequent trouble that arises upon the part of the parents or guardians in finding out the true condition and ascertaining their rights and the proper procedure within 60 days. Frequently the boy who enlists under age runs away and enlists, unexpectedly perhaps, or he is sent to a place unknown to his relatives. The people living in the country or in some small village, or even in the city, frequently do not know the special form and steps necessary in securing a discharge.

In a great many of the cases I have found—and it has been the experience of other Members of the House—the 60 days have elapsed before the parents became aware of their rights. We have repeatedly threshed out here within the last two or three years the whole proposition of enlisting minors without the written consent of the parents and guardians, and this House and the Senate repeatedly voted upon the proposition, always voting in favor of requiring both the Army and the naval officers to secure the written consent of the parents or guardians before accepting enlistment of any boy under the age of 21 years.

That same proposition applies to all industry and to all business relations in this country. It applies to all social conditions; a parent controls the child's services and, if he desires, the wages up to the time the boy is 21 years old. I can see no reason why the same rule should not apply in the Army and the Navy. I do not think it is necessary to the Navy personnel to enlist boys under 21 without the written consent of the parent. I will say that I talked with naval officers, and they have told me that, contrary to their expectations, this amendment, while they had thought it would interfere with the quality and personnel of the Navy, worked out in favor of the quality of the personnel of the Navy by having an increased age and having satisfied parents.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. JONES. I will.

Mr. VINSON of Georgia. I will state that that is probably the reason why desertions have been so few. The last year we only had 400, owing to the fact that the boys are more mature.

Mr. JONES. I thank the gentleman. The gentleman from Georgia has made a study of this matter and is familiar with the conditions. I can say that if you can have parents satisfied—and they must be if you get their written consent—you will have better results.

Mr. BRITTEN. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BRITTEN. Assuming that the gentleman's amendment is proper does not the gentleman think it should go to the Committee on Naval Affairs?

Mr. JONES. Ordinarily that is true, but there has been a rather thorough consideration of this question. It is the kind of amendment that has been suggested every year and discussed again and again by the House and I think everybody is familiar with it. As a matter of fact the amendment had to be offered first in the form of a limitation but it was not satisfactory and the Navy Department and the Army officers worked out this form which was written out after the proposition had been taken up and discussed.

Mr. BRITTEN. If the gentleman will introduce this amendment in the character of a bill and let it be referred to the Committee on Naval Affairs, it will be acted upon favorably, I think, very soon.

Mr. JONES. This has been a part of the Army bill for three years, and two years ago was on the naval bill, and with some difficulty, after consultation with the Army and the naval officers, the proposition has been worked out and finally put in this form.

I have drafted it in another form which is germane and not subject to a point of order; and of course if I am forced to draw it in that way, I shall do so, but I would like to get it in this, which is the proper form. I can place it in the form of a limitation, but I think it is much better to have it in this form.

Mr. BRITTEN. I merely reserved the point of order——

Mr. TILSON. Why does not the gentleman submit this to the legislative committee which deals with this subject without putting it on an appropriation bill?

Mr. BUTLER. I do not object——

Mr. TILSON. It is so much better to have it come from the legislative committee.

Mr. BUTLER. We will consider it and report it back here in order to preserve the dignity and integrity of the legislative committee. If the gentleman will introduce his amendment and send it over, we could make a report within two weeks with all the evidence and put it on the calendar. I do not want to object to this. I know my friend is sincere, notwithstanding we have to preserve our integrity. We are nearly whipped to death now.

Mr. TILSON. In view of the fact he admits and everyone admits it is subject to the point of order, does not the chairman of the committee think the dignity of the legislative committee has been preserved?

Mr. BUTLER. I do not want to object, but I want to avoid sinning. There is enough sinning.

Mr. JONES. It was put in two years ago, and last year, I think, the Naval Committee took it up and the Army Committee took it up in connection with the department, and this is the form the Navy or Army suggested, if there was to be any such legislation. They took this entirely different form, and it is a form that suits that committee and men who are interested. The legislative committee was busy with other and more important things.

Mr. FRENCH. Mr. Chairman, I reserve the point of order, and I want to continue to reserve it for some minutes, to see if we can not arrive at an understanding. In the first place, I think that the subject matter ought to go to the legislative committee. It involves a great principle, it involves a policy touching the department that the legislative committee ought to consider.

Mr. DOWELL. Will the gentleman yield?

Mr. FRENCH. In just a moment. The difference between the two departments, the War Department and Navy Department, probably would give rise to a difference in the language of the law touching the question of enlistment. For instance, one of the fundamental differences between the language gov-

erning the Army in reference to enlistment and discharge of minors under the terms of the Army bill and the language applicable to the Navy goes to the matter of time within which the nonage may be shown. In the Army it is 6 months and in the Navy and Marine Corps it is 2 months, or 60 days. What is the reason for that? Let me tell you. The Army posts throughout the country are not shifting great thousands of their men at frequent intervals. The very opposite is true with the Naval Establishment. Here is a young man who enlists, and he probably enters the training camp at Newport or Hampton Roads. After two months he may or may not visit his home, but at any rate he will be assigned to a ship. He may be assigned to a ship that may have a permanent base for the coming year at San Diego or Bremerton. The boy has a wonderful voyage through the Isthmus, up the Pacific coast and San Diego or Mare Island or Bremerton, and then the claim is made that the boy was not of age and he wants a discharge from the Navy. That boy's people may be living in New York or Pennsylvania and the boy, having enlisted under false representations, would have to be returned back to his people, and at the expense of the Government. Does the gentleman think that is fair? The boy's people or guardian might even close their eyes to the fraud till the joy ride was over.

Mr. DOWELL. Will the gentleman yield now?

Mr. FRENCH. I will yield to the gentleman who offered the amendment.

Mr. JONES. I would like to suggest that last year the Army bill was exactly like the gentleman states—two months—and for the very reason I have offered this the chairman of the Army Appropriation Subcommittee agreed to make it six months instead of two months. I tried to make the two services uniform. It seems to me the recital the gentleman has given is an additional argument for increasing the time of the Navy, because they run off on trips and it is sometimes hard to find where they are——

Mr. FRENCH. No; the fact of the business is you would find many young men would have an opportunity for making misrepresentations in order to obtain a trip and a joy ride at the expense of the Government and then receive a discharge. This would not apply generally in the Army.

Mr. JONES. Is it not a good thing for the boys if——

Mr. FRENCH. Ought not the boy's people to pay the expenses of returning the boy home?

Mr. JONES. Not if the Government is at fault.

Mr. FRENCH. I would not ask that the boy be sent back or that the boy's people be required to pay the expense of the boy from the point where he is assigned to the ship to the place where he may be discharged. The boy then would be in service. I do not think, however, the Government ought to be required to pay the expense of the boy from the point of discharge back to his home.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. DOWELL. Is it not true that this is to prevent the enlistment of a boy under 21 years of age without the consent of his parents? If the recruiting officers observed that intent of the amendment there would be no enlistments unless with the consent of the parents. Therefore the gentleman's argument will be of no avail. He will not be sent away. He will not be enlisted unless he is 21 years of age and the consent of the parents is secured.

Now, there is one other matter that I want to call to the gentleman's attention. The gentleman suggested that this would go to the legislative committee. It occurs to me that there is no one in this Hall who knows better than does the gentleman from Idaho that referring this matter to the legislative committee means that it is not to be considered and not to be passed upon at all.

This matter has been before the House and before Congress for several years, and last year an amendment was before the House which was not as good as the present one, and this one was agreed upon because the officers believed it was better than the one that was offered, and which was ready to be passed by the House. This was made a substitute for it. Is not that the situation, and was not this amendment offered and agreed to by the committee because it was preferable to the one that was before the House?

Mr. FRENCH. The gentleman now is referring, I think, to the one that was added to the naval bill touching the Navy?

Mr. DOWELL. It is in the naval appropriation bill.

Mr. FRENCH. The gentleman has stated accurately, I think, the history of the amendment. Under that law the minor may be discharged in 60 days at the expense of his people for the return trip home.

Mr. DOWELL. This is at the expense of the Navy?

Mr. FRENCH. Yes; the proposed amendment.

Mr. BUTLER. May I inquire of the gentleman if he has made any examination as to the views of the department on this matter?

Mr. FRENCH. We asked the department how the law that was passed in the last Congress was operating, and we were advised that it was operating very satisfactorily. Twenty-six cases have come before the department, where the department, upon investigation, found that boys under age had been enlisted.

We were also advised that out of the 26 cases in the case of 7 it was definitely determined that it was the fault of the recruiting officer. Ten other cases appeared where the young men presented fraudulent consent papers or fraudulent birth certificates. Nine cases appeared in which one parent signed the consent paper and the other who had the legal custody of the boy was the one who challenged the consent under the law.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. SCHAFER. If the Navy requires a public record or certificate of birth at the time of enlistment, as they require when you undertake to get a boy out who has enlisted under age, the recruiting officer or the marine officer who enlists the boy would have access to that record, would he not?

Mr. FRENCH. Not necessarily. The boy might be hundreds of miles from home, appear over age, and present an apparently true certificate.

Mr. SCHAFER. If you require the boy to obtain a public record as to his birth, I do not see why the enlistment officer can not get it from the public authority.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. BUTLER. Has the gentleman inquired of the authorities of the Navy Department as to the wisdom of passing an amendment like this? Has he gone into it?

Mr. FRENCH. The members of our committee would not seek to inquire into it from the viewpoint of proposing new legislation.

Mr. BUTLER. You did not have the amendment before you?

Mr. FRENCH. No; we did not have it before us.

Mr. BUTLER. I hope the gentleman will not strip us of every right that we have had for a hundred years.

Mr. FRENCH. I shall be compelled, Mr. Chairman, to insist on the point of order.

The CHAIRMAN. The gentleman from Idaho makes the point of order against the amendment offered by the gentleman from Texas [Mr. JONES]. The Chair sustains the point of order. The Clerk will read.

The Clerk read down to and including line 22, on page 17, of the bill.

Mr. BUTLER. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. BUTLER. Mr. Chairman, I do so in order to get an opportunity to ask a question of the chairman of the subcommittee. If the chairman will turn back to page 13—of course, we have passed by that—but in order that we may revel for a minute or two in something else, will the gentleman tell me whether or not he thinks that that paragraph between lines 14 and 20 comprises legislation? I would like to know that in the cause of science. That is all. [Laughter.] If so, why does the gentleman trespass on the rules of the House?

Mr. FRENCH. I do not think that is legislation. We are calling on the Secretary to submit estimates and detailed plans on a subject that the committee has jurisdiction over.

Mr. BUTLER. Is the mind of my friend entirely at ease and composed on that? If so, I will agree with him.

Mr. FRENCH. The legislation to which that refers would go to the gentleman's committee, not to the Appropriations Committee.

Mr. BUTLER. My friend's committee room is nearer to the Navy Department than mine is, and therefore they will go to the nearest committee room. This has become a constant joke. There is no use in having two committees under the circumstances. One is enough.

I withdraw the formal motion, Mr. Chairman. My friend's mind seems to be easy about it, and so is mine; but hereafter I suggest that anything which is legislation be put in italics, so we may all understand it. Do not try to put anything over us. We used to do that. We put it in the report and called the attention of the House to the fact that we were trespassing on the rules, so that everybody would understand it and have a whack at it.

Mr. ABERNETHY. Will the gentleman yield so I may ask the chairman a question?

Mr. BUTLER. Yes. I will yield to my friend all I have, because I do not own anything. [Laughter.]

Mr. ABERNETHY. May I ask the chairman a question?

Mr. FRENCH. I have not the time; but I will move to strike out the last two words and yield for a question.

Mr. ABERNETHY. It is my purpose to vote for the gentleman's bill; but I want to ask one question: How many battleships are we building under this bill to sink in the ocean, if any?

Mr. FRENCH. No money for battleship construction is carried in the bill except that provided for the modernization program.

Mr. Chairman, for a few moments I want to speak to the House with respect to the language referred to by my friend from Pennsylvania [Mr. BUTLER]. That language calls upon the Secretary of the Navy to submit to Congress at its next regular session—

detailed plans and estimates for constructing a fresh-water supply system at Melville, R. I., including pumping plant and distributing mains, adequate to supply all naval activities at or in the vicinity of Newport, R. I.

The reason why we have called for this information is because of the situation that exists at Newport in connection with the three or four naval activities at that point. The information would be referred by the Speaker of the House to the gentleman's committee and not to the Appropriations Committee. We came across this situation when we were conducting our investigations, that we are paying 25 cents per 1,000 gallons for the water supplied to the station. The Government itself owns something of a pumping plant and something of a water system at Melville, only 15 miles away.

It seemed from the rough statements which were made that if we were to put in an adequate pumping system and pipe lines we could cut down the expense, amounting to thousands of dollars, that we now must pay on account of buying the water for the different stations at Newport.

Mr. SNELL. Will the gentleman yield?

Mr. FRENCH. I will be glad to yield.

Mr. SNELL. As far as the question of legislation is concerned, the gentleman does not attempt to question that it is really legislation?

Mr. FRENCH. Oh, no. Our committee has referred to the legislative committee items aggregating possibly $600,000, or close to it, that were included in this bill but which we did not consider because we thought they had not been authorized.

Mr. BUTLER. I do not think we will consider them either.

Mr. FRENCH. That is a question that is up to you.

Mr. BUTLER. The gentleman is always candid and there is much merit in what he has said, but, of course, there is no argument about this being a legislative feature. However, go ahead with it. I think the gentleman is doing good, and I only wanted him to know that we know what he is doing to us. That is all. [Laughter.]

Mr. TILSON. And if the gentleman's argument had been made to the Naval Committee it certainly would have carried great weight, would it not?

Mr. BUTLER. Of course it would.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. SNELL, having assumed the chair as Speaker pro tempore, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7554) making appropriations for the Navy Department, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MCSWEENEY for one day, January 23, 1926, on account of installing city manager in Cincinnati and veterans' banquet connected with it.

EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the matter under consideration.

Mr. LEAVITT. Mr. Speaker, I make the same request.

The SPEAKER pro tempore. The gentleman from Texas [Mr. SUMNERS] and the gentleman from Montana [Mr. LEAVITT] ask unanimous consent to revise and extend their remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

STATEMENT OF GEORGE VAUX, JR., CHAIRMAN BOARD OF INDIAN COMMISSIONERS

Mr. LEAVITT. Mr. Speaker, in the General Magazine and Historical Chronicle for January, 1926, appears the following article by the Hon. George Vaux, jr., chairman of the Board of Indian Commissioners, concerning the activities of the Federal Indian Bureau. The article presents a comparative statement regarding the Indians of to-day and those of 100 years ago and of the work undertaken by the Indian Bureau during the interval in accordance with the policies of the Government relating to their civilization and education.

SOME ACTIVITIES OF THE FEDERAL INDIAN BUREAU

(By George Vaux, jr.)

The idea of the average American citizen of the characteristics of our Indians seems to have been very largely developed from the fanciful representations of the "wild-west" shows, of the moving pictures, or of the literature of the J. Fenimore Cooper type. Whilst such picturesque individuals may have existed, and may in some instances still exist, they are really very far from what the true Indian really is, and probably a good deal of harm has been done to the cause of the real advancement of the descendants of the original occupants of our country by the false impressions received from these sources by so many people. We fail to realize the great variety that exists in their physical characteristics, in their temperament, in their language—all of which differ between the tribes about as much as they differ between the various immigrants from various parts of the world who yearly come to our shores. It is often intimated that in view of the comparatively small number of Indians—there are only 340,000 who are so classed at present—the amount of money and effort expended upon them is very far out of proportion to the practical results produced. The Government annually appropriates some ten or twelve millions of dollars for the activities of its Bureau of Indian Affairs, and many people seem to suppose that if it were efficiently managed the Indians as a problem and a Government burden would have ceased to exist. However, those who have entertained this thought have failed to consider the hundreds, or perhaps thousands, of years that have been expended upon their education to bring them from semibarbarism to the advanced degree of civilization which they now hold, and in addition that two or three generations back most of the red men in this country were in that same degree of semibarbarism. To-day there is left scarcely a "blanket Indian" of the old type.

Civilization is a long and slow process and probably if we dispassionately view the whole subject we shall be forced to arrive at the conclusion that it is more to be wondered at that the progress has been as rapid as it has rather than that we should feel it has been unduly slow.

Whilst the culture of the Indian tribes has been very different from our own yet in some respects there was a great deal of advancement among them. Some of the Indian languages—there are over 100 of them—were very highly developed both as respects construction and the number of words in their vocabularies—sometimes aggregating as many as 20,000 words—yet so far as we know before contact with the white man there was no written language. Distinct tribes might have particular areas which they claimed to own, but that ownership was not land-tenure of the kind we Anglo-Saxons have developed; in fact, our lust for land has never had a place among them. Many of the ills from which the Indians have suffered at the hands of the white man, grafters, and designing people, have resulted from this lack of pride of ownership and some momentary bauble has bulked much larger than perhaps a quarter section of land containing valuable oil or other mineral deposits. When we consider the nomadic condition of most of our Indians, and we have very few now remaining who were not nomads except in Arizona and New Mexico, it is not to be wondered that the value of land did not appeal to them and that it was not the subject of inheritance with them. A few hundreds of thousands of strolling people hunting and fishing—here to-day and somewhere else to-morrow, with no continuing fixed places of abode—necessarily could not have the ideas of ownership which we have, nor, as pointed out by Dr. G. Stanley Hall, could they be considered as owning that land in the same sense of making any real use of it.

The early policy of the Government in connection with the handling of the Indians was to treat them as separate nations, each having the treaty-making power, and by one means or another to persuade them to give up lands which they might claim along our eastern seaboard and settle with more or less permanency on the western slopes of the Mississippi Valley. From such procedure grew up the "reservation system." No one could foresee the great growth of our population and that these reservations would have to become more and more restricted in area to afford room for the approaching whites, and in the light of subsequent events giving by treaty absolute possession of these domains

"as long as the sun shines and water runs" now appears to have been very foolish. These treaties our Government in its wisdom has seen fit to modify, not always with the approval of the other party to the treaty.

Some 50 years ago an act of Congress was passed forbidding the making of any further treaties with any band of Indians, and the United States Supreme Court has held it is within the power of Congress to modify the treaties in existence. In the treaties the idea conveyed is that the whole tribal solidarity is still held to, and the Indians frequently refer to themselves as sovereign and independent nations with as much dignity and self-respect as we refer to the United States of America. On this theory some of them during the late contest with all formality declared war on the Emperor of Germany, and more recently others—in Canada, not in the United States of America—I believe, have taken matters which they felt to be of moment before the League of Nations, complaining of their treatment by the Canadian Government.

In earlier times the attitude of the Government was more one of endeavoring by some means, either forceable or peaceable, to keep the Indians quiet. An agent was appointed for each tribe or band to act as the representative of the United States Government, whose duties largely consisted in distributing rations at given times and settling the numerous petty disputes which were constantly arising and to which Indians were parties. Some provision for education gradually came to be considered of importance and this was early recognized as being a Government responsibility, for the Indian lands were not taxed and there were no white schools to which the Indians could be sent. It is interesting that as early as 1775 Congress made an appropriation of $500 for the education of an Indian boy at Dartmouth College, and from that time on various sums were appropriated, although very little of great moment was done until after 1880. About this time there was a good deal of feeling that the then method of holding Indian reservations as common property was economically bad, as there was little or no incentive to individual endeavor. It was in 1881 and 1882 that Miss Alice Fletcher was doubly impressed with the importance of something being done for the Omaha Tribe in Nebraska, and she succeeded in thoroughly arousing the interest of Senator Henry L. Dawes, of Massachusetts, a lifelong friend of the Indians. In 1882 the Omaha law was passed provided that the land previously held in common should be divided up into individual holdings and the subsequent Dawes Act, or Indian allotment act, was framed in view of the experience thus secured.

In brief, the system as applied was primarily to construct a roll including all the members of the tribe at a given date, a matter of no small difficulty in view of the uncertain marital relations in most of the tribes and that family names were almost always wanting. With this roll as a basis, the land having been classified as to its quality, there was a division so that each person on the roll should have a given amount of land, providing there was a sufficient area in the reservation for the purpose, and the balance, or surplus land, was ultimately disposed of for the benefit of the tribe as a whole. A trust patent was issued to the individual allottee for the land to which he was entitled, describing it by metes and bounds and providing that the land might not be sold for varying terms of years, usually from 25 to 50. In pursuance of this general legislation, with comparatively few exceptions, but these very important ones, all the Indian reservations in the country have been broken up and the surplus lands disposed of and opened to white settlers, so there are left very few of the vast domain held in common with which formerly the Western States were dotted.

One of the results of this has been completely to change some of the most important phases of the problems confronting the Government in Indian administration as respects their land holdings. Formerly every reservation could be considered as a unit; now each has to be handled in relation to the individual owners. It can readily be seen what vital differences there are between the two methods.

In addition to property rights, the Government also has to do with practically every other conceivable activity in connection with the Indians who are yet fully under its control, including such vital matters as health and education. A moment's thought will disclose to anyone how far-reaching and complicated these activities must be.

It was in 1824 that the Indian Bureau was first organized as an activity of the War Department. It there remained until the Department of the Interior was created by the act of March 3, 1849, and to this new department the Indian Bureau was immediately transferred. The history of the bureau, taken together with the fact that in all of the earlier days whilst the Government was spending millions of dollars to fight Indians its total appropriations to advance them really did not exceed about $10,000 a year, accounts for the situation that for many years the Indian agents in charge of reservations were Army officers. Gradually, however, civilian appointments crept in, and it was not long before these positions became the shuttlecocks of party politics. Finally, in 1893, additional legislation was enacted by which the heads of the reservations were called superintendents instead of agents, and they, as well as all of the other employees, were brought under the protection of the civil service laws. There is one exception to this, and that is the Superintendent of the Five Civilized Tribes in Oklahoma, possibly, next to the Commissioner of Indian Affairs, the most important Indian Bureau appointment. This office is filled directly by the President of the United States, by and with the advice and consent of the Senate. It is a great disadvantage that it also has not been brought under civil service.

Possibly the most important change that has been brought about in the laws affecting Indians in very recent years is that relating to their citizenship. In the past there have been various methods by which Indians became citizens, but there was no general legislation on the subject. This situation was in some ways anomalous. Personally I have always felt that the technical question of citizenship as affecting the Indians was more a sentimental than an actual one. Whilst nearly two-thirds of the Indian population had become citizens prior to 1924, the whole question was finally cleared up when, on June 2, 1924, the President signed the act conferring citizenship on all Indians; this, however, not to affect their rights in the various unsettled tribal affairs to which they were otherwise entitled. It is too soon to tell precisely the effect which this law may produce, but in some quarters, at least, there are serious disadvantages arising from it, as, owing to other and complicated legislation, it remains yet to be demonstrated to what extent Indians and Indian reservations are subject to the laws of the States in which they are, especially those relating to health and sanitation, education, public morals, etc. In some States there is much open defiance of the local authorities which does not augur well for the future.

A few comparisons of the conditions in 1824, when the Indian Bureau was organized, and those now existing may be of interest:

Then the relationship between the whites and the Indians were largely hostile and the frontier was an extended battle ground; the Indians were in charge of the War Department.

Now whites and Indians live peaceably together, and the supervision of the Indians is under a civil branch of the Government—the Interior Department.

Then the Government had assumed jurisdiction over comparatively few tribes living east of the Mississippi River.

Now that supervision is exercised over more than 190 tribes mostly living west of the Mississippi River.

Then the principal activities of the Government relating to the Indians were directed toward keeping down hostilities.

Now its chief functions are as guardian and trustee of the red men, administering their affairs, and concerned with health, education, economic progress, management, and development of their property, probating their estates, conserving natural resources owned by them, and in general preparing them to exercise the fullest duties of American citizenship.

Then there were about 25 tribes in all with whom the Government had relations, and there were no reservations established and organized, as at the present time.

Now there are some 210 reservations occupied and owned by almost as many tribes and bands of Indians. The aggregate area of Indian-owned land is about 72,000,000 acres. Some of these reservations are but a few acres in size, and they range from that amount upwards to 2,000,000 acres. Over 90 of them have resident superintendents.

Then there was not a single Government school for the education of the Indians and a small appropriation ($10,000) was contributed to missionary organizations to assist them in their school work.

Now there are about 250 boarding and day schools under the management of the Government, having a total enrollment exceeding 24,000 children, whilst in addition more than 34,000 young Indians are enrolled in public schools and Indian mission schools. Congress appropriates more than $5,000,000 a year to pay for the schooling of Indian children.

Then there was no Government hospital for Indians and, so far as known, no physician in the employ of the Government for the benefit of Indian patients.

Now the Government maintains and operates about 175 hospitals and tuberculosis sanitoria, with a total of approximately 2,400 beds.

Then the value of Indian possessions was not known or even estimated.

Now the Indian Office inventory of the property owned by about 240,000 Indians under Federal supervision has a total value exceeding $1,000,000,000.

I think I have presented sufficient information to show that the Government has done and is doing a vast work for these aboriginal people. The work can be and ought to be extended and strengthened, particularly as respects educational facilities and health. Like all of the other races of whom we know who are coming for the first time into contact with our civilization, the Indians are very subject to certain of the white man's diseases, particularly tuberculosis and trachoma. The latter disease is peculiarly rampant and there are thousands of cases of it which are crying out for immediate treatment. It has become a menace in many communities to the white people as well, and just at the present time very active steps are being taken by the Indian

Bureau to endeavor to stamp it out completely. These endeavors are not always acceptable to the Indians themselves, and in the way that many of them live it is hard to enforce the most ordinary rules of sanitation. But, as before indicated, possibly the wonder is that there has been the amount of progress that there has.

One is often asked how much longer the Indian Bureau is to be continued with its nearly 5,000 employees and far-reaching organization. In so far as it is successful it is working to bring its own extinguishment, for when there are no longer Indians who need care and supervision and leading into civilization the Indian Bureau must cease. The more efficient it becomes the sooner will its termination be attained. In the meantime its labors demand the sympathetic attention of every intelligent American citizen, who, by his support and influence, can do much to help all practical measures which are being put forward for Indian improvement, but this doesn't mean to be sentimental! Grafters and self-interested white men are a sufficient handicap to the Indian work without having added the weight of sentimentalists, who fail to grasp the many branches of activity which are touched by the Indian Bureau and who are too often carried away by what they see of the picturesque. If one is tempted in this direction, let him recollect what the Government is trying to do through its Indian Bureau, a practical effort at Americanization in its largest sense. In the words of a recent report, these activities may be summed up as follows:

"The Indian Bureau is the great social service organization of the United States Government. It is one of the largest educational institutions in the world. It is a combination probate court, trust company, agricultural and livestock corporation, mining company, oil concern, timber organization, public-health service, irrigation promoter, public-roads commission, developer of natural resources, purchasing agent, town builder, municipal court, police department, board of county commissioners, orphan asylum, relief and aid society, philanthropical association, bank, and employment agency. And this list of its manifold activities is by no means complete."

"LEGISLATION BY THREAT"

Mr. LINEBERGER. Mr. Speaker, I ask unanimous consent that I may be permitted to revise and extend my remarks in the RECORD by printing an article called "Legislation by threat," which appeared in the Army and Navy Register of January 2, 1926. I will say to the House that this article refers to me personally, and there is a letter from a friend of mine answering the same.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent to revise and extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BLACK of Texas. Mr. Speaker, I reserve the right to object. I do that in order to make this statement. Since the article refers to the gentleman personally, I do not intend to object; but I do intend to object to the requests that frequently come for the publishing in the RECORD of newspaper articles and editorials, because I do not think the CONGRESSIONAL RECORD should be made a scrapbook for such publications.

Mr. LINEBERGER. I will say that I heartily agree with the gentleman, and I would not make the request if the article did not directly refer to me.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LINEBERGER. Mr. Speaker, under leave to revise and extend my remarks in the RECORD by printing an article called "Legislation by threat," which appeared in the Army and Navy Register of January 2, 1926, I will say to the House that this article refers to me personally, and there is a letter from a friend of mine answering the same.

The matter referred to is as follows:

[From the Army and Navy Register]

LEGISLATION BY THREAT

Representative LINEBERGER, of California, in defending himself and justifying his attitude, has placed the emergency officers of the World War in a position that is difficult to accept on the part of those who possess knowledge of, or faith in, the good sense and intentions of those survivors of the great conflict in which they served with honor. That gentleman, who has an admirable record in the Engineers in the World War and who is a useful Member of the House of Representatives from the ninth congressional district of his State, was, during the Sixty-eighth Congress, an ardent and energetic advocate and champion of the so-called Bursum bill, which proposed that disabled emergency officers of the World War should be appointed to the retired list of the Regular Army; indeed, he introduced the measure in the House of the late Congress, as did Senator Bursum in the other branch of Congress. The same bill has again been presented to the House of the Sixty-ninth Congress by Mr. HILL of Maryland, a member of the House Military Committee, Mr. LINEBERGER having his own reasons for not standing sponsor for the measure, although still its supporter to a degree that might be termed menacing enthusiasm.

Mr. LINEBERGER has been quoted by the representative of the Army and Navy Register as attributing to this paper the responsibility, if not actual blame, for defeating the Bursum bill in the last Congress. Of course, this is condemnation that partakes of flattery. The former characterization is denied and the latter visitation is rejected. This paper does not deceive itself and does not presume to mislead its readers into claiming sufficient influence with Congress to defeat pending or proposed legislation. It does assert its merit as a service newspaper capable of truthful narration of the situation at the Capitol and desirous of maintaining a reputation for frankness and courage in commenting on congressional transactions. It sought to adhere to that record when it criticized the Bursum bill, which met with disfavor of the then Secretary of War, Mr. Weeks, just as it is destined to encounter the opposition of the present Secretary of War, Colonel Davis, not because the object of the Bursum bill possesses defects as a general proposition, but because it would add substantially to the retired list of the Regular Army those disabled emergency officers who, entitled to all possible relief from the Government, should not become a charge against the regular establishment. As Mr. Weeks remarked in advising the Military Committees of House and Senate on this measure:

"I was opposed to the Bursum bill. The present bill is better in principle than the original bill, which I objected to because it involved the War Department in matters that should be taken care of by the Veterans' Bureau. I am entirely in favor of the appropriation of any needed amount of money to take care of men injured in the World War, but this matter should not become involved with the Regular Army. I believe that an emergency officer who was disabled in the World War should receive compensation in proportion to his disability rather than in proportion to his rank."

Yet Mr. LINEBERGER finds it possible from his point of view to declare that if anyone opposes his favorite project he will do everything in his power to hamper the legislative program, even to the extent of continuing obstructionist tactics and opposing all Army legislation.

What happened at the end of the Sixty-eighth Congress was accurately described in an editorial in the Army and Navy Register of March 7, 1925, as follows:

"* * * Another defect in the congressional attitude and method has been revealed in the last week or so of the proceedings of the House. This was afforded by the opportunity for objection to the consideration of any measure. Any Member was able, throughout the session, to delay consideration of bills that were entitled to a fair hearing, while objection from three Members served to transfer a bill, no matter how worthy, from the general Consent Calendar and seriously reduce the chances of consideration, to say nothing of its passage. This situation was aggravated by a Member, Mr. LINEBERGER, of California, who resorted to retaliatory tactics by effectively objecting to every bill that had been reported from the Military Committee because the chairman of that committee, Mr. McKenzie, of Illinois, had objected to the so-called Bursum bill, in which Mr. LINEBERGER was specially interested. This was a simple case of selfish obstinacy and it was a costly exhibition of individual pique. Under a system that is at once sensible and just, Mr. McKenzie should have allowed the Bursum bill to come up for consideration and so be defeated or passed on its merits. By the same token, Mr. LINEBERGER should have been above killing many necessary Army bills for no better reason than that of "getting even" with his antagonistic associate.

"This sort of obstruction in general—usually perpetrated by Mr. BLANTON, of Texas, with a pride of achievement that is unaccountable—is a most disastrous method of dealing with legislation. It is destructive in a short session and is acceptable only on the ironical theory that anything that fails of enactment by Congress is a cause of celebration and adds to the glory of the legislative function."

Among the Army bills that were thus defeated were H. R. 11023, to validate certain alleged overpayments made during the war emergency period: S. 204, to authorize reappointment and retirement of certain warrant officers; H. R. 11253, for appointment of a leader of the Army band; H. R. 6056, validating certain payments made on account of allowances; H. R. 5084, relating to retired pay of the 45-year-old Army officers, and the bill S. 2294, to equalize the pay of officers of the Army, Navy, Marine Corps, and Coast Guard retired prior to July 1, 1922.

These retaliatory tactics resulted in less—or worse—than nothing. They operated to defeat at the close of the session Army legislation that should have been enacted on its own unquestioned merits and not made the object of successful attacks because the then chairman of the House Military Committee, Mr. McKenzie, of Illinois, refused to permit the consideration of the Bursum bill, for reasons furnished by Secretary Weeks. It is of no consequence, one way or the other, whether Mr. McKenzie was as much at fault as Mr. LINEBERGER, as the latter doubtless claims. It was a regrettable situation that was certainly less creditable to Mr. LINEBERGER, who thus be-

came directly responsible for the defeat of his own bill which might have been enacted had the amendments suggested by Mr. Weeks been adopted, and especially had the provisions of the bill included disabled enlisted men, as well as officers, of the emergency force. As a matter of fact, that omission from the Bursum bill was in reality—as, presumably, Mr. LINEBERGER knows full well—more responsible than anything else for the failure of the measure to receive congressional approval.

The comments of this paper on the conditions that defeated eminently worthy Army legislation were fully justified and are still warranted, when it is observed that Mr. LINEBERGER has it in him to say, with a suggestion of intimidation: "If you continue to represent the War Department and the little group there which attempts to run this Government, you will find you are supporting the minority. The emergency officers are the majority in this country. They have more representatives in Congress than ever before, and some day they will have a majority in Congress, and then the Army will have to be more careful."

There would be the same occasion, validity, and justice to utilize any other pending measure—military, naval, civil, or international in significance and scope—as a means of threatening obstruction or defeat for military-naval legislation. There have been instances where leaders in Congress and the managers of bills have effectively engineered legislation by the process of "trading," such as the promise to support this measure for corresponding support of that measure. There is a distinction between this friendly parleying and the direful consequences of one-man prevention of the eleventh-hour enactment of necessary legislation of which Congress is in favor because one bill, certain to acquire presidential veto had it been passed in the existing form by House and Senate, was obstructed in its career by another man who happened to be chairman of the Military Committee and to whom it was of no concern whether or not the Army legislation, reported from that committee, expired on the calendar with the adjournment of the Sixty-eighth Congress.

It must be regretted that Mr. LINEBERGER—who is entitled to the greatest respect for his personal character, his congressional record in other respects than that on which the Army and Navy Register has adversely remarked, and his military career—should be found in the present, and continued, mood of "reluctance," to use a mild designation inadequately descriptive. Army and Navy legislation, and any legislation, for that matter, should be enacted by Congress for what it is worth from the point of view of necessity. It should not be defeated for any such reason as actuated Mr. LINEBERGER in the Sixty-eighth Congress, and as is now contemplated by that same Representative in favor of the bill for the relief of the disabled emergency officers.

It must be perceived, finally that Mr. LINEBERGER erroneously estimates the malevolent attitude toward the Army of those emergency officers who are or may hereafter become, Members of Congress. If a majority in House and Senate are dominated by such sentiments, Mr. LINEBERGER'S prophecy bodes evil. There is abundant occasion for hoping that he has mistaken the character and motives of his associates.

WEST LOS ANGELES, CALIF.,
January 15, 1926.

EDITOR THE ARMY AND NAVY REGISTER:

How the galled jade do wince!

Your issue of the 2d of this month carries on its editorial page a classic example of what a hell of a difference it makes whose ox is gored, said example being labeled "Legislation by threat."

This "legislation by threat" editorial in your paper emits wild yells for a total of two columns of valuable space concerning the heinous acts of a miscreant named WALTER LINEBERGER, who hails from my neck of the woods, and who finally decided to follow the good old Army tactics of fighting the devil with fire.

Said acts of WALTER consisted of kindly assisting in holding up divers Army bills in the last session of Congress in return for the kindly acts of said Army in holding up the Lineberger bill to right a crying wrong in the matter of retirement of disabled emergency Army officers.

For nearly seven years the disabled emergency officers have endeavored by the "suaviter in modo" method to obtain legislation righting the damnable wrong of the ghost dancers of the inner circles of the War Department in refusing them retirement on the same basis as any other officers disabled in service.

This legislation has been indorsed and strongly backed by the disabled emergency officers' association, by the American Legion, by the disabled veterans of the World War, consisting almost entirely of enlisted men, by the National Guard Association of the United States, and indirectly by the United States Navy Department, which went to Congress and cleared up the matter so it could retire its own disabled emergency Navy and marine officers.

Every objection offered by the Prussians of the General Staff and their Secretary of War mouthpiece was cared for by changes in the legislation offered at the various sessions of Congress.

The objection that such action would add a burden to the Army appropriation was answered by transferring the pay roll of such disabled officers to the Veterans' Bureau. The objection that it would not be fit to have the sacred Regular Army retired list all cluttered up by a lot of disabled emergency scrubs, fit for nothing but to fight in times of emergency beside the sacred regulars, was taken care of by providing for a separate retired list to be known as the scrubs or misfits.

This legislation was not for the purpose of giving a little more money to a lot of fellows already sitting pretty and having only to live long enough to get more and more money and rank and everything. It was not "to validate certain overpayments made during the war-emergency period," or to "appoint a leader of the Army band," nor yet to "validate certain payments made on account of allowances," quoting from the Register's list of bills killed by the acts of the LINEBERGER "miscreant."

It was for the purpose of enabling a comparative handful of sick and disabled emergency officers of the World War to live out their days in a little less fear of the wolf hanging around the back door; to equalize a trifle more the unequal struggle of handicapped men in making a living; to give the comrades in arms of the Regular Army officers the same rights when disabled as the regulars themselves.

It was legislation, strangely enough from the viewpoint of the editor of the Register, believed in by the Regular Army officers themselves—the ordinary lowly ones doing the work of the Army, and not having reached the great and mysterious inner circles of the ghost dance, known to the public as the General Staff.

It may interest ye editor to learn that I have trouble in making Regular Army officers believe that such a condition exists—that their comrades in arms who wore the bars of lieutenants and captains, and the insignia of majors and lieutenant colonels and colonels, instantly lost these insignia of rank and became enlisted men when overtaken by wounds or sickness—and all because of a difference in the word of a commission.

It was difficult for even a regular to believe that because some cub had accepted a "provisional commission," which he could at any time resign after the emergency, he was promptly retired on being disabled, while older officers, barred from this pleasant "provisional" rating and obviously needing retirement privilege more than the cub, were classed as enlisted men when disabled.

The editor of the Register, being an intelligent man, with the bowels of compassion, knew full well that this Bursum and similar legislation was just and equitable; that it did nothing more than to make tardy correction of a wrong that the Navy hastened to right within a year of the armistice for its own officers.

Nevertheless, misguided by a desire to play the game of the Army as ye editor sees it, and misinterpreting Army sentiment as being that of the ghost dancers, the Register has consistently opposed this legislation to benefit a small handful of sick and disabled men.

He has taken the specious stand that this legislation is right in principle but wrong in its precise wording, etc., all of which was reflected from the brilliant utterances of our lamented ex-Secretary of War, our Boston stockbroker friend. Like said stockbroker the editor of the Register did not volunteer to state just what sort of a bill to correct this undeniable wrong would suit him and his ghost dancers. The fact is that no such bill could ever be drawn so long as it provided that an emergency officer was anything more than an enlisted man in disguise, promoted through military necessity for the time being. This is the belief of the editor of the Register and of the ghost dancers, and no amount of denial can ever offset the active opposition of said editor to such legislation, regardless of amendment and form taken. History speaks for itself, and the files of the Register constitute our history.

Despite the guiding hand of our Register and the brilliant pronouncements of the General Staff through their futile and pathetic mouthpiece, the Secretary of War, this legislation has twice been passed by the Senate of the United States by a large majority, and at the last session was reported favorably out of the House Veterans' Committee and awaited only a vote to become a law contingent on the signature of the President.

After viewing the tactics of the ghost dancers through their congressional dupes in opposing such legislation as the Bursum and Lineberger bill, it is not very wonderful nor very reprehensible that Mr. LINEBERGER should decide to lay down a counterbarrage, to start fighting the devil with fire after six or seven years' attempt to get this legislation passed strictly on a basis of its undeniable merits and justice.

Being a target is all right for a time, but the most patient man wearies of having such opposition, above and below board, as the legislation favored by LINEBERGER has met.

When that large and horny-handed gentleman decided to give the ghost dancers a taste of their own medicine after they had repeatedly held up and defeated his own just emergency officer retirement bill, the results we find spread over two columns in the Register. Great is the woe registered therein at the heinous crime of said LINEBERGER in delaying the passage of a bill for the leader of an Army band, or

to validate certain payments made on account of allowances, etc. That is certainly hell.

I have no doubt that the legislation, delayed through the alleged machinations of LINEBERGER, is just and should be, and will be, passed.

But why the large crocodile, glycerine tears on the part of the Register at this delay and at such heinous tactics when we find no large crocodile, glycerine tears anywhere in the Register when precisely such tactics and worse prevented the passage of legislation more delayed and more needed—retirement for disabled emergency officers?

As I remarked in opening this letter, how the galled jade do wince. What a difference it does make when our own pet corn is stepped on for a change. How bitterly we disapprove of dog fights when our own pet kiyi is found underneath for the first time.

It seems too bad that the editor of the Register, urged on by his grief, should allow the ancient and honorable misstatements in opposition to the disabled emergency officer retirement legislation to creep once more into his columns.

He knows full well that this legislation would not add to the burden of the Army retired list, because the amount concerned is to be carried by the Veterans' Bureau. Yet he prints the inference that such legislation will be opposed by Mr. Davis because it would add to the Army burden.

He knows full well that an entirely separate retired list would be acceptable by the disabled emergency officers to avoid the possible embarrassment of a retired provisional commission cub with a total of nine months Army service, finding himself on the same retired list with his former lieutenant colonel who had served 15 years in the National Guard and put in a hitch during the Spanish War. Such embarrassing social contingencies should be provided against, of course.

We learn from his columns once more that our lamented ex-secretary, the Boston stockbroker, who rattled around in his big job like a buckshot in a 5-gallon coal-oil can, believed that a disabled emergency officer should receive compensation in proportion to his disability, rather than in proportion to his rank.

Wonderful! When was this rule applied to the Regular Army?

What sort of compensation does ye editor imagine would be handed out to most of our retired Regular Army officers—outside of longevity reasons—were they to appear before the guessing boards of the Veterans' Bureau, which would naturally be the means by which our disabled officers would be classified for compensation? It would make an interesting experiment to those who have seen both sides of the matter as I happen to have seen.

Rank among the disabled officers was pretty largely based on experience, and experience pretty largely was based on age. There were exceptions, of course, but in view of the fact that higher rank usually meant greater age, family of greater size, and less ability to get a new toehold on life, this suggestion of Brother Weeks is about as thoroughly idiotic as many of his other pronouncements. One of which I may recall to ye editor consisted of the statement that inasmuch as a lot of disabled emergency officers would have been drafted, anyhow, they were lucky to escape their real status as enlisted men.

Of course, the General Staff ghost dancers who wrote this brilliant piece of asininity for Brother Weeks to twitter through his official megaphone didn't mention the fact that the average age of the disabled emergency officers—and emergency officers in general—was 33 years at the time of the armistice. It is now 40, incidentally.

In view of our draft provisions as to age, it would appear that the majority of our emergency officers stood in no great danger of the draft, and that motive for accepting their commissions, quite characteristic of the Weeks mentality, can hardly be accepted as the real one. It might have been merely a desire to serve their country, which didn't occur to Mr. Weeks, from the tone of his open letter of some years ago to a Washington officer.

According to the editor, Mr. LINEBERGER'S just wrath and aversion to General Staff tactics for the nonce is "selfish obstinacy."

Yet the continued effort of the ghost dancers to prevent the passage of just and equitable legislation backed by most of the organized veterans' military associations of the United States is presumably to be classed as based on high and patriotic motives, with everybody wrong about this legislation except the General Staff and the Army and Navy Register.

The editor of the Register believes that Mr. LINEBERGER "erroneously estimates the malevolent attitude toward the Army of those emergency officers who may become Members of Congress."

The editor is correct; there is and will be no "malevolent attitude toward the Army" on the part of such men, nor toward their former brothers in arms.

There will be, however, an increasingly hostile and active opposition on the part of such ex-officers to the pet schemes of that holy of holies, the staff, which is feared and disliked by the personnel of Army officers in general. There is a wide difference between a malevolent attitude toward the Army and its fine officers and men, and the firm intention to see whether Congress and the people are running things or whether the General Staff is running them; to find out whether the power of the ghost dancers is greater than the demands of the American Legion, the Disabled American Veterans of the World War, the National Guard Association, and Congress itself.

As a slight index of such attitude, refer back to the resolution passed by the American Legion as to the stand taken by Col. William Mitchell—and the difficulty experienced by the few reactionaries in preventing a resolution backing up Colonel Mitchell in his every word. This should be hint enough for even the Army and Navy Register.

In closing, let me ask the editor of the Army and Navy Register to come out flat-footed just once and take some definite stand as to this proposed retirement for disabled emergency officers. He has emulated Pat's flea long enough.

If he opposes the legislation in the form proposed, let him suggest legislation that he does favor and that he thinks will meet the favor of his friends in the Hall of Mysteries, if mortal man can write such a bill.

Why pose as favoring such legislation, then losing no opportunity to put a banana peel where it will do the most good? Far rather would the disabled officers have the Register flatly oppose such legislation and state what it apparently believes—that the damn disabled officer is merely a camouflaged enlisted man, and that he ought to take himself to the guess boards of the Veterans' Bureau, and quit hanging around the sacred portals of the Army, of which he is not, and never was, a part.

If this is not what the editor does believe, then what in hell does he believe, outside of the latest pronouncements of the General Staff?

Yours very truly,

EDWARD C. CROSSMAN,
Late Captain, United States Army.

ADJOURNMENT

Mr. FRENCH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 6 minutes p. m.) the House adjourned until to-morrow, Friday, January 22, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

297. Under clause 2 of Rule XXIV, a letter from the Secretary of the Civil Service Commission, transmitting a statement showing the typewriters, adding machines, and other similar labor-saving devices exchanged in part payment for new machines during the fiscal year 1925, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 6559. A bill to provide for the construction of certain public buildings, and for other purposes; with amendments (Rept. No. 132). Referred to the Committee of the Whole House on the state of the Union.

Mr. RATHBONE: Committee on the District of Columbia. H. R. 3807. A bill granting relief to the Metropolitan police and to the officers and members of the fire department of the District of Columbia; without amendment (Rept. No. 133). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. H. R. 358. A bill authorizing the President to require the United States Sugar Equalization Board (Inc.) to adjust a transaction relating to 3,500 tons of sugar imported from the Argentine Republic; without amendment (Rept. No. 137). Referred to the Committee of the Whole House on the state of the Union.

Mr. GIBSON: Committee on the District of Columbia. H. R. 6556. A bill for the establishment of artificial bathing beaches in the District of Columbia; without amendment (Rept. No. 138). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Washington: Committee on Indian Affairs. H. R. 97. A bill authorizing an appropriation of $50,000 from the tribal funds of the Indians of the Quinaielt Reservation, Wash., for the completion of the road from Taholah to Moclips, on said reservation; with amendments (Rept. No. 139). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDSON: Committee on Indian Affairs. H. R. 7752. A bill to authorize the leasing for mining purposes of land reserved for Indian agency and school purposes; with amendments (Rept. No. 140). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SWOOPE: Committee on War Claims. H. R. 615. A bill for the relief of John H. Barrett and Ada H. Barrett; without amendment (Rept. No. 134). Referred to the Committee of the Whole House.

Mr. SMITH: Committee on the Public Lands. H. R. 2761. A bill for the relief of Nora B. Sherrier Johnson; without amendment (Rept. No. 135). Referred to the Committee of the Whole House.

Mr. SMITH: Committee on the Public Lands. H. R. 4681. A bill providing for the issuance of patent to the Boyle Commission Co. for block No. 223, town site of Heyburn, Idaho; without amendment (Rept. No. 136). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 6478), granting an increase of pension to William Cotter, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TAYLOR of New Jersey: A bill (H. R. 8117) to reduce night work in post offices; to the Committee on the Post Office and Post Roads.

By Mr. KETCHAM: A bill (H. R. 8118) to amend the act entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes," approved August 24, 1912, as amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MICHENER: A bill (H. R. 8119) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. SWING: A bill (H. R. 8120) to create within the San Bernardino National Forest, in Riverside County, Calif., a national game preserve under the jurisdiction of the Secretary of Agriculture, and to authorize an exchange of Government land for privately owned land within the area of said preserve; to the Committee on the Public Lands.

By Mr. MONTAGUE: A bill (H. R. 8121) to amend sections 15 and 16 of an act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909; to the Committee on Patents.

By Mr. ZIHLMAN: A bill (H. R. 8122) to provide for the erection of a National Guard armory in the District of Columbia as a memorial to those who served in the military or naval forces of the United States during times of war; to the Committee on Public Buildings and Grounds.

By Mr. BUTLER: A bill (H. R. 8123) to provide for the temporary need of higher rank for flying officers and for flying-officer qualification in naval high command; to the Committee on Naval Affairs.

By Mr. LINEBERGER: A bill (H. R. 8124) to grant relief to disabled veterans; to the Committee on World War Veterans' Legislation.

By Mr. BUTLER: A bill (H. R. 8125) to provide for the promotion or advancement of officers who have specialized in aviation so long as to jeopardize their selection for promotion or advancement to the next higher grade or rank; to the Committee on Naval Affairs.

By Mr. BEERS: A bill (H. R. 8126) to amend section 103 of the Judicial Code as amended; to the Committee on the Judiciary.

By Mr. STALKER: A bill (H. R. 8127) to erect a post-office building in the village of Bath, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. GRAHAM: A bill (H. R. 8128) to punish counterfeiting of Government transportation requests; to the Committee on the Judiciary.

By Mr. SUMMERS of Washington: A bill (H. R. 8129) authorizing the Secretary of the Interior to cooperate with the States of Idaho, Montana, Oregon, and Washington in allocation of the waters of the Columbia River and its tributaries, and for other purposes, and authorizing an appropriation therefor; to the Committee on Irrigation and Reclamation.

By Mr. MORIN: A bill (H. R. 8130) to authorize the Secretary of War to fix all allowances for enlisted men of the Philippine Scouts; to validate certain payments for travel pay, commutation of quarters, heat, light, etc., and for other purposes; to the Committee on Military Affairs.

By Mr. LANKFORD: A bill (H. R. 8131) to provide for the authorization of appropriation for the purchase of a site and the erection of a Federal building at Woodbine, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. KNUTSON: A bill (H. R. 8132) granting pensions and increase of pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, or the China relief expedition, to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors, and for other purposes; to the Committee on Pensions.

By Mr. BLACK of Texas: A bill (H. R. 8133) to amend paragraph (a) of section 2 of the World War adjusted compensation act; to the Committee on Ways and Means.

By Mr. BRIGHAM: A bill (H. R. 8134) for the purchase of land as an artillery range at Fort Ethan Allen, Vt.; to the Committee on Military Affairs.

By Mr. RATHBONE: A bill (H. R. 8135) to reclassify and readjust the salaries and compensation of messengers, watchmen, and laborers in first and second class offices; to the Committee on the Post Office and Post Roads.

By Mr. WILSON of Louisiana: A bill (H. R. 8136) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Harrisonburg, La.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8137) granting the consent of Congress to the Louisiana highway commission to construct, maintain, and operate a bridge across the Black River at or near Jonesville, La.; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 8138) for the relief of Joy Bright Little; to the Committee on Naval Affairs.

By Mr. BIXLER: A bill (H. R. 8139) granting an increase of pension to Sarah A. Shutt Dalrymple; to the Committee on Invalid Pensions.

By Mr. BOWLES: A bill (H. R. 8140) granting an increase of pension to Kate A. Fowler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8141) granting an increase of pension to Ellen M. Brown; to the Committee on Invalid Pensions.

By Mr. BRIGHAM: A bill (H. R. 8142) granting a pension to Augusta Mattemore; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 8143) for the relief of Cyrus Durey; to the Committee on Claims.

By Mr. DEAL: A bill (H. R. 8144) for the relief of George W. Boyer; to the Committee on Claims.

By Mr. FAUST: A bill (H. R. 8145) granting an increase of pension to Catherine E. Gregory; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 8146) granting an award of compensation under the United States employees' compensation act to Eugene De Ment; to the Committee on Claims.

Also, a bill (H. R. 8147) for the relief of Warren R. Cusick; to the Committee on Military Affairs.

By Mr. W. T. FITZGERALD: A bill (H. R. 8148) granting a pension to Mary E. Landis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8149) granting an increase of pension to Sarah Conner; to the Commitee on Invalid Pensions.

By Mr. FREEMAN: A bill (H. R. 8150) granting an increase of pension to Sophia Carter; to the Committee on Invalid Pensions.

By Mr. HARDY: A bill (H. R. 8151) granting an increase of pension to Thirza E. Green; to the Committee on Invalid Pensions.

By Mr. HOLADAY: A bill (H. R. 8152) for the relief of Charles Walker; to the Committee on Claims.

By Mr. HOWARD: A bill (H. R. 8153) granting a pension to Hattie M. McGinnis; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 8154) granting an increase of pension to Lucy Whiting; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8155) for the relief of James W. Gannon; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8156) to authorize the appointment of Staff Sergt. John Gannon, retired, to the grade of master sergeant, retired, in the United States Army; to the Committee on Military Affairs.

By Mr. McSWEENEY: A bill (H. R. 8157) granting a pension to Lizzie Bassett; to the Committee on Invalid Pensions.

By Mr. MADDEN: A bill (H. R. 8158) for the relief of the First Trust & Savings Bank of Chicago, Ill.; to the Committee on Claims.

By Mr. MERRITT: A bill (H. R. 8159) granting a pension to Daisy E. L. Fillow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8160) granting an increase of pension to Katy J. Woodward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8161) granting an increase of pension to Sarah A. Myers; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 8162) granting a pension to Permelia J. Woodward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8163) granting an increase of pension to Anna B. Leiter; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 8164) granting an increase of pension to Josephine E. Hastings; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 8165) for the relief of Bert C. Moore; to the Committee on Military Affairs.

By Mr. PORTER: A bill (H. R. 8166) to authorize Lieut. Commander Charles Svensson, United States Naval Reserve, to accept from the Republic of Ecuador the decoration of "Estrella de Abdon Calderon," second class; to the Committee on Foreign Affairs.

Also, a bill (H. R. 8167) to authorize certain officers of the United States Marine Corps to accept from the Republic of Haiti the medal for distinguished service; to the Committee on Foreign Affairs.

Also, a bill (H. R. 8168) authorizing the payment of an indemnity to John Williamson on account of the death of Daniel Shaw Williamson, a British subject, who was killed at East St. Louis, Ill., on July 1, 1921; to the Committee on Foreign Affairs.

By Mr. PURNELL: A bill (H. R. 8169) granting a pension to Rosalia M. Barrow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8170) granting an increase of pension to Elizabeth Benson; to the Committee on Invalid Pensions.

By Mr. ROUSE: A bill (H. R. 8171) granting a pension to Clara S. Johnson; to the Committee on Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 8172) granting an increase of pension to Francis M. Bartlett; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 8173) granting a pension to Richard Sullivan; to the Committee on Pensions.

By Mr. STROTHER: A bill (H. R. 8174) for the relief of Ruth Gore; to the Committee on Claims.

By Mr. SUMMERS of Washington: A bill (H. R. 8175) granting an increase of pension to Mary L. Reither; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8176) for the relief of Walter W. Price; to the Committee on Claims.

By Mr. TREADWAY: A bill (H. R. 8177) granting a pension to Charles George Quinn; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 8178) for the relief of Ocean Steamship Co. (Ltd.); to the Committee on Claims.

By Mr. WHITE of Maine: A bill (H. R. 8179) granting a pension to Nellie S. Young; to the Committee on Invalid Pensions.

By Mr. WILSON of Mississippi: A bill (H. R. 8180) for the relief of Charles N. Robinson; to the Committee on Claims.

By Mr. WOOD: A bill (H. R. 8181) granting a pension to Flora Perry; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: Resolution (H. Res. 99) authorizing payment of six months' salary and funeral expenses to John Williams, sr., on account of death of John Williams, jr., late employee of the House of Representatives as a laborer; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

420. By Mr. ADKINS: Letter of Mr. Jacob Tick, of Clinton, Ill., regarding the reclaiming of old rubber in the United States; to the Committee on Interstate and Foreign Commerce.

421. By Mr. BARBOUR: Resolution adopted by the Fresno County Chamber of Commerce, of Fresno, Calif., urging the purchase by the United States Government of 440 acres of land situated in Lassen Volcanic National Park; to the Committee on the Public Lands.

422. By Mr. GALLIVAN: Petition of Boston Musicians' Protective Association, Local No. 9, recommending thorough investigation of the plans and activities of the promoters of the Bread Trust, and urging such action as may be necessary to prevent or destroy any attempt to monopolize and control the commercial bread production of the United States; to the Committee on Interstate and Foreign Commerce.

423. By Mr. HUDSON: Petition of Michigan League of Women Voters, urging a new appropriation covering a period of five years to carry out the provisions of the so-called Sheppard-Towner Act; to the Committee on Interstate and Foreign Commerce.

424. By Mr. LEAVITT: Resolution of Good Roads Committee of the Butte (Mont.) Chamber of Commerce, favoring continuation of Federal aid for the construction of interstate highways on a basis at least equal to the appropriations made for the last two years; to the Committee on Roads.

425. Also, resolution of Capt. Charles French Camp, No. 4, United Spanish War Veterans, of Great Falls, Mont., favoring passage of House bill 98, a bill granting pensions and increases of pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, or the China relief expedition, to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors, and for other purposes; to the Committee on Pensions.

SENATE

FRIDAY, *January 22, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled, in open executive session, at 11 o'clock a. m., on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	McKellar	Robinson, Ind.
Bayard	Fletcher	McLean	Sackett
Bingham	Frazier	McMaster	Schall
Blease	George	McNary	Sheppard
Borah	Gerry	Mayfield	Shipstead
Bratton	Gillett	Means	Shortridge
Brookhart	Goff	Metcalf	Simmons
Bruce	Gooding	Moses	Smith
Butler	Greene	Neely	Smoot
Cameron	Hale	Norbeck	Stanfield
Capper	Harreld	Norris	Stephens
Caraway	Harris	Nye	Swanson
Copeland	Harrison	Oddie	Trammell
Couzens	Heflin	Overman	Tyson
Cummins	Johnson	Pepper	Wadsworth
Curtis	Jones, N. Mex.	Phipps	Walsh
Dale	Jones, Wash.	Pine	Warren
Dill	Kendrick	Pittman	Watson
Edwards	Keyes	Ransdell	Weller
Ernst	King	Reed, Mo.	Wheeler
Fernald	La Follette	Reed, Pa.	Williams
Ferris	Lenroot	Robinson, Ark.	Willis

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present.

As in legislative session,

THE COAL SITUATION

Mr. WILLIS. Mr. President, two or three days ago there was a colloquy between the Senator from Idaho [Mr. BORAH], the Senator from New York [Mr. COPELAND], and the Senator from Kentucky [Mr. SACKETT] touching the coal situation. I participated to some extent in that colloquy. I have a letter bearing on the question which I ask permission to have printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, the Senator from Ohio refers to the serious coal situation in the Northern and Eastern States and a day or two ago the Senator from New York [Mr. COPELAND] told us that people were freezing up in his section of the country because they could not get coal. Well, the principal slogan of the Republican Party in the last campaign was that the people should "keep cool with Coolidge." [Laughter.]

The letter presented by Mr. WILLIS is as follows:

THE FULTON PIT CAR CO.,
Canal Fulton, Ohio, January 19, 1926.

Hon. FRANK B. WILLIS,
United States Senate, Washington, D. C.

DEAR SIR: I am asking your careful consideration to this letter which refers to the coal-mine situation in the State of Ohio.

You undoubtedly realize the deplorable condition that the coal industry in this State has been in for the past year and a half, and, I am frank to say to you that, in my opinion, it is steadily growing

worse, and that if something is not done within the next 12 months, this industry in our State will be at a point where it will take years and millions of dollars to put it on its feet.

I have devoted most of my life to the manufacture of mine cars used in hauling the coal from the mines to the railroad cars, and naturally have given the coal interest a lot of thought from every angle.

I am satisfied that there are just two reasons for the present situation—labor and freight rates. Labor is a matter that the operators will have to work out, probably unassisted; but on the question of freight rates the Senators in our State, I feel, can help us very materially, and it is on this question that I ask your careful consideration.

The operators who own coal mines in the State of Ohio have started a movement to place before the Interstate Commerce Commission and also the State public utilities commission the freight-rate situation, and they are asking the support of all the Ohio Senators, Congressmen, and chambers of commerce.

For your information let me give you the following fact: The freight rate on coal from Cambridge, Ohio, district to Cleveland, Ohio, approximately 150 miles, is $1.74 per net ton of 2,000 pounds, but on iron ore from Cleveland to Wheeling, W. Va., a greater distance, the rate is $1.15. In the State of Indiana the rate from mines to Indianapolis, a distance of 170 miles, is $1.23, as against the Cambridge rate to Cleveland, 150 miles, of $1.74. From the mines in the Cambridge district to Cambridge, a distance of approximately 8 miles, the rate is 63 cents. I understand for the same haul in the State of Indiana the rate is 30 cents. The railroads serving the mining district in southeastern Ohio charge 10.3 mills to 12.2 mills per ton-mile for hauling Lake cargo coal to the Lake ports, while the railroads serving the mines south of the Ohio River in West Virginia and Kentucky haul the coal to the same Lake ports for a charge of 4 mills to 6 mills per ton-mile. I also understand the southern roads who haul this coal are earning from 18 to 20 per cent on their stock, while the roads serving the Ohio mines are not doing nearly as well. The only answer to this that I can see is that the southern roads, by reason of a low freight rate, have secured for themselves a maximum tonnage which results in these satisfactory earnings. The Ohio roads should be able to do as well on the same basis.

I understand that you already have been furnished some data with reference to the petition of the operators in the States of Ohio and Pennsylvania, just filed with the Interstate Commerce Commission, asking for a reargument of the Lake cargo case, giving in detail the Lake rate situation, which is also applicable to all the rail coal rates in Ohio.

I am referring to you hereto excerpts taken from the Interstate Commerce Commission record of cases No. 15007, August 16, 1924, and record of Case No. 691, decided June 8, 1923, which gives the opinions of five members of the commission. Please note the reference therein they make to the injustice done Ohio by reason of the freight rates that were put into effect during war times.

We depend exclusively for operation upon the mine-car business, and unless some solution is found to relieve the coal situation in the State of Ohio we will be compelled to abandon this end of our business and get into some other line.

After you have given this matter careful consideration, I am sure that you will feel that I am justified in making a personal appeal to you to do whatever you can to get relief for Ohio coal mines which will not only aid the operators but every industry pertaining thereto and all users of coal in the State of Ohio.

With kindest regards, I remain,

Yours respectfully,

THE FULTON PIT CAR CO.,
C. K. MYERS, *President.*

Mr. COPELAND. Mr. President, in connection with the coal situation, I have here a very interesting editorial. It appeared in the New York Evening World of the 20th instant and refers to the resolution which I presented to the Senate calling for action in the coal crisis. The editorial declares the plan to be both constitutional and effective. I should be glad if the editorial could be printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the New York Evening World, January 20, 1926]

BOTH CONSTITUTIONAL AND EFFECTIVE

Senator COPELAND'S resolution empowering the President to force a settlement of the coal strike is under debate in the Senate. It is the expressed opinion of Senator ROBINSON of Arkansas and others that such a measure would be not only futile but unconstitutional.

But there is a way for Congress to take hold of the matter which would be not only constitutional but very far from futile. This is for Congress to exercise its unquestioned power to regulate interstate commerce and apply it to coal mines which make interstate shipments, as practically all of them do and must do to keep going.

Through a commission like the Interstate Commerce Commission the mines could be compelled to keep uniform accounts, as with the railroads. They could be compelled to make these accounts public, as with the railroads. They could be compelled to keep their charges within reasonable bounds, as with the railroads.

Indeed, the New York Senator himself, in the course of his speech, brought in an extract from the report of the United States Coal Commission of 1923 bearing on this point and giving it special emphasis. The commission said:

"The power to regulate involves the power to require the use of this means of transportation (railroads) in the way that will best serve the interest of the several States of the Union. The regulation of commerce in coal among the several States involves the right to know the cost of its production, whether the investment on which a return is claimed is fairly estimated or inflated, what profits are made by owner, operator, and dealer, and what are the earnings and working conditions of the miners."

Congress can put into effect this great remedial measure without delay. Ample and tested and, finally, decided precedent leaves no room for dispute as to authority or practicability.

And with this done the great power of an enlightened public opinion could come into full play to prevent both unfair dealing on the part of the operators with the miners and unreasonable strikes on the part of the miners. No such power is operative to-day because public opinion is without means of adequate enlightenment.

Mr. COPELAND. I also have an editorial from this morning's Washington Post strongly emphasizing the need of congressional action in the coal situation. It urges that every possible influence should be brought to bear upon this body to secure effective action and bring to an end the intolerable situation. With the advent of the present cold spell there will be acute suffering. Dozens of letters coming to me from my State indicate that the suffering is very acute there at the present time. In the language of the Post editorial, "The failure of Congress to assert control over the coal situation is inexcusable." I ask that the editorial may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Post, January 22, 1926]

COAL LEGISLATION NEEDED

In precipitating a general coal debate in the Senate Wednesday Senator REED of Pennsylvania demonstrated conclusively that if the public is ever to have the fuel problem settled satisfactorily, assuring consumers of an adequate supply of coal at reasonable prices, Congress must enact some legislation dealing with the present situation. Opinions of Senators as to the real cause of high prices varied so widely that it is evident that few Members have any clear idea as to who is responsible.

Senator REED, who hails from virtually the only anthracite-producing State, insists that neither the miners, operators, nor railroads are to blame for the high prices and that the fault lies with the retailer. He cited figures showing the price of bituminous coal at the mines, the freight rates charged by the railroads and the drayage cost, and asserted that the total cost of the fuel laid down at the retailer's bin in Washington was approximately $6.84 a ton. This coal, he said, is sold by the dealer at $14 and $14.50. As a cure for this "profiteering" the Pennsylvania Senator suggested that consumers should club together and buy their fuel at the mines and have it hauled by the railroads to their homes.

On the other hand, Senator BORAH, of Idaho, declared that the coal producers and the railroads, as well as the retailers, were responsible for the gouging of the public. Other Senators placed the blame on the coal-carrying railroads, while Senator COPELAND, of New York, laid the responsibility at the door of the President. At the same time the Senate was discussing coal and high prices John Hays Hammond, chairman of the Federal Coal Commission, was urging legislative action on the recommendations made by his commission to Congress three years ago.

It is generally agreed that the President has no power to act. He has approved the findings of the coal commission, which would clothe him with authority to deal in some manner with such a condition as now exists. The special session of the Pennsylvania Legislature has put aside indefinitely a bill that would declare the anthracite industry a public utility and place it under the control of the public-service commission of that State. Apparently, therefore, the consumer can not look for relief in that direction.

It has been demonstrated to the satisfaction of most persons that consumers are not at the mercy of the anthracite operators and miners. The growing use of substitutes has shown that anthracite is not a necessity. But there must be coal. If the charges made by Senator REED that dealers in bituminous coal are mulcting the public are true at this time, what may be expected in another year if the public becomes dependent upon that fuel?

The situation calls for action by Congress. The Government should act for the people. The failure of Congress to assert control over the coal situation is inexcusable.

PETITIONS AND MEMORIALS

Mr. WARREN presented resolutions adopted by the Casper (Wyo.) Trades and Labor Assembly, favoring an investigation of alleged attempts to suppress competition by control of the manufacture and distribution of bread, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented memorials numerously signed by sundry citizens of Enterprise, Lyndon, and Crawford, all in the State of Kansas, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. WILLIS presented a petition of faculty members of the Ohio State University, at Columbus, Ohio, praying the amendment of section 15 of the existing copyright law by inserting the words "or mimeographic process" after the words "or photo-engraving process" in lines 9, 15, 34, and 41 of the said section 15, which was referred to the Committee on Patents.

He also presented a memorial of sundry citizens of the State of Ohio, remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. SHEPPARD presented a telegram in the nature of a memorial from Thomas O'Keefe at El Paso, Tex., which was ordered to lie on the table and to be printed in the RECORD, as follows:

EL PASO, TEX., *January 19, 1926.*

The President of the Senate of the United States of America, and through him equally to each Member of said Senate, and as a body in regular session assembled in the Chamber of said body, Washington, D. C., U. S. A.

The PRESIDENT, SENATORS, AND THE SENATE:

The undersigned, your petitioner, a citizen of the State of Texas, one of the States of the United States of America, has become aware in the past few weeks that it is the apparent purpose of an unknown number of Members of the United States Senate to pass if possible in regular order at a regular session of your body a resolution committing the Federal Government of these United States to full membership in a foreign body called the World Court, and which latter body is to become the combined lever and fulcrum for the sole use of another foreign body designated as the League of Nations, in the region of supposition, which I now here enter in order to explain what follows. I would suppose that nations and peoples now enslaved by mandates granted by the so-called League of Nations or by alien armed troops in their midst would have no standing before said so-called World Court as litigants, since, as I also suppose, they are not free and independent units in the so-called League of Nations and would have no right recognized either by the league or its so-called World Court to demand either an opinion or a conclusion of said body as to their right to the untrammeled pursuit of a happy and industrious life in righteous freedom within their own borders. If I am correct as to the intention of a large number of the Senate membership to commit the United States Government to regular membership in the World Court and mostly in part correct as to the functions and limitations of said court in my above-stated suppositions, then I see clearly that the Government of the United States is absolutely directly in the League of Nations by an indirect serpentine route through the World Court, the instrument of the league. It must certainly be clear also that any opinion delivered in such a court by one acting in authority for this Government must be always in absolute accord in spirit with that of the Declaration of Independence of the United States, because if not, then this Nation is burst asunder in heart and spirit as well as in fact for the reason that we, a free people, would become partakers in the enslavement of other nations and peoples. I am sure there are millions of citizens of this Republic like the undersigned who are unaware of the portent of this proposed action of your honorable body and have not been informed as to what the commitment means in probable consequences. Your petitioner therefore hopes you will hear this voice and delay all action in the matter until a full statement covering the whole intent and purpose of connecting with the League of Nations and its World Court is officially and specifically stated in printed form and furnished the people for their information. If this is done, I am sure the Senate will then be able to judge rightly the wishes of the Nation.

Respectfully submitted. THOMAS O'KEEFE.

TAX REDUCTION (REPT. NO. 52)

Mr. SMOOT. Mr. President, from the Committee on Finance I submit the report on the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes. I will state that I have had placed on the desk of every Senator a copy of the report. I express the hope that to-day or to-morrow Senators will find time to read it in detail.

REPORTS OF COMMITTEES

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 105) for the relief of Arthur E. Colgate, administrator of Clinton G. Colgate, deceased, reported it without amendment and submitted a report (No. 71) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1631) for the relief of Capt. Edward T. Hartmann, United States Army, and others, reported it without amendment and submitted a report (No. 72) thereon.

Mr. REED of Pennsylvania, from the Committee on Military Affairs, to which was referred the bill (S. 2127) for the relief of Willis B. Cross, submitted an adverse report (No. 73) thereon with the recommendation that the bill be indefinitely postponed.

Mr. GOODING, from the Committee on Interstate Commerce, to which was referred the bill (S. 575) to amend section 4 of the interstate commerce act, reported it without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2684) for the relief of certain persons of Flathead Indian blood; and

A bill (S. 2685) making appropriation for a loan, reimbursable from tribal assets, to provide capital and credit for the purpose of encouraging industry and self-support among the Indians having tribal rights on the Klamath Indian Reservation in Oregon; to the Committee on Indian Affairs.

By Mr. HARRIS:

A bill (S. 2686) to provide for the erection of a public building at the city of Woodbine, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. PHIPPS:

A bill (S. 2687) to provide an additional method for enforcing and foreclosing tax sales and tax deeds in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. STANFIELD:

A bill (S. 2688) to provide for the leasing of public lands in Alaska for fur farming, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SHORTRIDGE:

A bill (S. 2689) granting an increase of pension to Emma F. Webster; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2690) to grant relief to disabled veterans; to the Committee on Finance.

By Mr. CAMERON:

A bill (S. 2691) to repeal the first proviso of the act entitled "An act granting certain public lands to the city of Phoenix, Ariz., for municipal park and other purposes," approved March 3, 1925; to the Committee on Public Lands and Surveys.

By Mr. WADSWORTH:

A bill (S. 2692) to amend the immigration act of February 5, 1917; to the Committee on Immigration.

By Mr. McKELLAR:

A bill (S. 2693) granting an increase of pension to Robert E. Taber; to the Committee on Pensions.

By Mr. WALSH:

A bill (S. 2694) to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled "An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes"; to the Committee on Indian Affairs.

REPORT OF THE GOVERNOR OF PORTO RICO (H. DOC. NO. 220)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and referred to the Committee on Territories and Insular Possessions.

To the Congress of the United States:

As required by section 12 of the act of Congress of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes," I transmit herewith, for the information of the Congress, the twenty-fifth annual report of the Governor of Porto Rico, including the reports of the heads of the several departments of the government of Porto Rico and that of the auditor, for the fiscal year ended June 30, 1925.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

CALVIN COOLIDGE.

THE WHITE HOUSE, *January 22, 1926.*

(NOTE: Report accompanied similar message to the House of Representatives.)

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. BORAH. Mr. President, I am opposed to the recognition of the right to employ force against a sovereign nation in any contemplated plan of peace. To bring together under a plan of peace a number of nations having great military power, which plan recognizes the right of the combination to employ force against a sovereign state, must result either in the establishment of arbitrary power world-wide and the suppression of all freedom and of all independence, or it must result in war and the breakdown of the organization.

The employment of force in the execution of the judgment of a court of international justice is, therefore, to my mind, the most vital problem connected with this discussion. It goes not only to the structure of this court but it reaches down to the fundamental questions of how we shall establish tribunals or organizations which may effectuate peace. I am going to discuss this subject to-day not alone as it bears upon the particular tribunal with which we are now concerned but as it relates, as it seems to me, to any attempt to build up any kind of plan or structure for peace.

When I say the employment of force I mean the employment of force against a sovereign nation as distinguished from the use or employment of force against individuals by the state itself; that is, against its own citizens. The former means war, and any plan or scheme for peace which rests at last upon the employment of force against a sovereign state is simply, whatever its name may be, a military alliance. You can call it peace, but it is not peace and never can be. It is in the end military despotism.

When Mr. Wilson went to Versailles he demanded a league of nations founded upon the principle of pacific settlement and sustained by organized public opinion. M. Clemenceau insisted upon the old balance of power, enlarged and rechristened, but supported at last by force. Mr. Wilson believed that the public mind could be educated and directed along lines which would lead ultimately to the rejection of force as the final arbiter in international affairs. M. Clemenceau believed in a combination of armed power strong enough to frighten into obedience or, if need be, to crush into subjection. Mr. Wilson was committed to the principle of self-government, to the right of all peoples to choose their own form of government and live their own lives. M. Clemenceau, trained in a different school, frank and bold in his faith, believed that there were those authorized by fate and superior capacity to dominate and direct the policies of all the earth. Mr. Wilson would have included in his plan at that time both Germany and Russia. M. Clemenceau believed that the victors alone should dictate the policies which should obtain throughout the world. Mr. Wilson was living in the future; M. Clemenceau was living in the past. Mr. Wilson was devoted to his ideals; M. Clemenceau understood Europe. Those two views, those two theories, those two faiths were present at all times in the work at Versailles. When this desperate battle of ideas and ideals was at an end the treaty which was signed embodied the most stupendous distribution of territory ever achieved at one time. Mr. Wilson believed that the covenant of the League of Nations would in time modify and readjust the terms of the Versailles treaty; M. Clemenceau, at his ease, believed that the Versailles treaty would, in time, modify and rebuild the covenant.

I refer briefly to the history of the conference and controversy at Versailles, because it is my purpose, before undertaking to connect this particular proposition with the court, to trace the development of the military theory of a league and to see to what extent it has now become dominant in the league. Mr. Baker in his book entitled "World Peace and Woodrow Wilson" says:

> One said that peace must rest upon military force; the other said it must rest primarily upon moral sanction, common guaranties, a permanent instrumentality.

And again, at page 25, Mr. Baker says:

> A little later he [Mr. Wilson] was instrumental in again defeating in the League of Nations commission the bourgeois proposal to make the league practically a military alliance for the defense of France.

On page 55 I find this paragraph:

> One of the greatest services Wilson did for the world at Paris, a service not yet fully appreciated, was to head off at every point not only proposals for military action which might have led to fearful new wars, but every proposal for settlements on a permanent military basis.

Anyone who may be interested in following this subject further will have no difficulty, if he sees fit to refer to these volumes, in finding the record, facts, and the documents to sustain the conclusions of the writer.

As for the League of Nations, the marshal frankly sees it as a perpetual military alliance of France, England, the United States, and Belgium.

This was the theory upon which the European powers undertook to build the league in contravention to the theory as advocated by the representative of the United States, that it should not be based upon military power or force but should be an organization for the purpose of enlightening the public as to facts and policies, and ultimately organizing public opinion behind the league as an instrument of peace.

This view, Mr. President, was and is not only the view of Europe, properly speaking, but was and is the view of other nations, as made known by their representatives. The American view stood alone; it was regarded as an ideal. I venture to believe, however, if they were really building for peace it was the only practical plan proposed. But they were not building for peace other than the peace of oppression.

A few days ago the able Senator from Maryland [Mr. BRUCE] addressed the Senate upon the question now pending. I think we will all agree that this scholarly address is one of those in this debate which will likely be referred to in future times, not only because of its literary merit but because of the candid philosophy which he saw fit to disclose in the discussion. He stated with clarity and candor his view as to what this entire structure—league, court, and all—must ultimately be if it is to be effective. I read a paragraph from the Senator's remarks which expresses precisely the conception of the league and the court as it has now come to be entertained by all the real advocates of the system. The Senator from Maryland says:

> But the spirit of international peace to be firmly maintained between nations must be institutionalized, just as the free spirit of the American people to prevail must find expression in a President, a Congress, a Supreme Court, an Army and a Navy, a State militia, and a city police force. • • •
>
> I have always thought that the views of that other Republican ex-President, Roosevelt, as to the means by which the authority of the league should be maintained were peculiarly sagacious and sound. He did not believe, as Lord Robert Cecil seems to do—

The word "seems" is well used, because I shall show in a few moments that he does not so believe—

> He did not believe, as Lord Robert Cecil seems to do, that in executing its aim it can dispense with force. He felt that just as a city must have its policeman and a Commonwealth its soldier to preserve law and order, so the League of Nations to make its mandates good must have its international police force or army; and so do I also feel. There is little, if any, peace in the world that is not commanded.

With the most profound respect to the Senator from Maryland—and I say it in the utmost sincerity—that is the basis upon which all militarists base their theory of peace; that there is no peace except that which is commanded, and that the way to insure peace throughout the earth is to establish in one central authority, whether it be a Napoleon or a council of the league, the power by which to crush any opposition anywhere that may appear to the established authority.

If the German general staff had prevailed, if we may construe its program according to those who claimed to understand it, it would have done nothing more than to have established a supergovernment over all other governments which would have maintained peace under the German general staff throughout the world. So if Cæsar or Napoleon had prevailed, their idea was that of peace based upon authority, peace based upon force, peace based upon military power. That I contend is the true conception of peace of those who predominated at Versailles and those who are now undertaking to construe the covenant or to amend the covenant in accordance with that spirit.

I think it worth while to call attention to the language of Lord Cecil, in view of the paragraph from the address of the Senator from Maryland. Lord Cecil had no different conception of peace than that which I have just been defining. He is known throughout the world as a great advocate of peace, and has received, I think, some reward for his efforts. I do not deny that he is an advocate of peace, but I do deny that he is an advocate of peace based upon any other foundation than that of military power. He says:

> We have not reached the stage in international relations at which it is desirable to attempt the codification of international law.

There, Mr. President, is the dividing line between the advocates of peace under law and judicial authority and the advocates of peace based upon military power. In so far as you advance the cause of law and the codification of international law, establishing rules by which nations are to be governed, which rules are to be construed by judicial tribunals whose judgments nations are to respect—in so far as you are able to do that you destroy the opposing force which seeks peace by the imposition of military authority. The great opposition to the codification of international law comes from those and is upon the part of those who believe that peace should be the result of a combination of politics and military power.

Again, he says—and this is, of course, merely the logical result of what he has formerly stated—

> The peace of the world depends in the last analysis on the armies and the navies of the big nations.

A more arbitrary and oppressive doctrine was never announced by any man at the head of his army, than that the peace of the world depends upon big armies and big navies. It is the creed of the man on horseback. It is the principle of those who care not for justice but only for power.

Under that theory, such a combination of nations as are brought together here would have prevented the birth of the American Nation at any time. There would be no room for development, no room for progress except that progress which emanated from the mind of the military dictator himself.

The theory which was advanced at Versailles as to what the league should be, and as to what it is now being made, is nowhere better stated or developed than in the lectures of Doctor De Visscher before the University of Chicago in the year 1924. Doctor De Visscher, as we know, is the professor of law in the University of Ghent, and a member of the Permanent Court of International Arbitration. He takes up there the original conception of the league, or, rather, as it was advocated by those who believe that it should be devoid of military force, and states plainly that that kind of a league or that kind of a combination will not satisfy Europe and has not satisfied Europe; that, upon the other hand, it has become necessary either to construe the covenant or to amend the covenant so that it will in effect be a military alliance; that without that Europe will discard it utterly.

I read a paragraph or two from his lecture.

First, upon page 80, he says:

> Thus, in dealing with these problems which so deeply concern the security of Europe, we must avoid accepting at the outset an idea which is very common in America, and which I believe is to some extent justifiable on the American continent. It is the idea that justice and law carry in some way their own authority over public opinion in democratic countries; that the moral force alone of the principles which form the basis of the League of Nations is sufficient to make them triumph; and that it is, consequently, not only useless but harmful to support law by force, to provide in advance military sanctions against the states disturbing the established order.

I ask, Senators, what is the difference between that doctrine and that philosophy and the doctrine and the philosophy of any other military combination or authority or alliance? It is a false theory, says Professor De Visscher, that justice can be the basis of a league of nations, or that law can prevail; you must at last appeal to military authority, to sheer brute force, in order to secure your peace.

I have always felt, Mr. President, that I was a believer in peace; but if peace means nothing more than quiescence under military dictatorship, I am opposed to it for all time to come. There are some things in this world dearer than peace, and they are liberty, independence, progress, none of which can exist under a military dictatorship. This doctrine which he here denounces is the doctrine which the representative of the United States urged at Versailles from the beginning to the end of the controversy.

On page 82 of the volume he says:

> In the actual conditions of Europe a return to the feeling of security and mutual confidence can be achieved only with the aid of an established organization capable of guaranteeing, by military sanctions, the maintenance of the established order.
>
> These are, I repeat, indisputable facts. They are so evident that all the member states of the league have been forced to accept them.

So evident to those people is it that they must rely alone on military alliances that they have come to accept the old balance of power again, instead of the conception which was advocated by the American representative at Versailles.

On page 85 he says:

> The most convinced partisans of the League of Nations recognize that the collective sanctions provided for in Article 16 are insufficient to give an effective guaranty to these states against an unjust aggression. The fact is the gaps and weaknesses in the system are plainly to be seen. I shall limit myself to indicating two of them.

Upon page 86 we have the following paragraph:

> Now, here is a second weakness in the system of the covenant. Let us suppose that in the case of a manifestly unjust war the member states are willing to fulfill completely their duty of assistance, even by force of arms, and that they are ready to put their armed forces in the field under the direction of the council. Everyone must recognize that cooperation of this sort will be absolutely useless if it has to be improvised in the face of imminent or actual attack.

In other words, it is not sufficient that the council have the authority to call for military support. There must be on hand, already trained and disciplined under the directing authority—to wit, the council—an army and a navy. It would be too late, says Doctor De Visscher, if they had to call for an army or a navy under circumstances and conditions which had not permitted a previous arrangement, a previous direction, or a previous program by which to direct them to the purposes for which they were called.

Thus we have the proposition here clearly advanced by the professor that the league must have a standing army and a navy at its call. That is the doctrine which was advocated by the able Senator from Maryland [Mr. BRUCE], and the doctrine which has come to be accepted by all sincere advocates of the league; and, as we shall see, they have also drawn the court into the circle of military power.

Again, on page 87, he says:

> The Third Assembly of the League of Nations formally acknowledged that a defensive agreement constitutes a guaranty of security only if it implies for the signatory states a mutual agreement to give assistance which will be effective, immediate, and according to a plan prepared in advance.

On page 90 he says further:

> From these indisputable facts the following conclusion is to be drawn: In many cases which are precisely the most important a guaranty of military assistance can be made effective only by means of separate treaties supplementing a general treaty of mutual assistance. * * *
>
> In fact, as you know, separate treaties have already been concluded on this basis between France and Belgium, between France and Poland, and more recently between France and Czechoslovakia. The same thing has taken place between the states which constitute the Little Entente; that is, between Czechoslovakia, Rumania, and Jugoslavia. All these treaties have been expressly placed by the signatory states under the protection of the League of Nations.

This reveals plainly that the league is made the holding power of the different military alliances of Europe; and if there was anything against which the representative of the United States at Versailles contended, it was against these separate alliances—a league within a league, an alliance within the league—because, as was contended, they would ultimately destroy the league. The supreme principle and purpose of the league was to forever do away with regional alliances, the old balance of power. I repeat, M. Clemenceau understood Europe, and you see his faith ripening into facts.

So, Mr. President, we are at the present time back to the old balance-of-power system in Europe; and there is only one thing that distinguishes it from the previous balance of power, and that is that it has a central company or a sovereign authority representing all Europe, to wit, the Council of the League of Nations; but within this combination are the military alliances of the separate combines and the separate authorities, authorizing the different entities or the different organizations to act whenever their concerns may necessitate action.

But the most pronounced development of this theory is what is known as the Geneva protocol. This protocol has been discussed here and I need not go into great detail. I understand the Geneva protocol was ultimately rejected because of the action of Great Britain, but 44 nations approved of it; and it ought to be borne in mind that the 44 nations which approved of it now take the position that the protocol is not necessary; that by a proper construction of the covenant itself all the authority which the protocol was supposed to bestow upon it may now be found. They have not abandoned the spirit or purpose of the protocol; they propose to find ample authority in the liberally construed language of the covenant. That has been well stated by M. Briand, the present Prime Minister of France. I read a paragraph from his address on this subject at Geneva:

> The protocol, we must remember, is simply a development of all the ideas contained in the covenant. * * * I repeat, it [the protocol] adhered throughout strongly to the spirit and letter of the covenant.

• • • France thought and still thinks that this work, which was eagerly awaited by the nations, is merely a development of the ideas contained in the covenant and that it is the essential object of the work of the League of Nations. • • • This document [the protocol] is itself only the application of the system provided in the covenant of the League of Nations. • • • The protocol, therefore, imposes no fresh obligations on the states which signed the covenant. It has simply fixed the conditions for their applications.

The protocol was regarded as a construing instrument, construing the terms of the covenant, and not adding any additional powers. It is perfectly legitimate, therefore, to take the protocol and examine it to see what those now contend who say that the power exists already in the covenant; that by a proper construction that may be done which it was formerly thought it was necessary through the protocol to amend in order that it might be done. The protocol provided, in brief, that the Council of the League of Nations should be authorized to pass upon the righteousness or the unrighteousness of any or all wars. No war could be begun and escape the denunciation of the council except such wars as met with the approval of the council. Eleven men, five of them in permanent authority, were to become the sole dictators with reference to peace or war. If a war were begun without their approval, the entire force and culmination of all the combined power should be arrayed against the offending party. If the war met with their approval it was a just and righteous war.

Mr. President, in order to get the full effect of that proposition, think of this, that when the Versailles treaty was signed, countless millions of people were disposed of for all time to come, and this same protocol provides that the readjustment of territorial lines shall never be a matter of consideration for arbitral tribunals or for the Court of International Justice. The men who sat upon that council were to determine for all time whether the peoples who had been disposed of at Versailles should ever enjoy any greater independence and freedom than they enjoy to-day. It is the most hideous combination of power for the suppression of independence and justice that was ever conceived in the brain of man. Autocratic power seems to have reached its zenith.

If some dissatisfied power or nation wanted to ask for a greater independence, for a larger liberty, where would it go? To what power would it appeal? Could it appeal to this court of justice? No; it is expressly provided that it can not. Could it appeal to the council? The council would be the body which held it in subjection. There would be no place to go. The status quo became permanent, as inviolable as the law of the Medes and Persians. There could be no appeal to any power for change. And this, Mr. Briand says, is the spirit and intent of the covenant of the League of Nations to-day.

Secondly, Mr. President, the most astounding feature of it, after all, is found in the fact that a war once begun could never end without the consent of the council. If nations entered into conflict and came to the conclusion that the war ought to be at an end, that human sacrifice had been sufficient, they could not end the war until the council decided that they should do so. That, Mr. Briand says, is now the true construction of the covenant.

I will not be content with my construction of the covenant. I have such an abhorrence of brutal power concentrated in the hands of the few that I might very easily be prejudiced, I presume, in my interpretation. I pause to read a paragraph from Mr. Garvan, the celebrated editor of the London Observer, perhaps the most celebrated editorial writer in the world. Speaking of this protocol, he says it is—

> a new body of proposals which might engage the nation and the Empire in the gravest and most complicated commitments ever undertaken.
>
> It is of the continental type, and is based at the bottom upon military mentality, and not upon considerations of moral justice or of far-sighted practical sagacity. • • •
>
> Great Britain and the Dominions will retain their final right and freedom to judge of their duty when the concrete circumstances arise.

A doctrine which I have heard upon this side of the Atlantic and in the Senate Chamber.

> Without debate and decision in their parliaments no English-speaking community will allow blood and treasure to be devoted.

I should think that was axiomatic. It is at least axiomatic to any people who have any regard for their own liberty and independence.

> The supremacy of the representative principle will have to be preserved in every self-governing community of the English-speaking world.

The Manchester Guardian, a most pronounced, faithful, and persistent advocate of the league heretofore, speaking of this protocol, said:

> It pools all the resources—military, naval, aerial, industrial, and human—of the banded nations together into a common instrument of defense, and puts them by an automatic device at the immediate and unquestioned service, though not under the technical control, of an international executive body, the Council of the League of Nations, which alone has the right to call these common forces into play and alone has the right to call them off.
>
> They alone can call upon the military powers of the earth to act, and they alone can tell them to cease.
>
> In short, it substitutes common war for private war—

Common war under the direction of one world central authority. It continues:

> 1. It would deprive King and Parliament of the right of declaring war.
>
> 2. Similarly, King and Parliament would have no right to declare peace. That right would belong exclusively to the council of the league.
>
> 3. War when it did come would be automatic. We could not pick and choose the quarrels that we could make our own.
>
> 4. Our obligation to exercise and probably to enforce blockade would be automatic. Potentially every man, ship, gun, and every penny we possess would be engaged in any such automatic conflict. Though in such matters our obligation would be moral only, it would be unlimited. Our contribution to the common cause would have to be "loyal and effective," and who can limit the practical significance of those terms?
>
> 6. Finally, we should be committed inexorably by the protocol system to the maintenance, if necessary by force, of the existing European situation as it has been established by the peace treaties.

Mr. President, this is the true culmination of the doctrine advanced by M. Clemenceau and other advocates of the peace at Versailles. This is precisely what they had in mind. Clemenceau understood Europe. He knew that instead of the covenant modifying or mollifying the harsh terms of the treaty that time would make the covenant the sordid lackey of the Versailles treaty. It is now a matter of record that it has done so.

Will any Senator here for a moment contend that if the covenant of the league admits of the construction which M. Briand puts upon it, to wit, that the covenant now contains all the power which was proposed to be conferred upon it by the protocol, that it is not a gigantic world military machine? And if the covenant does not contain this power, in time they will embody it in the covenant. Who would touch it that believes in the freedom and independence of peoples? It is in conflict with every principle which your leader at Versailles announced. It is in violation of every creed which he ever pronounced. It is at war with all his ideas of peace. It is in conflict with the freedom of peoples and destructive of every rule of human progress. It consigns to political and economic peonage all weaker peoples, all subject peoples.

What follows, Mr. President? Without amending the statute of the court, what do they do with the court in this military machinery which they are building up for world-wide control? I read from the protocol:

> Any dispute as to the interpretation of the present protocol shall be submitted to the Court of International Justice.

Mr. President, when we adhere to the Court of International Justice we become a member of a body which is the legal adviser and counsellor of a stupendous military combination, now in process, either by construction or amendment, of being completed. That is what we shall secure if we go into a court whose jurisdiction we refuse to define. They have organized here a scheme by which they impose upon the court that duty of counselor and adviser to a vast military organization, and we, as a member of the court, whether we have a judge sitting there or not, are drawn into the military and political affairs as completely as if we were a member of the council itself. Will reasonable men contend that if the United States is a member of that court, and the court becomes involved, the United States must not become involved also? Can we join a body which is to counsel and advise and not be sucked into the maelstrom?

Bear in mind, Mr. President, they did not undertake to amend the statute of the court. They assumed the right, under article 14, to put the court in an advisory relation to this organization without anyone proposing to amend the statute itself. No one thought to object to the fact that you can not confer additional jurisdiction on the court without amending

the statute. Why? Because they regard the court as an organ of the League of Nations.

They regard it as a department of the League of Nations. They treat it as a part of the system of the League of Nations, not as an independent body whose jurisdiction is fixed and definite until the instrument which brought it into existence is amended. As a body which is a part of the system they are working it into a vast military organization. Shall we not, if we are going in, have protection against being drawn into such conditions as that? Are we so confiding, so trustful of these ambitious schemes?

In addition to this, they provided in the protocol for a number of subarbitration committees, and each one of these arbitration committees may call upon the court for advice and counsel, and if the arbitration committees fail, then the matter may go to the council, and the council may call upon the court for advice and counsel. What possible proposition involving Europe may we not become involved in, being a part of the adviser of the league?

Lord Buckmaster, in an article in the London Times, said:

> The real character of the protocol is by way of amendment to the covenant of the League of Nations, the terms of which it is designed both to strengthen and extend.
>
> If the present protocol becomes effective, its signatories bind themselves to accept this optional clause—article 36 of the court statute—and thereby to submit to the jurisdiction of the court all and any of the disputes arising under the above heads.
>
> The object of the protocol is to make it—the court—compulsory in all cases within its jurisdiction.
>
> There are thus the following methods established by the protocol and the covenant by which an international dispute may be settled:
>
> 1. Decision of the council, decision of the court, or compulsory arbitration at the request of one of the parties, or enjoined by the council.
>
> The failure to obey—the decision of the court—becomes for the first time a definite breach of an international bargain, so that aggressive war can only be waged in open breach of aggressed terms.

In other words, if they do not abide by the decision, then they have the same right to enforce the decision of the court as they would have to enforce a decision of the council of the league.

Mr. LENROOT. Or the court of arbitration at The Hague?

Mr. BORAH. I am perfectly willing to concede that for the purpose of the argument. I am perfectly willing to concede that. I concede it for the purpose of the argument, and shall concede it for the purpose of this entire debate if my friends desire me to do so. The argument which I am making to-day involves and applies to the application of force in the execution of any judgment against a sovereign nation. It is condemning that principle wherever found.

Mr. President, since the protocol was disposed of they have adopted certain amendments to articles 12, 13, and 15 of the covenant. They have included in those provisions of the covenant the words "judicial decisions," so that, for instance, article 13 at the present time provides that in case of a failure to abide by a decision of the court the council shall determine upon the method of procedure. Of course, I am quoting generally and not the exact words. These amendments, I have no doubt, cover advisory opinions. The league so contended in the Karelia and the Mosul cases. In view of the construction which M. Briand puts upon the covenant as embodying the spirit and purpose of the protocol, we have the court drawn specifically into the league by the amendments which have been made to articles 12, 13, and 15, and an organ of the league. At the present time, under the specific terms of the covenant of the league, the decisions of the court may be enforced subject to the discretion or judgment of the Council of the League of Nations. Sanctions, the enforcing power, are in the league, and if we become a member of the court the judgments rendered by the court, of which we are a member, will become enforceable by the terms of the covenant of the League of Nations.

Mr. President, let us turn to a different plan and to a different people and to a class of leaders of broader vision and of a profounder faith, the fathers who framed the Constitution of the United States. Let us draw a lesson from those men and the work which they did.

When the fathers came together for the purpose of framing the Constitution of the United States they had to deal with 13 sovereign States, and they were sovereign at that time in their pride, in their feelings, in their strength. They were as sensitive to their sovereign rights as perhaps any nation in the world is to-day.

But the fathers had to deal with the subject, and they proposed to submit the controversies arising between the sovereign States, or sovereign nations as we might call them, to judicial determination. They therefore provided or proposed to provide that a sovereign State might sue another sovereign State and bring that other sovereign State into court for the determination of the controversy. Immediately the question arose as to what they would do with a judgment after it was rendered. Who would execute the judgment? There the question was raised, as it is raised to-day, what would a judgment of the court be worth if there were no power, no army, no navy to enforce it.

One of the most brilliant members of the convention said it would be utterly futile. Here the fathers faced, so far as I know, for the first time in the history of the world the question of whether they would employ force to execute a judgment of a judicial tribunal against a sovereign State. They decided it in accordance with their reputation for wisdom and foresight which they then established and which will live throughout all history. Mr. Madison said that when he first thought over the proposition he was of the opinion that they would have to authorize the use of force against a sovereign State. But, according to the language of the debate, Mr. Madison observed that the more he reflected on the use of force the more he doubted the practicability, the justice, and the efficacy of it when applied to people collectively and not individually. A Union of States containing such ingredients seemed to provide for its own destruction.

Imagine, Mr. President, the League of Nations called upon to execute a judgment rendered against the nation of Great Britain. The league would disappear like the mist before the dawn. Any such proposition is war. It contains the seeds of dissolution. As Madison said, it was war, and the Union would be dissolved, and the league would be dissolved. There is no nation against whom they would enforce it except the small nations which must take dictation from the greater nations.

Mr. CARAWAY. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. CARAWAY. Is it the opinion of the Senator that the league is wholly evil, and that it ought never to have been set up?

Mr. BORAH. No; I do not say that. I say that if the league had been based upon the principles which were contended for by Wilson, and if it had been carried out, it might have been of great help in Europe. I can see how a body such as he proposed carried out in good faith might have helped greatly in bringing about a better understanding and a better feeling in Europe.

Mr. CARAWAY. Is it the Senator's belief that the present league should cease to be?

Mr. BORAH. I should not say that it should cease to be, but it should certainly cease to practice the principles which it is now practicing.

Mr. CARAWAY. Does the Senator object to what it did in composing the differences between Greece and Bulgaria recently?

Mr. BORAH. No; but I do object to what it is doing in Syria. In the matter of Bulgaria and Greece no great nation was involved. In Syria a great nation is involved, and so a different program is adopted.

Mr. CARAWAY. Is the league doing it in Syria?

Mr. BORAH. Yes; it is under a mandate of the league.

Mr. CARAWAY. What would have happened if there had been no league? Would there have been any Syria?

Mr. BORAH. Yes; I think so. I think there would have been an independent nation. If the great nations had done nothing more than respect their solemn agreements, Syria would have been free and contented.

Mr. CARAWAY. Under what authority?

Mr. BORAH. Under its own authority.

Mr. CARAWAY. Under the conditions that existed in Europe at the end of the war?

Mr. BORAH. If the nations had carried out their pledge which they made to Syria and respected the pledge which they made, I have no doubt at all but what the Syrian people would have carried on self-government. I read further from the debates.

> The use of force against a State would look more like a declaration of war than the infliction of punishment and would probably be considered by the party attacked as a dissolution of all previous compacts by which it might be bound.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

Mr. WALSH. I speak only from recollection, but my remembrance of it is that the covenant recites—and I suppose that had Mr. Wilson's approval—that there are certain places not yet able to sustain an independent government, which ought to be taken care of by a mandate until they could do so, including the former territory of Turkey.

Mr. BORAH. I will answer that, but I would rather not be diverted into that line of discussion at present. I will answer that to say that undoubtedly Mr. Wilson strove in every way possible to neutralize the effect of the secret treaties, and he did that by advocating what was known as the mandate system. But it would be a supreme injustice to the name and memory of Woodrow Wilson to suppose that in advocating a mandatory power he was advocating the possibility of that which is now happening to Syria.

Mr. WALSH. Let me remind the Senator that Mr. Wilson did recommend a mandate for Armenia, part of the former territory of Turkey, evidently convinced that the Armenians could not maintain themselves independently.

Mr. BORAH. The Senator ought to take into consideration that Mr. Wilson was seeking to sterilize or neutralize the effect of the secret treaties.

Mr. WALSH. Quite right.

Mr. BORAH. If he could have gotten rid of the secret treaties there is no evidence of the fact that he would have established any mandate system.

Mr. WALSH. But let me remark that the secret treaties had nothing at all to do with the question of the Armenian mandate. When they were set up as an independent government they could not maintain it.

Mr. CARAWAY. May I suggest to the Senator that just a moment ago he said that those countries would have been maintained as independent countries if it had not been for the league and the mandates. I understood him just now to say there were secret treaties that would have destroyed those countries if it had not been for the influence of Mr. Wilson in trying to get mandates instead of absolute independence.

Mr. BORAH. The Senator left out a part of my statement which I think makes it plain. I said that if the nations of the earth which made the secret treaties had kept the pledges which they openly made to those smaller nations, if they had kept the pledges which they made during the war, those nations would have set up self-government and maintained themselves.

Mr. CARAWAY. That is a negative of the statement the Senator made immediately afterwards that those secret treaties would have destroyed those nations.

Mr. BORAH. I am perfectly willing to admit that the secret treaties made a mess of the whole affair. It was a division of the spoils.

Mr. CARAWAY. May I say just a word further, and then I shall not interrupt the Senator again? I do not presume anybody condones the attitude of France now in the matter just mentioned, but what would have been the fate of those peoples if they had been left to the secret treaties?

Mr. BORAH. It could not have been any worse than it is, because now they are being killed off. Nothing could be more intolerable than the present government of Syria.

Mr. CARAWAY. I thought the Senator said a moment ago there was something worse than war. They had the ideals of independence, and I do not think anybody doubts it.

Mr. BORAH. Who has independence?

Mr. CARAWAY. I say they have the ideals, and I think they will have independence. They could not have had if they had been destroyed as nations at the end of the war.

Mr. BORAH. In my opinion, they will never have independence not in any event until they have been stripped of all means of sustaining themselves.

Later on, on the 8th of June, Mr. Madison said:

> Could the national resources if exerted to the utmost enforce a national decree against Massachusetts, abetted perhaps by several of her neighbors? It would not be possible.

Mr. Hamilton in discussing the question said:

> But how can this force be exerted on the States collectively? It is impossible. It amounts to a war between the States. Foreign powers also will not be idle spectators. They will interpose, the confusion will increase, and the dissolution of the Union will ensue.

Again he said:

> It has been observed to coerce the States is one of the maddest projects that was ever devised. A failure of compliance will never be confined to a single State. This being the case can we suppose it wise to hazard a civil war. * * * But can we believe that one State will ever suffer itself to be used as an instrument of coercion? The thing is a dream; it is impossible.

Mr. Ellsworth, who does not stand so high upon the roll of popular fame as do Madison and Hamilton, but who, in my opinion, was equal to either of them as a lawyer, and who was afterwards Chief Justice of the United States, said:

> The Constitution does not attempt to coerce sovereign bodies, States, in their political capacity. No coercion is applicable to such bodies but that of armed force. If we should attempt to execute the laws of the Union by sending an armed force against a delinquent State, it would involve the good and the bad, the innocent and the guilty, in the same calamity.

This doctrine, Mr. President, it has been suggested, has been modified. I do not think so. I think that when the decisions of the Supreme Court are taken as a whole it will be found that this doctrine announced by the fathers in the organization of the court and in the framing of the Constitution has been the doctrine which has been accepted by the Supreme Court of the United States. I shall not, of course, take the time to go into the numerous decisions in which this has been referred to directly and indirectly, but I will call attention to some later authorities. Take, for instance, the case of Kentucky against The Governor of Ohio back in 24 Howard. I quote from the decision:

> A suit by or against the governor of a State as such in his official character is a suit by or against the State. * * * Congress can not coerce a State officer, as such, to perform any duty by act of Congress. The State officer may perform it if he thinks proper, and it may be his moral duty to perform it, but if he refuses no law of Congress can compel him. * * * If the Governor of Ohio refuses to discharge his duty, there is no power delegated to the General Government, either through the judicial department or any other department, to use any coercive means to compel him.

The suit against the governor was a suit against the State, and if the governor, as representing the State, refuses to obey, in the judgment of the court, says the Supreme Court of the United States, there is no power, either in the court or in any department of the Government, to compel him to obey the mandate or the judgment of the court.

Dr. James Brown Scott, in his discussion of this matter, says:

> It is to be observed that the issue is drawn by our ancestors between the coercion of law and the coercion of armed forces, and to-day, as then, the issue is still between law and armed force. They chose, and wisely, a Supreme Court in which law should be administered, and they left the appearance of the defendant State and the execution of the judgment to an enlightened and irresistible public opinion, or, as they expressed it, in the Declaration of Independence, to "a decent respect to the opinions of mankind."

I think, Mr. President, that the boldest step ever taken by any body of men in favor of peace between sovereign states or sovereign nations, in favor of substituting law between governments for violence and force, was the step which the fathers took when they said that they would rest the execution of judgments against a State upon the power of public opinion. What has been the result? We have had some 80 judgments rendered against sovereign States, and with the exception of one, in part, they have all either been accepted by the States or, as might be said, enforced by the power of public opinion. Even at this late day, strong as we are as a Union and united as we are as a people, who can think of what might follow should the Government of the United States call out an armed force to enforce a judgment against a State of the Union? It would be, as Madison said, war. Upon one side would be allied some States and upon the other side other States. It would be civil war, and the Union would be involved.

Mr. President, the difficulty with the proposition with which we are dealing is not that of sovereign governments abiding by the judgment of a judicial tribunal. The difficulty arises out of the fact of getting them to consent to the jurisdiction of the court. Take, for instance, the question of the invasion of Ruhr under the Versailles treaty. England contended that she had no authority to go in under the Versailles treaty; France contended that she did have such authority.

It was a question which might well have been submitted to a court. Suppose France had consented to submit it to a court and had argued it before the court, does anyone believe that France, after submitting to the court and after presenting her cause to the court, would have refused to abide by the judgment of the tribunal whose judgment she had invoked?

The difficulty, I say, is in so framing a law and a court under such law that nations will be willing to submit their cause, in the first instance, to judicial determination. Once it is sub-

mitted and argued, rare, indeed, will be the instances in which the defeated litigant will refuse to abide, and those instances in which they refuse to abide by the judgment are the instances in which force would mean war. I will now read a single paragraph from Judge Guthrie, and then I shall close these quotations.

> The Supreme Court has no armed force at its command to compel obedience to its decrees by a recalcitrant State. Their enforcement rests, in the final analysis, and the framers of the Constitution so contemplated and intended, upon the moral power of public opinion. Under our system of National Government the judicial branch is the weakest in the physical sense, as Hamilton pointed out in the Federalist it would be; but in the moral sense it has proved to be the strongest. * * * The lesson derived from these examples most persuasively shows that the proposed international court of arbitral justice could reasonably be expected to function with great and constantly increasing power and prestige without any military force, * * * as our Supreme Court has been able to function for a century and a quarter with constantly increasing prestige and power and reverence.

In this history of our court is a profound and commanding admonition to all who would sincerely advance the cause of peace.

I do not believe that the only commanding power in the world is that of military force. I think the power of public opinion with reference to matters upon which public opinion may operate such as a trial and judgment of a court will nine times out of ten be far more effective than the employment of military force.

I know, Mr. President, how this belief that force must always be in the background, always be subject to call, has come to permeate the beliefs of men everywhere. It is all but universal among those who deal with international questions. Its futility for peace has been proven a thousand times, but it still prevails. There are no words to describe and no philosophy to explain this superstitious idolatry of force. Governments make treaties in which they agree, under certain conditions, to employ force, to send armies and navies, to sacrifice treasure and life, and no one stops to ask: Will the contracting powers keep their promise; who will see that they execute their pledge? It is all taken for granted.

On the other hand, when governments make treaties, or propose to make treaties, in which they agree to submit their controversies to the decision of a court and abide the judgment thereof, immediately the question is asked: Who will enforce the judgment; where is your army and your navy to carry the decree into effect? As a matter of fact, it is precisely the same thing behind and back of both treaties—the solemn pledge of the nation, only that and nothing more. In one instance there is the honor of the nation to send an army. In the other instance there is the honor of the nation to abide by the judgment of a court. We find no difficulty in relying upon the former pledge. We utterly distrust the latter. It is another manifestation of that wicked, persistent, distrust of human nature which comes down to us from the days when governments were founded upon force and the people had no voice. You fix the machinery of government and the plans for peace, so that public opinion may operate, so that the average man and woman may have a voice, and the judgments of your courts will be respected.

As it is now, in the last analysis there is no difference between the advocates of peace and the advocates of war. They ultimately meet upon the common ground that force is the final arbiter in international affairs. Every peace scheme ends with a provision for war and an arrangement for armies and navies. Speaking at Geneva last March, the Foreign Secretary of the British Government declared:

> Brute force is what they fear, and only brute force enlisted in their behalf will give them the security of which they feel the need.

He was speaking for peace. A short time prior to that a noted American general publicly declared:

> If for one moment you remove force as the mainstay of government, that moment the civilization of 2,000 years disappears like an exploded soap bubble.

He was speaking for war. But here you have the doctrine from both sides, the doctrine which has lately reduced a continent to one weltering mass of human misery, still claiming to be the stay and prop of civilization, still accepted as the basis of peace and of war. Did Bernhardi claim anything different or anything more? Did Caesar or Napoleon build upon any different theory? Does the law of the jungle rest upon any different basis? I utterly reject the doctrine that force is the mainstay of government. Unfortunately it still has its place in organized society, but it is incidental. It is subordinate to a higher and more enduring power, and should always be regarded and treated as such. The fleeing criminal and the pursuing sheriff are but an incident in the life of the countless millions whose devotion to order and obedience to law make organized society possible. We see only the criminal and the sheriff, and overlook the silent, majestic force which finds expression in millions of homes and in the daily avocations of the people and through which alone society is held together. If it were not for the love and loyalty of our people to our country this Government would crumble in a night, and our Army and Navy would go with it.

Mr. President, we have reached a point where it seems to me we have no alternative. We shall either change our faith or civilization will experience the crash which has twice before overtaken it. After 2,000 years of this worship of force, after 2,000 years of this teaching and of the practice which flows from such teaching, what are the results; what are the fruits? If anyone is familiar with the vernacular of hell, let him undertake to paint the picture. Human tongue is inadequate to the task. First, a debt of $350,000,000,000, resting like an eternal mortgage—for it will never be paid—upon the brain and the energy of the human family, driving men and women on to days and night of ceaseless and fruitless toil. Nations rich, marvelously rich, in national resources, now upon the very verge of bankruptcy, and still laying on like a burning lash upon the backs of their peoples heavier and still heavier burdens. Hospitals from Petrograd and Berlin to San Francisco and Peking, crowded with the diseased, the maimed, and the insane. Families broken and scattered, states dismembered, peoples oppressed, babes born prematurely old and cursed with inherited disease, communities visited with strange epidemics and incurable afflictions, and finally every government, in the face of all this, now searching for more deadly and destructive means of indiscriminate murder; these are the fruits of this worship of force, this urge for blood. I maintain that the human family can not carry the creed. It is undermining and destroying the race. We have no alternative. We are compelled as a matter of self-preservation to reject this fetish.

I could never get my consent, Mr. President, to indorse or vote for any proposition, or scheme, for peace which rests in the last analysis on force. There is too much danger in such a program, too great a menace to the liberties and happiness of the great mass of the people. I do not care how far removed is that part of the scheme which provides for the appeal to force, I do not care how carefully it is sheltered from the common gaze by provisions for conciliation and arbitration, nor how high-sounding nor how sincere may be the preamble, if force is there, it will come in the end to swallow up all other provisions and dominate the whole program. When force can be used under any circumstances and there is unlimited power behind it, the circumstances always have, and always will be found. But how much greater will be the tendency when you have made force respectable, baptized it in the name of peace and clothed its possessors with noble purposes, and then placed at its disposal unlimited and undefined power. The Holy Alliance began its existence consecrated to peace and to the advancement of Christianity, invoking the guidance of the Sinless Being who had decreed that "all those who take up the sword shall perish with the sword," ended in a determined effort to suppress free speech, destroy the liberty of the press, and establish arbitrary power in every corner of Europe. It always has been so. The more you feed it, the more it hungers. The more respectable you make it, the more arbitrary and brutal are its ambitions. Have we not sufficient example in what has taken place in Syria and the Saar Valley, in Galicia, and what is threatened in China, to realize that this vicious god has lost none of his appetite and forfeited none of his inevitable propensities? You can not make it anything other than what it is, a thing in and of itself brutal and barbarous, the creed of the savage and the apology of the civilized man.

Mr. LENROOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCNARY in the chair). Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. BORAH. I yield.

Mr. LENROOT. I should like to understand the Senator's position. Is it the Senator's position that if the United States enters into treaties with other nations, and there is a deliberate, constant violation of those treaties, we should never use force to assert our rights under them?

Mr. BORAH. Of course I could not say until the particular treaty arose. I certainly would not use force except in defense of my country.

Mr. LENROOT. What does the Senator mean by that—invasion of the country?

Mr. BORAH. Yes; technically, I think, I would say that.

Mr. LENROOT. Perhaps the Senator might. Then the Senator's position must be that to-day a nation may assert any right against another by force because of an alleged violation of its treaty, or a violation——

Mr. BORAH. Of course a nation may defend itself by force.

Mr. LENROOT. I am speaking of what may happen under international law now.

Mr. BORAH. Yes; but understand me. It is one thing to employ force if you are attacked; it is a wholly different thing to go out and organize a plan for peace and base it upon force. I do not deny that there may be war; but I am not going to organize a plan for peace based upon force and expect anything out of it except war. If I organize for war I will call it war, not peace.

Mr. LENROOT. The Senator must admit that to-day a nation claiming that its rights have been violated may exert force in the assertion of those rights against another nation. I agree with what the Senator says with regard to the force of public opinion, but the Senator's position now is that while they may go to war to-day for the assertion of a right, if they undertake to submit a dispute to this court and solemnly agree to abide by its decision and then fail to do so, in that case force never shall be used.

Mr. BORAH. No, Mr. President; the Senator does not correctly state my position.

Mr. LENROOT. I should like to understand it.

Mr. BORAH. What I object to is the agreement in advance that we will employ force for the purpose of enforcing a judgment against a sovereign nation. If we are attacked or assailed, just as an individual may be attacked or assailed upon the street, a wholly different principle of life is involved. We are now proposing a peace plan, and the peace plan employs military force. I say that is nothing but a military alliance. It may be in the life of a nation when assailed it will have to employ force, but to draw a number of nations together and give the combination the right to employ force against a sovereign nation is to establish a military alliance. Such a combination of power with the right to employ military force means that force and not justice will be the guiding principle.

Mr. LENROOT. Again, Mr. President, we are not proposing a peace plan that employs force. We have nothing to do with the League of Nations. We are not a party to the League of Nations. There is nothing in the statute we are asked to adhere to providing for the enforcement of a single judgment of the court. The Senator knows that; and if Great Britain, for example, submits to the court a case with another nation, and, after having agreed to submit and abide by the judgment, that other nation refuses to abide by it and Great Britain uses force, she is only doing that which she has a right to do now, and it can not concern us. We are as free, as independent as we are to-day with reference to whether or not we shall use force if we submit a case and another nation refuses to abide by the judgment. In fact, the force of public opinion that is so desirable, that the Senator speaks of, is brought to bear through this court wherever it renders judgments; but you will never have a case brought to this court or any court that the Senator may seek to create if you are to provide beforehand that no force shall ever be used to enforce a judgment where one of the parties to the submission, after agreeing to abide by it, fails to do so.

Does the Senator really think that he or the United States can secure the creation of any kind of a world court or the codification of international law where the nations will agree that under no circumstances will they resort to force for the assertion of their rights or the violation of a treaty? What is the use of talking about world peace or world courts if you are going to have any such impossible proposition as that presented by the United States?

Mr. BORAH. What is the use of talking about world peace when you are providing for a military alliance?

Mr. LENROOT. We are not providing for a military alliance.

Mr. BORAH. That is precisely what you are doing. Test it by all the experience of the past.

Mr. LENROOT. No; we are not.

Mr. BORAH. You are simply interposing here one more cog; that is all.

Mr. LENROOT. No.

Mr. BORAH. But if the cog does not move, then you are going to move it by military power. That is all there is to it.

Mr. LENROOT. We are not doing anything of the kind. The Senator talks about a military alliance. Without this court, that so-called military alliance is going to decide every question for itself; is it not? Under the Senator's theory, either the permanent court will decide all of these questions, or this vicious Council of the League of Nations will decide them.

Mr. BORAH. And the vicious council will decide them anyway, just as it did in the Mosul case.

Mr. LENROOT. The Senator now speaks of the force of public opinion. He seems to fail to appreciate that if this court shall be successful as the years roll on, it will be because and only because the force of public opinion, upon which I am in full sympathy with the Senator, will compel the nations of the world, given a properly constituted court—I mean, in the performance of its functions—to have their controversies decided by this court instead of having military decisions.

One word more, Mr. President, with reference to our own situation as between States.

I have before me, from the Elliott debates, the argument of Mr. Wilson, one of the delegates to the convention, where he set out at great length that one of the reasons of the failure of the confederation was because, while Congress had been given power to settle controversies between States, it had not been given any power to enforce the decrees of the court with reference to them.

In the case of Virginia against West Virginia, decided in 1917, this matter was very fully discussed. The Senator from Idaho is familiar with that case. It was referred to the other night. I asked him if it was not a fact that the legislative or executive authority might enforce a judgment of the court, and he said "no." I do not want to take the time of the Senate, and yet this is a matter of such importance that I want to read just a page from that opinion, because it recites a little history.

The opinion is written by Chief Justice White. He says:

When the Revolution came and the relations with the mother country were severed, indisputable controversies between some of the colonies, of the greatest moment to them, had been submitted to the privy council and were undetermined. The necessity for their consideration and solution was obviously not obscured by the struggle for independence which ensued, for, by the ninth of the Articles of Confederation, an attempt to provide for them as well as for future controversies was made. Without going into detail it suffices to say that that article in express terms declared the Congress to be the final arbiter of controversies between the States and provided machinery for bringing into play a tribunal, which had power to decide the same. That these powers were exerted concerning controversies between the States of the most serious character again can not be disputed. But the mechanism devised for their solution proved unavailing, because of a want of power in Congress to enforce the findings of the body charged with their solution, a deficiency of power which was generic, because resulting from the limited authority over the States conferred by the Articles of Confederation on Congress as to every subject. That this absence of power to control the governmental attributes of the States for the purpose of enforcing findings concerning disputes between them gave rise to the most serious consequences and brought the States to the very verge of physical struggle and resulted in the shedding of blood and would, if it had not been for the adoption of the Constitution of the United States, it may be reasonably assumed, have rendered nugatory the great results of the Revolution, is known of all and will be found stated in the authoritative works on the history of the time.

Then, under the heading "The power of Congress to legislate for the enforcement of the obligation of West Virginia," the court said:

The vesting in Congress of complete power to control agreements between States—that is, to authorize them when deemed advisable and to refuse to sanction them when disapproved—clearly rested upon the conception that Congress, as the repository not only of legislative power but of primary authority to maintain armies and declare war, speaking for all the States and for their protection, was concerned with such agreements and therefore was virtually endowed with the ultimate power of final agreement which was withdrawn from State authority and brought within the Federal power. It follows as a necessary implication that the power of Congress to refuse or to assent to a contract between States carried with it the right, if the contract was assented to and hence became operative by the will of Congress, to see to its enforcement. This must be the case unless it can be said that the duty of exacting the carrying out of a contract is not, within the principle of McCulloch v. Maryland, 4 Wheat. 316, relevant to the power to determine whether the contract should be made. But the one is so relevant to the other as to leave no room for dispute to the contrary.

Again:

Nor is there any force in the suggestion that the existence of the power in Congress to legislate for the enforcement of a contract made by a State under the circumstances here under consideration is incompatible with the grant of original jurisdiction to this court to enter-

tain a suit between the States on the same subject. The two grounds in no way conflict, but cooperate and coordinate to a common end—that is, the obedience of a State to the Constitution by performing the duty which that instrument exacts.

Mr. BORAH. The Senator has the decision there before him. Will he turn to the paragraph where the court decides that there is any power anywhere to enforce a judgment against a State?

Mr. LENROOT. Yes; I will read the syllabus, which will perhaps give it.

Mr. BORAH. I would like to see the paragraph. I will read it to the Senator.

Mr. LENROOT. All right; find it.

Mr. BORAH. I have it here. This case was nine times before the court, Virginia always insisting upon action against West Virginia and upon authority to collect. The court had the case before it nine times, and this is what it finally said:

But we are of the opinion that we should not dispose of this question now.

Mr. LENROOT. As to the method, I shall read the syllabus prepared by the court itself. It will not be necessary to read the entire opinion to see what the court decided.

Mr. BORAH. Yes; it will be necessary, if the Senator ever finds it.

Mr. LENROOT. I will find it. The syllabus reads, in part:

The original jurisdiction conferred upon this court by the Constitution over controversies between States includes the power to enforce its judgment by appropriate remedial processes, operating where necessary upon the governmental powers and agencies of a State.

The authority to enforce its judgments is of the essence of judicial power. That this elementary principle applies to the original jurisdiction in controversies between States has been universally recognized as beyond dispute, as is manifested by the numerous cases of the kind which have been decided, in not one of which hitherto, since the foundation of the Government, has a State done otherwise than voluntarily respect and accede to the judgment.

What the Senator refers to is not the question of the power to enforce the judgment but the method that should be employed.

Mr. BORAH. The method is the power here.

Mr. LENROOT. Oh, no.

Mr. BORAH. What is the method? What do they say about it? It is all right to say you can enforce it, but when they come to point out the method and to find the provision of the Constitution under which they may enforce a judgment, where does the court suggest it?

Mr. LENROOT. In the first place, they say that the legislative power may enforce it, as I said the other evening.

Mr. BORAH. No.

Mr. LENROOT. Oh, yes; they do.

Mr. BORAH. They provide for the case where a contract is entered into between States. That is a wholly different proposition, and comes under a different clause of the Constitution.

Mr. LENROOT. What was this case? It was a suit to recover money, was it not?

Mr. BORAH. This was a suit, but not as the result of a contract, such as you are referring to.

Mr. LENROOT. But the court is speaking of this case and the power to enforce its judgment. It says:

The remedy sought, as we have at the outset seen, is an order in the nature of mandamus commanding the levy by the Legislature of West Virginia of a tax to pay the judgment.

They proceed to discuss that at some length, and then say:

Giving effect to this view, accepting the things which are irrevocably foreclosed—briefly stated, the judgment against the State operating upon it in all its governmental powers and the duty to enforce it viewed in that aspect—our conclusion is that the case should be restored to the docket for further argument at the next term after the February recess. Such argument will embrace the three questions left open.

These are the three questions left open:

1. The right under the conditions previously stated to award the mandamus prayed for. 2. If not, the power and duty to direct the levy of a tax as stated. 3. If means for doing so be found to exist, the right, if necessary, to apply such other and appropriate equitable remedy, by dealing with the funds or taxable property of West Virginia or the rights of that State, as may secure an execution of the judgment.

Mr. BORAH. But all those questions are still open.

Mr. LENROOT. Because the matter was settled. The particular means to enforce the judgment; but the court does expressly hold that this judgment may be enforced. It is an enforceable judgment, and the Congress, the court says, may provide appropriate means for that purpose.

Mr. HARRISON obtained the floor.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Montana?

Mr. HARRISON. I yield.

Mr. WALSH. I wanted to say that I am very sure there is no Member of this body who will not join most heartily in the fervent prayer so eloquently uttered by the Senator from Idaho that God will speed the day when swords shall be beaten into plowshares and spears into pruning hooks and war shall be no more. But, unfortunately, most of us believe that that day is not just at hand and that we have to take provision accordingly.

The Senator points out how the judgments of the Supreme Court of the United States, in a suit by one State against another, have been uniformly observed, the force of public opinion sufficing. The Supreme Court has said, as pointed out by the Senator from Wisconsin, that the power undoubtedly rests in the Federal Government somewhere to enforce that decision of the court. I read from the opinion just a brief statement:

That judicial power essentially involves the right to enforce the results of its exercise is elementary. * * * And that this applies to the exertion of such power in controversies between States as the result of the exercise of original jurisdiction conferred upon this court by the Constitution is therefore certain.

So that the court has said that the power has rested there all these years to enforce such a judgment, but it has never been necessary to resort to it.

Mr. BORAH. Has the court——

Mr. WALSH. Just a moment. We all hope and pray exactly the same way—that if the power to enforce the judgments of the Court of International Justice in some way by coercion does exist somewhere that there will be no occasion to resort to it, that the nations of the earth, having solemnly agreed—two of them, or three of them, or half a dozen of them—to submit their controversy to this court, and they do so, that they will be honorable enough to abide by the decision, even if they are not coerced to do so by the force of general public opinion. If the nations of the earth who belong to the League of Nations feel that the residuum of force is important or necessary, why should we quarrel with them?

Mr. BORAH. Mr. President, I quarrel with them for this reason, that if force is anywhere involved or provided for in any scheme for peace it does not make any difference how well it is covered up with peace provisions for conciliation and arbitration, it does not make any difference how well it is obscured from the public gaze, if force is anywhere provided for force will ultimately come to dominate the whole scheme.

Mr. WALSH. It has not in the United States.

Mr. BORAH. No; because it does not exist.

Mr. WALSH. Mr. President, if the Senator will pardon me, I want to interrupt him to proceed a little further in this connection with relation to our own system.

I pointed out in the course of an address I have heretofore delivered upon this subject that there is a very grave misapprehension concerning this particular subject and concerning the effect of public opinion in enforcing judgments of the Supreme Court of the United States in a case by one State against another, and concerning the considerations that operated to introduce that provision into the Constitution.

It will be borne in mind that the Colonies, as stated by the Senator, were independent entities, each an independent sovereignty, with the power to make war on each other. They gave up that power to make war on each other, and why did they give it up? They gave it up because the Constitution guaranteed that the National Government, through its Army and Navy, would protect any of them against violence, either by an adjacent State or by a foreign country. In other words, all of the thirteen States have entered into what is practically a military alliance, by which each of them agrees that it would come to the aid of any State that was attacked, either by another State or by a foreign country. Each State having thus given up its own power to make war, it became necessary to establish a tribunal by which the controversies between them could be settled. In other words, the Constitution of the United States introduced just exactly the principle of Article X of the despised covenant of the League of Nations, and exactly the principle of the protocol of Geneva of 1924, namely, that an aggression against one State is an offense against all, and all are called upon in this case to repel invasion.

Mr. BORAH. I agree with the Senator perfectly. That is what I have been contending from the beginning of this debate, that they were drawing us into a supergovernment, that we were becoming part of the government of the nations of the earth, which they were establishing, just as a State is a part of this Government, and that is precisely what I contend again, that we are becoming a part of a supergovernment, and that is what the Senator contends. I do not disagree with him at all.

Mr. WALSH. The Senator does not contend anything of the kind.

Mr. BORAH. Then I misunderstood the Senator.

Mr. WALSH. There has not been any international government set up. But in order that this matter may be entirely clear, I send to the desk and ask to have published in the RECORD a review of the decisions of the Supreme Court of the United States upon this subject of the power of the Federal Government to enforce judgments of the Supreme Court rendered in cases by one State against another.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BRUTUM FULMEN—A PRECEDENT FOR A WORLD COURT

(By James N. Rosenberg, New York City)

A world court faces an inescapable dilemma. It is a choice of armies or acquiescence. For the decrees of such a court must either be backed by guns, ships, embargoes—all the portentous paraphernalia of power; or they must command the obedience of litigant nations through the power of respect to the opinions of mankind. A court supported by arms is not likely to be accepted by this country, if American ballots declining entry into the League of Nations meant anything. Hence we are forced to inquire whether a world court—buttressed only by the coercion of law; whose judgments are brutum fulmen—blank cartridges; whose determinations will be accepted only in those cases where the disputants are willing—is worth the effort of bringing it into being. Can such a court serve to avert war? It is the thesis of this essay that history within our doors—the relation of our Supreme Court to the sovereign States—suggests an answer to these inquiries.

THE STATES UNDER THE CONFEDERACY

During the War of the Revolution the States had had a common interest against a common enemy. With the war's end, their many long-standing differences rose again to the surface. High and mighty independent little sovereigns were they, with diverse citizenry, separated by barriers of conflicting economic, social, religious, political beliefs, backgrounds, surroundings, and aims.

Prior to the Revolution, disputes between the colonies had been referred to the Crown for adjudication. (See Rhode Island *v.* Massachusetts (U. S. 1838), 12 Pet. 657, 739, et seq.; Virginia *v.* West Virginia (1918), 246 U. S. 565, 597–598, 38 Sup. Ct. 400.) The States, in creating a Confederacy, recognized that machinery must be provided for the settlement of such disputes. The articles of confederation therefore constituted "the United States, in Congress assembled," "the last resort on appeal," in disputes between States concerning "boundary, jurisdiction, or any other cause whatever"; and provided for the appointment of commissioners by "the lawful agents" of the States to hear disputes. If the agents could not agree on the personnel, Congress was empowered to name a panel of three from each of the 13 original States, from which commissioners were selected. (Articles of Confederation, art. 9.)

This machinery was similar to The Hague tribunal. (See John Bassett Moore, Organization of the Permanent Court of International Justice (1922), 22 Columbia Law Rev. 497, 498.) It lacked the fundamentals of a court; there were no permanent judges; there was no permanent court; Congress was a mere secretariat under the auspices of which the agents of the States appointed commisisoners ad hoc to hear each dispute.

In the 11 years of the Confederacy, only one controversy between States was decided by this tribunal—that between Pennsylvania and Connecticut over the Wyoming Valley. (The decision was accepted quietly by the State of Connecticut, but physical conflict in the Valley continued until the Federal Union. (See Nevins, The American States During and After the Revolution (1924), 586–589.)

CONSTITUTION AND COURT

The provisions of the Constitution creating a court with extraordinary jurisdiction, including power to determine controversies between the sovereign States as well as controversies to which the United States itself was a party, have repeatedly been pointed to as the unique contribution of the fathers. (See de Tocqueville, De la Democratie en Amerique (1835), 158; Maine, Popular Government (1886), 217, 218.) But it is, perhaps, a more significant fact that the Constitution contains no statement as to the means of enforcing the court's decrees by any arm of the Government.

The only hints as to the method of enforcing such decrees lie in the authority granted, not to the court, but to the executive (Article II, sec. 3) to "take care that the laws be faithfully executed," and in the power of Congress (Article I, sec. 8) "to provide for calling forth the militia, to execute the laws of the Union, suppress insurrections and repel invasions." Whatever the implications of these two phrases of the Constitution, the argument here to be presented is that the efficacy of the court, as a judge between the States, has always rested, and rests to-day, not in its exertion of power, but in the States' acquiescence.

THE ENACTMENT OF THE CONSTITUTION

Chief Justice White has stated that neither Madison's Journal nor the other scant contemporary records of the proceedings of the Constitutional Convention of 1787 disclose debate regarding the enforcibility of, or method of apparatus of enforcing, decrees of the United States Supreme Court against States. The absence of argument on this point during the discussion of the judiciary clauses, the Chief Justice in 1918 attributed to the "necessity of their enactment as shown by the experience of the colonies and by the specter of turmoil, if not war * * * against the recurrence of which there was a common purpose efficiently to provide." (Virginia *v.* West Virginia, supra, footnote 1, p. 600.)

The question of exertion of Federal force "against a delinquent State" did, however, arise in the Constitutional Convention. The Virginia plan for a constitution provided for calling "forth the force of the Union against any member of the Union failing to fulfill its duty." (See 5 Elliot, Debates on the Adoption of the Federal Constitution (2d ed. 1881), 127–128.) Concerning this, Madison's timely observations deserve much thought from those who would create an effective world court.

"The more he reflected on the use of force the more he doubted the practicability, the justice, the efficacy of it. * * * A union of States containing such an ingredient seemed to provide for its own destruction. The use of force against a State would look * * * like a declaration of war * * *." (Ibid., p. 140.)

The New Jersey plan for a constitution also proposed force against States. (Ibid., p. 192.) But the counsels of such men as Madison prevailed. The fathers excluded all such provisions from the Constitution.

When it came to the ratifying conventions, the question of the court's power received much attention. Strong objection was made to a plan which threatened the compulsory appearance of a sovereign State before the bar of the Supreme Court. Such a conception opposed the views held for centuries by lawyers and statesmen that a sovereign was immune from suit. (See Holmes, J., in Kawananakoa *v.* Polyblank (1907), 205 U. S. 349, 353, 27 Sup. Ct. 526.)

James Wilson asserted in the Pennsylvania debates that the Constitution meant that the Supreme Court could enforce its decrees, urging this, indeed, as an especial reason for ratification. (Pointing out that this cured one of the defects of the Articles of Confederation. See 2 Elliot, op. cit., footnote 7, pp. 482, 491; cf. Grayson of Virginia, 3 Elliot, p. 563.) Marshall and Ellsworth, on the other hand—whose opinions are entitled to special weight, since they both later became Chief Justices—were outstanding champions of a contrary view. Marshall, in the Virginia debates, speaking at the moment of suits by individuals against States, expressed the hope that * * * no gentleman will think that a State will be called at the bar of the Federal court * * *. It is not rational to suppose that the sovereign power should be dragged before a court." (3 Elliot, op. cit., p. 555. See also 3 ibid., p. 542 (Patrick Henry's statement).)

Defending the plan for a Federal judiciary, he said:

"What is the * * * purpose of a judiciary but to execute the laws * * * without shedding blood or creating a contest or availing yourselves of force?" (3 Elliot, p. 554.)

And Ellsworth, before the Connecticut convention, supported the provisions for a Federal Supreme Court with words which bear eloquently and aptly on the present problem of a world court.

"* * * if the United States and the individual States will quarrel, if they want to fight, they may do it, and no frame of government can possibly prevent it. * * * In republics it is a fundamental principle that the majority govern and that the minority comply with the general voice. How contrary, then, to republican principles, how humiliating, is our present situation! A single State can rise up and put a veto on the most important public measures. We have seen this actually take place * * * it is, in effect, the worst species of monarchy.

"Hence we see how necessary for the Union is a coercive principle. No man pretends the contrary * * *. Shall it be a coercion of law or a coercion of arms? There is no other possible alternative. Where will those who oppose a coercion of law come out? A necessary consequence of their principles is a war of the States, one against the other. I am for coercion by law, that coercion which acts only upon delinquent individuals. This Constitution does not attempt to

coerce sovereign bodies, States, in their political capacity." (2 Elliot, pp. 196–197.)

Madison and others urged like views, none more pointedly than Hamilton. (The Federalist, No. 81: "To what purpose would it be to authorize suits against States for the debts they owe? How could recovery be enforced? It is evident it could not be done without waging war against the contracting State * * *." Hamilton was here referring specifically, like Marshall in the passage quoted, to suits by individuals.) There were thus diametrically divergent contemporary opinions, the weightiest being opposed to the enforcibility of the court's decrees against States by arms. The test of the pudding, however, is in the eating; wherefore we come to an examination of the conduct of the court and the States from 1787 to the present time.

CHISHOLM V. GEORGIA

Four years after the ratification of the Constitution Chisholm brought suit in the Supreme Court to collect a debt against Georgia. Edmund Randolph, of Virginia, one of the framers of the Constitution, then Attorney General, argued for the plaintiff. When pressed with the question, "What if the State is resolved to oppose the execution?" his eloquence was magnificent, but he evaded the issue. (Chisholm v. Georgia (U. S. 1793), 2 Dall. 419, 427.) Judgment was rendered for the plaintiff.

Great was the bitterness engendered by the decision. (See Ames, State Documents on Federal Relations (1906), 3.) Indeed, the indignation of the bar and public resulted in the immediate adoption of the eleventh amendment, which deprived the court of jurisdiction in suits by individuals against States. Hence the question of compelling a State to pay was not to be squarely presented until more than a century had elapsed, in the case of Virginia v. West Virginia.

STRUGGLE BETWEEN COURT AND STATE

The present inquiry deals with the court only in its function of judge in controversies of State against State. Such would be the business of a world court. Hence strictly we are not concerned with controversies between any branch of the Federal Government on the one side and the State on the other. But to give the story its proper historical setting it is necessary to sketch the conflict which, in the first years of the Republic, raged between the Federal Government and the States, and which necessarily involved the courts.

Thus in 1809, when a United States marshal attempted to enforce a Federal court judgment awarding Olmstead prize money, to which the Pennsylvania court had previously decided he was not entitled, there was almost a small-sized civil war. The Pennsylvania Legislature passed resolutions which Chief Justice Marshall, directing the Federal district judge in Pennsylvania to enforce his judgment, declared revolutionary. (United States v. Peters (U. S. 1809), 5 Cranch, 13.) Pennsylvania militia surrounded the judgment debtor's house in her defense. The United States marshal summoned a posse of 2,000 men. Fortunately, counsels of moderation prevailed, and the State troops were withdrawn. (See 1 Warren, The Supreme Court in United States History (1922), 347 et seq.; Ames, op. cit., footnote 17, pp. 45, 52.)

Again, the intensity of the conflict between States and court is indicated by the fact that four times—in 1822, 1831, 1847, 1858—bills were introduced in Congress for the repeal of that section of the judiciary act which enabled the Supreme Court to review the constitutionality of State legislation. (See 2 Warren, op. cit., footnote 19, pp. 123, 196, 379; 3 Warren, p. 55.) South Carolina for a decade enforced with impunity a "Negro seaman's act" which the Federal court had declared unconstitutional. (See Ames, op. cit., footnote 19, pp. 204, 236. Cf. Cohens v. Virginia (U. S. 1821), 6 Wheat. 264, for the conflict between Virginia and the court.)

It was in the Cherokee Indian cases that one of the greatest of these contests between court and State occurred. The Cherokee Indians, it will be recalled, lived on territory within the State of Georgia designated by a treaty between the United States and the Cherokee Nation. Within this territory Georgia attempted to enforce her laws. The Indians, seeking Federal protection, sought to enjoin the State. The Georgia Legislature instructed the governor to ignore the subpœna of the Supreme Court. William Wirt, arguing for the Indians, although unopposed, felt compelled to consider the problem of enforcement of any decree which might be rendered in his favor; and that strong supporter of Federal power, Chief Justice Marshall, said:

"The bill requires us to control the Legislature of Georgia and to restrain the exertion of its physical force. The propriety of such an interposition by the court may be well questioned; * * *." (Cherokee Nation v. Georgia (U. S. 1831), 5 Pet. 1, 20.)

The court declined jurisdiction on the ground that the Cherokee Nation was not a sovereign State.

In the meantime Corn Tassel, a Cherokee, was convicted in the Georgia court for murder of another Indian within the territory. To writ of error from the Supreme Court to the Georgia court, the Georgia Legislature replied by enjoining "the governor and every officer of the State to disregard any and every mandate and process that should be served upon them." Two days later Corn Tassel was hanged. (See 2 Warren, op. cit., footnote 19, pp. 193–194.)

Finally, two missionaries to the Cherokees were sent to a Georgia State jail for refusal to obtain a license pursuant to Georgia statute. Appeal was taken to the Supreme Court. Again the State officials refused to heed the Supreme Court's subpœna. The court inquired into the merits. Chief Justice Marshall held the jurisdiction of the Federal Government over the Cherokee Indians exclusive. (Worcester v. Georgia (U. S. 1832), 6 Pet. 515.) A mandate was issued to the Georgia court directing the release of the missionaries. Georgia paid no heed and kept the missionaries in jail.

A furious controversy developed throughout the country as to these acts of nullification by Georgia. President Jackson was appealed to. He refused to interfere. It was, indeed, of this proceeding that President Jackson, then championing State rights, is said to have made his celebrated remark: "John Marshall has made his decision; now let him enforce it." (The story of this conflict is the subject of a fascinating chapter in Mr. Warren's history (vol. 2, ch. 19), op. cit., footnote 19.)

At this point the conflict was lost sight of in the greater issues raised by the South Carolina nullification ordinance of 1832, the force bill, and the political battle which ensued. In view of Jackson's sharp challenge to South Carolina, Georgia quietly released the missionaries and the contest between Georgia and the court ended; ended, shall we say, as a stalemate; for, though the missionaries were at last set free, Corn Tassel lay in his grave.

Just as Georgia, her State pride aroused, had defied the court in 1832, so, a quarter of a century later, Wisconsin challenged the court when the bitter issue of slavery aligned court and State on opposite sides. Two years after the Dred Scott decision, which had caused a large part of the North to look on the Supreme Court as the stronghold of slavery, the Booth cases arose. Booth had been arrested and held by Federal authorities in Wisconsin for a violation of the fugitive slave law. The Wisconsin court allowed Booth a writ of habeas corpus and caused his release. Thereupon Booth was indicted by a Federal grand jury for the same offense and convicted. He again applied to the State court for a writ of habeas corpus, which was again allowed and he was again taken from Federal custody and released. Writ of error was taken in both cases to the Supreme Court. The Wisconsin court refused even to make return to the second writ. (Ableman v. Booth and United States v. Booth (U. S. 1859) 21 How. 506, 512.)

Chief Justice Taney, in a powerful opinion, said that to grant the right assumed by the State court to annul the proceedings of the Federal court would be to "subvert the very foundation of the Government." The Wisconsin Legislature rejoined by declaring "the assumption of jurisdiction by the Federal judiciary an act of undelegated power and therefore without authority, void and of no force." Attempts by the United States attorney to file the mandates of the Supreme Court with the State court were unsuccessful. The marshal again arrested Booth and took him into Federal custody, but the guns at Sumter ended the contest between court and State before the court had made pronouncement as to the method by which its decree would be enforced. (See 3 Warren, op. cit., footnote 19, ch. 27.)

The most important and frequent causes for conflict between court and State have always grown out of the exercise of the court's power to void State legislation as unconstitutional. The early cases and the early nullification statutes show how deeply the States resented this great chart of power to the Supreme Court. Yet the history of the exercise of that power—far too extensive a chapter to take up at length in this essay—discloses that in the fullness of time, the State's habit of voluntary acquiescence in the court's decision has become matter of course. The bearing of this aspect of our history on the problem of a world court needs scarcely to be pointed out.

KENTUCKY V. DENISON

The limit which the court set upon its own power in a controversy squarely between two States was announced in another slave case. This was an application of Kentucky for mandamus to compel Denison, Governor of Ohio, to hand over a person indicted in Kentucky for aiding a slave's escape in violation of a local statute. Kentucky had presented copies of the indictment proceedings to the Ohio Governor and maintained that it was thereupon his duty to return the fugitive pursuant to Article IV, section 2 of the Constitution ("A person charged in any State with trespassing, felony, or other crime who shall flee from justice and be found in another State, shall on demand of the executive authority of the State from which he fled be delivered up to be removed to the State having jurisdiction of the crime"), and the act of Congress ("It shall be the duty of the executive authority of the State or Territory to which such person shall have fled to cause him or her to be arrested and secured, and notice of the arrest to be given to the executive authority making such demands * * * and to cause the fugitive to be delivered to the agent of such authority when he shall appear." (Act of 1793)) defining the procedure in such cases. The suit, though in name against the governor of the State, was treated as a suit against the State.

Ohio argued that since the crime charged was recognized neither by the common law nor by the Ohio statutes, the return of the fugitive

was in the discretion of the governor. Chief Justice Taney overruled all the defenses on the merits, holding that Kentucky had fully complied with the Constitution and statutes, and that, in the very words of the statute, it was the duty of the governor to obey the demand for extradition; yet, mark the words of the chief justice:

"But if the Governor of Ohio refuses to discharge this duty, there is no power delegated to the General Government, either through the Judicial Department or any other department, to use any coercive means to compel him.

"And upon this ground the motion for the mandamus must be overruled." (Kentucky v. Denison (U. S. 1860) 24 How. 66, 109–110. In the latest and most elaborate announcement of the Supreme Court of its power to enforce a judgment against a State (Virginia v. West Virginia, supra, footnote 1) this case is nowhere mentioned.)

The Denison case has usually been dismissed with the comment that the governor's duty to extradite was merely moral.

It is true that ordinarily between sovereigns extradition is a matter of comity only. But this can not be the explanation of the case, because Chief Justice Taney took pains specifically to point out that the provisions of the Constitution and the statute in question were not couched in terms of comity but in the language of "an absolute obligation which the State authority is bound to perform." (At p. 109.) Hence, the Denison case is of particular force when considered in the light of Taney's views in the Booth case. The two opinions, read together, seem to show clearly that though he thought supremacy of the State court would "subvert the very foundation of the Government," yet he found the Federal Government impotent to reach the sovereign State by force.

BOUNDARY CASES

We come now to an important class of cases bearing directly on the problem in hand. Here, as in the discussion of the Denison case, we consider controversies, not between State and Federal power but between State and State.

Boundary disputes between 11 States were pending when the Constitution was adopted. (Per Baldwin, J., in Rhode Island v. Massachusetts, supra, footnote 1, p. 694.) Two of these came before the Supreme Court in 1799 and 1830. New York v. Connecticut, U. S. 1799, 4 Dall. 1; New York v. New Jersey, U. S. 1830, 3 Pet. 461; U. S. 1831, 5 Pet. 284; U. S. 1832, 6 Pet. 323. The latter dispute was settled by a compact assented to by Congress (1834), 4 Stat. 708.) The first to be decided on the merits was the famous suit of Rhode Island v. Massachusetts, which during the years 1833 to 1846 came eight times before the court. The determination was eventually for the defendant, Massachusetts, and resulted in maintaining the status quo. Thus no affirmative decree was made, which would raise the problems of enforcement. But the leaders of the bar who were counsel did raise the question. From the start Massachusetts challenged the court's jurisdiction on the ground that the court had no process which could reach the State. (Rhode Island v. Massachusetts, supra, footnote 1, p. 683; and see the query by Barbour, J., to counsel for Rhode Island at p. 694.) Counsel for Rhode Island retorted by inquiring whether Massachusetts was "ready to become a nullifying State and to set up her own will in defiance of the decrees of this court and of the Constitution itself?" (At p. 709.)

The court refrained from answering these arguments and contented itself with stating that its decree would operate merely to establish the boundary between the States, and further that the court could not presume that a State would "deny right to a sister State or its citizens, or refuse to submit to those decrees of this court, * * *." (At p. 751.)

Since that time 22 cases of boundary disputes have come before the court. The States have invariably acquiesced in the court's decision. The question of enforcement has not been passed on. The readiness with which the States came to seek the court's judgment in such controversies is, perhaps, best illustrated in the case of Alabama v. Georgia (U. S. 1859, 23 How. 505), argued in December, 1859, in which two States, on the eve of their secession, submitted their boundary dispute to the court and acquiesced in its determination.

Nor should this readiness of acquiescence lead us to suppose that here were merely dry calculations as to metes and bounds, dull questions for the surveyor and conveyancer. Quite the reverse has often been the case. Within the last five years, in the dispute between Oklahoma and Texas over the Red River boundary, the discovery of oil in the river bed led to the "danger of armed conflict between rival claimants under" the two States (per Pitney, J., Oklahoma v. Texas (1921), 256 U. S. 70, 84, 41 Sup. Ct. 420. In view of the conflicts the court at the outset of the suit appointed a receiver of the oil lands (1920), 252 U. S. 372, 40 Sup. Ct. 353; and the reports contain over 20 orders affecting his administration. The boundary has at last been fixed, Oklahoma v. Texas (1925), 69 L. Ed. 408. In 1906 the dispute between Louisiana and Mississippi over the oyster beds in Mississippi Sound led to the organization of armed patrols. Louisiana v. Mississippi (1906), 202 U. S. 1, 26 Sup. Ct. 408; 202 U. S. 58, 26 Sup. Ct. 571); yet the issues are being peaceably resolved by the court. The great economic importance of oil as a subject of conflict between sovereigns makes it kin to such notoriously frequent causes of war as coal fields, iron mines, potash, nitrates, and steel.

AFTER THE CIVIL WAR—PARENS PATRIAE CASES

Since 1865 some 32 controversies between States have come before the court for decision, the majority of them Territorial disputes. (A list of interstate cases in the Supreme Court to 1924 is given in Appendix C of Warren, The Supreme Court and Sovereign States (1924); to these should be added New Mexico v. Texas (1924), 26 U. S. 586; New Mexico v. Colorado (1925), 45 Sup. Ct. 202. The docket of original actions of the Supreme Court also contains the following interstate actions in which there has been as yet no decision: No. 2, Arkansas v. Tennessee; No. 4, Vermont v. New Hampshire; No. 10, South Dakota v. Minnesota; No. 15, Massachusetts v. New York; No. 16, Arkansas v. Mississippi; No. 18, Wisconsin v. Illinois; No. 21, Michigan v. Wisconsin; and Louisiana v. Mississippi, in which a motion for leave to file a bill of complaint was submitted on May 4, 1925.)

With the increasing activity of the State in economic matters since the Civil War, the States of the Union have also gradually come before the court in a new rôle, that of "parens patriae"—a rôle in which the court at first refused to recognize them. Thus, when in 1900 Texas authorities so enforced a quarantine law that Louisiana felt an embargo was being raised against her merchandise she sought to restrain the enforcement of the Texas statute.

A demurrer to Louisiana's bill was sustained and jurisdiction declined on the ground that here was no justiciable controversy; the Chief Justice pointed out that the State presented itself merely "in the attitude of parens patriæ, trustee, guardian, or representative of all her citizens." (Louisiana v. Texas (1900), 176 U. S. 1, 19, 20 Sup. Ct. 251.)

Without discussing the intermediate cases, reference to the latest case of this type will suffice to show the startling change within 25 years in the attitude of the court toward these economic conflicts which are elsewhere such prolific breeders of wars. In 1923 Pennsylvania and Ohio raised the question of the right of West Virginia to restrict the transportation of its natural gas into the plaintiff States. Following decreased supply, West Virginia had enacted a statute giving the public service commission of West Virginia control over the transportation of gas; and the commissions were directed to see to it that domestic needs were met before allowing any export to other States. Instantly Ohio and Pennsylvania sought an injunction against West Virginia's enforcement of this statute on the ground that she was attempting to interfere with interstate commerce. This time the court held that there was a justiciable controversy between the States; the court entertained jurisdiction and considered the case on the merits. (Pennsylvania v. West Virginia (1923), 262 U. S. 553, 43 Sup. Ct. 658.)

When it is considered that in the first boundary disputes it was questioned whether there was a justiciable rather than a political issue (see Rhode Island v. Massachusetts, supra, footnote 1), these cases show that justiciability in its elasticity resembles "due process." An eminent jurist not long ago defined due process to be "whatever process seems due to the demands of the times as understood by the judges at the time being. (Charles M. Hough, Due Process of Law—To-day (1919), 32 Harvard Law Rev. 218, 233.) So, justiciability has meant whatever cases seem to the States and to the court at the particular time proper subjects of judicial determination. Thus justiciability broadens in scope as the court gains in prestige.

Another type of interstate controversy, which the Supreme Court has in recent years heard upon the merits, has arisen out of injuries due to State actions, such as the alleged pollution of the Illinois River by sewage from the city of Chicago, complained of by the State of Missouri (Missouri v. Illinois (1906), 202 U. S. 598, 26 Sup. Ct. 713; see also Kansas v. Colorado (1902), 185 U. S. 125, 22 Sup. Ct. 552 (1907), 206 U. S. 46, 27 Sup. Ct. 655; New York v. New Jersey (1921), 256 U. S. 296, 41 Sup. Ct. 492; Wisconsin v. Illinois and Sanitary District of Chicago, October term, 1924, No. 18), or the recent complaint of North Dakota that the damming by Minnesota of certain streams has caused the backing of waters into the plaintiff State with consequent injury. (North Dakota v. Minnesota (1923), 263 U. S. 365 and 583, 44 Sup. Ct. 138 and 208.) It takes little imagination to picture similar litigation concerning the Danube or the Dniester if there were a permanent court in being to adjudicate the controversy.

It is thus seen that our industrial growth has brought the States before the court in important economic issues; that the court appears to be opening the door of jurisdiction wider and wider, and that the States increasingly appear to seek its judgments as to questions which otherwise would have to be decided by diplomacy or war. And the decisions of the court receive acquiescence.

VIRGINIA V. WEST VIRGINIA

It was not until 131 years after the adoption of the Constitution that the court squarely declared its adjudication in controversies between States capable of enforcement.

The suit of Virginia v. West Virginia was one to collect a money judgment. The case had been before the court since 1906. A judg-

ment had been entered in 1915 in favor of Virginia, but had not been paid. (1907; 206 U. S. 290, 27 Sup. Ct. 732; (1915) 238 U. S. 202, 35 Sup. Ct. 795.) Hence, in 1918 Virginia sought a mandamus to compel the West Virginia Legislature to levy taxes to provide the funds to pay the judgment. The court's opinion was written by Chief Justice White.

The court had touched on the question of enforcibility of a money judgment against a State in 1904 in South Dakota v. North Carolina. There judgment had been for the plaintiff; Mr. Justice Brewer, however, writing the majority opinion spoke of "the absolute inability of a court to compel a levy of taxes by a legislature." (1904; 192 U. S. 286, 321, 24 Sup. Ct. 269. No question of the enforcement of the judgment arose, as the decree was for foreclosure of pledged collateral, and no deficiency claim was made.) Mr. Justice White, dissenting, took the position that, since the plaintiff State was suing on a claim assigned to it by an individual, the plaintiff was, in view of the eleventh amendment, barred from recovery. Mr. Justice White, examining the nature of the obligations of a State, said:

"* * * I take it to be the elementary rule of public law that, whilst the contracts of a sovereign may engender natural or moral obligations, and are in one sense property, they are yet obligations resting on the promise of the sovereign and possessing no other sanction than the good faith and honor of the sovereign itself." (At p. 341.)

While Justice White was referring merely to obligations of a sovereign to an individual, his language is in such sweeping terms as to negative such limitations, and to justify the view that he was in accord with his distinguished predecessors upon broad principles of international law.

In the Virginia case, however, 14 years later, we find the Chief Justice declaring with equal definiteness that a judgment of the court against a State is capable of enforcement. Again announcing elementary propositions, he states—

"That judicial power essentially involves the right to enforce the results of its exertion is elementary. And that this applies to the exertion of such power in controversies between States as the result of the exercise of original jurisdiction conferred upon this court by the Constitution is therefore certain." (Supra, footnote 1, p. 591.)

Following this clear and powerful declaration of enforcibility now made after the lapse of 131 years, we look with interest to the pregnant portion of the opinion which counsel always understand, whatever else may be obscure in the court's opinion. We look for the words "judgment for plaintiff." Do we find them? We do not. We find the court raising questions: "What are the appropriate remedies for such enforcement?" "What are the appropriate remedies under existing legislation?" "What is the power of Congress to legislate for the enforcement of West Virginia's obligation?" And finally the court set the case for further argument with these words:

"* * * we are fain to believe that, if we refrain now from passing upon the question stated, we may be spared in the future the necessity of exerting compulsory power against one of the States of the Union to compel it to discharge a plain duty resting upon it under the Constitution." (At p. 604.)

In short, the court, reserving the matter for further argument, breathed a fervent prayer that the defendant State would not make it necessary for the court to test its assertion of power by going to the unpleasant length of sending United States marshals to West Virginia to lock up recalcitrant legislators.

The further argument which the court ordered was never held. West Virginia sometime later paid her debt and the case ended. So it appears that West Virginia, after years of litigation and delay in recognizing a just obligation, eventually consented to pay her debt. Despite the fact that the judgment was declared enforcible, it seems not unfair to remark that West Virginia paid not under the duress of United States marshals but only when "a decent respect to the opinion of mankind" came to exercise a moral compulsion, "a coercion of law," which she could no longer defy. (See Professor de la Pradelle, quoted in Manley O. Hudson, The Permanent Court of International Justice (1925) 19, n. 55: "There is an immutable law in the evolution of legal institutions which shows that an optional jurisdiction has always sooner or later been followed by a definite compulsory jurisdiction.")

The West Virginia case has been ably analyzed by distinguished scholars who have put forward opposing views as to whether the court would actually have enforced its judgment. (See Bates, Power of the Supreme Court to enforce a judgment (1918), 16 Mich. Law Rev. 617; Thomas Reed Powell, Coercing a State to pay a judgment (1918), 17 Mich. Law Rev. 1; Long, Enforcement of a judgment (1916), 4 Va. Law Rev. 157.) That inquiry we need not pursue. For us, the significance of the case lies in that it took the court a century and a quarter to come out with a square declaration that its decrees operating against States can be enforced; further, in that the court, while in one breath boldly asserting its power, in the next declined to exercise it, preferring to await the State's voluntary acquiesence.

THE WORLD COURT

"The Permanent Court of International Justice" has come into being pursuant to the thirteenth and fourteenth articles of the covenant of the League of Nations. (The pertinent part of article 13 reads: "The members of the league agree that they will carry out in full good faith any award or decision that may be rendered and that they will not resort to war against a member of the league which complies therewith. In the event of any failure to carry out such an award or decision, the council shall propose what steps should be taken to give effect thereto." Article 14: "The council shall formulate and submit to the members of the league for adoption plans for the establishment of a permanent court of international justice. The court shall be competent to hear and determine any dispute of any international character which the parties thereto submit to it * * *.") The conditions which have been laid down by the council of the league for the appearance of nonmembers of the league before the court, in effect require the nonmembers to subscribe to Article XIII of the covenant ad hoc. (Resolution of the Council of the League of Nations, May 17, 1922; 3 League of Nations Official Journal 545; quoted in Hudson, op. cit., footnote 51, Appendix M.)

Whether the decrees of the court are enforcible by arms does not appear from the charter of the court, and close students of its organization profess doubt. (See Hudson, op. cit., footnote 51, p. 25.) Since, however, the court is a creature of the league, the implications of Articles X (the members of the league undertake to respect and preserve as against external aggression the territory integrity and existing political independence of all members of the league; in case of any such aggression or in case of any threat or any danger of such aggression the council shall advise upon the means by which this obligation shall be fulfilled) and XIII warrant inference that the judgments of the court are to be enforcible. Certainly the framers of the Permanent Court, while making its jurisdiction optional, have refrained from declaring that its decrees are to be unenforcible.

If it be true that in the present temper of this country we are not apt to enter a world court, unless it be stripped of every semblance of power, we come to the core of our present inquiry: What light does the relation of the Supreme Court to the States shed on the problem of a world court with power to decide but none to enforce?

CONCLUSION

Proceeding then to the hazardous task of interpreting history we submit the following generalizations: The fathers did not in terms provide the machinery for enforcing the court's decrees against the sovereign States; the hints as to executive and legislative power left the question open; and it seems established that the efficacy of the court's decisions, operating in cases of State against State has always rested, not on the exertion of power, but on voluntary acquiescence by the States. None can doubt that the court has rendered a vital service to this country in its peaceful adjudication of interstate controversies—controversies concerning territory and economic rivalries—which elsewhere are and ever have been a fruitful seed of war. Though the court after 130 years declared its judgments against States enforcible, yet even in the very case where that declaration was made the court refrained from exerting power, the court's judgment gaining its efficacy not through enforcement but consent. In one issue at least—that of slavery, an issue which was not merely of one State against another, but in which the whole country was divided—the court was not only powerless to avert war, but its decisions served actually as fuel to the flame.

If these generalizations are sound, it would appear that while it is too much to expect that any court, however constituted, can wholly abolish war, yet a world court with power to decide, but not to enforce, might well serve a great purpose toward just peace.

But in looking at the Supreme Court as a precedent for such a hope we must take pains not to draw too large or buoyant inferences. The publicist would declare that the relations of the thirteen States furnish little analogy to those now existing between the nations of the world. Such a contention obviously has weight; nevertheless, a study of the extent and depth of the conflicts between the thirteen States in 1787 contains a fairly complete answer to this doubt.

Another and weightier objection can, however, be raised, one which can be summed up in the statement that, whether or not the fathers intended the Federal power to be a supersovereign over the States, the Civil War through force of arms established the supremacy of the Federal Government. (This is the point of view emphasized by Herbert A. Smith, "The American Supreme Court as an International Tribunal," 1920, pp. 109, 110; see also, 1920, 20 Columbia Law Rev. 68.) Hence, that the obedience of the States to the Supreme Court as an arm of Federal Government, though voluntary on its face, is actually the submission of a State to the ultimate power of Federal Government; that acquiescence is thus, in final analysis, the bending of the neck to the sovereign.

To overlook the weight of such an argument would be absurd, but he would be a near-sighted student of our history who would overemphasize it. For in dealing with a world court created to pass

only on disputes of one nation against another we are considering a forum which would be engaged exclusively in that business which the Supreme Court undertakes when it decides controversies of State against State. That portion of the jurisdiction of the Supreme Court did not raise the conflict of Federal Government versus State. Hence it did not need the decision at arms of the Civil War to give it prestige. Indeed, ever since the Rhode Island-Massachusetts case in 1846 the States when in conflict, not with the Federal Government, but with one another, have voluntarily accepted the court's decision and increasingly sought the court's judgment. Therefore to argue that the court's authority as an arbiter between States hinges on a background of Federal power is to urge a nonsequitur, especially in the light of 75 years of acquiescence prior to the Civil War.

To conclude, then, it is plain that the relation of the court to the States furnishes no sure or complete analogy for a world court and world states; it is true that after 130 years the Supreme Court has reached a point where it dared announce its decisions enforcible; it is not to be questioned that the decision of arms in the Civil War greatly augmented Federal power; on the other hand, the Supreme Court was successful as judge in disputes between States prior to the Civil War; in our entire history, moreover, its judgment in such cases has always been obeyed by consent and never at the sword's point; lastly, the field of justiciable causes ever broadens.

"Shall it be a coercion of law or a corecion of arms? There is no other possible alternative." The words which Oliver Ellsworth spoke in 1787 hold good to-day.

It is to drive home this dilemma that this essay has been written; to point out that if our history does not assure, it does at least encourage a prospect of world peace based on a court which shall decide, but shall not exert power. (The task of anyone pursuing the subject of this paper is greatly lightened by the convenient collection of the cases between States by James Brown Scott, Judicial Settlement of Controversies Between States, 1918, and the companion volume of Analysis of the Cases. Mr. Warren's Supreme Court in United States History is the work to which one turns first for the expressions of contemporary opinion in the conflicts here discussed; his recent series of lectures, reprinted as The Supreme Court and Sovereign States, is suggestive; as is Mr. Smith's penetrating and philosophical monograph, The American Supreme Court as an International Tribunal. The writer is greatly indebted to Prof. Charles A. Beard and to Charles S. Ascher, Esq., for their assistance in the preparation of this article.)

JAMES N. ROSENBERG.

NEW YORK CITY.

Mr. PEPPER. Mr. President, will the Senator from Mississippi yield to me for just a moment?

Mr. HARRISON. I yield.

Mr. PEPPER. I want to make just a brief observation by way of relating the general discussion which has taken place to the particular question which is before the Senate, which is the adherence of the United States to the permanent court.

This question of sanctions concerns only those cases which are submitted to the court by agreement. The great area of advisory opinions is not involved and may be put aside. In the case of questions submitted to the court by agreement, so far as the United States is concerned, they never will be submitted except as the result of a treaty, general or special, ratified in the usual way.

If we become parties to a treaty which results in the submission of a case to the court, and the court decides against us, it is quite certain that no sanctions will have to be invoked in order that the United States will abide by the decision of the court to its own disadvantage. If the decision of the court is in our favor and the other nation refuses to comply, we may be quite certain that the rest of the world will not fly to arms to compel the other nation to perform an award in favor of the United States against our will that that thing should happen.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. PEPPER. Certainly; I yield.

Mr. BORAH. How does the Senator exclude the judicial opinions involved from the sanctions?

Mr. PEPPER. Because an advisory opinion when rendered by the court imposes no obligation upon anybody which anybody is bound to observe, and there can not be such a thing as a sanction except for the discharge of a duty. If there is no duty there is no sanction.

Mr. BORAH. The Senator now is arguing against the position which the court itself takes with reference to advisory opinions. The court is contending that they are judicial determinations; that they should be, the same as other judicial determinations, guarded and protected by the same rules of hearings, final judgments, and so forth. That is the position which the court takes and the amendment to article 13 and article 16 includes "judicial decisions."

Mr. PEPPER. I am quite aware that an advisory opinion is regarded by the permanent court as a judicial act. I have my doubts as to the correctness of that decision, because I agree with the Senator from Idaho that there is nothing to confine the court to the giving of advisory opinions on justiciable and legal questions. I think the court may wander over the whole field of controversy, if so requested by the council of the league, and I for one should protect the United States against that contingency by suitable provision in the resolution of adherence.

But the point I make now is that when an advisory opinion is given, no matter whether we regard it as a judicial act or how we regard it, in point of fact it imposes no duty upon anybody to conform, and we can not have a conception of a sanction unless there is a precedent duty. I have shown that in the case of the United States there will be no submission except in accordance with treaties. If a decision is in our favor, we will not invoke force through military alliance with the rest of the world to compel a recalcitrant nation to respond to the decree. If the decree is against us, we will certainly comply with it without the compulsion of force. If the controversy submitted is one to which we are not a party, is a controversy between two other states and one of them refuses to agree, one of two things will happen: Either the concert of force to enforce the decree will crumble and break apart, or else, if Europe is of the mind to go to war, they will go to war as they would have gone anyway, and in that event they will at least have a fight on their hands to vindicate a decision of a court rather than a war based upon no principle or upon no sound determination of a right.

It seems to me that while we must be all in agreement with much that has been said by the Senator from Idaho that the relation between his observations and the question before us is a tenuous one and, in my judgment, can be adequately dealt with when we come to our resolution of adherence. I do not mean for a moment to express dissent from his view respecting the potency of public opinion, and I am glad before I take my seat to give a domestic illustration of the potency of public opinion in resolving a great controversy compelling the minds of the people to adjust it.

Since the Senate went into session to-day I have been advised over the telephone that the anthracite strike has been settled, as the result of the pressure of public opinion, and on these terms: An immediate resumption of work on the old scale of wages, a continuance of work for not less than five years with no interruption during that time, but a liberty on the part of both parties after two years to confer respecting a modification of the wage scale or conditions of work affecting miners and operators alike.

There is a good illustration of the way in which, not by force of government or force of arms but through the potency of public opinion, a great controversy may be settled. I do not mean by anything I have said to express dissent from that part of the remarks of the Senator from Idaho, but I do submit that the relation between his remarks and this particular question is a very slender one and need not deter us from the course we are pursuing.

Mr. BRUCE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Maryland?

Mr. HARRISON. I yield.

Mr. BRUCE. Does not the Senator from Pennsylvania think the pressure of human hunger and misery had quite as much to do with that final settlement as the force of public opinion?

Mr. PEPPER. When I used the term "public opinion" I did not refer to an intellectual opinion detached from self-interest. I meant the opinion that results from the interplay of the great force of public opinion, and, of course, the hunger and misery and suffering that is prevailing through that region of Pennsylvania, and which has been most potent in forming the public opinion which has finally triumphed.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New York?

Mr. HARRISON. Certainly.

Mr. COPELAND. I am delighted to hear that the coal strike has been settled. My judgment is that the cold weather and the condition of the people in the mining region had more to do with it than any apparent desire or action on the part of the Senate. I hope and believe that our efforts here have perhaps had some effect in bringing about a settlement of the strike. I hope, too, that the Senator from Nevada [Mr. ODDIE] will take advantage of the time offered to prepare and perfect his bill and bring it forward, so that we may not have a recurrence of the particular difficulty which we have had during the past few months.

I want to say further, if I may have the indulgence of the Senator from Mississippi, that more than ever we need to guard against profiteering. It will be months before anthracite coal will be flowing, and this will be the time when every effort will be made to foist upon the public all kinds of unsuitable and unworthy substitutes. I hope Senators will not feel, merely because the strike has been settled, that there is no work yet to be done to prevent suffering this winter. It will be many weeks before we have an ample supply of anthracite. It will require the force of public opinion, too, to safeguard the lives and limbs of those engaged in the most hazardous of human occupations. Our work is far from complete. The mining industry needs speedy improvement in its methods. The country demands better treatment.

Mr. HARRISON. Mr. President, I shall not detain the Senate long with what I am going to say. What I say is my own individual opinion, without consultation with anyone on this or the other side of the aisle.

The Senate met on the 7th of December. It is now the 22d day of January. We have been in session some six weeks. I think about three minor bills have been passed through the Senate in that time. It was stated by the distinguished Senator from Missouri [Mr. REED] yesterday that if he could get an investigation he could show certain conspiracies upon the part of European peoples to draw us into this court, and in the course of that speech he stated that he did not know last spring that this question was still alive. He thought it was dead. The date for the consideration of our entrance into the World Court was agreed upon by the Senate last spring, and everyone knew then that it was very much alive and that it would be considered at this time. Of course, there has been a lot of useless and unnecessary talk and much irrelevant reading of documents and articles from the desk that could well have been dispensed with; but as a whole the debate has been about like the average debate on big questions; it has been largely to the point.

I am for the World Court. I have been for it from the beginning and am still for it; and no matter how many telegrams or letters may come to the contrary, they could not change me in the slightest. I say that because there may be other Senators who have trembled when they have received some of the effects or results of the propaganda. For my part, I have received three letters and one telegram against the court. I knew the influences that brought about those communications to me. So far as Senators on this side of the aisle are concerned, I do not think that any of them are frightened over any propaganda. We have been for the World Court for several years. I am not fearful of any delay in the consideration of the World Court. If those who are recent converts to it stick and are sincerely for it, they will not change their views because of any delay in the consideration of the World Court question. I am one of those who believe that the American people are in favor of the entrance of the United States into the World Court. I believe that the American people are more interested right now, however, and believe that it is vastly more necessary to pass within the next few weeks the tax reduction bill.

While the program of the Senate is formed by those who are in charge of the majority, and we on this side are never consulted with reference to it, and it is up to them to move, yet I dislike to read in the papers statements from leaders on the other side of the Chamber to the effect that their action is prompted and made necessary by the attitude of Democratic Senators. In other words, one reading the papers this morning can not tell what is going to happen in the Senate. The correspondent of one paper says that the World Court is going to be pushed through next week and passed, that the Senators in opposition to it are right at the end of their rope, and that there are no more speeches ready to be made. Another correspondent writes that the chairman of the Finance Committee says that the reason why he could not get the tax bill up for consideration is because the Democratic minority would not vote with him to set the World Court aside and take up the tax bill.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Of course, I never believed that the Senator from Utah ever made any such statement as that [laughter], because he knows that on the Finance Committee the minority members, when they thought he was right, voted with him and have tried to assist him and the majority members of the committee to expedite the consideration of the tax bill.

The Senator from Utah knows that the distinguished ranking member of the minority of the committee [Mr. SIMMONS] early last week stated that he was willing to have the tax bill set down for a final vote on the 10th day of February. The Senator from Utah knows better than any other Senator here that the minority are ready to cooperate with him in passing, we hope with some amendments, the tax reduction bill.

For my own self, in a few feeble remarks that I made last week, I said that if the Senator should, when the tax bill was reported out by the Finance Committee, move to set aside the World Court resolution and take up the tax reduction bill, I would vote with him. I want to say to Senators now that I am ready to do that. But it does seem to me that there could at least temporarily develop enough harmony among the leaders on the other side of the Chamber to reach some understanding, to fix some date to vote on the World Court proposition, even if it is to be in March or April, May, June, or July. Let us fix some date definitely and then take up the tax reduction bill and pass it, as I believe the American people want us to do. Those of us who have had experience here know that when we have a substantial minority fighting as this minority is fighting the World Court, and I believe that those who are opposed to the World Court are sincere in the position they take, that they will be able to carry on their fight for a great number of days even with cloture. They have made able speeches, and they have handled their side with great ability. Talk about wearing them out by to-morrow night! It can not be done. They are strategists. They know the ins and outs of parliamentary rules. I suggested early in the week that I would vote for the two-thirds cloture rule in order to secure action upon the resolution. If the rule had been invoked then, we could have settled the matter perhaps this week; but it is now desired to wait until next week to invoke cloture. Then the tax bill will come here for consideration, and every time one of us shall offer an amendment to improve the tax bill we shall be prodded with the statement that we are trying to delay tax reduction in this country. I shall not be so twitted. Let us have plenty of time for the consideration and discussion of the many provisions of the tax bill. There are many two-sided questions involved in it. The estate tax is one.

There are Senators on the other side of the Chamber and Senators on this side of the Chamber who, perhaps, do not believe that the committee should have reported to repeal the estate tax. They are honest in their opinion; they want to give their views to the country, and they are entitled to do so. That may involve much time.

The question of the publicity of income-tax returns is another question the consideration of which will take much time. Personally, I voted for it in the last revenue measure. I shall vote to repeal the publicity provision now, but I attribute to the Senator who entertains the opposite opinion honesty of motive and sincere conviction. These questions will be discussed. The reductions in the surtax rates will also come in for discussion, and amendments will be offered to the report of the committee on that proposition. Let us have time enough to discuss those matters fully and fairly.

If Senators can not agree upon a date when we shall vote upon the pending resolution it ought to be sidetracked and the revenue bill should be taken up. I do not take much stock in the view that the opponents of the World Court resolution will filibuster on the tax reduction bill. The tax reduction bill will provoke sufficient discussion in itself. I do not believe that any Senator can afford to filibuster against the tax-reduction measure. However, I suggest to the Senator from Kansas [Mr. CURTIS], and I suggest to the Senator from Wisconsin [Mr. LENROOT], who have charge of these matters, that they try to get together upon some proposition eventually to vote upon the World Court resolution, so that we may take up the tax bill.

Mr. CURTIS. Mr. President——

Mr. HARRISON. If it takes action on the part of the President of the United States to move Senators, I hope the President will give a statement and tell them what to do in this matter, in order that we may transact the public business. That is what will come if the matter be delayed a day or so longer. The President is canny enough and smart enough to do it.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Kansas?

Mr. HARRISON. I yield.

Mr. CURTIS. The Senator from Kansas does not deem it necessary to go to the White House for information or for instruction as to matters which may be pending in the Senate.

Mr. HARRISON. But the White House comes here; that is the trouble. [Laughter.]

Mr. CURTIS. Nor does the President find it necessary to come here. The President has no desire to interfere in matters of legislation pending in Congress. The pending World Court measure is being handled by its friends upon the floor, and the Senator from Mississippi knows very well that for more than a week we have been trying to reach an agreement in order to fix a day for a vote on the resolution.

Mr. HARRISON. I know that, but the trouble is that it is all done behind closed doors. The correspondents are given various opinions, and they in turn write their different deductions, and the country becomes confused. Many individuals think that taxes may not be reduced in time to enable returns to be filed on or before March 15, and the people now are more interested in that than they are in anything else. Let us come out on the floor and try to arrive at a settlement of this proposition. Let the people of the country know who is opposed to fixing a date for voting on the resolution now pending and on the tax reduction bill also. Then the country will know the situation, but do not blame the minority side for it.

Mr. LENROOT and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I yield first to the Senator from Wisconsin.

Mr. LENROOT. The Senator from Mississippi has intimated that the entire program is being made a partisan one on this side of the aisle.

Mr. HARRISON. No; I did not say that.

Mr. LENROOT. The Senator must know that there is no partisanship of any kind with reference to this matter in any way, either with reference to the World Court or the tax bill, so far as the procedure is concerned.

Mr. HARRISON. The Senator from Wisconsin entirely misunderstood me. I stated there was no partisanship in it, or I tried to do so. I was just unable to make the Senator understand; that is all. [Laughter.]

Mr. LENROOT. If the Senator from Mississippi would consult the leaders on his side of the Chamber, he would find that there is the closest cooperation.

Mr. BORAH. I can testify to that, Mr. President.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield to the Senator.

Mr. LENROOT. I merely wish to say one other thing, if I may.

Mr. HARRISON. I yield further to the Senator from Wisconsin.

Mr. LENROOT. With reference to the tax bill, the Senator from Mississippi understands the situation here, that to take up the tax bill without any agreement for a time to vote will mean that the tax bill will not be passed until after the 15th of March.

Mr. HARRISON. And I say to the Senator from Wisconsin, that if the present confused situation continues as it now is, within five days the President will tell him what to do in the matter, and he and every other Senator on his side of the Chamber will do what the President tells them to do. Now I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I thought the Senator from Mississippi [Mr. HARRISON] had concluded his remarks.

Mr. HARRISON. I thought the Senator from Utah wanted to voice approval of my remarks.

Mr. SMOOT. I will wait until the Senator from Mississippi shall have concluded, and then I shall take the floor.

Mr. HARRISON. Very well; I yield the floor.

Mr. SMOOT. Mr. President, at the time the revenue bill passed the House of Representatives I made a statement that we ought to get the bill into the Senate by January 20.

The bill was reported to the Senate on January 20, and I want to tell the Senator from Mississippi that I appreciate greatly the assistance given by the minority to the majority members of the Finance Committee in hastening in committee the consideration of the tax bill. I did not have the report of the majority members of the committee ready for presentation to the Senate until this morning. It was next to impossible to get the bill printed and the report printed on the same day; in fact, I admit frankly that as to certain technical questions of administration and definitions the report was not ready until yesterday afternoon.

I do not know that I can say anything more than that the tax bill is going to become a law in time for the taxpayers of the country to make their returns under the new law on March 15 if there is any power that I can make use of to bring that about.

I felt, Mr. President, the report having been presented to-day, that a decision must be reached by to-morrow, the end of this week, as to just what course to follow. So far as I am concerned, and I believe so far as the majority of this body are concerned, in fact, I think, I may include all Senators, with very few exceptions, it is the desire to have the tax bill a law not later than February 15. It ought to be passed by the Senate by February 10, for it will be necessary for the bill to go to conference; there the differences between the two Houses will have to be thrashed out; the conference report will then have to be adopted by the Senate and by the House of Representatives; the forms will then have to be made out by the Treasury Department in conformity with the final action on the bill, and then those forms will have to be distributed to the taxpayers of the country, including the taxpayers of Hawaii.

Mr. NORRIS. Mr. President, may I interrupt the Senator.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I do.

Mr. NORRIS. Will there be any great harm done if we should not pass the tax bill that early and the excess taxes were rebated, as was done under a preceding tax bill which we passed?

Mr. SMOOT. It will not be possible to rebate the taxes under this bill by stating a certain percentage which shall be rebated.

Mr. NORRIS. They were not rebated before, as I recall, in that way.

Mr. SMOOT. In that case there was a certain percentage of reduction allowed, but——

Mr. NORRIS. Does the Senator think it is fair in a bill of this importance to bring it in here at the time it has been brought in, when it can not be taken up perhaps for several days, and then to say that in order to get the machinery to work, for which we have provided in the bill, the Senate has got to pass it now?

Mr. SMOOT. I did not say now.

Mr. NORRIS. Well, that we have got to pass it within a few days. I want to say to the Senator that it seems to me that it is not only absolutely unfair and unjust but it is almost unheard of that those behind this bill should, perhaps by a combination of the leaders of both parties, bring about a condition which will apparently make it important that this bill, which reaches everybody and everything, be passed at once, and then demand that the Senate shall put it through in order to carry out a preconceived arrangement that was made without the consent of Congress.

Mr. MOSES. Mr. President, will the Senator from Utah allow me to ask the Senator from Nebraska a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. I yield.

Mr. MOSES. I wish to ask the Senator from Nebraska why he says so definitely that the tax bill can not be taken up for several days. It is wholly within the province of the Senator from Utah to make a motion to proceed to the consideration of the bill.

Mr. NORRIS. I have not said that it should not be. I have not said anything of the kind.

Mr. MOSES. The Senator said it could not be.

Mr. NORRIS. So far as the World Court resolution is concerned I am ready to vote on it right now, and then take up the tax bill and dispose of it, but I am not willing to displace the pending resolution; after getting it this far I want to continue it. I am objecting to the Senator stating here that we have got to pass the bill within a few days after it is taken up, and probably all kinds of instrumentalities will be used to keep us in session day and night, or something of that kind in order to wear us out and pass the bill.

Mr. MOSES. And probably the long-threatened cloture will be put upon us.

Mr. NORRIS. Let the long-threatened cloture or anything else come. If the votes are available it can be put into effect; if the votes are available we can be forced to stay in session until everybody is worn out and pass the tax bill without even taking a recess or an adjournment. If Senators want to exert that power and they have it, go ahead and exert it; but the people will find out about it and they will know the method that has been pursued.

Mr. SMOOT. Mr. President, the suggestion of the Senator from Nebraska that we could do as we did before and provide for a horizontal reduction of taxes can not apply in this instance because of the fact that we can not do so and conform with the provisions of the bill.

Mr. MOSES. Mr. President, may I ask the Senator is there not also another obstacle because of the attitude of another body? It is correctly reported, I assume, that another body which has something to do with this measure is unwilling that retroactive features shall be put into the bill.

Mr. SMOOT. I think, aside from the position the other House may take, it would be unjust. No specified rate of reduction would ever make the taxes conform to the rates provided in this bill, because there is no uniform rate of reduction in the bill.

I think, Mr. President, the bill ought to come before the Senate for consideration at the very first opportunity that is possible. I think that ought to be at least Monday, and in the meantime Senators can study the bill; they can read the report, and then, so far as any cloture on discussion on the bill is concerned, I do not think that will be necessary at all. The American people want this bill passed; they will demand its passage from one end of the country to the other. It is a relief to every taxpayer of the United States.

Mr. NORRIS. Where did the Senator find that out?

Mr. SMOOT. Where did I find it out?

Mr. NORRIS. Yes.

Mr. SMOOT. I find it out not only from letters and telegrams from all sections of the country which I have received, but from statements in newspapers published all over the United States. The Senator knows that the people of the United States want the tax bill passed.

Mr. NORRIS. The Senator has not heard from the people. He has just heard from the millionaires, the corporations, and the dead men's families who are going to have their money returned to them through the instrumentality of the propaganda that has been carried on by those representing themselves as representing everybody, when as a matter of fact they represent only the interested parties.

Mr. SMOOT. If I were going to ask anybody to give a statement as to what the public believes I certainly would not call upon the Senator from Nebraska to give it.

Mr. NORRIS. The Senator would get the truth if he did, but he does not want that.

Mr. SMOOT. The fact of the matter is that the statement he has made is exaggerated.

Mr. MOSES. The Senator feels that the tax bill should come before the Senate for consideration not later than Monday. May I ask the Senator if it is his purpose to make a motion to that effect?

Mr. SMOOT. Mr. President, if I were positive now that I had the votes to take this bill up I could definitely answer the Senator.

Mr. MOSES. I will promise the Senator one vote.

Mr. SMOOT. I am perfectly aware of that.

Mr. KING. Mr. President, will my colleague yield to me?

Mr. SMOOT. Yes.

Mr. KING. Does my colleague mean that he is opposed to the World Court and to the consideration of the pending resolution and obtaining a vote upon it?

Mr. SMOOT. I did not say that at all.

Mr. KING. Does not his statement so imply?

Mr. SMOOT. No; I do not think so.

Mr. KING. Is the Senator for the World Court and for a vote upon the pending resolution at an early date?

Mr. SMOOT. I think a vote upon the tax bill is more important than a vote upon the World Court resolution, because, even if the World Court resolution were acted upon a month later than the time when the tax bill shall be passed, that would not particularly interfere at all with this Government or any other government.

Mr. KING. Does not the Senator know that if we take up the tax bill, thus displacing the World Court resolution, that it would be used by the Senator across the aisle—the Senator from New Hampshire [Mr. MOSES], who is smiling—and by his confederates as a battering ram to prevent voting upon the resolution to adhere to the protocol?

Mr. MOSES. I do not like that word, Mr. President. [Laughter.]

Mr. KING. I will withdraw it and use the word "conspirators."

Mr. MOSES. I object to that even more strongly. [Laughter.]

Mr. KING. If that still displeases the Senator from New Hampshire, Mr. President, may I withdraw it and use the words "honorable associates?"

Mr. MOSES. That, Mr. President, exactly describes the group. [Laughter.]

Mr. KING. The Senator knows that if the World Court resolution is displaced by the tax bill, the latter will be used as a rampart from which to attack the World Court, and that the tax bill will be kept in the Senate for many weeks. The senior Senator from Utah knows that the Senator from New Hampshire and other Senators and Representatives whose terms will soon expire and who want to be reelected——

Mr. MOSES. We are going to be.

Mr. KING (continuing). Earnestly desire to get home as early as possible, and they will try to force an adjournment before the end of June; and if they can keep the tax bill before the Senate, as they will if it displaces the World Court resolution, until April or May, and then rush through the appropriation bills, they will demand an adjournment. Thus, it is hoped, the World Court resolution will be shelved for the present session. That is the strategy of a number of able Senators who are opposing the World Court.

Mr. MOSES. Mr. President——

Mr. KING. Speaking for myself, if the Senator will pardon me, I shall vote to keep the World Court resolution before the Senate until we vote upon it, and not permit the tax bill or any other legislative measure to displace it.

Mr. MOSES. Mr. President, if the senior Senator from Utah [Mr. SMOOT] will permit me, I should like to make some comments upon what his colleague has had to say. Of course the senior Senator from Utah has the floor, and I do not want to interrupt any conversation between him and his colleague.

Mr. SMOOT. I yield.

Mr. MOSES. The junior Senator from Utah is wholly in error with regard to the attitude of some of us, at least, who are opposed to the World Court in the form in which it is now before us.

Mr. President, we have proposed several expedients for dealing satisfactorily with both the World Court and the tax bill. One of them which was proposed yesterday I deemed eminently fair, and I think it should be exposed to the Senate and to the country.

The proposal made by the senior Senator from Idaho [Mr. BORAH] was in this form—and at any point where I am in error in stating it I wish to be corrected: That the pressure upon the World Court resolution should be relaxed; that the tax bill should be taken up, with an understanding, so far as those of us who could make such an understanding are concerned, that there should be no filibuster upon it; that the tax bill should be disposed of as rapidly as possible; and that four days following the vote on the tax bill should be devoted to continued general debate upon the World Court, at the conclusion of which time the Senate would proceed to take up the statute of the court, section by section, and consider the reservations which then properly could be offered.

With that, Mr. President, we made a proposal that we would entertain favorably the consideration of a limitation of debate on the reservations when offered. To that I am prepared now, so far as I am concerned, to offer a further concession, namely, of fixing a day on which to vote on the tax bill. I want it distinctly understood, however, that if we have to continue the discussion of the World Court resolution as it now stands before the Senate there will probably be some more general debate, because there are several Senators who are preparing speeches, and then we will come to take up the reading of the statute, article by article, and the offering of reservations and the debate upon them without any agreement for limitation of debate, unless cloture shall be put upon us. That will take a great deal of time, because there are at least 20 reservations in different forms dealing with probably 10 different subjects which will be submitted and which will require explanation and which will probably be attacked.

If the senior Senator from Utah is correct that the tax bill must be passed by the middle of February if the mechanics of the situation are to govern so that this relief can be brought to the taxpayer, and if he is correct—and in this I quite agree with him—that there is much more interest in the country in tax reduction than there is hurling us into the affairs of the Old World, it seems to me that there should be some relaxation of the pressure which has been put upon the Senate within the last week, and that we should have some opportunity to come to an adjustment of the program so that we could go forward in an orderly fashion with the legislation which the country really demands.

Mr. ROBINSON of Arkansas and Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. Just one word, and then I will yield the floor.

It is true that I asked the senior Senator from Idaho [Mr. BORAH] on yesterday if an agreement could be had upon a date to vote on the tax bill, providing that the tax bill was taken up for consideration on Monday; and after a canvass of

Senators by the Senator from Idaho, he reported that that agreement could not be reached.

Mr. BORAH. Mr. President, it ought to be understood that the objection to that date did not come from those who are opposing the World Court.

Mr. SMOOT. No; the Senator stated to me just who the objectors were; but I will say to the Senate that that proposal was objected to.

I will say to my colleague [Mr. KING] who asked the question that I am deeply interested in the passage of the revenue bill, and I think the great majority of Senators are; and I know that unless cloture is exercised in the case of the World Court the debate will go on until the time is past for the passage of the tax bill. As between the two I prefer enforcing cloture, if there are enough Senators in this Chamber to do so, than to have the tax bill fail.

Mr. MOSES and Mr. ROBINSON of Arkansas addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield the floor.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. MOSES. Mr. President, I want to make just one observation to the Senator from Utah.

Mr. ROBINSON of Arkansas. I yield to the Senator from New Hampshire to make the statement that he has in mind.

Mr. MOSES. I merely want to renew my suggestion to the Senator from Utah that he should proceed to put the matter to the test my making his motion to take up the tax bill.

> He either fears his fate too much,
> Or his deserts are small,
> That dares not put it to the touch
> To gain or lose it all.

Mr. SMOOT. I think we will gain in the end.

Mr. ROBINSON of Arkansas. Mr. President, I desire to make plain my personal views respecting the fair and proper course to be pursued by the Senate in connection with both the pending resolution relating to the World Court and the revenue bill.

The opponents of the World Court during the last few days have adopted a policy which in my opinion is fairly subject to criticism.

It will be recalled that when the President convened the Senate in extraordinary session following the last regular session there was pending before this body a resolution by the Senator from Georgia [Mr. HARRIS] which contemplated that the Senate should then proceed during the special session to the final disposition of the question as to whether the United States should become an adherent to the statute of the World Court. Every Senator knew then, as he knows now, that unlimited time would have been afforded for the consideration of the resolution of the Senator from Georgia if an arrangement had not been entered into for the consideration of the subject during the present session. Senators who are infatuated with the music of their own voices would have been given the opportunity then to hear themselves sing without limit. There was practically no other business before the Senate of the United States when the special session adjourned; and if we had not entered into the arrangement that was made, if we had not voted the special order that was fixed, we would have proceeded then to dispose of the subject, and there would have been no way in which those who are afraid to meet the issue could have avoided, during the special session, a vote on the resolution.

The Senator from Kansas [Mr. CURTIS], after much consultation with Senators on both sides of the Chamber, asked a unanimous-consent order. He took that course at the instance of almost every Senator, both Democratic and Republican. There were, however, three Senators who were unwilling to enter into any agreement for the consideration of the resolution relating to the World Court.

It will be recalled that President Harding sent the subject to the Senate in February, 1923; that the question had been discussed from time to time not only here but in the press of the country and in the magazines published throughout the Nation; and even those who are now filibustering against the Senate registering its deliberate decision realized while we were in the special session, when there was nothing in the way, nothing which they could interpose to prevent the final action of the Senate on the subject, that some arrangement had to be made looking toward the disposition of the question during this session. When an objection was made to the unanimous-consent order requested by the Senator from Kansas, I moved that the resolution of the Senator from Virginia [Mr. SWANSON], which literally complied with the recommendations of both President Harding and President Coolidge, be made a special order for the 17th day of December.

It is true, Mr. President, that no attempt was made to fix a time for voting upon the resolution. It is true that no attempt was made to limit debate upon the question; but it is equally true that good faith requires those who supported the making of that special order to proceed without unreasonable delay to the disposition of the question.

I challenge the good faith and fairness of anyone who, in order to avoid meeting an issue that is imminent, enters into an arrangement to defer it, and then pursues a policy which is substantially a repudiation of the position that he assumed when he received the benefit of the first continuance.

We all understood, the people of the United States understood, when the Senate adjourned its special session, with the court question fixed as an order for the 17th day of December, that at last the Senate was to dispose of the question, not on any certain date, not in any specific way; but will anyone say that when the Senate of the United States makes a special order, by a vote of 73 to 3, such action does not fairly imply that when the special order is reached a conclusion of the subject after full discussion may be fairly avoided?

To those who are so much in fear of too precipitate action by this body, let me recall that this question has been before the United States Senate three years, and by those who say they have not had time to prepare their speeches for this debate let it be remembered that they were served with notice early last March that this question was coming up for consideration in December, and they had ample time to make preparation to meet the issue. It is not frank, and it is not in the exercise of good faith, when they come here and hold up the business of the Nation day after day, filling the CONGRESSIONAL RECORD with irrelevant matter, demanding the calling of the roll, wasting the time of this body and of the public.

Fairness requires that they present their case, try it out, make the issue. If they lose, they still have an appeal to that public opinion which some Senators have assumed is rising up in volume, in response to their eloquent arguments, to condemn those who do not agree with them.

You can not carry on this plea that the proponents of this resolution are unfair in trying to force the issue any longer. The case was set for hearing on the 17th day of December by an almost unanimous vote of the Senate early in March, and Senators have had ample time to prepare their arguments. They have not been treated unfairly.

Now the issue is raised as to whether, after three years' delay, and after considering the question for more than a month, we are to lay it aside and take up something else. The Senator from Nebraska, within his rights, has indicated that there are issues in the tax bill which will not be speedily determined. Such a measure should not be passed with undue haste. If Senators dodge now the vote on the World Court, as some seem disposed to do, the debate on the World Court very naturally will prolong unduly the debate on the tax bill. If Senators desire to pass the tax bill with fair and reasonable promptness, the way to do it is to act soon on the World Court, get it out of the way, and then there will be no motive for filibustering against the tax bill; then there will be opportunity to consider the tax bill reasonably.

Yes; it would be convenient to agree upon a date for a vote, and I am going to lay down this proposition, that if the opponents of the resolution merely desire reasonable time in which to present their arguments, they would not object to the offer made by the Senator from Idaho [Mr. BORAH]. I propose, before I take my seat, to ask the unanimous consent which the Senator from Idaho stated, in reply to a question of the Senator from Alabama some days ago, he was willing to enter into. The Senator from Idaho said he thought the 10th day of February would be a fair time to vote. Who disputes that? He was not willing to enter into a filibuster. He wanted ample time for debate, and having secured it was willing that the question should be decided.

Is it unfair to accept or insist upon the proposition which the Senator from Idaho himself made? If objection is made to it, what must be the motive of the objector? Delay; unnecessary delay! Do you imagine that the Senator from Idaho, who knows more about the questions involved in the opposition to this resolution than perhaps any other Senator, did not know what he was talking about when he himself said, "Let us vote on the 10th of February"? If an agreement to vote on the 10th day of February should be reached in compliance with the request I am going to submit, there probably will not be six hours' debate, if the practice heretofore prevailing should be pursued after the agreement is entered into.

If an agreement can not be made to dispose of this question without inviting a filibuster on the tax bill by superseding now the consideration of the court question by the tax bill, I am in favor of invoking the cloture rule of the Senate. When that is adopted every Senator will still have an hour in which to register his reasons for or against this proposal, and if some Senators—perhaps including the one who is now speaking—confine themselves to the things they know and believe to legitimate arguments, the one hour provided by the cloture rule would be more than adequate to meet their requirements.

Do you tell me that it is unfair and unjust, after the Senate has had this question before it formally for three years, after it has debated it for more than a month continuously, to say to those who never want the question to be finally disposed of "The hour is approaching when the consideration of this subject must be terminated and when the vote must be taken"?

Mr. President, I ask unanimous consent——

Mr. MOSES. Mr. President, may I interrupt the Senator at that point?

Mr. ROBINSON of Arkansas. Certainly.

Mr. MOSES. As the Senator is about to formulate his request for unanimous consent, may I ask him what lies in his mind with reference to debate over the reservations which have not yet been formally offered and in connection with the reading of the statute article by article? If the unanimous-consent agreement is to be in the usual form, that the Senate is to proceed without further debate upon reservations or amendments then presented or to be presented——

Mr. ROBINSON of Arkansas. Mr. President, I will say to the Senator from New Hampshire that if the discussion of the subject indicates that an agreement on the proposal which I submit can be reached, the mere details with respect to the debate on reservations will not occasion the slightest trouble. The Senator from New Hampshire can have any arrangement on that he desires.

I ask unanimous consent that on the 10th day of February, 1926, the Senate proceed, at 4 o'clock p. m., to vote upon the pending resolution, together with all amendments and reservations, to its final disposition.

The PRESIDING OFFICER. The clerk will read the proposal made by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I am going to modify my request, since I have some assurance that there is a probability that it may be agreed to.

I ask unanimous consent that on the 10th day of February, 1926, all debate on the pending resolution, and on all amendments and reservations thereto, be limited so that no Senator shall speak more than once nor longer than 30 minutes upon the resolution itself and the reservations and amendments.

Mr. SMOOT. Mr. President, I would like to ask the Senator a question. If that unanimous-consent agreement is entered into, will it carry with it the privilege of taking the tax bill up at any time?

Mr. ROBINSON of Arkansas. When the Senate is not proceeding with the court resolution, if any Senator wants to bring the tax bill before the Senate, he can do so. The World Court resolution will be the unfinished business; but when it is not being debated, the revenue bill can be taken up.

Mr. MOSES. Has the unanimous-consent agreement been reduced to writing?

Mr. ROBINSON of Arkansas. I would not want it arranged so that if any Senator wanted to argue the World Court proposition he would be denied the privilege of doing so; and I think that is fairly implied.

Mr. MOSES. How could that take place, anyway? Under the rules of the Senate——

Mr. ROBINSON of Arkansas. Very easily. Any Senator might move to proceed to the consideration of business in legislative session and then move to take up the tax bill or some other bill. Then, of course, if a Senator spoke on the World Court, he would do what the Senator from New Hampshire would never do—speak on a question not before the Senate.

Mr. MOSES. The Senator from New Hampshire has never done that yet.

Mr. ROBINSON of Arkansas. No, Mr. President. I went even further and said that he would never do it, but I think I will take that back. Omniscience alone knows what the Senator from New Hampshire will do. [Laughter.]

Mr. MOSES. I do not want my senatorial future mortgaged by the Senator from Arkansas.

Mr. HEFLIN. Mr. President, I want to ask the Senator from Arkansas a question. If this agreement is entered into I do not think there will be very many speeches made on the World Court question between now and the 10th day of February. If debate lags on that subject can we not, after we get an agreement to vote on the World Court question, take up the tax bill?

Mr. SMOOT. If that were not understood I would object.

Mr. LENROOT. Oh, surely, we would take up the tax bill right away.

Mr. ROBINSON of Arkansas. The Senate can exercise its pleasure in that matter and take up any measure it chooses.

Mr. BORAH. Mr. President, may I ask for the reading of the proposed unanimous-consent agreement?

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent that on the 10th day of February, 1926, all debate on the pending resolution and on all amendments and reservations thereto be limited, so that no Senator shall speak more than once or longer than 30 minutes on the resolution itself and the reservations and amendments.

Mr. MOSES. "Or," not "and."

Mr. ROBINSON of Arkansas. I think the Vice President has the language exactly as I stated it. While I was stating it there passed through my mind the distinction which Senators evidently perceive. As now framed, the agreement would limit Senators to speaking 30 minutes all together. As it would read if "and" were changed to "or," it would limit Senators to 30 minutes on each of the propositions.

The VICE PRESIDENT. The Chair will read the language as amended:

> The Senator from Arkansas asks unanimous consent that on the 10th day of February, 1926, all debate on the pending resolution and on all amendments and reservations thereto be limited so that no Senator shall speak more than once or longer than 30 minutes upon the resolution itself or the reservations and amendments.

Mr. MOSES. It should read "or any reservation or amendment."

Mr. ROBINSON of Arkansas. Yes; "or any reservation or amendment."

The VICE PRESIDENT. As now changed the language reads:

> so that no Senator shall speak more than once or longer than 30 minutes upon the resolution itself or any reservation or amendment.

Is there objection to the unanimous-consent request?

Mr. BORAH. Mr. President, I want one understanding incorporated in this agreement, or else an understanding among Senators as a gentleman's agreement, that whenever anyone desires to debate the World Court matter the tax bill is to be laid aside. I do not want, and neither do my friends, to be placed in the position of debating the World Court while the tax bill is before the Senate. It would put us in the position of filibustering against the tax bill.

Mr. ROBINSON of Arkansas. I think that is implied by the request itself. It is my interpretation of the request that until the date specified in the agreement is reached any Senator would be entitled to have the World Court resolution laid before the Senate.

Mr. LENROOT. I would move to take up the World Court resolution, in open executive session, at any time any Senator indicated his desire to speak on the World Court.

Mr. BORAH. Another thing. If this agreement is made, what are we going to do to-morrow?

Mr. SMOOT. I will move to take up the tax bill.

Mr. BORAH. It is understood that the tax bill is to be laid aside at the request of any Senator who wants to speak on the World Court at any time?

Mr. ROBINSON of Arkansas. Yes.

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement?

Mr. BLEASE. I object.

The VICE PRESIDENT. The Senator from South Carolina objects.

Mr. HEFLIN. Mr. President, I am in hearty sympathy with what the Senator from Arkansas [Mr. ROBINSON] has said about proceeding to consider the World Court resolution and dispose of it. Everybody, with one exception, who favors laying the World Court aside is opposed to the World Court. More than two-thirds of the Senators favor the World Court. I think Senators have had ample time to discuss the World Court. A great deal that has been said and read recently had nothing on earth to do with the World Court.

Mr. President, as the Senator from Arkansas has pointed out, the measure has been before the Senate for three years. President Harding recommended it among the last things he did. Mr. Coolidge has recommended it three times to this body. I want to repeat that the same forces that opposed the League of Nations and helped to kill every effort made by this country to use its influence abroad to promote peace

and prevent war are now back of the proposition to kill the World Court. They do not want a World Court. They do not want an international peace tribunal of any kind. President Coolidge in his message upon the subject said:

> This court would provide a practical and convenient tribunal before which we could go voluntarily, but to which we could not be summoned.

Now, Mr. President, Mr. Coolidge was elected by a good big majority. He is the leader of the Republican Party. He is the Chief Executive of the Nation. Are we to accept his word? He has read and studied the World Court statute and protocol. He tells us that it provides an important and necessary court to which we can go, but to which we can not be summoned. I think we ought to act on it at an early day.

Since I have been in public life there never has been as much money spent against a proposition, unless it was the League of Nations, as is being spent now by the gun and munition makers of the United States to defeat the World Court. Lobbyists here are spreading their poisonous propaganda. They have expended hundreds of dollars having telegrams sent in, inspired by false information about the World Court. There never were so many misleading statements sent out regarding a matter in the Senate since I have been here as are now going out from Washington against the World Court.

When we suggest that we want to get this matter out of the way before we take up the tax bill some Senators on the other side who oppose the World Court rush to the rescue and want to show how friendly they are to the tax measure by laying aside the World Court. It is plain to me that their purpose is to delay action on the World Court measure and to defeat it ultimately by such action.

Since the Senator from South Carolina [Mr. BLEASE] has objected, and I presume that he will continue to object to any unanimous-consent agreement, I think it high time that the Senate proceed to act upon the question. I am ready to vote now or fix a date when we will have a vote upon the World Court question. There is no justice, there is no fairness, there is no sense, in dillydallying along with this matter any longer. Senators are getting up and reading long newspaper articles and magazine articles, some of them old and hoary, that have nothing on earth to do with the proposition before us. It is very plain that there is an effort to filibuster and to prevent action, if possible, on the World Court. When they do that they are postponing action upon the tax measure. I for one am going to fight against laying aside the World Court to take up the tax bill. I am going to fight to hurry the tax bill along when we do take it up. I want to say to the Senator from Utah [Mr. SMOOT] that we will pass the tax bill before the 15th of March; but if he permits the World Court measure to be laid aside, he will make a serious mistake. I know something of the tactics of Senators who would like to get that situation before this body. They will debate the tax bill and cuff it around in order to hold the World Court question at bay. That is what they are driving at, it seems to me. Why should we play with this proposition any longer?

Mr. President, I believe Senators know and that the public generally knows that there has not been a vote changed by the debate, not one. The vote in this body now is just like it was four weeks ago. We have heard arguments over and over again, approached from a different angle each time, thrashed out time and time again. What is the use of holding the Senate here listening to those arguments and holding back legislation that is of importance? We ought to proceed to consider the matters before us and the matters that are to come before us. I think that two-thirds of the Senators and more favor the World Court, and they ought to have a chance to vote. More than that, I think that the three-fourths of all of the religious denominations in the country that have indorsed the World Court and all of the fathers and mothers, wives, sisters, and brothers who lost loved ones in the Great War are entitled to have the country go upon record as favoring a movement to fight war in the future and to promote peace in the world.

Some Senators on the other side of the Chamber who oppose the World Court would have it appear that we who favor it are just carrying the country headlong into the international quarrels of Europe.

What were we doing when the World War came on? We were here at home attending to our own business. Did we do anything to provoke the warring nations? Not one thing. Did we have any voice in preventing the war? We did not. Well, how did we get into it? By their acts upon the high seas—firing upon our flag, sinking our ships, and attempting to deprive us of the use of the free seas. Could we keep out of the war? We could not. What did we do? We went in and pledged every dollar and every drop of blood to help fight that war to the finish, and we did it. Yet Senators tell us that we ought not to mix in the affairs of Europe. We were compelled to mix in the affairs of Europe in the bloodiest war of the ages.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. HEFLIN. Yes; I yield to the Senator.

Mr. REED of Missouri. Mr. President, I should like to ask the Senator from Alabama how many European wars there were between 1812 and the last war we were in, which began in 1914? I mean between the time of the first war we were in, aside from the Revolution, down to 1914 how many wars were fought in Europe into which we were not drawn.

Mr. HEFLIN. I do not now recall.

Mr. REED of Missouri. Well, I can inform the Senator. There were something like 140 such wars.

Mr. HEFLIN. But I want to inform the Senator that more people were killed in the one war into which we were drawn than were killed in all the wars of all the world.

Mr. REED of Missouri. Oh, no.

Mr. HEFLIN. And it is true that the World War cost more money than all the previous wars in all the world.

Mr. REED of Missouri. It may have cost more money—there is more money now to spend—but the point I am making is not how many men were killed or how much money was spent. The Senator is making the point that we were drawn into this war. Is it not a fact that there were something like 140 wars fought in Europe between 1812 and 1914 into which we were not drawn; and while many of those wars were small there were several wars of tremendous importance? We were not drawn into those wars. Does the Senator from Alabama think it is a determinative thing, then, and ought to settle the question, that we were dragged into one war through the foolishness of Germany?

Mr. HEFLIN. Mr. President, modern war has become so dangerous and deadly that the nations of the earth have got to unite on the one thing of preventing war in the future. The Senator's question is just like a man saying that he had lived to be 50 years old and never had been killed.

Mr. REED of Missouri. Oh, not at all.

Mr. HEFLIN. We were not drawn into those minor wars, but the one into which we were drawn cost this Government billions of dollars and made the President of the United States call 4,000,000 American boys to the colors.

Mr. REED of Missouri. Certainly.

Mr. HEFLIN. We went across the seas, and we pledged ourselves and our allies to fight to the death, to spend our money, to call our boys to help put that monster down. Now I am for keeping him down.

Mr. REED of Missouri. Yes; and you are after——

Mr. HEFLIN. If I am willing to send 2,000,000 boys across the sea to whip war and to put war down, I ought to be willing to set up an international peace tribunal and have one American representative there to talk against war and work against war and to notify us and the rest of the world when an attempt to start a war is brewing anywhere.

Mr. REED of Missouri. But was not our moral influence exerted before?

Mr. HEFLIN. It did not have any effect.

Mr. REED of Missouri. No; it did not succeed.

Mr. HEFLIN. We were not over there.

Mr. REED of Missouri. If we had been over there, does the Senator think there would not have been any war?

Mr. HEFLIN. I do. I think if the League of Nations or the World Court had been in existence there would not have been a gun fired in the war of 1914.

Mr. REED of Missouri. That is a sublime faith based on nothing. [Laughter.]

Mr. HEFLIN. Yes; I have got faith, and the men and the women who have faith are the men and women whose names live in history. The pessimistic individuals who are always pointing out the dark and dreadful things born of their imagination never amount to much and never get anywhere. It takes men and women of vision and of faith to accomplish things of value for the human race, but the Senator from Missouri [Mr. REED] and the Senator from Idaho [Mr. BORAH] seem to assume the attitude that we do not know what we are doing; that we are pursuing a course that will ruin our country. They seem to have solemnly become obsessed with the thought that the Almighty had appointed them to save us and the country from some imaginary vortex into which they say we are about to plunge.

They remind me of old Uncle Rufus who did not join the church until he was 80 years old. The parson said, "We want to hear from Uncle Rufus." Old Rufus got up and said

that so far as he was individually concerned the way was clear? The congregation answered back in unison, "Yes." He said, "It is broad and smooth, just like the ceiling?" They said, "Yes." He said, "They ain't no rocks and roots and stumps in the way?" They said, "No." He said, "All I got to do is to walk right up to the pearly gates and go right in?" They said, "Uh, huh." Then he said, "The only thing that is troubling me is how is I goin' to git my shirt on over my wings." Then old Rastus got up and said, "You old crap-shootin' sinner you, your trouble is goin' to be how you is gwine to git your hat on over your horns." [Laughter.]

Mr. President, it is becoming really wearisome to observe the attitude of some Senators in this body, coming here from sovereign States of this Union, who voted to send our boys across the sea. They did not filibuster about it, either. We acted in a hurry; we summoned the boys and sent them away when they had nothing to say about it. The President of the United States made a pledge to them and to their fathers and mothers that he would do all in his power to prevent the recurrence of another such war. Three hundred thousand of our boys were killed and nearly 10,000,000 foreign boys died on the battle fields. Yet Senators are crying out with fear and trembling against some misstep that they fear we are about to make in our efforts to keep faith with the American people in promoting the peace of the world. Shall I vote to send these boys abroad; shall I vote to tax the people at home millions and hundreds of millions of dollars to go over there and help put down a war, and then, in time of peace, sit back and tremble in my shoes afraid to take a step in time of peace in the interest of peace to have somebody sitting in a watch tower over there with other peace-loving nations whose boys have been murdered to cry out against the coming of another such war? Senators, it is getting high time that this body were acting on this question and stopping this thing, and going on with legislative matters that vitally affect the people of the United States.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. HEFLIN. I yield.

Mr. REED of Missouri. Who are the peace-loving nations over there except the very ones that have been involving countries in war for a century? Who are these peace-loving nations with their standing armies and their big navies?

Mr. HEFLIN. Germany, after her terrible experience, is one of them now.

Mr. REED of Missouri. Who has made all these wars?

Mr. HEFLIN. The people of Germany—not their military masters—are sick and tired of war. Her dreadful experience has taught Germany a lesson.

Mr. REED of Missouri. Certainly.

Mr. HEFLIN. France and England also. General Haig said, "Boys, our backs are to the wall; there is nothing to do but to die." Old England is sick. The economic problems following the World War have gotten her into a very serious and unpleasant situation. She has trouble to-day between capital and labor; she is shaken to her very foundations on account of economic questions that have arisen because of the World War.

Mr. REED of Missouri. Are they not all as sick as England is?

Mr. HEFLIN. Yes, Mr. President; all those nations that spent millions of money and lost their boys in the war are sick of war. And now while they are sick, and before the lessons of that war are forgotten, I want the nations of the earth to act in concert and make war on war.

Mr. REED of Missouri. While that is true, are not two of the nations that abhor war conquering a free people at this present moment?

Mr. HEFLIN. That is a mere butterfly parade compared to the big, cruel, and brutal war that ended in November, 1918.

Mr. REED of Missouri. It may be a butterfly parade, but it is a parade involving a free people.

Mr. HEFLIN. I have nothing to do with that in the question that I am discussing here.

Mr. REED of Missouri. But the Senator says they love peace.

Mr. HEFLIN. Yes.

Mr. REED of Missouri. The nations over there are showing their love of peace in fine shape. Every time they can confront a weak people they go out and lick them, and they have been doing that ever since we "put down war" for them.

Mr. HEFLIN. When the United States gets into this World Court the world will soon see the beneficial effect of her influence in behalf of world peace.

Mr. REED of Missouri. What is the United States going to do where it has 1 vote out of 55 among the nations and 1 vote of 10 or 12 or 16 on the World Court, depending upon the number of judges who may be upon it? What reason has the Senator for saying that the United States will control the rest of the world through one vote?

Mr. HEFLIN. I do not say they can control the rest of the world.

Mr. REED of Missouri. If they can not control them, what object is there in the United States going in?

Mr. HEFLIN. The influence that she will exert there on the side of peace will be marvelous and incalculable.

Mr. REED of Missouri. Why is not her influence on the side of peace now worth a great deal?

Mr. HEFLIN. We are too far from base. We are not where we can exert that influence.

Mr. REED of Missouri. Oh, we are too far from base!

Mr. HEFLIN. The Bible tells us——

Mr. REED of Missouri. Oh, yes.

Mr. HEFLIN. That one righteous man—and I am going to quote some more Scripture to my friend from Missouri. I will have him pretty well informed about the Bible after awhile.

Mr. REED of Missouri. I do not want to say an impolite thing, but I am reminded of the lines of Robert Burns:

> Some books are lies frae end to end,
> And some great lies were never penn'd;
> Ev'n ministers, they hae been kenn'd,
> In holy rapture,
> Great lies and nonsense baith to vend,
> And nail't wi' Scripture.

I commend that to my friend from Alabama.

Mr. HEFLIN. That is a very good poem; I am very fond of "Bobby" Burns. [Laughter.] I like to hear him quoted; I would rather hear the able Senator from Missouri quote poetry than listen to his speeches against an international peace tribunal. [Laughter.]

Mr. President, I was about to remind the Senator that the Bible says, "One righteous man can put a thousand to flight and two righteous men can put to flight ten thousand." I want to say to the Senator that when America sits in that court and uses her influence on the side of peace it will have more effect than any two dozen nations there because we are a great and a powerful Christian Nation; we are a country whose highest judicial authority has declared it to be a Christian Nation; and if our Nation is true to herself and true to her trust she will be God's main instrumentality in leading the nations of the earth out upon the plains of universal peace.

Mr. REED of Missouri. If one righteous man can put ten thousand to flight, I wonder why there is not a general stampede every time my friend gets on the floor? [Laughter.]

Mr. HEFLIN. Well, I have seen such a stampede here recently while the Senator from Missouri was speaking. [Laughter.]

Mr. REED of Missouri. Yes.

Mr. HEFLIN. That carried out the scriptural idea perfectly. [Laughter.]

Mr. REED of Missouri. I saw the Senator from Alabama and other Senators who could not answer make the stampede. [Laughter.]

Mr. HEFLIN. Well, the Senator from Missouri always makes a good speech, even when he is wrong.

But, Mr. President, I want the country to know that those of us who favor the World Court are very much in earnest, and we ought to be as enthusiastic now to rush into a world tribunal to prevent war as we were to rush our boys to death to put down the bloodiest war of the world. I think it was a cowardly and miserable thing to the boys of the United States to make them this promise and then desert them and leave us standing aloof, so that when an inviting war comes along the world's gun and munition makers could have some fellow to put the flag of an enemy upon a submarine and sink one of our boats, and we would be in war before breakfast.

Is it not much better to have somebody over there, to have a tribunal created for the purpose of fighting war and watching out for war, and doing everything to prevent war?

Mr. President, before I finish I wish to say further——

Mr. BLEASE. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BLEASE. Will the Senator permit a question?

Mr. HEFLIN. Yes, sir.

Mr. BLEASE. Does the Senator believe that the establishment of this league court will prevent war?

Mr. HEFLIN. The World Court; oh, yes.

Mr. BLEASE. Will the Senator please—and I ask the question in all kindness and for information—will the Senator please tell me why he thinks so?

Mr. HEFLIN. I think that war is such a horrible thing——

Mr. BLEASE. I have fought it all my life.

Mr. HEFLIN. It is so dangerous and deadly now, the world has had such a sad and costly experience with it recently, so many homes have been bereft of their sons because of the recent World War. War has become so barbarous and brutal and has taken such a tremendous toll of human life that I believe the world is ready to band itself together on one thing—to make war upon war.

That is my position upon it; and, Mr. President, whether we could succeed or not, I would rather that my country would take her place on the side of peace, and stand in the councils of the nations working to prevent war than to have us go off and tie ourselves up with other countries in fighting a war to a finish, and then come back and draw into our shell and wait until somebody else did the thing necessary to drag us into another war.

Mr. President, I think this Nation should take her stand on the side of peace and do it quickly and magnanimously. The nations of the world looked to her when the war was over. We were hurt then by not joining with the other nations. This World Court is not all I want. I stated that the other day, and I repeat it; but it is the only peace tribunal in sight that we can get into. A Republican President has recommended it. Republican Senators are supporting it. Democratic Senators are supporting it. Democratic boys and Republican boys died side by side on the battle fields of France. There ought not to be any politics in this matter. We ought to work harmoniously together in the interest of international peace. Let us do our best to persuade other nations to abandon war and submit their disputes hereafter to the peaceful settlements of arbitration.

Mr. LA FOLLETTE obtained the floor.

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from North Dakota will withdraw his suggestion. I am prepared to discuss this subject, and I would much prefer that a quorum be not called. I realize that the subject has been considered for some time, and I do not desire to bring Senators into the Chamber for the mere purpose of showing on the RECORD that a quorum is present.

The PRESIDING OFFICER. Does the Senator from North Dakota insist on the suggestion of a quorum?

Mr. FRAZIER. I withdraw the suggestion, Mr. President.

The PRESIDING OFFICER. The Senator from Wisconsin will proceed.

Mr. LA FOLLETTE. Mr. President, the question of supreme importance to the people of the United States in the consideration of the proposed court is whether our adherence to the protocol will increase or lessen the probabilities of our being drawn into world quarrels and world wars. This final test and the ultimate judgment of the people of this country is inseparable from the question of whether this proposed court is or is not the creature and the servant of the League of Nations.

The people of the United States have twice rejected in unmistaken terms the proposal that we join the League of Nations.

Frank statements such as the one made by the junior Senator from Maryland have been received in this Chamber and throughout the country with the hearty acclaim which their ingenuousness merits. He said:

> In one respect, of course, I am entirely free from the embarrassment in which the Republican adherents of the President in this Chamber find themselves involved. Their first purpose seems to be to establish the fact that the Harding-Hughes-Coolidge World Court is not an infant that is being palmed off on them by the League of Nations. They wish to be assured beyond the possibility of a reasonable doubt of the independent individuality of their own child. But all the subtleties that have been brought to bear upon this inquiry are to me, a Democrat and a sincere advocate of our participation in the League of Nations, as meaningless as the old theological dispute between the Homousians and the Homoiousians. * * * The more readily the features of the League of Nations can be seen in the face of the Harding-Hughes-Coolidge World Court, the better I like the child.

I have no quarrel with those who regard our adherence to this court as the first step in the direction of the League of Nations. It is a logical and consistent position. I have no quarrel with the sponsors of this court who favored the League of Nations with mild reservations. Their position is likewise logical, but I confess, Mr. President, that I find it difficult to follow the arguments of Senators who advocate adherence to this court and contend at the same time that it is not a step in the direction of the League of Nations.

Why is so much pressure being exerted to force a vote on this resolution? What is the hurry? What interests of this country will be injured by considering this step fully? As a matter of fact, Mr. President, how long has the Senate really been considering this question? Those pressing for immediate action point to the fact that the question of the court was submitted to the Senate by President Harding February 24, 1923.

No one can deny that it has been "before the Senate," but that this proposed resolution has had serious consideration by the Senate itself for such a period I do deny. The actual consideration of this proposition began on the 17th day of December, 1925.

In the course of the debate this afternoon the able leader of the minority in this Chamber stated that Senators had had plenty of time to prepare speeches upon this question. If Senators were to prepare speeches upon all important bills and resolutions that are referred to committees, or that come out from committees and lie upon the calendar, they would have no time to consider the matters which are before the Senate itself, and upon which action is to be taken.

Since the 17th day of December, when this resolution was really taken up for consideration by the Senate, a little more than a month has elapsed. I remind Senators that during that period of time the Congress was in recess for almost two weeks, and one week of the remaining time was taken up by the consideration of the credentials presented by the junior Senator from North Dakota [Mr. NYE]. However other Senators may feel about this debate, I for one, viewing as I do the adoption of this resolution as a momentous step and as one changing the policy of the United States to a most important degree, do not feel that the matter has been debated too long. On the contrary, Mr. President, insufficient consideration has been given to this resolution, and I trust that the matter will be thoroughly debated in the Senate, but, whether it is or not, I can assure Senators that this matter will be debated fully and at length by our constituents before another year has gone by.

Any demand that may exist in the country for our entry into the court is based on the faith that it is a step to insure world peace. It is for this legislative—this deliberative—body to investigate thoroughly and to bring to light all the facts involved in the complex problem. It should be discussed for public enlightenment, without regard to clamor. When the question of the League of Nations was before the Senate the same kind of false alarm as to the impatience of the public over that debate was raised by the proponents of the league as is now being raised by the proponents of this court. At that time President Wilson demanded immediate action. He rebuked the Senate. The hue and cry was raised then that the people were resentful of delay. It was stated then that the people were behind the President urging prompt, unquestioning approval of his demand that we join the League of Nations.

President Wilson would brook no opposition. He insisted that the Senate should sign the Versailles treaty, creating the League of Nations, on the dotted line. He went to the country confident that he would win an overwhelming victory. I doubt if there has ever been a more striking example of mistaken judgment or a more complete reversal of political fortune in the history of this Government.

It may be that public interest is not as intense as it was then. Nevertheless, the conviction of the people, in my judgment, on this proposed court is much akin to the sentiment which existed at that time regarding the Versailles treaty and the League of Nations.

As Senators well remember, the League of Nations was made the paramount issue in the 1920 presidential campaign at the dictation of President Wilson. There were many Democrats who at that time accepted the League of Nations because it had been made the issue by the President against their own desire and inclination.

Mr. President, it is a fact that there are Republicans in this Chamber who personally have great distaste for supporting this resolution ratifying our entrance into the International Court of the League of Nations. They have accepted it, however, because the Harding and Coolidge administrations have sponsored it.

DEPENDENCE OF COURT ON LEAGUE OF NATIONS AND VERSAILLES TREATY

I have no illusions that anything which I may say in this connection will have weight with Senators on the Republican side of the aisle when they come to answer to their names upon the roll call. I do desire, however, to express my admiration for regular Republican Senators who, like the senior Senator

from New Hampshire, have pushed aside all questions of party regularity and have voiced their fundamental convictions upon this important question.

This proposed court rests squarely upon the covenant of the League of Nations and the Versailles treaty. It is brought into being through article 14 of that covenant, which reads as follows:

> The council shall formulate and submit to the members of the league for adoption plans for the establishment of a Permanent Court of International Justice. The court shall be competent to hear and determine any dispute of an international character which the parties thereto submit to it. The court may also give an advisory opinion upon any dispute or question referred to it by the council or by the assembly.

Pursuant to this article, the Council of the League of Nations invited a committee of 12 jurists to draw up a plan or statute, as it is now called, to bring into being this court authorized by article 14 of the covenant. An invitation dispatched to this committee of jurists by the secretary general of the league, Sir Eric Drummond, put before those jurists the proposition which they were called upon to formulate. In that letter Sir Eric Drummond described the court which these gentlemen were asked to frame as "a most essential part of the League of Nations." In order that this committee, which had been formed by the League of Nations, might not miss this point M. Bourgeois, of France, then president of the Council of the League of Nations, addressed their preliminary meeting and told those 12 eminent gentlemen in plain language what the league wanted done. Speaking of the league and its relations to the court, M. Bourgeois said:

> The league considers the two institutions as complementary the one to the other, as of necessity, being organized at the same time and as being unable to do without each other.

Fearing lest the committee of jurists might not have gotten his point, M. Bourgeois in this same address drove his point home again when he spoke of—

> the close solidarity which exists and which to an increasing degree will always exist between their two actions.

Dr. James Brown Scott, who was with Mr. Root when this committee of jurists were at work, and who was serving Mr. Root in the capacity of a legal adviser, says:

> The court is the judicial organ of the League of Nations and can only be created within the league.

In the course of this debate proponents of the court have brushed aside these statements by men who were present when the court was framed. In fact, every statement made, such as that by Mr. Hagerup, of Norway, when he frankly declared to his colleagues in the assembly of the league that—

> it (the court) is the first step leading to the entrance of the United States into the league—

has been disregarded.

Proponents of the court, for the most part, have contended in the Senate that we should pay no attention to the interpretation placed upon the relationship of the court to the league by those who were on the ground at the time it was framed, but that we should construe its language literally. Were these men who made this court aware of what they did? Is their opinion of no value? They were on the job. They helped to make this court. It seems to me their testimony is of the greatest value.

It is of vital importance that due weight and consideration should be given to the interpretation placed upon the relationship between the league and this court by those who had an important part in framing it, and by those who in the council and the assembly further modified the statute as proposed by the committee of jurists.

Incidentally, Mr. President, it seems rather significant that the council and the assembly of the league had no hesitation in altering and changing the statute as framed by the committee of jurists. They regarded this committee as acting under and for the league in framing this document.

With all due respect to the legal acumen of those Senators who have argued for this court and who have argued for a literal and technical construction of the statute, I must say that the opinion of M. Bourgeois, who was president of the council and who had so large a part in the creation of this court, carries greater weight with me than their minute analysis of the phraseology of the statute. Under the statute, as is well known, it is announced frankly that the court is established—

> in accordance with article 14 of the covenant of the league.

Passing along to article 3, we find the number of judges—

> may hereafter be increased by the assembly upon the proposal of the council.

Going along a little further, we find that in article 4, members of the court shall be "elected by the assembly and the council."

In article 26 it is provided that in labor cases tried by the court—

> The court shall add to itself certain technical assessors, and those assessors shall be chosen from persons nominated by the members of the league and by the help and advice of the league.

Again, article 27 provides that in cases relating to transit and communication certain technical assessors shall be chosen from persons nominated by members of the league. Article 32 provides that the salaries and pensions of the judges shall be fixed by the league.

At every opportunity the statute provides for the dependence of the court upon the League of Nations.

COURT THE JUDICIAL SERVANT OF THE LEAGUE OF NATIONS

An objectionable connection between the court and the league, and, in my judgment, the most serious one, is the provision in article 14 of the covenant of the league for advisory opinions to be rendered to the league. Here is a scheme whereby the court becomes the judicial servant of the League of Nations. This is the plan by which the court becomes the department of justice of the league, as has been so well said by the senior Senator from Idaho [Mr. BORAH]. There is no limitation in the language used. It is as broad as it can be made. The court may also—

> give an advisory opinion upon any dispute or question referred to it by the council or by the assembly.

Note the words—"any dispute or question." There is no attempt to define the nature of the questions or the character of the disputes which may be so referred. Under this provision of article 14 there is nothing to prevent the council or the assembly of the League of Nations from submitting any question to the court for an advisory opinion.

They may submit disputes involving questions which we now consider purely domestic. They may submit questions involving our national, vital interest. The question of immigration, for instance, which we now consider purely domestic, may be sent to the court for an advisory opinion. The procedure by which this may be done was set forth amply in the able speech of the senior Senator from New Hampshire [Mr. MOSES], and in so far as I know has not been answered by the proponents of this court. He said:

> This power of the league is ably set forth and amply proven in a discussion upon the "History of the peace conference," published by the British Institute for International Affairs, in volume 1, chapter 6, part 3.
>
> It is therein further shown what steps may be taken under the covenant of the League of Nations to bring this about, and they are:
>
> First. Under article 11 of the covenant of the League of Nations any member of the league is free to bring to the council of the league any dispute which may arise with another state, and it matters not whether the other state is or is not a member of the league. In point of fact, the language of this article is much more comprehensive than this summary states it, because "any war or threat of war, whether immediately affecting any of the members of the league or not," is declared "a matter of concern to the whole league"; and the league is not only authorized but directed to take "any action that may be deemed wise and effectual." In this same article it is "declared to be the friendly right of each member of the league to bring to the attention of the assembly or of the council any circumstances whatever affecting international relations which threaten to disturb international peace or the good understanding between nations upon which peace depends."
>
> Second. Having this case before the council, the complaining nation is free to argue that the dispute falls within the definition of justiciable questions as set forth in article 13 of the covenant of the League of Nations.
>
> Third. The decision on this point is, of course, in the hands of the council—

There is the rub—

> and equally, of course, it constitutes a "matter of procedure," and therefore is to be determined by a majority vote.
>
> Fourth. With such a majority the Council of the League of Nations may send the question to the so-called court for an advisory opinion, wholly regardless of the wish of either of the contestants.
>
> Under this procedure the way is readily open for Japan, for instance, to take to the League of Nations, and through the league to the so-called World Court, its grievances growing out of statutes enacted in Western States—

That is, Western States of our country—

which the Japanese may claim to be in contravention of our treaties with them. Since treaties are indubitably international documents, this question raised in this way is international in its character, and the court necessarily would take cognizance of it. In any event, Japan could readily claim that these statutes threaten to disturb the good understanding between nations upon which peace depends, and therefore would have a firm foothold from which to approach the League of Nations and its court. Should these circumstances arise, and inasmuch as all decisions of the court are reached by a majority vote, and while it may be advisable for the United States to stake its all in such a controversy as I have outlined upon the robust qualities of John Bassett Moore, than whom there is no abler jurisconsult in all the world, I fear that his colleagues upon the bench, ranging from Senor Don Altamira, of Spain, down to Chung-Hui Wang, of China, most of whom represent our debtor nations, whose affection for us is of dubious quality, will apply the golden rule to the contention of Japan and will deal with her as they would like to be dealt with in the event of a controversy with the United States.

Senators sponsoring this court contend that the decision of the court in the Eastern Karelia case by a vote of 6 to 4 is ample protection against the court's taking jurisdiction of any matter which one of the parties thereto may decline to submit. In that one case the court did refuse to take jurisdiction when Russia declined to submit her case to the court, but, as has been demonstrated by the senior Senator from Idaho, the council of the league, which has power to submit any question or dispute to the court for an advisory opinion, has adopted a report disagreeing with the opinion of the court in the Eastern Karelia case. The council and the assembly elect the judges of this court. In 1930 the council and the assembly of the league will be called upon to perform this function. Can there be any doubt that the council and the assembly will elect judges who, like the four signing the minority opinion in the Eastern Karelia case, agree with the council that the court should render an advisory opinion regardless of the wishes of the parties to the dispute?

Other Senators may be willing to have the United States join this court, feeling that we are protected by a 6 to 4 decision of the court, in one case, against matters involving what we now regard as purely domestic questions, such as immigration, Panama Canal tolls, and the Monroe doctrine, from being submitted to the court. I for one, Mr. President, do not consider this one decision which has been repudiated by the council which elects the court as sufficient protection to the vital interests of this country. The logic of the situation is that the council, in performing its part in the election of this bench of judges in 1930, will elect a court which is in agreement with the council's position on this very important question.

COURT DEVOTES MOST OF ITS TIME TO QUESTIONS ARISING FROM TREATY OF VERSAILLES, WHICH WAS REPUDIATED

To my mind the danger that questions vitally affecting the domestic interests of the United States may be submitted to the court for an advisory opinion is only one of the objections against this feature of the court's functions. The fact that in an increasing number of cases the court is rendering advisory opinions upon questions growing out of the treaty of Versailles which this country repudiated, means that if we adhere to this court we shall by that act assume a moral responsibility for decisions affecting questions arising from the enforcement of that treaty.

I contend that we can not join this court without assuming moral responsibility for advisory opinions upon questions which are purely European in character and with which we have no primary concern. This is clearly shown by the 18 advisory opinions and decisions, which, as a matter of fact, were 16 in number; that is, they dealt with 16 different subjects, because two of the decisions concerned a single case or issue. Each one of these 16 cases had its origin in disputes arising in Europe, in the Near East, or in the Mediterranean. Fourteen of these 16 decisions arose out of disputes directly concerning the peace settlements which the United States rejected and refused to ratify. Four of these cases were decided by the court. The other 12 were sent back to the league by the court under this system of advisory opinions, leaving the final settlement to the league if it desired to act.

This court devotes most of its time to the consideration of questions arising out of the treaty of Versailles, or other peace terms and settlements which we refused to sanction. If we join the court we shall be in the position of lending our support to an institution which devotes most of its time to dealing with controversies arising from peace treaties which we repudiated.

In other words, Mr. President, we would be lending our support to and participating in deciding questions concerning the enforcement of peace treaties which we regarded as unjust and improper for the United States to ratify. We repudiated the treaty of Versailles not only because it contained the League of Nations, but because, in my judgment, as Senator Knox said, "it was the harshest treaty of modern times." Now, it is proposed that we shall lend our aid and support to a court which since its inception has largely had to do with questions arising from the unjust and punitive treaty of Versailles.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LA FOLLETTE. I yield.

Mr. REED of Missouri. On the point on which the Senator just concluded his argument——

Mr. LA FOLLETTE. Mr. President, I will say to the Senator from Missouri that I am going to take up the question of the treaty of Versailles more thoroughly as I proceed. I should be glad to answer any question the Senator from Missouri wishes to propound, however.

Mr. REED of Missouri. I simply wanted to make a suggestion that I thought would supplement what the Senator had said. But if the Senator is going to discuss it further—and I am very much interested in what he is saying—I shall wait.

Mr. LA FOLLETTE. I will say to the Senator from Missouri that it is my endeavor in the course of my argument, if it may be dignified by that term, to show that the whole question is involved in the treaty of Versailles, to which the so-called Permanent Court of International Justice owes its existence. If the Senator from Missouri will bear with me, I shall cover that ground in the course of my remarks; and if there are any questions which the Senator from Missouri or any other Senator desires to ask me, I shall to the best of my ability endeavor to answer them.

The proposed reservation with regard to advisory opinions in nowise protects us or keeps us free from the objectionable features of the advisory system. The reservation in substance declares we shall not be bound by advisory opinions to the submission of which to the court we have not given our consent. None of the nations signatory to the court are bound by advisory opinions, but to adhere to a court which renders opinions is to give the approval of this Government to the actions of that court.

DECISIONS OF COURT ENFORCED BY WAR

Mr. President, the decisions of this court are to be enforced, if any state refuses to accept them, by resort to war.

This certainly is the opinion of Prof. M. O. Hudson, of Harvard University, who was formerly connected with the secretariat of the League of Nations, where I presume he devoted his abilities to absorbing some knowledge as to how this peace engine which they constructed over there was to work. He is perhaps the most active proponent of the court outside of this body. In his book on the proposed court he said:

The sanctions behind the court are those contained in the covenant; and if any state should fail to abide by a decision, it will be for the council of the league (under article 13 of the covenant) to "propose what steps should be taken to give effect thereto."

The committee of jurists which framed the court's statute under direction of the league discussed the plan in their final report to the league, by means of which the great powers will always be represented on the new court. They point out also that such an arrangement was necessary for the welfare of the court because it would "increase respect for the court's sentences, which would not be put into execution without the all-important support of the financial, economic, and military strength of the great powers."

Leon Bourgeois, at that time president of the council of the league, said to the committee of jurists on June 10, 1920:

Finally, there is a last point of view which we must take in order to perceive the necessary relations between the League of Nations and the Permanent Court of International Justice. I approach here briefly the decisive problem of sanctions. What would be the efficacy of a sentence of justice if it did not find in a strong international organization the executor of its decrees? The covenant of the League of Nations foresees several degrees of sanctions—juridical sanctions, economic sanctions, military sanctions.

The committee of the assembly of the League of Nations which was working on the court reported as follows:

The league stands behind the court to give it the necessary authority, and if need be sanctions.

What are sanctions? They are the blockades, the boycotts, and the "legalized" wars waged by the League of Nations. You can not get away from that fact, Mr. President. I continue to quote from their report:

We have considered, as a matter of course, that coercive measures in connection with judgments of the court would be the same as those contemplated in regard to the general obligations which arise under the covenant.

The power to enforce decisions by sanctions is given to the court itself in article 418 of the treaty in case of a dispute arising through violation of labor treaties formed under part 13 of the covenant. Such cases are finally determined by the court, and in article 418 the court is given this authority:

The Permanent Court of International Justice shall in its decision indicate the measures which other governments would be justified in adopting against a defaulting government.

Here we see the power behind the court in the sanctions of the league—the blockades and the wars—which may be invoked by the league to enforce decisions of the court, and which in disputes arising from treaties formed under part 13 of the treaty the court itself has the power to recommend.

Peace is not in this instrument, Mr. President. The combined force of the nations, the dominant powers which rule the league is the force behind the decisions.

This is the enforcement of peace by the method of war. Are Senators willing to commit this Government to a court upon which at best we have only one member, the decisions of which are in all probability to be enforced with armies and navies? It is not a sufficient answer to say that this "legal" form of war has not as yet been invoked in enforcing the decisions of the court. The power is there. If the nations which dominate the League of Nations consider any decision of the court sufficiently to their interest, they will resort to these methods of "legalized" warfare to enforce those decisions. The matter has already been discussed by the league in the Mosul case. It may be said we are not joining the League of Nations, and therefore we are not required to contribute our share of military and naval forces should such action be taken. To protect ourselves from the demand which will be made upon us we will have to resort to the technical consideration of the statute which has been employed by some Senators in the course of this debate. I fear, Mr. President, that such arguments will not at that time be successful.

The hue and cry will be raised that we are a part of this court. We will have given it our prestige and our indorsement. Will a technical construction of the protocol and statute protect us in that hour? I am apprehensive that it will not. This war to enforce the decisions of the court will be called a war to "make the world safe for judicial opinions," or "a war to make the world safe for the Permanent Court of International Justice."

The recollection of what may be done in whipping up public opinion by the use of propaganda and of high-sounding phrases is too fresh in my mind, Mr. President, to permit me to view such a situation with any feeling of security.

Here and now is the time to study the ultimate outcome of our adherence to this court. Lest once we are in it, I fear, we shall be carried on to the logical conclusion of our act.

The League of Nations is inextricably interwoven with the treaty of Versailles. It is inseparable from it. The court is the judicial arm of the league. Peace and justice can not flow from an instrument conceived in the spirit of the secret treaties and born in the atmosphere of greed and vengeance which dominated the treaty.

GREAT POWERS DOMINATE LEAGUE AND COURT

In a speech made on this floor, when the treaty was under consideration, Senator La Follette said:

Mr. President, this little group of men who sat in secret conclave for months at Versailles were not peacemakers. They were war makers. They cut and slashed the map of the Old World in violation of the terms of the armistice. They patched up a new map of the Old World in consummation of the terms of the secret treaties the existence of which they had denied because they feared to expose the sordid aims and purposes for which men were sent to death by the tens of thousands daily. They betrayed China. They locked the chains on the subject peoples of Egypt and India. They partitioned territory and traded off peoples in mockery of that sanctified formula of 14 points and made it our Nation's shame. Then, fearing the wrath of outraged peoples, knowing that their new map would be torn to rags and tatters by the conflicting, warring elements which they had bound together in wanton disregard of racial animosities, they made a League of Nations to stand guard over the swag.

The great powers which got the swag out of the war dominate the League of Nations. Through the league they will continue to dominate this court just the same, even though we join it. The good people in this country who favor our adherence to the court are convinced that it will promote peace. I direct their attention to the treaty, which is, after all, the foundation upon which the league and the court rest. No understanding of this question is complete without a picture of the antecedents of the court.

Mr. Wilson's 14 points, which were presumed to be the accepted condition of armistice, must ever stand out as an extraordinary conception of a peace program and basis of settlement of the World War. But the treaty of Versailles, the actual conditions of peace which Mr. Wilson agreed to in exchange for the League of Nations, is to-day recognized throughout the world as one of the most flagrant and treacherous betrayals of a conquered people known to modern history.

Volumes have already been written on the Versailles treaty. Many more volumes will probably be written. I do not purpose to discuss its provisions extensively, but since, in my view, the League of Nations is the creature of the Versailles treaty, and since the court is the creature of the league, it is an untenable position, in my judgment, to assume that we can enter the court without also assuming a degree of responsibility for the enforcement of the treaty and for the activities of the league.

To get at the root of what is wrong with the League of Nations and its court, it must be recalled that when the Soviet Government came into power and took possession of the Czar's archives they discovered and made known to the world the secret treaties, which were the agreements that had been entered into by the principal allied nations engaged in the war as to what distribution should be made of the spoils of war after the war had been won.

All the time that President Wilson was talking of "war for democracy," "peace without victory," "fourteen points," and while the Kerensky government pleaded, as a condition for Russia's continuing in the war, for a peace based on "no annexations and no indemnities," the conditions of these secret treaties were known to the other allied governments, if not to our own.

When the peace came to a show-down at Versailles it was not to end war. It was not a peace for democracy. It was not a peace without victory. It was not a peace with no annexations, and no indemnities. It was not a peace based on the 14 points. It was not a peace written upon the terms of the armistice upon which Germany laid down her arms. It was a peace of spoils and indemnities, of cruel, inhuman exercise of power of the conquerer over the conquered, such as had never been known to the civilized world. Instead of high moral principles, noble ideals that the peoples of the world who had been fighting the war had been led to expect would control the peace treaty, selfishness, greed, revenge, political expediency held unquestioned, unlimited sway at Versailles.

THE VERSAILLES TREATY VIEWED BY AN ITALIAN STATESMAN

Francesco Nitti, the Italian statesman who was Premier of Italy and served for a time at the head of the Italian delegation at the Peace Conference, wrote a book in 1923, entitled "The Decadence of Europe." Nitti is a scholar, an economist, a statesman. He is a conservative liberal or a liberal conservative, as you will. He is far from being an extremist.

When I was traveling in Europe in 1923 with my father we tried to see him in Italy, but we were advised that he was a subject of espionage. Under the increasing despotism of the Mussolini government, which has completely crushed all freedom of speech and freedom of press, Mr. Nitti's voice is doubtless silenced, if he is not in exile.

The Decadence of Europe—and I venture to quote from this book somewhat fully—relates chiefly to the moral debasement of Europe as evidenced by the conditions of peace imposed upon Germany by the treaty of Versailles. All that Nitti says on this theme is germane to this debate, for, I repeat, the League of Nations is made up of the allied countries that were parties to the Versailles treaty. The dominant nations shared in the spoils; many of the smaller nations owe their existence to the provisions of the treaty. The League of Nations owes its existence to the treaty; its members must be held responsible for the enforcement of the pact.

Mr. KING rose.

Mr. LA FOLLETTE. Does the Senator from Utah desire to interrupt me?

Mr. KING. No. I am deeply interested, however, in the Senator's remarks.

Mr. LA FOLLETTE. I appreciate the Senator's attention.

Comparing the Versailles treaty to that of 1815, Nitti recites that under Napoleon—

Imperial France had invaded almost all the countries of Europe, had destroyed all national governments, expelled ancient dynasties, and caused death of millions. * * * She had ruined the finances of almost every country. She had forced them into lengthy wars, and had threatened the very existence of England. Yet the victors

inflicted on her no greater penalty than the restoration of her pre-war boundaries, a moderate indemnity, and a brief military occupation.

More important still, her good relations with the victorious countries were restored; her armaments were not limited; she was bound down by no restriction or control; and she quickly recovered her great position in international politics, hand in hand with her enemies of yesterday. On the very morrow of her defeat she was able to conclude alliances with Russia and agreements on the eastern question with Great Britain—

Says Nitti.

The indemnity was fixed at an amount France would pay quickly and without very serious difficulty. In two years, in fact, she freed herself entirely from debt and asked that the time of military occupation which had been fixed at five years should be reduced, and after negotiations all the armies left France at the end of 1817.

Nitti states:

In 1870 Prussia defeated France and demanded two unjust conditions—the surrender of Alsace-Lorraine and an indemnity of 5 milliards. But the indemnity was one that was immediately paid, and the military occupation was a brief one. Further, Prussia did not demand from vanquished France her colonies, her fleet, her transferable wealth, or her foreign credits. Above all, she imposed no control and no limitations of armaments by land or by sea. When France had paid her indemnity, she was at once free in all her movements.

Nitti points out that Germany at the end of this war was disarmed, her navy destroyed, and that—

Germany and the conquered nations in 1919 were deprived of national territories which had belonged to them for hundreds, even thousands, of years, and which were entirely German, Hungarian, Bulgarian, or Turkish. There was no criterion for this but the rights of the victor.

Nitti reviews some of the spoils which the League of Nations stands ready to protect, and which were taken by the Allies under the terms of the Versailles treaty:

The German-speaking territory awarded to Belgium presumably on account of wealth in foreign lands and zinc mines; the Saar, completely German territory, of whose 800,000 inhabitants there are scarcely more than a hundred French, placed under the administration of the League of Nations—practically of France—cut off from Germany 15 years when a referendum of the inhabitants is to be held to decide whether the Saar shall form a part of Germany or of France; the question of Upper Silesia, wholly German territory with immense mineral wealth which resulted in Germany's favor regardless of which the territory was arbitrarily divided between Germany and Poland "in violation of the very resolution of the treaty of Versailles"—

Says Nitti:

By the treaty of Versailles all Germany's colonies have been taken from her. Not even the private property of German subjects has been respected, and the German colonists have been everywhere ejected.

I continue quoting to Senators from statements of a former premier of Italy, who represented his country at the peace conference at the head of the Italian delegation.

In addition to the greater part of her resources, Germany was compelled to surrender—

practically all her transferable wealth in foreign countries, all her credits and her foreign property, and to accept the control of all her means of communication. Although she has lost her greatest mineral resources, her best territories, and, above all, the granary of Posen, and although she has lost her organization, she has been compelled to pay an indemnity, which, as everyone knows, can not be paid; and, to insure the payment of the indemnities, she has been compelled to support a foreign army, in whose ranks are representatives of barbarian races.

Nitti says that at the time of writing his book—1923—the cost of occupation, expressed in gold, was greater than that which France had to pay after the war of 1870.

The decision of the treaty of Versailles—

that the vanquished are solely responsible for the war and that Germany, therefore, having caused the war, is responsible for all the losses and all the damage suffered by the allied and associated governments—

is a new one in the history of treaties. Where does that theory end, Mr. President?

Nitti explains:

It is, above all, ridiculous, in that the victor can always find means to make the vanquished declare that he alone is responsible for the war. In all the peace negotiations—

He says—

Germany was never listened to, but she was compelled to sign.

Hardly anyone in Europe, including the politicians and the bankers who hovered around the conference at Versailles, knew the inevitable economic ruin which the treaty of Versailles was causing Germany, declares Nitti:

In the first two years after the war particularly, it was believed in almost all neutral countries and even in the victorious countries and America that the depreciation of the mark was a consequence of the war and not of peace. Enormous quantities of marks were purchased everywhere, and for a considerable time speculation brought about a rise in values. This mistake in valuations, based on ignorance, allowed not a few Germans to make remarkable fortunes and to transfer credits abroad and even provided the means for a fresh supply of raw materials for a few years. But the inevitable collapse of the German mark, which is a direct consequence of the treaty and of the reparations policy, deprived Germany of all its resources.

Reparations became indemnity on the day when the cost of war subsidies and pensions was introduced.

Says Nitti. Up to the time of the Versailles treaty indemnities had been limited by the victors to a sum which could be paid in a few months by means of an effort on the part of the state and by private economy:

Thus France was able to pay 700,000,000 in 1815, and five milliards in 1870. If a tolerable and reasonable indemnity had been demanded from Germany, she would have been able to pay it, even after her losses. If the freedom of her territory had been granted her, she would have been equally able to pay the indemnity by raising a foreign loan. If Germany had been left free to resume her economic activity, everyone, being convinced of the soundness of the loan, would have lent her money. On the contrary, on every occasion an absurd sum was demanded. In all the initial demands of the victors there was but only an estimate of the debts to the greatest possible extent, in order that, in the reductions which would follow, each victor state might receive a favorable share of the diminished total. * * * It was therefore no longer an indemnity, but a servile tribute, which the victors, loaded with arms, would impose on the unarmed vanquished, at the same time occupying their territory and controlling its life.

The absurdity of the reparations demand is shown by Nitti when he points out that France and Italy found it impossible to pay not only their debts but even the interest on their debts. At the same time France demanded from Germany more than the total amount of her own national income, according to the calculation of her most optimistic economists!

The formula that responsibility for the war rests with the vanquished alone was made a condition of peace in order to lay the foundation for charging the conquered with all the damages, reparations, indemnities, and tributes of war, which, together with the occupation of the Rhine and the Ruhr, created a state of vassalage for Germany. The reparations commission exercised sovereign power in Germany. She could not be a sovereign state so long as the occupation of the Rhine and the reparations commission continued to exist is the position taken by Nitti throughout his discussion of the matters of indemnities, invasion, and occupation of Germany.

Speaking of the occupation of the Rhine cities, Nitti says it was—

A useless violation of and an act contrary to the treaty and to the very pact of the League of Nations. The French Government has maintained in reality that, as Germany possesses transmissible wealth and has deliberately put herself in a state of being unable to make reparations, every ally has the right to invade and plunder German territory without being held to have committed an act of war thereby.

That precedent still stands, the League of Nations and the World Court to the contrary notwithstanding.

But as all the Allies cooperated in disarming Germany and in making it impossible for her to offer any resistance, this claim, which is contrary to the treaty and to all international rules, places Germany completely in the power of France.

LEAGUE AND COURT DID NOTHING TO STOP INVASION OF RUHR

Mr. President, I was one who witnessed what transpired during the occupation of the Ruhr by the French—what went on under the very nose of the League of Nations and the World Court. The occupation of this territory, about 20 miles square, close to the economic heart of Germany, was an action which should have challenged the attention of any organization and any court which had for its objective the maintenance of peace, the administration of justice, and the building up of precedents which will prevent war.

In plain violation of the terms of the treaty of Versailles, France invaded the territory of a defenseless state whose only means of protest was passive resistance, and occupied it for the avowed purpose of forcing the payment of indemnities, the payment of which France claimed Germany was in default. The occupation took place on January 11, 1923. The judges of the World Court were elected in November or December, 1921. What I saw there I can best depict by quoting from an article written by my father, whom I accompanied on this tour of inspection.

I venture to quote liberally from this article, because I want to recall to Senators who did not have the opportunity to see that occupation, and who did not get the straight report of it, just what was going on there, right under the eyes of the League of Nations and of this World Court, which, as I contend, gets its support in this country from honest and disinterested individuals only on the ground that it is a step in the direction of peace. I quote from this article, which was printed in the Hearst newspapers, and also in a publication which probably does not come much to the attention of a majority of the Members of this body, La Follette's Magazine:

Into this great industrial population last January came the French troops and occupied it as if they were in the midst of war and were attempting to crush an actively hostile people. Contrary to the popular impression that French propaganda spread over the world, there was no general strike. The workers in the Ruhr simply refused to work under French bayonets. As long as the French troops left their places of employment alone they continued to work.

But when the French soldiers took possession of a factory, a mine, or a railway division then the workers employed there walked out, resuming their jobs in the few instances when the French gave up control.

Thus it happened sometimes that in the morning the French would take possession of a station and the Germans would walk out. Later in the same day the French would leave and the Germans would return to find that in these few hours the French had destroyed the telephone lines, wrecked the delicate electric signals, cut the uniforms to shreds. The Germans would patiently restore order and begin work, and then sometimes a week, sometimes a month later, leave again under French bayonets.

This was all taking place while the League of Nations and the World Court were supposed to be serving the cause of world peace and justice.

The French control of the Ruhr is something new in history. It is not merely an occupation of territory by troops, it is almost economic penetration and absorption. To accomplish this there have been added in a region only 20 miles square 40,000 troops equipped with tanks, machine guns, artillery, and all of the other terrors of modern warfare, an engineer corps, the courts-martial, and the secret police.

I repeat, this went on while the League of Nations and the court were functioning.

The troops are made up of young men, most of whom know nothing of the actualities of war, but have been highly trained in hate psychology against the Germans.

James Causey, an American banker from Denver—

A partner, by the way, of Governor Sweet, of Colorado, who has been cited in this debate as an ardent supporter of the court. I wish Governor Sweet could have been in this area at the same time Mr. Causey was. I repeat:

James Causey, an American banker from Denver, whom I have known for years, informed me he had seen posters in the barracks of the French troops of the Ruhr depicting German soldiers in the act of committing horrible atrocities of the type long since proven to be deliberate fabrications of war-propaganda press agents.

The engineer corps is composed almost entirely of young men just out of college. They are given autocratic power in control of the mines, industrial plants, and railroads as they are taken over by the French. Upon their orders men are thrown into solitary confinement on bread and water for indefinite periods for refusing to work under French bayonets or to give up information concerning the operation of the mines or plants under French control.

An important phase of this attempt to break the spirit of the population in the Ruhr is the action of the courts-martial. These courts operate under the code of an army in the field against the enemy. They are arbitrary beyond belief. They have no rules of evidence, no fixed procedure. The will of the French officer presiding over the court alone determines the verdict and the sentence. Prisoners are held in jail for months without trial or knowledge of what offenses they are charged with.

The terrors of the courts-martial are increased by the underground activities of the secret police, made up in part of French detectives, but largely composed of the scum of Germany, who have become informers, stool pigeons, and agents provocateurs for the sake of French protection and a few filthy francs.

The system operates just as the Russian Cheka did during its worst days.

This in spite of the fact that Germany had protested to the League of Nations and, as I shall later show, Great Britain had written a note to France charging her with violation of the terms of the treaty and suggesting that the matter be referred to the Permanent Court of International Justice.

Denunciation by a stool pigeon is sufficient for arrest and imprisonment. There is said to be a system of rewards for denunciations. The third degree is used with inquisitorial fury, and many cases of insanity have been caused by its terrors.

The activity of the secret police and the injustice of the courts-martial have terrorized the population and made each man suspicious of his neighbor.

The wholesale deportations of workers and their families are another important part of the French technique in breaking the spirit of these proud, liberty-loving Germans. From January 11 to September 8, 27,119 railway men alone, together with members of their families numbering 68,821, have been deported from the Ruhr.

The total number of evictions up to October are approximately 150,000. These deportations often take place upon half an hour's notice. A man is forced to leave his home, his furniture, and clothing behind, and with his wife and children start from the Ruhr under French bayonets, bound for parts of unoccupied Germany—he knows not where.

There have been remarkably few acts of violence in spite of these terrible conditions. However, when they do occur, punishment is directed against an entire city. * * *

Relief work in the Ruhr has been hampered in every conceivable way. Medical supplies destined for the use of baby hospitals are held up at the French customs on one pretext or another. Milk is delayed in transit until it becomes sour. Cars of clothing, food, and other material are sent to the wrong destination or never arrive at all. * * *

Permits have repeatedly been refused for tubercular, aged, or infirm people to be taken out of the Ruhr to sanatoria, where they might have been cured, and in at least one case which I investigated permits issued by high French authorities have been torn up by subordinates.

I pause to recall to Senators that this is a busy, industrial center. It is no place for a patient with tuberculosis.

When protest was made at this action, a young French lieutenant replied: "Most of these Germans must die. They might as well become accustomed to dying in the Ruhr."

It is such actions as these that made Baroness Linder, a splendid Swedish woman, who has since February been doing relief work among the Ruhr children and the aged, as she did some time ago in Russia, say to me:

I heard Baroness Linder make this statement:

I have been in Russia and I have been in the Ruhr. I tell you sincerely and solemnly that I would rather be two years in Russia under the terror and famine than two months in the Ruhr.

Where was the League of Nations? Where was the Permanent Court of International Justice?

Although many of the cities of the Ruhr are literally built upon coal, the population has not been allowed to store any for the coming winter. Freezing as well as starvation is a part of the French policy.

Mr. President, I shall show later that France has pursued the same high-handed, merciless course in Syria.

This elaborate machinery of troops, courts-martial, secret police, and general policy of terror is said by Poincare to be for just one purpose—to protect and assist the engineer corps, which is supposed to see that the Ruhr railways, factories, and mines are operated so that France may secure her quotas of coal and monetary reparations. * * *

The treaty of Versailles violated the terms of the armistice upon which Germany laid down her arms. Occupation of the Ruhr by France violated the terms of the treaty. In order to understand what this treaty and the subsequent illegal action of France have done to a helpless and disarmed people, let us imagine similar conditions in the United States.

Under such a treaty as has been imposed upon Germany the United States would find herself in this position: New England, New York, and New Jersey under the heel of the conqueror and occupied by black troops, like the Rhineland; the coal fields of central Pennsylvania in permanent possession of the enemy, just as the Saar is; the coal fields of Illinois, the Gary-Chicago manufacturing district, and a "corridor" of agricultural land reaching down the Mississippi Valley to New Orleans ceded to Canada, just as Silesia, parts of Posen and West Prussia, and Danzig have been given to Poland.

Then because we had not been able to meet our payments of annual installments on a total reparations bill equal to three-fourths our national wealth, we would have the Pittsburgh district invaded in violation of the treaty and every civilized consideration, as the Ruhr was invaded, in order ostensibly to compel us to "pay up" the impossible demands, but in reality to complete the splitting of the American Union to pieces and destroying forever American industrial supremacy.

I feel warranted in having quoted thus at length from this account of the conditions that prevailed under the eyes of the league and its court. If there ever was a case demanding "international justice" this was one.

The sentiment which exists in this country for the World Court or, better, for the league court is based upon the belief that this court will in fact lessen the probabilities of war and in the end provide means whereby war may be eliminated as a means of settling international disputes.

RUHR INVASION SUPREME TEST OF COURT AND LEAGUE

Since the occupation of the right bank of the Rhine was the supreme act of violence and violation of the treaty of Versailles, the manner in which this act of violence and violation of the treaty was met and dealt with by the League of Nations is a supreme test of the value of the League of Nations and its court, as constituted, in dealing with the problems which concern the peace of the world.

If the powerful nations of Europe have not confidence in the settlement by the court of momentous questions which concern international peace, or if the league and the court are so constituted that they are going to be called into action only when to do so will serve the selfish ends of the great powers of Europe, then what can we say to the people of the United States to whom we must answer in the last analysis for our action here when they ask us why we have committed ourselves and the peace of the world to such a court?

The attention of the League of Nations was called in February, 1921, to the fact that the allied powers intended occupying additional territory of Germany. On March 10, 1921, the German Minister of Foreign Affairs protested to the League of Nations, pointing out that the allied powers had occupied territory on the right bank of the Rhine, and that the Allies did not name the provisions of the treaty of Versailles under which they had taken such action, and furthermore that no provisions of that treaty justified or authorized the occupation of territories on the right bank of the Rhine. In this note Germany appealed under article 17 of the covenant that the league take steps to "cause the immediate abandonment of the violent measures applied by the Allies."

Mr. President, the only action taken by the league was that of the secretary-general, who notified the Germans that their protest had been circulated to the members of the league for their information.

Great Britain, in one of its notes to the French Government during this controversy, stated:

The highest authorities in Great Britain have advised His Majesty's Government that the contention of the German Government is well founded, and His Majesty's Government have never concealed their view that the Franco-Belgian action in occupying the Ruhr, quite apart from the question of expediency, was not a sanction authorized by the treaty itself, but they would be quite willing that this or any other differences respecting the legal interpretation of vital provisions of the treaty * * * whether arising between the allied governments and the German Government or between different allied governments, should automatically be referred to the International Court of Justice at The Hague or other suitable arbitration. (Note dated August 11, 1923.)

The French Government was not conciliatory in its answer of August 20, 1923, to the proposal that the question in dispute be referred to the league or to the Permanent Court of International Justice. The matter was dropped.

True, Great Britain was disposed to do something and would like to have had the wrongs of the Ruhr invasion referred to the league and the court. But when her partner in the spoils of war refused, Great Britain, guilty of the same offenses under the Versailles treaty, was obliged to desist from taking any effective steps toward bringing the question before the league and the court. That is the trouble with the whole proposition. How can we expect these nations which dominate the League of Nations, which dominate the World Court, to force each other to do what is right in a particular instance when they are afraid to establish a precedent lest the bird they have let fly may come home to roost?

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Wisconsin yield to the Senator from Minnesota?

Mr. LA FOLLETTE. I yield.

Mr. SHIPSTEAD. If a robber has taken a lot of loot, it is sometimes convenient for him to have a court to which he can appeal, which will legalize the matter so he can keep the loot.

Mr. LA FOLLETTE. It is very convenient, a great convenience, indeed. It was not until September, 1923, that the matter of the Ruhr was even mentioned in either the assembly or the council. No action was taken, however. Mr. Bonar Law, in the London Daily Telegraph of February 14, 1923, explains one reason why Great Britain did not press the matter of bringing this Ruhr occupation to the attention of the league:

It has been suggested that we appeal to the League of Nations. There is no use in doing that if you know that the French will have nothing to do with it.

There you have it, Mr. President, in a nutshell. What these great powers desire to do they can do in spite of the League of Nations and its court. It is only when the league and the court suit the purpose and aid the great powers in securing their objectives that they are brought into play.

The invasion of the Ruhr by France has set a precedent more dangerous to civilization and world peace than has existed since the days when it was the accepted doctrine that a conquering nation could ruthlessly take possession of the land of the vanquished and enslave the inhabitants of the conquered nation. But this precedent set by France was not referred to the League of Nations nor to its court because at that time France did not desire that such action should be taken. If France had felt that the league and the court would throw a blanket of respectability over its violation of the treaty she would have permitted the matter to come before the league and its court quick enough. Great Britain, opposed to this policy on the part of France and realizing that the action was unjustified and illegal, did not press the point of referring it to the league when she found that France was unwilling.

What a picture of impotence and futility the league and its court presents when one of the great powers has some job of international brigandage to perform! The league and its court are convenient instruments when the powers can use them in their game of imperialism.

Is it any wonder that Germany wants the troops withdrawn from this occupied area before she enters the League of Nations, as is reported in the press? Ever since the League of Nations and the court came into existence there have been wars, or controversies threatening wars, in Europe.

GRECO-TURKISH WAR SHOWS FUTILITY OF LEAGUE AND COURT TO PREVENT WAR

Take the Greco-Turkish War. Did the league stop that? Was this engine of peace invoked to prevent France and Great Britain from carrying out their war by proxy over spoils in the Near East?

Except for the revelations of the secret treaties, the Greco-Turkish War might have been put over on the world, as many past wars have been, on the pretext that it was waged in behalf of humanity and Christianity. You come back to those secret treaties, Mr. President, every time you turn a leaf of the League of Nations and the treaty of Versailles.

In 1915 a secret agreement had been signed which gave Constantinople to Russia, and before the armistice there had been a number of secret agreements signed by the powers concerning the disposition of the Near East spoils.

So while there was an attempt in certain quarters to make the Greco-Turkish War appear a "holy war" to save Christianity from Mohammedanism, the attempt was not successful. The disillusionments of the World War made it quite easy for the most casual reader of the news to understand that the war between Greece and Turkey was likewise a war between England and France, England backing Greece in the beginning and France Turkey. Propaganda that it was a war to protect civilization against barbarism fell flat.

This war was waged for 18 months with terrific suffering, desolation, and death for thousands of innocent inhabitants of Christian and Moslem countries. England, scenting the danger of rebellion among her millions of Mosiem subjects, abandoned the Greeks and threw her support to Turkey. It was an imperialistic war, involving questions of freedom of the straits, Turkish debts, Mosul oil, and, hardest of all, exchange of population. What did the League of Nations and the international court avail to bring about settlement and peace in this area of sacrifice, of different races, and different religions, with desolation and desecration of their homes and lands?

On December 15, 1920, the first assembly passed a resolution to the effect that—

The council be invited to constitute a commission of inquiry with a view to informing the council as to the present situation in Armenia, in Asia Minor, in Turkey, and in the territories adjoining these countries regarding deported women and children.

There was nothing further done, but on February 22, 1921, a representative of Italy submitted a report to the council on this resolution, stating that a commission of inquiry had little chance to reach any results, stating as one of the reasons that certain areas were ruled over by governments not recognized—that is, not recognized by the League of Nations—which were in a state of war with certain members of the League of Nations.

During the second assembly M. La Fontaine, of Belgium, in the course of his comments upon this serious situation, said:

The Greeks and Turks are slaughtering each other whilst a world armed to the teeth lacks the courage to intervene.

A Persian representative said in part, in discussing the same situation:

Public opinion is astonished that, despite the existence of the League of Nations, its council has done next to nothing to stop a war which might well become universal.

When the third assembly met, Doctor Nansen read a note to the assembly on September 18, 1922:

I would ask the assembly whether the league ought not now, according to article 11 of the covenant, to take any action that may be deemed wise and effectual to safeguard the peace in the conflict which has caused the grave situation mentioned.

Doctor Nansen's note with other resolutions was referred to the sixth committee, where it was discussed, unanimously reported to the plenary assembly, where it was unanimously adopted. This resolution expressed the hope that the council—

without interfering with any negotiations now pending, will take such steps as it may deem desirable and justifiable by the state of the negotiations with a view to giving effect to the unanimous desire of the assembly for the prompt reestablishment of peace.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I yield.

Mr. MOSES. In connection with the episode to which he has referred, I should like to call the Senator's attention to the fact that the sole activity of the League of Nations in connection with all the horrible incidents which took place during the Greco-Turkish War——

Mr. LA FOLLETTE. I hope the Senator will include the court when he mentions the league.

Mr. MOSES. The court also. The entire activities of those two bodies during that whole episode consisted in calling a conference in the city of Athens, at which Doctor Nansen, as representing the League of Nations, made the suggestion gravely that all the money for the relief work should be furnished by the people of the United States, and that it should be expended by him as the agent of the League of Nations.

Mr. LA FOLLETTE. Mr. President, I appreciate very much the Senator's contribution to my remarks, because, as everyone knows, he is very familiar with the situation, having rendered such distinguished service to the Government as its representative in Greece.

The record shows that the league, although it studied questions of deported women and children and helped in the relief work of refugees, did nothing to prevent Greece, a member state, from resuming war in 1921, and made no effort to restrain or admonish France and Great Britain from aiding and abetting the war.

COMMENTS OF HIGH AUTHORITIES

Mr. President, I wish every Senator could be compelled by some means to read the two volumes entitled "Security Against War," by Frances Kellor, of whom Who's Who, 1924–25, says in part:

LL. B., Cornell Law School, New York, undergraduate and graduate work in University of Chicago, Fellow Collegiate Settlement Association, secretary-treasurer New York State Immigration Commission, chief investigator bureau of industries and immigration, New York State, member New York Research Council.

I digress here long enough to say that at the opening of this discussion the able and active senior Senator from Montana [Mr. WALSH], with the long legal training which he has, was quite careful, as it seemed to me, to try to prejudice the testimony of the witness for the prosecution; but I call attention to the fact, Mr. President, that he did so by hearsay evidence. The Senator did not say that he had read the book, as I remember his statement—and I will say to the Senator that I am referring to his remarks largely from memory—but he did print in the RECORD a review of this book from the Nation by one Lewis Gannett, whom I happen to know. Mr. President, this work, if I know anything about it, merits the serious consideration of every man and woman who is approaching this problem with a serious mind. I have not found any evidence of prejudice in the volumes; I have not found important statements of fact for which references were not given from which the source could be found in every instance.

If I ever saw an able and careful and disinterested piece of work it is contained in these two volumes; and, in my judgment, if every Senator should read this important work, this debate might proceed from now until the end of time before we would permit ourselves to be drawn nearer the League of Nations and its World Court.

The treatise on Security Against War comments on these facts—that is, the facts which I have been reciting of this Greco-Turkish situation—and I quote as follows:

The manner of settling the dispute between the allied powers and Turkey is a series of paradoxes. Territory was bartered away before the barterers obtained its possession; a member of the league violated articles 12, 13, and 15 of the covenant; no member of the league performed the friendly act contemplated under article 11, and article 16 was ignored. The council disregarded article 17, constructed for such an emergency. Certain of the allied powers concluded a separate peace with Turkey which enabled that country to obtain a successful general peace with all of them. The moral justification for the war was that it was fought for the liberation of Christians in Asia Minor; these Christians have been either exterminated or have become homeless refugees. The humanitarian League of Nations, without the express consent of its members being obtained, was called upon to assist in an exchange of populations based upon principles at variance with its humanitarian efforts in other directions. The outstanding fact is that when a powerful member of the council wills wars or condones injustice the league is powerless in opposition but may be useful in looking after the casualties attending the operation.

The work from which I have quoted is published by Macmillan, which in itself is a guaranty of its high character and reliability. The publisher's note states:

The author of this book has spent the greater part of the past four years in Europe, making a special study of port and transit conditions and of the treaty foundations of peace; visiting 21 countries; crossing 7 seas; and being on the scene of action during many of the controversies and wars herein narrated.

Is the opinion, the study, the briefing of this situation by this high authority worth no consideration on the part of Senators before they take this momentous step?

The collaborator possesses first-hand knowledge of the conditions in many countries, has had access to documents and information in the original text, and wide opportunity to verify and amplify the investigations herein described.

The biographical sketch of the author in Who's Who, 1924–25, reads in part as follows:

Frances Kellor, LL. B., Cornell Law School, New York, undergraduate and graduate work in University of Chicago, Fellow Collegiate Settlement Association, secretary-treasurer New York State Immigration Commission, chief investigator bureau of industries and immigration, New York State, member New York Research Council.

Without any of these sources of information as to the standing of the author the work speaks for itself. It is written in an unbiased, dispassionate spirit, credit given to every phase of the controversy, each statement documented.

Miss Kellor's research covers all the important issues brought before the league and the decisions which have been rendered by the court. In conclusion she says:

From the foregoing record it is evident that no really important issue affecting peace and security has been submitted to the court of justice. It is also apparent that in the matters which have been submitted the court has been restricted in its examination by the manner in which the council has formulated the question, and that actual controversies have followed the course of advisory opinions instead of judgments, thus minimizing the authority of the court and increasing that of the council. Through this process settlements have been delayed, thereby increasing bad will between states. It is also clear that the practice of submitting actual disputes in the guise of questions for advisory opinions has hampered the court in dealing with questions fully on their merits. For instead of rendering a judgment, carrying its own terms of enforcement, certain opinions of the court have given rise to a renewal of the negotiations and of the political manipulations which preceded the submission of the question to the court.

And yet, Mr. President, there are citizens of this country who still believe that the Permanent Court of International Justice and the League of Nations will bring about permanent and lasting peace!

I quote again from Miss Kellor:

The record of the matters not submitted to the court indicates that during the life of the court European peace has experienced many shocks. In view of these events, already recorded, it is difficult to imagine with what greater astuteness any less human, more technical, or less important matters could have been selected for submission to the court.

After a consideration of the important issues withheld from the court, Miss Kellor says:

A comparison of the questions submitted to the court with this partial list of those withheld indicates that states signatory to the court statute are unwilling to submit to its jurisdiction their vital interests, including questions of territory and boundaries; minorities and their protection; reparations and their adjustments; and matters affecting state sovereignty—the four leading factors in the wars which have taken place since the peace treaties were signed.

Miss Kellor states that although France and Great Britain have had many differences of opinion over European questions arising during the life of the court, they elected to submit but one dispute to that tribunal, concerning the right of British residents in Africa. Although the legal responsibilities assumed by the two countries under the Versailles treaty are ever in dispute, they brought to the court only a matter arising from treaties executed before the war.

At some other time in the course of this debate, Mr. President, I expect to have something more to say about this particular decision; but briefly I wish to refer to it now.

The court held in the nationality decrees in Tunis and Morocco, which were submitted to it by Great Britain and France—

that the dispute referred to in the resolution of the Council of the League of Nations of October 4, 1922, is not, by international law, solely a matter of domestic jurisdiction (art. 15, par. 8 of the covenant), and therefore replies to the question submitted to it in the negative.

I would call the attention of the Senate to the commentary of Mr. Charles Noble Gregory, formerly assistant dean of the College of Law, University of Wisconsin, later dean of University of Iowa Law School and of George Washington University, now editor of the American Journal of International Law, on this advisory opinion:

The large conclusion as to the future course of this very high tribunal, which is suggested with much force, is that it will evolve such juristic rules and conceptions as it sees fit, controlled by no code and but little if at all limited by judicial precedent or scholastic opinion. If it is called to deal with such international questions as may be discerned in the offing, even by our somewhat short-sighted and optimistic statesmen, it is apparent that it will probably register in perfect good faith and with supreme confidence, exclusively, the views and policies of Europe. What those views and policies will prove to be as to the rights of Indian, Japanese, and Chinese nationals on our shores, in our schools, in our land, and in a claim always appealing for equal treatment who can say? In the matter of enemy's property and the vast sums claimed in relation thereto, in the matter of international debts which are owed to us in billions by the countries to which these judges belong, who can foresee their conclusions or anticipate their decisions?

If they are hostile to the interests of this country and contrary to those views of justice and equity which we have so long assimilated, how can they be reviewed or corrected? No means is apparent and even an advisory opinion will operate as compulsive.

LEAGUE AND COURT AFFORD NO HELP TO SYRIA

Mr. President, the civilized world has recently been shocked by the news of the bombardment of the ancient city of Damascus.

The Syrian-American Society of the United States has issued a memorandum, based on non-Syrian sources, on the application of the mandatory system of the League of Nations by France in Syria which explains the conditions which resulted in Syria's rebellion against the French rule and the bombardment of Damascus. I hold a copy of this memorandum in my hand; and lest what I may have to say regarding this question should be challenged by Senators because of the fact that this document is prepared by Syrian-Americans, I wish to call their attention to the bibliography which appears in the back part of this pamphlet, upon which the pamphlet and the facts stated are based; and I wish to call their attention to the further fact that those sources are entirely non-Syrian in character.

The memorandum appears to have for its object an appeal to the executive and the legislative branches of the Government of the United States to assist in improving the lot of the Syrian people, who have been shamefully betrayed by the allied governments, and who say that the course of the League of Nations is not such as to incur hope of relief from that source.

This memorandum first sets forth that under the rule of the Turk Syria had been granted a degree of home rule; the Syrian language was used; there was freedom in trade and industry. Syria was treated as an equal.

The secret treaties promised France control of Syria. France has exercised that control since 1920. The French mandate, under the League of Nations, came into force in 1923.

The memorandum of the Syrian-American Society of the United States cites at length the results of government of Syria under French militarism. Mr. President, I call attention to a few of the facts which have occurred in Syria under French rule, as authorized and supported by the League of Nations.

A reign of reckless extravagance in government expenditure went on in 1920. The cost to France of civil administration in Syria reached the tremendous total of 185,000,000 francs for a poverty-stricken population of 2,500,000, of which amount great sums were misappropriated.

The cost of military occupation of Syria in 1920 reached the total of 686,000,000 francs, while in the year following the sum of 785,000,000 francs was reached.

These sums had to be produced by a population of two and a half millions, living on a soil which has been worked over intensively for the space of 8,000 years.

The French established a bank in Syria, which is merely a subsidiary of the French currency system, and the notes it has issued have been far in excess of its capital. The French Government has systematically withdrawn from Syria the native gold currency, and to-day nothing but paper is in circulation in a government which even under the Turkish Government used gold and metal currency exclusively. The effect upon Syrian trade of the transference of gold and gold credit by the French bank in Syria to France is to destroy commerce and industry in Syria.

The number of French officials and functionaries in Syria is about 1,600, who draw from the resources of the Syrian people annually 640,000 gold pounds. France controls Syrian customhouses, Syrian mail and telegraph service, the proceeds of which go to France. The French customs officials in Syria are notoriously corrupt.

The French have brought into Syria 150,000 Armenians from the Alexandria district and Asia Minor, the result of which has been a general depression of wages, that at the present time amounts to about 30 cents a day, American money. The Syrian-American Society contends that the French rule has treated Syria as a French colony and that conditions are worse than in the French colonies. French has been made the language of the courts, a censorship of the press has been established, with the result that it is no longer possible for Syria to bring her case to the attention of world public opinion. Native schools have been closed.

The Syrian-American Society says that the sex morality of the Syrian people is extraordinarily well developed, the debasement of women being abhorrent. Hitherto prostitution has been entirely absent in Syria, except in three towns where it had been introduced by foreigners. With the advent of the French, attacks upon Syrian women became daily occurrences, and as elsewhere the French insisted upon the establishment of brothels.

For the space of three years the Syrian-American Society says the Syrian population hoped in vain that representations on their part in Paris, London, and with the League of Nations would improve conditions in Syria. They were led to believe that the fine sentiments expressed in article 22 of the covenant would yet find some recognition.

Mr. President, in view of some of the facts which I have recited, I would like to call the attention of Senators to some of the phrases used in article 22 of the covenant, the article under which France is exercising this mandate in Syria. I read from that article:

To those colonies and territories which as a consequence of the late war have ceased to be under the sovereignty of the states which formerly governed them and which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization and that securities for the performance of this trust should be embodied in this covenant.

Yet the French, under their mandate, under this high-sounding article of this covenant, have taken into Syria a system of prostitution which did not exist there and which is foreign to the teachings and practice of those people, whose civilization is ages old.

Do Senators want to take this Government into this World Court, enmeshed as it is in this covenant? Senators will have to justify their votes on this question next summer. It is not going to be buried here when the vote is taken, even if that vote is taken in a hurry, as some Senators would like to see done, in the hope that the issue will die out. In my judgment, there are issues involved which can not die.

Article 22 of the covenant proceeds:

The best method of giving practical effect to this principle—

That is, the principle of the well-being and development of such peoples, performing the sacred trust—

is that the tutelage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience, or their geographical position can best undertake this responsibility, and who are willing to accept it, and that this tutelage should be exercised by them as mandatories on behalf of the league.

So far as the French Government was concerned, no change for the better was in prospect, while the British Government found it inexpedient to take action in behalf of a population under the mandate of a Government that was their ally and comember in the league.

The secretariat of the League of Nations paid little attention to the complaints of the Syrians, and what few expressions it ventured on the subject consisted of perfunctory remarks to the effect that the quality of government in Syria under the French mandate was subject to review by the council of the league.

Mr. President, what is recited here is confirmed in a general way in a brief article published in January Current History by Rev. Elias Newman, Presbyterian missionary to Damascus, in reply to the question as to what has been the result of the bombardment of Damascus and as to whether the people have been cowed into submission after paying the fines inflicted upon them.

The Reverend Doctor Newman replies: "Not a bit of it," and says what has happened is that western culture and civilization has received a great setback, and it will take a long time for the people to forget.

He says:

The influences and movements at work in Syria that were the direct cause of the Druse rebellion are numerous. The chief cause, and, one might add, the direct cause of the rebellion was the ruthless and despotic régime of the high commissioner, General Sarrail, who appointed men that were what the Echo de Paris called "his creatures," and immediately dismissed any man that would not obey him implicitly. * * * The actions of Sarrail and his clique soon brought resentment all over the country and much sympathy for the Druses, who are not the savages that they are sometimes pictured but a brave, mountainous people, many of whom are highly educated, some of them even having spent years in America. Syria had much gold before the French took over the mandate, but much of it has gradually passed into the coffers of France, and in the place of it we have had the Syrian paper currency, backed by the French franc, which is in a precarious condition and sinking lower and lower.

Spontaneous attempts have been made all over the country to make it uncomfortable for the French and thus induce them to give up the mandate. The present uprising is the sixth of the series of rebellions since France accepted the mandate.

On October 12, 1925, the French Army returned from one of its raids, during which it had burned some villages in which brigands were alleged to have taken shelter. In the returning procession was a caravan of camels, and upon each camel the corpses of two dead Syrians, 24 in all.

This is tutelage of backward countries by so-called advanced countries, one of them a prominent factor in the control of this League of Nations, and, as I maintain, the court.

These corpses were all dumped into El Merdje, the public square of Damascus, and placed on exhibition all afternoon, to the horror and amazement of the population.

This is the report of an eye witness, printed in the Current History Magazine of January of this year, a publication back of which stands the New York Times.

On Sunday afternoon, October 18, at 4.30, the bombardment began, without the least warning to anyone. The heavy artillery was stationed at Mezie, a few miles outside the city to the north, while machine guns and other implements of war were fired from Salhieh.

Our house and church, together with three schools, are situated in the Christian and Jewish quarter. The aim was evidently to destroy the Moslem quarter, but a number of shells struck buildings in the Jewish and Christian quarters, and they were demolished. Our girls' school was partially destroyed.

Where was the League of Nations and where was the World Court while this was going on?

I was on the roof of our house all Sunday night and saw that many fires had started.

In this city ages older than the civilization which we claim is so advanced—

When I went out the next morning I saw some street fighting near Bab Youma. At 11 o'clock on Monday, October 19, the French troops deserted the Christian quarter, and there were no French soldiers in it or in any part of the city outside Salhieh and the public buildings in the Merdje for 24 hours. During this time we were entirely at the mercy of the Moslems, Druses, or brigands, but no harm came to us. The Moslems had placed guards to protect the Christian quarter.

Which, as Doctor Newman says, the French military failed to do.

On Monday night, October 19, all the missionaries spent the night in the hospital of the Edinburgh Medical Mission in Kassa, a little way out of the city.

The consuls did not know at first that we had been so miserable and left in the lurch. On every inquiry the American consul was informed that we were quite safe and under French protection, but this was not true. We had been left to our fate, together with the entire Christian population.

Yet these backward people, having suffered insult to their religion by the exposure of these dead in the public square of this city, carried out without any obligation on their part means for providing protection for the Christian and Jewish quarters of this city, which was the duty of the French.

In the bombardment a part of the Suk Hamidie was destroyed, a large part of Straight Street, the Shaghoar, the Dervishia, all the palaces of Moslem notables on Sidi Amud, and the beautiful Beit Azon, headquarters of the French art institute founded by M. Lory. There was considerable looting during the bombardment and for days after it.

How many were really killed we will never find out, as among the ruins and beneath the fallen débris must be hundreds of dead bodies. It is estimated that about 1,500 citizens were killed and several hundred French troops. The French estimates are much less, but they do not include the hundreds of native troops killed.

Being so backward I presume their deaths are not regarded as the deaths of human beings. This has been going on under the League of Nations and its World Court. Protests have been made to the league but this is France's business. This is a part of her swag that this instrument was set up to protect.

The native troops are being used to a considerable extent—Algerians, Spahis, and Senegalians—besides the Foreign Legion, which is composed of Germans and Austrians and large forces of Circassians, who acted as irregulars and did a good deal of the looting.

The French Government has been forced to remove General Sarrail and has appointed a successor who promises a more humane treatment of the Syrian people. The Druse delegate to the League of Nations is seeking the revocation of the French mandate.

But he has little chance. He might as well get on a camel and go out into the middle of the Sahara Desert and appeal for help as to appeal to the League of Nations and its court, because the French mandate is France's part of the spoils of the war, the treaty and every instrument of that pact being designed to protect the status quo and to hold those spoils.

The point is, Mr. President, if it is possible for the League of Nations and the World Court as constituted to function effectively in the interest of world peace and justice, why have these conditions that exist in Syria under the French rule been allowed to reach such a climax of horror and wrong without any remedial action?

MOSUL DECISION PROTESTED BY BRITISH LABOR PARTY

Mr. President, Mosul, examined only superficially, discloses the danger of entering the World Court—the danger of entering into a complicated situation more likely to lead to world war than to world peace. Senator La Follette declared in 1923 that by the support which had been given the Chester concession, Standard Oil and Sinclair concessions in Mosul and Sakhalin and elsewhere, more had been done than could ever be

offset by all the arbitration courts and other similar devices that could be devised.

It seems that the League of Nations' first commission declared that the country of Mosul rightly belonged to Turkey. In accepting the mandate for Mesopotamia Great Britain insisted that Mosul must be included in the mandated territory. Turkey would not accede to this. That Turkey regarded Mosul as belonging to Turkey was evident in 1923 by the Chester concessions. The Chester-Roosevelt grant must have been agreed to upon the theory that Mosul belonged to Turkey. This grant included the right to build railroads, docks, harbors, and cities, to finance industry and everything else for the exploitation of the Turkish Empire.

In the course of the controversy over Mosul Lord Curzon, speaking for the British Empire, assured Turkey she would be represented at the league council when the issue was decided.

When certain phases of the question were put to the international league court, it decided:

(1) That the "decision to be taken" by the council of the league will be binding on the parties and will constitute a definitive determination of the frontier between Turkey and Iraq.

(2) That the "decision to be taken" must be taken by unanimous vote, the representatives of the parties taking part in the voting, but their votes not being counted in ascertaining whether there is unanimity.

At once the league council acted on the court decision and decided that Mosul belonged to the mandated territory of Great Britain. Turkey is indignant and rebellious over this decision.

Mr. President, I do not profess to pass judgment on the merits of this decision, but when the matter came before the House of Commons for discussion the Labor Party, being in the minority and unable to prevent a vote of approval, walked out in a body in protest of the decision.

Title to the Chester concessions in Mosul is derived from Turkey. The decisions of the league court and the League of Nations gives Mosul to Great Britain. In view of the situation, is it not fair to ask, merely as a hypothetical question, whether the United States, in case of armed conflict between Great Britain and Turkey over the possession of Mosul, is more apt to be drawn into such a war if we have accepted membership in the international court or we have chosen to remain a free and independent nation, with no obligations, direct or indirect, implied or inferred, to support the decisions of the league and the court?

Mr. President, in the case of the Ruhr, the Greco-Turkish war, Syria, Mosul, supporters and apologists for the league and court may argue that conflicting interests account for the neglect to right the wrongs of conquered and weak nations, for the high-handed favoritism of the great powers shown by the league in its handling of world affairs. But no such excuse can be set forth in the case of the Saar Basin. Here is a simple, concrete problem which is a fair test of the league's and the court's ability to free itself from the prejudices and tyrannical control of its parent, the Versailles treaty.

WHITEWASH WRONGS OF SAAR

The Saar Basin was intrusted to a governing commission "representing the League of Nations." The league council was empowered to appoint and to remove the chairman and the members, thus giving the league direct control and direct responsibility for every single act of policy which occurred in that area.

This control is to last until 1935, when a plebiscite is to be held, at which the inhabitants of the Saar will decide whether they will continue to be subjects of the League of Nations, of Germany, or of France. The administration of the Saar by this commission is a test of the ability of the League of Nations to act as a trustee in the government of the territory of a conquered people.

The first storm arose over the appointment of a French chairman to the commission, the majority of whose membership was already partial to France, thus control was at the outset practically turned over to France. French troops were retained in the Saar, French courts-martial were allowed to function, and were recognized by the council of the league as part of the machinery of justice in the Saar.

When a strike occurred in protest of substituting French officials for German officials in the civil government some 200 inhabitants of the Saar Basin were expelled en masse. The French military authorities not only drove out inhabitants of the Saar, but from adjoining territory under control of allied armies, all of which was condoned by the league council. Decrees were issued confiscating property, making the franc legal tender, prohibiting free speech, and the right of assemblage.

Protests from the German Government were unheeded, and it was only as the nature of the wrongs done to the inhabitants of the Saar got into the newspapers and compelled the attention of the House of Commons to the outrages that the British Government was led to ask for an inquiry on the part of the League of Nations as to what was taking place in the Saar.

The result of the inquiry was a beautiful case of whitewash of the whole matter in the nature of a report from the league council. As it was, however, the only evidence of any attention on the part of the outside world to the grievances and wrongs of the inhabitants of the Saar, it seems to have been gratefully received on their part.

But the French chairman was reelected at the head of the commission, the French troops remained, and the Saar, for practical purposes, continued to be a French vassal. Although the governing commission is "the representative of the league" it was only pressure of public opinion that secured even a gesture of inquiry into the wrongs of the Saar and a report "of the great appreciation of the administrative work achieved during three years and a half and assuring wholehearted support of the commission in the accomplishment of the task intrusted."

Mr. President, I have discussed some of the matters which have been handled by the League of Nations and the World Court. I have done so because I am firmly convinced that such sentiment as exists in this country for our adherence to the Permanent Court of International Justice is based upon a mistaken conception that the League of Nations and its court are instruments of peace and justice.

That such is not the case I believe I have demonstrated by this brief review of the work of these institutions. Justice, humanity, and peace are the high-sounding objectives of the League of Nations, just as they were of the Holy Alliance of 1815. In practice the league and its court are impotent to function when the selfish interests of the great powers which dominate the league are involved.

It will ever be so, and I come back to the point that nations which, like the great powers, have selfish ends to be gained by the maintenance of the cruel and inhuman peace of Versailles can not be expected to function through the League of Nations and the court which have their roots in that treaty in any way other than those selfish interests dictate.

LEAGUE AND COURT AS CONSTITUTED SERVE CAUSE OF IMPERIALISM

Mr. President, the fundamental cause of modern war is imperialism. To the Old World political imperialism has been added the new economic imperialism which seeks domination over the natural resources, the finances, and trade of the world. To the greed of kings has been added the greed of plutocrats, and thus the causes of international strife and war have been multiplied.

Oil, coal, rubber, iron, trade routes, and concessions, financial control, and banking supremacy are the prizes for which the nations are now struggling and for which their armies and navies are being maintained. This is the new imperialism. It supplants and intensifies, but it does not displace the old imperialism which sought aggrandizement through extension of territories and a conquest of subject peoples. The spirit of imperialism, the lust for conquest, was never more rampant, never more widespread than it is to-day.

Will the World Court curb any of these forms of imperialism? Will it parcel out the oil, the coal, and the other natural resources of the world? Will it set limits to the British Empire or curb the insane ambitions of Mussolini?

Will it dare to touch at any point these fundamental causes of war, except perhaps when the league and court may be used as a tool to justify the claims of the dominant imperialistic nations, as in the recent Mosul case, and deprive some backward nation of its resources? It will not, it can not, have any effect upon the administration of justice, the outlawry of war as a means of settling world disputes.

The imperialistic wars which have been waged under the very eyes of the court ever since its creation are proof positive that it can not and will not. Wars have been going on since the court existed, conducted by one or more of the nations adhering to this court. In Asia, in the Near East, and in North Africa these wars have been waged with a barbarity and ferocity and a disregard of the so-called laws of civilized warfare which had not been known in the century preceding the World War. The bombing of villages containing noncombatant women and children, the use of poison gas, and the thousand and one other barbarities invented by the "most Christian" nations have gone on unchecked and unheeded.

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Mr. President, William Hard, in the Nation of January 6, has written an illuminating article which I believe contributes to this debate:

THE NEW WORLD COURT

I. A SHAM

I contend that our proposed entrance into the new Permanent Court of International Justice is a sham on peace. I contend further that it is a trap through which we unknowingly shall be dropped into the special "sanctions" of the League of Nations and into the special wars of Europe. I contend, thirdly, that it is a derailment device by which the United States will be disastrously diverted from its proper mission of establishing a peace system upon an American basis in its own regions of special authority and of special responsibility.

In this article I shall endeavor to show why I contend that our proposed entrance into the court is a sham on peace.

We already, on our statute books, have three installations of general peace machinery. We have a membership in the old Permanent Court of Arbitration at The Hague. We have a set of arbitration treaties named after Elihu Root. And we have a set of conciliation treaties named after William Jennings Bryan.

The religious periodical called the Christian Century, of Chicago, has repeatedly inquired:

"What dispute of ours is there, actual or potential, which we would not wish to take to the old Permanent Court of Arbitration at The Hague but which we would be willing to take to the new Permanent Court of International Justice at The Hague?"

That question has never been answered. It can not be answered. There are two reasons why it can not be answered. In the first place, as I shall presently show, we shall always, in practice, for all important matters, prefer not the new court but actually the old one. In the second place, as I shall likewise presently show, we have no official intention of taking any important matters to any court at all. Our President does not say:

"Fellow citizens, I have a grievous dispute with the Haitians regarding our armed occupation of Haiti. I have a grievous dispute with the Mexicans regarding the constitution of Mexico and its effects upon the properties of Americans from the United States in Mexico. I want to send these disputes to a court. I can not send them to the old court. The old court is a poor thing. Give me the new court. When I have it, I will go to it with these disputes."

Our President says no such thing. He does not mention one dispute; he does not mention one sort of dispute for which he needs the new court. That is natural. He does not need it; and if he had it, he would not go to it on any matter of any genuine importance.

Let us consider such a matter. Let us consider our dispute with Salvador and with Costa Rica regarding our treaty of 1916 with Nicaragua. If there is any dispute of ours which clamors for final and definitive judicial settlement, it is this.

In this dispute we already have one court judgment against us. The Central American Court of Justice held that our treaty with Nicaragua violated the rights of Salvador and of Costa Rica. We had helped to create that court. We were its sponsors. It held against us. It held against us twice. We disregarded its decisions. We refused to obey its decisions. It evaporated. It is no more. Our President does not say:

"Fellow citizens, we have been put into a deplorable position by our refusal to obey the decisions of the Central American Court of Justice. The refusal was inevitable. The Central American Court of Justice was a poor thing. Give me now this new Permanent Court of International Justice at The Hague, and I will go to it with this old legal dispute of ours and get it finally settled by a good court and good judges."

Our President says no such thing. He does not even say that he would like to get our Senate to accept the poor little optional "compulsory jurisdiction" article—Article 36—of the constitution of the new Permanent Court of International Justice. Some 20 of the smaller countries of the world have accepted that article. It binds them merely to go to the court with questions of international law, with questions regarding the interpretation of treaties, with questions involving alleged breaches of international obligations. Our President does not beseech us to sign that article. On the contrary, he tells us that one of the merits of this new peace engine at The Hague is that we can always keep away from it!

Of course! In the matter of definite peace promises, in the matter of definite renunciations of war, we are not going forward. We are going backward. This will appear clearly if we look at the Root arbitration treaties and at the Bryan conciliation treaties.

The Root treaties and the Bryan treaties differ in one crucial respect from membership in the old Permanent Court of Arbitration and from membership in the new Permanent Court of International Justice. Those memberships, existing or proposed, bind us to no actual peace commitment whatsoever. The Root treaties and the Bryan treaties do so bind us. They mean something. It is little, perhaps, but it is something.

The Root treaties bind us in certain circumstances to arbitrate certain disputes of a narrowly limited legal nature. The Bryan treaties bind us to pause from war while a commission of inquiry into a dispute is inquiring and reporting.

The Root treaties were, of course, "the dawn of a new day." The Bryan treaties were, of course, "the dawn of a new day." The old Permanent Court of Arbitration was "the dawn of a new day." Now the new Permanent Court of International Justice is "the dawn of a new day." It is a poor administration that can not produce a dawn. And it is also a poor administration that can not see to it that the dawns of its predecessors are reduced to being dim and desuetudinous twilights.

We originally signed some 10 Root treaties. Now our State Department has knowledge of only 12 existing Root treaties. We originally signed some 30 Bryan treaties. Now our State Department has knowledge of only 21 existing Bryan treaties.

We do not go ahead and get more of these Root treaties and Bryan treaties, which mean something. We go ahead and get fewer of them.

There are some 60 sovereign countries in the world. The administration does not say:

"We will get Root dawns, we will get Bryan dawns, with all of them. We will, in fact, produce some super-Root dawns and some super-Bryan dawns for you. These treaties contain actual peace pledges. We will improve those pledges. We will enlarge them. We will make them cover more ground and cover it more bindingly. We are out to give you peace, not a peace engine which we may or may not use, but peace itself! Peace guaranteed by actual pledged restrictions upon the right to go to war!"

Certainly not. Let us again take a definite case. Let us again take the case of Mexico.

Almost continuously ever since Mexico revolted from Spain we have had trouble with Mexico. We have had more trouble with Mexico than with any other country in the world. We forever are hovering on the verge of war with Mexico. We pine for "world courts." We yearn to be of "service" to poor Europe. We can not lie abed for the twitching in our limbs which bids us up and be doing for the cause of peace in the Mediterranean Sea. What administration, then, would be so provincial as to give a peace thought and a peace treaty to the valley of the Rio Grande?

We have no Root treaty with Mexico. We have no Bryan treaty with Mexico. All that we have with Mexico in the way of a system of peace is article 21 of the treaty of Guadalupe Hidalgo of 1848. By that article the two countries agreed to one of the feeblest and one of the least compulsive arbitration commitments known. They agree that if a dispute should arise between them they will "maturely consider whether it would not be better that such difference should be settled by the arbitration of commissioners appointed on each side or by that of a friendly nation." They agree, in other words, not that they will stay at peace, but that they will think of staying at peace—a thought which would occur to them in any case anyway.

Such is the sum of our peace system in the quarter in which we most need a peace system. Moreover, it is a smaller sum than once we had. Once we did have a Root arbitration treaty with Mexico. It was signed and ratified in 1908 under Roosevelt. It expired in 1913 under Woodrow Wilson. Mr. Wilson interested himself greatly in Mexico. He sent many marines and many soldiers to Vera Cruz. He did not send them because the Mexicans refused to salute our flag. That is a misunderstanding. The Mexicans agreed to salute our flag. We said that we were willing to return the salute. The Mexicans asked us to sign a paper saying that we would return it. We refused to sign the paper. We were willing to return the salute but not to say in writing that we would return it. Hence our 19 dead marines at Vera Cruz. Hence the resplendent funeral oration which Mr. Wilson pronounced over their bodies at the Brooklyn Navy Yard, when he said that it was "a proud thing" for them to have died in "a war of service." Hence his subsequent address to Congress, in which he said that our friendship toward Mexico would be capable of every "sacrifice." "Service!" "Sacrifice!" But no peace pledge! Mr. Wilson did not renew our Root treaty with Mexico. It has never been renewed.

No! How paltry would it be to present our people with the actuality of peace on the Rio Grande when we can present them with the image, the mimicry, the radiant and empty mirage of universal peace at The Hague!

It is empty, because in fact—as I have intimated, and as I shall now prove—no American President will ever take any important question of ours to the new Permanent Court of International Justice.

Let us imagine that John Jones has been elected President. He was a good mayor of Oskaloosa. He was a good Governor of Iowa. So now he is President. He gets into an international dispute. It is important, genuinely. It has to do, let us say, with debts owed to us by foreign governments. It has to do, let us say, with demands of foreign governments that their citizens shall be allowed to migrate into this country. It is not a play dispute. It is a life-and-death dispute.

President John Jones consults his Secretary of State. He learns that we now belong to two courts—to the old Permanent Court of Arbitration and to the new Permanent Court of International Justice. He inquires the difference between them. His Secretary of State informs him.

Under the old court, out of a long list of potential judges, we Americans choose two actual judges. Our antagonist chooses two. We and our antagonist together choose the fifth judge.

"Then," says the President, "under the old court I shall have half the power in the naming of the bench. How is it in the new court?"

"In the new court," says the Secretary, "we take the judges as we find them."

"Who are they?" says the President.

"I remember," says the Secretary, "that our John Bassett Moore is among them. For the rest I must send for my list from the department."

He sends for it. It arrives. "Ah, yes," says the Secretary, "I do not know any of the other members of this court, but their names are:

And, Mr. President, as I am not as fluent in pronouncing these names as the senior Senator from Missouri [Mr. REED], I ask to have them inserted in the RECORD without reading.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Dionisio Anzilotti, Rafael Altamira y Creves, Bernard Cornelis Johannes Loder, Didrik Galtrup Gjedde Nyholm, Robert Bannatyne Viscount Finlay, Dimitri Negulesco, Hans Max Huber, Charles André Weiss, Yorozu Oda, Michael Yovanovitch, Frederik Valdemar Nikolai Beichmann, Epitacio da Silva Pessoa, Antonio Sanchez de Bustamante y Sirven, Wang Chung-hui.

Mr. LA FOLLETTE (reading)—

What will President John Jones do? Remember that it is not any internationalized American inhabitant of European and Asiatic pockets that has been elected president. It is John Jones. It will always be John Jones. What will John Jones do? I know what he will do. If he goes to any court at all he will run like a rabbit from the new court and like a snail, if at all, he will go inevitably to the old court.

I accordingly do not hesitate to denounce our proposed entrance into this new court as a triple sham. It is a sham because it is accompanied by an abandonment of the growing lines of binding peace commitments marked out by the Root treaties and the Bryan treaties. It is a sham because it is unaccompanied by any new actual peace commitment of its own. It is a sham because it takes us into a judicial institution to which we will never resort—in any important matter—in preference to another judicial institution to which we already belong.

Then in addition to being a peace sham of the greatest possible emptiness it is a war trap of the greatest possible effectiveness.

Mr. President, the only way toward peace for the Nation, as I see it, lies in our keeping free from the intrigues and imperialism which dominates European diplomacy. If we hold aloof from the maelstrom of European politics we can retain the friendship of the nations of the world. Upon the basis of that friendship we can build a permanent peace. The Root arbitration treaties are now only 12 in number. They should be increased and strengthened. The Bryan conciliation treaties are now only 21 in number. They should likewise be strengthened and increased. Through them or other treaties we could take a definite step toward the outlawry of war.

The old Hague Court of Arbitration to which we now belong has none of the dangers and commitments of the proposed court. To it we can resort in case of dispute with any nation. Thus our own peace and the peace of the world may be advanced.

During the speech of Mr. LA FOLLETTE,

Mr. COPELAND sent to the desk the following telegram, which was ordered to be printed in the RECORD:

[Telegram]

ITHACA, N. Y., *January 23, 1926.*

Senator ROYAL S. COPELAND,
Washington, D. C.:

Ithaca telegram on World Court read by you yesterday not from Cornell student. Cornell and Ithaca overwhelmingly favor adherence.

ITHACA CHAMBER OF COMMERCE.

Mr. REED of Missouri. Mr. President, I send to the desk a resolution, which I ask to have read.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 125) was read, as follows:

Resolved, That the Secretary of State is requested to immediately send to the Senate the original protocol of the so-called Court of International Justice and all other original documents relating to such protocol or the proposed adhesion of the United States thereto.

Mr. REED of Missouri. Mr. President, my reason for offering the resolution is that, having nothing to guide me except the message of the President, I am unable to see how we have anything before the Senate in any shape to enable us to take any binding action in accordance with the Constitution of the United States.

I do not intend to do more than state the point this evening, for I understand that the Senate desires to go into executive session with closed doors; but the step which we are asked to take involves an agreement with other countries of a very high and solemn nature. Agreements of that kind between countries are effectuated by treaties, and treaties are negotiated by the President, and, having been negotiated by the President, they are then duly sent to this body for ratification or rejection.

Reading the parts of the President's message which seem to be pertinent, this seems to be the situation: On February 24, 1923, President Harding sent to the Senate a message, making a request—

for the consent of the Senate to our adhesion to the protocol.

He inclosed with this request a copy of a letter from the Secretary of State. The letter—

takes note of the objection to our adherence because of the court's organization under the auspices of the League of Nations * * * and indicates how, with certain reservations, we may fully adhere and participate.

The letter of the Secretary of State outlines the history of the establishment of the court, and contains this statement to the President:

Accordingly I beg leave to recommend that, if this course meets with your approval, you request the Senate to take suitable action advising and consenting to the adhesion on the part of the United States to the protocol of December 16, 1920, accepting the adjoined statute of the Permanent Court of International Justice but not the optional clause for compulsory jurisdiction; provided, however, that such adhesion shall be upon the following conditions and understandings to be made a part of the instrument of adhesion.

Then follow certain reservations which the Secretary recommends shall be added, and they are as follows:

I. That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the covenant of the League of Nations constituting Part I of the treaty of Versailles.

II. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states members, respectively, of the Council and Assembly of the League of Nations in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice, or for the filling of vacancies.

III. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

IV. That the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

The Secretary of State then goes on to say:

If the Senate gives its assent upon this basis, steps can then be taken for the adhesion of the United States to the protocol in the manner authorized. The attitude of this Government will thus be defined and communicated to the other signatory powers whose acquiescence in the stated conditions will be necessary.

The Secretary adjoined to his letter an *unofficial* copy of—

(1) The resolution concerning the establishment of the Court of International Justice, passed by the Assembly of the League of Nations, Geneva, December 13, 1920;

(2) The protocol and signature of the statute for the Permanent Court of International Justice; and

(3) The statute for the Permanent Court of International Justice.

These "unofficial" copies of the league's resolutions and protocol are the only ones, as I understand, which have ever been sent to the Senate. They have not, of course, been signed by any representative of the United States. Also, of course, our Government is not a member of the League of Nations. Therefore any action taken by the assembly of the league or

any committee appointed by it comes to the knowledge of our Government "unofficially."

President Coolidge, in his message to Congress at the beginning of the present session, expressed the hope that the Senate would make it possible for the United States to adhere to the protocol of the court. Hence the United States Senate seems to me to be in the anomalous position, in the language of the late President Harding, of expressing its "favorable advice and consent" to a treaty which is not yet before this body.

In other words, if the Senate acts favorably upon the Swanson resolution it is merely expressing its attitude toward the court. It seems to me it would be necessary to negotiate a treaty, and perhaps the Senate would consent to it and perhaps the Senate would not consent to it; but we are called upon here to take action exactly similar to that which we would take if a treaty had been negotiated, had been signed by the President, and had been communicated to us for our final action upon it.

It seems to me that the spirit of the Constitution, which declares that the President may negotiate treaties by and with the advice and consent of the Senate, means that the President shall enter into the treaty and that he shall then submit it to the Senate, just as President Wilson and other Presidents have signed many treaties and brought them here for the assent of the Senate, and the official documents have been produced in the Senate; and the Senate's action is an action to be taken after a treaty has been negotiated. In this case an unofficial paper, a purported unofficial copy, is sent to the Senate, and we are asked to do what? To ratify the action of the President in entering into that treaty agreement? Not at all. We are asked to give our assent to an unofficial copy, which the President has not yet signed and has not negotiated.

It may be important, when we are considering the question of delay, to inquire whether or not delay in getting this whole proposition before the Senate is not chargeable to the Executive, who has not yet negotiated the treaty and who has not yet sent us anything but a letter containing an unofficial copy of a document emanating from a tribunal in Europe of which we are not a member.

So, Mr. President, without desiring to stop the debate at this time, or to delay the Senate, I state the point to the Senate, and I think it would be well to give it some serious consideration.

In the meantime I have offered this resolution. I do not ask for its immediate consideration, because I have stated to the leader on the other side that I would not call it up for consideration to-night.

Mr. LENROOT. Mr. President, at this time I merely desire to quote the language of the Constitution in respect to the matter touched upon by the Senator from Missouri. In Article II, dealing with the power of the President, the Constitution provides that—

> He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur.

Mr. REED of Missouri. We are all familiar with the language, and also with the construction that has always been put upon it. He makes the treaty and transmits it to the Senate.

The VICE PRESIDENT. The resolution offered by the Senator from Missouri will go over under the rule.

Mr. LENROOT obtained the floor.

Mr. WILLIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. LENROOT. I yield to the Senator.

Mr. WILLIS. Noting the presence in the Chamber of the able senior Senator from Missouri [Mr. REED], I desire to make a brief statement growing out of a telegram which has been sent to me, which I am asked to place in the RECORD. I have examined this telegram, and I think I should not place it in the RECORD. Indeed, I think I could not, without a violation of the second paragraph of Rule XIX, because it seems to me to reflect upon a Senator, and, of course, I would not desire to do that.

I do desire, however, to give for the RECORD the substance of the telegram. It relates to a statement recently made by the senior Senator from Missouri touching the activities of a former Justice of the Supreme Court of the United States. I hold no brief for that able former Justice of the Supreme Court of the United States. I chance, and perhaps am unfortunate enough, to disagree with him about a very great number of things. He is a distinguished Democrat, and is a very ardent advocate of the League of Nations, in both of which matters I think he is very greatly mistaken. But he is a distinguished citizen of Ohio, a man of the very highest character, and an able member of the great profession which he adorns.

It is thought by the persons who signed this telegram that the statement made by the able Senator from Missouri reflected upon this former justice, and they therefore sent the telegram, which I shall paraphrase. The telegram was sent from New York and was signed by Everett Colby, Charles H. Strong, and Carrie Chapman Catt. The substance of the telegram is as follows:

> We, the undersigned, personally know that since his resignation from the bench former Justice John H. Clarke has not only accepted no fees or emoluments of any kind for his efforts in the cause of peace, but, on the other hand, has been a generous contributor. Moreover, where organizations have insisted upon his accepting honorariums, Justice Clarke has contributed the amounts to the cause.

Then, omitting some matter, the telegram further states:

> He was not taken from the bench and sent on a barnstorming trip through the United States. On the contrary, his resignation as a Justice of the Supreme Court was a voluntary act on his part and was followed by his decision to consecrate the rest of his life, in so far as possible, to the cause of world peace.

Because of the facts to which I have alluded and the prominence of this former justice, I think it no more than fair that I should thus paraphrase the telegram, which I shall not, however, place in full in the RECORD, for the reasons given.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LENROOT. Certainly.

Mr. REED of Missouri. I made the statement about former Justice Clarke and at the time indicated that I was not certain, or at least I did not make a positive statement, that he was receiving compensation. I did, however, indicate that I believed he was receiving compensation. I knew there were certain parties who did receive compensation.

In view of the statement of these people, who may and may not know the facts, assuming them to be correct, I will withdraw any imputation that Justice Clarke has received any money. If I was in error about it, I regret it. He did, however, resign his position on the bench, and it was stated at the time that he did it for the purpose of entering into some great work, and this appears to be the work he entered upon in this connection. Although it has nothing whatever to do with the merits of the discussion, I might say that he made some speeches in my State and in my city, in which he made some charges with reference to me which, if they had been examined with the same sort of critical attention to which my statement was subjected, would have required a retraction by him.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. LENROOT. I yield.

Mr. WALSH. The resolution offered a few moments ago by the Senator from Missouri will be the subject perhaps of some extended discussion when it comes before the Senate for consideration; but I can not allow the present moment to pass without adverting to the character of the resolution.

As I understand it, it asks for the transmission to the Senate of the original treaty. Secondly, it advances the idea that the Senate is without power in the premises without advance information of the signing of the treaty by the President of the United States.

Taking these questions up in the inverse order, I think it is fairly well settled by the practice of the executive department, and of the Senate as well, that the President may seek the advice and consent of the Senate before he enters into a treaty, as well as after he enters into one. Indeed, it is my judgment that it was the original contemplation of the framers of the Constitution that in all cases he would ask the advice and consent of the Senate before entering into a treaty.

However that may be, that was the practice, at least. I recall a very historic occasion when President Washington came before the Senate to ask their advice and consent as to whether he should or should not enter into a treaty with certain Indian tribes, into which he was desirous of entering. His experience in the Senate was such that he discontinued that practice for purposes of that nature.

In the next place, I inquire of the executive clerk if it has been the practice for the President of the United States to transmit to the Senate the original of a treaty?

The VICE PRESIDENT. The executive clerk states that the practice has been to transmit the original treaty.

Mr. WALSH. Of course, Mr. President, that could not be the case with a multiple party treaty. A multiple party treaty is ordinarily, by agreement of the powers signatory, deposited with one of the powers signing it, and, obviously, it could not be circulated around among all. But even so, how could that possibly affect the situation?

Mr. MOSES. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LENROOT. I yield.

Mr. MOSES. If the Senator will permit me, I will state that in the case of the treaty of Versailles, that treaty was signed with multiple copies, and an original was brought here, just as originals were taken to other capitals, for ratification.

Mr. WALSH. My recollection is that it was provided in the treaty that it should be deposited with the Foreign Office in Paris.

Mr. MOSES. After ratification, as I remember; but the treaty certainly came here in the original. My understanding was that several copies were signed at the final session of the conference at Versailles. That, however, was not what I wanted to point out and what I had thought to point out to the Senator from Missouri earlier.

The protocol itself shows exactly what the procedure shall be in the case now before the Senate. The protocol having been signed at Geneva was deposited with the secretary general of the League of Nations and there remained open for further signatures. There is no diplomatic difficulty in affixing the signature of the United States to this protocol in the event the Senate shall vote favorably upon the resolution of advice and consent. Our minister at Geneva can be duly authorized by the President to sign for the President of the United States. There is no diplomatic difficulty, certainly, in the way of our going forward to adhere to this protocol.

Mr. WALSH. My recollection is that the signature of the United States to the treaty by which we acquired Louisiana was affixed by the commissioners of the United States, in the city of Paris, duly authorized thereto by President Jefferson.

Mr. MOSES. It frequently happens that people far distant affix signatures to treaties. My understanding of the present situation is that if we pass the resolution of ratification now before us, the Senate will become accessory before the fact.

Mr. REED of Missouri. Mr. President, aside from the statements of both Senators, will either one of them say that it has been our practice to ratify unofficial copies having neither the original nor a duly authenticated copy before us, but simply what is stated to be an unofficial copy?

Mr. MOSES. I would not maintain that so far as my experience goes as a member of the Committee on Foreign Relations. I would maintain the contrary to have been the practice. I merely tried to point out, however, that there was no diplomatic difficulty in the way of our going forward if the required votes are to be had.

Mr. SWANSON. Mr. President, I understand that in the cases of most treaties where there are only two parties or possibly three, duplicate copies which are originals are made and signed so the original treaty is usually sent to the Senate. But in the matter of conventions which must be ratified by protocols like The Hague convention and others the matter is taken care of in a resolution. The original is deposited at some designated place as in this instance. In the matter of conventions such as those we have entered with South American powers the usual course has been to authorize the President, by a two-thirds vote, to attach his signature to the convention. That is what all other nations have done and that has been the usual practice.

As the Senator from Montana well said, the consent of the Senate has been and can be given previously as well as later. It is the concurrence of the minds of the President and of the Senate that makes it an official act. This concurrence will be reached when the resolution is passed by a two-thirds vote of the Senate and the President attaches his signature. Then we will have had a concurrence of the minds of the power which is authorized under the Constitution to execute it whether it is a convention or whether it is a treaty. When treaties are made it is the usual practice that the original treaty is brought here.

Mr. LENROOT. Mr. President, under the provisions of Rule XXII, I present a motion which I ask may be stated to the Senate in accordance with the rule.

The VICE PRESIDENT. The motion will be stated.

The Chief Clerk read as follows:

UNITED STATES SENATE,
Washington, D. C., January 28, 1926.

The undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, move that debate upon the pending measure, Senate Resolution No. 5, be brought to a close:

CHARLES CURTIS.	DUNCAN U. FLETCHER.
I. L. LENROOT.	JAMES COUZENS.
L. C. PHIPPS.	W. L. JONES.
FREDERICK HALE.	EDWARD I. EDWARDS.
J. H. METCALF.	HIRAM BINGHAM.
GUY D. GOFF.	MORRIS SHEPPARD.
REED SMOOT.	WILLIAM J. HARRIS.
F. H. GILLETT.	EARLE B. MAYFIELD.
FRANK B. WILLIS.	KENNETH MCKELLAR.
SIMEON D. FESS.	J. THOMAS HEFLIN.
F. M. SACKETT.	M. M. NEELY.
ARTHUR CAPPER.	THOMAS J. WALSH.
W. M. BUTLER.	T. H. CARAWAY.
HENRY F. ASHURST.	L. D. TYSON.
A. A. JONES.	JOHN B. KENDRICK.
W. N. FERRIS.	F. E. WARREN.
SAM G. BRATTON.	RICHARD P. ERNST.
WM. H. KING.	LEE S. OVERMAN.
F. M. SIMMONS.	JOSEPH E. RANSDELL.
GEORGE W. PEPPER.	GEORGE P. MCLEAN.
CHARLES S. DENEEN.	DAVID A. REED.
ALBERT B. CUMMINS.	O. E. WELLER.
JOE T. ROBINSON.	WILLIAM C. BRUCE.
CLAUDE A. SWANSON.	OSCAR W. UNDERWOOD.

The VICE PRESIDENT. In strict compliance with the rule, the Presiding Officer is required to state such a motion, and the Chair will state it:

The undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, move that debate upon the pending measure, Senate Resolution No. 5, be brought to a close.

Then follow the signatures read by the Chief Clerk.

Mr. MOSES. Mr. President, in connection with the motion just made, I wish to call the attention of all Senators to the last paragraph of Rule XXII, with reference to the filing of amendments, which will take the form of reservations, I take it, in this case. I call the attention of all Senators to the fact that those reservations should be presented in form not later than the opening of the session on Monday next.

Mr. LENROOT. That is true. If the motion should be adopted, they could only be offered afterwards by unanimous consent.

I move that when the Senate concludes its business to-day it shall take a recess until 11 o'clock to-morrow.

Mr. REED of Missouri. Mr. President, I am opposed to that motion, and I want to debate it.

The VICE PRESIDENT. The motion is not debatable.

Mr. REED of Missouri. A motion to fix a time for an adjournment or a recess is not debatable?

The VICE PRESIDENT. It is not debatable.

Mr. REED of Missouri. Under what rule is it not debatable?

Mr. LENROOT. I think the motion is debatable.

Mr. REED of Missouri. Of course it is debatable.

The VICE PRESIDENT. Rule XXII provides:

When a question is pending, no motion shall be received but—
To adjourn.
To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.
To take a recess.
To proceed to the consideration of executive business.
To lay on the table.
To postpone indefinitely.
To postpone to a day certain.
To commit.
To amend.
Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

Mr. REED of Missouri. But this is a motion that when we conclude our business we shall take a recess to a given time. It is not just a motion to take a recess.

The VICE PRESIDENT. It is a motion relating to a recess.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. REED of Missouri. The Senator from Wisconsin himself will say that the motion is debatable.

Mr. LENROOT. Yes. Will the Senator from Missouri yield before he makes his further statement? I only made the motion so as to give the fullest opportunity to those who desire to speak upon the subject to do so before there was a vote upon the motion. If the opponents of the World Court do not desire that time I have no objection to an adjournment.

Mr. REED of Missouri. Let us have an adjournment. If we are going to have a gag rule in the Senate, we might as well have it speedily as a little later. If we are going to have cloture here, if you can get it, you will get it. If you can cut off legitimate debate—and every bit of it has been legitimate debate, I think—if you have the votes to do it and want to do it, then you will do it; and if we are not to have the right to debate this question fully we shall have to accept the decision.

I am curiously interested now, for I recall a colloquy I had a few days ago with the Senator from Montana [Mr. WALSH], who has taken a very active part in the debate and whose opinion I always value, when he inquired from me with what I thought was a little asperity what indication there had been of anyone desiring to cut off debate. The indication is here now.

So if you are going to cut off debate and if you have the votes to do it, you may just as well cut it off now as at any other time as far as I am concerned. I may, in the opinion of my brother Senators, have taken a lot of unnecessary time. In my opinion it was necessary, and I have not nearly concluded my speech. I think you will find some difficulty in examining it to see where I failed to talk to the question. Whether I have talked in agreement with Senators' particular views or not is not the question. There are others here who want to speak. But if we have come to gag rule in the Senate, let it be applied if you have the votes. Apply it just as quickly as you want, if you have the votes. Make it just as indecent as you want to make it.

But I am looking at some southern Senators now whose very liberties were preserved once by freedom of debate in the Senate. I am looking at minority Senators whose sole power to defend themselves in this body is frequently the full right of debate. When a minority party will help to prepare a noose to choke itself to death, I think it is doing a very unwise thing. I think it is doing also in this case a very unjust thing. Here is a question that involves, as some of us see it, a complete change in our foreign policy. It was brought on for real consideration in the Senate on the 17th day of December and, as was so well said by the Senator from Wisconsin [Mr. LA FOLLETTE] this afternoon, for practically two of the intervening weeks the Senate was in adjournment over the Christmas holidays. Nearly a week was taken up in the consideration of a highly privileged question relating to the right of a Senator to be seated in this body. In the early days of the debate the Senate even adjourned or recessed for the accommodation of the proponents of the measure, or at least that is my understanding of the facts. I was not here for two or three days during the early part of the debate.

Mr. LENROOT. I assure the Senator that adjournment was taken for the accommodation of the opponents and not the proponents of the resolution.

Mr. REED of Missouri. That may be why the Senator allowed it, but it was not my understanding. However, the fact nevertheless is that this question which involves so radical a change is proposed to be put through now under what is nothing more nor less than gag rule. If that rule is applied in the Senate, the day is going to come when, instead of the Senate being a great open forum where every question can be threshed out, it will become like some other legislative bodies I know of where the only real consideration given important measures is in the committees. I think that would be a very unfortunate thing for the Senate to do. I am making no threats now, but if gag rule is applied to this measure, then as long as I am in the Senate I will help apply it to any other measure.

In the 15 years I have been in the Senate there have been many matters here affecting especially the Southern States, and I will defy any man to show where by voice or vote I have not stood in support of these States when they were contending for their rights. If these States that were once saved from the force bill by preserving the freedom of debate want now to put it on me and those who are standing with me in this great battle in which we believe we are right, they may have the power to do it. But if such a rule is to be applied here, then it ought to be applied to every question, for this is the greatest question the Senate has had to consider in 50 years, unless it were our entrance into the League of Nations.

So I am saying now that, so far as I am concerned, speaking as just one man and controlling just one man's vote and action—I do control that; it is not pledged—if you do this, you will set a precedent that will break down the old principles of debate in the Senate; and, so far as I am concerned, if it is to be done on propositions of this kind, it can be done on every proposition. I am opposed to this motion.

Mr. ROBINSON of Arkansas. Mr. President, to what I have already stated I only desire to add that the Senate is now presented with an amazing spectacle. This afternoon I asked unanimous consent that on the 10th day of February, which is more than two weeks from this date, the Senate should then impose a limitation upon debate in order that at some time within the reasonable future the pending issue might be determined. There was an objection made.

Now it appears that Senators do not wish to avail themselves of the time that is at hand; that they are unwilling to debate at all unless we put ourselves in the ridiculous attitude of standing here and saying that so long as a single Senator wishes to interpose an objection we will not employ the rules of the Senate to transact its business. The spirit in which the Senator from Missouri [Mr. REED] has spoken does not in the least restrain me from the discharge of what I conceive to be my duty as a Member of this body. I am perfectly willing, I am anxious that any Senator, that every Senator, shall be accorded freedom of debate; that he shall exhaust to his own satisfaction his arguments upon this and upon every other question; but I am not terrified when the Senator from Missouri or any other Senator threatens that if I do what I think is right in this instance he will do what he knows to be wrong in other instances.

The Senate of the United States, by a vote of 73 to 3, fixed this specific resolution as a special order for the 17th day of December, 1925, and from the day when the Senate began consideration of the measure the opponents of the resolution manifested a disposition not to discuss it until they were compelled to do so in order to prevent a vote. I make that statement as being supported by the knowledge of every Senator present.

There has been no disposition disclosed here, so far as I know, to shut off debate, even debate that is not illuminating or instructive, but we have been told to-day that unless we proceed to the consideration of an important measure, which necessarily will require a great deal of time, some of the opponents of the pending resolution who voted to fix the 17th day of December as the time for its consideration will violate their own conception of duty and responsibility and impose hardships upon communities merely because they can not have their way. What right under the Constitution of the United States, what right in morals, has any Senator, however great he be or believes himself to be——

Mr. ASHURST. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON of Arkansas. Certainly.

Mr. ASHURST. Who was the Senator who objected to the request that we fix a time to vote on the resolution?

Mr. BLEASE. I did.

Mr. ROBINSON of Arkansas. It was the Senator from South Carolina who objected.

Mr. ASHURST. The Senator from South Carolina objected?

Mr. BLEASE. I did.

Mr. ASHURST. The Senator from South Carolina objected after he had spoken for several hours in abuse of Woodrow Wilson. When Prometheus was bound to the rock, it was a vulture and not an eagle that clawed at his vitals.

Mr. BLEASE. Mr. President, at the proper time——

Mr. ROBINSON of Arkansas. I shall not yield further at this time.

Every Senator here, in contemplation of law, is the equal of every other Senator, and it is our duty and it is our practice to do what we think is right, and I intend that it shall continue to be my practice, so far as I am concerned, to do as nearly as I can what I think to be right as to every issue that arises before the Senate. I am amazed that so great a man—great in my conception and in his own opinion—should tell the Senate of the United States that if it does not recognize his right to disregard the convenience of his colleagues, his right to disregard those rules of courtesy and consideration which have sometimes prevailed in the Senate of the United States, he proposes to pull the temple down upon himself. Let him do it if he has the power to do it.

Mr. REED of Missouri. Mr. President, I think I shall be able to make myself plain, and do it in a moderate tone of voice and with some reasonable consideration for the issue that is before the Senate. The Senator from Arkansas has said that I am great in my own estimation.

Mr. ROBINSON of Arkansas. And in mine. I will ask the Senator to quote me accurately.

Mr. REED of Missouri. Both of us may be mistaken.

Mr. ROBINSON of Arkansas. I know I may be mistaken, but I hardly think the Senator from Missouri can be.

Mr. REED of Missouri. I expect the Senator is right in that instance. [Laughter.] But the Senator from Missouri entertains no such opinion and has said nothing to warrant any such statement. I have said to my brother Senators, and I repeat, that freedom of debate in this body has been maintained in the past, and that upon its maintenance, in my judgment, depends the welfare of the Republic to a large degree.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to a question?

Mr. REED of Missouri. Yes.

Mr. ROBINSON of Arkansas. What does the Senator mean by "freedom of debate"? Is his conception of freedom of debate that one Senator should have the right forever to obstruct the business of the Senate if he chooses to do so?

Mr. REED of Missouri. No; I do not mean anything of that kind, but I mean that so long as any Senator sees fit to stand and talk to a question of importance in the Senate he should be permitted to talk until he has satisfied himself that he has said what he wants to say, and I do not think that it is for the opposite party to determine when he has said what he wants to say.

The Senator from Arkansas has just said that many unnecessary things have been said in this debate. There have been perhaps two or three speeches made while this resolution was pending that did not have to do with the question. One of them was made by an adherent of one side and the other by an adherent of the other side, but the remainder of the debate has been confined more closely to the subject matter than any debate that I have heard in the Senate for many years.

It may be that in the conception of some Senators the speech of the Senator from Wisconsin [Mr. LA FOLLETTE] this afternoon in some parts was foreign to this case, but I listened to it. I thought it a very great speech, and I thought that every part of it knit itself into the structure of the pending question. However, others might differ as to that.

Mr. WILLIAMS. Mr. President, I should like to ask my colleague a question.

The VICE PRESIDENT. Does the Senator from Missouri yield to his colleague?

Mr. REED of Missouri. Certainly.

Mr. WILLIAMS. I should like to ask my colleague whether he thinks it compatible with the dignity of the State of Missouri that we should be cut short in debate here.

Mr. REED of Missouri. I do not think it would be compatible with the dignity of any State or any community.

Mr. President, I do not know what I said in my remarks that so irritated my friend from Arkansas. I said that if we break down this rule on this important matter we would break it down on other matters, and so far as I was concerned, and speaking for myself, if it was to be disregarded in this instance, I should have no regard for it in the future on any matter coming up. I had a right to say that; I did say it; I repeat it; and if anybody here does not like it, he can take his exception in any tone of voice he wants to employ.

The statement has been made that those who want time are objecting now to extending the hours of debate. I objected to meeting at 11 o'clock, because no one will deny the fact that there is an effort here to wear down men who are opposed to the measure and who want legitimately to debate it. To study this question requires time; to prepare arguments upon it requires time; and when we meet here at 11 o'clock and run until 6 o'clock the limit of human endurance has been reached and men are not able then to prepare themselves. That is why we meet at 11 o'clock, and afterwards we may meet at 10 o'clock, and afterwards we may run all night. We know what is going on. I do not say that anything of any very harsh nature has been attempted as yet; but to meet at 11 o'clock from day to day and take up this debate is, in my judgment, a hardship imposed simply because the majority of the Senate is able to impose it.

Mr. WALSH. Mr. President——

Mr. REED of Missouri. I yield.

Mr. WALSH. I should like to say to the Senator from Missouri that some of us who are interested in this question, bearing in mind that last spring it was ordered that debate should commence on the 17th day of December, spent our time in preparing to take up the debate when it should begin. After debate was opened by the Senator from Virginia [Mr. SWANSON] I asked if anyone upon the other side of the question was ready to speak, stating that I was ready to speak, but I would yield to anyone who desired to say anything in opposition to the resolution.

My understanding about the matter is that the Senator from Missouri has said nothing upon this question until within the last 10 days, and we were required to recess at least on one occasion because it was reported to us that the Senator from Missouri had not yet been able to prepare his speech.

Mr. REED of Missouri. I do not know of that occasion.

Mr. WALSH. I learn that the Senator—and I make no criticism of that—during the summer was busily engaged in trying lawsuits. Some of the rest of us were endeavoring to prepare for this debate. I can not help escape the conclusion that the Senator from Arkansas is right, that neither the Senator from Missouri nor, perhaps, any other Senator who speaks with him on this matter has made any special effort to get his ideas before the Senate until he was forced to do so by the exigencies of the debate. I may do the Senator an injustice, but that is the way I feel about it, and the Senator knows that I feel kindly toward him. I do not think he has been treated unfairly at all.

Mr. REED of Missouri. Mr. President, I do not want this debate to center around so small and insignificant a thing as myself; but, replying to the Senator, the Senator has himself occasionally tried a lawsuit. Other Senators go out and deliver lectures to make money, and I sometimes try lawsuits. It so happened last summer, however, that the partner in my firm who stood next to me and whom I relied upon to take my place in the courts, died, and all of his business was necessarily thrust upon me, and I was obliged to attend to it; and I did not have much time to consider this question or other public questions.

Aside from that, however, the principle we are discussing here rises far above individuals. It has been the custom in the Senate, when any Senator said he desired to speak upon a question and was not ready, to adjourn over a part of a day for him. That was not done as to myself to my knowledge, but some Senator may have made the request when I was not here. I have been trying to prepare this case—for that is what it is—and it is one that requires a vast amount of study.

The Senator from Montana, with his legal acumen and great experience, having had time to devote to the question last summer, may be ready. The rest of the Senate, or many of the other Members, may not be entirely ready.

As to the matter of setting a date, it is true that last spring when we were anxious to adjourn and this question had thrust itself forward there was a consent arrived at—it came in the form of a motion, but it was in fact a consent—to put the question over until the fall, and to take it up then for discussion.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator pardon me?

Mr. REED of Missouri. Yes.

Mr. ROBINSON of Arkansas. We were not as near to a consent on that occasion as we were to-day. Three Senators objected then, as the Senator will recall, and only one objected to-day.

Mr. REED of Missouri. On the vote? The fact is, however, that on that occasion, when the matter did go over, many Senators understood that while the question would come up at the time designated it would not be seriously forced to consideration. I thought so myself; and whether I was derelict in my duty or not, whether I should have been here this summer studying this question or not is, after all, not the question. The question is whether the Senate is going to adopt the principle of cloture whenever two-thirds of the Members get ready to order it, and thus cut off the old freedom of debate.

I say that if that is done in this important case, we might as well adopt it in every case; and, so far as I am concerned, if it is done, I shall never do as I have done in the past—stand out for full freedom of debate when some particular part of the country is concerned in regard to some great question that is before the Senate. I say to Senators from the South, and I say to other minority Members, you are providing a rope with which to hang the Senate, and it is not that I am going to employ that rope; you are simply putting it about your own necks and handing it over to the majority side.

That is all I have to say.

Mr. SWANSON. Mr. President, the rule against which the Senator from Missouri is so earnestly protesting was adopted by the Senate on Thursday, March 8, 1917. It was introduced by Senator Martin, at that time the Democratic leader of the Senate. It is the rule that is now being invoked. Every Senator in this body who was present voted for it except Senators Gronna, La Follette, and Sherman. The Senator from Missouri [Mr. REED] voted to make this a rule of the Senate.

Mr. REED of Missouri. The Senator is mistaken, and if the RECORD so shows, the RECORD is in error. I protested this rule to the last day in the afternoon.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. SWANSON (reading)—

Mr. Martin submitted the following resolution for consideration:

"*Resolved*, That the Senate shall, from and after its adoption, enforce the following rule, which is hereby adopted:"

Mr. REED of Missouri. Was not that a substitute for a more stringent rule? My attention has been called to that phase of the matter.

Mr. SWANSON. This is the rule that the Senator voted for.

Mr. REED of Missouri. Yes; but was it not in order to defeat a more stringent rule? I know that I opposed this movement. I have always opposed it—on the floor of the Senate, in the cloakroom, on the public platform, and everywhere else. I believe in absolute freedom of debate.

Mr. HARRISON. Mr. President, I think the Senator is correct about that—that there was a fight here as to whether or not a majority rule should be invoked, and the Martin proposal was for a two-thirds rule.

Mr. SWANSON. No; I think the Senator from Mississippi is mistaken.

Mr. TRAMMELL. That is correct, Mr. President. I was here at the time. The effort was to enable a majority to enforce cloture, and this proposal was offered as a substitute for it.

Mr. SWANSON. I think a subcommittee was appointed to draft this rule.

Mr. OVERMAN. Mr. President, the Committee on Rules reported out this rule after the matter was discussed here. We had two propositions, and this was a compromise.

Mr. SWANSON. This was a compromise, as I understand. First, a committee of Senators was appointed, and they had a row about the question of two-thirds and one-half. The matter then went back to the Committee on Rules, as I understand, and this proposal was offered by the Democratic leader, Senator Martin, and a vote was taken on it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SWANSON. I yield.

Mr. ROBINSON of Arkansas. What difference does it make in principle whether a Senator voted for the rule or against it? It is the rule of the Senate, and any Senator is entitled to invoke the rules of the Senate in the proceedings of this body.

Mr. SWANSON. But my insistence was that if it is a hard rule the Senator from Missouri voted for it.

Mr. REED of Missouri. Mr. President, I have not had time to look up the RECORD; but no matter what is in the RECORD, there are many Senators here who know that I have fought every measure of cloture that has ever been proposed in this body. I may be recorded as voting for something in order to prevent the adoption of a more radical measure, but that I ever was for cloture in this body in any form is absolutely contrary to the facts. There are many Senators here who have heard me discuss that question.

Mr. MOSES. Mr. President, a parliamentary inquiry.

Mr. SWANSON. Mr. President, I ask to have this put in the RECORD, so that we can see it.

Mr. MOSES. A parliamentary inquiry. If the historians have ceased for the time being, may I ask what business is before the Senate?

Mr. SWANSON. Mr. President, I ask unanimous consent that the proceedings of Thursday, March 8, 1917, in regard to this rule may be put in the RECORD, with the recorded vote.

Mr. REED of Missouri. They are already in the RECORD, are they not?

Mr. SWANSON. I want them put in to-day's RECORD.

The VICE PRESIDENT. Is there objection? If not, it is so ordered.

The matter referred to is as follows:

[From the Journal of the Senate of Thursday, March 8, 1917]

LIMITATION OF DEBATE

Mr. Martin submitted the following resolution for consideration:

Resolved, That the Senate shall, from and after its adoption, enforce the following rule, which is hereby adopted:

"If at any time a motion, signed by 16 Senators, to bring to a close the debate upon any pending measure is presented to the Senate, the Presiding Officer shall at once state the motion to the Senate, and one hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate and direct that the Secretary call the roll, and upon the ascertainment that a quorum is present the Presiding Officer shall, without debate, submit to the Senate by an aye-and-nay vote the question:

"'Is it the sense of the Senate that the debate shall be brought to a close?'

"And if that question shall be decided in the affirmative by a two-thirds vote of those voting, then said measure shall be the unfinished business to the exclusion of all other business until disposed of.

"Thereafter no Senator shall be entitled to speak in all more than one hour on the pending measure, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close unless the same has been presented and read prior to that time. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy and appeals from the decision of the Presiding Officer, shall be decided without debate."

The Senate proceeded by unanimous consent to consider the said resolution.

After debate,

Mr. CURTIS raised a question as to the presence of a quorum;

Whereupon,

The President pro tempore directed the roll to be called;

When,

Seventy-two Senators answered to their names.

A quorum being present,

On the question to agree to the said resolution,

It was determined in the affirmative—yeas 76, nays 3.

On motion Mr. Smith of Georgia,

The yeas and nays being desired by one-fifth of the Senators present,

Those who voted in the affirmative are:

Messrs. Ashurst, Beckham, Brady, Brandegee, Broussard, Calder, Chamberlain, Colt, Cummins, Curtis, Fall, France, Frelinghuysen, Gerry, Hale, Harding, Hardwick, Hitchcock, Hollis, Hughes, Husting, James, Jones of New Mexico, Jones of Washington, Kellogg, Kendrick, Kenyon, King, Kirby, Knox, Lane, Lewis, Lodge, McCumber, McKellar, McLean, Martin, Myers, Nelson, New, Newlands, Norris, Overman, Owen, Page, Penrose, Pittman, Poindexter, Pomerene, Ransdell, Reed, Robinson, Saulsbury, Shafroth, Sheppard, Shields, Simmons, Smith of Georgia, Smith of Maryland, Smith of South Carolina, Smoot, Sterling, Stone, Sutherland, Swanson, Thomas, Thompson, Townsend, Trammell, Underwood, Vardaman, Wadsworth, Warren, Watson, Williams, and Wolcott.

Those who voted in the negative are:

Messrs. Gronna, La Follette, and Sherman.

So it was

Resolved, That the Senate agree thereto.

Mr. HARRISON. Mr. President, such tense moments as this are unwelcome, of course, to all Senators. The distinguished Senator from Arkansas [Mr. ROBINSON] to-day offered a very, very fair proposition to vote upon this matter on the 10th day of February. It was the outcome of a suggestion made by the senior Senator from Idaho [Mr. BORAH]. In view of this whole situation, which drives Senators apart and creates confusion and a tense situation here, I am going to ask that the suggestion offered by the Senator from Arkansas be resubmitted to the Senate in the hope that we can adopt it and go along in an orderly way of doing business.

Even when we transact business in an orderly way there is at times enough tenseness to the situation; and as long as Senators feel as they do about invoking this rule and about this whole situation, it seems to me that everybody would feel better if we could agree to this request for unanimous consent and go along in an orderly way.

I appeal to the Senator from South Carolina [Mr. BLEASE]. I know that he has convictions, and that they are strong convictions, with respect to this World Court matter. I know how he feels about cloture, and I feel as he does about cloture. I am not for any majority rule invoking cloture in this body. I dare say that even among those Senators who have signed this petition, and who will vote for cloture here, there are not many who wanted to do it. They were hoping that some other way might be found to get out of the difficulty. I hope the Senator from South Carolina will withdraw his objection to the agreement offered by the Senator from Arkansas, and that we can enter into it.

I know how the Vice President feels about cloture. He has made speeches for it. He has convictions on it. I say to the Senator from South Carolina that I do not think anything can happen which will give more impetus to the movement that the Vice President is advocating over the country than to prolong this discussion without any limitation whatsoever. If one Senator holds up unanimous-consent agreements such as this, it but encourages people all over the country to believe in a more stringent cloture here.

So I hope that the agreement submitted by the Senator from Arkansas can be entered into, and that we can adjourn in a better frame of mind. I ask, therefore, that it be resubmitted.

Mr. MOSES. Mr. President, may I call the attention of the Senator from Mississippi to the fact that the senior Senator from Idaho [Mr. BORAH] is not in the Chamber.

Mr. ROBINSON of Arkansas. He consented to the agreement.

Mr. MOSES. While it is quite true that he consented, there are some other considerations arising. I do not care to object myself; but the night brings counsel, and if this matter can be allowed to go over until to-morrow——

Mr. HARRISON. I ask that the request be resubmitted. We can not find a better time for resubmitting it than now.

Mr. MOSES. I am not objecting.

Mr. HARRISON. I ask that it be resubmitted.

Mr. REED of Missouri. It can not be resubmitted in this form. The roll will have to be called, of course.

Mr. ROBINSON of Arkansas. Mr. President, it is not necessary to call the roll at all. As a matter of fact, entry into this agreement does not require the calling of the roll.

Mr. REED of Missouri. I thought it did.

Mr. ROBINSON of Arkansas. No; it is not necessary on the pending resolution. This is simply a Senate resolution, and the rule applies only to bills and joint resolutions, as the Senator knows when his memory is refreshed; so this does not come within that requirement.

Mr. HARRISON. I ask that it be resubmitted.

Mr. BLEASE obtained the floor.

Mr. REED of Missouri. I do not want it submitted when the Senator from Idaho is not here.

Mr. BLEASE. Mr. President, I think if the Senator will let me proceed he will be satisfied.

I had been out of the Chamber for a while this morning, and I came back, and this matter had just been presented. I have never been whipped under a lash in my life, and, by the eternal God, I never expect to be! If some Senator had come to me and spoken in the language that the distinguished Senator from Mississippi has employed, and I had had a minute or two to consult with some gentlemen with whom I have consulted on this question, I might not have objected. If, a few minutes ago, or whenever the Senator from Wisconsin [Mr. LENROOT] made his motion to take a recess until to-morrow, some Senator had come to me, possibly I would not have objected, but under this cloture lash I shall not cringe. I objected, and my objection stands.

The other day I made a few remarks on the pending resolution, and in those remarks I did refer to a former President of the United States. Every word I said about him on this floor and every word that is in the RECORD as having been said by me about him, I said on the public rostrum in the State of South Carolina in the presence of thousands of people, while he was living, and while his agents from the Department of Justice were in the audience stenographically reporting my speeches for the Department of Justice, for the purpose, as they proclaimed, of putting me in jail for disloyalty to the Government. Their stenographic reports went in, their newspaper reports went in, and after a very thorough examination by the bitterest enemies I had in the country, they reported that there was not one word of disloyalty in my speeches, not one word that any man could take exception to in any way, shape, or form, unless it be what I said about the then living, very live, President of the United States. He was not bound.

As to the other part of the Senator's remarks, I most assuredly shall not pay any attention to them. I think in his colder moments, when he has had time to think, possibly he will see that he violated one of the rules of the Senate himself. I certainly violated none in any speech I have made here or in any objection I have made.

So far as cloture is concerned it does not bother me a bit in the world. If the gentlemen on the other side, when the anti-lynching bill introduced in the House by Mr. DYER comes to the Senate, see fit themselves to appeal to cloture, I assure them they will hear no criticism from the Senator from South Carolina.

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arizona?

Mr. BLEASE. I yield.

Mr. ASHURST. I do not wish to have a colloquy with the Senator.

Mr. BLEASE. Not at all; I would not have one.

Mr. ASHURST. I have no right to quarrel with the Senator from South Carolina or with any other Senator for objecting. So far from presuming to criticize him, I have a sort of admiration for his sturdy objection. I am the last man to want to see anybody annihilated for standing to his guns. But I did think that his objection was peculiarly inappropriate, after he had been on the floor for hours, a large part of the time not discussing the question at issue, but referring in uncomplimentary terms to a dead man, who could not answer. I thought it was peculiarly inappropriate that the objection should come from that Senator.

Mr. BLEASE. Mr. President, if the unanimous-consent agreement shall be submitted again to-morrow morning, after consultation with some Senators, I may not object to it. But I want it distinctly understood that the threat of cloture does not change my mind a bit, because I have a high admiration for the Presiding Officer of the Senate. If the Republicans should elect the next President, I do not know of anyone I would rather see elected to that high office than the Vice President, now presiding over the Senate. I know of no higher compliment I could pay him than to insist on cloture, because if cloture shall be adopted in the Senate then he will have a feather in his cap that might well adorn any distinguished head.

EXECUTIVE NOMINATIONS REPORTED

Mr. WILLIS. At the request of the senior Senator from Iowa [Mr. CUMMINS], as in executive session with closed doors, I ask unanimous consent to submit a nomination from the Committee on Interstate Commerce to go to the calendar.

Mr. MOSES. In the same manner, Mr. President, I ask unanimous consent to report from the Committee on Post Offices and Post Roads certain nominations, to go to the calendar.

Mr. WADSWORTH. I ask unanimous consent, as in closed executive session, to submit a report from the Committee on Military Affairs of a nomination for the Executive Calendar.

RECESS

Mr. LENROOT. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and the Senate, in open executive session (at 6 o'clock and 55 minutes p. m.), took a recess until to-morrow, Saturday, January 23, 1926, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

FRIDAY, *January 22, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Love Divine, that stoops to human need and stays the bitterest tear, on Thee we call. To Thee we come with our cares, our problems, and our limitations. We ask for wisdom, we pray for grace, that this day may be fruitful with good works and helpful to our country. In the enrichment and enlargement of our deepest life may we have our best hopes realized. May the divine Teacher be our model, His love our impulse, and His favor our aspiration. With determination may we understand that the measure of our diligence is the measure of our success. When the day closes may we have this consciousness that we have made every effort to do right and have mastered every temptation. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed without amendment the bill (H. R. 8755) granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River.

NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. LEHLBACH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the naval bill, which the Clerk will report by title.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will continue the reading of the bill.

The Clerk read as follows:

NAVAL WAR COLLEGE, BUREAU OF NAVIGATION

For maintenance of the Naval War College on Coasters Harbor Island, including the maintenance, repair, and operation of one horse-drawn passenger-carrying vehicle to be used only for official purposes, and care of ground for same, $96,000; services of a professor of international law, $2,000; services of civilian lecturers, rendered at the War College, $2,000; care and preservation of the library, including the purchase, binding, and repair of books of reference and periodicals, $5,000; in all, $105,000: *Provided*, That the sum to be paid out of this appropriation under the direction of the Secretary of the Navy for clerical, inspection, drafting, and messenger service for the fiscal year ending June 30, 1927, shall not exceed $64,000.

Mr. BLACK of Texas. Mr. Chairman, I would like to get some information from the chairman of the subcommittee. I read over very carefully the report of this subcommittee, and I was not able to ascertain exactly how much larger the appropriation carried by this bill is than the appropriation for the present fiscal year. Can the gentleman give us that information?

Mr. FRENCH. It would be about $128,000 less upon the assumption, which I think it is fair to make, that $17,000,000 carried in the second deficiency, approved March 4, 1925, was really chargeable to the fiscal year 1926. As a matter of fact, technically it was chargeable to 1925, but possibly not one dollar was expended in 1925. Certainly practically all of it was expended in 1926.

Mr. BLACK of Texas. Does the gentleman mean to say that including the $5,000,000 that is transferred from the working capital of the Bureau of Accounts and taking that into consideration——

Mr. FRENCH. Oh, that is an amount that will be available for new construction in excess of the appropriations for the fiscal year. It is made available from the naval supply account fund. Again, an amount of $4,982,000 of authorization for contract as to Pearl Harbor is included, but not as a money appropriation. The authority of the department to enter into contracts in that amount in excess of the $1,000,000 is carried in the bill for Pearl Harbor. Apart, then, from those two considerations is the authority given for contract for aviation to the extent of $4,100,000, the same, however, as was provided for the present year. We are appropriating $4,100,000 in the present bill for contracts that were entered into or will be entered into this year, and here we are carrying $4,100,000 of authorization that if availed of by the Navy Department would impose burdens in that same amount later on, probably next year. There is also a reappropriation of $75,000 that will be unexpended for the particular purpose for which it was appropriated in the current year.

Mr. BLACK of Texas. Mr. Chairman, I thank the gentleman for his information, and my purpose in making the inquiry is to elicit the fact we are facing increased expenditures in the Navy; in fact, if one reads the report of the committee and reads the hearings, he is bound to conclude that unless Congress takes the matter in hand, we are now facing an upward trend in naval expenditure. I am one who believes that $500,000,000 a year ought to be the outside limit the Government of the United States spends in peace time for Army and Navy purposes. In 1916 we spent $102,000,000 for the Army and $150,000,000 for the Navy. At the present time we are spending approximately $300,000,000 for the Army and this appropriation bill carries $320,000,000 for the Navy.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. BLACK of Texas. If Congress does not take the matter in hand, it will not be many years until we will be spending $750,000,000 for the Army and the Navy in peace times. I protest against it.

Now, what can Congress do in this bill to check this rising tide of expenditure? There is one thing I think we can do and ought to do, and that is to provide that none of the vessels authorized by the act of December, 1924, that are not now contracted for be contracted for until Congress shall specifically so authorize. In the act of December 18, 1924, we provided for the construction of eight battle cruisers and six river gunboats. I voted against that bill but a majority of the Members voted in favor of it and it was therefore passed. Two of those battle cruisers are now under construction and the six river gunboats are under construction. Each of these battle cruisers will cost in the neighborhood of $17,000,000. The present bill provides an appropriation of $1,200,000 to start the construction of three more of these battle cruisers.

Only last Monday, by a vote, I believe, of 360 to 1, we authorized the President of the United States to send to Geneva representatives of the United States to arrange for a conference to limit and reduce armaments. We are going to send these delegates and I have no doubt such disarmament conference will be held. Now, would it not be the sensible thing for Congress to do to strike out that $1,200,000 provided in this bill to start the construction of these three battle cruisers, and provide that no more of these battle cruisers shall be contracted for until after this limitation of armament conference is held?

The reason I suggest this is because I was present when Mr. Hughes made his memorable speech at the Limitation of Armament Conference in 1922, and it was a dramatic moment when he proposed that the Government of the United States should scrap and junk battleships which were nearly complete and would have been as fine as any that ever sailed the seven seas.

It was a dramatic moment when he did that. He was perhaps right, but it would have been much more sensible if the Congress of the United States had anticipated the situation and not proceeded so feverishly after the close of the World War upon the building of these great battleships when there did not seem to be any need for it. This policy cost the taxpayers of the United States many millions of dollars.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BLACK of Texas. I will.

Mr. VINSON of Georgia. Along the line of the argument the gentleman is pursuing I want to call attention to section 4 in the act authorizing the construction of these cruisers as follows:

> That in the event of an international conference for the limitation of naval armament the President is hereby empowered in his discretion to suspend, in whole or in part, any or all alterations or construction authorized in this act.

That has reference to the very ships the gentleman is talking about.

Mr. BLACK of Texas. I thank the gentleman. I had that section marked to read, but I thank the gentleman for reading it at this time. That section 4 of the very bill that authorized this construction authorized the President of the United States to suspend his program if he thought it wise to do so when the limitation of armament conference was called. But let us take the responsibility of suspending it ourselves and relieve the President of that responsibility. It is our duty to control the purse strings of the Nation and I am ready to exercise my part of the responsibility. Therefore I give notice now that when we reach pages 51 and 52 I am going to propose an amendment to strike out $1,200,000 appropriated for starting the construction of these three battle cruisers and offer another amendment suspending this program until further construction is specifically authorized by Congress. I think that is the sensible thing to do rather than to go ahead and have these battle cruisers in process of construction, probably almost built, perhaps to be scrapped and junked upon the conclusion of the conference for the limitation of armament. Now is the time to do the looking ahead.

Mr. HERSEY. Will the gentleman yield?

Mr. BLACK of Texas. I will.

Mr. HERSEY. I understood the gentleman to cite 1916 as the time Congress appropriated $150,000,000 for the Navy and $100,000,000 for the Army, and contrasted that with what we are appropriating now. Would the gentleman want us to go back by small appropriations to the condition we were in in 1916 in the absence of further agreement?

Mr. BLACK of Texas. I stated at the beginning of my remarks that I believed that $500,000,000, half a billion dollars a year, was the maximum we ought to spend on the Army and Navy, and the gentleman from Maine must have heard me say that I thought it would be a more sensible thing to do and a more patriotic thing to do in behalf of the American taxpayer for us to anticipate a limitation of armament conference and suspend the program rather than scrap, junk, and send to the bottom of the ocean these fine vessels after they are constructed, as we did do with the great battleships after the limitation of the armament conference in 1922.

I am one of those who believe that the world is determined to relieve itself from the crushing burdens of military and naval armament and that the United States of America ought to lead the way. [Applause.]

I believe it was Victor Hugo who said that there is one thing that is stronger than armies and navies, and that is an idea when its hour has come, and I believe that the hour has come when the nations of the world are ready and willing and determined to relieve themselves from this crushing burden, and Congress at this time should affirmatively provide that there be no more ships contracted for until after the armament conference is held. [Applause.]

The Clerk read as follows:

SALARIES, BUREAU OF NAVIGATION

Salaries, Navy Department: For personal services in the District of Columbia, in accordance with the classification act of 1923, $423,000.

Mr. BLANTON. Mr. Chairman, I make the pro forma motion to strike out the paragraph that I may have the floor to discuss an important matter. When the five members of a subcommittee on appropriations, framing the various supply bills, want to place any kind of legislation in their appropriation bill, they do it at will. They do it without hesitation. And they do not ask us about it. And when any of us makes a point of order against such legislative provisions they have wrongfully put in their bill, they will all join in a combined fight to have the Chairman presiding over the Committee of the Whole House to decide in their favor and overrule the point of order.

But you let any Member from this floor seek to offer an amendment containing legislation, no matter how salutary and urgent it is, you will find the members of the committee will not stand for it at all, but promptly make points of order against such amendment and prevent its consideration by the membership. This occurred yesterday.

I called attention to the fact that with respect to the naval service, where slick-tongued recruiting officers enticed young boys 15, 16, 17, and 18 years of age away from their homes and influenced them to run away and enlist in the Navy upon lurid promise of a glorious free trip around the world, and caused his frantic father and mother to wildly search the universe for their son before ascertaining his whereabouts, that unless such parents filed with the Navy Department within 60 days after his enlistment their affidavits showing that he enlisted without their knowledge and consent, he would not be discharged, but the United States Navy would hold such young minor in the service against their will and consent. And this is true despite the fact that in every State of this Union parents are entitled to the services of their minor son until he reaches the age of 21 years. And this is true despite the fact that in every State in this Union the contract of such minor made before he is 21 years of age is absolutely void.

I called attention to the fact that in the Army bill last year Chairman ANTHONY agreed to an amendment which provided that parents should have six months within which to file their application for discharge and proof that their minor son had enlisted without their knowledge and consent. And I called attention to the fact that there was more reason why parents of boys enlisting in the Navy should have six months within which to file their applications, than those whose boys had enlisted in the Army. Why should the Navy allow only two months and the Army six months? It is because we here have so provided. And just why should we here provide that concerning enlistments in the Navy only two months are given parents to file their proof, while concerning enlistments in the Army we shall give those parents six months within which to file their proof? There is no answer. There is no reason. There is no excuse. And I urged yesterday the chairman of this subcommittee, the gentleman from Idaho [Mr. FRENCH], to agree to an amendment which my colleague from Texas [Mr. JONES] would offer, to make the time uniform both in the Army and Navy, and grant six months' time concerning enlistments in the Navy and Marine Corps, as well as in the Army, and he indicated that he would give it consideration.

BUT MR. FRENCH TURNED IT DOWN

But as soon as the amendment was offered by my colleague [Mr. JONES] the gentleman from Idaho reserved the point of order against it, and I quote the following from the RECORD to show that by a point of order he deliberately knocked out this salutary amendment:

Mr. JONES. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

"Amendment offered by Mr. JONES: Page 11, line 3, after the figures '$4,594,000,' insert the following: '*Provided further*, That hereafter upon the presentation of satisfactory evidence as to his age and upon application for discharge by his parent or guardian presented to the Secretary of the Navy within six months after the date of his enlistment, any man enlisted after July 1, 1926, in the naval service or Marine Corps under 21 years of age who has enlisted without the written consent of his parent or guardian, if any, shall be discharged with the form of discharge certificate and the travel and other allowances to which his service after enlistment shall entitle him.'"

Mr. FRENCH and Mr. BRITTEN reserved points of order.

Mr. FRENCH. I shall be compelled, Mr. Chairman, to insist on the point of order.

The CHAIRMAN. The gentleman from Idaho makes the point of order against the amendment offered by the gentleman from Texas [Mr. JONES]. The Chair sustains the point of order. The Clerk will read.

Mr. Chairman and gentlemen, that salutary amendment which gave a human right to a father and mother to have six months to find and recover their minor son, who without their knowledge and consent had been enticed across the seas on a Government ship, was defeated solely on the ground that it was legislation. What if it was? It was good legislation needing immediate passage. Everyone here knows that unless it is put on this bill it can not became a law in this session of Congress, and we who have studied this bill know that it is teeming with legislation. It has in it much legislation.

And this technical chairman [Mr. FRENCH] who could not stand to see this salutary legislation to protect fathers and mothers go into the bill, has in his committee room deliberately placed in this bill piece after piece of legislation less important and less salutary than that which he has knocked out by his point of order. And if you will note carefully this afternoon when our friend from Pennsylvania [Mr. BUTLER] makes his point of order against some of the legislation which Chairman FRENCH has deliberately misappropriated from the jurisdiction of a legislative committee and placed in this bill, you will find Chairman FRENCH and his associates on the subcommittee throwing somersaults to induce the Chair to decide with them and let them keep their unwarranted legislation. It all depends upon who wants the legislation in the bill. If any of the five members of the committe want it, it is all right and it goes into the bill; but if all of the 400 Congressmen together who do not happen to be members of the Appropriations Committee want a little piece of much-needed, urgent, salutary legislation to go into the bill, it is all wrong, and Chairman FRENCH keeps it out by the technical point of order.

DISCHARGE FROM SERVICE ON GROUNDS OF DEPENDENCY

We have also provided, Mr. Chairman, that even where one is lawfully enlisted and lawfully serving in the Army and Navy, and his parent or parents become afflicted and dependent upon him for support, that such dependency constitutes grounds for discharge. And when an urgent case of dependency is presented to either the War Department or to the Bureau of Navigation, prompt steps should be expeditiously taken to effect such discharge. Both the Army and Navy are equipped with the very latest, most up-to-date radio equipment. The Navy has such equipment at its every station around the world, and on every ship it operates. By the use of its modern radio equipment, it can transmit urgent messages through relays to any of our ships wherever they may be situated, and this is especially true where a ship is stationed at a certain port.

THE CASE OF BERTRAND WAYNE GIBBARD

Mr. Chairman, every time any Member here calls the attention of the House to improper treatment of any of the humans back home whom we represent here, negligent, careless, indifferent, cold-blooded treatment of them by swivel-chair bureau chiefs down here in the War and Navy Departments, some defender of such chiefs designate the matter as a "sob story" and there it usually ends. The Member is overwhelmed, and he does not dare to mention the case again.

I have already called attention of my colleagues to an extraordinary case. From this floor on December 21, 1925, I told you about how the Bureau of Navigation has treated the poor, sick, dependent, widowed mother of Bertrand Wayne Gibbard. When in June, 1925, during the adjournment of this Congress, widow Gibbard appealed to me stating that since her husband had died, she had worked out, and labored like a slave to support her two little children, but that her health had broken down, that she was unable to work, that she was wholly without property, money or any means of support, and was wholly dependent upon her son, Bertrand Wayne Gibbard, I took the matter up with one of the employees in the Bureau of Navigation, as I was then unable to find Admiral Shoemaker, and learned that if I would furnish the bureau with affidavits from widow Gibbard, her physician, and some corroborating witness, where she lived, showing her dependency, immediate steps would be taken to discharge her son. It takes quite a while to gather

the facts and have required affidavits executed through correspondence between Washington and Texas. As soon as I could gather the facts and have the proper required affidavits executed, I promptly filed them with the Bureau of Navigation. And the following are copies:

AFFIDAVIT FROM THE WIDOWED MOTHER

The STATE OF TEXAS, *County of Callahan:*

I, Mrs. Beulah Gibbard, being duly sworn, upon my oath depose and state: That I live in Cross Plains, Callahan County, Tex.; am a widow with two small children to support; that since the enlistment of my son, Bertrand Wayne Gibbard, in the United States Navy I have become incapacitated to make a living for myself and two small children; am afflicted with cystitis, a bladder trouble, and that I am wholly dependent upon my son, Bertrand Wayne Gibbard, for support; that I am without money and property, and have no other means of support. I therefore earnestly pray that the Government discharge my son, Bertrand Wayne Gibbard, from the Navy and send him home immediately.

Mrs. BEULAH GIBBARD.

Sworn to and subscribed before me, the undersigned authority, on this, the 8th day of July, 1925. Given under my hand and seal of office.

[SEAL.] VIRGIL HART,
Notary Public in and for Callahan County, Tex.

AFFIDAVIT FROM ATTENDING PHYSICIAN

The STATE OF TEXAS, *County of Callahan:*

I, R. Robertson, being duly sworn, upon oath depose and state I am well acquainted with Mrs. Beulah Gibbard, of Cross Plains, Tex., whose son, Bertrand Wayne Gibbard, is now serving in the United States Navy on the U. S. S. *Black Hawk;* that I am a regular practicing physician and surgeon, and am the family physician of said Mrs. Beulah Gibbard, a widow; that since said Bertrand Wayne Gibbard left home and entered the Navy Mrs. Beulah Gibbard has become in very bad health, suffers with cystitis, is not now able to work, and she and two small sons are dependent upon Bertrand Wayne Gibbard for a livelihood. I therefore recommend to the United States Navy Department that the said Bertrand Wayne Gibbard be immediately discharged from the Navy and sent home.

RANDOLPH ROBERTSON, M. D.

Sworn to and subscribed before me, the undersigned authority, on this the 9th day of July, A. D. 1925. Given under my hand and seal of office.

[SEAL.] G. E. B. SCOTT,
Notary Public in and for Callahan County.

AFFIDAVIT FROM CORROBORATING NEIGHBOR

The STATE OF TEXAS, *County of Callahan:*

I, W. J. Cross, being duly sworn, upon my oath depose and state: That I have lived in Callahan County, Tex., for ——— years; that I am well acquainted with Mrs. Beulah Gibbard, a widow of Cross Plains, Tex., who is without money or property and who, since her son, Mr. Bertrand Wayne Gibbard, enlisted in the United States Navy, and is now serving on board the U. S. S. *Black Hawk*, has become in very bad health, suffers with cystitis, a bladder trouble, is not now able to work, and she, with two small sons, are entirely dependent upon her son, Mr. Bertrand Wayne Gibbard, for support. Being personally acquainted with the facts, I recommend to the Government and to the Navy Department that Mr. Bertrand Wayne Gibbard be immediately discharged from the Navy and sent home.

W. J. CROSS.

Sworn and subscribed before me, the undersigned authority, on this the 9th day of July, A. D. 1925. Given under my hand and seal of office.

[SEAL.] GEO. B. SCOTT,
Notary Public in and for Callahan County, Tex.

Mr. Chairman, the above affidavits were received by me on Monday, July 13, 1925, and, together with a letter to the Bureau of Navigation accompanying them, I filed them with said Bureau of Navigation on the same day, July 13, 1925. I am glad that I am not superstitious or I might believe that I filed them on the wrong day.

The Navy Department has its representatives at Galveston, Tex., at Houston, Tex., and at Dallas, Tex., and by wiring there it could have sent to Cross Plains, Tex., and within two days have received information as to the truth of these affidavits.

And, by using the radio, it could have had this boy discharged by the last of July, 1925. To anyone else but a bureau chief it would have appeared that there was urgent necessity for the use of the radio in sending this boy home to his widowed mother and her suffering little children. Her necessities would have appealed to him. The necessities of the two little children would have appealed to him. The rights of the boy himself, who had become a "gob" in the naval service of his country that the personnel might be sufficient to have enough admirals for one to sit down here in Washington and preside over this bureau, ought to have appealed to the admiral, and he should have known that had he been in this poor boy's place he would have expected prompt discharge.

BUT INDIFFERENCE! PROCRASTINATION! INACTION!

Not a telegram was sent. Not a radio was sent. Slow routine prevailed. Finally he wrote a letter to the commander of the U. S. S. *Black Hawk* at Chefoo, China, on the 16th day of July, 1925, stating:

Please inform above man that affidavits showing family conditions are on file in bureau. When Gibbard has been so informed, advise the bureau whether he submits application for discharge.

Now, Mr. Chairman, the Navy Department sent this widow's son to Chefoo, China. It sent Gibbard far away from his mother and her two little children. Admiral Shoemaker knew their necessities by the contents of those three affidavits. He knew that there was urgent need for the return immediately of this boy to his suffering family.

Was that the kind of a communication to send to the *Black Hawk* in China? Why did he not send a radio then, as he did months later when I finally forced him to do it? Admiral Shoemaker knew just how long it would take his letter to reach Chefoo, China. And he knew just how long it would take for the reply of the *Black Hawk* to return by mail from Chefoo, China, to the Bureau of Navigation here in Washington. And note his careless, indifferent manner of wording his letter:

Inform above-named man that affidavits showing family conditions are on file in bureau.

What family conditions? How did he expect poor Bertrand Gibbard on board the *Black Hawk* in Chefoo, China, to know anything about the real conditions of his widowed mother and her two helpless little children? And note further what careless indifference:

When Gibbard has been so informed, advise this bureau whether he submits application for discharge.

In other words, no steps whatever would be taken toward discharging Gibbard until he himself, after being advised merely "that affidavits showing family conditions are on file," decided whether he wanted to make an application for discharge, and such decision should be transmitted by letter from Chefoo, China, to Washington. What would the ordinary boy understand "affidavits showing family conditions"? And way off in Chefoo, China? Why did not Admiral Shoemaker notify this boy by radio that his mother and her little children were suffering and needed him immediately, and have his officer send him home? That is what he should have done. That is what he owed to that boy. That is what he owed to that mother. That is what he owed to this Congress that lets him enlist boys and send them to Chefoo, China.

And, Mr. Chairman, I want one of your defenders of Admiral Shoemaker to show me why he waited from July 13, 1925, to July 16, 1925, before writing his letter to Chefoo, China. And I want you to tell me why he waited from July 13, 1925, until July 17, 1925, before he wrote me anything about what he was going to do? And why did not he then tell me that this boy was way off in Chefoo, China? When writing me on July 17, 1925—

that he was taking the matter up with the commander of the *Black Hawk*, and that if Gibbard wanted to be discharged he would give his case prompt attention—

He led me to believe that it could be effected in a short time. If he had told me that the *Black Hawk* was in Chefoo, China, and that he had merely written a letter to Chefoo, China, and had merely told the commander of the *Black Hawk* to notify Gibbard, or "that man," as he called him, that "affidavits showing family conditions" were on file, I would have made his life miserable until he got busy with the radio. I gave him credit for having sense enough to do what he should have done.

When I finally got in touch with Bertrand Gibbard by letter, after learning that he was in Chefoo, China, and had him send me a copy of Admiral Shoemaker's letter of July 16, 1925, I was shocked at the way he had handled the case when months afterwards the information finally came back to me.

ADMIRAL SHOEMAKER'S LETTER TO "BLACK HAWK"

The following is the letter Admiral Shoemaker, on July 16, 1925, wrote to the *Black Hawk*, sent me by Bertrand Gibbard:

NAVY DEPARTMENT,
BUREAU OF NAVIGATION,
Washington, D. C., July 16, 1925.

From: The Bureau of Navigation.
To: Commanding officer, U. S. S. *Black Hawk*.
Subject: Gibbard, Bertrand Wayne, 355-20-52, seaman, first class, U. S. N. Re: Special order discharge.

1. Please inform the above-named man that affidavits showing family conditions are on file in the bureau.

2. When Gibbard has been so informed, advise the bureau whether he submits application for discharge.

W. R. SHOEMAKER,
Chief of Bureau.

C. G. MOORE,
By direction.

Now, Mr. Chairman, I want you and my colleagues to note that Admiral Shoemaker's letter of July 16, 1925, did not reach the *Black Hawk* until the 21st day of August, 1925, and immediately on that date Bertrand Gibbard, when told that "affidavits showing family conditions" were filed, executed the formal application for discharge. This is shown conclusively by the following:

U. S. S. "BLACK HAWK,"
ASIATIC STATION, VIA SEATTLE, WASH.,
Manila, P. I., September 25, 1925.

The Hon. THOMAS L. BLANTON,
Congress of the United States,
House of Representatives, Washington, D. C.

DEAR SIR: In reply to your letter of August 24, 1925, I am inclosing copies of a letter received by the commanding officer U. S. S. *Black Hawk* from the Bureau of Navigation, and of my request for discharge, dated August 21, 1925. These, I believe, will be self-explanatory.

I wish to thank you very much for your kind personal interest in my request for discharge, and hope that matters will be so expedited that I may return home as soon as possible.

Sincerely yours,

BERTRAND W. GIBBARD,
Seaman, First Class, United States Navy.

U. S. S. "BLACK HAWK,"
ASIATIC STATION, VIA SEATTLE, WASH.,
Chefoo, China, August 21, 1925.

From: Gibbard, Bertrand Wayne, 355-20-52, seaman first class, U. S. N.
To: Bureau of Navigation, Navy Department, Washington, D. C.
Via: (1) Commanding officer; (2) commander Destroyer Squadron; (3) commander in chief Asiatic Fleet.
Subject: Special-order discharge request for.
Reference: (a) Bureau of Navigation letter Nav-640-BL, dated July 16, 1925.

1. In compliance with instructions contained in paragraph 2 of reference (a) the bureau is advised as follows:

2. It is requested that I be granted a special-order discharge, to become effective at the earliest possible date.

My reasons for this request are set forth in the affidavits now on file in the bureau, paragraph 1 of reference (a).

BERTRAND WAYNE GIBBARD.

Just why did not that commander of the *Black Hawk* send a radio to Admiral Shoemaker on August 21, 1925, and tell him that Gibbard had executed the application? It was because Admiral Shoemaker did not so instruct him. The communication he received was a letter. It did not ask for a reply by radio. Its tenor showed that the reply was expected to be made by letter.

DEFENSE FOR ADMIRAL SHOEMAKER

Now, I know that a defense for Admiral Shoemaker will be made. I have expected it. For, connected with my discussion of this case on December 21, 1925, I then placed in the RECORD the correspondence between myself and his Bureau of Navigation, which shows absolute, indifferent carelessness, that is really a moral crime against this poor woman. And it has been hurting his conscience. And he knows that he must put up some kind of an excuse. But I want to predict now that he will not have any. His own records will convict him.

I know just exactly what is in his file on this case. He has one specially prepared. But when he makes it public it will show that the correspondence printed by me in the RECORD of December 21, 1925, showed a complete history of this case. When he prints that record I want you colleagues to take the time to examine it and compare it, letter with letter and instrument with instrument, with the correspondence that I printed December 21, 1925, on pages 1298, 1299, and 1300 of the CONGRESSIONAL RECORD.

CRIMINAL NEGLIGENCE

I want you to remember that Bertrand Gibbard duly executed the application for discharge, which completed the last necessary prerequisite demanded, on August 21, 1925. And note that Admiral Shoemaker never made any attempt to use the radio until after I had sent him my urgent letter of September 25, 1925, demanding that he act by radio, and then he waited six days, until September 30, 1925, before he finally sent a radio, and then what did he say:

If Gibbard submits application for discharge, transfer him to receiving ship, San Francisco, via U. S. S. *Chaumont* to await action. Forward application to bureau, etc.

And that was sent September 30, 1925. And it was sent because I demanded it in the following letter I filed there September 25, 1925:

HOUSE OF REPRESENTATIVES,
Washington, D. C., September 25, 1925.

Admiral WILLIAM R. SHOEMAKER,
Chief Bureau Navigation, Navy Department,
Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: Since July I have been trying to get effected the discharge of Bertrand Wayne Gibbard, seaman, first class, now on U. S. S. *Black Hawk*.

You will remember that I filed with you urgent proof of the necessity for his discharge, and his mother is greatly worried because it has not been effected.

I am advised that there is a transport leaving China for the United States in October, and that unless this man is sent home on that transport there will not be another for four months.

When I heard last this young man was at Chefoo, China. I will ask you under such emergency to please arrange by radio for this young man to be sent back on the transport which leaves in October.

Very truly yours,

THOMAS L. BLANTON.

And concerning as urgent a letter as this, demanding action by radio, on an urgent case that had been pending since July 13, 1925, in his office it took Admiral Shoemaker six days to send the radio, for he did not send it until September 30, 1925, and then he did not ask that he be informed whether Gibbard had executed the application for discharge, but merely requested that "if he had done so, to transfer him to the *Chaumont* for transfer to San Francisco to await action," and to send him by mail the application. Still slow routine by mail on a life and death urgent case affecting a poor widow and two helpless little children!

And in the correspondence file which Admiral Shoemaker will cause to be put in the RECORD I want you to note carefully the radio message which the commander of the *Black Hawk* sent to the Bureau of Navigation. Where is its date? Why is not the date given? Why has Admiral Shoemaker concealed from you the date? Why does he not tell you and me when it was sent, and when it was received? Is he trying to have you believe that it was sent as an original reply to the bureau's radio of September 30, 1925? If you will note its contents carefully you will see that many things transpired between September 30 and the sending of the *Black Hawk* radiogram. Here is its substance:

Relative yours of September, Gibbard transferred receiving ship, San Francisco, via U. S. S. *Chaumont* this date. Application discharge mailed August 23. Duplicate forwarded this date.

If it means what it says, it was not sent until the date that Gibbard was transferred to the receiving ship, San Francisco, via the U. S. S. *Chaumont*, and it means, too, that the application Gibbard executed August 21, 1925, was held two days at Chefoo, China, and was not actually mailed until August 23, 1925, and that it had not yet reached Admiral Shoemaker sitting on his comfortable swivel chair here in Washington up to September 30, 1925, when I finally forced him to send the radio. Else why was the *Black Hawk* stating that a duplicate copy was being mailed? If Admiral Shoemaker could send a radio on September 30, 1925, and could send another sometime later on and have the *Black Hawk* answer then by radio, why could not he have sent a radio on July 13, 1925, when those affidavits were filed showing the urgent necessity for this boy's immediate discharge?

And, Mr. Chairman, I want my colleagues to note that after I wrote Admiral Shoemaker on September 25, 1925, urging that he effect this discharge by radio, and after he waited six days and finally sent the radio on September 30, 1925, he did not reply to me until October 2, 1925, and then he showed that he had not yet received the application for discharge which Bertrand Gibbard executed on August 21, 1925, and which the *Black Hawk* commander mailed August

23, 1925, and he shows in that letter that he did not request in his radio of September 30, 1925, that the *Black Hawk* answer by radio, and he showed that he had not yet received one word from the *Black Hawk* about it, for read:

NAVY DEPARTMENT,
BUREAU OF NAVIGATION,
Washington, D. C., October 2, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Referring to your letter of September 25, in the interest of Bertrand Wayne Gibbard, seaman, first class, United States Navy, records show that on the 10th of July this bureau notified the commanding officer of the U. S. S. *Black Hawk*, to which Gibbard is attached, that affidavits concerning this man's release on account of dependency were on file, and requested that the bureau be advised whether Gibbard desired to submit application for special-order discharge. To date no reply has been received to this communication.

As you know, the bureau does not authorize discharge of a man on account of dependency unless the man himself so requests, and until such a request is received from Gibbard no action can be taken by this bureau looking to his discharge. However, in view of your interest in the case and the length of time Gibbard has been on the Asiatic Station, the bureau has directed by dispatch that if this man so requests he be transferred back to the States via first available Government transportation to await action on his case.

Upon receipt of a request from this man for discharge you will be advised of the bureau's action.

Very truly yours, J. R. Y. BLAKELY, *Acting Chief.*

ADMIRAL SHOEMAKER FORCED CONGRESSMAN TO DO HIS WORK

And the file of correspondence will show that I was forced to find out the whereabouts of the *Black Hawk*, write there to Chefoo, China, procure a letter from my constituent, this poor widow's son, Bertrand Gibbard, and have him send me by mail a copy of his official form application for discharge, certified to by the *Black Hawk*, which I have already printed herein, and send them to Admiral Shoemaker, in order that he could finish his formal routine and have one on file, and this, after waiting several months, I was able to do, as shown by the following:

HOUSE OF REPRESENTATIVES,
Washington, D. C., October 24, 1925.

Admiral WILLIAM R. SHOEMAKER,
Chief, Bureau of Navigation, Navy Department,
Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: Further replying to your letter of the 2d instant relative to the discharge of Bertrand Wayne Gibbard, I am inclosing you herewith papers showing that said Gibbard has now filed his application for discharge.

You have filed with you already affidavits warranting the discharge of this man.

I will appreciate your taking action expediting his discharge at the very earliest date possible.

Very truly yours, THOMAS L. BLANTON.

Please return to me the inclosed file, after action is taken, to complete my office files.

B.

ADMIRAL SHOEMAKER AGAIN LEAVES OFF A DATE

And when Admiral Shoemaker prints his file, I want you to note carefully that when answering the above letter he leaves the date off of his reply. His reply was dated October 30, 1925. Why did he leave it off? And I want you to note carefully how he still delayed discharging this boy. After I had forced his return to San Francisco and had procured from Chefoo, China, myself copies of his papers and filed them with Admiral Shoemaker, then, after all these months' waiting, he puts off the discharge because he says he must wait for a report on an investigation of his home conditions, which, he says, he had ordered 30 days before that date. How many more than 30 days did he expect to take to send a man from Galveston or Dallas to Cross Plains, when it would take but a day? Why did he not do this in July? Why did he not do it in August? Why did he not have it promptly done in September? And why did he not have it done in October? Just how long did he expect this starving, destitute, sick widow and helpless little children to exist on air while he was taking months and months to do that which any humane man would have done in a few days? For note his letter:

BUREAU OF NAVIGATION,
Washington, D. C., October 30, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Receipt is acknowledged of your letter of October 24, 1925, inclosing correspondence herewith returned, bearing on the desired discharge of Bertrand Wayne Gibbard, seaman first class, United States Navy.

As stated in the bureau's letter to you of October 2, Gibbard's transfer to the United States to await action on his application for discharge was directed by dispatch. A reply has been received from the U. S. S. *Black Hawk* to the effect that this man was transferred on October 3 to the U. S. S. *Chaumont* for further transfer to the receiving ship at San Francisco, to which the *Chaumont* is now en route. Gibbard's original application for release has also come in.

The records further show that the bureau, on September 30, issued instructions directing that an investigation of the home conditions of the alleged dependents be made. Upon receipt of the report of investigation prompt action will be taken, of which you will be informed.

Very truly yours,

J. R. Y. BLAKELY, *Acting Chief.*

And, Mr. Chairman and gentlemen, he was held, and held, and held. Why? Why? I ask Admiral Shoemaker. Why? I ask any of his defenders. And when he should have discharged this poor boy in July, he held him through August and through September and through October, until, in November, he says the boy committed some offense and now must be tried by court-martial. And I want you to note that what he did was in November, months after he should have been discharged. When I round him up about not sending this boy on home to his widowed mother, Admiral Shoemaker writes back, on December 18, 1925, and for the first time advises me that in November this boy was caught with some cocaine. Where did he get it? Why did he get it? If somebody on the U. S. S. *Chaumont* did not give it to him, then he got it in China. If so, why did he get it there? Was it not because he was held there, and held there, and held there, when he should have been sent back and discharged, until, thinking about his mother and her little children, he became desperate and was ready to accept the temptation that could come to any young boy on a ship in far-off China? No one but Admiral Shoemaker is responsible. He is to blame. He has been guilty of what ought to be criminal negligence.

And now, Mr. Chairman, this poor, helpless, sick, destitute, widowed mother, from whom this great big Government has unlawfully kept her son for five months, writes me that she is ready to die, that her heart is broken, that she has loved her Government and let her son serve without a murmur while she could toil by working outside for herself and children; that her son is a good boy and loves her dearly, and that she loves him dearly, but now that her importunities have brought him into trouble she would rather die than have this come upon him.

When Admiral Shoemaker prints his file of correspondence on this case I want you to note that he will print none of the heart-rending letters from this poor widowed mother. He will leave them out. I want you to note that he will not be able to show in the record the urgent telephonic appeals I have from time to time made on his Bureau of Navigation about this case in my frantic efforts to get this boy sent home.

ACTION FOR PRESIDENT OF THE UNITED STATES

If President Coolidge has the same regard for widowed mothers in this Nation that Abraham Lincoln had, he will take prompt steps to force Admiral Shoemaker and the Department of Justice to remove the cobwebs which the gross negligence of the Bureau of Navigation has caused to be thrown around this poor boy, and he will cause him to be sent home immediately. And he will cause Admiral Shoembaker and the Department of Justice to use the radio and telegraph in doing it. I appeal to the President of the United States for justice in this case—justice to this helpless widowed mother, justice to her little children, and justice to this poor boy, who has been treated shamefully.

MOTHERS MUST KEEP MINOR SONS OUT OF UNITED STATES NAVY

If we were in war, I would say to mothers: "Let your sons go." But during peace times, as long as we have these cold-blooded officers sitting as chiefs of bureaus, who disregard all rights of mothers, who disregard all rights of their sons, who are careless, neglectful, indifferent, inefficient in transacting urgent business, I would not do my duty, if I did not here and now say to American mothers: "For God's sake, and your own, and for the sake of your home, and for the welfare of your minor sons, keep them out of the Navy. Do not let your minor sons enter there in peace time, for it will be awfully hard for you to get them out unscathed." That is my message, given under a high sense of duty, to the mothers of America.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. In war time I would say that all must go, but in time of peace I say now to the mothers of the United States: "Keep your minor boys out of the Navy; do not let your minor boys go in the Navy; keep them at home."

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, I had just come into the Hall when the gentleman from Texas [Mr. BLANTON] asked for recognition. I had not the remotest idea what he was going to say. It so happens, however, that I read in the RECORD some weeks ago a statement by the gentleman from Texas which indicated that a gross injustice had been done this young man to whom he has just referred by the Bureau of Navigation. I think every Member of the House is interested in seeing that the Navy shall never do injustice to any of its enlisted personnel, and I have no desire to pass judgment on the question that the gentleman from Texas raises. My perusal of the letters passing between the Bureau of Navigation and the gentleman from Texas, however, does not lead me to the conclusion that he has announced, and I ask unanimous consent to insert such correspondence in the RECORD that the Members of the House may pass on the question.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD by inserting correspondence to which he referred. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object—and I don't intend to object, but I merely want to ask the gentleman a question—will the gentleman be kind enough to insert the entire correspondence, beginning back in June and July on to December?

Mr. OLIVER of Alabama. Indeed, I shall, and I will submit it to the gentleman from Texas, in order that he may hand me any that may be missing.

Mr. BLANTON. I appreciate that courtesy. The gentleman is a member of the Naval Affairs Committee, the ranking Democratic member, is he not?

Mr. OLIVER of Alabama. No. I am a member of the Subcommittee of the Committee on Appropriations handling appropriations for the Navy.

Mr. BLANTON. And the gentleman has been on that committee for some time?

Mr. OLIVER of Alabama. I have.

Mr. BLANTON. And the Navy expects the gentleman to get up and defend it every time it is attacked?

Mr. OLIVER of Alabama. No. The gentleman must be courteous to me, because I am courteous to him, and I demand courtesy from him.

Mr. BLANTON. I am courteous to the gentleman. I think he is one of the ablest Members in the House, and for him I have great respect and regard; but is not that the fact?

Mr. OLIVER of Alabama. The gentleman is correct in stating that I have been on the Naval Affairs Committee and on the Subcommittee of the Committee on Appropriations handling appropriations for the Navy since I have been a Member of Congress. I am deeply interested in seeing that the Navy does no injustice to anyone. On the other hand, I think it is important when serious charges are made against naval officers holding high positions, that the House shall be furnished with all the facts in order that the Members of the House may individually pass judgment upon them. It is not my purpose to pass judgment upon them. [Applause.]

Mr. BLANTON. May I ask the gentleman one further question? Does not the gentleman think when proper affidavits under the law authorizing the discharge of a man from a ship are filed, and the necessity of his mother and little children require prompt action, that between July and November, that the admiral in charge of the Bureau of Navigation could have used the radio and have had that man sent back here rather than to wait for mail to be sent across to China and from China back to the United States, back and forth, so that the boy was brought back only after about five months?

The CHAIRMAN. The question is, Is there objection?

Mr. OLIVER of Alabama. Mr. Chairman, I ask for one minute longer.

The CHAIRMAN. This is not under the gentleman's time.

Mr. BLANTON. I ask unanimous consent that he be permitted to answer.

The CHAIRMAN. This colloquy is taking place under a reservation of objection, and is not under any time. The gentleman has the time, unless the regular order is demanded.

Mr. OLIVER of Alabama. I have refrained from undertaking to discuss the details of this case because I felt it was fairer to the gentleman from Texas and the officer against whom he prefers the charges that the data be placed in the RECORD so that Members of Congress could individually examine it and reach their own conclusions, and for that reason I have asked permission to put this in, and I will submit it to the gentleman from Texas in order that he may supply me with any that may be omitted from the list of correspondence passing between them. [Applause.]

Mr. BLANTON. That is perfectly satisfactory. But, of course, that correspondence will not show my conversations over the telephone with parties in the Bureau of Navigation.

The CHAIRMAN. The Chair hears no objection to the request of the gentleman from Alabama.

Mr. OLIVER of Alabama. Under leave to insert, I herewith submit memoranda and letters to which I invite the attention of the House.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn, and the Clerk will read.

The matter referred to is as follows:

MEMORANDUM FROM THE CHIEF OF THE BUREAU

Subject: Case of Bertrand Wayne Gibbard.

1. The first information that the bureau had of the necessity for the discharge of Gibbard was received in a letter from Mr. BLANTON, dated July 13, 1925, which inclosed affidavits. This letter was replied to under date of July 16, 1925. On July 16, 1925, a letter was written to the commanding officer of Gibbard, U. S. S. *Black Hawk*, stating that affidavits were on file and requesting that the bureau be advised whether or not Gibbard submitted a request for discharge.

2. A second letter was received from Mr. BLANTON, dated August 24, 1925, which was replied to under date of August 29, 1925. A third letter was received, dated September 25, 1925, and was replied to under date of October 2, 1925.

3. At the time of the receipt of Mr. BLANTON's first letter Gibbard was attached to the U. S. S. *Black Hawk*, then at Chefoo, China. The U. S. S. *Chaumont* sailed from Manila for San Francisco on July 12, 1925. The United States Army transport *Thomas* sailed from Manila for San Francisco on July 19, 1925. Even if immediate action had been taken in Gibbard's case, it would have been impossible to get him on either of these transports. The next sailings from Manila to San Francisco were the *Thomas* and the *Chaumont*, both on October 5, 1925. Gibbard came to the States on the *Chaumont*, even though his request for discharge had not yet been received in the bureau. This was the first available Government transportation. He was transferred to the receiving ship at San Francisco pending action on his request. While there he furnished cocaine to one Richard L. Hilton, seaman, second class, United States Navy, for purposes of selling. Agents of the Federal narcotic squad at San Francisco investigated the case at the request of the commanding officer of the receiving ship at San Francisco and arrested both Gibbard and Hilton for trafficking in narcotics.

4. Gibbard was ordered tried by general court-martial on December 19, 1925, by the Secretary of the Navy under two charges—one, violation of a lawful regulation; first specification, keeping narcotics aboard the receiving ship at San Francisco, Calif.; and two, giving narcotics to Hilton not for authorized medical purposes. The second charge is conduct to the prejudice of good order and discipline and the specification is, while on board the *Chaumont* knowingly and unlawfully importing into the United States cocaine in quantity about 180 grains, Gibbard not being registered under the provisions of the act of Congress approved December 17, 1924, as amended by the act of Congress approved February 24, 1919 (antinarcotic law).

5. The records of the bureau show that Gibbard was born May 6, 1900. He first enlisted in the Navy on October 28, 1919, and was honorably discharged July 27, 1921. He reenlisted on June 9, 1923, and is now serving on the latter enlistment.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., July 13, 1925.

BUREAU OF NAVIGATION,
Washington, D. C.

GENTLEMEN: I am herewith inclosing you the affidavit of Mrs. Beulah Gibbard, of Cross Plains, Tex., certifying that she is a widow with two small children to support, and wholly dependent upon her son, Bertrand Wayne Gibbard, now serving in the Navy, and requesting his discharge on account of dependency. I am also sending you the affidavit of Dr. Randolph Robertson, who is her family physician, who swears that since her son enlisted she has become afflicted with disease and is now dependent upon her son for a support, and asking that he be discharged. I am also sending you herewith the affidavit of Mr. W. J. Cross, who corroborates the other two and who recommends that her son be immediately discharged, his service now being on the U. S. S. *Black Hawk*.

Please give this matter your usual prompt attention and kindly advise me of action taken.

Very truly yours,

THOMAS L. BLANTON.

THE STATE OF TEXAS, *County of Callahan:*

I, Robertson, being duly sworn, upon oath depose and state: I am well acquainted with Mrs. Gibbard, of Cross Plains, Tex., whose son, Bertrand Wayne Gibbard, is now serving in the United States Navy on the U. S. S. *Black Hawk;* that I am a regular practicing physician and surgeon, and am the family physician of said Mrs. Beulah Gibbard, a widow; that since said Bertrand Wayne Gibbard left home and entered the Navy Mrs. Beulah Gibbard has become in very bad health, suffers with cystitis, is not now able to work, and she and two small sons are dependent upon Bertrand Wayne Gibbard for a livelihood. I therefore recommend to the United States Navy Department that the said Bertrand Wayne Gibbard be immediately discharged from the Navy and sent home.

RANDOLPH ROBERTSON, M. D.

Sworn to and subscribed before me, the undersigned authority, on this 9th day of July, A. D. 1925. Given under my hand and seal of office.

G. E. B. SCOTT,
Notary Public in and for Callahan County.

THE STATE OF TEXAS, *County of Callahan:*

I, Mrs. Beulah Gibbard, being duly sworn, upon my oath depose and state: That I live in Cross Plains, Callahan County, Tex.; am a widow with two small children to support; that since the enlistment of my son, Bertrand Wayne Gibbard, in the United States Navy I have become incapacitated to make a living for myself and two small children; am afflicted with cystitis, a bladder trouble, and that I am wholly dependent upon my son, Bertrand Wayne Gibbard, for support; that I am without money and property, and have no other means of support. I therefore earnestly pray that the Government discharge my son, Bertrand Wayne Gibbard, from the Navy and send him home immediately.

MRS. BEULAH GIBBARD.

Sworn to and subscribed before me, the undersigned authority, on this the 8th day of July, 1925. Given under my hand and seal of office.

VIRGIL HART,
Notary Public in and for Callahan County, Tex.

THE STATE OF TEXAS, *County of Callahan:*

I, W. J. Cross, being duly sworn, upon my oath depose and state: That I have lived in Callahan County, Tex., for — years; that I am well acquainted with Mrs. Beulah Gibbard, a widow of Cross Plains, Tex., who is without money or property, and who, since her son, Mr. Bertrand Wayne Gibbard, enlisted in the United States Navy, and is now serving on board the U. S. S. *Black Hawk*, has become in very bad health, suffers with cystitis, a bladder trouble, is not now able to work, and she, with two small sons, are entirely dependent upon her son, Mr. Bertrand Wayne Gibbard, for support. Being personally acquainted with the facts, I recommend to the Government and to the Navy Department that Mr. Bertrand Wayne Gibbard be immediately discharged from the Navy and sent home.

W. J. CROSS.

Sworn and subscribed before me, the undersigned authority, on this the 9th day of July, A. D. 1925. Given under my hand and seal of office.

[SEAL.] GEO. B. SCOTT,
Notary Public in and for Callahan County, Tex.

COPY OF REPLY TO CONGRESSMAN BLANTON'S LETTER OF JULY 13, 1925

JULY 17, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Your letter of July 13, inclosing affidavits in connection with the desired discharge of Bertrand Wayne Gibbard, seaman, first-class, United States Navy, has been received.

Inasmuch as enlistment is a contract between the Government and the man concerned, it is impracticable to take any action in cases of this kind until the enlisted man himself desires release, and so signifies by submitting an official application. There is no application for discharge from Gibbard on file, and to ascertain whether he desires discharge the matter is being taken up with the commanding officer of the U. S. S. *Black Hawk*.

Upon receipt of an official application for discharge from Gibbard, the case will be given prompt attention, and you will be informed of the action taken. The affidavits forwarded by you are being retained on file for consideration in connection with the application.

Very truly yours,

W. R. SHOEMAKER,
Chief of Bureau.
R. Z. JOHNSTON,
By direction.

NAVY DEPARTMENT,
BUREAU OF NAVIGATION,
Washington, D. C., July 16, 1925.

From: The Bureau of Navigation.
To: Commanding officer U. S. S. *Black Hawk.*
Subject: Gibbard, Bertrand Wayne, 355-20-52, seaman first class, U. S. N.; re special-order discharge.

1. Please inform the above-named man that affidavits showing family conditions are on file in the bureau.

2. When Gibbard has been so informed, advise the bureau whether he submits application for discharge.

W. R. SHOEMAKER,
Chief of Bureau.
C. G. MOORE,
By direction.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., August 24, 1925.

BUREAU OF NAVIGATION,
Navy Department, Washington, D. C.

GENTLEMEN: With reference to your letter of July 17, 1925, your file Nav.-640-BL-355-20-52, regarding the discharge of my constituent, Bertrand Wayne Gibbard, seaman, first class, who is now serving on the U. S. S. *Black Hawk*, I am inclosing you a communication just received from this boy's mother, Mrs. Beulah Gibbard, Box 335, Cross Plains, Tex., which is self-explanatory.

I will ask you to please have action taken on his case at the earliest possible date, kindly writing me fully the present status of the matter.

Very sincerely yours,

THOMAS L. BLANTON.

COPY OF REPLY TO CONGRESSMAN BLANTON'S LETTER OF AUGUST 24, 1925

AUGUST 29, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Your letter of August 24 inclosing a communication herewith returned, from the mother of Bertrand W. Gibbard, seaman, first class, United States Navy, concerning her desire for his discharge and her failure to hear from him, has been received.

The U. S. S. *Black Hawk*, on board which vessel records show this man to be serving, is on the Asiatic station, and due to the distance involved it takes considerable time for the interchange of mail. Sufficient time has not elapsed for action in Gibbard's case since his mother forwarded affidavits to you in July, as no action can be taken upon an application for discharge from him until it has reached the Navy Department. To date no application for discharge has been received from him, nor has a report on the case been received from the commanding officer of the *Black Hawk*.

In order that any possible delay may be avoided, the case is again being taken up with Gibbard's commanding officer, with a request that a report on the status of the matter be made, and that Gibbard be advised to communicate with his mother without delay and to keep her informed of his whereabouts and well-being.

The bureau has made a notation of your interest in the case and will inform you of any action which may be taken with reference to Gibbard's discharge.

Very truly yours,

J. R. Y. BLAKELY, *Acting.*

(United States naval message. Official business)

From Bureau of Navigation.	Action	To U. S. S. *Black Hawk.*	Write A.O.K. after addressee requiring acknowledgment
Released by			
Date: 30 September, 1925.	Information	To	
Code or clear (scratch one)			
Copies to			

(Do not write in this space)

"Radio message."

ROUTINE

6330. Reference BuNav letter sixteen July. If Bertrand Wayne Gibbard, three five five two naught five two, submits application, transfer him to receiving ship San Francisco via U. S. S. *Chaumont* to await action on special-order discharge. Forward application to bureau and report action. 1150.

SAN FRANCISCO.

NAVY DEPARTMENT:

(Radio reply)

From: U. S. S. *Black Hawk.*
To: BUNAV (AJ).

1003. Your 6330 1150 September Bertrand Wayne Gibbard three five five two zero two transferred receiving ship, San Francisco, via *Chaumont*, this date. Application special order discharge mailed twenty-three August. Duplicate forwarded this date. 1148.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., September 25, 1925.

Admiral WILLIAM R. SHOEMAKER,
Chief Bureau of Navigation, Navy Department,
Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: Since July I have been trying to get effected the discharge of Bertrand Wayne Gibbard, seaman first class, now on U. S. S. *Black Hawk.*

You will remember that I filed with you urgent proof of the necessity for his discharge, and his mother is greatly worried because it has not been effected.

I am advised that there is a transport leaving China for the United States in October, and that unless this man is sent home on that transport there will not be another for four months.

When I heard last this young man was at Chiboo, China. I will ask you under such emergency to please arrange by radio for this young man to be sent back on the transport which leaves in October.

Very truly yours,

THOMAS L. BLANTON.

OCTOBER 2, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Referring to your letter of September 25 in the interest of Bertrand Wayne Gibbard, seaman first class, United States Navy, records show that on the 15th of July this bureau notified the commanding officer of the U. S. S. *Black Hawk*, to which Gibbard is attached, that affidavits concerning this man's release on account of dependency were on file, and requested that the bureau be advised whether Gibbard desired to submit application for special order discharge. To date no reply has been received to this communication.

As you know, the bureau does not authorize discharge of a man on account of dependency unless the man himself so requests, and until such a request is received from Gibbard no action can be taken by this bureau looking to his discharge. However, in view of your interest in the case and the length of time Gibbard has been on the Asiatic station, the bureau has directed by dispatch that if this man so requests he be transferred back to the States via first available Government transportation to await action on his case.

Upon receipt of a request from this man for discharge you will be advised of the bureau's action.

Very truly yours,

J. R. Y. BLAKELY, *Acting.*

U. S. S. "BLACK HAWK,"
ASIATIC STATION, VIA SEATTLE, WASH.,
Manila, P. I., October 2, 1925.

From: Commanding officer.
To: Chief of the Bureau of Navigation.
Subject: Gibbard, Bertrand Wayne, No. 3552052, S1c, U. S. N.
Re: Application for special order discharge of.
Reference: (a) Bu. Nav. 1t. Nav.-640-BL., of 16 July, 1925.
(b) Bu. Nav. 1t. Nav.-640-BL., of 28 August, 1925.
Enclosures: (1) Copy of application for special order discharge of Gibbard, Bertrand W., Sea1c, submitted 21 August, 1925.

1. Upon receipt of reference (a) the above-named man immediately submitted a request for special-order discharge which was forwarded to the bureau on 23 August, 1925. However, in case this application has not been received, there is being forwarded herewith a certified copy of his request.

2. Gibbard has been interviewed relative to his communicating with his mother, and according to his statement last wrote to his mother on or about 10 September, 1925.

A. STATON.
W.

U. S. S. "BLACK HAWK,"
ASIATIC STATION, VIA SEATTLE, WASH.,
By Chefoo, China, August 21, 1925.

From: Gibbard, Bertrand Wayne, No. 3552052, seaman first class, United States Navy.
To: Bureau of Navigation, Navy Department, Washington, D. C.
Via: (1) Commanding officer.
(2) Commander destroyer squadron.
(3) Commander in chief, Asiatic Fleet.
Subject: Special-order discharge, request for.
Reference: (a) Bureau of Navigation letter, Nav640-BL of July 16, 1925.

1. In compliance with instructions contained in paragraph 2 of reference (a) the bureau is advised as follows:

2. It is requested that I be granted a special-order discharge to become effective at the earliest possible date.

3. My reasons for this request are set forth in the affidavits now on file in the bureau, paragraph 1 of reference (a).

BERTRAND WAYNE GIBBARD.

(First indorsement)

U. S. S. "BLACK HAWK,"
Chefoo, China, August 23, 1925.

From: Commanding officer.
To: The Chief of the Bureau of Navigation.
Via: (1) Commander, destroyer squadron.
(2) Commander in chief United States Asiatic Fleet.

1. Forwarded.

C. T. HUTCHINS.

Certified to be a true copy.

A. STATON,
Commander, United States Navy, Commanding.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., October 24, 1925.

Admiral WILLIAM R. SHOEMAKER,
Chief Bureau of Navigation, Navy Department,
Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: Further replying to your letter of the 2d instant relative to the discharge of Bertrand Wayne Gibbard, I am inclosing you herewith papers showing that said Gibbard has now filed his application for discharge.

You have filed with you already affidavits warranting the discharge of this man.

I will appreciate your taking action expediting his discharge at the very earliest date possible.

Very truly yours,

THOMAS L. BLANTON.

Please return to me the inclosed file after action is taken to complete my office files.

B.

COPY OF LETTER TO CONGRESSMAN BLANTON IN ANSWER TO HIS LETTER OF OCTOBER 24, 1925

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: Receipt is acknowledged of your letter of October 24, 1925, inclosing correspondence herewith returned bearing on the desired discharge of Bertrand Wayne Gibbard, seaman, first class, United States Navy.

As stated in the bureau's letter to you of October 2, Gibbard's transfer to the United States to await action on his application for discharge was directed by dispatch. A reply has been received from the U. S. S. *Black Hawk* to the effect that this man was transferred on October 3 to the U. S. S. *Chaumont* for further transfer to the receiving ship at San Francisco, to which the *Chaumont* is now en route. Gibbard's original application for release has also come in.

The records further show that the bureau on September 30 issued instructions directing that an investigation of the home conditions of the alleged dependents be made. Upon receipt of the report of investigation prompt action will be taken, of which you will be informed.

Very truly yours,

J. R. Y. BLAKELY, *Acting.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 12, 1925.

Admiral WILLIAM R. SHOEMAKER,
Chief Bureau of Navigation, Navy Department,
Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: I am inclosing you two letters just received from my constituent, Mrs. Beulah Gibbard, Cross Plains, Tex.,

relative to her son, Wayne Gibbard, whom I understood was to be discharged and sent home to her. I feel sure that you will sympathize deeply with the great trouble in which this good mother is now placed, and if there is any way at all whereby she may have her son sent home to her I know that you will find it and take prompt action. I will appreciate anything you may do for her. Please let me hear from you at your earliest convenience.

Very sincerely yours,

THOMAS L. BLANTON.

COPY OF A REPLY TO CONGRESSMAN BLANTON'S LETTER OF DECEMBER 12, 1925

DECEMBER 18, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BLANTON: The bureau is in receipt of your letter of the 12th of December, inclosing the correspondence herewith returned; in further reference to the desired discharge of Bertrand Wayne Gibbard, seaman first class, United States Navy.

As previously stated, this man was ordered transferred from the Asiatic station, via the U. S. S. *Chaumont*, to the receiving ship at San Francisco, to await action on his application for special-order discharge. Subsequently he committed two offenses, for which his trial by general court-martial has been directed. He is charged, first, with conduct to the prejudice to good order and discipline on or about November 3, 1925, while serving on board the U. S. S. *Chaumont*, in that he imported into the United States 180 grains of cocaine; and, second, for violation of a lawful order issued by the Secretary of the Navy while serving on board the receiving ship at San Francisco, Calif., on November 13, 1925, he having kept in his possession willfully and without proper authority and not for authorized medical use a substance cocaine and did give to one Richard L. Hilton on that date cocaine to dispose of.

In view of these serious charges further action looking toward this man's discharge by special order at this time is impracticable. You may be sure that Gibbard will be given every opportunity at his trial to present any evidence in his own behalf, and that he will be shown every consideration consistent with the interest of the service.

The bureau regrets that favorable action on Gibbard's request for early discharge can not be taken at this time, but when the disciplinary features of the case are disposed of he may again submit his request, at which time the bureau will be glad to reopen the case and give it further consideration.

Very truly yours,

J. R. Y. BLAKELY, *Acting.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 23, 1925.

(Personal)

Admiral WILLIAM R. SHOEMAKER,
Chief, Bureau of Navigation,
Navy Department, Washington, D. C.

MY DEAR ADMIRAL SHOEMAKER: I am inclosing from the CONGRESSIONAL RECORD the history of the Bertrand Wayne Gibbard case. I hope that you will review it carefully.

If the Bureau of Navigation had discharged this man last August, which it should have done, there would be nothing against him now.

But you must surely admit that when the bureau carelessly and negligently held him through August, September, and October, it alone is responsible for what occurred thereafter. If the Navy had not sent this poor, unsophisticated young country boy to China he would never have heard of cocaine.

Now, what you ought to do is to order this boy discharged and sent home immediately.

I would not be frank if I did not tell you that I am not going to stand for a further disregard of the rights of this boy's poor mother, and for him to be now persecuted by a court-martial for something that the negligence of your bureau is solely responsible for.

If he is held, I intend to have this record reprinted, and if it costs me $5,000, I intend to send a copy to every American Legion post within the United States, and coupled with it, I intend to notify the parents in every State that under no circumstances should they permit their boys to enlist in the Navy during peace times, for if they were about to die, it would take the Navy nine months to let their sons come home to the funeral.

I don't like the way this case has been handled by the Bureau of Navigation, and I am going to get our two Texas Senators to get busy on it, and I think that you will hear from us in a very forceful way before very much longer.

Yours very truly,

THOS. L. BLANTON.

COPY OF REPLY TO CONGRESSMAN BLANTON'S LETTER OF DECEMBER 23, 1925

DECEMBER 28, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: The receipt is acknowledged of your favor of December 28, 1925, with inclosure.

Gibbard was ordered tried by general court-martial on December 19, 1925, by the Secretary of the Navy under two charges—one, violation of a lawful regulation, first specification, keeping narcotics aboard the receiving ship at San Francisco, Calif.; and two, giving narcotics to Hilton not for authorized medical purposes. The second charge is conduct to the prejudice of good order and discipline, and the specification is while on board the *Chaumont* knowingly and unlawfully importing into the United States cocaine, in quantity about 180 grains, Gibbard not being registered under the provisions of the act of Congress approved December 17, 1914, as amended by the act of Congress approved February 24, 1919 (antinarcotic law). Gibbard could have been tried in the Federal courts for this offense.

Very truly,

W. R. SHOEMAKER,
Chief of Bureau.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the section. Mr. Chairman, I do this in order to get information from the chairman of the subcommittee. The section under consideration involves the payment of salaries to the Bureau of Navigation. It has been developed heretofore; in fact, on the last Army appropriation bill I offered an amendment limiting appropriation for Army officers to those who were acting within the line and scope of their authority strictly as military officers under their commissions. I am informed there has been growing up from time to time the policy of assigning a great number of naval, Marine Corps, and Army officers to civilian positions in the Government that are entirely outside the scope of their commissions and of their military duties, and I would like to ask the chairman of the subcommittee if his committee made any inquiry as to the number of naval officers or Marine Corps officers who at the present time are assigned to civilian duty in the Government that is entirely extraneous and outside of the employment and training of commissioned officers of the Navy. I do that, Mr. Chairman, for the reason that we are all anxious to undertake a real program of permanent economy in our expenditures, and if the facts disclose that there are a larger number of commissioned naval and Army personnel than is actually necessary for the purpose of properly officering the personnel of the Army and Navy it seems to me that some steps should be taken to cut down the number of new commissions which are being issued to these officers; and I would like the chairman of the subcommittee, if he has any information on that subject, to acquaint the committee with the number of naval and Marine Corps officers who at the present time have been assigned to these other duties with the Government that are entirely outside of the scope and purpose of their training and commissions.

Mr. FRENCH. I beg to say to the gentleman he will find on page 182 the data furnished to the committee for the hearing indicating the number of officers assigned to activities other than naval duties. The total number is 99. That would include the officers who are attachés in connection with our foreign representation. It includes a limited number assigned for special inquiry under the Bureau of the Budget. It includes a limited number in connection with the Fish Commission and in connection with the Virgin Islands, where the governor, for instance, under the law is a naval officer. In fact, from the number of them, 99, and the demand for special training that is necessary to fill particular positions to which these men are assigned the committee was not impressed with the thought that there was an abuse.

Mr. BANKHEAD. Mr. Chairman, I am glad to hear from the statement of the chairman of the subcommittee that the number is as small as it is. My impression has been that the number was many times more than that assigned to these duties. The situation with reference to the Army is more impressive along the line I have suggested than in reference to the Navy. I merely offered the amendment, Mr. Chairman, for the purpose of securing this information, and I ask leave to withdraw it.

The CHAIRMAN. Without objection, the amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

NAVAL OBSERVATORY

SALARIES, NAVAL OBSERVATORY

Salaries, Navy Department: For personal services in the District of Columbia, in accordance with the classification act of 1923, $85,600.

Mr. MOORE of Virginia. Mr. Chairman, I offer an amendment to increase the amount named, in line 14, from $85,600 to $85,900.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

On page 21, line 14, strike out "$85,600" and insert "$85,900."

Mr. MOORE of Virginia. Mr. Chairman, I hope that the chairman of the subcommittee will accept that amendment. It only makes an increase of $300, and it is for the purpose of adding a mite to the salaries of the watchmen at the Naval Observatory, who have important duties to discharge in the way of guarding the equipment and the property which is located there. It will surprise Members of the House to know that these watchmen are receiving only $85 a month. They are very humble people, of course, and without any influence, and what is desired is to make this little increase in the total appropriation so as to carry them up to $90 a month. I am reliably told that it is necessary to do this in order to effect that result. What astonishes me is that these men do not ask for more, but have so modestly limited their request, only expecting, if the amendment is adopted, that they will get $90 instead of $85 a month. It seems to me that as the item is so very slight that we should save any controversy about it by the chairman accepting the amendment which I have proposed.

Mr. FRENCH. Mr. Chairman, I am very sorry I feel compelled to oppose the amendment offered by my friend from Virginia. I am sorry because of the fact that it is an amendment that pertains to so small an amount of money as $300 in relation to so large a bill. However, here is the situation: A few years ago we provided for the Personnel Classification Board, and the object in providing for that board was to adjust the compensation of the employees of the Government. It seems to me that when the Classification Board has passed upon the proposition of compensation of employees in the different departments and in the different bureaus of the Navy Department, we ought not lightly, without hearing, even though it involves a very small amount of money, to undertake on the floor to disturb the recommendation that comes to us, based on such board's investigation, through the Bureau of the Budget.

Mr. MOORE of Virginia. Mr. Chairman, may I interrupt my friend for a question?

Mr. FRENCH. Certainly.

Mr. MOORE of Virginia. I think the gentleman overlooks the fact that after the Classification Board has done its work and has graded the employees, then in the various departments and agencies of the Government there are limits within which salaries can be granted, and that the amount that is suggested, $90 a month, will not exceed the maximum limit fixed by the Classification Board. That is true throughout the Government; and to adopt this amendment would not in any way discredit the action of the Classification Board or go counter in any manner to what it has recommended. It would only enable the officials at the Naval Observatory to do what they would do at this moment, and could do under the law and could do under the recommendation of the Classification Board if they had the money.

Mr. FRENCH. Yes. But it might be that the conditions to which the gentleman points might apply in more or less degree to various other bureaus under the Government. As I said, I do not think we should bring a proposition of that kind to the floor of the House and attempt to do something affecting a few individuals in one bureau when it might have a vital relation to many employees in other bureaus. It is a matter that ought to be arranged for in a uniform way, because of the fact that the policy we followed for years prior to the passage of the law creating the Personnel Classification Board resulted in tremendous differences in compensation paid to employees doing similar work in various bureaus of the Government. Surely we do not want to turn back to that haphazard way of fixing salaries and compensation by accepting amendments on the floor of the House pertaining to just a handful of employees in one bureau without regard to the effect of the precedent and without regard to the effect of such amendments on the rights of other employees in other bureaus.

Mr. MADDEN. Mr. Chairman, I think I understand the question that the gentleman from Virginia [Mr. MOORE] is trying to get at. Under the classification act the Classification Board has the power to create a grade. It has the power to create classes in grades, and the head of a department has the power to promote anybody in the department from one class to another within a grade without respect to what the Classification Board may think, always assuming that they have the money with which to make the promotion. If, however, the head of a department presumed to promote a person within a grade beyond the limits of the grade, that could not be done without the consent of the Classification Board.

Now, in order to protect the Treasury and to prevent the iniquities that were attempted early after the classification act was passed the Committee on Appropriations provided a restriction in respect to the right of the departments to pay beyond a certain sum, and they have incorporated in every bill, including this one, a provision which prohibits any department chief or any subordinate of any department chief from promoting anybody so that the aggregate of the payments to be made to all the people within the grade shall be above the average.

Now, what the gentleman from Virginia wants is, by his amendment, to promote some man—and his amendment applies only to one man; it can not be more than one man, because it is only $300——

Mr. MOORE of Virginia. Let me say that a great deal of the gentleman's statement was, of course, accurate up to nearly the conclusion of his statement.

Mr. MADDEN. Let me finish the statement; then I shall be glad to argue that out with the gentleman.

What the gentleman proposes is, notwithstanding the restrictive provision which is carried in every appropriation bill, which restriction is carried for the purpose of protecting the taxpayers against the iniquities of those who might and would promote indefinitely, to set that aside by an amendment. If it is set aside as to this bill it will be set aside as to all bills. And it is not merely the amount involved in the amendment that is at stake, gentlemen. It may run up into millions annually. On the face of this amendment it looks as if there was only $300 involved; but it is not only $300. It is the principle that is involved; and I am opposed to the amendment, because nobody can tell how much will be involved or how iniquitous the practice may become if you allow this amendment to be adopted.

It ought not to be adopted, because it does away, without consideration, with the thing that is being done to protect the Treasury after it has received the most careful and painstaking consideration.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The committee informally rose; and the Speaker having resumed the chair, a message in writing from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries.

NAVAL APPROPRIATION BILL

The committee resumed its session.

Mr. MOORE of Virginia rose.

The CHAIRMAN. The gentleman from Virginia is recognized.

Mr. MOORE of Virginia. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MOORE of Virginia. Mr. Chairman, I know the great weight that is carried by any statement that is made to the House by the chairman of the Committee on Appropriations. His statements commonly carry great weight with me.

I agree with him, of course, as to all he says about the classification law and its administration, but I disagree with him as to the correctness of the supposed facts which he has presented to the House. So far as this case is concerned, without any violation of the law or disregard of its proper execution in any particular, and without any violation of any principle stated in this bill and in other appropriation bills, the amendment can be adopted and, in my humble judgment, ought to be adopted as a matter of simple justice and to prevent an iniquity much more obvious than any iniquity which has been suggested by my friend.

These employees who are within a grade and within a class at the Naval Observatory who can receive $90 per month without disturbing their status in the grade and without disturbing their status in the class, provided the money is furnished for that purpose, and if the money is furnished it will be spent not for one man but only at the rate of $60 a year for one man and $60 a year for four other men. This sum of $300 will take care of five men and advance them from $85 to $90 a month. The gentleman has gone on the supposition that I am here for the purpose of protecting one individual. Such is not the fact. I am here for the purpose of at least speaking a word in behalf of a group of some five individuals who are recognized by the officials at the observatory as entitled to more than they are receiving now and who

will get more than they are receiving if this amendment is adopted and will get it not in derogation of any law, not in violation of any regulation whatever, and not with the effect of making a bad precedent, but they will get it because those in charge at the observatory believe—and I think every Member of this House must believe—that the compensation they now receive is inadequate just as the amount they would receive if the little increase is made would be entirely inadequate.

Mr. MADDEN. Does the gentleman know where this money would go to? Has the gentleman had arrangements made about it?

Mr. MOORE of Virginia. I do not think the gentleman should put that question to me, but I have information——

Mr. MADDEN. Then I withdraw the question.

Mr. MOORE of Virginia. That the officials at the Naval Observatory find themselves unable to make this increase of $5 a month unless we increase the appropriation to the extent asked for. That is my information, and as to that there can not be any doubt.

The CHAIRMAN. The time of the gentleman from Virginia has expired. The question is on agreeing to the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The Clerk read as follows:

BUREAU OF SUPPLIES AND ACCOUNTS

PAY OF THE NAVY

For pay and allowances prescribed by law of officers on sea duty and other duty, and officers on waiting orders—pay, $26,818,377, rental allowance $5,463,032, subsistence allowance, $3,422,573, in all $35,703,982; officers on the retired list, $4,314,900; for hire of quarters for officers serving with troops where there are no public quarters belonging to the Government, and where there are not sufficient quarters possessed by the United States to accommodate them, and hire of quarters for officers and enlisted men on sea duty at such times as they may be deprived of their quarters on board ship due to repairs or other conditions which may render them uninhabitable, $1,000; pay of enlisted men on the retired list, $1,465,326; extra pay to men reenlisting after being honorably discharged, $2,474,100; interest on deposits by men, $4,500; pay of petty officers, seamen, landsmen, and apprentice seamen, including men in the engineer's force and men detailed for duty with the Fish Commission, enlisted men, men in trade schools, pay of enlisted men of the Hospital Corps, extra pay to men for diving and cash prizes for men for excellence in gunnery, target practice, and engineering competitions, $66,186,727; pay of enlisted men undergoing sentence of court-martial, $231,000; and as many machinists as the President may from time to time deem necessary to appoint; and apprentice seamen under training at training stations and on board training ships, at the pay prescribed by law, $1,512,000; pay and allowances of the Nurse Corps, including assistant superintendents, directors, and assistant directors—pay, $737,500, rental allowance $24,000, subsistence allowance $20,805, in all $782,305; rent of quarters for members of the Nurse Corps; pay and allowances of Fleet Naval Reservists of the classes defined in sections 22, 23, 24, and 26 of the act of February 28, 1925, $6,807,660; reimbursement for losses of property under act of October 6, 1917, $5,000; payment of six months' death gratuity, $125,000; in all, $119,613,500, of which sum $500,000 shall be available immediately; and the money herein specifically appropriated for "Pay of the Navy" shall be disbursed and accounted for in accordance with existing law as "Pay of the Navy," and for that purpose shall constitute one fund: *Provided*, That additional commissioned, warranted, appointed, enlisted, and civilian personnel of the medical department of the Navy required for the care of patients of the United States Veterans' Bureau in naval hospitals may be employed in addition to the numbers appropriated for in this act: *Provided further*, That no part of this appropriation shall be available for the pay of any midshipmen whose admission subsequent to January 13, 1926, would result in exceeding at any time an allowance of three midshipmen for each Senator, Representative, and Delegate in Congress; of one midshipman for Porto Rico, a native of the island, appointed on nomination of the governor, and of three midshipmen from Porto Rico, appointed on nomination of the Resident Commissioner; and of two midshipmen for the District of Columbia: *Provided further*, That nothing herein shall be construed to repeal or modify in any way existing laws relative to the appointment of midshipmen at large from the enlisted personnel of the naval service or from the Naval Reserve: *And provided further*, That in computing for any purpose the length of service of any officer of the Navy, of the Marine Corps, of the Coast Guard, of the Coast and Geodetic Survey, or of the Public Health Service, who was appointed to the United States Naval Academy or to the United States Military Academy after March 4, 1913, the time spent at either academy shall not be counted.

Mr. BUTLER. Mr. Chairman, I would like to reserve a point of order for the purpose of making an inquiry.

The CHAIRMAN. The gentleman from Pennsylvania will state his point of order.

Mr. BUTLER. Line 3, page 30. I want to know what the purpose is in making $500,000 immediately available. The purpose is not stated in the instrument itself, and I think it is always a wise thing to do that, so we may know and understand what we are doing. It would not take another line and would not cost a nickel to explain it in the bill. I would like to ask the chairman of the subcommittee what the purpose is in making $500,000 immediately available.

Mr. FRENCH. It was represented to the committee by the Chief of the Bureau of Navigation that about September 1 the enlisted personnel was a little below 82,000, and it was feared it would fall below 80,000, possibly down to 79,000, unless enlistments could begin within the present fiscal year along in March or April, and we provide here that $500,000 be immediately available so as to enable the department to meet that situation, by beginning recruiting a little bit earlier than otherwise would be possible.

Mr. BUTLER. Mr. Chairman, I withdraw the point of order.

Mr. BRITTEN. Mr. Chairman, I move to strike out the last word. First, I would like to call the attention of the House to the fact that this section in the bill, page 30, second line, $119,613,500, is a reduction of $500,000 from the amount requested by the Navy Department for pay of the Navy.

Mr. TABER. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. TABER. But it is an increase of $2,613,500 over last year's appropriation.

Mr. BRITTEN. Yes; but the truth of the matter is that this bill carries about $600,000 less than last year's bill, notwithstanding the desires of the Budget officer, the President of the United States, and the Navy Department experts.

This bill provides for an enlisted personnel of 82,000 in the Navy, which is 4,000 less than the appropriation for the present year. The distinguished gentleman from Idaho [Mr. FRENCH], in charge of the bill, tried to explain that by saying that because three of our first-line battleships would be out of commission during the present year it was reasonable to make a reduction of 3,000 men, and that this is in line with the figures presented by the Director of the Budget and also by the Navy Department itself, but let me call your attention to the fact that the committee goes even further than that. It disregards all expert advice from any source and arbitrarily provides for 82,000 men, a thousand less than the Navy's closest estimates. Of course, it is easy to understand why this committee adheres to the small Navy principle, because the gentleman in charge of the bill, on April 12, 1922, page 5427 of the CONGRESSIONAL RECORD, said that 67,000 men are enough to run the American Navy on a 5–5–3 ratio with England and Japan. I have just come from my office, where I read his remarks. He said 67,000 were ample and adequate for the American Navy.

Mr. MADDEN. I said that, too.

Mr. BRITTEN. Oh, but the gentleman is not a great naval expert like my friend from Idaho. [Laughter and applause.] And the other gentleman [Mr. TABER] on my distinguished friend's left, and a leading member of this little Navy committee, said here the other day that he came here three years ago and, of course, was no rubber stamp for the Navy Department. He has been on the subcommittee three years. He, too, is a great naval tactician.

Mr. MADDEN. I say that now. I say there are 18,000 men in the Navy not assigned to any duty except to wear the uniform and sign the pay roll.

Mr. BRITTEN. When the gentleman says that he is talking through his hat.

Mr. MADDEN. I have not got my hat on. [Laughter.]

Mr. BRITTEN. It would not make any difference so far as his knowledge of naval tactics and personnel requirements are concerned. The gentleman and I are accustomed to twitting each other, and we will not leave any scars over this bill.

Mr. SEARS of Florida. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. SEARS of Florida. Is this a Chicago fight in considering this bill?

Mr. BRITTEN. No; not at all. MARTIN and I would rather fight for each other.

Mr. SEARS of Florida. Just a little levity.

Mr. BRITTEN. There is nothing military about this argument.

Mr. SEARS of Florida. And no fight at all.

Mr. BRITTEN. Not a bit.

Mr. SNELL. Like BLANTON and REID.

Mr. BRITTEN. Yes; just like BLANTON and REID. [Laughter.]

Mr. MADDEN. We agree in advance not to fight.

Mr. BRITTEN. Yes. That reminds me, if the gentleman will permit me to talk out of order for a moment——

Mr. MADDEN. The gentleman always talks out of order. [Laughter.]

Mr. BRITTEN. Now, if the gentleman keeps on in that manner I am going to tell the House how he has voted on some Navy bills in the past.

Mr. MADDEN. I would be delighted if the gentleman would do that.

Mr. BRITTEN. Oh, I doubt that. Your desire to reduce the Navy to 67,000 does not look very good in the light of what has happened. Your loyalty to your committee has promoted some funny votes.

Mr. MADDEN. I think the country is proud of them.

Mr. BRITTEN. You just think the country is, and so does my erroneous friend from Idaho. I am beginning to believe that your Committee on Appropriations is made up of small Navy men, and you seek any excuse possible to reduce appropriations. What is the use of beating around the bush about it?

Mr. MADDEN. We are very small men, anyway, regardless of the Navy, but we match up with the rest of the small men in the House. [Laughter and applause.]

Mr. BRITTEN. Mr. Chairman, in justice to the Navy and to those Members of the House who are interested in keeping the Navy up to the highest standard of efficiency commensurate with proper consideration for economy in peace time, it is but fair to say that in reporting the appropriations for the fiscal year 1927 the Committee on Appropriations has cut the estimates of the Bureau of the Budget $3,680,423, and incidentally has allowed $443,191 less than the appropriations available for the Navy for the fiscal year 1926.

There are certain major reductions proposed which strike at the very heart of the Navy. They are the contemplated reduction in enlisted personnel, the reduction in fuel, the cut made in appropriations requested for making certain repairs and alterations urgently necessary for the fleet, and the abandonment of the Lakehurst lighter-than-air station.

The proposed cut in personnel will effect the greatest harm. The Navy Department's original proposal to the Budget was for 87,000 men for the fiscal year 1927. This later was changed by the department to 86,000 men because of delays in the commissioning of new ships. The Budget estimates provided for an average of 83,000. The Committee on Appropriations has arbitrarily decreed that 82,000 enlisted men will meet the requirements of the Navy for the coming fiscal year.

The committee's judgment is based on its proposal, among other things, to place in reserve some of the Navy's combatant ships and its members refer to this practice in Great Britain as an example. The number of combatant ships maintained by the United States and the British Empire in active commission are practically the same, with Great Britain in addition maintaining many more vessels with numbers of men on board below the full complement requirement. The committee errs in stating "that Great Britain has but 13 of her 18 capital ships in full commission." In this statement the committee apparently overlooks the four battle cruisers of the British Navy, which are capital ships. On October 1, 1925, Great Britain had a total of 22 capital ships, including 4 battle cruisers; 15 of these capital ships were in full commission, and of her 18 battleships 13 were in commission, 4 were in reserve, and 1 was out of commission for complete overhaul. Of the 4 battle cruisers, which go to make up the total of 22 capital ships, there were 2 in full commission, 1 in commission with special complement, and 1 out of commission for complete overhaul. The British keep their vessels which are not in active commission in a better state of preservation than does the United States, because they have a small complement of enlisted men on their vessels in reserve, while our practice is to have no vessels in reserve. Our vessels are put entirely out of commission, with no men on board. The British can keep a few men on board because of their 95,000 men, as compared to our strength of less than 85,000 and with money to pay but 82,000.

Mr. Chairman, in comparing the number of ships active and in reserve of Great Britain and the United States, the personnel strength necessary to man these ships, whether active or in reserve, must be taken into account. The personnel strength of the British Navy as of October 1, 1925, totaled 95,922 men; that of the United States Navy 81,702. The British Empire, on the same date, maintained a naval reserve of 10,425 officers and 64,742 men, as compared with 5,037 officers and 25,030 men in the United States Naval Reserve.

The Navy Department believes that trained personnel is vitally necessary, and that the Navy can not fulfill its responsibilities to the country if it is not given opportunity to train sufficient personnel to meet an emergency. In cutting personnel below the Budget estimates, which are in themselves quite restrictive, the committee apparently takes little cognizance of the extraordinary turnover in enlisted personnel which the Navy must meet in 1927, during which year approximately 25,000 new men will be recruited and trained. Nor does it take note of the Navy Department's plan to allocate a total personnel of 8,543 to aviation duties in 1927, as compared with 4,968 in aviation in the current fiscal year. The present bill would certainly cut personnel, in any event, below a 5-5-3 standard, as compared with the British or the Japanese Navies.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. I had allotted to me in general debate 20 minutes by my good friend from Idaho and I did not use it.

Mr. FRENCH. I beg the gentleman's pardon, he used his 20 minutes in my time. [Laughter.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that I may proceed.

Mr. MADDEN. Mr. Chairman, reserving the right to object, and I will not object, if the gentleman will agree to talk about the bill——

Mr. BRITTEN. I would like to tell just one little story about this fight question brought up by my friend from Florida.

Mr. MADDEN. I will not object.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BRITTEN. You know years ago our distinguished Senator, James Hamilton Lewis, "J. Ham," as we called him, was in the Senate and was having a very heated argument with Senator Lodge, and Lodge said a lot of unkind things about our handsome, dapper Senator from Illinois. He referred to his yellow spats——

Mr. MADDEN. Be careful, he lives in your district.

Mr. BRITTEN. I know he does. I will repeat the colloquy as closely as possible. [Laughter.] He referred to his yellow spats and his pink shirt and his little red handkerchief tucked away in his cuff et cetera, and he was unusually unkind.

Mr. MADDEN. If the gentleman will permit——

Mr. BRITTEN. The gentleman has talked long enough. He was talking when I came in.

Then the distinguished Senator from Illinois took the floor and said that this matter was serious and that probably he and the distinguished Senator from Massachusetts would meet on the field of battle, but in that wonderful language of Senator Lewis, he said, "But when we do meet with the foils, my sword will be tipped with a rose."

That was very much the way BLANTON and REID fought each other yesterday.

Mr. MADDEN. I notice they would not speak to each other the next day.

Mr. BRITTEN. Well, Members of Congress do not usually fight with their fists. They fight otherwise, and that is the best way for them to do it too.

Now, let me suggest, gentlemen, in all seriousness, this bill as presented to the House is a small Navy man's bill. It is a bill promoted by small Navy men. The gentleman having the bill in charge four years ago on the floor of the House said that 67,000 men were enough to run the American Navy, and he was supported by the very distinguished and very great leader of the Committee on Appropriations [Mr. MADDEN], who now says that 19,000 men of the Navy do nothing but wear uniforms. By that he means they are doing land duty some place. The truth of the matter is that we have to keep many more seamen or boys in training on land than Great Britain does, because we have an annual turnover of 22 per cent every year. Twenty-two per cent of 86,000 men means a turnover of about 20,000 every year. Our laws provide for a four-year enlistment period.

Mr. BERGER. Will the gentleman yield?

Mr. BRITTEN. In one minute. We have a 4-year enlistment and Great Britain has a 12-year enlistment, so that Great Britain's turnover is much less than ours. We have to have many more men on shore than they do, and it is assumed by experts that Great Britain's men are always fully trained to the extent of 91 to 95 per cent, while our men are trained to the extent of probably 75 per cent.

Mr. KNUTSON. Do you mean trained or manned?

Mr. BRITTEN. Trained; I am talking about the enlisted personnel.

Mr. BERGER. What do you mean by annual turnover—those that desert? [Laughter.]

Mr. BRITTEN. No; we have a lot of fellows in the Navy who do not come from Wisconsin.

Mr. BERGER. No Wisconsin men ever desert; they stand by their guns.

Mr. BRITTEN. Then they are in that 75 per cent I was just talking about.

Mr. BERGER. Will the gentleman yield?

Mr. BRITTEN. Certainly.

Mr. BERGER. About 10 per cent of the Navy deserts, according to the statistics over the country at large. How many of them are in the gentleman's district?

Mr. BRITTEN. The number is so small that you would have to go into the metric system in order to determine it. [Laughter.]

Mr. BERGER. I am in favor of the metric system. [Laughter.]

Mr. BRITTEN. The best experts in the Navy told the Committee on Appropriations that on October 1, 1925, there were in the British navy 95,922 men, and in our Navy 81,702. The number of course fluctuates, depending on the number going in and out of the service. It varies anywhere between 79,000 and 83,000 or 84,000 or 85,000.

Mr. Chairman, another reduction which is of great concern to the Navy Department is that which prohibits the execution of certain repairs and alterations vitally necessary for the efficiency of the fleet. The committee suggests that the Navy has not shown a disposition to economize of its own volition, but later realized that retrenchment in the Navy has worked to the detriment of the fleet when it states that—

there is no question but that the general policy of retrenchment has caused an accumulation of repair work in the navy yards, some of a character which should not longer be deferred.

Mr. Chairman, I am certain that the Navy Department has been in thorough accord with the principles of economy, has constantly practiced it, and has been commended for its efforts by the Director of the Budget. In some particulars the Navy Department has been forced to practice economies which were far beyond their proper limits. One of these particulars is the reduction of funds beyond a rock-bottom basis in the matter of necessary repairs and alterations to the fleet. This is false economy, and the further reductions now proposed will place the fleet in a serious predicament.

The appropriation bill as here reported carries $18,730,000 for the appropriation "Engineering, 1927," as against $19,500,000 requested by the Budget. This reduction of $770,000 is very serious. For the first time in its history the Bureau of Engineering is now in the impossible position of having to refuse urgent repairs to the machinery of vessels because of lack of funds. It has been necessary during the past month for the bureau to divert $300,000 which has been allocated for the replacement of obsolete radio equipment on ships and shore stations to meet unexpected demands for repairs to propelling machinery.

The Navy is now facing a condition with respect to repair costs which must be recognized. This condition is that each year the average age of ships in commission is one year greater than the year before. Before the limitation of naval armament, when the Navy had a shipbuilding program, the average age of ships in commission did not change materially because each year new ships were commissioned and old ships placed out of commission. In recent years, due to limited appropriations since July 1, 1922, there has been an accumulation of uncompleted repair work; that is, of repairs that have been authorized but which, due to lack of funds, have not been accomplished. It is true that this diverted work consists of items which are of less importance than those which are being accomplished. However, the fact that this diverted-work load is increasing despite increased expenditures for repairs is an indication that the rate of increase of our appropriation for repairs in recent years has not been adequate.

Mr. Chairman, if the United States could be guaranteed a continued state of peace, there would be no serious danger in maintaining a heavy diverted-work load. Should, however, an emergency arise suddenly, it would be necessary to jam our navy yards for the accomplishment of this work at a time when space at the yard would be required for work on vessels other than those of the regular Navy. A run-down Navy is no one's pride.

The appropriation, "Engineering, 1927," as presented by the Budget, includes $509,105 for alterations and improvements. This is only about 27 per cent of the total amount that was desired by the Navy Department as really necessary. It includes important items in radio, fire control, and submarine machinery, the necessity for which is apparent. With the reduction of $770,000 in appropriations recommended by the committee, all of these improvements must be sacrificed, and the remaining $270,000 must be subtracted from the funds for repairing propelling machinery.

Mr. Chairman, the fleet is suffering from this condition. In addition to lack of funds for repairs, the Navy Department is unable to place modern equipment on board the fleet's combatant ships. Our research laboratories have developed scientific improvements to ships and aircrafts; we have obtained new inventions; we have made progressive tests to improve naval instruments; but we have not the money to install and make use of them. This is shameful.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. FRENCH. I ask unanimous consent that the gentleman have more time.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KNUTSON. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. KNUTSON. Has the gentleman any statement showing the potential strength of the country in naval man power? It should be greater than Great Britain.

Mr. BRITTEN. There are so many elements entering into the potential man power and the potential strength of the Navy that it is hard to determine. Great Britain has 14,000 men more than we have, and she has a reserve three times larger than ours, because she is stronger on the seas than we are. I think the figures should be reversed; I think we should have 95,000 men in the service to-day and Great Britain 85,000, because of the mobility of her reserve force. She can call on them instantly and get them practically overnight.

Mr. JONES. Will the gentleman yield?

Mr. BRITTEN. I will yield to the gentleman.

Mr. JONES. I ask the gentleman for information. Does the gentleman know what the percentage of reenlistments are?

Mr. BRITTEN. I do not know what the percentage of reenlistments are.

Mr. FRENCH. About 60 per cent.

Mr. McKEOWN. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from Oklahoma.

Mr. McKEOWN. I want to ask the gentleman this question: Is there any provision made whereby our men in the Navy, if they become incapacitated after having served a number of years—is there any way in which they can be taken care of?

Mr. BRITTEN. Yes; after serving a number of years they get retirement pay, but they have to serve some 20 years.

Mr. McKEOWN. Suppose after a service of seven or eight years a man contracts tuberculosis, is there any way of taking care of him but to discharge him?

Mr. BRITTEN. He could go to a naval hospital.

Mr. McKEOWN. Does he get anything except hospital service?

Mr. BRITTEN. That depends on his length of service; sometimes they get pretty good pay. Now, I would like to call to the attention of the House the fact that in about a year from now, next winter, two great airplane carriers will be launched and commissioned. Appropriation Committee members have repeatedly said to this House that it will take 2,300 men to man these two ships. The clerk of the committee also on the floor says it will take 2,300 men. The fact is, gentlemen, it will take 3,236 men—2,646 to man each ship and about 450 to go along as aviation personnel. They all come out of this pay of the Navy section of the bill. As I say, they repeatedly told you that it would require but 2,300 men to man these ships.

If they will ask the Chief of the Bureau of Navigation, he will tell them that it will take 3,236 men. I will not say that these gentlemen try to becloud the issue; they are as fair and honorable men as can be found in this House—100 per cent. But I presume we all try to show our own bills up to their best advantage. In doing so they have failed to call attention to this particular thing that will need 900 more men. I firmly believe that the Senate will amend this bill and give the Navy $500,000 more for pay of the Navy, as there is another section where I think $300,000 can be saved. In all fairness to the Navy, in all fairness to our best expert advisers, who are backed up by the President and the Director of the Budget, who the Lord knows has the sharpest pencil in this town, who have come before your committee for proper national defense and have asked you to appropriate for 83,000 men, 3,000 less than we have during the present fiscal year, I think Congress ought to give a reasonable ear to their appeal.

Another major reduction recommended by the committee is that the lighter-than-air station at Lakehurst be closed. The approved Budget estimates for maintaining Lakehurst were $775,000. The reduction of $647,000 recommended in the bill leaves $128,000 to maintain Lakehurst as a closed station.

On this basis it will be necessary to close all activities at Lakehurst, disbanding the trained personnel there, which is

practically the only nucleus of lighter-than-air personnel in the United States. The airship *Los Angeles*, after six months of such limited preservation as these reduced funds will permit, will require considerable overhaul before it can be again placed in service condition. The helium repurification plant, the only one of its kind in the world, will be closed. The steps necessary for the preservation of the buildings there will meet a severe check.

Mr. Chairman, the Navy is charged by law with the development of rigid airships. It has made much progress in determining the feasibility of airships both as military and commercial units.

It will be faced with the necessity of abandoning this work. The $300,000 recommended by the committee for experimental work by the Navy with an all-metal airship being built by the Aircraft Development Corporation will not aid in the development of airships for military purposes, as it is the opinion of the Navy General Board and of naval officers experienced in lighter-than-air ships that such a ship is too small to be of any real military value to the fleet.

The Navy Department has recommended the building of a large, rigid airship, such as is now being considered by the House Naval Affairs Committee, in order to continue experiments with it for determining the value or lack of military value of such a craft, provided, however, an appropriation can be secured for it without decreasing an equivalent appropriation from any other naval needs.

There is another recommendation made by the Appropriations Committee, which will make it necessary, if such a recommendation is approved by Congress, for the Navy Department to materially modify its operating plan for 1927. The committee's reduction of $1,750,000 in the estimate for the appropriation "Fuel and transportation" will result in the abandonment of the contemplated cruise of the Pacific Fleet to east-coast ports in 1927, which is designed to carry out maneuvers of the whole fleet in Atlantic waters.

The reductions made in this bill are dangerous and false economy as well as extremely questionable when the maintenance of a 5-5-3 Navy is taken into consideration. The Bureau of the Budget naval estimates, although restricted to a rock-bottom basis, would still have permitted some improvement in the condition of the fleet. The further slash made by the Appropriations Committee strikes hard at the efficiency of the fleet.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. MADDEN. Mr. Chairman, I would like to be recognized.

Mr. BRITTEN. But, Mr. Chairman, I would like three or four minutes more.

Mr. MADDEN. I requested to be recognized because I have some hearings coming on.

Mr. BRITTEN. I will yield to the gentleman and let him have five minutes now.

Mr. MADDEN. No; I will wait.

Mr. BRITTEN. I would much rather have the gentleman go out now. [Laughter.]

The CHAIRMAN. The gentleman from Illinois requests that he may proceed for three minutes more. Is there objection?

There was no objection.

Mr. BRITTEN. The gentleman from Idaho [Mr. FRENCH] rather stretched our personnel by trying to add in some 2,100 marines who he says are taking the places of the enlisted personnel aboard ship.

Mr. AYRES. Two thousand six hundred men.

Mr. BRITTEN. I did not have the figures before me. I speak only from recollection of what the gentleman said the other day on the floor. The fact of the matter is that Great Britain has in her quota of 108,000 men 5,762 Royal Marines afloat, and they are marines in every sense of the word. They are seamen, the same as our men are. They are not soldiers like our marines are. Ninety per cent of our marines are always on shore. They are soldiers; they are not seamen. The British marine is a seaman, and if you are going to include marines for our service for purposes of debate on the floor of the House, let us include the 5,762 marines in the British Navy. This committee, in order to show that it is going along the lines of not economy, but nearer along the lines of pacifism, have reduced the fuel appropriation for the Navy by $1,750,000, and they try to cover up that deduction by saying that they can buy oil cheaper on the Pacific coast than on the Atlantic coast. Do they not realize that the Navy Department, with its excellent purchasing power takes cognizance of the best prices that they can get in the United States, and they do not have their eyes merely upon the Atlantic, but they see also the Pacific coast with the oil wells there as well as these gentlemen do, and if you are going to retard ships from maneuvers, if you are going to handicap ships so they can not go out to sea for target practice and proper maneuvers, with a great radius of action, if you are going to have them tied up at the docks, you might as well put them out of commission, because we will then be simply that much cold steel with that many more men ashore, and the chairman of the Committee on Appropriations then can rightfully complain, because most of our men will be ashore. Let our ships go to sea, and the only way you can do that is to have proper appropriations for fuel. You would not tie a racehorse in his stall before the race for fear he would go out and wear his shoes off on the track. You would keep him going, keep him exercising, and that is what these ships are for. They ought to be at sea more than they are.

Mr. Chairman, referring to the charge made by Mr. KVALE, on page 2518 of the RECORD of January 21, as follows:

> I make the charge: The United States Navy is being used largely, if not primarily, to protect the foreign investments of our great financiers, this relative handful of citizens.

There are eight American gunboats in Chinese waters manned by approximately 420 men.

These gunboats release larger vessels for other duties, thereby reducing expenditures for personnel.

Their mission is to protect American lives and property, promote American interests, and cultivate friendly relations with the Chinese.

The importance of this duty is not generally understood nor its far-reaching effects. It is a generally accepted fact that except for the presence of gunboats in Chinese waters foreign business would cease. There is no difference of opinion among foreigners as to that. This means that our $200,000,000 worth of exports and imports would cease, except for our gunboats protecting and promoting American interests. Since imports from America are finished material, while exports are chiefly raw material, about $100,000,000 goes to American labor. Profits to manufacturers are also a large factor.

The protection afforded Americans along the coast and rivers is not to be regarded lightly. Our nationals are represented in various walks in life—business and professional men, as well as missionaries, though the latter are in a large majority.

Mr. Chairman, another item in the CONGRESSIONAL RECORD of January 19, 1926, statements by the chairman of the subcommittee of the House Appropriations Committee cover activities of British and American gunboats on the Asiatic Station, which seem to require elucidation (p. 2378):

> (a) We are maintaining a few gunboats over in Asiatic waters, and I think the total is something like 9, as against 51 of a similar type maintained by Great Britain.

In December, 1925, Great Britain had 15—and not 51—river gunboats in Chinese waters. Their total enlisted strength was about 240 men. Additional men necessary to man those boats are Chinese employed by the month. At the same time, there were eight American gunboats suitable for river service on the same station. Two are river gunboats, two converted mine sweepers, four are ex-Spanish gunboats, and one is a converted yacht. The crews of these eight vessels number about 420 enlisted men, with only a few Chinese boatmen and pilots. That is to say, we have about 180 more enlisted men on our eight gunboats than have the British on their 15, while the contrary view is expressed by Mr. FRENCH.

It is well that such is the case because we have a sufficient number of men to place armed guards on American vessels operating above Ichang, while the British have not. The result is that American vessels are more attractive to shippers and travelers and operate to capacity when the vessels of the other nations do not.

> (b) Another factor that you must take into consideration in estimating ships' complements of men for essential ships is an examination of men of the two nations with respect to the services on types of ships. For instance, Great Britain maintains patrol boats and gunboats in far greater number than does the United States. Are they of any particular importance, will the gentleman say, from naval-military standpoint?

The Chairman intimates that the duties performed by these men are not comparable to those performed on other vessels, to the detriment of the gunboats.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. MADDEN. Mr. Chairman, I rise to oppose the amendment of the gentleman from Illinois. First I want to refer to one of the last things the gentleman said, and that is that we cut the fuel supply and thereby placed our Navy at the disadvantage with that of Great Britain.

Mr. BRITTEN. Oh, I did not say that at all. I said nothing about the British Navy in connection with fuel.

Mr. MADDEN. Our Navy is provided with fuel to give them 30 per cent greater cruising radius than the British Navy fuel supply will do for them, and that is a statement of fact based on information from headquarters.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. BRITTEN. The British Navy does not require the great radius of action that we do, because their prospective enemies are within a half hour's run of Great Britain.

Mr. MADDEN. Our people say the only reason they want a cruising radius is because they want to give the men practice. It is as essential for the British to have a cruising radius for practice as it is for us, so it does not make any difference whether you have the enemy within 30 minutes or 30 months.

Mr. BRITTEN. But when the British go out for maneuvers they steam out for 30 minutes or an hour, and when we go out for maneuvers we go down to Guantanamo, a two days' run.

Mr. MADDEN. Yes; we go down on a summer picnic.

Mr. BRITTEN. That simply shows the gentleman's attitude. First the gentleman says that the men of the Navy are ashore and now he says that they go off on a summer picnic. That is the small Navy idea.

Mr. MADDEN. I do not yield to the gentleman for statements that have no relation to the facts.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. In a minute. So that if we were to arrange our fuel bill for the Navy in accordance with the same cruising radius as the English Navy we would cut 30 per cent off the fuel bill; but we have no desire to restrict the rights of the Navy to cruise as much as it cares to cruise. Therefore we have made a very large appropriation for fuel for the Navy. If we wanted to do the thing that would be the economical thing to do, without respect to whether it would hamper the Navy or not, we would have made this fuel bill $10,000,000 instead of $13,000,000; but I do not want the committee here to allow my colleague to persuade them that we are proposing a step that will impair the efficiency of the Navy, because we are not.

We are as anxious that we shall have the best Navy in the world as anybody can be. The statement of my colleague to the effect that we are small Navy men, of course, is far afield from the fact. There is not a man in the United States who is more anxious that we should have adequate defense than I am, but I do not want to be foolish about it, and I do not want to appropriate $10 to do a dollar's worth of work. If $1 will do with work, why appropriate $10? We have a constituency consisting of 110,000,000 people, it is not merely the naval officers. We represent, not merely the line of the Navy, but we represent America and the American people. We represent the people who pay the bills and who in many respects fight the battles. The boys on the farms, in the mines, in the fields, in the factories, on the railroads are the people who finally have to bear the brunt of battle when the time comes to fight. These men who are in the Navy are patriotic, they are wise, they are able, but I can not refrain from telling the truth—they are extravagant, they are wasteful in many respects.

Mr. VINSON of Georgia. Now, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. VINSON of Georgia. Before the gentleman gets away from the question of fuel and before he answers the question, I want to state that it is not a question of little Navy men or of big Navy men, but merely of whether we have a treaty Navy. We all desire that.

The Budget recommended $14,750,000.

Mr. MADDEN. Yes.

Mr. VINSON of Georgia. And the gentleman's committee reduces it down to $13,000,000?

Mr. MADDEN. Yes.

Mr. VINSON of Georgia. Is it not a fact in that item of appropriation for fuel there are certain charges in addition to fuel used for cruising and that amounts, according to the committee statement, to $10,275,000? For instance, upkeep of the Asiatic Fleet, transportation of naval transports, and so forth——

Mr. MADDEN. I would rather the gentleman would make his speech in his own time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VINSON of Georgia. I ask unanimous consent that the gentleman have five minutes additional.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. I would like to finish what I have to say before yielding. Now, it is a simple matter of addition and subtraction about this strength in the Navy. We provide the present fiscal year 86,000 men. We said we wanted the men to be properly distributed among the different pay grades; that is what we said, even if it amounted to a deficiency appropriation. We said that. That, of course, is not consistent with the statement my colleague made to the effect we are not for any Navy. We are for a Navy that means something, but at the same time we are for the people who are not in the Navy.

We are not wedded to the Navy as the sole agency of the Government. We are wedded to the Navy as one of the instrumentalities of the Government, but we are also wedded to all the other instrumentalities of the Government and we go away back to the people who are not holding an official place. We are wedded to them, and we are here trying to protect their rights. We are not advocating any Government activity. We are not promoting anybody's game. We are here to speak for the American people without respect to whether they are in the Navy or out of the Navy. We are here to do justice to the United States as such, and that means all the people. We have no clients. We have no ax to grind except the Government's ax and the people's ax. We have no favor to ask from anybody anywhere. We do not allow any influence anywhere to shape our course. We deal with facts and facts alone. There is no combination of men anywhere in America strong enough, political or otherwise, so far, at least, to shape the recommendations of the Committee on Appropriations. That course is shaped by the facts and the facts alone. Anybody who has the facts when they come before the committee will win the case. We are the servants of the House, and I take it for granted that the House is the servant of the people. You speak through us by giving us authority to do research work for you. We present the results of that inquiry to you after an honest effort to get the facts, and when we reach conclusions we reach them on a basis of facts which have been presented to us. We have no preconceived notion about anything. I do not mean by that we have no opinions. We have opinions, and we have the courage to express them; but we do not care whether it meets with the approval of the Navy or the approval of any other section of the Government agencies who are asking money out of the Treasury of the United States. Of course, it is much pleasanter if we can have the approval of everybody, but if we are popular enough to have everybody's approval, we are unworthy of the confidence you place in us when you charge us with the responsibility of making these researches for you. We do go into the facts. We not only go into the facts at home, but go into the facts abroad, and we never make a recommendation to you for the Navy or any other agency of the Government that has to do with international problems without knowing what is being done by the countries of the world in respect to the same problems we are presenting to you. Now, you say, how do you get it? We can not tell you; it is confidential. If we told it once, we would never get it again. So we have confidential information which leads us to conclude that what we are proposing here is adequate to the needs of the Navy, and that it is up to the standards of any requirement under the 5-5-3 treaty.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MADDEN. I ask for five additional minutes, and then I am going to get out of here and not disturb you.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. Now, for once the Navy right now has only 80,702 men. Why is that? The Navy does not at this time need any more. If they did, they would have them.

Mr. BRITTEN rose.

Mr. MADDEN. I am not going to be interrupted. I am going to make this statement because there ought to be some facts put in the RECORD in connection with this case.

Mr. BRITTEN. What about the $500,000 made immediately available?

Mr. MADDEN. My colleague [Mr. FRENCH] explained that.

Mr. BRITTEN. It is right in connection with this item.

Mr. MADDEN. Just a moment, please.

The Navy does not need any more at this time. That is the reason why they have not got any more. For once I am happy to state that the Navy has shown a willingness to retrench. This is the first time in the history of the Navy that I have known anything about when they have shown that willingness, and I want to compliment them on it. I do not often try to compliment the Navy as to the expenditure of money, and I do not try to compliment anybody that tries to get money out of the Treasury, but I want to compliment the Navy in this instance. It is my business to try to stop people who are trying

to get money out of the Treasury if I can without doing injustice to the Nation and its various arms.

Now, what is proposed for next year? Throughout the whole of the fiscal year 1927 and for a part of the fiscal year 1928 three battleships will be undergoing modernization, so that the only requirements that have to be met for the present are the crews for the two aircraft carriers which are in process of construction and on the way to completion, which are estimated to come in after the 1st of January, 1927. Now, these aircraft carriers will need 2,300 men. Take your pencils, gentlemen, and make your calculations. I believe you are all mathematicians.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield right there?

Mr. MADDEN. Yes.

Mr. BRITTEN. In order to be accurate on this question I telephoned to the Chief of the Bureau of Navigation this morning, and he gave me these figures, that it would take 2,300 men.

Mr. MADDEN. The gentleman from Idaho stated that this morning.

Mr. BRITTEN. Oh, no.

Mr. FRENCH. I beg to say that Admiral Shoemaker, whom the gentleman quotes, furnished us with a table which appears on page 199 of the hearings, showing that the allocation of the men for the two aircraft would be 2,146 men. Then on page 211 of the hearings he states that they will need for 1927, 2,346 more men for the aircraft carriers.

Mr. MADDEN. Now, without yielding further to questions just at this time, we have 80,207 men in the Navy to-day. You add the 2,300, and then take off 200 by closing Lakehurst, and you get 82,832. Now, since you will not need a full complement until the latter part of the year, this average of 82,000 will meet the situation without pulling out a single vessel; not a single vessel. Of course, we feel that some of the vessels should be taken out of commission, and some reductions have been made in the bill with that end in view; but——

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. Mr. Chairman, I will ask for five additional minutes, and then I will promise neither to yield nor to ask for more time.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MADDEN. I am showing you that 82,000 men on the average will meet the situation without taking out even a single vessel.

Now, we have three battleships out of commission in course of repair. There are 3,600 men on these three ships. If we leave 300 men on each ship during its period of repair, that will take 2,700 men to turn over to the aircraft carriers when they are ready to go to sea.

Now, the question is, Should we provide for more men just because it is feared by somebody that we are proposing a permanent reduction? The committee has been influenced solely by the situation as we have found it and as it exists to-day. No one can now foretell what the requirements next year will be. Let us decide the present case on the present state of facts. We are for a navy that is adequate, but is that any reason why, because we are for an adequate navy—and some people want a navy that is more than adequate, and some people do not stop to study the financial effect of a larger force, while others do—we ought to accept the conclusions of those who stop for nothing, except to see how they can increase the size of the Navy?

We want to keep up the efficiency of the Navy. We maintain that we do keep it up. We meet every need. We need no more men than we are providing for, and we keep the Navy up to the 5-5-3 standard. We are going to have three battleships out of commission for over a year. England has 13 battleships in commission. America has 15 in commission, even with these 3 out of commission. England has 54 destroyers; America has 103. England has 13 battleships and 2 cruisers. We have 103 destroyers in commission, and we have about 198 tied up, ready to go into commission if an emergency arises.

What do you want? Do you want to spend unnecessary money? Do you want merely to build up the Navy for the sake of drawing drafts against the Treasury when there is no need for it? Or do you presume to say that because it is the Navy all other forces within the compass of the Nation shall be subjected to privation in order that we may provide extravagantly for the Navy's needs? Or will you agree with us that in the consideration of these problems we ought to deal with them on the facts, that we ought to deal with them within reason, that we ought to treat them justly, that we ought to treat them not as the result of clamor but as the result of scientific study and research, and as the result of conclusions reached after sane consideration instead of conclusions reached haphazardly and because we are enthusiastically inclined to be extravagant instead of decently inclined to be conservative? [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

PROVISIONS, NAVY, BUREAU OF SUPPLIES AND ACCOUNTS

For provisions and commuted rations for enlisted men of the Navy, which commuted rations may be paid to caterers of messes in case of death or desertion upon orders of the commanding officers, at 50 cents per diem, and midshipmen at 80 cents per diem, and commuted rations stopped on account of sick in hospital and credited at the rate of 75 cents per ration to the naval hospital fund; subsistence of men unavoidably detained or absent from vessels to which attached under orders (during which subsistence rations to be stopped on board ship and no credit for commutation therefor to be given); quarters and subsistence of men on detached duty; subsistence of members of the Naval Reserve during period of active service; expenses of handling provisions and for subsistence in kind at hospitals and on board ship in lieu of subsistence allowance of female nurses and Navy and Marine Corps general courts-martial prisoners undergoing imprisonment with sentences of dishonorable discharge from the service at the expiration of such confinement; in all, $19,114,000: *Provided*, That the Secretary of the Navy is authorized to commute rations for such general courts-martial prisoners in such amounts as seem to him proper, which may vary in accordance with the location of the naval prison, but which shall in no case exceed 30 cents per diem for each ration so commuted; and for the purchase of United States Army emergency rations as required.

Mr. KVALE. Mr. Chairman, I move to strike out the last word. I asked for the floor immediately after the gentleman from Illinois had concluded, as I was interested in the colloquy which had just taken place.

I am impelled to protest against the gentleman from Illinois [Mr. BRITTEN] designating the gentleman from Illinois [Mr. MADDEN] and the gentleman from Idaho [Mr. FRENCH] as pacifists.

Mr. BRITTEN. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. BRITTEN. I will be very glad to include the gentleman in that class also.

Mr. KVALE. But the gentleman's colleague from Illinois might object to being included in the same class with the gentleman now speaking.

Mr. BRITTEN. Yes; but he is a pacifist.

Mr. KVALE. Oh, but that is what I object to. I object to that term being applied to persons who are in favor of an appropriation of $317,000,000 for the Navy. If you apply that term to such people, what term are you going to apply to the rest of us? I do not believe there are words in the English dictionary to fit the rest of us, and that is the reason I object.

Mr. PERKINS. Will the gentleman yield?

Mr. KVALE. I will.

Mr. PERKINS. There is such a word in the dictionary and it is "defeatists."

Mr. KVALE. That is on a still lower plane, as I understand. I thank the gentleman, but being called names by him does not worry me a great deal. That would also include the gentleman from Texas [Mr. BLACK], who a few minutes ago spoke in favor of spending not to exceed $500,000,000 on both the Army and the Navy, and I am glad to be included in that class. I would like to see even a smaller sum used for the Army and the Navy.

I want to say, gentlemen, that, after listening to such a colloquy as the one that has taken place between the two gentlemen from Illinois [Mr. BRITTEN and Mr. MADDEN], I would be inclined to think, if I did not have such a high regard for the integrity, honesty, and patriotism of the two gentlemen, that they had deliberately staged it on this floor for the benefit of the country. I can not understand the purpose of such a fight for a half hour about a few dollars and a few hundred men when the question is about an appropriation of more than $300,000,000.

Mr. BRITTEN. Will the gentleman yield?

Mr. KVALE. I will.

Mr. BRITTEN. Of course, I agree the gentleman is very sincere in what he says, and I do not doubt his sincerity, but the gentleman's training all through life has been along such lines that he can not appreciate a battleship nor a seaman nor a soldier. I understand the gentleman is a preacher.

Mr. KVALE. "The gentleman" has been preaching the principles of the Prince of Peace. That has been the training of the gentleman, and he has no apology to offer for it. It is at least on a par with that of some other gentlemen. It is far different from the training of the gentleman from Illinois.

Mr. BRITTEN. I am mighty glad of that, from my point of view.

Mr. KVALE. The gentleman's happiness comes nowhere near my joy.

The colloquy between these two gentlemen reminds me of an episode that might easily have taken place in some fashionable hotel where two millionaires were having a meal costing $15 or $20, and at the conclusion of the meal, for the benefit of some poor laborer in overalls—if such a man were permitted in that restaurant—they started a discussion about whether they were to have four or five loaves of sugar in their coffee, and one of the gentlemen, who wanted four loaves, insisted that in the interest of economy, and to save money for the Nation, he must use only four loaves of sugar.

That is on a par with the discussion that has taken place here about these few hundred men and these few dollars when we are pouring out $317,000,000 of the people's tax money, and when a great deal of it—as I think I proved in a speech I made yesterday afternoon and which the gentleman did not hear—is used to protect the $10,000,000,000 of foreign investments and is not used for the defense of the United States. And I challenge the gentleman to disprove it.

Mr. BRITTEN. Will the gentleman yield?

Mr. KVALE. I will.

Mr. BRITTEN. The last few words of the gentleman's remarks might reasonably have been said in Moscow this afternoon instead of here.

Mr. KVALE. Oh, well, it is all very well for the gentleman to use disparaging and insulting terms, but I want to say to him that I have no more sympathy with Moscow than the gentleman has. Indeed I have far less sympathy with Moscow than the gentleman has, because I stand for Christianity and Christian principles, while over there they are tearing down Christianity. I resent the implication that I have any sympathy with the principles advocated in Moscow and I think the gentleman in all fairness should retract that statement. [Applause.]

Mr. BRITTEN. I will say to the gentleman that the gentleman's reply is proper and fair, and I will modify my language to the extent of associating the gentleman with anyone in Moscow as far as Christianity is concerned, because I know the gentleman goes in an entirely different direction, but when it comes to pacifism, the gentleman goes hand in hand with those fellows over there.

Mr. KVALE. I do not go hand in hand with anything in Moscow.

Mr. BRITTEN. I have been there, and I know them.

Mr. SCHAFER. Will the gentleman yield?

Mr. KVALE. I will.

Mr. SCHAFER. Is not pacifism in accordance with the principles of Christianity?

Mr. KVALE. At least Christianity has nothing in common with the militarism and navalism of a war-mad world.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KVALE. Mr. Chairman, I ask unanimous consent to read a short article by Senator WILLIS about a large Army and Navy.

Mr. BUTLER. Mr. Chairman, I am not in charge of this bill, but I am getting old and I would like to see the bill go ahead. [Laughter.] If we are going to talk about everything, we will never get this bill passed, and I am going to ask the gentlemen in charge of the bill to insist that debate be confined to the bill.

Mr. CONNALLY of Texas. Mr. Chairman, I ask unanimous consent that the gentleman from Minnesota be allowed to proceed for five additional minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the gentleman from Minnesota be allowed to proceed for five additional minutes. Is there objection?

Mr. BRITTEN. Mr. Chairman, reserving the right to object, if the gentleman is going to address the House with his own remarks, that is one thing; but if he is going to read something that Senator WILLIS has said, which may already be in the CONGRESSIONAL RECORD, that is another thing.

Mr. KVALE. It is not in the CONGRESSIONAL RECORD, so far as I know.

Mr. MICHENER. Mr. Chairman, I demand the regular order.

Mr. BRITTEN. Mr. Chairman, I will withdraw my reservation.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KVALE. This is from American Industries, December, 1921, and it is by the Hon. FRANK B. WILLIS, United States Senator from Ohio. It was written before the Washington Conference for the Limitation of Armaments, but it is equally applicable now. I am reading it for you good, large-Navy Republicans:

If a man is hungry it is a poor way to feed himself by laying plans and accumulating the means whereby he can cut his neighbor's throat.

The world is hungry and cold and naked, emaciated and weak from the woes of world war. Wherewithal shall it be fed and clothed and sheltered if the major portion of its energy shall be devoted not to producing food and making clothes and building houses, but rather toward a mad effort to develop the potential forces to destroy the food and clothes and houses already in existence? * * * Business revival in the world can not come until nations stop inexcusable waste in the support of armies and navies inordinately large and devote themselves to productive effort.

For a generation the nations of Europe devoted themselves to the perfecting of armies and navies. The man who constantly carries a pistol and a dirk and boasts that he can shoot straighter and stab deeper than his neighbor will sooner or later seek and find excuse, real or imaginary, for the use of his weapons.

And so it was in Europe—it had become a powder magazine that was set off by a spark in the Balkans. So it will ever be till the armaments on land and sea are limited. * * *

* * * * * * *

A modern dreadnaught costs $40,000,000. How many hospitals could be built; how many colleges endowed; how many miles of road constructed with this vast sum? I do not mean that we must cease entirely building ships with which to defend ourselves whenever American honor is assailed, but I do mean that unless our country and the world is to be bankrupt, effective measures must be taken to check the nations in their mad race for a military and naval supremacy. If this race is kept up it may easily turn out that nations which are now considered second and third rate, largely because they have but little military or naval power, may in the end become the ruling nations of the earth. While we are wasting our substance in war preparations, they are engaged in pursuits of peace and thus are accumulating wealth and power.

We have seen great battleships constructed at an expense running into the tens of millions; this was but yesterday that these mighty floating fortresses were towed out to sea and used as targets. These millions of dollars somebody had to earn, and when they are sunk in the bottomless deep they are lost to the world forever. * * *

* * * * * * *

If the world is to live industrially and morally some way must be found to make wars less likely. And if I may properly say it, a different spirit must and will rule at Washington than that which ruled at Versailles. At that conference there was too much of greed and too little of God; men were trying through manipulation of human agencies to settle a vast world problem, and the peace of Paris was a failure. I trust that this forthcoming conference will not forget God in its deliberations—we need more of religion and less of rifles.

I echo those sentiments and I submit them to you for your consideration. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

There was no objection.

The Clerk read as follows:

The clothing and small-stores fund shall be charged with the value of all issues of clothing and small stores made to enlisted men and apprentice seamen required as outfits on first enlistment, not to exceed $100 each, and for uniform gratuity to enrolled men of the Naval Reserve and for civilian clothing not to exceed $15 per man to men given discharge for bad conduct, for undesirability, or inaptitude, the uniform gratuity paid to officers of the Naval Reserve, and the authorized issues of clothing and equipment to the members of the Naval Nurse Corps, and hereafter the clothing and small-stores fund shall be credited with the net proceeds of all sales (including sales of surplus materials) of clothing and small stores.

Mr. FRENCH. Mr. Chairman, I offer an amendment, which I send to the desk.

The CHAIRMAN. The gentleman from Idaho offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FRENCH: Page 34, after line 4, insert a new paragraph, as follows:

"Naval working fund: Hereafter any executive department or independent establishment of the Government ordering materials or services from the Navy shall pay promptly by check upon written request from the Paymaster General of the Navy, either in advance or upon completion of the work, all or part of the estimated or actual cost thereof, as the case may be, and bills rendered in accordance herewith shall not be subject to audit or certification in advance of payment: *Pro-*

vided, That proper adjustments on the basis of the actual cost of delivery of work paid for in advance shall be made.

Mr. FRENCH. Mr. Chairman, during the last year we have carried in permanent law for the Navy Department a fund of $100,000 for the purpose of financing work done by the Navy Department for other departments of the Government.

The Navy Department in addition to doing work for itself is sometimes called upon to do work for other departments, as, for instance, the Treasury Department, in the overhauling of a Coast Guard ship, or, for the Interior Department in replacing boilers for the ship *Boxer*, which operates under the Bureau of Education in Alaska. Last year we provided a fund of $100,000 that could be regarded as a revolving fund for the purpose of financing the projects that would come to the Navy Department from other bureaus or departments of the Government. It was thought when we provided this fund that, as appropriations would be made for some other department for a specific purpose, the transfer would at once be made to the Navy Department to supplement the working fund. However, the comptroller has ruled otherwise. Under his ruling suppose a ship is to be overhauled for the Coast Guard under the Treasury Department that is to cost, we will say, $75,000, the Navy Department must finance the whole project until the job is ready to be turned back to the Treasury Department, and then the Treasury Department will pay back to the Navy Department the amount involved in the job.

Under the circumstances this fund is utterly inadequate, and in fact the Navy Department has been required to run within its own funds a sort of credit system which involves at this time something like $800,000 or $900,000 in addition to the amount carried here as a working fund.

The amendment that I propose would provide that when a department other than the Navy Department is given a sum of money for a job which the Navy Department will do it will be up to the department to make available to the Navy Department for the work the money appropriated to do the job. Then, upon its completion, any surplus will be turned back to the funds of the other department.

Mr. McCLINTIC. Mr. Chairman, I make a point of order against the amendment.

Mr. FRENCH. Mr. Chairman, I make the point that the point of order of the gentleman comes too late. I have discussed the proposition.

The CHAIRMAN. The point of order made by the gentleman from Idaho is well taken. The point of order of the gentleman from Oklahoma against the proposed amendment comes too late.

Mr. FRENCH. Mr. Chairman, may I say I am sorry that the amendment had to be offered while the gentleman from Pennsylvania was called out of the room. I have talked it over with the gentleman who is the chairman of the Naval Legislative Committee, and he approves of the proposition, and it was his desire that I rather than he should offer it and make the explanation.

Mr. BUTLER. Mr. Chairman, by way of explanation, it is true I did retire. I went out to get something to eat. I would rather eat than listen to what is being said here, so I went out. [Laughter.] If I had been in here I would have said I believe this is a good amendment.

Mr. McCLINTIC. Mr. Chairman, I move to strike out the last word.

Mr. BUTLER. My friend is entirely right. This is legislation and has no place on this bill.

Mr. FRENCH. May I have this statement also from the gentleman who is the chairman of the Naval Legislative Committee—that it is his judgment this is a desirable thing to do?

Mr. BUTLER. It is a desirable thing to have done, but I do not think it is desirable for you to do it.

Mr. McCLINTIC. That is the point exactly.

Mr. BUTLER. For the very reason you are getting your nose further under this tent, and you will learn to get over into our pasture and then you will stay there [laughter]; but, nevertheless, it is a good amendment. It is a good thing to do, in my judgment, and it will enable the department down here to better function, and I have not a particle of doubt if this was submitted to the legislative committee it would report it favorably.

Mr. FRENCH. It was my understanding——

Mr. BUTLER. But I do want my friend to know that he is not committing me to any of these things, as I am going to show him later on when we get over in the bill seven or eight pages.

Mr. FRENCH. I stated a moment ago it was my understanding that the amendment had the blessing of the gentleman from Pennsylvania and he preferred that I introduce it

Mr. BUTLER. For two reasons I did. I blessed it for two reasons: First, because my friend offered it, and, second, because it is a good thing.

Mr. McCLINTIC. Mr. Chairman, my reason for making the point of order was that I did not see the chairman of the legislative committee on the floor. Most of the Members of this House realize we have a legislative committee, and on frequent occasions much has been said about the usurpation of powers by another great committee of this House, and it was my thought that the chairman had at different times expressed himself rather forcibly about some other committee taking away from the committee he happens to be the chairman of its legislative jurisdiction. If the chairman is satisfied with the provisions of this proposed amendment and wants the committee to go ahead and pass it, of course, I have no objection, because it probably has merit.

Mr. BUTLER. Mr. Chairman, may I say to my friend that he is entirely right. He and I agree, but this being something that I think ought to be done, I do wish that this Committee on Appropriations would stop teasing this House [laughter] and permit its legislative committees to function. This is a good thing to do, but it should have been sent to us. My friend and I both would vote for it, I have not a particle of doubt, and I dislike to continually object to measures that I think would be of advantage to the Government. My friend from Georgia and I agree in this as we do in nearly everything else that comes before the committee.

Mr. SCHAFER. Will the gentleman yield?

Mr. BUTLER. Yes.

Mr. SCHAFER. If we are going to have the Appropriations Committee stop teasing the House, why not by a vote of the House direct them to stop?

Mr. BUTLER. I think we may give them an opportunity this afternoon and I will watch and see how the gentleman votes. I will not make any objection to this, but I suggest to the committee that it quit. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SALARIES, BUREAU OF SUPPLIES AND ACCOUNTS

Salaries, Navy Department: For personal services in the District of Columbia, in accordance with the classification act of 1923, $810,000.

Mr. TUCKER. Mr. Chairman, I move to strike out the last word. I rise to ask unanimous consent to publish as a part of my remarks certain extracts from speeches made by the President of the United States.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to publish as a part of his remarks certain extracts from speeches made by the President of the United States. Is there objection?

Mr. FRENCH. Reserving the right to object, I beg to say that I do not know what the gentleman has in mind, but yesterday I advised both sides that I should object to going outside of the subject matter of the bill while under the 5-minute rule. I hope the matter which the gentleman has is something that can be disposed of in general debate on a later bill.

Mr. TUCKER. I am sure if the gentleman from Idaho knew what was in these extracts he would not object. These are extracts from the President's speeches to the Budget Committee during last year, and they present a most admirable statement that I think every Member of this House ought to have.

Mr. FRENCH. Do they have relation to working out the Budget on a bill like this?

Mr. TUCKER. I am not so sure, but I can say that they apply to all matters of legislation that come before the House.

Mr. FRENCH. I feel, Mr. Chairman, that I must insist on the program that all Members approved of yesterday, and let matters of this kind be disposed of under general debate.

Mr. TUCKER. I am sorry the gentleman objects to having the advice of his own President.

The CHAIRMAN. The gentleman from Idaho objects, and the Clerk will read.

The Clerk read as follows:

Navy yard, Mare Island, Calif.: Dredging, to continue, $100,000; replace distributing systems and paving along water front, $150,000; in all, $250,000.

Mr. SWING. Mr. Chairman, I offer the following amendment:

The Clerk read as follows:

On page 40, line 11, insert: "Naval supply depot, San Diego, waterfront development in connection with the naval storehouse, $300,000."

Mr. FRENCH. Mr. Chairman, I reserve a point of order on the amendment.

Mr. SWING. Mr. Chairman, in 1920 the city of San Diego donated a city block for a site for the naval storehouse and also a water-front lot for a pier to be used in connection with the storehouse. The Navy built the storehouse, and since that time it has been using the city facilities by the way of piers and terminals in connection with the warehouse. However, the increase in trade and commerce into that harbor has been so great in the past three or four years, jumping up from 504,078 tons in 1922 to 1,128,722 tons in 1925, that the city finds itself seriously handicapped in its efforts to take care of its own legitimate trade and commerce and at the same time continue its past courtesy to the Navy.

It was contemplated at the time this land was donated that the Navy would build a pier of its own and take care of its own business. Last year I introduced a bill, which was subsequently made a part of the naval omnibus bill, which this House passed, authorizing the construction of this pier. The Navy wants it and needs it included in the estimates of this year, an initial amount to start the work. But it was taken out on pressure or advice of the Budget.

However, it seems to me that it is hardly fair for our Government to continue to ask of the city of San Diego the courtesies of the city, which it has been glad to extend to the Navy in the past but which now seriously interfere with its trade and commerce.

The little city of San Diego has been quite generous in its treatment of the Government and in the donation of land needed by the Navy, and I think, with one single exception, the site for every activity of the Navy at San Diego has been donated by the city or its citizens.

Mr. WOODRUFF. Will the gentleman yield?

Mr. SWING. Yes.

Mr. WOODRUFF. Is it not true that the exception that the gentleman mentions—the dealing as to that particular locality—was not with the city of San Diego, but was with a citizen?

Mr. SWING. Yes; and further, the Navy did not conduct that negotiation.

In a word, here is the city of San Diego, which has always done and is to-day trying to do all it can for the Navy, being asked to jeopardize its own future in order to accommodate a Government activity. It has given to the Navy free of charge the use of its piers even when it could ill afford to do so, and when it interrupted and interfered with its commerce.

Again, when business ships are tied up at the piers and the city is unable to furnish the Navy a berth, it has to handle its cargo by hand, just as one of the naval officers said, in the same way the Puritans did when they landed at Plymouth Rock. They take it out of the ship and put it on a lighter, take it to a boat landing, and then carry it up and into the warehouse, and carry it out in the same way, which is certainly very uneconomical. In addition to these arguments—that the city needs its own piers, and that it is uneconomical for the Navy to handle its freight by hand—the present site used by the Navy is situated between two city piers, one just now completed, and when the new pier is in operation it will be impossible for the Navy to get into its present boat landing because the two municipal piers are so close together that the Navy boats would be constantly in danger of collision and interference with boats coming in and going out from the piers. For these reasons it seems to me that the Government of the United States ought to equip itself to take care of its own business and not throw the burden upon a small community, even though that city is willing to do everything it can for the Navy. I now ask the chairman of the subcommittee whether or not some way can be found to grant this city the relief which it is justly entitled to.

Mr. FRENCH. Mr. Chairman, my good friend from California [Mr. SWING] has been most industrious in pressing the needs of this situation upon the members of the committee and the Congress, but here is an item that is not recommended by the Budget. It is an item that calls for a very substantial amount of money, and I could not look with favor upon the House placing the amount called for in an amendment in the bill at this time. There is no doubt that the project has great merit. I am sure the conditions there are much as the gentleman has said. The storehouse of the Navy Department is away from the bay itself, and the Navy is utilizing the private pier. The pier that the gentleman urges is one of the things that in an orderly way will come along, and I think at an early date. I hope the gentleman can be content to let this matter take its orderly place in a development program and receive further attention from the Budget and from the committee before it shall be urged upon the Congress.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. Yes.

Mr. WOODRUFF. I believe this bill carries an item of $300,000 for experimental purposes so called.

Mr. FRENCH. That will be reached a little later on.

Mr. WOODRUFF. I understand that, but I direct the attention of the committee to the fact that so far as I can learn the Bureau of the Budget of which the gentleman speaks so feelingly has not recommended that particular item.

Mr. FRENCH. Not that item.

Mr. WOODRUFF. Is there any reason why this particular request from the gentleman from California [Mr. SWING] and the things stressed by him should not receive the same consideration from the Committee on Appropriations as the request of some gentlemen from Detroit for an appropriation of $300,000 for something that neither the Bureau of the Budget nor the legislative committee of this House has recommended?

Mr. FRENCH. Of course, the gentleman must realize that the members of the committee are charged with probably a sort of sifting responsibility.

Mr. WOODRUFF. Sifting or shifting?

Mr. FRENCH. And it is our duty to bring to the House the items that we regard as most essential, measured by the moneys that will be available and in an orderly expenditure of the same during the coming fiscal year.

Mr. WOODRUFF. Then, the chairman of the committee and the members of the subcommittee feel that the request from the gentleman from Detroit, the general manager, I believe, of the concern which submitted this particular proposition to the committee, is worthy of greater consideration than the needs of one of our Pacific ports and one of our naval stations on the Pacific coast? I call the attention of the chairman to this fact, that the city of San Diego has probably treated the Navy Department more generously than any other city in which any naval station is located in this country.

Mr. FRENCH. The members of the committee realize the generosity of the people of San Diego.

Mr. WOODRUFF. The people of San Diego have donated half of its water front to the Navy. They have donated the most beautiful site in the world for a naval hospital. They have purchased land within the city limits and within the business section of San Diego, where a naval Young Men's Christian Association building has been erected, and presented it to the Navy. They have raised by public subscription $300,000 and purchased the land for our naval training station there, and it is my opinion that the city of San Diego ought to receive some consideration in this bill in the way the gentleman from California [Mr. SWING] has just suggested.

Mr. STEPHENS. Mr. Chairman, has the gentleman reserved the point of order on this amendment?

Mr. FRENCH. Yes.

Mr. STEPHENS. I would like to have five minutes to speak upon this.

Mr. FRENCH. I should be glad to withhold the point of order for a time.

Mr. STEPHENS. Mr. Chairman, I move to strike out the last word. I rise to say a few words on behalf of the amendment introduced by the gentleman from California [Mr. SWING]. I was one of those who visited San Diego last summer and made a thorough inspection of the naval affairs at that place. The Naval Affairs Committee of the House some three or four years ago authorized the building of this pier, so that a consideration of it has been authorized for at least four years. No doubt the appropriation would have been made for the construction of that pier had there not arisen a question of title as to the little strip of land between the street and the harbor itself.

It took, I was informed, nearly two years to clear up the title to that little strip of land. After that was cleared up they were ready to go ahead with the building of this pier. They have asked that some appropriation be made for the construction of this pier. It should be done. The Bureau of the Budget had not authorized it, but what does the Bureau of the Budget know about the details and facts. [Laughter.] They are here in Washington, and I will venture to say that none of them went out there to examine into the details of the case. So what do they know about it? Well, they have not done anything. We were asked by the Navy Department, and it was recommended to the Naval Committee for an appropriation for the building of this pier, and the Bureau of the Budget did not do it, and naturally we do not expect our Appropriations Committee to put it on. Of course, we do not. They

are to keep all expenditures of money down to the lowest point, and I do not blame them, but we are here for something else, gentlemen. This is our business right now. It is not the business of the Budget or that of the Appropriations Committee. They have done their duty as they see their duty. We have got our duty to perform, and with the facts before us I think you are here to perform that duty, and that is to make an appropriation to begin the construction of this pier, something that should have been done years ago, and I think it is our duty now to vote for the amendment for an appropriation to begin the construction of this pier at San Diego. I think I have given you all the facts about this matter that I desire, and I hope you will vote for the amendment if you get a chance.

Mr. SWING. Mr. Chairman, I ask permission to read a statement giving the position of the Budget upon this proposition. When my bill was introduced last year it was referred to the Navy Department, and by them to the Budget, and the department reported back to the Naval Committee as follows:

Under date of March 19, 1924, the director informed this department as follows:

"I understand that the proposed legislation is intended to authorize the construction of a pier and certain improvements in connection therewith to consist of a quay wall, railroad tracks, viaduct, and dredging to be located upon the tract of water-front land which the Secretary of the Navy, by the act approved June 4, 1920 (41 Stat. 821), was authorized to accept from the city of San Diego, Calif., free from encumbrances and conditions and without cost to the Government, described as a certain tract of land known as block 14 in the city of San Diego, Calif., together with the land lying between said block and waters of the harbor and all riparian rights for use for naval purposes.

"I have presented this matter to the President, who has instructed me to advise you that if the circumstances are as stated above, the proposed legislation is not in conflict with his financial program."

Gentlemen, that was the position of the Bureau of the Budget last year, and I am going to ask the chairman of the committee, in view of the favorable statements of the Budget and in view of the fact that the Navy has been asking for this development, and in view of the fact that the city of San Diego is entitled to this relief as a matter of fairness and justice to it, if the gentleman does not think he can take care of this next year?

Mr. FRENCH. I will say, as chairman of the committee, I hope very much it can be reached at an early date, but the gentleman must remember this, that there are great demands coming from individual communities all over the United States for provisions which have not been approved by the Bureau of the Budget.

Mr. SWING. But this one has already received the approval of the Budget.

Mr. FRENCH. Not in this bill, but I hope in view of that the gentleman will let it take the orderly way. Personally I want to see it brought about at the earliest practical date.

Mr. STEPHENS. Is not this the orderly way to proceed to have action right here when we know the facts? Will the gentleman yield further?

Mr. SWING. Certainly.

Mr. STEPHENS. I do not know that the gentleman has made clear—I know I did not—that at San Diego now the Navy is really cut out. They have no pier, and it is only by courtesy they are being allowed to use the municipal pier, and they need one badly.

Mr. SWING. In view of the friendly and frank statement of the chairman of the committee, which I accept, I at this time withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The Clerk read as follows:

Naval station, Pearl Harbor, Hawaii: Improvements to channel and harbor, $1,000,000, and the Secretary of the Navy is authorized to enter into contract or contracts for such improvements at a cost in the aggregate not to exceed $5,982,000.

Mr. KINCHELOE. Mr. Chairman, I move to strike out the last word and ask permission to proceed for 10 minutes and to revise and extend my remarks.

The CHAIRMANN. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none.

Mr. FRENCH. Mr. Chairman, reserving the right to object, I would like to ask if it is on this bill?

Mr. KINCHELOE. It is right on this paragraph.

Mr. FRENCH. Very well.

Mr. KINCHELOE. Mr. Chairman and gentlemen of the committee, I want to congratulate this Committee on Naval Appropriations for bringing this item of $5,982,000, a million dollars of which is available for the fiscal year ending June 30, 1927, for the improvement of Pearl Harbor. I believe in the United States having a great Navy. I believe our country should have as good a Navy as any other country in the world. However, I do not want this country to have a naval disarmament like the one we had before, for if it did, I fear we would have no Navy left. I visited the Hawaiian Islands, Guam, China, the Philippines, and Japan this year, and spent a half day at Pearl Harbor. I think if there is a spot outside of continental United States that ought to be developed for the purpose of defense it ought to be the Hawaiian Islands. That harbor ought to be straightened, ought to be widened, because with battleships going in there now they have to turn practically at a right angle in order to get to the docks.

I think, further, that the Army aviation field adjoining the Navy aviation field at Pearl Harbor ought to be taken away from there and put on other land the Army owns over there. Now, my friends, under the policy of this administration toward the Philippine people, it is more important, in my judgment, than ever to fortify the Hawaiian Islands.

I do not believe that there will ever be a war in this generation between this and any other country in the Atlantic Ocean. I do not believe there will be a war in the Pacific Ocean, except for one of two causes, or both—one over the Philippine Islands and the other for our being a particeps criminis with the other nations of the world in the exploitation of China. I am frank to say—while I do not want to go into that now, although I expect to later in the session—that, so far as I am concerned, I would vote to-day to give the Filipinos their independence and take the American flag out of there. [Applause.] I do not believe that this country, in view of its past policies, has the right to subject any nation to be under its flag when that nation does not want to be under it, and I believe in carrying out our promises to the Filipinos to give them their independence now.

I hear people say that the Filipinos are not capable of self-government and are not yet prepared for independence. A great portion of the members of the Philippine House and Senate are graduates of Harvard, Yale, Princeton, and other leading universities in this country. If you heard the talk of American business men over there, and especially members of the American chamber of commerce, you would think they owned those islands and had gotten there first; and when you go into the Yangtse River at Shanghai and see battleships and battle cruisers and submarines of practically all the nations in the world you would think the world was at war. But they are there exploiting the Chinese. Whenever the Chinese students become uneasy and create an uprising, or otherwise express their dissatisfaction with the situation, they say, "We will bring more gunboats over here and make you like it."

Under that old, worn-out treaty of Nanking of 1841 our country, although not so bad as England, Japan, and France and some other nations, is exploiting China, and we are taking advantage of these extraterritorial privileges under those old treaties made years ago.

Under this administration I realize that the Filipinos have no chance for independence. In our conference with General Wood the last question I asked him after he had made his position clear in his statement was this: "Then I understand from you, General, that from a business standpoint and from the military standpoint we should never get out of these islands?" And he said, "We should not." I said to him then that he was a militarist and an imperialist, both, and that I was neither.

Abraham Lincoln told the truth when he said that no nation could exist half free and half slave. Gentlemen, political slavery is just as bad as chattel slavery. But so long as the Filipinos have no chance under this administration for independence, so long as there is a possibility of war over the Philippines, and perhaps over exploitation of China, it is necessary for us to fortify the Hawaiian Islands, because it is an absolute key to our defense in the Pacific Ocean. I am not only in favor of improving Pearl Harbor, but I believe in the development and improvement and fortification of Hilo Harbor; I believe in the placing of long-range guns, the location of airplanes, and in fact a general fortification of these islands. I believe in protecting the Hawaiian Islands as much as human brains and human ingenuity can do it under the present régime, because, as I said, there is no chance of Philippine independence and no chance of our getting out of China, and the Pacific coast must be protected. In the last Congress this House passed a bill amending the China trade act, to exempt

Americans engaged in business in China from paying an income tax to this Government on their investments there. Our Americans engaged in business in China want the American flag there, they want the United States Navy there, and they want the United States Army there, but they do not want to pay any income tax on their investments there.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. JONES. Does the gentleman think that the fortification of the Hawaiian Islands would be a good thing regardless of that?

Mr. KINCHELOE. Yes. They wanted to come under the protection of our flag and stay there. In view of that fact, they ought to be protected, and this country ought to protect itself by fortifying the islands. They are only 2,200 miles from our Pacific coast. Suppose we had a war with some oriental nation, with the Hawaiian Islands only 2,200 miles from the Pacific coast. Suppose those islands are protected by long-range guns, airplanes, and so forth; suppose Pearl Harbor and Hilo Harbor are protected and developed. How can any foreign fleet, many thousands of miles away from their base, get to our Pacific coast? They have not a chance.

It is my opinion that this country would be better off if it surrendered every island it controls in the Pacific Ocean except the Hawaiian Islands and get out of China. It would be safer and better for our people. I would also give away the island of Guam. I would say to our investors in China, "You will not only pay an income tax to the Government that protects you, but if you act with other people and governments in oppressing and robbing the Chinese you do it at your own peril, for this Government is getting out of the business and going to stay out. [Applause.]

Mr. COYLE. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. COYLE. I agree with you entirely about what you say concerning the strategic importance of the Hawaiian Islands, and especially what you say about the island of Guam. Is the reason why you would be willing to give away the island of Guam the reason why the party you represent has never yet given away the Philippine Islands? Have you found no one to take them as a gift?

Mr. KINCHELOE. The gentleman's party is not in power. When it was in power we tried it, and it was defeated here once on the floor of the House by a practically solid Republican vote. But the Filipinos do not want you to give the islands away. They want them for themselves. I do not know whether the gentleman has ever been in the Philippine Islands or not. I went there with an open mind. If the gentleman would go there and observe the intelligence of the Filipino people, see the wonderful progress they are making, and then come back and announce himself as against Philippine independence, it would be a sad reflection on the intelligence of the gentleman himself. [Applause.]

Mr. WINGO. Mr. Chairman, I rise in opposition to the pro forma amendment.

There may be differences of opinion about what our policy should be toward the Philippine Islands, but whichever policy ultimately prevails with reference to the Philippine Islands I think that anyone who contemplates the future of the Pacific will agree that the Hawaiian Islands constitute the key to the peace of the world. [Applause.] That is true if you were to grant independence to the Philippine Islands tomorrow, and it is all the more true if we retain the Philippine Islands.

I shall not undertake to repeat what I have said heretofore about the so-called Washington conference, as to whether it was a wise thing or not, but you recall we hog tied ourselves so far as building up defenses in the Pacific is concerned, except the Hawaiian Islands. We did the foolish thing to agree that the fortification of either Guam or the Philippine Islands would be regarded as an unfriendly act upon our part toward an Asiatic power. I would never have done that, but we did it. If it is an unfriendly act for us to do it in this generation, they will insist we have conceded and confessed it, and it will always be regarded as an unfriendly act. So if we retain the Philippine Islands, it is all the more necessary that we are careful about our defenses in the Pacific.

As one who tries, in his humble way, to keep up with world movements and read the future as far as I can, I have unmistakably come to the conclusion that the future troubles of the earth are more apt to be on the Pacific than anywhere else. Whatever may be said about the present troubles in China the day has come when in the course of events that wonderful country will be developed along commercial lines.

I really hope that some day the people of China will be able to establish not only a stable government but a government that will be wise enough to adopt those economic policies which will bring back the great productive capacity of the Chinese soil and will make those people a great self-supporting people, and bring their standards of living on a level with the standards of living of other civilized nations. But with all the nations of the earth going in there—and whether we be pursuing a wise policy, as the gentleman from Kentucky [Mr. KINCHELOE] says, or not—there is and there will be continued added commercial activity and rivalry in Asia and in the Pacific. The wars of the future are going to be commercial wars; and the danger of friction and the danger of war, I think, is more ever present in the Pacific than it will be in any other part of the earth for the next two or three generations; so that those who have been to the Hawaiian Islands and studied the question are forced to the conclusion, whatever may be your preconceived ideas, that it is a guaranty of peace upon our part to be sure to develop Pearl Harbor, and there in the heart of the Pacific build up a defense that will always be sure to insure us a mastery of the Pacific and at the same time put beyond any question the thought that any foreign power will ever have the temerity to come past the Hawaiian Islands for a futile attack upon our Pacific coast. [Applause.]

So I hope the policy that is outlined in the appropriations that are being made for Pearl Harbor will be speedily and vigorously pursued. We can easily make that the strongest naval base on earth; and believing, as we do, in peace and standing for justice and fair dealings among all peoples of the earth, there can be no danger from militarism to the people in the homeland by maintaining our military efficiency there, because that very military efficiency and that power to dominate the Pacific will be a sure guaranty that in the years to come, whatever may be the frictions growing out of commercial rivalry and the exploitation of China, this great peace-loving Nation will be able to determine whether there shall be peace or whether there shall be war amongst the nations of the earth. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BUTLER. Mr. Chairman, I ask permission to speak for two minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks permission to speak for two minutes. Is there objection?

There was no objection.

Mr. BUTLER. Mr. Chairman, let me call the attention of the committee to the very intelligent report which was made by some of my colleagues who visited Hawaii and Pearl Harbor last year. I understand that report has been passed around to the Members. I think it should really be published in the CONGRESSIONAL RECORD, and some day I think I shall ask unanimous consent to insert it in the RECORD. They spent several days there at the request of the legislative Committee on Naval Affairs, and, as I said, they have made a report which is intelligent and full of information. I have never read one, perhaps, that gives a much better understanding of the situation than that made by the gentlemen who visited this point last year. I would like to ask the gentleman from Idaho a question. The item appropriating money for Pearl Harbor is included in the bill in pursuance of the act of Congress which we passed last year, is it not?

Mr. FRENCH. That is correct.

Mr. BUTLER. Did you have in mind at the time the recommendations made by the members of the Naval Affairs Committee who visited Pearl Harbor last summer and have you seen their report?

Mr. FRENCH. We had their report; yes.

Mr. BUTLER. And these items cover several of the recommendations?

Mr. FRENCH. I think that everything included for Pearl Harbor is in line with the program contained in the law which came from the gentleman's committee last year.

Mr. BUTLER. I can not remember distinctly, but the gentleman's answer to me is quite satisfactory.

The pro forma amendment was withdrawn.

The Clerk read as follows:

BUREAU OF AERONAUTICS

AVIATION, NAVY

For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1926, $605,814; for maintenance, repair, and operation of aircraft factory, air stations, fleet, and all other aviation activities, testing laboratories, and for over-

hauling of planes, $6,278,080, including $300,000 for the equipment of vessels with catapults and including not to exceed $300,000 for the procurement of helium from the Bureau of Mines, which may be transferred in advance, in amounts as required, to that bureau; for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately; for drafting, clerical, inspection, and messenger service, $608,000; for new construction and procurement of aircraft and equipment, $9,062,500, of which amount not to exceed $4,100,000 shall be available for the payment of obligations incurred under the contract authorization for these purposes carried in the Navy appropriation act for the fiscal year 1926, approved February 11, 1925; in all, $18,483,000; and the money herein specifically appropriated for "aviation" shall be disbursed and accounted for in accordance with existing laws as "aviation" and for that purpose shall constitute one fund: *Provided*, That in addition to the amount herein appropriated and specified for expenditure for new construction and procurement of aircraft and equipment, the Secretary of the Navy may enter into contracts for the production and purchase of new airplanes and their equipment, spare parts and accessories, to an amount not in excess of $4,100,000: *Provided further*, That no part of this appropriation shall be expended for maintenance of more than six heavier-than-air stations on the coasts of the continental United States: *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes: *Provided further*, That the Secretary of the Navy is hereby authorized to consider, ascertain, adjust, determine, and pay out of this appropriation the amounts due on claims for damages which have occurred or may occur to private property growing out of the operations of naval aircraft, where such claim does not exceed the sum of $250: *Provided further*, That all claims adjusted under this authority during the fiscal year shall be reported in detail to the Congress by the Secretary of the Navy.

Mr. APPLEBY and Mr. BUTLER rose.

Mr. APPLEBY. Mr. Chairman, I make a point of order——

Mr. BUTLER. Mr. Chairman, I was slow getting on my feet because I could not hear the reading. The gentleman from New Jersey [Mr. APPLEBY] proposes to make a point of order, and I propose to make two or three points of order against the paragraph.

Mr. FRENCH. What is the point of order?

The CHAIRMAN. Will the gentleman from Pennsylvania indicate the point of order he desires to raise before the discussion commences?

Mr. BUTLER. Yes, sir; the point of order raises the square question of the authority of this Appropriations Committee to legislate, in my judgment.

The CHAIRMAN. But to what is the gentleman's point of order directed?

Mr. BUTLER. I will be glad to indicate, Mr. Chairman. In line 5, after the semicolon, beginning with the word "for" I desire to raise a point of order to the language down to and including the word "immediately" in line 7. Then I desire to make a point of order against the language used in line 9, "for new construction and procurement of aircraft and equipment, $9,062,500." Then I desire to make a point of order against the language in line 18 beginning with the word "provided" and extending down to line 24, including the figures "$4,100,000."

Mr. MOORE of Virginia. Mr. Chairman, I desire to make an individual point of order in line with the first point of order suggested by the gentleman from Pennsylvania, with reference to the language in lines 5, 6, and 7, for the reason that the provision is legislation on an appropriation bill.

Mr. FRENCH. Mr. Chairman, I wonder if the Chair would state the second point of order.

The CHAIRMAN. The points of order that have been made the Chair will state are as follows——

Mr. BUTLER. The second one raises squarely the question of whether or not in this bill you can provide for aircraft, and it squarely raises the point as, of course, you know well about the language for new construction in line 9 on this same page. We might as well have it understood we are at the end of the trail, Mr. Chairman, and we might as well know whether we can continue going or whether we are to fall over.

That is the reason I have made the three points of order; and inasmuch as I challenge the authority of this Appropriations Committee to insert these items in this bill, the burden of proof is upon those who propose them to establish to the satisfaction of the Chair the authority they have. Then I am ready to reply after that.

Mr. MOORE of Virginia. As I understand, Mr. Chairman, the burden is on the committee to justify these provisions, and I ask the chairman of the subcommittee to indicate the law upon which he bases the first provision that is under attack.

Mr. FRENCH. Mr. Chairman, I have no objection to making a statement now but I would prefer to hear the statements of those who think this is subject to a point of order. I do not think it is.

Mr. BUTLER. Mr. Chairman, on that the Chair has distinctly held it was subject to a point of order, when the chair was occupied by the gentleman from Georgia [Mr. CRISP], and there is no higher authority in America upon such subjects. The Chair then held that the burden of proof is upon those who propose the item or who ask for the appropriation, and therefore we would like to know the authority which justifies them in inserting this item in the bill.

Mr. CRAMTON. Will the gentleman from Pennsylvania yield for a question?

Mr. BUTLER. Yes.

Mr. CRAMTON. I understand the gentleman is now discussing his point of order concerning lines 5 to 7.

Mr. BUTLER. The one making $300,000 immediately available.

Mr. CRAMTON. That reads "for continuing experiments and development work on all types of aircraft."

Mr. BUTLER. Yes; I know it.

Mr. CRAMTON. Does the gentleman from Pennsylvania contend that the Department of the Navy have no authority to conduct "experiments and development work on all types of aircraft" without express legislation?

Mr. BUTLER. Oh, I do not go that far, of course.

Mr. CRAMTON. The gentleman would need to go that far to sustain his point of order.

Mr. BUTLER. You can not by the use of one word write a law into this bill, and that is what they are endeavoring to do here. That question has been squarely decided.

Mr. CRAMTON. The gentleman would need to go that far to sustain his point of order.

Mr. BUTLER. No; I would not. I want this committee to show that your object is, what I know it to be, to build an airship in connection with private institutions and to take the money of the Government and give it to private institutions to build an airship. That is the purpose of this language, and that is what is behind it.

Mr. CRISP. Mr. Chairman, I would like to be heard on the point of order; but before proceeding, for the information of the Chair and for the information of the House, I would like to ask my distinguished friend from Idaho, the chairman of the subcommittee, a question or two.

I apprehend the great Committee on Appropriations and the members of it, for whom we all have the highest respect, would not try to bring in a proposition and conceal the meaning of any provision in the bill from the membership of the House.

Mr. FRENCH. Probably it would be well, then, for the chairman of the subcommittee to state what I think I stated quite fully in my general remarks as to what is in this particular paragraph to which the point of order has been directed, and I would be glad to do that now.

Mr. CRISP. I was unfortunately absent when my distinguished friend spoke and I did not hear his remarks; but knowing the gentleman as I do, and knowing the membership of the Committee on Appropriations, I think they will be candid enough to explain to the House what this provision means; and I do not think the Chair or the House can pass on the point of order intelligently without that data or information being in the knowledge of the Chair, and I was going to ask the gentleman to tell the Chair and the House what this provision means. Then we are in a better position to argue the point of order pro and con.

Mr. FRENCH. Mr. Chairman, the first point of order is directed against the words in lines 5, 6, and 7 on page 42, and a second point of order is made against the language in lines 9 and 10 on the same page. The first language that is objected to under the rules is as follows:

For continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be immediately available.

As I stated to the House a few days ago, this includes money to the amount of $300,000 which the committee intended should be available for experimental work in the construction of a metal-clad airship, or looking toward the construction of such a ship until it might be determined that it was not feasible to proceed with it or that it was feasible to proceed with it, should the department determine that it offered sufficient promise to warrant it in encouraging the expenditure.

There is nothing directory about the language whatever; it is left entirely to the department's discretion. It is only

fair to say that other types of aircraft are provided for in this experimental money. It is disclosed on pages 637 and 792 of the hearings that $650,000 of the sum will be applied to the purchase of 12 experimental types of heavier-than-air craft. How else would we go ahead? We certainly are not supposed to appropriate for planes that have not been experimented with and their worth or utility not previously determined.

In the naval appropriation act approved August 29, 1916, it was provided that an experimental and research laboratory should be built at a cost of not to exceed $1,500,000—

for laboratory and research work on the subject of * * * airplanes and aircraft.

In the naval appropriation act approved March 3, 1915, a National Advisory Committee for Aeronautics was created, on which, the law provided, there should be two members from the Navy Department and that—

it shall be the duty of the Advisory Committee for Aeronautics to supervise and direct a scientific study of the problems of flight, with a view to their practical solution—

And—

to direct and conduct research and experiment in aeronautics in such laboratory or laboratories—

If a laboratory or laboratories should later be provided, which has been done.

The two laws cited would seem to carry ample authority for experiment in all phases of aeronautical endeavor. How can this experimentation go on unless the aircraft are available for conducting them? I might also call the Chair's attention to section 8 of the naval appropriation act for the fiscal year 1922, creating a bureau of aeronautics—

which shall be charged with matters pertaining to naval aeronautics as may be prescribed by the Secretary of the Navy.

In pursuance of such law creating the bureau, the Secretary of the Navy issued a general order—No. 65—on August 10, 1921, defining the duties of the bureau. The order provides that aeronautic tests and experiments within the capacity of experimental plants of the Bureaus of Construction and Repair and Engineering shall be made in accordance with requests of the Bureau of Aeronautics. It also provides that the Bureau of Aeronautics shall have cognizance over the policy of the upkeep and operation of naval aeronautic experimental stations.

Now, coming to the rule: Rule XI provides that all proposed legislation relating to the Naval Establishment, including the increase or reduction of commissioned officers and enlisted men and their pay and allowances and the increase of ships or vessels of all classes of the Navy, shall be referred to the Committee on Naval Affairs.

The language with respect to the metal-clad, as stated in the bill, does not come under the rule, because it deals in its terms with experiments and development work. The practice is, however, we know to buy experimental types of aircraft under the clause in question. But granting that it provides for the acquirement of a lighter-than-air ship of an experimental type, would it be obnoxious to the rule? The rule says that the Naval Affairs Committee shall have jurisdiction over legislation relating to the increase of ships or vessels of all classes. Is an airplane or a lighter-than-air craft a ship or vessel, as contemplated by the rule? Section 3 of the act of July 18, 1866 (14 Stat. 178), defines a vessel as follows:

The word "vessel" includes every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on water.

Both Webster's and the Standard Dictionaries define a ship as a large seagoing vessel. While it is hard to see how the rule could be interpreted to include aircraft (and if it does not this committee could bring in a bill for any type of aircraft), it is true that this committee, as at present constituted, would not attempt to take advantage of the rule and provide for a large, expensive type of either heavier or lighter than air craft. I am sure the policy would be to have the legislative committee consider the matter first.

Now, I said a moment ago I would refer more particularly to this particular ship or craft as an experiment. Negotiations have been going on between an aircraft corporation and different departments of the Government in the matter of an experiment looking to the determination of whether or not it is possible to develop a lighter-than-air metal ship that would be worth while to develop from either a commercial or a naval standpoint. Negotiations the committee understood and learned had been made, or were under way between this company on the one hand and the Navy and the Post Office Departments on the other. Various suggestions were passed between these two groups—the Government representatives on the one hand and the representatives of this corporation upon the other.

The proposition was brought to the committee conducting the hearings and upon the face of it it appealed to members of the committee as very worth while to see whether or not a metal airship could be developed for experimental purposes that would determine whether or not metal would be suitable for a lighter-than-air craft. It was shown to us that here was a metal duralumin, a sort of by-product of aluminum that has all the strength of steel with one-third of its weight. It is a proposition that has the indorsement of very eminent engineers, and here is a concern that has itself spent hundreds of thousands of dollars in experimental work along the line of development of this particular type of aircraft. It is a proposition that has the indorsement of scientific men in the country apart from those who are immediately engaged or interested in the private concern that proposes this type of aircraft.

Now, then, after negotiations had proceeded—I do not mean looking forward to a consummation of a contract, but I do mean in the matter of experiment to be conducted—looking to the development of this craft, exchange of notes passed between the company and the officers at least of the Navy Department. I could refer to some correspondence that goes back as late as possibly September or October of last year showing that the whole attitude of the Navy Department as to this particular type of aircraft was of an experimental character. However, I have called for the correspondence touching certain letters that were written by the Navy Department to this company, and the last one that has come to my attention is the one from the Secretary of the Navy to the Aircraft Development Corporation, under date of January 12, 1926, and from that I shall read two or three paragraphs to show that it is an experiment.

The CHAIRMAN. Is the gentleman addressing himself to the merits of the provision?

Mr. FRENCH. Yes; that is precisely what I have in mind. I want to show that this type is an experiment, and therefore within the language of the statute under which the experiments may be made.

The CHAIRMAN. The gentleman will proceed.

Mr. FRENCH. I shall not read the whole letter unless the Members want it. Referring to some negotiations and correspondence going on, the Secretary says:

The demonstration program you outline would involve probably 15 to 20 hours of flight, depending upon the speed at which the 500-mile round-trip flight is made. From the standpoint of the Navy Department, it would be preferable to have several shorter flights rather than a single long flight. These flights should be run at different speeds, and thus show the behavior of the airship under a wider variety of conditions. These tests need not necessarily prolong the demonstration period. A minimum of 30 successful flight hours for the airship before acceptance is considered reasonable.

Again, I find in another paragraph this language:

In an earlier letter the opinion was expressed that progress payments should not exceed 50 per cent of the total Government obligation. Your letter outlines progress payments amounting to two-thirds the total, and makes certain reservations regarding your obtaining the remaining one-third in the event the airship fails to meet certain tests. The result is not a "no fly, no pay" basis for a contract, nor does it appear to be a basis whereon the Government shares expenses with you "dollar for dollar." The progress payments you indicate seem small in individual amounts, large in number, and somewhat inconsistent in that it appears disproportionate amounts are assessed against the control surfaces and car and may be claimed without reference to the status of the really vital part of the airship, namely, the hull proper.

Then one other paragraph:

The department makes the proposition that if a contract is made, it be with the proviso that before other parts of the airship are begun a reasonably large section of the hull shall be constructed, sealed in some fashion, and tested for various interior pressures and gas tightness, for ballonet functioning, as well as subjected to suitable load tests. Further progress toward building the airship would depend upon the results of these tests.

Please notice that language:

Further progress toward building the airship would depend upon the results of these tests.

Surely an experiment only. Then the Secretary continues:

Although not entirely clear as to details, such a scheme appears to be feasible, and would probably be easier if the airship is being erected horizontally.

In other words, what I have said indicates, it seems to me, that the whole program is an experiment and is based and premised upon the language in the statute to which I have referred. More than that, while we have provided here $300,000, that is an amount that is entirely subject to the discretion of the department for expenditure. He may spend all or none. More than that, if after part of the money shall have been expended and a part of the hull shall have been created, and it shall have appeared through a test that the hull as built will not meet the test claimed for it by the proponents, it is up to the Navy Department, as the department proposes in its letter, to call off any further development work. In other words, it does not even mean that this ship would go through to completion. It might or it might not. It is an experiment, and as an experiment rests upon the statute to which I have referred and, more than that, is in line with the experimentation that for years has gone on under the Bureau of Aeronautics, under the same authority upon which we rely when we recognize this item as one that may properly be included within the bill.

Mr. CRISP. Mr. Chairman, I shall detain the Chair for only a few minutes. In common with the whole House I am in favor of the development of our Air Service, but the question that is now before the Chair is purely a technical and parliamentary one, as to how the conduct of this House shall be regulated. The Chair is familiar with the old rule whereby certain committees of the House had legislative jurisdiction, and they also had jurisdiction of the appropriation dealing with their legislative duties. Congress amended the rules, created the Budget system, and provided that all appropriations should come from the Committee on Appropriations, and the debates in the Congress at the time those rules were changed show conclusively that it was the intent of the House that the Appropriations Committee should have no legislative jurisdiction. The whole argument was that by consolidating the appropriations in the Committee on Appropriations you did not destroy the other committees—Naval Affairs, Foreign Affairs, Military Affairs, Post Office, and so forth—because they would still have the exclusive right to emanate legislation, that all legislation pertaining to these respective bureaus had to come from the legislative committees, and the Appropriations Committee had no legislative authority and would be confined to making appropriations authorized by law. The Chair is familiar with that, but I want to emphasize it to call attention to it.

What does this provision do? This provision embarks the Government in a new enterprise. It is an experiment, it is true; but this provision, according to which my good friend, the distinguished gentleman from Idaho, who has told us the facts, admittedly puts the Government into a contract or agreement with a private corporation to construct a metal airship at a cost of approximately $700,000, that the $300,000 appropriated by this bill is to be used for that purpose, and the private company is to put up the rest, and when the ship is completed it is to be the property of the Government.

There is no authority of law for any such contract on the part of the Government. It is entirely new, and it is stretching beyond all reason the authority to make experiments by the Bureau of Aeronautics of the Navy Department to say that that bureau has the right to go out and embark on an entirely new enterprise on the part of the Government and put the Government in business. It is legislation pure and simple, in my humble judgment.

Mr. FRENCH. Will the gentleman yield?

Mr. CRISP. I will.

Mr. FRENCH. Does the gentleman believe the Government has a right to experiment in the construction of an airplane?

Mr. CRISP. I think the Government has a right, and I say it may be advisable, but I say under the rules of the House if the Government desires to have that authorization the legislation must come from the legislative committee having in charge the Navy Department. The Committee on Naval Affairs has the right to report legislation of that character to the House, and it is for the House to determine whether it wishes to make that experiment. This may be a wise thing to do, but I do not think the Committee on Appropriations under the rules of the House has the authority to initiate in the House legislation of this character.

Mr. WOODRUFF. Will the gentleman yield to me?

Mr. CRISP. I will.

Mr. WOODRUFF. A year or so ago it was decided by the Navy Department that new types were very necessary for the full development of the Navy, and in view of that determination on the part of the Navy Department they appeared before the legislative committee of the House and asked authorization for the construction of two aircraft carriers. Now, both of those ships are of an experimental character. If the Committee on Appropriations had authority under the rules to authorize an appropriation for the construction of an airship to the extent of $300,000, have not they the same right to authorize an appropriation of money for experimental ships such as aircraft carriers?

Mr. CRISP. I agree with the gentleman. And, Mr. Chairman, in my judgment—it may not be worth anything, but it is my judgment—if the Committee on Appropriations has authority to bring in legislation of this character, then we ought to abolish the Committee on Naval Affairs, because it has no functions to perform. [Applause.] Now, my distinguished friend quoted some old decision as to what constituted a ship. If I caught the date aright, it was about 1856, and he referred to the fact that the definition confined ships to crafts on water. The Chair, of course, will use his common sense and he will know at that time there was no such thing as an airship. Since the development of aircraft, in all subsequent legislation and in the eyes of the average man the general understanding of aircraft is that they are ships for use in the air, and even the Appropriations Committee, in dealing with these aircraft, call them "ships."

Mr. FRENCH. Will the gentleman yield?

Mr. CRISP. I will.

Mr. FRENCH. While it is true that the language stated bears about the date the gentleman has quoted me as having stated, he is aware, however, that a few years ago the rule was passed at a time when we did have aircraft, and it made no modification or exception.

Mr. BUTLER. It was not necessary.

Mr. CRISP. The gentleman answers his own question in the hearings before his own committee when he says:

Mr. FRENCH. Another thing, the proposed ship—

The whole public understands and has never called any of these craft that float in the air anything but ships. Now, I have stated, Mr. Chairman, about all I desire to say. You are familiar with the rule. Whether it is wise or otherwise, the rules of the House say that no legislation shall be in order on an appropriation bill unless it is specifically authorized by law. Now, there can be no question but what the burden is on the Committee on Appropriations to show an authorization in law to sustain them in their contention that they have jurisdiction to bring in this matter. Now, they have quoted statutes creating the Bureau of Aeronautics in the Navy Department, saying they can make investigations.

I think a fair construction is that they can make investigations within their own bureaus and their own naval activities, but I think, Mr. Chairman, that it would be stretching the matter too far to say under that that they can initiate a new policy and put the Government in business with private enterprise and make a contract for the construction of a metal airship costing $700,000. If that is not legislation, I am frank to say I do not see how you can bring in legislation.

Mr. FRENCH. Will the gentleman yield?

Mr. CRISP. I will.

Mr. FRENCH. Does the gentleman realize that in the last few years we have expended many millions of dollars through the War Department and through the Navy Department for experimental purposes in devices for aircraft, and so forth?

Mr. CRISP. I do; but my information is that it has been made through governmental agencies, and they have not entered into any private contracts.

Mr. FRENCH. Oh, yes.

Mr. CRISP. With private corporations by which the Government became a partner?

Mr. FRENCH. I say for years that has been the practice.

Mr. CRISP. My only answer is I think it was done without any authority of law for doing it.

Mr. PERKINS. Will the gentleman yield?

Mr. CRISP. I will.

Mr. PERKINS. Does the gentleman know practically all the new types of aircraft, airplanes, and heavier-than-air machines have been developed in this same way by experimentation and by making contracts and by private enterprise?

Mr. CRISP. Well, I have to confess my ignorance, and I am not taking issue with the advisability of that course. It may be wise, but I am arguing that if the Government wants to pursue that course the House should follow its own rules and have legislation authorizing it emanating from the committee which has jurisdiction of general legislation for the Navy Department, to wit, the Committee on Naval Affairs.

Mr. PERKINS. I would like to say to the gentleman that the Army and Navy have expended in the last five years over $15,000,000 in experimentation and work of this kind.

Mr. CRISP. I presume if they did they had authority. If they had not, it may be assumed nobody made a point of order against the appropriation.

Mr. CRAMTON. Mr. Chairman, the point of order is against the language, "For continuing experiments and development work on all types of aircraft," and making $300,000 immediately available. That is the language that is under consideration now, and the point of order is that there is not legislation authorizing an expenditure for those purposes.

It does not matter what is in the mind of the committee or what is in the mind of the Navy Department. The question before us is whether there is to-day in existence law authorizing expenditures "for continuing experiments and development work on all types of aircraft." If there is to-day authority of law "for continuing experiments and development work on all types of aircraft," then this language on this appropriation bill is in order. If there is no law to-day authorizing those experiments by the Navy Department, this language is not in order. I suggest that the question then before us is of far more importance than the ordinary point of order raised in this House, for if it be true in this day, when we all recognize the tremendous importance of development in all types of aircraft; if it be true that the legislative committee of this House which has jurisdiction of legislation has not brought into Congress and recommended the passage of legislation that would authorize the Navy Department to conduct experiments and development work on all types of aircraft; if it be true that they never yet have done that, it would be well to have that fact established, and it would be well for that committee to get busy and bring in some such legislation.

Think of the rediculousness of it, that if the Bureau of Aeronautics down here want any kind of experiment and development work on any kind of aircraft they must first come up to Congress and have a bill introduced, and that bill must go to the legislative committee of the House, and that committee must hold hearings and get their bill reported and put through Congress, before the Navy, which has the responsibility of carrying on these experiments, can proceed at all! Let me say, as has been said by one of my friends here, by the time they got the authority to make that precise experiment, their idea would be obsolete and some one elsewhere would have developed it.

Mr. UPDIKE. Mr. Chairman, will the gentleman yield there?

Mr. CRAMTON. Yes.

Mr. UPDIKE. Did you consult the Navy Department before this recommendation was made?

Mr. CRAMTON. I am not a member of the naval subcommittee.

Mr. UPDIKE. But you belong to the same committee, do you not?

Mr. CRAMTON. Yes. What is the gentleman's question?

Mr. UPDIKE. Did you consult the Navy Department?

Mr. CRAMTON. I have not consulted anybody about it.

The rule is not to the effect that every proposition involving any new construction for the Navy has to be passed upon first by the Committee on Naval Affairs, the legislative committee. The rule is that any proposed "legislation" that has to do with increases in the Navy shall go to the Committee on Naval Affairs. That is a very proper and very desirable rule, that that committee should consider all legislation proposing an increase in the Navy, whether it shall be for one thing or another. It does seem, however, that the efficient transaction of the business of the Government would require that the Committee on Naval Affairs would at some time or other, if they have not done it yet—would at some time or other recommend legislation that would give authority for such increases in the Navy as might be desirable, and it is my contention that as to experimental and development work concerning aviation, legislation to that effect has already been recommended by the legislative committee of this House, and has become law, and is the basis for this appropriation. If this item is of a legislative character, of course the language is subject to a point of order. But our contention is that it is authorized by existing law, and hence is not subject to a point of order.

The language is "For continuing experiments and development work on all types of aircraft." I am not going to discuss the question as to what authority there may be in law for appropriations for the enlargement of the Navy, either in aircraft or seagoing vessels, because that question is not involved here. The question that is involved here is just the question whether a certain experiment can be paid for out of this appropriation under the authority of existing law.

First, the gentleman who is chairman of the subcommittee has referred to the statute creating the Bureau of Aeronautics and the regulations of the department giving them the responsibility to make those experiments. The hearings—just a word or two—the hearings set forth very definitely the experimental character of this proposed use of the money. I read:

Mr. FRITSCHE. Well, an interesting thing we found was that this small-size demonstration ship, which will have a displacement of only 200,000 cubic feet and which is about one-tenth of the size of the *Shenandoah*, compares very favorably in performance with the nonrigid ships of the same displacement now in use by the Army and Navy.

Mr. TABER. Did I understand you to say that you had built a ship of 200,000 cubic feet capacity?

Mr. FRITSCHE. No, sir; we have offered to match the Government a little better than dollar for dollar in building the first unit. We have proposed to the Navy to build them a 200,000 cubic foot ship for $300,000. We estimate that the cost to us will be about $400,000 in addition to that, or $700,000 all told. We have also included in our proposal a provision that progress payments shall not exceed $200,000 while the ship is under construction, and that one-third of the contract price, $100,000, shall be withheld until the ship has successfully performed its acceptance tests.

On the next page Mr. FRENCH asked:

How large a ship do you propose to construct?

Mr. FRITSCHE. Of only 200,000 cubic feet for a demonstration unit.

It is all on an experimental and demonstration basis.

The hearings set forth very fully the character of the experiments to be made. As I understand, there never has been constructed a metal airship, and this ship that it is proposed to build is expected to involve a great many features of very great importance and be a far-reaching step in advance in the construction of lighter-than-air craft.

Now, it is entirely an experiment. Such a vessel has never been constructed. A very responsible concern of very public spirited Michigan men, of the very highest standing in the business and engineering world—such men as Howard Coffin, of the Hudson Motor Co.; William B. Mayo, of the Ford Co.; Charles S. Mott, of General Motors; Edsel Ford, and others, of equal standing—have put their money into a concern that now makes this offer to the Government. The gentleman from Georgia [Mr. CRISP] decries it as going into partnership with a private concern; it appeals to me, rather, that it is an example of men of public spirit getting into partnership with the Government in a matter of public concern. They are taking the initiative; they are offering their efforts and their money to help this Nation forward in the race to supremacy in preparedness. I think it is not to be decried as a partnership with private business, but that private business is coming in and assisting us, because this ship, if built and proven a success, will cost us only $300,000, while it will cost them a net loss of $400,000, and if it does not succeed the public investment will be only $200,000 in this important experiment.

Mr. CRISP. Will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. CRISP. Is it not true that this private concern owns all of the patents, and if it is a success would not the private concern reap many rewards from experiments made out of the Public Treasury?

Mr. CRAMTON. Certainly, from the experiment principally financed by them and in small part by the Public Treasury.

Mr. PATTERSON. Will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. PATTERSON. If this new ship is a success, it becomes the property of the Government, does it not?

Mr. CRAMTON. It becomes the property of the Government; yes.

Mr. PATTERSON. Then will it not become a new vessel of the Navy?

Mr. CRAMTON. It will become a new vessel of the Navy, certainly.

Mr. PATTERSON. Does not the gentleman think we should have legislation for a new vessel?

Mr. CRAMTON. My contention is that there is already legislation authorizing such experiment and placing the responsibility upon the Bureau of Aeronautics of the Navy to conduct such experiment. Of course, it is to be hoped that occasionally those experiments will be successful, and that when they get through they will have that which they started out to build. I hope that in this case the experiment will be successful and that they will have, when they get through, that which they started out to build, a new vessel. I hope and I believe there is already law authorizing and requiring them to do that. If there is not such law, there ought to be.

Mr. PATTERSON. Does the gentleman think we could replace the *Shenandoah* with a new vessel without legislation?

Mr. CRAMTON. I said a little while ago that we certainly could not replace the *Shenandoah* on the ground of its experimental character, and I said when I started that the question whether there was law for securing new units for the Navy, just as an increase of the Navy and not in the nature of an experiment, is not involved in this point of order, and need not be discussed. And, as I have said, anything to replace the *Shenandoah* would not be of an experimental character.

Mr. BUTLER. Did I understand the gentleman to say it is not necessary to discuss the merits of this proposition?

Mr. CRAMTON. I do not think I said that, but in any event discussion of the merits is not in order at this time.

Mr. UPDIKE. Will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. UPDIKE. Did I understand the gentleman from Michigan to say there had never been a ship built of metal?

Mr. CRAMTON. That was my information.

Mr. UPDIKE. Is it not a fact that Germany built one of these ships and on its first flight it came down and was destroyed?

Mr. CRAMTON. That may be, but I have stated what my information is. It certainly is an experiment, and the gentleman's own statement was that the ones that were built did not fly, so it is still in the experimental class, and the gentlemen interested in this concern insist they can make one that will fly.

Mr. HOCH. Will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. HOCH. As a parliamentary question, how do we have before us now any question that has to do with the validity of this proposed contract?

Mr. CRAMTON. I was just going to speak of that.

Mr. HOCH. It seems to me there is not involved here at all the question of this proposed contract. If the Navy Department attempts to enter upon a contract that it has not any right to enter upon, that is an administrative matter.

Mr. CRAMTON. That is the only thing I care to say further, and discussing that phase of it, I have tried to urge that the question before us is not something that is in the minds of the committee nor something that is in the mind of my friend from Pennsylvania [Mr. BUTLER], but what is the language against which the gentleman from Pennsylvania has made a point of order?

Mr. BUTLER. I will tell the gentleman in a minute or two.

Mr. CRAMTON. Now, if the proposed expenditure of $300,000 for this craft is not within the language that is in the bill the Comptroller General would stop the expenditure of the money; if it is not held to be within this language, it would not get by the Comptroller General. So the question before the Chair is not, Would the building of a certain ship under a certain contract be within the law, but is this language authorized by existing law:

> For continuing experiments and development work on all types of aircraft.

I believe it is of great importance to the proper progress of experimental and development work in this very important branch of national preparedness that the point of order be overruled. If such a calamity should occur as that the point of order of the gentleman from Pennsylvania should be sustained, then I should hope, knowing the gentleman from Pennsylvania, that before this session of Congress is over he would present legislation that will clearly authorize the Navy Department to experiment in air preparedness on the part of the Navy.

Mr. BUTLER. Give us a chance, my friend, and we will.

Mr. McLEOD. Regarding the question of precedent involved in this point of order, is it not a fact that the Curtiss Co. and the Liberty Motors Co. during the war created this precedent?

Mr. CRAMTON. I understand this same thing has been done a great many times.

Mr. BANKHEAD. Mr. Chairman, before the gentleman from Michigan concludes I would like to ask a question. This is a rather important question, and we want to try to decide it properly upon the issue presented to the Chair. Is it my understanding the gentleman relies as authority of law for this appropriation on the statute, section 502 (a), providing for the creation of the Bureau of Aeronautics, reading as follows:

> There is hereby created and established in the Department of the Navy the Bureau of Aeronautics, which shall be charged with matters pertaining to naval aeronautics as may be prescribed by the Secretary of the Navy, and all the duties of said bureau shall be performed under the authority of the Secretary of the Navy, and its orders shall be considered as emanating from him and shall have full force and effect as such.

Mr. CRAMTON. I would urge that, first, it is supported by the general legislation creating the Navy Department and charging it with the responsibility of preparing for the national defense, and, further, by the section in question which creates the Bureau of Aeronautics, and, further, the regulations which have been authorized by the Secretary of the Navy by virtue of that law.

Mr. BANKHEAD. Is that the act I just read?

Mr. CRAMTON. That is the act the gentleman just read.

Mr. PATTERSON. Will the gentleman yield?

Mr. BANKHEAD. According to that construction, I will ask the gentleman from Michigan whether, under that broad authority, they could build a battleship or engage in any other major activity without any specific authority from Congress?

Mr. CRAMTON. Not necessarily. The gentleman brings in another question as to a pure increase of the Navy. I am not an authority on naval affairs, but it is my recollection we have statutes expressly limiting the size of the Navy, and that being true, certainly you could not go beyond that without authority of law; but the question under consideration is to be kept down to the language in the bill involving the consideration of an experiment in construction of a small lighter-than-air craft.

Mr. PATTERSON. Will the gentleman yield for just one further question?

Mr. CRAMTON. I think I should yield the floor; but I yield to the gentleman.

Mr. PATTERSON. Did I understand the gentleman from Michigan to say that this was certain of being a success?

Mr. CRAMTON. Oh, no.

Mr. PATTERSON. I was wondering, if that were true, how it could be an experiment.

Mr. CRAMTON. I certainly did not say that.

Mr. PATTERSON. Then I misunderstood the gentleman.

Mr. CRAMTON. No such ship has been constructed, but my knowledge of the men who are back of it, and my knowledge of their industrial and engineering standing is such as to make me think there is a good chance of its being successful, at least sufficient to warrant our investing this money.

Mr. PATTERSON. I understood the gentleman to say it was certain of being a success.

Mr. BUTLER. Mr. Chairman, it has been suggested that I discuss the point of order and confine my remarks directly to that, although I should like to say here something to the Chair in view of what these gentlemen have said to you about the indolence of the Naval Affairs Committee and about the authority exercised by that committee.

I might say, in the start, that this is a ship. Has the Chairman heard it called anything else? The man who advocates it before this committee says it is a ship. The gentleman who presented the report of this committee says it is a ship. Why, of course, it is a ship. I looked at the definition, too, in the encyclopedia, but at that time this sort of a ship was not built——

Mr. WOODRUFF. And was not thought of.

Mr. BUTLER. It was not even thought of, as my friend says, and therefore the man who wrote the dictionary did not include it.

How is this ship to be propelled? And this is important, sir. This is not upon the merits, but affecting the rules of this House, and I am entering a protest against this attempted violation of those rules. This ship is propelled by an external force, the same as a ship that floats upon the water. All of these ships that are built will float upon the water as well as float in the air, and you might as well say a submarine that can go under the surface of the sea is not a ship. What sort of an argument is that which the gentleman from Idaho the other day admitted to me in a discussion under general debate that the legislative committee might report a large airship while the Appropriation Committee might report a small one. I would like to know where you are to draw the line.

Would it be of any assistance to you, sir, to know how the Appropriation Committee itself construed this rule in 1920? That was when Governor Kelley was here. He sought not to deprive the membership of this House of its privileges to create; he had no purpose whatever to stifle it in any way in the performance of their duty or to render it absolutely impotent, so we will be nothing but yes-and-no men. I think some of us have grown old enough to be entitled to speak in public and not alone think in private. Mr. Chairman, in 1920, after this rule was adopted, here is the report made from this Subcommittee on Appropriations:

> It carries no appropriations for new aircraft, for the establishment of new stations, or for new construction at stations. The

committee has proceeded upon the assumption that it is without authority to appropriate for unauthorized aircraft or for the establishment of additional stations.

Is this aircraft? Until recently it was never thought the Committee on Appropriations would make any recommendation whatever for an increase of the Navy. There has always been reported with the increase a provision with reference to aviation, because it is a part of the naval force.

Where does such authority come from? There is one witness who testified before this committee, whom we can quote, and only one, because he was the only one whose evidence was taken, as I understand it, and he represented the concern that it is proposed this Government shall go into contract with; and I want to be on record in this public speech as protesting against such a union with the Government until we are wiser and better informed. We have had some sad experiences growing out of contracts of this sort, and I for one am not going to approve it, and I protest against it until I am sure it is for the interest of the Government. I prefer to keep my seat in Congress. [Laughter and applause.] Who are these people? I am informed they are honorable gentlemen. I am told they are automobile builders and other men of means. Why do they not demonstrate their own ship? Every military man connected with the Navy Department whom we have examined has protested against this sort of airship for military purposes. They do not want such a thing. The legislative committee is about ready to make a report in favor of either abandoning lighter than air or reporting in favor of a ship that will sail 7,500 miles.

The purpose of this is to get this ship built partly at the expense of the Government by the private contractors, derived from the people who paid $50 for this patent that once belonged to Germany and was taken over by the Alien Property Custodian. Let them build their own ship; and if the Government wants it, it can take it and pay for it.

The gentleman from Alabama asked whether or not they got authority from the organic act to report an airship. If they did, they can get it from a comic almanac. If they can construe that act as giving this committee authority to appropriate for this ship, then they can get authority to build battleships, cruisers, submarines, or do anything else. If I understand correctly, Mr. Chairman, it is the business of these legislative committees to create and bring the thing into existence, whatever it may be, and it is the province of the Appropriations Committee to pay for it. They are the paymasters, and we are the creators. We never created this thing.

In 1919 my esteemed associate, now dead, reported a bill to this House providing for the purchase of one dirigible at $2,500,000, and also provided for the construction of another dirigible at $1,500,000; the one we constructed was lost in a lamentable accident that took place a short time ago, and the other we can not use except for fun. Shall we abandon the policy established or not? It is for the House to say.

Now, Mr. Chairman, I do not for one moment presume that you will find in the organic law any authority whatever authorizing this appropriation. This Congress has no right to delegate that authority to anyone. I will say to my friend from Alabama that it would be nonsense to attempt to delegate to the Secretary of the Navy authority to do anything that the legislature has authority to do; therefore, it was never pretended that it assumed in this act to confer the right to create upon the Secretary of the Navy. His authority covers nothing but administrative duties.

Mr. BANKHEAD. I will say to my friend in the chair that if he reads the statute or the law upon which they rely for specific authorization he will find a failure of authority either to construct or make a contract with private individuals for constructing anything.

Mr. BUTLER. Of course; and we do not propose to give them any authority if we can help it.

Now, following the construction of the rule in relation to the construction of warships, the report of the Appropriation Committee, bearing in mind that the rule was very broadly construed when it was held that vessels of war were a continuing work, the Naval Affairs Committee has always reported to this House, under the construction of the rule already referred to, that it had authority to report these ships, and lighter and heavier than air ships being a part of the fleet included them. But that rule of the House was changed, and the Appropriation Committee then began to report to the House aviation programs in violation of the new rule.

Mr. Chairman, if you do not call it a ship, I do not know what name to give it. If this structure, whatever it may be, floats along through the air propelled by an outside force is not a ship, no other name can be applied to it. Therefore, if it is a ship, the rule itself denies the Approriations Committee the power to authorize the construction of one.

We must not be mistaken. Your mind has been led to it; you have been asked to inquire, and you have been informed of the purpose of this act. Now, they are proposing to build this ship under the guise of experimentation. If they do, where will it stop?

The author of the bill creating a Bureau of Aeronautics was my good friend Frederick C. Hicks. He is no longer living, to the regret of many of us. He desired the point settled so that we would know exactly where we were and what to meet, and therefore in 1921 he introduced an amendment to the naval appropriation bill authorizing the construction of aircraft. I would like to ask the chairman if he has the precedent, the ruling of Mr. Walsh, before him

The CHAIRMAN. The Chair has that before him, he will say to the gentleman.

Mr. BUTLER. Then there is no use in my quoting it; but the Chair will notice that it was not under the head of experimentation.

Is the Chair willing to rule that this committee may, under the guise of experimentation, construct a ship of war? That is all there is in it. There is no precedent to help us. Such an attempt has never before been made. It is true that various things have passed this House without points of order being made against them. I know that our constituents expect us to know all about everything that goes through this House, but I would be very sorry if I had knowledge of everything that happens; but I am not criticizing anybody when I say that. Nevertheless, it is impossible for one to charge his recollection with everything that has happened or to understand everything that takes place. There may have passed through this House at times appropriations for experimentation that might have been subject to a point of order, but no point of order having been made, they can not be held as a precedent. There is no precedent for this that I can find after a very diligent search. It is plainly legislation. If it is, is there authority for it? Only under the guise of experimentation can it be drawn. I do not think the Chair will be induced to go as far as to say that under the guise of experimentation he will hold that a ship of war as a continuing work as an increase in the Navy can be authorized.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. BLANTON. If the point of order is not good against such an item as this, is there any use of the gentleman's committee sitting any longer?

Mr. BUTLER. No; and we will argue that maybe later on in the day, but we may as well hang our harps on a willow tree and go off in the twilight.

Mr. SNELL. Mr. Chairman, I would like to know just what part of this point of order we are considering at the present time.

The CHAIRMAN. For the information of the gentleman from New York, and with the indulgence of the committee, the Chair will state that there are pending three points of order. The first point made is to the language mentioned on page 42, line 5, as follows:

For continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately.

The second point of order is against the following language on the same page, commencing in line 9:

For new construction and procurement of aircraft and equipment, $9,062,500.

The third point of order was made against the following language on the same page, commencing in line 18:

Provided, That in addition to the amount herein appropriated and specified for expenses or for new construction and for procurement of aircraft and equipment the Secretary of the Navy may enter into contracts for the production and purchase of airplanes and their equipment, spare parts and accessories, to an amount not in excess of $4,100,000.

Those are the three sections of this paragraph to which points of order are made.

Mr. APPLEBY. Mr. Chairman, my point of order was against the entire paragraph, for the reason that it is clearly an appropriation for an unauthorized ship and legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman make the point of order against the entire paragraph?

Mr. APPLEBY. I do.

Mr. WOODRUFF. Mr. Chairman, my colleague from Michigan [Mr. CRAMTON] takes the position that this appropriation

is within the rules for the reason that it is an experiment; that it is an appropriation for experimental purposes. I direct the attention of the Chair to the fact that every time we build a new ship in the Navy it has experimental characteristics. From the time of the old wooden ships every advance that has been made in ship construction has carried experimental characteristics. That takes us from the very earliest times up to the present construction in the Navy. Is the proposal of the Appropriations Committee to engage in the building of this all-metal rigid airship a new science? Do they propose to introduce a new science? Are they proposing to do any more in the construction of this ship than is proposed in the construction of any ship in the Navy? The only difference, so far as I have been able to learn, is that there is a difference in the material with which this ship is inclosed. It is not a step greatly in advance of the ships that have already been built. I call attention to the fact that when the Navy constructed the aircraft carriers the construction of those ships was of a much greater experimental nature than is the construction of this ship; and clearly if the Appropriations Committee has the authority under the rule to appropriate for the purpose this appropriation is placed in the bill, it certainly would have had authority under the rule to appropriate for aircraft carriers. Further than that, it would have had authority to appropriate for every ship that has been constructed by the Navy in recent years or any ship that could possibly be constructed in the future, because every ship carries experimental characteristics.

The CHAIRMAN. The Chair is ready to rule. The Chair has just stated the three points of order, to wit, against the language in line 5 to line 7, on page 42, and to the phrase—

for new construction and procurement of aircraft and equipment, $9,062,000—

and the proviso commencing on line 18 on the same page:

Provided, That in addition to the amount herein appropriated and specified for expenditure for new construction and procurement of aircraft and equipment, the Secretary of the Navy may enter into contracts for the production and purchase of new airplanes and their equipment, spare parts and accessories, to an amount not in excess of $4,100,000.

For the orderly development of the points of order raised and the questions that are involved in them the Chair intends taking up the second and third points of order previous to discussing the point of order that was first made as against the language—

for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately.

For many years the rule with respect to the jurisdiction of the Naval Affairs Committee was contained in the following language:

To the Naval Establishment, including the appropriations for its support—to the Committee on Naval Affairs.

Of course, the Committee on Naval Affairs always had jurisdiction to report appropriations for the Naval Establishment, but the rule existed that on appropriation bills there could be no appropriations carried that were not authorized by existing law, and it was also provided that no legislation could be carried upon a naval appropriation bill, with certain exceptions known as the Holman rule.

There developed a series of precedents which held that new ships in the Naval Establishment, increase in personnel, and some other matters dealing with the increase and effectiveness of the Naval Establishment came under the terms of the rule which allowed appropriations in continuation of public works and objects which were already in progress. They treated the entire Naval Establishment as a public work in progress and ruled accordingly that new ships were in continuation of such work, and an increase in personnel were in continuation of such work. When the Budget system was adopted and in accordance therewith, or rather as a supplement thereto, the appropriating power was lodged in the Committee on Appropriations, the rule with respect to the Naval Establishment jurisdiction was changed so as to include this language:

To the Naval Establishment, including the increase or reduction of commissioned officers and enlisted men and their pay and allowances, and the increase of ships or vessels of all classes of the Navy—to the Committee on Naval Affairs.

Now, the only purpose of adding that language to the rule defining the jurisdiction of the Committee on Naval Affairs as it heretofore existed—that is, its jurisdiction with respect to legislation—was in view of the decisions which allowed appropriations for new ships and an increase or reduction of commissioned officers and enlisted men and their pay to be carried as a continuation of an existing public work on appropriation bills. It was in effect legislation setting aside the precedents which had thus developed. The only question then remains with respect to whether the appropriation for new construction and procurement of aircraft and equipment and, third, an authorization for the Secretary of the Navy to enter into contracts for the procurement and purchase of new airplanes and their equipment, is whether airplanes and aircraft are within the meaning of the word "ships" as it is used in paragraph 13 of Rule 11, defining the jurisdiction of the Committee on Naval Affairs.

It is perfectly obvious that an airship or aircraft of any kind is an arm of offense and defense just like a ship that sails in the water, and is constructed and is maintained and is used for that purpose. [Applause.] That it is a ship within the meaning of the act, even if it does not float upon the water, it is not necessary for the Chairman at this time to determine solely on his own judgment, because it has been so held on this very point. On February 11, 1921, in the Sixty-sixth Congress, third session, an amendment was offered by Mr. Hicks of New York to the naval appropriation bill for certain appropriations for heavier-than-air aircraft and for new construction at air stations and for other purposes of that sort. The Chairman recited the old rule which had grown up that made appropriations for ships, and so forth, come within the exception of continuing public works and recited the amendment to the rule establishing the jurisdiction of the Committee on Naval Affairs, and then held that those aircraft were ships within the intention of the rule, and held that the amendment was not in order. Consequently the Chair is constrained to rule that the language "for new construction and procurement of aircraft and equipment, $9,000,000," is not in order, and sustains the point of order made against it, and also the point of order made against the proviso commencing on line 18 and extending to line 24, which authorized the Secretary of the Navy to enter into a contract for the production and purchase of new airplanes and other equipment.

Mr. BLANTON. As to that, the point of order made by the gentleman from New Jersey is against the entire paragraph.

The CHAIRMAN. The Chair has stated the ruling.

Mr. BUTLER. I believe the rule is broad enough to cover the first point made.

The CHAIRMAN. No; it merely covers the second and third points.

Mr. BUTLER. I thought the Chairman had finished.

The CHAIRMAN. Without elaborating the ruling, because the Chair does not care to place in the RECORD and take up the time with an obiter dictum, the Chair will say in reference to the first point of order the Chair overrules it and holds the language "for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately" is an appropriation that is authorized by law, and if that were the only question he would overrule the point of order made against it. But inasmuch as the gentleman from New Jersey has made a point of order against the entire paragraph, and inasmuch as the Chair has already ruled that portion of the paragraph was not in order the Chair is consequently, by the rules of the House, constrained to hold that the point of order lies against the entire paragraph, and so rules. [Applause.]

Mr. BUTLER. Mr. Chairman, a parliamentary inquiry.

Mr. FRENCH. Mr. Chairman, I offer as a substitute for that which has been ruled out the remaining language of the paragraph.

Mr. BUTLER. Mr. Chairman, I have a point of order to submit. I do not want to be denied my privilege of asking the gentleman a question, because I am at an appeal here. I do not want to be caught. I do not think the gentleman from Idaho intended to do it. The Chair has ruled out the entire paragraph?

The CHAIRMAN. Yes.

Mr. BUTLER. Of course, another will be introduced in place of that.

The CHAIRMAN. The Chair will protect the rights of the gentleman from Pennsylvania and will immediately recognize him when it comes up as an amendment.

Mr. BUTLER. I thank the chairman.

The CHAIRMAN. The gentleman from Idaho [Mr. FRENCH] offers an amendment, which the Clerk will report.

Mr. FRENCH. I ask unanimous consent, Mr. Chairman, to state what the effect of my amendment will be, and then I think the gentleman from Pennsylvania will be quite in accord with it.

Mr. BLANTON. Mr. Chairman, I object to any argument until the point of order is disposed of.

The CHAIRMAN. There is no point of order pending. The gentleman from Idaho has an amendment.

Mr. BLANTON. I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. The amendment should be offered unless the gentleman wants to proceed by unanimous consent before offering his amendment.

Mr. FRENCH. I will ask to do so.

The CHAIRMAN. The gentleman from Idaho is recognized.

Mr. FRENCH. Mr. Chairman, I believe a brief statement will obviate the point of order that the gentleman from Pennsylvania has in mind. I would not try to slip up on my friend even if I could, and I could not because he is watchful. My purpose was to offer an amendment which will omit the language that the Chair has ruled against, but will insert the following words, "For drafting, clerical, inspection, and messenger service, $608,000," language that will provide $4,100,000 for payment for the aircraft and equipment procured under the authority carried in the naval appropriation act for the fiscal year 1926, approved February 11, 1925. That is my explanation of the amendment which I offer in lieu of that which has been ruled out.

Mr. BUTLER. What you propose will carry in it the language to which I took particular exception, the $300,000 for experimental purposes.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Idaho.

The Clerk read as follows:

BUREAU OF AERONAUTICS

AVIATION, NAVY

For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1926, $605,814; for maintenance, repair, and operation of aircraft factory, air stations, fleet, and all other aviation activities, testing laboratories, and for overhauling of planes, $6,278,686, including $300,000 for the equipment of vessels with catapults and including not to exceed $300,000 for the procurement of helium from the Bureau of Mines, which may be transferred in advance, in amounts as required, to that bureau; for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately; for drafting, clerical, inspection, and messenger service, $608,000; for the payment of obligations incurred under the contract authorization for the procurement of aircraft and equipment carried in the Navy appropriation act for the fiscal year 1926, approved February 11, 1925, $4,100,000; in all, $13,520,500; and the money herein specifically appropriated for "aviation" shall be disbursed and accounted for in accordance with existing laws as "aviation" and for that purpose shall constitute one fund: *Provided*, That no part of this appropriation shall be expended for maintenance of more than six heavier-than-air stations on the coasts of the continental United States: *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes: *Provided further*, That the Secretary of the Navy is hereby authorized to consider, ascertain, adjust, determine, and pay out of this appropriation the amounts due on claims for damages which have occurred or may occur to private property growing out of the operations of naval aircraft, where such claim does not exceed the sum of $250: *Provided further*, That all claims adjusted under this authority during the fiscal year shall be reported in detail to the Congress by the Secretary of the Navy.

Mr. DOWELL. Mr. Chairman, as to the latter part I desire to make a point of order.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. FRENCH. Mr. Chairman, did not the Chair rule that that language was in order in lines 5, 6, and 7? I want that to stay in.

Mr. BUTLER. I am going to appeal from that.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. BUTLER] makes a point of order on the language on page 42, commencing with line 5 and running to and including line 7.

Mr. BLANTON. I reserve a point of order on the entire paragraph. I will make it later.

Mr. BUTLER. I have not made the point of order on that. Will the Chair permit me to speak for a moment?

The CHAIRMAN. The Chair understood that the gentleman made a point of order.

Mr. BUTLER. All this help is very helpful. [Laughter.] But I do not want to get mixed on this. Of course, the ruling is a very great disappointment to me. I am not criticizing the Chairman. His wisdom the House will likely approve of; but nevertheless that part that the Chair held in order is the part to which I directed my argument and which I strenuously oppose.

We shall have the same opportunity by moving to strike out, thus testing the sense of the House, although the Chair will understand he has held that the paragraph for experiments in building airships is in order. I dislike to appeal from the decision of the Chair, which will stand for all time to come.

The CHAIRMAN. The Chair has said nothing of the sort. The Chair has not given his reasons.

Mr. BLANTON. If the gentleman from Pennsylvania is through, I want to state my point of order, Mr. Chairman.

The CHAIRMAN. The gentleman from Pennsylvania has the floor.

Mr. BUTLER. This is very, very important. The Chair has evidently thought it over and appreciates the importance of it. I would, with very great respect, make the point of order, and, of course, the Chair will rule against me. Then, with the highest regard for the Chair, in order that the House may settle it for all time to come, because it becomes a matter of precedent, I respectfully appeal.

The CHAIRMAN. The Chair has not yet ruled.

Mr. BUTLER. I presumed the Chair would rule against me, as he has already indicated.

Mr. BLANTON. Mr. Chairman, I want to make a point of order.

Mr. CHINDBLOM. Mr. Chairman, has the gentleman from Pennsylvania made a point of order?

The CHAIRMAN. The gentleman from Pennsylvania has made a point of order; yes. What is the point of order of the gentleman from Texas?

Mr. BLANTON. Mr. Chairman, I make a point of order against the entire amendment because it contains legislation unauthorized by law on an appropriation bill, and I call the Chair's attention to this language, which is legislation:

That the Secretary of the Navy is hereby authorized to consider, ascertain, adjust, determine, and pay out of this appropriation the amounts due on claims for damages which have occurred or may occur to private property growing out of the operations of naval aircraft where such claim does not exceed the sum of $250.

That is clearly legislation. There is no law authorizing that to be done at present, and unless this is passed there would be no authorization for these claims to be settled, so it is clearly subject to the point of order I have made.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. Do I understand that the RECORD shows that the gentleman from Pennsylvania [Mr. BUTLER] has specifically made a point of order against the item appropriating $1,928,000, of which $300,000 shall be available immediately?

The CHAIRMAN. It does.

Mr. BANKHEAD. Did the gentleman state the ground of his point of order?

The CHAIRMAN. The gentleman stated that the appropriation was unauthorized by law and that the language constituted legislation.

Mr. BANKHEAD. I wanted that to appear in the RECORD, because it had not been stated.

Mr. CRAMTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CRAMTON. In order that we may not get into an involved situation, I understand that the point of order now made by the gentleman from Pennsylvania is not to the whole paragraph but only to a certain portion of it.

The CHAIRMAN. But the gentleman from Texas has made a point of order against the entire paragraph because of the language contained on page 43, from line 5 to line 10, inclusive. Of course, a mere reading of the language will make evident the fact that the point of order is well taken. Therefore, the Chair sustains the point of order made by the gentleman from Texas. Has the gentleman from Idaho another amendment to offer?

Mr. FRENCH. Mr. Chairman, before sending the amendment to the desk, do I understand that the language beginning with the words "*Provided further*," in line 4, page 43, and down to the words "*Provided further*," in line 10, has been ruled out?

The CHAIRMAN. Yes; that is the language upon which the point of order was based, and the point of order was sustained.

Mr. FRENCH. Then, Mr. Chairman, I offer another amendment, and which, I will say to the House, is the language contained in the other amendment, but with those words omitted and also omitting the last proviso.

The CHAIRMAN. The gentleman from Idaho offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FRENCH: Page 41, after line 17, insert a new paragraph, as follows:

"BUREAU OF AERONAUTICS

"AVIATION, NAVY

"For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1926, $605,814; for maintenance, repair, and operation of aircraft factory, air stations, fleet, and all other aviation activities, testing laboratories, and for overhauling of planes, $6,278,686, including $300,000 for the equipment of vessels with catapults and including not to exceed $300,000 for the procurement of helium from the Bureau of Mines, which may be transferred in advance, in amounts as required, to that bureau; for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately; for drafting, clerical, inspection, and messenger service, $608,000; for the payment of obligations incurred under the contract authorization for the procurement of aircraft and equipment, carried in the Navy appropriation act for the fiscal year 1926, approved February 11, 1925, $4,100,000; in all, $13,520,500; and the money herein specifically appropriated for 'Aviation' shall be disbursed and accounted for in accordance with existing laws as 'Aviation' and for that purpose shall constitute one fund: *Provided*, That no part of this appropriation shall be expended for maintenance of more than six heavier-than-air stations on the coasts of the continental United States: *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes."

Mr. BUTLER. Mr. Chairman, I would like to make a point of order against the language found in lines 5, 6, and 7, page 42, beginning with the language "for continuing" and ending with the language "available immediately."

Mr. BLANTON. Mr. Chairmhn, I reserve a point of order against the amendment.

The CHAIRMAN. Will the gentleman state his point of order.

Mr. BUTLER. I have already given my reasons.

The CHAIRMAN. The Chair meant the gentleman from Texas.

Mr. BLANTON. In addition to that which has been stated by the gentleman from Pennsylvania, I call the Chair's attention to the language which is embraced in lines 20 to 25, on page 41, and lines 1 to 14 on page 42, which reads as follows:

For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1926, $605,814; for maintenance, repair, and operation of aircraft factory, air stations, fleet, and all other aviation activities, testing laboratories, and for overhauling of planes, $6,278,686, including $300,000 for the equipment of vessels with catapults and including not to exceed $300,000 for the procurement of helium from the Bureau of Mines.

Mr. Chairman, there is language there with respect to new vessels and equipment, which would be an authorization for new vessels and equipment, that is unauthorized legislation on an appropriation bill.

The CHAIRMAN. The Chair is ready to rule.

The point of order made by the gentleman from Pennsylvania [Mr. BUTLER] is against the appropriation carried in the following language:

For continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately.

If this appropriation is authorized by law, then the words complained of are in order. If, however, there exists no authority of law for the appropriation made, the appropriation is not in order.

In the mind of the Chair, no question of legislation is involved at all in the point of order. It is simply a question of whether the appropriation contained in this language is authorized by existing law. Of course, the purpose for which the appropriation is made must be viewed entirely in the light of the language making the appropriation, and not in the light of information furnished from extraneous sources. The appropriation is for continuing experiments and development work on all types of aircraft. If experiments and development work on all types of aircraft are authorized by law, then, of course, the appropriation is in order; but even if the work contemplated under the use of that language, as was disclosed in the discussion here in the committee, contemplates that in the course of these experiments and development work there should be constructed and procured for the purpose of such development and for the purpose of experimentation an aircraft of some type, that would not necessarily take the appropriation or the purpose of the appropriation from the main purpose of experiments and development work and put it in the class of increasing the ships of the Navy. If, incidentally, in order to successfully and completely carry on experiments, it is necessary to construct parts or an entire airship, the construction or the procurement of the airship is for purposes of experimentation and development work for the purpose of learning something about that type of aircraft, and not for the purpose of adding a ship to the Naval Establishment.

The distinction is perfectly clear and it is the purpose for which this work is carried on or the reason for the procurement of this airship, whether it is to learn something by experiment or to increase our Naval Establishment, that must govern in which class the appropriation falls.

Now, as to any statute law authorizing the carrying on of experiments and development work on types of aircraft, in the first session of the Sixty-fourth Congress, 1916, there was carried in the bill making appropriations for the Naval Establishment the following language which in the mind of the Chair is an authorization:

For laboratory and research work on the subject of gun erosion, torpedo motive power, the gyroscope, submarine guns, protection against submarine, torpedo, and mine attack, improvement in submarine attachments, improvement and development in submarine engines, storage batteries, and propulsion, airplanes, and aircraft, improvement in radio installations, and such other necessary work for the benefit of the Government service, including the construction, equipment, and operation of a laboratory, the employment of scientific civilian assistants as may become necessary, to be expended under the direction of the Secretary of the Navy, $1,000,000.

And it contains the following proviso:

Provided further, That the Secretary of the Navy shall make detailed reports to the Congress not later than June 30, 1917, and annually thereafter showing the manner in which all expenditures hereunder have been made.

This authorizes the carrying on of experiments for other purposes, for improvement in the development of submarine engines, storage batteries, airplanes and aircraft, and that it is not limited to the year for which the appropriation is authorized but establishes authority to carry on such work not limited to the specific appropriation carried in the paragraph, is shown by the authority to construct, equip, and operate a laboratory, and is further shown by the proviso that the Secretary of the Navy shall make detailed reports to Congress not later than June 30, and annually thereafter, showing the way in which all expenditures thereunder have been made. Necessarily this must be an authorization for carrying on this experimental work not limited to the fiscal year for which the appropriation is made, or else there would be no provision for annual reports thereafter or for the maintenance and operation of a laboratory. Consequently, there is in that section of the naval act of 1916 authority for experiments and development work on all types of aircraft.

The question need not be based solely upon this paragraph in the act of 1916. The law creating the Bureau of Aeronautics, as stated in paragraph 502 (a) of the cumulative supplement to the statutes of the United States, reads as follows:

There is hereby created and established in the Department of the Navy a Bureau of Aeronautics, which shall be charged with matters pertaining to naval aeronautics as may be prescribed by the Secretary of the Navy.

This establishes the Bureau of Aeronautics, and nowhere defines any duties or puts upon it any obligations or vests it with any authority to carry on any functions, save in the blanket term "as may be prescribed by the Secretary of the Navy."

In 1921 the Secretary of the Navy prescribed what work with respect to aeronautics and incidental to aeronautics the bureau should carry on; and in that order prescribing the functions of the bureau in accordance with the basic law, he stated experimental work and development work with respect to types of aircraft. Consequently the basic act, giving the Secretary of the Navy power to prescribe what work with reference to aeronautics should be carried on by the bureau, gives the bureau the power to carry on the work in this language for continuing experiments and development work on all types of aircraft.

The Chair need not rely upon his own opinion alone in this decision. If the committee will turn to an earlier section of this very bill making appropriations for the Bureau of Ordnance, they will find on page 28 of the bill the following language:

For experimental work in the development of armor-piercing and other projectiles, fuses, powders, and high explosives in connection with problems of the attack of armor with direct and inclined fire at various ranges, including the purchase of armor, powder, projectiles, and fuses for the above purposes and of all necessary material and labor in connection therewith; and for other experimental work under the cognizance of the Bureau of Ordnance in connection with the development of ordnance material for the Navy, $190,000.

The act creating the Bureau of Ordnance no more defines the functions of the Bureau of Ordnance than the law creating the Bureau of Aeronautics defines the functions of the Bureau of Aeronautics. The Bureau of Ordnance has to do with what a naval establishment ordinarily and usually may and properly does do with respect to its ordnance, and the Bureau of Aeronautics has to do with respect to what a naval establishment may do with regard to the procurement, development, the construction, the maintenance, and operation of aircraft.

Now, that also rests on a decision that was rendered February 12, 1921, in the same Congress, Sixty-sixth Congress, third session, by Mr. Walsh, who was Chairman of the Committee of the Whole House on the state of the Union when the naval appropriation bill was under discussion. A point of order was lodged against this appropriation for experimental work in the Bureau of Ordnance that is carried to-day in this bill. The Chairman, Mr. Walsh, ruled—

But the question seems to resolve itself into one as to whether this work is necessarily incidental to the proper conduct of one of the recognized and legally established bureaus of the Navy Department, and that it may make experiments with projectiles, armor, high explosives, and other facilities which are necessarily a part of naval ships, or which may be included in the proper work of the Navy under this particular bureau.

That language is absolutely applicable to the experimental work appropriated for in these words with respect to the functions of the Bureau of Aeronautics. It is appropriate and incidental to the maintenance of aircraft and a floating Navy that they carry on experiments and development work, and it is expressly authorized by Congress in 1916 in the paragraph I cited earlier in my remarks. The only question that might occasion any doubt is whether, if in the course of this experimental work and development work, this attempt to learn something further about types of aircraft, it becomes necessary or desirable to construct an aircraft not primarily to add to the Navy but to construct something in an experimental way, that brings us within paragraph 13. The Chair does not think so, and consequently overrules the point of order.

Mr. BUTLER. Now, Mr. Chairman, I respectfully appeal from the decision of the Chair. We are entitled to debate under the five-minute rule.

The CHAIRMAN. The Chair will request the gentleman from New York [Mr. SNELL] to take the chair. The Chair desires to state before he yields the chair with respect to the points of order made by the gentleman from Texas [Mr. BLANTON] that the appropriations are either authorized by law or in continuation of public works, and he therefore overrules the points of order made by the gentleman from Texas.

Mr. SNELL took the chair.

Mr. CRISP. Mr. Chairman, I am not going to debate this appeal. I simply rose to utter my dissent from one provision that the Chair announced in his decision. I had my say so before the Chair ruled, and therefore I am not going to repeat. The Chair stated that under the Rules of the House the Chair could not look behind anything that was in the bill; that he had to rule on the language in the bill and could not take cognizance of anything that transpired in the committee, or go beyond the words in the bill. I can not let that go unchallenged, for I do not believe it is correct.

The Committee on Appropriations with their adroitness, as demonstrated in this bill, can bring in an item of appropriation for an object that is entirely authorized under the law and have a proviso that a certain amount is to be made immediately available. The hearings may show that the money to be used is for something clearly without any connection whatever with the amount of the appropriation, and yet under the ruling of the Chair he could not take cognizance or go behind the language of the bill. I can not permit that assertion to go unchallenged.

Mr. TILSON. Will the gentleman yield?

Mr. CRISP. I will.

Mr. TILSON. Does not the gentleman admit that money expended under the language here used, if it should prove to have been expended in an unlawful manner in a way that is not provided for by law, would come under the supervision of the Comptroller General and be stopped by him?

Mr. CRISP. In my judgment the Comptroller General will not pass this.

Mr. BUTLER. Has not the Chair decided that there is no authority whatever in this Apppropriation Committee to report a measure in favor of the construction of new aircraft? Has not he so decided and ruled against it?

Mr. CRISP. I understand the ruling of the Chair was that it was authorized under the law to make investigations and therefore overrules the point of order. I am not going to discuss the matter any further. I will not discuss the appeal, because I have had my say so, but I did want to dissent from the proposition that the Chair could not go behind the mere words in the language that the bill brought in.

Mr. BUTLER. Mr. Chairman, I want simply to go on record here as protesting against the proposed contract. Gentlemen may do as they please, but I want to protest against it, and I want to go on record as such.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. TILSON. What the gentleman says may be very persuasive as against making this appropriation, and yet not at all persuasive as to whether or not it is in order under the Rules of the House.

Mr. BUTLER. But the gentleman from Connecticut was not here.

Mr. TILSON. Oh, yes; I have been here all the time.

Mr. BUTLER. When it was plainly shown that the purpose of this is to go into a contract with a number of builders to construct an airship.

Mr. TILSON. Why does not the gentleman offer an amendment to strike out the provision? That is the direct way to get at it. It would then come to a vote on its merits. It would then be the time to discuss the merits of the proposition.

Mr. BUTLER. And then the precedent is established and the law is fixed that hereafter this can be done. Therefore, I ask the House to fix it by vote. If they want to go into it, there is no use going any further. There is no way of getting a roll call on it or I would demand it.

Mr. CRAMTON. Mr. Chairman, I simply call the attention of the committee to this situation. The gentleman from Pennsylvania [Mr. BUTLER] speaks of establishing a precedent. The question now before the committee is as to whether or not the decision of the Chairman of the Committee of the Whole House shall be sustained. If he is right from a parliamentary standpoint, he should be sustained. He is entitled to that, no matter what may be the merits concerning the wisdom of the building of the particular craft proposed. Further, if this committee overrules the Chair and does not sustain him, what is then the effect, what is then the precedent that is established? Then the language to which the gentleman from Pennsylvania raises the point of order goes out of the bill; and it not only goes out of this bill, but you have in the books a precedent that never again until there is legislation can any naval appropriation bill carry this language. Here is the language that will be stricken out and that is the precedent that will be established if you overrule the decision of the Chair—

for continuing experiment and development work on all types of aircraft.

I do not believe that we want a precedent established that it is not in order on a naval appropriation bill to make an appropriation for experiments and development work on types of aircraft, especially in view of the statutes that have been cited by the Chair showing clearly that experiments and development work on types of aircraft are authorized by law.

Mr. TILSON. Mr. Chairman, just a word. It seems to me that what the gentleman from Michigan [Mr. CRAMTON] has just said should carry great weight with every Member of this House. So far as the question that we are immediately considering is concerned, it is whether the language "for continuing experiments and development on all types of aircraft" shall be a work for which the House may properly appropriate in a Naval Establishment appropriation bill. If the decision of the Chair is overruled, then the House has decided that it is no longer in order to appropriate for a continuation of experiments and development work on any type of aircraft. The gentleman from Pennsylvania has an adequate remedy.

Mr. BUTLER. I know what the remedy is.

Mr. TILSON. He can move to strike the objectionable provision from the bill, and then it is presented to us upon its merits, but if the gentleman asks us to vote to overrule a decision of the Chair, that is eminently correct as a parliamentary proposition, he would thereby do violence to the rules and establish a precedent that is dangerous. Instead of going directly to the point and asking that it be stricken out, he is proceeding indirectly over a route fraught with danger.

Mr. BUTLER. Will the gentleman vote to strike it out?

Mr. TILSON. The gentleman will consider the merits of the proposition when it is presented.

Mr. BUTLER. We have considered the merits of it. Why does the gentleman take the position that under the guise of one word you can violate the rules of the House?

Mr. TILSON. The Comptroller General will see that the law is not violated, and that expenditures are made in accordance with law.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the committee?

The question was taken; and the Chair having announced himself in doubt, the committee divided, and there were—ayes 95, noes 66.

So the decision of the Chairman stood as the judgment of the committee.

Mr. BUTLER. Now, Mr. Chairman, I move to strike the language from the amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

Mr. BUTLER. So it may be understood, Mr. Chairman, I move to strike from the bill the language, beginning on line 5, which the Chair has ruled on:

For continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment to the amendment offered by the gentleman from Idaho, which the Clerk will report.

The Clerk read as follows:

Strike out the words, in the amendment offered by the gentleman from Idaho, "for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately."

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise.

Mr. BLANTON. Will the gentleman withhold that for a moment?

Mr. FRENCH. I will.

Mr. BLANTON. I desire to ask unanimous consent to revise and extend the remarks I made this afternoon on the Bureau of Navigation.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The gentleman from Idaho moves that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 7554, had come to no resolution thereon.

ORDER OF BUSINESS

Mr. TILSON. Mr. Speaker, I should like to propound a unanimous-consent request, and for that purpose ask the attention of all the membership of the House. It is apparent that the Navy Department appropriation bill is going to be finished somewhat earlier than we had anticipated. For the next bill to follow it was contemplated that we consider the so-called cooperative marketing bill from the Committee on Agriculture. This bill has a unanimous report from that committee. It was intended to bring in a special rule to-morrow for the consideration of the bill on next Monday, but if we finish the Navy bill to-morrow in time I should like to take up the other bill at once. Therefore, I now ask unanimous consent that without a rule the cooperative marketing bill be in order for consideration under the general rules of the House immediately following the Navy bill. This would obviate the necessity of calling the Committee on Rules together to bring in a rule to make the cooperative marketing bill in order.

Mr. AYRES. Do I understand the gentleman from Connecticut to state that that bill will be taken up to-morrow under the general rules of the House when we finish the consideration of this bill?

Mr. TILSON. Yes; under the general rules of the House, instead of having a special rule.

Mr. OLDFIELD. What time does the gentleman expect to finish this bill to-morrow?

Mr. TILSON. It looks now, so far as I can tell, that it will be early——

Mr. OLDFIELD. An hour or so?

Mr. TILSON. There are not many more contested points, and we can probably finish by 2 o'clock.

Mr. OLDFIELD. Will we finish the cooperative marketing bill to-morrow?

Mr. TILSON. It is not anticipated that bill will be finished to-morrow.

Mr. CRISP. It has a unanimous report?

Mr. TILSON. Yes.

Mr. BLANTON. For the information of those concerned, will the gentleman state what he expects to do about District day on next Monday?

Mr. TILSON. If the District Committee has business which it wishes to transact——

Mr. BLANTON. I wanted to know what we could expect on Monday.

Mr. TILSON. Has it any business?

Mr. BLANTON. There are several bills on the calendar.

Mr. TILSON. Will they take any considerable length of time?

Mr. BLANTON. There are some bills which, if they are called up, will take some time if there is a disposition on the part of some to go into them.

Mr. TILSON. I hope that we may finish the cooperative marketing bill to-morrow and Monday.

Mr. BLANTON. I think two hours on Monday should finish the District business. It ought to be taken up Monday.

Mr. TILSON. I hope to give the gentleman's committee the opportunity he desires on Monday.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. TILSON. Yes.

Mr. SNELL. I understand your unanimous-consent request would give the cooperative marketing bill opportunity even if we did not have a special rule?

Mr. TILSON. That bill will follow the one now under consideration.

The SPEAKER. Is there objection?

There was no objection.

PRESIDENT'S MESSAGE—REPORT OF THE GOVERNOR OF PORTO RICO (H. DOC. NO. 220)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Insular Affairs and ordered to be printed, together with illustrations:

To the Congress of the United States:

As required by section 1w of the act of Congress of March 2, 1917, entitled "An act to provide a civil government for Porto Rico, and for other purposes," I transmit herewith, for the information of the Congress, the twenty-fifth annual report of the Governor of Porto Rico, including the reports of the heads of the several departments of the government of Porto Rico and that of the auditor, for the fiscal year ended June 30, 1925.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

CALVIN COOLIDGE.

THE WHITE HOUSE, *January 22, 1926.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GALLIVAN (at the request of Mr. DOUGLASS), indefinitely, on account of illness.

To Mr. TAYLOR of Tennessee, indefinitely, on account of sickness in his family.

ADJOURNMENT

Mr. FRENCH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Saturday, January 23, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

298. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the War Department for the fiscal year ending June 30, 1926, for the National Home for Disabled Volunteer Soldiers, amounting to $91,000 (H. Doc. No. 224); to the Committee on Appropriations and ordered to be printed.

299. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the fiscal year 1925 for the Department of Justice, $180,000; also proposed legislation authorizing the use of the appropriation for the Federal Industrial Institution for Women for the construction, in cooperation with the town of Alderson, of a road connecting the institution grounds with the public highways (H. Doc. No. 225); to the Committee on Appropriations and ordered to be printed.

300. A communication from the President of the United States, transmitting proposed paragraph of legislation for inclusion in the estimate for 1927 for the appropriation "Collecting statistics, Bureau of Census," Department of Commerce (H. Doc. No. 226); to the Committee on Appropriations and ordered to be printed.

301. A communication from the President of the United States, transmitting a supplemental estimate of appropriation under the legislative establishment, House of Representatives, fiscal year 1927, $7,500 (H. Doc. No. 227); to the Committee on Appropriations and ordered to be printed.

302. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Agriculture for the eradication of tuberculosis, Bureau of Animal Industry, for the fiscal year ending June 30, 1926, to remain available until June 30, 1927, $350,000 (H. Doc. No. 228); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SWING: Committee on the Public Lands. H. R. 5961. A bill granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes; without amendment (Rept. No. 141). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 3511) granting a pension to Joann Thornton; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8069) granting an increase of pension to Mary E. Croshier; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8070) granting an increase of pension to Emma L. Jesser; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 1138) to correct the military record of Clifford W. Pixley; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 6489) granting a pension to George W. King; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JENKINS: A bill (H. R. 8182) to amend the immigration act of 1917; to the Committee on Immigration and Naturalization.

By Mr. JONES: A bill (H. R. 8183) to authorize the discharge of any person under 21 years of age enlisting in the naval service or Marine Corps without the written consent of the parent or guardian; to the Committee on Naval Affairs.

By Mr. LEAVITT: A bill (H. R. 8184) to authorize the Secretary of the Interior to purchase certain land in California to be added to the Cahuilla Indian Reservation and authorizing an appropriation of funds therefor; to the Committee on Indian Affairs.

Also, a bill (H. R. 8185) to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled "An act to provide for the allotment of lands of the Crow Tribe, for distribution of tribal funds, and for other purposes"; to the Committee on Indian Affairs.

Also, a bill (H. R. 8186) to authorize the Secretary of the Interior to purchase certain lands in California to be added to the Santa Ysabel Indian Reservation and authorizing an appropriation of funds therefor; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H. R. 8187) to authorize the appointment of a Second Assistant Secretary of the Navy; to the Committee on Naval Affairs.

By Mr. RAINEY: A bill (H. R. 8188) providing for the erection of a public building at Havana, Ill., on a site heretofore provided for the same; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8189) providing for the erection of a public building at Carrollton, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. SWING: A bill (H. R. 8190) authorizing the construction of a bridge across the Colorado River near Blythe, Calif.; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Kentucky: A bill (H. R. 8191) to authorize the enlargement, extension, and remodeling of the Federal building at Ashland, Ky.; to the Committee on Public Buildings and Grounds.

By Mr. SUTHERLAND: A bill (H. R. 8192) authorizing the designation of postmasters by the Postmaster General as disbursing officers for the payment of contractors, emergency carriers, and temporary carriers for performance of authorized service on power-boat and star routes in Alaska; to the Committee on the Post Office and Post Roads.

By Mr. HICKEY: A bill (H. R. 8193) to amend section 22 of Title II of the national prohibition act; to the Committee on the Judiciary.

By Mr. SOSNOWSKI: A bill (H. R. 8194) to legalize the residence of certain aliens in the United States under the immigration laws, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. ALMON: A bill (H. R. 8195) to regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon; to the Committee on the Post Office and Post Roads.

By Mr. COLTON: A bill (H. R. 8196) to provide for the establishment in the Department of Agriculture of a grazing board and to authorize said board to fix fees to be charged for grazing on the national forests; to the Committee on Agriculture.

By Mr. ZIHLMAN: A bill (H. R. 8197) to amend the act approved June 3, 1896, entitled "An act to establish and provide for the maintenance of a free public library and reading room in the District of Columbia"; to the Committee on the District of Columbia.

Also, a bill (H. R. 8198) to provide for the appointment of an additional counsel for the Public Utilities Commission of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mrs. ROGERS: A bill (H. R. 8199) to amend an act entitled "World War veterans' act of 1924," as amended, approved June 7, 1924; to the Committee on World War Veterans' Legislation.

By Mr. KNUTSON: A bill (H. R. 8200) prohibiting the use of the words "Army or Navy," or both, in the name of a store or company engaged in mercantile business; to the Committee on the Judiciary.

By Mr. McLEOD: A bill (H. R. 8201) to authorize the widening of Harvard Street in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. MORIN: A bill (H. R. 8202) to authorize the Secretary of War to transfer to the Treasury Department for quarantine purposes a portion of La Costa Island, Fla.; to the Committee on Military Affairs.

Also, a bill (H. R. 8203) to authorize the Secretary of War to transfer to the Treasury Department a portion of the Fort Clinch Military Reservation on Amelia Island, Fla.; to the Committee on Military Affairs.

Also, a bill (H. R. 8204) to amend the act approved Mar. 3, 1925 (43 Stat. 1109), relating to the restoration of Fort McHenry; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 8205) to amend the act entitled "An act for making further and more effectual provisions for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes; to the Committee on Military Affairs.

By Mr. NEWTON of Minnesota: A bill (H. R. 8206) to amend the interstate commerce act by providing that telegraph and telephone and cable companies shall be made subject to the act and be required to file and publish tariffs and be liable for damages sustained by any persons by reason of the negligence or omission of such company; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALMON: A bill (H. R. 8207) granting a pension to Willie Ann Davis; to the Committee on Invalid Pensions.

By Mr. ARNOLD: A bill (H. R. 8208) granting an increase of pension to Nancy E. Stanley; to the Committee on Invalid Pensions.

By Mr. BEGG: A bill (H. R. 8209) granting an increase of pension to Mary E. Hackett; to the Committee on Invalid Pensions.

By Mr. BOWMAN (by request): A bill (H. R. 8210) granting a pension to Elizabeth C. Waters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8211) granting an increase of pension to Anna B. Mount; to the Committee on Pensions.

Also, a bill (H. R. 8212) granting an increase of pension to Isabell Congo; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8213) granting an increase of pension to Harriet Donohue; to the Committee on Invalid Pensions.

By Mr. BRIGGS: A bill (H. R. 8214) granting an increase of pension to Celia Ann Powell; to the Committee on Invalid Pensions.

By Mr. COLTON: A bill (H. R. 8215) to recognize and reward the accomplishment of Lieut. Russell L. Maughan in making the first dawn-to-dusk flight across the United States from New York to San Francisco, Calif.; to the Committee on Military Affairs.

By Mr. CRUMPACKER: A bill (H. R. 8216) granting a pension to Sarah M. Robbins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8217) for the relief of Ralph Ackley Land Co. (Inc.), and others; to the Committee on Claims.

Also, a bill (H. R. 8218) for the relief of M. Seller & Co.; to the Committee on Claims.

Also, a bill (H. R. 8219) for the relief of Portland Iron Works; to the Committee on Claims.

Also, a bill (H. R. 8220) for the relief of Homer Harrington; to the Committee on Claims.

Also, a bill (H. R. 8221) for the relief of J. C. Glover; to the Committee on Claims.

Also, a bill (H. R. 8222) for the relief of Walter Haeper; to the Committee on Claims.

Also, a bill (H. R. 8223) for the relief of LaRoy Young; to the Committee on Claims.

Also, a bill (H. R. 8224) for the relief of Willis E. Young; to the Committee on Claims.

Also, a bill (H. R. 8225) for the relief of Garrett Mahoney; to the Committee on Naval Affairs.

By Mr. DAVENPORT: A bill (H. R. 8226) granting an increase of pension to Harriet Reese; to the Committee on Invalid Pensions.

By Mr. DEAL: A bill (H. R. 8227) for the relief of Bessie B. Hurd; to the Committee on Claims.

By Mr. FREE: A bill (H. R. 8228) for the relief of Pedro Chaboya; to the Committee on War Claims.

By Mr. FULLER: A bill (H. R. 8229) granting a pension to Mary Lyon Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8230) granting an increase of pension to Abbie R. Snow; to the Committee on Invalid Pensions.

By Mr. GARDNER of Indiana: A bill (H. R. 8231) granting a pension to Oliver H. Callam; to the Committee on Invalid Pensions.

By Mr. HADLEY: A bill (H. R. 8232) for the relief of John Cain; to the Committee on War Claims.

By Mr. HOGG: A bill (H. R. 8233) granting a pension to Sarah A. Dilley; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Indiana: A bill (H. R. 8234) granting a pension to William M. Holt; to the Committee on Invalid Pensions.

By Mr. KELLY: A bill (H. R. 8235) for the relief of Edna Morris; to the Committee on Claims.

By Mr. LEAVITT: A bill (H. R. 8236) to authorize the Secretary of the Interior to pay to Robert Toquothty royalties arising from an oil and gas well in the bed of the Red River; to the Committee on Indian Affairs.

By Mr. LETTS: A bill (H. R. 8237) for the relief of Lieut. Christian P. Schwarz; to the Committee on Naval Affairs.

By Mr. MENGES: A bill (H. R. 8238) granting an increase of pension to Leah Senft; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8239) granting an increase of pension to Catharine Tarbert; to the Committee on Invalid Pensions.

By Mr. MOONEY: A bill (H. R. 8240) for the relief of William J. Murphy; to the Committee on Claims.

By Mr. MOORE of Virginia: A bill (H. R. 8241) granting a pension to Minnie Broderick; to the Committee on the District of Columbia.

By Mr. O'CONNELL of Rhode Island: A bill (H. R. 8242) granting an increase of pension to Clara H. Bailey; to the Committee on Invalid Pensions.

By Mr. RAGON: A bill (H. R. 8243) making eligible for retirement under the same conditions as now provided for officers of the Regular Army Capt. Oliver A. Barber, an officer of the United States Army during the World War, who incurred physical disability in line of duty; to the Committee on Military Affairs.

By Mr. RAINEY: A bill (H. R. 8244) granting a pension to Charles McCord; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8245) granting a pension to Alice Blackstun; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8246) granting an increase of pension to Mary A. Austin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8247) granting a pension to Mary E. Dunlap; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8248) granting a pension to Mary Heinz; to the Committee on Invalid Pensions.

By Mr. REID of Illinois: A bill (H. R. 8249) granting a pension to Julia H. Piatt; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 8250) granting an increase of pension to Polly Saylor; to the Committee on Invalid Pensions.

By Mr. SINNOTT: A bill (H. R. 8251) granting an increase of pension to Ann E. Krewson; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 8252) granting an increase of pension to Catharine Jane Campbell; to the Committee on Invalid Pensions.

By Mr. SUTHERLAND: A bill (H. R. 8253) for the relief of Thomas H. Deal; to the Committee on Claims.

By Mr. TABER: A bill (H. R. 8254) granting a pension to Addie Allen; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 8255) granting an increase of pension to Gen. B. Cherry; to the Committee on Pensions.

By Mr. TINCHER: A bill (H. R. 8256) granting an increase of pension to Melissa A. Schneck; to the Committee on Invalid Pensions.

By Mr. TYDINGS: A bill (H. R. 8257) for the relief of Rose Bungori; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H. R. 8258) granting a pension to Annie Bryant; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8259) granting a pension to Grace E. Grinsted; to the Committee on Invalid Pensions.

By Mr. WHEELER: A bill (H. R. 8260) granting a pension to Mary E. R. Simmennaker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8261) granting an increase of pension to Ruth M. E. Standage; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8262) granting an increase of pension to Frances Back; to the Committee on Invalid Pensions.

By Mr. ZIHLMAN: A bill (H. R. 8263) granting an increase of pension to Lawrence L. Dunning; to the Committee on Pensions.

By Mr. SUTHERLAND: Joint resolution (H. J. Res. 129) authorizing a preliminary examination or survey of William Henry Bay, Alaska; to the Committee on Rivers and Harbors.

By Mr. HUDSON: Resolution (H. Res. 100) to pay to Katherine M. Johnson $186.66 and to George L. Clark $146.66 as clerk hire to the late Hon. Arthur B. Williams; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

426. By Mr. ADKINS: Petition of Mr. Charles D. Boyles, of Chicago, Ill., presenting an amendment to House bill 3904 which will protect the seedsmen from penalties of the bill where it is impossible for them to distinguish the difference between the different varieties of seeds, bulbs, etc.; to the Committee on Interstate and Foreign Commerce.

427. By Mr. BRYNS: Evidence in support of House bill 7198 granting an increase of pension for William A. Hamilton; to the Committee on Pensions.

428. By Mr. COYLE: Evidence in support of House bill 7693, granting an increase of pension to Hannah G. Link; to the Committee on Invalid Pensions.

429. By Mr. FULLER: Petition of the Board of Supervisors of De Kalb County with reference to the testing, destruction, and appraisal of tubercular cattle and the payment for cattle destroyed; to the Committee on Appropriations.

430. Also, petition of Miss Jane Addams, of Hull House, Chicago, and various other organizations favoring strict enforcement of the prohibitory law; to the Committee on the Judiciary.

431. Also, petition of the Chicago Post Office Clerks Union No. 1, recommending certain legislation to remedy conditions in the present retirement law; to the Committee on the Civil Service.

432. Also, petition of the American Woman's Council of Justice opposing the passage of any legislation that would create a department of education; to the Committee on Education.

433. By Mr. GALLIVAN: Petition of T. F. Sullivan, adjutant, General Henry W. Lawton Camp No. 11, Department of Massachusetts, United Spanish War Veterans, Springfield, Mass., recommending early and favorable consideration of House bill 98; to the Committee on Pensions.

434. By Mr. KELLY: Petition of the First Christian Church, of McKeesport, Pa., protesting against weakening of the Volstead law; to the Committee on the Judiciary.

435. By Mr. KING: Petition signed by William Melvin and 65 other citizens of Quincy, Ill., in support of legislation for the relief of Spanish-American War veterans; to the Committee on Pensions.

436. By Mr. LEAVITT: Petition of the Woman's Clubs at Harrison, Washoe, Anaconda, St. Ignatius, Fort Benton, Havre, and Libby, Mont., urging extension of the life of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

437. By Mr. MOONEY: Petition of Cleveland Federation of Labor, indorsing investigation of merger of bakery interests; to the Committee on Interstate and Foreign Commerce.

438. Also, petition of Jewish Progressive Benevolent Association, indorsing Wadsworth-Perlman immigration bill; to the Committee on Immigration and Naturalization.

439. By Mr. YATES: Evidence in support of House bill 7810, granting a pension to Cora Murphy; to the Committee on Invalid Pensions.

440. Also, evidence in support of House bill 7244, granting a pension to Eva A. Blanchard; to the Committee on Invalid Pensions.

SENATE

SATURDAY, *January 23, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled, in open executive session, at 11 o'clock a. m., on the expiration of the recess.

Mr. NORRIS obtained the floor.

Mr. LENROOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield.

SENATOR FRANK L. GREENE, OF VERMONT

Mr. LENROOT. Mr. President, the Senator from Vermont [Mr. GREENE] requested me to announce that he was absent from the Chamber yesterday and did not have an opportunity to sign the motion that was presented yesterday afternoon under Rule XXII; and that if he had had such an opportunity he would have signed it.

CALL OF THE ROLL

Mr. MOSES. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. REED of Missouri. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Fletcher	McKellar	Robinson, Ind.
Bingham	Frazier	McLean	Sackett
Blease	George	McMaster	Schall
Borah	Gerry	McNary	Sheppard
Bratton	Gillett	Mayfield	Shipstead
Bruce	Goff	Means	Shortridge
Butler	Gooding	Metcalf	Simmons
Cameron	Greene	Moses	Smith
Capper	Hale	Neely	Smoot
Caraway	Harreld	Norbeck	Stephens
Couzens	Harris	Norris	Swanson
Cummins	Harrison	Nye	Trammell
Curtis	Heflin	Oddie	Tyson
Dale	Johnson	Overman	Underwood
Deneen	Jones, N. Mex.	Pepper	Wadsworth
Dill	Jones, Wash.	Phipps	Walsh
Edwards	Kendrick	Pine	Warren
Ernst	Keyes	Ransdell	Watson
Fernald	King	Reed, Mo.	Wheeler
Ferris	La Follette	Reed, Pa.	Williams
Fess	Lenroot	Robinson, Ark.	Willis

The VICE PRESIDENT. Eighty-four Senators having answered to their names, a quorum is present.

ACTIVITIES OF FORMER JUSTICE JOHN H. CLARKE

Mr. MOSES. Mr. President, toward the close of the session of the Senate yesterday a certain colloquy occurred with reference to the activities of former Supreme Court Justice John H. Clarke, and there was some comment upon the activities of an organization of which he is a member and president. This morning I have received a letter from a constituent of the Senator who raised the question, inclosing a copy of a letter sent out by Mr. Justice Clarke's association which will probably shed some illumination upon the subject that was under discussion. I ask that the association's letter may be read.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

THE LEAGUE OF NATIONS NONPARTISAN ASSOCIATION (INC.),
NATIONAL HEADQUARTERS,
New York, N. Y., January 15, 1926.

Mr. LOUIS K. BIRINYI,
Attorney and Counselor at Law,
8815 Buckeye Road, Cleveland, Ohio.

DEAR MR. BIRINYI: Recently we have had occasion to send you literature concerning the League of Nations or some phase of the international situation. We trust, therefore, that we may be able to interest you in our association and also in our immediate campaign.

We stand on the threshold of adherence to the World Court. We must go on! You know why—as millions of others know why! In this matter at last your voice seems about to be heard.

But there is the League of Nations. Still we linger far behind the procession of nations which are sharing in the truly triumphant march of progress of this institution for constructive cooperation. Locarno and the Greco-Bulgarian settlement are history! Next year other epoch-making conferences are planned on economics and disarmament—and we, self-admitted leaders of the world, will watch from afar!

The League of Nations Nonpartisan Association has a great work to do in continuing to maintain public opinion favorable to the World Court and to cultivate and organize it for the league. Happily, the unusual progress of events in the last few months makes this a favorable time for us to develop and intensify our program. We earnestly urge you to come in with us now, if you are not already a member.

All members receive copies of the League of Nations News—a monthly publication with articles of fact, serving to reveal the behind-the-scenes, daily struggle for world peace, and other articles of opinion and interpretations showing the world's appraisal of results achieved. The News also contains a monthly digest of world affairs, which is an invaluable aid for the information of all those interested in international progress.

Please do not delay. Each new member enrolled is a step forward in our campaign. We are inclosing a pamphlet outlining the details of our organization, together with an enrollment form giving the different classifications of membership.

Very truly yours,

CHARLES C. BAUER,
Executive Director.

The object:

1. To urge in every possible manner the adherence of the United States to the Permanent Court of International Justice on the terms recommended by Presidents Harding and Coolidge.

2. To make the value of American membership in League of Nations known to the people of the United States.

3. To inform regarding league and court all candidates for the Presidency, the Senate, House of Representatives, governorship of States, and delegates to national political conventions and secure from them pledges of support for American membership therein.

As in legislative session,

PETITIONS AND MEMORIALS

Mr. FESS presented a petition of sundry faculty members of Ohio State University, at Columbus, Ohio, praying the amendment of section 15 of the existing copyright law by inserting in lines 9, 15, 34, and 41 of said section the words "or mimeographic process" after the words "or photo-engraving process," which was referred to the Committee on Patents.

Mr. WILLIS. Mr. President, I present a letter in the nature of a petition from the Cuyahoga County (Ohio) Woman's Christian Temperance Union, signed by Carrie A. Lewis (Mrs. William Lewis), acting president of that organization, in favor of the early adherence of the United States to the World Court.

I also present resolutions adopted by the Ancient Order of Hibernians in the State of Massachusetts in meeting assembled at Boston, and the Steuben Society and United German-American Societies of Mahoning County, Ohio; also a letter from J. A. Downey, Great Titan of Province Six, Realm of Ohio, Knights of the Ku Klux Klan (Inc.), representing numerous voters in the State of Ohio, protesting against the participation of the United States in the World Court. I ask that these papers in the nature of a petition and memorials may lie on the table.

The VICE PRESIDENT. It is so ordered.

Mr. BINGHAM presented a petition of the Young Men's and Young Women's Hebrew Associations, of Hartford, Conn., praying for the passage of legislation amending the

immigration law so as to permit families of citizens and declarants to enter the United States without regard to the immigration quota restrictions, and opposing legislation providing for the registration and finger-printing of aliens, which was referred to the Committee on Immigration.

He also presented a petition of the executive committee of the New Britain (Conn.) Civic Safety League, praying for the passage of more adequate prohibition enforcement legislation, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Manufacturers Association of Connecticut (Inc.), expressing gratification at the terms of the debt-settlement agreement with the Government of Italy and recommending that the Government of France be requested to again take up the debt-settlement question with this country with a view to the prompt disposition thereof, which was ordered to lie on the table.

He also presented petitions and papers in the nature of petitions from sundry students of the Yale Divinity School; members of the Monday Club, of New Milford; the Chamber of Commerce of Branford; and the board of directors of the Women's Republican Club, of Hartford, all in the State of Connecticut, in favor of the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented resolutions adopted at a mass meeting of 1,200 citizens at Manchester, Conn., favoring the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented memorials and papers in the nature of memorials from the Ladies Auxiliary, A. O. H., Division No. 5, of Waterbury; the Ladies Auxiliary, A. O. H., Division No. 1, of Naugatuck; the Father McKeown Branch, A. O. H., of New Haven; 85 citizens of New Haven and 75 citizens of Fairfield County, all in the State of Connecticut, protesting against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. BAYARD (for Mr. STANFIELD), from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 451) for the relief of the city of Baltimore (Rept. No. 74); and

A bill (S. 2096) to extend the benefits of the United States employees' compensation act of September 7, 1916, to Clara E. Nichols (Rept. No. 75).

Mr. BINGHAM, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 2288) granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill. (Rept. No. 76);

A bill (S. 2472) to authorize the construction of a bridge across the Fox River, in Kane County, Ill. (Rept. No. 77);

A bill (S. 2473) granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River (Rept. No. 78);

A bill (H. R. 172) to extend the time for the construction of a bridge across the Mississippi River at or near the village of Clearwater, Minn. (Rept. No. 79);

A bill (H. R. 173) to extend the time for the construction of a bridge across the Rainy River between the village of Spooner, Minn., and Rainy River, Ontario (Rept. No. 80);

A bill (H. R. 3852) to authorize the construction of a bridge over the Columbia River at a point within 2 miles downstream from the town of Brewster, Okanogan County, State of Washington (Rept. No. 81);

A bill (H. R. 4440) granting the consent of Congress to the Board of Supervisors of Clarke County, Miss., to construct a bridge across the Chunky River, in the State of Mississippi (Rept. No. 82);

A bill (H. R. 4441) granting the consent of Congress to the Board of Supervisors of Neshoba County, Miss., to construct a bridge across the Pearl River in the State of Mississippi (Rept. No. 83);

A bill (H. R. 5027) authorizing the construction of a bridge across the Ohio River between the municipalities of Rochester and Monaca, Beaver County, Pa. (Rept. No. 84);

A bill (H. R. 5379) granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River in Cook County, State of Illinois (Rept. No. 85);

A bill (H. R. 5565) granting the consent of Congress to the Civic Club, of Grafton, N. Dak., to construct a bridge across the Red River of the North (Rept. No. 86);

A bill (H. R. 6089) granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian (Rept. No. 87);

A bill (H. R. 6234) to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts to construct a bridge across Palmer River (Rept. No. 88); and

A bill (H. R. 7484) granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark. (Rept. No. 89).

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 2658) to authorize the Secretary of War to fix all allowances for enlisted men of the Philippine Scouts; to validate certain payments for travel pay, commutation of quarters, heat, light, etc., and for other purposes, reported it without amendment and submitted a report (No. 90) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PHIPPS:

A bill (S. 2695) for the adjustment of water-right charges on the Grand Valley irrigation project, Colorado, and for other purposes; to the Committee on Irrigation and Reclamation.

(By request.) A bill (S. 2696) to extend the provisions of section 2 of the act entitled "An act for the promotion of the welfare and hygiene of maternity and infancy, and for other purposes; to the Committee on Education and Labor.

By Mr. CARAWAY:

A bill (S. 2697) granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 2698) authorizing the Secretary of the Interior to equitably adjust disputes and claims of settlers and others against the United States and between each other arising from incomplete or faulty surveys in township 19 south, range 26 east, Tallahassee meridian, Lake County, in the State of Florida; to the Committee on Public Lands and Surveys.

By Mr. JONES of Washington:

A bill (S. 2699) for the relief of John Farrell; and

A bill (S. 2700) to amend the naval record of Frank H. Wilson, alias Henry Wencel; to the Committee on Naval Affairs.

By Mr. WALSH:

A bill (S. 2701) granting an increase of pension to Edyth M. Hulme (with accompanying papers); to the Committee on Pensions.

By Mr. HARRELD (by request in each instance):

A bill (S. 2702) to provide for the setting apart of certain lands in the State of California as an addition to the Morongo Indian Reservation;

A bill (S. 2703) to restore to the public domain certain lands within the Casa Grande Ruins National Monument, and for other purposes;

A bill (S. 2704) to provide for the permanent withdrawal of certain lands bordering on and adjacent to Summit Lake, Nev., for the Paiute, Shoshone, and other Indians;

A bill (S. 2705) to extend the civil and criminal laws of the United States to Indians, and for other purposes;

A bill (S. 2706) to provide for the reservation of certain land in California for the Indians of the Mesa Grande Reservation, known also as Santa Ysabel Reservation No. 1;

A bill (S. 2707) to authorize the Secretary of the Interior to pay to Robert Toquothty royalties arising from an oil and gas well in the bed of the Red River;

A bill (S. 2708) to prohibit Indians or other persons from assaulting or forcibly interfering with officers or employees of the United States Indian Service in or on account of the performance of their official duties;

A bill (S. 2709) to amend section 1 of the act of Congress of March 3, 1921 (41 Stat. L. 1249), entitled "An act to amend section 3 of the act of Congress of June 28, 1906," entitled "An act for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes";

A bill (S. 2710) to authorize the leasing for mining purposes of land reserved for Indian agency and school purposes;

A bill (S. 2711) to provide for the permanent withdrawal of certain described lands in the State of Arizona as a camp ground for the pupils of the Indian School at Phoenix;

A bill (S. 2712) authorizing an appropriation from the tribal funds of the Chippewa Indians of Minnesota for the construction of a road on the Leech Lake Reservation;

A bill (S. 2713) to authorize the Secretary of the Interior to purchase certain lands in California to be added to the Santa Ysabel Indian Reservation and appropriating funds therefor;

A bill (S. 2714) to authorize the cancellation, under certain conditions, of patents in fee simple to Indians for allotments held in trust by the United States;

A bill (S. 2715) to authorize the Secretary of the Interior to purchase certain land in California to be added to the Cahuilla Indian Reservation, and authorizing an appropriation of funds therefor;

A bill (S. 2716) to provide for the collection of fees from royalties on production of minerals from leased Indian lands; and

A bill (S. 2717) to reserve the merchantable timber on all tribal lands within the Klamath Indian Reservation in Oregon, hereafter allotted, and for other purposes; to the Committee on Indian Affairs.

By Mr. UNDERWOOD:

A bill (S. 2718) granting an increase of pension to William E. Sparks; to the Committee on Pensions.

By Mr. GREENE:

A bill (S. 2719) granting an increase of pension to Norman B. Davenport; to the Committee on Pensions.

By Mr. JONES of New Mexico:

A bill (S. 2720) granting a pension to Walter D. Quinn; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 2721) for the relief of Frank A. Kopp; and

A bill (S. 2722) for the relief of the Muscle Shoals, Birmingham & Pensacola Railroad Co., the successors in interest of the receiver of the Gulf, Florida & Alabama Railway Co.; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 2723) granting a pension to Sina J. Sutherland;

A bill (S. 2724) granting a pension to Daniel Flynn; and

A bill (S. 2725) granting an increase of pension to Charles Edson Smith; to the Committee on Pensions.

A bill (S. 2726) for the relief of Austin G. Tainter; to the Committee on Claims.

A bill (S. 2727) to authorize the appropriation of not more than $375,000 for the payment of drainage charges due on the public lands within the counties of Beltrami, Koochiching, and Lake of the Woods, in the State of Minnesota; to the Committee on Public Lands and Surveys.

By Mr. GEORGE:

A bill (S. 2728) to amend the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, as amended; to the Committee on Patents.

By Mr. CAPPER:

A bill (S. 2729) to authorize the refund of $25,000 to the Columbia Hospital for Women and Lying-in Asylum; and

A bill (S. 2730) to amend section 1155 of an act entitled "An act to establish a code of law for the District of Columbia"; to the Committee on the District of Columbia.

A bill (S. 2731) granting an increase of pension to John W. Lowry (with accompanying papers); to the Committee on Pensions.

By Mr. DALE:

A bill (S. 2732) to increase and equalize the rate of pensions to soldiers, sailors, and marines of the Civil War and the war with Mexico, and to their widows, including widows of the War of 1812, and to certain Army nurses; to the Committee on Pensions.

By Mr. SIMMONS:

A bill (S. 2733) for the relief of the State of North Carolina; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 2734) granting a pension to Emily E. Kelley; to the Committee on Pensions.

AMENDMENTS TO PUBLIC BUILDINGS BILL

Mr. UNDERWOOD submitted two amendments intended to be proposed by him to the bill (S. 2007) for the construction of certain public buildings, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. JONES of Washington submitted an amendment intended to be proposed by him to House bill 6707, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed as follows:

On page 84, after line 19, insert:

"Yakima project (Kittitas division), Washington: For continuation of construction and incidental operations, $2,000,000."

AMENDMENT TO TAX REDUCTION BILL

Mr. JONES of New Mexico submitted the following amendment intended to be proposed by him to House bill 1, the tax-reduction bill, which was ordered to lie on the table and to be printed:

On page 334, line 10, insert the following:

"LIBERTY BOND SINKING FUND

"SEC. —. (a) Clause (2) of subdivision (a) of section 6 of the Victory Liberty loan act is amended to read as follows: "(2) the interest (computed semiannually at the rate of 4 per cent per annum) which would have been payable during the fiscal year for which the appropriation is made on the bonds and notes purchased, redeemed, or paid, out of the sinking fund, during such year or in previous years."

"(b) Subdivision (a) of such section 6 is further amended by adding at the end of the first paragraph thereof a new sentence to read as follows: 'In the fiscal year beginning July 1, 1926, and in each fiscal year thereafter, payments (whether in money or in other property) received during such year from foreign governments in respect of their obligations held by the United States, and the proceeds received during such year from the sale of any such obligations shall first be applied against the appropriation made by this section for such year, and any excess shall be applied as otherwise provided by law.'

"(c) This section shall take effect on July 1, 1926."

THE TARIFF COMMISSION

Mr. NORRIS. Mr. President, as I have previously stated, it was during the presidential campaign of 1924 that the Tariff Commission had under consideration the question of the tariff on sugar. The first public hearing on that matter was held in Washington, beginning on the 15th day of January, 1924. The Tariff Commission had the sugar question before it upon an application made to that body under the law by the United States Sugar Association asking for a reduction of the tariff. As before stated, it was very much desired by many people high in authority, including, I think I may say without any contradiction being made, the President of the United States, to prevent an early report of the Tariff Commission. It was desired, as I think the evidence fairly discloses, that the report should be deferred until after the election. It must be remembered that President Coolidge was himself a candidate for President in that election. The Tariff Commission was divided three and three, and so long as they remained divided in that way the work of the commission was blocked.

Prior to this public hearing the commission had made, through its instrumentalities, the force in their office, their experts, and their employees, quite an extended investigation of the tariff on sugar.

Permit me to digress right here, Mr. President, by way of parenthesis, to say that whether there should be a higher or a lower duty or that the duty should remain unchanged on sugar is entirely immaterial in this discussion. The point I wish to make and to bring before the Senate and the country is that there was a demand being made to utilize the Tariff Commission for partisan political purposes. I should like to have those who consider the matter forget, if they can for the time being, what they believe as to whether there should be a high or a low tariff on sugar or whether there should be no tariff. My contention is that according to both the spirit and the letter of the law the Tariff Commission was a quasi judicial body.

In the remarks which I submitted to the Senate some days ago on the work of the Tariff Commission I had reference particularly to Commissioner Lewis and to what happened in his case. To-day I wish to discuss, among other things, Commissioner Culbertson, who was then a member of the Tariff Commission and had been so for a long time; indeed, I think since the establishment of the commission. Commissioner Lewis, Commissioner Culbertson, and Commissioner Costigan were in favor of submitting the report on sugar to the President as soon as possible, while Commissioner Marvin, Commissioner Burgess, and Commissioner Glassie were opposed to that course. During all the time of which I shall speak there was a constant contest going on in the commission, three against three, as to whether or not that body should delay its report to the President. It was generally understood and believed that the first

three commissioners I have named were in favor of recommending to the President a reduction of the tariff on sugar, while the other three members were opposed to that course; and that if the report was made during the campaign it might seriously affect the politics of the situation.

According to my idea—and I believe it is the only correct one—both the spirit and the letter of the law intended that the Tariff Commission should sit as a court, independent of politics, pass on facts, make investigations in a nonpartisan way, and report the truth, recommending whatever it thought the facts justified.

It will be understood now that if one of those three commissioners—for instance, Commissioner Culbertson, could be gotten off the Tariff Commission, then the commissioners opposed to making an early report would have a majority; there would be a vacancy, and the commission would stand three to two.

Just before the commission entered upon its public hearing on the 15th day of January, 1924, which was before the campaign commenced, though at that time everyone knew what the campaign was going to be and who the candidates were going to be, Commissioner Culbertson——

Mr. KING. That is, everyone knew who the Republican candidates were going to be?

Mr. NORRIS. Yes. There was an uncertainty about the Democratic candidates until the Democratic convention had worn itself out. That, however, is all foreign to this discussion.

At the beginning of the special meeting of the Tariff Commission on the 15th of January, 1924, Commissioner Culbertson told his brother commissioners that he had just been offered an appointment to the Federal Trade Commission, which, as I understand, would have brought him an increased salary and which would have left the Tariff Commission three against two in favor of the course that later events will disclose President Coolidge wished to see adopted.

Mr. KING. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. Yes.

Mr. KING. Had Commissioner Culbertson's term then expired?

Mr. NORRIS. No.

Mr. KING. Apparently, then, the offer to him of an appointment on the Federal Trade Commission was merely an effort to get him off the Tariff Commission after the investigation had been made.

Mr. NORRIS. Mr. President, I am going to lay this matter before the Senate without very much comment and let every Senator draw his own conclusions. I think that fact standing alone, if nothing else had occurred or if no other circumstances had afterwards happened, would probably not have justified any criticism of anybody, but that is only one of the appointments which were offered to Commissioner Culbertson, the effect of which, if accepted, would have been to have left a majority of the commission in favor of the ecurse that the politicians, at least in one of the great political parties, were in favor of pursuing. Commissioner Culbertson, however, declined the appointment and continued to remain upon the Tariff Commission.

Commencing then and running along to the 31st day of July there was an attempt to delay any action upon the sugar report, and no report would have been made, and it would have been impossible to do anything if Commissioner Glassie had not later been disqualified, which created a majority of 3 to 2 in favor of making the report without waiting for the election to take place.

There was a meeting in the office of the Senator from Utah [Mr. SMOOT] called some time in May after this quarrel had been going on for a couple of months, to which Mr. Culbertson was invited. I think I can best describe what took place at that meeting by reading a memorandum on the subject made by Commissioner Culbertson himself. The memorandum is as follows:

MAY 24, 1924.

Contemporary memorandum

About 9.30 this morning Senator SMOOT called my office and asked to speak to me. I was not in, but at home. I was advised of Senator SMOOT's call and of his desire to have me call him up, which I did very soon afterwards.

Senator SMOOT stated that yesterday there were gathered in his office 12 or 14 Members of Congress and a representative of the sugar interests, and that they were discussing the investigation of the sugar industry made by the Tariff Commission. Senator SMOOT said that certain statements were made concerning my attitude in the investigation—

"My attitude" means Culbertson's attitude—

concerning my attitude in the investigation, and that he had told those present that he did not care to take time to discuss the matter with them in my absence and that he would, therefore, ask me to be present at a meeting the next day and state whether or not the statements made concerning my attitude were or were not true. He said that this meeting was to be held at 10 o'clock this morning and asked me if I could be present. I told Senator SMOOT that I was not willing "to be tried by the sugar interests," but that I should be very glad to come to his office and talk the situation over.

I reached Senator SMOOT's office about 10 o'clock and had a brief conversation with him alone. He spoke of his connection with the enactment of the flexible tariff provision and of the relation which I had with him at the time this section was being considered by the committee and in Congress. He said that the sugar interests were disturbed over the possibility of our basing our findings on the average of a period of years. He suggested that there was a hostility toward me, based on a fear that I might not be entirely fair to the sugar-producing interests of the country. I made no answer to these suggestions, except to say, in substance, that I would hear what they had to offer, and that my only interest in the subject was to discharge my duties as required by law. Senator SMOOT's attitude toward me was very courteous, and, after a brief conversation together, we went, at his request, to the conference room in the Senate Office Building, just opposite SMOOT's private office. There I found gathered 15 or 20 persons, including Senator PHIPPS, Congressman TIMBERLAKE, and perhaps half a dozen other Congressmen, all of them presumably from districts deeply interested in sugar. In addition the group included Truman G. Palmer, Washington representative of the beet-sugar interests; Mr. Love, also representative of the beet-sugar interests; Mr. Mead, representing the Hawaiian sugar interests; and Mr. Hodges, who represented at our sugar hearing one of the beet-sugar companies of Colorado. Mr. Rogers, representing the Louisiana sugar interests, was not present.

Senator SMOOT made a few remarks in opening concerning his relation to the flexible tariff provision, and then asked Mr. Mead to make any statement that he cared to make concerning the sugar situation. Mr. Mead referred in opening to the wheat report and said that "certain members of the Tariff Commission" had submitted a report upon which the President had based his wheat proclamation and that the principles laid down in that report were in opposition to those advocated by the sugar interests in the hearing before the Tariff Commission. He indicated that they feared the effect of a record based upon the weighted average cost over a period of years and that they disapproved the inclusion of transportation costs if Chicago is to be accepted as the principal competing market. He also referred to the position which he took at the second sugar hearing, namely, that without obtaining the actual cost of producing cane in Cuba our comparisons of Cuban costs with Hawaiian costs would not be satisfactory. His attitude was not that some adjustment should be made to correct this alleged omission, but that our whole investigation was worthless because of this failure to obtain agricultural costs.

I pointed out in answer to Mr. Mead's statement that most of what he had said was a product of unfounded rumor and of fear; that the commission had not reached a conclusion with respect to the sugar case, and that, so far as I was concerned, my mind was entirely open for consideration of our decision upon the basis of the record of the investigation. I pointed out the value to the wheat producer of a rate stabilized upon the basis of a three-year average rather than a fluctuating rate based upon the accidental conditions of a single year.

I quoted Mr. Hodges, who stated at the time of the sugar hearing that it was the function of the commission so to conduct its investigation and make its findings as to project a plateau of costs.

I then stated that apparently my opposition to Mr. Glassie—

I will take that up later; but it was one of the severe contentions that was going on in the commission and had been from the beginning of the sugar investigation.

I then stated that apparently my opposition to Mr. Glassie had led to a belief that I was making an attack upon the sugar industry, but that this attitude is incorrect. I stated that I had no apologies to make for my attitude toward Mr. Glassie's participation in the sugar case and that I would take the same attitude if a similar situation again arose. I said, furthermore, that I thought the worst thing that had happened to the sugar-producing industry of the United States was for Mr. Glassie to sit in the sugar case.

At this point Mr. Mead said that he regretted that Mr. Glassie had sat in the sugar case, and that he thought Mr. Glassie had made a mistake to accept appointment on the Tariff Commission when he knew that the sugar case was coming up. He then added that he thought our method of attacking Mr. Glassie at the time of the hearing was improper. I stated in reply that every effort had been made to persuade Mr. Glassie to recuse himself in the sugar case, but that he had refused to do so, leaving to us no alternative but to make a public issue of the matter.

I said, furthermore, that since the time I had written a book on Alexander Hamilton I had consistently believed in and advocated the

policy of national protection, that my duty now under my oath is to carry out the provisions of the law, and that under the flexible tariff provisions conditions of competition should be equalized through an analysis of the costs of production, and that since the statute in which the section was embodied is a protectionist statute the law should be interpreted sympathetically from the standpoint of the producer. I stated that I thought that the suspicions of unfairness which had been thrown out by Mr. Mead were entirely unwarranted, and that it was to be presumed that commissioners under their oath of office would make a finding upon the record which would be above question.

Mr. Hodges made a brief statement to the effect that he regarded the record before the commission as inadequate to warrant a change in the duty fixed by Congress.

Senator SMOOT'S attitude was conciliatory and even at times defensive of my position. He referred several times to my relation with him in the framing of the flexible tariff provision. However, I was conscious of the fact that this conference was indicative of a drive by the sugar interests to prevent, if possible, a report by the Tariff Commission on sugar; and in my remarks, all of which I have not made note of here, I endeavored to give the sugar interests an assurance of fair treatment at the hands of the Tariff Commission and at the same time to give them to understand that the Tariff Commission is a quasi judicial body, functioning under a principle laid down by Congress, and that the decision which we reach will be made fearlessly and in accordance with the facts warranted by the record, regardless of any outside influence which may be brought to bear.

The conference concluded about 11 o'clock, when I told Senator SMOOT that I had an appointment with the President which I was bound to keep.

That is the end of Mr. Culbertson's memorandum in regard to what happened at this meeting.

Mr. SIMMONS. Mr. President, what was the date of that?

Mr. NORRIS. That was May 24, 1924. I might add that this appointment which Mr. Culbertson had was with President Coolidge, and that he went from this conference to President Coolidge's office and told President Coolidge what had happened at the conference.

Mr. President, we ought, if we can, to visualize that meeting. Here was a body of men called upon to perform a judicial act, to reach a conclusion upon evidence that had been produced and upon investigations which they had made, presumably, and as far as I know, undisputedly in a fair, judicial way all the way through. Here was called together a large number of sugar men, mostly attorneys for sugar interests of various kinds, and into that meeting was invited a member of the court that was going to pass upon their case. Senators may disagree with me as to the propriety of doing such a thing; the country may disagree with me; but if the Tariff Commission is to be of any benefit, if its findings are to have the respect of the people, then it must be that no body of men having a case in court would have any honorable right to call to their conference a member of the court itself having then under consideration the decision of the very case to which they were parties.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator.

Mr. SMOOT. I think that is a very fair statement made by Mr. Culbertson, but he does not call attention to the reason why he was asked to be present at that meeting. The only reason why he was asked there was that the sugar producers felt that their hearings ought to be extended; that they ought to have a further hearing as to the cost of production here, and particularly as to the cost of production in Cuba, and up to that time it had been denied; and what they wanted was to open the hearings for further testimony.

I said: "I know nothing about this, but I have every confidence in the world in Mr. Culbertson. I know that he is interested in section 315, because he worked with me in the formation of that paragraph of the tariff act, and I know that he would do just what he thought in his own mind was the proper thing to do." I said: "I am not going to pass upon this matter until I have a conference with Mr. Culbertson and see what he has to say about it."

I want to say to the Senator further that if Mr. Culbertson had had the least objection to it he never would have been asked to go into the meeting. He never intimated to me that there was anything wrong. He never intimated to me that he did not want to go, and while there not a thing was said that I would not be willing to have the whole world know. No opinion was expressed by me; no opinion was expressed by those who were present other than what Mr. Culbertson states there—that they thought that the basis of arriving at the cost was incorrect, and they wanted to open the case and have a further hearing upon that one subject.

Those are the facts of the case just as they happened.

Mr. NORRIS. And that does not vary very materially from what Mr. Culbertson said.

Mr. SMOOT. No; but I wanted the whole thing to be known.

Mr. SIMMONS. Mr. President——

Mr. NORRIS. Just let me answer that, and I shall be glad to yield to the Senator from North Carolina later.

The statement of the Senator from Utah corresponds substantially with the memorandum of Mr. Culbertson. I think probably there were two objects. They were not satisfied with the action of Mr. Culbertson in trying to prevent Mr. Glassie from sitting on the sugar case. They were not satisfied with the evidence that had been produced. They wanted a different investigation, and more of an investigation. Admit all that: How did they proceed to bring it all about?

Mr. President, suppose that we constituted a big corporation here, or several corporations, and we had pending in the Supreme Court of the United States a case which had been heard in part, and was still subject to their action; and then, upon listening to some of the arguments that had been made in the Supreme Court, suppose we concluded that they were not basing their conclusions upon the right kind of a theory, and we should immediately hold a meeting—not in public, but a secret meeting—get our people altogether, summon a member of the Supreme Court, and tell him where we thought he was wrong. Would anybody stand for that? Is it any less wrong that it should be done with the Tariff Commission?

Suppose they were wrong. As far as this case is concerned, I do not care whether they were right or wrong. They were a body performing a public function. The parties there who had what we may call a lawsuit before them were dissatisfied with the way they had investigated it. They wanted to correct that error. Suppose they were moved by the very best of faith. Where was the place and what was the method to get that correction? Why, before the body itself, before the eyes of the whole country.

If they thought this commission was considering this thing wrongfully, their place was to go before the commission and make any argument they saw fit to make in the face of everybody. If any man will view this Tariff Commission as I think it ought to be viewed, as a court, I do not believe he can conscientiously defend the course that was taken here. It was another circumstance, only another circumstance. I am going to offer several of them. Perhaps, standing alone, you might forgive it, although according to my idea it can not be forgiven. That is not the way to reach a judicial body; to take one member out by himself and talk the matter over with him in secret. The way to do is to go before the committee or to go before the court according to their rules, according to the ordinary procedure of civilization, and make your case there, and convince them if you can.

I yield now to the Senator from North Carolina.

Mr. SIMMONS. Mr. President, as I understand the Senator from Nebrask., his position is that it is very difficult to differentiate between the interference which this letter shows took place in this case and like interference with members of a court.

Mr. NORRIS. That is what I said.

Mr. SIMMONS. I think the Senator is entirely right about that, but it seems to me it is a little bit worse than that. This commission, under the law, is both the court and the jury. It is a trial by a court which also finds the facts; and in this particular case it is a trial from which the taxpayer, who is interested upon the other side, has no appeal. Under the law the commission finds the facts and applies the law; the President approves or disapproves the finding; and any interference with that tribunal is an interference with both the jury and the court.

We have, in our system, guarded the jury from outside influence with more jealous care than we have the judge. Lawyers very frequently talk in private to the judge while a case is pending with reference to the law, because the judge is supposed to know the law as well as the attorneys, and the judge is supposed to be a man who, by reason of his training, is impervious to any improper influence.

When we come to the jury, we are so jealous of any tampering with any member of it that it is the constant practice of the courts in this country to confine the jury in important cases, and not permit them to circulate with the public until after a verdict has been rendered. If it is brought to the attention of the court that any outside influence has been brought to bear, that any person, whether interested or uninterested in the matter, has talked to one of the jurors, it is the cause of a mistrial.

Here was a jury impaneled to try a case between the Government and a taxpayer, to find the facts and here was an

effort to bring to bear on a member of the jury all the pressure and influence which could be brought to bear upon him by parties representing the interests involved in an inquiry then being prosecuted.

Mr. NORRIS. Mr. President, I thank the Senator from North Carolina for his valuable contribution, and his statement of the practice which ought to govern all courts and tribunals in civilized countries.

Delays of all kinds occurred and continued to occur from day to day, in an effort to retard the consideration of the sugar report, and to delay its submission to the President. I can give a chronological history of those delays. I shall cite only one or two instances, however.

These delays occurred from time to time until July 9, and still the report had not been made. On that day, July 9, the chairman of the commission made a report and submitted a request to the Tariff Commission for the dropping of the sugar investigation and the taking up of another question. The chairman of the commission was present on July 9 when the commission resumed the consideration of the sugar report. The chairman asked that the business of the meeting be suspended temporarily in order that he might present a message from the President. The campaign was on at that time. The nominee of the Republican Party had been named. President Coolidge was the Republican candidate.

The chairman of the commission thereupon dictated to the Secretary this statement, that he had been informed that morning—that is, July 9, 1924—by the Secretary to the President, that it was the desire of the President that the commission institute at once an investigation under section 315 in respect to the cost of the production of butter, and that the commission suspend all other work and concentrate its efforts upon the butter investigation until its completion.

There was considerable debate. The commissioners asked that the chairman go back to the Secretary to the President and request that the Secretary or the President submit the request in writing, so that there could be no dispute about it.

They used that proposition as much as they could, but because Commissioner Culbertson was still on the commission, and there were three commissioners who were in favor of going on with the sugar investigation, the chairman and those voting with him were unable to shift the work of the commission over to the butter investigation, at least in its entirety, and they kept on, in a modified way, in the consideration of the sugar report.

Some charges were made against Commissioner Culbertson. Those who know Commissioner Culbertson I think agree that he is an exceptionally able man. He was active in the work of the Republican Party, but when he went into this office he felt that he was occupying a judicial position, and he refused to be moved by partisan considerations to deviate a hair's breadth from what he believed to be his official duty.

Mr. CARAWAY. Mr. President, before the Senator leaves that I am anxious to know whether they ever got a written instruction to go on with the butter investigation.

Mr. NORRIS. No; they did not. They could not get through the commission the motion to make the request.

Commissioner Culbertson had agreed to deliver some law lectures in Massachusetts and at Georgetown University in this city. Under a peculiar provision of the law providing for the Tariff Commission, it seemed that there might possibly be some doubt as to his right to do that. He laid the matter before his fellow commissioners, they talked it over, and they decided unanimously that under the law there would be no objection to his delivering those lectures, and he proceeded to deliver them. While they were in the course of delivery, in July, Commissioner Culbertson was asked to come to the White House. He went there and was told by the President's Private Secretary that charges had been made against him for a violation of the law in the delivering of these lectures. The first information he had that any such charges were made against him came from the White House, and I desire to have Senators bear in mind that the charges then were not pending at the White House but were before the Attorney General.

When Culbertson went to see the Secretary to the President, in answer to the request, his attention was drawn by the secretary to a complaint filed against him by a disappointed applicant for tariff action by the commission, who charged that Culbertson was violating the act creating the commission in lecturing at Georgetown University during the winter months, and at Williamstown, Mass., in the summer.

The secretary told Mr. Culbertson in that conversation to see Mr. Martin, an assistant to the Attorney General. In accordance with that advice, after he had talked it over with the two tariff commissioners, Costigan and Lewis, who had been on the same side with him in the fight that had been continually going on, these two commissioners went to see Mr. Martin about July 12. Commissioners Costigan and Lewis saw Mr. Martin in the Attorney General's office with respect to the complaint filed at the White House against Commissioner Culbertson, and were advised that the practice of the Attorney General's office had been to construe liberally such statutes as that applying to the Tariff Commission, and Mr. Martin thought there was nothing in the complaint, that it was manifestly biased, and had been made to cause Commissioner Culbertson trouble.

On July 21, not having in the meantime heard from the Attorney General's office, Commissioner Costigan telephoned to Mr. Martin about Commissioner Culbertson's matter and was advised by Mr. Martin that it was in satisfactory shape, an opinion or letter then being on the Attorney General's desk for his signature, following a full and fair consideration of the case. Mr. Martin added that it was expected that the Attorney General, who was out of town, would return in the afternoon and would sign the opinion. Mr. Martin added that if his expectations were not realized Commissioners Costigan and Lewis would be advised before any opinion in the case was sent to the White House.

On the 24th of July, shortly following this, Mr. Martin, the Assistant Attorney General, telephoned to Commissioner Costigan in the morning that Commissioners Costigan and Lewis should see the Attorney General at once; that Mr. Martin did not know what was going to happen to Commissioner Culbertson. Shortly thereafter Commissioners Costigan and Lewis saw Attorney General Stone and were advised that the Attorney General's report, which the circumstances made clear was adverse to Commissioner Culbertson, was to be sent that day to the White House. It was suggested to General Stone that Commissioners Costigan and Lewis had from the first desired to file a written statement with respect to the commissioners' attitude toward Mr. Culbertson's lectures, but General Stone said that he could not hold his opinion to give an opportunity for the filing of such a statement because he was being urged to send that opinion to the White House at once. He added that he would, however, say to the President that Commissioners Costigan and Lewis desired to file such a statement.

On the 25th of July Culbertson himself was asked to come to the White House. He went to the White House and had a conversation with the President. That conversation was in regard to these charges, which in the meantime had been sent to the President. Bear in mind, this was in the latter part of July. These delays had been occurring and the report had not yet been made, although it had been practically ready for a very, very long time.

Commissioner Culbertson has written a full account of what took place at that meeting with the President, and if a committee is appointed to investigate the Tariff Commission under the resolution now pending in the Senate, they can probably get that memorandum by summoning and putting on the stand Mr. William Allen White, of Kansas, to whom it was sent by Commissioner Culbertson.

Mr. KING. Mr. President, may I ask the Senator the date of that conversation?

Mr. NORRIS. That was July 25, 1924. At the conclusion of that conference with President Coolidge, as Mr. Culbertson was about to leave the office, the President, with that adverse report of the Attorney General lying before him on the desk, asked Mr. Culbertson if he could not delay the report of the sugar investigation.

Mr. President, I think that is an important circumstance to take into consideration. Culbertson had not done anything wrong, according to his idea and the ideas of his fellow commissioners; yet a charge had been made against him. He got the first notice of that charge from the White House, and he was directed to go to see Martin. His fellow commissioners, Costigan and Lewis, went to see Martin and were told there was nothing to it; that if it should turn out differently they would be notified. Later on they were notified that the opinion was adverse to Culbertson, and that the Attorney General was about to act on it. Commissioners Costigan and Lewis then went to see the Attorney General, and the Attorney General refused to let them file a statement of their attitude toward Culbertson's lectures on the ground that he did not have time, that the opinion had to go to the White House at once. Then the next day, or about that time, at the request of the White House he went there to meet those charges, and there was requested by the President himself to postpone the report on the sugar investigation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. Certainly.

Mr. ROBINSON of Arkansas. That statement of fact would indicate conclusively that the object was to intimidate the commissioner and to put him under compulsion.

Mr. NORRIS. I am going to let every man draw his own conclusions.

Mr. ROBINSON of Arkansas. What other conclusion can be drawn from the facts?

Mr. NORRIS. I do not know of any, I will say to the Senator. They did not want the report made. They did not want to have to face that proposition during the campaign.

Mr. ROBINSON of Arkansas. Evidently it could not have been made for the reason that the commissioner was regarded as an unfit person to perform public duties, because he was subsequently appointed to a high position in the diplomatic service. Of course the effect of that appointment was to take his very great influence away from the Tariff Commission and to take him out of the country. If they could not get rid of him in one way, they were determined to do so in another way.

Mr. CURTIS. Mr. President, I think in this connection, if the Senator from Nebraska will yield——

Mr. NORRIS. I yield to the Senator from Kansas.

Mr. CURTIS. In all fairness it ought to be stated that for over a year before President Harding's death Mr. Culbertson had been asking for an appointment in Foreign Service. At the conclusion of the Senator's remarks I shall have something further to say with reference to that feature of the matter.

Mr. CARAWAY. He never got it until there was a demand for a sugar report.

Mr. CURTIS. Oh, yes; they were talking of and considering him for different positions.

Mr. CARAWAY. He was talked of, but never got the appointment.

Mr. CURTIS. Because a place he could afford to accept was not open.

Mr. SIMMONS. How long had he been giving trouble on the sugar tariff?

Mr. CURTIS. I know nothing about that, but I do know something about Mr. Culbertson's wishes. He was appointed on the Tariff Commission at the request of the Kansas delegation. At his own request, he was urged for appointment abroad before President Harding died.

Mr. NORRIS. Mr. President, perhaps I had better take it up now since the interruption of the Senator from Kansas. I intended to do it anyway. Commissioner Culbertson had an ambition to get into the Diplomatic Service. I do not think that has anything to do with the circumstances that I had been narrating as regards his official action on the Tariff Commission. I want to call that to the attention of the Senate. The proposition that he did want to get into the Diplomatic Service was another circumstance to which I want to call the attention of the Senate and the country, and I might as well do it now.

Some time in July, a few days before the other interview that took place with the President, Culbertson was called to the White House, and he there met the Private Secretary to the President, Mr. Slemp. Mr. Slemp asked him if his recollection was correct that Commissioner Culbertson had expressed the desire at one time for a foreign appointment. Commissioner Culbertson agreed that he had. Then he took up that question with Mr. Culbertson. It was the only thing discussed at that meeting. He was called to the White House and talked with the Private Secretary of the President in regard to a diplomatic appointment. The other plan had not worked. Culbertson kept on in the commission doing what he believed to be his duty, and now he came before the Private Secretary to the President, and the private secretary brought up the subject, calling him there for the purpose of talking with him about it. In that conversation they talked over various propositions.

Mr. SIMMONS. Has the Senator the date of that conversation?

Mr. NORRIS. That was on the 21st of July or thereabouts. Culbertson told the private secretary that he could not accept a diplomatic position where the expense was great because he was a comparatively poor man. They talked, however, about an appointment as minister to China. Culbertson would have been glad to accept that position. They talked about him being an agent for reparation demands, and Commissioner Culbertson told Mr. Slemp that he could not be a candidate for that place if Owen D. Young was a candidate. The governorship of the Philippine Islands was also mentioned in the conversation, and Mr. Slemp, the Private Secretary to the President, made notes of the requests—I do not know that I should call them requests—but made notes of the conversation as they proceeded. During the conversation he left Mr. Culbertson, went in to see the President, came back again and told Mr. Culbertson that the President was interested in Mr. Culbertson's future, and wanted him to be happy in his work, with an opportunity to round out his official career, and as Culbertson left the office of the private secretary the private secretary told him that he thought they would find some way to work it out so that it would be satisfactory to Culbertson. Later on Culbertson was appointed, and is now the American minister to Rumania. In this way the President got Culbertson off of the Tariff Commission. I have told you how he got rid of Lewis. He literally kicked Culbertson upstairs and kicked Lewis downstairs.

Mr. Culbertson, when he was performing those duties there on the Tariff Commission, had dangling before him practically a promise of the President's Private Secretary. He had the request, delivered in person by the President, that he would like to see the sugar report delayed. He had prior to that time been offered a position on the Federal Trade Commission, and he had in addition to that been summoned to the private meeting in the office of the Senator from Utah [Mr. SMOOT], to which I have referred.

Mr. REED of Missouri. Mr. President——

Mr. NORRIS. I yield to the Senator from Missouri.

Mr. REED of Missouri. I do not want to break in on the thread of the Senator's discourse, but I think he has reached a natural breaking point. I think the Senator will agree with me that when we discussed here the question of the creation of a Tariff Commission the entire argument was that we would have a bipartisan commission and that the commission would, wholly free from political bias or prejudice, at least report the facts to the country with relation to the sugar situation. That was the idea, was it not?

Mr. NORRIS. I think so.

Mr. REED of Missouri. The Republican platform—and I am not calling attention to this for the purpose of introducing a political angle—recited:

> We believe that the power to increase or decrease any rate of duty provided in the tariff under the flexible provisions furnishes a safeguard on the one hand against excessive taxes and on the other hand against too high customs charges.

I take it that that meant—and I am asking the Senator for his construction—that we would have an absolutely fair and impartial tribunal sitting in a judicial way to pass upon the facts and to advise the President so that the taxes could be raised or lowered. That is the Senator's view, is it not?

Mr. NORRIS. It can not be denied that the object of it all was to see if we could not get a scientific tariff, one that would be unbiased and unprejudiced and not made up according to the whims of those who wanted to make a tariff wall sky high or those who wanted to remove it entirely; that we would fix by law a basis, and then we should give to the Tariff Commission the authority, the power, and the duty to investigate, to find the facts, to determine them judicially, and report their conclusions to Congress or to the President.

Mr. REED of Missouri. And to do so impartially and without bias or prejudice?

Mr. NORRIS. Absolutely, yes; without being influenced from any source.

There can be no doubt of the proposition that it was the duty of the Tariff Commission to pass upon the facts disclosed by evidence and carry their investigation in the same high, impartial way that we would expect the Supreme Court of the United States to pass on any matter submitted to them. There can be no other conclusion if we want a Tariff Commission that is fair and that would do its duty regardless of influences and regardless of coercion.

Thus, Mr. President, endeth the second chapter.

Now, I want to take up briefly the case of Mr. Glassie. At the beginning of the sugar investigation it was discovered that Commissioner Glassie, or rather Commissioner Glassie's family, held the ownership of some $200,000 par value of stock in a sugar corporation. Immediately the question arose in the commission whether Glassie was qualified to sit in the sugar-tariff case.

There were three members of the commission, Commissioners Culbertson, Costigan, and Lewis, who thought he was not qualified to sit. Commissioners Marvin, Burgess, and Glassie decided and held that he had a right to sit in the sugar case. Then the question was raised as to whether Glassie could pass on the question as to whether he had a right to sit or not. One of the commissioners offered a resolution that he should not be qualified, or offered a rule that Glassie should be disqualified on account of the interests of his family. They held that upon that motion Glassie should not be allowed to vote, but Glassie insisted on voting on the motion as well as on every-

thing else, and did vote on the motion. The result was 3 to 3, three members of the commission voting for the rule that had been proposed which would have disqualified Glassie, and three members, including Glassie himself, voting against it, leaving the commission tied.

Under the law the President of the United States has authority to make rules to govern the commission. When that deadlock occurred in the commission one of its members wrote a letter to President Coolidge explaining to him at length and in detail the controversy, showing that three members of the commission thought Glassie should not sit on the sugar case, at least that he should not vote on the motion that referred particularly to his own qualifications to sit; and the member of the commission asked the President to relieve the commission by making such a rule as he might think proper which should govern that case. The President did not make such a rule, but he called the members of the commission to the White House, and all of them went to see the President. The President at that conference declined to settle the question or to issue a rule. However, a few days later at a meeting of the commission the chairman of the commission, Mr. Marvin, who was recently reappointed by the President as chairman of the commission for the ensuing year, stated to the commission that he had an oral message from the President of the United States to deliver to the commission.

At a special meeting of the commission Chairman Marvin reported that he had an oral message to deliver to the commission from the President. He stated that the President wished Commissioner Glassie to be informed that he expected him to do his duty "as he saw it" and that he would stand back of him. Commissioner Glassie proceeded to do his duty just in that way "as he saw it." The President refused to make any rule, and there never would have been a break in the deadlock had it not been for the action of Congress.

Later on, however, this matter became public; it became discussed a great deal in the newspapers and in Congress. Resolutions were introduced, and finally Congress enacted into law a provision to the effect that no part of the appropriation for the use of the commission should be used to pay the salary of any commissioner who participates in any investigation in which he or his family has a direct pecuniary interest.

That provision became a law on the 12th day of April, 1924. When that law was passed Commissioner Glassie did not further participate.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator there to supplement his statement?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The provision which the Senator from Nebraska has read, or one similar to it, was incorporated in the appropriation act for the following year.

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. It was almost an identical provision. That legislation was enacted after the subject matter had been discussed in the Senate fully under a resolution which I myself submitted. When the vote was taken on the limitation it was overwhelming, almost unanimous, in its favor.

Mr. NORRIS. Mr. President, let us get a vision of the picture. Here is a commission equally divided. It was investigating the tariff on sugar. It develops—and it is admitted and Mr. Glassie never disputed it—that members of Mr. Glassie's family owned $200,000 worth of stock in a sugar company, which is directly interested, of course, in the tariff on sugar. Then the question arises, Shall Mr. Glassie be allowed to participate in the sugar investigation? Mr. Glassie said, "Yes; I will participate"; and he voted to permit himself to participate, the other two commissioners who had been standing with the President to delay the report from time to time voting with him, and the other three commissioners voting the other way. The question was put up to President Coolidge. He had authority to end the controversy by a stroke of his pen providing for a rule—a rule, Mr. President, that prevails in every civilized court on earth—that the judge who has a direct interest in litigation has no right to sit in judgment when that interest is at stake.

The President declined to act. On the other hand, he sent the message that he expected Glassie to do his duty as Glassie "saw it." He knew how Glassie "saw it"; he knew that Glassie had been voting in favor of his own right to participate. The controversy never would have been settled had Congress not taken a hand.

Suppose, Mr. President, that in this body there was pending legislation in connection with which it was admitted that the Senator from Ohio [Mr. Fess] had a direct financial interest; is there anybody who thinks for a moment that the Senator from Ohio would vote on that question? But suppose he said: "Yes; I have an interest; my wife has an interest; my daughter has an interest, but that does not prejudice me; I can vote." That is not the law of civilization; that is not the rule anywhere on earth; but suppose he insisted on voting and that then some other Senator here made a motion that he should not be allowed to vote on that question and the Senator from Ohio insisted on voting on that motion. Such a situation would be on all fours with the Glassie case. Right or wrong, Glassie had no right to vote in passing upon his own qualifications. We might just as well let the party to a suit sit on the jury. He might be honest, he might be fair, but the law conclusively presumes that where he has a financial interest he may be unconsciously biased. No honest judge on earth will sit in judgment on a case where his own financial interests are at stake.

That situation created a good deal of sentiment over the country. The campaign was on, and the question of the appointment of a chairman of the Tariff Commission was up. People were interested in it, and it was wondered under the circumstances whether President Coolidge would reappoint Marvin as chairman. He had taken an active part; he had voted with Glassie all the way through; he had tried his best to prevent the report of the commission being submitted; he had voted that Glassie should have a right to vote on the question of his own qualifications. The country knew that; friends of President Coolidge knew that. I wish to read now what at least one of those friends of national prominence thought about the situation, one who was his supporter then and always has been and still is.

Mr. FESS. Mr. President, will the Senator yield for a question?

Mr. NORRIS. Yes.

Mr. FESS. The question grows out of the statement the Senator has just made. I was a Member of the Senate when the subject of Mr. Glassies activities was being discussed. It is a subject, however, which involves rather a broad field. For example, suppose that a Member of the Senate was a wheat grower and that legislation was before us imposing a duty upon wheat, would the wheat grower who sat in the Senate be denied the right to vote on the question whether or not the duty should be imposed?

Mr. NORRIS. Mr. President, I think the Senator brought that same question up when we were debating the matter.

Mr. FESS. That was in my mind.

Mr. NORRIS. Mr. President, a point can be reached, of course, where it would be foolish, perhaps, to enforce the rule; but in the case to which I am referring there was no dispute. Mr. Glassie admitted, not that he owned sugar stock, but that his wife and his relatives owned sugar stock amounting to $200,000 par value. The question was, Is Glassie qualified to sit in the sugar investigation of the commission? If it had been disclosed that he owned $25 worth of stock there would have been a different question presented, different in degree, at least; and the case the Senator from Ohio puts is something like that. I am not going into a discussion of the question as to the extent and character of the interest which should be held to disqualify a Senator from voting; I am stating here the facts as they existed in this case. Senators may draw their own conclusions. Is there any man here or elsewhere who can say that a judge on the bench is qualified to decide a case where his wife owns $200,000 of the capital stock of a corporation interested in the litigation before him? The suggestion of such a thing would be offensive to any judge I ever knew; he would not think of sitting in a case under such circumstances.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. NORRIS. Yes.

Mr. FESS. In tariff legislation there are very many articles upon which duties are proposed that rather appeal to many Senators, and I wonder how far we can carry the idea of the Senator from Nebraska.

Mr. NORRIS. I think we ought to carry it further than we have. If there is a Member of this body who owns $200,000 of the capital stock of a sugar corporation he ought not to vote on the sugar provisions of the tariff bill; he ought, it seems to me, to exclude himself from voting.

Mr. President, I was about to give the opinion of one of President Coolidge's best friends in regard to the reappointment of Mr. Marvin as chairman of the commission because he had participated in the Glassie discussion, had always sustained Glassie in every vote taken, and had at one time on the commission later on just before the report was made, in order to delay it further, absented himself from the meeting.

This is a telegram sent by William Allen White to President Coolidge bearing on this question. It shows what he thought of it in a political sense. It was a night letter, and was dated January 10, 1924, which was before some of the occurrences that I have narrated took place, but it was after the public had

its attention called to the fact that Glassie was acting in the sugar case and that he was an interested party, a fact which had been publicly proclaimed many times. The telegram reads:

President CALVIN COOLIDGE,
Washington, D. C.:

I have just learned that Tariff Commission failed to adopt a rule excluding members from sitting on cases in which they or their friends had direct financial interest.

That was the rule that was offered in the commission and voted for by Costigan, by Lewis, and by Culbertson. If Glassie himself had not voted on it the rule would have been adopted; but Glassie insisted on voting on it, although the only question involved was his qualifications. That rule was defeated, as I have already explained, by a 3 to 3 vote, and Glassie voted. Because Marvin assisted and voted with Glassie, Mr. White thought he should not be appointed. He thought to appoint such a man chairman would be not only wrong but scandalous.

Mr. White continues:

I understand Mr. Marvin voted against that rule. To appoint him chairman of committee after that vote would create national scandal that would seriously hurt Republican campaign. It would be used as major issue of campaign, and your knowledge of it before appointment would hurt you seriously. Naturally, Culbertson's espousal of that rule should not injure him, though his general attitude along similar lines is, I am sure, responsible for much opposition to him. If you feel it impossible to appoint Culbertson—and I can understand that—I beg of you, as one who expects to support you in the West, to make it easier for us here, not to appoint anyone who voted against that reasonable rule.

W. A. WHITE.

Thus, Mr. President, endeth the third chapter.

Mr. CURTIS. Mr. President, I think the committee ought to make a thorough investigation of this subject, and I do not intend to discuss the question until a report is made; but I do feel at this time that it is my duty to state something about the Culbertson appointment, because I am more or less responsible for his appointment.

Mr. Culbertson was appointed upon the Tariff Commission at the request of the Kansas delegation. Soon after he was appointed he aspired to the chairmanship of the commission. President Harding, for some reason or other, did not see fit to appoint him, although I may say that I thought at one time he would be appointed. After he failed to secure the appointment of chairman of the commission he sought a place in the Diplomatic Service. For some time before President Harding died Mr. Culbertson had asked me to use my influence to secure him a position in that service; but, as stated on the floor, he was a man of small means, and he could not accept a place unless the salary warranted it; and many places were discussed by President Harding and Secretary Hughes and myself for Mr. Culbertson, and there were no vacancies which were acceptable to him.

After President Harding died I took up the question again with Secretary Hughes and with President Coolidge. I told them of Mr. Culbertson's desires, and several places were talked over. It came so near that in one case I had a cablegram sent to find out the expense of the ministry at that place, so that Mr. Culbertson could be fully advised. At one time he stated to me that he had been offered a position in a college, and I judged from his statements that he wanted a place that paid more salary.

We had had a member of the Federal Trade Commission from Kansas, Mr. Murdock; and when I found a vacancy was to occur on the commission, of my own volition I went to the President and asked him if he would not appoint Mr. Culbertson to the position, when the President told me that if Mr. Culbertson would consider the place he would appoint him. I conveyed the information to Mr. Culbertson, and he advised me that he did not desire to go on the Federal Trade Commission but would like to have a place in the diplomatic service.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. CURTIS. Certainly.

Mr. NORRIS. At the time the Senator asked for the appointment of Mr. Culbertson the Senator knew, did he not, of the controversy that was going on in the Tariff Commission?

Mr. CURTIS. When I first asked for the appointment the question was not up. The question of the chairmanship was up; and, as I stated a moment ago, I had recommended Mr. Culbertson for the chairmanship of the commission.

Mr. NORRIS. That is not the question I have asked the Senator. Let me ask it in another way. At the time the Senator notified Mr. Culbertson that he could have this position, was not that right in the midst of the sugar discussion, and was it not right on the eve of the public meeting that took place on the 15th day of January, 1924?

Mr. CURTIS. I knew nothing of the meeting, and I do not know that it occurred just at that time. There was nothing said, either between Culbertson and myself or between the President or the Secretary of State and myself, in reference to any matter pending before the commission. The request was made by me, because I understood from Mr. Culbertson that he wanted a place that paid more salary.

As the Senate knows, during the summer of 1924 I was in Europe. When I returned I renewed my requests for the appointment of Mr. Culbertson in the Foreign Service and kept them up until he was appointed. I may state that all these requests for appointment in the Foreign Service were made at the suggestion of Mr. Culbertson. I think it only fair to make this statement.

Mr. WALSH. Mr. President, the interrogation addressed by the Senator from Ohio [Mr. FESS] to the Senator from Nebraska just a few minutes ago concerning the application of the rule invoked by the Senator from Nebraska to the action of a Member of this body in connection with tariff legislation prompts me to read from Jefferson's Manual, as follows:

Where the private interests of a Member are concerned in a bill or question he is to withdraw. And where such an interest has appeared his voice has been disallowed, even after a division. In a case so contrary, not only to the laws of decency but to the fundamental principle of the social compact, which denies to any man to be a judge in his own cause, it is for the honor of the House that this rule of immemorial observance should be strictly adhered to.

Mr. HARRELD. Mr. President, I should like to ask the Senator if he does not know that Speaker Tom Reed, of the House, made an exhaustive ruling on the very question the Senator is discussing, in which Speaker Reed set out specifically that the question for the Member to determine was, notwithstanding the fact that he himself was interested, whether the public interest was greater than his individual interest. If so, he was entitled to vote. I desire to ask the Senator if that has not been the rule adopted by both bodies of Congress since that time?

Mr. NORRIS. Mr. President, the Senator has failed to get the real question involved here. It was worse than voting on a question in which a Member has an interest. The question on the adoption of this rule before this commission was whether he had a right to vote on the main question.

The Senator from Oklahoma referred to the decision of Speaker Reed, where he decided that whether or not the Member could vote depended upon whether his interest was greater than the public interest or the public interest was greater than his; but suppose the question of his right to vote was up, then he would not vote on that question, regardless of what the merits of the question might be.

I hope the Senator gets the distinction. That was this case. Suppose the case the Senator from Oklahoma puts were right here and the question arose whether the Senator himself was qualified to vote on a matter affecting oil, for instance. Suppose it were said, "Why, he has an interest in oil," and we investigated it, or he stated himself, as Mr. Glassie did, what his interest was. Then suppose there were a disagreement as to whether he was disqualified or not, and then suppose some one offered a resolution that under the circumstances he was not entitled to vote. That is the kind of a question that came before the Tariff Commission. Would the Senator vote on that? Would anybody claim that on that motion the Member concerned had a right to vote? I have not heard anybody anywhere in the civilized world make such a foolish, such an unfair, such an unjudicial claim as that.

Mr. HARRELD. Mr. President, of course the position outlined by the Senator from Nebraska is quite different from the general rule stated by the Senator from Montana.

Mr. REED of Missouri. Mr. President, I desire to ask my friend from Oklahoma if he thinks the decision of former Speaker Reed would settle any moral or ethical principle for the rest of the world to follow?

Mr. HARRELD. I assumed that the name "Reed" would be sufficient to satisfy the Senator from Missouri.

Mr. REED of Missouri. I am not saying that Mr. Reed did not have that opinion. I am not saying that he was not an honorable man. He had a good name, at least. But what I say is that it is surprising to me that my friend, in answering an argument addressed to an ethical or moral principle, should try to settle it by a ruling of one man who happened to be Speaker of the House of Representatives many years ago.

That does not settle the morals of it; and I do not think my friend would sit and vote money in his own pocket in any official capacity.

Mr. HARRELD. Mr. President, I call attention to the fact that I coupled with my statement the further statement that that rule had been adhered to in both Houses of Congress since that time.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. TYSON. Mr. President, so much has been said, and so well said, and so many points have been covered in this great subject of the World Court that it seems superfluous for anyone to attempt to say more.

It would seem that every single point that could possibly be raised for and against the World Court has already been placed before this body, and I can hardly hope to present much, if anything, to the Senate at this time that will throw any new light upon the subject. But in view of the fact that I was elected from a State which is strongly for the World Court and was strongly for the League of Nations, and as I announced to the people in my platform when going before them seeking my nomination for the United States Senate that I was for the World Court, and after election would do all in my power to secure the adhesion of the United States to the Permanent Court of International Justice, I feel that it is my duty and my desire to raise my voice at this time, before this momentous question is decided, and to put myself upon record as to my position in this great debate.

Furthermore, as one of those who went out and fought in the World War, and who appreciates as fully as any man can the value and necessity of maintaining peace in the world, and as one who has seen the devastation and the horrible effects of war upon the nations which were involved in the last great war; as one who has suffered in spirit and mind and has sacrificed as much as anyone can sacrifice by reason of the destructive effects of war, and as I am keenly interested in preserving peace, and in the hope of doing something, at least, during the remainder of my life to prevent the sons of men and women from being sacrificed in any wars which may come in the future, I wish now to be heard for a short time upon the subject of the World Court.

I appreciate fully that new Senators are expected to be seen and not heard, but at the same time I hope that Senators will appreciate the fact that I am not undertaking to project myself unnecessarily at too early a time into the debates of this great body, and I trust that they will fully understand my desire in every way to conform to the high and honorable and time-honored traditions of the United States Senate; but as this matter of the entrance of the United States into the World Court appears to be one of the most important questions that has ever been presented to the Senate, I wish to lend my voice in behalf of the entrance of the United States into the World Court.

I have examined this subject as carefully as I could, but I do not feel that it is necessary at this time for me to go into a detailed statement as to the origin of the World Court, further than to say that our country has been outstanding in its pronouncements in regard to peace, and the necessity for doing everything possible among the nations of the world in some concerted effort to maintain peace, for nearly 100 years.

As far back as 1843 there was a general peace convention held in London, asking for a supreme international tribunal. Delegates from this country attended.

There was a second congress at Paris in 1849, with a resolution adopted after a North American had read a draft plan for a court to decide disputes between nations.

Another conference was held two years later at Frankfort, adopting a similar resolution, and on the motion of Elihu Burritt, another American, who, it is said, stated that there had been a strong movement in the United States for a court of that kind ever since 1815; and in 1844 the Legislature of Massachusetts adopted a resolution urging the Federal Government to make every effort to induce the other Christian nations of the world to establish a high international tribunal; and there was a meeting of the congress and friends of universal peace in September, 1848, when a resolution was passed favoring an international court.

In 1867 another organization—the International League of Peace and Freedom—was founded at Geneva for the formation of an international law court as one of its main aims.

At the meeting in Lausanne in 1889 there was adopted a project for organizing the entire continent of Europe, and it stated that—

> the fundamental and permanent reason for the constant state of war in Europe is that there is no permanent international judicial institution.

And it stated further, after setting out the method which it suggested for the organization of such a court, that it might be said that, however great its moral strength might be, the decision of the court to be effective must have some coercive force for its sanction. Remember, this is as far back as 1889.

In 1895 an organization called the Mohawk Society was formed for the sole purpose of distributing propaganda exploiting the principles of arbitration, and for a court to which it would be applied.

As a result of the agitation and constant efforts which had been made by America and Great Britain, and especially America, during the last 100 years, to form a permanent court of justice for the nations of the world, the first permanent court of arbitration was formed at the first Hague conference in 1899.

The Bar Association of New York passed a resolution in 1896 asking the President of the United States to prepare a plan for the organization of a permanent international court.

In addition to all that, there have been other peace societies and peace congresses in America and in other countries for the last 25 years, but especially in the United States, for the purpose of encouraging the idea of peace throughout the world, and of getting the nations of the world who have continuously urged peace to cooperate, and to submit all their questions of dispute to the court of arbitration formed at The Hague.

In the light of these events, and with this unbroken history of the prolonged efforts of our Nation for peace and peaceful methods for the settling of international controversies, how preposterous, how ridiculous, how insincere and inconsistent is it for the opponents of the World Court even to intimate that the citizens of our Nation are the ignorant victims of an organized propaganda in behalf of the World Court! Such intimations show an utter ignorance on the part of those who make them, or else the sincerity of our efforts as a Nation toward world peace from the beginning of our history is in question.

America has been the outstanding nation of the world that has at all times undertaken to impress the rest of the world with her desire to aid in maintaining the peace of the world and of inducing other nations to realize that the best method of securing justice for themselves was to submit their disputes and controversies to arbitration, and in order to give you an idea of what effect this constant effort for peace has had upon the world I wish to call to your attention the increase in the number of cases decided by arbitration in the world.

From 1789 to 1840 there were 23 arbitrations, or one for every two years.

From 1841 to 1860 there were 20 arbitrations, or one for every year, an increase of 100 per cent.

From 1861 to 1880 there were 44 arbitrations, or two a year, an increase of over 200 per cent.

From 1881 to 1900 there were 90 arbitrations, or over four and a half per year, or an increase of about 500 per cent.

It will thus be seen what a wonderful effect the idea of peace and the value of arbitration have had upon the world in the last 100 years, and who can tell how many wars may have been avoided by these 187 arbitrations during the last 136 years?

These arbitrations evidently were a long step toward peace, and America did her part, and it is to be hoped she will not permit herself to be considered a hypocrite but will continue to do her part in encouraging the nations of the world to avoid war and to submit their disputes to courts of justice.

It was found, as has been repeatedly stated in this Chamber, that, notwithstanding the great progress which had been made in courts of arbitration up to 1907, they were not entirely satisfactory, and the whole world was anxious for something more definite than an arbitration award. The world was looking for something in the nature of justice, in so far as it could be given by a permanent court of justice presided over by men learned in the law, whose positions would be permanent, and in which the court would have opportunity at all times to dispense justice in so far as justice through law could be obtained.

No one can say what would have been the result of securing a permanent court of international justice had not the World War come on in 1914. That tremendous cataclysm affected all progress along this line.

At the time the treaty of Versailles was being drafted some of the most important statesmen of the world decided that this

was a great opportunity to agree upon the establishment of a permanent court of international justice, and a clause was inserted in the covenant of the League of Nations, article 14, which reads as follows:

The council shall formulate and submit to the members of the league for adoption plans for the establishment of a permanent court of international justice. The court shall be competent to hear and determine any disputes of an international character submitted to it. The court may also give an advisory opinion upon any disputes and questions referred to it by the council and assembly.

The United States Government has been up to that time the most active Government in the world in the matter of promoting international peace, and especially in encouraging arbitrations.

Up to the time of the World War the United States had participated in 57 arbitrations, 20 of which were with Great Britain.

In 1890 the Congress of the United States adopted a resolution providing:

That the President be, and he is hereby, requested to invite from time to time, as fit occasion may arise, negotiations with any government with which the United States has or may have diplomatic relations, to the end that any differences or disputes arising between the two Governments which can not be adjusted by diplomatic agency may be referred to arbitration and be peaceably adjusted by such means.

In the instructions of the delegates of this Government to the first peace conference at The Hague in 1899 Secretary Hay said:

Nothing can secure for human government and for the authority of law which it represents so deep a respect and so firm a loyalty as the spectacle of sovereign and independent states, whose duty it is to prescribe the rules of justice and impose penalties upon the lawless, bowing with reverence before the august supremacy of those principles of right which give to law its eternal foundation.

These instructions were accompanied by a plan for a permanent international tribunal, and at that time there was established a permanent court of arbitration at The Hague, which was the most important step in the matter of arbitration of disputes between nations that had ever been taken in the history of the world.

The most extraordinary thing as to the conference was that, notwithstanding the fact that America had been foremost in advocating the Court of Arbitration, Russia was the nation of Europe that promoted the assembly of nations at The Hague, and the treaties and covenants adopted there provided for voluntary arbitrations.

In 1907 the second conference was called at The Hague upon the initiative of the United States and Russia. Nearly all the nations of the world were represented, and the instructions which were given to the delegates of the United States by Mr. Elihu Root, who was our Secretary of State, were memorable, far-reaching, and important. I desire to quote them. They are as follows:

It should be your effort to bring about in the second conference a development of The Hague tribunal into a permanent tribunal composed of judges who are judicial officers and nothing else, who are paid adequate salaries, who have no other occupation, and who will devote their entire time to the trial and decision of international causes by judicial methods and under a sense of judicial responsibility. These judges should be so selected from the different countries that the different systems of law and procedure and the principal language shall be fairly represented. The court should be of such dignity, consideration, and rank that the best and ablest jurists will accept appointment to it, and that the whole world will have absolute confidence in its judgment.

It will be seen upon examination of these instructions that Mr. Root may be said to be the father of the organization of the present Permanent Court of International Justice sitting at The Hague, and known as the World Court. The statutes upon which the court is now exercising its functions are largely an amplification of these very instructions which Mr. Root gave to the delegates of America to this second Hague conference.

The second Hague conference failed to establish a permanent court of international justice because an agreement could not be reached in regard to the method of selecting judges, but you will observe that a recommendation was adopted which is as follows:

The conference recommends to the signatory powers the adoption of the project hereto annexed of a convention for the establishment of a court of arbitral justice and its putting into effect as soon as an accord shall be reached upon the choice of the judges and the constitution of the court.

This resolution is the basis for that provision of the statute of the World Court which seeks to solve the one great problem that confronted those men of that conference, and it is to Mr. Root that we are indebted for the solution of the problem of selecting the judges of the court.

I ask special examination of the wording of the recommendations by Mr. Root and the wording of the statute of the court to see how nearly the statute conforms to the recommendations made 14 years before the Permanent Court of International Justice came into being. Later, after the treaty of Versailles had been signed and the covenant of the League of Nations had been adopted as a part of that treaty, and under article 14 of the covenant providing for the establishment of a court of international justice, the council of the league appointed an advisory committee of jurists, which sat at The Hague in the summer of 1920 and formulated a plan for the establishment of such a court, and notwithstanding the fact that the United States had refused to enter the League of Nations, and that the league treaty had been denounced in the Senate of the United States for more than a year of almost continuous debate in the most acrimonious manner, the Council of the League of Nations was unwilling to leave such a great country as America out, so that it would have no voice whatever in the formation of the Permanent Court of International Justice, and it therefore very properly appointed the Hon. Elihu Root as a member of that committee, and this committee drafted the statute to establish a permament court of international justice.

This statute, after some amendment, was adopted by both the Council and the Assembly of the League of Nations for recommendation to the nations, to be ratified by a protocol with the statute attached. It has been assumed that the Council and the Assembly of the League of Nations alone adopted and put into effect the statute for the Permanent Court of International Justice. This is wholly untrue.

While it is true that the statute of the Permanent Court of International Justice was formulated and adopted because of the provisions of article 14 of the covenant of the League of Nations, through which was appointed the committee to draft the statutes, the Council and the Assembly of the League of Nations did not consider that they had authority to establish this statute until it had been ratified separately and distinctly by the representatives of the various nations composing the Council and the Assembly of the League of Nations, nor to put it into effect until a majority of the nations in the assembly had ratified the protocol or treaty with the statute attached. The statute was thus specifically made a treaty by the various ratifying and signing nations by special ratification.

This statute is the absolute law of the court, and the court has no powers whatever except such as are given to the court under the articles of the statute.

Now, having seen why and how the court should come into existence, let us see how it was effected.

By September 14, 1921, 26 nations had ratified the protocol, and subsequently 22 other nations have adhered to the protocol, bringing the present number up to 48. The 48 nations now in the court are as follows:

Albania, Australia, Austria, Belgium, Bolivia, Brazil, British Empire, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, the Dominican Republic, Esthonia, Finland, France, Greece, Haiti, Hungary, India, Italy, Japan, Latvia, Liberia, Lithuania, Luxemburg, Netherlands, New Zealand, Norway, Panama, Paraguay, Persia, Poland, Portugal, Rumania, Salvador, Serb-Croat-Slovene State, Siam, Union of South Africa, Spain, Sweden, Switzerland, Uruguay, and Venezuela.

An effort has been made by the opponents of the World Court to try to make it appear that the court is not a World Court. This is wholly untrue.

Under the terms of the statute the court is absolutely open to every member of the league. There are certain conditions which have to be conformed to by the nations which are not members of the league in order to go before the court, but the statute expressly provides that any nation of the world may go before the court and that such nation shall have an equal standing before the court, whether it is a member of the League of Nations or not.

There are 11 regular judges and 4 deputy judges. No nation may have more than one judge at the same time. The judges of the court are from every part of the earth—three of them are from the Western Hemisphere, two of them from Asia, and the others from Europe. All of these judges have been selected because of their learning and high character and their knowledge of international law. Their election is for nine years, and the assembly and the council elect the judges. Any judge elected must secure a majority of votes of the council and of the assembly, thereby insuring that neither the council nor the assembly can elect a judge not satisfactory to the other

body. The judges are nominated not by the League of Nations, but from lists furnished by members of The Hague Court of Arbitration, which has been in existence since 1899.

One of the special reasons which has been repeatedly stated as to why the Permanent Court of International Justice could not be formed in 1907 was the fact that the nations assembled could not agree upon the method of electing the judges.

The Hon. Elihu Root hit upon a thought for the election of the judges when he realized that there would always be a permanent assembly of nations of the world at Geneva sitting as members of the league, and by having the judges elected by the council and the assembly separately it would be a solution of the method of electing judges, and this having been adopted it made it possible at last to have a permanent court of international justice which should properly and fairly represent all nations of the world.

It is true that all nations of the world are not represented in the League of Nations, but it is the greatest number of nations that has ever been brought together for any purpose. Fifty-five nations of the world have now joined the League of Nations, and there are now only eight nations remaining out of it, and only seven of the league members are not members of the court, namely:

Abyssinia, Argentina, Guatemala, Honduras, Irish Free State, Nicaragua, and Peru, and the eight states in the world that are not members of the league are: Afghanistan, Ecuador, Egypt, Germany, Mexico, the Russian Union of Socialist Soviet Republics, Turkey, and the United States of America. This does not include Hedjaz and three very small states—Andorra, Monaca, and Lichtenstein.

It has been suggested that, because of the fact that 10 of the judges of the court are members of foreign nations, and because some people in this country say they can not even pronounce the names of all of these judges, it may therefore be assumed that they will not be just and fair to America and that we should not join the court. Senators, at least, should not be willing to admit such ignorance.

Each judge is elected for nine years, and it is more than probable that every judge who is elected will hold his position for life.

Is it therefore reasonable to assume that any judge would be willing, even though he did not have the integrity otherwise, to jeopardize his seat by undertaking to be unfair to any particular nation knowing, as he would, what effect that would have upon his subsequent election, and that his only hope for reelection would be his reputation for fairness and honesty in the administration of the statute of the court and in the faithful performance of his duties as a member of one of the highest judicial bodies in the world? It is not conceivable that a man who had such a reputation as to be elected by a majority vote of both the council and the assembly, representing practically all the nations of the world, could so far forget his high position and his great responsibility as to be intentionally unfair in his decisions for or against any nation, however great or small.

Article 38 of the statute provides that in reaching its decisions the court shall apply—

First. International conventions, whether general or particular, establishing rules expressly recognized by the contesting states.

Second. International custom as evidence of a general practice accepted as law.

Third. The general principles of international law recognized by civilized nations.

Fourth. Subject to the provisions of article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations as subsidiary means for the determination of rules of law.

This provision shall not prejudice the power of the court to decide a case ex aequo et bono if the parties agree thereto.

It will thus be seen that the court applies particularly what is known as international law and customs.

The United States has from the dawn of its history recognized that international law is binding upon it and has always taken cognizance of international customs in its uses of trade, commerce, and so forth.

The principal thing to be considered in the World Court is its jurisdiction.

The statute of the court provides as follows:

The jurisdiction of the court comprises all cases which the parties refer to it and all matters specially provided for in treaties and conventions in force.

The members of the League of Nations and the states mentioned in the annex to the covenant may, either when signing or ratifying the protocol to which the present statute is adjoined, or at a later moment, declare that they recognize as compulsory ipso facto and without special agreement, in relation to any other member or state accepting the same obligation, the jurisdiction of the court in all or any of the classes of legal disputes concerning:

(a) The interpretation of a treaty.

(b) Any question of international law.

(c) The existence of any fact which, if established, would constitute a breach of an international obligation.

(d) The nature or extent of the reparation to be made for the breach of an international obligation.

The declaration referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain members or states, or for a certain time.

In the event of a dispute as to whether the court has jurisdiction, the matter shall be settled by the decision of the court.

It will thus be seen that under this statute nothing can come before the court except what the parties refer to it, and such matters as relate to conventions and treaties; and one of the reservations offered especially provides that the United States shall not be bound by the optional clause for compulsory jurisdiction.

Article 33 of the statute provides as follows:

The expenses of the court shall be borne by the League of Nations, in such a manner as shall be decided by the assembly upon the proposal of the council.

There is a further provision of the statute, article 35, as follows:

The court shall be open to the members of the league and also to states mentioned in the annex to the covenant.

It is important, perhaps, to give some idea of the expense of the World Court. During the year 1923 the expenses of the court were $299,888.20. For the year 1925 the court's expense totaled $237,311.57. If the United States should adhere to the court it is assumed that it would cost the United States on an average of about $30,000 per year.

The court met for the first time in parliamentary session on January 30, 1922, and promulgated its rules on March 24, 1922.

The court has not only delivered judgments, but has given advisory opinions under the terms of the statute creating the court under article 14 of the League of Nations, which provides that when the Permanent Court of International Justice shall be established "that the court may also give advisory opinions upon any disputes or questions raised by the council or the assembly," and for that reason the court has been giving advisory opinions as well as rendering judgments during the time the court has been in existence. It has rendered 6 judgments and has given 12 advisory opinions.

In the judgments which have been rendered under various conditions there have been cases where a member of the League of Nations has been on one side, and a nonmember of the league has been the party on the other side. Decisions have been rendered against members of the League of Nations when nonmembers were the parties on the other side.

Judgments and advisory opinions have been rendered without regard to the size or strength of the nations involved, and the justness of the judgments and advisory opinions has not to my knowledge been questioned.

There are many legal authorities in this country who object to the giving of advisory opinions. There may be some grounds for these objections, but as I see it the great benefits outweigh any possible objection to advisory opinions by the World Court.

Furthermore, the principle of advisory opinions is so well established in this country, through the enlightened States of the Union, which have pursued a policy of asking advisory opinions of their supreme courts from the very earliest times down to this good hour, that it can be called American. There are nine States of the Union which authorize advisory opinions. It is only necessary, however, to cite one State. The Supreme Court of Massachusetts has had, during the existence of the State, as many as 150 advisory opinions. There is no State in the Union whose supreme court stands higher than Massachusetts. Therefore, the criticism that giving advisory opinions is a departure from our system of jurisprudence or tends to bring the court into disrepute seems to have no just grounds for support.

I have thus briefly sketched the efforts for peace and the organizations for peace in this country looking to early establishment of a court of arbitration and later efforts made to establish a Permanent Court of International Justice in 1907.

We must admit that if there is any moral obligation on the part of America to join the court with which she has had so much to do in promoting and which has really been the culmination of the efforts of the most enlightened thought and

experience and efforts on the part of those who are interested in peace in this country, then we should make every effort to join the court; and if we feel that the Court of Arbitration is good and that a Permanent Court of International Justice, wherein the principles of law and equity and justice are administered, is desirable and is in the interest of peace, then we should, unless there is some very great objection to the formation of the court or the statute upon which it is founded, adhere to it.

It is said that if we join the court it would entangle us with European affairs; that it would make us a part of the League of Nations; that it would take away from us our independence; and that we would sooner or later become a part of the European system with all of its complications and dangers.

Mr. President, I can not see any danger to the United States of America in joining the World Court, and especially since it is proposed to incorporate what are known as the Harding-Hughes-Coolidge reservations, which have been approved by the late ex-President Harding, ex-Secretary of State Hughes, and President Coolidge, and also the Swanson reservation in regard to advisory opinions.

There have been five reservations introduced as amendments to the protocol. These reservations, as set forth in the protocol, are as follows:

1. That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the covenant of the League of Nations constituting part 1 of the treaty of Versailles.

2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other States, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

3. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

4. That the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

5. That the United States shall be in no manner bound by any advisory opinion of the Permanent Court of International Justice not rendered pursuant to a request in which it, the United States, shall expressly join in accordance with the statute for the said court adjoined to the protocol of signature of the same to which the United States shall become signatory.

The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adhesion by the United States to the said protocol.

The first of these reservations provides that such adhesion shall not involve any legal relation on the part of the United States to the League of Nations, or the assumption of any obligations by the United States under the covenant of the League of Nations constituting part 1 of the treaty of Versailles

Mr. President, could language be stronger or clearer? How can we assume an obligation that we positively state that we do not and will not assume? How can anyone be so obtuse as not to understand the words of the English language? How can we be held bound by any obligation to the League of Nations when we have specifically stated in our reservation that we will not be bound?

Reservation No. 2 provides:

That the United States shall be permitted to participate upon an equality with the other nations who are members, respectively, of the Council and the Assembly of the League of Nations in all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice, or for the filling of vacancies.

This reservation gives us as full and complete representation in the election of judges as we could possibly require.

Does any one think we could ask more for ourselves than any one else in the world can get or should have? Is it to be supposed that other nations will give us more than they get for themselves? Is it right and just that we should ask for more?

The objection has been raised that Great Britain will have 7 votes in the assembly to 1 for America. Mr. President, let us assume that Great Britain should have 7 votes to our 1. She has only 1 vote in the council, and the United States of America would have 1 vote in the council. The judges are elected by the majority of the votes in the council and in the assembly, each voting separately. Therefore, no judge can be elected who does not secure both the majority of votes in the assembly and also the majority of votes in the council. America will always have 1 vote in the council. Great Britain, with all her dependencies, will be entitled to but one judge on the court and will always have but 1 vote in the council. Is it to be assumed that other nations are not as jealous of their rights and privileges as is the United States of America? Is it to be assumed that France, or Italy, or Japan would be willing to give Great Britain more than they got for themselves? But even assuming that Great Britain should have two judges on the court, should we not stand just as much chance of securing justice from the dependencies of Great Britain as from any other countries of the world?

Is it to be assumed that Canada would not be as friendly to us as European and Asiatic nations? Is it not to be assumed that Australia would be as friendly to us as to any other nation in the world? Is not the same true of New Zealand or of South Africa or the Irish Free State or of any other English-speaking nation living practically under the same system of government and under the same laws as our own?

Can it be believed for one moment that Canada, Australia, and New Zealand, whose soldiers fought side by side with American soldiers of the World War, would not be as friendly to the United States of America as to any other nation in the world?

For my part I would rather have a British judge or a Canadian judge or an Australian judge or a South African judge or a New Zealand judge or an Irish Free State judge on the bench than a judge from almost any other nation in the world; men speaking our language, understanding our systems of jurisprudence, and in whose veins course the same blood as that of our English-speaking forefathers. So I feel that this is one of the most far-fetched objections that can be raised to the entry of the United States into the World Court.

The third reservation is that the United States shall pay a fair share of the expense of the court; and, of course, no one can object to that.

The fourth reservation provides that "the statute shall not be amended without our consent." That protects us from any changes except those to which we agree.

The fifth reservation provides that the United States shall be in no manner bound by any advisory opinion of the Permanent Court of International Justice not rendered pursuant to a request in which the United States shall expressly join in accordance with the statute for the said court adjoined to the protocol to which the United States shall become a party.

How can we be injured by an advisory opinion which does not bind us?

Is it to be assumed that the United States would be so obtuse and so void of national integrity that it would submit a case to the court wherein we were not willing to stand by the judgment of the court whatever it might be?

It has also been said that the court might endanger the Monroe doctrine; that its judgments might have a tendency to do away with the Monroe doctrine. I deny that that can be the case. If there is any question in which the Monroe doctrine would be involved, then we certainly would have sense enough not to submit it to the judgment of the court. If we were to do such a foolish thing, then we would deserve any consequences that might result from our action.

At present a great many Central and South American States are connected with the League of Nations and are members of the court. There may come a time when some question may arise involving the Monroe doctrine as to the nations who are members of the league and also members of the court, and who may submit such questions to the court. Article 21 of the covenant of the League of Nations specifically states:

Nothing in this covenant shall be deemed to affect the validity of the international engagements, such as treaties of arbitration and regional understanding, like the Monroe doctrine, for securing the maintenance of peace.

It will thus be seen that, notwithstanding all the criticism that the League of Nations has received at the hands of the American people, and especially by some Members of the Senate, the covenant of the league specifically sets out that it is a defender and protector of the Monroe doctrine. Instead of jeopardizing that doctrine it is a postive aid to the United States in defending the Monroe doctrine, and the whole power of the League of Nations could be invoked against any nation which should undertake to violate what we call the Monroe doctrine.

Now, is it desirable for the United States to belong to the World Court? If it is desirable or of any great importance to

us and the remainder of the world, should we do our part by joining and trying to maintain a World Court?

Many in this country say they are not satisfied with the World Court because it is a league court, and that we must form a new court separated entirely from it. This seems the main argument against it. Fifty-five nations are now in the League of Nations, 48 of whom have adhered to the World Court. This court has been in operation now for more than four years; its decisions and its advisory opinions have been accepted by many nations of the world; it has been founded on the very principles and upon the very suggestions and along the very lines that the statesmen of the United States of America have proposed. In view of these consideration I ask, is it to be assumed that these 48 nations are going to join with the United States of America alone in arranging some other World Court when they already have one that is upon the very plan that has been suggested and recommended by some of the most distinguished men America has produced, some of whom were the very men whom we sent to the second Hague conference in 1907?

It would be an insult to the great nations of the world who have been lending themselves ever since the World War to the formation of a court of international justice for us now to ask them to withdraw from this court and to join us in some other that we might plan. Indeed, no other plan is seriously advanced. Those who criticize to destroy have not the sincerity to construct nor the statesmanship to build.

So, Mr. President, I say that it is the Permanent Court of International Justice, with its headquarters at The Hague, which has been formed under the statute which we are now called upon to adhere to or it is no World Court. We will either become a member of the Permanent Court of International Justice at The Hague or we will not become a member of any court.

Is the Permanent Court of International Justice at The Hague a sufficient one for all our purposes?

In view of the fact that 48 nations of the world have adhered to this court, and in view of the fact that this court has now established itself so firmly, I am of the opinion that it matters little whether or not we join the court in so far as the future of its maintenance is concerned, because the World Court is a permanent institution. The League of Nations to-day is a permanent institution. Through good report and evil report, through trial and sorrow, through struggle and tribulation this great federation of nations stands together more firmly every day for the good of mankind. This covenant has shown itself to be the most remarkable document that has ever been produced since the Constitution of the United States was adopted.

The United States of America was more responsible for the League of Nations than any other nation in the world. It was largely the child of America, yet America has scorned and repudiated its own child. It was the child, also, of Woodrow Wilson, and, in my judgment, it is the strongest organization and the most permanent force for peace that the world has ever known. It is the hope, as I see it, of the ages. With the World Court to render just decisions upon any justiciable question or dispute, with the League of Nations ready to assemble the nations together for the purpose of talking over any matters regarding disputes, and with the opportunity for controversies to be adjusted by diplomacy where possible, and if not by the court, with these two great functions effectively being performed in behalf of peace and harmony and for the betterment of mankind, I say that there never has been a time in the history of the world when there was such assurance of permanent peace as there is to-day.

Mr. President, at this particular time, when there is no war cloud upon the horizon, it is urged that we are undertaking to frighten the American people into the World Court on the ground that if they do not join the court we will have war. This assertion is untrue, because I do not believe we will have any war in my lifetime, at least, if I should live for 25 years.

I believe that men have had enough of war for a long time to come. The World War so surfeited the world with suffering, agony, and death that it will be a long time before any great conflagration can break out again. Of course, there will be sporadic wars between small states, but they will not amount to much. If the League of Nations shall continue to do what it has done during the last five years, it will prove itself the greatest instrument for peace that has ever been known.

While there have been a few small disturbances in Europe since the war, none of them have been of any importance or of far-reaching consequence. What would have happened without the League of Nations? Without it I believe Europe would be in chaos. As it is to-day the nations of Europe are getting on their feet very rapidly. Law and order are prevailing practically everywhere, economic conditions are improving everywhere, nations are getting together more and more.

The Locarno treaty is the direct child of the League of Nations. It has been said that the Locarno treaty is the greatest advance toward peace that has been made in 50 years, but is there any fair-minded man in America that will advance the suggestion that the Locarno treaty could have been even a possibility but for the League of Nations? Is there anyone who will say that the World Court could have been formed but for the League of Nations?

The opponents of the World Court say that they are afraid to go into the court; that they are afraid that something will happen.

We of the United States of America say that we are the greatest Nation in the world; that we are the richest Nation in the world; that we are the strongest Nation in the world; that we have the greatest resources of any nation in the world, and that none of the nations of the world can come here and attack us; in fact, it is said that all the nations of the world might attack us at one time and they could not overcome us. I agree to every single one of those statements; and yet we are so afraid of ourselves, so afraid to take a chance, so afraid to do what even the very smallest nations of the world have done, that it seems to me we have no reason to be so self-satisfied; that we can not feel any pride in being the greatest, the most powerful, and the strongest Nation, because we will not take any chance of getting hurt. Why all this greatness? Why all this wealth? Why all this strength? Is it the destiny of one so great to be so small? Has God blessed us with riches, empowered us with strength, and endowed us with greatness that we may be of all nations the least and the last to comprehend His blessing of "Peace on earth; good will to men"?

Mr. President, I wish to ask if the men of America are willing to be Americans of this kind and are willing to be put in such a category as that?

When we think of what America has done in the past; when we think of the adventurous spirit which has ever been characteristic of America, the spirit that inspired Christopher Columbus to embark upon the most remarkable voyage that has ever been taken by man; when we think how from Spain he went across the uncharted sea and finally landed upon these shores; when we think of the Pilgrim Fathers, who came across the sea in their little barks and landed on the barren rocks of an unknown shore in Massachusetts, and took up their homes in this unknown land, and remember from that time on the history of our valiant people, driving back the savage, cutting down the forests, and providing for themselves here so far away from the Old World; when we think of the great adventures of George Washington and the other Revolutionary heroes; when we think of the great wars in which we have been engaged; when we think of those men who have gone to the uttermost ends of the earth and have made this country the greatest country in the world to-day, with such ideals, with such valor and courage; when we think of the spirit which put us into the great World War and of the spirit with which our men met the German hosts when they were about to overrun and conquer the world, and then contrast with their spirit our policy of to-day when we appear to be afraid to take any risk whatever, can it be said that we are worthy of our forefathers?

Think of this Nation, which had been at peace so long that the Germans did not think that they would fight, having the courage to send 2,000,000 men 3,000 miles across the submarine-infested sea, and then, upon the scarred and seared and riven battlefields of France, although untrained in war, to attack the greatest military organization ever known in the history of the world; to attack the mighty German Army, composed of the most wonderfully skilled soldiers of the world, and, although they were less than one-twentieth of the peoples of the world, they had such sublime courage that they were out to conquer the whole world, and came near doing it.

These soldiers of Germany had attacked the veteran soldiers of France and Great Britain, and had wrested from them the sacred soil of France, and had withstood the combined powers of the world, with the exception of the United States, and who without us had not been able to drive them from the soil of France. Not only that, but these German soldiers were even driving across the northern part of France with the hope and intention of ultimately crossing the Atlantic Ocean and of attacking America itself.

The French people were in despair and the people of England were almost in despair. When it seemed only a matter of days when the surrender of the Allies might

take place and the world be lost, these wonderful men of America, with a courage that has never been surpassed, and to the surprise and astonishment of the veteran soldiers of Germany, fell upon the Germans at Cantigny, at Chateau Thierry, at St. Mihiel, and in the great battle of the Argonne, at Ypres and Bellicourt, at Cambrai, at St. Quentin, and on the Hindenburg line between St. Quentin and Nauroy, and not only stopped them but drove them back and back and back and rolled them up one upon the other, so that in six months' time they were suing for peace, thus accomplishing in many ways the greatest military achievement that has ever been accomplished in the history of the world. And then the armistice was signed.

The President of the United States, Mr. Wilson, went to France to help make the treaty of peace.

I have always felt that he should have taken with him two important men from the Republican Party. I have always felt that he should have taken ex-President Taft and Mr. Root, or some other Republican of outstanding ability, whose love for peace was greater than his love for self or party. But he did not do it. If he had done it, I think we would not be carrying on this debate here to-day. I believe that the treaty of Versailles would have been made and signed and ratified, and that the League of Nations would have been an accomplished fact, and that the United States of America would to-day be an honored member of that organization.

I believe that we owe a great moral obligation to the people who signed the Versailles treaty, because, notwithstanding the fact that many people were opposed to our President going to France, nevertheless he did go. He was our President. He had the right to go, as I believe. He had more to do with the making of the Versailles treaty than any other two men, as I see it. The map of Europe would not have been to-day as it is had it not been for his insistence upon the self-determination of the nations, and that each nation should have the territory which had belonged to it in the past. Had it not been for his doing, as he thought, what the American people wanted, there would not have been any covenant of the League of Nations as a part of the Versailles treaty. The nations of Europe signed the Versailles treaty at the same time that Mr. Wilson did as our President and representative. Every signatory nation in the world ratified the signature of its representative except the United States, Hedjaz, and Ecuador. We came away and left the other nations of the world in the situation in which we had largely put them by the insistence of our representative; and then, after they had signed and ratified, we refused to ratify.

Now we have a World Court, and some claim that it is inseparably connected with the League of Nations. I say most emphatically that, while it has a connection with the league, it is as independent as any court can be made. There is no court in Christendom that was not created by some organization. The Supreme Court of the United States was created by our Constitution, and is in a certain sense dependent upon Congress. The Federal courts of the United States were created by Congress, and are dependent upon Congress for support. The salaries of the judges are paid by Congress, and they can be increased or diminished by Congress, and the judges can be impeached and tried by the Congress.

The courts of every State in the Union are more or less dependent upon the legislatures of the States; and even the judges of the supreme courts of the States in most instances are elected for a term of years, and are, therefore, dependent for reelection upon their popularity with the people.

There is no doubt in my mind but that the World Court has a certain connection with the League of Nations. It has a certain connection in so far as that the judges are paid by the League of Nations, in so far as that the council and the assembly of the league have the right to determine what advisory questions shall be submitted to the league; also in so far as that the court may be called upon to furnish advisory opinions; but, notwithstanding that, I consider the court independent, and I can see no danger whatever in its connection with the league.

Furthermore, Mr. President, is it to be assumed that the Permanent Court of International Justice would undertake to do anything to the United States of America that was not right, proper, and just under international law, treaties, and customs? And could it be assumed for one moment that the court would undertake to do anything unfair to a great Nation like the United States? What would be its object? What could be its purpose? The United States is able to take care of itself under any and all circumstances. I believe that we have sufficient ability in America to take care of ourselves. I believe that the statesmen of this country are able to meet every emergency and condition that may arise. To assume less is to admit the physical and intellectual inferiority of the American people. I am unwilling to place America in such a humiliating position.

So, Mr. President, it is unnecessary, it seems to me, to discuss this matter further. There is no sound reason for refusing to enter the World Court. I can not understand the position of the men who are afraid; who would represent us to the world as such a puny Nation, afraid to leave home, afraid to get more than 3 miles away from our own shores, afraid to do anything that seems to take any chance. This sentiment and this spirit, as I see it, is unworthy of the American people and unworthy of the great and glorious traditions of the Nation.

I can not but admire old England, that wonderful nation from which we sprang. Think of what she has done! From that little island, not more than twice the area of the State of New York, and with not one-half of the population that America has, she has gone out into the whole world; her flag floats on every sea and in every harbor of this great world, and every citizen of Great Britain knows he is protected by it, and is not afraid to go out and meet the world man for man in any place, anywhere, and at any time. I am proud of the fact that I am descended from the people of that great isle. I glory in the fact that our traditions and laws come from her; and I think that while many of us feel that we are very superior to her, we might profit in many respects by her example.

My distinguished friend the junior Senator from South Carolina [Mr. BLEASE] stated the other day, in his address to the Senate, that he was against the World Court; that he was proud of the fact that he was the only southern Senator who was against the World Court. He referred to the glories of his wonderful old State. He told of what she had done in the past. He told, among other things, of the glorious record which some of her sons had made on the battle fields in the World War. He spoke of the immortal One hundred and eighteenth Infantry of the Fifty-ninth Brigade of the Thirtieth Division of the American Expeditionary Forces in the World War, and he was kind enough to say something complimentary about me. Mr. President, I thank him for his compliment; but I wish to say that while the Senator may represent many of the people of South Carolina in their objection to the World Court, I can not believe that he represents the sentiment of that glorious South Carolina regiment that on the 29th day of September, 1918, helped to accomplish one of the greatest feats that has ever been accomplished by any army that ever went into battle, when it accompanied the immortal Thirtieth and Twenty-seventh Divisions of the American Army when the great attack on Bellicourt and Nauroy and Bony between Cambria and St. Quentin was launched, and when they broke through what was considered the impregnable Hindenburg line.

Mr. President, the opponents of the World Court claim that the people of the United States are against the World Court. I deny this most emphatically. The Republican platform of 1920 declared against the League of Nations. The Democratic platform of 1920 declared for the League of Nations. The Republican Party won by about 5,000,000 majority, and they claimed that the league was repudiated by that great majority.

Everyone knows why there was such a great majority at that time. Everyone knows that the Germans, the Russians, the Hungarians, the Italians, the Swedes, the bolshevists, the radicals, the reds, the socialists in this country, and every other man and woman in America who was against the war voted the Republican ticket.

Mr. Harding went all over the country making speeches and saying he believed in an association of nations, and that if he was elected President he would do his utmost to aid in having the United States enter an association of nations.

Thirty-one of the strongest and most influential men in the Republican Party, including Mr. Hughes and Mr. Wickersham and Mr. Taft, all of whom had declared for the League of Nations, signed a statement and an appeal to the people of the country urging them to vote the Republican ticket as the election of the Republican ticket was the surest way to get America into the League of Nations.

Thus, by this camouflage, and with these dissatisfied elements, and with the aid and comfort of every disloyal man and woman and slacker and draft dodger in America, the Republican Party was put into power.

In 1924 the platform of the Republican Party, while repudiating the League of Nations, declared unequivocally for the World Court with the Harding-Hughes-Coolidge reservations; and the Republican Party was elected more overwhelmingly than in 1920.

We are proposing to put in these very reservations here now.

If the vote in 1920 was a repudiation of the League of Nations, then the vote of 1924 was a 7,000,000 majority for the World Court.

If platforms can bind men, then every man and every woman who is a Democrat or a Republican is bound by the platform of his party in 1924.

Senators, permit me at this time to warn you against voting against the platform of your party. The salvation of this country is dependent upon maintaining not more than two great parties. Beware of too much independence and individualism. If this country ever divides into four or more considerable parties it is lost.

The greatest trouble with Europe to-day is the great number of parties, which renders any government impotent to act and breeds revolution and ruin and dictatorships.

Mr. President, the great weight of legal opinion of the most renowned lawyers in this country is in favor of the court. The great weight of enlightened opinion everywhere in the country is in favor of the court. The great weight of religious and Christian opinion is in favor of the court. Presidents Wilson and Harding were in favor of the court. President Coolidge is in favor of the court.

The last three Secretaries of State and, in fact, every living ex-Secretary of State, so far as I am informed, are in favor of the court. The platforms of both the Republican and Democratic Parties of 1924 declared unequivocally in favor of the court. The greatest constitutional lawyers of the country are in favor of the court. The House of Representatives, fresh from the people, at the last session voted 328 to 3 in favor of the court.

Who is against the court? I have found hardly anyone, except the few distinguished Senators in this body. Yet this small minority of Senators is insisting and demanding that the United States of America shall pursue a timid, weak, and pitiable policy of isolation by remaining out of the court, because they are afraid that something will happen—some nameless horror their fears conjure up as the bogy man.

Down with such a policy! Whatever else we are, let us be men—men who know our rights and duties, and, knowing them, dare to maintain and do them.

Mr. President, I am speaking for the 4,000,000 men who went to the great World War; 2,000,000 of whom went across the sea, 50,000 of whom lie now in the soil of France, and 250,000 of whom are back here in our own country to-day maimed and wounded. I appeal to you in behalf of these men who went out and fought as men have rarely fought in all the tide of time, fighting as they did under the banner of righteousness and with that immortal slogan, "We are fighting this war to end war."

Not merely content with having won the war, in an effort to make their victory doubly sure they have organized themselves as the American Legion, and in their annual convention in the city of Omaha, on the 15th of October, 1925, these men, coming from every State, from every city, from every town and hamlet in this great country, and representing therefore the thought and the highest aspiration of that army of 4,000,000 men, passed a resolution favoring the adherence of the United States to the Permanent Court of International Justice.

This action was not hastily taken, nor without due deliberation, for these men, acquainted with war and all its horrors, have been watching with deep and friendly interest the operations of the World Court, and it is their belief, as set forth in this resolution, that—

> A better method than war must be found for the settlement of international disputes, and the Legion favors the immediate adherence of the United States to the Permanent Court of International Justice under the Harding-Hughes-Coolidge reservations.

Only last week the national executive committee of the American Legion, in session at Indianapolis, reiterated the stand of the Legion on this question by the unanimous adoption of the following peace program:

> 1. The maintenance of adequate forces for internal and external defense.
>
> 2. The prompt enactment into law of the principle of the universal draft.
>
> 3 The immediate adherence of the United States to a permanent court of international justice.

Mr. President, in this hour, at this very time, when the world is at peace, when the minds of men are more or less undisturbed, and when they can get together and discuss matters calmly, and as such a time might not be found again, I appeal to the Senators from each State in this Union, to you Senators who may now have within your hands the fate of the generations of the future, I appeal to you to do your duty, to stand as men, to be worthy of the great traditions of America, to be men who dare to do all for right and justice. I beg of you, in the name of those men, as I have said, who lie now under the soil of France, and those who now live maimed and broken in body and spirit, because they thought they were fighting a war to end war, to keep faith with them by doing all in your power to maintain peace and righteousness in the world by seeing that America adheres to the Permanent Court of International Justice.

Mr. NYE. Mr. President, I am availing myself of this opportunity to speak upon the question of the World Court with many misgivings. I fully appreciate that ethics, prudence, and precedent dictate that for some time to come I be seen and not heard in this Chamber. I fully realize that my grasp of the facts and conditions involved in our possible adherence to the World Court is insignificant compared to that of Members of this body who have already expressed themselves upon the subject. Until a few weeks ago I believed that I was well informed on the subject, and that I was keeping abreast of the times with respect to it, only to discover since that my World Court education has been sadly neglected, though I firmly believed that I was as well informed on the subject as is the average man who has not enjoyed the better understanding to be gained through hearing this wonderful debate. But in spite of those facts, and in full appreciation of shortcomings, I elect to speak here on this matter.

My choice is prompted wholly by a conscience which urges me to serve honestly, as I see it, the best interests of the people of North Dakota and of the United States, the masses of people who have fully as much at stake in this controversy as has any Senator in this Chamber. Viewing the matter of our participation in the Court of International Justice as I now do, I fear that the day might come when forces within me would rebel and score me severely for not having done my all to prevent serious results which might easily follow a hasty vote by this body at this time, forcing the United States to participate in a game of great chance, a game of settling or helping to settle petty jealousies which have involved the nations of Europe in war for hundreds of years; a game, Mr. President, in which our adversaries' trump cards are first, a keen knowledge of secret diplomacy, and second, a cleverness in winning their way over the keenest minds with that diplomacy.

That is why I speak to-day, Mr. President, even though my effort may mean nothing in the way of advantageous personal returns.

I shall vote at this time, if a vote is called for, against participation on the part of the United States in the World Court. That decision does not necessarily mean that I am unqualifiedly opposed to the plan in its entirety, or to the ideals involved in it which are so strongly supported by able and sincere men in this body, or to any similar plan. Perhaps one's personal political fortunes would best be served by voting, speaking, and standing with those who hold that the best interests of the Nation require participation by us in this court—that is, provided the great burden of unfair propaganda is not eventually smothered and the great masses of the people permitted to see that there possibly are great dangers involved in our participation, dangers which are being pointed out by able men in this Chamber each and every day. But, would sanction or such service on the part of Senators indicate the kind of statesmanship which has for 140 years, with certain lapses, brought great glory to this Chamber? Would it not be better that we move a bit slowly in taking this step—this road which has so many dark recesses that even Senators here have not penetrated all of them to their own satisfaction?

I grow more firm daily in my belief that the great majority of the American people have not gained an understanding of the first fundamentals involved in this proposal. That they should understand it and be positive that they wanted their Government to become a member of the Court of International Justice is not likely, particularly in view of the fact that in this Chamber itself there are many who are still uncertain as to what might be the proper thing to do. Men in this Chamber have discussed and heard discussed this matter for many weeks, and have diligently sought the truth, yet many of them are still undecided as to the advisability of partaking of the fruit offered us in the resolution now under debate. In view of this fact, what right have we to assume anything other than that the millions of citizens of this great country are not sure that they want their country stepping into what might prove to be a mess of international politics, which may embroil us

in the turmoils of a war-mad Old World and lead us only heaven knows where?

I am sorry that it was only two evenings ago that I determined to voice my candid opinion on the subject. I should have liked much more time than I have taken to prepare to express what is in my own mind and heart with relation to the World Court proposal. I wish, too, that I had been privileged to have followed this debate from its beginning. Doubtless I have missed many illuminating facts which would have assisted me to such an extent as would have enabled me to stand with those Senators of my own party who hold that Republicans, to uphold the party platform, must support the World Court resolution, or which would have enabled me to stand with those Senators on the Democratic side, to whom I am personally indebted for their support in providing North Dakota with equal representation with other States in this Chamber. As it has been, while the Senate was giving close study to this World Court proposal, and while Senators were preparing, as I should have liked to prepare, to throw light upon this subject through addresses on the floor, I was being forced to confine myself to a close study of the statutes and the Constitutions of North Dakota and the United States that I might better understand whether it was good or evil lightning which had struck me when I was appointed to a vacancy created by the death of one so much admired as we in North Dakota admired Edwin F. Ladd. I would have given more time to preparation for this address if I had been sure that the opportunity would later have been available to present it before a vote was taken.

But since the opening of this session I have heard enough and studied enough on this World Court question to be satisfied in my own mind that it would be unfair to ourselves, and unfair to the people of the United States, if we were to vote this Nation into the World Court. The time is not ripe to enter it. There is nothing so pressing or urgent as to make our entry into the court necessary to-morrow, next week, or even next month. Then, too, I am satisfied that the people of the United States are not yet ready for the question, and, above all, are not demanding immediate adherence to the court plan. That this is true is indicated by many editorial expressions, among which I find the following illuminating one from the Dearborn Independent:

NO OPINION ON WORLD COURT

There is still no public sentiment in the United States for the World Court. Much work is being done for it, public officials are beseiged in its behalf, signs multiply that the potent springs of political action are being touched, but still there is no public opinion. The people are not asking for the World Court, to say nothing of our membership in it; they have expressed no opinion on the World Court; if the United States becomes a member of the World Court it will be as impersonal to the people of the United States as a presidential telegram of congratulation to the King of Siam on his birthday.

That is a fact. Not all the efforts of thoroughly regimented propaganda through the women's clubs, not all the idealistic preaching of misinformed and half-informed clergymen, not all the patter of unemployed minds that mistake a propagandist scheme of thought for the mighty tramp of world progress, can change it.

It is a fact of some significance, too. Our superior propagandists no longer seek to convince the people; they bring pressure to bear on political officials. Even the World Court can not function without the moral support of the people who constitute it, and moral support is based on knowledge and conviction; these, however, do not seem to be wanted. Votes of officials alone are wanted; it is the machinery of the court, not the belief of the people in it, that is desired. Thus there is no popular opinion on the subject. There is hardly any newspaper opinion on it. And Congress ought to wait for a mandate from the people, not from the clubs and the salaried secretaries and the paid propagandists, but from the people.

The people, indifferent as they may seem, are not so; reactionary as they may seem, are not so; provincial minded as they may seem, are not so; they rightly distrust all the rigmarole of the false prophets of this disappearing era. They know by instinct that these are not the means and this is not the spirit upon which they can rely. It takes only a normal amount of insight to understand that the strongest, most prophetic element in this whole situation is the silent instinct of the people.

It is rather strange that President Coolidge has not waited for the word of the people on this matter before giving his support to the plan. That he has not speaks the strength of the propaganda gas that has focused upon Washington. This is preminently a question on which the people of the United States should give mandate, and as yet they have not.

It might be right that we should go into the World Court. It might be right that we should stay out. In either case it is always right that the people should give the word.

The closing paragraph of the editorial I have read is one which speaks to my mind very loudly. Those words should be held fast in the minds of Senators at this time.

It might be right that we should enter into the World Court. It might be right that we should stay out. In any case it is always right that the people should give the word.

Have the people given the word? I believe they have, and that the word is merely "Wait; be not hasty." The word may not be one finally disposing of this question, but I think the people expressed themselves in 1920 when the matter of entering the League of Nations was made a great campaign issue. In the minds of the average man and woman who have given no extensive thought or study to the World Court question, the World Court is practically the same thing as the League of Nations. They are puzzled that men who were so strongly against the League of Nations idea should to-day be the strongest proponents for the World Court. After hearing the debates in the Senate I do not wonder that the public is puzzled, and it will remain puzzled for some time to come.

But just for the sake of argument, and granting that the people have changed their minds since 1920, who is there to point to proof of any great change, any positive change? Organized petitions circulated by organized and paid secretaries do not appeal to me as proof. These petitions might easily be the result of highly developed propaganda by influences not in accord with the true American spirit. Granting that they might differentiate between the League of Nations and the World Court, what positive proof is there to indicate that the people of this Nation are for the court now? Where is the mandate from the people?

At times it has appeared to me that the controversy is perhaps one for minds trained in the legal profession to settle. There has been so much debating of technicalities, though this, I have no doubt, is justified; so much of hair splitting over mere words, mere phrases, that I have sometimes wondered how many lawyers—and I do not say this in a spirit of disrespect—it would take to translate and determine the meaning of all the words involved in the provisions of the World Court if we should finally decide to become a party to it. I wonder just how much money would be required of the public to pay those lawyers for interpreting what other lawyers have written?

To me this wonderment is material in disposing of the question of the World Court. Frankly I am praying for the day to come when the laws of and agreements between peoples will be as clearly written and as easily understood as are the Ten Commandments. In any event I shall not deal in technicalities in voicing my objections to our entry into the World Court at this time. I shall not confine myself to the meaning of this or that word. My understanding may be very academic. In any event, it is such as to cause me to want, first of all, to know just what the fundamental and underlying reasons for the World Court are.

My objection to court entry at this time is based on general principles, principles which I believe are motivating the common people to-day. I am mindful of the fact that our entry into the World Court might easily be a most dangerous step.

Senators have quoted here often the words of American patriots, men who played great parts in first inaugurating this great Government of ours, and men who, from time to time, have added to it new strength to endure. These warnings are worth keeping before us. Washington has said:

Observe good faith and justice toward all nations; cultivate peace and harmony with all. Against the insidious wiles of foreign influence, I conjure you to believe me, fellow citizens, the jealousy of a free people ought to be constantly awake; since history and experience prove that foreign influence is one of the most baneful foes of republican government. 'Tis our true policy to steer clear of permanent alliances with any portion of the foreign world.

I do not wish to take up much time here, but I feel that I must take the liberty of quoting another great American, Henry Clay, whose particular warning, which I now shall read, came at a time when Louis Kossuth, the Hungarian patriot, came to America to secure aid for the independence of the people of Hungary. Frank P. Litschert, writing in the National Republic, under the title of "Henry Clay, the hated and beloved," had this to say:

They give us an impressive warning not to rely on others for the vindication of our principles, but to look to ourselves, and to cherish with more care than ever the security of our institutions and the preservation of our policies and principles. Far better it is for ourselves, for Hungary, and for the cause of liberty that, adhering to our wise pacific system and avoiding the distant wars of Europe, we should keep our lamp burning brightly on this western shore as a light

to all nations than to hazard its utter extinction amid the ruins of fallen and falling republics in Europe.

Jefferson, Lincoln, and others have given us other warnings which are of similar import. These warnings might well have consideration in connection with the World Court subject which is before us to-day, and they are so considered by some.

But there is another cause for the doubt which prevails in the American mind. Let me refer again to the long debate which has occurred on the floor on this subject, a debate which clearly shows that even able students of the question are not wholly free from doubt regarding some features of the World Court proposal and responsibilities. There have been a great many questions asked in the debate, and many of them have not been so satisfactorily answered as to bring positive assurance to my mind that we can safely enter into this court and maintain our traditional position with regard to minding our own business and contenting ourselves with our own affairs. Some of the questions thus far not satisfactorily answered are these:

First. I have not been convinced that the World Court proposal would be approved by men who dreamed dreams of happiness, peace, and prosperity when they established this Nation of ours.

Second. I am not convinced that there is no danger involved in the fact that if we enter the World Court we will have but one vote alongside of seven by England and its Dominions.

Third. In view of the willingness expressed on all sides to accept any and all reservations, is it not merely wasted energy on our part to play with this question at all, since The Hague court is providing for us what the World Court would provide if we entered? It is argued that The Hague court does not accomplish what the World Court could. The Hague court, it is said, is a mere arbitrator, resort to which is voluntary. On the other hand, we are assured by World Court friends that adherence to the World Court is not positively binding under acceptable reservations. Therefore I think this question, propounded by one of our daily papers, is still in order: What kind of a dispute could we have with any other nation that we would be willing to submit for adjudication by the World Court of the League of Nations which we would not be willing now to submit to the already-existing Hague tribunal for international arbitration, and why?

Fourth. If our entry into the World Court is as simple as some hold, and if our entry surely would not involve us unnecessarily in war and would leave us unshackled in the event of a choice between going into a war or staying out of it—if these things be true, who will hold, who will argue and prove conclusively, that the existence of the World Court and our participating in it would have avoided the late World War?

Fifth. I am satisfied that a World Court decision without the right to appeal would not satisfy the American people; and if it be true that we may withdraw from the court when a decision is not to our liking, why should we enter into it in the first place?

Sixth. How much in common would World Court opinions and decisions have with true American ideals?

Seventh. Respect for courts and court decisions is dependent upon the patriotism of the people who are served by the courts. What moral bond, I ask, can be placed that would hold the people of involved nations to honor in future generations the decisions of a court serving the nations of the world?

Eighth. Will American institutions and American ideals conform with those of the World Court, or will the secret diplomacy and scrap-of-paper notes of Europe become the American ideal?

Ninth. What effect, might I ask, would our participation in the World Court have upon our naturalization and immigration laws?

I have not quoted Lincoln upon the specific point under discussion. Others have done so in this Chamber, but I wish a little later to quote him.

When I behold the power and the pressure which have been brought to bear in support of the court proposal, and when I find so little genuine interest on the part of the masses of people in this country, I am led to believe that Senators may be right in asserting that the World Court is fathered by international bankers. In other words, I sincerely believe that there is cause to think that the World Court is being forced upon our Nation, not by the people who would provide against future wars, but by men who are the makers of war, the international bankers. It is at least possible that the international bankers, having made vast and extensive investments in the Old World, might need now a world-wide collection agency, and would look to the World Court as affording just the agency needed.

I know something of what the international banker has done to show his power. All over the Nation the farmers and their families know how his power was asserted. They recollect the program of farm deflation which followed the war. They recollect, for instance, that they were persuaded during the war to make purchases of Liberty bonds and paid 100 cents on the dollar for them because they believed they were worth 100 cents on the dollar at any time, and because of a sincere desire to back their Government. They recollect that following the war and in the midst of the deflation program when they, the farmers, were unable to meet the demands made upon them for liquidation of war-made debts, their bonds were taken from them, not for 100 cents on the dollar but for 85 cents and 90 cents on the dollar. They are not unmindful of the fact that the bonds went back to par rapidly after the people had sacrificed theirs. And they know, too, these farmers do, that the Government of the United States is redeeming these bonds for 100 cents on the dollar, as it pledged itself to pay. These farmers, in other words, know that the deflation program was promoted by such influences as were able to steal millions from the people and to do it in the very face of this Government of ours.

It is in this connection that I desire to quote Lincoln as seeing the great danger which was fastening itself upon this Nation, the danger which probably has now fastened itself upon us. At the close of the Civil War, President Lincoln is said to have remarked:

> As a result of the war, corporations have been enthroned, and an era of corruption in high places will follow and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war.

Were Lincoln here to-day he would doubtless observe that the money power reigns supreme, is now known as the international banker, has quite thoroughly conquered in America, has wealth aggregated in a few hands, and is now, perhaps, seeking new fields to invade and to mass the wealth, not of one lone nation, but the nations of all the world.

Mr. President, I can remember the time when such an expression as that would bring only the jeers and the scoffing of men, but I find here that men who have long been interested in public questions are asserting themselves in language not unlike that of mine with respect to the international banker. The question is a most serious one. The mere insinuation that the World Court and our entry into it is encouraged by this crowd of international bankers deserves the closest scrutiny. Yet when the Senator from Missouri [Mr. REED] appealed a few days ago for an investigation of the source of propaganda favoring the World Court, which has flooded and is flooding America, its schools and churches not excepted, this body refused to consider his request; the Senate positively refused to authorize any such investigation.

Then and there, Mr. President, was I convinced that we would do well not to hasten pell-mell into this World Court. It will be easy enough to enter the Court when we shall have satisfied ourselves that our fears are without foundation. It might not be so easy to get out of it if we go in and wait for proof that our fears are not without foundation. And we quite probably would not get out before we had lost the last chance to restore to this Nation or to the world any semblance of democracy and economic independence.

I want to be numbered among the first supporters of any program looking to added assurance of peace between nations. I need not elaborate upon what Senators have said in this Chamber with reference to the possibility of the World Court and our adherence to it winning this greatly desired feature; but in my mind there is a doubt as to how far participation in this World Court would go in accomplishing such an end. Indeed, I am given to wonder if our participation might not more quickly invite our taking part in another war than would a condition which found us where we are now—out of the court. With international bankers of America holding $14,000,000,000, or thereabouts, of foreign securities, and anxious to make more secure those securities, why should we not expect these bankers to appeal to the World Court for assistance in collecting their debts?

Before there can be certain assurance of world peace there must be a better practice of Christianity in all nations by those interests and individuals so extensively involved in the economic affairs of the world.

Looking over the credit situation in the world to-day, one is given to fear that this invitation to take part in the World

Court is but another of the "won't you come into my parlor said the spider to the fly" variety. At least, it is an invitation worth weighing for some time, and weighing more thoroughly than it has yet been weighed.

I fear that such an investigation as the Senator from Missouri has demanded into the sources of propaganda in support of the World Court would disclose that the responsible parties were the same individuals and interests which in former days demanded and secured the backing of our Government in forcing security and collection of their individual foreign loans. If these fears be well founded, are we further removing ourselves from the dangers of war by tying up with the World Court?

In a few words, Mr. President, it may easily be far more dangerous to step into this World Court than it will be to stay out. With that in mind I am driven to ask, Why the big rush about getting into this? Why must we get into this World Court before we do anything else in this Chamber? Why must we enter this court to-night, to-morrow, next week, or next month? What is the big rush? We have moved along quite nicely for 140 years without this court. We have The Hague court available and functioning in the meantime. Why must we rush now into the World Court? Who have demanded that we do rush in?

I have in my hand, Mr. President, an editorial from Tuesday's issue of the Chicago Tribune which asks practically the same question. I send the editorial to the desk and ask that it may be read.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The legislative clerk read as follows:

WHY THE HURRY WITH THE WORLD COURT?

The opponents of the World Court in the Senate learn that the supporters are seeking to apply cloture to the debate, cut it off, and get a vote. The court lines are still intact, and it is understood that the needed two-thirds vote is available any time it can be taken.

The opposition is fighting for time. It is prolonging the debate and delaying the vote until the tax bill has been brought in. Then the World Court must go over for the time. Court advocates say this is unfair and that the majority, which wants to vote to join, should have that opportunity and the business should be disposed of. The minority is rebuked as an obstruction to orderly conduct.

Senator BORAH, opposed to the court, said: "We are going into a court for all time. We are adhering to a tribunal which is proposed to be permanent. Through all the sweep of years we are to be there."

That being the case, what is the hurry? If the United States has any interests in this court, none are being endangered by delay. If it were wise, it would not be the less wise for being held for further thought. Time is not running against the welfare of the United States. In this case it will run for it.

There is no emergency. We have no disputes with other nations which should be hurried to arbitration before they get to war. We do not know of a case which properly awaits the determination of the United States to join the court.

The Senate is restless to get this thing decided and done with. The promotion financed by Mr. Bok has done its work, and Senators who privately wish the question had never been raised feel that they can vote for it with better countenance now than they will be able to do later.

No one has financed popular promotion against the court, but popular opposition is growing, and that is complicating the situation in the Senate, where some proponents of the court hope it will be made as easy as possible for them to vote for it and forget it.

If there were a deep conviction in the two-thirds vote which the court might get if it were voted on to-morrow, there probably would be willingness to allow the opposition to talk unimpeded, even to an empty Chamber. At least cloture would not be applied until patience had been badly worn and there was reason to believe the whole country would support it. The majority obtained, whether of reluctant or willing votes, does not feel itself on firm footing in the clear.

If debate and delay are weakening the support of the court and if cloture is needed to save it, then the proposition has another argument against it.

Mr. NYE. Now, Mr. President, I send to the desk a resolution, which I ask to have read and that it lie on the table.

The VICE PRESIDENT. The Secretary will read as requested:

The resolution (S. Res. 126) was read, as follows:

Whereas there is much diversity of opinion among the Members of the Senate regarding the nature and effect of the obligations to be assumed by the United States should this country agree to become a member of the World Court as required by Senate Resolution 5; and

Whereas there have been serious and well-founded charges that a thoroughly organized propaganda has been carried on for some time in this country, which propaganda has been directed toward the influencing of the Senate in behalf of a vote favorable to adhesion on the part of the United States to the protocol of December 10, 1920; and

Whereas this question of such adhesion is of such vital importance to the American people that this Senate has no moral right to pass on this important matter, either negatively or affirmatively, until the voice of the American people shall have been heard, and heard distinctly above the influence of the now attendant propaganda; and

Whereas it was once proposed by one of our greater national parties that the League of Nations proposal be lifted out of politics, and to that end the proposal read "to take the sense of the American people at a referendum election, advisory to the Government," suggested that the question be submitted to the people; and

Whereas the Senate feels that the people should be given full opportunity to voice their opinion on this important question of American policy before the Senate shall take final action, the Senate feeling it its duty to be submissive to the will of the people in carrying out their desires: Now, therefore, be it

Resolved, That the Secretary of the Senate be directed to advise the governors of their respective States of the Union that it is the request of the Senate of the United States that the question of adhesion to the World Court be submitted to the people of their respective States, in substance as follows: "Shall the United States become a member of the World Court created by article 14 of the covenant of the League of Nations upon such reservations or amendments as the President and Senate of the United States may agree upon?"; that this question be submitted to the people at the next duly authorized primary or general election: *Provided, however*, That said election be not held within six months from the adoption of this resolution by the Senate, and that as soon as the result of such an election shall be ascertained the governor certify such result to the Secretary of the Senate for the information of the Senate.

The VICE PRESIDENT. The resolution will lie on the table.

Mr. NYE. Mr. President, this resolution proposes that the people of the United States be permitted to make manifest a desire to enter this World Court. I do not submit it as coming from one who desires to "duck" responsibility for a vote on this question now. Nor am I "passing the buck." A sincere motive has prompted me in preparing and presenting it. That motive is only a desire to avoid hasty action in disposing of the pending question in such manner and in such haste as we may some day review with extreme sorrow.

I have remarked, Mr. President, that if the cloud of propaganda which has been lowered upon Americans, their homes, their offices, their clubs, their churches, and their schools, is not lifted it would perhaps be the wiser political judgment to vote in favor of the World Court. Even though I were sure, however, that this cloud would never lift and that the masses of people would never see the danger of sorry entanglements by our acceptance of this court proposal, I would still vote against the proposal. If in my own case I to-day were forced or am forced to choose between voting for this proposal and serving a six-year term as United States Senator, and if, on the other hand, my choice must be a vote against the measure and only a six months' term in this Chamber—in that event, Mr. President, I gladly take my position against entry into the court. I much prefer being a Senator for six months and then leaving with my conscience clear that I by no chance helped to lead my country into paths that held for this Nation little glory, much embarrassment, and great danger.

I have confidence that the propaganda cat in this procourt game will eventually come out for light and air and be discovered. When it is discovered by the people I have every confidence that there will be many men of prominence, enjoying favor from the people to-day, men sent here to serve the people of their States, who will be tormented by the knowledge that they helped the United States into this thing when they might well have paused a bit longer in consideration and avoided the action.

Just how extensive is this propaganda of which I speak? How powerful is it? What makes the settlement of this question so urgent? Why must we step into the World Court harness before we do anything else here—even before we tackle the tax-reduction program?

On Tuesday I received a number of telegrams from the folks back home. Several of them urged me to oppose the World Court. Three of them—three, understand—urged me to support the resolution which would put us into it.

Yesterday I was reminded of those particular three telegrams received Tuesday when I received my copy of a North Dakota daily paper published at Fargo. In it I found this very interesting bit of news:

NORTH DAKOTA WANTS WORLD COURT, FARGO FRIENDS SAY—GROUP OF REPRESENTATIVE CITIZENS ASK SENATORS FOR ACTION NOW

The overwhelming sentiment of North Dakota favors the World Court, LYNN J. FRAZIER and GERALD P. NYE, United States Senators from North Dakota, were informed in a telegram sent them at Washington to-day by about 12 representative business and professional men of Fargo.

Text of the telegram follows: "Overwhelming sentiment of North Dakota favors World Court. We ask immediate action on World Court resolution and urgently request your support. Fargo business, professional, and financial interests unanimously favor adherence. They believe it important step in promoting world peace. United States must lead. May we not depend on your support?"

Copies of the telegram were also sent to Senator LENROOT, of Wisconsin, in charge of the fight in the Senate for the World Court resolution, and to President Coolidge.

The telegram was decided upon at a meeting of friends of the World Court resolution at the commercial club this morning, headed by W. L. Stockwell and Rev. R. A. Beard. Mr. Stockwell called the meeting in response to a telegram received by him Monday from the American Foundation, urging that meetings be called in all communities regarding the World Court crisis.

The telegram received by Mr. Stockwell follows: "Crisis in World Court situation in Senate; filibustering begun. The fate of the court depends on the support of its friends in the next few days. Urge Senators to hold to original plans of getting vote in court before tax bill is allowed to come up. President Coolidge has just referred to displacement of court resolution as unnecessary and regrettable. Only vigorous and immediate genuine protest from court advocates can bring to a vote."

That appeal, then, that very urgent appeal of the American Foundation in its telegram to World Court friends in North Dakota, brought out this resounding response expressing the thought that "the overwhelming sentiment of North Dakota favors the World Court"—this resounding response of three telegrams!

Mr. President, I am not surprised in the response of North Dakota to the appeal of the American Foundation in its eleventh-hour drive to put the World Court across before there was any further wavering in this body on the question. The response of three telegrams to that urgent appeal, the citation of "crisis," shows how strong North Dakota now is for the World Court. It shows how anxious the people are for this World Court—ahead of farm relief, tax reduction, or anything else.

The oldest daily newspaper in North Dakota, a strong administration advocate, picked up, I imagine, this particular dispatch in the Fargo papers which I have quoted, and the editor sat down and wrote this editorial under the heading "How do they get that way?":

Twelve Fargo men wire Washington that the sentiment in North Dakota favors the World Court in an overwhelming degree. That is taking a lot for granted. President Coolidge carried North Dakota because of his opposition to entry into the League of Nations. The World Court as it is now established is merely an adjunct of the League of Nations.

It is hard for anyone to know definitely public opinion, but there is every evidence that the voters of this State are not excited over the World Court. They would welcome tax reduction and some form of relief for the agriculturalists of the State.

These important domestic issues are sidetracked for the World Court. It is to be hoped that with the disposal of that issue, there will be some time left for consideration of measures that concern the people of this Nation.

Mr. President, I should like to know more about this American Foundation, which now has discovered a "crisis" in the life of the World Court proposal. I should like to know just what and who this American Foundation is that seems to speak so authoritatively for those responsible for this proposal. Perhaps we should have discovered, had the request made by the senior Senator from Missouri been allowed for an investigation, to ascertain the source of the procourt propaganda which has flooded this country. Perhaps we shall find the information we now beg not so very long after we shall have become a one-fifteenth part of the World Court, more or less.

In any event, Mr. President, I believe all this matter adds justification to the resolution I have introduced, and which is lying on the table.

There are men and women who are perfectly sincere in the belief that our entry into the World Court would help prevent war. These people may be right. On the other hand, a clearer understanding of the whole situation leaves one doubting the wisdom of such a thought.

In this connection, an article appearing in the Saturday Evening Post by so good an authority as Dr. David Jayne Hill deserves reading. To make certain my position with regard to filibustering, I do not ask that this article be read, but I do ask unanimous consent, Mr. President, for its reprinting in the RECORD as Exhibit A to my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Exhibit A.)

Mr. NYE. Before sending the article to the desk, however, I desire to read just one lone paragraph from it, as showing how improbable it is that this World Court would be a war preventer:

For all the really vital matters of international interest it is obvious that, until an aggressor can be brought before some court for judgment, it is mere dupery to imagine that the court has any relation whatever to the question of war or peace. So long as it is legal for one nation to make a warlike assault upon another and there is no tribunal of justice before which the wrongdoer can be cited to appear, it is illusory to suppose that a bench of judges however learned and however just, has any relation to the subject. The fanfaronade that joining the Permanent Court of Justice in its present state of development is a protest against war discloses complete ignorance of the powers of this court. It has at present no power to cite before it any aggressor for any cause or to give aid to any victim of aggression, great or small. Nor could it condemn an aggressor even if he consented to appear before it, until there is a law against warlike aggression that could be applied by the court.

Now, as to our moral obligations to the world:

The United States may owe, does owe, moral support to the nations of the world in the settlement of affairs which are of concern in the providing of peace and prosperity to the world. It may be right that we should help these nations back onto their feet. We are going far in that direction in the settlement of debts owing us by foreign nations on terms of the most liberal sort. If those who, I believe, are most insistent about our entry into the court would go as far in that direction as we go as a government, it is not unlikely that the world problem would be quickly settled in a very large measure. But if we are going to concern ourselves about putting people or peoples back on their feet, let us first look to the welfare of our own household and see what we can do to place crippled agriculture, for example, in a position that will permit it to function to the advantage and prosperity of those engaged in the great agricultural industry Some seem to feel that what this Nation needs above everything else is this tax-reduction program now coming along. All right; bring it along; let us be at it. Then let us tie into the farm problem and settle it so satisfactorily that the farmer will be able to pay the taxes levied against him, be they great or small. Then, after we have cared for our own people and the best interests of our country, after we have restored to the farmer a reasonable opportunity to be successful and prosperous, perhaps we can afford to give further attention to the bringing of happiness into the millions of homes in foreign nations. Whether that attention requires our entry into the World Court or not is aside from the question. Our plain duty now is to get down to the business of doing what we can to care for our own people.

EXHIBIT A

[From the Saturday Evening Post of January 9 and January 16, 1926]

THE WHOLE CASE OF THE WORLD COURT OF JUSTICE

(By David Jayne Hill)

PART I

THE PREPARATION

There has been much urgent pressure for the immediate signature by the United States of the protocol of the Permanent Court of International Justice established by the League of Nations, but there has nowhere been offered to the public a complete statement of the origin and nature of this alleged World Court. It is the purpose of this article to supply such a statement, and to make it as brief and as intelligible as possible, without partisanship and with dependence for the facts solely upon the documents in which they are contained.

THE ORIGINAL AMERICAN PROPOSAL

On August 12, 1898, a circular note was issued by the Russian Minister for Foreign Affairs proposing a conference to be held at The Hague to consider the limitation of armaments. On December 30, of the same year, a second note was issued from the same source containing a definite program, including "acceptance, in prin-

ciple, of the use of good offices, mediation, and voluntary arbitration in cases where they are available."

Since 1913 it has been publicly known that the action to be taken by the United States with reference to this proposal was referred for examination and report to the present writer (The Hague Court Reports, edited by James Brown Scott, Oxford University Press, 1916). In conference with Lord Pauncefote, then British ambassador at Washington, the conclusion was reached that in the then existing condition of Europe the discussion of the question of disarmament was premature, and that, if any useful result of the conference was to be expected, it was to be looked for in the direction of the later proposal made by the Russian Foreign Office on December 30.

In accordance with this conclusion, it was agreed with Lord Pauncefote that he should inform his government that the United States was ready and would be disposed to cooperate with Great Britain in giving effect to this last proposal.

The report made to the Secretary of State, the Hon. John Hay, and approved by him and by President McKinley, included three documents:

1. Instructions to the American delegates;
2. A historical résumé; and
3. A plan for an international tribunal.

(Printed in full in Instructions to the American Delegates to The Hague Peace Conferences. Oxford University Press, 1916, pp. 6–16.)

The instructions signed by Secretary Hay contained the following paragraphs:

"The duty of sovereign states to promote international justice by all wise and effective means is only secondary to the fundamental necessity of preserving their own existence. Next in importance to their independence is the great fact of their interdependence. Nothing can secure for human government and for the authority of law which it represents so deep a respect and so firm a loyalty as the spectacle of sovereign and independent States, whose duty it is to prescribe the rules of justice and impose penalties upon the lawless, bowing with reverence before the august supremacy of those principles of right which give to law its eternal foundation.

"The proposed conference promises to offer an opportunity thus far unequaled in the history of the world for initiating a series of negotiations that may lead to important practical results. The long-continued and widespread interest among the people of the United States in the establishment of an international court, as evidenced in the historical résumé attached to these instructions, gives assurance that the proposal of a definite plan of procedure by this Government for the accomplishment of this end would express the desires and aspirations of this Nation. The delegates are therefore enjoined to propose at an opportune moment the plan for an international tribunal hereto attached, and to use their influence in the conference in the most effective manner possible to procure the adoption of its substance or of resolutions directed to the same purpose. It is believed that the disposition and aims of the United States in relation to the other sovereign powers could not be expressed more truly or opportunely than by an effort of the delegates of this Government to concentrate the attention of the world upon a definite plan for the promotion of international justice."

The Historical Résumé traced the development in the United States of the idea of international conciliation and the abolition of war from the resolution of the senate of Massachusetts of February, 1832, that "some mode should be established for the amicable and final adjustment of all international disputes instead of resorting to war," down to President McKinley's inaugural address of March 4, 1897, in which he said: "Arbitration is the true method of settlement of international as well as local or individual differences"; ending with a reference to the arbitration treaty of 1893 with Great Britain—then before the Senate for ratification—as follows:

"Since this treaty is clearly the result of our own initiative, since it has been recognized as the leading feature of our foreign policy throughout our entire national history * * * I respectfully urge the early action of the Senate thereon, not merely as a matter of policy but as a duty to mankind. * * * It may well engage the best thought of the statesmen and people of every country, and I can not but consider it fortunate that it was reserved to the United States to have the leadership in so grand a work."

The plan for an international tribunal, conceived in the form of a resolution to be introduced at the conference, if the occasion seemed opportune, was, I believe, the first official plan for an international court of justice, as distinguished from voluntary arbitration, ever made. It provided for judges learned in international law, instead of arbitrators acting under a compromise submitted to them; the court was to have a permanent existence, and was empowered to fix its place and time of session; and the nations creating and maintaining the court, which was to be open to all, were to agree mutually "to submit to the international tribunal all questions of disagreement between them, excepting such as may relate to or involve their political independence or territorial integrity."

THE CONFERENCES AT THE HAGUE

The first conference at The Hague, held from May 17 to July 29, 1899, was a timid body, convoked under circumstances of distrust and suspicion, and dominated by diplomatic rather than judicial influences. Notwithstanding these impediments, the conference was saved from entire sterility by a final act which embodied many forward steps toward international conciliation.

"On the assembling of the conference," says the report of the American delegates (see Instructions and Reports, p. 22), of which the late Hon. Andrew D. White was the chairman, "feeling regarding the establishment of an actual permanent tribunal was chaotic, with little or no apparent tendency to crystallize into any satisfactory institution. * * * The American plan contained a carefully devised project for such a tribunal, which differed from that adopted mainly in contemplating a tribunal capable of meeting in full bench and permanent in the exercise of its functions, like the Supreme Court of the United States." The plan actually adopted provided only for a panel of judges, each chosen by its own government, subject to call whenever any two or more governments voluntarily agreed to arbitrate a difference between them, and bearing the title The Permanent Court of Arbitration. Judges from this panel were convened between 1902 and 1912 for the successful settlement of 14 cases, of which the first was the Pious Fund case between the United States and Mexico.

Although it was found impossible in 1899 to organize an international tribunal composed of permanent judges, elected on equal terms and having jurisdiction over all international law cases, the aim of which should be a decision according to law and not mere adjustment and accommodation—in short, the application of accepted principles of justice and not compromise—at the second Hague conference, which met from June 15 to October 18, 1907, the original purpose of the Government of the United States was not abandoned.

On October 21, 1904, in announcing the American initiative for the second conference at The Hague, Secretary Hay intimated that "its efforts would naturally lie in the direction of further codification of the universal ideas of right and justice which we call international law"—the essential precondition of a real court of legal justice—adding that "its mission would be to give them future effect." American instructions, as before, p. 61.)

In his instructions to the American delegates to the second conference, May 31, 1907, the Hon. Elihu Root, the Secretary of State, uttered the following words of caution:

"The policy of the United States to avoid entangling alliances and to refrain from any interference or participation in the political affairs of Europe must be kept in mind, and may impose upon you some degree of reserve in respect of some of the questions which are discussed by the conference."

He then recalled to the attention of the delegates the following words with which the American delegates to the first conference had accompanied their votes:

"That the United States in so doing does not express any opinion as to the course to be taken by the states of Europe. This declaration is not meant to indicate mere indifference to a difficult problem because it does not affect the United States immediately, but expresses a determination to refrain from enunciating opinions upon matters into which, as concerning Europe alone, the United States has no claim to enter."

Mr. Root further cites the following declaration made by the American delegates to the first conference:

"Nothing contained in this convention shall be so construed as to require the United States of America to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions or policy or internal administration of any foreign state; nor shall anything contained in the said convention be construed to imply a relinquishment by the United States of America of its traditional attitude toward purely American questions."

"These declarations," he says in these instructions, "have received the approval of this Government, and they should be regarded by you as illustrating the caution which you are to exercise in preventing our participation in matters of general and world-wide concern from drawing us into the political affairs of Europe."

Having thus forewarned the delegates with regard to abstention from every merely political question, Secretary Root reverted to the idea of an international court of justice in the following terms:

"It should be your effort to bring about in the second conference a development of The Hague tribunal into a permanent tribunal composed of judges who are judicial officers and nothing else, who are paid adequate salaries, who have no other occupation, and who will devote their entire time to the trial and decision of international causes by judicial methods and under a sense of judicial responsibility. * * * The court should be made of such dignity, consideration, and rank that the best and ablest jurists will accept appointment to it, and that the whole world will have absolute confidence in its judgments."

In pursuance of this instruction the American delegation to the second conference assisted actively in the further advancement of the procedure to be employed in the already existing tribunal of arbitration and the conventions aiming at the improvement of international law, but labored assiduously for the establishment of an international prize court, which finally took the form of a convention, and led the

conference in favoring a court of arbitral justice, a project which reached only the stage of the following resolution:

"The conference recommends to the signatory powers the adoption of the project hereunto annexed, of a convention for the establishment of a court of arbitral justice and its putting in effect as soon as an accord shall be reached upon the choice of the judges and the constitution of the court."

This project has never become effective; but it is important to note that, in the terms of the report signed by the Hon. Joseph H. Choate, as chairman of the American delegation, it was not intended to be submitted as a mere "plan or a model but for adoption as the organic act of the court," which "goes forth not only with the approval of the conference but as a solemn act adopted by it." But one essential step was still left to be taken—the selection of the judges.

THE WAR AND THE LEAGUE

The third conference at The Hague, provided for at the final sessions of the second conference, was never convoked. At the date when it was due to be convoked, 1915, the World War was at its full tide. A recurrence to arms, long preparing, which it had been hoped to avert, was asserting the sovereign will of power against the loyalties and the decencies of right. It is unnecessary here to dwell upon the holocaust of blood and fire that devastated the invaded lands and assaulted peaceful commerce on the sea.

Our problem now is peace; if possible, peace through justice.

It was difficult amidst the devastations of war, which demanded reparation, even to discuss the problem of permanent peace. At Paris, in 1919, the only peace possible was a peace of victory, and the treaty of Versailles was the result. The break with the traditions and the achievements of The Hague was complete. The end in view at that time was to enforce the peace by the means that had obtained victory—armed force.

Part I of the treaty of Versailles organized for this purpose the League of Nations, under a written constitution intended to supersede all previously existing international arrangements. Its controlling idea was the substitution of the forceful control of nations in place of their voluntary obedience to law. The center of gravity of this system was to be the council of the league, under the administration of the great powers, not a court of international justice. The Hon. Elihu Root complained at the time:

"The scheme practically abandons all effort to promote or maintain anything like a system of international law or a system of arbitration, or of judicial settlement, through which a nation can assert its legal rights in lieu of war. It is true that article 13 mentions arbitration and makes the parties agree that whenever a dispute arises which they recognize to be suitable for submission to arbitration they will submit it to a court 'agreed upon by the parties.' That, however, is merely an agreement to arbitrate when the parties choose to arbitrate, and it is therefore no agreement at all. It puts the whole subject of arbitration back where it was 25 years ago.

"Instead of perfecting and putting teeth into the system of arbitration provided for by The Hague conventions, it throws those conventions upon the scrap heap. By covering the ground of arbitration and prescribing a new test of obligation it apparently, by virtue of the provisions of article 25, abrogates all the 200 treaties of arbitration by which the nations of the world have bound themselves with each other to submit to arbitration all questions arising under international law or upon the interpretation of treaties.

"It is to be observed that neither the executive council nor the body of delegates to whom disputes are to be submitted under article 15 of the agreement is in any sense whatever a judicial body or an arbitral body. Its function is not to decide upon anybody's right.

"This is a method very admirable for dealing with political questions, but it is wholly unsuited to the determination of questions of right under the law of nations."

Clearly, after what Secretary Root had declared in his instructions to the delegates to the second Hague conference regarding abstention from the political affairs of Europe, he and those who thought with him could not advise the acceptance by the United States of the obligations of this league. A long debate followed in the Senate and by the press upon the question of ratifying the treaty of Versailles, in which the covenant of the League of Nations was the chief object of attack, and a decision was reached in the United States, and it has since been confirmed by two presidential elections, not to accept membership in the League of Nations. As a consequence, instead of ratifying any portion of the treaty of Versailles, a separate peace was made with the powers with which the United States had been at war.

THE LEAGUE'S COURT

From the beginning of the peace negotiations at Paris it was made evident, through the efforts of certain powers that had not wholly abandoned their faith in institutions of justice, that some provision must be made for determining questions of international law and justice, without leaving all decisions to the council of the league, as authorized by articles 11 and 16 of the covenant. Mr. Root, as we have seen, was one of the first to voice this necessity.

In President Wilson's original corrected draft of the covenant of the League of Nations—see Lodge, the Senate and the League of Nations (Scribner's, pp. 103–117)—there was no suggestion of a permanent court of international justice, nor any reference to the then existing Permanent Court of Arbitration at The Hague. It was the council of the league which was to judge, to decide, and to rule. It was not long, however, before the idea of a court was brought to attention. Mr. Root's sharp criticism, already quoted, "Instead of perfecting and putting teeth into the system of arbitration provided for by The Hague conferences it throws those conventions upon the scrap heap," could not be resisted. Accordingly, in order to make provision for a court in the covenant, article 14 was framed as an amendment in the the following terms:

"The council shall formulate and submit to the members of the league for adoption plans for the establishment of a permanent court of international justice. The court shall be competent to hear and determine any dispute of an international character which the parties thereto submit to it. The court may also give an advisory opinion upon any dispute or question referred to it by the council or by the assembly."

The plans for the establishment of the Permanent Court of International Justice, it should be noted, were to be formulated by the council of the league and submitted to no others than the members of the league. The court was to have no compulsory jurisdiction, but was to serve as the adviser of the league regarding its legal rights, thus making it not only "the judicial organ of the League of Nations" but also its legal counsel—"a most essential part of the organization of the League of Nations." (Official Journal of the League, March, 1920, pp. 37–38.)

Article 14 having been thus introduced as an amendment of the original draft of the covenant, Mr. Root further proposed the addition to this article:

"The executive council shall call a general conference of the powers to meet not less than two years or more than five years after the signing of this convention for the purpose of reviewing the condition of international law, and of agreeing upon and stating in authoritative form the principles and rules thereof.

"Thereafter regular conferences for that purpose shall be called and held at stated times."

This proposal, though supported later, as we shall see, by the commission of jurists in their report to the council of the league on the statute of the court, was not adopted.

Pursuant to article 14, as it stands, on February 13, 1920, the council of the league invited the aid of a commission to prepare a report on the organization of the court—the project of a permanent court of international justice and resolutions of the advisory committee of jurists, by James Brown Scott, Carnegie Endowment for International Peace, Washington, D. C. Of the 12 members of this commission all were nationals of states that were members of the League of Nations, with the exception of the Hon. Elihu Root. The invitation extended to Mr. Root, then not engaged in any public office, was a tribute to his high character as a jurist and in recognition of his interest in the subject.

In the letter of invitation extended to these 12 jurists assurance is given that the proposed court "is a most essential part of the organization of the League of Nations." (Official Journal, March, 1920, pp. 37–38.)

On June 16, 1920, this commission met at The Hague to prepare the project of the court. It was fitting that M. Leon Bourgeois, an eminent French statesman who had served as first delegate at the first and second Hague conferences, should be chosen to state the object of the commission.

"The recollection of those conferences," said M. Bourgeois, "can never pass from the memory of those who had the honor, and there are some of them amongst you, to take part in them. It would be unjust to allow those first steps in the organization of justice to be forgotten."

It was natural that Mr. Root, who had instructed the American delegates in 1907 to propose an international court of justice, should recall to the attention of the commission the endeavors of the second Hague conference in this direction by proposing the following resolution:

"That the commission adopt as the basis for consideration of the subject referred to it the acts and resolutions of the second peace conference at The Hague in the year 1907."

Although other plans of organization were presented for discussion the work of this commission of jurists was unquestionably, so far as the commission itself is concerned, intended to be linked on as a continuation of the achievements of The Hague conferences, to which it rendred distinct homage as having "prepared with exceptional authority the solution of the problem of the organization of a court of international justice."

THE STATUTE OF THE COURT

The proceedings of the commission of jurists in preparing the statute of the court, which defines its organization and fixes its authority, are

given with sufficient fullness in the work of Doctor Scott last cited. It was understood, of course, that the commission was invited to prepare a statute for a court to be established by the League of Nations alone, and the details of the plan are a result of this limitation. This fact rendered possible the solution by the commission of certain problems which it had been found difficult to solve. The court of arbitral justice proposed by the second Hague conference had met what at the time was felt to be an insurmountable obstacle. The great powers had refused to accord to the small powers an equal voice in the election of judges. The organization of the League of Nations offered a means of overcoming this obstacle. The council included all the great powers, with a minority of the small powers, though in the assembly all had equal representation. This suggested to Mr. Root the idea that it might prove acceptable if those judges, and those judges only, upon whom both bodies, voting separately, could agree, were to be chosen to constitute the court. The organization of the American Congress served as an illustration of how the interests of the small States could be safeguarded by a small body, like the United States Senate, and the interests of all the States by a large body, like the House of Representatives, in which the large States would have a more numerous representation.

Though it is obvious that there is in fact no analogy between the council and the Senate, most of the small nations having no permanent representation in the council, the idea of two separate bodies appeared to the commission to afford a solution of the problem, and it was recommended:

"ART. 3. That the court shall consist of 15 members—11 judges and 4 deputy judges. The number of judges and deputy judges may be hereafter increased by the assembly, upon the proposal of the Council of the League of Nations, to a total of 15 judges and 6 deputy judges.

"ART. 4. The members of the court shall be elected by the assembly and the council from a list of persons nominated by the national groups in the court of arbitration, in accordance with the following provisions:

"ART. 5. At least three months before the date of the election the secretary general of the League of Nations shall address a written request to the members of the court of arbitration belonging to the states mentioned in the annex to the covenant or to the states which shall have joined the league subsequently, inviting them to undertake by national groups the nomination of persons in a position to accept the duties of a member of the court."

(The project of a permanent court of international justice and resolutions of the advisory committee of jurists, by James Brown Scott, Carnegie Endowment, 1920, p. 150.)

By this device it was believed by the commission the problem of the election of judges could be satisfactorily solved. Article 10 of the project and the statute of the court as adopted therefore read: "Those candidates who obtain an absolute majority of votes in the assembly and the council shall be considered as elected."

It should be noted that as this court was to be exclusively the court of the league, to which only members of the league were eligible, no general provision was made in the project for the adherence of any state not a member of the league. It was not contemplated at that time that any state not a signatory to the treaty of Versailles would ever be eligible to vote for the judges of this court, hence the right of election was confined absolutely to the council and the assembly of the league as the electoral bodies.

It should not be forgotten that in the summer of 1920, while the commission of jurists was sitting at The Hague elaborating a project for the league's court the position of the United States of America in regard to the league was not yet defined. President Wilson, "in his own name and by his own authority," had signed the treaty of Versailles, the first part of which consisted of the covenant of the League of Nations, but the Senate had declined to ratify the treaty. A presidential election was pending, the issue of which might and did determine the ultimate attitude of the Government of the United States toward the league.

The presence of Mr. Root in the commission of jurists was not official. He was there, by invitation of the council of the league, as a jurist of distinction and not as a public officer. Hence it happened that the United States, although referred to in the protocol as "mentioned in the annex"—the vestibule to the league, being a list of the states that had signed but not ratified the treaty—was not in any sense a participant in the preparation of the project for a court which, with modifications made by the council of the league, eventually became the league's Permanent Court of International Justice.

It is unnecessary in this place to analyze in detail the statute of the court, and it is even less necessary to pass any criticisms upon it. It was prepared by capable men for a specific purpose, namely, to constitute a court for the League of Nations, which aimed to become the organized society of nations for the entire world, excluding from that society those nations which would not assume the obligations of the league.

The United States, by its refusal to ratify the treaty of Versailles, voluntarily placed itself in this latter class. Whatever may be the attitude of parties and individuals on this subject, the Government of the United States has at present no legitimate place in what is called "the annex," in which it is mentioned as an expectant member of the League of Nations; for whatever privilege that mention may confer has thus far been respectfully declined: first, by a refusal to ratify the treaty to which it relates and, secondly, by the negotiation and ratification of separate treaties with the Central Powers, which render a future ratification of that treaty superfluous and improbable.

It is of interest to note that the recommendation unanimously adopted by the commission of jurists, which the American member deemed of most importance and which had in substance been sent to Paris from Washington with the strong indorsement of American jurists at the time when the treaty of Versailles was in process of negotiation, was wholly disregarded by the council of the league, as it had been in the negotiations at Paris. The recommendation is as follows:

"The advisory committee of jurists, assembled at The Hague to draft a plan for a permanent court of international justice,

"Convinced that the security of states and the well-being of peoples urgently require the extension of the empire of law and the development of all international agencies for the administration of justice,

"Recommends:

"I. That a new conference of the nations in continuation of the first two conferences at The Hague be held as soon as practicable, for the following purposes:

"1. To restate the established rules of international law; especially, and in the first instance, in the fields affected by the events of the recent war.

"2. To formulate and agree upon the amendments and additions, if any, to the rules of international law shown to be necessary or useful by the events of the war and the changes in the conditions of international life and intercourse which have followed the war.

"3. To endeavor to reconcile divergent views and secure general agreement upon the rules which have been in dispute heretofore.

"4. To consider the subjects not now adequately regulated by international law, but as to which the interests of international justice require that rules of law shall be declared and accepted.

"II. That the Institute of International Law, the Amercian Institute of International Law, the Union Juridique Internationale, the International Law Association, and the Iberian Institute of Comparative Law be invited to prepare, with such conference or collaboration inter se as they may deem useful, projects for the work of the conference to be submitted beforehand to the several governments and laid before the conference for its consideration and such action as it may find suitable.

"III. That the conference be named Conference for the Advancement of International Law.

"IV. That this conference be followed by further successive conferences at stated intervals to continue the work left unfinished."

The most hopeful sign in the development of the League of Nations as an organization for peace had been its consent to turn again to the jurists for aid and counsel in making the league an organ for justice instead of an organ for the armed enforcement of peace, which it was originally planned to be. It was therefore disappointing when, having received this aid and counsel, the council of the league, disregarding this advice, manifested a disposition to appropriate the court entirely as an auxiliary of the league, a political and military alliance, free to exercise its own authority under its own rules, as provided for in article 20 of the covenant, which, in the following terms, assumes to render null and void all engagements inconsistent with the obligations of the league:

"The members of the league severally agree that this covenant is accepted as abrogating all obligations or understandings inter se which are inconsistent with the terms thereof and solemnly undertake that they will not hereafter enter into any engagements inconsistent with the terms thereof."

THE COURT AND THE LAW

The manifest reluctance on the part of the League of Nations to pursue the further development of international law along juristic lines, as proposed by the commission of jurists, quite naturally raises the question: By what law are the decisions of the Permanent Court of International Justice to be governed?

The court, created under the covenant by the League of Nations, chosen and maintained by the league, will certainly not repudiate any portion of this charter from which it derives its being and which therefore is its fundamental law; and if it is its fundamental law, then the judges of this court are bound to hold that no law inconsistent with the terms of the covenant of the League of Nations can be binding upon states that have accepted article 20 of this covenant.

It results, therefore, that the law applied by the Permanent Court of International Justice will be primarily the engagements of the covenant, as understood by the judges, with such application to states not members of the league as may seem to them appropriate.

The future growth of international law, from the point of view of the league, is not to be determined by the free acts of governments under the advice of jurists in the form of general laws to be ratified by legislative bodies, as proposed by the commission of jurists, but by

the decisions of the court itself as from time to time it may pronounce judgment upon the cases brought before it.

It may no doubt be said that the common law in certain countries has grown up in this manner by judicial decision, and that therefore it would be in harmony with that system that international law also should grow in the same manner.

This observation overlooks two important considerations:

1. That municipal judges derive their authority from the sovereignty of the state in which they act, while in the field of international legislation there is no single sovereignty from which that authority is derived; so that it is absurd, as Mr. Root has pointed out, to assert that a French judge may create the law for Italy or an Italian judge for France. 2. That the Supreme Court of the United States, for example, does not make the law, but only declares what, under the limitations of the Constitution, the law made by our legislative bodies actually is. Were the Court of International Justice restrained by no law, and were it free to declare to be law its own decisions, however just these might be, the court would possess and exercise an unlimited universal sovereign power superior to that of any single state, and even to that of all the states combined, if they were under obligation to obey it.

It is, therefore, only by framing projects of law which may be accepted and ratified by the legislative bodies of sovereign states to which the law is to be applied—that is, by their previous consent—that international law can grow and at the same time possess real and undisputed authority.

Some inkling of this seems at last to have dawned upon the Council of the League of Nations, which already has become aware that it must adjust its policies to the demands of self-governing nations, with the result that, despite the rejection of the chief recommendation of the commission of jurists, it has announced its determination itself to supervise the codification of international law, quite plainly taking care that the process does not proceed so far as to affect any matter which is vital to the interests of the league, such as its own right to make war to enforce peace or to impose it upon unwilling states.

THE CAUSE OF JUSTICE AND THE CAUSE OF PEACE

More and more with the passing of events it is made clear that the cause of justice and the cause of peace are not identical. There may be peace without justice. The aim of a world court of justice is not peace alone; it is peace with justice, or, more precisely, it is justice, from which alone peace can be assured.

There are many human interests besides justice which are served by peace, and therefore there exist many reasons why peace is sometimes preferred to justice from the hand of power. A court of justice is distinguished from a tribunal of compromise chiefly by the fact that its decisions are in accordance with a rule of law.

The great task, therefore, in the development of a world court of justice is not so much the mechanical organization of a body of men to judge and decide questions of disagreement as previous general agreements on the part of the nations of the world as to what the matured opinion of mankind considers just in the intercourse of nations. This, as the commission of jurists saw it, is the great problem to be solved, and they recommended a definite method of solving it.

This method opens before us a vast vista of future endeavor. It will not satisfy our consciences to win a temporary and fruitless triumph, setting up an impotent court before which a wronged nation can not bring its adversary, and then, with folded hands, to say, "Now, we have created a court; let the court do the rest."

We shall, however, make no progress toward the goal if we decline to approve of steps in advance already taken, because they have not gone the whole distance.

In the Permanent Court of International Justice established by the League of Nations we have an accomplished fact. The court, such as it is, exists. It is probable that in some modified form it is the only court of international justice that can rally to its support so many sovereign states.

The question is pressing upon us, therefore: What shall be the attitude of the United States toward this court? Something already accomplished is now before us. We have followed in outline the course of its preparation. There remains to be considered the statement of the problem to which it has given rise and of its solutions as these are presented to us at the present time.

THE WHOLE CASE OF THE WORLD COURT OF JUSTICE

(By David Jayne Hill)

PART II

THE PROBLEM AND ITS SOLUTIONS

It is only to a limited extent that the Permanent Court of International Justice established by the League of Nations realizes the object aimed at in the instructions to the delegates to The Hague conferences of 1899 and 1907. It is a court entirely without compulsory jurisdiction, even for the most simple justiciable cases. This is in pursuance of the terms laid down in article 14 of the covenant of the league "that the court shall be competent to hear and determine any dispute of an international character which the parties may submit to it." This was not, however, the plan submitted by the commission of jurists, which defined the jurisdiction of the court as follows:

"Between states which are members of the League of Nations, the court shall have jurisdiction—and this without any special convention giving it jurisdiction—to hear and determine cases of a legal nature, concerning:

"(a) The interpretation of a treaty;

"(b) Any question of international law;

"(c) The existence of any fact which, if established, would constitute a breach of an international obligation;

"(d) The nature or extent of reparation to be made for the breach of an internationnl obligation;

"(e) The interpretation of a sentence passed by the court.

"The court shall also take cognizance of all disputes of any kind which may be submitted to it by a general or particular convention between the parties."

A COURT WITHOUT JURISDICTION

In framing the statute of the court adopted by the assembly of the league, the council rejected this proposal of the jurists, which, to use Mr. Root's metaphor, "put teeth in the court," at the same time making it optional for any member state to sign an acceptance of compulsory jurisdiction, if it chose to do so, either in a limited or an unlimited sense.

It is worthy of remark that no one of the great powers has availed itself of this option. It is doubtful if the United States would avail itself of the option so long as international law remains in an undeveloped condition. It could safely accept compulsory jurisdiction only when the law is so far developed that a reasonable forecast could be made of what the law would require and what it would disallow, and when the duty of the court would be simply to declare the law in its decisions.

This absence of compulsory jurisdiction, even in the most plainly justiciable cases, is sometimes advanced as a reason for immediately participating in the court as a member, regardless of all obstacles, on the ground that it will never be necessary to meet an adversary before this court; and it will be, therefore, just as safe to be in it as to be out of it! This adventure in reasoning has called forth the answer that adherence to the court upon this principle would be wholly superfluous, since the court is at present accessible for judgment even to nonmember states if they can induce their adversaries to meet them there.

For all the really vital matters of international interest it is obvious that until an aggressor can be brought before some court for judgment it is mere dupery to imagine that the court has any relation whatever to the question of war or peace. So long as it is legal for one nation to make a warlike assault upon another and there is no tribunal of justice before which the wrongdoer can be cited to appear, it is illusory to suppose that a bench of judges, however learned and however just, has any relation to the subject. The fanfaronade that joining the Permanent Court of Justice in its present state of development is a protest against war discloses complete ignorance of the powers of this court. It has at present no power to cite before it any aggressor for any cause, or to give aid to any victim of aggression, great or small. Nor could it condemn an aggressor, even if he consented to appear before it, until there is a law against warlike aggression that could be applied by the court.

But it is not the absence of jurisdiction that presents the serious problem for the United States and other nations in relation to this court. The question of jurisdiction is a question relating to the development, not to the judicial entity of the court. Given the court, by the voluntary agreement of the nations its jurisdiction could by agreement be extended. A criticism directed against this court because of its present lack of jurisdiction is, therefore, not a conclusive criticism. It could with equal justice be brought against any international court that could be formed, so long as the great powers continue to trust in their strength rather than in their right; and they will trust in their strength and not in their right so long as their rights are not clearly defined in the law. In time this court may be provided with an adequate law, which will secure for it the confidence of the world, and thus enable the nations with assurance to intrust all justiciable causes to the jurisdiction of a court whose decisions are made under a rule of law.

THE COURT AS AN ADVISORY AGENT

A more real embarrassment confronting the United States in considering adherence to the protocol of the Permanent Court of International Justice arises not so much from the imperfections of the court, which might, perhaps, be overcome through further development, but from a peculiarity in its organization which renders it doubtful whether it really aims to be a world court of justice or something different.

If the Permanent Court of International Justice were indisputably a world court of justice, however imperfect, it would be in the line of American tradition to become an immediate participant in its

organization and maintenance. The question therefore arises, Is this court in reality a world court of justice or is it merely an organ of the League of Nations designed to serve its distinctive purposes?

There is a peculiarity in the functions of this court which has given rise to the suspicion that it is not so much designed to be a court of justice as a shield for the political and military procedure of the league by giving its actions the éclat of judicial approbation.

Why, it is asked, after emasculating the court by giving it no jurisdiction of a judicial character was this sentence inserted in article 14 of the covenant:

"The court may also give an advisory opinion upon any dispute or question referred to it by the council or by the assembly."

Very innocent in appearance is this nonjudicial function. May not the league seek legal advice? Certainly. But why should it seek it from its own court? In doing so is it not charging its court with a protective rather than a judicial function? Is it not preparing the way to say to the court: "We have given you no power to cite us before you, but we reserve the power to cite you before us to defend our procedure before the world by covering it with the ermine of your prestige as a court."

Thus far at least the advisory opinions of the court have greatly outnumbered its decisions. Of nine questions before the court in its first two years of existence eight were on request of the council. And it is the council or the assembly alone that can thus interpellate the court. No wrongdoer can be brought before it without his consent; but the court upon mere inquiry by the council can render an opinion without hearing a case.

While this peculiarity appears to demand examination, it may not be decisive against the organization of the Permanent Court of International Justice. It is not the first time that courts have been charged with advisory powers. When the exercise of these powers is inspired by the desire of the judges themselves to prevent injustice, this function may be very useful to society. It is always possible that the court may refuse to express an opinion, and there is no power in the statute of the court that can compel it to express itself.

The desirability of permitting or suppressing th's advisory function may very well be determined by the use actually made of it; and it is certain that the more widely the existence of the court rests upon a foundation of diversified, as distinguished from exclusive, political support—that is, the less upon the will of the League of Nations for its maintenance—the more reluctant will it be to depart from the strictly judicial character upon which its strength and dignity depend.

THE PROBLEM OF THE PROTOCOL

It can hardly be doubted that, whatever else it may be, the Permanent Court of International Justice is intended to be, for those who voluntarily seek it, a real court of justice. Were it not so, it could not command the respect of those who have actually created it. But there remains a legitimate question, worthy of most careful consideration: Is this court really a world court?

If anywhere, the definitive answer to this question is to be found in the act which, as the result of long preparation, finally created the Permanent Court of International Justice. This act, called the protocol, has been differently described and interpreted. In the literature of propaganda issued to favor the signature of this protocol by the United States, a legend has been promulgated that the protocol is "a special and independent treaty signed by the various sovereign nations," without any relation to the League of Nations, and therefore a world court and not a league court. To give this legend—I forbear from using a stronger term—the general credence at which the propaganda aims, it is asserted that the statute of the court in question "was referred to the various sovereign nations for their acceptance or rejection, by a special independent treaty, or protocol. It has been signed by 47 states, of which 36 have completed their formal ratification. This ratification by the nations is the authority in virtue of which the court actually came into being and is now working."

Is this widespread representation the truth, or is it not? The answer is found in the protocol itself.

It is interesting to note that the text of this document has not been generally circulated with the statements above quoted, has never been seen by hundreds of thousands of those who have believed these statements, and an earnest seeker after truth, in average circumstances, looking for a copy of the protocol for his information, would not know where to find it.

The full text of this document reads as follows:

"PROTOCOL OF SIGNATURE RELATING TO THE PERMANENT COURT OF INTERNATIONAL JUSTICE

DECEMBER 16, 1920.

"The members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the assembly of the league on the 13th December, 1920, at Geneva.

"Consequently, they hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

"The present protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each power shall send its ratification to the secretary general of the League of Nations; the latter shall take the necessary steps to notify such ratification to the other signatory powers. The ratification shall be deposited in the archives of the secretariat of the League of Nations.

"The said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.

"The statute of the court shall come into force as provided in the above-mentioned decision.

"Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

"OPTIONAL CLAUSE

"The undersigned, being duly authorized thereto, further declare, on behalf of their Government, that from this date they accept as compulsory, ipso facto and without special convention, the jurisdiction of the court in conformity with article 36, paragraph 2, of the statute of the court, under the following conditions:"

(Official text issued by the League of Nations, quoted in American Journal of International Law, April, 1923, pp. 55, 56.)

With this text before him, it is desirable that the reader should himself answer the question whether or not this is a world court or only the court of the league which has brought it into being.

To aid his inquiry, it may be observed that article 14 of the covenant, in authorizing the formation of plans for a court, provides that the council, after formulating them, shall "submit the plans to the members of the league for their adoption," but names no others. The protocol is evidently the formula chosen for this submission and adoption.

Examining the protocol itself, it may be observed: 1. That the only nations mentioned in this protocol are the members of the League of Nations and "states mentioned in the annex"; 2. That the statute of the court was never approved by any other nations than those voting in the assembly of the league on December 13, 1920, at Geneva; 3. That the present protocol was drawn up in accordance with that decision alone; 4. That the statute of the court was submitted for approval to no nations who were not members of the league; 5. That the ratifications are to be sent to the secretary general of the league; 6. That the secretary is not authorized to notify the ratifications to any nations that are not members of the league; 7. That the ratifications shall be deposited in the archives of the league; 8. That the protocol after adoption remains open for signature only to members of the league and states mentioned in the annex to the covenant of the league; 9. That the statute of the court shall come into force as provided in the decision of the assembly of the league; 10. That the protocol, executed at Geneva, in a single copy, the French and English texts of which shall both be authentic, remains in the archives of the league, but no provision is made, in compliance with article 18 of the covenant, for the registration of this protocol as an international treaty. It is merely deposited as an agreement between the members of the league.

IS THE PROTOCOL A TREATY?

The general public does not burden itself with diplomatic distinctions. When it is told that a document is a treaty, it believes it, even though it is called a protocol. The difference does not seem alarming.

But why refer to it as an independent treaty?

Even the most innocent portion of the public, if it had been informed, would distinguish between a treaty open to and actually signed by various nations and a document only supplementary to a treaty which the United States had declined to ratify and executed only by those who had ratified the treaty.

Was it in good faith that those who knew obscured the fact or was it obscured because those who spoke of a treaty and various nations did not know?

In the general usage of diplomatic intercourse a treaty is one thing and a protocol is another.

In his authoritative work, A Guide to Diplomatic Practice, Sir Ernest Satow explains the word "protocol" as "derived from the low Latin, 'protocollum,' the 'first glued in,'" having reference to a subordinate document attached to a book or original document, to which it stands in the relation of a supplement. The word is also sometimes applied to a preliminary document meant to serve as an agreement regarding subsequent procedure. Defining the word, Sir Ernest writes:

"Used to denote the form taken by an international compact, the word may be regarded as describing a somewhat informal record of an agreement between the high contracting parties."

It is precisely in this sense that the word "protocol" is used in the present instance. It is a final agreement upon a result which all the actual signatories had negotiated and planned together, marking the termination of a course agreed upon from the first. Specifically it is simply the acceptance of a result which all the signatories had labored

together to produce, namely, the statute of the Permanent Court of International Justice, as already prepared by themselves in the council and formally adopted by themselves in the assembly.

It is astonishing that anyone should disfigure this document for the purpose of imposing it upon the public by calling it "an independent treaty signed by various nations." There is not in the history of diplomacy a more palpable endeavor to put over something by changing its name.

The secretariat of the League of Nations never thought of putting forth the substance of the protocol as "an independent treaty signed by various nations." That was reserved for American ingenuity.

If we make all due allowance for ignorance and suppose that to certain minds any international agreement may be properly regarded as a treaty, it does not require much research to arrive at the conclusion that the document in question has not the origin or nature of an independent treaty. It depends not only for its origin but for its aim upon a series of operations necessary to the execution of article 14 of the covenant of the League of Nations. So far is this protocol from being an independent treaty that it is clearly only a supplementary step in the execution of the treaty of Versailles, of which article 14 of the covenant is a part.

No plenipotentiaries are named, no seals are attached. The document is merely signed by the members of the League of Nations, in whose name alone it is drawn, and deposited in its archives.

WHY THE UNITED STATES IS IN THE ANNEX

This last statement, that the protocol is a supplementary document necessary to the execution of the treaty of Versailles, is the only explanation of the exceptional right of the United States of America, from the point of view of the league, to be a signatory of this protocol.

This right arises exclusively from the fact that the United States is "mentioned in the annex to the covenant."

What then is the annex to the covenant? It is a list of those nations whose representatives signed the covenant of the league at Paris as a part of the treaty of Versailles. In drawing up this protocol it was not any special grace toward the United States, Hejaz, and Ecuador alone that admitted them to the privilege of signature to this document.

Being "original members of the League of Nations, signatories of the treaty of peace," as the annex is defined in the treaty of Versailles, these three nations could not be ignored. They were at that time waiting, as it were, in the vestibule of the league; and therefore it was prescribed that "the said protocol shall remain open to them for signature."

On the slender ground that the protocol remains open to the signature of these nations, the legend of the protocol was made to say that when the council and assembly of the league "proceed to the election of judges for the court, they sit and act, not as a league, but as electoral agents for the nations."

"For the nations!" What nations, except the members of the league? What other nations have ever authorized the council and assembly to sit and act for them?

THE SOLUTIONS OF THE PROBLEM

To every person who has examined this subject it is so obvious that the Permanent Court of International Justice is merely the league's court, and not a world court, that the question has become acute. If the United States decides to participate in this organization of the court, how can it do so, with dignity and without self-stultification, without becoming at the same time a member of the league?

For those who believe that the United States, notwithstanding all that has happened, is still in the annex, waiting to enter the league, and should not hesitate to cross the sill into the league; there is, of course, no problem, and hence there is required no solution.

But on the other hand, for those who think the United States has done well not to join the league, and that it does not properly belong even in the annex, the problem of how to participate in the Permanent Court of International Justice, and to make it appear a world court when, even with the United States as a signatory of the protocol, it would still be the league's court, the problem is grave and the solution is difficult.

If the court is in fact, as the Official Journal declares, "a most essential part of the organization of the League of Nations," how can the United States become a part of a part without becoming a part of the whole?

It should further be considered that, were the United States to sign the protocol, that action alone would give it none of the privileges of the court that it does not now possess as an outsider. Unless something is done to alter the protocol or to construe the statute of the court which the protocol is drawn to accept, the United States would have no voice even in the election of judges, which by the statute is confided solely to the council and assembly of the league, to which there is no admission provided except through entrance into the league as a member.

All the solutions of this problem are forced to recognize this condition of fact. Whoever wishes to enter the court officially without also entering the league is obliged to face it. What then is the solution?

THE HARDING-HUGHES RESERVATIONS

On February 24, 1923, President Harding sent to the Senate a message in which he recommended participation of the United States in the Permanent Court of International Justice. (CONGRESSIONAL RECORD, 67th Cong., 4th sess., vol. 64, No. 74, p. 4508.)

This message was accompanied by a letter under date of February 17, addressed to the President by the Hon. Charles E. Hughes, Secretary of State, descriptive of the court and commending adhesion to it upon the following conditions and understandings, to be made a part of the instrument of adhesion:

"1. That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the covenant of the League of Nations, constituting Part I of the treaty of Versailles.

"2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members respectively of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for filling of vacancies.

"3. That the United States will pay a fair share of the expenses of the court, as determined and appropriated from time to time by the Congress of the United States.

"4. That the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

"If the Senate gives its assent upon this basis, steps can then be taken for the adhesion of the United States to the protocol in the manner authorized. The attitude of this Government will thus be defined and communicated to the other signatory powers whose acquiescence in the stated conditions will be necessary."

This statement requires no interpretation. It frankly recognizes that the signature of the protocol open to the United States is impossible without implying on the part of the United States some legal relations and the assumption of some obligations to the League of Nations under the covenant of the league constituting Part I of the treaty of Versailles. It recognizes also that, without the permission stipulated in the second paragraph of these reservations, the United States would have no part in the election of judges or deputy judges or the filling of vacancies.

Correspondence followed between President Harding, Senator Lodge, then chairman of the Senate Committee on Foreign Relations, and Secretary Huges (CONGRESSIONAL RECORD, 67th Cong., 4th sess., vol. 64, No. 80, p. 5135) regarding the intentions of the President as to compulsory jurisdiction, the recognition of Part XIII—on labor—of the treaty of Versailles, and what reservations, if any, had been made by those countries that had adhered to the protocol. The answer given to this question was that the Secretary of State was "not advised that any other state has made reservations on signing the protocol." (The Harding-Hughes reservations and the correspondence may be found also in the American Journal of International Law for April, 1923.)

President Harding's message to the Senate produced at the time a variety of reflections. To many it was a friendly gesture to the league. To others it was a positive assurance of peace. To others it was an indirect step toward a world court of justice when it might have been bolder to take a direct step. To still others it seemed a retreat and a humiliation.

The subject had a political angle. For a time it looked as if the President's party might be divided. Had he not characterized the League of Nations as "a political and military alliance" with which the United States should not be in any way associated. And now he was proposing participation in a court that was claimed as an "essential part of the league's organization."

President Harding was deeply moved by this division of opinion in his party. At St. Louis, on June 21, 1923, he laid down two conditions which he regarded as indispensable: "1. That the tribunal be so constituted as to appear and to be in theory and practice, in form and substance, beyond the shadow of a doubt, a world court and not a league court; 2. That the United States shall occupy a plane of perfect equality with every other power.

"There admittedly is a league connection with the World Court," he said, "and though I firmly believe we could adhere to the court protocol with becoming reservation and be free from every possible obligation to the league, I would frankly prefer the court's complete independence of the league."

Referring to the fact that the United States, voting for judges with the council and the assembly, as a candidate for adhesion admitted from the annex—a kind of halfway covenanter—as the reservation proposed, might find its single voice overwhelmed and submerged by the united will of these bodies, acting not only as members of an electoral body, but organically, with the interest of the league in view, President Harding, somewhat startled, said:

"I am not wedded irrevocably to any particular method. * * * Granting the noteworthy excellence, of which I, for one, am fully convinced, of the court as now constituted, why not proceed in the belief that it may be made self-perpetuating? This could be done in one of two ways: By empowering the court itself to fill any vacancy arising from the death of a member or retirement for whatever cause, without interposition from any other body; or by continuing the existing authority of the Permanent Court of Arbitration to nominate and by transferring the power to elect from the council and assembly of the league to the remaining members of the court of justice." (American Journal of International Law, July, 1923, p. 536.)

It was this suggestion, that the United States might possibly commit its rights and interests to the decisions of a self-perpetuating foreign tribunal, which more than anything else caused the country to realize with what slight consideration the gravity of the whole commitment had been weighed. The public interest in the proposal to adhere to the court, even with reservations, languished to a point where its advocate found it necessary to set in motion an extensive organized propaganda, similar to that which had been undertaken in behalf of the League of Nations, and nourished in large measure from the same sources.

THE TOTAL SEPARATION OF COURT AND LEAGUE

The people of the United States had become familiar with the idea of reservations in the endeavors to render acceptable some mode of entrance into the League of Nations. The method had proved futile, but this was not its only ground of condemnation.

To make reservations about entering a political and military alliance was one thing, but to make reservations about participating in a legal tribunal of justice seemed quite another. The bare fact that reservations were admittedly necessary gave rise to much hesitation. If there were dangers in adhering to the league's court, why venture at all upon an enterprise that required great caution? Would the reservations be adequate for protecting the interests of the United States? But, adequate or inadequate, was it not a national humiliation and a reflection upon the character of a court to approach it with open misgivings and distrust?

The Senate, being in doubt, permitted the Harding recommendation to repose in its archives. The Committee on Foreign Relations, although containing a majority of members of the President's party, was absorbed by other matters. Letters and telegrams from various parts of the country, inspired by organized societies, urging the Senators to sign on the dotted line, became so numerous and so urgent that the lot of a Senator was felt to be unenviable.

Something must be done. Had not President Harding said, in so many words, "I would frankly prefer the court's complete independence of the league"? Why not then propose such a total separation?

On December 10, 1923, Senator LENROOT offered in the Senate a resolution to this effect:

"*Resolved*, That the Senate advises and consents to the adhesion on the part of the United States to the protocol of December 16, 1920, accepting the statute of the Permanent Court of International Justice, but not the optional clause for compulsory jurisdiction: *Provided, however*, That such adhesion shall be upon the following conditions and understandings, to be made a part of the instrument of adhesion:

"1. That such adhesion shall not be taken to involve any legal relationship on the part of the United States to the League of Nations, or the assumption of any obligation by the United States under the covenant of the League of Nations, constituting a part of the Versailles treaty.

"2. That such adhesion shall not take effect until the statute for the Permanent Court of International Justice is amended so as to provide:

"That all independent states having diplomatic representatives accredited to The Hague, which have not adhered to the protocol of December 16, 1920, accepting the statute of the Permanent Court of International Justice, shall be permitted to so adhere.

"That in lieu of elections of said judges and deputy judges in the future by the Council and Assembly of the League of Nations, such elections shall take place in the following manner:

"The states adhering to such protocol shall be divided into two groups, the first group to be known as Group A and to consist of the following states: The British Empire, France, the United States, Italy, Japan, Germany, and Brazil. All the states adhering to such protocol shall constitute the second group, to be known as Group B; provided that if Germany shall not have adhered to such protocol when the said statute shall have been amended as herein provided, Belgium shall be substituted therefor in Group A.

"The diplomatic representatives of the states adhering to said protocol, accredited to The Hague, and the Netherlands minister for foreign affairs shall act as electors for the election of judges and deputy judges of said court. The electors representing the states in Group A shall perform the duties and exercise the powers conferred upon the Council of the League of Nations pertaining to such court in such statute, and the electors representing the states in Group B shall perform the duties and exercise the powers conferred upon the Assembly of the League of Nations pertaining to such court in such statute.

"That all notices of election and other duties now imposed upon the secretary general of the League of Nations, pertaining to said court, shall be transferred to and performed by the registrar of the Permanent Court of International Justice.

"That the expenses of the court shall, instead of being paid by the League of Nations, be paid by the states adhering to the said protocol in such manner as may be determined by the electors of the states entitled to participate in the election of judges.

"That the court shall be open to all independent states, and when a state not adhering to said protocol is a party to the dispute the court will fix the amount which that party is to contribute to the expense of the court.

"That the option provided for in article 36, chapter 2, of said statute, shall be open to all states adhering to said protocol.

"3. That the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended except as herein provided without the consent of the United States.

"That the President of the United States, when he is satisfied that the said statute has been amended, as herein provided, shall, by proclamation, so declare, whereupon the adhesion of the United States to the said protocol shall become effective."

[CONGRESSIONAL RECORD, Sixty-eighth Congress, first session, vol. 65, No. 5, p. 152.]

THE WORLD COURT PROPOSED BY SENATOR LODGE

The proposal to separate the Permanent Court of International Justice entirely from the League of Nations having led to no action, and the propaganda for adherence to the league's protocol still continuing, on May 5, 1924, Senator Lodge, chairman of the Committee on Foreign Relations, presented to the Senate a "Plan by which the United States may cooperate with other nations to achieve and preserve the peace of the world," prepared under his direction by an experienced American jurist, the Hon. Chandler P. Anderson. (Senate Doc. No. 107, 1924.)

The purpose of this plan was set forth as follows:

"The aim of this plan is the organization of the world for peace through the development and enforcement of law, as approved by past experience, and the timely submission of international disputes to the great court of public opinion, the decisions of which constitute the real sanction for the enforcement of law."

The entire substance of the plan may be most briefly stated in the form of the conclusions with which the document closes, as follows:

"1. The United States should resume its former position of leadership in the development of international law and the organization of the world for peace on the basis of respect for law and the jural equality of all nations.

"2. To this end the United States should take appropriate steps for convening the third Hague peace conference:

"(a) To reaffirm and further develop the world organization for peace embodied in The Hague convention of 1907 for the pacific settlement of international disputes; and

"(b) To make more effective all the modes of procedure therein provided for the amicable adjustment of international disputes; and

"(c) To transform the present league court into a world court of justice as a part of The Hague peace organization; and

"(d) To formulate and agree upon further rules and principles of international law which should be embodied in the code of the law of nations; and especially

"(e) To define (1) justiciable questions which all nations should agree are subject to arbitration, and (2) unjustifiable wars and the legal restraints which should be imposed upon the sovereign right of a nation to declare war, the violation of which all nations should agree would constitute an international crime.

"3. Pending the meeting of another Hague conference the United States should enter into preliminary agreements with the other great powers defining justiciable questions and unjustifiable wars and stigmatizing such wars as international crimes, and imposing the legal restraints above suggested upon the legality of war."

THE REORGANIZATION OF THE COURT PROPOSED BY SENATOR PEPPER

No action having been taken in the Senate upon Senator Lodge's proposal for a World Court, on May 16, 1924, a resolution was presented to the Senate from the Committee on Foreign Relations by Senator PEPPER, of that committee, for the remodeling of the Permanent Court of International Justice in such a manner as to convert it into a World Court without destroying its identity, and yet entirely separate the court from the control of the League of Nations. The execution of this plan involved a rewriting of the protocol and a thorough revision of the statute of the court, for which a form was definitely drawn up in which all the details of amendment were distinctly set forth. In this new form of the protocol, to be signed by all members, old and new, it was specified that—

"The present protocol shall be deposited after ratification with the secretary general of the Permanent Court of Arbitration at The Hague.

"The said protocol shall remain open for signature by all nations generally recognized by treaty or diplomatic relations with the signatories.

"The signature of the United States of America shall be understood to be affixed, subject to the declaration that the United States disclaims all responsibility for the exercise by the court of the jurisdiction to render advisory opinions, and subject to the further declaration that the United States intends to adhere to the Monroe doctrine as a national policy and assumes no obligations inconsistent therewith.

"The adjoined statute shall come into force as an amendment of or substitute for the existing statute as soon as all the signatories of the protocol of December 16, 1920, shall have deposited their assent thereto with the secretary general of the Permanent Court of Arbitration at The Hague in a single copy, the French and English texts of which shall both be authentic.

"Third, that the adjoined statute referred to in the protocol shall be the present statute of the court amended in such a way as to confirm the existence and competency of the Permanent Court of International Justice, but to disassociate it from the League of Nations and constitute it a world court. The specific amendments to be assented to by the signatories to the protocol before the United States of America is authorized to become a signatory are those set forth in the annex to this resolution which is incorporated herein and made a part hereof.

"Fourth, that the signature by the United States herein referred to is a signature to the protocol as set forth in this resolution, but not to the so-called optional clause referred to in article 36, paragraph 2, of the statute of the court.

"Fifth, that the Senate advises the President that a third international conference similar to The Hague conferences of 1899 and 1907 be called not later than the year 1926 for purposes which shall include the giving of effect to the recommendation of the committee of jurists upon the basis of whose report the court was established, regarding the clarification and further development of international law and the codification thereof."

This proposed reorganization of the existing court was intended not to destroy the league's court, but to transform it in such a manner as to make it no longer the league's court, but in a true sense a World Court, in which all nations regarded as civilized and responsible nations might have a part on terms of equality.

THE DISCOURAGEMENT FOLLOWING THESE EFFORTS

It was not without a certain feeling of discouragement that the friends of these last-named efforts to reorganize the league's court, so as to make it a veritable world court of justice, found their endeavors reproached with the accusation of a lack of sincerity. It was a cruel and wholly unjustified reproach.

But the attack on these efforts was something more and worse than individual reproach. The method of dragooning senatorial action by public importunity and condemnation, if applied to the executive and judiciary departments of the Government, as in this case it was applied to a legislative department, would result in the entire abolition orderly constitutional procedure. To be in any sense responsible, the action of the Senate, and of individual Senators as well, must be free from every form of organized popular constraint. This is of the very essence of representative government.

There is clearly a wide difference between that importunity which consists solely of mere mass influence on the one hand and the presentation of reasoned argument for or against public policies on the other. It is the undoubted privilege of citizens and of the press to support or to criticize public measures, no matter who advocates or who opposes them; but this is a quite different procedure from urging upon elective officers the uninstructed preferences of portions of the public by the parade of formidable resolutions.

There can, of course, be no doubt regarding the sincere intentions of many of those who have participated in this urgent pressure for immediate action in a predetermined sense. They were no doubt deeply interested in the cause of peace. Quite naturally they were anxious to have something done. But there was no occasion that anything should be done hastily. As we discovered in the prolonged discussion of the proposal to ratify the treaty of Versailles, especially with regard to its first and its thirteenth parts, such occasions, if properly utilized, afford immense opportunities for public education in foreign affairs and the general comprehension of the import of public policies. But this implies that these policies should be freely discussed from all points of view; and, so far as they are technical questions, that they should be discussed even from a technical point of view. There has never been anywhere a complete examination of this subject. The whole question up to the present time has received but little attention in the Senate and little detailed analysis in the press.

THE LOGIC OF THE SITUATION

What, then, is the actual situation? The different proposals relating to a world court of justice are, in substance:

1. The Harding-Hughes reservations;
2. The Lodge world court plan; and
3. The plan for reorganizing the permanent court.

These all agree in one thing, namely, that the United States should not sign the protocol of the court of December 16, 1920, as it stands.

The first plan seems to imply that it should be signed only upon certain conditions and understandings called reservations. The second and third plans oppose signing that particular protocol at all.

The first question, therefore, to be resolved is, Should the league's protocol be signed?

Against signing it is the fact that, no matter what reservations are made, it is designed only for those nations that are members of the league or signatories of the treaties of peace mentioned in the annex to the covenant. The United States can not sign the protocol as a member of the league, and to sign as "mentioned in the annex" implies that the United States still has the relation of a halfway adherent to the treaty of peace which it did not ratify and quite certainly never will ratify.

What, then, remains? The protocol of the league is the league's own protocol, prepared as a supplement to the treaty of Versailles and in particular to article 14 of the covenant.

The United States, if it adheres to the Permanent Court of International Justice, should have the privilege not of participating in an act provided for by a treaty it has not ratified, but of adhering to a court already in existence, made broad enough to include all sovereign states, as the signatory of a protocol in which the United States is an equal. It should sign with its peers as a peer.

As the members of the league have signed a protocol appropriate for them as members, the United States, if it adheres to the court, ought to sign a protocol appropriate for it, as a nonmember of the league—a protocol in which the League of Nations, as such, has no part. Its right to join with the present members of the court as an adherent of the statute of the court should not be derived from its repudiated signature to a treaty it did not ratify—that is, as a quasi member of the league—but from the fact that a court actually exists in which a great number of the civilized nations of the world are represented, and from which other sovereign states should not be excluded.

No one can sustain the thesis that this court which these nations have established should be destroyed or that members of the League of Nations should not be members of a world court. The thesis that can be sustained is that the United States can not, without compromising itself, join this court while it is only the league's court.

A PROTOCOL OF PEERS

The reason for joining the Permanent Court of International Justice should not be that the United States and other nations signed together a treaty that has not been ratified by the United States and certain other nations, but that the United States and certain other nations are independent sovereign states. The protocol of December 16, 1920, was signed by members of the League of Nations because they were members of that league. It was sufficient to constitute a league court, but it is not sufficient to constitute a world court. There can probably be no other international court of which the states signing the protocol will become members. It is necessary, therefore, if there is to be a world court, to deal with these states. But they should be dealt with not as members of the League of Nations but as separate sovereign states. It is idle to think of breaking up their constructive work. What is needed is to enlarge and develop it. For this, all responsible sovereign states are necessary. There should be, therefore, a protocol which all responsible sovereign states can sign with equal privileges. Such a protocol should contain the following agreements, to which the signers of the existing protocol should consent by signing with the United States and other nations:

1. That all sovereign states may be admitted on equal terms without reference to whether they have or have not either signed or ratified the treaty of Versailles.

2. That states thus adhering to the existing statute of the court should have equal representation in the electoral bodies named in articles 3, 4, 5, 8, 10, 12, and 32 of the statute of the court, without implying any legal relation or obligation to these bodies other than those prescribed for them in the statute of the court as coequal for the purposes of the court.

3. That changes shall not be made in the statute of the court without the consent of the adherents.

4. That the charges for maintenance of the court shall not be different for the adherents from those borne by the signatories of the protocol of December 16, 1920.

5. That the decisions of the court do not bind any states except the actual litigants, and the opinions of the court bind no one.

6. That the signatories of the protocol do not oppose the convocation of future conferences at The Hague for the revision and ameliora-

tion of international law, the engagements of which do not become binding upon any state until it has itself ratified them.

Such a protocol, open to all adherents, would preserve the rights of all. It would include the formal consent and agreement of the signatories of the protocol of December 16, 1920, on the one hand, and on the other the acceptance of the jurisdiction of the court, in accordance with the terms and subject to the conditions of the statute of the court, by the adherents to the statute, with all the rights, powers, privileges, and immunities of the signatories of the protocol of December 16, 1920. Such a protocol would constitute a real World Court. Although all the members of the League of Nations would be, or might become, participants in the court, it could no longer be reproached with being merely the league's court.

NO HALFWAY COVENANT

Though signature of the protocol of December 16, 1920, is impossible for the United States without reservations which would take back with one hand what was granted by the other, and imply that this engagement was open to it only as a halfway covenanter who had signed the treaty of Versailles but had refused to ratify it, the signature of a protocol in which the existing court would be opened to sovereign states without this embarrassment would secure without reservations, and with the formal consent and agreement of the present members of the court, a perfect equality and a wholly adequate safeguard.

The statute of the court has never been the object of criticism in this country, as a structure of jurisprudence, except from the fact that it was originally created as a closed and impenetrable organization under the name of a court of justice. Those who have created it have the unquestioned right to open it to adherents by the broader construction they might place upon its provisions. [See Satow's Diplomatic Practice, Vol. II, p. 223, for a similar explanatory protocol.]

A simple resolution of the Senate declaring its disposition to ratify a new protocol, to be signed by the signatories of the protocol of December 16, 1920, and future adherents to the statute of the Permanent Court of International Justice, would no doubt solve the problem of transforming the present tribunal into a real world court and would be in accord with good practice.

Would such a proposal be accepted or rejected?

That would depend upon whether the signatories of the protocol of December 16, 1920, really mean to make the Permanent Court of International Justice a mere organ of the League of Nations or a true world court. Before approaching them with an application for membership in the court they have organized in one hand, and a dossier of reservations implying doubt of our position and reflecting upon their control of the court in the other hand, would it not be more courteous and more honorable to inquire through their common registrar, the secretariat, whether such a protocol of adherence as here suggested would be acceptable?

It would certainly be both an expression of loyal comity and an act of dignity on the part of the United States, before deciding upon a unilateral resolution of adherence to the Permanent Court of International Justice, accompanied with reservations, to seek a test of the ultimate intentions of the signers of the protocol of 1920 by an amicable inquiry as to their disposition regarding a real world court.

Mr. REED of Missouri obtained the floor.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Frazier	McKellar	Robinson, Ind.
Bayard	George	McMaster	Sackett
Bingham	Gerry	McNary	Schall
Blease	Gillett	Mayfield	Sheppard
Borah	Glass	Means	Shipstead
Bratton	Goff	Metcalf	Shortridge
Bruce	Gooding	Moses	Simmons
Butler	Hale	Neely	Smith
Cameron	Harreld	Norbeck	Stephens
Capper	Harris	Norris	Swanson
Caraway	Harrison	Nye	Trammell
Couzens	Heflin	Oddie	Tyson
Curtis	Johnson	Overman	Wadsworth
Dale	Jones, N. Mex.	Pepper	Walsh
Edwards	Jones, Wash.	Phipps	Warren
Ernst	Kendrick	Pine	Wheeler
Fernald	Keyes	Ransdell	Williams
Ferris	King	Reed, Mo.	Willis
Fess	La Follette	Reed, Pa.	
Fletcher	Lenroot	Robinson, Ark	

Mr. SMITH. I desire to announce that the Senator from Indiana [Mr. WATSON], the Senator from Iowa [Mr. CUMMINS], and the Senator from Alabama [Mr. UNDERWOOD] are attending a meeting of the Committee on Interstate Commerce.

The PRESIDING OFFICER (Mr. BRATTON in the chair). Seventy-eight Senators having answered to their names, a quorum is present.

PALMER RIVER BRIDGE, MASS.

Mr. BINGHAM. As in legislative session, I ask unanimous consent for the consideration of the bill (S. 1884) to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts to construct a bridge across Palmer River. It is a bridge bill in the usual form, to which there is no objection and for which there is considerable haste.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments.

The amendments were, on page 1, line 6, after the word "thereto," to strike out the comma and the words "without a draw therein," and in the same line, after the words "Palmer River," to insert "at a point suitable to the interests of navigation," so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge and approaches thereto across Palmer River at a point suitable to the interests of navigation in the towns of Swansea and Rehoboth, in said Commonwealth, said bridge constituting a part of a highway known as the Providence-Fall River State Highway, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

The PRESIDING OFFICER. The Senator from Missouri [Mr. REED] is entitled to the floor.

Mr. SWANSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Virginia?

Mr. REED of Missouri. I yield.

Mr. SWANSON. Acting under Rule XXI, which permits a Senator to modify a resolution he has offered, under certain conditions, I have modified Senate Resolution No. 5, which I introduced and which is pending, and I ask to have read at the desk the resolution as modified. I also request at the same time that there shall be a reprint of Senate Resolution No. 5, and that in the reprint the amendments, alterations, and additions shall be put in italics for the convenience of Senators.

The PRESIDING OFFICER. If there is no objection, it is so ordered. The Secretary will read the resolution as modified by the Senator from Virginia.

The Chief Clerk read Senate Resolution No. 5 as modified by Mr. SWANSON, as follows:

Whereas the President, under date of February 24, 1923, transmitted a message to the Senate accompanied by a letter from the Secretary of State, dated February 17, 1923, asking the favorable advice and consent of the Senate to the adherence on the part of the United States to the protocol of December 16, 1920, of signature of the statute for the Permanent Court of International Justice, set out in the said message of the President—without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein—upon the conditions and understandings hereafter stated to be made a part of the instrument of adherence: Therefore be it

Resolved (two-thirds of the Senators present concurring), That the Senate advise and consent to the adherence on the part of the United States to the said protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice—without accepting or agreeing to the optional clause for compulsory jurisdiction contained in said statute—and that the signature of the United States be affixed to the said protocol, subject to the following reservations and understandings, which are hereby made a part and condition of this resolution, namely:

1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.

2. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

3. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

4. That the United States may at any time withdraw its adherence to the said protocol, and that the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

5. That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned, nor shall it without the consent of the United States entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adherence by the United States to the said protocol.

Resolved further, as a part of this act of ratification, That the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and

Resolved further, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state, nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

Mr. BLEASE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from South Carolina?

Mr. REED of Missouri. I yield.

Mr. BLEASE. I offer the reservation which I send to the desk and ask that it be read.

The PRESIDING OFFICER. The Secretary will read the proposed reservation.

The CHIEF CLERK. The Senator from South Carolina offers the following reservation:

Whereas in elections of judges to the Permanent Court of International Justice in the Assembly of the League of Nations each sovereign state within the British Empire casts one vote, therefore the United States Senate advises and consents to the protocol of signature of the Permanent Court of International Justice only on condition that in elections of judges to the Permanent Court of International Justice in the Assembly of the League of Nations each sovereign State within the United States shall cast one vote,

The PRESIDING OFFICER. The proposed reservation will lie on the table and be printed.

Mr. BORAH. Mr. President, while we are on reservations, will not the Senator from Missouri permit me to have two reservations read and to ask that they be printed?

Mr. REED of Missouri. I yield to the Senator from Idaho.

The PRESIDING OFFICER. The Secretary will read the reservations.

The Chief Clerk read as follows:

The adherence of the United States to the statute of the World Court is conditioned upon the understanding that in the election of the judges in each electoral body each signatory state shall have one vote, but not more than one vote shall be cast in either the assembly or the council by the British Empire and the states included therein.

Also:

The adherence of the United States to the statute of the World Court is conditioned upon the understanding that in acting upon request for advisory opinions, the court shall not, under any circumstances, depart from the essential rules guiding its activity as a judicial tribunal, but shall give notice and open hearings to all interested parties, and shall in each case freely determine, in the exercise of its own judgment, whether it can, in keeping with its judicial character, properly answer the question put to it, and what shall be the nature and form of its response; that in no case shall the court give any confidential advice, but shall announce its opinions publicly, together with the opinions of dissenting judges; that the court shall not give an opinion on a question to which the United States is a party without the consent of the United States; and that the United States disclaims all responsibility for any opinion on any question to the submission of which the United States was not a party.

The PRESIDING OFFICER. The proposed reservations will lie on the table and be printed.

Mr. MOSES. Will the Senator from Missouri yield to me for a similar purpose?

Mr. REED of Missouri. I yield.

Mr. MOSES. I wish to present an amendment in the form of a substitute for Senate Resolution No. 5, which I ask to have printed and to lie on the table.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Hampshire? The Chair hears none, and it is so ordered.

The reservation submitted by Mr. MOSES is as follows:

Whereas the Senate has had under consideration the message from the President of the United States dated February 24, 1923, in which the Senate is asked to consent to the signature by the United States of the protocol of December 16, 1920, establishing the Permanent Court of International Justice, and has likewise had under consideration the messages from the President of the United States dated December 6, 1923, December 3, 1924, and December 8, 1925, in which this proposal is again commended to the favorable consideration of the Senate; and

Whereas the proposal thus submitted and commended contemplates the signature of the protocol by the United States upon such conditions as will enable the United States to give its adherence to the court while remaining wholly free from any legal relationship to the League of Nations; and

Whereas it is desirable to express with greater precision the safeguards suggested in general terms in the message of President Harding: Now be it therefore

Resolved, First: That the Senate approves the pending proposal and advises the adherence of the United States to the Permanent Court of International Justice upon the terms hereinafter specified.

Second. That permission to the United States to participate in the election of future judges should, in the opinion of the Senate, take the form of an amendment to those portions of the statute of the court which prescribe that the election shall be by the Assembly and Council of the League of Nations.

Third. That the Senate advises the President to communicate with the states which have adhered to the court for the purpose of securing assent to such amendments to the protocol and the statute as will accomplish the disassociation of the court from the League of Nations.

Fourth. That the Senate advises and consents to the signature by the United States of the protocol of December 16, 1920, when the same shall have been amended as specified in the first annex to this resolution and when amendments shall have been made to the adjoined statute as specified in the second annex hereto.

Fifth. That the signature of the United States of America shall be understood to be affixed subject to the declaration that the United States disclaims all responsibility for the exercise by the court of the jurisdiction to render advisory opinions, and subject to the further declaration that the United States intends to adhere to the Monroe doctrine as a national policy and assumes no obligations inconsistent therewith.

Sixth. That the signature by the United States herein referred to is a signature to the protocol as set forth in this resolution, but not to the so-called optional clause referred to in article 36, paragraph 2, of the statute of the court.

Seventh. That the Senate advises the President that a third international conference similar to The Hague conferences of 1899 and 1907 be called not later than the year 1926 for purposes which shall include the giving of effect to the recommendation of the committee of jurists upon the basis of whose report the court was established, regarding the clarification and further development of international law and the codification thereof.

FIRST ANNEX TO THE RESOLUTION

"PROTOCOL OF SIGNATURE

"The signatories of this protocol, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, and hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

"The present protocol shall be deposited after ratification with the secretary general of the Permanent Court of Arbitration at The Hague.

"The said protocol shall remain open for signature by all nations generally recognized by treaty or diplomatic relations with the signatories.

"The adjoined statute shall come into force as an amendment of or substitute for the existing statute as soon as all the signatories of the protocol of 16 December, 1920, shall have deposited their assent thereto with the secretary general of the Permanent Court of Arbitration at The Hague in a single copy, the French and English texts of which shall both be authentic."

SECOND ANNEX TO THE RESOLUTION

A. SUBSTANTIVE AMENDMENTS TO THE ADJOINED STATUTE

(1) Strike out article 4 and substitute a new article, as follows:

"ARTICLE 4

"The present judges and deputy judges constituting the Permanent Court of International Justice shall retain their offices under the statute of the court."

(2) Strike out the first paragraph of article 5 and substitute the following:

"ARTICLE 5

"Vacancies which occur either by expiration of term or otherwise shall be filled by the states which at that time are signatories to the protocol. At least three months before the date of an election to fill any such vacancy the secretary general of the Permanent Court of Arbitration shall address a written request to the members of the Permanent Court of Arbitration, inviting them to undertake, within a given time, by national groups, the nomination of persons in a position to accept the duties of a member of the court."

(3) Strike out article 8 and substitute a new article, as follows:

"ARTICLE 8

"Representatives of all the signatories to this protocol shall meet at such time and place as may be designated by the said secretary general and shall proceed to an election. The representatives of all signatories shall ballot as an electoral assembly. The states named in the Versailles treaty as the principal allied and associated powers, together with such five of the other signatory states as shall be selected by the signatories, shall ballot as a separate electoral council. The assembly of signatories and the council of signatories shall proceed independently of one another to elect, first the judges, then the deputy judges. In each electoral body each signatory state shall have one vote, but not more than one vote shall be cast in either assembly or council by the British Empire and the states included therein."

(4) Strike out article 10 and substitute a new article, as follows:

"ARTICLE 10

"Such nominee as shall receive a majority of votes in the electoral assembly and a majority of votes in the electoral council shall be elected a judge or deputy judge, as the case may be.

"In the event of more than one national of the same signatory state being elected by the votes of both the assembly and the council, the eldest of these only shall be considered as elected."

(5) Strike out article 34 and substitute a new article, as follows:

"ARTICLE 34

"Only states can be parties in cases before the court."

(6) Strike out article 35 and substitute a new article, as follows:

"ARTICLE 35

"The court shall be open to all states generally recognized by treaty or diplomatic relations with any of the signatories.

"When a state which is not a signatory is a party to a dispute the court will fix the amount which that party is to contribute toward the expenses of the court."

B. FORMAL AMENDMENTS TO CARRY THE FOREGOING INTO EFFECT

(1) In the following articles strike out "assembly" (or "Assembly of the League of Nations") and "council" (or "Council of the League of Nations") and substitute "assembly of signatories" or "council of signatories," as the case may be: Articles 3, 12, 13, 32, and 41.

(2) In the following articles strike out "member of the League of Nations" and substitute "signatory state": Articles 26 and 27.

(3) In the following articles strike out "the secretary general of the League of Nations" and substitute "the secretary general of the permanent court of arbitration": Articles 7 and 18.

(4) In article 1, after "established," substitute a period for a comma and strike out "in accordance with article 14 of the covenant of the League of Nations."

(5) In article 7 strike out the last six words and substitute "each of the signatories."

(6) Transfer the last two paragraphs of article 12 to a new article to be numbered article 13.

(7) Strike out in articles 12 and 31 "articles 4 and 5," and substitute "article 5."

(8) Strike out the first sentence of article 14 and transfer the residue of the article so that it shall become the last sentence in article 5 as amended.

(9) In article 36 strike out the first 17 words of paragraph 2 and substitute "a state," and for the words "they recognize" in the same paragraph substitute "it recognizes."

(10) In article 40 strike out the last paragraph.

Mr. OVERMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from North Carolina?

Mr. REED of Missouri. I yield.

Mr. OVERMAN. I offer a reservation to lie on the table subject to my call. If the resolution, as modified, presented by the distinguished Senator from Virginia [Mr. SWANSON] is adopted, I shall not press my reservation.

The PRESIDING OFFICER. The Secretary will read the reservation.

The Chief Clerk read as follows:

1. The adherence of the United States to the statute of the World Court is conditioned upon the understanding that the submission to the World Court of any question which affects the admission of aliens into the United States, or the territorial integrity of the several States or of the United States, or concerning the question of the alleged indebtedness or moneyed obligation of any State of the United States, or any question which depends upon or involves the maintenance of the traditional attitude of the United States concerning American questions, commonly described as the Monroe doctrine, or other purely governmental policy, shall not be considered without the consent of the United States.

The PRESIDING OFFICER. The proposed reservation will lie on the table and be printed.

Mr. WILLIAMS. Mr. President——

Mr. REED of Missouri. I yield to my colleague.

Mr. WILLIAMS. As I understand, the parliamentary process that is being invoked is Rule XXII, under which 16 Senators or more have signed the motion for cloture. I would like to know how late it will be possible for a Senator to introduce a substitute for the pending resolution? I assume that the reservations which have been introduced at this time and the substitute which has been offered by the Senator from New Hampshire [Mr. MOSES] have been presented on the theory that if the rule becomes effective it will not be competent for any Senator to offer an amendment except by unanimous consent, and that the reservations are being introduced at this time for that reason?

Mr. MOSES. Mr. President——

Mr. REED of Missouri. I yield to the Senator from New Hampshire.

Mr. MOSES. The Senator will recall that last night, after the motion had been filed to bring about a vote by cloture, I attempted to give notice to all Senators that reservations, in order to be protected, should be presented before 1 o'clock on Monday.

Mr. WILLIAMS. I should like to ask the Senator from Wisconsin whether there would be any objection to my offering a substitute for resolution No. 5 on Monday at 12 o'clock?

Mr. LENROOT. No. The Senator would have until the vote is taken upon the motion, so he would have one hour on Monday in which to offer any amendment.

Mr. WILLIAMS. I propose to offer a substitute for the pending resolution.

Mr. LENROOT. The Senator will have an opportunity to do so.

Mr. REED of Missouri. Mr. President, I ask to have read the resolution which I sent to the desk yesterday relating to the production of original documents.

The PRESIDING OFFICER. The clerk will read as requested.

The legislative clerk read the resolution (S. Res. 125) submitted yesterday by Mr. REED of Missouri, as follows:

Resolved, That the Secretary of State is requested to immediately send to the Senate the original protocol of the so-called Court of International Justice and all other original documents relating to such protocol or the proposed adhesion of the United States thereto.

Mr. REED of Missouri. I move the adoption of the resolution.

Mr. LENROOT. I make the point of order that under the rule the resolution can not be brought before the Senate at this time.

Mr. REED of Missouri. Why?

Mr. LENROOT. It must go over one day under the rule, and this is the same legislative day as yesterday. I will say in this connection that the resolution asks for what everyone knows is an impossible thing, because the original of the protocol is at Geneva.

Mr. REED of Missouri. Very well, Mr. President; then let us have the Secretary of State say so.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Montana?

Mr. REED of Missouri. I yield.

Mr. WALSH. I rise to a point of order. The resolution is not in order. The question before the Senate is Resolution No. 5, and until that is displaced in some way no other business can be transacted.

Mr. REED of Missouri. We can displace it by moving to take up another proposition.

Mr. WALSH. Not at this time.

Mr. REED of Missouri. Why not? We can displace any proposition at any time by a vote of the Senate, unless we are held by a majority vote to the direct consideration of the particular question.

Mr. WALSH. But we can not take up a resolution by motion in the midst of general discussion.

Mr. REED of Missouri. Oh, I think so.

Mr. WALSH. I am quite sure it can not be done.

Mr. LENROOT. There can be no question that the rule requires that resolutions when submitted shall lie over for one day under the rule.

Mr. REED of Missouri. I think the Senator is correct. I thought he would make the point. Of course, the resolution could be taken up by unanimous consent, but I expected the identical thing would happen that has happened; that is to say, the Senator, being in charge of the majority of the Senate, has denied us the opportunity of an adjournment so that a legislative day would intervene, and now on the very eve of asking a vote in the Senate he denies us the opportunity to point out what papers the Secretary of State has by raising the point of order. It is another application of gag rule, all of which makes, of course, for the enlightenment of the Senate and an opportunity for the Senate to know what it is doing. So far as we know to-day there have been some papers laid on the Vice President's desk without authentication, no pretense made that they are certified copies, no pretense made, at least authoritatively made, that they are identical with the original of the documents which we are informed by word of mouth is in Geneva and about which we have no official information whatever. So we are about to be asked to agree to a document as to the authenticity of which we have no official information.

Mr. LENROOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED of Missouri. Yes; I yield.

Mr. LENROOT. The document sent to the Senate by the President of the United States shows on its face that the protocol was executed in a single copy at Geneva.

Mr. REED of Missouri. Very well; so much the more reason why we should have some authenticated copy of the original. The thing that is sent to us now is an unofficial document and so described in the papers that have accompanied it.

Mr. MOSES. Mr. President, will the Senator from Missouri permit me to ask the Senator from Wisconsin a question in this connection?

Mr. REED of Missouri. Certainly.

Mr. MOSES. Would the Senator from Wisconsin object to the resolution if that portion of it relating to the original protocol were stricken out and it simply asked for copies of such correspondence as the department has with reference to the matter? I ask the question, if the Senator will permit me further, because under the terms of the protocol, it being left for the signature of the United States more than the signature of any other nation, it might be desirable to know whether the initiative in our moving toward signature was taken through the secretary of the League of Nations, who is the custodian of the protocol, or whether this Government itself approached the secretary of the League of Nations for the purpose of signing.

Mr. LENROOT. I will say to the Senator from New Hampshire that when such a resolution is before us I shall be glad to consider the question, but it is a very late hour for a request of this kind to be made. The World Court matter was made a special order for the 17th day of December, and now, just upon the eve of voting, these requests are made.

Mr. MOSES. We are not very near voting, even under cloture. There will be several days of debate, even after cloture is put in effect on Monday. I suggest that the Senator from Missouri modify his resolution as I have proposed and that he ask unanimous consent for its immediate consideration, so that we may have the correspondence in the matter.

Mr. REED of Missouri. I can see no reason for modifying it when I am told that it is out of order under the rule and it must go over a day.

Mr. MOSES. Unanimous consent would cure that.

Mr. REED of Missouri. The Senator is correct; unanimous consent would control, and unanimous consent would have permitted my original resolution to be considered. I appreciate the position of the Senator from New Hampshire. I simply want the country to know the kind of "gag" rule we are having applied in the Senate.

Mr. MOSES. Of course, if my distinguished friend and associate from Missouri is merely making a gesture, I have nothing further to add to the discussion.

Mr. REED of Missouri. Oh, I am not doing that.

Mr. MOSES. I pointed out yesterday, when the Senator from Missouri presented his resolution, that necessarily under the terms of the protocol it was not available to us in an original. I doubt very much if we could secure even an authenticated copy without a good deal of difficulty and lapse of considerable time. But the correspondence could be had, and could be had readily. I think there is no reason why we should not properly ask for it and I can see no reason for it being withheld from us. It seems to me that it is a collateral matter of some consequence to know whether we were invited by the custodian of the protocol to adhere to it, or whether we ourselves took the initial step to ask that we might be permitted to sign.

I can hardly think the Senator from Wisconsin would interpose an objection to a request for the correspondence. If the Department of State should feel it incompatible with public interest, of course they may refuse us the correspondence, but I would certainly think it most incomprehensible that any Member of the Senate should object to a request for copies of the correspondence in connection with a document of so much importance as the protocol.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to his colleague?

Mr. REED of Missouri. I do.

Mr. WILLIAMS. I should like to ask my colleague a question as to the parliamentary procedure upon the consideration of a treaty. We are considering Resolution No. 5. That resolution provides that we shall adhere to the protocol and the statute which created the World Court. Neither the protocol nor the statute is made a part of the resolution. Will my colleague tell me whether that is the usage in the Senate, he being a member of the Committee on Foreign Relations? I have another question to ask after that one is answered.

Mr. REED of Missouri. So far as my experience has gone on the Committee on Foreign Relations, it has been very limited. I have only recently become a member. So far as I understand the customs with relation to treaties, they are sent here for our examination and approval. They come here with the signature of the President already attached, and if we advise and consent the treaties become binding. We thus have before us in such cases the identical contract we are signing, and the President has taken the initiative in negotiating the treaty. I do not say that has been the universal custom, but so far as my own experience goes it has been the custom.

Mr. WILLIAMS. I will say to my colleague that I have examined several of the resolutions and I find that all such resolutions have incorporated within them the treaty which it is proposed we shall ratify. May I read to my colleague an excerpt from a decision of the Supreme Court of the United States by Justice Brown in the case of Fourteen Diamond Rings versus United States? There is nothing significant, of course, about those diamond rings. Mr. Justice Brown said:

> Obviously the treaty must contain the whole contract between the parties, and the power of the Senate is limited to a ratification of such terms as have already been agreed upon between the President, acting for the United States, and the commissioners of the other contracting power.

My point is that the thing which we are considering—which is the protocol—must be here, or it must be incorporated in the resolution, or it must be incorporated definitely in the proposal which comes to us for our advice and consent. That is to say, what are we advising the President of and yielding our consent to?

If my colleague will pardon me, the treaty of Versailles was executed in 1919. The protocol of this statute is designated by the League of Nations which created it as the "protocol of signature" and the lines are dotted for the members to sign. The protocol of signature was promulgated by the council on the 16th of December, 1920. At that time the way was open for us to ratify and consent to the action of President Wilson, who, acting on his own behalf and in his own right, had signed the treaty of Versailles which made us a member of the League of Nations—I say at that time when this protocol was promulgated. We did not ratify the treaty of Versailles at all, but we disclaimed that treaty and made independent separate treaties in 1920 and 1923 with the central powers, Germany, Austria, and Turkey. We made our

treaties with Germany and with Austria in 1921 and our treaty with Turkey in 1923.

Of course, the effect of that disclaimer on our part—to ratify the treaty of Versailles by the execution of these treaties, independent of the Versailles treaty, made by the United States with the central powers—was notice to the signers of the Versailles treaty that we would have nothing to do with that treaty. The minute that we disclaimed the Versailles treaty and put it beyond our power to execute the Versailles treaty by making these independent treaties with the central powers our right to membership in the League of Nations became functus. We had no further right after that, and the mention of our name there in the annex was superfluous. It meant nothing to us so far as that is concerned. On the 16th day of December, 1920, when we had a right presumably still to execute the Versailles treaty and thereby become a member of the League of Nations and bound by the obligations of the covenant, it was competent for them to send papers to the President of the United States, through diplomatic channels, for us to sign. After that we could not sign.

I should like to know, in response to the resolution which has been submitted by my colleague, when these papers were furnished by foreign countries or by the League of Nations—from the secretariat, presumably—to the United States, and whether they have lain in the archives of the Secretary of State since a date prior to our disclaimer of the Versailles treaty. Our status has been materially changed legally since that date, and from their standpoint it would no longer be competent for us to execute this protocol as one who might become a member of the League of Nations.

I think it highly important, Mr. President, that these papers be furnished us, so that we may not only have the date when they were received here but the circumstances under which they were sent. I do not see how we can proceed until we know that, because it is going to become necessary for us to make some diplomatic inquiries as to whether we can still be received as a member of this court. We are only invited to become a member of the court by virtue of the fact that our name appears in the annex to the covenant of the League of Nations, and that annex has become functus as to us.

Mr. REED of Missouri. Mr. President, it seems to me incomprehensible that the Senate would for a moment consider the question of taking action with reference to a document not officially before it. What has happened here is that President Harding sent a message and afterwards President Coolidge sent a message. In his message President Harding states:

> There has been established at The Hague a Permanent Court of International Justice for the trial and decision of international causes by judicial methods, now effective through the ratification by the signatory powers of a special protocol.

That is, a special protocol; not the protocol of the League of Nations. President Harding continues:

> It is organized and functioning. The United States is a competent suitor in the court through provision of the statute creating it, but that relation is not sufficient for a nation long committed to the peaceful settlement of international controversies—

And so forth.

> It is for this reason that I am now asking for the consent of the Senate to our adhesion to the protocol.
>
> With this request I am sending to the Senate a copy of the letter addressed to me by the Secretary of State, in which he presents in detail the history of the establishment of the court, takes note of the objection to our adherence because of the court's organization under the auspices of the League of Nations and its relation thereto, and indicates how, with certain reservations, we may fully adhere and participate and remain wholly free from any legal relation to the league or assumption of obligation under the covenant of the league.

That message transmitted to us a letter of the Secretary of State. Let me read it again. I think that is all he undertook to transmit—

> There has been established at The Hague a Permanent Court of International Justice for the trial and decision of international causes by judicial methods—

And so forth.

> It is for this reason that I am now asking for the consent of the Senate to our adhesion to the protocol.
>
> With this request I am sending to the Senate a copy of the letter addressed to me by the Secretary of State.

Then there follows the letter of the Secretary of State, in which he at length describes the court, and advocates certain reservations and recommends that we adhere to the protocol.

I know of no document which is authenticated and sent to us officially. We have some letters about an alleged document.

President Coolidge goes on to say in his message of December 6, 1923:

> Our foreign policy has always been guided by two principles—

And so forth. He speaks of The Hague court and of our foreign policy.

> Pending before the Senate—

Says the President—

> is a proposal that this Government give its support to the Permanent Court of International Justice, which is a new and somewhat different plan. This is not a partisan question. It should not assume an artificial importance. The court is merely a convenient instrument of adjustment to which we could go, but to which we could not be brought. It should be discussed with entire candor, not by a political but by a judicial method, without pressure and without prejudice.

That seems to be all there is about it. So it appears that the documents themselves have never been sent here in any official way, and therefore it would appear to me that they are not before the Senate.

Mr. WILLIAMS. Mr. President, may I ask my colleague a question?

Mr. REED of Missouri. I yield to my colleague.

Mr. WILLIAMS. I should like to ask my colleague whether he understands it is a protocol of signature or a protocol of adhesion?

Mr. REED of Missouri. I will have to answer my colleague and say that I do not know what it is.

Mr. WILLIAMS. Does not my colleague understand that there is attached to the letter of Secretary Hughes, which in turn was attached to the letter of President Harding of the 23d of February, 1923, a protocol in the form as promulgated by the League of Nations which is called a "protocol of signature"?

Mr. REED of Missouri. I will read to the Senator just what is attached:

> Copies of the resolution of the assembly of the League of Nations of December 13, 1920, the protocol of December 16, 1920, and the statute of the court are inclosed herewith.
>
> I am, my dear Mr. President, faithfully yours,
>
> CHARLES E. HUGHES.

Then follows this:

LEAGUE OF NATIONS—PERMANENT COURT OF INTERNATIONAL JUSTICE

Resolution Concerning the Establishment of a Permanent Court of International Justice Passed by the Assembly of the League of Nations, Geneva, December 13, 1920

1. The assembly unanimously declares its approval of the draft statute of the Permanent Court of International Justice—as amended by the assembly—which was prepared by the council under article 14 of the covenant and submitted to the assembly for its approval.

2. In view of the special wording of article 14, the statute of the court shall be submitted within the shortest possible time to the members of the League of Nations for adoption in the form of a protocol duly ratified and declaring their recognition of this statute. It shall be the duty of the council to submit the statute to the members.

3. As soon as this protocol has been ratified by the majority of the members of the league, the statute of the court shall come into force and the court shall be called upon to sit in conformity with the said statute in all disputes between the members or states which have ratified, as well as between the other states, to which the court is open under article 35, paragraph 2, of the said statute.

4. The said protocol shall likewise remain open for signature by the states mentioned in the annex to the covenant.

PROTOCOL OF SIGNATURE OF THE STATUTE FOR THE PERMANENT COURT OF INTERNATIONAL JUSTICE

Provided for by article 14 of the covenant of the League of Nations with the text of the statute

PROTOCOL OF SIGNATURE

The members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the assembly of the league on the 13th December, 1920, at Geneva.

Consequently, they hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

The present protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each power shall send its ratification to the secretary general of the League of

Nations; the latter shall take the necessary steps to notify such ratification to the other signatory powers. The ratification shall be deposited in the archives of the secretariat of the League of Nations.

The said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.

The statute of the court shall come into force as provided in the above-mentioned decision.

Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

I take it from that that it is very plain that what we are doing, if we had the proper documents before us, is that we are accepting the statute of the Permanent Court of International Justice. That seems to be all that we would be doing.

Mr. WILLIAMS. I disagree with the Senator.

Mr. REED of Missouri. Let me see if I have overlooked anything:

The members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the assembly of the league on the 13th December, 1920, at Geneva.

Consequently, they hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

They there accept the statute, and they accept the jurisdiction of the court. That is plain, I think.

The present protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each power shall send its ratification to the secretary general of the League of Nations—

There is an ambiguity there, because I can not say which of these protocols is embraced within it, or whether both of them are. I should be glad to have my colleague's views on it.

Mr. WILLIAMS. I think my colleague does not quite catch the import of my question. It is this:

That protocol, promulgated by the assembly with instructions that it be sent out for signature by the members of the league and those who had the right to sign, it being understood that it was to be sent out by the council, was a protocol of signature. It was not expected that anything would be done to that protocol except that it be signed. The nations that were to sign that protocol were members of the League of Nations; and all they had to do, as I understand, was to notify the secretariat of the league, who would make a proper memorandum of it at the league's headquarters.

The thing that we propose to do, as I understand, really is to pass a protocol of adhesion. A protocol of adhesion is entirely different from a protocol of signature, and there are some legal implications which arise from the President of the United States executing a protocol of signature.

I am addressing myself not only to my colleague but to the Senator from Wisconsin [Mr. LENROOT], the Senator from Pennsylvania [Mr. PEPPER], and the Senator from Montana [Mr. WALSH].

If the President, upon the adoption of this resolution, signs the present protocol as adopted by the League of Nations, even though he signs it with reservations, the legal implication is that it makes us a member of the League of Nations; whereas if we should authorize him to sign, on our behalf, a protocol of adhesion, it would be a thing entirely different in its legal implications. What is proposed here by the pending resolution, through legal implication—unwittingly, I am sure—is to make us a member of the League of Nations.

Mr. REED of Missouri. Mr. President, I am not prepared to pass on the point raised by my colleague without time to consider it and time to examine the particular language of the resolution; but I say that when a lawyer of his experience and ability raises a question of this kind it is time for the people to give attention to it. I make a different point, however.

What lawyer would permit his client to agree to be bound by a contract which he had not seen or an authenticated copy of which had not been furnished him? And what authority has this body to act upon a document that is not officially before it? There has not been sent to the Senate, as I understand, in an official way, any document for our consideration.

Mr. BORAH. Either officially or unofficially.

Mr. REED of Missouri. Perhaps the Senator from Idaho is right.

Mr. WILLIAMS. Mr. President, may I put another question to my colleague?

Mr. REED of Missouri. I yield.

Mr. WILLIAMS. Suppose that my colleague is the owner of a piece of real estate and that I am a contractor and that the Senator from Montana [Mr. WALSH] is my agent with limited powers, and that he, my agent, negotiates for the construction of a building on my colleague's land, and that I notify my agent that he has exceeded his powers. Although he has signed the contract by his own authority and in his own right, the contract indicates clearly that it must have my consent before it becomes binding upon me and upon my colleague. Suppose, then, that my colleague hands me a memorandum of a change in that contract—an addition or a modification or any other change in the contract—a protocol—and that I, after my colleague has signed the memorandum, also sign the memorandum, am I bound to the original contract then?

Mr. REED of Missouri. Clearly not.

Mr. WILLIAMS. I should say I am.

Mr. REED of Missouri. The Senator is not bound if the change was made without his knowledge.

Mr. WILLIAMS. I signed the memorandum for the change knowing full well all that my agent had done.

Mr. REED of Missouri. Oh, I did not understand the Senator's illustration, then.

Mr. WILLIAMS. And, by the same token, if our agent, President Wilson, in his own right and by his own authority, executes a contract which does not become binding upon this state, the United States of America, until it has received our consent, and we later sign a protocal of signature, what are the implications arising from that? Surely the acknowledgment on our part that we are a member of the League of Nations.

Mr. LENROOT. Mr. President, will the Senator from Missouri yield?

Mr. REED of Missouri. I yield.

Mr. LENROOT. I just want to ask the junior Senator from Missouri one question with reference to the protocol itself.

The Senator observes the language of the protocol, a copy of which is sent to us.

Mr. WILLIAMS. I have read as nearly a true copy of the protocol as I could get.

Mr. LENROOT. I do not question it.

The said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.

Mr. WILLIAMS. Yes; true; but the Senator from Wisconsin will remember that at that time we had not disclaimed membership in the League of Nations. The time, at that time, was still ripe for us to ratify the Versailles treaty. We had not then disclaimed ratification by the execution of independent contracts of treaty with the Central Powers, all of which took place after that date.

Mr. CURTIS. Mr. President, will the Senator from Missouri yield to me to submit a unanimous-consent request?

Mr. REED of Missouri. I yield.

Mr. CURTIS. I ask unanimous consent that when the Senate concludes its business to-day it take a recess until 12 o'clock on Monday.

Mr. REED of Missouri. Why not an adjournment?

Mr. HEFLIN. Mr. President, may I ask the Senator from Kansas why he can not make it 11 o'clock?

Mr. CURTIS. I prefer 12 o'clock, and I think that is a better hour.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILLIAMS. Mr. President, did I answer the question of the Senator from Wisconsin—that there had been a change in the facts?

Mr. LENROOT. Does the Senator really believe that any state named in the annex that did not join the League of Nations by attaching its signature to this protocol joins the league?

Mr. WILLIAMS. That is my sincere conviction, sir, under the facts as they are in this case, this being a protocol of signature and not a protocol of adhesion.

Mr. LENROOT. I have no further questions.

Mr. REED of Missouri. Mr. President, I am going to make one more effort to get some information. It is suggested that I change the resolution against which the point of order was made. In its modified form I send it to the desk and ask that it be read to the Senate.

The VICE PRESIDENT. The Secretary will read.

The legislative clerk read as follows:

Resolved, That the Secretary of State is requested to immediately send to the Senate the original correspondence relative to the protocol of the so-called Court of International Justice, and all original documents relating to such protocol or the statute of adhesion of the United States thereto.

Mr. REED of Missouri. I ask unanimous consent for the present consideration of the resolution.

Mr. LENROOT. I shall have to ask that it go over.

Mr. REED of Missouri. The Senator asks that it go over when we have already made an order for a recess, and we will be forced to vote on Monday on cloture. An order for a recess to-day at the conclusion of our business having been made, there will be no morning hour for consideration of the matter Monday, and the point of order now made against this resolution can be made Monday just the same as it is made now.

Mr. LENROOT. Mr. President, if the Senator had really desired this information, the resolution could have been introduced long, long ago. The usual rule is, when a request of this kind is made, to give some time for its consideration. The Senator made a request last night which I assume he knew was impossible of fulfillment because it appeared right upon the face of the document.

Mr. REED of Missouri. What document? There is not a document before us that is here officially.

Mr. LENROOT. This message of the President, and the papers attached thereto.

Mr. REED of Missouri. Mr. President, what is the "nigger in the woodpile" here? What is the reason we can not send down for these papers? What is there to conceal? What is irregular about this matter that Senators are afraid to put their papers on the table?

Mr. WALSH. Mr. President, I ask the Senator the reason why he did not introduce the resolution last March, when this matter was set down for action.

Mr. REED of Missouri. I will answer that very plainly. It is utterly immaterial to this question whether I introduced it last March, or last April, or last June, or last July, or whether I am introducing it now. The White House is about 1 mile from here, and with reasonable expedition a man can travel from that immediate vicinity to the Senate in less than 15 minutes, as the Vice President well knows. [Laughter.]

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to his colleague?

Mr. REED of Missouri. I yield.

Mr. WILLIAMS. Would it not be a sufficient reason for sending for it, now that it appears that we are about to consider it?

Mr. REED of Missouri. That is a sufficient reason; and I was going to say, further, that not until yesterday was my attention directed to the fact that we were doing the astonishing thing of undertaking to give official consideration of a matter not officially before us. I had assumed that the proponents of this measure were not considering and were not asking action by the Senate until they had something before the Senate to consider, and I did not take the trouble to go back and hunt through the files to find out whether we had any documents before us or not. I assumed that the President would not ask us to take action until he had sent us something to act upon, and that something a properly authenticated document sent here to us officially. I had a right to assume that the President was not merely writing us a letter about something and asking us to act on it without having produced the necessary documents for our consideration.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Alabama?

Mr. REED of Missouri. I yield.

Mr. HEFLIN. The Senator from Missouri said that the Vice President knew how long it would take to come from the White House to the Senate. I want to ask him how long it would take to go from the Vice President's chair to the White House?

Mr. REED of Missouri. That depends entirely upon the act of God and the fortunes of politics. [Laughter.] In this day of topsy-turvy, of jazz politics, God knows what will happen, nor who will get there, nor how he will get there. God knows what will happen in this body when Senators refuse to find out whether a treaty which they are asking us to adhere to is properly in the archives of our Government.

It will be found, when these treaties are read, the treaty of Versailles, for instance, it is recited that it shall be signed in both French and English, and then it is recited that in case of a dispute as to meaning, the French text shall govern, so careful are they about what is being signed. But here is the spectacle of men refusing to ask the White House for the papers in a case that we are deciding, and here is a pettifogging plea, "Why did you not do it a little earlier"?

This was proposed yesterday. The papers could have been here this morning. The resolution was called up this morning, and it was objected to on the technical ground that a legislative day had not intervened; and that was the fact, because the Senators in charge of this resolution have refused to allow a legislative day to elapse, and have held us here under recess from day to day.

It is now proposed, then, to take some sort of action with reference to a document which is not officially before this body, and that document is in every essence and in every particular a treaty. The only way we can deal with foreign countries with reference to our international matters and make a binding agreement is by treaty. Whether they are called conventions or treaties or agreements, they nevertheless are treaties between the countries, unless it is some executive act taken in pursuance to a treaty already entered into.

We have no treaty with reference to the league court. We are not a part of the League of Nations. We repudiated the league covenant. We refused to ratify the Versailles treaty. The nations that were in that treaty formed this organization called the World Court. They wrote an agreement between themselves which was not to be effective until ratified by the respective nations, and if we are doing anything we are here attaching the name of the United States to that treaty. Therefore it is in every particular, in my judgment, a treaty of adhesion.

Mr. LENROOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. REED of Missouri. I yield.

Mr. LENROOT. Is it the Senator's position that with the procedure now proposed the action of the Senate will have no validity?

Mr. REED of Missouri. My position is that this is a totally anomalous situation. The President does not go and negotiate a treaty, but a President writes a letter setting out that he is advised by the Secretary of State that certain foreign powers have adopted an arrangement for the creation of a court and for a statute governing the court, and asks us to consent to it in advance. I do not know what you call that. Why did not the President sign it? Why did he not send it here saying, "I have signed this treaty and I ask your assent"? He did not do that. I think that what President Coolidge wanted to do was this—may I use the very improper expression, "pass the buck"—shift the responsibility. I think he wanted to be able to go to the country and say, "I did this because the Senate told me to do it. I am not the originator of it. I did not negotiate it, but when the Senate told me to do it, then I filed it over there."

The whole proceeding is irregular, and my own opinion is that if we pass any one of these resolutions of adhesion at this time the President should then negotiate with the other countries for the acceptance of our conditions, and the matter must come back here again for our ratification when the other nations have signed. That is my notion about it.

Mr. LENROOT. Is it the Senator's opinion that it would have no validity until that were done?

Mr. REED of Missouri. I very much doubt its validity.

Mr. LENROOT. Then I should think the Senator would be entirely satisfied with the course of procedure.

Mr. REED of Missouri. Why should I be satisfied that we would be pretending to do something we are not doing, or that we should be pretending to do something that we never ought to pretend to do at all? Why should I be satisfied? I am not satisfied. The Senator might be satisfied in putting a fake over on the country, pretending we have done something that we did not believe had any validity.

Mr. LENROOT. No; but the Senator desires to keep us out of adherence to this court.

Mr. REED of Missouri. I do.

Mr. LENROOT. And, according to his view, that will be exactly what will happen if we take this position.

Mr. REED of Missouri. Perhaps that will come as a final result. That may be the effect of it. But that is no reason I should not stand here to-day and ask that we do not in any way entangle ourselves in the proposition.

If the Senator were practicing law and a client came to him and said, "Here is a contract that I am asked to sign. I am going to sign it, but I am going to sign it upon your opinion that I can get out of it," I imagine the Senator would say, "That is rascally; that is crooked; and if you are going to try to get out of it, keep out of it." That is what an honest lawyer would say. So there is not very much in that point.

Mr. President, in this connection, this being clearly, in my judgment, a treaty, I want to call attention to the rules of the

Senate, especially Rule XXXVII, and let us see what we do with treaties and how we handle them. First, we have to have a treaty. The rule reads:

When a treaty shall be laid before the Senate for ratification it shall be read a first time; and no motion in respect to it shall be in order except to refer it to a committee (as amended, S. Jour. 428, 50–51, March 6, 1888), to print it in confidence for the use of the Senate (as amended, S. Jour. 428, 50–51, March 6, 1888), to remove the injunction of secrecy, or to consider it in open executive session.

When a treaty is reported from a committee with or without amendment, it shall, unless the Senate unanimously otherwise direct, lie one day for consideration; after which it may be read a second time and considered as in Committee of the Whole, when it shall be proceeded with by articles, and the amendments reported by the committee shall be first acted upon, after which other amendments may be proposed; and when through with, the proceedings had as in Committee of the Whole shall be reported to the Senate, when the question shall be, if the treaty be amended, "Will the Senate concur in the amendments made in Committee of the Whole?" And the amendments may be taken separately, or in gross, if no Senator shall object; after which new amendments may be proposed (as amended, S. Jour. 428, 50–51, March 6, 1888). At any stage of such proceedings the Senate may remove the injunction of secrecy from the treaty, or proceed with its consideration in open executive session.

The decisions thus made shall be reduced to the form of a resolution of ratification, with or without amendments, as the case may be, which shall be proposed on a subsequent day, unless, by unanimous consent, the Senate determine otherwise; at which stage no amendment shall be received, unless by unanimous consent.

On the final question to advise and consent to the ratification in the form agreed to, the concurrence of two-thirds of the Senators present shall be necessary to determine it in the affirmative; but all other motions and questions upon a treaty shall be decided by a majority vote, except a motion to postpone indefinitely, which shall be decided by a vote of two-thirds.

2. Treaties transmitted by the President to the Senate for ratification shall be resumed at the second or any subsequent session of the same Congress at the stage in which they were left at the final adjournment of the session at which they were transmitted; but all proceedings on treaties shall terminate with the Congress, and they shall be resumed at the commencement of the next Congress as if no proceedings had previously been had thereon.

Now, Mr. President, it is proposed here to employ cloture; and the cloture rule in no manner, in my humble judgment, fits the rule that I have just read. The two rules, in my opinion, can not be construed together and reconciled. I read now a part of Rule XXII:

One hour after the Senate meets on the following calendar day but one he—

The Presiding Officer—

shall lay the motion before the Senate and direct that the Secretary call the roll, and, upon the ascertainment that a quorum is present, the Presiding Officer shall, without debate, submit to the Senate by an aye-and-nay vote the question:

"Is it the sense of the Senate that the debate shall be brought to a close?"

And if that question shall be decided in the affirmative by a two-thirds vote of those voting, then said measure shall be the unfinished business, to the exclusion of all other business, until disposed of.

Thereafter no Senator shall be entitled to speak more than one hour on the pending measure, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be in order after the vote to bring the debate to a close, unless the same has been presented and read prior to that time.

Mr. President, how are you going to reconcile the proposition that no amendment shall be allowed with the proposition that is laid down in Rule XXXVII, which expressly declares that amendments shall be allowed:

When a treaty is reported from a committee with or without amendment, it shall, unless the Senate unanimously otherwise directs, lie one day for consideration, after which it may be read a second time and considered as in Committee of the Whole, when it shall be proceeded with by articles, and the amendments reported by the committee shall be first acted upon, after which other amendments may be proposed, and when through with, the proceedings had as in Committee of the Whole shall be reported to the Senate, when the question shall be, if the treaty be amended, "Will the Senate concur in the amendments made in Committee of the Whole?" And the amendments may be taken separately or in gross, if no Senator shall object, after which new amendments may be proposed.

Now, we have a cloture rule which provides that we can not amend the treaty, that we can not offer an amendment to the treaty after the Senate convenes on Monday. We have here a rule which provides that the treaty may be amended at any time in Committee of the Whole, and that when it is reported to the Senate it is still open to new amendments. Now, two-thirds of the Senate may set it aside; improper rulings may brush it aside; but there is the rule, and it is in absolute conflict with the gag rule that is being invoked here. This gag rule was never intended to operate as to treaties. It was intended to operate as to legislation. Hence we have here, in my judgment, an absolute conflict between the two rules if it is undertaken to apply to the matter of the treaty the cloture rule which I think was intended for legislative matters.

Mr. President, I am asking now for unanimous consent to consider the resolution which I have offered as amended.

Mr. LENROOT. But I have already objected.

Mr. REED of Missouri. Did the Senator from Wisconsin object?

Mr. LENROOT. I did object.

Mr. REED of Missouri. I did not so understand it.

Mr. LENROOT. If the Senator is through, I want to say just a word with reference to the matter. In the first place, with reference to whether there be any conflict between the two rules, I do not think there is. One may modify the other to some extent, but even if there were a conflict, the Senator, I think, will agree that where there is a conflict, Rule XXII or the paragraph of it under consideration having been passed later than the rule to which he has referred, Rule XXII would govern the situation.

Now, with reference to whether there is anything before the Senate. Rule XXXVII, of course, contemplates a treaty already negotiated and signed by the President where the ratification of the Senate is asked. That is not the present situation. The President asks for the advice and consent of the Senate for the adhesion of the United States to the protocol that he sets out. He sets out the protocol in full that he asks the advice and the consent of the Senate that the United States adhere to. He sets out the statute in full. It accompanies his message.

I have not any doubt in the world that under the Constitution the President might send to the Senate a treaty which he proposed to make that had never been submitted to anybody and ask the advice and consent of the Senate with reference to his making that treaty. If the Senate did advise and consent to it, making no amendments to it, or even if it did make amendments, and he actually afterwards made the treaty in accordance with the advice and consent of the Senate, it would be perfectly valid under the Constitution of the United States.

So whether we have any original documents before us or not is not important. The President has advised the Senate of the protocol that he desires us to advise and consent that he may sign and that we may adhere to. He has set out the statute in full. The Senator does not question that it is correctly set out, does he?

Mr. REED of Missouri. I do not know whether it is or not, sir.

Mr. LENROOT. Every Senator has read the statute. That is purely a technical point, I will say. The statute has been published over and over again, and it has always been in exactly the same wording. There is no question in the mind of any Senator that the statute is here correctly set out. It is purely technical upon the part of the Senator from Missouri, but technical or not I insist it does not make a particle of difference where the original document may be. We do not have to have the original document before us in order to advise the President with respect to this matter.

Mr. REED of Missouri. Of course it is purely technical whether a man signs his name to a promissory note or to a will. That is purely technical in the minds of some people, but it is very essential in the minds of people who do business with a reasonable degree of care. I do not know what is deposited over in Geneva and the Senator from Wisconsin does not know. He does not know whether other nations have made reservations to the document as originally submitted or not and I do not know. Whether the nations that have adhered since the President sent his message here have made reservations I do not know and the Senator from Wisconsin does not know.

What we do know is that the President has not undertaken to lay before us an authenticated copy. What we do know is that the President merely wrote a letter to the Senate and inclosed a letter from the Secretary of State in which the Secretary of State undertook to set out what the Secretary of State understood to be copies of certain instruments. The matter is not here for official action. But that will not make any difference

to the people who would drive us into this court without any regard to anything except haste.

Mr. President, I do not know what is going to happen here Monday. I do not know whether the gag rule is going to be applied for the first time in the Senate, because I believe it has never yet been applied, although, if I recollect right, it was adopted sometime during the war. I do know that as a matter of fact the attention of the Senate has been directed to this question, and it really has been under consideration only since the 17th day of December, 1925. I do know that for practically two weeks of that time the Senate was adjourned. I do know that practically one week was taken up with the contest over the seating of a Senator from North Dakota. I do know that there are a number of Senators who have not finished their arguments in the matter.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. REED of Missouri. I yield.

Mr. LENROOT. I do not think the Senator was here, so he probably does not know that the debate was opened on the 17th of December, and the full day was occupied. On the 18th the full day was occupied. The proponents had made their opening case. On the 19th no one was ready to speak in opposition and we adjourned over until the following Monday. On Monday the Senator from Montana [Mr. WALSH] discussed the question. On Tuesday no one among the opposition was ready to speak, and we were in session 1 hour and 10 minutes on that day, and 20 minutes of that time was occupied in secret executive session.

Mr. REED of Missouri. Yes; the terrible and unprecedented thing happened that with an important question pending, where men wanted to prepare something worth hearing, they were not ready at the tap of the bell to proceed. That happens in connection with every bill of importance. In the early days of the session it always happens that we find ourselves unable to proceed, and under ordinary circumstances, where ordinary rules of decency are observed, there is no question made when a Senator in good faith asks that the matter may go over until the next day but that it goes over. It is only when a measure is so sponsored and when there is a fear of delay so prominent that we find any question raised about an important bill in the early days of the session going over to enable a Senator to be ready.

Mr. LENROOT. Mr. President, will the Senator from Missouri yield to me?

Mr. REED of Missouri. Yes.

Mr. LENROOT. Is it not true that the 17th of December had been fixed as the date to begin the consideration of the resolution for about seven months?

Mr. REED of Missouri. Oh, what is the use of asking that?

Mr. LENROOT. The Senator from Missouri is talking about Senators having an opportunity to prepare for debate.

Mr. REED of Missouri. The Senator asks, Is that not true? Everybody knows, of course, that it is true.

Mr. LENROOT. And Senators have had seven months in which to prepare their speeches.

Mr. REED of Missouri. Yes; they have had seven months in which to prepare their speeches, but no Senator in opposition to this resolution need have been expected to say a word until some Senator had said something for it, and there was something to reply to. It is true that not once but many times we have passed measures over from a preceding session fixing a day when they would be taken up for consideration; and it is also true that all of the courtesies and all of the decencies have been maintained right along except in this case.

Mr. WALSH. Mr. President, I wish to inquire of the Senator from Missouri if it is the rule of procedure in the trial of lawsuits to wait to prepare until the other side has made its presentation of the case?

Mr. REED of Missouri. I will say to the Senator from Montana that I have practiced law for 38 years and I never in my life took a default until I notified the attorney upon the other side and had found that he intended not to appear at all.

Mr. WALSH. That was not my question.

Mr. REED of Missouri. I will answer the Senator's question.

Mr. WALSH. The Senator from Missouri had stated to the Senate that a Senator ought not to be called upon to prepare his speech until the proponents of the measure had been heard upon the matter, and I inquired of him whether in the practice of his profession it had been his custom to delay his preparation for a lawsuit until the case had opened on the other side of the question?

Mr. REED of Missouri. Oh, no. If the Senator from Montana and I ever get on opposite sides of the table we shall both be ready just as nearly as we can get ready.

Mr. WALSH. Yes.

Mr. REED of Missouri. But if in such a case the Senator from Montana arose and said to me that a witness was absent, or if the Senator stated to me that he needed a few hours' time in which to look up authorities, I would give it to him, as I have done in such cases universally.

However, what we do in lawsuits is quite a different thing from our course of procedure here. I have been here some years; not yet long enough to undertake to deliver any lectures from the standpoint of being a venerable man; I might be a thousand years old and yet I would not be venerable; but I say this is the first time that I have ever heard it claimed that a reasonable time for Senators to prepare should not be granted and granted willingly and without a word, and this is the first time I have heard it claimed that because a measure went over——

Mr. WALSH. Mr. President——

Mr. REED of Missouri. Just a moment—that because a measure went over during the summer every Senator had to be ready instantly to debate it as soon as it was laid before the body for consideration.

Mr. WALSH. The Senator from Missouri will not dispute the proposition that seven months furnishes sufficient time in which to prepare.

Mr. REED of Missouri. It would have been sufficient time to prepare if we had been able to devote our undivided attention to the subject; but some of us were busy with other things. Most men have something else to do. I did not have an hour's vacation during the summer. The Senator from Montana had time to go over to Europe. I envied him his trip. I wish I could have been along.

Mr. HARRELD. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Oklahoma?

Mr. REED of Missouri. Yes.

Mr. HARRELD. I wish to call attention to the fact that every day Senators are deciding to vote against our entrance into this court. Should not those Senators have time to prepare to give their reasons for opposing the court? If they listen and wait to hear the evidence and the arguments on the other side, should they not be given opportunity to be heard?

Mr. HEFLIN. Mr. President, will the Senator permit me to interrupt him?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Alabama?

Mr. REED of Missouri. Yes.

Mr. HEFLIN. I should like to have the Senator from Oklahoma name one Senator who has changed his position.

Mr. HARRELD. The junior Senator from Oklahoma [Mr. PINE] has done so, if the Senator from Alabama wishes to know.

Mr. HEFLIN. The junior Senator from Oklahoma?

Mr. HARRELD. I so understand.

Mr. HEFLIN. He must have changed his position as a result of the eloquent speech which the senior Senator from Oklahoma delivered a few days ago.

Mr. HARRELD. I do not know why he has done so; but he has announced that he is not going to support the resolution providing for our entrance into the court, and I presume he will wish to be heard on the subject, though I do not know. I was just citing his case as an illustration.

I know of other Senators here who are talking of changing their position on the resolution. They themselves have told me so.

Mr. HEFLIN. I should like to say to the senior Senator from Oklahoma that I have never considered that the junior Senator from Oklahoma was for the court. I should like to have the Senator from Oklahoma give me the name of one other Senator who proposes to change his position.

Mr. BORAH. Mr. President, I suggest to the Senator from Alabama that there has been an important change, and that is in the Swanson resolution of ratification.

Mr. HEFLIN. Which makes the proposal all right now, does it not?

Mr. REED of Missouri. Then the Senator has learned something from this debate. [Laughter.]

Mr. HEFLIN. But the Senator suggests something that I have helped to bring about.

Mr. REED of Missouri. Certainly; and if we manage to change the mind of the Senator from Alabama, then the hour of miracles has come. We might perform a little more, and see if some more legerdemain can not be accomplished.

My God, Mr. President, if we change the mind of the Senator from Alabama in this debate then there is hope. "The vilest sinner may return" up to the last moment, so it is said. [Laughter.]

Mr. HEFLIN. Mr. President——

Mr. REED of Missouri. I will submit to the Senator either quoting the Scripture or telling us about a crap game, but I first want to know which he is going to tell us about, because he does both with equal facility.

Mr. HEFLIN. And they always have a very telling effect, too.

Mr. REED of Missouri. Yes, and they are always very amusing.

Mr. HEFLIN. Mr. President, what I wanted to say to the Senator is this: I have advocated throughout this debate a reservation to provide that the court shall not consider and pass judgment upon any case in which the United States is interested unless this Government shall consent for it to do so; and I have contended that we ought to have a reservation under which this Government, if it desires to do so, may withdraw from the court.

Mr. REED of Missouri. But the Senator has been for entrance into the court with the original reservations; now he is for entrance into the court with additional reservations, and if we keep on discussing this question it is possible that even he may be converted. He was away off on the back benches; we have not got him up to the mourners' seat as yet; he is just about halfway down the aisle; but he is admitting that there is something wrong with what was proposed to be done by His Eminence the President of the United States; he is admitting there is something wrong with the Swanson reservation, and even Brother SWANSON admits the necessity of some change.

That reminds me of the old League of Nations contest that started here with a document that was handed to us, and we were told it was to be taken without the dotting of an "i" or the crossing of a "t." The majority of this body were for taking it in just that way, in my opinion—and I was here and had something to do with the debate. After a while a large number of the Senators in this body became convinced that there ought to be one reservation; then two reservations; then we became divided into two camps, the radical or extreme reservationists and the mild reservationists; we had every sort of degree. I checked the vote here, and I think before we got through that every Member of the Senate had voted for some reservation. If there was any exception to the rule, I do not know who the Senator was.

Now we are discussing a question as to which important points have been raised; others will be raised; and yet the majority propose to adopt a cloture resolution in the Senate so that when the clock reaches the hour of 1 on Monday next, if they are successful in the effort to secure the adoption of the resolution, no Senator can even stand on his feet and offer an amendment to the pending proposition unless that amendment has been thought out in advance and has been filed; and if he finds under a strict construction that his amendment is defective, if he gets into the frame of mind that the Senator from Virginia [Mr. SWANSON] has been in with reference to his own reservation, and wants to change or modify it because of facts disclosed in the debate or which occur to him, he can not make such change or amendment. We will be bound here hard and fast to pass upon this question solely on the amendments that may be filed in advance. We may adopt one amendment; we may find it necessary because of the adoption of that one to adopt another; there will be none that fit exactly; we may want to change the language; but we are tying our hands when we are about to enter into a contract to submit great issues and important matters to a court sitting on the other side of the sea.

Mr. WALSH. Mr. President, the Senator could avoid all that by agreeing to a day when we shall vote.

Mr. REED of Missouri. I have not objected, sir. Has the Senator heard me object?

Mr. WALSH. The friends of the Senator have objected.

Mr. REED of Missouri. Mr. President, that is an insinuation not quite worthy of the Senator from Montana. The Senator who objected, I hope, is a friend of mine. I met him for the first time when he came to the Senate. I suppose he is equally the friend of the Senator from Montana. I should like to describe each of the Senators as an intimate acquaintance, but I profess no intimate acquaintance with the Senator from South Carolina.

I have shown the situation that we are in. What I am asking for is that this debate shall be allowed to proceed until Senators can have full time for consideration. Other business that is of importance can be taken up; there is no hurry about this matter. If after the tax bill shall have been passed, the pending resolution still being subject to call, there develops a real filibuster; if it appears that Senators are not talking in good faith, then if cloture be applied, although I do not believe in it at all—I do not believe it is the right principle ever to apply in the Senate—I shall feel entirely different about it. If it is desired to secure consent to vote at a reasonable time in the future, allowing reasonable opportunity for debate, I shall not object, and I have not objected. But what is being done here is to say that those of us who have not finished the discussion of this case and who think they have something to say on it shall not have the opportunity. Other Senators may not think that what we are saying has any weight, but we have the right to submit our views to the Senate and to the country.

Mr. HEFLIN. Mr. President——

Mr. REED of Missouri. Just a moment. I would hate to have my right to speak here determined by the opinion of some of my brother Senators as to whether I was saying the right thing, and I think they would not want to submit their views to that test and let me apply it. I now yield to my friend from Alabama.

Mr. HEFLIN. Mr. President, the other afternoon I suggested that if we could not get unanimous consent to fix a day for voting upon this question, we might as well apply the cloture rule which we have. When we are through with the debate I feel that we ought to vote. I talked to some of my friends here on the subject, and they said, "The opposition is going to have a conference to-night to see if they can not agree." I understand that they did have such a conference, but no suggestion as to what they agreed on was ever reported. I want to ask the Senator from Missouri if they did have a conference and if they did determine to make a proposition by which we could end debate, or whether they declined to do it?

Mr. REED of Missouri. No, sir; neither statement would be correct. The conference was, as most conferences are, private; but I think my colleagues will exonerate me from blame for disclosing what took place. We discussed the question of how long it would take to debate this matter, of the different Senators who wanted to speak upon it, of the desirability of having a reasonable time in which to debate the resolution, and it was finally left with the Senator from Idaho [Mr. BORAH] to talk with the representatives of the other side and see if an agreement could be reached. That is all that took place, and it is all that reasonably could take place.

Mr. HEFLIN. But was any date suggested?

Mr. REED of Missouri. Different dates were talked of. Nobody undertook to suggest a particular date, because that was a matter to be left to negotiation. Nothing was done looking toward barring a vote on this matter.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. REED of Missouri. I yield.

Mr. McKELLAR. If the Senator were to indicate what day he thought would give everybody a fair chance and ask unanimous consent that a vote be had on that date, perhaps an agreement might be reached. What date would the Senator suggest; and would he be willing to prefer a request for unanimous consent?

Mr. REED of Missouri. I am not willing to suggest a date in my position in this debate on my responsibility, because the contest has been in charge of the Senator from Idaho [Mr. BORAH] from the first. I am only a high private in the rear ranks, appealing, however, for the rights that ordinarily go to a private on this side of the Chamber.

Mr. WILLIAMS. Mr. President, I will ask my colleague if he does not recall that it was considered that the tax bill should be gotten out of the way by the 15th of February, and that the desire to get it out of the way by that time moved us to say that if we could take up this measure five days after that it would be satisfactory?

Mr. REED of Missouri. There was general talk of that kind, and it was turned over to the Senator from Idaho [Mr. BORAH] for negotiation.

Mr. President, I say to my colleagues that I have not finished the discussion of this question in what I consider a legitimate argument. It may not appeal to a single Senator here. Almost all of you have some views in which I do not concur; but that does not mean that you are right, and it does not necessarily mean that I am wrong. I want to present my views on this question. I could not do it between now and the time when it is proposed to apply cloture. I could do it, of course, if I stood here all of these hours and risked my health, and perhaps my life; but I am not going to do that. I was here as soon as I could get my materials together and make my studies and be prepared to go ahead.

I say—and I am talking now because this is the only time we have had to talk about this matter of cloture—that I believe in

the entire history of the Senate cloture never has been applied. We started once or twice to apply it here——

Mr. ASHURST. Mr. President, if the Senator will yield to me, we applied it on the League of Nations.

Mr. REED of Missouri. No; I think we agreed there in the end.

Mr. ASHURST. I beg the Senator's pardon.

Mr. LENROOT. No; it was applied on the League of Nations.

Mr. ASHURST. The cloture was applied.

Mr. REED of Missouri. It may have been. I thought we had simply talked of it. My recollection gets indistinct about matters and I am glad to be set right.

Mr. ASHURST. I knew the Senator would not object.

Mr. REED of Missouri. I thought we had talked about it, but finally had agreed on a time to vote. Very well; it was applied on the League of Nations.

Mr. McKELLAR. May I say to the Senator that I would very much prefer to have the Senate agree upon a day to vote; and if the Senator from Missouri—even though he is, as he claims, but a high private in the rear rank in his organization—were to prefer a request fixing, say, somewhere between the 10th and the 18th of February, I am inclined to believe that he could get unanimous consent. In fact, I have no doubt about it in my own mind.

I have not conferred with any Senator. I do not know how they think about it, but I believe that any reasonable time that the Senator from Missouri might suggest at which we could come to a vote by unanimous consent would be agreed to by the Members of this body rather than to apply cloture.

Mr. REED of Missouri. Mr. President, I have stated my position about that. I am not authorized to make any statement that will bind anybody.

Mr. CARAWAY. Mr. President, may I ask the Senator from Missouri a question? The Senator said a moment ago that the Senator from Idaho was the general in command.

Mr. REED of Missouri. He has been the leading Senator. I would not say that he is the general in command.

Mr. CARAWAY. I was trying as nearly as I could to adopt the language of the Senator. The Senator said he was a private in the rear rank, and that the other Senator was of higher rank. The Senator from Idaho suggested the 10th day of February. Is the Senator from Missouri willing to follow his general in command?

Mr. REED of Missouri. Yes; although I think the date he mentioned is too early.

Mr. CARAWAY. The 10th of February is satisfactory to the Senator?

Mr. REED of Missouri. I say I think it is too early, but I am willing to agree on a day.

Mr. CARAWAY. I thought the Senator stated that the Senator from Idaho was in charge. The Senator from Idaho said that would be satisfactory to him, and now I want to know if the Senator from Missouri is willing to follow his leader.

Mr. REED of Missouri. I do not know what the Senator from Idaho said. I was not here at that time, but, of course, what the Senator from Arkansas says about it is correct.

Mr. HEFLIN. Mr. President, how about the 15th of February?

Mr. REED of Missouri. I say you are asking me to agree to something where I am simply one of many. I am perfectly willing to confer with my associates; I am perfectly willing to talk over the matter with the Senator from Idaho and all the rest of the Senators who feel as I do against this court; but each of us has his individual rights, which I, of course, can not waive. All I can do is to use my influence, and my influence generally has just the opposite effect to what I want it to have.

Mr. ASHURST. Mr. President, we may disagree with or dissent from the able and eloquent Senator from Missouri; I presume everyone here admires him, one not more than the other; but whatever date that is reasonable he asks, or whatever other request he makes, will be granted. He need not through modesty disclaim his leadership here on this subject. No one in favor of the court would object to a date he proposed and no one opposed to the court would agree to a date to which he objected. Let the Senator lay aside his modesty.

Mr. REED of Missouri. I wish I felt that I had that much influence. It would be a great solace to my soul to have all my colleagues agree with me for once.

Mr. McKELLAR. I think we will all agree with the Senator from Missouri if he will fix a reasonable day.

Mr. SWANSON. Mr. President, will the Senator from Missouri yield to me?

Mr. REED of Missouri. Yes.

Mr. SWANSON. I think the proposition offered by the senior Senator from Arkansas [Mr. ROBINSON] yesterday afternoon was a fair proposition. Let us see what it was.

That the general debate should continue as long as any Senator wanted to speak; that this matter should be kept before the Senate for discussion to the exclusion of any other matter; that on the 10th of February unlimited debate should end, and we should then proceed under the 30-minute rule, applied to every amendment or reservation offered to the resolution of ratification. It does seem to me, in all fairness and justice, that if there is any disposition to reach a conclusion of this matter, that is an equitable arrangement.

I understood that the Senator from South Carolina [Mr. BLEASE] would reconsider his objection. I fully expected to come in here this morning and find everything settled, so that we could proceed under that agreement. Then we would have full discussion, discussion of every reservation, and the matter would be settled amicably to the satisfaction of every Senator.

I should like to know what is the objection to that arrangement? So far as letting other business crowd out this matter is concerned, the understanding is that it shall be before the Senate for general debate if any Senator wants to discuss it, from now until the 10th of February; and it was the understanding of all of us that that would be done. I presume, in all frankness and candor, that no man in the Senate who wants to present his views in connection with the World Court will deny that that would be ample time.

It may be said that interest might be lost in the debate. We can not keep Senators here to listen. We can not do that; but Senators can give notice the day before they desire to speak—they can give notice two days or three days before—and it would be really more advantageous for debate. I know of Senators here whom people would like to hear in opposition to the resolution, and if they would give notice that they were going to speak on a certain day I am satisfied that Senators would be here. This would give an opportunity to have debate conducted in that way; and when that notice was given, under the unanimous-consent agreement that was sought, the Senator would be entitled to the floor.

When the time comes for 30-minute debate, any Senator will have 30 minutes to discuss every amendment, every reservation. There is no limit on that. Senators can discuss the amendments and reservations until they are content; but it does seem to me, in fairness and justice, that this matter ought to be brought to a conclusion.

Last spring we intended not to adjourn the special session of the Senate if this special order had not been made. A resolution was pending here to make it a special order immediately and to discharge the committee from its consideration. That resolution was introduced by the senior Senator from Georgia [Mr. HARRIS]. We all got together and had an understanding that we would ask for a unanimous-consent agreement, which could not be obtained. Then it was understood, as far as I was concerned—it was so understood by me; I can not say that any specific promise was made—that the matter would be made a special order on the 17th of December; and when it is made a special order, if you are going to keep faith and carry out the understanding, it means that it is going to be disposed of after reasonable debate. I think we ought to keep that understanding, and I think that after reasonable and fair debate this matter ought to be disposed of.

Every Senator but three voted for that proposal. I am just talking about the two sides of this question. All Senators but three voted for that proposal with that understanding. Now, we come here and say, "Name a day. You can have full debate. Name a day when you will vote." You say you do not want to name a day to vote, because there are amendments, and reservations might be offered from time to time, and that would interfere with you. We say, "Then close general debate. You can speak two days, three days, four days, any time you please. Make your announcement that you are going to speak to-morrow at 4 o'clock or 2 o'clock. Suit yourself, and have general debate until the 10th of February, and then you will not have any trouble and misunderstanding in connection with reservations and amendments that are offered. Nobody will be surprised. Everybody will have an opportunity to offer all the proposals they want and to debate every one of them for 30 minutes."

It does seem to me that that is a fair proposition. Does not the Senator from Missouri think so?

Mr. REED of Missouri. In a general way I think it is. I do not agree to the day. I think I can convince Senators that that is not a fair proposition.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Missouri a question? Does the Senator desire to suggest a day?

Mr. REED of Missouri. I have already answered that question before the Senator from Arkansas came in. I said that I had no authority to suggest a day; that I was willing to confer with the Senator from Idaho [Mr. BORAH] and other Senators who are just as important in the matter as I am. They are all Senators. I can speak for nobody but myself; but I say that in my judgment the day suggested is too early a day, and I will tell you why.

Mr. HEFLIN. Mr. President, it is 17 days off.

Mr. REED of Missouri. Yes; but we have had an illustration to-day, and a very mild sort of illustration, of how time can be taken in a perfectly proper manner which shuts out the consideration of a question. If this matter were pending under a unanimous-consent agreement, any Member could rise and talk, as the Senator from Nebraska [Mr. NORRIS]—who delivered a very interesting speech to-day—talked, upon a question in which he was interested. The tax bill will be up and probably will engross the attention of the Senate. I am not averse to fixing a day when we will begin to take up this matter for final action, with right of amendment and right to discuss the amendments under reasonable limitations; but I do not think the 10th day of February would do.

Mr. SWANSON. Mr. President, if the Senator will yield, the 10th day of February was fixed because the Senator who had charge of this matter, the Senator from Idaho [Mr. BORAH], suggested that day himself.

Mr. REED of Missouri. It has been objected to, and you can not expect people to waive their objections just out of hand. I am trying to say now that if the proponents of this measure can get a day fixed, it does not seem to me it makes very much difference to them whether it is the 10th of February or the 1st of March.

Mr. McKELLAR. The 10th of February will be on Wednesday. How would the 17th suit the Senator?

Mr. ROBINSON of Arkansas. Mr. President, if the Senator will permit me, I happen to know that a number of Senators can not be here at that time.

Mr. REED of Missouri. On the 17th?

Mr. ROBINSON of Arkansas. On the 17th.

Mr. REED of Missouri. Let us say the 1st of March.

Mr. ROBINSON of Arkansas. I have looked into this matter very carefully, and my reason for suggesting the 10th of February was to meet the suggestion originally made by the Senator from Idaho. The expanded limitation on debate which was incorporated in my request of yesterday would work inconvenience to some Senators.

Mr. REED of Missouri. How would the 1st of March be? The 1st may be Sunday; I have not a calendar before me. On what day will the 1st of March fall?

Mr. McKELLAR. The 1st of March will be on Monday.

Mr. REED of Missouri. I will say this, that if the Senate fixes approximately that time, as far as I am concerned, I shall not feel that there has been any hardship placed on me. I shall feel—and I am speaking only for myself—that we have had a chance to debate this proposition, and I shall feel that, having had a chance to debate a proposition fully and fairly, and let the country have some chance to know what is going on, the Senate is entitled to its vote. We have stayed out of the World Court a good many years——

Mr. ROBINSON of Arkansas. May I interrupt the Senator in that connection?

Mr. REED of Missouri. Yes.

Mr. ROBINSON of Arkansas. What does the Senator say to entering into an arrangement that would contemplate a final vote on the 25th day of February?

Mr. REED of Missouri. I think that is too early. The Senator says a final vote. We have made such agreements many times, and we know the danger of an agreement for a final vote at a certain hour. I have seen important amendments thrown out on account of such an agreement. But if the date is put over to about the 1st of March, I think I can probably persuade some of the Senators in opposition—more than one has been objecting—to accede to that. I will try to do it. I am not taking this matter out of the hands of the Senator from Idaho [Mr. BORAH]. I have said that when he was not here.

Mr. BORAH. Go ahead.

Mr. ROBINSON of Arkansas. Of course, it would do no good for the Senator to persuade some of the Senators and not persuade all of them.

Mr. REED of Missouri. I have enough confidence——

Mr. BRUCE. Mr. President, if Senators want unanimous consent they had better stop just for a moment to find out how some of us feel about the matter. I for one am not going to give my assent to any such postponement. Yesterday an agreement on February 10 was entirely satisfactory to the Senator from Idaho, who considered the matter, and who stated it was satisfactory to him. It was entirely satisfactory to the Senator from Missouri.

Mr. REED of Missouri. No——

Mr. BRUCE. As I understand it, the only thing in the world that brought about the miscarriage on yesterday with reference to that agreement was the objection made by the Senator from South Carolina [Mr. BLEASE]. That was the only thing.

Mr. BORAH. Mr. President——

Mr. BRUCE. I do not see why the Senator from South Carolina should have any monopoly in objecting.

Mr. BORAH. I think that is true. That is one monopoly that can not exist in the Senate. But I ought to say, in justice to the Senator from South Carolina, that there were other opponents of the court who were not ready at that time to fix a date, although he made the only objection, because it was necessary to make only one objection. I doubt very much if just at this juncture, in view of the situation and the change in the situation by reason of the procedure for cloture, we could agree on a day certain. It might be that we could agree after a little time for consideration. But I am quite sure that no one of us is authorized now to make any such agreement, because we supposed everything was off after the procedure last evening.

Mr. SWANSON. We adjourned with the understanding——

Mr. ROBINSON of Arkansas. We were advised that a conference would be held last evening. The Senator from South Carolina announced that he would not withdraw his objection last evening, but that he might do so to-day after he had had an opportunity to confer with some of the Senators with whom he had been in conference.

Mr. BORAH. As I said, I have not had any conversation with the Senator from South Carolina to-day. I do not know whether he was inclined to withdraw his objection or not, but I am sure we can not agree at this particular time. How long are we to stay in session this evening?

Mr. LENROOT. I would like to inquire what the Senator from New Jersey desires to do? Does the Senator from New Jersey desire to go on to-night?

Mr. EDWARDS. I do.

Mr. HEFLIN. Mr. President, I regret that we have been unable to get Senators to enter into some sort of an agreement, after having the understanding last night that they would get together, and tell us to-day what they were willing to do. Now, the two leaders of the opposition, the Senator from Missouri [Mr. REED] and the Senator from Idaho [Mr. BORAH], having no proposition to submit and declining to suggest any date, it seems to me that the duty of nearly three-fourths of the Senate is very plain and clear.

The idea of these Senators failing to agree on the 10th of February, with 17 more days in which to debate this question! Strange, indeed. There are not enough Senators in the opposition to the World Court resolution to keep debate going here for six days, if they will really discuss the question before the Senate. We do not want to shut off debate. I think every point the opponents can possibly make against this proposition has been made, and made ably, by the Senator from Missouri, the Senator from Idaho, and some of the others who have spoken on the question.

The Senator from Missouri talks about cloture not having been applied in a long time. It was applied in the matter of the League of Nations debate, and was about to be applied when the Isle of Pines treaty was before us. The Senator from New York [Mr. COPELAND] withdrew his opposition to fixing a date and permitted us to agree on a time for a vote.

The cloture rule, which provides that after long, general debate has been had on a measure and two-thirds of the Senate desire to vote they may do so, has been threatened many times, because two-thirds of the Senators felt that the matter before the Senate had been thoroughly discussed, and that they ought to vote; and in nearly every instance the opposition would agree on a day when a vote could be had. We do not find that situation now. A petition for cloture has been signed, not by 16 Senators, but by about 50. More than two-thirds of the Senators present have already signed it. Why should we hold up debate for two or three or four weeks in the face of a situation which shows that more than two-thirds of the Senators are already for the World Court?

It takes only two-thirds of the Senators present to adopt the World Court resolution, and more than two-thirds of those present have signed the request that a vote be had on the question of closing general or unlimited debate.

We ought to apply common sense to our practice and procedure in this body. We have the tax bill here awaiting our consideration. The people have a right to demand that early action be had upon it. It ought to be passed in some form, and we ought to have time to consider it. But being acquainted, as I am, with the situation here, I am not willing to consent to give that bill precedence over the World Court resolution. We might just as well fight that proposition out now as at any other time. We ought to hold the court resolution before this body until we dispose of it. We should not permit the tax bill to be brought up, to be battered about and kicked around in order to postpone consideration of the World Court and maybe prevent the passage of the tax bill until after the 15th of March. I want the country to know that we have gone along with these gentlemen for more than a week and tried to get an agreement as to when we could vote. We have not tried to cut off debate. They have had all the time they have needed thus far, it seems to me, but we are holding out the olive branch to them and offering them 17 days more, but they can not or will not agree on that. They suggest the 1st of March, and if that were agreed to, they would debate the tax bill God only knows how long.

Mr. President, it seem to me the time for action has come, if Senators can not agree. The World Court resolution has been pending for three years, and who can say that three years is not long enough in which to thoroughly discuss it?

How, then, can Senators contend that we are attempting to cut off debate and deny them the right to be fully heard on this question? That charge can not be sustained. The facts that exist here in regard to this World Court matter justify the three-fourths of the Senators who favor the World Court in demanding a vote in the next five days.

Mr. REED of Missouri. Mr. President, may I say this, and I will be very brief, if the Senator from New Jersey will pardon me.

Mr. EDWARDS. Certainly.

Mr. REED of Missouri. The question of the long pendency of this measure has been discussed, but the resolution was not before the Senate, it was in committee, not here at all, not on the floor at all, and nobody giving it serious consideration.

Addressing myself now to the Senator from Alabama, the point is not that of holding up a matter at all; the point is that since we came to the consideration of this matter there has been very consistent work and very consistent adherence to the topic under discussion. I never have seen a time when the debate was more closely confined to the subject. But one or two speeches have been made utterly irrelevant to this question, and the Senator from Alabama has made one or two of them himself.

Mr. HEFLIN. I did not catch that remark.

Mr. REED of Missouri. I said that during the time we have had this question before us, since the 17th of December, there have been some discussions irrelevant to this matter, very interesting discussions, very illuminating, but not on this question, and the Senator from Alabama has done his share of that kind of talking.

Mr. HEFLIN. I was doing that to relieve the Senate and the people assembled here from the monotony of the other debate. [Laughter.]

Mr. REED of Missouri. Mr. President, that is a good deal like—I will not say what. [Laughter.] If the Senator is offering himself as an oratorical soporific, he has a strange conception of his effect upon his audience. But I am making the point seriously; the Senator from Alabama and myself can never talk without joking, and nobody listens to him with greater pleasure than myself, particularly when he quotes Scripture. [Laughter.] But he has taken a full measure of the time since the 17th of December discussing matters that had nothing to do with this case, and he had the right to do it, and I do not criticize him.

This morning, with the imminence of cloture upon us, the Senator from Nebraska [Mr. NORRIS] rose and made a speech, which ought to have been made, but it was not on this question, and it took just that much time.

If we should agree to vote 17 days from now, the tax bill will, of course, come before the Senate; it will attract the attention of the Senate, the minds of Senators will be taken from this important question, and in the meantime, when this question is called up, nobody can keep any Senator from talking on any subject he wants to talk about, the tax bill or anything else. If we call this particular question up, any Senator can get the floor and hold it to the point of his own physical exhaustion, talking about the tax bill, talking about farm legislation, or talking about any other subject he is interested in.

Senators want to vote. If they can be assured of a vote by the 1st day of March—that is, that they shall begin then with the limitation of debate—it is only a reasonable extension, and it gets us past the 17th, when, the Senator from Arkansas has said, some Senators can not be present.

Without being able to speak for anyone, I think if that were the general consensus of opinion it would be acceptable. However, I speak for nobody but myself. It probably might be accepted. I know I would try to have it accepted. That would assure us of a vote at this session of Congress and we can then go on with our other business. So far as I am concerned, I should then feel we had had a full chance to debate the question, and if we are defeated we will have to accept the results.

Mr. EDWARDS. Mr. President, I am not going to bore this body with an exhaustive restatement or rehash of the parrot-perfect arguments already advanced in the interest of or detriment to our joining an international court of justice.

We have already glutted the RECORD with little that is relevant to the true issue and much that is foreign to intelligent and instructive World Court debate. We have been surfeited with wild conjecture and alarming prognostications which can not be justified or substantiated so long as words are made to substitute for deeds. We have pondered well the pros and cons.

The editorial resources of the civilized world have flooded our offices and homes with volumes of fact and no little fancy proving or disproving alleged advantages of a closer international cooperation on the part of America.

Great men and small, in and out of Congress, have ranged from inconclusive generalities to futile and wordy detail in their efforts to either clarify or befog the issue, depending upon their nationality or bias of opinion.

Women's clubs and men's clubs, the farmer and the lawyer, the doctor, the Jew and gentile, teacher and pupil, master and servant, the native born and the foreigner have submitted oral or written briefs on the why and the wherefore of the World Court.

Nearly 30 years have elapsed since the first Hague conference of international comity and equity was first conceived and nurtured by the genius and unselfish magnanimity of American statesmanship.

Nearly six years have passed since the International Court of Justice came into being in 1920—a living fact, a breathing reality.

More than five years have gone since bloody bedlam, with the world as its stage, battered its maniacal way through the peaceful life of the earth's citizenry, leaving millions of voices crying: "Peace; peace. Let us have peace."

More than four years have passed since the Permanent Court of Justice first held the country-wide interest, thought, and active will of the 48 States of this Union, during which time State legislatures and the National Houses of Congress praised and denounced any and all devices looking to what the American people are pleased to denominate foreign entanglements.

Nearly a year has passed since the Senate of these United States by a vote of 76 to 3 made the World Court a special order of business on December 17 last.

And now, Mr. President, I join with our minority leader, the Senator from Arkansas [Mr. ROBINSON] in charging those Senators who voted to make the World Court a special order of business, with bad faith if they hinder or obstruct in any way the recording of an early and decisive vote on the Swanson resolution.

I venture the assertion, though I have no ready means of proving my point, that there is not an argument yet conceived by the human brain, for or against the World Court, that has not been presented in all its varying phases before this Senatorial body.

There has been ample time for earnest study. Our minds should be made up. We may not be convinced, but we should have the courage and honesty to vote our intentions—our opinions. We must have a serious thought concerning the advisability or inadvisability of American entry into world affairs. If we have not, this Chamber should harbor saner and more fertile intellects.

The American public, aye, the civilized world, is demanding "yes" or "no" from each and every one of us. We can not—we should not—shirk our duty. Let us determine here and now, once and for all, to go into the court or stay out of the court. Do not let us wait for the night, ring the doorbell of the court's back door, halloo "Boo, I'm not afraid of you," and then sneak off into the darkness frightened, yet unafraid, and eager to be frightened again.

I do not know whether we are doing the right thing if we, by a majority vote, pledge America's active cooperation in the International Court of Justice. Mr. Coolidge does not know. The Senator from Idaho [Mr. BORAH] does not know. The Senator from Virginia [Mr. SWANSON] does not know. None of us know. And this, Mr. President, is no reflection upon our intelligence. I do not know whether, as my young friend, the Senator from Wisconsin [Mr. LA FOLLETTE], charged yesterday, the World Court is responsible for prostitution and sexual intemperance in Syria because of the mandate exercised over that nationality by France, yet my better sense tells me that the charge is sheerest nonsense.

I can not believe that because a nation is not America, its every intention toward my Government is one of poisonous and ruinous intent. I can not believe that active association and friendly cooperation with a government, whether that government be French, Italian, English, Irish, German, or what not, is going to bring rack and ruin into my social, economic, spiritual, or political life.

No; my friends, I can not believe, yet I do not know. But I am willing to give the World Court a chance. Let us find out of what stuff it is made. Let us go in or stay out. Let us do something besides obstruct important legislation which must, perforce, suffer if we do not act and act now.

My constituents are flooding my office with letters and telegrams urging not so much that I vote "yea" or "nay" on the World Court proposition, as that I vote some way.

Mr. President, with the proper reservations, I am prepared to vote on the Swanson resolution to-day, not to-morrow, or Monday, or February 10, but to-day; and I am of the opinion that every other Senator in this Chamber is likewise prepared.

To extend this debate further means a befogging of the real issue rather than a clarification. If we have not learned to have enough faith in our judgments on this issue, six years after its presentation to us, God have mercy on our poor, functionless minds.

Let me repeat, I do not know whether it is right for America to join the World Court. But I do know, at least I am reasonably sure, that we owe it to ourselves, we owe it to our country, we owe it to our neighbors across the sea to give it a trial. If, after entering the court, we are not received on a parity with other members, let us withdraw.

We have always had the manhood and hardihood to stand up for our rights in the past. Why should membership in a World Court weaken, in any way, our usual stability to resist the perpetration of wrong?

This continuation of nonsensical bickerings and stupid reiteration of conjectural fact will lead us nowhere. Let us free ourselves from this argumentative maze of uncertainty and vote our convictions like true Americans.

We should go in or we should stay out. But let us not remain suspended in the air by a treacherous string whose threads are made of such shoddy stuff as indecision, want of settled purpose, indetermination, wavering of mind, vacillation, or hesitation.

Let us vote on the World Court.

And let us vote now.

As in legislative session,

DEATH OF REPRESENTATIVE JOHN E. RAKER

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, communicated to the Senate the intelligence of the death of Hon. JOHN E. RAKER, late a Representative from the State of California, and transmitted the resolutions of the House thereon.

Mr. JOHNSON. Mr. President, I ask that the resolutions just received from the House be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate resolutions of the House of Representatives, which will be read.

The Chief Clerk read as follows:

House Resolution 101

IN THE HOUSE OF REPRESENTATIVES,

January 23, 1926.

Resolved, That the House has heard with profound sorrow of the death of the Hon. JOHN E. RAKER, a Representative from the State of California.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

Mr. JOHNSON. Mr. President, I submit the resolutions I send to the desk and ask for their immediate consideration.

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S. Res. 127) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN E. RAKER, late a Representative from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. JOHNSON. Mr. President, I move that the Senate now take a recess, under the unanimous-consent order, out of respect to the memory of the deceased Representative.

The motion was unanimously agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) under the previous order, took a recess, as in open executive session, until Monday, January 25, 1926, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SATURDAY, *January 23, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Be not silent unto us, O God, for amid our joy and our sorrow we offer Thee our daily praise. Oh, speak to us out of the cloud, for the voice of weeping breaks through upon our music; it is a painful jar. Again there is a silence in our roll call. A Member honored and esteemed will answer no more to his name. In our sorrow may we remember the One who built the skies and our heavenly Father, who has promised to make all things new. We thank Thee that we have an inheritance that is incorruptible, undefiled, and that fadeth not away. Remember the loved ones with the blessing of an untroubled heart. Impress us with the brevity and the uncertainty of life. As men, as citizens, and as servants of the public may we deal justly and love mercy. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO SIT DURING SESSIONS OF THE HOUSE

Mr. DYER. Mr. Speaker, I ask unanimous consent that the Judiciary Committee and its subcommittees may sit during the sessions of the House.

The SPEAKER. The gentleman from Missouri asks unanimous consent that the Judiciary Committee or any subcommittee thereof may sit during the sessions of the House. Is there objection?

Mr. BLANTON. That is only in Washington?

Mr. DYER. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, for what purpose?

Mr. DYER. We have some matters before the committee, including an impeachment investigation, and some public hearings which we should like to hold and be permitted to sit during the sessions of the House.

Mr. GARRETT of Tennessee. For the present, Mr. Speaker, I object.

PERMISSION TO FILE MINORITY VIEWS

Mr. BLANTON. Mr. Speaker, I have authority from the District Committee to file minority views on the bill H. R. 6556, which comes up Monday. I have not had time to finish those views, and I ask unanimous consent that I may have until midnight to-night to finish them.

The SPEAKER. The gentleman from Texas asks unanimous consent that he may have until midnight to-night to file minority views on H. R. 6556, by direction of the District Committee. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. TUCKER. Mr. Speaker, I ask unanimous consent to have printed in the RECORD certain extracts from the speeches of President Coolidge before the Budget Committee. They are of exceeding value and there are a half dozen of them.

The SPEAKER. The gentleman from Virginia asks unanimous consent to extend his remarks in the RECORD by printing

extracts from certain speeches made by President Coolidge before the Budget Committee. Is there objection?

Mr. BEERS. I object for the present, Mr. Speaker.

PERMISSION TO ADDRESS THE HOUSE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for one minute in explanation of a unanimous-consent request I wish to present to the House.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, on January 20 Mr. Noah W. Cooper and a committee were in Washington for the purpose of appearing before committees of the House and the Senate in support of their proposition for a Sabbath observance law in the District of Columbia. The chairman of the District Committee of the House very kindly arranged, at their request, for a hearing before that committee, but owing to some confusion they were not present. They were subsequently heard during the day by the Senate committee on District affairs.

I have always believed in Sabbath observance, but I am frank to say to the House that I do not subscribe in their entirety to all the views of Mr. Cooper and his committee set forth in the address which he left with me and which I hold in my hand. But it is addressed to the Members of Congress in support of their proposition, and I think they are entitled to have their views presented to each individual Member of Congress. At the request of Mr. Cooper and this committee, one of whom was from Virginia and the other from Arkansas, I ask unanimous consent to insert this address in the RECORD, and also the letter from the committee to me requesting that I do so.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

Mr. BLACK of Texas. Mr. Speaker, reserving the right to object, I gave notice a day or two ago that I was going to object to letters, speeches, and statements from outside sources which undertake to make the CONGRESSIONAL RECORD a scrapbook for editorials and statements delivered elsewhere. This is a matter that ought to go to the District Committee; it is a matter which should be considered by the District Committee, and I shall have to object.

Mr. BYRNS. If the gentleman will withhold his objection for a moment, I have explained that they were prevented, not by the action of the committee, but by a mistake as to the date, from going before the District Committee, and they had to leave that day.

Mr. BLACK of Texas. I regret, but I shall have to object.

The SPEAKER. Objection is heard.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL

Mr. MAGEE of New York, by direction of the Committee on Appropriations, reported the bill (H. R. 8264, Rept. No. 143) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, which was read a first and second time, and, together with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. BYRNS. Mr. Speaker, I reserve all points of order.

FEDERAL SUBSIDIES AND TAXATION

Mr. BEERS. Mr. Speaker, I withdraw my objection to the request of the gentleman from Virginia [Mr. TUCKER].

The SPEAKER. Is there objection to the request recently submitted by the gentleman from Virginia [Mr. TUCKER]?

There was no objection.

Mr. TUCKER. Mr. Speaker, under leave to extend remarks, I submit the following extracts from addresses of President Coolidge:

PRESIDENT COOLIDGE ON FEDERAL SUBSIDIES AND TAXATION

[From address of President Coolidge, budget meeting, January 21, 1924]

I take this occasion to state that I have given much thought to the question of Federal subsidies to State governments. The Federal appropriations for such subsidies cover a wide field. They afford ample precedent for unlimited expansion. I say to you, however, that the financial program of the Chief Executive does not contemplate expansion of these subsidies. My policy in this matter is not predicated alone on the drain which these subsidies make on the National Treasury. This of itself is sufficient to cause concern. But I am fearful that this broadening of the field of Government activities is detrimental both to the Federal and the State Governments. Efficiency of Federal operations is impaired as their scope is unduly enlarged. Efficiency of State governments is impaired as they relinquish and turn over to the Federal Government responsibilities which are rightfully theirs. (Pp. 2–3, address of the President of the United States at the sixth regular meeting of the business organizations of the Government, at Memorial Continental Hall, January 21, 1924, issued by Budget Bureau.)

[From address of President Coolidge, budget meeting, June 30, 1924]

A government which lays taxes on the people not required by urgent public necessity and sound public policy is not a protector of liberty, but an instrument of tyranny. It condemns the citizen to servitude. One of the first signs of the breaking down of free government is a disregard by the taxing power of the right of the people to their own property. It makes little difference whether such a condition is brought about through the will of a dictator, through the power of a military force, or through the pressure of an organized minority. The result is the same. Unless the people can enjoy that reasonable security in the possession of their property which is guaranteeed by the Constitution against unreasonable taxation, freedom is at an end. * * * Against the recurring tendency in this direction there must be interposed the constant effort of an informed electorate and of patriotic public servants. * * *

We must have no carelessness in our dealings with public property or the expenditure of public money. Such a condition is characteristic either of an undeveloped people or of a decadent civilization. America is neither. It stands out strong and vigorous and mature. We must have an administration which is marked * * * by the character and ability of maturity. * * * To maintain this condition puts us constantly on trial. It requires us to demonstrate whether we are weaklings or whether we have strength of character. It is not too much to say that it is a measure of the power and integrity of the civilization which we represent. I have a firm faith in your ability to maintain this position, and in the will of the American people to support you in that determination. In that faith in you and them I propose to persevere. I am for economy. After that I am for more economy. At this time and under present conditions that is my conception of serving all the people. (Pp. 2, 6, address of the President, seventh regular meeting of the business organizations of the Government, June 30, 1924, issued by Budget Bureau.)

[From message to Congress transmitting the Budget for the fiscal year ending June 30, 1926. (CONGRESSIONAL RECORD, December 2, 1924.)]

For Federal aid to States the estimates provide in excess of $109,000,000. These subsidies are prescribed by law. I am convinced that the broadening of this field of activity is detrimental both to Federal and State Governments. Efficiency of Federal operations is impaired as their scope is unduly enlarged. Efficiency of State governments is impaired as they relinquish and turn over to the Federal Government responsibilities which are rightfully theirs. I am opposed to any expansion of these subsidies. My conviction is that they can be curtailed with benefit to both the Federal and State Governments.

[From address of President Coolidge, Budget meeting, January 26, 1925]

We have proven that we can reduce the cost of government, and I propose that this cost shall be further reduced * * *. Sacrifices will be required. I want to see the sacrifices of those who are charged with the expenditure of the money of the Government somewhat commensurate with the sacrifices that have to be made in the home by the taxpayers who furnish the money for the Government. If you are in doubt as to the wisdom of such sacrifices, resolve the doubt in favor of economy * * *.

We have superfluous employees. It is an unpleasant and difficult task to separate people from the Federal service. But it can be done. It will be done. I advise Federal administrators to plan to operate with a smaller personnel than is now employed (pp. 2–3).

[From address of President Coolidge, Budget meeting, June 22, 1925]

Unfortunately the Federal Government has strayed far afield from its legitimate business. It has trespassed upon fields where there should be no trespass. If we could confine our Federal expenditures to the legitimate obligations and functions of the Federal Government a material reduction would be apparent. But far more important than this would be its effect upon the fabric of our constitutional form of government, which tends to be gradually weakened and undermined by this encroachment. The cure for this is not in our hands. It lies with the people. It will come when they realize the necessity of State assumption of State responsibility. It will come when they realize that the laws under which the Federal Government hands out contributions to the States is placing upon them a double burden of taxation. * * * Federal taxation in the first instance to raise the moneys which the Government donates to the States, and State taxation in the second instance to meet the extravagance of State expenditures which are tempted by the Federal donations. * * *

The Chief Executive may preach economy, but, unless the people in the service practice it, the preaching is in vain. There are still reductions to be made. There are yet wastes to be eliminated. I expect

you to prosecute a campaign of relentless economy to that end, not only in expenditures for 1926 but in the preparation of estimates for 1927. I am convinced that this way lies the welfare of the people of this country. Fidelity to our oaths of office admits of no other course. Wastrels, careless administrators of the Government's substance, are out of place in the Federal system. They will not be tolerated.

If this policy means sacrifice, it is sacrifice for the benefit of 115,000,000 people. Their interests are paramount. Criticism by a few, who look askance at drastic paring down of spending, has little weight in the scale against the spontaneous commendation of the millions of people who have had brought to them with unmistakable clearness the result of such economy (pp. 4, 6).

[From message to Congress transmitting the Budget for the fiscal year ending June 30, 1927 (p. 7)]

Federal aid to States is annually requiring more than $109,000,000. The estimates for this purpose for 1927 amount to something in excess of $110,000,000. The principal item is for rural post roads, for which an appropriation is requested of $80,000,000. The law authorizing Federal aid to States for the construction of rural post roads does not extend beyond the fiscal year 1927. The amount of $80,000,000 does not discharge our entire obligation under existing law. In addition to this amount the authorization for which moneys have not yet been appropriated amount to $116,700,000. Without further legislative action we, therefore, face an obligation of $116,700,000 over and above the amount carried in this estimate.

The Federal Government has been generous in its participation in State road construction, having authorized appropriations amounting to $690,000,000. Federal contribution to State highway construction was probably necessary in the beginning. It has expedited and so coordinated construction that all expenditures would be reflected in a definite and approved connecting highway system. On the other hand, there is no question but that Federal contributions have materially added to State expenditures of State funds. I am speaking for what I consider the best interest of the people. While Federal taxes have been reduced, State and other governmental taxes have been steadily increasing. Federal aid to States has influenced this latter condition. We should keep in mind that the moneys which we have contributed to the States are taken from the people who in turn also pay the moneys required by the States to finance their own portion of the cost. The entire cost falls upon the people. It is true that the necessity and demand for good roads are constantly increasing, but they should not be constructed faster than the taxpayers can afford to pay for them. The amount that taxpayers can afford to pay can best be determined by the citizens of each State. * * * But the National Government is committed to the policy of assisting in the building of good roads. * * * It is necessary to continue them for the present.

I do, however, recommend for the consideration of Congress that future legislation restrict the Government's participation in State road construction to primary or interstate highways, leaving it to the States to finance their secondary or intercounty highways. This would operate to diminish the amount of Federal contributions.

[From annual message to Congress, December 8, 1925, CONGRESSIONAL RECORD, December 8, 1925, p. 120]

In our country the people are sovereign and independent, and must accept the resulting responsibilities. It is their duty to support themselves and support the Government. That is the business of the Nation, whatever the charity of the Nation may require. The functions which the Congress are to discharge are not those of local government but of National Government. The greatest solicitude should be exercised to prevent any encroachment upon the rights of the States or their various political subdivisions. Local self-government is one of our most precious possessions. It is the greatest contributing factor to the stability, strength, liberty, and progress of the Nation. It ought not to be infringed by assault or undermined by purchase. It ought not to abdicate its power through weakness or resign its authority through favor. It does not at all follow that because abuses exist that it is the concern of the Federal Government to attempt their reform.

Society is in much more danger from encumbering the National Government beyond its wisdom to comprehend, or its ability to administer, than from leaving the local communities to bear their own burdens and remedy their own evils.

The wealth of our country is not public wealth, but private wealth. It does not belong to the Government, it belongs to the people. The Government has no justification in taking private property except for a public purpose. It is always necessary to keep these principles in mind in the laying of taxes and in the making of appropriations. No right exists to levy on a dollar, or to order the expenditure of a dollar, of the money of the people except for a necessary public purpose duly authorized by the Constitution. The power over the purse is the power over liberty.

EXTENSION OF REMARKS

Mr. LINEBERGER. Mr. Speaker, I ask unanimous consent of the House to extend my remarks in the RECORD by printing a letter signed by Commander Joseph T. Watson, commander of the Los Angeles Chapter of the Disabled Emergency Officers of the World War, to Mr. John E. Jenks, president and editor of the Army and Navy Register, in reply to a very critical article regarding myself printed under the title of "Legislation by threat."

Mr. BLACK of Texas. Mr. Speaker, reserving the right to object, the gentleman from California inserted in the RECORD some documents at considerable length that dealt with that question one other day this week, and if the gentleman has any desire to extend his own remarks in answer to the article I shall not object, but I shall object to this letter.

Mr. LINEBERGER. I ask the gentleman——

Mr. BLACK of Texas. I will have to object.

The SPEAKER. Objection is heard.

DEATH OF REPRESENTATIVE RAKER, OF CALIFORNIA

Mr. LEA of California. Mr. Speaker, it is with great sorrow I announce to the House the death of our colleague the Hon. JOHN E. RAKER, for 16 years a Representative of the State of California in this House. At a later time I shall ask that a day be set aside for services and addresses in commemoration of his life and public services. For the present, I offer a resolution and ask for its immediate consideration.

The SPEAKER. The gentleman from California offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 101

Resolved, That the House has heard with profound sorrow of the death of Hon. JOHN E. RAKER, a Representative from the State of California.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 12 o'clock and 12 minutes p. m.) the House adjourned until Monday, January 25, 1926, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAGEE of New York: Committee on Appropriations. H. R. 8264. A bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes; without amendment (Rept. No. 143). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SPEAKS: Committee on Military Affairs. H. R. 7409. A bill to correct the military record of Sylvester De Forest; with an amendment (Rept. No. 142). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAGEE of New York: A bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927; committed to the Committee of the Whole House on the state of the Union.

By Mr. MANLOVE: A bill (H. R. 8265) providing for the extension and enlargement of the post office and court building at Joplin, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. PARKER: A bill (H. R. 8266) to regulate interstate commerce by motor vehicles operating as common carriers on the public highways; to the Committee on Interstate and Foreign Commerce.

By Mr. THAYER: A bill (H. R. 8267) to authorize the coinage of copper 1-cent pieces to aid the preservation of the birthplace of the world's best-loved poet, Henry Wadsworth Longfellow; to the Committee on Coinage, Weights, and Measures.

By Mr. COX: A bill (H. R. 8268) to provide for the erection of a public building at the city of Arlington, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8269) to provide for the erection of a public building at the city of Pelham, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8270) to provide for the erection of a public building at the city of Camilla, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8271) to provide for the erection of a public building at the city of Cairo, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8272) to provide for the erection of a public building at the city of Sylvester, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8273) to provide for the erection of a public building at the city of Colquitt, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8274) to provide for the erection of a public building at the city of Donalsonville, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8275) to provide for the erection of a public building at the city of Blakely, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8276) to provide for the erection of a public building at the city of Edison, Ga.; to the Committee on Public Buildings and Grounds.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FOSS: A bill (H. R. 8277) granting a pension to Addie F. Holihan; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H. R. 8278) for the relief of A. B. Cameron; to the Committee on Claims.

By Mr. MANLOVE: A bill (H. R. 8279) for the relief of Jesse W. Boisseau; to the Committee on Claims.

Also, a bill (H. R. 8280) granting a pension to Dora Blanche Ervin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8281) granting an increase of pension to Roseannah Jackson; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8282) for the relief of Francis J. Kelly; to the Committee on Naval Affairs.

By Mr. MENGES: A bill (H. R. 8283) granting an increase of pension to Annie Wagner; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 8284) granting a pension to Mary Wood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8285) granting a pension to Martha L. Jackson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8286) granting an increase of pension to Callie M. Edwards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8287) granting an increase of pension to Maria Chilcott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8288) granting an increase of pension to Nettie B. Shores; to the Committee on Pensions.

By Mr. MORROW: A bill (H. R. 8289) granting an increase of pension to Michael Keenan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8290) to remit the duty on three church bells to be imported for the Church of the Sacred Heart, Albuquerque, N. Mex.; to the Committee on Ways and Means.

By Mr. TYDINGS: A bill (H. R. 8291) for the relief of Andrew C. Kinhart; to the Committee on Claims.

By Mr. WHEELER: A bill (H. R. 8292) to correct the military record of John R. Butler; to the Committee on Military Affairs.

Also, a bill (H. R. 8293) to correct the military record of Milton Longsdorf; to the Committee on Military Affairs.

Also, a bill (H. R. 8294) granting a pension to Sarah Ellen Stephenson; to the Committee on Pensions.

Also, a bill (H. R. 8295) granting a pension to Margaret M. Hammond; to the Committee on Pensions.

Also, a bill (H. R. 8296) granting a pension to William Hargis; to the Committee on Pensions.

Also, a bill (H. R. 8297) granting an increase of pension to John W. Farmer, jr.; to the Committee on Pensions.

Also, a bill (H. R. 8298) granting an increase of pension to Ellen Lanham; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8299) granting an increase of pension to Frances Kinney; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

441. By Mr. GARBER: Letter from Peter A. Burke, Spanish-American War veteran, West Los Angeles, Calif., urging support of House bill 98; to the Committee on Pensions.

442. Also, letter from the Boston Chamber of Commerce, protesting against the enactment of House bill 74 and House bill 75, providing for the establishment of regional interstate commerce commissions; to the Committee on Interstate and Foreign Commerce

443. By Mr. KING: Petition signed by G. R. Close and 184 other members of the Soldiers and Sailors' Home of Quincy, Ill., urging that Benjamin F. Brown, of the Fourteenth Illinois Infantry, be granted a pension; to the Committee on Pensions.

SENATE

MONDAY, *January 25, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled, in open executive session, at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate resumes the consideration of Senate Resolution No. 5.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. LENROOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wisconsin?

Mr. ROBINSON of Arkansas. I yield.

Mr. LENROOT. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	McKellar	Sackett
Bayard	Fletcher	McKinley	Schall
Bingham	Frazier	McLean	Sheppard
Blease	George	McMaster	Shipstead
Borah	Gerry	McNary	Shortridge
Bratton	Gillett	Mayfield	Simmons
Brookhart	Glass	Means	Smith
Broussard	Goff	Metcalf	Smoot
Bruce	Gooding	Moses	Stanfield
Butler	Greene	Neely	Stephens
Cameron	Hale	Norbeck	Swanson
Capper	Harreld	Norris	Trammell
Caraway	Harris	Nye	Tyson
Couzens	Harrison	Oddie	Underwood
Cummins	Heflin	Overman	Wadsworth
Curtis	Howell	Pepper	Walsh
Dale	Johnson	Phipps	Warren
Deneen	Jones, N. Mex.	Pine	Watson
Dill	Jones, Wash.	Pittman	Weller
Edge	Kendrick	Ransdell	Wheeler
Edwards	Keyes	Reed, Mo.	Williams
Ernst	King	Reed, Pa.	Willis
Fernald	La Follette	Robinson, Ark.	
Ferris	Lenroot	Robinson, Ind.	

The VICE PRESIDENT. Ninety-four Senators having answered to their names, a quorum is present.

[A message in writing from the President of the United States was communicated to the Senate by Mr. Hess, one of his secretaries.]

Mr. LENROOT. Mr. President——

Mr. ROBINSON of Arkansas. I yield further to the Senator from Wisconsin.

Mr. LENROOT. I ask unanimous consent to have printed in the RECORD a copy of resolutions adopted by the national executive committee of the American Legion at their meeting in Indianapolis, Ind., January 14 and 15, 1926, relative to the World Court; also resolutions of the Northern Baptist Convention, Biennial Council of the Congregational Churches, General Convention of the Protestant Episcopal Church, Universalist General Convention, and the executive committee of the Federal Council of the Churches of Christ in America.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin?

Mr. REED of Missouri. I object. This is no time to be printing a lot of matter in the RECORD.

The VICE PRESIDENT. Objection is made.

Mr. MOSES. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from New Hampshire.

Mr. MOSES. On Saturday I presented a reservation intended to be offered to Senate Resolution No. 5, and through inadvertence wholly my own it was not read. In view of the fact that in less than an hour we shall have to vote, under Rule XXII, on the question of cloture, I ask unanimous consent that all reservations which may be sent to the desk prior to the hour of 1 o'clock to-day may be considered as having been properly presented and read.

Mr. ROBINSON of Arkansas. I have no objection to the request of the Senator from New Hampshire, and I hope it may be granted.

The VICE PRESIDENT. If there is no objection, the request is granted.

The Chair lays before the Senate a message from the President of the United States, which will be read.

The message was read, as follows:

To the SENATE:

I transmit herewith the following documents received by the State Department relative to the protocol and statute of the Permanent Court of International Justice:

A notice from the secretariat general of the League of Nations inclosing a certified copy of the protocol of signature relating to the statute of the Permanent Court of International Justice;

A copy of the statute forwarded from the secretariat general of the League of Nations;

An original letter from the secretariat general of the League of Nations, dated November 14, 1924, transmitting, among other things, a certified copy of the protocol and the statute of the Permanent Court of International Justice.

CALVIN COOLIDGE.

THE WHITE HOUSE, *January 25, 1926.*

The VICE PRESIDENT. The message of the President will be printed and, with the accompanying papers, lie on the table. The Senator from Arkansas will proceed.

Mr. ROBINSON of Arkansas. Mr. President, in the Senate of the United States when questions which are closely contested are at issue there are but two ways to reach a final determination. Other deliberative assemblies have in their rules what is known as the previous question, by which a majority of the membership or the assembly may terminate debate, but no such rule applies to Senate procedure. Our custom here is to reach an agreement whenever that course is possible. In most circumstances we have been able to do so. There have been some cases in which, after full debate, it has been found impossible to enter into a unanimous-consent agreement for the purpose of terminating debate and reaching a decision. The friends and supporters of the pending resolution all feel that they have been liberal and fair in every particular in their efforts to reach an agreement with those who oppose the resolution.

The Senate rules were modified in 1917 by practically a unanimous vote of this body so as to provide that in extreme cases, when agreements are impossible, 16 Senators may, by signing a statement to be filed in the Senate, force a vote upon the question of whether the debate shall be limited. The proponents of the pending resolution feel that they are entitled, after full consideration of the issues involved, to a decision of the question. We feel that the question has been long before the country and before the Senate and has been discussed fully, and that unless an agreement can be reached it is not only our privilege under the rules of this body but it is our duty to proceed to close the debate within the limitations provided by the rule. We feel that no Senator and no citizen has a right to object to that course if there are a sufficient number of votes to carry the motion.

It is not in the interest of bad government, it is neither unfair nor oppressive, for those who favor a proposition to insist upon a decision respecting it; and I assert that the record pertinent to the subject which is now being discussed discloses that the supporters of the World Court resolution have not only been generous but they have been exceedingly liberal in not insisting upon precipitate action. We realize that the subject is important. We realize that public interest in the question is very great.

Three and one-half years ago the Secretary of State suggested to the President of the United States the advisability and desirability of adhering to the protocol relating to the Permanent Court of International Justice. More than three years ago the President, in the exercise of his authority under the treaty-making power and under his authority to recommend to Congress, submitted a message to this body urging adherence to the protocol with certain reservations.

During all the time that has elapsed since that message was sent to the Senate the question has been before this body and before the country. It was the subject of prolonged consideration by the Senate Committee on Foreign Relations. Every aspect and feature of the question was studied and discussed by the members of that committee. No action was taken by the Senate of the United States. When through the death of President Harding, the then Vice President, Mr. Coolidge, became the Chief Executive of the Nation, he promptly repeated the message and recommendations of his predecessor, and since his coming into the Executive office the question has been continuously before the Senate and before the people of the country. It has been discussed in every newspaper and in almost every magazine published in the United States. It has been the subject matter of debate in this body.

When the last regular session of the Senate expired and the President convened this body in extraordinary session following the 4th of March, there was pending then a resolution which contemplated that the Senate should proceed to the consideration of the issue. There was nothing then in the way of its disposition. Then there were no tax bills and no great appropriation bills to be considered, and every Senator who listens to me knew then and knows now that if the friends of the measure had pressed consideration of the resolution at that time it would have been disposed of during the special session. But Senators opposed to the resolution were anxious to avoid considering it during the special session. Some of them had business engagements which required their absence from the Capitol. Others of them felt that if the question was before the country for several months the opposition which they themselves represented would be reflected through the expression of public opinion and that when the Congress again assembled in regular session public sentiment would support them in their opposition and the resolution would be defeated.

Upon another occasion I have recalled the historical fact that the Senator from Kansas [Mr. CURTIS] asked unanimous consent, after an agreement had been reached among most Senators, for the consideration of this resolution upon the reconvening of the Congress. An objection was made. A motion was then made by myself to fix the resolution as a special order, and every Senator against the resolution save three voted for the motion; and that motion, when adopted by a vote of 72 to 3, meant that the Senate had foreseen the time when this question was to be decided.

Many supporters of the World Court felt that the Senate had been derelict in its duty in failing to act upon the messages of the Chief Executives to whom I have referred; that we had been slow to respond to the Presidents' demands for consideration of the subject and censured this body for its dilatory practices in connection with this important question; but when the motion of the Senator from Virginia [Mr. SWANSON] fixing the World Court resolution as a special order for the 17th day of December was agreed to, not only the supporters of the resolution in this body, but those who supported it who do not belong to the Senate, felt and had the right to feel that the subject would be taken up, and within a reasonable time, after full consideration, would be disposed of.

I ask you now if any Senator who is opposed to this resolution, or anyone else who does not support it, can fairly say that the facts which I have stated do not force the conclusion that the Senate obligated itself to make some final disposition of this question? Years have gone by since it was first raised here. When the Senate convened, and when the order was reached on the 17th day of December, we proceeded to its consideration. The friends of the resolution discussed it and gave to the Senate and to the country their views respecting its purposes and effect. The opponents of the measure were, as everyone knows, slow in entering into the discussion. They waited their time; they hesitated; they asked for recesses and adjournments, and these were granted; and then they spoke at great length.

On one occasion, when the Senator from Idaho [Mr. BORAH] had concluded, I think, his third address, a Senator asked unanimous consent that a time be fixed to vote upon the question; and the Senator from Idaho said then that so far as he was concerned he felt assured that a vote could be reached by agreement on the 10th day of February. Subsequently the Senate was asked to enter into an agreement; and the agreement, proposed by myself, was more liberal than that suggested by the Senator from Idaho. The Senator from Idaho had suggested that the final vote on this resolution might be reached on the

10th of February. My proposal was that we should go on debating this question without restriction until the 10th of February, a period of more than two weeks, and when the 10th of February arrived that debate should be limited to 30 minutes on the part of any Senator upon the resolution itself and 30 minutes upon any reservation or amendment proposed.

The Senator from Idaho thought that proposal was fair, and the Senator from Missouri [Mr. REED], in response to an inquiry by the Senator from Virginia [Mr. SWANSON] a day or two ago, said he thought that proposal was fair; but it was objected to, and no agreement was entered into. Some suggestion was made that the limitation referred to be put into effect on the 25th of February and that a final vote be reached on the 1st of March, and that was objected to.

As intelligent persons, we must recognize the fact that the debate had been practically exhausted when the Senator from Idaho announced his readiness to enter into an agreement to vote on the 10th day of February. We were in session. No one was ready to speak. The Senator from Idaho was unwilling to resort to the practices which some other Senators seem to think are not only justified but possess peculiar virtues. He said "I am ready to vote now" by his conduct; but a continuance was granted.

I have been forced to the conclusion that the opponents of this resolution do not want more time for debate. Their real purpose is disclosed by the facts, which have been stated in detail. Their desire is to bring about such a parliamentary situation in the Senate of the United States that the question never can be disposed of, or must be indefinitely postponed. Their thought seems to be that the friends of the measure, who have the votes to pass it, should manifest such a lack of interest in the subject as to permit an indefinite postponement of the question. Their thought seems to be that if we proceed with the consideration of the tax bill that will necessarily take such a length of time that the Senate will be forced, after passing the tax bill, to take up the general appropriation bills; and once that condition arises you must realize, Senators, that all hope for the final disposition of the World Court resolution has gone glimmering. One Senator, without filibustering, could consume an immeasurable period of time in the apparently legitimate discussion of issues under any one of the great appropriation bills. Why, take the legislative, executive, and judicial appropriation bill, for instance; consider its thousands of items, the amendments that might be offered, the discussion that would be provoked; and the conclusion is inevitable that once you lay aside this resolution, the opponents of it have accomplished their purpose.

They whine piteously about wanting to speak; but when one of them concludes his address, he has the greatest difficulty in getting somebody to take his place until he can get his breath and go on with his argument. So I have reached the conclusion that, if the Senate really wants to pass this resolution, the only way to do it is to limit the debate under the rules of the Senate. No Senator has the right to challenge the action of those who invoke the Senate rules on this or any other question.

It has been said that some Senators who are for the resolution are against terminating the debate, are against voting for cloture, and that statement may be true. I want to say that if this vote should fail, in my judgment, the opponents of the resolution have accomplished their purpose, and my genial friend the Senator from Missouri, I think, will agree with me. They have, to all intents and purposes, defeated the World Court resolution; and let no Senator who, in good faith, is for the court hide himself behind the flimsy pretext that this is not the right time to force the issue.

I know what pressure is being exerted on Senators from both sides. My good friend the Senator from California [Mr. JOHNSON] almost had a brain storm when he was discussing the subject the other day in its relation to propaganda. You would think he believed it was a crime for an organization of women or a church organization to adopt a resolution urging the Senate to vote for this resolution; but he said nothing about the propaganda in progress from other sources. He said nothing about the Ku-Klux Klan, which in some localities has been stimulated and moved to adopt resolutions urging the Senate not to act upon this resolution. The truth of the matter is that both sides have brought all the pressure that they can to bear on the Senate, and, so far as I am concerned, I make no complaint. The right of petition is guaranteed in the Constitution of the United States, and my constituents have not only the privilege but the right of expressing to me their views touching this or any other question; and the Ku-Klux Klan has the same right that a church organization has, but it has no more.

Amazing spectacle—the Senator from Missouri [Mr. REED], the champion of unrestricted immigration, advancing with measured step and steady tread, with a king kleagle on one arm and a grand dragon on the other, sheeted and hooded!

Mr. REED of Missouri. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Missouri.

Mr. REED of Missouri. Does the Senator mean to intimate that I am a member of the Ku-Klux Klan or have ever supported that organization?

Mr. ROBINSON of Arkansas. Oh, no.

Mr. REED of Missouri. Then do not say that I bear their insignia, because that is just what the Senator has said.

Mr. ROBINSON of Arkansas. Mr. President, I do not intimate anything. I say what I mean.

Mr. REED of Missouri. Then say it.

Mr. ROBINSON of Arkansas. I am going to do it. The Senator need not be worried about that. That is just what I am proceeding to do.

Mr. REED of Missouri. I notice that the Senator is taking up the whole hour that is left for discussion.

Mr. ROBINSON of Arkansas. I yield to the Senator from Missouri.

Mr. REED of Missouri. When the Senator gets through I will take the floor.

Mr. ROBINSON of Arkansas. Oh, no; if the Senator wishes to interrupt me, I shall not hasten to get through.

Mr. REED of Missouri. No; but I suggest that there is just an hour left, and the Senator has taken up 35 minutes of the hour himself. We ought to have some cloture on the advocates of cloture.

Mr. ROBINSON of Arkansas. The Senator from Missouri has taken up approximately 48 hours since this question was before the Senate.

Mr. REED of Missouri. Yes; but I have not taken up the only hour that is left this morning for the discussion of the question whether or not the Senate is going to be permitted to discuss this question.

Mr. ROBINSON of Arkansas. The Senator from Missouri took all day Saturday on this very question.

Mr. LENROOT. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to remind the Senator that after this motion was presented and I asked for a recess the Senator from Missouri objected and said that if we were going to put on the gag rule he did not want any recess.

Mr. REED of Missouri. Oh, yes; day before yesterday I said that; but I did not suppose we were going to be gagged in this peculiar manner.

Mr. ROBINSON of Arkansas. The Senator from Missouri would like to exercise the right to speak whenever he desires to do so, to the exclusion of everyone else; but, fortunately, the Senate has not come to that condition yet.

Mr. REED of Missouri. No; but, Mr. President, ordinarily we all have the right to speak. This morning there is an hour left for the discussion of cloture. I merely ask the Senator, having taken up himself 35 minutes of the time, whether he is not going to give the rest of the 96 Senators an opportunity to say something.

Mr. ROBINSON of Arkansas. How much time does the Senator desire?

Mr. REED of Missouri. I shall not need more than a very few minutes myself.

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. REED of Missouri. I do not want the Senator to yield. I want the floor when I can get it.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Missouri complains that I put him in bad company.

Mr. REED of Missouri. No; I did not; I complained that the Senator's remarks were open to the construction that I was a member of the Ku-Klux Klan. The Senator said I was advancing with some insignia of this order—I can not quote the Senator's language, for I am not sufficiently familiar with it—on each shoulder. I asked him if he meant to insinuate that I was a member of the Ku-Klux Klan, and he said he did not; that he spoke by direction; which leaves me still in doubt whether the Senator regarded his statement as an insinuation or a direct statement, but that would be the construction put on it.

The Senator has no right to classify me with any body of men whatsoever, secular or religious or otherwise, if there be any "otherwise"; and, so far as that is concerned, the Senator knows that my attitude consistently through the years has been for absolute religious tolerance and religious freedom, without interference with any man on account of his religious views. So he has no right to make that insinuation, if it be an insinuation.

Mr. ROBINSON of Arkansas. Mr. President, I have no quarrel with my good friend, the Senator from Missouri. We differ about this question just as we differ on the subject of immigration. The Senator from Missouri is in favor of liberalizing the immigration law. He made a prolonged fight here for that purpose, and, unless I am misinformed, he has not changed his opinion on the subject. The Ku-Klux Klan is committed to the restriction of immigration, and insists, in communications that I have had from alleged representatives of the Klan, that the adoption of this resolution means the opening of the floodgates to immigrants from foreign countries. I say that we have the astonishing, amazing spectacle of the Senator from Missouri, who is the leader of those who favor unrestricted immigration, marching side by side with a king kleagle and a dragon.

Mr. REED of Missouri. Will the Senator suffer an interruption?

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED of Missouri. The Senator has not correctly stated my position. I never was in favor of unrestricted immigration, as the RECORD will show, but I was in favor of receiving of selected populations those who wanted to come here, the people who were qualified and who came here from the white races, and who wanted to come here to live here, to become citizens, to swear allegiance to our flag, as our fathers all did at one time. That is my position. I do not know what the position of the Ku-Klux Klan is, and I do not care. But the position of the Senator is that he will not consent to the admission of these Europeans, who want to come here, live under our flag, and swear allegiance to and defend that flag, but he would submit the fate of the United States to a community of foreigners sitting in a foreign country, who do not want to come here, and who have not any use for our institutions. That is the difference between the Senator and me.

Mr. ROBINSON of Arkansas. Mr. President, that statement by the Senator from Missouri——

Mr. REED of Missouri. Is it not true?

Mr. ROBINSON of Arkansas. Is as misleading as a number of other statements he has made during the course of this debate. He has been speaking for two weeks, and, as far as I know, not a word of his speech has yet been printed in the CONGRESSIONAL RECORD.

Mr. REED of Missouri. My speech is not finished.

Mr. ROBINSON of Arkansas. He says that his speech is not finished. Of course, I can not prove now by the RECORD the many exaggerated statements the Senator from Missouri has made during the course of this debate.

Mr. REED of Missouri. I will be glad to furnish the Senator with the manuscript.

Mr. ROBINSON of Arkansas. But there is one statement he has made to which I call attention, and that is that he complains about propaganda, and when I tell him that he is being supported by propaganda from the Ku-Klux Klan he gets very restive and very resentful, although he knows it is true? Is he ashamed of his company?

Mr. REED of Missouri. O Mr. President, I have no company except my associates here. Let me say to the Senator that if we were to estimate ourselves by our company there would be some gentlemen, I think, hiding from their company. But what I said on that question was that there had been a paid propaganda out for months, that it had been supported heavily by financial institutions; I asked an investigation to find out who they were and what they were, and the Senator, among others, denied me the privilege of finding out.

Mr. ROBINSON of Arkansas. The Senate will recall that we passed a resolution for the appointment of a committee, of which the Senator from Missouri was a member, to investigate every subject relating to propaganda with respect to the League of Nations, and he brought down to Washington a very benevolent gentleman, a philanthropist, who was spending some of his own money in the publication of papers in the interest of the promotion of world peace. The Senator's committee also brought down to Washington some ladies interested in the same controversy; but he abandoned the investigation and waited until this resolution came along, and then he tried to revive his investigating committee.

Mr. REED of Missouri. Oh, no, Mr. President; the investigation was not abandoned. The investigation was in charge of the Senator from New Hampshire [Mr. MOSES], and it was carried along until Mr. Bok refused to testify. The Senate was in adjournment, and the committee were not called together during the summer. In the meantime the situation developed that apparently immense sums of money were being expended outside of and independent of Mr. Bok, and I asked for an investigation, which you refused.

Mr. ROBINSON of Arkansas. Mr. President, I do not doubt that upon this and upon every other big issue that comes before the Congress there is what the Senator from Missouri calls propaganda organized and directed against the Senate in an effort to influence its action. But the Senator from Missouri regards it as propaganda when influence is exerted for a proposition he is against, but he thinks it is a virtuous expression of public opinion when it is directed against a proposition he is against.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. ROBINSON of Arkansas. I yield.

Mr. REED of Missouri. The Senator has no right to make that statement. My resolution called for a full investigation of all matters. The Senator says that I think a certain way. He gets that out of his imagination, which is very vivid.

Mr. ROBINSON of Arkansas. I do not think Almighty God himself knows how the Senator from Missouri thinks I know——

Mr. REED of Missouri. The Senator will pardon me. If God Almighty can not perform that office, I have no doubt the Senator from Arkansas will.

Mr. ROBINSON of Arkansas. The Senator from Arkansas and other friends of the Senator will never endeavor to do it.

Mr. REED of Missouri. He has done it.

Mr. ROBINSON of Arkansas. In his denunciation of propaganda, the Senator from Missouri did an injustice to a great citizen of the United States. The New York Evening Post quoted him as having said:

> Scores of paid agents were hired to lecture for the World Court and a Justice of the Supreme Court was taken from the bench and sent on a barnstorming trip through the United States.
>
> I would like to know how much more he gets for misleading the people of the United States than he got for sitting on the Supreme Court.

Mr. President, the fact is, as I believe from the evidence submitted to me, that Mr. Justice Clarke never received one cent for any service he ever rendered, or for any lectures he ever delivered, in relation to the World Court or in relation to the League of Nations. The plain implication of the Senator from Missouri casts a stigma on the character and reputation of a man whose name is just as far above reproach as is that of my friend the Senator from Missouri. The time has not yet come when men who are guided and inspired by high ideals may not make personal sacrifices for the promotion of those ideals without being denounced as mercenary in their motives. There never was a time in the history of the United States when there was greater need for the exaltation of the ideals of the people of this Nation. God knows that we are in danger of becoming mercenary in our designs, in our purposes, and in our aspirations, and it is fortunate that in this period of time, when many are looking only to profit, when men are reaching out to grasp what others possess, that there are some who are willing to make sacrifices for the purpose of creating, erecting, and maintaining ideals worthy of the founders of this Republic and worthy of those who earnestly seek to preserve it.

What higher ambition can any man have than to promote the peace of the world? What sin is it for Mr. Bok or anyone else to spend his money in trying to promote publicity concerning proposals for the peace of the world? If paid propaganda were limited to issues in which the proponents have no mercenary object, if it were limited to the promotion of peace among the nations of the world, or to similar purposes, then, Senators, you would need have no fear that you would be corruptly influenced into doing something wrong.

It has been said that the reservations proposed by the proponents of this resolution emasculate the World Court. No such thing is true. I can show conclusively, I think, that the reservations have no such effect. They are five in number. The first merely declares that there is no legal relationship to the league arising because of the adherence of the United States to the protocol of the court, no obligation assumed under the Versailles treaty. Senators are, of course, at liberty to vote against that reservation. I do not think the reservation is necessary. From my standpoint, it merely states a fact that is plain; but I have no objection to it for that reason.

The next is that the United States shall participate on an equality with other states in the Council and Assembly of the League of Nations in the election of judges.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from California?

Mr. ROBINSON of Arkansas. I yield.

Mr. JOHNSON. I ask the Senator, in a spirit of generosity, if he will not give me six minutes by the clock—just yield to me six minutes before 1—for the purpose of responding?

Mr. ROBINSON of Arkansas. Yes.

Mr. JOHNSON. All right.

Mr. ROBINSON of Arkansas. I will give the Senator the rest of the time now if he and the Senator from Missouri can agree who shall have it.

Mr. REED of Missouri. The Senator from California may have it. I have had nothing to reply to yet.

Mr. ROBINSON of Arkansas. I am glad the Senator from Missouri agrees with me. If that is true, the Senator from California will find difficulty in replying. So far as I am concerned, I yield the balance of the time to the Senator from California, after stating that the third reservation merely provides that the United States shall pay a fair share of the expenses of the court; the fourth provides that we may withdraw at any time, which it is believed by many Senators we can do anyway; and that the statute of the court shall not be amended without the consent of the United States.

There is a material change with regard to advisory opinions. Under the reservation as now presented they must be rendered publicly after notice and hearing in cases where the United States has or claims an interest, and no advisory opinion can be rendered without the consent of the United States.

I yield the floor now.

Mr. JOHNSON. Mr. President, I want to speak for just a moment or two, in appeal to the fairness of this body. I do not respond to what has been said by the Senator from Arkansas about brainstorms. I recognize they are relative in character, and I leave to the determination of this body just what a brainstorm is, and just who has brainstorms.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. I merely want to say that that was an attempted pleasantry, but it appears that I have to explain and apologize for my attempted pleasantries.

Mr. JOHNSON. I understand that it was a pleasantry, and I am indulging in another pleasantry at the expense of the Senator from Arkansas.

Mr. President, it is true I did cry out against the propaganda that has been going on in this country, the propaganda that I insisted had misled good men and good women all over this land in respect to this World Court, and, sir, if ever there was justification and demonstration of what I said about misleading propaganda it is found in Senate Resolution No. 5, presented last Saturday afternoon by the Senator from Virginia [Mr. SWANSON].

The propaganda that had gone all over this land, into every church, every woman's organization, practically every school, was in the sacred name of peace, enter the World Court. Enter it with the Harding-Hughes-Coolidge reservations. That was the propaganda that I said was indeed false in fact. Here is its demonstration, out of the mouths of the gentlemen on the other side who represent those who desire to go into the World Court. Until Saturday we had the Harding-Hughes-Coolidge reservations. Now we have something entirely different.

Now, sir, permit me just a word. You here may believe in cloture. Personally, it is a matter of indifference to me, because I seldom take this floor, and I speak very, very briefly when I do. But in its general aspects I am opposed to cloture. In this particular instance it is the most unfair thing that was ever foisted upon a deliberative body.

I recall to you, sir, that last Friday evening there was presented to the Senate a petition for cloture in these words:

> The undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, move that debate upon the pending measure, Senate Resolution No. 5, be brought to a close.

"The pending measure!" What was it? Was it this that is before us now? Not a bit of it! Not a bit of it! The pending measure was the resolution presented by the Senator from Virginia, with the Harding-Hughes-Coolidge reservations, that and that alone.

Then, sir, on the following day, Saturday afternoon, the resolution was presented in modified form, it is asserted, but in form entirely different, with entirely different propositions presented; with entirely different reservations, sir; presented Saturday afternoon. It comes to the desks of Senators at 12 o'clock on this day, only at 12 o'clock on this day; and without one single word of explanation from the Senator from Virginia, cloture is to be put upon this all-important new resolution which the Senator has presented——

Mr. SWANSON. Mr. President——

Mr. JOHNSON. Utterly different from the original World Court proposition.

Mr. REED of Missouri. The Senator is mistaken. The resolution did not come here at 12 o'clock. It arrived here less than five minutes ago.

Mr. SWANSON. If the Senator will permit me——

Mr. JOHNSON. For just a question. I have three minutes only. You have taken 55 upon your side of this matter, and you ought to permit us to have the two or three minutes that remain.

Mr. SWANSON. The reservations embodied in the substitute were forecast in my opening speech.

Mr. JOHNSON. Then why were they not presented?

Mr. SWANSON. Because I expected you gentlemen to agree.

Mr. JOHNSON. Why lie in wait until cloture is presented to the Senate and then present to us this new resolution without a word of explanation, without a word of debate, without a word concerning it at all, bringing it up when cloture is before us, and when you are about to put cloture upon us at 1 o'clock this day?

Mr. HARRISON. Mr. President——

Mr. JOHNSON. I yield.

Mr. HARRISON. Will the Senator permit me to present a unanimous-consent agreement? I resubmit the unanimous-consent agreement that was offered by the Senator from Arkansas [Mr. ROBINSON] the other day.

Mr. REED of Missouri. This is no time to bring that up.

The VICE PRESIDENT. Does the Senator from California yield?

Mr. JOHNSON. I yield, but I do not want to yield the floor for the minute that I have.

Mr. BLEASE. Mr. President, if I may explain——

Mr. BORAH. I suggest that the Senator from California proceed. It is utterly impossible to consider a unanimous-consent request with only two minutes of time left.

Mr. JOHNSON. This is the situation they have put us in. We can not consider a unanimous-consent request, though I care not one way or the other. I do care for this body, sitting here in the fashion that it does, debating a cloture resolution upon a matter of this extraordinary importance, when there has been neither explanation nor elucidation of the matter upon which cloture is to operate.

Do the gentlemen on the other side mean to say to me that they assent to a proposition that a bill may be brought in here at 12 o'clock on one day and cloture be put upon it at 1 o'clock the same day? What sort of fairness is that?

In the last seconds that are mine I appeal to this body to establish no such precedent. Suppose we went on with the debate. It is obvious to every man here that it would continue but a very brief period. It is an utter impossibility, with the situation presented, that the debate should continue for more than a day or two at most. For that reason, if for no other, the cloture motion should be defeated, and this body should not establish a precedent by which at 12 o'clock there may come before the body a new measure, and at 1 o'clock cloture may be put upon it without the slightest explanation or a single moment of debate.

Under the order previously made, the following proposed reservations were sent to the Secretary's desk:

RESERVATION

Mr. REED of Missouri offered the following as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That the adherence by the United States to the protocol of December 16, 1920, accepting the statute of the Permanent Court of International Justice, shall be on the condition that the United States shall not be bound by, nor shall its rights be determined or prejudiced by, any decision or opinion of the said court on any question which is referred to it by the League of Nations or any of its agencies, nor by any decision or opinion of the court based upon the provisions of the covenant of the League of Nations, or any of the other provisions of the treaty of Versailles."

Mr. REED of Missouri offered the following amendment to Senate Resolution 5, providing for the adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice, with reservations, as modified:

On page 3, line 2, strike out the words "and consent to," so that the paragraph shall read:

"*Resolved (two-thirds of the Senators present concurring)*, That the Senate advise the adherence on the part of the United States to the said protocol," etc.

Mr. REED of Missouri offered the following amendment to Senate Resolution 5, providing for the adhesion on the part of the United

States to the protocol of signature of the statute for the Permanent Court of International Justice, with reservations, as modified:

Add the following paragraph:

"*Resolved further*, That the Monroe doctrine be declared as a principle of international law binding upon the court."

RESERVATION

Mr. FRAZIER offered the following, intended to be proposed as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"Whereas there is such a wide difference of opinion as to the reservations that should be made, and although the reservations made by a former Secretary of State, incorporated in Senate Resolution 5, may be considered by the legal minds of the Senate to be technically correct in accepting an invitation from nearly all the leading nations of the world to join them in this enterprise; if given a plain English interpretation, they seem to be attempts to protect us against expected wrongs and that they must be rather insulting to those nations, if their purpose in inviting us to participate in the court is honorable:

"Therefore the following is intended to be offered as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That all in Senate Resolution 5 beginning with line 7 on page 2 down to and including line 7 on page 3 be stricken out and the following reservation be inserted in its stead:

"That such signature and adherence of the United States to the protocol of the Permanent Court of International Justice is given with the distinct understanding that the United States reserves the right to withdraw its signature and adhesion thereto at any time that the Congress of the United States may determine so to do, and that in event of such withdrawal it shall in no way be considered an unfriendly act."

RESERVATION

Mr. MOSES offered the following, intended as a reservation to the resolution of adherence on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"1. The adherence of the United States to the statute of the World Court is conditioned upon the understanding that no revision of the statute shall be accomplished except by a general international conference of the nations adhering to the protocol of signature, to be duly called for this purpose; and that all proposals for revision thus advanced shall be ratified by all of the signatory governments in the manner provided for each of them for the ratification of a treaty.

"2. That the adherence of the United States is further conditioned upon the understanding that the members of the court shall hereafter be elected by a majority vote of all the members of the national groups of the existing Permanent Court of Arbitration at The Hague.

"3. That the adherence of the United States is further conditioned upon the understanding that the salaries, pensions, and expenses of the court shall be met by allocations made by international bureau of the Permanent Court of Arbitration at The Hague, which shall certify the determined sums to the signatory governments, which will then make payment in accordance with their customary practice under conventions which require contributions for the maintenance of international bodies.

"4. That the adherence of the United States is further conditioned upon the understanding that the court shall render no advisory opinion except upon the request of all the parties concerned, such request, in the case of the United States, to be preferred by treaty duly negotiated for the purpose and ratified by the Senate of the United States."

RESERVATION

Mr. MOSES offered the following, intended as a reservation to the resolution of adherence on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That the adherence of the United States to the statute of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, and/or advisory opinions of the court shall not be enforced by war under any name or in any form whatever."

RESERVATION

Mr. SHIPSTEAD offered the following intended as a reservation to the resolution of adherence on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That no question shall be submitted to the court which involves in any manner any loan made by the Government of the United States or by American citizens or corporations to any foreign country, or any financial transactions of any character between American citizens or corporations and any foreign government, without the consent of the United States through a joint resolution of Congress."

RESERVATION

Mr. SHIPSTEAD offered the following as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That in no case shall the Permanent Court of International Justice take under consideration any matter which, in the judgment of the United States, irrespective of the judgment of other countries, involves or affects the fundamental American foreign policy known as the Monroe doctrine."

RESERVATION

Mr. SHIPSTEAD offered the following as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That whereas the Permanent Court of International Justice in its advisory opinion No. 4, rendered to the League of Nations on February 7, 1923, held that the decrees regarding the nationality of persons resident in Tunis were not solely a matter of domestic jurisdiction, but because of certain circumstances had become a matter for international consideration, therefore the United States will not regard this decision as a precedent and reserves to itself an exclusive jurisdiction over all cases arising out of its own laws regarding nationality within the territory of the United States."

RESERVATION

Mr. SHIPSTEAD offered the following as a reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"That the signature of the United States to the protocol of signature of the Permanent Court of International Justice shall not become effective until article 1 and paragraph 1 of article 36 of the statute of the Permanent Court of International Justice shall have been so amended as to provide that the Permanent Court of International Justice shall discharge no duty or function other than that of rendering judicial decisions in cases brought to it by the direct common consent of the parties thereto."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"Nothing contained in this convention shall be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall anything contained in the said convention be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions, including the Monroe doctrine."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signatures of the statute for the Permanent Court of International Justice:

"That the Permanent Court of International Justice shall not have jurisdiction to render advisory opinions on any question which affects the admission of aliens into the United States, their examination for entrance, their deportation, or the admission of aliens to the educational institutions of the various States, or their condition under the laws of the various States; nor shall any judgment of the court, rendered pursuant to Part XIII of the treaty of Versailles, which confers compulsory jurisdiction upon the court in certain labor disputes, be applicable to the United States without the express consent of Congress. The court shall be bound by the principle that international law recognizes the authority of the law of the United States within its own jurisdiction as applied to aliens who may seek entrance or who are domiciled in the United States; and that such court shall assume no duties, under paragraph 1 of the statute, which provides that the jurisdiction of the court extends to all 'matters specially provided for in treaties and conventions in force,' other than to hear and determine suits between States."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signatures of the statute for the Permanent Court of International Justice:

"That no government which is a member of the League of Nations but which has not signed the protocol of signatures of the Permanent Court of International Justice and which has not ratified its signature shall take part in the Council or the Assembly of the League of Nations in any election of judges of the Permanent Court of International Justice; nor shall it take part in the paying of the expenses of the court."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signatures of the statute for the Permanent Court of International Justice:

"That a judge of the Permanent Court of International Justice may be impeached for corruption or malfeasance in office by any government which has signed the protocol of signatures of the court, and that such judge shall be tried and, if found guilty, expelled from his seat in the court by a joint session of the governments members of the Assembly of the League of Nations and the governments not members of the Assembly of the League of Nations but signatories to the protocol of signatures of the Permanent Court of International Justice."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signatures of the statute for the Permanent Court of International Justice:

"In case of difference of opinion between the United States and any other signatory concerning the interpretation or application of these reservations and understandings the United States Supreme Court shall have the sole power to decide the question."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"Whenever the Permanent Court of International Justice shall undertake to render an opinion or decision of judgment interpreting or applying the terms of any treaty to which the United States is not a signatory, it is with the understanding that such decision or opinion or judgment is not to be construed as an indorsement of these treaties by the United States, and that the United States assumes no responsibility of any such judgment, opinion, or decision."

RESERVATION

Mr. SHIPSTEAD offered the following reservation to the resolution of adhesion on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice:

"The adherence of the United States to the protocol of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, or opinions of the court shall not be enforced by war under any name or in any form."

RESERVATION

Reservation intended to be proposed by Mr. WILLIAMS to Resolution No. 5, as modified.

"*Provided*, That when negotiations are had hereunder and a treaty is negotiated pursuant to this resolution then the treaty so negotiated and signed by all other signatories thereof, their duly authorized representatives, shall be submitted to the Senate for its advice and consent."

AMENDMENT

Mr. WILLIAMS offered the following amendment in the nature of a substitute to Senate Resolution No. 5 as modified.

"Strike out all after the word 'resolution' and insert the following:

"FOR ADHESION TO THE PERMANENT COURT OF INTERNATIONAL JUSTICE

"The Senate of the United States, having received from the President of the United States a proposal to give its advice and consent to the signature of the protocol of December 16, 1920, of the Permanent Court of International Justice, with certain conditions and understandings, finding itself uninformed regarding the conditions and understandings which would be acceptable to the signatories of the said protocol, and hesitating to commit the United States to the relation implied in the fact that this protocol is open to the United States only as a signatory of treaties which the United States has not ratified, requests the President to ascertain through the diplomatic representatives of the United States or otherwise, if a protocol of adhesion conceived substantially as follows would be acceptable to the signatories of the protocol of December 16, 1920":

PROTOCOL OF ADHESION TO THE STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

The signatories of the "protocol of signature relating to the Permanent Court of International Justice," of December 16, 1920, and the additional signatories of the present protocol mutually consent and agree:

"(1) That sovereign states which have neither ratified nor signed the treaty of Versailles, upon declaring that they accept the jurisdiction of the above-mentioned court in accordance with the terms and subject to the conditions of the statute of the court as construed below, are eligible to adherence to the statute, with rights, powers, privileges, and immunities equal to those of the original signatories.

"(2) That sovereign states thus adhering to the statute of the court shall have representation for the purposes of the court in the electoral bodies referred to in articles 4, 5, 8, 10, 12, 32, 33, and any other articles relating to the electoral bodies named in the statute, equal to that of the signatories of the protocol of December 16, 1920, of the same rank, without implying any relation or obligation, legal or otherwise, to or through these electoral bodies, except those prescribed in the statute as pertaining to the court.

(3) That no change shall be made in the statute of the court without the consent of the signatories of the present protocol.

"(4) That the charges of maintenance of the court shall be determined from time to time in fair proportions by the authorized appropriating bodies of the signatories, and the appropriations thus made shall be used exclusively for the expenses of the court.

"(5) That the decisions of the court bind only the actual litigants; that the opinions of the court when merely advisory bind no one; and that advisory opinions therefore will not be asked for with regard to questions relating to any adherent without its previous consent.

"(6) That the signatories of this protocol do not in principle oppose the convocation of future conferences at The Hague for the revision, clarification, and amelioration of international law, the enactments of which do not become binding upon any state until it has itself ratified them.

"In accordance with this consent and agreement on the part of the signatories of the protocol of December 16, 1920, duly signed and sealed by an authorized representative, the adhering states do hereby declare, through the undersigned, their duly accredited representatives, that they accept the jurisdiction of the Permanent Court of International Justice and the statute of the court, in accordance with the terms and subject to the conditions of the present protocol."

The VICE PRESIDENT at 1 o'clock p. m. rapped with his gavel.

Mr. HARRISON. Mr. President, I ask unanimous consent that I may be permitted to offer a unanimous-consent agreement.

The VICE PRESIDENT. Is there objection?

Mr. BRUCE. I object.

The VICE PRESIDENT. Objection is made. The hour of 1 o'clock having arrived, the Chair, in accordance with the provisions of Rule XXII, lays before the Senate the following motion, made by the Senator from Wisconsin [Mr. LENROOT]:

UNITED STATES SENATE,
Washington, D. C., January 22, 1926.

The undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, move that debate upon the pending measure, Senate Resolution No. 5, be brought to a close:

Signed by a sufficient number of names.

The Secretary will call the roll for the purpose of ascertaining that a quorum is present.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	McKellar	Sackett
Bayard	Fletcher	McKinley	Schall
Bingham	Frazier	McLean	Sheppard
Blease	George	McMaster	Shipstead
Borah	Gerry	McNary	Shortridge
Bratton	Gillett	Mayfield	Simmons
Brookhart	Glass	Means	Smith
Broussard	Goff	Metcalf	Smoot
Bruce	Gooding	Moses	Stanfield
Butler	Greene	Neely	Stephens
Cameron	Hale	Norbeck	Swanson
Capper	Harreld	Norris	Trammell
Caraway	Harris	Nye	Tyson
Couzens	Harrison	Oddie	Underwood
Cummins	Heflin	Overman	Wadsworth
Curtis	Howell	Pepper	Walsh
Dale	Johnson	Phipps	Warren
Deneen	Jones, N. Mex.	Pine	Watson
Dill	Jones, Wash.	Pittman	Weller
Edge	Kendrick	Ransdell	Wheeler
Edwards	Keyes	Reed, Mo.	Williams
Ernst	King	Reed, Pa.	Willis
Fernald	La Follette	Robinson, Ark.	
Ferris	Lenroot	Robinson, Ind.	

The VICE PRESIDENT. Ninety-four Senators having answered to their names, a quorum is present. The question is, Is it the sense of the Senate that the debate shall be brought to a close? The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JONES of Washington (when Mr. DU PONT's name was called). I desire to announce the absence of the junior Senator from Delaware [Mr. DU PONT] on account of illness. I ask that this announcement may stand for the day. If he were present, he would vote "yea."

The roll call having been concluded, it resulted—yeas 68, nays 26, as follows:

YEAS—68

Ashurst	Butler	Curtis	Ferris
Bayard	Capper	Deneen	Fess
Bingham	Caraway	Edge	Fletcher
Bratton	Couzens	Edwards	George
Bruce	Cummins	Ernst	Gerry

Gillett	Keyes	Oddie	Simmons
Glass	King	Overman	Smoot
Goff	Lenroot	Pepper	Stanfield
Gooding	McKellar	Phipps	Swanson
Greene	McKinley	Pittman	Trammell
Hale	McLean	Ransdell	Tyson
Harris	McMaster	Reed, Pa.	Underwood
Harrison	McNary	Robinson, Ark.	Wadsworth
Heflin	Mayfield	Sackett	Walsh
Jones, N. Mex.	Metcalf	Schall	Warren
Jones, Wash.	Neely	Sheppard	Weller
Kendrick	Norbeck	Shortridge	Willis

NAYS—26

Blease	Fernald	Moses	Smith
Borah	Frazier	Norris	Stephens
Brookhart	Harreld	Nye	Watson
Broussard	Howell	Pine	Wheeler
Cameron	Johnson	Reed, Mo.	Williams
Dale	La Follette	Robinson, Ind.	
Dill	Means	Shipstead	

NOT VOTING—2

Copeland	du Pont

The VICE PRESIDENT. The yeas are 68 and the nays are 26. More than two-thirds of the Senators present having voted in the affirmative, the motion is agreed to. The Senate will proceed under Rule XXII.

Mr. LENROOT. Mr. President, under Rule XXII it is made the duty of the Presiding Officer to keep the time of Senators addressing the Senate. In the League of Nations controversy unanimous consent was given that the Secretary might keep that time. I ask unanimous consent that that course may be pursued in this case.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WALSH. Mr. President, there were two matters adverted to by the Senator from Missouri [Mr. REED] in his address on Saturday with respect to which I should like to say a few words. The first was the question raised as to whether the Senate might give its advice and consent to a treaty before the President signed it, or whether it was necessary for the President first to sign the treaty and then lay it before Congress. That question was considered by Judge Story, and his views are expressed in his celebrated work on the Constitution. I read from section 1523 as follows:

> Some doubts appear to have been entertained in the early stages of the Government as to the correct exposition of the Constitution in regard to the agency of the Senate in the formation of treaties. The question was whether the agency of the Senate was admissible previous to the negotiation, so as to advise on the instructions to be given to the ministers, or was limited to the exercise of the power of advice and consent after the treaty was formed; or whether the President possessed an option to adopt one mode or the other, as his judgment might direct. The practical exposition assumed on the first occasion which seems to have occurred in President Washington's administration was that the option belonged to the Executive to adopt either mode, and the Senate might advise before as well as after the formation of a treaty.

It was also suggested, Mr. President, that we have not the original document before us.

Mr. REED of Missouri. May I ask the Senator if the Senate "advised" or "advised and consented" in advance?

Mr. WALSH. I am sure the two words were used.

I find by consulting the Compilation of Treaties that whenever a multiparty treaty is executed it appears the usual practice to deposit the original in some one of the chancelleries and that certified copies of it are usually sent for consideration of the other signatories; but in the case of the protocol before us it expressly provides that—

> The said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.
>
> The statute of the court shall come into force as provided in the above-mentioned decision.
>
> Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

There is no express provision authorizing the transmission of certified copies, but, as we have been informed by the President this morning, that formality even has been carried out. Of course, the President would be authorized to sign just such a treaty as he sends to the Senate. It is approving the draft sent to us.

Now, Mr. President, I want to say just a word in explanation of the amended resolution offered by the Senator from Virginia [Mr. SWANSON], because apparently some gross misrepresentations concerning it have been indulged in.

In the first place, the word "adhesion" as it appears in the original draft gives place to the word "adherence"—a mere change in the use of the word, the two being quite similar in significance, but "adhesion" having reference to physical adhesion rather than an abstract adhesion.

Some criticism was made that the first reservation proposed by Mr. Hughes is not sufficiently comprehensive, in that it refers only to the covenant of the League of Nations, while some obligations might arise under other provisions of the treaty of Versailles, so the restriction is taken out and it is made comprehensive "under the treaty of Versailles," the covenant of the League of Nations forming a part of that.

The fourth reservation is changed simply by giving the United States the right to withdraw at any time.

Mr. President, I pass now from those and the fifth reservation to the two subsequent reservations. It will be observed that under the heading "*Resolved further*," those are matters that appertain to ourselves alone and are of no concern whatever to foreign nations. They express our own views concerning our own purposes and our own practice. One of them is as follows:

> *Resolved further*, As a part of this act of ratification that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute.

It has been repeatedly asserted on the floor of the Senate that no dispute can be submitted except by a treaty with the concurrence of the Senate; but, notwithstanding that, apprehensions have been excited through the country that the executive department would have the right to submit controversies without the concurrence of the Senate. This is merely to still such apprehensions.

Next:

> *Resolved further*, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

It will be recognized that that is identically the declaration which was attached to the second Hague convention and is simply a notice to the world that we do not intend to submit to the court such questions; in other words, that we do not intend to submit questions involving the Monroe doctrine. That is all there is to that.

So those two, I suppose, will not disturb anybody. But, Mr. President, for reservation 5 a substitute is offered as follows:

> That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned—

I apprehend that no one will object to that. That is simply a crystallization of the rule of the court as it now exists in relation to hearings upon requests for advisory opinions.

Then—

> nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

Under the covenant of the League of Nations, each of the great nations has a representative upon the council of the league; and any one of them, therefore, because the council proceeds by unanimity, can prevent the submission to the court of any request for an advisory opinion, which it does not want to have submitted. This gives to the United States exactly the same power by denying to the court the jurisdiction to entertain a request for an advisory opinion with respect to any question concerning which the United States claims an interest.

I can not conceive that any one of these changes will provoke any opposition whatever from the opponents of the measure.

Otherwise, Mr. President, the substitute resolution is identical with the original.

Mr. LENROOT. Mr. President, I desire to supplement what the Senator from Montana has said in just one respect.

The change in reservation No. 5 merely carries out and insures and make permanent, so far as the United States is concerned, the rule of the court laid down by its own decision in the Eastern Karelia case; so that hereafter, even though, as contended by the opponents of the court, new elections might change the complexion of the judges and a different rule might obtain, in no event, at any time, or under any circumstances,

can any advisory opinion be rendered, affecting the rights or interests of the United States, or claimed to affect our rights or interests, without the consent of the United States.

There is nothing in these reservations that is not entirely in harmony with the Harding-Hughes-Coolidge recommendations.

Mr. REED of Missouri. Mr. President, I move that the Senate adjourn.

Mr. McKELLAR. On that I call for the yeas and nays, Mr. President.

Mr. WALSH. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Ernst	King	Ransdell
Bayard	Ferris	La Follette	Reed, Mo.
Bingham	Fess	Lenroot	Reed, Pa.
Blease	Fletcher	McKellar	Robinson, Ark.
Borah	Frazier	McKinley	Robinson, Ind.
Bratton	George	McLean	Schall
Brookhart	Gerry	McMaster	Sheppard
Broussard	Gillett	McNary	Shipstead
Bruce	Glass	Mayfield	Shortridge
Cameron	Goff	Means	Simmons
Capper	Greene	Metcalf	Smoot
Caraway	Hale	Moses	Stanfield
Couzens	Harris	Neely	Swanson
Curtis	Harrison	Nye	Trammell
Dale	Heflin	Oddie	Tyson
Deneen	Howell	Overman	Warren
Dill	Jones, Wash.	Pepper	Weller
Edge	Kendrick	Phipps	Williams
Edwards	Keyes	Pine	Willis

The VICE PRESIDENT. Seventy-six Senators having answered to their names, a quorum is present.

Is there a second to the demand of the Senator from Tennessee for a yea-and-nay vote on the motion to adjourn?

Mr. LENROOT. Does the Senator from Missouri insist on his motion?

Mr. REED of Missouri. No, Mr. President; if the Senate is here I will not insist on it. When I made my motion there were about six Senators in the Chamber. The Senate had, in effect, already adjourned, and I thought we might as well do it formally.

The VICE PRESIDENT. Does the Senator withdraw his motion?

Mr. REED of Missouri. I withdraw the motion if the Senate wants to stay here and attend to its business.

Mr. President, I should like to inquire if the matter presumptively before the Senate—we have been talking about it—is to be read?

Mr. LENROOT. I ask that the Secretary proceed with the reading of the statute of the court.

Mr. REED of Missouri. I ask that the original documents be read, and that they all be read as far as they have been submitted to the Senate by the President. I am just speaking now to this matter of order, and not on the question. I call attention to the fact that there is not here a communication from any government or from any authoritative body that we have ever recognized.

The VICE PRESIDENT. The Secretary will read the communication.

The legislative clerk read as follows:

The secretary general of the League of Nations has the honor to forward herewith to the Government of the United States of America a certified copy of the protocol of signature relating to the statute of the Permanent Court of International Justice, provided for by article 14 of the covenant of the League of Nations, together with the signatures already affixed by the representatives of the members of the league, and the declarations relating to the optional clause concerning compulsory jurisdiction.

The secretary general of the League of Nations has the honor at the same time to draw the attention of the Government of the United States of America to the importance of ratifications being deposited as speedily as possible.

According to the terms of paragraph 3 of the resolution relating to the establishment of a permanent court of international justice, which was adopted by the assembly of the League of Nations at its meeting on December 13, 1920, the statute of the court will not come into force, and the court will not be called upon to sit, in conformity with the said statute, until this protocol has been ratified by the majority of the members of the league. The satisfactory fulfillment of this condition will alone enable the Assembly of the League of Nations at its next meeting (which is to take place in September, 1921) to proceed to elect the judges, and thus to enable the court to be formed and to enter upon its duties at the beginning of next year.

Further signatures to the protocol will be notified to the Government of the United States of America as and when they are appended.

Mr. REED of Missouri. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Fletcher	La Follette	Robinson, Ind.
Bayard	Frazier	Lenroot	Sackett
Bingham	George	McKellar	Schall
Blease	Gerry	McKinley	Sheppard
Bratton	Gillett	McLean	Shipstead
Brookhart	Glass	McMaster	Shortridge
Broussard	Goff	McNary	Simmons
Bruce	Gooding	Mayfield	Smith
Butler	Greene	Means	Stephens
Cameron	Hale	Metcalf	Swanson
Capper	Harreld	Moses	Trammell
Couzens	Harris	Norris	Underwood
Cummins	Harrison	Nye	Wadsworth
Curtis	Heflin	Oddie	Warren
Dale	Howell	Overman	Watson
Deneen	Johnson	Pepper	Weller
Dill	Jones, N. Mex.	Phipps	Williams
Edge	Jones, Wash.	Pine	Willis
Ernst	Kendrick	Ransdell	
Ferris	Keyes	Reed, Mo.	
Fess	King	Reed, Pa.	

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present. The Secretary will proceed with the reading.

The legislative clerk read as follows:

The same procedure will be observed in the case of communications addressed to the secretariat by the various signatory powers with regard to their ratification of the protocol.

Certified copies of the various documents containing the ratifications will be communicated to the Government of the United States of America as and when they are deposited with the secretariat.

His Excellency,

THE PRESIDENCY OF THE UNITED STATES OF AMERICA.

Mr. REED of Missouri. That concludes the reading of the communication?

The VICE PRESIDENT. That concludes the reading of the communication.

Mr. REED of Missouri. In view of the fact that the Senate has again adjourned, I move that the Senate do now adjourn.

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered; and, being taken, resulted—yeas 9, nays 72, as follows:

YEAS—9

Frazier	La Follette	Nye	Reed, Mo.
Harreld	Moses	Pine	Shipstead
Johnson			

NAYS—72

Ashurst	Ernst	Kendrick	Reed, Pa.
Bayard	Ferris	Keyes	Robinson, Ind.
Bingham	Fess	King	Sackett
Blease	Fletcher	Lenroot	Shortridge
Bratton	George	McKellar	Schall
Brookhart	Gerry	McKinley	Sheppard
Broussard	Gillett	McLean	Simmons
Bruce	Glass	McMaster	Smith
Butler	Goff	McNary	Smoot
Cameron	Gooding	Mayfield	Stanfield
Capper	Greene	Means	Stephens
Couzens	Hale	Metcalf	Underwood
Cummins	Harris	Norris	Wadsworth
Curtis	Harrison	Oddie	Warren
Dale	Heflin	Overman	Watson
Deneen	Howell	Pepper	Weller
Dill	Jones, N. Mex.	Phipps	Williams
Edge	Jones, Wash.	Ransdell	Willis

NOT VOTING—15

Borah	Edwards	Pittman	Tyson
Caraway	Fernald	Robinson, Ark.	Walsh
Copeland	Neely	Swanson	Wheeler
du Pont	Norbeck	Trammell	

So the Senate refused to adjourn.

The VICE PRESIDENT. The Secretary will read the protocol.

The Chief Clerk read as follows:

PROTOCOL OF SIGNATURE

The members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the assembly of the league on the 13th December, 1920, at Geneva.

Consequently, they hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

The present protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each power shall send its ratification to the secretary general of the League of Nations; the latter shall take the necessary steps to notify such ratification to the other signatory powers. The ratification shall be deposited in the archives of the secretariat of the League of Nations.

The said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.

The statute of the court shall come into force as provided in the above-mentioned decision.

Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

DECEMBER 16, 1920.

OPTIONAL CLAUSE

The undersigned, being duly authorized thereto, further declare, on behalf of their Government, that, from this date they accept as compulsory "ipso facto" and without special convention the jurisdiction of the court in conformity with article 36, paragraph 2, of the statute of the court, under the following conditions:

Statute for the Permanent Court of International Justice; provided for by article 14 of the covenant of the League of Nations.

Mr. REED of Missouri. I think we ought to have it read in its original language, the French. [Laughter.]

The reading was continued, as follows:

ARTICLE 1

A permanent court of international justice is hereby established, in accordance with article 14 of the covenant of the League of Nations. This court shall be in addition to the court of arbitration organized by the conventions of The Hague of 1899 and 1907, and to the special tribunals of arbitration to which states are always at liberty to submit their disputes for settlement.

CHAPTER I—ORGANIZATION OF THE COURT

ARTICLE 2

The Permanent Court of International Justice shall be composed of a body of independent judges, elected regardless of their nationality from amongst persons of high moral character, who possess the qualifications required in their respective countries for appointment to the highest judicial offices, or are jurisconsults of recognized competence in international law.

ARTICLE 3

The court shall consist of 15 members; 11 judges and 4 deputy judges. The number of judges and deputy judges may hereafter be increased by the Assembly, upon the proposal of the Council of the League of Nations, to a total of 15 judges and 6 deputy judges.

ARTICLE 4

The members of the court shall be elected by the assembly and by the council from a list of persons nominated by the national groups in the court of arbitration, in accordance with the following provisions:

In the case of members of the League of Nations not represented in the permanent court of arbitration, the lists of candidates shall be drawn up by national groups appointed for this purpose by their governments under the same conditions as those prescribed for members of the permanent court of arbitration by article 44 of the convention of The Hague of 1907 for the pacific settlement of international disputes.

ARTICLE 5

At least three months before the date of the election, the secretary general of the League of Nations shall address a written request to the members of the court of arbitration belonging to the states mentioned in the annex to the covenant or to the states which join the league subsequently, and to the persons appointed under paragraph 2 of article 4, inviting them to undertake, within a given time, by national groups, the nomination of persons in a position to accept the duties of a member of the court.

No group may nominate more than four persons, not more than two of whom shall be of their own nationality. In no case must the number of candidates nominated be more than double the number of seats to be filled.

ARTICLE 6

Before making these nominations, each national group is recommended to consult its highest court of justice, its legal faculties and schools of law, and its national academies and national sections of international academies devoted to the study of law.

ARTICLE 7

The secretary general of the League of Nations shall prepare a list in alphabetical order of all the persons thus nominated. Save as provided in article 12, paragraph 2, these shall be the only persons eligible for appointment.

The secretary general shall submit this list to the assembly and to the council.

ARTICLE 8

The assembly and the council shall proceed independently of one another to elect, firstly the judges, then the deputy judges.

ARTICLE 9

At every election the electors shall bear in mind that not only should all the persons appointed as members of the court possess the qualifications required but the whole body also should represent the main forms of civilization and the principal legal systems of the world.

ARTICLE 10

Those candidates who obtain an absolute majority of votes in the assembly and in the council shall be considered as elected.

In the event of more than one national of the same member of the league being elected by the votes of both the assembly and the council the eldest of these only shall be considered as elected.

ARTICLE 11

If after the first meeting held for the purpose of the election one or more seats remain to be filled, a second and, if necessary, a third meeting shall take place.

ARTICLE 12

If after the third meeting one or more seats still remain unfilled, a joint conference consisting of six members, three appointed by the assembly and three by the council, may be formed at any time at the request of either the assembly or the council for the purpose of choosing one name for each seat still vacant to submit to the assembly and the council for their respective acceptance.

If the conference is unanimously agreed upon any person who fulfills the required conditions, he may be included in its list, even though he was not included in the list of nominations referred to in articles 4 and 5.

If the joint conference is satisfied that it will not be successful in procuring an election, those members of the court who have already been appointed shall, within a period to be fixed by the council, proceed to fill the vacant seats by selection from amongst those candidates who have obtained votes either in the assembly or in the council.

In the event of an equality of votes amongst the judges the eldest judge shall have a casting vote.

ARTICLE 13

The members of the court shall be elected for nine years.

They may be reelected.

They shall continue to discharge their duties until their places have been filled. Though replaced, they shall finish any cases which they may have begun.

Mr. REED of Missouri. Mr. President, I suggest the absence of a quorum.

Mr. LENROOT. I make the point of order that no business has intervened since the last quorum call.

Mr. REED of Missouri. The clerk has been reading the most important document on earth, a communication from the League of Nations. It is business and highly important business.

Mr. LENROOT. What has the Senate done about it?

Mr. REED of Missouri. It has done nothing—not even listened. If it had only listened, I would not have made my point.

Mr. LENROOT. Listening is not the transaction of business.

Mr. REED of Missouri. Oh, yes; it is. It is the presentation of this document to the Senate.

The VICE PRESIDENT. The point of order is not debatable. The Chair holds that the point of order is well taken.

Mr. REED of Missouri. I move that the Senate do now adjourn.

Mr. LENROOT. I make the point of order, under Rule XXII, that the motion is dilatory.

The VICE PRESIDENT. The Chair holds the point of order to be well taken. Rule XXII provides that "No dilatory motion, or dilatory amendment, or amendments not germane, shall be in order."

Mr. REED of Missouri. I appeal from the decision of the Chair.

The VICE PRESIDENT. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. LENROOT. I move that the appeal from the decision of the Chair be laid on the table.

Mr. REED of Missouri. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BRATTON. Mr. President, a parliamentary inquiry. What is the pending question?

The VICE PRESIDENT. The motion of the Senator from Wisconsin [Mr. LENROOT] to lay on the table the appeal by the Senator from Missouri [Mr. REED] from the decision of the Chair.

The roll was called and resulted—yeas 69, nays 13, as follows:

YEAS—69.

Ashurst	Bratton	Capper	Curtis
Bayard	Bruce	Couzens	Dale
Bingham	Butler	Cummins	Deneen

Dill	Harrison	Neely	Shortridge
Edwards	Heflin	Norbeck	Simmons
Ernst	Howell	Norris	Smith
Ferris	Jones, N. Mex.	Nye	Stephens
Fess	Jones, Wash.	Oddie	Swanson
Fletcher	Kendrick	Overman	Underwood
George	Keyes	Pepper	Wadsworth
Gerry	Lenroot	Phipps	Warren
Gillett	McKellar	Pittman	Watson
Glass	McKinley	Reed, Pa.	Weller
Goff	McLean	Robinson, Ark.	Wheeler
Gooding	McNary	Robinson, Ind.	Willis
Greene	Mayfield	Sackett	
Hale	Means	Schall	
Harris	Metcalf	Sheppard	

NAYS—13.

Blease	Frazier	La Follette	Shipstead
Borah	Harreld	Moses	
Brookhart	Johnson	Pine	
Fernald	King	Reed, Mo.	

NOT VOTING—14.

Broussard	du Pont	Smoot	Walsh
Cameron	Edge	Stanfield	Williams
Caraway	McMaster	Trammell	
Copeland	Ransdell	Tyson	

So the appeal of Mr. REED of Missouri from the decision of the Chair was laid on the table.

PERSONAL EXPLANATION

Mr. BLEASE. Mr. President, I rise to a question of personal privilege. While the two Senators from Alabama are on the floor, I desire to answer a criticism from the junior Senator from Alabama [Mr. HEFLIN] the other day in regard to some remarks which I then made with reference to the late Senator Henry Cabot Lodge.

I understand what southern hatred means. I understand what southern differences mean in thinking and speaking of people who belong to the Republican Party. Just after the Civil War, or the War of Secession, there came into the State of South Carolina some people from the Northern States and some from Eastern States who because of their actions were called carpetbaggers and scalawags. They combined with the negroes of the Southern States, and under deception and deceit those so-called Republicans, who were never entitled to the respect of the name or even to be called as such, because they were the cheapest class of thieves and camp followers of Sherman's army, stayed there for the purpose of robbery and thievery. Therefore, in the Southern States to-day, when a man wishes to stir up strife and feeling, it is very easy for him to do so by referring to another as a Republican.

The people of my State, or some of them, by education have not had the privilege of that enlightenment which possibly they should have had, and, by reason of their poverty, have not been enabled to travel over the country as they would have liked to travel. They have never had the opportunity of being thrown into contact with any, with the exception of very few men, who called himself a Republican. There are people in my State to-day, and in all the other Southern States, who delight in appealing to that class which is not better informed on account of their prejudice against Republicans, and trying to paint every Republican as a man the equal of Scott and Moses and Chamberlain and the other thieves who infested my State and the balance of the South and put the heel of the "nigger" upon the white man's neck.

I regret that that condition prevails, but it does prevail; there is no doubt about it. Therefore, as I stated a few moments ago, the people of my State, or some of them, and the people of all the Southern States do not know men like CURTIS and MOSES, of New Hampshire, and JOHNSON and COUZENS and FERNALD and BINGHAM and BORAH and hundreds of others whom I might mention, as to whom, if they were to go to the South and associate with our people and let our people know them, our people would feel as I do, and would have respect for them and admiration for them because of their standing by their principles. They do not even know the Vice President of the United States, whom I know they would admire if they had had the opportunity to see his smile when the South put the cloture on the Senate to-day.

Let us see, Mr. President.

Henry Cabot Lodge needs no defense at my hands. He can speak from the grave in what he has done in the past and wipe out almost any opponent that might see fit to slur his name. I used it for a purpose, to make somebody mad. "Whom the gods would destroy, they first make mad." I am not one of the gods, but I saw a cloture passed here to-day because some people were mad.

When the State of South Carolina was getting ready to present to the American Nation a statue to be placed in Statuary Hall, when her people had picked out the one man and the only man that they have yet agreed upon whose statue was to be placed yonder in Statuary Hall, when they had that statue all ready to be delivered to the American Nation, whom did the boss of South Carolina ask to accept that statue? I say "the boss" advisedly, because Ben Tillman was the boss of South Carolina at that time. He could elect to office any man he pleased. He could defeat any man he pleased. He could pass through the Legislature of South Carolina any action he wanted, or he could defeat any bill that he wanted to defeat in the State of South Carolina. Who did the boss of South Carolina say should accept, on the part of this country, the statue of John C. Calhoun, that greatest statesman? I know that some differ as to Clay and Webster, but the South claims Calhoun as her greatest; and, I say, whom did the boss of South Carolina ask to speak on John C. Calhoun on that occasion? Henry Cabot Lodge, the man who, it has been charged, tried to put the force bill on South Carolina.

Ah, Mr. President, we can not judge a man by one act. I want to give you northern people one instance, the instance of a man, a true man and a brave man. There ought to be a monument erected to him somewhere to show what bravery was.

Just after the Civil War, or the War of Secession, one of Sherman's men stopped in Barnwell, S. C., and made that his home. He married a good woman there. The barn of one of his neighbors was burned. He was indicted for arson. They brought him to trial in a South Carolina court, with a Democratic judge, a Democratic solicitor, a Democratic jury. The solicitor of that circuit was a very able man, but I think he took a great advantage on this occasion. He said to McGinnis—whom he knew was a Yankee, whom he knew had followed Sherman's army—"McGinnis, were you not one of Sherman's army, the army that went through this country and burned it?" McGinnis looked him straight in the face and said, "Yes; I was, and I am proud of it." The solicitor sat down. He knew that McGinnis was convicted whether he had any testimony or not. That is what I call a man; and I thank God that a few years afterwards that right hand right there signed the paper that made McGinnis a free man and sent him back to his wife and little children, where he is to-day, a good citizen and a happy man.

Judge a man by one act? What said Boss Tillman? Do not forget that I voted for him and supported him. I have never been ashamed of it, if I did fall out with him in his last days. I have never been ashamed of it, if he did delay my coming here for six years. There is no question about that. As I tell you, he was the big boss; but when he got out of the way, then we had several little so-called bosses.

Here is what Mr. Lodge said:

> In the years which preceded the Civil War, South Carolina and Massachusetts represented more strongly, more extremely, perhaps, than any other States the opposing principles which were then in conflict. Now, when that period has drifted back into the quiet waters of history it seems particularly appropriate that Massachusetts should share in the recognition which we give to-day to the memory of the great Senator from South Carolina. If I may be pardoned a personal word, it seems also fitting that I should have the privilege of speaking upon this occasion, for my own family were friends and followers in successive generations of Hamilton and Webster and Sumner.

I do not care what he said about Alabama. He was talking about South Carolina, and I am the man that praised him.

> I was brought up in the doctrines and beliefs of the great Federalist, the great Whig, and the great Republican. It seems to me, I repeat, not unfitting that one so brought up should have the opportunity to speak here when we commemorate the distinguished statesman who, during the last 25 years of his life, represented with unrivaled ability those theories of government to which Hamilton, Webster, and Sumner were all opposed.
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> From 1787 to 1865 the real history of the United States is to be found in the struggle between the forces of separatism and those of nationalism. Other issues and other questions during that period rose and fell, absorbed the attention of the country, and passed out of sight, but the conflict between the nationalist spirit and the separatist spirit never ceased. There might be a lull in the battle, public interest might turn, as it frequently did, to other questions, but the deep-rooted, underlying contest was always there, and finally took possession of every passion and every thought, until it culminated at last in the dread arbitrament of arms.
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> The colonial spirit resisted Washington's neutrality policy when the French Revolution broke out, and as the years passed was still strong enough to hamper all our movements and force us to drift helplessly upon the stormy seas of the Napoleonic wars. The result was that we were treated by France on one side and by England on the other in a

manner which fills an American's heart with indignation and with shame even to read of it a hundred years afterwards. And then in those days of humiliation there arose a group of young men, chiefly from the South and West, who made up their minds that this condition was unbearable; that they would assert the independence of the United States; that they would secure to her due recognition among the nations; and that rather than have the shameful conditions which then existed continue they would fight. They did not care much with whom they fought, but they intended to vindicate the right of the United States to live as a respected and self-respecting independent Nation. Animated by this spirit, they plunged the country into war with England.

Then, Mr. President:

Chief among the leaders of that group of young men who were responsible for the origin and conduct of the War of 1812 was John C. Calhoun.

* * * * * * *

To have been, as Calhoun was, for 40 years a chief figure in that period of conflict and development—first a leader among the able men who asserted the reality of the national independence and established the place of the United States among the nations of the earth, and afterwards the undisputed chief of those who barred the path of the national movement—implies a man of extraordinary powers both of mind and character. He merits not only the high consideration which history accords; but it is also well that we should honor his memory here and, turning aside from affairs of the moment, should recall him and his work that we may understand what he was and what he meant. He was preeminently a strong man; and strong men, leaders of mankind, who shape public thought and decide public action are very apt to exhibit in a high degree the qualities of the race from which they spring.

Mr. President, here is his compliment to South Carolina:

Calhoun came of a vigorous race and displayed the attributes, both moral and intellectual, which mark that race with unusual vividness and force. On both sides he was of Scotch descent. His name is a variant of the distinguished Scotch name Colquhoun. It was a place name, assumed at the beginning of the thirteenth century, when they came into possession of certain lands, by the noble family which was destined to bear it for many generations.

* * * * * * *

Judged by the history of the knights who in long succession held the estates and the title, the Colquhouns or Calhouns, who spread and multiplied until they became a clan, were a very strong, very able, very tenacious stock. They had great need of all these qualities in order to maintain themselves in power, property, and position during the 500 years which elapsed before the first Calhoun and the first Caldwell started on the migration which, after a brief pause in the north of Ireland, carried Patrick Calhoun and some of the Caldwells over the ocean to South Carolina.

Thus endowed by nature and equipped with as good an education as could then be obtained in the United States, Mr. Calhoun entered public life at the moment when the American people were smarting under the insults and humiliations heaped upon them by France and England and were groping about for some issue from their troubles and some vindication of the national honor and independence. Calhoun and his friends, men like Henry Clay, and like Lowndes and Cheves, from his own State, came in on the wave of popular revolt against the conditions to which the country had been brought. Wavering diplomacy, gunboats on wheels, and even embargoes, which chiefly punished our own commerce had ceased to appeal to them. They had the great advantage of knowing what they meant to do. They were determined to resist. If necessary they intended to fight.

Then, Mr. President:

He fought his fight with unbending courage, asking no quarter and giving none. He flinched from no conclusion; he faced every result without change or concession. He had no fear of the opponents who met him in debate. He felt assured in his own heart that he could hold his own against all comers.

Ah, Mr. President, listen to this! This would have made me think well of Henry Cabot Lodge even if he had put me in jail somewhere:

We do well to place here a statue of Calhoun. I would that he could stand with none but his peers about him, and not elbowed and crowded by the temporarily notorious and the illustrious obscure.

Do you hear that? I want to read that over. I want to rub it into South Carolina this summer:

We do well to place here a statue of Calhoun. I would that he could stand with none but his peers about him, and not elbowed and crowded by the temporarily notorious and the illustrious obscure.

Henry Cabot Lodge said that about my John C. Calhoun, not yours.

His statue is here of right. He was a really great man, one of the great figures of our history. In that history he stands out clear, distinct, commanding. There is no trace of the demagogue about him. He was a bold as well as a deep thinker, and he had to the full the courage of his convictions. The doctrines of socialism were as alien to him as the worship of commercialism. He "raised his mind to truths." He believed that statesmanship must move on a high plane, and he could not conceive that mere money-making and money-spending were the highest objects of ambition in the lives of men or nations.

Now, Mr. President:

He was the greatest man South Carolina has given to the Nation. That in itself is no slight praise—

Listen to Henry Cabot Lodge:

He was the greatest man South Carolina has given to the Nation. That in itself is no slight praise, for from the days of the Laurenses, the Pinckneys, the Rutledges, from the time of Moultrie and Sumter and Marion to the present day South Carolina has always been conspicuous in peace and war for the force, the ability, and the character of the men who have served her and given to her name its high distinction in our history.

Could a man say that about my State and I not like him?

But Calhoun was much more even than this. He was one of the most remarkable men, one of the greatest minds that American public life can show. It matters not that before the last tribunal the verdict went against him, that the extreme doctrines to which his imperious logic carried him have been banned and barred, the man remains greatly placed in our history.

Did Ben Tillman make a mistake when he asked Henry Cabot Lodge to make that speech? Has Ben Tillman ever been condemned in South Carolina for getting that brain to speak on that occasion?

Again, Mr. President, that same South Carolina boss, who sat in this body longer than any other man has ever sat in it from the State of South Carolina, who was elected time and time again without opposition, walked across one day in his enfeebled condition, so far as body was concerned—but the Senate will bear me out, whose mind was strong until the very last—walked over to the seat of the distinguished Senator from Massachusetts, and said what to him?

When I shall pass across the great divide I want you, the man from Massachusetts, the man from one of the two States whose Senators staged the greatest debate that has ever been staged upon the floor of the Senate—Webster and Calhoun—I, coming from the State of the latter, want you, Mr. Lodge, to deliver upon me such eulogy as you think is right.

The man who they say had tried to put the force bill on the South, the man who, they say, South Carolina should hate was asked by that distinguished Senator, who sat here longer than any other man from that State, to do that! Why, if Ben Tillman had hated him, or if the people of my State had hated him, would Tillman have asked Lodge to speak on Calhoun, coming from the State that he did? Would he have asked him to say something about him, Tillman himself? No, Mr. President; and Mr. Lodge made that speech. I shall read only a short extract from it:

Mr. President, Senator Tillman did not come to the Senate in 1895, as many do, a man unknown beyond the limits of his own State. His reputation preceded his coming. The country had heard about him. The general public knowledge of him was not, perhaps, extensive, but it was distinct and emphatic. To those who looked below the surface it was apparent that here was a man who had wrested control of a famous State—

Henry Cabot Lodge said that, speaking of South Carolina—

a famous State from a body of men who, from generation to generation, for 200 years had dominated its politics and its social and economic life. Both at home and in Washington they had brought forth distinguished leaders in public life, who had impressed themselves and their opinions deeply upon the history of the country and made South Carolina a power to be reckoned with throughout the eighteenth and nineteenth centuries. Whatever their mistakes may have been, however extreme their views, they had been remarkable for ability, courage, and force displayed not only by individuals but by families, whose names and achievements were familiar to all the people of the United States. They had retained their power after the Civil War as it had existed before the great conflict which they had done so much to lead and provoke. He came to the Senate also with bitter and deep-seated dislike—I will not say prejudice—against all Republicans and all northern men.

Tillman had not traveled much. He was a farmer. He was a very poor man. He left his plow and went to Marlborough

to make a speech. He broke down and cried because in his first effort he failed. But he came back, was governor of my State, and came to the Senate.

Nevertheless, among Republicans and northern men he found before many years had passed some of his warmest personal friends. In these last years he one day made a short speech in the Senate, in which he admitted that he had been mistaken in these earlier opinions, and that he had in these respects changed his mind.

So, Mr. President, would many southerners, if they were permitted to travel over this country and to associate with some men who call themselves Republicans. I could name some Democrats north of Mason and Dixon's line whom I know they would not associate with, nor invite to their homes, if they knew them as well as I know them. I continue the reading:

It seemed, I am sure, to those who heard or read what he said, an avowal at once manly and touching. But it was something more than this. It showed willingness and ability to learn, admirable and essential capacities throughout life, and especially to be cherished in old age. It also showed the courage to admit that he had been wrong, and this is a loftier and rarer attribute and a very fine quality, indeed.

Mr. President, I go one more short step. There sits in this Chamber a very distinguished southerner, who served in the House of Representatives for a great many years, came to this body and has served here with distinction, so much, sir, that a good many people in this country wanted to see him President of the United States. I did, myself. He was placed in nomination, received a very complimentary vote, and to-day stands very high in the love and admiration of the people of the Southern States. I refer to none other than the Hon. OSCAR W. UNDERWOOD, the senior Senator from Alabama. This is what Senator UNDERWOOD said of Henry Cabot Lodge:

Mr. President, through nearly three decades of service I have seen the men who directed the destiny of the Nation come and go as actors upon the stage. They played their parts, they lived their hours, and marched on into the fields of private life or into the long road of eternity. Most of these men have possessed character and attainments. In their hour they have served their country with the highest sense of patriotism directing their course. Many issues of public importance have been raised and many political battles have been fought with earnestness of purpose, and sometimes with rancor, to the final conclusion of victory or defeat. We meet and know these men more or less on the legislative battle field. They are our comrades in defending principles in which we believe or they are our opponents in barring the way to our success, but with it all they are "good fellows"—kindly, charming men, possessing more than the average brains and ability, coming from the best of the Nation. Thus we meet, battle, and strive among ourselves until we awake to find the flag on the Capitol at half-mast, and we know that one of the legislative soldiers has passed away from life's battle field. Then we lay aside the sword of political combat and truly see the outstanding character of the friend and comrade who has marched on.

I am sure that all of us felt this way about Senator Henry Cabot Lodge when the press dispatches told us that the end had come. All of us did not belong to his political party, but we regarded him as an able, learned, and forceful adversary, tenacious of his own political faith, grounded as few others were in the fundamentals of his party, and always loyal to the principles and policies of the great Republican Party, to which he dedicated the best years of his life. But when the end came our arms were grounded; the battle was over; time and history stood guard over what was left to us of a good friend and a worthy companion.

I shall not attempt to speak of his long and successful career as a legislator. Others more intimately allied with him in his legislative work can tell the story of his great and successful career better than can I. Nor will I attempt to review that portion of his life that in the end will bring to him fame and fix his place for all time on the pages of history. He died occupying a distinct place among the literary men of America. As a historian his works stand without challenge in the front ranks. As an essayist and a critic he has given to the country and to the world some of its very best thoughts and ideas and ideals that will endure into the centuries to come.

What I principally desire to say, Mr. President, is in regard to my service with Senator Lodge on the conference called at Washington looking to a reduction of armament and the settlement of some of the grave questions that confronted us in the Far East. At the conference table there was no partisanship or party politics. The four men who represented the United States of America as commissioners had but one desire, and that was so to serve their country that their work might lead toward the lasting peace of the world. At the Washington conference Senator Lodge's long training in diplomatic questions, his splendid education in the history of the world's affairs, his masterful knowledge of the dangerous issues that led to world embroilment, and his clear and analytical mind blazed the way toward the solving of many of the difficult problems that confronted the American delegation.

When the clouds of political discord have rolled away, when time has cleared the skies and given us a juster vision of the outstanding questions of our day as they will stand among the mountain peaks of history, I feel sure that the work of the Washington conference will be regarded as having attained high ideals in insuring the pence of the Orient and blazing the way to a permanent disarmament of the nations of the world, and when that time comes Henry Cabot Lodge will stand in the front rank and among the great leaders who accomplished this successful result.

Mr. President, there is what Senator Tillman did; there is what South Carolina did when she asked him to make this address on Calhoun; there is what the distinguished Senator from Alabama has said, and I want to say now that I have no criticism of my young friend the junior Senator from Alabama [Mr. HEFLIN] for what he said in his criticism of me because I said some pleasant words about Mr. Lodge. We often differ about men. I have heard differences of opinion about him around here. [Laughter.] I have heard differences of opinion about myself around here. But, Mr. President, the State of South Carolina sent me here, and I have not received a single letter, not a single telegram, from my State, saying that I made any mistake in my reference to some people, or that I made any mistake in fighting this league court, or that I made any mistake in speaking pleasantly of Henry Cabot Lodge.

I simply make this explanation in order that the RECORD may be correct, and that in the days to come those who desire to read will see that I was not the only South Carolinian, nor was I the only southerner who spoke in praise of this very distinguished man, notwithstanding the fact that he attempted to pass the force bill, notwithstanding the fact that if he were living to-day, he would be very happy; I believe, Mr President, he would be almost as happy as you are. [Laughter.] I believe that if he could have stood on the floor of the Senate today and looked at the Vice President and heard him announce the vote indicating that the southern Democracy had voted for cloture, he would have said, "Well done. At last you gentlemen of the South have reached my opinion that cloture is justified." That is what he advocated, and when he should have said that, possibly he would have added, "Almighty God, I am now ready to meet Thee face to face, and answer in that day for every vain and idle thought and every word I say."

Mr. HEFLIN. Mr. President, I shall not consume any time this afternoon, but to-morrow I shall have something to say in regard to one or two statements the Senator from South Carolina has made. I ask that the reading of the statute be proceeded with.

THE COAL SITUATION IN WEST VIRGINIA—AS IN LEGISLATIVE SESSION

Mr. NEELY. Mr. President, I ask unanimous consent to be permitted to read some telegrams and a letter which I have in my hand relative to the present coal situation, which is being investigated by a committee at this hour. It will not take more than two or three minutes.

Mr. REED of Missouri. Are they in the nature of petitions?

Mr. NEELY. No; they are not.

Mr. CURTIS. I hope the Senator will just send them to the desk and have them printed in the RECORD, because, under the rule, no other business can be transacted.

The VICE PRESIDENT. No other business can be transacted without unanimous consent. The Senator is asking unanimous consent.

Mr. NEELY. Of course, it can be done by unanimous consent. If the Senator objects——

Mr. CURTIS. I do not object.

The VICE PRESIDENT. Is there objection? There being no objection, the Senator from West Virginia may proceed.

Mr. NEELY. The first telegram is dated Huntington, W. Va., January 23, and reads:

HUNTINGTON, W. VA., *January 23, 1926.*

Hon. M. M. NEELY,

Care United States Senate, Washington, D. C.:

Referring your telegram. We have absolutely accurate record of 5,800 tons high volatile egg and nut sizes domestic coal sold to North Atlantic and New England States, including Washington, Philadelphia, New York, and vicinity, in past two weeks from Williamson field, or what is better known as Thacker and Kenova districts, on Norfolk & Western, prices of which range from $1.75 to $3.50 per net ton f. o. b. mines. Average f. o. b. mine price on these shipments is $2.65. These sales represent practically entire movement from this field into that territory, and sales not included will not exceed highest price listed above or increase stated average price. Our freight to Washington is $3.09 per gross ton, to Philadelphia $4.19 gross ton, to New York $4.44 gross ton, to Boston (B. and A. delivery) $5.95 gross ton. These freight rates added to average weighted mine price shown above delivers these coals on track at

Washington for $5.40 per net ton; Philadelphia, $6.39 per net ton; New York, $6.61 per net ton; Boston, $7.96 net ton.

Any suggestion that West Virginia operators are profiteering or have had opportunity to profiteer because of anthracite strike are as much at variance with the facts as is statement credited to Senator WILLIS in Ohio State Journal of January 20 that West Virginia coal moves to Cleveland on lower freight rate than does coal from Ohio, as our rate to Cleveland is $2.39 per ton, compared with Ohio No. 8 rate of $1.74, which moves their coal into Cleveland 65 cents per ton lower than ours. We appreciate opportunity to answer these charges.

GEORGE BAUSEWINE,
Secretary Williamson Coal Operators' Association,
Williamson, W. Va.

The VICE PRESIDENT. Does the Senator understand that the time he is taking will have to be charged against him under Rule XXII as time consumed? I thought he should know that this time is charged against him.

Mr. NEELY. I am not speaking to the pending resolution at all. I asked and obtained unanimous consent to present the telegrams.

The VICE PRESIDENT. If the Senator speaks to the pending resolution, this time will have to be charged against him under the rule.

Mr. NEELY. That is not my construction of the rule; but I shall not consume an hour, which is the time fixed under the cloture rule.

I shall read one more and then content myself by asking to have the others printed in the RECORD. This is from Beckley, W. Va., in the heart of the West Virginia smokeless coal region:

BECKLEY, W. VA., *January 23, 1926.*

Hon. M. M. NEELY,
United States Senate, Washington, D. C.:

Answering your telegram, best information available, obtained from leading shippers our field, indicates for calendar year 1925 average selling price was less than $2 net ton mines. Average price December was about $2.25. We wish point out that while graded sizes our coal are now selling at from $4 to $5, the ungraded mine-run sizes, which represent large part our production, are selling at from $2 to $2.50 net ton mines, and perfectly good for domestic use, as evidenced by fact that approximately 87 per cent of all our coal sent to Chicago for domestic use is mine run, also other large cities—Cleveland, Detroit, and Washington, D. C.—as well as other sections are using our mine run in large quantities very successfully. Government fuel yards in Washington purchase about 250,000 tons our mine-run coal annually to heat Government buildings Washington. If through rail rates to Baltimore, Philadelphia, New York, and New England on mine run were available, people those sections would have access to large tonnage domestic fuel at prices much cheaper than prepared sizes. In smokeless districts southern West Virginia we are shipping highest grade low-volatile bituminous coal produced in this country, and in our district we are paying what is generally known as the 1917 or Washington wage scale, which is wage scale agreed upon by Government officials, operators, and labor leaders for period 1917 to 1920, and under said wage scale United States Fuel Administrator fixed price $2.70 net ton mines as fair selling price. Several mines our district now in hands of creditors; some in hands receivers. If there has been any profiteering, this district have no knowledge of it.

WINDING GULF OPERATORS' ASSOCIATION.

The remaining telegrams and messages I shall not read, but I ask to have them printed.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

HUNTINGTON, W. VA., *January 25, 1926.*

Senator M. M. NEELY,
United States Senate, Washington, D. C.:

Referring your wire, report from operators producing 70 per cent of tonnage in Logan district show weighted average price egg and nut coal shipped to Washington or beyond to be $2.15 per ton delivered on railroad cars. This means coal laid down in Washington for $4.90; Philadelphia, $5.89; New York, $6.11; Boston, $7.46. Rates to points named being $2.75, $3.74, $3.96, and $5.31 per net ton, respectively. The Chesapeake & Ohio Railway Co. has 719 mines on its lines; 249 of these mines, or 35 per cent, are idle at the present time and have been shut down for the past year. Forty-two of these mines are in the Logan district and are closed down, due to inability of mines to secure prices covering cost of production. From 6 to 20 of the active mines fail to order railroad cars every day, due to the fact that there is no market for their product. The average spot price for all sizes during 1925 was $1.68. If profiteering prices were in effect, these mines would not be shut down, nor would the active mines fail to order cars each day. These facts can be verified by records in the operators and railroads' possession. Will gladly supply any additional information upon request.

J. W. COOLEY,
Logan Coal Operators' Association.

MOUNT HOPE, W. VA.,
January 23, 1926.

Hon. M. M. NEELY,
United States Senate, Washington, D. C.:

New River coal field, located in Fayette and Raleigh Counties, produces semibituminous low-volatile high-grade coal available in lump, egg, stove, nut, pea, slack, and run-of-mine sizes. Capacity per day, 3,500 tons lump, 5,500 tons egg, stove, and nut, 15,000 tons slack, 38,000 tons mine run. Carbon content approximately same as highest grade anthracite, 75 per cent, with ash content approximately 5 per cent and volatile matter approximately 20 per cent, with merely trace of sulphur, and freely used in cities of Washington, Cleveland, Indianapolis, Chicago, Detroit, and other points where rigid smoke ordinances are in effect, complying fully with law regarding emission of smoke and providing for sanitation of communities in which used. Freight rates are in effect on all these grades to Washington at $2.84 per gross ton. North of Washington run-of-mine coal and slack coal can only move combination rates, but prepared coal has through rates throughout territory Washington to New York, including New Jersey and practically every important city in New England. Freight rates on prepared coal to Baltimore, $3.60; Philadelphia, $3.94; New York, $4.19; Providence, $5.45; New Haven, $4.69; Hartford, $5.45; Springfield, $5.45; Boston, $5.58. Run-of-mine coal to Baltimore is $4.35; to Jersey City, $5.59; and Boston, $8.89; all rates quoted per gross ton. Relief for consumers domestic coal in territory between Washington and New York and New England lies in Interstate Commerce Commission granting rates on mine-run coal highly suitable for domestic use, which we are denied at present time. As it will be observed, for every 24,000 tons screened we obtain 9,000 tons prepared and 15,000 tons slack coal, which necessarily makes price of prepared coal higher than other grades. Our association does not collect; prices, however, from latest information we have, average price of the prepared grades of all rail coal is about $4.50 per net ton; however, mine prices on run-of-mine coal at tidewater, where a great bulk our tonnage moves, approximates $2 net ton; the average return from all sources approximately $2.25 ton for all coal produced. The mines in New River field pay the so-called 1917 scale of wages, or a wage scale which the Fuel Administration allowed—$2.70—as fair selling price. Certainly no profiteering here. For your information, mines loading prepared coal were not able to work much more than half time in December account lump coal could not be moved for cost of production.

S. C. HIGGINS,
Secretary New River Coal Operators' Association.

TUG RIVER COAL OPERATORS' ASSOCIATION,
Welch, W. Va., January 23, 1926.

Hon. M. M. NEELY,
United States Senate, Washington, D. C.

DEAR SENATOR:

* * * * * * *

There seems to be quite a hullabaloo at this time, which is nothing more than propaganda to assist the producers of Pennsylvania and northern Ohio districts preceding the hearing on the petition of those producers for a rehearing of the Pittsburgh-Lake Cargo Rate case (I. C. C. 15007), and with a further possibility of a reopening of the New England Rate case (I. C. C. 15006).

For your information would say that in April, 1925, there was submitted on the part of the Pitsburg, Ohio, No. 8, and Cambridge, Ohio, operators a complaint to the Interstate Commerce Commission that those districts were being seriously injured by the operators of West Virginia by the granting of rates by the railroads to Lake Erie ports from the West Virginia mines, unreasonable, prejudicial, and unlawful as compared with the rates existing from the three complaining districts. This case was known as the Pittsburgh-Lake Cargo Rate case (I. C. C. Docket No. 15007). The hearings were the most complete and exhaustive of any case heard before the commission, and after thorough examination and study, the commission, on July 16, 1925, decided that the rates "to Lake Erie ports for transshipment by vessel found not unreasonable, unduly prejudicial, or otherwise unlawful. Complaint dismissed." Complainants' principal witness frankly stated in direct examination that the case was "merely a question of confining their (West Virginia and Kentucky) growth as closely as we can." And upon cross-examination was asked if the case was not really a commercial fight by their districts against West Virginia and Kentucky and not a rate case, to which he replied: "Any rate case I ever heard of is a commercial fight, and this is just like the rest of them."

The object of this letter is to call your attention to the fact that the same complainants, assisted by the governors of their States, public service commissions, and others, have filed application for the rehearing of this case, and are endeavoring in every way possible, by propaganda in and out of the Senate and House and elsewhere, to create a feeling against West Virginia and Kentucky, the States that have stood by this country regardless of strikes and other labor difficulty in other sections.

I would suggest that you have the commission send you their decision in the 15007 case, as well as in granting rates from this district to New England points (I. C. C. 15006).

Jealousy should not be aroused because of our securing markets beyond the imaginary line just south of Potomac Yards, Washington, past which point we have heretofore never been able to ship, because in doing so it places our coal in direct competition with Pennsylvania coal. Nor should anyone be peeved because we are still permitted to ship our coal west in competition with theirs. The rate to Sandusky from Ohio No. 8 district is $1.63, and from Pittsburgh is $1.66, while from the smokeless fields of southern West Virginia the rate is $2.06. What complaint have they?

With kindest personal regards, and trusting to see you in the very near future, I am,

Yours very truly,

C. C. MORFIT, *Secretary.*

BRACKETT STATISTICAL SERVICE,
Fairmont, W. Va., January 23, 1926.

Hon. M. M. NEELY,
United States Senator,
United States Senate Office Building, Washington, D. C.

DEAR SIR: I have your message relayed from Mr. W. H. Cunningham, of Huntington, with reference to the investigation of the coal situation, and take pleasure in giving you the following information:

Fairmont high-volatile coal has been freely offered for sale f. o. b. cars at mines at the prices listed below for the several grades:

	Per net ton
1. Mine-run coal	$1.25 to $1.50
2. Nut and egg sizes	2.40 to 3.25
3. Lump, all over 2-inch	2.00 to 2.50
4. Lump, all over 4-inch	2.00 to 2.50
5. Slack coal	1.25 to 1.30

Size No. 2 seems to be the most popular size for domestic consumption in the anthracite consuming district.

I am just at this time engaged in collecting information on the wages paid throughout the field. The pick-mining rate paid the miner per net ton loaded on the mine car in his working place varies from 63 cents to 70 cents. Cutting and loading machine-mined coal is 10 cents to 12 cents per ton less, but the power costs and maintenance of electric wiring and cutting machines will absorb this difference. Day-labor rates range from $4 to $5.50, depending upon the class of labor and the skill required. It is my belief that the cost of production, including supervision, supplies, depreciation, and depletion, will exceed considerably $1.30 per net ton.

The freight rates from the mines in this field to several eastern cities are given you below.

Fairmont-Clarksburg region mines to—	Per gross ton
Washington	$3.09
Baltimore	3.09
Philadelphia	3.09
Newark, N. J	3.34
New Haven, Conn	3.84
Worcester, Mass	4.60
Boston	4.47

The information given you above represents the conditions as they have existed in this field for a considerable period of time, with very slight variation. The coal is here and is being freely offered for shipment at or near the above prices. It is needless for me to tell you, with your general information of the district, that these prices will average below the cost of production.

The highest prices for the most popular grade (nut and egg) f. o. b. Washington or Philadelphia will not exceed $6 per net ton, reducing the freight to a net-ton basis.

There is no degradation of this coal in handling as there is in the softer low-volatile coals, and, as I wrote you yesterday, it seems to be growing more popular than these soft coals.

I can understand, in the soft low-volatile coals, which yield a very small percentage of lump sizes—and this small percentage subject to considerable degradation by breakage—how the final "cream" which reaches the householder's coal bin must bear a great burden of the lower-priced "skim milk." This would be particularly true if it is purchased from mines in the low-volatile fields of southern West Virginia, with a freight rate generally $1.10 highter than from the soft-coal mines of Pennsylvania and Maryland.

This degradation does not amount to anything in the high-volatile coals—there is no loss for the dealer to bear—and when one considers that a large majority of the population are satisfactorily and contentedly burning high-volatile coal, we out here can not understand why this grade is not available to the consumer at a moderate price.

Yours very truly,

GEORGE S. BRACKETT.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. SMITH. Mr. President, I rise to propound a parliamentary inquiry. As I understand the operation of Rule XXII, a Senator may speak in all one hour, but may divide his time, as is convenient and as the time will permit, until his hour is consumed. Am I correct in that?

The VICE PRESIDENT That is my understanding.

Mr. HEFLIN. Mr. President, it is my understanding that a Senator can speak only once and not over an hour.

Mr. SMITH. My interpretation of the rule is that the Chair shall keep a record of the time consumed, and that a Senator may divide his time.

The VICE PRESIDENT. The Senator from South Carolina is correct. The agreement provides that—

> Thereafter no Senator shall be entitled to speak in all more than one hour on the pending measure.

Mr. SMITH. Mr. President, I want to take occasion to say now that I am in favor of the World Court with proper reservations. I do this particularly at this time, because there might be some misapprehension as to the vote I cast in reference to cloture. For good and sufficient reasons I am opposed to the cloture; therefore, I voted against it. But, as I said, and to repeat, I am in favor of a court where the questions that may arise amongst nations that may lead to war may have some place where the rule of action amongst nations has been studied and discussed, and where the lines along which they may find their proper solution may be determined without war.

At a later time, before the debate closes, I shall give more particular expression to my opinion on the matter. I have simply risen this afternoon in order that there may be no misapprehension, so far as I am individually concerned, as to my attitude toward this effort on the part of the nations of the earth to find some other place and some other means by which they can settle their differences rather than by an appeal to the court of the cannon. We have settled problems that were just as intricate.

It seems to me that our intellectual development is far ahead of our moral development. We are solving material problems that have vexed the human race in all time past. We have gone far toward solving the problems of transportation and communication, requiring the best brain of the world. These problems seem to me infinitely more complex than the social and political relations of the nations of the earth. We have made marvelous strides in the intellectual world in solving our material problems. Surely there must be amongst the nations of the earth those who can get together and solve the national relations and bring about a cessation of that insanity of the nations of the earth, known as war. It is too costly both to the victor and the vanquished, too brutal and inhuman for us not to join with the other nations of the earth to put an end to such destruction of lives, property, and morals.

Mr. FERNALD. Mr. President, I ask unanimous consent that the letter which I hold in my hand may be read at the desk in my time. It is from a very distinguished citizen of the country.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

BEVERLY FARMS, MASS., *January 16, 1926.*

Hon. BERT M. FERNALD,
United States Senator, Washington, D. C.

DEAR SENATOR FERNALD: Just a word of hearty congratulations upon your announced stand against the so-called World Court. You are quite right in concluding that no reservations whatever can separate it from the league, of which it is an essential part.

When the "Lodge reservations" were attached to the league covenant the New York World, in a powerful editorial, insisted that Wilson should accept them, on the ground that they did not amount to anything as a practical matter. And the World was right. If Wilson had done so, we would now be a full member of the league.

Moreover, entirely aside from the great national considerations which, of course, are the reasons that influence you and me against the court, I am not able to see where our party gets any advantage through this move. Even from that narrow and partisan point of view, we have everything to lose and nothing to gain. Jamming the court through the Senate will not win us a single vote and will lose us many—how many nobody knows.

The real question is whether we want to join the league, for the court is only an entrance to the league. When the court statute was cabled over, I asked the late Senator Knox what it meant. He said that it was much more dangerous than the league covenant, because

it was a more subtle method, capable of being misrepresented, to bind us to the league, and added: "Those fellows will pull us into the league yet by the coat tails through the back door if we don't watch out." Senator Knox said that to me several times thereafter, and, with his consent, I stated it publicly.

The alarm of Senator Knox impressed me because of his ability, learning, and extensive knowledge of law and of foreign affairs. I regarded him as the ablest man in or out of public life at that time, and I believe it is considered that he was the foremost lawyer in America.

The last letter ever written by the late Frank Munsey, which has been widely published, also confirmed my own judgment and feeling in this matter, for, as everybody knows, Mr. Munsey was a close personal friend and strong advocate of the late President Harding and had the same relations with President Coolidge. Indeed, I suppose there was not in the whole country a more effective supporter of the President than Mr. Munsey was. In his letter to Miss Mulholland, of December 12, that sagacious business man and great publisher said that the World Court was "loaded dice" and that, just as he had to oppose his good friend President Harding on that subject, so he would have to oppose his good friend President Coolidge in the same matter. It is to the credit of both President Harding and President Coolidge that this attitude of Frank A. Munsey did not in the least impair their relations with or their regard for him.

I sincerely hope that you gentlemen will win this fight, and I feel sure that the great body of the American people will sustain you if and when they know the effect, if not the purpose, of our adhesion to this arm of the league, this "auxiliary of the league," as Lord Robert Cecil said.

With every good wish, always

Faithfully,

ALBERT J. BEVERIDGE.

Mr. WALSH. The letter of former Senator Beverage refers to a communication addressed by Mr. Munsey to Miss Mulholland. I had a copy of a pamphlet issued by Miss Mulholland a few days ago, in which was included the letter from Mr. Munsey. I regret very much that it has been mislaid. I wish to inquire of the Senator from Maine if he has a copy of that pamphlet?

Mr. FERNALD. I do not think I have. I do not recall that I have.

Mr. WALSH. I regret that very much. I should like to have it put in the RECORD.

Mr. McKELLAR. Mr. President, in what I have to say about the World Court I shall be very brief. I am going simply to content myself with giving my reasons for supporting the protocol.

I am for the Permanent Court of International Justice:

Because I believe that international disputes should be settled by a court of justice rather than by a resort to war.

Because I believe that war should be outlawed, and I believe this will prove one of the most effective means of outlawing it.

Because our experience in the late war, costing this nation alone nearly $40,000,000,000, entailing a high rate of taxation, with a loss of boys approximating 100,000, constitutes a wholly sufficient reason for a sane nation like ours to attempt to find some other means than war, and some less disastrous means than war, to settle our disputes with other nations.

Because I believe the present operating Permanent Court of International Justice is the best possible tribunal that could be arranged for the settlement of international disputes.

Because I believe that the method adopted for the selection of the judges to compose that court is the fairest method ever adopted for the selection of judges for an international tribunal.

Because I believe, from a careful reading of the statute creating said court, and from its record it is a court that will do equal and exact justice in all the controversies submitted to it.

Because I believe that the reservations made a part of our acceptance of the court make it impossible for any purely national question like immigration, tariffs, state debts, or other similar questions, or for the Monroe doctrine or other purely American question to be subjected to the jurisdiction of the court.

Because, while I do not believe that the first reservation, namely, "That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles," is a true statement of fact, still I think it is harmless and without value.

Because the reservations eliminate advisory opinions without the consent of the United States.

Because the statute of the court can not be amended without the consent of the United States.

Because the United States can withdraw under the reservations at any time.

Because I believe that a great nation like the United States, desiring to do only that which is right, should be willing to submit to arbitration any difference she might have with a foreign nation.

Because under the reservations adopted the United States will not be required to submit any difference to the court unless she elects so to do.

Because said court has no jurisdiction to act on any question of sovereignty of the United States save by the consent of the United States.

Because the late war, at a cost of approximately 100,000 men and $40,000,000,000, demonstrated the fact that we can not isolate ourselves from European affairs.

Because that Great War was fought primarily for the purpose of making our country free from war in the future.

Because it was our announced purpose to secure from the nations at the end of the war an agreement to keep the peace, and we so promised our boys who fought in that war.

Because I would prefer that the munition manufacturers and the warship builders, all opponents of the court, as I am informed, should be engaged in more helpful and more civilized occupations.

Because I do not believe in the propaganda that is being sent out by its opponents.

Because having tried from time immemorial the war plan bringing such destruction and disaster to the human race and the nations, I believe it is time now, with advancing civilization, to try the peace plan.

Because I believe that the overwhelming majority of the American people want to submit their international disputes to a world court rather than to submit them to the arbitrament of war with its consequent destruction of life and property.

Because the two great parties in this country in their last platforms, both the Republican Party and the Democratic Party, declared unequivocally for the approval of the World Court.

Because I believe at the time it was under consideration by the Senate that the League of Nations ought to have been ratified by the Senate of the United States.

Because I believe the Permanent Court of International Justice is an adjunct to the League of Nations and performs one of its most important functions.

Because I believe our country should take its place with the other nations in an effort to uphold the peace of the world by the arbitrament of judicial decision rather than by the arbitrament of war.

Because the principal argument against the court is the doctrine of fear—fear that something nameless and something unknown may happen if we go in—and I do not believe in the doctrine of fear.

Because many of the arguments advanced against it have been largely technical or trivial.

Because I believe, whether in the court or out of it, that the United States is fully able to meet every situation that arises in international affairs.

Because we should cooperate in peace and harmony with all the nations of the world.

For all these reasons I shall cast my vote for the protocol.

The VICE PRESIDENT. The clerk will continue the reading of the statute.

The legislative clerk resumed the reading of the statute and read as follows:

ARTICLE 14

Vacancies which may occur shall be filled by the same method as that laid down for the first election. A member of the court elected to replace a member whose period of appointment had not expired will hold the appointment for the remainder of his predecessor's term.

ARTICLE 15

Deputy judges shall be called upon to sit in the order laid down in a list.

This list shall be prepared by the court and shall have regard firstly to priority of election and secondly to age.

ARTICLE 16

The ordinary members of the court may not exercise any political or administrative function. This provision does not apply to the deputy judges except when performing their duties on the court.

Any doubt on this point is settled by the decision of the court.

ARTICLE 17

No member of the court can act as agent, counsel, or advocate in any case of an international nature. This provision only applies to the deputy judges as regards cases in which they are called upon to exercise their functions on the court.

No member may participate in the decision of any case in which he has previously taken an active part as agent, counsel, or advocate for one of the contesting parties, or as a member of a national or international court, or of a commission of inquiry, or in any other capacity.

Any doubt on this point is settled by the decision of the court.

ARTICLE 18

A member of the court can not be dismissed unless in the unanimous opinion of the other members he has ceased to fulfill the required conditions.

Formal notification thereof shall be made to the secretary general of the League of Nations by the registrar.

This notification makes the place vacant.

ARTICLE 19

The members of the court, when engaged on the business of the court, shall enjoy diplomatic privileges and immunities.

ARTICLE 20

Every member of the court shall before taking up his duties make a solemn declaration in open court that he will exercise his powers impartially and conscientiously.

ARTICLE 21

The court shall elect its president and vice president for three years; they may be reelected.

It shall appoint its registrar.

The duties of registrar of the court shall not be deemed incompatible with those of secretary general of the Permanent Court of Arbitration.

ARTICLE 22

The seat of the court shall be established at The Hague.

The president and registrar shall reside at the seat of the court.

ARTICLE 23

A session of the court shall be held every year.

Unless otherwise provided by rules of the court, this session shall begin on the 15th of June, and shall continue for so long as may be deemed necessary to finish the cases on the list.

The president may summon an extraordinary session of the court whenever necessary.

ARTICLE 24

If for some special reason a member of the court considers that he should not take part in the decision of a particular case, he shall so inform the president.

If the president considers that for some special reason one of the members of the court should not sit on a particular case, he shall give him notice accordingly.

If in any such case the member of the court and the president disagree, the matter shall be settled by the decision of the court.

ARTICLE 25

The full court shall sit, except when it is expressly provided otherwise.

If 11 judges can not be present, the number shall be made up by calling on deputy judges to sit.

If, however, 11 judges are not available, a quorum of 9 judges shall suffice to constitute the court.

ARTICLE 26

Labor cases, particularly cases referred to in part 13 (labor) of the treaty of Versailles and the corresponding portions of the other treaties of peace, shall be heard and determined by the court under the following conditions:

The court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the provisions of article 9. In addition two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this chamber. In the absence of any such demand the court will sit with the number of judges provided for in article 25. On all occasions the judges will be assisted by four technical assessors sitting with them, but without the right to vote and chosen with a view to insuring a just representation of the competing interests.

If there is a national of one only of the parties sitting as a judge in the chamber referred to in the preceding paragraph, the president will invite one of the other judges to retire in favor of a judge chosen by the other party in accordance with article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under article 30 from a list of "assessors for labor cases," composed of two persons nominated by each member of the League of Nations and an equivalent number nominated by the governing body of the labor office. The governing body will nominate, as to one-half, representatives of the workers and, as to one-half, representatives of employers from the list referred to in article 412 of the treaty of Versailles and the corresponding articles of the other treaties of peace.

In labor cases the International Labor Office shall be at liberty to furnish the court with all relevant information, and for this purpose the director of that office shall receive copies of all the written proceedings.

ARTICLE 27

Cases relating to transit and communications, particularly cases referred to in part 12 (ports, waterways, and railways) of the treaty of Versailles and the corresponding portions of the other treaties of peace, shall be heard and determined by the court under the following conditions:

The court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the provisions of article 9. In addition two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this chamber. In the absence of any such demand the court will sit with the number of judges provided for in article 25. When desired by the parties or decided by the court, the judges will be assisted by four technical assessors sitting with them, but without the right to vote.

If there is a national of one only of the parties sitting as a judge in the chamber referred to in the preceding paragraph, the president will invite one of the other judges to retire in favor of a judge chosen by the other party in accordance with article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under article 30 from a list of "assessors for transit and communications cases" composed of two persons nominated by each member of the League of Nations.

Mr. REED of Missouri. Mr. President, I observe that by actual count there is far less than a quorum of the Senate present. I suggest the absence of a quorum, not for the purpose of delay, as has been intimated, but because I think some of the Senators ought at least to hear this contract read. I am sure most of them or many of them have not even heard it read yet.

The PRESIDING OFFICER (Mr. FESS in the chair). The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Bingham	George	Mayfield	Sheppard
Borah	Gillett	Metcalf	Simmons
Broussard	Glass	Neely	Smith
Bruce	Goff	Norris	Smoot
Butler	Hale	Nye	Stanfield
Capper	Harris	Overman	Swanson
Cummins	Heflin	Pepper	Tyson
Curtis	Johnson	Pine	Walsh
Dale	Jones, Wash.	Ransdell	Warren
Deneen	Kendrick	Reed, Mo.	Watson
Dill	Keyes	Reed, Pa.	Weller
Edwards	La Follette	Robinson, Ark.	Williams
Ernst	McKellar	Robinson, Ind.	Willis
Ferris	McKinley	Sackett	
Fess	McNary	Schall	

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, a quorum is present. The Secretary will continue the reading.

Mr. WATSON. Mr. President, in my own time may I ask the Senator from Montana a question or two about the construction of some of these reservations? I ask the questions not in a controversial spirit, but for my own information. I see that the Senator from Virginia [Mr. SWANSON] has come in, and I shall be glad to have either one of the Senators answer the questions.

I read from the second reservation:

That the United States shall be permitted to participate, through representatives designated for the purpose and upon an equality with the other states members, respectively—

What does that mean?

Mr. SWANSON. "Upon an equality with the other states"—that the United States shall have in the council 1 vote, and in the assembly 1 vote.

Mr. WATSON. Does that count the British Empire as one?

Mr. SWANSON. In the league, each country is counted as one—Canada 1, Great Britain 1, the Irish Free State 1, Australia 1, New Zealand 1, South Africa 1.

Mr. WATSON. That is to say, then, the British Empire, broken up into its component parts, has 7 votes if they can get into the council?

Mr. SWANSON. They claim to be independent and separate nations, and they are each entitled to a vote, like Haiti or Liberia.

Mr. BORAH. Mr. President, regardless of what is claimed, the construction which the Senator places on it is that Great Britain as an empire has 7 votes in the election of the judges?

Mr. SWANSON. I do not know that Great Britain has. I do not agree to that. Canada has its own minister, makes its own treaties and makes its own arrangements, and is as much independent as some countries that claim to be independent. These countries claim that they are independent nations.

Mr. REED of Missouri. Mr. President, the Governor General of Canada is appointed by the Crown.

Mr. SWANSON. The Governor General has nothing to do with this matter. Canada is controlled by her Parliament.

Mr. WATSON. After all, in reality, it is a fact, though, that the British Empire would have 7 votes to our 1.

Mr. SWANSON. It would be true under that.

Mr. WALSH. Mr. President——

Mr. WATSON. I want to ask another question.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield; and if so, to whom?

Mr. WATSON. I will yield to any Senator who wants to interrupt me.

Mr. WILLIS. I desire to ask a question of the Senator from Virginia, if the Senator from Indiana will yield to me for that purpose.

Mr. WATSON. All right. I yield to the Senator from Ohio to ask a question of the Senator from Virginia.

Mr. WILLIS. I wondered whether the Senator from Virginia had forgotten the fact that the argument had been repeatedly urged here that we should be afraid to enter the court because it was alleged that the members of the court represent different legal systems from that which obtains among English-speaking nations; and now it is urged that we should fear to enter it because there are English-speaking nations that are interested.

Mr. SWANSON. I will say further that if you had to get the consent of Canada not to have a vote, the consent of New Zealand not to have a vote, the consent of the Irish Free State not to have a vote, you would defeat going in at all, and it would be simply an indirect way of preventing adherence. I am unable to see why the Irish Free State is not as competent to elect judges, which is the purpose of voting, as is Haiti.

Mr. WILLIAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. WATSON. I do.

Mr. WILLIAMS. May I suggest to the Senator from Indiana that the reason why the Irish Free State, New Zealand, and Canada may not be entitled to elect judges is because they are not states. Sovereignty does not reside in the people of those countries.

Mr. WALSH. Mr. President, I discussed this subject in an address which I delivered here one evening when the Senator from Indiana unfortunately was not here, and very few other Senators were here. I endeavored then to tell what the facts are.

Mr. WATSON. I will say to the Senator that I have been engaged in hearings before the Interstate Commerce Committee all of the time until to-day.

Mr. WALSH. I am sure that the Senator was otherwise engaged. I do not find fault with his absence. I simply give that as an excuse for what I am now going to say.

When the peace conference assembled in Paris at the conclusion of the war it was universally recognized that these units of the British Empire—Canada, Australia, New Zealand, South Africa—had made such contributions to that great struggle that their demand for representation in the conference was universally acceded to. Nobody objected to it at all. They advanced so far that the Irish Free State is now permitted to send a diplomatic representative to the Government of the United States, and he has been recognized here.

Canada claims the same privilege, and has been accorded it. So has every other unit of the British Empire. They have been accorded representation in the Assembly of the League of Nations, and go there every year by their representatives. They have, accordingly, been recognized by the entire family of nations except those who are not members of the League of Nations—the United States, Russia, Turkey, and a few others. They have been given the status of independent entities; and you never can assemble after this a world conference to do anything unless you give them representation in that world conference.

So let no man say, "I am for a world court, but I am for a world court in which the Irish Free State shall have no vote, in which Canada shall have no vote, in which Australia shall have no vote." You must take the situation as you have it. You can not correct it now. It may have been wrong in the first place; but if you ever want an international conference to deal with any question you will have to admit these units. So there is no man who can stand upon this floor and say, "I am for a world court, but I am for a world court in the election of the judges of which these units shall have no vote."

Do not try to evade the question. You are either for a world court or you are against a world court.

Mr. WATSON. Now let me ask the Senator another question. Is each one of the self-governing colonies of Great Britain entitled to a seat in the council?

Mr. WALSH. No; any one of them. Of course, we can conceive that the Assembly of the League of Nations, consisting of 57 different states, will give each one of these to the number of six a seat in the council.

Mr. BORAH. Mr. President, under the amendment of the covenant which has now taken place they would inevitably have, in rotating, to take their place on the council.

The PRESIDING OFFICER. The Chair will state that the time is running against the Senator from Indiana.

Mr. WATSON. Well, I am having a good time.

Mr. WALSH. There is no doubt that the other 56 nations might elect Canada to have a place on the council and Australia to have a place on the council and South Africa to have a place on the council, and the Irish Free State to have a place on the council. Of course, these things may happen.

Mr. WATSON. That is what I wanted to get the Senator's viewpoint about.

Mr. WALSH. But in the ordinary forecasting of the future the Senator from Indiana knows as well as I do that it never will happen.

Mr. WATSON. I do not know what will happen.

Mr. MOSES. Mr. President, if the Senator will permit me, as I pointed out the other day, it is no sufficient answer to prophesy that these things will not happen. It is sufficient for us to say that they may happen.

Mr. WALSH. I think it is. I can point out to you at least half a dozen provisions of the Constitution of the United States under which this institution of ours would blow up. It was pointed out when the Constitution was under consideration. I have it right before me here.

Mr. MOSES. We have a little more homogeneity than this court has.

Mr. WALSH. I read this morning a paragraph from Story's Constitution of the United States. The paragraph immediately preceding—I will put my hand on it directly—goes on to say that all manner of fears were excited at the time the Constitution was under consideration, which experience has shown had no foundation whatever.

Mr. MOSES. Because we are a homogeneous people.

The PRESIDING OFFICER. Does the Senator from Indiana still yield?

Mr. WATSON. Oh, certainly. I have nobody to yield to now, however.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to his colleague?

Mr. WATSON. In a moment. I want to ask the Senator from Montana or the Senator from Virginia some other questions first.

These reservations go on to say:

That the United States may at any time withdraw its adherence to the said protocol.

Is that to be done by the action of the President and the Senate?

Mr. SWANSON. No. The President and the Senate only act on treaties requiring a two-thirds vote. I believe, without that language, that the United States at any time, by a joint resolution of Congress, could annul any treaty and it would no longer be effective. That has been decided by the Supreme Court repeatedly; but in order to relieve the apprehensions of some doubting souls we have made it clear that the United States can withdraw its adherence whenever it sees proper to do so. It can be done by joint resolution of Congress, with a majority vote.

Mr. WATSON. By joint resolution of Congress?

Mr. SWANSON. Yes.

Mr. WATSON. That is the way, the Senator says, in which we can withdraw?

Mr. SWANSON. That is the way in which the Russian treaty was nullified.

Mr. MOSES. The Russian treaty made special provision for its denunciation.

Mr. SWANSON. And this instrument makes special provision, to allay the apprehensions of minds like the Senator's.

Mr. MOSES. Under the terms of the Russian treaty the United States had a right to denounce it at any time.

Mr. SWANSON. At any time; and this says it can be denounced at any time.

Mr. MOSES. It may be done, then, by Executive action?

Mr. SWANSON. Not by Executive action.

Mr. WATSON. That is what I am trying to find out—whether it can be done by Executive action or whether it requires a joint resolution.

Mr. SWANSON. It requires a joint resolution of Congress.

Mr. WATSON. One other question.

Mr. BORAH. Mr. President, if the Senator will permit me just a word, what I had reference to when I said that by the system of rotation Great Britain might have a vote on the council, and Canada and Australia also, was this:

As I understand, the second assembly proposed an amendment to the covenant, which amendment provides for a system of rotation. Of course, there are five permanent members of the council. Under the system of rotation which is being provided, which lacks only 1 or 2 votes of ratification to make it complete, these other states which are not permanently on the council are entitled to rotate and take their position upon the council from time to time. Whether the 56 nations desire it or not, if this amendment is adopted Australia and Canada and all these nations under the system of rotation will take their position on the council along with 1 vote for Great Britain.

Mr. WATSON. Now, I want to ask the Senator a final question. This article provides:

Nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

Who is to determine what are purely American questions?

Mr. SWANSON. If the Senator will permit me, that is what was included in the resolution accompanying The Hague convention. That is a declaration of policy on the part of the United States.

Mr. WATSON. I understand; but is that to be done by act of Congress or through Executive action?

Mr. SWANSON. There is no Executive action contemplated. The United States simply says that adherence to this court shall not be construed as waiving the Monroe doctrine, which is a political doctrine.

Mr. WATSON. Is that what it means?

Mr. SWANSON. That is exactly what is meant. That has been in most of the treaties made under The Hague convention.

Mr. WATSON. How does it come, then, that it is in the plural, "toward purely American *questions*"? Is there some other question besides the Monroe doctrine?

Mr. SWANSON. I simply put in exactly what was in The Hague convention, so that there could be no difference between the two.

Mr. WATSON. The clause I have read, then, has reference only to the Monroe doctrine?

Mr. SWANSON. Whatever it provides. I do not remember the exact wording. When the Permanent Court of International Arbitration at The Hague was set up that language was inserted in our ratifying resolution. In my opening address on the World Court resolution I stated that the court should be put on an equality with The Hague Arbitration Court, and that language was inserted with that object in view. Consequently, so far as the Monroe doctrine is concerned, the same rights are preserved, if a case goes to the court, as were preserved under The Hague convention.

Mr. WATSON. As to whether a matter is a purely American question, it shall be determined, as I understand, by action of the Congress. Is that right?

Mr. SWANSON. Determined by the American Government. It is simply a declaration of policy.

Mr. WATSON. Who makes the declaration of policy?

Mr. SWANSON. We make it right here when we adopt this.

Mr. WATSON. The Senator says "we" make it. Whom does the Senator mean by "we"? Does that mean the Senate, the Congress, or whom?

Mr. SWANSON. The Senate.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Montana?

Mr. WATSON. I yield.

Mr. WALSH. I have before me The Hague convention, and I read:

Nothing contained in this convention shall be so construed as to require the United States of America to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall anything contained in the said convention be construed to imply a relinquishment by the United States of America of its traditional attitude toward purely American questions.

Our diplomatic correspondence and discussions on this matter discloses what is meant by that. That is a declaration of policy upon the part of the United States. Under the other resolution, before any question can be submitted to this court, it must be arranged by treaty, special or general——

Mr. WATSON. I remember that.

Mr. WALSH. And that requires the consent of the Senate and the Executive. This is a declaration of policy, simply a notice to the world that we do not intend to submit any question which is violative of this declaration.

Mr. LENROOT. Mr. President, the Senator from Indiana has asked who determines what is an American question. As the Senator from Montana has said, it will be determined by a two-thirds vote of the Senate, in connection with the action of the President, because nothing can be submitted except as they may so agree.

Mr. WILLIS. Mr. President——

The PRESIDING OFFICER. Does the Senator yield to the Senator from Ohio?

Mr. WATSON. I yield.

Mr. WILLIS. As I understood the Senator from Indiana, he indicated that in his judgment the Monroe doctrine only would be included in the declaration he read. I ask him whether he does not think that the question of immigration, for example, would also be included, and would, therefore, be entirely reserved to this Government, and that the court would be without jurisdiction in the premises?

Mr. WATSON. I understood that to be what we call a domestic problem.

Mr. WALSH. That is what I was going to say. Such questions are excluded; but not by virtue of this.

Mr. WILLIS. I did not want any doubt left upon that proposition.

Mr. WATSON. I did not think there was any doubt about that. I now yield the floor, and save the remainder of my time.

The PRESIDING OFFICER. The Secretary will continue the reading.

The reading was continued, as follows:

ARTICLE 28

The special chambers provided for in article 26 and 27 may, with the consent of the parties to the dispute, sit elsewhere than at The Hague.

ARTICLE 29

With a view to the speedy despatch of business, the court shall form annually a chamber composed of three judges who, at the request of the contesting parties, may hear and determine cases by summary procedure.

ARTICLE 30

The court shall frame rules for regulating its procedure. In particular, it shall lay down rules for summary procedure.

ARTICLE 31

Judges of the nationality of each contesting party shall retain their right to sit in the case before the court.

If the court includes upon the bench a judge of the nationality of one of the parties only, the other party may select from among the deputy judges a judge of its nationality, if there be one. If there should not be one, the party may choose a judge, preferably from among those persons who have been nominated as candidates as provided in articles 4 and 5.

If the court includes upon the bench no judge of the nationality of the contesting parties, each of these may proceed to select or choose a judge as provided in the preceding paragraph.

Should there be several parties in the same interest, they shall, for the purpose of the preceding provisions, be reckoned as one party only. Any doubt upon this point is settled by the decision of the court.

Judges selected or chosen as laid down in paragraphs 2 and 3 of this article shall fulfill the conditions required by articles 2, 16, 17, 20, 24 of this statute. They shall take part in the decision on an equal footing with their colleagues.

ARTICLE 32

The judges shall receive an annual indemnity to be determined by the Assembly of the League of Nations upon the proposal of the council. This indemnity must not be decreased during the period of a judge's appointment.

The president shall receive a special grant for his period of office, to be fixed in the same way.

The vice president, judges, and deputy judges shall receive a grant for the actual performance of their duties, to be fixed in the same way.

Traveling expenses incurred in the performance of their duties shall be refunded to judges and deputy judges who do not reside at the seat of the court.

Grants due to judges selected or chosen as provided in article 31 shall be determined in the same way.

The salary of the registrar shall be decided by the council upon the proposal of the court.

The Assembly of the League of Nations shall lay down, on the proposal of the council, a special regulation fixing the conditions under which retiring pensions may be given to the personnel of the court.

ARTICLE 33

The expenses of the court shall be borne by the League of Nations in such a manner as shall be decided by the assembly upon the proposal of the council.

CHAPTER II. COMPETENCE OF THE COURT

ARTICLE 34

Only states or members of the League of Nations can be parties in cases before the court.

ARTICLE 35

The court shall be open to the members of the league and also to states mentioned in the annex to the covenant.

The conditions under which the court shall be open to other states shall, subject to the special provisions contained in treaties in force, be laid down by the council, but in no case shall such provisions place the parties in a position of inequality before the court.

When a state which is not a member of the League of Nations is a party to a dispute, the court will fix the amount which that party is to contribute towards the expenses of the court.

ARTICLE 36

The jurisdiction of the court comprises all cases which the parties refer to it and all matters specially provided for in treaties and conventions in force.

The members of the League of Nations and the states mentioned in the annex to the covenant may, either when signing or ratifying the protocol to which the present statute is adjoined or at a later moment, declare that they recognize as compulsory ipso facto and without special agreement, in relation to any other member or state accepting the same obligation, the jurisdiction of the court in all or any of the classes of legal disputes concerning:

(a) The interpretation of a treaty;

(b) Any question of international law;

(c) The existence of any fact which, if established, would constitute a breach of an international obligation;

(d) The nature or extent of the reparation to be made for the breach of an international obligation.

The declaration referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain members or states, or for a certain time.

In the event of a dispute as to whether the court has jurisdiction, the matter shall be settled by the decision of the court.

ARTICLE 37

When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the court will be such tribunal.

Mr. WILLIAMS. I would like to have that last article read again.

The Chief Clerk read as follows:

ARTICLE 37

When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the court will be such tribunal.

ARTICLE 38

The court shall apply:

1. International conventions, whether general or particular, establishing rules expressly recognized by the contesting states.

2. International custom, as evidence of a general practice accepted as law.

3. The general principles of law recognized by civilized nations.

4. Subject to the provisions of article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations as subsidiary means for the determination of rules of law.

This provision shall not prejudice the power of the court to decide a case ex æquo et bono, if the parties agree thereto.

CHAPTER III. PROCEDURE

ARTICLE 39

The official languages of the court shall be French and English. If the parties agree that the case shall be conducted in French, the judgment will be delivered in French. If the parties agree that the case shall be conducted in English, the judgment will be delivered in English.

In the absence of an agreement as to which language shall be employed, each party may, in the pleadings, use the language which it prefers; the decision of the court will be given in French and English. In this case the court will at the same time determine which of the two texts shall be considered as authoritative.

The court may, at the request of the parties, authorize a language other than French or English to be used.

ARTICLE 40

Cases are brought before the court, as the case may be, either by the notification of the special agreement, or by a written application addressed to the registrar. In either case the subject of the dispute and the contesting parties must be indicated.

The registrar shall forthwith communicate the application to all concerned.

He shall also notify the members of the League of Nations through the secretary general.

ARTICLE 41

The court shall have the power to indicate, if it considers that circumstances so require, any provisional measures which ought to be taken to reserve the respective rights of either party.

Pending the final decision, notice of the measures suggested shall forthwith be given to the parties and the council.

ARTICLE 42

The parties shall be represented by agents.

They may have the assistance of counsel or advocates before the court.

ARTICLE 43

The procedure shall consist of two parts—written and oral.

The written proceedings shall consist of the communication to the judges and to the parties of cases, countercases, and, if necessary, replies; also all papers and documents in support.

These communications shall be made through the registrar, in the order and within the time fixed by the court.

A certified copy of every document produced by one party shall be communicated to the other party.

The oral proceedings shall consist of the hearing by the court of witnesses, experts, agents, counsel, and advocates.

Mr. WALSH. Mr. President, it would have been quite proper, when the pertinent questions were addressed to some of us by the Senator from Indiana, if reference had been made to the added resolution, to the effect that no question shall be submitted to the Permanent Court of International Justice except by virtue of either special or general treaties, which, of course, contemplates action by the Executive and concurrence by two-thirds of the Senate.

It is the view of those of us who are responsible for the incorporation of that declaration in the resolution that the situation is in nowise whatever changed by that reservation. That is put in there, as others are, simply to still some apprehensions that were felt lest the Executive would submit to the court questions or controversies or disputes without the consent of the Senate.

I might say, in this connection, that there is some diversity of view between some of the people connected with the Department of State and some of us in the United States Senate as to what the State Department can do of its own motion. I want to emphasize, however, the statement I made a moment ago, that the situation is in no wise modified by that reservation.

As has heretofore been indicated, the United States may to-day, if it sees fit to do so, submit to the court a controversy which it has with another nation. It has that right. I think everybody concedes that it has that right. But I do not believe that anyone would contend that the President of the United States could now, if he saw fit to do so, submit such a controversy without getting the consent of the Senate to do so.

Mr. REED of Missouri. If this passes, could he?

Mr. WALSH. That is the point I want to make. The situation is not changed in the slightest degree by reason of the fact that we sign the protocol. There is nothing in the protocol which says that the President of the United States can submit a controversy without the consent of the Senate. The situation is in no manner changed by our signing the protocol without that declaration in it, and it is put in there merely to carry assurance to some timid souls about the matter.

I might say that I can not agree with some people concerning the extent of the powers of the President of the United States in reference to these matters. By way of illustration, I am told that the President of the United States, through the State Department, has entered into some kind of arrange-

ment with Germany by which the United States, instead of maintaining against Germany a claim for a considerable sum of money due us from that nation, has, under the Dawes plan, agreed that the United States shall accept a less amount.

My own judgment is that the President of the United States has no power or authority to make any such agreement as that without the consent of the Senate; but, as I said, there seemed to be a difference of view as to just exactly what powers the President has in these matters, and this is for the purpose of indicating that it can not be done without the consent of the Senate.

As I said, the situation so far as that is concerned is not changed in the slightest degree by signing the protocol; it is left just as it was. If we sign the protocol the President would have no more power to submit a controversy than he has now, and the situation is not changed at all by the reservations we have put in giving explicit instructions and directions about the matter.

Mr. REED of Missouri. Mr. President——

Mr. WALSH. I yield to the Senator from Missouri.

Mr. REED of Missouri. I understand the Senator's position to be this—and I am simply trying to get his position and do not want to argue it—that if we adhere to the protocol no question can be submitted to the court without the consent of the Congress?

Mr. WALSH. Exactly; either general or special. We may agree to submit a certain class of controversies, and then, I understand, the President would have the right to submit those, or we may agree to submit a special controversy; but without either the one or the other there is no power to go before the court.

Mr. REED of Missouri. What is the Senator's view about the proposition that if the President should assume that he had the power and Congress should challenge his jurisdiction—that the court would then for itself determine whether it had jurisdiction?

Mr. WALSH. If the President should assume any such power, I think it would be a subject of impeachment.

Mr. REED of Missouri. Does the Senator think he would ever be impeached by this body?

Mr. WALSH. Of course I can not answer for that, as the Senator perfectly well knows. If the President of the United States should commit any kind of crime, I could not assure anybody that he would be impeached for it. A great many people thought Andrew Johnson was guilty of the gravest crime, and yet, although he was impeached, he was not convicted.

Mr. REED of Missouri. Does the Senator think the question would be clear enough so that it could be said that the President had clearly exceeded his authority in all cases? Of course we can imagine cases where he would, but can not the Senator imagine plenty of cases likely to arise where it would be claimed that under some treaty or some construction of a treaty the President had the right to submit it?

Mr. WALSH. Of course he is governed and controlled only by the force of public opinion and the power of impeachment. We can not do anything else about it.

Mr. SWANSON. Mr. President, this is the view of the President, because he has recently sent to the Senate and there is pending before the Foreign Relations Committee a convention in connection with the narcotic-trade understanding. In that communication he recognizes, if we ratify, that by that convention certain matters are sent to the Permanent Court of International Justice for determination in case of dispute. In his recommendation he specially states that recourse to the Permanent Court of International Justice can only be had by general or special treaty; that is, we may make a special treaty for a specific case or a general treaty with certain nations to refer all such disputes there. That matter is pending in the Foreign Relations Committee now, showing that the Executive considered that even treaties by which we are bound, where they refer to the Permanent Court of International Justice, must be special or general.

Mr. REED of Missouri. If the Senator will permit me to ask him a question while he is on his feet——

Mr. SWANSON. I am not consuming my own time.

Mr. REED of Missouri. I do not know whose time the Senator was consuming a moment ago. It was somebody's time but not mine.

Mr. WILLIAMS. Mr. President, I would like to ask the Senator from Montana a question in my own time.

Mr. WALSH. The Senator may do so, but not in my time.

Mr. WILLIAMS. No; I said in my own time. The Senator referred a moment ago to particular or general submissions. Those are submissions to the court by the United States?

Mr. WALSH. Yes.

Mr. WILLIAMS. Did the Senator have in mind the particular or general submissions as they are defined in the conditions under which the Permanent Court of International Justice is open to states not members of the league, as contained in a resolution adopted by the council of the league on May 17, 1922?

Mr. WALSH. No; I did not, because that has no reference to the United States. The United States was authorized to submit, because it is mentioned in the annex to the covenant.

Mr. WILLIAMS. That has reference to members of the league?

Mr. WALSH. Exactly; but not mentioned in the covenant.

Mr. WILLIAMS. Of course, there may be some discussion as to whether we are entitled to be mentioned in the covenant.

Mr. WALSH. There might be, but we are mentioned there.

Mr. WILLIAMS. The Senator's opinion is that this does not cover the point as he just made it?

Mr. WALSH. It has no reference to us, in my view.

Mr. BINGHAM. Mr. President, I desire to present a few remarks in reply to two arguments that have been used by the opponents of the World Court. First, it has been claimed that leaders of the Republican Party in times gone by have been opposed to action of this kind. Second, they are opposed because Washington in his Farewell Address and Jefferson in his inaugural address were opposed to alliances with foreign nations.

Yesterday in reading the life of the late Orville H. Platt, one of my most distinguished predecessors, whom four or five Members in this Chamber will remember as having sat here with him, I came across a very interesting reference to our foreign relations which seemed to me to bear directly on those two arguments which have been used.

In the first place, it will be recognized by those who knew him and those who remember him that Mr. Platt was one of the leaders of the Republican Party for a great many years. He sat in this Chamber for over 25 years. He died while still a Member of the Senate of the United States. At that time the Atlanta Constitution said of him:

> A great many people believe that Orville H. Platt was the ablest of all northern Senators. Other men have been more in the limelight of publicity; others have figured more often in Senate debate and in political harangue; others have been and are much better known throughout the country; but it is doubtful if any other Senator from the New England States or from any northern State has ranked as high as Senator Platt. * * * The product of New England, he stood as the representative of not only the ideas but the ideals of that section of the country. * * * In him was reflected the rugged conscience, the strict integrity, the blunt directness of the Puritan.

Of Senator Platt, my immediate predecessor, the late Senator Frank B. Brandegee, who was one of those most opposed to the League of Nations, said:

> He was a leader. He did not lead because he tried to lead, but because the people followed him. He did not lead because he pretended to be the special friend of the people, as demagogues are wont to do, but because he laid his course by his own compass, and that compass always pointed to the true pole. He was no theorist. He was not a doctrinaire. He had none of the traits of the visionary or the mystic. He dreamed no dreams, and he pursued no chimeras. He insisted upon the facts. He was virile and powerful mentally and physically.

Of this great Republican leader the late Senator Henry Cabot Lodge said:

> In the last 10 years of his life he saw sudden and vast changes in the relations of the United States to the rest of the world and in our national responsibilities. He did not hide from them or shut his eyes and try to repel them. He met the new conditions not only with the flexibility but with the keen interest of youth, while at the same time he brought to the solution of the new problems all the wisdom of a long experience.

I have quoted these three opinions in order to bring back to the memory of some of those whom I see before me, who remember Senator Platt, the type of man he was, the fact that he was a robust American who never had the slightest predilection in favor of any foreign country, who fought here for the rights of America, and who had the respect and admiration of such robust Americans as the late Senator Lodge and the late Senator Brandegee.

Particularly I want to call attention, Mr. President, to the fact that in the latter part of his life Senator Platt realized that in our relations to other nations the universal rule of nature applied. We can not remain stationary; we must

go forward or retreat. He held that to be a member of the family of nations conferred responsibilities and created duties, and that these duties corresponded with our ability and power. In a speech which he made in New Haven in January, 1903, he referred to the fact that people were objecting to our getting more and more involved with foreign nations, claiming that we should have no entangling alliances. Certain people seemed to him to have an obsession about the awful perils of foreign alliances, and to them this robust American replied:

Precisely how this notion of our supposed policy grew up it is perhaps difficult to explain.

And now, Mr. President, I come to the second part of the argument, to which I am replying, the part particularly referring to Washington's Farewell Address and Jefferson's first inaugural address. Senator Platt said in his speech at New Haven:

The sentences in Washington's Farewell Address and in Jefferson's inaugural message with reference to alliances with European nations have doubtless been relied on as establishing such a policy for this Government. Neither of these utterances proclaimed the indifference of the United States as to what might take place in the world, or can be justly cited as authority for the doctrine that we should in no way take part in such affairs. Washington cautioned us to avoid "permanent alliances." Jefferson advised us to "cultivate peace, commerce, and honest friendship with all nations—entangling alliances with none"; but this was very far from the assertion that we had no concern in what might be going on between the nations of the old world, nor was it so understood even in those early days. It was permanent and entangling alliances which were to be feared and shunned, and there could never have been a purpose on the part of Washington or Jefferson to say that our interests were to be neglected or that, as one of the nations of the world, we were to have no concern as to what other nations might do, either in derogation of those interests or affecting the advancement and happiness of mankind.

Finally he said:

A nation has no right to live to itself alone. To assert such a right is to contend for the doctrine that selfishness is right. Selfishness in a nation is as much worse than selfishness in the individual, as the nation is stronger and more influential than the individual.

I desire to subscribe to this expression of opinion by that magnificent, robust American, former Senator Platt, of Connecticut. He realized that although during a large part or nearly all of the nineteenth century we were an isolated Nation, looked down upon by the nations of the world as of no consequence. This was changed on that day in May of 1898 when Admiral Dewey sailed into the harbor of Manila and we became a world power. He realized that from the very day when we became a world power it was our duty to concern ourselves with foreign nations, to see what they were doing, and to take our place at the council table of nations as a member of the family of nations. Believing, as I do, that he was right, it will give me the greatest pleasure when the time comes to vote to enter the World Court with the reservations which have been proposed to protect American rights.

EXPLANATION AS TO TARIFF COMMISSIONER MARVIN

Mr. NORRIS. Mr. President, I desire to submit a request for unanimous consent. It will be quite obvious that it should not come out of any time I might want to use on the pending World Court matter.

The other day in the debate here I had a colloquy with the Senator from Missouri [Mr. REED] in regard to Mr. Marvin, who is chairman of the Tariff Commission, and some reference was made to him. I have here a letter from Mr. Marvin, in which he states that he is not the same Marvin we referred to. I ask unanimous consent, in fairness to Mr. Marvin, that his letter may be read by the clerk.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

UNITED STATES TARIFF COMMISSION,
Washington, January 25, 1926.

(Personal.)

Hon. GEORGE W. NORRIS,
United States Senate, Washington, D. C.

MY DEAR SENATOR NORRIS: In the course of your speech in the Senate on Saturday, January 23, Senator REED asked the following questions, to which you made the following replies:

"Mr. REED of Missouri. Mr. President, I do not wish to interrupt the Senator; but if he will answer a question, I should like to get at the facts. Is the Mr. Marvin to whom the Senator refers the same Mr. Marvin who once represented the woolen manufacturers at the time when the Payne-Aldrich bill was under consideration?

"Mr. NORRIS. Yes; he is the same Marvin.

"Mr. REED of Missouri. And the same man who wired almost daily that he was getting everything the woolen manufacturers wanted in the bill?

"Mr. NORRIS. I do not know as to that; but I know he was very active.

"Mr. REED of Missouri. And the man whom they dined afterwards and gave an honorarium of $5,000 for his services as confidential secretary to the committee? That is the same man, is he not?

"Mr. NORRIS. I believe he is."

Senator REED inquired for the facts. Your answers, of course, inadvertently, failed to supply them. Will you kindly let me state that—

(1) The Mr. Marvin to whom you refer did not represent the woolen manufacturers at the time that the Payne-Aldrich bill was under consideration.

(2) He is not "the same man who wired almost daily that he was getting everything that the woolen manufacturers wanted in the bill," and he was not "the man whom they dined afterwards and gave an honorarium of $5,000 for his services as confidential secretary to the committee."

I was not in Washington during the consideration of the Payne-Aldrich bill as a representative of the woolen manufacturers or any other group of manufacturers. I had no connection at that time with any group of manufacturers or with any organization interested in tariff matters. The association of my name with any of the incidents recited is absolutely incorrect and unwarranted. It is another man entirely whom you and Senator REED evidently had in mind, as reference to official files of the period will show.

In the course of a speech in the Senate on Friday, April 4, 1924, Senator ROBINSON of Arkansas said: "Mr. Marvin, as I remember it, was a very influential and, during the consideration and passage of one tariff bill at least, a very confidential associate with and representative of the woolen interests in tariff legislation." At that time I called to the attention of Senator ROBINSON, in a letter addressed to him, the facts of the matter, and Senator ROBINSON in a speech in the Senate on Friday, April 11, 1924, very courteously referred to my statement and in the course of his remarks read the substance of my letter, stating at the time: "It is just and fair that this shall be done," and asked for the printing of the letter in full as an appendix to his remarks.

I am calling these matters to your attention at this time because I believe that you would not intentionally misrepresent the attitude or activities of any man.

Sincerely yours,

THOMAS O. MARVIN.

Mr. WALSH. I think the Senator from Missouri will recall that the man he had in mind was not Mr. Marvin, but was S. N. D. North; but the same testimony disclosed that a Mr. Marvin—and I am not sure whether it was this man or his brother—was here representing the American Woolen Manufacturers' Association in connection with the Payne-Aldrich tariff measure. I call attention to the testimony taken before the Committee on the Judiciary or a subcommittee of that committee and to the fact that at the time Mr. Marvin's nomination was before us for consideration.

Mr. REED of Missouri. Mr. President, I ask unanimous consent that we may be permitted to dispose of this matter without counting it as a part of our time under Rule XXII. Has that been arranged?

Mr. LENROOT. It has been arranged. That may be done.

Mr. NORRIS. Mr. President, if the Senator will permit me, the letter, I think, is self-explanatory. I assume the things stated are true. I have no personal knowledge of them. It is quite immaterial, of course, so far as the subject matter of my discussion is concerned. I would not have said anything about it if it had not been brought up in the course of the colloquy, but it is of course nothing more than fair that the facts should be stated. I assume Mr. Marvin has them correctly, because he has knowledge of them, and I am only glad to take advantage of the opportunity to give the same publicity to the letter that the discussion had.

Mr. REED of Missouri. Mr. President, the matter came up in this way:

The Senator from Nebraska was speaking and spoke of Mr. Marvin. I remembered very distinctly a Mr. Marvin having been in some way mixed up in the woolen lobby investigation; and, not knowing, I asked in good faith for information, thinking that the Senator from Nebraska would know the fact. When he answered that he thought he was the same man I sought to identify him further by further references to that

testimony. The testimony was very clear in my mind. The matter of names was not.

I want to say that if Mr. Marvin was not the man—and he states that he was not—then, of course, an injustice has been done him, and I am glad to undo it so far as any statement of mine can go; but I asked the questions thinking I was asking them from a man who had studied the question and would know absolutely; and yet I do not want to leave the inference that the Senator was obliged to know, because, while he was discussing the general question, he was not discussing the question of individuals.

I do not know about the proposition advanced by the Senator from Montana a few moments ago; but, in view of this statement, I think the RECORD ought to show very clearly that Mr. Marvin has made this statement, and that it is accepted by myself, at least, as the truth of the matter.

Mr. NORRIS. Mr. President, I made some reference to Mr. Marvin on Saturday, January 16. I am trying to find it here now. This letter was delivered to me just a few minutes ago, and I have not had an opportunity to turn to that address; but in the address, where I was talking about the appointment of Mr. Lewis as a member of the commission—I am not able to put my hand on it right now—I gave some information as to who the Mr. Marvin is who is the present chairman of the commission. He is connected, as I remember, with the magazine known as the Protectionist. I may be mistaken as to the name, but it is in the RECORD, and I can find it. So that he was very active in the consideration of tariff matters; and when the Senator from Missouri asked me the questions he asked a leading question each time, and I supposed that the Senator from Missouri thought he was the same Mr. Marvin, although I did not know positively.

Mr. REED of Missouri. I was under that impression.

Mr. NORRIS. It is quite unimportant, Mr. President, as far as the question I was discussing is concerned; but it is important, of course, as far as Mr. Marvin is concerned. Nobody wants to make any misrepresentation in regard to him; and I am very glad indeed to have the opportunity to have his letter printed in the RECORD and have it read.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

The VICE PRESIDENT. The Secretary will continue the reading.

The Chief Clerk read as follows:

ARTICLE 44

For the service of all notices upon persons other than the agents, counsel, and advocates, the court shall apply direct to the government of the state upon whose territory the notice has to be served.

The same provision shall apply whenever steps are to be taken to procure evidence on the spot.

ARTICLE 45

The hearing shall be under the control of the president or, in his absence, of the vice president; if both are absent, the senior judge shall preside.

ARTICLE 46

The hearing in court shall be public, unless the court shall decide otherwise, or unless the parties demand that the public be not admitted.

ARTICLE 47

Minutes shall be made at each hearing, and signed by the registrar and the president.

These minutes shall be the only authentic record.

ARTICLE 48

The court shall make orders for the conduct of the case, shall decide the form and time in which each party must conclude its arguments, and make all arrangements connected with the taking of evidence.

ARTICLE 49

The court may, even before the hearing begins, call upon the agents to produce any document or to supply any explanations. Formal note shall be taken of any refusal.

ARTICLE 50

The court may at any time intrust any individual, body, bureau, commission, or other organization that it may select with the task of carrying out an inquiry or giving an expert opinion.

ARTICLE 51

During the hearing any relevant questions are to be put to the witnesses and experts under the conditions laid down by the court in the rules of procedure referred to in article 30.

ARTICLE 52

After the court has received the proofs and evidence within the time specified for the purpose, it may refuse to accept any further oral or written evidence that one party may desire to present unless the other side consents.

ARTICLE 53

Whenever one of the parties shall not appear before the court, or shall fail to defend his case, the other party may call upon the court to decide in favor of his claim.

The court must, before doing so, satisfy itself not only that it has jurisdiction in accordance with articles 36 and 37 but also that the claim is well founded in fact and law.

ARTICLE 54

When, subject to the control of the court, the agents, advocates, and counsel have completed their presentation of the case, the president shall declare the hearing closed.

The court shall withdraw to consider the judgment.

The deliberations of the court shall take place in private and remain secret.

ARTICLE 55

All questions shall be decided by a majority of the judges present at the hearing.

In the event of an equality of votes, the president or his deputy shall have a casting vote.

ARTICLE 56

The judgment shall state the reasons on which it is based.

It shall contain the names of the judges who have taken part in the decision.

ARTICLE 57

If the judgment does not represent in whole or in part the unanimous opinion of the judges, dissenting judges are entitled to deliver a separate opinion.

ARTICLE 58

The judgment shall be signed by the president and by the registrar. It shall be read in open court, due notice having been given to the agents.

ARTICLE 59

The decision of the court has no binding force except between the parties and in respect of that particular case.

ARTICLE 60

The judgment is final and without appeal. In the event of dispute as to the meaning or scope of the judgment, the court shall construe it upon the request of any party.

ARTICLE 61

An application for revision of a judgment can be made only when it is based upon the discovery of some fact of such a nature as to be a decisive factor, which fact was, when the judgment was given, unknown to the court and also to the party claiming revision, always provided that such ignorance was not due to negligence.

The proceedings for revision will be opened by a judgment of the court expressly recording the existence of the new fact, recognizing that it has such a character as to lay the case open to revision, and declaring the application admissible on this ground.

The court may require previous compliance with the terms of the judgment before it admits proceedings in revision.

The application for revision must be made at latest within six months of the discovery of the new fact.

No application for revision may be made after the lapse of ten years from the date of the sentence.

ARTICLE 62

Should a state consider that it has an interest of a legal nature which may be affected by the decision in the case, it may submit a request to the court to be permitted to intervene as a third party.

It will be for the court to decide upon this request.

ARTICLE 63

Whenever the construction of a convention to which states other than those concerned in the case are parties is in question, the registrar shall notify all such states forthwith.

Every state so notified has the right to intervene in the proceedings; but if it uses this right, the construction given by the judgment will be equally binding upon it.

ARTICLE 64

Unless otherwise decided by the court, each party shall bear its own costs.

The VICE PRESIDENT. This completes the reading of the statute.

Mr. LENROOT. Mr. President, if no one cares to speak, I ask that the resolution be reported to the Senate.

Mr. REED of Missouri. Mr. President, we are entitled to have it considered as in Committee of the Whole.

Mr. LENROOT. I said, if no one cared to speak.

Mr. REED of Missouri. I hardly supposed the Senator would want to take that up to-night.

Mr. LENROOT. I am simply following the same procedure that was used in the case of the Isle of Pines treaty.

Mr. REED of Missouri. I do not know what was done with the Isle of Pines treaty, except that the wrong thing was done; but, Mr. President, under the rule we are entitled to have this resolution considered as in Committee of the Whole.

Mr. LENROOT. It has been so considered. It is now before the Senate as in Committee of the Whole.

The VICE PRESIDENT. It is now before the Senate as in Committee of the Whole.

Mr. REED of Missouri. Very well. If the Senator wants to drive on to-night, there are certain reservations that are now legitimate subjects for consideration by the Senate.

Mr. LENROOT. I have no desire to press the consideration of the reservations to-night.

Mr. REED of Missouri. I want them considered as in Committee of the Whole. I am not trying for delay, but I am trying for whatever time we legitimately are entitled to, for such consideration as can be given.

Mr. LENROOT. There is no desire to cut that off.

Mr. REED of Missouri. Then I suggest to the Senator——

Mr. WALSH. Mr. President, let me inquire of the Senator from Wisconsin whether it is his view that the reservations should be acted on as in Committee of the Whole?

Mr. LENROOT. No. I am taking the procedure that was suggested by the Senator from Idaho [Mr. BORAH] himself in the Isle of Pines case—that the reservations are properly considered as amendments to the resolution of ratification. However, we may come to an understanding about that.

Mr. CURTIS. Mr. President, I suggest that we go into executive session with closed doors in order to dispose of some executive business. When we get through we can take a recess, and in the meantime we can take up the matter. Will the Senator from Missouri yield for that purpose?

Mr. REED of Missouri. Yes; I yield.

EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business with closed doors.

The motion was agreed to, and the doors were closed. After 10 minutes spent in secret executive session the doors were reopened.

FOREIGN DEBTS (S. DOC. NO. 44)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury in response to Senate Resolution 105, of January 4, 1926 (submitted by Mr. HOWELL), transmitting a statement showing the funded indebtedness of each foreign government to the United States, the total to be received from each government under the funding agreements, and the present worth of such total receipts on the basis of interest rates of 3 per cent, 4¼ per cent, and 5 per cent, payable semiannually, which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. FLETCHER presented the following memorial of the Legislature of the State of Florida, which was referred to the Committee on Military Affairs:

House Memorial No. 2

A memorial directed to the President and Congress of the United States requesting the establishment of military schools or camps for the purpose of training aviators upon the present Government fields of Dorr and Carlstrom, located near Arcadia, in De Soto County, Fla.

Whereas the people of the State of Florida are intensely interested in the public welfare and common defense of the Nation; and

Whereas the training of aviators is essential to insuring the public welfare and maintaining the common defense of the Nation; and

Whereas the people of the United States now own in the State of Florida two flying fields, to wit: Dorr and Carlstrom, located near Arcadia, in De Soto County, Fla.; and

Whereas said fields are not being used now as aviation training camps; and

Whereas the facilities of said fields for flying are unsurpassed by any in the world, due to the region about the camps and the atmospheric conditions most conducive to the safety for flying; and

Whereas the Florida climate is equable and mild and the location of the camps naturally healthful; and

Whereas the said flying fields of Dorr and Carlstrom form an ideal location for the training of aviators: Be it

Resolved by the Legislature of the State of Florida, That the President of the United States and Congress be, and they are hereby, earnestly solicited to take such steps as may be necessary, either by the legislative or executive branches of the Federal Government, to establish at the fields of Dorr and Carlstrom, located near Arcadia, in De Soto County, Fla., Government schools or training camps for the purpose of training and equipping aviators for the use of aerial service in the United States Army, or for other public service: Be it further

Resolved, That copies of this memorial be furnished by the secretary of State to the President of the United States, the Vice President, the Speaker of the House of Representatives of the United States, and to each Senator and Representative in the Congress of the United States.

Approved April 22, 1925.

STATE OF FLORIDA,

Office Secretary of State, ss:

I, H. Clay Crawford, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Memorial No. 2, as passed by the Legislature of the State of Florida (regular session, 1925), as shown by the enrolled memorial on file in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 31st day of December, A. D. 1925.

[SEAL.] H. CLAY CRAWFORD,
Secretary of State.

Mr. WILLIS presented a paper in the nature of a petition from the Cincinnati (Ohio) section, National Council of Jewish Women, numbering about 1,400 members, in favor of the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

He also presented resolutions adopted by charter No. 11, Hotel Greeters of Ohio, favoring the continuance of appropriations for the support of good roads, which were referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry faculty members of Capital University Seminary, at Columbus, Ohio, praying the amendment of section 15 of the existing copyright law by inserting the words "or mimeographic process" after the words "or photo-engraving process" in lines 9, 15, 34, and 41, of said section 15, which was referred to the Committee on Patents.

He also presented a paper in the nature of a memorial from the board of directors of the Columbus (Ohio) Chamber of Commerce, protesting against the passage of the so-called Gooding long-and-short haul bill (S. 575) to amend section 4 of the interstate commerce act, which was referred to the Committee on Interstate Commerce.

Mr. PEPPER presented a petition of the Philadelphia (Pa.) Board of Trade praying for the passage of House bill 6110, to amend the Federal Trade Commission act, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. MAYFIELD, from the Committee on Claims, to which was referred the bill (S. 519) for the relief of Perley Morse & Co., reported it with an amendment and submitted a report (No. 91) thereon.

Mr. BINGHAM, from the Committee on Commerce, to which was referred the bill (S. 2281) to authorize the maintenance and renewal of a timber frame trestle in place of a fixed span at the Wisconsin end of the steel bridge of the Duluth & Superior Bridge Co. over the St. Louis River between the States of Wisconsin and Minnesota, reported it with an amendment, and submitted a report (No. 92) thereon.

He also, from the same committee, to which was referred the bill (S. 2448) to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about 2½ miles east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch, reported it without amendment, and submitted a report (No. 93) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOFF:

A bill (S. 2735) to provide for a public building at Clarksburg, W. Va.; and

A bill (S. 2736) for the acquisition of a site and the erection thereon of a public building at Kenova, W. Va.; to the Committee on Public Buildings and Grounds.

A bill (S. 2737) to waive sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916; and

A bill (S. 2738) for the relief of Ruth Gore; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 2739) granting a pension to Eva S. Coe; to the Committee on Pensions.

A bill (S. 2740) to authorize the Secretary of the Interior, in his discretion, to issue patents for lands held under color of title; to the Committee on Public Lands and Surveys.

By Mr. FESS:

A bill (S. 2741) for the relief of the State of Ohio; to the Committee on Claims.

By Mr. BUTLER:

A bill (S. 2742) for the relief of the Atlantic Works, of Boston, Mass.; to the Committee on Claims.

A bill (S. 2743) to amend further an act entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes," approved August 24, 1912; to the Committee on Agriculture and Forestry.

A bill (S. 2744) granting a pension to Patrick M. Buckley (with accompanying papers); and

A bill (S. 2745) granting an increase of pension to Samuel McSheehy (with accompanying papers); to the Committee on Pensions.

By Mr. CARAWAY:

A bill (S. 2746) to correct the naval record of Charles David Gutheridge; to the Committee on Naval Affairs.

By Mr. McKINLEY:

A bill (S. 2747) providing for the purchase of additional ground for enlargement of present site, or for the purchase of a new site and enlargement of present building, or the erection of a new building at the city of Rockford, in the State of Illinois, for the use and accommodation of the post office, Federal court, and other Government offices in said city;

A bill (S. 2748) to provide for the erection of a public building at the city of Lockport, Ill., for the use and accommodation of the post office and other Government offices in said city;

A bill (S. 2749) providing for the purchase of a site and the erection thereon of a public building at Morris, in the State of Illinois;

A bill (S. 2750) providing for the erection of a public building at Mendota, Ill., on a site heretofore provided for the same; and

A bill (S. 2751) providing for the purchase of a site and the erection thereon of a public building at Peru, in the State of Illinois; to the Committee on Public Buildings and Grounds.

By Mr. GREENE:

A bill (S. 2752) for the purchase of land as an artillery range at Fort Ethan Allen, Vt.; to the Committee on Military Affairs.

By Mr. GLASS:

A bill (S. 2753) authorizing the appointment of Clarence E. Barnes as naval officer, United States Navy; to the Committee on Naval Affairs.

A bill (S. 2754) authorizing the appointment of Luther W. Dear as Infantry officer, United States Army; and

A bill (S. 2755) authorizing the appointment of Herbert L. Lee as Artillery officer, United States Army; to the Committee on Military Affairs.

A bill (S. 2756) for the relief of Willis-Smith-Crall Co.;

A bill (S. 2757) for the relief of George W. Boyer;

A bill (S. 2758) for the relief of Hudson Bros., Norfolk, Va.; and

A bill (S. 2759) for the relief of J. B. Jones, postmaster, Smithfield, Va.; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2760) for the relief of Andrew T. Bailey; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2761) to amend sections 9 and 11 of the act entitled "An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service"; to the Committee on Military Affairs.

By Mr. GEORGE:

A bill (S. 2762) to amend section 77 of the Judicial Code to create a middle district in the State of Georgia; to the Committee on the Judiciary.

By Mr. PEPPER:

A bill (S. 2763) to amend section 103 of the Judicial Code, as amended; to the Committee on the Judiciary.

A bill (S. 2764) to establish a boxing commission for the District of Columbia and to repeal section 876 of the Code of the District of Columbia and sections 320 and 321 of the Criminal Code of the United States; to the Committee on the District of Columbia.

A bill (S. 2765) granting an increase of pension to Mary B. Welsh; and

A bill (S. 2766) granting a pension to Jonathan A. Seidel; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 2767) granting an increase of pension to Anna Warthen; to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 2768) to provide for the advancement on the retired list of the Army of M. M. Cloud; to the Committee on Military Affairs.

By Mr. WILLIS:

A bill (S. 2769) to extend the provisions of the national bank act to the Virgin Islands of the United States; to the Committee on Banking and Currency.

A bill (S. 2770) to confer United States citizenship upon certain inhabitants of the Virgin Islands and to extend the naturalization laws thereto; to the Committee on Immigration.

By Mr. NORBECK:

A bill (S. 2771) for the relief of John DeMarrias (with an accompanying paper); to the Committee on Indian Affairs.

A bill (S. 2772) granting an increase of pension to John Burri (with accompanying papers);

A bill (S. 2773) granting an increase of pension to Tilghman Stone;

A bill (S. 2774) granting an increase of pension to Elida Jane Dean (with accompanying papers);

A bill (S. 2775) granting an increase of pension to Donald H. Fox (with accompanying papers);

A bill (S. 2776) granting a pension to Otto W. Shade; and

A bill (S. 2777) granting an increase of pension to Earl H. Klock; to the Committee on Pensions.

By Mr. BRUCE:

A bill (S. 2778) for the relief of the Sanford & Brooks Co. (Inc.) (with accompanying papers); to the Committee on Claims.

By Mr. WADSWORTH:

A joint resolution (S. J. Res. 44) authorizing the Federal Reserve Bank of New York to invest its funds in the purchase of a site and the building now standing thereon for its branch office at Buffalo, N. Y.; to the Committee on Banking and Currency.

FUNERAL OF THE LATE REPRESENTATIVE JOHN E. RAKER

Mr. JOHNSON submitted the following resolution (S. Res. 128), which was considered by unanimous consent and agreed to:

Resolved, That a committee of five Senators be appointed by the Vice President to join the committee appointed by the Speaker of the House of Representatives to attend the funeral of Hon. JOHN E. RAKER, late a Representative from the State of California.

FOX RIVER BRIDGE, ILL.

Mr. BINGHAM. I ask unanimous consent for the present consideration of House bill 6089, granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River at a point suitable to the interests of navigation, in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters, approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

RECESS

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 42 minutes p. m.) the Senate, as in open executive session, took a recess until to-morrow, Tuesday, January 26, 1926, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 25 (legislative day of January 16), 1926

COLLECTOR OF CUSTOMS

Alexander L. McCaskill, of Fayetteville, N. C., to be collector of customs for customs collection district No. 15, with headquarters at Wilmington, N. C. Reappointment.

EXAMINER IN CHIEF, UNITED STATES PATENT OFFICE

George Russell Ide to be examiner in chief in the United States Patent Office, vice Samuel E. Fouts, resigned.

COAST AND GEODETIC SURVEY

To be junior hydrographic and geodetic engineer with relative rank of lieutenant (junior grade) in the Navy

John Mahlon Neal, of Indiana, vice G. W. Tatchell, resigned.

Philip Chester Doran, of Connecticut, vice J. F. Downey, jr., resigned.

To be aid with relative rank of ensign in the Navy

Ector, Brooks Latham, jr., of the District of Columbia, vice L. S. Hubbard, promoted.

George Riley Shelton, of Alabama, vice J. C. Bose, promoted.

John Bowie, jr., of Maryland, vice N. M. Buckingham, promoted.

Charles Roland Bush, jr., of New Jersey, vice R. C. Rowse, promoted.

Harry King Hilton, of Colorado, vice L. G. Simmons, promoted.

Bennett Green Jones, of Virginia, vice W. H. Bainbridge, promoted.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

COAST ARTILLERY CORPS

Maj. John Blackwell Maynard, Chemical Warfare Service, with rank from July 1, 1920.

INFANTRY

Second Lieut. George Bateman Peploe, Air Service, with rank from June 12, 1925.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONEL

Lieut. Col. Granville Sevier, Coast Artillery Corps, from January 19, 1926.

TO BE LIEUTENANT COLONEL

Maj. Odiorne Hawks Sampson, Quartermaster Corps, from January 19, 1926.

TO BE MAJORS

Capt. Stephen Roscoe Beard, Finance Department, from January 15, 1926.

Capt. George Nicoll Watson, Finance Department, from January 19, 1926.

TO BE CAPTAINS

First Lieut. Maylon Edward Scott, Field Artillery, from January 15, 1926.

First Lieut. Lewis Burnham Rock, Infantry, from January 19, 1926.

First Lieut. Charles Moorman Hurt, Cavalry, from January 19, 1926.

TO BE FIRST LIEUTENANTS

Second Lieut. John Taylor Ward, Cavalry, from January 15, 1926.

Second Lieut. John Elmer Reierson, Coast Artillery Corps, from January 15, 1926.

Second Lieut. Henry Jackson Hunt, jr., Infantry, from January 16, 1926.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

Brig. Gen. Brice Pursell Disque to be brigadier general, Reserve, from February 17, 1926.

POSTMASTERS

ARIZONA

Harry B. Riggs to be postmaster at Patagonia, Ariz., in place of H. B. Riggs. Incumbent's commission expired October 11, 1925.

CALIFORNIA

Jennie C. Gallant to be postmaster at San Martin, Calif., in place of J. P. Miner, deceased.

Webster W. Bernhardt to be postmaster at Ventura, Calif., in place of L. P. Hathaway, deceased.

COLORADO

Mary J. Anderson to be postmaster at Rocky Ford, Colo., in place of M. J. Anderson. Incumbent's commission expired January 18, 1926.

Juan R. Valdez to be postmaster at San Luis, Colo., in place of J. R. Valdez. Incumbent's commission expired November 23, 1925.

CONNECTICUT

William E. Gates to be postmaster at Glastonbury, Conn., in place of W. E. Gates. Incumbent's commission expired January 24, 1926.

John E. Casey to be postmaster at Kent, Conn., in place of J. E. Casey. Incumbent's commission expired January 24, 1926.

John H. Delaney to be postmaster at Middlebury, Conn., in place of J. H. Delaney. Incumbent's commission expired January 24, 1926.

Frank M. Smith to be postmaster at Willimantic, Conn., in place of W. R. King, resigned.

FLORIDA

Henry G. Nelson to be postmaster at Williston, Fla., in place of H. G. Nelson. Incumbent's commission expires January 27, 1926.

Jerry M. Sullivan to be postmaster at Winter Garden, Fla., in place of J. M. Sullivan. Incumbent's commission expires January 27, 1926.

HAWAII

J. Frank Woolley to be postmaster at Honolulu, Hawaii, in place of D. H. MacAdam. Incumbent's commission expires February 14, 1926.

ILLINOIS

Howard B. Mayhew to be postmaster at Bradford, Ill., in place of H. B. Mayhew. Incumbent's commission expired January 21, 1926.

Lewis D. Leach to be postmaster at Bridgeport, Ill., in place of L. D. Leach. Incumbent's commission expires January 25, 1926.

Henry M. Fritscher to be postmaster at Dieterich, Ill., in place of H. M. Fritscher. Incumbent's commission expires January 25, 1926.

Bessie McTamaney to be postmaster at Fort Sheridan, Ill., in place of Bessie McTamaney. Incumbent's commission expired January 23, 1926.

Herbert L. Rawlins to be postmaster at Thomson, Ill., in place of H. L. Rawlins. Incumbent's commission expires January 25, 1926.

INDIANA

Charles J. Sparks to be postmaster at Kewanna, Ind., in place of C. J. Sparks. Incumbent's commission expired January 24, 1926.

Carl C. Davis to be postmaster at Ramsey, Ind. Office became presidential January 1, 1926.

IOWA

Arthur F. Pitman to be postmaster at Lamont, Iowa, in place of A. F. Pitman. Incumbent's commission expired December 20, 1925.

KANSAS

Maud Aten to be postmaster at Goodland, Kans., in place of Maud Aten. Incumbent's commission expires January 25, 1926.

Leo L. George to be postmaster at Irving, Kans., in place of R. M. Kautz. Incumbent's commission expired November 17, 1925.

Walter Holman to be postmaster at Sharon, Kans., in place of Walter Holman. Incumbent's commission expires January 25, 1926.

Maud E. Oliver to be postmaster at Culver, Kans., in place of M. B. Perry, resigned.

KENTUCKY

Arch Mooney to be postmaster at Dixon, Ky., in place of Arch Mooney. Incumbent's commission expired January 23, 1926.

Mary F. Gilmour to be postmaster at Owensboro, Ky., in place of M. F. Gilmour. Incumbent's commission expired January 23, 1926.

Lillie M. Pulliam to be postmaster at Patesville, Ky., in place of L. M. Pulliam. Incumbent's commission expired January 23, 1926.

William C. Barnwell to be postmaster at Smithland, Ky., in place of W. C. Barnwell. Incumbent's commission expired January 23, 1926.

LOUISIANA

Marie A. Bourgeois to be postmaster at Erath, La., in place of M. A. Bourgeois. Incumbent's commission expired August 17, 1925.

MARYLAND

Fred R. Tucker to be postmaster at Forest Hill, Md., in place of F. R. Tucker. Incumbent's commission expired January 24, 1926.

MASSACHUSETTS

Roger W. Cahoon, jr., to be postmaster at West Harwich, Mass., in place of H. T. Cobb, resigned.

MICHIGAN

Perry F. Powers to be postmaster at Cadillac, Mich., in place of P. F. Powers. Incumbent's commission expires January 25, 1926.

Robert H. Benjamin to be postmaster at Mackinac Island, Mich., in place of R. H. Benjamin. Incumbent's commission expires January 25, 1926.

Helen J. Seals to be postmaster at Boyne Falls, Mich., in place of E. M. Fanning, deceased.

Karl A. Boettger to be postmaster at Dexter, Mich., in place of W. F. Stoffer, deceased.

MISSISSIPPI

John N. Truitt to be postmaster at Minter City, Miss., in place of J. N. Truitt. Incumbent's commission expired December 20, 1925.

MISSOURI

Patrick S. Woods to be postmaster at Columbia, Mo., in place of P. S. Woods. Incumbent's commission expired October 17, 1925.

MONTANA

Kirby G. Hoon to be postmaster at Helena, Mont., in place of K. G. Hoon. Incumbent's commission expired January 24, 1926.

NEBRASKA

Chancey J. Sittler to be postmaster at Anselmo, Nebr., in place of C. J. Sittler. Incumbent's commission expired January 23, 1926.

Harry N. Wallace to be postmaster at Coleridge, Nebr., in place of H. N. Wallace. Incumbent's commission expired January 23, 1926.

Fred A. Scofield to be postmaster at Columbus, Nebr., in place of F. A. Scofield. Incumbent's commission expired January 23, 1926.

Orley D. Clements to be postmaster at Elmwood, Nebr., in place of O. D. Clements. Incumbent's commission expired January 23, 1926.

Alonzo A. Jackman to be postmaster at Louisville, Nebr., in place of A. A. Jackman. Incumbent's commission expired January 23, 1926.

Edward H. Hering to be postmaster at Orchard, Nebr., in place of E. H. Hering. Incumbent's commission expired January 23, 1926.

Nellie L. Miller to be postmaster at Rulo, Nebr., in place of N. L. Miller. Incumbent's commission expired January 23, 1926.

August Dormann to be postmaster at Scottsbluff, Nebr., in place of August Dormann. Incumbent's commission expired January 23, 1926.

NEVADA

Dora E. Kappler to be postmaster at Carlin, Nev., in place of D. E. Kappler. Incumbent's commission expires January 27, 1926.

NEW HAMPSHIRE

James E. Collins to be postmaster at Lisbon, N. H., in place of J. E. Collins. Incumbent's commission expires January 25, 1926.

NEW JERSEY

Chester A. Burt to be postmaster at Helmetta, N. J., in place of C. A. Burt. Incumbent's commission expired January 21, 1926.

NEW YORK

Arthur K. Lansing to be postmaster at Cambridge, N. Y., in place of A. K. Lansing. Incumbent's commission expired January 21, 1926.

Rennie T. Dayton to be postmaster at Center Moriches, N. Y., in place of R. T. Dayton. Incumbent's commission expired November 2, 1925.

Louis H. Buck to be postmaster at Dannemora, N. Y., in place of L. H. Buck. Incumbent's commission expired January 5, 1926.

Eva C. Sager to be postmaster at Frewsburg, N. Y., in place of E. C. Sager. Incumbent's commission expired January 5, 1926.

George A. Hardy to be postmaster at Philadelphia, N. Y., in place of G. A. Hardy. Incumbent's commission expired January 5, 1926.

Daniel P. Townsend to be postmaster at Port Chester, N. Y., in place of D. P. Townsend. Incumbent's commission expired January 24, 1926.

Alexander A. Courter to be postmaster at Washingtonville, N. Y., in place of C. H. Strong, removed.

NORTH CAROLINA

Clyde H. Jarrett to be postmaster at Andrews, N. C., in place of C. H. Jarrett. Incumbent's commission expired January 23, 1926.

John W. Shook to be postmaster at Clyde, N. C., in place of J. W. Shook. Incumbent's commission expired January 18, 1926.

Mary W. Turner to be postmaster at Gatesville, N. C., in place of M. W. Turner. Incumbent's commission expired January 24, 1926.

Heber R. Munford to be postmaster at Greenville, N. C., in place of H. R. Munford. Incumbent's commission expires January 27, 1926.

Pearle R. Luttrell to be postmaster at Shulls Mills, N. C., in place of P. R. Luttrell. Incumbent's commission expires January 25, 1926.

Samuel B. Edwards to be postmaster at Tryon, N. C., in place of S. B. Edwards. Incumbent's commission expired January 23, 1926.

Otto S. Woody to be postmaster at Whitakers, N. C., in place of O. S. Woody. Incumbent's commission expired January 24, 1926.

Marvin E. Johnson to be postmaster at Candor, N. C., in place of J. E. Kellis, removed.

Iredell V. Lee to be postmaster at Four Oaks, N. C., in place of H. E. Upchurch, resigned.

Charles R. Hester to be postmaster at St. Pauls, N. C., in place of S. L. Parker, removed.

OHIO

Richard Hagel to be postmaster at Gypsum, Ohio, in place of Richard Hagel. Incumbent's commission expired January 23, 1926.

OREGON

Stephen A. Easterday to be postmaster at Clatskanie, Oreg., in place of S. A. Easterday. Incumbent's commission expires January 25, 1926.

Ronald E. Eason to be postmaster at Sandy, Oreg., in place of R. E. Eason. Incumbent's commission expires January 25, 1925.

Frank B. Hamlin to be postmaster at Springfield, Oreg., in place of F. B. Hamlin. Incumbent's commission expires January 25, 1926.

PENNSYLVANIA

Harvey E. Brinley to be postmaster at Birdsboro, Pa., in place of H. E. Brinley. Incumbent's commission expired January 5, 1926.

Marion Rosbach to be postmaster at Forksville, Pa., in place of Marion Rosbach. Incumbent's commission expired January 5, 1926.

Charles E. Pass to be postmaster at Harrisburg, Pa., in place of C. E. Pass. Incumbent's commission expired January 20, 1926.

RHODE ISLAND

Annie J. Annis to be postmaster at Barrington, R. I., in place of A. J. Annis. Incumbent's commission expired January 24, 1926.

Luke J. Ward to be postmaster at Wickford, R. I., in place of L. J. Ward. Incumbent's commission expired January 24, 1926.

SOUTH CAROLINA

John B. Bagnal to be postmaster at Ellenton, S. C., in place of J. B. Bagnal. Incumbent's commission expired January 23, 1926.

Rosa B. Grainger to be postmaster at Lake View, S. C., in place of R. B. Grainger. Incumbent's commission expires January 27, 1926.

Edward W. Shull to be postmaster at New Brookland, S. C., in place of E. W. Shull. Incumbent's commission expires January 25, 1926.

David S. Pitman to be postmaster at Nichols, S. C., in place of D. S. Pitman. Incumbent's commission expired January 23, 1926.

Elizabeth D. Kirksey to be postmaster at Pickens, S. C., in place of E. D. Kirksey. Incumbent's commission expired December 21, 1925.

Pearle H. Padget to be postmaster at Saluda, S. C., in place of P. H. Padget. Incumbent's commission expires January 27, 1926.

SOUTH DAKOTA

Glen H. Auld to be postmaster at Plankinton, S. Dak., in place of G. H. Auld. Incumbent's commission expired January 23, 1926.

TENNESSEE

John Herd to be postmaster at Harrogate, Tenn., in place of John Herd. Incumbent's commission expired December 20, 1925.

TEXAS

Clarence V. Rattan to be postmaster at Cooper, Tex., in place of C. B. Rattan. Incumbent's commission expires January 25, 1926.

Jerra L. Hickson to be postmaster at Gainesville, Tex., in place of J. L. Hickson. Incumbent's commission expires January 25, 1926.

Alonzo Phillips to be postmaster at Loraine, Tex., in place of Alonzo Phillips. Incumbent's commission expires January 25, 1926.

Lillie Brown to be postmaster at Ralls, Tex., in place of Lillie Brown. Incumbent's commission expired January 23, 1926.

Wade Arnold to be postmaster at Wellington, Tex., in place of Wade Arnold. Incumbent's commission expires January 25, 1926.

UTAH

Joseph F. MacKnight to be postmaster at Price, Utah, in place of J. F. MacKnight. Incumbent's commission expires January 25, 1926.

VERMONT

Carrie E. Sturtevant to be postmaster at East Fairfield, Vt., in place of C. E. Sturtevant. Incumbent's commission expired January 23, 1926.

VIRGINIA

Albert H. Zollinger to be postmaster at Chase City, Va., in place of R. L. Hervey, resigned.

WASHINGTON

Orris E. Marine to be postmaster at Colton, Wash., in place of O. E. Marine. Incumbent's commission expired August 24, 1925.

WEST VIRGINIA

Fernando D. Williams to be postmaster at Matoaka, W. Va., in place of F. D. Williams. Incumbent's commission expired August 24, 1925.

WISCONSIN

John P. Fitzgerald to be postmaster at Mellen, Wis., in place of P. A. Brown. Incumbent's commission expired January 21, 1926.

George Oakes to be postmaster at New Richmond, Wis., in place of George Oakes. Incumbent's commission expired January 21, 1926.

Frank S. Brazeau to be postmaster at Port Edwards, Wis., in place of F. S. Brazeau. Incumbent's commission expired January 21, 1926.

Albert L. Fontaine to be postmaster at Wisconsin Rapids, Wis., in place of A. L. Fontaine. Incumbent's commission expires January 27, 1926.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 25 (legislative day of January 16), 1926

UNITED STATES ATTORNEYS

Clint W. Hager to be United States attorney, northern district of Georgia.

Henry Zweifel to be United States attorney, northern district of Texas.

PROMOTIONS IN THE NAVY

To be captain

Frank C. Martin.

To be commanders

Andrew D. Denney.
Jabez S. Lowell.
Dallas C. Laizure.
Charles M. Yates.
John F. Shafroth, jr.

To be lieutenant commanders

James M. Shoemaker.
Samuel G. Moore.
George Marvell.
Philip R. Weaver.
Edward E. Hazlett, jr.
George P. Lamont.

To be lieutenants

Solomon S. Isquith.
Walter F. Hinckley.
Ralph H. Smith.
Norman S. Ives.
Bailey Connelly.
John A. McDonnell.
Benjamin N. Ward.

To be lieutenants (junior grade)

Wilber G. Jones.
Alan R. Nash.
Chauncey Moore.
Anthony R. Brady.

To be surgeons

Theo E. Cox.
Franklin F. Lane.
Orville R. Goss.
William T. Lineberry.
Charles H. Savage.
James R. Thomas.
Walter J. Pennell.
Victor S. Armstrong.
John C. Adams.
Earl Richison.
Ernest A. Daus.
Louis E. Mueller.
Carl A. Broaddus.
Charles L. Oliphant.
John E. Porter.
Herbert L. Shinn.
Fenimore S. Johnson.
David Ferguson, jr.

To be chaplains

Ernest L. Ackiss.
Maurice M. Witherspoon.

To be naval constructor

Ross P. Schlabach.

To be civil engineers

Raymond V. Miller.
Willard A. Pollard, jr.
John J. Manning.
William M. Angas.
Vernon R. Dunlap.
Lewis B. Combs.
Valentine J. McManus.
Hugo C. Fischer.

To be chief gunner

Robert C. Williams.

To be chief machinists

John M. Fitzsimmons.
Charles R. Owen.
George T. McBride.

To be chief pharmacist

Clarence J. Owen.

To be chief pay clerk

Joseph A. Paldi.

To be chief electricians

Michael Garland.
Arthur S. Rollins.
Russell K. Young.
Charles A. Kohls.
George H. Kellogg.
Alfred R. Eubanks.
Thomas Flynn.
Michael Burke.
Max P. Schaffer.
William Pollock.
Fred J. Pope.
Edwin Brown.
Charles W. Pearles.
John Bjorling.
Levi Herr.
Carl H. Snovel.
Elmer E. Callen.
Leslie W. Beattie.
Charles R. Brown.
Edward H. Belknap.
Holly C. Boots.
Oscar E. Dannegger.
Louis G. LaFerte.
Daniel H. Love.
Roscoe C. Reese.
Wallace C. Schlaefer.
Edward F. Wilson.
Ralph S. Lunney.
Charles V. Hart.
John H. Hart.
Frank C. Szehner.
William P. Montz.
Jesse E. Jocoy.
William R. Dillow.
Nat B. Frey.
Charles W. Piper.
Milton Bergman.
Linwood C. Gray.
Christian Ohlschlager.
Biven M. Prewett.
Wilber J. Meade.
Isaac L. Glenn.
William H. Moore.
Cowain V. Smith.
Harry C. Woodward.
Wilky D. Walters.
Frederick Sherman.
Joseph M. Anderson.
John E. Malmberg.

To be chief radio electricians

Roger J. Swint.
Howard A. Booth.
James A. Featherston.
Jesse J. Alexander.
Collins R. Buchner.
Glen R. Ogg.
Casper H. Husted.
Allen J. Gahagan.
Bruce M. Parmenter.
Benjamin F. Schmidt.
Bea L. Jarvis.
Roy Childs.
Walter F. H. Nolte.
Matthew Kenny.
Theodore Lachman.
John E. Fredricks.
Samuel Taylor.
James R. Fallon.
Raymond Cole.
Joseph A. Perry.

William H. Recksiek.
Carlton A. McKelvey.
Charles H. Ripley.
Henry L. Bixbee.
Frank B. Finney.
Warren S. MacKay.
William J. Murphy.
Frederick C. Nantz.
William J. Volkman.
John P. Richardson.
Harold Osborne.
Joseph S. Weigand.
Thomas A. Marshall.
Mars W. Palmer.
Richard J. Ostrander.
Hugh M. Norton.
Donald H. Bradley.
Neil Avery.
Edward J. Kreuger.
Robert A. Littmann.
Carroll L. Morgan.
Obed E. Williams.

PROMOTIONS IN THE ARMY

Joseph Dugald Leitch to be brigadier general, Infantry.

Andrew Hero, jr., to be chief of Coast Artillery, Coast Artillery Corps.

James Madison Kennedy to be assistant to the Surgeon General, Medical Department.

Melvin Thistle Means to be first lieutenant, Medical Corps.

Louis Stewart Chappelear to be colonel, Adjutant General's Department.

Charles Leslie Mitchell to be lieutenant colonel, Infantry.

Robert John West to be lieutenant colonel, Infantry.

James MacKay to be major, Finance Department.

Thomas Scott Pugh to be major, Finance Department.

Harvey Shelton to be captain, Infantry.

Hugh Bryan Hester to be captain, Field Artillery.

James Mahan Roamer to be captain, Infantry.

Wray Bertrand Avera to be first lieutenant, Field Artillery.

Charles Fox Ivins to be first lieutenant, Infantry.

Walter Daniel Buie to be first lieutenant, Infantry.

POSTMASTERS

FLORIDA

Simeon C. Dell, Alachua.
Eva R. Vaughn, Century.
Anna W. Lewis, Everglades.
Joseph B. Bower, Rockledge.
Elmer J. Yonally, Winter Haven.

IOWA

Orien J. Perdue, Altoona.
Walter S. Campbell, Batavia.
James H. Post, Carroll.
Fred A. Robinson, Estherville.
Olger H. Raleigh, Graettinger.
Emmet M. Henery, Grand Junction.
Francis D. Winter, Hinton.
Frank Jaqua, Humboldt.
James W. Fowler, Jefferson.
Martin J. Severson, Jewell.
Walter J. Overmyer, Lacona.
Carl G. Austin, Lineville.
Martha Slatter, Manson.
Benjamin H. Morrison, Mapleton.
Paul H. Harlan, Richland.
Arthur E. Norton, Rowley.
Clarence W. Rowe, Vinton.
Roy H. Bedford, What Cheer.

MICHIGAN

Clarence J. Williams, Carleton.
Curtis G. Reynolds, Dundee.
James D. Housman, Petersburg.

MONTANA

Inez J. Johnson, Paradise.

NEW YORK

Charles R. Diehl, Brewster.
John H. Roberts, Canastota.
William M. Stuart, Canisteo.
William B. Donahue, Catskill.
Le Roy M. Tripp, Clinton Corners.
Erastus C. Davis, Fonda.
Fred H. Bacon, Franklinville.
Selleck S. Cronk, Grand Gorge.
John Newton, Holcomb.
Marian L. Woodford, Marcellus.
R. D. Rider, Medford Station.
Fletcher B. Brooks, Monroe.
L. Belden Crane, Mount Kisco.
Esther L. Smith, North Lawrence.
Deane Mitchell, Odessa.
Lionel J. Desjardins, Piercefield.
Ethel Kelly, Pyrites.
Stanley D. Francis, Tannersville.
Fred D. Seaman, Unadilla.
William B. Stewart, Walden.
Edwin F. Still, Warwick.
Mabel E. Stanton, Wellsburg.
Warren A. Bush, Wilson.
Edward W. Elmore, Yorkville.

OHIO

Homer E. Graham, Holloway.
Gallord A. Case, Loudonville.

UTAH

Henry C. Ward, Myton.

PENNSYLVANIA

Joseph E. Lohr, Central City.
Glenn W. Irwin, Conneaut Lake Park.
Dan W. Weller, Somerset.

TENNESSEE

Henry F. Marion, Blountville.
Blanche Godsey, Bluff City.
Robert C. Laws, Butler.
Augustus F. Shults, Caryville.
Charles L. Bitner, Chuckey.
William N. Craft, Mosheim.
Benjamin H. Livesay, New Tazewell.
John L. Marcum, Norma.
Daniel C. Ripley, Rogersville.
Albert C. Samsel, Tate.

TEXAS

Henry J. Whitworth, Avinger.
William Reese, Floresville.
Robert E. Slocum, Pharr.
Bessie B. Hackett, Raymondville.

HOUSE OF REPRESENTATIVES

MONDAY, *January 25, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

God of wisdom, God of love, we thank Thee that we are still the creatures of Thy providential care. Thy blessings are so manifold and wonderful that they overflow and transcend all our needs. May they inspire us to do our duty. May we know that Thou art with us this day by the elevation of our thoughts and the true estimates and high standards of our service. Hush anxieties, subdue fear, and still the tumult of any troubled heart. May all our citizens be bound together with a common faith and united in a common zeal for the success of all institutions that make our country Christian. Amen.

The Journal of the proceedings of Saturday was read and approved.

ORDER OF BUSINESS

Mr. TILSON. Mr. Speaker, as we all know, the adjournment on Saturday on account of the death of our colleague, Mr. RAKER, threw our program a little bit out of adjustment. In order to serve the convenience of a number of Members it is very desirable that we should finish the cooperative marketing bill to-day, or so nearly finish it that it may be voted on to-morrow soon after the reading of the Journal. I therefore ask unanimous consent that District business in order to-day shall have the same status to-morrow. If this is granted, I give notice that for a brief period to-morrow District business will be considered.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that District business in order to-day may be in order to-morrow. Is there objection?

Mr. BLANTON. Reserving the right to object—and I shall not object—may I ask the gentleman if he does not think——

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 1884. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge across Palmer River.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 127

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN E. RAKER, late a Representative from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now take a recess until 12 o'clock meridian, Monday next.

NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7554, the naval appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LEHLBACH in the chair.

The CHAIRMAN. When the committee rose on Friday an amendment offered by the gentleman from Idaho [Mr. FRENCH] was pending and also an amendment to that amendment offered by the gentleman from Pennsylvania [Mr. BUTLER].

Mr. VINSON of Georgia. Mr. Chairman, I ask recognition for a minute to inquire the parliamentary status.

The CHAIRMAN. The Chair just stated that the gentleman from Idaho [Mr. FRENCH] offered an amendment in the form of a new paragraph to the bill, and the gentleman from Pennsylvania offered an amendment striking out certain language in the amendment offered by the gentleman from Idaho. The first question is on the amendment offered by the gentleman from Pennsylvania.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent that the amendments be reported so that the committee may understand what is the proposition.

The Clerk read as follows:

Amendment offered by Mr. FRENCH: Page 41, after line 17, insert a new paragraph, as follows:

"BUREAU OF AERONAUTICS

"AVIATION, NAVY

"For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1926, $605,814; for maintenance, repair, and operation of aircraft factory, air stations, fleet, and all other aviation activities, testing laboratories, and for overhauling of planes, $6,278,686, including $300,000 for the equipment of vessels with catapults and including not to exceed $300,000 for the procurement of helium from the Bureau of Mines, which may be transferred in advance, in amounts as required, to that bureau; for continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately; for drafting, clerical, inspection, and messenger service, $608,000; for the payment of obligations incurred under the contract authorization for the procurement of aircraft and equipment, carried in the Navy appropriation act for the fiscal year 1926, approved February 11, 1925, $4,100,000; in all, $13,520,500; and the money herein specifically appropriated for 'Aviation' shall be disbursed and accounted for in accordance with existing laws as 'Aviation' and for that purpose shall constitute one fund: *Provided*, That no part of this appropriation shall be expended for maintenance of more than six heavier-than-air stations on the coasts of the continental United States: *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes."

Mr. BUTLER moves to amend the amendment as follows: Strike out the following language:

"For continuing experiments and development work on all types of aircraft, $1,928,000, of which $300,000 shall be available immediately."

Mr. BUTLER. Mr. Speaker, I ask unanimous consent to modify my amendment, and on that I ask unanimous consent to proceed for one minute.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. BUTLER. Mr. Chairman, the Chair has decided, and the House has sustained the Chair, that it is within the authority of the Appropriations Committee to appropriate for what is known as experimentation. I have no quarrel with the Chair or the House upon its conclusion. I submit most willingly to what the majority may authorize. Therefore I went a bit too far in the amendment I offered, and I ask to have it modified. The purpose of it was to remove from the bill the language "of which $300,000 shall be available immediately."

As I understand, if that language is removed from the bill there will be no authority given to the Navy Department to construct this ship before, or make a contract with any corporation before, July, 1926, and we will have plenty of opportunity to make an examination of all the facts and report to the House. I disclaim any purpose to override the decision of the Chair, supported so largely by the decision of the House. Therefore I ask to modify my amendment by excluding these words so that it may bring the issues squarely before the House.

Mr. MOORE of Virginia. Can we have the amendment reported?

The CHAIRMAN. Is there objection to the modification of the amendment?

Mr. BANKHEAD. Let us have the proposed modification reported.

The CHAIRMAN. The gentleman from Pennsylvania can not modify his amendment without unanimous consent. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Mr. BUTLER modifies his amendment by moving to strike out the words "of which $300,000 shall be available immediately."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

Mr. BUTLER. Mr. Chairman, I think we should have some time to argue these matters.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. VINSON of Georgia. I understand that the gentleman from Idaho [Mr. FRENCH] is agreeable to this amendment.

Mr. FRENCH. Mr. Chairman, probably a word will help to clear up the situation. When the gentleman's proposition of Friday evening was proposed, striking out the entire item of experimentation, amounting to $1,900,000 plus, necessarily we could not look with favor upon it, nor did we look with favor upon the proposition to strike out the $300,000 for the particular experiment. But when the gentleman came to me this morning with the suggestion that we strike out the words making the amount, $300,000, immediately available, so that the matter could be an open question until the first of the fiscal year, with his committee and the Congress fully authorized and empowered to consider the effect of any such experiment upon any other proposed aircraft, manifestly I could not oppose such a proposition, and I told him that personally I would be in accord with it. Therefore I would be in accord with the amendment now offered by the gentleman from Pennsylvania [Mr. BUTLER], but I think that it is desirable that all of the Members of the House have an opportunity of understanding what is wrapped up in the amendment and what is wrapped up in the question of experimentation. Therefore I think we ought to debate the question, notwithstanding there may be a feeling to agree to the proposition.

Mr. CRAMTON. Mr. Chairman, will the gentleman from Pennsylvania yield?

Mr. BUTLER. Yes.

Mr. CRAMTON. As I understand—and I think it is desirable that we should understand one another—the effect of this amendment now offered by the gentleman from Pennsylvania, if it is agreed to, simply is to make the appropriation of $1,900,000 for experimentation available only in the next fiscal year, and that that is the only effect of his amendment.

Mr. BUTLER. Yes.

Mr. CRAMTON. It is not in any way a declaration against any proposed expenditure of that money.

Mr. BUTLER. So that we may know what we are doing.

Mr. CRAMTON. It does not commit this committee in any way against the proposed expenditure of $300,000.

Mr. BUTLER. No; not at all. I only ask the committee to consider the propriety of amending my amendment, which will, of course, in effect not authorize the authorities of the Navy Department to make any contract before June 30, 1926. In the meantime, as I have already said, an opportunity will be given to every Member of the House to know what this means; opportunity will be given to every Member of the House to know what he should do. This morning we began the examination of the Assistant Secretary of the Navy upon this item, and he disclosed to us what he had said to the subcommittee, which does not appear in print. If you intend to debate my proposed amendment, there is no necessity to

go into a discussion of that, because the subcommittee might not recollect what occurred as does the Assistant Secretary of the Navy; but he made very plain to us what he had stated to this subcommittee. I do not think it is worth while to disclose it at this time, inasmuch as my friend from Idaho [Mr. FRENCH] feels inclined after some explanation to accept the amendment; but before he begins his speech I desire the House to listen to me just a minute.

It is possible—it is not only possible, not only feasible, but it is quite practical—for these two committees to function in harmony, and we promise this house now that we will never in any way trespass upon the authority of the Committee on Appropriations. My conversation with the gentleman from Idaho [Mr. FRENCH] this morning leads me to believe that a system of fairness between these two committees can be established, and work to that end has already been begun. There sits alongside of the gentleman from Idaho a young man whom I always think of as my son. He can be a go-between between these two committees. He knows that I assisted in bringing him here for the purpose for which he is here, and he is extremely valuable, for no man can write legislative provisions better than can John Pugh.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. AYRES. Mr. Chairman, I ask unanimous consent that his time be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BUTLER. So that the membership may not be teased every time a bill is reported by the Committee on Appropriations, I think it is only wise and fair toward all that I make this statement, that a working compact can be made between these two committees. We will inform this subcommittee fully of what we propose to do and what we have done so that the subcommittee may consider even in advance whether or not they should appropriate according to the legislation which this House shall pass. Therefore there is no discord here and there will be none. My only purpose is to remove from the bill the immediate availability of this particular fund. I tried to get these few words included in the proposed amendment taken out of the bill and I brought back the whole thing upon the legislative committee. Some friend of mine here in the House the other day made a statement which reflected upon the diligence of the Committee on Naval Affairs. At the last session of Congress we put through a bill which became a law containing 30 general laws for the Navy. We put through a bill that created a very important service in the Navy. I refer to its reserve force. We reported, I suppose, between 50 and 75 private bills and put them through. I have not gone all through the work, but our committee works every day until noon in an effort to inform this House of what in our judgment should be the specific basis of legislation controlling the affairs of the Navy.

It is not our purpose, I repeat, and I am now through, in any way to infringe upon the privileges of the subcommittee on appropriations; but we could not, however, pass by what was inferentially in this bill, sir, without protesting against it, and that there should be in the bill in the guise of experimentation authority to build a ship that has been told to us at a sitting this morning by the authorities of the department that they do not want and never will build unless this House expressly authorizes them to do it. We will report to you later, so that you may guard yourselves and act knowingly, so that hereafter your constituents may not ask you questions that might be embarrassing for you to answer. These are honorable gentlemen, but these authorities ought not to go into a contract with private corporations to develop a machine that the authorities tell us that they do not want, and told us so this morning.

Mr. AYRES. Will the gentleman yield?

Mr. BUTLER. Yes.

Mr. AYRES. Has the gentleman been able to find just exactly what the department wishes—does it wish another *Shenandoah?*

Mr. BUTLER. Yes. Every witness who has testified—and I think there has been something like 8 or 10—stand by a great ship that will sail 7,500 miles and do not want to build it with one gas chamber, because if it is penetrated the ship will sink. They want to build on the lines that they have decided upon fairly, and if it had not been for a great cyclone which struck the *Shenandoah* she would be living yet after sailing 6,000 miles. The smaller ship will be of no advantage to the Government except to give moderate, not modern, training. We have a ship already bought that costs nearly $4,000,000 for moderate training. We want a ship that will be able to take its place with the fleet as a war vessel. Furthermore, we have not yet determined, but we will after examination of 15 or 20 more witnesses and we will report to this House whether or not this sort of a ship shall be abandoned, because there are differences in our committee with reference to pursuing the policy of the department.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BUTLER. I will.

Mr. LAGUARDIA. The gentleman wants this appropriation held up until July 1, 1926?

Mr. BUTLER. Yes.

Mr. LAGUARDIA. Suppose in the meantime the gentleman's committee does not determine just what to do. The gentleman understands, of course, this money will be available with no strings to it at all?

Mr. BUTLER. We will keep in touch with our friends on the Appropriations Committee. We have already invited them to come and sit with us while we are determining what to report to you. The Assistant Secretary of the Navy said to us this morning—and 19 of us sat this morning with him—"We will not build this ship unless Congress expressly orders us to do so; we do not want it."

Mr. LAGUARDIA. But he has authority to use this money after July 1, 1926?

Mr. BUTLER. He has, and not unless Congress authorized it. They will not touch a penny of it.

Mr. LAGUARDIA. It will be the first time we appropriate money the department did not use.

Mr. CRAMTON. Will the gentleman yield?

Mr. BUTLER. Yes.

Mr. CRAMTON. Does the gentleman understand—and what we would like to have is a sure understanding—that if we appropriate $1,928,000, which includes $300,000 for this specific purpose, and the amendment provides there shall not be any building until the 1st of July, if between now and the 1st of July Congress takes no other action to the contrary, does the gentleman understand that Congress is directing the Navy Department to make that experimental contract? That certainly would be the case.

Mr. BUTLER. I will say to my friend, if I were the Secretary of the Navy and this measure passes after this argument, I would feel that it is an instruction to me that I do nothing before the 1st of July, 1926. We shall bring to this House the facts to determine whether or not we will go into this copartnership and build this type of ship.

Mr. CRAMTON. There is no difficulty about a clear understanding. In the absence of a contrary action they will be expected to spend money for this purpose, and if Congress does take a contrary action then they would not be.

Mr. BUTLER. No; we understood further this morning from the Assistant Secretary in his statement made to the subcommittee that if this contract be not made for the construction of this ship the $300,000 of this money should be returned to the Federal Treasury; that it was not needed for experimental purposes.

Mr. CRAMTON. I am not sure I understand the gentleman's statement, but if this $300,000 is in there for this express purpose such part of it as is not used will go back to the Treasury; but I wanted to be sure as to whether in the absence of contrary action by Congress with this appropriation available by the 1st of July it would be taken as a direction to the Navy Department to proceed with this construction.

Mr. LAGUARDIA. That is the law.

Mr. BUTLER. I will not differ with my friend on that. Inferentially it is a direction. But I will say that we expect that within three weeks we can in all likelihood furnish you with information from the constructors of the Navy and from the military men and from the men who are engaged in the construction of this sort of ship. We will tell you who they are, who are behind them, and what their intention is, and why they do not go on with the experiments.

The CHAIRMAN. The gentleman's time has expired.

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may continue for two minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. MOORE of Virginia. Inasmuch as there is some uncertainty and confusion in regard to this question, I want to ask my friend this: Whether he can give us a reasonably definite assurance that within a month his committee will report respecting the legislation he has in mind, and make it

as definite as possible in reference to the construction of naval aircraft?

Mr. BUTLER. Yes, sir. The bills are prepared and on the table and ready for official action. We sit there with the doors open and we have invited people to come in with their proposed legislation. It is now the command of the House that they should come to our committee. We will make a report, I will say to my friend, perhaps within a month; maybe three weeks. We will give you both sides of the controversy so that you may know how you can intelligently and, above all, safely engage in a project that proposes to put the Government into partnership with a private concern.

Mr. MOORE of Virginia. I hope the gentleman's committee will deal with the whole subject of aircraft and ascertain whether the Government is to be required to pay for the use of patents on the inventions.

Mr. BUTLER. I have already talked with the gentleman and he has talked with me, so that what I may say here in no way reflects upon anyone. The men connected with this corporation are men of honor and respectability, and against their business integrity or business ability no word has ever been said. But I want to know what the contract terms proposed. I would not be willing to vote otherwise.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. BANKHEAD. The membership of the House has great confidence in the gentleman from Pennsylvania and his committee. The gentleman realizes that one of the most controversial subjects now pending before Congress is this question of aviation, and the gentleman is making an agreement with the chairman of the subcommittee which in a measure ties our action in the event that the gentleman's committee shall report and put through the House a measure which imposes a restriction on this proposition. Suppose the committee reports a bill to which the House does not agree in regard to this partnership airplane. What position would that leave us in who are following the gentleman?

Mr. BUTLER. It means just this, and no more: If the Committee on Naval Affairs does nothing and the House does nothing, I would interpret what is written in this bill as an authority for the Secretary of the Navy to proceed. But I want to assure you that you will have another opportunity in the House to vote directly on this question.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Certainly.

Mr. OLIVER of Alabama. I have been unable to attend the discussions on this bill on account of being busy with another appropriation bill. I understand that the gentleman has objected to this amount being made immediately available?

Mr. BUTLER. That is all.

Mr. OLIVER of Alabama. In order that the House may understand the reason why the subcommittee provided that it should be made immediately available——

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. OLIVER of Alabama. I ask unanimous consent that the gentleman may have three minutes longer.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. BUTLER. I thought my time had expired.

Mr. OLIVER of Alabama. Then I will ask for five minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that he may proceed for five minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Alabama is recognized for five minutes.

Mr. OLIVER of Alabama. Mr. Chairman, I have been unable to attend the discussions on this bill owing to official duties with another committee; but since some question is now raised as to the wisdom of making this amount immediately available, I feel that in justice to the subcommittee the House should know the reasons why it was made immediately available. There is no one whom I hold in higher esteem and regard than the gentleman from Pennsylvania [Mr. BUTLER], and usually he and I are in full agreement relative to matters pertaining to the Navy. I recognize he has not had the benefit of some information which the subcommittee had, and that naturally he desires to make further inquiry through his committee about the matter now before the House. There is no desire on the part of the Subcommittee of the Committee on Appropriations to do anything that will interfere with such inquiry by the Committee on Naval Affairs. It is proper to here say that the Secretary of the Navy was before our subcommittee and stated that it would be well to make this amount immediately available, if allowed by the committee, and the Secretary clearly indicated he favored the appropriation.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. VINSON of Georgia. Did the Secretary's testimony before the subcommittee appear in the record? So far as the record discloses, not a single naval official supported this proposition.

Mr. OLIVER of Alabama. I am glad the gentleman has asked that question. Hearing on this matter occurred late, after our regular hearings had been concluded. The testimony of Mr. Fritsche—by hurrying it to the printer—was in time to be included in the printed hearings. That you may understand why we closed the hearings, I will explain that the gentleman from Illinois [Mr. MADDEN] felt it was important that this bill should be reported in time to follow the debt-settlement bills then before the House, and for that reason the proof was hurried to the printer.

Before taking final action the Secretary of the Navy and the Chief of the Bureau of Aeronautics were called before our committee. Their statements are not published for the reasons I have stated above. The Secretary of the Navy stated that he had the matter of this $300,000 appropriation then on his table, and that action would be taken on it the next morning, and at this time he clearly indicated he would approve the recommendation of the Bureau of Aeronautics and suggested that if the committee allowed the amount asked for that it would be well to make it immediately available.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. VINSON of Georgia. In view of the fact that the testimony of the Navy Department does not appear in the record, and the House has not had an opportunity to scan that testimony, does not the gentleman think it is in the interest of more enlightenment not to make this available now but let it run until July?

Mr. OLIVER of Alabama. I have no objection whatever to that. I am simply stating the reasons why the committee was unable to include in the printed hearings the statements referred to by the gentleman from Georgia [Mr. VINSON], and to say to the House that the Secretary of the Navy, as well as Admiral Moffatt, were both before our committee and gave approval to this appropriation for this experimental airship.

Mr. VINSON of Georgia. If the gentleman will yield further, there is no criticism of the committee at all.

Mr. OLIVER of Alabama. As evidence of a desire to have full cooperation with the legislative committee—which I am sure we now have—the gentleman from Idaho [Mr. FRENCH] invited the gentleman from Pennsylvania [Mr. BUTLER] and the gentleman from Georgia [Mr. VINSON] and other members of the legislative committee to confer and talk over with us the matters contained in this bill before it was taken up in the House.

Mr. BUTLER. That is right.

Mr. OLIVER of Alabama. And we had such a conference.

Mr. BUTLER. There is no snap judgment here at all.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. I wish to briefly give the House the underlying reasons for this appropriation. We have at Lakehurst a station built primarily for the care, operation, and maintenance of airships (lighter than air). We have expended on this station more than $3,000,000, $4,000,000 of this amount being for hangars. I think the House and the gentleman from Pennsylvania [Mr. BUTLER] are in full agreement with our subcommittee that it would be unwise to continue the maintenance of Lakehurst, at a large expense, until Congress has first laid down some definite policy relative to the building of airships for the Navy. Consequently, we put that station simply in a stand-by condition, and this bill carries an appropriation of approximately $125,000 for that purpose. It will be noted that we have thus saved many hundreds of thousands of dollars and at the same time will relieve a large number of officers and men for duty elsewhere. There seems to be no doubt but what the House will, by a large vote, give approval to this action. It was brought to our attention that business men of highest standing had organized a company for the purpose of ascertaining by experimental tests whether lighter-than-air ships could be built of all-metal material. We were informed that these

men felt that a lighter-than-air ship of the fabric kind, such as the *Los Angeles* is and the *Shenandoah* was, would not prove profitable for commercial purposes, since the annual depreciation on this type of ship would be entirely too heavy. The committee was further assured that this company was willing to spend as much as $400,000 in testing out an all-metal experimental ship of the type described in the hearings on page 1053 by Mr. Fritsche provided the Government would appropriate as much as $300,000 for this same purpose. Assurance was further given that such experimental ship could be built for about $700,000, and if it proved the claims made for it, that private capital would be forthcoming to build, free of expense to the Government, airships of this material of large size, and that it was believed such ships would prove commercially profitable. It was evident to the committee that if the experimental test was successful, and private capital was willing to take over the building of lighter-than-air ships for interoceanic trade and commerce, that the Government would thus be relieved of this burden. In an emergency these ships would be available to the Government for patrol and observation purposes and will be very valuable when used in such a way by the Navy, and the same personnel operating the ships in commerce could thus be used for operation with the Navy. May I further say that should private capital become interested in building and operating airships of this type, it would furnish a purchaser for the Lakehurst station? There seems little likelihood just now that this Congress will build for the Navy a fabric airship of 5,000,000 cubic feet, such as the Bureau of Aeronautics has recommended, especially since there is a strong probability that ships of this type may be built and operated overseas by private capital.

The committee, therefore, in recommending this appropriation to the House had in mind the development of an all-metal airship that could be profitably used in a commercial way and the possible sale of Lakehurst to private operators of airships.

Mr. BARBOUR. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. BARBOUR. As a matter of fact, then, the Navy Department did ask for this ship?

Mr. OLIVER of Alabama. There is no question about that. Admiral Moffatt stated to our committee that he had requested not only an amount to build a fabric ship of 5,000,000 cubic feet, but also $300,000 for this experimental metal type, and that the two requests had been coupled together in his recommendation to the Secretary.

It was evident to the committee that his reason for uniting in one recommendation the two appropriations was really this—that he feared, if the $300,000 was allowed, it might delay action on his request for money to build the fabric ship of 5,000,000 cubic feet.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent that the gentleman may have one additional minute.

The CHAIRMAN. The gentleman from California asks unanimous consent that the time of the gentleman from Alabama be extended for one minute. Is there objection?

There was no objection.

Mr. BARBOUR. Then the fact is that if the Navy Department now takes the position that it does not want this ship there has been a change in the attitude of the Navy Department toward the matter?

Mr. OLIVER of Alabama. Yes; and the reason, as I stated before, is easily explained. The Bureau of Aeronautics is evidently afraid that Congress will not authorize the building of a large fabric ship until this experimental test can be made of the all-metal type, and that should the all-metal type prove a success and be taken over by private capital, that no naval airship will likely be built.

Mr. BARBOUR. And it is not a case of the committee trying to force anything on the Navy Department that it does not want?

Mr. OLIVER of Alabama. Absolutely not.

Mr. APPLEBY. Will the gentleman yield on that point?

Mr. WAINWRIGHT. May I ask the gentleman if it is contemplated that this vessel is to be used primarily for commercial purposes and not as a naval vessel? I rather gathered that from the gentleman's remarks.

Mr. OLIVER of Alabama. This all-metal ship, if built, will not be used either for naval or commercial purposes. It is simply an experimental type and the study of it will determine whether larger ships of that type can be built that will prove profitable for commercial purposes. The economic reasons, from a Government standpoint, have heretofore been stated by me.

May I say in conclusion that when Admiral Moffatt, Chief of the Bureau of Aeronautics, and his aides, Commander Land and Lieutenant Commander Fulton, were before our subcommittee, these officers were fully informed by the committee that if the $300,000 was given to the Bureau of Aeronautics for building this experimental all-metal type of ship that it should not be considered as a direction by Congress to enter into a contract for the building of the ship unless the technical advisers of the bureau felt that it offered reasonable promise of success, and unless a satisfactory contract could be made with Mr. Fritsche and his associates. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. FRENCH. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Idaho asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. FRENCH. Mr. Chairman and gentlemen of the committee, a word probably should be said touching the decision of the Chair on Friday in the matter of jurisdiction of the legislative committee and the Committee on Appropriations touching aviation.

In the first place, I think the Members of the House know there is no difficulty whatever in the capacity for teamwork, so far as personal relationships may be concerned, of the distinguished chairman of the committee [Mr. BUTLER] and his colleague of the naval legislative committee and the members of the subcommittee on naval appropriations. It is very well, however, that the question of jurisdiction be cleared up as it was by the decision on Friday. That decision places the responsibility of providing funds for experimental work upon the Committee on Appropriations and also provides that the legislative committee shall bring in programs touching building for aviation just as has the committee been in the habit of doing touching the programs for the building of types of ships that we have always understood as belonging to the Navy.

More than that, the Members of the House ought to know that the Committee on Appropriations is not at all anxious to trespass upon the jurisdiction of the legislative committee. It was cited on Friday by the gentleman from Illinois [Mr. BRITTEN], as I recall, that as long as four or five years ago the Committee on Appropriations in its report stated it doubted if it had the authority to bring in items for money appropriations for construction of aircraft that had not been authorized. In substance that is what was in the report written by Mr. Kelley. If gentlemen will turn to the report that we brought in a few days ago when we reported this bill, gentlemen will find on page 10 a discussion of the proposed program under which 1,115 planes were estimated by the Bureau of Aeronautics as to the number required for aviation, and we stated:

> The committee—

That is, the subcommittee on naval appropriations of the Committee on Appropriations—

> suggests that here, too, the appropriate legislative committee might find need for legislation.

In the absence, however, of legislation during the last four years authorizing any program for aircraft construction to furnish aircraft for your airplane carriers or other naval air functions, and upon the basis of estimates that have been brought to us through the Bureau of the Budget, we have from year to year during that time brought in the items for your consideration.

Now I want to turn for a few minutes to the question of whether or not we shall experiment in the way proposed by the committee in lighter-than-air experimentation touching a metal type of hull. This question was brought to our committee following a proposal that was made by the Aircraft Development Corporation, of Detroit, to the Navy Department for a sort of joint cooperative experiment looking to the construction of an all-metal 200,000 cubic-foot type of ship. When the matter was brought to my attention and I had read over what might be called the prospectus or proposition of the aircraft corporation, upon my invitation, Mr. Carl B. Fritsche, the general manager of the corporation, appeared before the subcommittee and hearings were held which are now included in the printed form of the report of the hearings of the committee. After these hearings we called to the committee for informal talks the Secretary of the Navy, the Chief of Naval Operations, the Chief of the Bureau of Aeronautics, and several of the latter's assistants and others from the Navy Department. We talked over the matter very frankly and very fully with them.

As I stated the other day, this question was not brought to our committee from the Bureau of the Budget. On the other hand, it was regarded by the technical officers of the Navy Department as an experiment; an experiment, however, which, if it should prove successful, promised much, and, in fact, would be revolutionary from the standpoint of aerial navigation.

It has been stated here repeatedly that this proposition does not have the support of the Navy Department, and, in fact, that it is something that is being pushed off on the Navy Department by the Committee on Appropriations. This question has been under negotiation between the Navy Department and the Aircraft Corporation for a number of months.

Exchanges of notes have occurred between the two. Personal interviews have been had, and I have in my hand a letter, a copy of which was signed by the Secretary of the Navy, Curtis D. Wilbur, as late as January 12, 1926, addressed to the Aircraft Development Corporation, General Motors Building, Detroit, Mich. I want to read you at this time one paragraph from that letter. After the Secretary of the Navy has discussed in the letter various features touching negotiations, touching the matter of a proposed arrangement for contract and details touching the experiment, this is what Secretary Wilbur says:

> If your reply to this letter covers in definite form the points raised and is satisfactory, the department is prepared to make request through proper channels that funds be appropriated to be used for negotiating a contract, provided, of course, satisfactory agreement can be reached on the details of such a contract.

Does that look as though the Navy Department was opposed to it? On the contrary, I think the plain inference is the one that was drawn by my colleague, the gentleman from Alabama [Mr. OLIVER]—namely, that if the department could be assured that this would not in any way interfere with the program recommended to the legislative committee of a dirigible of 5,000,000 cubic feet with fabric cover, there would be no question about the matter. The Secretary in his letter to the Aircraft Development Corporation, nearly two weeks ago, said that if satisfactory agreements could be made the department "is prepared to make request * * * that funds be appropriated."

Mr. AYRES. Will my colleague yield?

Mr. FRENCH. Yes.

Mr. AYRES. As a matter of fact, was not the question asked the Secretary of the Navy and the experts, if this proved to be a success, would it not be far greater than anything we have now or even contemplate now?

Mr. FRENCH. That is the substance of the thought.

Now, Mr. Chairman, I do not care, unless the House would want it, to read the full letter, but I ask unanimous consent that it appear in the RECORD at this point so that there can be no question in the future as to the attitude of the Navy Department upon this subject.

The CHAIRMAN. The gentleman from Idaho asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The letter referred to follows:

JANUARY 12, 1926.

Subject: Proposed metal-clad airship.
Reference: (a) Your letter of December 26, 1925.

DEAR SIRS: Your letter of December 26 indicates a closer approach to a basis on which a contract might be negotiated, but there still remain several points upon which further comment is requested.

It is noted in regard to performance of the proposed airship you have reduced some of the figures given in your printed proposal of September 24—speed from 70 plus or minus 2 miles to not less than 60 miles per hour; the rate of ascent instead of 1,200 feet per minute is 15 feet per second; the useful load has been reduced.

The demonstration program you outline would involve probably 15 to 20 hours of flight, depending upon the speed at which the 500-mile round-trip flight is made. From the standpoint of the Navy Department it would be preferable to have several shorter flights rather than a single long flight. These flights should be run at different speeds, and thus show the behavior of the airship under a wider variety of conditions. These tests need not necessarily prolong the demonstration period. A minimum of 30 successful flight hours for the airship before acceptance is considered reasonable.

It is assumed that you propose to furnish the operating personnel for conducting all demonstrations of the airship.

Upon further consideration it is more apparent than ever that the joint use of an operating airship shed such as the one at Lakehurst would introduce complications and, considering the remoteness of Lakehurst from Detroit and other factors, it is believed erecting the airship at Lakehurst would increase the total cost to you of building the airship. It is understood you desire to use a large shed because you wish to erect the 300,000-cubic-foot airship by a vertical method—a scheme which could not be carried out, except partially, for a large airship. Offhand, it would appear preferable to erect this mall airship by a horizontal or by a part horizontal and part vertical method and thereby reduce the vertical space required so that a building of ordinary type and size could be used, instead of requiring a large shed suitable for rigid airships.

Your attention is invited to the fact that such sheds are few in number, and all but the one at Cape May are now in use for airship operations. Experience has shown that the erection of an airship in a shed from which ships are being flown always makes both operations more difficult. It may make it necessary to stop flying entirely during certain stages of construction. It is, therefore, requested that you investigate most thoroughly the possibilities of arranging to build the airship near Detroit. Alternatively could you use the inactive airship shed at Cape May, N. J.?

In an earlier letter the opinion was expressed that progress payments should not exceed 50 per cent of the total Government obligation. Your letter outlines progress payments amounting to two-thirds the total and makes certain reservations regarding your obtaining the remaining one-third in the event the airship fails to meet certain tests. The result is not a "no fly, no pay" basis for a contract, nor does it appear to be a basis whereon the Government shares expenses with you "dollar for dollar." The progress payments you indicate seem small in individual amounts, large in number, and somewhat inconsistent, in that it appears disproportionate amounts are assessed against the control surfaces and car and may be claimed without reference to the status of the really vital part of the airship, namely, the hull proper.

The department makes the proposition that if a contract is made it be with the proviso that before other parts of the airship are begun a reasonably large section of the hull shall be constructed, sealed in some fashion, and tested for various interior pressures and gas tightness, for ballonet functioning, as well as subjected to suitable load tests. Further progress toward building the airship would depend upon the results of these tests. Although not entirely clear as to details, such a scheme appears to be feasible, and would probably be easier if the airship is being erected horizontally.

The main idea is to fix a point in the contract where stock can be taken of results obtained to date and decision made whether it is worth while to continue. Your comments are invited on such a scheme as that outlined above as well as on the matters of reducing the total of progress payments to 50 per cent of the Government obligations, reducing the number of payments so that no payment shall be less than $25,000, and making the basis of payments bear definite relation to progress on the hull proper.

Finally, it is considered the matter of guaranties should be more clearly outlined. Your letter omits mention of guaranties. You are correct in assuming that the primary purpose of placing a contract such as is proposed would be to demonstrate the feasibility of constructing and operating an airship with a metal envelope, rather than to demonstrate the operation of engines, controls, and details as such. At the same time, the failure of some detail, such as an airscoop, may cause the failure of the metal-clad construction, so that unless the airship unit as a whole functions satisfactorily, the result is not what is desired. Considering the various phases of the matter, the department feels justified in asking what definite guaranties you are willing to make as to initial performance, and as to reliability and durability. In regard to the latter, would you be willing to guarantee a specified degree of gas tightness after three months' service, and agree to replace any parts, except power-plant parts, which without misuse proved defective within three months after acceptance of the airship?

If your reply to this letter covers in definite form the points raised and is satisfactory the department is prepared to make request through proper channels that funds be appropriated to be used for negotiating a contract, provided, of course, satisfactory agreement can be reached on the details of such a contract. In this connection it is desired to point out to you that the department regards the metal-clad airship project as highly experimental and any funds for carrying through the project would be requested as in addition to funds requested for carrying on lighter-than-air development with more conventional types of airships.

Very respectfully,

CURTIS D. WILBUR.

AIRCRAFT DEVELOPMENT CORPORATION,
General Motors Building, Detroit, Mich.

Mr. FRENCH. Now may I proceed for a few moments more without interruption on what is proposed shall be done. I indicated the other day when debating this question that the proposed metal type of ship with a capacity of 200,000 cubic feet is to be built out of duralumin. Duralumin is an aluminum alloy; it has the strength of steel; it is one-third the weight of steel; and upon experiments that have been made

and tests it is believed by experts that a type of ship made of duralumin that would contain 1,600,000 cubic feet would have a greater lifting power than had the *Shenandoah*.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. FRENCH. I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

Mr. BLANTON. Reserving the right to object, I want to ask the gentleman a question. Does the gentleman think that this policy of our Government ought to be decided by the legislative committee presided over by the gentleman from Pennsylvania or by five men on the Appropriations Committee?

Mr. FRENCH. The gentleman means the question of experimentation?

Mr. BLANTON. The question raised by the distinguished gentleman from whose jurisdiction the question of policy has been taken by the subcommittee. The gentleman from Pennsylvania is only asking for his rights.

Mr. FRENCH. The ruling upon that question has been made by the Chair and sustained by the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. OLIVER of Alabama. The question of the gentleman from Texas is hardly in order, since the gentleman from Pennsylvania is willing that the words shall remain in.

Mr. BLANTON. That gives the legislative committee a chance to operate before July 1.

Mr. FRENCH. That is correct. Let me call attention to a few of the things brought forward in favor of the experiment. I was about to conclude by saying that it was brought forward that a ship of 1,600,000 cubic feet made of duralumin would be more powerful, would be swifter, would carry a heavier load than the *Shenandoah*, which had approximately 2,000,000 cubic feet capacity.

At this point I want to insert a general description of the proposed ship in the way of a table showing length, thickness of skin, gross lift, and such things as that, which I think the House ought to have before it:

General characteristics of proposed metal-clad airship

Gas capacity	cubic feet	200,000
Maximum ballonet capacity	do	55,000
Length of hull	feet	150
Maximum diameter of hull	do	53
Length of car	do	24
Width of car	do	8.5
Thickness of skin	inch	0.008
Lateral fin area	square feet	250
Total elevator area	do	180
Top and bottom fin area	do	340
Total rudder area	do	90
Total fin and control surface	do	860
Power at 1,700 revolutions per minute	horsepower	400

Predicted performance

		Helium, 62 pounds	Hydrogen, 68 pounds
Gross lift	pounds	12,600	13,800
Useful lift:			
Crew (4)	do	750	750
Passengers	do	(6) 1,100	[1] (8) 1,500
Fuel	do	1,500	2,000
Oil	do	200	250
Reserve	do	350	600
Weight, empty	do	8,700	8,700
Commercial range with crew and passengers or cargo	miles	720	[2] 1,200
Maximum range with crew only (at cruising speed)	do	1,200	[2] 2,200
Static ceiling	feet	8,000	10,000
Maximum speed (400 horsepower)	miles per hour	70±2	
Cruising speed (300 horsepower)	do	53	
Ascent or descent	feet per minute	1,200	

[1] 12 passengers (16 persons total) may be carried on short trips by reducing fuel load.
[2] Based on partial use of hydrogen fuel.

Again, it is urged that an airship made of duralumin will be practically immune from electric storms. It is represented to the committee that duralumin is of such durability that it will outlast many times the fabric of which such types as the *Los Angeles* and the *Shenandoah* were made. In other words, the life of the fabric itself of the *Shenandoah* or the *Los Angeles* is about eight or nine months of outside weather exposure, while the life of the metal type would be something like four or five years.

Gentlemen, another objection has been raised that we are here proposing a sort of 50–50 arrangement in experimentation with an outside concern. For my part I believe such an experiment as that is vastly to the interest of the Government to make, because we are interested, whether or not the experiment shall be successful, quite as much as can be a private individual.

We are at this time conducting a great deal of experimentation. There have been large sums carried for similar purposes in bills that have passed heretofore, and the department has been charged with the responsibility of expending the money in its own laboratories or factories or by making contracts with concerns with which it might seem to be more desirable to do cooperative work. Under the proposed plan the Government will advance possibly $300,000, and a less amount if the experiment shall result unfavorably before completion, with the understanding that the private concern will more than match the money put up by the Government.

But, gentlemen, granting that this is an experiment, experimentation along this line has the indorsement of men who are eminent in science and whose names are known to the world.

Prof. R. A. Milliken, of the California Institute of Technology, and who unquestionably is one of the world's leading physicists, believes that duralumin must play a large rôle in the solution of lighter-than-air problems. Here is a telegram that I have received quoting from Professor Milliken:

DETROIT, MICH., *January 10, 1926.*

Hon. BURTON L. FRENCH, M. C.,
House Appropriations Committee, Washington, D. C.:

Am pleased to submit following telegram received by Aircraft Development Corporation: "Am certain duralumin or other metallic alloys of similar property must play large rôle in solution of lighter-than-air problems, and am equally certain engineering research and experimental work in this direction is one of America's urgent needs at present. Signed, Prof. R. A. Milliken, California Institute of Technology." Professor Milliken is Nobel prize winner in scientific research and considered leading physicist in America.

AIRCRAFT DEVELOPMENT CORPORATION,
WILLIAM B. MAYO, *Vice President.*

I have here another telegram from Prof. Herbert C. Sadler, eminent naval architect and marine engineer:

DETROIT, MICH., *January 20, 1926.*

Hon. BURTON L. FRENCH, M. C.,
House Office Building, Washington, D. C.:

Through Mr. Upson, who is a member of our faculty, I have become much interested in his design of metal-clad airship, appropriation for which, I understand, is now before Congress. Undoubtedly it is criticized, as was the naval steamship by authorities wedded to other types of construction. But with materials now available there seems no sufficient reason for remaining dependent on dry goods as a major material for large airships. In my opinion, the suggested design is basically sound and carefully worked out by men at the top of their profession. At the worst, it seems well worth a trial before going further with huge airships of a type that has proved both costly and dangerous.

HERBERT C. SADLER,
Professor of Naval Architecture and Marine Engineering, Supervising Department of Aeronautics, University of Michigan.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. VINSON of Georgia. The gentleman is pointing out how it is for the interest of the Government. Let me read a reply to the question from his witness:

Mr. FRENCH. The proposed ship doubtless includes a great many features that may be covered by patents. What of the patents, and what of advantages either reserved by yourself or conceded to the Government, in the event of the type being approved?

Mr. FRITSCHE. We have felt that inasmuch as we are planning to build this ship and present it to the Government at a price less than half the cost, and therefore will have incurred all the engineering development expense ourselves, that we should retain proprietary rights in our design, so that the Government could not take our designs and invite competitors.

Is that for the interest of the Government?

Mr. FRENCH. That is exactly in line with other experimentation that has been going on touching airships and airplanes of all kinds. It may be that no more favorable proportion has been proposed here for the Government than exists or has existed touching other types of aircraft.

Mr. VINSON of Georgia. I am not going into a discussion of the merits or demerits of the fabric covering, but the gentleman is willing to have the amendment of the gentleman from Pennsylvania [Mr. BUTLER] prevail, but the $300,000 be not immediately available.

Mr. FRENCH. I am in accord with that, and let me conclude with this statement: If this experiment shall result successfully, it will mean, in my judgment, that we shall be near the end of making large appropriations for lighter-than-air

craft for the Navy Department, because commercial aviation itself will bring into being many ships of metal type that can be drawn upon by the Government in the event of a national crisis.

Mr. SOSNOWSKI. Mr. Chairman and gentlemen, in submitting my arguments in favor of a metal-clad airship I wish to submit the following reasons why Congress should appropriate the sum of $300,000 for the construction of this ship:

In the first place, I would like to invite your attention to the character of the individuals who comprise the directors of the Aircraft Development Corporation, which is expected to build the metal-clad airship for which this appropriation is desired:

Mr. Carl B. Fritsche, general manager, who is an outstanding executive and is well versed in the problems involved in lighter-than-air production.

Mr. Edsel B. Ford, president of the Ford Motor Co.

Mr. C. F. Kettering, president of the General Motors Research Corporation, often termed the Thomas A. Edison of the motor industry.

Mr. William B. Mayo, chief engineer of the Ford Motor Co.

Mr. Ralph H. Upson, formerly chief engineer of the Goodyear Tire & Rubber Co.

Mr. Harold H. Emmons, chief of Liberty motor production for both the Army and Navy during the World War.

Mr. Alex Dow, president of the Detroit Edison Co., considered one of the leading engineering executives in the United States.

Mr. Charles S. Mott, vice president of the General Motors Corporation.

Mr. Mason P. Rumney, vice president Detroit Steel Products Co.

Mr. William S. Stout, president of the Stout Metal Airplane Co., which was purchased by Henry Ford.

Mr. Charles A. Parcells, banker.

Mr. C. W. Harrah, real-estate operator.

Mr. Arthur H. Schwartz, merchant.

Mr. Edward A. Loveley, real-estate operator.

Mr. Eugene W. Lewis, president of the Industrial Bank.

It is recalled that the Navy's first successful airship, the *B–1*, a nonrigid, was built by Ralph Upson and flown by him for the first time on May 31, 1917, seven weeks after the declaration of war. This airship and subsequent ones of similar type were used for coast patrol and hunting submarines and convoying American troopships through the submarine zone during the war.

It is a matter of record that Mr. Upson trained the original airship pilots in the Navy, including the late Commanders Lansdowne and Maxfield, and Commanders Paunack, McCrary, and Weyerbacher.

Around Mr. Upson was assembled an expert engineering staff. Detroit automotive industries threw open the doors of their laboratories. Manufacturing enterprises elsewhere offered technical assistance. Thus assured of financial support and adequate laboratory and shop facilities, the engineering staff was given free rein to design an all-metal airship answering all of the requirements specified above.

This pioneering work, conceived by the same men who labored through the difficult early automobile days, has been progressing quietly in businesslike fashion for four years.

The technical problems involved in the construction of a metal-clad airship have been mastered to a certainty hitherto unapproached in any new design.

Full structural members of every part of the framework have been built and tested to destruction, revealing a minimum safety factor double that of the *Shenandoah*. The longitudinal strength of the metal hull will be more than four times greater than that of the *Shenandoah*.

The problem of making the metal hull gas tight has been solved with surprising efficiency, indicating an osmosis of only one-tenth that through gold-beaters' skin and only one-hundredth that through rubberized fabric.

Until Zeppelin began his work in 1898 airships were built out of balloon materials—fabric and cordage—and the early airplanes, from 1903 on, were built of kite materials—fabric and wood.

Zeppelin introduced into his airships a framework of aluminum and wire, so that the structural shape could be integrally maintained, as in the hull of a seagoing vessel. At the beginning of the war Zeppelin commenced the use of duralumin, the new strong aluminum tempered alloy. This metal was not used in airplane construction until toward the end of the war.

To-day, in all major countries—Germany, Italy, France, England, Japan, and the United States—the construction of all-metal duralumin airplanes is being actively prosecuted. Even the wings and fuselages are covered with metal instead of fabric. In at least two of the above countries very serious consideration is being given to the possibilities of applying all-metal construction to airships. The gains are several:

Strength.
Resistance to complete fracture.
Lightness.
Fireproof quality.
Durability, including long weathering.

As early as 1893 Schwartz tried to produce a metal-covered airship; Zeppelin also tried to use an aluminum foil cover in 1910; but until to-day the outside skin or hull cover of the rigid airship and its inclosed gas cells or containers are made of fabric, whose deterioration in service is admittedly rapid and whose replacement is costly.

To modernize the rigid airship, already a metal-framed structure since 1900, and make it all metal seems an obviously desirable step. Its realization is a problem in engineering and in production.

All-metal construction now makes possible at very moderate cost the production of a small ship, capable of being flown by a crew in useful service. Upon the experience gained from the performance of such a ship can be based the improved design and predicated cost of a similar but much larger airship, suitable for long-distance weight-carrying commercial or military service.

The corporation has enjoyed the cooperation of the engineering talent of the following laboratories and industrial enterprises. Thus it has had direct access to accumulated knowledge that is invaluable: University of Michigan, Massachusetts Institute of Technology, Thomas A. Edison Laboratories, General Electric Co., Aluminum Co. of America, Baush Machine Tool Co., Dow Chemical Co., Wright Aeronautical Co., Packard Motor Car Co.

ENGINEERING AND TECHNICAL ADVISORS

Various members of the advisory staff, whose names follow, have drawn on their fund of sane advice in the solution of those problems intimately connected with their own practical experience: Orville Wright; William B. Mayo, chairman, chief engineer Ford Motor Co.; Dr. E. Blough, Aluminum Co. of America; R. W. Daniels, Baush Machine Tool Co.; Alex Dow, president Detroit Edison Co.; Herbert H. Dow, president Dow Chemical Co.; W. L. Gilmore, chief engineer Curtis Aeroplane & Motor Co.; C. F. Kettering, president General Motors Research Corporation; Charles L. Lawrence, vice president Wright Aeronautical Corporation; Prof. R. A. Millikan, California Institute of Technology; Prof. Herbert C. Sadler, University of Michigan; William B. Stout, president Stout Metal Airplane Co.; C. W. Stone, General Electric Co.; L. M. Woolson, Packard Motor Car Co.

The engineering staff of the corporation consists of Ralph H. Upson, chief engineer, founder of airship construction in America, and recognized leading authority in his profession. He designed and constructed many airships used by American forces during the war and established first airship course in any university at University of Michigan, where he is a member of the faculty. In addition to Mr. Upson, there are 15 aeronautical and mechanical engineers of high standing, 9 of whom are practical fliers.

Not only has it been the practice of the Government in the past to extend legitimate encouragement, financially and otherwise, to advance new forms of transportation and communication, but it is the duty of the Government now to continue such a policy, particularly when this new method of transportation and communication is so inseparably bound up in the national defense.

The submarine had long been dreamed of. Holland, its original inventor, had struggled along for years; but it remained for the United States Government to come to his support in order to reduce it to usable practice.

The lowly submarine, originally discounted by experts, almost won the war. Can we say that this radically new but obvious arm could have been prevented from being the decisive factor in the war had it not been countered by a still newer and more striking weapon—aircraft?

Aircraft, with eyes to see down through the surface, with swiftness and vision to search vast areas and peer into remote coves, with "depth bombs" to destroy and terrify underwater crews into sneaking, hiding inaction, and loss of the will to go forth and do battle.

It is matter of official record that during the last year of the war small airships of a size and range comparable to the *MC–2* herein proposed, were flown a total length of time of 83,360 hours in the air and covered 2,500,000 miles while engaged in patrolling the submarine zone and convoying Ameri-

can troopships through that dangerous area. In spite of the fact that these ships were built of fabric and inflated with hydrogen, only one was lost through catching fire in the air, and the total number of fatalities to men in service was reported at 30. It is also reported that these small airships, through their ability to sight submarines at long distances, were able to direct the surface-going submarine chasers to the location of the enemy ships, resulting in their destruction before they could get within range of the troop transports.

The following additional references of Government aid to new inventions are of pertinent interest:

The early railroad subsidies and land grants made by the Government to the Union and Central Pacific, Northern Pacific, Texas & Pacific, and many others.

Morse's first telegraph line, Washington to Baltimore, $30,000, an annual salary to him, and operation of the line by the Government.

The first Atlantic cable: Navy ships made the soundings, a subsidy was given, and two modern naval vessels were assigned to the cable laying.

Contracts were given to private yards to permit them to establish and to build the new steel Navy in replacement of the old, wooden ships.

The experimental "ram" *Katahdin* was constructed and bought.

The so-called "dynamite gun" vessel *Vesuvius* was constructed, and it actually fired a few shots at Santiago.

The water-tube boiler received extensive installation on naval vessels, pointing the way and furnishing valuable experience for large merchant ships.

The Navy installed the steam turbine now used by all high-speed vessels.

The Navy installed the first electric drive, a very expensive but successful experiment.

The Navy provided a battleship and spent the money to place the elaborate Hammond radio control in the *Iowa*.

The amounts spent in construction and testing of the Gathman gun should not be overlooked, nor the congressional appropriation for trying out the mysterious "Garabed" force.

Langley was given an appropriation of $50,000 to produce an airplane. Probably the short-sighted failure to grant an additional appropriation prevented this independent realization of man flight.

The Wrights, after unpardonable delay, got $40,000 for their first delivered machine—little in proportion to what they had had to do.

Large sums were spent in building the four Navy NC boats for the first trans-Atlantic flight. Only one got all the way across, and others were built, although these boats were not considered suitable for fleet work.

Large sums were also expended on the designed giant boat for the proposed trans-Pacific flight. This boat was not completed.

The Navy Curtiss racers, which established new speed records, are very expensive machines.

The Barling bomber had a huge first cost, not to speak of upkeep.

The small 20,000 cubic foot Baldwin-Curtiss Army airship was contracted for in 1907.

In 1916 the Navy's first airship, *DN–1*, was commissioned, an experimental floating hangar was specially built for this airship. None of these ventures succeeded.

The *Shenandoah* (*ZR–1*) was built chiefly to establish in this country the ability, organization, and materials to design, construct, and operate Zeppelin-type airships, then considered the most advanced type.

At the same time over $1,000,000 was turned over to the British to build an entirely experimental ship of their own design. If the ill fated *R–38* had not broken up in mid-air, we would have had as much again to pay for a foreign product, fabric covered.

Approximately $200,000 was paid for the Italian *Roma*, a fabric ship of untried experimental design, which also failed in flight.

The cash expenditures for spares, for training, for personnel and their expenses, already made for the *ZR–3* (*Los Angeles*), so-called reparations ship, are very substantial.

Is it not true that by insisting upon the building of the *ZR–3* a certain foreign institution has received tremendous encouragement and has thus been able to provide the means for the employment of its technical and production staff? In the advancement of the art of rigid airships is it not wise that Government support should be extended to American genius as well?

Purely emergency expenditures in time of war have not been included. Many of these appropriations have gone to foreigners for foreign inventions.

Many other instances could be cited; these, in almost all cases, ranging from the hundreds of thousands to millions of dollars, suffice for illustration.

The conclusion is that there is ample precedent for governmental contracts for a useful construction representing an advance in the art of aircraft development.

Can it be successfully maintained that the metal-clad airship is of less importance than any of the foregoing inventions previously described, all of which received substantial encouragement, financial and otherwise, from the Government in the early stages of development?

The metal-clad airship is the last step in the development of rigid airships and most certainly must come about if such a means of transportation is to be made available both for the arms of national defense and for commercial purposes. The United States now has the opportunity to take the lead in lighter-than-air craft. But the experts in other countries, as well as in our own, know the difficulty, uncertainty, and expense involved in operating fabric-covered ships. Through sources of intelligence available to us we are advised that two other nations are giving serious attention at this moment to metal-clad structure in place of fabric and tissue. If our Government sees fit to extend financial aid sufficient to build the first demonstration ship of this advanced type it can not in truth be charged with abandoning a present program, but rather will receive acclaim and the commendation of popular support for making this distinct advance in the art, achieved by American inventive genius.

The amount of money required in this instance certainly is not as great as the amount of money involved in buying spare parts abroad for the *Los Angeles*, the cost of maintaining an American technical staff abroad for two years, and the cost of preparation on this side of the Atlantic for the accommodation of the ship.

If millions were involved it could be readily understood that hesitancy might prevail in the minds of those charged with the responsibility of husbanding the funds available for aircraft construction. But the cost involved is such a small sum compared to the amount spent on heavier-than-air craft and for other purposes that no criticism from a financial standpoint could be successfully maintained.

It is proper to call attention to the fact that approximately for every dollar spent in this country for lighter-than-air craft $100 have been spent on heavier-than-air craft. Are not rigid airships to have a square deal?

If there is no better vision of the future than continual repetition of the building of fabric-covered airships which are vulnerable to the elements, if the *Shenandoah* disaster does not serve as a warning, then progress has ceased and genius is dead in America.

But this is unthinkable.

American genius will prevail.

The reason why skyscrapers were not built earlier than they were was not because men did not know how to pile one stone upon another to an indeterminate height, but because a satisfactory fireproof, storm-proof construction had not been developed. American inventive talent finally accomplished this.

This same principle applies to airships. The Detroit group of civilian engineers in the Aircraft Development Corporation, after the expenditure of time and money exceeding $300,000, believe they have conquered the engineering problems involved in this epoch-making advance. The business men who are behind this enterprise are convinced not only that fireproof, storm-proof, metal-clad airships can be built, but that they must be built. They also know that in times of emergency the Federal Government can not build aircraft in Washington, where there are no shop facilities and no skilled workmen. In Washington it is realized that aircraft-engineering ventures, such as the Aircraft Development Corporation, located in industrial centers like Detroit, where the manufacturing facilities for quantity production are available collectively, are just as essential for preparedness as are the activities of the War College itself. In times of emergency the latter is helpless without the former.

Without a program of ample provision for the encouragement of sound engineering endeavor in industrial centers, it is almost inevitable that, should another national emergency arise, the same waste that prevailed during the World War will follow.

Not only the Congress itself should, but the country at large would, applaud and support such a sound program of cooperation.

This is the way progress is made in sensible fashion and without confusion.

Only by this method can national security be guaranteed. [Applause.]

Let me say to you, Mr. Chairman, that there are many projects that have been turned down by the Army and the Navy and lost, and that many of our inventions have gone abroad where they could not get support in this country. It is high time that Congress took note of the great brains in the country for the best interests of the country, and in this case they have given money, time, and brains and everything that goes into the construction of the best metal airship ever built, and they are doing this only as an experiment, and Congress reserves the right to say whether or not they shall continue building other airships.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. SOSNOWSKI. Yes.

Mr. WAINWRIGHT. If this experiment is successful is not the prize at stake in the matter, namely, a monopoly in this type of airship, sufficient to justify this private concern in spending all of their own money and none of the Government's money in making the experiment?

Mr. SOSNOWSKI. Oh, that is just an excuse.

Mr. WAINWRIGHT. Oh, that is a fair question, and should call for a real answer.

Mr. SOSNOWSKI. That is just an excuse to those who oppose this.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. UPDIKE. Mr. Chairman and gentlemen of the House, I think the Members of this House are interested in getting both sides of this question, and I am going to present to you some of the facts that were disclosed before the Committee on Naval Affairs with reference to this metal-clad airship. We had many experts who testified before our committee, from the Naval Department, and if we take their recommendations in time of war, why should we not take them in time of peace? These witnesses came before the committee and testified that there had been a ship built in 1893 by the Germans of aluminum. This same ship was destroyed while it was being inflated. In 1897 they built another ship which broke in two 30 minutes after it was in the air. These gentlemen testified that this new material which they propose to use on this new ship is as thin as this cardboard which I hold in my hand. And some of the experts in the Navy Department testify that a bird weighing 15 pounds flying 60 miles an hour through the air would penetrate this material if it struck it, and that in order to repair it it would be necessary to have three or four men with gas masks who would have to go inside, which would be almost impossible. They testified that a ship covered with the material that the *Shenandoah* was covered with would withstand 250 machine-gun bullet holes through it, and further that they could still repair it in the air, because they could make the repairs on the outside, and the machine would still stay in the air. I think it is only fair that the Members of the House should have both sides of this question before them. It is not the question of spending $300,000 here for experimental purposes, but I think we ought to look into the thing before we make any expenditure for that purpose at all.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. UPDIKE. Yes.

Mr. MOORE of Virginia. The gentleman has noticed that the report of the subcommittee throws great doubt upon the expediency of doing what is proposed. Permit me to read a sentence or two from that report:

> We were also told that the characteristics of such a ship would not be materially different from ships that would be used by the military services and that in time of war it would be merely a matter of outfitting the civilian complements with service uniforms. That is a rather optimistic outlook, but an examination of the hearings will disclose that it has some basis.

And that is the ground on which we are to expend several hundred thousand dollars.

Mr. UPDIKE. Of course. Every naval expert, every naval construction man that we had before the Committee on Naval Affairs testified that it would be impracticable.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. UPDIKE. Yes.

Mr. BLANTON. We have legislative committees to fix the policy of the Government, and we have an Appropriations Committee to appropriate the money after the policy has been fixed. Which does the gentleman think more qualified to agree upon a policy, the committee of our friend the gentleman from Pennsylvania [Mr. BUTLER], which is a legislative committee, or a subcommittee of the money committee?

Mr. UPDIKE. I think the Members of this House should be very careful before entering into a contract with any commercial concern involving the expenditure of $300,000 until we have investigated the real and the true facts.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. REID of Illinois. Mr. Chairman, I did not intend to say anything, but if I do not speak now I will have to forever hold my peace. [Laughter and applause.] On Friday I came rushing over here and supported with great satisfaction the motion of the gentleman from Pennsylvania, and I was for him fully until I heard him talk this morning. We are going to tell the truth here this morning. The Navy Department is against this particular thing for this reason: They do not want any advice from anybody anywhere as to how to develop lighter-than-air construction. Consequently, they do not want the brains of the country to develop anything. That is the proposition we are up against here. As to the question of jurisdiction, I am with the gentleman from Pennsylvania. On the question of the propriety of the $300,000 I am with the committee. Now, the reason that changed my mind this morning was this—a very little thing, but it shows a trend of mind of the committee that is to determine the policy: The Navy told the chairman of the committee that they did not want a one-valve ship. Can you beat that? We had a safe ship, known as the *Shenandoah*, with 18 valves in it, but the Navy Department in their wisdom reduced them to 8. They took away every factor of safety, and as the greatest lighter-than-air man in the world said, reduced it down to zero. That is the reason I think in this case the subcommittee is wiser than the Committee on Naval Affairs in this particular instance. Gentlemen, it is going to take all the brains in the world to try to solve this question. The Navy can not do it alone——

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. REID of Illinois. In a moment. If you will pardon me for saying so, the Navy do not want to work with anybody and consequently would like to have this House force the Navy so they can say afterwards that "Congress forced this on us; it was a mandate." The gentleman from Pennsylvania said, "If you pass this it will be a mandate on the Navy."

That shows the gentleman does not know just what is going on in the Navy. This Congress passed a law two years ago that the Navy should turn over some obsolete ships to the Army on which the Army Air Service could practice bombing. It has not done that, and it will not unless you bomb the Navy to make them give the ships for bombing. I think on this particular question the subcommittee is right, and we should go on record and tell the Navy we want to help to solve the lighter-than-air question. Mr. FRENCH told us of duralumin——

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. REID of Illinois. I will.

Mr. OLIVER of Alabama. So that there be no misunderstanding I think the chairman [Mr. BUTLER] is not in favor of the appropriation being carried, but simply wanted the words "immediately available" stricken out.

Mr. REID of Illinois. But it is my duty to call the attention of the committee to the statement that the Navy is against this contract, because they only wanted a one-valve ship. They refused to take the advice of the greatest experts on lighter-than-air craft, those of Germany; though we spent $100,000 to bring them over here, the Navy would not pay any attention to the advice given by these experts.

The Navy has bucked the Committee on Naval Affairs about this contract, and it has many times fooled the Subcommittee on Appropriations in regard to aviation matters.

The Navy has failed in its trust to carry out intelligently the development of lighter-than-air ships. The Congress must instruct it to accept outside aid or we will never get anywhere in this important development of national defense.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last two words.

Cries of "Vote!"

Mr. LAGUARDIA. Just a moment. Gentlemen, I will not take all of the five minutes, I believe, but you have a living example to-day by this amendment of the confused condition of aviation in this country. Every time we have an appropriation before this House providing for the construction or maintenance of airplanes or lighter-than-air ships, you have the same state or confusion. Here you have one set of naval officers appearing before one committee of Congress and advocating a certain type of ship, and another set of naval officers before another committee objecting to that very type—two separate view-

points in the Navy. You have the Army taking issue with the Navy. Then we have the Navy taking issue with the Army, and the Army differing from everybody else. Now we see on the floor of the House conflicts between the Committees on Appropriations and Naval Affairs, not mentioning at this time the conflict between the Military Affairs and the Naval Affairs Committees; not only the Army and Navy fighting each other on aviation, but they have us fighting among ourselves. We keep on appropriating money. I have been trying to point out for the last eight years the necessity of coordination of all our air activities. I say there is only one thing to do, and I would like to get the attention of the chairman in charge of this bill, and that is we ought to stop appropriating money for aviation for 24 months, until the Army and Navy can get together and realize that they have to work for the best interest of the country and not for the selfish interests of the individual departments. [Applause.] Until they do so, stop appropriating money. It seems now that is absolutely necessary to starve both the Army and Navy aviation until they come to their senses.

Mr. UPSHAW. Will the gentleman yield?

Mr. LAGUARDIA. I will.

Mr. UPSHAW. Does not the gentleman think a happy solution will be to have a separate air bureau?

Mr. LAGUARDIA. I think that is the only solution, and I have been preaching that for eight years. I say to you gentlemen, let us stop wasting money, let us stop this confusion, let us stop duplication, and to do that let us stop appropriating money. If we stop appropriating money for aviation, you will soon see the Army and Navy agreeing and coming to us with a definite aviation policy.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. VINSON of Georgia. The gentleman says we should stop spending money. Does he have reference to experimental work?

Mr. LAGUARDIA. We should stop until the Navy knows what they want.

Mr. VINSON of Georgia. Are you in accord with the distinguished chairman of the Committee on Appropriations [Mr. MADDEN], for whose ability we all have the highest regard, when he criticized the expenditure of $19,000,000 that has been made for the Army and Navy for experimental work, and wound up with these words, "I fear this so-called research work has been mostly wasted." Is that the reason you oppose further expenditure?

Mr. LAGUARDIA. No. The gentleman knows why I am opposed to it." I am opposed to it because of the confused condition of aviation in this country.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield further?

Mr. LAGUARDIA. I yield the floor.

Mr. APPLEBY. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from New Jersey moves to strike out the last two words.

Mr. APPLEBY. Mr. Chairman, I would like to take this opportunity to call the attention of the membership of the House to the hearings going on before the Committee on Naval Affairs. I have failed to see any member of the Subcommittee on Appropriations at those hearings. If they had been there this morning, they would have heard the Assistant Secretary of the Navy state that he did not want to have Lakehurst closed down and that kind of work stopped.

So there are several factors involved in this discussion. The Committee on Naval Affairs has before it the bill of the chairman; and if that bill passes Congress—and I hope it will—we will construct a greater ship than the *Shenandoah*. With that bill pending before the Committee on Naval Affairs, why should the Committee on Appropriations cut down the expenditure so that you could not keep Lakehurst open?

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania [Mr. BUTLER] to the amendment offered by the gentleman from Idaho [Mr. FRENCH].

Mr. HILL of Maryland. Mr. Chairman, may we have the amendment reported again?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER to the amendment offered by Mr. FRENCH: Strike out of the French amendment the words "of which $300,000 shall be immediately available."

Mr. FRENCH. Several Members have asked if this is in a form that is acceptable to the committee. I will say that it is.

The CHAIRMAN. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MARINE CORPS

PAY, MARINE CORPS

Pay of officers, active list: For pay and allowances prescribed by law for all officers on the active list—pay and allowances, $3,507,912; subsistence allowance, $487,056; rental allowance, $634,046; in all, $4,629,014.

Mr. HILL of Maryland. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Maryland moves to strike out the last word.

Mr. HILL of Maryland. I do so in order to ask a question in reference to the matter of civilian instructors at the Naval Academy. As I understand it, that matter has all been satisfactorily straightened out, and the question has not been raised at all this year. Last year the chairman of the committee was much interested in that matter, and so was I.

Mr. FRENCH. Yes. I understand there is no occasion for any dissatisfaction at the present time.

Mr. HILL of Maryland. I understand that the situation with respect to civilian instructors at the Naval Academy has been satisfactorily worked out?

Mr. FRENCH. Entirely so, as I understand.

Mr. HILL of Maryland. Mr. Chairman, I withdraw the pro forma amendment.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

For pay and allowances of the Marine Corps Reserve (a) excluding transferred and assigned men, $80,000; (b) transferred men, $185,480; (c) assigned men, $40,000; in all, $305,480.

Mr. UPDIKE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. UPDIKE: Amend page 47, line 8, by striking out the figures "$40,000" and inserting the figures "$65,000" in lieu thereof.

Mr. UPDIKE. Mr. Chairman and gentlemen of the committee, this amendment which I have offered would increase the appropriation for the Marine Corps Reserve to the original recommendation of the Budget Committee in the sum of $65,000. By the act of February 28, 1925, effective July 1, 1925, the Marine Corps Reserve was reorganized; the provision of this act granted a class of reserves designated assigned men. This class of the reserve organization of the Marine Corps has been entitled class 3, which I will hereafter refer to with reference to this reserve. Members of this class are authorized to obligate themselves to serve four years in the Fleet Marine Corps Reserve upon termination of their enlistment in the regular Marine Corps. Congress provided that these men will receive during this period $25 per annum as pay. No man is eligible to serve in class 3 for a longer period than four years; therefore Congress has provided a limit on the number of men that can be assigned to this class. It is estimated that during the fiscal year ending June 30, 1926, 4,612 enlisted men of the Marine Corps will be discharged through expiration of enlistment. Of this number it is estimated that 1,384 will reenlist. The remainder, amounting to 3,228, is the number eligible to serve in class 3. Of this latter number it is estimated that 1,924 will so obligate themselves. In this connection it now appears appropriate to state that up to the time of the committee hearing no questions were raised as to the size of class 3, so that the Marine Corps now has on its roll 1,600 men who have been assigned to this class. The committee's appropriation for the fiscal year 1927 provided $40,000 for pay for class 3. This amount is only sufficient to pay 1,600 men, and right here I would like to call the committee's attention to the fact that if this action is translated into law it means that we must suspend further assignments to class 3 for the balance of the fiscal year and through the whole of the next fiscal year. The estimate submitted by the department and recommended by the Budget was for pay for 2,600 men in this class for the year of

1927. The total recommendations amounted to $65,000 for the year of 1927. It is estimated that there will be discharged from the Marine Corps by reason of expiration of enlistment 2,212 men. Of this number it is estimated that 862 men will reenlist. Six hundred of the last number will obligate themselves to serve in class 3. On these figures were based the estimates for funds to pay 2,600 men for the fiscal year ending June 30, 1927. The Marine Corps must be prepared to move with the fleet promptly. To advance best the forces which moves with the fleet should not await the delays incident to a selective service scheme, but must have its men ready for instant service. To provide such a force it is essential to have men in reserve assigned to their respective organizations and ready to report in time of war or national emergency without the delay incident to voluntary recruiting and the selective scheme.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. UPDIKE. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman asks unanimous consent to proceed for an additional five minutes. Is there objection?

There was no objection.

Mr. UPDIKE. No better men in the world can be provided than marines who obligate themselves to serve in class 3. They have proven their value at Belleau Woods. They have served honorably in the Regular Marine Corps for four years. They are qualified riflemen. They are machine-gun experts. They are first-class signalmen. They served aboard ship on landing work. They are mobile.

They have voluntarily obligated themselves to render prompt service, such as will be required in case of emergency to move with the fleet. My theory of this is that in case of war or national emergency that we will have available for instant call a force of trained men at a cost of only $25 per year per man. It is my understanding, and I believe that it was brought out in the hearing, the total annual expense for training, pay, clothes, and rations for one marine is $1,000; over the enlistment of four years would be $4,000. It will render this man in reserve four years longer, while he is still a trained man, at a cost at the rate of $25 per year per man, or $100 over a four-year enlistment. This is an insurance to the Government, and an economical one. I am just as much against the building up of a big reserve as any man in this House, but I do believe that it is not unreasonable to ask for an appropriation sufficient to carry 1,400 additional reserves in the Marine Corps. I believe that during the World War I was sufficiently close to the situation to see and experience the necessity of having trained men at the front in the time of war. The United States expeditionary forces as a whole were the best-trained fighting forces in the world. However, when we were forced to make replacements in platoons, on account of the casualties we suffered at the hands of the Germans, we were forced to use replacement men. I have personal knowledge that some of these men were not trained and some of them had only been in the service of their country three and four weeks. It is absurd to maintain that this class of men could put forth the best efforts of efficiency in defense of our Government, and I believe I will go so far as to say that their experience resulted in a handicap which was not fair to the men themselves or the Government which they served. It takes a lot of training to put men in physical condition so that they are hardened to the rough life which must be experienced in time of war in the front-line trenches. This, gentlemen of the House, is the kind of a situation that I am trying to avoid by offering this amendment. I do not believe that there is a man in the House who would want a brother or son or any of his relations to go into actual warfare without the necessary preliminary training. I, therefore, hope, in justice to the Marine Corps and in justice to the Government, that the Members of this House can see fit to increase this amount sufficient so as to protect us with an adequate reserve. [Applause.]

Mr. FRENCH. Mr. Chairman, I desire recognition for the purpose of asking a question or so of the gentleman who has just spoken to the House. The gentleman, as I understand it, is more interested in building up the number of assigned men available for the reserve than other groups provided for in the bill?

Mr. UPDIKE. That is right.

Mr. FRENCH. What would the gentleman think of the proposition of building up the assigned force at the expense, say, of the other groups to the extent the gentleman has recommended?

Mr. UPDIKE. I would be agreeable to that. I would have a sufficient reserve at a cost of $25 a year for a period of four years.

Mr. BUTLER. Would the gentleman consent to reduce the number of men in the permanent service?

Mr. UPDIKE. Oh, no.

Mr. FRENCH. What I meant was: Could we not arrange to transfer the money for the Reserve Corps from other parts, so as to increase the amount available for assigned men to the extent of $25,000, making a total of $65,000 for that purpose?

Mr. UPDIKE. That would be perfectly agreeable.

Mr. FRENCH. Then, Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from Indiana [Mr. UPDIKE.]

The CHAIRMAN. The gentleman from Idaho offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FRENCH: Page 47, line 6, strike out "$80,000" and insert "$55,000." In line 8, same page, strike out "$40,000" and insert "$65,000."

The CHAIRMAN. The question is on agreeing to the amendment offered by way of substitute by the gentleman from Idaho.

The substitute was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Indiana as amended by the substitute offered by the gentleman from Idaho.

The amendment, as amended by the substitute, was agreed to.

The Clerk read as follows:

ALTERATIONS TO NAVAL VESSELS

Major alterations, naval vessels: Toward the installation of additional protection against submarine attack, the installation of antiair-attack deck protection, and the conversion to oil burning of the United States ships *New York, Utah, Texas, Florida, Arkansas,* and *Wyoming,* and for the purchase, manufacture, and installation of new fire-control systems for the *New York* and *Texas,* all as authorized by the act entitled "An act to authorize alterations to certain naval vessels and to provide for the construction of additional vessels," approved December 18, 1924, $7,500,000, to be available until expended.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the subcommittee whether any part of this $7,500,000 is to be spent in raising the range of our guns on ships?

Mr. FRENCH. Not at all.

Mr. BLANTON. That old proposition of the Navy, which sought to interfere with our four-power pact, then, is not embraced in this item?

Mr. FRENCH. No. I will say to the gentleman that the purposes for which this money will be expended and may be expended are the authorized alterations approved by this Congress in the act of December 18, 1924.

Mr. BLANTON. And there will be no attempt by the Navy to go into that other matter again?

Mr. FRENCH. Oh, no. Of course, I understood the gentleman to mean under this bill and that, so far as I know, is true.

Mr. BLANTON. I meant under this bill and under this particular appropriation of $7,500,000.

Mr. FRENCH. That is correct.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

The Clerk read as follows:

INCREASE OF THE NAVY

Construction and machinery: On account of hulls and outfits of vessels and machinery of vessels heretofore authorized, $20,450,000, to which shall be added the unexpended balances remaining on June 30, 1926, under allotments of appropriations heretofore made on account of "Increase of the Navy," for such purposes, and, in addition, the Secretary of the Treasury is authorized and directed to make transfers during the fiscal year 1927 from the naval supply account fund to this appropriation of sums aggregating $5,000,000, and the total sum hereby made available shall remain available until expended: *Provided,* That the Secretary of the Navy shall have prepared plans and estimates of cost of the remaining three fleet submarines heretofore authorized but not appropriated for, each to have the highest practicable speed and greatest desirable radius of action, such plans and estimates to be in readiness for submission to Congress on the first day of the next regular session, and the appropriations herein made on account of "Increase of the Navy" shall be available, in the discretion of the Secretary of the Navy, for the employment of such additional draftsmen and other technical employees as may be required for the preparation of such plans and estimates, in addition to the regular forces of the bureaus concerned elsewhere provided for in this act.

Mr. BLACK of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 51, line 19, after the word "authorized," strike out the figures "$20,450,000" and insert the figures "$19,250,000." On page 52, line 2, after the word "expended," insert the following language: "*Provided*, That the six of the eight scout cruisers, authorized by the act approved December 18, 1924, and not now in course of construction, shall not be constructed nor contracts let for the construction thereof until Congress has hereafter specifically authorized that it shall be done."

Mr. CHINDBLOM. Mr. Chairman, I reserve a point of order against the amendment as being legislation.

Mr. BLACK of Texas. If the gentleman is going to make a point of order, we might as well argue it now.

Mr. CHINDBLOM. It is a change in the program of construction, of course.

Mr. BLACK of Texas. Yes; but I think it is in order under the Holman rule. If the gentleman wishes to make a point of order, he can submit it to the Chair now, as there is no need of arguing the amendment until the point of order has been passed upon.

The CHAIRMAN. Does the gentleman from Illinois make a point of order against the amendment?

Mr. CHINDBLOM. Yes.

The CHAIRMAN. Does the gentleman care to be heard on the point of order? It occurs to the Chair that the point of order is well taken.

Mr. BLACK of Texas. Will the gentleman from Illinois state what his point of order is?

Mr. CHINDBLOM. That it changes existing law.

Mr. BLACK of Texas. Mr. Chairman, it is admitted, of course, that the act of December 18, 1924, provides for the construction of eight battle cruisers, and that two of them are already in course of construction. This amendment seeks to suspend the construction of the remaining six or the letting of contracts for the remaining six.

Under a decision by Chairman Saunders—whom we all remember as a distinguished parliamentarian—which is reported under paragraph 961, on page 509, of the House Manual, I think this amendment is in order. He rendered a decision there which, I think, covers this particular case. That was a case where the amendment sought to reduce the number of Cavalry regiments in the United States Army from 15 to 10. A point of order was made that it changed existing law; that existing law provided for 15 Cavalry regiments, and that, therefore, an amendment was not in order that would reduce the number to 10. The Chairman, in delivering a rather exhaustive opinion on that amendment, said this:

The precedents say in this connection that the amendment, being in itself a complete piece of legislation, must operate ex proprio vigore to effect a reduction of expenditures. The reduction must appear as a necessary result; that is, it must be apparent to the Chair that the amendment will operate of its own force to effect a reduction. But it is not necessary for this conclusion of reduction to be established with the rigor and severity of mathematical demonstration. It is enough if the amendment, in the opinion of the Chair, will fairly operate by its own force to retrench expenditures in one of the three ways indicated.

Then he goes on and discusses the matter at considerable length. It certainly is apparent that if six of these battle cruisers are not constructed until Congress shall hereafter specifically otherwise authorize the expenditures of the Government will be reduced, and that would be true until Congress might in the future make an authorization. I submit that in accordance with the Holman rule the amendment is in order.

The CHAIRMAN. Does the gentleman from Illinois desire to discuss the point of order?

Mr. CHINDBLOM. I will say to the Chair that the first part of the amendment, of course, reduces the amount of the appropriation in this bill by $1,200,000, but that has no necessary relation to the proviso. The proviso itself does not create the reduction in the appropriation nor does it create a limitation directly upon this appropriation. It simply changes a law which has already been passed by the Congress for the construction of a certain number of cruisers. I think it is clearly not an amendment coming within the exceptions of the Holman rule.

The CHAIRMAN. The Chair is ready to rule.

This amendment is offered as an entirety, and consequently if any part of it is subject to a point of order the entire amendment is subject to the point of order.

Of course, the reduction in appropriation from $20,450,000 to $19,250,000, standing alone, is not subject to a point of order; but the following legislation is incorporated in the amendment:

Provided, That the six of the eight scout cruisers authorized by the act approved December 18, 1924, and not now in course of construction, shall not be constructed nor contracts let for the construction thereof until Congress has hereafter specifically authorized that it shall be done.

Now, legislation is not in order on an appropriation bill unless it comes within the provisions of what is known as the Holman rule. The section of the Holman rule which might be deemed applicable to this particular amendment reads as follows:

Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States—

That is not the case here—

by the reduction of the compensation of any person paid out of the Treasury of the United States, or by the reduction of amounts of money covered by the bill.

The proviso does not provide for a reduction of any specific amount carried in the bill; but further than that, it does not necessarily provide for retrenchment in expenditures by obviating the expenditure for six scout cruisers. On the face of the proposition, which is legislation, it does not prohibit or obviate the construction of the cruisers but simply postpones the construction of the cruisers, and therefore does not necessarily and unavoidably involve a retrenchment. Consequently, it does not come within the Holman rule and is not in order.

Mr. BLACK of Texas. Mr. Chairman, I submit another amendment.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 51, line 19: After the word "authorized," strike out the figures "$20,450,000" and insert the figures "$19,250,000."

Mr. BLACK of Texas. Mr. Chairman, the act of December 18, 1924, authorized the alteration of six of the battleships of the fleet, to wit, the *New York*, *Texas*, *Florida*, *Utah*, *Arkansas*, and *Wyoming*. These alterations had in view the conversion of the ships from coal burners to oil burners, providing more nearly adequate submarine protection and more nearly adequate antiaircraft protection. An appropriation is carried in this bill to carry on this work. I do not oppose it.

Section 2 of that same act provided for the construction of 8 additional battle cruisers and 6 river gunboats. Two of those battle cruisers are now under construction and all 6 of the river gunboats are under construction; but 6 of the 8 battle cruisers are not under construction and this bill provides an appropriation of $1,200,000 to start the construction of 3 of the remaining battle cruisers. On that point the report of the committee says:

In addition to carrying forward work on vessels now under way, the Budget proposes and the committee is recommending an appropriation of $1,200,000 for commencing three more of the eight light cruisers authorized in the act approved December 18, 1924. The total unit cost of these vessels is $16,750,000.

The amendment I have offered would not affect the program of construction now under way. It only seeks to prevent the starting of new construction.

We all recall that only a few days ago, by a vote of 360 to 1, the House authorized the President of the United States to send delegates to a preliminary limitation of armament conference to be held at Geneva, Switzerland. Some gentlemen may point to section 4 of the act of December 18, 1924, which authorizes the President in his discretion to suspend this program of construction during the holding of a limitation of armament conference, and may ask, "Are you not willing to trust the President in a matter of this kind?" To that question I would say, "No; I am not willing to trust the President or anyone else to discharge my own responsibility"; and this question is a responsibility of a Member of this House which he can not and which he should not delegate to anyone else.

We have had enough scrapping of vessels already at the expense of the taxpayers of the United States. Wooden ships that cost this Government enormous sums of money to construct during the war were sold, if I recollect it correctly, at $200,000, and then scrapped. I was in Seattle last fall and in a part of the harbor there is a whole fleet of wooden ships constructed during the war that appear to be entirely worthless and will have to be scrapped or sunk.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK of Texas. We are all familiar with the fact that at the conclusion of the Limitation of Armament Conference in 1922, some of the finest battleships ever built in the United States, which were nearing completion, were scrapped at a cost of millions of dollars.

Mr. KVALE. Will the gentleman yield?

Mr. BLACK of Texas. I yield.

Mr. KVALE. Does not the gentleman think that if some one had offered an amendment here to curtail those expenditures, it would have been ruled out on a point of order?

Mr. BLACK of Texas. Perhaps it might have been, but, Mr. Chairman, the scrapping of vessels which I have just now mentioned is water that has already run over the wheel. The point I now make is, if we are to anticipate the work of this Limitation of Armament Conference and if we are to prevent the scrapping of other expensive naval vessels at a cost of millions of dollars, now is the time for the Congress of the United States to act.

I do not know how much support an amendment of this kind will receive; I am only concerned in doing my duty as a Member of Congress. I sincerely hope my amendment will be adopted.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. FRENCH. Mr. Chairman, I think just a word ought to be said in addition to what I said in general debate. The item to which the gentleman's amendment has reference is in the construction program authorized by Congress one year ago. The amendment proposes to take from the bill $1,200,000 that would be available for beginning the building of three cruisers provided for in that program. The members of the committee accepted the estimate that came to us from the Bureau of the Budget, and we are not providing for three additional cruisers that have been authorized. As we provide for three, it is our hope, as it is the hope of Members of Congress, that another limitation conference will be attained that will bring about results that will make it unnecessary to build all the cruisers now authorized. In part, and possibly to the extent of the entire eight, the building of the cruisers is replacement work—certainly to the extent we have gone in this item.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. FRENCH. Certainly.

Mr. BLACK of Texas. It is a fact that we appropriated $1,200,000, and while that is all that will be spent contracts will be entered into which will obligate us for the payment of approximately $17,000,000.

Mr. FRENCH. Oh, contracts might be made.

Mr. BLACK of Texas. They will be made.

Mr. FRENCH. Not necessarily.

Mr. BLACK of Texas. If bids are received within that limit they will, and that is the purpose of the $1,200,000.

Mr. FRENCH. The money we provide will be available until expended. These ships may be built in navy yards, and it is fair to assume that the administration on account of the many acts that have been performed by the administration, can be trusted in handling a program such as this, and especially when the administration is so vitally interested in bringing about a conference for the further elimination of the burdens of war.

Mr. SPEAKS. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. SPEAKS. Will the efficiency of the Navy or national defense be impaired if we adopt the amendment of the gentleman from Texas?

Mr. FRENCH. It will mean the postponement of additional cruiser building for another year.

Mr. SPEAKS. I ask to what extent it will impair the efficiency of the Navy if we postpone it for one, two, or three years?

Mr. FRENCH. There are two points that enter into the consideration. As I said a moment ago, these ships are largely replacement ships for those that before many years must be taken from the service. Another point of view can not be overlooked. From the standpoint of economy in construction, from the standpoint of taxation itself for the support of the Naval Establishment, we should have a fairly even load of expenditure from year to year so that we will not have a hump at any one time. A program that means heavy construction one year and little construction the next is expensive to the Government and demoralizing to labor and a grave cause for international misunderstandings as well.

Mr. SPEAKS. Let me ask the gentleman, in the aggregate are we increasing or decreasing the expenditure this year over that of last year for naval purposes? Are we appropriating more money this year for naval purposes than we did last year?

Mr. FRENCH. The appropriations are almost the same.

Mr. SPEAKS. That does not answer my question.

Mr. FRENCH. Does the gentleman mean for building purposes?

Mr. SPEAKS. I mean for all naval purposes.

Mr. FRENCH. The appropriations are almost the same, although, as I have explained, we have included authorizations of contracts in the matter of development at Pearl Harbor, and certain airplanes in addition to those for which direct appropriations have been made.

Mr. SPEAKS. "Almost" may mean more and it may mean less; which is it? I mean the aggregate sum appropriated for naval purposes. I want to vote for decreasing such appropriations rather than for increasing them.

Mr. FRENCH. The sum appropriated, carried in the law for the current year, is $302,862,378, and, as I said to the House the other day, there ought to be added to that $17,000,000 carried in the deficiency bill that was passed before the adjournment of the last Congress, and therefore, while chargeable to 1925, more reasonably should be charged to the year 1926. Assuming that it was to be expended in 1926, it would bring the total amount for 1926 up to $319,862,378. The committee brought the pending bill in carrying in direct appropriations the amount of $322,869,450. As the gentleman knows, amounts aggregating $9,000,000 in cash and contract authorizations have been stricken from the bill on account of points of order against aircraft. In addition to what we are carrying by direct appropriation, we have authorized the expenditure of $5,000,000 from moneys already appropriated to the Navy and which will be drawn from the naval supply account fund, and we have made a reappropriation of $75,000; in addition to that we authorized contracts to the extent of $4,100,000 for aviation and to the extent of $4,982,000 for Pearl Harbor. The item just mentioned for aviation was stricken from the bill, however, on a point of order directed against it.

Mr. BROWNING. Mr. Chairman, I ask recognition. Let me ask the gentleman from Idaho a question. I understood him to state that the passage of this amendment would mean a delay of one year in construction?

Mr. FRENCH. Yes.

Mr. BROWNING. Of certain vessels. If it is possible that the armament conference would exclude these from what the Government would be allowed, does not the gentleman think a delay of one year would be a small matter in comparison to the outlay that we would be subjected to by starting their construction?

Mr. FRENCH. Let me call the gentleman's attention to the following language that is in the act under which the ship-construction program was authorized, that act being signed December 18, 1924:

> That in the event of an international conference for the limitation of naval armaments, the President is hereby empowered, in his discretion, to suspend in whole or in part any or all alterations or construction authorized in this act.

As I said, I think the Congress can well afford to trust the administration, inasmuch as it has already shown a manifest desire to bring about that which is in the hearts of the Members of this House to accomplish, namely, a reduction of armament in the world.

Mr. BROWNING. But suppose the President does not want to assume the responsibility by stopping the construction?

Mr. FRENCH. If we assume that, then we can assume that we are making a beginning for the construction of these cruisers. There is no doubt about that.

Mr. McCLINTIC. Mr. Chairman, do I understand the gentleman from Idaho to say that the President has the right to change this policy?

Mr. FRENCH. The law itself gives him that authority.

Mr. McCLINTIC. Has any President exercised that right in the last few years?

Mr. FRENCH. So far as I am aware, the authority conferred by the act which I have quoted is the first time that that authority has been given by act of Congress, excepting, I think, as to the 1916 program, where in connection with which a somewhat similar provision was carried.

Mr. McCLINTIC. But if this amendment be adopted, it will not work any hardship on any department of the Government, will it? It will merely delay it for one more year. It does not destroy any authorization for the construction of these ships at a later date.

Mr. FRENCH. No; it does not destroy the authorization, but there will be ships coming into service within the fiscal year 1927, and I do not know to what extent the operation of the different yards would be modified by not having these ships begun upon the expiration of work upon other ships. As I said, the economical way to carry forward a great institution like the Navy, under which are navy yards, is to carry it forward upon the basis of an even load. If we can lessen that load permanently, well and good; that is what we desire; but, on the other hand, if we are merely to bring about a condition where we stop construction in one year only to produce a hump of construction the next, we do a thing that renders no service to this country or to the world, but which, on the other hand, piles up tremendous expenses on account of greater cost than otherwise would be incurred.

Mr. McCLINTIC. Mr. Chairman, the only difference between the gentleman and myself is that he takes one side of the question and I take the other. We do not agree. It will be remembered that when this bill first came up on the floor for passage that if we had had a few more votes it would have been defeated. I call this to the attention of the committee to show that the sentiment of Members of the House in the past was not in any way unanimous in favor of this construction program. The very thing has happened that I predicted would happen on that occasion, in that there would be a movement launched looking forward to some kind of a reduction of armaments, and I am somewhat amazed when I recall that we have appropriated money for this very purpose and this great committee is not willing to delay it for a year in order that we may save a few million dollars. I can remember after the war, when we were talking about completing the 1916 program, that I happened to be the only member of the Naval Affairs Committee that opposed this policy at that time, and several hundred million dollars could have been saved if we had not authorized the completion of a number of ships which were afterwards scrapped. But the opinion that I voiced did not prevail. Consequently, we went ahead and spent millions of dollars, and in a few years we saw the results of the Disarmament Conference here in Washington, when these ships were taken out to the sea and destroyed. I believe in this Nation having just as strong protection as is necessary, but when we are confronted with a situation which may mean that in a year or two or sooner we will have to destroy the same ships that we now authorize, I can not see any reason why it would not be a good policy to delay this program until our representatives who will be sent abroad are able to meet the other representatives of the world's powers and report back to this Nation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. BLACK of Texas) there were—ayes 22, noes 71.

So the amendment was rejected.

The Clerk read as follows:

Armor, armament, and ammunition: Toward the armor, armament, and ammunition for vessels heretofore authorized, to remain available until expended, $4,525,000, to which shall be added the unexpended balances remaining on June 30, 1926, under allotments of appropriations heretofore made on account of "Increase of the Navy" for such purposes: *Provided*, That the cost of the armor, armament, and ammunition for each of the submarines *V–5* and *V–6* shall not exceed $1,020,000, and for each of the light cruisers, *Nos. 24 to 28*, both inclusive, $5,650,000.

Mr. TAYLOR of West Virginia. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 52, after line 25, insert: "*Provided further*, That no part of the sum herein appropriated shall be expended for armor except in its manufacture at the naval ordnance plant at South Charleston, W. Va., unless it is ascertained by the Secretary of the Navy that such armor can be purchased in open market at less cost."

Mr. FRENCH. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. Does the gentleman from West Virginia desire to be heard?

Mr. TAYLOR of West Virginia. Mr. Chairman, I desire to suggest the amendment is clearly a limitation on the appropriation and simply safeguards the taxpayer against the production of armor at a greater price than it can be manufactured at the armor plant at South Charleston.

The CHAIRMAN. The Chair is ready to rule. The amendment which is offered to which a point of order has been made, reads as follows:

Provided further, That no part of the sum herein appropriated shall be expended for armor except in its manufacture at the naval ordnance plant at South Charleston, W. Va., unless it is ascertained by the Secretary of the Navy that such armor can be purchased in open market at less cost.

Now, it is obviously offered as a limitation on an appropriation, and for that reason it is insisted that it is in order, but the language is more than a limitation on an appropriation. If the language were simply "provided that no part of the sum herein appropriated be expended for armor except at South Charleston, W. Va.," it would be a limitation, because from the authorized expenditure of money is excluded all classes except one, and that, of course, is a limitation, and repeatedly has been so held, but this amendment is a limitation which carries with it an affirmative direction to the Secretary of the Navy to perform certain functions which the law at present does not place upon him. So it does not come within the class of a simple limitation. It is affirmative and directory, and is new legislation putting upon an appropriation bill new and added duties, and for that reason the Chair sustains the point of order.

Mr. TAYLOR of West Virginia. I ask unanimous consent, Mr. Chairman, to amend my amendment in order that it may come within the rule referred to by the Chair.

The CHAIRMAN. The gentleman from West Virginia asks unanimous consent to amend his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amended amendment offered by the gentleman from West Virginia.

The Clerk read as follows:

Amendment offered by Mr. TAYLOR of West Virginia: Page 52, after line 25, insert "*Provided further*, That no part of the sum herein appropriated shall be expended for armor except in its manufacture at the naval ordnance plant at Charleston, W. Va."

Mr. FRENCH. Mr. Chairman, I make a point of order against the amendment, that it is directory, in that it contains language directing the activities of the Secretary of the Navy.

The CHAIRMAN. The Chair overrules the point of order.

Mr. BLANTON. Mr. Chairman, I make a further point of order that it absolutely interferes with and destroys the discretion that is placed in every executive officer in any department. It confines his action to one place in the United States, when under the present law he has the whole world in which to buy.

The CHAIRMAN. The rule concerning limitations is perfectly clear, so far as a proposition of this sort is concerned. The Congress may or may not appropriate for any purpose now authorized by law, and within that purpose it may appropriate for expenditures narrowed from the authorized purpose to a portion of that authorized purpose. It has a perfect right to appropriate money for the manufacture of armor, and it has a perfect right to limit that appropriation for the manufacture of armor at any given place. Consequently this amendment is in order and the Chair overrules the point of order made against it.

The question is on agreeing to the amendment offered by the gentleman from West Virginia.

Mr. TAYLOR of West Virginia. Mr. Chairman, I ask unanimous consent to address the House for 10 minutes.

The CHAIRMAN. The gentleman from West Virginia asks unanimous consent to address the House for 10 minutes. Is there objection?

Mr. FRENCH. Mr. Chairman, I think I shall have to object to that. The gentleman can have five minutes.

Mr. TAYLOR of West Virginia. I hope the gentleman will not do that. I have not taken up any time at this session.

Mr. FRENCH. I shall have to object.

The CHAIRMAN. The gentleman from Idaho objects. The gentleman from West Virginia is recognized for five minutes.

Mr. TAYLOR of West Virginia. Mr. Chairman and gentlemen of the committee, some Members of the House, unless it has been expressly called to their attention, are unaware of the fact that at Charleston, W. Va., we have an armor plate plant in which we have invested $32,000,000. Admiral Bloch, on page 503 of the hearings, states that no armor has been made there for four years, and that the art of making armor is almost a lost art. He states that there are only three other places in the United States where armor can be manufactured,

and those are the Midvale, the Bethlehem, and the Carnegie plants, in Pennsylvania.

I have offered this amendment so that it can be shown that armor can be manufactured at Charleston more cheaply than it can be purchased in the open market. We are maintaining that plant on a closed-shop basis at a cost of $115,000 a year. As soon as we find out that we can manufacture armor at Charleston in competition with the steel companies in Pennsylvania, then we shall be better off, for if it should be proven that we can not compete, then we can turn the attention of that plant to the manufacure of some useful commodity which the people of the United States could use. I wanted to place my amendment before the House so that the Secretary of the Navy could ascertain whether or not this armor can be made at Charleston more cheaply than it can be purchased in the market. Admiral Bloch states that it will cost practically $500,000 to place this plant in operation. There is a splendid plant there at the present time for the manufacture of armor, and it was stated in the hearings that that plant could turn out 20,000 tons of completed armor in a year and a large quantity, something like 5,000, of major caliber armor-piercing projectiles. However, it was summarily closed down, and has been closed down ever since. We go on here appropriating for the purchase of armor in spite of the fact that we have a plant in the United States for the use of the Navy established for that very purpose. We ought to have an opportunity to find out whether or not we can manufacture the armor more cheaply there than we can buy it in the open market. These private plants that are manufacturing armor must sooner or later add their overhead costs to the price of the armor we buy. If those private concerns in Pennsylvania are maintaining their plants, in which they have several million dollars invested, when we go into the market to buy a little armor we shall find out that all that overhead expense must be paid by us. At the same time it is costing $115,000 a year to maintain that plant at Charleston, in which $32,000,000 has been invested, from which we get no return at all, because, when we propose to place that plant at the use of the Government, some one here jumps up and makes a point of order, which results in closing the very governmental agencies that have been set up and placed at the disposal of the people of this country so that we could have the kind of Navy that we ought to have in this country and not be dependent on the independent steel companies which have always had the people of the country at their mercy. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from West Virginia.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant; and that no part of the moneys herein appropriated for the Naval Establishment or herein made available therefor shall be used or expended under contracts hereafter made for the repair, purchase, or acquirement, by or from any private contractor, of any naval vessel, machinery, article, or articles that at the time of the proposed repair, purchase, or acquirement can be repaired, manufactured, or produced in each or any of the Government navy yards or arsenals of the United States, when time and facilities permit, and when, in the judgment of the Secretary of the Navy, such repair, purchase, acquirement, or production would not involve an appreciable increase in cost to the Government.

Mr. BLANTON. Mr. Chairman, I make a point of order against the paragraph, because it contains legislation not authorized upon an appropriation bill, legislation such as interferes with the proper discretion, not only of the Secretary of the Navy, but of every bureau chief connected with his department.

The CHAIRMAN. Will the gentleman specifically point out the language to which he takes exception?

Mr. BLANTON. Yes. I take exception to the language at the place where it prevents supervision over the employees.

The CHAIRMAN. The Chair means the language in the bill.

Mr. BLANTON. Where it says:

No part of the apppropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work.

Now, notice, if the Chair pleases:

Or of the movements of any such employee while engaged upon such work.

If the Chair pleases, I do not care to strike out of the bill a provision which prevents the use of a stop watch, but this prevents supervision of any kind that would measure the work a man does. It prevents the ordinary supervision which every private industry in the United States exercises over its work.

I want to call the Chair's attention to this fact, that once, in sustaining a point of order against this paragraph, the distinguished gentleman from Connecticut [Mr. TILSON], who is now the majority leader of this House and one of the best parliamentarians in it, said, in sustaining the point of order, that no question was ever decided until it was decided right, and notwithstanding the fact that such a point of order had been overruled theretofore that such a point of order had not only been overruled by the Chairman but by the House itself, the distinguished gentleman from Connecticut had the courage and the manhood to stand up, in trying to decide something right, and sustain the point of order; and at that time the House backed him up; it backed him up one time and then rescinded its action later and turned him down; and that being the case, no question is ever decided until it is decided right.

Mr. Chairman, I want to call the Chair's attention to the way in which it interferes with the exercise of supervision in connection with this work. Mr. Franklin D. Roosevelt, who was Assistant Secretary of the Navy, testified before the committee that ever since this provision had been put into the law it has caused the efficiency of that department to decrease to only 67 per cent. That is the manner in which it interferes with the discretion of our Secretary of the Navy and the chiefs in his department.

I do not care to argue the question any longer. I submit it to the Chair in all seriousness. This is a proposition that is not good business, and we ought not to tie up the Navy in a way that private industry is not tied up. We should not prevent proper supervision over the men who work in our navy yards and our arsenals.

Mr. LETTS and Mr. BLAND rose.

The CHAIRMAN. For what purpose does the gentleman from Virginia rise?

Mr. BLAND. Mr. Chairman, I desire to make a point of order against the paragraph on page 54, beginning with line 9, the words "and that" to the end of the paragraph.

The CHAIRMAN. The gentleman raises a point of order as to the language from the word "and," in line 9, to the end of the paragraph?

Mr. BLAND. Yes; and I desire to offer certain decisions in support of that point of order.

The CHAIRMAN. The gentleman from Iowa is recognized to discuss the point of order.

Mr. LETTS. Mr. Chairman and gentlemen of the House, the point of order is made against what is known as the stop-watch clause in the bill now being considered. The point of order is that the paragraph is legislation and not in order on an appropriation bill.

I rise to voice opposition to the point of order. I contend that the provision with respect to the use of the stop watch or other time-measuring device in the arsenals or navy yards of the United States is a proper limitation on appropriations. I wish to say further that the limitation with respect to the use of the stop watch or other time-measuring device and which also relates to what is known as the premium system is a proper limitation from the standpoint of justice and morality. The situation affects the Government's attitude toward society in the employment of labor.

The use of the stop watch and the employment of the premium system are the essential proposals upon which the Taylor system rests. It is neither right in a moral sense nor in an economic sense to regard workingmen with so little humane concern as to attempt undue speed in the production forces in our arsenals and navy yards. Such ordinary and usual methods of supervision and control over the labor employed should be in harmony with the conclusions of society generally with respect to working conditions. The operation of the Taylor

system would not only be an injustice to the particular men concerned but would be unwholesome to the body politic.

It seems unnecessary to draw the attention of the Chair to the precedents which are available for his consideration. The Chairman and the Members of this House will scrutinize the precedents involved with care. Perhaps such precedents are not controlling upon the Chair; nevertheless they embody the wisdom of times gone by, and through their use we may avail ourselves of the judgment of those who in the past have in an official capacity stated and explained their views upon this important question.

During the last 10 years the paragraph which is here assailed has appeared in every War and Navy appropriation bill. I do not care to review in detail the decisions upon the point. But in going back through the CONGRESSIONAL RECORD I find that the decisions are made by able parliamentarians.

In the Sixty-third Congress the gentleman from Tennessee [Mr. GARRETT] was in the chair. That distinguished son of Illinois, Mr. Mann, argued against the point of order, and the point of order was withdrawn. In the Sixty-fifth Congress the gentleman from Tennessee [Mr. GARRETT] was again in the chair and overruled the point of order.

In the third session of the same Congress Mr. Saunders overruled the point of order.

In the Sixty-sixth Congress Mr. Mann was in the chair and overruled the point of order.

In the Sixty-seventh Congress our distinguished Speaker, the gentleman from Ohio [Mr. LONGWORTH], was in the chair and overruled the point of order.

In the Sixty-sixth Congress our distinguished leader, the gentleman from Connecticut [Mr. TILSON], was presiding and overruled the point of order.

In the Sixty-eighth Congress the distinguished gentleman from Illinois [Mr. GRAHAM] ruled against the point of order and analyzed the precedents in a masterful way.

Throughout the history of debate on this point of order I find one notable exception. In the Sixty-eighth Congress our able leader presiding, announced the view that the paragraph was legislation and not a limitation upon appropriations, and sustained the point of order. In this connection I wish to call attention to the history of that appropriation bill. The provision against which the point of order was then sustained was inserted in the appropriation bill by the Senate. The conferees thereafter recommended that it be included, and it was accordingly done. I should, perhaps, call attention to the attitude of our worthy leader in the Sixty-eigth Congress when, in deference to the views of those who preferred to follow precedents, he submitted the point of order to a vote of the committee. The committee found that the provision was a proper one on an appropriation bill.

This brief review of the history of this point of order, as it has been debated and ruled in the Committee of the Whole House on the state of the Union, ought to be helpful to us now, if not controlling. To say that it is a limitation proposed by organized labor is to beg the question. Organized labor does not ask this limitation upon appropriations except upon its merits, and I go with them in their contention, because I recognize the humane principle involved.

THE ROCK ISLAND ARSENAL

I am distinctly interested in the attitude of the Chair and of the Members toward this provision because it involves the welfare of an institution which I regard as a special charge upon my watchfulness in matters of legislation and in matters affecting departmental control and supervision.

The Rock Island Arsenal is situated upon an island which lies in the Mississippi River between Rock Island, Moline, and East Moline, on the Illinois side, and Davenport and Bettendorf, on the Iowa shore. This island comprises 999 acres of land. It is 2½ miles in length, and is connected with Moline, Rock Island, and Davenport by suitable bridge structures. The community, consisting of these splendid cities of the Mississippi Valley, is one which will within the next few years challenge the attention of industrial America. I will seek an early occasion to discuss that matter more fully upon the floor of the House. The situation geographically and the intelligence and resourcefulness of the people who live there are such that the natural advantages presented will be fully developed.

The Rock Island Arsenal is equipped with modern buildings and with the newest machines, tools, and devices. The arsenal is valued at $380,000,000. The equipment is such that many thousands can be advantageously employed in the useful occupation of manufacturing for the needs of the Government. Yet with all the natural advantages which are presented this splendid plant is almost idle, due to the policy, no doubt, which is followed by the War Department. This policy seems to indicate that, in the judgment of those who have announced it, it is good business and good practice in times of peace to encourage private industry by making contracts with individuals and corporations to furnish the things required by the War Department. Such encouragement, it is believed, will necessarily lead to the equipment of private plants with necessary tools and machines for the purposes of the Government in case of an emergency, either through mutual contract or through the operation of conscriptive methods.

I take it that all right-thinking men, although they may believe in war for humane purposes, much prefer to avoid situations which lead to war. It is the judgment of men that in times past wars have been induced largely through personal benefits derived from profiteering in preparedness. The policy of the Government as I understand it, is such that it will encourage and foster such profiteering. At this time 500 Liberty motors are being reconditioned by the Allison Engineering Co., of Indianapolis, Ind., at a cost to the Government of more than $9,000 over an estimate submitted by the Rock Island Arsenal. It is not my purpose here to charge fraud or to intimate that there is any knowledge on the part of Government officials of profiteering methods, but it has been intimated to me that some of the forms, tools, and machines necessary to the performance of this contract were supplied to the Allison Engineering Co. from the equipment of the Rock Island Arsenal. It is obvious that a private contract made under such circumstances does not have the effect of inducing the private concern to equip its plant with tools and machines.

I am personally of the opinion that some grievous error was made with respect to this particular contract, because existing law requires that there shall be manufactured or produced at the Government arsenals or Government-owned factories all such supplies and articles which such Government arsenals and factories are capable of producing upon an economical basis.

When I restate that the Allison Engineering Co. is being paid more than $9,000 in excess of the estimate of the Rock Island Arsenal, I have done enough to draw your attention to the practices which have sprung up under the policy with which I am unable to agree.

Furthermore, it is the announced policy of the War Department that in times of quiet and peace there should be maintained at the arsenals a nucleus of skilled men which will render its organization capable of immediate expansion in the event of war. Such policy is centered upon the thought that upon such occasion the skilled men so assembled there will be so intimately acquainted with the work of the arsenal, the policy of the department, and the general purposes involved that they will be available as superintendents and foremen and as such be able to direct the work and operations of other men who shall be hired or conscripted for the purpose of increasing production or speeding up the operations of the plant.

I have no quarrel with the department concerning such policy. But I assert that the employment of men at the Rock Island Arsenal at this time is insufficient for such purpose in point of numbers with respect to those who are regarded as skilled. In a plant capable of employing many thousand men to advantage there are now employed between 600 and 700 men, many of them unskilled and doing only such work as is necessary in preserving the property of the Government and in an effort to avoid its destruction by the mere operation of the elements.

I am not inclined to urge that in peace times there should be an extensive use of this splendid plant. But I do contend that there should be a reasonable use of it and that the policy which has been announced with respect to its operation should be one of fact as well as theory.

I have proposed and shall continue to urge that there ought to be at least 2,000 or 3,000 men employed at the Rock Island Arsenal. I have suggested that an understanding be had which will give us a settled program whereby a given number of men will be employed day in and day out covering a period agreed upon in the plan—say, a five-year period. By the operation of this plan there will be available at the Rock Island Arsenal a nucleus of skilled men capable of working out the theories of the department with respect to ready expansion in the event of war.

Such a program would prove beneficial to the Government, to the men employed, and to the community in which the arsenal is situated.

In this connection I wish to call the attention of the Members to the conditions which prevail under present policies. There are in my community many men who have given many years of their life to the service of the Government in employment at the arsenal, who are kept in an upset frame of mind as to whether or not their employment, which is now denied, will be restored. This disturbance is reflected through manufacturing and industrial circles. Men who feel that they

should rightfully be employed at the arsenal, when out of work, seek employment elsewhere in our industrial plants. When the opportunity arises, however, to return to the arsenal, they are prone to do so with the hope that such employment will be of permanent nature. Alas! Too often such employment is of brief duration and many of the men so affected are required to again look for work in our factories. It must be plain that this unsettled condition can only result in an unhappy frame of mind for all persons involved. It creates the belief among manufacturers that the arsenal in its manner of operation is a disturbing influence in the community.

A settled program, such as I have suggested, giving employment to an agreed number of men for a stipulated period of time will assure those who have such employment or are able to obtain it of the blessings which attend settled conditions. It will relieve our manufacturers of the annoyance which is injected into labor conditions by the present unsatisfactory policies affecting employment at the arsenal. Such a plan will greatly benefit the Government of the United States because it is a practical working out of the policy adopted in theory by the department with respect to having an organization capable of ready expansion.

The policy which now prevails, as practiced, is bad for the arsenal, for the equipment, and for the community. It results in no permanent good to anyone. It unsettles labor and industry, whereas it should be a great boon to the community. A settled program, such as I have proposed, would avoid any influx of floaters. It would relieve the community of the reaction which accompanies a discharge of men when particular jobs have been finished. The spending of the pay roll resulting from a settled program should be greatly beneficial to the community, because it represents new money and adds to the wealth of the community.

I am advocating a settled program for the Rock Island Arsenal. I shall urge it with all my strength, believing that it will result in great benefits. Above all else I want the employment of labor at the Rock Island Arsenal to be on a wholesome basis. [Applause.]

The CHAIRMAN. The Chair is ready to rule. As to the point of order raised by the gentleman from Texas [Mr. BLANTON], as the gentleman from Iowa [Mr. LETTS] has pointed out in the remarks he has just made, there is a line of decisions, including a decision by the gentleman from Tennessee [Mr. GARRETT], in the Sixty-fifth Congress; Mr. Saunders, of Virginia, in the same Congress; Mr. Mann, in the Sixty-sixth Congress; the gentleman from Connecticut [Mr. TILSON], in the Sixty-sixth Congress; and the gentleman from Ohio [Mr. LONGWORTH], in the Sixty-seventh Congress, which overruled a similar point of order and sustained this provision as a limitation.

It is true that the gentleman from Connecticut [Mr. TILSON], in a very able and well-considered opinion, held the provision not to be a limitation; but since that time the Committee of the Whole House itself has passed upon the question and has established the highest precedent, namely, that of the House sitting as in Committee of the Whole House on the state of the Union. They have twice held this very provision in order. And it can be sustained on the ground that it is a mere limitation in this way: That it limits appropriations by forbidding their use in a certain way, to wit, making a time study, which, as Mr. Mann, in discussing this matter, said some years ago, is a thing that the officers of the Navy are at present not privileged to do anyhow.

Consequently, in view of the precedents, and in view of the repeated decisions of the committee itself, the Chair has, in his judgment, no other course to follow than to hold that the point of order is not well taken and that the paragraph is in order.

Mr. BLANTON. I offer an amendment, Mr. Chairman.

The CHAIRMAN. There is pending a point of order which first must be disposed of.

The Chair is ready to rule. The Chair has held in order as a limitation the first part of this paragraph because its effect is a mere prohibition of spending the money in making time studies and requires no affirmative action or no change of law in order to prevent the money appropriated for being so spent. However, the language of the second part of the paragraph, commencing in line 9, provides—

that no part of the moneys herein appropriated for the Naval Establishment or herein made available therefor shall be used or expended under contracts hereafter made for the repair, purchase, or acquirement, by or from any private contractor, of any naval vessel, machinery, article, or articles that at the time of the proposed repair, purchase, or acquirement can be repaired, manufactured, or produced in each or any of the Government navy yards or arsenals of the United States, when time and facilities permit, and when, in the judgment of the Secretary of the Navy, such repair, purchase, acquirement, or production would not involve an appreciable increase in cost to the Government.

This is not a simple limitation on the expenditure of money that is to be spent for the procurement or repair of vessels or machinery or articles. It does not take from the appropriation a single class of machinery or articles. It does not limit where such vessels or articles may be made or procured. The officers of the Navy or those in charge of the expenditure of this money must nevertheless perform the functions which are here appropriated for; to wit, to acquire or repair or produce vessels and other property. It adds, however, an affirmative direction that the Secretary of the Navy must ascertain certain facts, must make certain investigations, must secure certain information, and then limit his discretion from what it is under existing law to a certain course if the information so ascertained by him leads him to believe that a certain state of facts exists.

This is clearly legislation and comes within the same rule the Chair laid down a moment ago with respect to the original amendment offered by the gentleman from West Virginia. The Chair therefore holds that portion of the paragraph from line 9, commencing with the word "and" to the end of the paragraph, subject to a point of order. It is not a limitation, but is legislation, and the Chair therefore sustains the point of order to the latter part of the paragraph.

Mr. BLANTON. Mr. Chairman, part of the paragraph being subject to the point of order makes the whole paragraph not in order.

The CHAIRMAN. The gentleman from Virginia did not make his point of order to the entire paragraph.

Mr. BLANTON. I had a point of order lodged as to the entire paragraph.

The CHAIRMAN. But the point of order upon which the gentleman relied to make the paragraph out of order was not sustained.

Mr. BLANTON. But the rule is that if any part of the paragraph is subject to vice, that makes the whole paragraph go out.

The CHAIRMAN. No; that is not the rule. That is entirely within the jurisdiction of the person making the point of order.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 54, line 3, strike out the following language: "or of the movements of any such employee while engaged upon such work."

Mr. BLANTON. Mr. Chairman and gentlemen, certainly this language covered by my amendment ought to go out of the bill. Are you going to prevent the Secretary of the Navy and the officers under him from having any supervision whatever over the movements of the men engaged in our navy yards and in our armor-plate plants? It occurs to me this is the most ridiculous proposition of which I have ever heard. There is not a private enterprise on earth that could stay in business one month if they adopted this program. This is what you are doing: You let an officer go down there and go to looking after the movements of the men to see that they are working instead of being idle; then they do not get any salary, and they are very careful not to be caught in that predicament.

What is it that influences big armament as much as anything? There are three main propositions that influence it. First, the officers in the Navy who want these hundreds of millions of dollars to spend. That is the first influence. The next influence is the shipbuilding corporations and the armor-material corporations that want the big contracts. That is another influence. What is the third influence? It is the men in the navy yards and in the armor plants who want to retain their fat jobs. The very minute you begin to talk about cutting down armament you hear a howl from these men all over the country, "We do not want it cut down; we want contracts and jobs." Then they are not satisfied with jobs, they want easy ones and come in and say, "The Government of the United States can not even observe us when we are at work."

Mr. BARBOUR. Right there will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BARBOUR. Does not that mean observe with a stop watch or time-measuring device?

Mr. BLANTON. It means any time-measuring supervision. You do not ban merely the stop watch. I will agree with the gentleman from California on that. I would say, "All right, let us cut out the stop watch," if so many object to it, but that other phrase, "or other time-measuring device" has been

interpreted to mean supervision, and the kind of efficient supervision that Henry Ford practices in his automobile factory at Detroit. It is the kind of supervision that every manufacturer in the United States observes in the administration of his business, and without which he would go into bankruptcy in 30 days.

Mr. BARBOUR. Will the gentleman again yield?

Mr. BLANTON. Certainly.

Mr. BARBOUR. Does not this language simply mean you can not watch the movements of an employee with a stop watch or time-measuring device only, and is not it limited to that?

Mr. BLANTON. No; it goes farther. How many kinds of time-measuring devices are there? One of them is the foreman. The foreman is the kind of time-measuring device I would want in these navy yards and in these armor-plate factories; a foreman who will stay there and see that the men work.

Mr. BARBOUR. He has a right to do that under this language.

Mr. BLANTON. Oh, but they have been clamoring against supervision and bringing in these amendments to intimidate the foreman until Assistant Secretary Franklin D. Roosevelt, as I said a few minutes ago, came in before your committee and testified we had but 67 per cent efficiency. We want 100 per cent efficiency in private industry, but when it comes to the business of the people, the great Government of the United States, we are satisfied with 67 per cent efficiency. You are the doctors, and it is up to you.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The question is on the amendment offered by the gentleman from Texas [Mr. BLANTON].

The amendment was rejected.

Mr. FRENCH. Mr. Chairman, I move that the committee do now rise and report the bill with amendments to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. FRENCH. Mr. Speaker, I move the previous question on the passage of the bill and amendments thereto.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

There was no demand for a separate vote, and the amendments were agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. BLACK of Texas. Mr. Speaker, I have a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BLACK of Texas. I am.

The Clerk read the motion to recommit, as follows:

Mr. BLACK of Texas moves to recommit the bill to the Committee on Appropriations, with instructions to report the bill back forthwith to the House with the following amendment: Page 51, line 19, after the word "authorize," strike out the figures "$20,450,000" and insert the figures "$19,250,000."

Mr. FRENCH. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit, offered by the gentleman from Texas.

The question was taken, and the Speaker announced the noes seemed to have it.

Mr. BLACK of Texas. Mr. Speaker, I make the point that no quorum is present.

The SPEAKER. The gentleman from Texas makes the point that no quorum is present. The Chair will count.

Mr. BLACK of Texas. Mr. Speaker, I withdraw the point of no quorum and demand the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays. All those in favor of taking the question by yeas and nays will rise. [After counting.] Twenty-six gentlemen have risen, not a sufficient number. The question is on the motion to recommit.

The question was taken, and on a division (demanded by Mr. BLANTON), there were 27 ayes and 185 noes.

So the motion to recommit was lost.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. FRENCH, a motion to reconsider the vote whereby the bill was passed was laid on the table.

COOPERATIVE MARKETING ACT

Mr. HAUGEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes.

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman from Iowa in presenting this bill is not presenting it under a rule, that it is not privileged equally with that of District day business, that this is District day and that he could only take up his bill either by rule or by unanimous consent.

The SPEAKER. Unanimous consent has already been granted.

Mr. BLANTON. When?

Mr. TILSON. Two or three days ago.

Mr. HAUGEN. Pending my motion I desire to ask the gentleman from Kentucky if we can not agree on time for general debate.

Mr. KINCHELOE. Yes, I suggest that we have one hour on a side.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent that general debate be limited to two hours to be equally divided, and that the gentleman from Kentucky [Mr. KINCHELOE] control one-half, and one-half be controlled by myself.

The SPEAKER. The gentleman from Iowa asks unanimous consent, pending his motion, that the time for general debate be limited to two hours, one-half to be controlled by the gentleman from Kentucky [Mr. KINCHELOE] and one-half by himself. Is there objection?

Mr. BROWNE. Reserving the right to object, this bill has only been reported out of the committee two days. It is a very important bill and I want at least 20 minutes. If the gentleman will grant that time, I shall have no objection.

Mr. HAUGEN. I will try to accommodate the gentleman; I will give him 15 minutes and possibly 20. I will do the best I can.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, in all these agricultural bills the time is always taken up by the farm bloc. We residents of the city ought to have some show. We pay the bills, we pay the prices that the farmer does not get, and it is not right to rush bills through in so short a time.

Mr. HAUGEN. This bill has nothing to do with prices; it relates to cooperative marketing.

Mr. LAGUARDIA. If marketing has nothing to do with prices, I do not know what does.

Mr. HAUGEN. It has nothing to do with prices.

Mr. LAGUARDIA. Marketing has to do with prices.

Mr. CARTER of Oklahoma. I do not think it will affect either marketing or prices very much.

Mr. HAUGEN. We will consider this for two hours in general debate and then under the five-minute rule.

Mr. EDWARDS. Is debate to be confined to the bill?

Mr. KINCHELOE. No; it is general debate and not confined to the bill necessarily.

The SPEAKER. The gentleman from Iowa asks unanimous consent that debate be limited to two hours—one half to be controlled by himself and the other half by the gentleman from Kentucky. Is there objection?

There was no objection.

The motion of Mr. HAUGEN was then agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BEGG in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the

Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That when used in this act the term "agricultural products" means agricultural, horticultural, viticultural, and dairy products, livestock and the products thereof, the products of poultry and bee raising, the edible products of forestry, and any and all products raised or produced on farms and processed or manufactured products thereof, transported or intended to be transported in interstate and/or foreign commerce.

SEC. 2. The Secretary of Agriculture is hereby authorized and directed to establish a division of cooperative marketing with suitable personnel in the Bureau of Agricultural Economics of the Department of Agriculture or in such bureau in the Department of Agriculture as may hereafter be concerned with the marketing and distribution of farm products. Such division shall be under the direction and supervision of the Secretary of Agriculture.

SEC. 3. (a) The division shall render service to associations of producers of agricultural products and federations and subsidiaries thereof engaged in the cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit financing, insurance, and other cooperative activities.

(b) The division is authorized—

(1) To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

(2) To conduct studies of the economic, legal, financial, social, and other phases of cooperation, and publish the results thereof. Such studies shall include the analyses of the organization, operation, financial, and merchandising problems of cooperative associations.

(3) To make surveys and analyses if deemed advisable of the accounts and business practices of representative cooperative associations upon their request; to report to the association so surveyed the results thereof; and with the consent of the association so surveyed to publish summaries of the results of such surveys, together with similar facts, for the guidance of cooperative associations and for the purpose of assisting cooperative associations in developing methods of business and market analysis.

(4) To confer and advise with committees or groups of producers, if deemed advisable, that may be desirous of forming a cooperative association and to make an economic survey and analysis of the facts surrounding the production and marketing of the agricultural product or products which the association, if formed, would handle or market.

(5) To acquire from all available sources information concerning crop prospects, supply, demand, current receipts, exports, imports, and prices of the agricultural products handled or marketed by cooperative associations, and to employ qualified commodity marketing specialists to summarize and analyze this information and disseminate the same among cooperative associations.

(6) To promote the knowledge of cooperative principles and practices and to cooperate in promoting such knowledge with education and marketing agencies, cooperative associations, and others.

(7) To make such special studies in the United States and foreign countries, and to acquire and disseminate such information and findings as may be useful in the development and practice of cooperation.

SEC. 4. The Secretary of Agriculture is authorized, in his discretion, to call advisers to counsel with him and/or his representatives relative to specific problems of cooperative marketing of farm products or any other cooperative activity. Any person, other than an officer, agent, or employee of the United States, called into conference, as provided for in this section, may be paid actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home.

SEC. 5. Persons engaged as original producers of agricultural products, such as farmers, planters, ranchmen, dairymen, nut or fruit growers, acting together in associations, corporate or otherwise, in collectively processing, preparing for market, handling, and marketing in interstate and/or foreign commerce such products of persons so engaged may acquire, exchange, interpret, and disseminate past, present, and prospective crop, market, statistical, economic, and other similar information by direct exchange between such persons, and/or such associations or federations thereof, and/or by and through a common agent created or selected by them.

SEC. 6. The Secretary of Agriculture may make such rules and regulations as may be deemed advisable to carry out the provisions of this act, and may cooperate with any department or agency of the Government, any State, Territory, district, or possession, or department, agency, or political subdivision thereof, or any person; and may call upon any other Federal department, board, or commission for assistance in carrying out the purposes of this act; and shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law and make such expenditure for rent, outside the District of Columbia, printing, telegrams, telephones, books of reference, books of law, periodicals, newspapers, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $225,000 to be available for expenditure during the fiscal years 1926 and 1927, and the appropriation of such additional sums as may be necessary thereafter for carrying out the purposes of this act is hereby authorized.

SEC. 7. That if any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provision to other persons and circumstances shall not be affected thereby, and nothing contained in this act is intended, nor shall be construed, to modify or repeal any of the provisions of the act of February 18, 1922 (ch. 57, 42 Stat. L., p. 388).

Mr. HAUGEN. Mr. Chairman, the purpose of the bill is to provide the Department of Agriculture with adequate facilities to enable it to render administrative assistance to persons engaged in cooperative marketing of agricultural products; in other words, to enlarge the activities of the department in the service which it renders to cooperatives. As stated in the report, the bill was drawn by the Secretary of Agriculture after conferring with a large number of officers and representatives of various cooperative organizations throughout the United States with respect to how the department might wisely and constructively extend the work of the department with regard to the cooperative movement. The principle of the bill has the indorsement of all the cooperative associations and other farm organizations with whom the Secretary conferred.

On page 3 of the hearings will be found the names of the representatives of the associations who testified before the committee and on page 4 the names of 37 associations with whom Secretary Jardine conferred. It is reported that the various organizations for whom these gentlemen appeared to have marketed four-fifths of the two and a half million dollars' worth of agricultural commodities, which is the total amount marketed in 1925 by cooperative associations.

After extended hearings and giving due consideration the bill was unanimously reported out with the recommendation that it do pass. The measure is not suggested as a remedy for all ills but is purely a cooperative marketing proposition. As stated by Secretary Jardine at the hearings:

This is not an emergency measure at all, but a long-time program. I think the principles of cooperative marketing are fundamentally sound. I recognize all the difficulties we have had, all the mortality that has taken place in the endeavor to organize farmers cooperatively for the purpose of doing business for themselves; we do fully recognize that it is a very difficult task to try to bring six and a quarter million farmers, or any large number of them, together in a cooperative effort to handle the business end of farming. But recognizing all these difficulties, when I remember that this year we have done such a large business as we have, two and a half billions of dollars' worth of business, a fifth of all the business represented in agriculture, and when I have gone out, as I did this summer, and have seen some of them doing business as successfully as any business I have ever investigated or know anything about, I am still more encouraged than I was a year ago. * * *

I brought into the Department of Agriculture different groups, and whenever I heard of anyone coming to Washington who would likely know about these matters I would write and ask him to see me and talk the matter over. In this way we kept getting a little closer together, getting our ideas together, and the proposition began to take shape in the form of a measure.

Then I finally brought in 24 people from all over the country, representing altogether four-fifths or a little better of the two and a half billions of dollars' worth of business done this year in this country. When this committee of 24 came in I turned them into a room like this, only smaller, and I said: I want your ideas about this matter. I believe in the cooperative movement. I recognize that the Department of Agriculture has done a good deal in assisting it.

And on page 10 the Secretary stated:

But before I go I should like to add that this is not an emergency bill. This bill contemplates a long-time program, and what I want to do is to dispose of this problem, so far as I am concerned, so I may go on with something else without folks assuming that this is a substitute for something else. I am hopeful that this measure may receive your favorable consideration. I am hopeful that we may get as expeditious action on it as possible, and it will help me to go on

with other matters. I am struggling along as best I can, working on these various problems and getting the advice of people in the industry, trying to see what is the next proper and necessary step to take. With this out of the way I would be at liberty to go ahead and probably accomplish something along other lines.

It is not suggested as a substitute for what is generally termed a "relief measure." It is proposed that the bill shall stand on its own merits as a cooperative marketing measure. It is believed that it will serve a good purpose in the marketing of agricultural products.

Section 1 defines the term "agricultural products."

Section 2 authorizes and directs the Secretary of Agriculture to establish a division of cooperative marketing, with suitable personnel, in the Bureau of Agricultural Economics.

Section 3 provides that the division shall render service to associations of producers of agricultural products engaged in cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

The division is authorized:

(1) To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

(2) To conduct studies of the economic, legal, financial, social, and other phases of cooperation.

(3) Upon request, to make surveys, if deemed advisable, of the accounts and business practices of representative cooperative associations and for the purpose of assisting cooperative associations in developing methods of business and market analysis.

(4) To confer and advise with groups of producers that may be desirous of forming a cooperative association and make an economic survey of the facts surrounding the production and marketing of the agricultural products which the association, if formed, would handle or market.

(5) To acquire from all available sources information concerning crop prospects, supply, demand, exports, imports, and prices of agricultural products handled.

To employ qualified commodity marketing specialists.

(6) To promote knowledge of cooperative principles and practices.

(7) To make such special studies in the United States and foreign countries.

SEC. 4. The Secretary of Agriculture is authorized to call advisers to counsel with him, and to pay actual expenses, not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to their homes.

SEC. 5. Producers defined in the Capper-Volstead Act may acquire, exchange, interpret, and disseminate crop market, statistical, economic, and other similar information by direct exchange between such persons.

SEC. 6. The Secretary of Agriculture may make rules and regulations, may cooperate with the departments of the Government, and may call upon any Federal department for assistance, and shall have the power to appoint, remove, and fix compensation of employees not in conflict with existing law, and may make expenditures for rent, etc. Section 6 authorizes an appropriation of $225,000 to be available for expenditures during the fiscal years 1926 and 1927.

Mr. BLACK of Texas. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. BLACK of Texas. The section to which the gentleman has just referred provides that the Secretary of Agriculture shall fix salaries not in conflict with law.

Mr. HAUGEN. Yes.

Mr. BLACK of Texas. Does the gentleman think that the Secretary will be required to make these appointments under the civil-service rules and regulations?

Mr. HAUGEN. That is the understanding.

Mr. BLACK of Texas. Has the gentleman sought any advice as to whether that language would be sufficient to insure that?

Mr. HAUGEN. Yes; Mr. Tenny so stated. See page 31 of hearings. That is my understanding of it. That is the understanding of the one who drafted the bill, the Secretary. As I stated at the outset, the bill was drafted by the Secretary of Agriculture after conference with representatives of farm organizations, 37 in number. They spent several days in getting together on a proposition and in drafting the bill.

The bill came to the committee and a few minor changes were made to clarify the language. Outside of that, it is exactly as it was presented and as introduced by me at the request of the Secretary.

Mr. BLACK of Texas. And it is understood that these appointments are to be under the civil service?

Mr. HAUGEN. It is understood that the salaries will be fixed in accordance with the salaries defined in the classification act. It is suggested that maybe 16 or 18 or possibly 20 specialists are to be appointed, and it is estimated that the salaries will range from $3,000 to $3,800, according to their qualifications.

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. RAMSEYER. I think the gentleman can answer the query of the gentleman from Texas by referring him to lines 17 and 18, page 5, where we find the following language:

and fix the compensation of such officers and employees, not in conflict with existing law.

Mr. HAUGEN. Yes.

Mr. RAMSEYER. What is the act of February 18, 1922, referred to on page 6 of the bill?

Mr. HAUGEN. That is the Capper-Volstead Act, granting farmers who qualify under that act immunity from antitrust laws.

Mr. RAMSEYER. I recall the provisions of the law since the gentleman names the authors.

Mr. HAUGEN. The bill authorizes an appropriation of $225,000 for the fiscal year 1926–27.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. KETCHAM. Referring to the question just propounded by the gentleman from Texas [Mr. BLACK], if he would refer to the hearings on page 38 he would find a definite statement answering his inquiry. The following question was asked of Mr. Tenny by Mr. KINCHELOE:

Are all those positions that are going to be created under this bill to be operated under the Civil Service Commission?

To that question Mr. Tenny answered "Yes."

Mr. LAGUARDIA. And who is Mr. Tenny?

Mr. KETCHAM. He is a representative of the department.

Mr. WINGO. Will the gentleman yield?

Mr. HAUGEN. I will.

Mr. WINGO. We now have machinery in the Department of Agriculture that has to do with cooperative marketing, have we not?

Mr. HAUGEN. Yes, indeed.

Mr. WINGO. Will the gentleman point to the particular section or subdivision which creates any new law, any new agency? This simply enlarges——

Mr. HAUGEN. The Secretary was asked to what extent this extends the authority of the department, and I believe his answer was that he wanted it so as to have Congress approve what is being done, and so that he could proceed under specific language.

Mr. WINGO. If the gentleman will yield further, I want him to define the new part, the new statute, as I have not read the bill until to-day. I find, however, two new things that are not authorized by existing law and not in existence to-day. One is you change the name of the present machinery, and the other is you increase the per diem allowance on travel and subsistence. Is there any other change? There are only two changes I find in the present existing law. You change the organization and give it a new name, and the other is you increase the per diem and subsistence. Can the gentleman point out any other change in the existing law?

Mr. HAUGEN. What law?

Mr. WINGO. The present existing law.

Mr. HAUGEN. The Capper-Volstead Act?

Mr. WINGO. No; nor the eighteenth amendment; neither one. I am now referring to the law governing the Department of Agriculture. The only change in this bill is you rearrange it, changing the present existing bureau into a division, and give it a new name, and the other you increase—I am not complaining—the per diem allowance to the agents when traveling to $10 per diem. Can the gentleman point out any other change?

Mr. HAUGEN. The establishing of a division in the department is new legislation. The per diem allowance has reference to advisers called in for conference with the Secretary, now paid out of money appropriated for fact-finding purposes, as stated by the Secretary; see page 8 of hearings.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. HAUGEN. Yes, sir.

Mr. BLANTON. The language establishes a division, and the gentleman recognizes that under the classification act it automatically raises the salary of the employees at present working in that department?

Mr. HAUGEN. Yes; but——

Mr. BLANTON. So it is just a salary-raise proposition for the employees after all?

Mr. HAUGEN. No; the appropriation of $225,000 goes to enlarge the activity of the department. It is believed it should be provided with adequate facilities to carry on the work so well directed.

Mr. BLANTON. I was hopeful they would not use the $225,000 in raising salaries of the present employees?

Mr. HAUGEN. No; but a number of new employees are provided for.

Mr. KETCHAM. I think the gentleman is under a misapprehension. This does not raise the per diem of the men who are employed in the department.

Mr. BLANTON. But under the classification act it automatically raises the salary of the men?

Mr. HAUGEN. Oh, no. A chief of the division, which will, of course, be necessary may call for a higher salary than that person may be drawing at the present time.

Mr. BANKHEAD. Before the gentleman yields the floor, do I understand this is one of the bills brought in for the purpose of relieving the distress in present agricultural conditions?

Mr. HAUGEN. Not at all. The Secretary made it clear that is not the intention.

Mr. BANKHEAD. That is not the intention?

Mr. HAUGEN. That is not. This is not what I take the gentleman has reference to—farm-relief legislation. It deals exclusively with cooperative marketing, and, as I stated, it has the indorsement of 37 representatives of farm organizations who conferred with the Secretary of Agriculture, and a number of them appeared before the committee and testified in favor of it, and I understand it has the unanimous approval of all the 37. I know of no objection to the bill from any cooperative organization.

Mr. BANKHEAD. One other question with the permission of the gentleman, if it is a fair question. Is it contemplated that further remedial legislation will at an early date be reported by the Committee on Agriculture along the lines of the Dickinson bill?

Mr. HAUGEN. We hope to take up that subject in the very near future, but we would like to have this out of the way and have it disposed of. We believe each measure should stand upon its own merits; this deals exclusively with cooperative marketing, and it is suggested it stand upon its own merits.

Mr. BANKHEAD. I understand the gentleman does not feel in his own heart this is a matter of major importance so far as relief of agricultural distress is concerned?

Mr. HAUGEN. This has to do with cooperative marketing and is of much importance.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. LAGUARDIA. If a cooperative association has a certificate, why is it necessary to obtain the consent of the associates before the survey may be published?

Mr. HAUGEN. Some of the cooperative associations objected to the Federal activities interfering. It has been drafted in the language desired, and so if assistance is requested it will be rendered.

Mr. MICHENER. You can not imagine any harm that will come from this?

Mr. HAUGEN. No. Cooperative marketing has come to stay.

Mr. LAGUARDIA. We agree with the gentleman on that.

Mr. BURTNESS. During the last Congress the committee of which the gentleman is chairman reported a cooperative marketing bill, which was considered here on the floor of the House. That was a bill which gave considerably more powers to the department than are set out in this bill.

Mr. HAUGEN. Yes.

Mr. BURTNESS. Just what is it that changed the mind of the Committee on Agriculture at this time in reporting a bill of this sort without including in it the powers that would have been given to the department had the bill which the gentleman's committee reported a year ago been enacted?

Mr. HAUGEN. This bill represents the best thought of the Secretary of Agriculture and of the gentlemen who conferred with the Secretary of Agriculture, and no attempt has been made to change a single word.

Mr. BURTNESS. And this is a bill that is satisfactory to most all the leaders of the cooperative-marketing associations as well as the other one?

Mr. HAUGEN. It is satisfactory to all the representatives of the cooperative-marketing associations who appeared before the committee and who conferred with the Secretary of Agriculture.

Mr. BURTNESS. And this bill does not give any regulatory powers such as were included in the last bill?

Mr. HAUGEN. No. It is designed to acquire and disseminate knowledge. Strictly a cooperative marketing bill.

Mr. BURTNESS. Let us forget about the organizers of the cooperatives for a minute and think of the public protection. Does not the gentleman think that some of these cooperatives need some such regulation as was permitted in the gentleman's bill which was reported a year ago?

Mr. HAUGEN. That was a regulatory proposition. This is intended to enable the department to supply whatever information it is possible for it to give. Some of my ideas were expressed in the other bill. We have no thought of interfering in this.

Now, my time is limited, and I will give way to others.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield there?

Mr. HAUGEN. I yield.

Mr. ROBSION of Kentucky. From the inquiry made by the gentleman from Arkansas [Mr. WINGO] and the answer made by the gentleman, it would appear that the only change that this proposed bill makes is to change the name and increase the travel pay expenses. That is not what the gentleman intended to say, was it?

Mr. HAUGEN. No. The traveling expenses had reference to the people who are called in for conference.

Mr. ROBSION of Kentucky. But this bill has an object beyond the payment of traveling pay?

Mr. HAUGEN. Oh, yes; it has.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. HOUSTON. What is the meaning of lines 1 and 2, page 2, defining agricultural products? They read as follows:

> And all products raised or produced on farms and processed, or manufactured products thereof, transported or intended to be transported in interstate and/or foreign commerce.

For instance, does that apply to canneries?

Mr. HAUGEN. And products thereof.

Mr. HOUSTON. Whether they are manufactured by the farmers or some one else?

Mr. HAUGEN. All associations of producers of agricultural products engaged in the cooperative marketing of agricultural products.

Mr. LAZARO. Mr. Chairman, will the gentleman yield for a question?

Mr. HAUGEN. Yes.

Mr. LAZARO. I have received several letters from people engaged in the production of turpentine and rosin, and they ask for this amendment:

> And naval stores and edible products of forestry.

Mr. HAUGEN. Yes.

Mr. LAZARO. Would you object to the addition of the words "naval stores"?

Mr. HAUGEN. It seems it should be limited to edible products.

Mr. LAZARO. The gentleman will admit that this is an agricultural pursuit?

Mr. HAUGEN. We are dealing now with edible products as defined in this bill.

Now, as I said, the bill has been reported as drawn and approved by the Secretary of Agriculture and representatives of cooperative associations, and I would not care to take the responsibility of amending the bill.

Mr. LAZARO. Would the gentleman object to an amendment such as I have suggested?

Mr. HAUGEN. I should have to object, because it is generally understood and stated by the representatives of the farm organizations that they are for it in the form presented. If a change were made, there might be a difference of opinion among them.

Mr. LAZARO. It is a small change.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. HASTINGS. As I understand it, this bill has the unanimous support of the committee?

Mr. HAUGEN. I have no knowledge of any objection, except I have a telegram from some Chicago people requesting a conference and to have us defer action until Thursday. I do not know that they object to it, but they might desire some changes.

Mr. HASTINGS. I mean it has the unanimous approval of the committee?

Mr. HAUGEN. I know of no objection to it in the committee.

Mr. HASTINGS. And it has the approval of the Secretary of Agriculture?

Mr. HAUGEN. Yes.

Mr. KINCHELOE. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. JONES].

The CHAIRMAN. The gentleman from Texas is recognized for 15 minutes.

Mr. JONES. Mr. Chairman and gentlemen of the House, at the last session of Congress a measure was passed here, supposed to give relief to the farmer, known as the Smith-Hoch resolution, which directed the Interstate Commerce Commission to investigate and undertake to reduce the rates charged by the railways on farm products. That has been nearly a year ago. I suppose the Interstate Commerce Commission must have referred that to the committee on waste papers, because, in so far as results are concerned, it has not been heard of since.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BURTNESS. Does not the gentleman know that the Interstate Commerce Commission has been holding hearings all over the country almost on that very question, and that it is being given serious consideration, and that in many rate cases that have been settled since that time, involving rates in various localities, considerable weight has been given by the commission to the provisions of the Smith-Hoch resolution? Does not the gentleman know that?

Mr. JONES. Yes; I know that the Interstate Commerce Commission has been holding hearings along various lines. But I was talking about the Smith-Hoch resolution. They have conducted hearings, and they have given about as much time to applications from the railroads for an increase of rates as they have given to that resolution. Perhaps somewhere near the millenium action will be taken on the resolution, and the farmers will be able to get a little of the relief about which the gentleman, together with some of his colleagues, have been shouting during the last four or five years. But I fear the present generation of farmers may not share in its advantages.

Mr. BURTNESS. Does the gentleman think the application made by the railroads for increases was due, in large part, to the fact that they were afraid something would actually be accomplished under the Hoch-Smith resolution, and that it was a tactical move to offset that?

Mr. JONES. I think they probably wanted to give somebody an excuse for not doing anything. But that is the measure of farm relief that was given during the last Congress. This is the measure, and the only measure, that has been presented at this time. I expect to vote for this measure, because I think it will not do any harm, and it may do a little good.

Mr. MICHENER. Will the gentleman yield?

Mr. JONES. Yes.

Mr. MICHENER. What is the gentleman's solution? What would he do for agriculture?

Mr. JONES. I have stated it here repeatedly, and I am sorry the gentleman is not familiar with the position I have taken. I have taken the position all along that this country has wealth enough in it; it has enough prosperity; it has enough of the funds and resources; at least, it has more than any other nation; but the trouble with this country is that there is not a proper distribution of the prosperity and wealth of the country, due to the fact that there are unconscionably high tariff rates on certain products [applause], and that in certain sections of this country there is the opportunity to accumulate most of the wealth and prosperity of the country, and no man can gainsay that.

Out in the West and the South and Southwest the farmers of this country have had to borrow $10,000,000; they have had to borrow it largely from the centers which have had the privilege of laboring under the flag of protection for the last 50 or 60 years, and that have the money and the prosperity of this country.

Mr. COLE. Will the gentleman yield?

Mr. JONES. Yes.

Mr. COLE. If the gentleman wants to reduce the tariff rates, where would he begin? Would he begin on live cattle from Texas?

Mr. JONES. No, sir. I stated the other day, and as was shown by the gentleman's colleague, that the rate on cattle is a revenue rate because it is producing revenue. [Applause.] It is a rate of about 15 per cent. I would begin on aluminum, which is somewhere near 70 per cent; I would begin on furniture, which has a rate of something near 40 per cent; I would begin on the component parts of farm machinery, the rates on which run from 40 to 60 per cent. I would begin on steel and a number of other products I could mention if I had the time. I would reduce the rates where it would be worth something to the people of the land. This would enable foreign countries to trade with us by virtue of an exchange of products. Again, I think railway rates on many farm products are entirely too high.

Mr. BLANTON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BLANTON. My colleague is surely not in favor of the provision in the bill which gives the Secretary of Agriculture carte blanche authority to employ just as many swivel-chair employees as he wants, without any limitation whatever. Is the gentleman in favor of that provision in this bill?

Mr. JONES. I do not think that provision would have that effect. I will state to the gentleman that there is an appropriation of only some $225,000 in this bill. Most of this work, I will state in giving my reasons for supporting this measure, as I shall support it, is now being done by the Agricultural Department—not quite all of it, but most of it is being done. It is being done in a permissive way, but not in a directory way. It is being done by virtue of some appropriations that have been made and on which there are certain limitations. This bill simply enlarges, in a degree, the work of the Bureau of Agricultural Economics. In addition to the powers they now have, under subdivision 3 of the bill they are given additional authority to make—

surveys and analyses, if deemed advisable, of the accounts and business practices of representative cooperative associations upon their request; to report to the associations so surveyed the results thereof—

And so on. It is to enable the Department of Agriculture to act as a sort of clearing house for the different cooperative organizations. One of the most successful of these cooperative organizations, one that has been successful over a period of 20 years, that has had a great many hard places to cover, that has had a great many difficulties to contend with, and has been blazing a new trail, testified through its manager, for this measure.

There are a great many different cooperative organizations in this country, but the head of this very successful cooperative organization stated there were many times when they had difficulties confronting them during which, if they had had a source, or, rather, some expert to whom they could go or some clearing house from which they could obtain information as to the experience of cooperative organizations here and there and over yonder, they might have avoided a great many of the pitfalls. It is hoped by everybody, I think, that the cooperative organizations may be able to do something for the farmers of this country. Regardless of which side of the political aisle we may sit upon, everyone realizes that the farmer has not had the same ratio of price that the manufacturer has had, and everyone realizes that one of the principal reasons is that he has not had an organized body; that he has not had an organized marketing and distribution system; and that he has not had the benefits of organization. I think that is one reason why the special privileges, to which I referred a while ago, have been enjoyed by those who have labored under the banner of protection, namely, the fact that they are organized and can present their desires in an organized manner and with organized force, whereas the farmer has not had the benefit of any such organization. If this bill will in any way assist cooperative organizations by means of a clearing-house system or by means of information which experts may gather from all sections of the country, I would like to see it done.

I do not think it is going to do any great big thing for the farmer. I think it may be of some assistance to him. It is the only measure, I will state, so far as I know since I have been a member of the Committee on Agriculture, that has been reported by that committee that affected cooperative organizations in any way that has had the unanimous approval of all the cooperative organizations which spoke with reference to the measure. If the cooperative organizations feel that it may have a good chance to do them some service in the way of assisting them in their cooperative organizations, I am perfectly willing to spend $225,000, which is the limit of the appropriation, in accomplishing that end. In fact, it is not that much, as they are already spending from year to year a considerable portion of that sum.

Mr. McKEOWN. Will the gentleman yield?

Mr. JONES. Yes.

Mr. McKEOWN. I notice paragraph 2 of section 3 says—

to conduct studies of the economic, legal, financial, social, and other phases of cooperation.

Can the gentleman advise us what it means by saying "other phases of cooperation"? What is contemplated by that language?

Mr. JONES. I will state to the gentleman that cooperative organizations have developed into a big business. They have all the ramifications in their work of a big business enterprise.

Some of the cooperative organizations have employed expert bookkeepers, whom they pay $10,000 or $12,000 per annum. Cooperative organizations are big businesses; and that is one reason I opposed the measure which was offered here at the last session. That measure undertook to control the cooperative organizations. This is simply a voluntary way to furnish them service when requested. The measure offered at the last session authorized the department to send out a $2,000 man to investigate and dictate to a $10,000 bookkeeper and to an organization handling millions. Would you send a one-armed man out to teach a Hornsby how to bat, or a jay bird out to teach an eagle how to fly?

Mr. McKEOWN. Will the gentleman yield further?

Mr. JONES. Yes.

Mr. McKEOWN. Will this bureau be able to furnish, and will it furnish information to individuals who belong to cooperative organizations showing how much the cooperative is costing the individual farmer? In other words, is there any protection in this bill against any excessive charges for overhead in cooperative organizations?

Mr. JONES. There is only this opportunity: If some official member of the cooperative organization or the organization itself at some stated meeting requests the Secretary of Agriculture to make such investigation and report, he is then authorized to make it and report to all the members or to bring the notice home to all the members of that condition and of their affairs in that regard.

Mr. McKEOWN. If, however, the cooperative organization was costing the members more than it really ought to cost, they would not make any application for this information. What I am trying to find out is whether there is any way to protect the individual.

Mr. JONES. The officials would not themselves make it, of course, but I assume there are very few cooperative organizations in this country that do not have some system at some time or other of having the individual members meet either in person or through their representatives. Nearly all of them have their State meetings, and if they are national organizations they have their national meetings, and at those meetings anyone is privileged to bring up any subject, and if the individual members or a great majority of them or any great number of them feel that unjust rates are being charged or that fraud is being practiced upon them, I take it they would not have any trouble in getting through some sort of resolution that would draw attention to the proposition and get action on it.

I do not think this bill goes as far as it might in that regard, but in many such instances as the gentleman suggests the courts are open. If the officials of a cooperative organization begin to graft on that organization or if they begin to misappropriate the funds or charge excessive fees, then any individual member of that cooperative organization has the privilege of going into the courts and making that showing, or any group of them can exercise that privilege, and can either oust that official or secure control of the organization.

Mr. McKEOWN. I want to call the attention of the gentleman to the fact that I am not making charges that the cooperative organizations are grafting——

Mr. JONES. I take it they are not perfect organizations and there may be some such instances.

Mr. McKEOWN. But they may be charging entirely too much overhead.

Mr. JONES. With all the hundreds of cooperative organizations in this country, there are perhaps some instances where some men have tried to take advantage of them, I have no doubt. They are not a collection of perfect men.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. WHITTINGTON. In line with the gentleman's statement that this bill probably does not go far enough, let me ask the gentleman to state what advantages or what benefits this bill will give to cooperative marketing associations in handling to the benefit of the growers surplus products, like cotton, wheat, and corn?

Mr. JONES. It will not give them any advantage that they do not now posses except that it may give them the advantage that any man in handling any business always has if he has more information concerning his business.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. KINCHELOE. I yield the gentleman five minutes more.

Mr. JONES. Any man who undertakes a business is always interested and better advised if he knows how some one else in the same business has conducted that business.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. JONES. If it is a question for information; yes.

Mr. LaGUARDIA. What information does the farmer need now that he can not obtain or that is to be obtained through this bill?

Mr. JONES. This may furnish him better facilities for obtaining information. Of course, a whole lot of the value of disseminating information depends upon the facilities for disseminating it.

Mr. LaGUARDIA. But information will not pay the interest on his mortgage.

Mr. JONES. Knowledge, however, is never a liability. I do not think this bill makes a great deal of difference one way or the other. I think there are two great schools of thought in this country, and one of them believes, and nearly everybody, in fact, except a few of my friends over here, agrees that the farmer does not reap any advantage from the present tariff system or at least does not march alongside the manufacturer in the field of tariff levies and can not be made to do so. At any rate, he does not get any of the advantages which no doubt the manufacturer gets and which every one must concede he gets. Those who believe in a tariff system, it seems to me, are driven, if they are fair, to advocate some sort of a proposition, if any there be, which will bring the farmer within the fold of those measures. It seems to me that is a logical conclusion.

I do not believe that it would be well to take that step for the reason you try to put them on stilts—and I doubt whether it could be done, but if you undertook it you would have them all upon stilts, and that would destroy the foreign market and, completing the circle, would destroy all of the effects of the tariff. And yet I can not conceive of a man who advocates the present high-tariff system and is not willing to go to that extreme.

I think, on the other hand, the better means of solution of the economic situation is to have a reduction of the tariff rates. I believe the much better system would be to reduce the various tariff rates to a definite revenue basis and do away with the special privileges that certain people in this country enjoy. I believe as sincerely as I believe anything that ultimately the manufacturers of this country would profit by an increase in the markets of the world thereby. You will find a good many manufacturing concerns to-day that realize that there is such a thing as getting tariff rates too high. Everyone who has studied the question—and the Agricultural Committee has studied it a great deal—must realize that this country is having a tendency that some of the other countries have to become overindustrialized. There has never been known a pastoral nation, one that guarded the rights of agriculture, that did not remain an effective one, and there has never been known an overindustrialized nation that has not gone on the rocks. There must be a proper regard for the basic wealth of the country or the basic production of the country, the source of raw materials, if there is to be enduring prosperity. If you adopt a policy that will ultimately destroy the efforts of those who are engaged in the basic production of the country and drive them out of business, you destroy the whole foundation, the groundwork, and the prosperity of any country. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. FORT].

Mr. FORT. Mr. Chairman and gentlemen of the House, I find it impossible to agree with other gentlemen who do not think this bill is accomplishing anything of real value for the farmers of America. The problem of the farmer is that he is attempting as one of six and a half million individuals to compete with a highly organized society, and therefore he has to stand purely as an individual in his business relations with the rest of the public. I come from a district which contains no agricultural interests whatever, and a district, therefore, in which the extent of organized industry is very clearly marked and its efficacy unmistakable. We have organized banks, clearing through the Federal reserve system. We have organized labor, clearing through the American Federation; we have organized transportation, which we are preparing in this Congress still further to organize and consolidate; and we have organized industry in corporate form clearing through associations throughout the Nation.

Mr. McSWAIN. Will the gentleman yield?

Mr. FORT. Yes.

Mr. McSWAIN. Has the gentleman got anything that has to be cleared through the grocery store and the kitchen in his district?

Mr. FORT. I think so. I will come to the effect of this bill on the consumer in a moment. Now, this bill is not only permissive, not only gives to the Department of Agriculture certain functions and duties in extending assistance to the

farmers in becoming organized, but it gives to the farmer, when organized, powers not enjoyed by any other form of organized industry. [Applause.]

In section 5 of this bill the farm organizations are taken almost entirely out from under the Sherman Antitrust Act and the Clayton Act; absolutely clearly removed under the latest decisions of the Supreme Court from many of the interdictions of those statutes.

Now why do I feel that that is proper legislation? First, because at the time of the growth of our railroads, because at the time of the institution of our banking system, because at the time of the beginning of our labor unions, and the formation of corporate organizations in industry there was no restriction on any of these four. The restrictions came only after the organization had been perfected and the public began to feel its power.

To-day the unorganized farmer is entitled to be put in the same economic status that the other forms of industry enjoyed at the time of their formation into organized effort.

This bill in section 5 does give to the farmer the right to combine, the right to disseminate within and between his organizations not only the kind of information that other industry may disseminate but information as to prospective conditions which is interdicted by the Supreme Court as to other types of industrial enterprise. We are doing something affirmative for the farmer, we are endeavoring in this legislation to put him on a basis, just as we have put railroads, banks, corporations, and labor unions, where he can effectively organize his power and mass that power in his own behalf. As I have said, I come from a consumers' district. And therefore I must say to the gentlemen who are operating these cooperative associations that they must remember that this power is being conferred upon them by Congress because to-day they are unorganized and are competing with an organized world; and they must so use that power, they must so operate under this permission, as not to make it necessary for the Congress of the United States, when they have grown in strength and power, to step in as it has had to do with the other forms of organized effort, and restrict them.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. McKEOWN. Does section 5 give any more power or does it exempt these associations any more than they are already exempted under the laws of the country?

Mr. FORT. Yes.

Mr. McKEOWN. In what particular?

Mr. FORT. In two particulars. The Capper-Volstead Act, so called, relates only to certain types of cooperative organizations. Those are organizations which do not pay in excess of 8 per cent dividend, and which do not handle products of others than their own members in excess of 50 per cent of the total volume of products handled. This bill contains no such limitation, and confers the identical rights and powers upon all cooperative organizations of original producers whether they fall within the limits of the Capper-Volstead Act or not.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. MOORE of Virginia. What is the effect of the provision in section 7 which declares that there shall be no modification or repeal of the statute referred to in the section? Does not that statute impose restrictions?

Mr. FORT. No; the Capper-Volstead Act, as I have explained, relates only to specified associations falling within specified classes. As to those it removes them from the jurisdiction of the courts and places them first under the jurisdiction of the Secretary of Agriculture in prosecutions for unduly enhancing prices and for monopolization.

Mr. MOORE of Virginia. And as to the other class?

Mr. FORT. There is no regulation whatever. They are where they stood before under the Sherman and the Clayton Acts.

Mr. MOORE of Virginia. But the point I suggest is that even though we pass this bill the restrictions in the statute referred to in the bill are maintained?

Mr. FORT. Yes; we so regard it so far as the Capper-Volstead Act prohibits monopolization and undue enhancement of price. It will be noticed from one question asked from the floor in regard to the definition in section 1 that that definition of agricultural products is very broad and does include the products of manufacturers and processors of farm products in the class of agricultural products; but it will be also noted that in section 5, which is the only section of the bill that confers upon the cooperatives themselves privileges and powers they do not now enjoy, it is limited by express language to original producers such as farmers.

In other words, every effort has been made in this bill to give to the farmer of America a right and privilege that he has not heretofore enjoyed, to organize and carry on his business free from the restrictions now on the books in the nature of antitrust and similar legislation, giving him every scope to operate his business in complete organization, with complete information. But, as I was saying a moment ago when interrupted, he must remember that in the extension of that privilege he must continue to operate as the cooperative associations now in existence have operated and conduct his business with due consideration that the price be not unduly enhanced to the consumer.

In conclusion, gentlemen, and again speaking as a Representative from a consuming district, I want to say that the problem of farm relief, as I see it, is equally the problem of every section and of every class of our people. None of the four great organized groups who constitute our transportation, banking, manufacturing, and labor organizations, nor the vast unorganized consuming and producing population can prosper other than for short periods unless the 45 per cent of our population who are directly or indirectly dependent upon the farm can be put permanently into the markets as purchasers. This, of course, can not be if that 45 per cent can not get a steady and fair return in the markets for what it produces. I believe that ultimately the cooperative movement can stabilize production and market price, can reduce speculation in commodities, and can place the farming industry of America upon a level plane of prosperity on which it can meet without either undue advantage or undue disadvantage the purchaser of its products; and that in placing the American farmer in this position we equally insure that the vast consuming part of our population shall have adequate means with which to buy. No section of this Nation can prosper to its fullest extent if any section lags behind, and it is our duty here, therefore, both from the standpoint of fairness to the farmer and of self-interest for the rest of the Nation to extend to the farming industry the opportunity for sane and constructive organization which this bill affords. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey has expired. [Applause.]

Mr. KINCHELOE. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. LOZIER.]

Mr. LOZIER. Mr. Chairman, I shall support the pending bill. I realize that it will do no harm and but very little good to American agriculture. Let there be no misunderstanding as to the purpose and scope of this bill. It is not intended to meet the situation or to remove the economic handicap under which the American farmers are laboring. It is all right as far as it goes, but it does not go far enough. It does not meet the emergency. Let no newspaper announce that this administration or this Congress has entered upon a program for relieving the distressed condition of American agriculture, because that result is impossible of attainment under the undisputed provisions of this bill.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. I ask the gentleman to wait until I finish my statement. I would like to have an opportunity, in the limited time at my command, to present my views, and this I can not do if I am continuously interrupted by my colleagues. The gentleman can get time from the gentleman from Iowa, who is in charge of this bill.

At best this bill does nothing of any consequence that can not be done now under existing laws. I call the attention of the House to the testimony of Secretary Jardine before the Committee on Agriculture on pages 15 and 16 of the hearings:

> Mr. ASWELL. What I want to know is, couldn't you do it yourself, without legislation?
>
> Secretary JARDINE. Maybe I can.
>
> Mr. ASWELL. If you had the money, I mean, and I think you ought to have the money.
>
> Secretary JARDINE. But I would like Congress to indorse it, because I think it is a good idea and I think your indorsement will add strength to it. I think we ought to all get behind this and say that we are standing behind cooperative marketing. I tell you it is a thing to stand behind, gentlemen, and let's give it a little dignity.

In other words, this bill, according to Secretary Jardine, does not give the Department of Agriculture power to do anything that it can not do now under the present law. The Secretary told the committee that he would like to have Congress indorse the idea of cooperative marketing; that he would like for Congress to issue a declaration, a pronunciamento, if you please, telling the American farmers that Congress is standing behind cooperative marketing. Well, I see no objection to that; but it does not get us anywhere. What the American farmers need and want is relief and not advice. They have already had en-

tirely too much advice from swivel-chair agriculturists in the Department of Agriculture.

The Secretary of Agriculture tells us that this bill will give cooperative marketing "a little dignity." The cooperative marketing associations in the United States already have plenty of dignity, and this "milk and water" bill will not give them any more dignity than they now have. Practically the only thing new in the pending bill that is not found in the present law is the appropriation of $225,000 of public funds to pay the salary and expenses of officers and employees of the Department of Agriculture to run over the country and give advice to the farmers and cooperative marketing associations. I repeat, that the American farmers are not asking the present administration or the present Congress for "advice" and "dignity," but they want relief, and they want markets for their surplus products. No one claims that this bill will take care of our exportable surplus, stabilize markets, or advance prices of farm commodities. In the last analysis the purpose of this bill is to evade rather than meet the situation. The administration and Congress, by passing this measure, are trying to make the American farmers believe that something is being done for them, when, as a matter of fact, the bill will afford no substantial relief, and does not in reality place cooperative marketing on any better basis than that it now occupies.

Now let us look at this bill. What are the expressed purposes of the measure? It creates a so-called cooperative-marketing division in the Department of Agriculture, which is practically the same as the Bureau of Agricultural Economics, which bureau has been in existence for years, doing the very same work that this new division is expected to do. This new division created by this bill will do nothing more than the old bureau has been doing. In short, this bill merely changes the name of the bureau that has done and will continue to do this work.

I read from page 2 of the bill that this cooperative marketing division is authorized to do certain things. Now, what are these things that this new division is authorized to do? I read:

> To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

Why, gentlemen, the Department of Agriculture has been doing this very thing for years, collecting statistics and disseminating information and data in reference to crops and cooperative marketing in the United States and elsewhere. That is to say, a new bureau is created to investigate cooperative-marketing associations and publish the result of those investigations. That has been done by the Government and by the newspapers and farm journals for years.

The farmers of this Nation already have abundant information as to how to organize for cooperative selling of their products. The farmers understand the principle and theory of cooperative marketing sufficiently to enable them to apply these principles if they were only able to finance their operations. The Department of Agriculture can not remedy the distressed condition of American agriculture by simply collecting and publishing statistics and historical information in reference to cooperative-marketing methods in the United States and in foreign countries.

I challenge any gentleman on this floor to say that the members of the cooperative-marketing associations need information and statistics. I challenge any man to say that the members of these great organizations engaged in the production and marketing of cereals and other farm products are not already fully informed on all these questions. For years these cooperative-marketing associations have been accumulating and disseminating valuable information on cooperative marketing.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. LOZIER. I will.

Mr. SHALLENBERGER. Is it not a fact that the Department of Agriculture now has a Bureau of Agricultural Economics and is doing exactly the same work which this bill proposes, and it is a duplication and a spending of money?

Mr. LOZIER. Yes; but I would be willing to spend many times the amount carried by this bill if such expenditure would really benefit the farmers of America. This bill will not result in farmers being better informed than they now are on cooperative marketing.

The bill further provides that this new bureau shall conduct studies of the economic, legal, financial, social, and other phases of cooperation, and shall publish the result thereof. In other words, a few fellows in the Department of Agriculture are going to make an academic investigation of the farm problems of America. These investigators will be swivel-chair agriculturalists in Washington, who will merely take the information furnished by the cooperative sales organizations, rehash it, and publish it broadcast throughout the land after the information has already been disseminated by the cooperative associations, the metropolitan newspapers, and the farm journals.

Mr. SHALLENBERGER. If the gentleman will yield further. The gentleman does not think these people out in Iowa who are holding a great conference from 11 agricultural States are going to abandon it because we pass this bill?

Mr. LOZIER. Certainly not. This bill does not solve the agricultural problem. It does not meet the emergency. It does not touch side, edge, or bottom of the agricultural question. It is only a gesture toward the horizon. It affords the farmers of the United States no relief, and if any gentleman votes for this bill with the expectation that it will afford substantial relief to American agriculture, he will find out to his sorrow that he was woefully mistaken when he goes back to his district and hears from the farmers, who know much more about cooperative marketing than the Department of Agriculture.

Gentlemen, you can not get by or relieve yourselves of responsibility by merely passing this bill. I am going to vote for it because it may help a little, but not much. This bill should be followed by some real, honest-to-goodness constructive legislation which will enlarge the markets for American farm products, take care of our exportable surplus, and stabilize and advance prices. This bill is not going to satisfy the American farmers, who are drifting dangerously close to bankruptcy.

Mr. JOHNSON of Texas. Will the gentleman yield there?

Mr. LOZIER. Pardon me, but I would like to finish what I have in mind.

Mr. JOHNSON of Texas. I was going to help the gentleman.

Mr. LOZIER. I am sure that your suggestion would be germane and helpful, but I wish to develop my line of thought a little further. The bill further provides that one of the duties of this new bureau or marketing division is to confer and advise with committees or groups of producers, and so forth. Now, is not that fine? The agriculture problem is to be solved by this branch of the Department of Agriculture conferring with and advising producers, cooperative marketing associations, and individuals. This is nothing new. The Department of Agriculture has power to confer with and advise producers and cooperative associations under the present law, and this has been done for years. But I repeat that the American farmers are not asking for conferences and advice from the Government, but they are asking that marketing associations be organized, federated, or aided so they can economically and profitably market our farm commodities in domestic and foreign markets, especially our exportable surplus. If the Government, under reasonable regulations, would lend these cooperative marketing organizations the funds necessary to control and market in an orderly manner our exportable surplus of farm commodities, this would be a step in the right direction. This would involve no loss to the Government and would enable the marketing associations to function efficiently. The money advanced by the Government would be repaid, and if there should be any loss it would fall on the American farmers and not on the Government.

Then, again, the pending bill provides that this marketing division shall acquire from all available sources information concerning crop prospects, supply, demand, exports, imports, and prices of agricultural products, and so forth. Why, bless your souls, that information is already available. Nearly every issue of the great metropolitan papers and every issue of the great farm papers carry that information. Each day the cables tell us how much wheat is in Liverpool and the other great markets of the world, and also the quantity on the high seas in transit to the great world ports. Each day the telegraph carries even to the remotest parts of the Nation reports from Canada, Argentina, Russia, India, Australia, northern Africa, and all other wheat-producing countries, information as to the wheat supplies and markets, the condition of the wheat crops, weather conditions affecting wheat crops, how harvest is progressing, the quantity in storage, and whether or not there will be a surplus in that particular region, and the probable amount of such surplus. For years the Department of Agriculture has been issuing bulletins and sending out messages and reports giving this information. Moreover, the United States is a member of the International Institute of Agriculture, with headquarters at Rome. This organization has representatives in all the nations of the world, and there comes to Rome almost every day of the year a detailed report from every nation, giving information of every kind and character in reference to crops and market

conditions. This information is sent from Rome daily by radio to the Department of Agriculture in Washington, which in turn disseminates it throughout the United States. In fact, much of the information as to world crop conditions and supplies comes from the International Institute of Agriculture, founded by the genius of an American Hebrew named Lubin, who was in reality the founder of cooperative marketing in the United States.

Now may I say in conclusion that I am supporting this bill, notwithstanding the fact that it will not and can not solve the agricultural problem or relieve the American farmers from the economic distress from which they have suffered so long.

I am willing to take this bill for what it is worth, believing that it will do just a little good. But I am not satisfied to stop with the passage of this measure. Some substantial relief must be provided for agriculture. There can be no nation-wide or enduring prosperity unless agriculture participates in that prosperity. The Government by legislation has stabilized the manufacturing industry by the enactment of high tariff laws. The Government has stabilized the railroad industry by enacting the transportation act, which permits freight schedules which will afford a return of 5¾ per cent on the capital investment in addition to all operating and other expenses. The Government by legislation has stabilized the banking business in America by the enactment of the Federal reserve system. The Government has come to the relief of the other great basic industries and there is no reason why this same Government should not do as much for the great basic industry of agriculture as it has done for the other vocational groups.

The administration and Congress do not appreciate the desperate plight of agriculture. The farmers of this Nation are aroused as never before and are demanding equality of opportunity for agriculture. The administration will not be able to convince the American farmers that they are prospering. The farmers are tired of promises and they are now demanding constructive legislation which will place agriculture on a sound economic footing, with the same privileges that the Government has for years granted to other vocational groups. The administration and Congress should look this situation squarely in the face and keep the pledges that have been made to agriculture. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAUGEN. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BROWNE].

Mr. BROWNE. Mr. Chairman and gentlemen of the committee, this bill that we are considering I think will do some good, but I think it is only a palliative and does not strike at the fundamental trouble. There are two propositions this Congress should consider before it has adjourned. One is a revision of the tariff, so it will be fair to agriculture, and a reduction of freight rates. [Applause.] Now just take, for instance, the tariff. How does it treat our dairy farmer of Wisconsin? Fifty-three per cent of all the agricultural wealth produced in Wisconsin comes from its cows.

They gave us an 8 per cent tariff on butter, a 5 per cent tariff on cheese, and a small tariff on milk. Over in Denmark, where the dairy interests are highly developed and where they have cooperation and do their own selling and where labor is paid $1 a day and land is cheap and freight rates are so low that they can lay down butter in New York City for a cent a pound for freight, while it costs us in Wisconsin from one and one-half to 2 cents a pound for freight. The Danish farmer can take $1 of our money in Denmark and on account of the depreciated currency can get $1.35 or $1.40 for it. The depreciation of the Danish currency more than neutralizes the tariff of 8 cents a pound on butter.

Recently in one month more butter came from Denmark to this country than came in a single year a few years before that. We produce a small surplus of dairy products. When you put another surplus on our natural surplus you destroy the market. You know how every manufacturing establishment fights a surplus. A surplus is poison to a manufacturer, and he restricts production; sees to it that there is no surplus. We have a surplus in dairy products, but we do not ask the Government to dispose of that surplus. What we want is adequate protection on dairy products as long as we have protection and even more than adequate protection on many other things.

Let me tell you of the difference in the tariffs on some things that the farmer has to buy. Take, for instance, clothing. I wrote to the Secretary of the Treasury to know just what a farmer or anybody else would pay on a suit of clothes valued at $40 that came to this country from Scotland. This is what the Secretary says in response to my letter:

TREASURY DEPARTMENT,
January 19, 1926.

Hon. EDWARD E. BROWNE,
House of Representatives, U. S.

MY DEAR MR. BROWNE: I am in receipt of your letter of the 14th instant further in regard to the amount of duty which would be collected upon a suit of clothes made of woolen cloth purchased in Scotland, the value of the suit being $40.

The department, in its letter to you of the 9th instant, advised you that the suit would be dutiable under paragraph 1115 of the tariff act, the rate depending upon the value per pound of the apparel, and if valued at over $4 per pound the duty would be 45 cents per pound and 50 per cent ad valorem.

Now that would not convey a great deal of information to the average person. But he goes on and says:

If the suit weighs 8 pounds the specific duty would be 45 cents (per pound), multiplied by 8 pounds, which equals $3.60, plus 50 per cent ad valorem on the value of the suit, which makes the ad valorem duty $20, or a total of $23.60 would be the duty on the suit if weighing 8 pounds.

Very truly yours,

L. C. ANDREWS, *Assistant Secretary.*

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. BROWNE. Yes.

Mr. LAGUARDIA. The gentleman wants to increase the tariff on butter and to sell it to the tailors of my district. Then he wants to take their work from them, the work that the tailors of my district make. Where do we come in on that deal?

Mr. BROWNE. I claim that there is practically no tariff at all on butter and other dairy products. I have shown that owing to the depreciation of currency between the United States and Denmark the tariff is more than offset. Now the farmers in the Middle West, West, and the South have been paying a high tariff for 140 years for the benefit of the manufacturers of the East, and when they come here to Congress and present facts that justify an adequate tariff on their products, in other words when they ask for bread they do not want to be given a stone, as was done by the Fordney-McCumber Tariff Act.

Mr. LAGUARDIA. We do not hear so on the farmer's suit.

Mr. BROWNE. I hear some of my friends from the East say "Why do you buy a suit of clothes from Scotland?" You know that our manufacturers and dealers in this country do not bring the price of their clothes down much below the rate of imported clothes. They keep the price up. A man I know went down on F Street and bought $160 worth of clothes, and he figured it out that he had paid $80 tax.

Mr. LAGUARDIA. Were all those clothes imported?

Mr. BROWNE. No. Our manufacturers are not foolish enough to put their prices down any lower than the clothes coming from abroad. If you buy clothes of the same quality manufactured in this country as those imported you pay practically the same price.

Mr. WEFALD. Mr. Chairman, will the gentleman yield?

Mr. BROWNE. Yes.

Mr. WEFALD. I want to correct the gentleman. As I understood it, he used as an illustration a suit of clothes that would cost the consumer about $60. I want to call the gentleman's attention to the fact that the farmers do not buy suits as good as that. The people of the country might get the impression from that statement of the gentleman that the farmers are prosperous. [Laughter.]

Mr. BROWNE. I stand corrected. But the same rule would hold in regard to a $30 suit, they would pay over 50 per cent tariff tax or $15.

Mr. WEFALD. Yes. I wanted to get that straightened out.

Mr. BROWNE. Henry C. Wallace, the Secretary of Agriculture, in 1924, a short time before his death, said:

The farmers of the Nation are the victims of economic injustice, in part at least due to Government action.

The former Secretary further said:

When we remember that about a third of our people live on the farms, surely it must be evident to every thinking citizen that if we compel that third to continue for any considerable length of time under gross economic injustices things are going to happen which good citizens do not want to see happen. Speaking generally, the best farmers are those who have been hit the hardest, because it was they who responded most cheerfully to war demands. The idea that any considerable number of farmers are in trouble because of unwise speculation or of inefficiency is wrong. The number of those is very small. But hundreds of thousands of good, hard-working farmers who have farmed efficiently, avoided speculation, worked hard, and man-

aged their farms wisely have seen their savings of a lifetime swept away and have lost their farm homes through no fault of their own. * * *

No greater mistake can be made than to permit this basic group to continue under such drastic conditions as have prevailed for the past three years. * * *

Conditions such as have prevailed upon the farms for three years past are making it necessary for the children to work as soon as they are large enough to work. A large percentage of them are being deprived of those educational, social, and religious opportunities which are so necessary to the making of good citizens. Schools and churches are being closed in many regions. The people of the cities, from their own selfish standpoint, could afford to pay at least 40 per cent of the cost of furnishing educational opportunities to the young folks now on the farms rather than allow present conditions to continue, for these young folks will make the citizens of the next generation. * * *

During this period of acute agricultural depression hundreds of farms have passed out of the ownership of farmers and into the hands of nonfarmers. This movement is growing rather than lessening. We are feeling the cumulative effect of low prices and lessened income. It is not good for the country that the land should be owned by a nonresident landlord class. That tends toward rack rents, lower standards of living, exploitation of the soil, and peasantry.

The fostering of a sound agriculture is a Government duty, and present conditions demand courageous action, even if it may be necessary to adopt heretofore untried methods.

The agricultural blight had not struck Iowa at that time, but the Secretary of Agriculture saw it coming. Iowa, one of our strongest agricultural States, is now suffering with depression heretofore unknown in her history.

CAUSES OF THE FARMERS' TROUBLES

First. The farmers are suffering, as former Secretary Wallace said, from economic injustice in part at least due to Government action. This economic injustice referred to was the deflation policy of the Federal Reserve Board in 1920, which placed the price of farm products on a pre-war basis and left the prices of everything that the farmer purchased on a war price basis.

John Skelton Williams, who, as Comptroller of the Currency and member ex officio of the Federal Reserve Board, and who was with the Federal Reserve Board almost from its creation and was First Assistant Secretary of the Treasury February 3, 1914, and who resigned as Comptroller of the Currency March 2, 1921, says:

That the deflation policy was carried on regardless of the warnings; that the reduction in credits by Federal reserve banks for the 12 months ensuing from October 15, 1920, to October 26, 1921, was more than $1,722,000,000, every month showing a contraction. The actual contraction in Federal reserve notes in circulation in the same 12-month period was $944,492,000. The shrinkage and annihilation of property values which accompanied this deflation of credits exceeds the wealth of empires.

Mr. Williams further says:

The world's history furnishes no parallel for the heart-rending wiping out of values and destruction of enterprises, homes, and fortunes, large and small, which took place. The annihilation of values which has followed the Federal reserve policies is estimated at tens of billions of dollars.

Whether the Democratic administration or the Republican administration was to blame for this situation is not material to this discussion. Each of the political parties seek to place the blame on the other.

Second cause. The tariff law passed in 1922 discriminated against the farmer who sells in the free markets of the world and buys in the highest protected market in the world.

Third cause. The raise of railroad rates under Esch-Cummins Act is a contributing cause of farmers' troubles.

The American people in 1917 paid a freight bill of $2,819,965,215. Through the raise in freight rates, totaling 78 per cent increase since 1917, the people in 1923 paid a freight bill of $4,624,398,30. Since 1917 up to and including 1923 the American people have paid an increased freight bill, through the raise in freight rates, of $6,934,304,031. For the year 1922, according to the Interstate Commerce Commission, the farmer paid $904,369,323 on farm products, or 22.9 per cent of all the revenue collected by the railroads on freight. The farmer can not shift or pass on to other people the cost of transportation. He has paid not only the increased freight rates on the products he has produced, but he has also paid the increased freight bill in building materials, farm machinery, and everything he had to buy for the farm and the home. It is conservatively estimated by the best statisticians that since 1917 the farmers' freight bill has been increased by raises in freight rates more than $2,000,000,000, no part of which he can pass on to the people.

Deflation and high freight rates and high tariff duties are the three principal causes of the farmer's bankrupt condition today. I say bankrupt condition, because there are few farmers in the United States who are paying their expenses, interest on their investments, and taxes and receiving anything for their work. Many could not sell out and pay their debts; and if conditions do not improve, it means wholesale bankruptcy for the farmer and the gravest consequences to the future growth and prosperity of the United States.

EXCESSIVE FREIGHT RATES

Excessive freight rates at the present time on farm produce are higher than the traffic can stand.

The Interstate Commerce Commission, after the application had been pending 14 months, refused to reduce freight rates on grain, grain products, and hay.

Commissioner Johnston B. Campbell, of the Interstate Commerce Commission, in a strong dissenting opinion said:

It is a well-known maxim that a rate higher than the traffic will bear results in loss to the carriers and paralysis to the industry to the products of which the rate is applied. * * * It is generally conceded that in the old days the carriers' only rule was that the rates should earn "all the traffic would bear." What the traffic will reasonably bear is still a controlling factor.

He says again:

I think the carriers thought it proper to exact all it was possible to exact and still allow the traffic to move.

I think we should consider it more from the viewpoint of what the industry can pay and still live. The evidence in the case is conclusive that wheat is being raised at a loss. It moves to market because it has to, but it moves at a great loss to the producer. Can the industry continue to function under present conditions? Clearly not.

Commissioner Campbell in conclusion says:

Civilization can not exist without the farmer. The present wave of prosperity will not continue unless the farmer is prosperous. Can there be more dire necessity for low rates than is shown in this case? * * * It is a fact that in some sections of Kansas thousands of acres of prairie grass were not harvested at all the past year or the year before, for the reason that the farmer could not afford to take the chance of putting it up under values that existed at the time. Previous to the advances in freight rates a great deal of alfalfa hay was forwarded from as far west as Colorado to as far east as New York State, but since the advances in freight rates that trade has been entirely cut off. * * * I want to say that the transportation of hay has been the outgrowth of 20 years among dealers and farmers in the territory tributary to Kansas City. That hay is indigenous to the country in the West; it has to move to the territory where hay is not grown, and it can not move under the present burden of transportation charges.

The unanswerable arguments that Commissioner Campbell makes in regard to wheat, hay, and so forth, are applicable to all farm products, such as livestock, potatoes, corn, and so forth.

In connection with high freight rates charged by the railroads, which are more than the traffic will stand, I desire to call attention to what the railroads are making.

LARGE PROFITS ON RAILROADS

According to the uncontroverted banking authority, the Alexander Hamilton Institute of New York, in their weekly bulletin of May 17, 1924, issued the following statement:

THE 6 PER CENT DIVIDEND OF SOUTHERN PACIFIC

Last year Southern Pacific earned nearly $13 per share, more than twice the $6 dividend. It could very well have paid a dividend of $8 per share. The total dividends disbursed were slightly over $20,000,000, against $44,000,000 of net income. Usually it is safe for a railroad to pay out about two-thirds of its net income in dividends. On this basis, Southern Pacific, with over $44,000,000 of net income, could very well have paid $28,000,000 in dividends, which would have been around 8 per cent. In 1922, however, the net income was only $32,600,000, so that the 6 per cent dividend was just about right, as it absorbed nearly two-thirds of the net income.

These figures indicate that the 6 per cent dividend is well protected. In fact, they suggest that Southern Pacific could manage comfortably to pay 7 per cent. However, it is not likely that the dividend will be increased unless earnings for 1924 and prospects for 1925 indicate that the average earnings will equal 12 per cent or more. The dividends and earnings for the past two years were as follows:

Southern Pacific

	1923	1922
Operating revenues	$287,204,634	$262,519,170
Net income	44,552,482	32,600,150
6 per cent dividend paid	20,663,094	20,663,139
Could have paid	28,000,000	

At a price of 88 the $6 dividend of Southern Pacific gives a yield of 6⅞ per cent.

Expert accountants are skilled in showing how little railroads are making, but the Hamilton Institute, a banking authority, gives the plain facts just as they are for the benefit of those who wish to buy railroad securities. It states that the Southern Pacific Railroad had a net income of $44,000,000 and could have paid out two-thirds of its net income in dividends and retained one-third as undivided profits and paid a dividend of 8 per cent for the year 1923. As it was, it paid a dividend of 6 per cent and absorbed nearly two-thirds of its net income. If anyone raises his voice, in Congress or out, in favor of lowering freight rates, an avalanche of denunciation is heaped upon him. The railroads of the country are spending millions of dollars in advertising to the effect that they are making nothing and if freight rates are lowered the present prosperity of the country will end and the railroads will be bankrupt. The railroads present legislation to Congress like the Esch-Cummins law, with authority to make freight rates so high that the farmer is unable to get his products to market, according to the statement of a member of the Interstate Commerce Commission, whom I have quoted, a statement that can not be controverted—and such legislation is passed by Congress without delay. Yet when a great industry like agriculture is allowed to languish and gradually die and neither political party is courageous enough to deal with the situation, it does not excite comment in the metropolitan press.

TARIFF UNFAIR TO FARMER

The farmers that met at Des Moines represented organizations with a membership of several million farmers and took issue with President Coolidge, who claims that the farmer was a great beneficiary of the tariff. Let us see whether there is any basis for the statement that the farmer is the beneficiary of the tariff.

The conservative American Farm Bureau Federation, through its research department, submit figures showing that the farmers alone lose each year $301,000,000 as a result of the tariff. In one of their weekly news letters, the Farm Bureau Federation figure that the gross cost to the farmer is $426,00,000, from which is deducted gains to the farmers estimated at $125,000,000, leaving the net loss to the farmer $301,000,000 per year. It stated that import duties on corn, oats, rye, barley, and rice are of little significance.

Charles S. Barrett, chairman of the National Board of Farm Organizations, and president of the National Farm Union, who has made a study of the effect of the present tariff act, in a public statement April 14, 1922, stated—

> That for each added dollar which agriculture is to receive, by reason of the Fordney-McCumber Tariff Act, the manufacturers, as a whole, will receive probably six or eight times as much, and this despite the fact that the capital investment in agriculture is $77,000,000,000, while in manufacturing it is only $44,000,000,000.

The Fair Tariff League, an organization which is committed to the principles of protection and which is indorsed by many leaders of the Farm Bureau Federation, the Farmers' Union, and the National Grange, has compiled statistics, showing the effects of the tariff upon the farmers in a number of important agricultural States.

These statistics are summarized in the following table:

	Population	Farm population	Farmers	
			Gain	Loss, net
Iowa	2,404,021	984,800	$621,000	$40,581,000
Minnesota	2,387,125	897,181	6,313,000	31,567,000
Kansas	1,769,257	691,690	240,000	28,776,000
Nebraska	1,296,372	584,172	2,396,000	37,503,000
Colorado	939,629	266,072	3,967,000	12,950,000
Utah	449,396	140,249	2,457,000	5,119,000
Idaho	432,000	201,000	1,042,000	7,419,000
Washington	1,357,000	283,000	216,242	11,634,000
Oregon	783,000	214,000	301,725	8,648,000
Texas	4,663,228	2,277,773	597,000	86,301,000
Total	16,481,000	6,540,000	18,152,000	270,498,000

It will be noted that the farmers in these 10 States as producers gain from the tariff $18,152,000. On the other hand, they lose, net, as consumers of products of all sorts, $270,498,000. Thus they lose $15 for every $1 of gain. The net loss is $41 for each man, woman, and child, or $200 per family.

The loss varies greatly in different States because of the different measures of protection accorded to different agricultural products.

HOW THE FORDNEY-M'CUMBER TARIFF ACT TAXES THE FARMER

President Coolidge, in his address of December 7 before the American Farm Bureau Federation, dwelt at some length upon the great benefits to the farmers resulting from the fact that agricultural implements are on the free list.

The Dictionary of Tariff Information, prepared by the United States Tariff Commission, however, shows that the imports of such implements are insignificant when compared with the domestic production.

In 1923 there were imported into the United States only—

Drills and planters	51
Harvesters and reapers	126
Horse rakes	30
Mowers	51
Plows and cultivators	3,692
Threshing machines	117
Wagons	188

The total value of agricultural implements imported in 1923 was only $2,327,000 as compared with a domestic production in 1921 of $324,915,000.

Although these agricultural implements are on the free list, many articles and implements which are required upon the farm are subject to extremely high rates of duty under the Fordney-McCumber tariff act.

The following list has been prepared from the official statement published by the United States Tariff Commission in the Dictionary of Tariff Information. The list has been divided into two parts:

First. The articles in which the farmer is particularly interested.

Second. The articles in which the farmer's wife is particularly interested.

Rates of duty under Fordney-McCumber Tariff Act (1922) and Underwood Tariff Act (1913) on articles in which the farmer is particularly interested

Paragraph	Article	1922	1913
68	Paint, pigments, colors, and stains.	25 per cent	15 per cent.
74	Red-lead pigments	2¾ cents per pound.	25 per cent.
	White lead	2½ cents per pound.	Do.
77	Varnishes—less than 5 per cent alcohol.	$2.20 per gallon and 25 per cent.	$1.32 per gallon and 15 per cent.
	Varnishes—5 per cent or more of alcohol.	25 per cent	10 per cent.
83	Salt in bags, etc	11 cents per 100 pounds.	Free.
	Salt in bulk	7 cents per 100 pounds.	Do.
220	Window glass—cylinder, crown-sheet glass, polished, less than 384 square inches.	4 cents per square foot.	3 cents per square foot.
222	Plate glass, cast, polished, not exceeding 384 square inches.	12½ cents per square foot.	6 cents per square foot.
317	Galvanized wire fencing	½ cent per pound	Free.
	Wire used for baling hay	do	Do.
331	Cut nails and spikes exceeding 2 inches in length.	¼ cent per pound	Do.
	Cut nails and spikes not exceeding 2 inches in length.	15 per cent	Do.
	Horseshoe nails	1½ cents per pound.	Do.
	Wire nails not less than 1 inch in length.	¼ cent per pound	Do.
	Wire nails less than 1 inch in length.	¾ cent per pound	Do.
340	Circular cross-cut and hand saws	20 per cent	12 per cent.
345	Saddlery hardware—not plated with gold or silver.	50 per cent	20 per cent.
	Harness hardware—not plated with gold or silver.	35 per cent	Do.
354	Penknives, pruning knives, etc., valued at not more than 40 cents per dozen.	1 cent each and 50 per cent.	35 per cent.
	Penknives, pruning knives, etc., valued at more than 40 cents per dozen, and not more than 50 cents per dozen.	5 cents each and 50 per cent.	Do.
	Penknives, pruning knives, etc., valued at more than 50 cents per dozen, and not more than $1.25 per dozen.	11 cents each and 55 per cent.	Do.
	Penknives, pruning knives, etc., valued at more than $1.25 per dozen, and not more than $3 per dozen.	18 cents each and 55 per cent.	35 per cent.

Rates of duty under Fordney-McCumber Tariff Act (1922) and Underwood Tariff Act (1913) on articles in which the farmer is particularly interested—Continued

Paragraph	Article	1922	1913
	Penknives, pruning knives, etc., valued at more than $3 per dozen and not more than $6 per dozen.	25 cents each and 60 per cent.	55 per cent.
	Penknives, pruning knives, etc., valued at more than $6 per dozen.	35 cents each and 55 per cent.	Do.
355	Hay knives, sugar-beet knives, etc., with handles of hard rubber, etc.	8 cents each and 45 per cent.	30 per cent.
357	Animal clippers valued at more than $1.75 per dozen.	20 cents each and 45 per cent.	20 per cent.
	Shears, pruning and sheep, valued at more than $1.75 per dozen.	20 cents each and 45 per cent.	Free.
361	Pliers, pinchers, etc	60 per cent	30 per cent.
362	Files, rasps, etc., 7 inches and over in length.	77½ cents per dozen.	25 per cent.
365	Shotguns, double-barreled, valued at more than $25 each.	$10 each and 45 per cent.	35 per cent.
372	Cream separators, valued at more than $50 each.	25 per cent	Free.
	Lawn mowers	30 per cent	20 per cent.
	Machine tools	do	15 per cent.
373	Scythes, etc	30 per cent	Free.
	Shovels, spades, etc	30 per cent	20 per cent.
388	Dynamite and other high explosives for blasting.	1¼ cents per pound.	Free.
761	Grass seeds, alfalfa	4 cents per pound	Do.
	Clover, red	4 cents per pound	Do.
	Clover, white	8 cents per pound	Do.
	Millet	1 cent per pound	Do.
	Timothy	2 cents per pound	Do.
762	Garden and field seeds:		
	Beet (except sugar beet)	4 cents per pound	3 cents per pound.
	Flower	6 cents per pound	Free.
	Onion	15 cents per pound	5 cents per pound.
913	Belting for machinery	30 per cent	15 per cent.
1005	Rope, hemp	2½ cents per pound.	1 cent per pound.
	Rope, manila	¾ cent per pound	½ cent per pound.
1018	Bags or sacks not bleached, etc	1 cent per pound and 10 per cent.	10 per cent.
1019	Bagging for cotton, gunny cloth, etc.	7/8 cent per square yard.	Free.
1418	Blasting caps	$2.25 per thousand.	$1 per thousand.

Duties on articles in which the farmer's wife is particularly interested

Paragraph	Article	1922	1913
211	Earthernware and crockery, plain.	45 per cent	35 per cent.
	Earthernware and crockery, painted or decorated.	50 per cent	40 per cent.
212	China, porcelain, etc., plain	60 per cent	50 per cent.
	China, porcelain, etc., painted or decorated.	70 per cent	55 per cent.
218	Table and kitchen glassware, blown.	55 per cent	45 per cent.
	Table and kitchen glassware, pressed.	50 per cent	30 per cent.
336	Corset and dress steels	35 per cent	15 per cent.
339	Table, household and kitchen utensils, enamelware.	5 cents per pound and 30 per cent.	25 per cent.
	Table, household and kitchen utensils, aluminum.	11 cents per pound and 55 per cent.	Do.
	Copper, brass, etc	40 per cent	20 per cent.
343	Crochet needles	$1.15 per thousand and 40 per cent.	Do.
	Knitting needles	45 per cent	Do.
347	Hooks and eyes	4½ cents per pound and 25 per cent.	15 per cent.
346	Snap fasteners	55 per cent	Do.
349	Buttons, metal, embossed	45 per cent	Do.
350	Hairpins, safety pins	35 per cent	20 per cent.
355	Table knives, kitchen knives, etc., with handles of mother-of-pearl shell or ivory.	16 cents each and 45 per cent.	30 per cent.
	Table knives, kitchen knives, etc., with handles of hard rubber, bone, etc.	8 cents each and 45 per cent.	30 per cent.
357	Scissors valued at more than $1.75 per dozen.	20 cents each and 45 per cent.	20 per cent.
372	Sewing machines valued at not more than $75 each.	15 per cent	Free.
	Sewing machines valued at more than $75 each.	30 per cent	Do.
410	House furniture	33⅓ per cent	15 per cent.
779	Spices, mixed	25 per cent	20 per cent.
	Nutmegs, unground	2 cents per pound	1 cent per pound.
	Pepper, black or white unground	do	Do.
902	Cotton, sewing thread	½ cent per 100 yards.	15 per cent.
	Crochet, darning, embroidery, knitting cottons.	½ cent per 100 yards.	Do.
903	Cotton cloth (impossible to compare cost of this because of change in method of fixing duty).		
	Jacquard woven cloth, napped	45 per cent	30 per cent.
911	Table damask	30 per cent	25 per cent.

Duties on articles in which the farmer's wife is particularly interested—Continued

Paragraph	Article	1922	1913
915	Gloves, cotton, single fold	50 per cent	35 per cent.
916	Stockings and socks, not more than 70 cents per dozen.	do	30 per cent
	Stockings and socks, more than 70 cents per dozen and not more than $1.20 per dozen.	do	40 per cent.
	Stockings and socks, more than $1.20 per dozen.	do	50 per cent.
917	Underwear, etc., cotton	45 per cent	30 per cent.
1020	Linoleum	35 per cent	Do.
1023	Matting	8 cents per square yard.	5 cents per square yard.
1107	Yarn, wool, valued at not more than 30 cents per pound.	24 cents per pound and 30 per cent.	18 per cent.
	Yarn, wool, valued at more than 30 cents per pound but not more than $1 per pound.	36 cents per pound and 35 per cent.	Do.
	Yarn, wool, valued at more than $1 per pound.	36 cents per pound and 40 per cent.	18 cents per pound.
1108	Woven fabrics, wool, weight not more than 4 ounces per square yard, valued at not more than 80 cents per pound.	37 cents per pound and 50 per cent.	25 to 30 per cent.
	Woven fabrics, wool, valued at more than 80 cents per pound.	45 cents per pound and 50 per cent.	30 per cent.
	Woven fabrics, wool, with cotton warp.	36 cents per pound and 50 per cent.	35 per cent.
1109	Woven fabrics, wool, weighing more than 4 ounces per square yard, valued at not more than 60 cents per pound.	24 cents per pound and 40 per cent.	Do.
	Woven fabrics, wool, valued at more than 60 cents per pound but not more than 80 cents per pound.	37 cents per pound and 50 per cent.	Do.
	Woven fabrics, wool, valued at more than 80 cents per pound.	45 cents per pound and 50 per cent.	Do.
1111	Blankets, wool, valued at not more than 50 cents per pound.	18 cents pre pound and 30 per cent.	25 per cent.
	Blankets, wool, valued at more than 50 cents but not more than $1 per pound.	27 cents per pound and 32½ per cent.	Do.
	Blankets, wool, valued at more than $1 but not more than $1.50 per pound.	30 cents per pound and 35 per cent.	Do.
	Blankets, wool, valued at more than $1.50 per pound.	37 cents per pound and 40 per cent.	Do.
1114	Knit underwear, wool, valued at not more than $1.75 per pound.	36 cents per pound and 30 per cent.	35 per cent.
	Knit underwear, wool, valued at more than $1.75 per pound.	45 cents per pound and 50 per cent.	Do.
1117	Carpets and rugs:		
	Brussels	40 per cent	25 per cent.
	Wilton	do	30 per cent.
1204	Sewing silk-twist floss, etc., ungummed.	$1.50 per pound and not less than 40 per cent.	15 per cent.
1205	Woven fabrics, silk	55 per cent	45 per cent.
1406	Hats, bonnets, etc., straw not blocked or trimmed.	35 per cent	25 per cent.
	Hats, bonnets, etc., straw blocked or trimmed.	50 per cent	40 per cent.
1417	Matches	8 cents per gross	3 cents per gross.
1430	Laces, veils, trimmings, etc	90 per cent	60 per cent.
1433	Gloves, leather, women and children's not over 12 inches in length.	$4 per dozen	$2 per dozen.
1439	Combs, horn, etc	50 per cent	25 per cent.
1456	Umbrellas, parasols, etc	40 per cent	35 per cent.

TARIFF ON WHEAT LITTLE BENEFIT

Placing a high tariff of 40 cents a bushel on wheat and other farm products that we have a surplus of and export we all know does not benefit the farmer. It was simply a pretext to give the manufacturers a chance to place the exorbitant duties upon our products. When the tariff bill was under discussion in the Senate, Senator Knute Nelson bluntly declared:

It seems to me that the Senator from North Dakota, Mr. McCumber, in his zeal to put such an immense tariff on these agricultural products, higher than we have ever had before, higher than there was any necessity for, has done so simply to aid the protection machine for the woolen schedules from other schedules in the bill. (CONGRESSIONAL RECORD, August 11, 1922.)

TARIFF ON SUGAR

There is a duty of practically 2 cents a pound on sugar. The pretext for this large duty upon sugar is that it protects the farmer. Only a little more than one-sixth of the sugar we consumed in 1924 came from beets. Three-fourths of this one-sixth was produced in six States—Utah, Idaho, Colorado, Nebraska, Wyoming, and Montana. The farmer gets very little from the tariff on sugar, while the amount that the consumers of sugar pay makes it a very heavy tax. Recently the farmers in the six States mentioned received about $7.50 a ton for beets of record-breaking sugar content. The United States Department of Agriculture (Bulletin 917) states that the average cost of production for 11-ton acre of sugar beets is $86.95. The beet-sugar farmer then is out of pocket $4.45 per acre.

WHAT DOES THE MANUFACTURER GET OUT OF IT?

No matter what sugar retailers have, the manufacturer receives 2 cents tariff on every pound of sugar sold. If sugar is retailed at 5 cents a pound, it means that the consumer, including the beet-growing farmer, is paying 5 cents for 3 cents worth of sugar. The Agricultural Department have estimated that every person consumes 100 pounds of sugar per annum. This includes sugar used in confectionery, soft drinks, ice cream, and so forth. A tariff of 2 cents a pound on sugar, therefore, would amount to a tax on every man, woman, and child in America of $2 each, and for the 115,000,000 people of the United States it makes a total tax of $230,000,000 per year.

The Great Western Beet Sugar Co., operating factories distributed through Colorado, Nebraska, Montana, and Wyoming, produces about two-fifths of the beet sugar. It has $15,000,000 of preferred stock, but has sold $13,630,000 of it, and this sum represents its total actual investment. It has a large amount of common stock, which is practically water. Last year it paid 7 per cent on its preferred stock and 32 per cent on its common stock. Its actual profits over and above its investment 20 years ago is approximately $134,646,235. On its watered common stock alone it has disbursed over $50,000,000, while its investment was less than $15,000,000.

OFFICERS OF SUGAR COMPANY

William L. Petriken, the president of the Great Western Sugar Co., is a Republican of splendid standing with the administration; he was a delegate at the convention which nominated President Coolidge and Vice President Dawes.

Charles W. Waterman, who represents the Great Western Beet Sugar Co. and is its lobbyist, is also a Republican of good standing with the administration. He managed Mr. Coolidge's campaign in Colorado, was a delegate at large at the national convention for the United States, and was recently appointed counsel for the Federal Oil Conservation Board by President Coolidge. Several members of our nonpartisan Tariff Commission favor the reduction of the tariff on sugar. They have been obliged to resign from the commission. For the reason for such resignation of members of the Tariff Commission who favored the reduction of the tariff on sugar I commend the reading of Senator NORRIS's speech on the Tariff Commission in the CONGRESSIONAL RECORD, page 2630.

The American consumer pays a tax on sugar of over $600,000 a day on account of the 2-cent tax fixed on sugar, a product five-sixths of which we import into the United States.

DAIRY FARMER

Contrast this treatment with the treatment accorded the dairy farmer. The dairy farmer of the United States could fully supply the people of the United States with all the dairy products they could consume. He has asked for a fair protection upon butter, cheese, milk, and other dairy products, but has been turned down by Congress. The Tariff Commission and the President have been appealed to, and upon investigation the Tariff Commission has found facts that justify the findings that the present tariff is absolutely inadequate to protect the dairy farmer from competitors in Denmark, New Zealand, Canada, and other competitive countries, yet he receives no relief.

MAGNITUDE OF DAIRY INDUSTRY

The annual milk bill that the American people pay amounts to $4,000,000,000. The average American family spends one in every five food dollars for milk and milk products.

Wisconsin is the largest dairy State. Fifty-three per cent of the income of the Wisconsin farmers comes from cows. The price received by the farmer for butter and dairy products, while slightly higher than a year ago, are still under what the Tariff Commission, upon investigation in the great dairying States, have found to be below the cost of production. In other words, if the farmer figures his own and his family's labor at the going price, and also interest upon his investment in his farm and equipment, the same as all manufacturing establishments figure, he is selling his dairy products below the cost of production.

DAIRY INDUSTRY SERIOUSLY MENACED

At the present time the dairying industry is seriously menaced. The dairy industry has expanded to the point where gross domestic production slightly exceeds gross domestic consumption. Foreign surplus production is likewise steadily increasing. Denmark and other competing countries, by the use of cheap water transportation, can send butter to the New York market for 1 cent per pound, while it costs Wisconsin and Minnesota farmers 1¾ cents per pound. There is an 8-cent duty on butter, but this is more than offset by the difference in exchange. A Danish farmer gets his pay in American dollars, and every American dollar in Denmark is worth $1.35, which more than wipes out all the benefit derived from the tariff on butter. This situation has resulted in the imports of butter jumping from a total of about 1,000,000 pounds in 1913 to 1,823,961 pounds in the month of February, 1923, and to over 5,000,000 pounds in February, 1924. Skilled farm labor can be procured for $15 per month with board, or $1 per day by the day without board. I know this from my personal investigation in Denmark in 1923, and also from the best Danish authorities.

In 1924 there was shipped into the United States 19,404,816 pounds of butter, which sold for $7,046,940. There was 59,175,591 pounds of cheese shipped into the United States, which sold for $17,299,098.

1925

Butter and cheese have been imported into the United States in the following amounts since January, 1925, up to September, a period of nine months, when the last figures are obtainable: 5,422,390 pounds of butter, which sold for $2,078,997, and 42,423,616 pounds of cheese, that sold for $11,547,717.

Milk and cream is coming in from Canada in large quantities. Quebec and Ontario alone sent in over five and one-half million dollars worth of milk in 1923. When the tariff bill was up we tried to get a tariff on hides, but it was defeated.

May 12, 1924, I introduced a bill which would raise the duty on dairy products as follows:

Milk, fresh, 5 cents per gallon;
Sour milk and buttermilk, 3 cents per gallon;
Cream containing 7 to 15 per cent bufterfat, 20 cents per gallon;
Cream containing 15 to 25 per cent butterfat, 30 cents per gallon;
Cream containing 25 to 35 per cent butterfat, 40 cents per gallon
Cream containing 35 to 45 per cent butterfat, 50 cents per gallon;
Cream containing over 45 per cent butterfat, dutiable as butter;
Milk, condensed or evaporated, in hermetically sealed containers, unsweetened, 4 cents per pound;
Milk, condensed or evaporated, in hermetically sealed containers, sweetened, 4½ cents per pound;
All others, 3 cents per pound;
Whole-milk powder, 6 cents per pound;
Cream powder, 14 cents per pound;
Skim-milk powder, 3 cents per pound;
Malted milk and compounds, or mixtures of or substitutes for milk or cream, 40 per cent ad valorem;
Butter, 20 cents per pound;
Oleomargarine and other butter substitutes, 16 cents per pound; and
Cheese and substitutes therefor, 12 cents per pound; and casein, 6 cents per pound.

Imports of butter and cheese into the United States in 1925 for 9 months

	Butter		Cheese	
	Pounds	Value	Pounds	Value
January	696,380	$220,047	4,845,090	$1,414,646
February	417,080	154,156	4,325,035	1,265,202
March	1,937,638	694,005	4,307,493	1,138,691
April	780,140	273,384	4,721,932	1,276,444
May	330,982	134,131	4,332,884	1,138,110
June	578,913	201,359	5,963,294	1,560,786
July	404,302	134,893	4,458,599	1,163,915
August	438,553	154,670	4,044,975	1,084,323
September	389,402	112,352	5,424,294	1,505,690
Total	5,422,390	2,078,997	42,423,616	11,547,717

On May 30, 1924, I spoke in favor of this bill and explained the need of it and urged Congress to act upon it before adjournment.

I appeared also before the Tariff Commission and presented a brief in favor of the raise.

Butter and cheese imported to the United States from Denmark and European ports pays a considerable less freight rate than the butter produced in Wisconsin and Minnesota and Michigan laid down in the New York or Baltimore markets. Besides lower freight rates, butter and cheese can be produced in these competing countries for one-half what it costs to produce it in the United States. Mr. Sorenson, the Danish agriculture attaché, writes me that skilled farm labor can be had at $1 per day without board in Denmark. The Danish crown, which is 26 cents plus in our money, is now from 17 to 19 cents, over 25 per cent depreciation. It would take a duty of at least 12 cents a pound on butter to equalize the depreciation of currency. Contrast the treatment of manufactures.

WHAT WE PAY BECAUSE OF THE TARIFF
TAKE A CONCRETE CASE—CLOTHES

Everybody has to buy clothes. We all know that we are paying over 50 per cent more for our clothes than we did a few years ago. So there would be no quibbling about it. I wrote to L. C. Andrews, Assistant Secretary of the Treasury, as to the

duty a person would have to pay on a suit of clothes made of woolen cloth imported from Scotland of the value of $40. I have just read you his letter which states that you would pay a duty on your $40 suit of clothes of $23.60. I hear some of my New England friends say, why buy a suit of clothes made over in Scotland? I answer, if you buy a suit of clothes made in the United States equally good, you will have to pay the same price you do on your Scotch suit. Our manufacturers are not fools enough to put the price down below their competitors very much. A friend of mine purchased $160 worth of clothes the other day at Fourteenth and G Streets, Washington, D. C. He figured he paid over $80 tariff tax on the purchase of $160.

Cotton stockings have a duty of 60 per cent, yet our manufacturers export millions of dollars worth of cotton stockings and sell them in the markets of the world and make money on them.

The farmer not only pays a tariff on everything that he uses but the tariff paid by others is shifted from individual to individual until it reaches the salaried man and the farmer, and they as ultimate consumers pay it. The farmer when he sells his products is unable to add the freight or the tariff tax he pays, because he does not make the price on anything he produces. The farmer is obliged to take what he is offered.

FARM MACHINERY

I have heard considerable said about farm machinery being on the free list. We do not import any farm machinery to speak of. In 1923 we imported 51 drills, 125 harvesters and reapers, 30 horse rakes, 51 mowers, 3,690 plows, 117 threshing machines, and 188 wagons. The farm machinery imported is negligible compared with the domestic production, which amounts to over $300,000,000 annually. Everything that goes into farm machinery is protected by a high duty, which the farmer pays.

OLEOMARGARINE

Oleomargarine is a strong competitor of butter. In the years 1924 and 1925, 22,828,492 pounds of colored oleomargarine was sold in the United States, and 432,272,795 pounds of uncolored oleomargarine was sold in the United States. Every pound of oleomargarine that was sold took the place of a pound of butter and helped to lower the price of butter. Under the law you can color oleomargarine by mixing it with a small amount of butter, and you are only obliged to pay a tax of one-fourth cent a pound; the law ought to be changed. Oleomargarine can be manufactured for less than one-third of what it costs to produce butter. The manufacturer can afford to give the retailer a larger profit for selling oleomargarine than the creamery can afford to pay for the sale of butter and the result is that the retailer pushes the sale of oleomargarine and says it is just as good as butter and prevails upon his customers to buy oleomargarine instead of butter.

President Coolidge, in his address before the American Farm Bureau Federation, meeting in Chicago, December 6, 1925, stated that the Fordney-McCumber Act is of great benefit to agriculture as a whole. The President further called attention to the administration Agricultural bill, sponsored by his Secretary of Agriculture, Jardine, which would supply to the farmer expert advice, and a fund of information regarding cooperative marketing.

December 22 the American Council of Agriculture and the Corn Belt committee of farm organizations, representing over 1,000,000 farmers, replied to President Coolidge in the following language:

"We are obliged to differ with the administration, not only on the President's statement at Chicago, but also in that portion of his message to Congress on December 6, in which he dealt with agriculture," the resolutions state.

"We protest against such a misrepresentation of the movement for equality for which the people of the great staple growing empire of America are enlisted with all their hearts.

"We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole. On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmers as upon any other class—on the one hand the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while on the other hand the price of his great surplus commodities is fixed in the world's markets.

"It is with a degree of amusement that we note that the new measure sponsored by Secretary Jardine is to prove a means of salvation to the farmer by supplying him with a new and expert fund of information about the mysteries of cooperative marketing.

"We desire to assure the Secretary of Agriculture that it is not information we need, but a fair price. As a matter of fact, we never had so much.

"We do not ask for special privileges—we ask only that Congress shall assure the farmer of the same purchasing power as the dollar it has so freely granted to industry and labor."

Senator CAPPER, of Kansas, whose Republicanism even the most conservative party leaders do not question, recently stated in a public speech:

"The farmer has had the short end of the protective tariff under the Fordney-McCumber Tariff Act, and we are justified in demanding changes."

The Senator further says:

"Unless there is a change, I fear an upheaval and the beneficiaries of the protective tariff system will find that the whole protective system may be overthrown."

The platforms of both the Republican and Democratic Parties in the last two campaigns have recognized the distress of agriculture and have promised relief. The present administration has passed no legislation whatever upon the subject of agricultural relief. It has insisted that the farmer should help himself. I quote from President Coolidge's message:

Simple and direct methods put into operation by the farmer himself are the only real sources for restoration.

It has been maintained that agricultural conditions were improving.

What are the facts? According to the Department of Agriculture the farm crop of the United States in 1925 was worth $447,000,000 less than the much smaller crop of 1924. The case would be even worse but for the poor yield of potatoes, which brought up the price of potatoes and increased the average. In other words, the American farmer was penalized almost $500,000,000 for raising such a splendid crop. There is no surplus of food in the world. Tens of millions of consumers in Europe are eager for every bushel of grain and pound of flour that America can export if they were able to buy at the prices charged to the consumers. Even in this country many millions of workers are still forced to retrench in the purchase of farm products because of the high prices they are obliged to pay when the products reach them. The farmer is only receiving a little over one-third of what the consumer is paying for farm products.

UNPRECEDENTED INCREASE OF WEALTH

The wealth of the United States in the 10 years ending December 31, 1922, has increased from $186,000,000,000 in 1912 to $320,000,000,000 in 1922, an increase of $134,000,000,000. The farmers constituting one-third of the population, who have contributed more than any other class to the production of this wealth, should under any equitable distribution be exceptionally prosperous. We all know that this unprecedented increase in wealth has not been equitably distributed; that the farmer has not received his just share of this increase. The party in power having control of all the departments of Government can not shift its responsibility.

I have supported every farm relief bill that has been before Congress and intend to vote for every agricultural relief bill that is supported and is reported out by the Agricultural Committee. I, however, have little faith that any of these agricultural relief bills that have been offered will give very much relief to the farmer. I do believe if railroad rates were reduced and the tariff rates were adjusted so as to be fair to the farmer, he would receive immediate relief. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KINCHELOE. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. The distinctive genius of the American people is their ability to ultimately solve any problem that vexes them. You can take the history of this country and you will find that frequently some problem arose about which we were considerably vexed; we mulled along and it looked as though we were not going to do anything, but ultimately, all of a sudden, a solution was reached and everything was all right. That faith in the genius of America and American statesmanship has consoled me somewhat in the last few years when I beheld the distress of the agricultural interests of the West.

When I read of the great distress of the corn growers of Iowa my heart went out to them, but I felt sure this genius of the American people would ultimately solve this problem through the agency of this administration. I felt cheered when the great President of the United States went out to Chicago and told the farmers what his solution was for the ills that beset them, and I was really somewhat regretful when I noticed that the Secretary of Agriculture and the President did not seem to agree upon what is the matter and what should be done. But I had faith, being a farmer boy myself, that surely this great Republican Party, which believes that the consumers of this Nation should be taxed to guarantee the prosperity of manufacturers—I felt sure that with the approach of the congressional elections they would be impressed with the necessity of using the same power to take care of the farmer. I felt

sure a solution would come forward sooner or later, and behold it comes in this bill. This is the Republican solution of the troubles of the corn growers of Iowa.

Mr. HAUGEN. Will the gentleman yield?

Mr. WINGO. Yes.

Mr. HAUGEN. I would like to call the gentleman's attention to the statement made by the Secretary of Agriculture. I think he should know that he makes clear what the purpose of this bill is. I call the gentleman's attention to the fact that this is not an emergency measure at all but a long-time program. Let me call his attention to the Secretary's statement.

Mr. WINGO. I do not want the gentleman to take all of my time because my time for debate is limited. I am a slow thinker; I am not a quick thinker like the gentleman from Iowa.

The CHAIRMAN. Does the gentleman yield to the gentleman from Iowa?

Mr. WINGO. Yes; I will have to yield to him.

Mr. HAUGEN. I would like to read this from the Secretary's statement:

> But before I go I should like to add that this is not an emergency bill. This bill contemplates a long-time program, and what I want to do is to dispose of this problem so far as I am concerned so I may go on with something else without folks assuming that this is a substitute for something else.

Mr. WINGO. All right. That is as clear as mud. He says:

> This is not going to cure you, but this is something I want to get out of the way. This is my long-term program, but I believe I can give you something else.

Mr. GARNER of Texas. What is the something else?

Mr. WINGO. Yes; what is the "something else"? I do not know. I rose primarily—and I would like to have the attention of the distinguished chairman of the committee—to set the RECORD straight. The older I get the more I have a passion to have everything accurate and not mislead anybody. You know that when the chairman of the committee was explaining the bill he said there were only two changes in existing law proposed. I had run over the bill hurriedly, but very often, as you know, a country lawyer finds he has overlooked something. I went over the bill and I found, I thought, that there were only two changes proposed to existing law. One is that it changes the organization in the Agricultural Department and gives it a new name. That was one change. The other was a provision for $10 in the way of traveling expenses when the Secretary of Agriculture wants to invite his farmer friends to come here and confer with him. Now I asked the gentleman if those were the only changes made by this bill in existing law, and he said they were the only changes. However, upon a closer study of the bill I find there are other changes—for instance, there are changes made in the definition of agricultural products. Maybe that is what is wrong with the corn growers of Iowa. They may not have been properly classified. I find in the first section of the bill that agricultural products include "viticulturists." I assume that is something which will really be of some benefit to the farmer—that is, to include viticulturists in the list of those who are not getting the benefit of the activities of the Agricultural Department. Where is my friend from New York City, General LAGUARDIA?

Mr. LAGUARDIA. The gentleman is here.

Mr. WINGO. I think the gentleman from New York will be interested in that first paragraph, because agricultural products include anything that is manufactured out of the things which are produced on the farm. Now, corn from Iowa is manufactured, and this will include corn in its manufactured state. It may be that some think of meal as the only thing being manufactured from corn, but down in my country when you mention the product of corn the first thing that flashes into our mind is roasting-ear wine, and that is included under this bill in agricultural products.

Mr. LAGUARDIA. I will say to the gentleman that there is a big market for that in my district.

Mr. WINGO. I know that, and I think that is why the gentleman should withdraw his opposition to this bill.

What is "the something else"? Listen, you Democrats! These Republicans are going to be faced with "the something else," and what is it?

The prosperity of the great manufacturing interests of the United States, so the Republicans tell us, is because the taxing power of the United States has been farmed out to them. They have been permitted to tax all the consumers of the United States so as to guarantee them a profit. That is the object of a protective tariff. Some of you gentlemen seem to worry about the fact that the tariff has raised the price of the clothing the farmer is buying. Why, that is the object of a tariff law—to increase the price of the product of the American manufacturer so he can be guaranteed a profit. If it is not high enough for him to get a profit, he will come in here and say that foreign countries are dumping these cheap goods in here and he can not declare dividends, and then they will hoist the tariff higher.

If it is sound—and I am talking from your standpoint and not mine—to tax all the American taxpayers, all the consumers of America, in order to foster the manufacturing enterprises of this Nation, how can you get away from the same philosophy when you come to the solution of the distress of the farmers of this Nation? The method—the tariff act—is only the machinery. The principle is taxing all the people for the benefit of a class, and if we are going to tax all the people for the benefit of the manufacturing class, if that theory is sound for the manufacturer, you can not escape the conclusion it is sound for the farmer, and you have got to use the taxing power of the Government to benefit the farmer. You can not escape it.

You have got to give the farmer a subsidy like you do the manufacturer, and whether you take it directly out of the Treasury or whether you permit him to collect it himself by giving him a monopoly of the home market is nothing but the difference in the machinery or the method of carrying into effect the protective principle.

You gentlemen can not satisfy that farmer. He is thinking. You may tell him you are making him pay more for his farm implements by having all the component parts of farm implements covered by prohibitive protective tariff, making him pay more for his aluminum kitchen ware for his kitchen in order to guarantee poor, old, poverty-stricken Andy Mellon a competency in his old age, making him pay more for all the things he consumes; whenever you tell him he has got to do that for the benefit of the manufacturer he will say, "By the eternal, why isn't it sound economics to do the same thing for me?" Then you say, "All right; I will do that. I will put a tariff on the stuff you have." Do you think he is such a fool as not to have discovered long ago that a tariff upon a crop or anything else, the surplus of which has to be sold in the markets of the world, is not affected or benefited by a tariff rate? Do you think the farmer is that ignorant? He may be in Iowa; but, God bless your souls, you can not get any intelligent farmer in Arkansas who can read and write that is so silly and ignorant as to swallow such an unsound economic theory as that. [Applause.]

Mr. WEFALD. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. WEFALD. The gentleman is making a very fine speech, and the gentleman speaks as though he had read the resolutions passed in the Iowa conference.

Mr. WINGO. No; I have not, but I have great respect for the Iowa farmers and they have my sympathy. Do you remember in the last session of Congress I asked that great statesman from Iowa [Mr. GREEN] about this very question, and Brother GREEN is candid if nothing else. He does not deceive anybody, and when he was asked what he told the farmers of Iowa, he said:

> I told them the only thing they could do was to get prosperity reflected from the prosperity of the great industrial plants of the North and East; that by increasing their spending power they would have more money to spend for agricultural products.

Brother GREEN told them that; and those poor, old farmers of Iowa swallow whatever Brother GREEN and Brother HAUGEN tell them.

The only relief for the poor, old farmers in the agricultural sections of this country is to no longer permit these gentlemen to mislead them and hog tie them and take them into the Republican Party and use them as a cat's paw to rake the manufacturers' chestnuts out of the fire. The only thing they can do is to come to the only party that believes in equal rights to everybody and special privileges to none. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Give me about five minutes more, please.

Mr. KINCHELOE. I am sorry I can not yield further time to the gentleman.

Mr. WINGO. Well, I will finish this in the next chapter. [Laughter and applause.]

Mr. KINCHELOE. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. CARTER]. [Applause.]

Mr. CARTER of Oklahoma. Mr. Chairman and gentlemen of the committee, I have made a hasty but rather close examination of the pending bill, and I admit it seems to me to be

neither "fish, flesh, nor good red herring." Even the proponents of the measure do not claim it is going to be of much benefit to the farmer or anybody else for that matter. Yet is it such a useless, harmless sort of measure that nobody seems willing to waste their time in opposition to it? Nobody claims the bill will do anything, which can not be done under existing law. Now, gentlemen, why should we fritter our time away with such useless political propaganda as this? Why keep handing out such "bunk" to the farmer? If we are going to do anything for the farmer, it is high time for Congress to get busy. And if we do not propose to do anything for him, why do we not have the nerve to say so and cease such camouflage as this?

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. CARTER of Oklahoma. I yield to the gentleman from Kansas with great pleasure.

Mr. SPROUL of Kansas. What I would like to know is just what specific remedy you and your friends would offer for the country.

Mr. CARTER of Oklahoma. I am glad the gentleman asked that question.

Mr. SPROUL of Kansas. If the gentleman——

Mr. CARTER of Oklahoma. Oh, let me answer that one question. There are so many things that can be done for the farmer, none of which have been proposed by you and your party, that it is going to take more than my 10 minutes now to tell all of them. I thought somebody might ask that question so I have just got these things that you have failed to do for the farmer right in my head, so I can deal them out right in consecutive order. First—and you may call it radical, or whatever you want—I would rearrange the Federal Reserve Banking Board so that such a calamity would not befall the farmer and the price of his products as was occasioned by the financial depression and holocaust, from which I hope all are just about to emerge. I would put a few people on that board in sympathy with the producers, rather than having them all so closely attached to the men who finance the producer. [Applause.] Now, that is number 1.

Second, I would take some vigorous steps for the rehabilitation of the foreign markets for farm products in order that there might be some market in which the farmer's surplus could be sold.

Mr. SPROUL of Kansas. Just what would the gentleman do?

Mr. CARTER of Oklahoma. O my friend, it would take me from now until to-morrow morning to tell all the things that should be done which have not been done.

A MEMBER. Let him tell what he would do.

Mr. CARTER of Oklahoma. He may do that in his own time. There is nothing personal about this matter. My friend represents an agricultural constituency and he is with the farmer. I do not criticize his doings, but I do find fault with what this administration has been doing and has failed to do with reference to agriculture. We ought to have some well-defined foreign policy which, if carried out, would substantially stabilize and maintain real markets for surplus farm products. We should continue the Wilson administration plan of practical cooperation with respect to finance, exchange, and the trade situation generally. Such a policy would enable the hungry people of Europe to purchase every ounce of our surplus foodstuffs, and our market for agricultural products in America would then be somewhat on a parity with that of the market for other commodities. We have under consideration a bill which talks a good deal about cooperative marketing but which does not deal very much with it. Why did not the Committee on Agriculture report out some measure like the Curtis-Aswell bill, which would be a real benefit to the farmer? I tell you another important assistance that could be rendered to cooperative marketing. There should be an amendment to the Federal farm loan act which would help organizations of farmers to finance the construction of warehouses in which their products might be stored for orderly marketing. [Applause.] I have prepared an amendment to that effect and I hope it will have the gentleman's support. Now that is the third thing.

Mr. LOZIER. Will the gentleman yield?

Mr. CARTER of Oklahoma. Yes.

Mr. LOZIER. Does not the gentleman think that we could do something for the American farmer if we stopped loaning money to Great Britain, Italy, and other countries and stabilize business here?

Mr. CARTER of Oklahoma. I have always thought it would be better to undertake to stabilize our own country before we waxed so fearfully enthusiastic and threw conniption fits about the cancellation of just debts for the stabilization of far-away foreign countries. Especially ought that to be true with those who believe in a strict "policy of isolation."

Fourth. We ought to have rigid economy in all expenditures of public money by the Federal Government, by the State government, by counties, and by municipalities in order that we might have a real substantial reduction in taxes which would reach the farmers as well as all others.

Mr. WEFALD. Will the gentleman yield?

Mr. CARTER of Oklahoma. Yes.

Mr. WEFALD. Does not the gentleman know that we have passed a tax-reduction measure in this House?

Mr. CARTER of Oklahoma. Yes; we have passed a sort of tax reduction not strictly in accordance with my ideas, but it did reduce certain taxes to some extent.

Mr. WEFALD. Does it reduce the tax for the farmer?

Mr. CARTER of Oklahoma. Not as much as I would like to see it do, I will say to my friend. I have so many things in my mind which should be done for the farmer that I have forgotten the serial number, and I will just say that the next proposal is something on which my friend from Kansas and I may not agree. It is a matter to which Democrats have been calling considerable attention and some Republicans have raised their voices in protest, although not quite so vociferously as the Democrats, and it is this: There ought to be some rearrangement and radical reduction of the high-tariff rates which piles up the cost of living so high upon the farmers of the country.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. CARTER of Oklahoma. Yes.

Mr. SPROUL of Kansas. Speaking of reducing the tariff on things the farmer has to buy, we have heard much of that kind of talk and yet nobody proposes a reduction on any particular articles. What does the gentleman offer?

Mr. CARTER of Oklahoma. A member of the Ways and Means Committee on the Democratic side, Mr. CORDELL HULL, of Tennessee, has introduced several bills reducing the more important schedules of the tariff, and I invite the gentleman's attention to them. I tell the gentleman specifically some of the things that I would do. I would reduce the tariff on steel and the tariff on iron, both of which go into the manufacture of farm implements which forces the farmer to pay exorbitant prices for his farm machinery. I would reduce the tariff on textiles which go into the manufacture of the farmers' clothing, in order that the high price of his clothes may be somewhat reduced.

Mr. MOORE of Virginia. Is not there a flexible provision in the tariff act giving the administration the right to do it now?

Mr. CARTER of Oklahoma. Yes; this flexible provision gives the President the right to take such action, but we have less chance of relief there than we have even in this House, which is practically nil. Furthermore, I would reduce the tariff on sugar in order that the American farmer's wife, and all other American housewives, might have that household necessity at a reasonable price.

Mr. BURTNESS. Will the gentleman yield?

Mr. CARTER of Oklahoma. Certainly.

Mr. BURTNESS. Will the gentleman tell us how much the tariff is on steel and iron?

Mr. CARTER of Oklahoma. I have not these specific figures by me, but it is an enormous rate, as the gentleman knows, and ought to be reduced.

Mr. BURTNESS. I hope the gentleman will put it in his remarks in the RECORD.

Mr. CARTER of Oklahoma. I will if I can get the dope in time to go to print.

Mr. OLDFIELD rose.

Mr. CARTER of Oklahoma. I yield to the gentleman from Arkansas [Mr. OLDFIELD]. He knows a lot about the tariff, and maybe he can tell us.

Mr. OLDFIELD. I do not want to speak on the tariff now, but want to ask the gentleman a question in regard to a clipping I received from the Washington Farmer, printed at Spokane, Wash. Edwin A. Smith writes me a letter and inclosed this clipping, in which it is said that our grain growers pay a freight rate double that paid in Canada—$312 on a carload lot of wheat as against $150. Does not the gentleman think it would be wise to cut down the freight rates?

Mr. CARTER of Oklahoma. Yes; that is another one of the things I had expected to call attention to before my time expired, if possible. My friend from North Dakota [Mr. BURTNESS] is taking a spirited part in this discussion, and I now see him on his feet for another query. I believe the gentleman is a member of the Committee on Interstate and Foreign Commerce, and as a member of that committee he could render no more valuable service to his constituents and the entire country than by taking some action toward having freight rates reduced on farm products. It could be equitably and justly done

on the grounds that farm products constitute some of the necessities of life.

Mr. BURTNESS. Does the gentleman believe that Congress has the right to fix freight rates?

Mr. CARTER of Oklahoma. Certainly Congress has the "right" to fix freight rates. Congress has jurisdiction, but perhaps the sensible and practical thing to do would be for him, through his committee, to initiate a measure authorizing the Interstate Commerce Commission to give preferential rates to farm products. The measure could be drafted in such unmistakable terms that the Interstate Commerce Commission could not fail to do it without violating the law.

Mr. BURTNESS. The gentleman's party believed in providing a tribunal to fix the rates on proper information. I take it that the gentleman agrees that Congress, as a body, could not fix individual rates.

Mr. CARTER of Oklahoma. I did not say that. I said Congress had that right to do it; but when you come to working out specific rates, with their complex details, it would perhaps not be practical for Congress to do it; but I repeat, Congress could pass a resolution or act of such plain terms that the Interstate Commerce Commission could not evade the mandate.

Mr. BURTNESS. The gentleman believes that the Interstate Commerce Commission is the proper commission to fix rates?

Mr. CARTER of Oklahoma. Yes. But manifestly Congress has the right to instruct the commission to make preferential rates on certain products.

Mr. BURTNESS. Would the gentleman go to the extent of saying that Congress ought to instruct the Interstate Commerce Commission to compel carriers to carry specific products for much less than the cost of carrying, and do so at the expense of other products?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CARTER of Oklahoma. I would like to answer that question if I had the time. [Applause.]

Under permission given for extension of remarks, and at the request of the gentleman from Arkansas [Mr. OLDFIELD], I present for printing in the RECORD the following article from the Washington Farmer, printed at Spokane, Wash., under date of January 21, 1926:

OUR GRAIN GROWERS PAY FREIGHT RATES NEARLY DOUBLE THOSE PAID IN CANADA, $312 PER CAR AS AGAINST $156 PER CAR

The western railroads, as our readers have repeatedly been advised, are asking the Interstate Commerce Commission to increase freight rates on farm products in western territory, including the Pacific Northwest.

In that connection we direct the attention of the members of the Interstate Commerce Commission, of Senators and Representatives in Congress, of governors of Western States, officials of farm organizations, and the public in general to the astounding fact that freight rates on grain in the Pacific Northwest are substantially twice as high as the grain rates on Canadian railroads.

We give as our authority C. O. Bergan, traffic manager and rate expert of the Spokane Merchants' Association.

The astonishing fact that grain rates on this side of the Canadian line are nearly double those in Canada came to the attention of the publisher of The Farmer in a grain edition prepared by the Vancouver (British Columbia) Sun. A copy of that publication was given to Mr. Bergan for analysis and a statement from him requested. Traffic Expert Bergan says:

"I have read with much interest the grain edition prepared by the Vancouver Sun, which you handed me last Thursday, having particular reference to the equalization of grain rates in Canada. In examining the rates exacted for the transportation of grain in Canada and comparing them with the rates exacted from same kind of transportation on this side of the border, I find that Canadian railroads are charging approximately one-half that charged by the American roads.

"On page 1 of the pamphlet to which I have made reference it is shown that the present rate on grain from Calgary to Fort William, a distance of 1,280 miles, is 15.6 cents per bushel, equal to 26 cents per hundredweight. A comparable haul on the American side would be from Huntley, Mont., a station near Billings, to Chicago, distance of which is 1,278 miles, for which a rate of 31.2 cents per bushel is exacted, or 52 cents per hundredweight.

"In the westbound direction it is noted that the new rate established by order of the Canadian railroad commission from Calgary to Vancouver, British Columbia, involving transportation of 640 miles, is 10.8 cents per bushel, or 18 cents per hundredweight. A like service on the American side would be from Polson, Mont., to Seattle, involving a distance of 642 miles, for which the present export rate is 17.4 cents per bushel, or 29 cents per hundredweight. A domestic rate from Polson to Seattle is 21 cents per bushel, or 35 cents per hundredweight.

"From the foregoing figures it is observed that the Canadian railroad for the haul from Calgary to Fort William on a 60,000-pound car would receive $156, yielding 12.1 cents per car-mile and 4 plus mills per ton-mile, whereas for comparable service, Huntley, Mont., to Chicago, the American railroad gets $312 per car, resulting in 24.4 cents per car-mile and 8 plus mills per ton-mile.

"For the westbound movement in the same size car from Calgary to Vancouver the Canadian railroad receives $108 per car, yielding 17 cents per car-mile and 5.6 mills per ton-mile, as against the American railroad charge from Polson, Mont., to Seattle, a revenue of $174 per car, yielding 27 cents per car-mile and 9 mills per ton-mile."

These are important and sensational facts. It does not appear that they have been presented to the Interstate Commerce Commission. They should be put into the record at the first opportunity, in the case growing out of the application of the western railroads for increased freight rates and in the general hearing of the Interstate Commerce Commission on the Hoch-Smith resolution of Congress.

Mr. HAUGEN. Mr. Chairman, I yield the balance of my time to the gentleman from Michigan [Mr. KETCHAM]. [Applause.]

The CHAIRMAN. The gentleman from Michigan is recognized for 12 minutes.

Mr. KETCHAM. Mr. Chairman and gentlemen of the committee, I am not an attorney and therefore will not quarrel with those who venture such pronounced offhand legal opinions with reference to certain phases of this bill. I am, however, very fortunate in being able to refer to one who is regarded as one of the most brilliant lawyers in the country in connection with the cooperative movement. At a recent conference held in the city of Washington to give consideration to cooperative legislation this very distinguished and outstanding lawyer gave this statement in reference to the measure now under consideration. I am reading from the statement given by Mr. Aaron Sapiro before the National Farmers' Cooperative Conference held in the city recently:

First, I unreservedly recommend, and I think every man here agrees with me, that we put ourselves behind the Jardine bill and see that it is passed. We need that. [Applause.] We have never before had anything like this kind of support from the United States Government. It doesn't mean that the Government is going to go in and try to run the cooperatives. It doesn't mean that the Government is going to go in and try to regulate the cooperatives. It simply means that the Government is going to try to get itself enough men so that the Government can give us advice, can make studies for the cooperatives, can give real guidance and authoritative guidance to the farmers of this country. It means that the United States Government, for the first time, will try to do as much for distribution as it has done over a long term of years for the problems of production on the American farms, and it has done marvelous work on production. My hope is that it will do equally effective work on distribution and marketing.

I submit that indorsement by a man whom I think is generally conceded to be entitled to speak with authority in behalf of cooperation of any kind in the United States.

Now may I say, Mr. Chairman, at the very outset we ought to understand what this legislation attempts to do and what it does not attempt to do. There are two schools of thought that are each very vociferous in their declaration that the present situation of agriculture does not offer the remedies to correct the difficulties which it confronts. One is a very considerable group of people who recognize the immediate situation confronting groups of farmers dealing in a particular product. Probably the best example of that is a group of farmers in the Middle West growing this past year a surplus of corn. What is required for them is some legislation that deals with the very difficult problem of a surplus.

The declaration of the Secretary of Agriculture in reference to the pending legislation is that in this measure we do not pretend and we do not undertake to solve that problem, except as in the long run, and after a number of years the cooperatives of the country may be made strong enough so that they may have certainly an outstanding feature of this whole surplus problem, namely, the control of production, and this can only come as men engaged in a particular business, of their own volition, decide to reduce production.

Mr. BURTNESS. Will the gentleman yield?

Mr. KETCHAM. I beg to be excused, as I have two or three other points to cover, and my time is limited. This legislation, may I say, does not attempt to enter the field of surpluses. On the other hand, may I say the Committee on Agriculture has already before it a number of measures that have in mind that very problem, and at the earliest possible date that committee is consistently and persistantly going to give consideration to those measures. The committee hopes before

very long to present a constructive bill covering the surplus problem.

Now the other angle of the situation is that which we do attempt to meet by this bill, and I regret very much that a number of men have spoken in derogatory terms of it censuring the effort of the Committee on Agriculture to meet one phase of this situation by the legislation which we now propose.

I declare to you that in the measure that we present to the House to-day there is voiced practically the united demand of the cooperative organizations of the country for legislation, and this is the legislation that they have requested us to present. It has their unqualified and their unanimous indorsement. It has the approval of the very best men that have given consideration to this question, among all the other farm organizations—even those that do not deal particularly with the problem of cooperation. It also has the unqualified indorsement of the Secretary of Agriculture, not as an emergency proposition, not as meeting the surplus situation, but in putting cooperation on the proper basis, where it may receive, under affirmative statements of law, the support and encouragement of the United States Government.

Gentlemen on this side may belittle cooperative legislation. But, so far as I am concerned—and this statement is made after many years of connection with one of the great farm organizations—I shall always be proud of the fact that I was permitted to come to Congress in time to vote for the measure that first used the word "cooperative" in a Federal statute, and I also rejoice to-day in the fact that now that we have proceeded so far in the development of this great cooperative movement this administration meets the situation affirmatively and positively with a measure that is not innocuous, as charged by several distinguished Democrats, but which conforms to the best thought of the best minds in the country in this cooperative movement.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. I regret that my time is limited and I can not yield.

Section 4 of the bill provides machinery whereby the Secretary of Agriculture may call in cooperators for purposes of conference, to give him advice and counsel with reference to cooperative matters; and I want to submit, gentlemen, as a very practical matter, that while that is a very commendable phase of this legislation, there is another feature that we must not overlook. One of the real difficulties in cooperative movements is the very sharp cleavage of thought and the wide divergence of views that exist among the very best men connected with the movement. There are men who to-day will stand and say that this cooperative movement is the only helpful thing that is known, and that if you give it to us we will handle this vexing surplus in a manner that will be entirely satisfactory. But that is a long road, because the most enthusiastic advocate of cooperation to-day does not think we can organize the producers of the country into cooperatives that will be truly effective in a short time.

I am proud to say that already great progress has been made. To-day one-fifth of all agricultural products, totaling two and one-half billion dollars, are sold by cooperatives; and may I say that four-fifths of the cooperatives that market this one-fifth of the farm products are back of this measure and give it their unanimous and hearty indorsement?

While this measure may not meet the views of all the men having at heart the interests of agriculture, I submit in all fairness, gentlemen, that it does meet the needs of the men largely interested in the cooperative movement; and notwithstanding all the partisan jibes that have been flung and all the derogatory remarks that have been made, when the time comes for recording the vote I predict there will not be very substantial opposition, and I believe that to-morrow, when the final vote is taken, the result will show the country that the administration heartily favors this splendid cooperative movement, and will do the last thing it can by legislation to put it on a strong and practical basis.

Therefore I hope that in spite of all these deprecatory things that have been said to the contrary there will be no substantial division when we cast our vote on the proposition, and to that end I wanted to submit these few observations on what I regard as some of the more important features of this bill.

Mr. FORT. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. FORT. Not only is it true that cooperative and farm organizations indorse the bill, but do they not also oppose going any further in this direction?

Mr. KETCHAM. I am very thankful to the gentleman for reminding me of that fact. May I refer to Mr. Sapiro again? He is of that particular group which believes that the cooperative movement will finally solve most of these vexing problems, and he made this definite and unequivocal statement before our committee, that should any further legislation be presented along the line of that designed to meet the important and pressing problem of handling the surplus, his organization desired to be heard. I think every man upon the committee who heard Mr. Sapiro make that declaration will remember the glint of his eye as he made the remark, and will understand from his attitude that he proposed to oppose such legislation to the extent of his ability. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time has expired, and the Clerk will read.

The Clerk read the first section of the bill.

Mr. KETCHAM. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

Mr. JONES. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BEGG, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes, and had come to no resolution thereon.

COMMITTEE TO ATTEND FUNERAL OF THE LATE REPRESENTATIVE RAKER

The SPEAKER. Pursuant to House Resolution 101, the Chair announces the appointment of the following committee: Messrs. SABATH, ROUSE, JOHNSON of Washington, RUBEY, LEA of California, VAILE, BOX, LINEBERGER, REED of Arkansas, CARSS, CARTER of California, and Mrs. FLORENCE KAHN.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. STRONG of Kansas, for one week, to attend the conference of 11 agricultural States at Des Moines, Iowa, to which he has been invited to present his bill (H. R. 7908) establishing as an independent agency in the executive branch of the Government a Federal market finding board, to assist in the domestic and foreign marketing of surplus agricultural products.

To Mr. STROTHER, for one week, on account of death in family.

To Mr. ACKERMAN, for two days, on account of death in the family.

EXTENSION OF REMARKS

Mr. LANKFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on a bill which I introduced some time ago, to provide for a Sunday observance law in the District of Columbia.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BEGG. Mr. Speaker, reserving the right to object, are they the gentleman's own remarks?

Mr. LANKFORD. They are my own remarks, except that I want to incorporate the bill, which is rather short, and I also want to incorporate an editorial which I desire to criticize.

Mr. BEGG. I shall have to object if the gentleman is going to insert editorials. The chairman of the Committee on Printing has stopped everybody from doing that. He does not happen to be here, and he asked me to object in his absence. I do not think it will be necessary to incorporate the editorial in the gentleman's remarks.

Mr. LANKFORD. I wish to discuss the editorial, and it would not be fair to discuss it without incorporating it.

Mr. BEGG. I wish the gentleman would withhold his request until to-morrow morning, and show the editorial to the chairman of the Committee on Printing.

Mr. LANKFORD. I will do that.

ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bill of the following title:

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River.

ADJOURNMENT

Mr. HAUGEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m) the House adjourned until to-morrow, Tuesday, January 26, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

363. Under clause 2 of Rule XXIV, a letter from the Public Printer, transmitting the annual report to Congress of the operations of the Government Printing Office for the fiscal year ended June 30, 1925, was taken from the Speaker's table and referred to the Committee on Printing.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6490) granting a pension to Mary A. Vermillion; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5266) granting a pension to Kate S. Johnson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7001) granting an increase of pension to Celestine Haggerty; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 8300) providing that the Department of War shall hereafter be called the Department of the Army, and the Secretary thereof shall be called the Secretary of the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. EDWARDS: A bill (H. R. 8301) for the extermination of the boll weevil, and authorizing an appropriation of $3,000,000 per annum for five years for said purpose; to the Committee on Agriculture.

By Mr. LEAVITT: A bill (H. R. 8302) to reserve the merchantable timber on all tribal lands within the Klamath Indian Reservation in Oregon, hereafter allotted, and for other purposes; to the Committee on Indian Affairs.

By Mr. BROWNE: A bill (H. R. 8303) to provide for the construction of a dam and hydroelectric power plant at Keshena Falls on the Wolf River on the Menominee Indian Reservation in the State of Wisconsin from tribal funds and for the benefit of the Indians of said reservation; to the Committee on Indian Affairs.

By Mr. CARTER of Oklahoma: A bill (H. R. 8304) to refund cotton tax collected; to the Committee on Appropriations.

By Mr. GRIEST: A bill (H. R. 8305) to safeguard the distribution and sale of certain dangerous caustic or corrosive acids, alkalies, and other substances in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLER: A bill (H. R. 8306) to authorize the coinage of 50-cent pieces in commemoration of the heroism of the fathers and mothers who traversed the Oregon Trail to the far West, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. VAILE: A bill (H. R. 8307) restricting the issuance of passport visas, in certain cases; to the Committee on Foreign Affairs.

By Mr. ALLEN: A bill (H. R. 8308) to provide for the purchase of a site and for the erection of a public building thereon at East Moline, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. BOX: A bill (H. R. 8309) for the acquisition of a site and the erection thereon of a public building at Center, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. STEPHENS: A bill (H. R. 8310) to amend an act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved March 3, 1899, by adding a new section thereto forbidding the deposit of noxious acids and acid materials in navigable waters of the United States; to the Committee on Rivers and Harbors.

By Mr. HERSEY: A bill (H. R. 8311) for the extension of Quackenbos Street in the District of Columbia; to the Committee on the District of Columbia.

By Mr. LEAVITT: A bill (H. R. 8312) to appropriate certain tribal funds for the benefit of the Indians of the Fort Peck and Blackfeet Reservations; to the Committee on Indian Affairs.

Also, a bill (H. R. 8313) to allot living children on the Crow Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. BUTLER: A bill (H. R. 8314) to authorize the construction and procurement of aircraft and aircraft equipment for the Navy; to the Committee on Naval Affairs.

By Mr. TILLMAN: A bill (H. R. 8315) for the erection of a public building at Siloam Springs, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. BOWLING: A bill (H. R. 8316) granting the consent of Congress to the State highway commission of the State of Alabama to construct a bridge across the Coosa River near Wetumpka, Elmore County, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. MORIN: A bill (H. R. 8317) to provide for forfeiture of pay of persons in the military and naval services of the United States who are absent from duty on account of the direct effects of the intemperate use of alcoholic liquors or habit-forming drugs or because of venereal diseases; to the Committee on Military Affairs.

Also, a bill (H. R. 8318) to amend that provision of the act approved March 3, 1879 (20 Stat. p. 412), relating to issue of arms and ammunition for the protection of public money and property; to the Committee on Military Affairs.

By Mr. RATHBONE: A bill (H. R. 8319) for the purchase of the Oldroyd collection of Lincoln relics; to the Committee on the Library.

By Mr. WOOD: A bill (H. R. 8320) to give military status and discharges to the members of the Russian Railway Service Corps, organized by the War Department under authority of the President of the United States for service during the war with Germany; to the Committee on Military Affairs.

By Mr. GILBERT: A bill (H. R. 8321) to confer jurisdiction on the Court of Claims to certify certain findings of fact, and for other purposes; to the Committee on the Judiciary.

By Mr. BERGER: Joint resolution (H. J. Res. 130) directing the President to use his good offices with the Government of Italy to obtain humane treatment for racial and political minorities in Italy; to the Committee on Foreign Affairs.

By Mr. MacGREGOR: Joint resolution (H. J. Res. 131) authorizing the Federal Reserve Bank of New York to invest its funds in the purchase of a site and the building now standing thereon for its branch office at Buffalo, N. Y.; to the Committee on Banking and Currency.

By Mr. SINNOTT (by request): Joint resolution (H. J. Res. 132) for the relief of Harry C. Stanton, administrator of the estate of James and Mary Sinclair, deceased; to the Committee on the Judiciary.

By Mr. HILL of Alabama: Resolution (H. Res. 102) providing for the printing of 2,000 copies of the soil survey of Baldwin County, Ala.; to the Committee on Printing.

By Mr. McDUFFIE: Resolution (H. Res. 103) providing for the printing of 2,000 copies each of the soil survey maps of Mobile and Monroe Counties, Ala.; to the Committee on Printing.

By Mr. ROY G. FITZGERALD: Resolution (H. Res. 104) authorizing the Committee on Revision of the Laws to employ competent persons to assist in codifying and compiling the laws relating to the District of Columbia, and for other purposes; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 8322) granting an increase of pension to Elizabeth O. Kille; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 8323) for the relief of Mary Adelaide Killgrove; to the Committee on World War Veterans' Legislation.

By Mr. BAILEY: A bill (H. R. 8324) granting a pension to Martha E. Crank; to the Committee on Pensions.

By Mr. BEEDY: A bill (H. R. 8325) granting a pension to Willis R. Libby; to the Committee on Invalid Pensions.

By Mr. BURTON: A bill (H. R. 8326) for the relief of Jesse G. Williams; to the Committee on Claims.

Also, a bill (H. R. 8327) for the relief of Beatrice I. Manges; to the Committee on Claims.

Also, a bill (H. R. 8328) for the relief of Silas McElroy; to the Committee on Claims.

By Mr. CAREW: A bill (H. R. 8329) for the relief of Andrew Radel Oyster Co.; to the Committee on Claims.

By Mr. COOPER of Wisconsin: A bill (H. R. 8330) granting a pension to Emeline Phinney; to the Committee on Invalid Pensions.

By Mr. CRAMTON: A bill (H. R. 8331) for the relief of Folkert Coleman, of Port Huron, Mich., and Carey D. Ferguson, collector of customs and special disbursing agent for the Treasury Department at Detroit, Mich.; to the Committee on Claims.

Also, a bill (H. R. 8332) granting an increase of pension to Sarah E. Fitch; to the Committee on Invalid Pensions.

By Mr. EDWARDS: A bill (H. R. 8333) for the relief of W. C. Moye and Nannie Moye; to the Committee on Claims.

By Mr. FAUST: A bill (H. R. 8334) granting an increase of pension to Elizabeth Hanners; to the Committee on Invalid Pensions.

By Mr. HALE: A bill (H. R. 8335) granting a pension to Anna T. Dixon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8336) granting an increase of pension to Martha A. Lund; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 8337) granting a pension to Martha Carmichael; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 8338) granting a pension to Jacob Jacobson; to the Committee on Pensions.

By Mr. KNUTSON: A bill (H. R. 8339) granting an increase of pension to Johanna Olson; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 8340) granting an increase of pension to Rosina Hesse; to the Committee on Invalid Pensions.

By Mr. LaGUARDIA: A bill (H. R. 8341) for the relief of Nicola Valerio; to the Committee on Claims.

By Mr. LITTLE: A bill (H. R. 8342) granting a pension to Isabell A. Hulit; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H. R. 8343) for the relief of Mary L. Roebken; to the Committee on Claims.

Also, a bill (H. R. 8344) for the relief of Esther M. Roebken; to the Committee on Claims.

By Mr. MADDEN: a bill (H. R. 8345) for the relief of Crane Co.; to the Committee on Claims.

By Mr. MEAD: A bill (H. R. 8346) granting an increase of pension to Andrew McLaughlin; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8347) granting an increase of pension to Sarah A. Glatfelter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8348) granting an increase of pension to Emma Noel; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 8349) granting an increase of pension to Indiana V. Wall; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 8350) granting an increase of pension to Margaret E. Wallace; to the Committee on Invalid Pensions.

By Mr. OLIVER of New York: A bill (H. R. 8351) for the relief of Rebecca Adler; to the Committee on Claims.

Also, a bill (H. R. 8352) granting an increase of pension to Katie R. Pond; to the Committee on Invalid Pensions.

By Mr. PHILLIPS: A bill (H. R. 8353) granting an increase of pension to Sarah J. Somers; to the Committee on Invalid Pensions.

By Mr. ROGERS: A bill (H. R. 8354) granting an increase of pension to Gertrude Meloy; to the Committee on Invalid Pensions.

By Mr. ROUSE: A bill (H. R. 8355) granting an increase of pension to Mettie Sanders; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 8356) granting an increase of pension to Mary J. Caskey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8357) granting an increase of pension to Elizabeth J. Curtis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8358) granting an increase of pension to Nancy E. Ulen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8359) granting an increase of pension to Anna Snurpus; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8360) granting an increase of pension to Sophronia Perkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8361) granting an increase of pension to Mary C. Bennett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8362) granting a pension to Robert D. McCoy; to the Committee on Invalid Pensions.

By Mr. SANDERS of Texas: A bill (H. R. 8363) for the relief of the Renaut heirs; to the Committee on Claims.

By Mr. SMITH: A bill (H. R. 8364) granting a pension to Nancy E. Phillips; to the Committee on Pensions.

Also, a bill (H. R. 8365) granting an increase of pension to Adam Roth; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 8366) granting an increase of pension to Elizabeth Long; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 8367) for the relief of Vivian Cady; to the Committee on Claims.

By Mr. TINCHER: A bill (H. R. 8368) granting an increase of pension to James E. Mulford; to the Committee on Pensions.

By Mr. WARREN: A bill (H. R. 8369) to provide for the examination and survey of the channel from inland waterway through Currituck Sound to Currituck Court House, N. C.; to the Committee on Rivers and Harbors.

By Mr. WOLVERTON: A bill (H. R. 8370) granting a pension to Clara Fisher; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

444. By Mr. COOPER of Wisconsin: Petition of members of the faculty of Beloit College, Beloit, Wis., urging an amendment to section 15 of the present copyright law of the United States by inserting the words "or mimeographic process" after the words "or photoengraving process," in lines 9, 15, 34, and 41 of the said section 15; to the Committee on Patents.

445. By Mr. CRAMTON: Petition of Clarence Donahoe, Colling, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924 reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

446. Also, petition of M. H. Oakley, Caro, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924 reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

447. Also, petition of Frank G. Jayen, Caro, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924 reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

448. Also, petition of G. W. Staudaker, Croswell, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924 reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

449. Also, petition of John M. McNames, Croswell, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924, reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

450. Also, petition of E. Paul, Pigeon, Mich., and other farmers of that vicinity, protesting against amendment to the immigration act of 1924, reducing immigration from Mexico, and urging passage of an amendment to the present immigration laws that will protect their interests in the event of the development of a shortage in the supply of farm laborers; to the Committee on Immigration and Naturalization.

451. By Mr. DARROW: Petition of the Philadelphia Board of Trade, indorsing bill (H. R. 6110) to amend Federal Trade Commission act; to the Committee on Interstate and Foreign Commerce.

452. By Mr. GALLIVAN: Petition of W. H. Day, manager Transportation Bureau, Boston Chamber of Commerce, protesting against passage of House bills 74 and 75, which provide for the establishment of regional interstate-commerce commissions; to the Committee on Interstate and Foreign Commerce.

453. By Mr. GARNER of Texas: Petition of the Federal Employees Union No. 28, of the National Federation of Federal Employees, San Antonio, Tex., regarding the improving of conditions for Federal employees and urging the transfer

of the functions of the Personnel Classification Board to the Civil Service Commission; to the Committee on the Civil Service.

454. By Mr. KERR: Petition of Mrs. J. A. Spiers, chairman of art of the North Carolina Federation of Woman's Clubs, and others, requesting an appropriation of the sum of $10,000,000 for the erection of a public building in the city of Washington, D. C., to be known as the national gallery of art; to the Committee on Public Buildings and Grounds.

455. By Mr. KINDRED: Petition of the trustees of the New York Public Library, Astor, Lenox, and Tilden Foundations, approving House bill 5841, and protesting against the enactment of any substitute measure which shall tend to restrict the freedom of libraries, etc.; to the Committee on the Library.

456. Also, resolution passed by the Long Island Federation of Woman's Clubs, urging the United States Senators and the Congressmen from Long Island to consider favorably the erection of a building in Washington, D. C., to be known as the national gallery of art; to the Committee on Public Buildings and Grounds.

457. Also, petition of the Carl Follen Unit, No. 103, Steuben Society of America, to the United States Congress, opposing entry of the United States into the World Court; to the Committee on Foreign Affairs.

458. By Mr. LEATHERWOOD: Resolution of the Kiwanis Club, Salt Lake City, Utah, requesting continuation of Federal aid for interstate highways; to the Committee on Roads.

459. By Mr. LITTLE: Petition of United States Spanish War Veterans, Lawrence, Kans., in support of House bill 98, citing conditions of Spanish War veterans not covered by the act of June 5, 1920; also letters signed by Mrs. Louis W. Streich, Kansas City, and Mary B. Chappel, secretary, American Red Cross, Kansas City, Kans.; to the Committee on Pensions.

460. Also, petition of members of faculty of the University Kansas School of Pharmacy, to bring before the United States Congress at the earliest opportunity an amendment to section 15 of the present copyright law by inserting the words "or mimeographic process" after the words "or photo-engraving process" in lines 9, 15, 34, and 41 of section 15; to the Committee on Patents.

461. By Mr. LONGWORTH: Petition of the National Society Daughters of the American Revolution, "Whereas Mrs. Mary Key McBlair, granddaughter of Francis Scott Key, author of 'The Star-Spangled Banner,' is an aged widow and will soon be retired from the service of the United States Government with a meager pension of $12 per month: *Resolved*, That the National Society Daughters of the American Revolution do petition Congress to give an adequate pension to her for the rest of her life"; to the Committee on Pensions.

462. By Mr. MOONEY: Petition of Cleveland Motion Picture Exhibitors' Association, protesting music-tax proposal; to the Committee on Patents.

463. Also, petition of Cleveland Hebrew Benevolent Association, indorsing House bill 7089, to amend the immigration act of 1924; to the Committee on Immigration and Naturalization.

464. By Mr. OLDFIELD: Petition of Clio Harper, of Little Rock, Ark., and other members of the Arkansas Press Association, favoring the restoration of the second-class postal rates of 1920 and urging the restriction of printing and sale of Government stamped envelopes; to the Committee on the Post Office and Post Roads.

465. By Mr. STRONG of Kansas: Petition of L. E. Shepard and 81 other citizens of Miltonvale, Kans., requesting enactment of legislation to increase the pensions of Indian war veterans and their widows; to the Committee on Pensions.

SENATE

TUESDAY, *January 26, 1926*

(*Legislative day of Saturday, January 16, 1926*)

The Senate reassembled, in open executive session, at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate, as in legislative session, will receive a message from the House of Representatives.

As in legislative session,

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River; and

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

ANNUAL REPORT OF THE PUBLIC PRINTER

The VICE PRESIDENT laid before the Senate, pursuant to law, the annual report of the Public Printer for the fiscal year ended June 30, 1925, and also for the last half of the calendar year ended December 31, 1925, which was referred to the Committee on Printing.

THE WORLD COURT

The Senate, in open executive session, resumed the consideration of Senate Resolution 5, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice, with reservations.

Mr. MOSES. Mr. President, without reference to the limit of one hour imposed upon Senators, I wish to raise certain parliamentary questions, and therefore I hope the stop watch will be put out of commission for the time being.

I would like to engage the attention of the Senator from Wisconsin [Mr. LENROOT] as to the procedure to be followed. The statute having been read in full, and the discussion having been had upon it, I assume we are now reaching a point where individual reservations may be offered, either to the resolution as modified and presented by the Senator from Virginia [Mr. SWANSON] or by agreement that they may be offered as individual reservations supplementary to it.

I particularly wish to call the attention of the Senator from Wisconsin to the fact that I have presented, as in the nature of a substitute for the Swanson resolution in whatever form it may finally find itself, the so-called Pepper plan. I would like to ask the Senator from Wisconsin if it is possible now to secure unanimous consent to the effect that when the Swanson resolution has finally been perfected in Committee of the Whole my substitute may then be offered?

Mr. LENROOT. I should have no objection to that course. Technically, the Pepper plan does involve amendments to the statute.

Mr. MOSES. I understand that.

Mr. LENROOT. And if that is waived——

Mr. MOSES. That is why I am asking unanimous consent, because my understanding is that the amendments to the statute should be considered immediately, and inasmuch as the whole subject matter of the so-called Pepper plan is presented by me as a substitute for the Swanson resolution, when that is finally agreed upon in its form in the Committee of the Whole, I ask unanimous consent that I may then have the opportunity to present the so-called Pepper plan as a substitute for the Swanson resolution.

Mr. LENROOT. As a whole?

Mr. MOSES. As a whole, when it is agreed upon in Committee of the Whole.

Mr. REED of Missouri. The Senator means if it is agreed upon?

Mr. MOSES. If and when. I ask unanimous consent, Mr. President.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. Let us know a little more about the matter first.

Mr. MOSES. The unanimous consent for which I have asked is that if and when Senate Resolution 5 has been perfected in the Committee of the Whole and is ready to be taken into the Senate for agreement upon whatever amendments are made to it, that being the practice which I assume we must follow here, I shall then have the opportunity of presenting my substitute for the Swanson resolution as it then stands.

Mr. LENROOT. I should think the Senator would rather take this course—that when the Swanson resolution is perfected and ready for a final vote——

Mr. MOSES. In Committee of the Whole.

Mr. LENROOT. Or in the Senate.

Mr. MOSES. I have no desire to have two votes upon the matter.

Mr. LENROOT. Then the Senator, by unanimous consent, shall have the privilege of offering, as a substitute for the Swanson resolution as it may be perfected, his Pepper plan.

Mr. MOSES. I have no objection to taking the vote either in Committee of the Whole or in the Senate, but inasmuch as it involves a little departure from the procedure which regularly would be followed I have submitted this request.

Mr. WATSON. Does the Senator understand that he has to wait until we get into the Senate to secure unanimous consent or can it be granted now?

Mr. LENROOT. The Senator from New Hampshire is asking unanimous consent that when the Swanson resolution shall be perfected he may offer his Pepper plan, to which request I have no objection.

Mr. MOSES. I would prefer to do it so that we can go into the Senate with the Swanson resolution perfected. I have no illusions about the vote on the Pepper resolution. I would prefer to offer it in Commitee of the Whole, so that we can take the Swanson resolution into the Senate from the Committee of the Whole.

Mr. LENROOT. Except that the ratifying part of the Swanson resolution is not considered in Committee of the Whole.

Mr. MOSES. I am referring to the text of it.

Mr. LENROOT. I have no objection.

Mr. MOSES. I wish merely to deal with the text of it, and therefore I am making the request.

Mr. BRUCE. Mr. President, I can not understand why the proposal was not offered before.

Mr. MOSES. It was offered many days ago, I will state to the Senator from Maryland. It is only my desire that it shall be presented to the Senate for a vote.

Mr. BRUCE. I have no objection.

The VICE PRESIDENT. Without objection, the request is agreed to.

Mr. LENROOT. Now, Mr. President, I ask unanimous consent that all reservations which have been presented under the rule shall be first considered in Committee of the Whole, the reservations contained in the Swanson resolution to be first considered, and that if any Senator desires to offer a reservation that is pending as a substitute for any part of the Swanson reservation he may have that opportunity.

Mr. BORAH. There is only one question that I desire to ask. Why is it necessary to have unanimous consent about all these things?

Mr. LENROOT. When a similar situation arose in connection with the Isle of Pines treaty the Chair ruled that the other course was the proper procedure.

Mr. REED of Missouri. I do not understand what the Senator means by "the other course."

Mr. LENROOT. That reservations were not to be considered in Committee of the Whole, but were to be considered when the resolution of ratification was before the Senate.

Mr. REED of Missouri. I understand the Senator is asking consent that we shall proceed now with the Swanson resolution and reservations?

Mr. LENROOT. Yes.

Mr. REED of Missouri. As in Committee of the Whole?

Mr. LENROOT. Yes.

Mr. REED of Missouri. And that they shall be open to amendment in Committee of the Whole in so far as those amendments or reservations have been properly filed.

Mr. LENROOT. That is, any Senator may offer to substitute any other reservation for the Swanson reservation.

Mr. REED of Missouri. He may, or he may move to amend the Swanson reservation, provided he has already filed his proposition of amendment?

Mr. LENROOT. If it does not go beyond the extent of the agreement.

Mr. REED of Missouri. That is, it is already on file?

Mr. LENROOT. Yes.

Mr. MOSES. Let me see if I understand the position of the Senator from Wisconsin with reference to that. I have a reservation which would be in the nature of an additional reservation to those proposed by the Senator, and that is an amendment. Of course, I wish immediately to have that read and to devote 5 or 10 minutes to a discussion of it.

Mr. LENROOT. There is no objection to that, except that the pending question will start with consideration of the Swanson reservation, of course. Is that clear?

Mr. REED of Missouri. I understand the unanimous consent to be that the Senate as in Committee of the Whole shall now proceed to the consideration of what is commonly known as the Swanson reservations and resolution.

Mr. LENROOT. Reservations. The resolution comes afterwards under the rule.

Mr. REED of Missouri. Very well; and that in Committee of the Whole any amendments to the Swanson reservation which were properly filed on yesterday before 1 o'clock will also be considered.

Mr. LENROOT. Certainly.

Mr. REED of Missouri. And that when the Swanson resolution or reservations have been perfected the Senator from New Hampshire is to have the privilege at that time of offering in Committee of the Whole his substitute to which he has referred. Is that the unanimous consent?

Mr. LENROOT. Yes. It is understood, of course, that no amendment can be offered from the floor.

Mr. REED of Missouri. That is, no new amendment?

Mr. MOSES. By unanimous consent it could be offered.

Mr. LENROOT. Yes; except by unanimous consent.

Mr. NORRIS. Mr. President, may I ask the Senator from Wisconsin if it is his idea that none of these reservations are subject to amendment? Suppose a grammatical error were found in one of them, would there be no way to correct it?

Mr. LENROOT. By unanimous consent.

Mr. NORRIS. But suppose there should be an objection?

Mr. LENROOT. Then there is no way to do it.

Mr. MOSES. The Senator from Nebraska is referring to the reservations which have been offered and printed?

Mr. LENROOT. Yes.

Mr. BRUCE. May I inquire of the Senator from New Hampshire whether it is necessary to make the point that there is a limitation of time on debate?

Mr. MOSES. I understand there is not as covering the present discussion, but we are governed by the one hour all told when we get to a discussion of the reservations themselves, I will say to the Senator.

Mr. SWANSON. Of course, the regular procedure is to consider the treaty or convention in Committee of the Whole, but reservations are considered in the Senate. Some Senators desire, because there may be a close vote on some of the proposals, to have two votes. That is all the agreement will accomplish in this matter, and I think it is right to have a full opportunity to offer all amendments. These reservations of mine were submitted rather late, I will admit. I expected to present them earlier, but they were simply amendments that were offered by other Senators that had been filed later than mine. I feel that full liberty ought to be given in connection with those amendments and I see no objection, except that it requires unanimous consent to change the rule of the Senate, which I hope will be granted, so that Senators may have full opportunity to have the amendments discussed in Committee of the Whole.

The VICE PRESIDENT. Without objection it is agreed to.

Mr. REED of Missouri. No, Mr. President.

Mr. BORAH. Just a moment. Has the unanimous-consent proposal been reduced to writing? Let us have it reduced to writing, so that we will know what it is when we adopt it. No one can tell from the discussion that has taken place just what it is.

Mr. MOSES. If the Senator will permit me, I will undertake to state it.

Mr. BORAH. It has been stated, and then the Senator from Wisconsin [Mr. LENROOT] added an interpretation of his view of it. So we may get into a controversy after it is adopted. Let us have the controversy first. Let the unanimous-consent agreement be reduced to writing.

Mr. MOSES. If I may be permitted to state it, the unanimous-consent agreement is that the Senate shall proceed in Committee of the Whole to consider Senate Resolution No. 5 in the regular order. It need not be stated in the unanimous-consent agreement, but that means that amendments may be offered to it in Committee of the Whole.

Mr. LENROOT. Amendments that are already pending.

Mr. MOSES. Oh, yes; amendments that are here under the rule; and that when the resolution has been perfected in Committee of the Whole and is ready for a final vote in Committee of the Whole, I shall have the opportunity of presenting my substitute for it, and the whole debate shall be governed by the cloture rule of one hour all told to each Senator.

Mr. JOHNSON. I may have misunderstood the Senator from Virginia [Mr. SWANSON]. I thought he said that amendments might be offered to the reservations which he had presented so late, as he said.

Mr. SWANSON. If the Senator will permit me, I meant presented earlier than that presented by the Senator from Idaho, earlier than that presented by the Senator from South Carolina, earlier than that presented by the Senator from New Hampshire, and printed in the RECORD. On account of the failure to reach an agreement I presented it as soon as it could be prepared.

Mr. JOHNSON. Be that as it may, it was presented on Saturday last, but came to us yesterday just before the vote on cloture.

Mr. SWANSON. But the Senator had a copy of it immediately after. The Senator from Idaho took the original copy and read it.

Mr. JOHNSON. Surely, I endeavored to inform myself at the earliest possible moment respecting it; but that does not alter the fact that it came to the desks of Senators yesterday just before the vote. What I want to make clear is whether the unanimous-consent agreement includes the offering of any amendments other than those which have been presented and are on the desk?

Mr. SWANSON. It could only be done under the rule by unanimous consent.

Mr. JOHNSON. I realize that, but I want to know whether the unanimous-consent agreement includes that.

Mr. SWANSON. It does not.

Mr. JOHNSON. Was it not the Senator's intention that it should include it?

Mr. SWANSON. No. So far as I am concerned, any amendment that is offered in good faith and not for the purpose of delay I am willing to consent to have voted on here. I do not object to any amendment offered in that way.

Mr. JOHNSON. I would not assume that an amendment would be offered for any other purpose. That is what I want to make clear, and it is merely with the desire to clarify the atmosphere and understand the situation that I am addressing my query to the Senator from Virginia. I had understood from what the Senator said that amendments might be offered to the reservations which he presented last Saturday and which came to our desks on Monday. If I am in error on that I want to be corrected.

Mr. MOSES. Under the rule that can not be done except by unanimous consent.

Mr. JOHNSON. I know it can not be done except by unanimous consent, but does the unanimous-consent agreement include that?

Mr. LENROOT. It does not.

Mr. JOHNSON. The Senator from Wisconsin says it does not. Is that correct?

Mr. SWANSON. That is right; it does not.

Mr. MOSES. Does the Senator from Idaho still wish to have the unanimous-consent agreement read?

Mr. BORAH. I think it ought to be read.

Mr. REED of Missouri. Let the suggestion which I made be read by the reporter.

Mr. SWANSON. I think the statement made by the Senator from Missouri of the proposed unanimous-consent agreement more clearly sets it forth than anyone else has done, with all due deference to the Senator from New Hampshire.

Mr. MOSES. I am perfectly willing to agree to that.

Mr. ROBINSON of Arkansas. Let the reporter read it.

The VICE PRESIDENT. The clerks at the desk are transcribing it. It will be read.

The Chief Clerk read as follows:

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson resolution, and that in the Committee of the Whole any amendment which was properly filed on yesterday before 1 p. m. will also be considered, and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] is to have the privilege at that time of offering his substitute, which he has proffered in Committee of the Whole.

Mr. LENROOT. Mr. President, the words "Swanson resolution" should read "Swanson reservation."

Mr. REED of Missouri. Very well; let it read "reservation."

The CHIEF CLERK. Strike out "resolution" and insert "reservation"; so as to read "Swanson reservation."

Mr. LENROOT. I ask the Secretary to read it again.

The Chief Clerk read as follows:

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservation, and that in the Committee of the Whole any amendment which was properly filed on yesterday before 1 p. m. will also be considered, and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] is to have the privilege at that time of offering his substitute, which he had proffered in Committee of the Whole.

Mr. REED of Missouri. It should read "offering in Committee of the Whole his substitute."

Mr. WILLIAMS. I think the proposed agreement should include substitutes offered by other Senators. I have offered a substitute.

Mr. REED of Missouri. I think it should read "and any other substitute that is properly pending may be offered."

Mr. WILLIAMS. I have a substitute that is pending.

Mr. LENROOT. Mr. President, one other suggestion——

Mr. ROBINSON of Arkansas. Mr. President, a parliamentary inquiry. How many substitutes are pending?

Mr. MOSES. I think there are only two.

Mr. ROBINSON of Arkansas. Of course, under parliamentary law, only one substitute can be offered; otherwise there would be no limitation to the number that might be offered.

Mr. MOSES. I think there are only two that are properly before the Senate.

Mr. ROBINSON of Arkansas. How many are pending? Some Senator ought to know.

Mr. MOSES. I think there are only two.

Mr. ROBINSON of Arkansas. The Senator from New Hampshire has offered one. Has any other Senator offered one?

Mr. MOSES. The Senator from Missouri [Mr. WILLIAMS] has offered another.

Mr. ROBINSON of Arkansas. Then I will make no objection to that change in the agreement, as there are only two substitutes pending.

Mr. WALSH. Mr. President——

Mr. BLEASE. Mr. President, I should like to ask a question.

Mr. MOSES. I yield first to the Senator from Montana, who has been standing for some time.

Mr. WALSH. I wish to inquire whether the unanimous-consent agreement as it is now framed embraces the subsequent resolutions? There are now three resolutions in one—one proposing adherence with certain reservations, the second is a resolution in relation to the method by which the questions shall be submitted, and the third is the Monroe doctrine resolution. Are those two additional resolutions to be considered also as in the Committee of the Whole?

Mr. MOSES. My understanding is that the two latter resolutions to which the Senator refers will be presented in the same manner as additional reservations; that they are properly before the Senate and will be presented.

Mr. WALSH. That is all right, then; that is quite agreeable.

Mr. MOSES. I now yield to the Senator from South Carolina.

Mr. REED of Missouri. Mr. President, will the Senator yield to me for a moment?

Mr. MOSES. If the Senator from South Carolina will consent, I will yield to the Senator from Missouri.

Mr. BLEASE. Very well.

Mr. REED of Missouri. If the Senator from South Carolina will pardon me, by "the Swanson reservation" I meant to include all of those qualifying reservations of the Senator from Virginia [Mr. SWANSON] that are in the pending resolution.

Mr. MOSES. I yield now to the Senator from South Carolina.

Mr. BLEASE. I could not catch it clearly from the reading of the proposed agreement, and I should like to know to what Swanson resolution the agreement refers.

Mr. REED of Missouri. It refers to the one that is now pending.

Mr. BLEASE. That is the one additional to the first one?

Mr. REED of Missouri. It refers to Resolution No. 5 as it has now been modified.

Mr. BLEASE. I object to this agreement if it includes the first Swanson resolution or reservations.

Mr. MOSES. The first so-called Swanson resolution has already been changed by the action of the Senator from Virginia himself; he has modified it as it originally stood.

Mr. BLEASE. The last one is not so bad.

Mr. SWANSON. Mr. President, if the Senator from New Hampshire will yield to me, under Rule XXI, I had the right to modify my resolution at any time before the yeas and nays were ordered on it or it was amended. I did modify it, and the resolution pending will be modified by reservations which I presented on last Saturday.

Mr. MOSES. That is correct.

Mr. BLEASE. That is, the one the Senator from Virginia originally offered has been gotten out of the way?

Mr. MOSES. Yes.

Mr. BLEASE. And there is no chance of bringing that back?

Mr. LENROOT. No.

Mr. BLEASE. That is all right; that will be fine.

Mr. LENROOT. Mr. President, there is one addition which should be made. I ask that the Secretary again read the proposed agreement.

The Chief Clerk read as follows:

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservation, and that in the Committee of the Whole any amendment or reservation which was properly filed on yesterday before 1 p. m. will also be considered, and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] is to have the privilege at that time of offering in the Committee of the Whole the substitute which he has offered.

Mr. ROBINSON of Arkansas. Mr. President, we have just agreed that the Senator from Missouri [Mr. WILLIAMS] may also offer his substitute. I suggest that the agreement may read that the Senator from New Hampshire [Mr. MOSES] and the Senator from Missouri [Mr. WILLIAMS], respectively, may offer their substitutes.

Mr. LENROOT. Before that is agreed to, will not the Senator from New Hampshire also ask unanimous consent to waive the consideration of the amendments to the statute under the Pepper plan?

Mr. MOSES. I will consent to that.

Mr. LENROOT. I think there will be no objection to that.

Mr. REED of Missouri. What is that?

Mr. MOSES. The Pepper plan contemplates an amendment or amendments to the statute. I wish to ask unanimous consent to waive consideration of those amendments

Mr. LENROOT. Because it will all be embodied in the substitute of the Senator from New Hampshire.

Mr. MOSES. It will all be embodied in my substitute, and I do not want to take the time of the Senate needlessly.

Mr. BRUCE. Mr. President, as my ear caught the reading, the word "reservation" was used in the singular and not in the plural in the beginning of the agreement. I should like to have the clerk verify that. I think that the proposed agreement now reads "reservation," while it should read "reservations."

Mr. REED of Missouri. It should read "Swanson reservations."

Mr. BRUCE. I do not know as yet whether my impression is correct or whether it is erroneous. I should like to have the Secretary read the proposed agreement.

The VICE PRESIDENT. The Secretary will read as requested.

The Chief Clerk read as follows:

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservation——

Mr. BRUCE. Did the Secretary say "reservation" or "reservations"?

The CHIEF CLERK. The first time it was read "reservation."

Mr. REED of Missouri. It should read "reservations," in the plural.

The CHIEF CLERK. It reads:

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservations, and that in the Committee of the Whole any amendment or reservations which were properly filed on yesterday before 1 p. m. will also be considered, and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] and the Senator from Missouri [Mr. WILLIAMS], respectively, are to have the privilege at that time of offering their substitutes.

Mr. MOSES. Now may I add to that, in order to carry out the understanding with the Senator from Wisconsin, "and that the Senator from New Hampshire waives the consideration of amendments to the statute of the court contained in his substitute"?

Mr. LENROOT. Separately.

Mr. MOSES. Waives all consideration of amendments to the statute.

Mr. SWANSON. I think that the best way to put it would be to say that "any amendments to the statute included in the resolution of the Senator from New Hampshire shall be considered as waived."

The Chief Clerk read as follows:

And the Senator from New Hampshire waives all consideration of amendments to the statute of the court contained in his substitute.

Mr. LENROOT. The Senator can not waive anything. May I suggest "and all consideration of amendments to the statute, separately considered, is waived"?

Mr. ROBINSON of Arkansas. What does all that mean?

Mr. LENROOT. It means, technically, that we will consider the amendments to the statute that are contained in the resolution.

Mr. ROBINSON of Arkansas. It says that the Senator waives consideration of the amendments to the statute. Now, the Senator says that that means that we shall consider the amendments.

Mr. SWANSON. It ought to read "except as contained"——

Mr. WATSON. "In the Pepper resolution."

Mr. SWANSON. "In the resolution to be offered."

Mr. REED of Missouri. What is the use of putting that in? The Senator from New Hampshire can waive it by not urging it.

Mr. ROBINSON of Arkansas. Yes; but what is it that he waives? I really am asking for information.

Mr. MOSES. I will say to the Senator that I will waive the separate consideration of the textual amendments to the statute of the court which are embraced in the so-called Pepper plan. In other words, I am not asking the Senate to consider separately textual amendments to the statute.

Mr. ROBINSON of Arkansas. Very well. Now I understand the modification, and I am for it.

Mr. FLETCHER. Why offer them then?

Mr. MOSES. I will say to the Senator from Florida that I want to get the whole substitute before the Senate; and if we pursued the ordinary course, inasmuch as this involves a textual amendment of the instrument, each one of these textual amendments would have to be taken up and considered separately. I will say further to the Senator from Florida that my whole notion is that since the juggernaut has been set in motion I have no desire to impede his progress.

The VICE PRESIDENT. The Secretary will state the proposed unanimous-consent agreement.

The Chief Clerk read as follows:

That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservation, and that in the Committee of the Whole any amendment——

Mr. BRUCE. Mr. President, I should like to find out, once for all, whether that word is "reservation" or whether it is "reservations"—whether it is in the singular or in the plural.

The VICE PRESIDENT. There is an "s" on the end of the word. It is plural.

The Chief Clerk continued the reading of the proposed unanimous-consent agreement, as follows:

known as the Swanson reservations, and that in the Committee of the Whole any amendments or reservations which were properly filed on yesterday before 1 p. m. will also be considered; and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] and Mr. WILLIAMS, of Missouri, respectively, may have the privilege at that time of offering their substitutes which they have offered; and the Senator from New Hampshire waives all consideration of amendments to the statute of the court contained in his substitute.

Mr. BRUCE. Mr. President, I want to say to the Secretary, in view of the additional emphasis that he placed upon the words, that I think I am justified in saying he has such a singular way of pronouncing some words that it is impossible to tell whether they are singular or whether they are plural.

Mr. WATSON. Let us have them spelled.

The VICE PRESIDENT. Is there objection?

Mr. REED of Missouri. Mr. President, I am giving my consent to this proposition purely as a matter of procedure. I am reserving the point that all of the proceedings we are now engaged in are illegal and void, contrary to the Constitution, and contrary to the rules of the Senate.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and the agreement is entered into.

The unanimous-consent agreement as finally reduced to writing is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered by unanimous consent, That the Senate, as in Committee of the Whole, will now proceed to the consideration of what is commonly known as the Swanson reservations, and that in the Committee of the Whole any amendment or reservations which were properly filed on yesterday before 1 p. m. will also be considered, and that when the Swanson reservations have been perfected the Senator from New Hampshire [Mr. MOSES] and the Senator from Missouri [Mr. WILLIAMS], respectively, may have the privilege at that time of offering in the Committee of the Whole the substitutes which they have offered, and the Senator from New Hampshire waives all consideration of amendments to the statute of the court contained in his substitute.

The Senate, as in Committee of the Whole, proceeded to consider the reservations proposed to the protocol.

Mr. MOSES. Mr. President, under the time limitation I offer the reservation which I send to the desk as an additional reservation to Senate Resolution No. 5.

Mr. LENROOT. In accordance with the agreement, the first Swanson reservation would be the pending question. Of course, the Senator may offer his proposal and speak upon it.

Mr. MOSES. To that I offer this reservation as an amendment.

Mr. LENROOT. Very well.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. Mr. MOSES offers the following reservation to the protocol of signature of the statute for——

Mr. LENROOT. In accordance with the agreement, I ask that the first Swanson reservation be stated to the Senate as the pending question.

Mr. WATSON. That is right.

The VICE PRESIDENT. The Secretary will read the reservation.

The CHIEF CLERK. On page 2, line 8, of the modified resolution, reservation No. 1:

That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.

Mr. MOSES. Mr. President, to that I offer the reservation which I have sent to the desk as an additional paragraph, and I ask that it may be read.

The VICE PRESIDENT. The reservation will be read.

The CHIEF CLERK. It is proposed to add, after line 11, the following as an additional paragraph:

That the adherence of the United States to the statute of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, and/or advisory opinions of the court shall not be enforced by war under any name or in any form whatever.

Mr. MOSES. Mr. President, in view of certain representations which are made to me, I withdraw that reservation for the minute and ask that the reading proceed.

Mr. HEFLIN obtained the floor.

Mr. KENDRICK. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Wyoming?

Mr. HEFLIN. I yield to the Senator from Wyoming.

Mr. KENDRICK. I desire to present memorials signed by 80 signers of Pinebluff, Wyo., protesting against the entry of the United States into the World Court. I ask that these memorials be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, it will be so ordered.

Mr. REED of Missouri. Mr. President, I object to the receipt of petitions, memorials, and writings on this subject matter at this time, when we are under limited time. I could bring in a wagonload of them.

Mr. ROBINSON of Arkansas. Mr. President, I think I ought to say for the benefit of the Senator from Wyoming that under the rules of the Senate a petition can not be presented while a Senator has the floor for the purpose of discussing a question, except by unanimous consent; and since the Senator from Missouri objects, I suggest to the Senator from Wyoming that he withdraw the request.

Mr. KENDRICK. I will withdraw it for the present.

Mr. ROBINSON of Arkansas. Of course, the practice has been prevailing here of presenting petitions under the same circumstances as now exist; but if the Senator from Missouri sees fit to object, it can not be done.

Mr. FLETCHER. Mr. President, a point of order.

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. HEFLIN. I yield.

Mr. FLETCHER. I rise to inquire just what is before the Senate? Are the Swanson reservations now before the Senate?

Mr. LENROOT. The first one.

The VICE PRESIDENT. Reservation No. 1.

Mr. FLETCHER. Has it been read?

Mr. ASHURST. It has.

Mr. FLETCHER. So that reservation No. 1 is now before the Senate?

The VICE PRESIDENT. It is.

Mr. HEFLIN. Mr. President, I desire to say only a word in regard to the speech the Senator from South Carolina [Mr. BLEASE] delivered here yesterday. The Senator seems to have missed entirely the point that I made in my speech a few days ago. I was not trying to prevent the Senator from paying any eulogy that he might desire to pay to Senator Lodge. I was simply calling the Senator's attention to the fact that he attacked and criticized President Wilson here in the Senate, a man who was born in the South, and who, while President, placed four southern men in his Cabinet. He was criticized most severely in some other sections of the country because, they said, he had put "the South in the saddle." I was criticizing the Senator for attacking President Wilson in one breath and eulogizing Senator Lodge in the next breath; and I cited the fact that one of the most outstanding things in Mr. Lodge's career was his effort to pass the force bill of despised memory which would have destroyed Anglo-Saxon civilization in the South.

If the Senator from South Carolina prefers to eulogize a leading Republican, rather than praise a great Democratic President and one of the greatest men the Nation has ever produced, that is his business. Every man to his taste; and if the Senator desires to do that, he is at liberty to do so.

The Senator was mistaken when he said that the South had ordered cloture. We have not applied cloture. The rule that we have invoked is not cloture. We have not stopped debate. We have simply limited debate, and we have shown by that action that the Senate has rules now under which it can transact business without changing the rules at all. We undertook to get an agreement as to when debate should close and a vote be had, but the opposition Senators would not agree. It would be ridiculous for sensible men, men entitled to sit in this body, to sit here throughout a session and permit one man by his objection to prevent the Senate from voting on an important question. The reason for adopting the rule that we invoked on yesterday was to meet just such a situation as that. We were simply providing ways and means for getting a vote on a question that has been before the Senate for three years.

Mr. President, let me remind you, lest we forget, that the World War cost the United States nearly $40,000,000,000, and we were in it only 18 months. But that is not all that it cost. It takes more than money to satisfy the thirst and hunger of this cruel and remorseless monster called war. He was not satisfied until he had called from the peaceful pursuits of life 4,000,000 brave American boys into training camps to prepare for action in the bloodiest war of the ages. He broke the bodies of thousands of them on a foreign battle field, and left them lame and halt for life. He struck down and brutally murdered tens of thousands of them, and buried them in a strange land 3,000 miles from home. He silenced the voices, closed the eyes, and stopped the heart beats of 300,000 brave American boys, and hung crêpe on the doorposts of 300,000 American homes, where fathers and mothers, sisters, brothers, and sweethearts still long—

* * * For the touch of a vanished hand
And the sound of a voice that is still!

He caused the war-cursed countries of the Old World to resound with the cries of widows and orphans, and he filled all Europe with lamentations and sorrow. He murdered 10,000,000 boys, and destroyed the peace and happiness of many millions more. He slew more men in one brief murderous rampage than all the wars of the past have slain in all the history of the human race.

Senators, is it not time to do something to prevent war in the future? That is not all that this war monster has done. He devoured more than half the wealth of the world. When he began to destroy life and property on such a colossal scale he did not confine his cruel activities to land. He went out upon the high seas and murdered people who were carrying food and clothing to human beings in distress. He sunk merchant ships engaged in international trade, and disturbed and crippled the commerce of nearly, if not quite all, the nations of the earth. He sent to the bottom of the sea thousands of tons of food supplies being carried to starving women and children. He trampled under foot the most sacred international agreements, and denied to the free peoples of the earth the use of the free seas. With the destructive implements of modern war, in his first experience with poisonous gas, liquid fire, shrapnel, giant field guns, airplanes, and submarines, this monster called war in four years' time killed 10,000,000 boys and consumed half the wealth of the world. Will not this astounding fact awaken us to the importance of doing something to prevent war?

Lord God of hosts, be with us yet,
Lest we forget.

Senators, have you forgotten how the World War broke out without a moment's warning, and how much we deplored

it, and how we tried to remain out of it, and how we were drawn into it against our wish and over our protest? Have you forgotten the terrible price that we paid in blood and treasure to put down a war that we had nothing to do with bringing on? If, as matters now stand, a war is commenced in Europe, and we are forced to join with other nations to help put it down, is it not the part of prudence and wisdom, when that war is ended, that we should form an association of peace-loving nations for the purpose of using our influence to discourage and, if possible, to prevent the recurrence of another such war? Is it not better in time of peace to join in with other nations that love peace in the matter of promoting peace rather than to wait until the lessons of the last war shall have been forgotten?

When the armistice was signed and hostilities ceased, this grim monster, laughing with ghoulish glee at the misery he had produced and the ruin he had wrought, said:

> You are not through with me yet. Those who remained at home in field and factory and in the marts of trade shall be stripped of their substance by conscienceless money lords, hiding behind the smoke screens of a panic that they will have an excuse to raise because of war.

His prophecy came true. Here in the United States business was paralyzed, factories closed. The hum of wheels and the roar of industry ceased. Seven million men and women were driven from profitable employment. Thousands of merchants were driven into bankruptcy, while banks failed by the hundreds. The cattlemen and grain growers of the West and the cotton producers of the South were held up and robbed of the accumulations of a lifetime. They used the smoke screen of a panic in the aftermath of war to hide behind while they filched from the hands of patriotic men and women the Government bonds they had bought to help their country win the war. They sent their agents over the country buying up the bonds for $80, $82½, and $85 on the hundred. So those who responded to the call of duty and supported their Government in the hour of its peril were punished and robbed through a panic which war had enabled greed and avarice to produce.

CITY OF REFUGE

Following the World War the money lords of England did as the money lords did here, locked up the money supply, contracted the currency, and deflated credits, precipitated a money panic, and started an economic warfare between poor tenants and landed aristocracy, between capital and labor, that has filled the statesmen of old England with a feeling of unrest, uncertainty, and dread, and has caused uneasiness even to the head that wears the crown.

O cruel and brutal war, how many crimes by reason of and incident to your murderous activities have been visited upon the children of men!

The war presented opportunities for extortion and graft upon the Government, and conscienceless profiteers here at home hid behind the smoke screens of war and, in ways that were dark and devious, filched many millions of dollars from the Treasury of the United States. War is a despicable and costly thing to patriots always, but it is a welcome and profitable institution to some. Paul was right when he said—

> The love of money is the root of all evil.

There were money lovers in America who seemed glad that the World War had come. Many of them took advantage of their country's misfortune, and in the hour of its peril held the Government up and rejoiced that they, through crafty and corrupt practices, were able to boast that they had made their millions. To them war means an opportunity and an invitation to enrich themselves at the expense of their country.

> What care they for wrongs and crimes?
> It is dimes and dollars, dollars and dimes.

They do not want a world court or an international tribunal of any kind that will prevent war. They care more for the money that they can make out of war than they do for all the lives of all the boys that may be sacrificed in war.

General Sherman was right when he said: "War is hell." And yet the war of his day was as a May morning zephyr when compared to the iron storms of the great World War. That war was the most cruel, the most costly, and the most destructive of all the wars of the past. War has become so dangerous and deadly that it behooves every intelligent and peace-loving nation of the earth to become keenly interested and whole-heartedly active in establishing and keeping alive a world influence that will constantly be on guard, doing all in its power to discourage and prevent war.

Senators, we go into international agreements and have international understandings about our commerce and our international trade. Are not the peace and happiness of our people, the protection and prosperity of our boys, as dear to us as the sale of the products of our farms and mines and factories? Why is it that when we suggest that the nations get together on some international plan for the prevention of war that certain people and certain interests cry out against it? It is because war furnishes an opportunity to some people to make millions on war supplies of various kinds while the war is in progress and furnishes an opportunity and an excuse for others to interfere with the finances of the country, to paralyze business and produce financial panics in order to rob the people when the war is over. It is, I think, safe to say that 100,000 men here in the United States during the war and after the war made, by reason of the war, hundreds of millions of dollars. It is safe to say that these people are against any kind of international agreements that will promote peace and prevent war. These people and these interests want to leave us standing aloof, isolated, so that when an inviting war situation presents itself anywhere they can do whatever is necessary to plunge this country into war. All they have to do now is to have somebody somewhere fire upon the United States flag or upon an American ship somewhere at sea and then we are immediately drawn into the war. Why not think of the boys in our American homes who must go out to battle and die when war comes? Why not consider the happiness of the families from which these boys will be called? One of the greatest questions that now confronts the world is how to prevent war in the future.

I had rather the constituted authorities of my country would aid in setting up a world court or some other international peace tribunal to discourage and prevent war than to stand aloof and withhold my country's aid and influence from the cause of peace, and, having denied her the right to have a voice in preventing war, leave her course to be determined by designing men to whom war offers opportunities to make millions.

I had rather that those whom the people have chosen to represent them in the Congress and in the White House would provide a way for the United States to be helpful in establishing a plan for promoting peace and preventing war rather than to be indifferent, and in refusing to take an affirmative stand on the side of world peace permit my country's peace and war status to be left hanging in the balance and determined by those who make money by reason of war. I repeat, if a war starts anywhere now, those who make millions out of war can do the thing necessary to involve us in such a war.

We want a world tribunal doing all in its power at all times to promote peace and prevent war. No higher service could be rendered to the human race. Hereafter, if war is threatened anywhere on earth, the World Court's influence will be immediately felt to prevent it. Not only that, but the whole world will be informed as to the true situation and kept informed as to the influences used and the plans suggested to prevent war.

If such a tribunal had been in existence prior to 1914, the cruel and murderous World War, with all its infamies and horrors, would have never occurred.

The people of the United States are a peace-loving people. We do not wish to interfere with or harm in the least any other nation, and when we join with other nations to promote peace and prevent war we do not in any manner whatever surrender any of our rights as citizens of the United States or any of our rights as a government. We are simply, as a people, taking a stand on the side of peace and against war and desiring to do what we can along with other peace-loving nations to prevent war, and we are willing to pay the expenses of our representative on the World Court and our fair share of the running expenses of such an international tribunal, whatever you wish to call it.

The World War came, and we were drawn into it, and we had no voice in preventing it, but it cost us in money many billions of dollars, and when the war ended it was costing $1,000,000 an hour, and $1,000,000 is more money than it will cost all the nations in the World Court to keep it going in the cause of peace for a whole year. It will not cost as much to operate it and keep it going for 10 years as the World War was costing just before it ended to keep it going for 10 hours.

The able Senator from Tennessee [Mr. TYSON] has pointed out that our part of the expenses in keeping the World Court going will be only $30,000 a year.

This tribunal is simply a world watchman on the tower, where none has ever been before, keeping the nations of the earth informed as to every move that affects the lives of human beings and the peace and happiness of the world. I repeat that in joining in a world movement to promote peace and prevent war we do not surrender a single right that is ours under the Constitution of the United States. Our domestic affairs remain just where they were. All domestic questions, like immigration, for instance, will be settled by us and nobody

else. So far as the United States is concerned, under this plan no war could ever come that would involve us unless and until the United States Congress should declare war. So we are just where we were before, so far as our home problems are concerned. Mr. President, in joining this international tribunal we are not hurt in any particular, but we are greatly helped and benefited by being placed in position to know what is going on, and especially in having an opportunity to use our influence in preventing war.

Some Senators will support a world movement to stamp out and prevent the spread of the foot-and-mouth disease among horses and mules and cattle, but they will speak here till they almost fall in their tracks in opposition to a world movement against a monster that devoured 10,000,000 boys in less than four years' time and crippled and disabled many millions more.

Here is what President Coolidge said about the World Court in his message to Congress:

> This court would provide a practical and convenient tribunal before which we could go voluntarily, but to which we could not be summoned.

This World Court is set up for the purpose of having and keeping in existence a peace tribunal to which the nations of the earth can go and settle their differences without going to war.

Mr. President, perhaps the most perfect government that ever existed was the theocracy established by God himself. In it was a city of refuge to which the poor and oppressed or any person attacked or sought to be injured could flee for safety. His enemies might pursue him, but if he ever once reached the city of refuge they dared not lay their hands upon him.

I want to see my country do her part in creating a great international city of refuge to which the war-weary nations of the earth can go without the shedding of blood and settle their differences in the halls of peace.

We solemnly promised our boys, those who died on a foreign battle field and those who were spared the terrible fate of their departed comrades, that if they would put down that war we would do everything in our power to prevent the recurrence of another such war. That promise has not been kept. I had rather be classed with those who contributed to peace and human happiness, to safeguarding and prolonging the lives of the youth of all lands, than to bask in the approving smiles of the time-serving, war-promoting international highwaymen of the earth.

Mr. President—

> Once to every man and nation comes the moment to decide
> In the strife of truth with falsehood for the good or evil side.

Every day about the hospitals, in the parks, and in the streets of Washington we can see the effects of the last terrible war in the lame and halt and blind. They remind us—some of us—of our promise to do what we could to prevent war in the future, and some of us are reminded that that promise has not been kept. Some of us feel that if foreign countries are good enough to fight with in order to put an end to a war that was forced upon us that they are now good enough to cooperate with in time of peace purely and wholly for the purpose of preventing another such war. Again, let me ask, Have Senators forgotten that the last war was the most expensive and most destructive of all the wars of the world? That it was costing a million dollars an hour in the closing days of the war? Have Senators forgotten that that war forced us to draft 4,000,000 men and sacrifice more than 300,000 brave boys on the altar of war? I ask again, Have they forgotten that that war cost the United States nearly $40,000,000,000? Jefferson said, "Preach a crusade against ignorance." When I recall the pain and misery and bloody butchery of the last war—its poison gas, liquid fire, and death-dealing shrapnel, its staggering cost in blood and treasure—I feel it to be my duty and the duty of my country to preach a crusade against war.

Eight years have come and gone since the curtain went down on the bloodiest war of the ages. It was the most cruel and most destructive war in all history. Not thousands and hundreds of thousands, but millions of men went down to death through the slaughterhouse of that terrible war. It sent the death angel into millions of homes! It called our boys from home, loved ones, and the joys of peace to die in a war that should never have broken out in the Old World. Where are the 10,000,000 boys that were living in 1914? Call the roll! And the mournful answer comes—dead! Ten million boys in four years' time passed through the valley of the shadow of death.

Senators, they loved life, those boys growing up toward man's estate, and they had a right to live. But war, grim and monstrous murderer, plucked them out of the ranks of the living, broke their young bodies, and drank their life blood. Call the roll! The answer comes ten millions missing—dead in battle—dead! Ten million human beings, made in God's image, brutally murdered in the morning of life, and that is the terrible toll of just one war!

Mr. President, war dwarfs and starves little children. It murders the youth of the country and robs and destroys the homes of the people. It is the cruel and brutal agent of oppression and tyranny. Its music, the tread of armies, the thunder of artillery, and the groans and wails of the wounded and the dying. In its wake lie broken hearts and ruined homes, and its path is red with human blood and paved with dead men's bones. It has torn down the habitations of the people and destroyed the peace and happiness of millions.

When the World War was raging the man power and financial resources of our country were called upon as never before in our history. Then we were doing everything in our power to end the war in victory and declaring it to be our duty and purpose when the war was ended to lead in a movement to establish an international tribunal to make another such war impossible. Then this raging monster called war was feeding on the pick and flower of the manhood of the nations and endangering the liberty of the world. And then the Congress of the United States was making ready to call into the service every physically fit boy and man between the ages of 18 and 45 years. Then, when submarines were destroying hundreds of shiploads of food and threatening with starvation the allied armies and the allied nations, the Congress of the United States established Government supervision over the food supply of our own country, and the orders of Government agents telling us what to eat and what not to eat were sent into the homes of a hundred millions of people. All this was forced upon us by a war which never would have started if we had had an international peace tribunal or World Court.

Nearly everything is in a way a risk and a venture. When our fathers and mothers were making ready to come over to America in the early days they were warned against such an adventure. They were told that Indians were here, and they would all be murdered, but they came. Yes; and they warned and tried to frighten our forefathers against an attempt to achieve their independence.

I recall, Mr. President, statements made by the pessimistic prophets of evil in connection with what occurred in the days of the thirteen Colonies when Washington was leading the colonists in the War of the Revolution. Those prophets of evil were here and they said Washington was foolish, that he was going off on a wild-goose chase and attempting the impossible, that we could not achieve our independence. And I recall that in those days in the city of New York they even burned Washington in effigy and erected a leaden statue to George III. But after the scales fell from their eyes and they no longer looked as through a glass darkly, they tore down the statue of George III and melted it into bullets and fired them into the ranks of the British Army. Then they hailed Washington as their chieftain and as their deliverer. But it seems that we must have these pessimistic prophets of evil with us always.

Now, Mr. President, I want to ask and answer in plain English some questions about the World Court.

FOURTEEN QUESTIONS AND ANSWERS

First. Does the entrance of the United States into the World Court, safeguarded as it is by the Swanson reservations, in any manner whatever give that court jurisdiction over any of our domestic rights and interests? No.

Second. Does the entrance of the United States into the World Court in any way give that court jurisdiction over any question of dispute between the United States and any other nation unless the United States shall hereafter by governmental action specifically give her consent to have such a question submitted to and considered by the World Court? No.

Third. Is it specifically set out and provided for in the measure creating and governing the World Court with the Swanson reservations, which have been agreed upon, that that court shall not take or have jurisdiction over any dispute between one nation and another unless both nations request and agree that it shall do so? Yes.

Fourth. Can the World Court consider and pass judgment upon any case where the interests of the United States would be affected unless the United States Government consents for it to do so? No.

Fifth. If the United States becomes a member of the World Court, will that fact in any way confer upon the World Court or upon any other international tribunal in any way connected with the World Court the right or power to direct or ever suggest that the United States shall furnish money and arms to help prosecute any war anywhere? No.

Sixth. If the United States does become a member of the World Court, does she do so with the understanding that the status of all her rights and interests as a nation shall remain the same as before she became a member? Yes.

Seventh. If the United States becomes a member of the World Court, will such membership in any way deprive the people of the United States of the right which is theirs under the Constitution to have their Congress determine at all times and under all circumstances just when war shall or shall not be declared? No.

Eighth. Is there any power anywhere in the provisions of the measure creating and governing the World Court that can take or that even undertakes to take away from the Government of the United States her right to determine by herself and for herself at all times when she will or will not go to war? No.

Ninth. Is there any provision under which the temporary representatives of the nations of the earth in the World Court, including those of the United States, could agree upon, even if they wanted to, that would or could deprive the people of the United States of their constitutional right to have their Congress, and no power but the Congress, to say when and under what circumstances war shall be declared? No.

Tenth. Then is it our desire and purpose in creating the World Court to establish an international tribunal to provide a place to which disagreements between one nation and another may be carried by the consent of both nations in a sincere effort to arbitrate and adjust such differences in the interest of right and justice and peace? Yes.

Eleventh. Is it true that the providing of a world court or international arbitration board where international disputes can be carried and settled is for the purpose of encouraging settlement of differences by arbitration and discouraging and preventing war and therefore for the purpose of saving the lives of hundreds of thousands of human beings who would surely die if war should come? Yes.

Twelfth. Then the purpose in creating a world court is to provide a place where international disputes may be settled and can be settled in a peaceful way if both parties interested agree to submit their cause to the court? Yes.

Thirteenth. Is not such a court, created by the will and common consent of the nations, providing a place to which disagreements between one nation and another may be taken if both nations agree, a wonderful step forward in the interest of world peace? Yes.

Fourteenth. Is not this attempt on the part of more than two-thirds of the Senate to set up an international peace tribunal or World Court, to which nations may go with the disputes between one nation and another and ask that they be settled without going to war and killing hundreds, thousands, and maybe millions of human beings, in keeping with the teachings of Jesus of Nazareth, the Prince of Peace? Yes.

Then why not go in and let our influence be felt on the side of peace and against war?

WORLD PEACE

Senators, have you forgotten the sad and exciting scenes witnessed all over the United States when our boys first heard the call to arms and bade father and mother, wife, and sweetheart good-by as they went away into a foreign land to help put down a war that they did not bring about and could not prevent? We saw them go away buoyant and strong, with a look of determination on their faces and the light of battle in their eyes. They gave a good account of themselves on the battle fields of France. They performed their duty with lasting credit to themselves and enduring honor to their country. They did their part and our country did its part in putting down that war. Will we now fail to do our part in joining with other nations to prevent the appearance of another such war? Shall we, the greatest single peace force in all the world now, stand aloof and refuse to use our national good will and influence along with other nations in an international movement to prevent war in the future? Senators, have you forgotten how the casualty list of our dead and wounded grew from the time we entered the conflict till the close of that terrible war? Do we no longer remember how American fathers and mothers read that list every morning in the newspapers, and read it with fear and trembling each day, praying as they read that their boy's name would not appear in the list of the slain.

Mr. President, the Congress that has the power to declare war and the power to compel the citizen to leave his home and loved ones to go to the battle front and give his life, if need be, in the cause of his country, ought not now to hesitate to permit the country to use its moral influence in time of peace to oppose and if possible prevent war. If we were willing to call 4,000,000 of our boys into the military service and willing to expend billions of dollars in helping to end a foreign war that slapped our Nation in the face and forced us to fight to protect and defend our own rights and liberties, we should be quick and eager now to give the weight of our influence to an international movement in which the same foreign nations—those who fought side by side with us in the World War—are found striving to create an international peace movement to prevent another such war. I am in favor of having a representative of the United States sitting in an international peace tribunal, ever lifting his voice and using his influence on the side of peace.

We helped to end the last war. Let us now join in with other nations and do everything that we can to prevent war in the future. Medical science in its fight against disease is more concerned to-day in preventive measures than anything else. How to keep the human race well and fit for the duties and responsibilities of life is the paramount question.

Time was when the demon of typhoid fever stalked abroad in the land spreading terror amongst the people and killing thousands and tens of thousands. But the crusading men of genius and vision in the medical world declared that they would carry on their fight against him until they could enable every home in America to fortify itself against his secret and insidious attacks and render him helpless and harmless. They succeeded in doing that. They can inject a serum into the human body and prevent the person so treated from having typhoid fever at all.

There was another demon in the old days called diphtheria. He crept noiselessly and unseen into the homes of all christendom and blew his poisonous breath into the mouth and nostrils of sleeping babes, sending into their little tender throats the disease germs of certain death. And the men of the medical world set themselves to the task of preventing diphtheria, and to the joy of every father and mother in all christendom they have succeeded in doing so.

Senators, another demon known as tetanus in medical phraseology, but known generally as "lockjaw" amongst the people. He used to quietly creep upon those who had been wounded in their daily work in the peaceful pursuit of life and drop in the poisonous germs of death. Men of the medical world continued their warfare upon tetanus, or lockjaw, until they have not only provided a certain cure but a serum that will make the patient immune to the disease ever after. But, Mr. President, some of the doctors in those days warned fathers and mothers and patients not to even think of trying the new remedy, but the fathers and mothers who saw the old remedies fail said no harm can come in trying the new.

The time to prepare against war is in time of peace. As I said in substance a moment ago, the United States Government is spending thousands and hundreds of thousands of dollars to protect our horses, mules, and cattle against the spread of the dreadful foot and mouth disease, and I repeat we are cooperating with other nations and spending hundreds of thousands of dollars to protect our hogs and preserve their lives against the ravages of hog cholera. What are we doing to cooperate with other nations to prevent war and preserve the lives of our American boys?

President Wilson is the first man that ever started an effective world movement against war. Through the hitherto long and unchallenged reign of war nations have burdened and oppressed their people with taxes to provide for and carry on war. President Wilson taught the world the importance and feasibility of organizing the peace-loving nations of the earth into a mighty world force to promote peace and prevent war. He broke his health and shortened his life preaching a crusade against war and urging the creation of a world tribunal to secure and keep the peace of the world.

Senators, the gloomy and pessimistic prophets of evil would have us believe that the foreign countries, almost ruined financially and bled white by the World War, are not interested in preventing war but are simply setting a trap for us, the people who won the war, saved their lives, saved their countries, and saved the liberty of the world; that they are now simply seeking to injure and cripple us, the most liberty loving and greatest peace force in all the world. Remember that ten millions of their sons have been murdered by war in the last 10 years. Are we, as intelligent men—men worthy to sit in this body—to accept the theory that the bereaved fathers and mothers, sisters and brothers, wives and sweethearts across the sea are really trying to inveigle us into doing something that will produce wars rather than prevent them—are trying to provide means by which their peace and happiness may be destroyed, and their sons, husbands, and sweethearts may be killed by the millions in the future? How absurd and ridiculous!

I am convinced that a real peace plan with the United States in it will guarantee the peace of the world for at least a hundred years, and the money that is being taken from the

people of foreign nations to provide for and carry on war will be spent, much of it, for cotton and meat and grain and other things produced in the United States.

Christ told his disciples to go into a certain city and enter the homes of the people; and if they would not receive them and the truth they brought, to withdraw and shake the dust off their feet as they departed.

Senators wonder why we should want to go into the World Court, and then provide that we may withdraw if we want to do so. We are offering them our good offices; we shall be sitting there for the purpose of promoting peace; but if we find that the court is organized for some other purpose we have the right and we have the way provided through which we can get out. Mr. President, if we should not declare our right to get out, then these pessimistic prophets of evil would complain because of our failure to do so. They are very hard to please, indeed.

Opponents of the World Court resolution ask, "Why go into the court at all? Why not stay as we have always been?" Mr. President, the effort to create an international peace tribunal for the purpose of promoting peace in the world has been made necessary by the horrors and sorrows of the great World War.

Modern war has become the deadliest enemy of the human race.

Again I say, how to prevent war in the future is the greatest problem confronting the human race to-day.

The number of human beings killed and the amount of money spent during the last great war have convinced the peace-loving nations of the earth that they must unite their strength in a world-wide movement to prevent war in the future.

It is quite natural that such a movement should follow the great World War.

Those of you who are trying to keep the nations divided and standing apart are playing into the hands of those who profit by war. You can not stop this great movement. God is in it, and above the noise and confusion sought to be created by some of the opponents of this measure we can hear the voice of the Master:

> Blessed are the peacemakers, for they shall be called the children of God.

You can not stop this movement which looks to "Peace on earth and good will to men."

> If you dam up the river of progress, at your cost and peril let it be. It will break down your dam and, despite you, make its way on to the sea.

The men and women of vision, Mr. President, and the men and women of faith are the ones who have been of real value to the human race. Everyone who knows anything knows that we had nothing to do with bringing on the last great war. We were here at home attending to our own business; but we were drawn into that war when we were here at home attending to our own business, and we had to form an alliance with other nations to fight that war to the end, and we pledged every dollar that we had and every drop of blood to help put that war down.

And may we not, in all propriety, now join with our allies and other peace-loving nations to help keep war down?

May we not now, in all propriety, go in and sit with other peace-loving nations, and by our presence show that we are not only ready and willing but anxious to use our influence on the side of peace?

The old system, with its secret diplomacy and hidden intrigues, constituted the hotbed and breeding place of war.

We are seeking to get away from the old system, we are seeking to have all international cards laid upon the table and have all international agreements openly arrived at, and we are asking that all the decisions of the World Court shall be made public. Are not all these things desirable and commendable?

We are setting up this international tribunal for the purpose of uniting the peace-loving forces of the earth into a world-wide movement to promote peace and prevent war.

Are not all these things desirable? Senators, in the name of the boys now living and of millions yet unborn, I appeal to you to join with us in supporting this world tribunal to prevent war.

War, this grim and murderous monster, does not call to battle the weak and feeble men of a country. He calls the strong and vigorous, the pick and flower of its manhood; and wherever he breathes forth his blighting, poisonous breath and lifts his deadly hand there are suffering, sorrow, and death.

Mr. President, those who make millions out of war do not want to put out of commission or destroy the agencies that create war. A few years ago, here in the United States, the wolf problem became one of great moment to the flockmasters or sheep raisers of the West. Great droves of wolves devoured sheep by hundreds and thousands. The sheep owners employed scores of men to guard their sheep and shoot the wolves, but the wolf problem was too great and too expensive for them to solve it by themselves, so they called upon the Government of the United States to help in the war of wolf extermination. The Government employed men to go there and stay there until that work was done.

But, Mr. President, there is a strange and interesting story to the effect that when more than three-fourths of the wolves had been killed, and wolf extermination was about to be accomplished, it suddenly dawned upon these Government agents that if they killed off all the western wolves they would soon be out of a job, so after that for quite a while they did not shoot to kill but indulged only in friendly firing, just enough to frighten the wolves away from the sheep, while giving the wolf pack time to increase their numbers and keep the agents on the pay roll of the Government.

But the western sheep owners discovered after a while that the wolf shooters sent out there by the Government were more interested in keeping enough wolves alive, to keep their jobs intact and their salaries going, than they were in protecting the property of the western sheep raiser or in annihilating the great enemy of the western sheep.

So it is, Mr. President, with those who make money out of war. They do not want any tribunal anywhere that will put them out of business. War to them is a delightful thing. It means millions and hundreds of millions of dollars in their pockets. Their money is being spent in a secret way now, and their propaganda is being circulated in the name of misleading societies here in a desperate effort to keep us out of the World Court. They know that if this great, peace-loving Nation ever takes her place at the council table of an international peace tribunal, war, with all its horrors, is doomed for many years to come.

Through their secret and cleverly disguised propaganda they have deceived some good men and women into believing that it would be an unfortunate and dangerous thing for the United States to give her assurance to the other peace-loving nations of the earth that she is ready to lend her moral influence to a world movement to promote peace and prevent war; that she is ready to let the world know that she is positively on the side of peace and against war.

The last great war—the World War—was not a local war. It was an international war and it required international agreements and alliances to put it down. Are we not now justified in going into an international tribunal in time of peace for the purpose of advising and urging that all nations settle their disputes by arbitration rather than by war?

In view of our recent sad and very costly experience in the great World War, is it not our duty to do what we can and employ every legitimate and peaceful means at our command to prevent the coming of another such war?

President Wilson, the brilliant, masterful, and victorious Commander in Chief of our Army and Navy during the great World War, promised our boys and their fathers and mothers that he would do all in his power to prevent the recurrence of another such war. He kept his pledge, and the efforts that he put forth are bearing fruit to-day; and while the World Court is not altogether the peace plan that he suggested, it is a world plan for world peace.

The Senator from Virginia [Mr. SWANSON], who has led this fight and who has done more than anyone else here or now living to establish an international peace tribunal, has submitted reservations which will in every particular protect and safeguard the Monroe doctrine, our domestic concerns, and our national sovereignty.

Mr. President, Austin Phelps said:

> As goes America, so goes the world.

Then, since America is at last about to take her stand on the side of international peace, I believe that we are justified in predicting a long and uninterrupted reign of world peace.

In our efforts to establish a peace tribunal where we can have international disputes settled by arbitration and without the shedding of a single human being's blood are we not doing the will of the Master, who preached, "Peace on earth and good will to men"? Are not those of us who favor a fair and peaceful settlement of international disputes, instead of resorting to war and killing human beings, justified in asking the question of those who oppose us, "Who is on the Lord's side?"

The inspired word of God in the old Bible tells us of a day that is to come when—

They shall beat their swords into plowshares and their spears into pruning hooks; nation shall not lift up sword against nation, neither shall they learn war any more.

Mr. President, the question that we are about to determine is whether the United States will take her stand on the side of those who are seeking to promote peace in the world or continue to stand by the old war-breeding system, which has just recently produced the most destructive war in the history of the human race.

No one here is more anxious than I am to protect and safeguard in every particular our American rights and interests, and I have been instrumental in having our national interests protected in every way. I do not want to see my country moving out among the nations for the purpose of conquest or military glory, but I do want to see her opposing war and preaching the gospel of peace amongst the nations, and pointing the way, as Henry Grady, of Georgia, said, up which all the nations of the earth shall come in God's appointed time.

America, incarnated spirit of liberty, with good will toward all nations and malice toward none, but with a prayer for peace on earth and good will to men, we bid her onward and ever on—

'Til the voice of war is stilled,
'Til the haven of peace is won
And the purpose of God fulfilled.

Mr. BLEASE. Mr. President, I congratulate the distinguished Senator from Alabama on delivering what I believe to be the strongest defense that I have ever heard of the position of those who opposed the late war, and the greatest denunciation that I have heard pronounced against those who voted for it.

Mr. HARRIS. Mr. President, I am sure all Senators want to have a vote reached as soon as possible, and I do not wish to take the time of the Senate. I have received a number of letters urging me to vote for the World Court and some urging me to vote against it. I ask permission to place in the RECORD my reply to these letters, to save time.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Without objection, it will be so ordered.

The matter referred to is as follows:

MY DEAR SIR: I have your letter relative to the World Court and shall always be glad to have your views on this or any other matter, as I have a high regard for you and appreciate your friendship.

The year before my last election I visited every county in Georgia and spoke at the courthouse and in most of the towns. In every speech I referred to the horrors of war, with its sorrow and anguish, and told the people that I would vote in favor of this court of justice to prevent war if I did not receive one vote for reelection to the United States Senate. I feel it my duty to carry out the promises I make to the people of my State.

Under the Constitution only Senators and Representatives in Congress can vote to declare war and send our boys to the battle field. My predecessor in the Senate voted for war, but I pray I may never have to do so. If the world could only have had a court of justice to arbitrate differences between nations in 1914, the lives of a hundred thousand American boys and millions of other lives lost in the last war could have been saved. Do you not think I ought to do something to prevent another such war? I know the horrors of war through my correspondence with the fathers and mothers of thousands of Georgia soldier boys I have helped with their claims.

I visited the cemeteries in France and saw the graves of thousands of brave American boys, and the boy I loved the best in all the world, my brother's only child and the youngest captain in the Army, was killed in France. You can understand why I should be so opposed to war, and when my term is over I can look in the faces of the mothers and tell them that it was my privilege to help find a way to arbitrate our differences so as to save their boys from death on the battle field.

When you or your neighbors differ about matters, or if two farmers are in dispute about the location of a lot line, or two business men disagree about a business transaction, you do not get your gun and kill the men with whom you differ. You go to the courthouse and both submit your side of the case to a jury of 12 men and abide by their decision instead of killing each other. Why should our country, if it has a difference with another country, send our boys to war instead of having an opportunity to submit our differences to 11 unbiased men, just as we submit our domestic differences to a jury of 12? If anyone was so unwise as to urge that we abolish juries to settle our differences and go back to killing each other with pistols and shotguns, no one would vote for such a change—certainly no Christian people would think of doing such a thing. Why not prevent our country going to war by arbitrating our differences with other nations before an impartial tribunal?

I have done everything I could to prevent foreigners from overflowing our shores and as a member of the Immigration Committee will continue to do my utmost to keep them out. Senator JIM REED, of Missouri, who is leading the fight against the World Court, differed with me in this and strongly opposed the immigration bill which I supported. I think there is a thousand times more danger to our country from overflow of Europeans than there would be in arbitrating such differences as we wish to submit to a court. From statements contained in several letters that I have received, the World Court is entirely misunderstood by some. Some letters say the Catholics will control the court, which is not the fact. The majority of the judges on the court are not Catholics. I received thousands of letters from Protestant ministers and members of Protestant churches urging me to support this court of justice, but have not received a single letter from a Catholic priest urging my support. The Baptists, Methodists, Presbyterians, Episcopalians, Unitarians, Christians, and all Protestant churches are supporting it.

The conditions under which we shall support this court are plainly and clearly set forth. One is that the court can not consider any case or question in which the United States is interested in any manner without consent of the United States. Another condition is that at any time by a majority vote of Congress we can withdraw from the court. Domestic questions, such as immigration, citizenship, Monroe doctrine, and like questions, can not be submitted to this court. Another condition is that we in no way become associated with the League of Nations by becoming a member of the court.

I feel sure you have been misinformed about the conditions under which we shall join the court and that after careful study of conditions and reservations you will approve my voting for the measure with the hope of preventing our Georgia boys ever having to go to another war.

Sincerely yours,

_____.

Mr. GILLETT. Mr. President, I am sorry that the original Swanson reservations have been changed at all. It does not seem to me that the changes and additions have added materially to the security of the United States. In my opinion they are quite superfluous, and they make our adherence to the court look somewhat suspicious and grudging. However, I defer to the judgment of those who have charge of the matter and presume they were right in thinking that it was politic to make the changes; but, personally, I regret it.

I do not think that all the first reservations, even, were necessary. For instance, the very first one of the original reservations reads as follows:

That such adhesion shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the covenant of the League of Nations constituting part 1 of the treaty of Versailles.

I do not think that was necessary. I think, without that, it was clear that the United States was not assuming any obligations under the League of Nations treaty. It seems to me that the opposition, when they argue as they have, that the League of Nations is closely related to this World Court, do not prove anything material. They say that the World Court is an agent or creation or functionary or part and parcel of the League of Nations. Admit for the sake of argument that that is true. That does not prove that the United States, by adhering to the World Court, assumes any obligations under the covenant of the league. The question that decides that is, What new relations to the League of Nations does the United States assume by adhering to this treaty?

By this treaty we do just two things. We say, first, that a representative of the United States will unite with the representatives of the other nations in voting for members of the court; secondly, that we will pay part of the expenses of the court. Does that add to our obligations under the League of Nations? It seems to me clear that it does not at all. I do not think any representative of the United States will be contaminated by association with the other members of the electoral college; I do not think our money will become tainted by going through the treasury of the league; and I do not think the obligation of the United States is in the slightest degree affected by its adhering to this statute. Consequently, it seems to me that even that reservation was superfluous.

I suppose the reason why it was suggested was because the opponents of the World Court from the very outset charged that adherence to it was a step toward the United States entering the league—"entering by the back door" was their favorite expression—and I suppose it was thought politic and wise to state by this reservation that we were not assuming any obligations of the league in order to contradict that argument. Except for that purpose, it does not seem to me that there was any reason at all for even that first reservation.

Why was it that the United States did not join the League of Nations? It was because we did not wish to become entangled with the political disputes of Europe, and we did not wish to give up any right to independent action. Are those two motives in the slightest affected by joining with other nations in voting for judges of a court, by paying part of the expenses of the court, and by submitting to that court whatever disputes we wish, and absolutely no others? It seems to me preposterous to claim that that was an assumption of obligation on the part of the United States.

Of course, this court does come from the league and is favored by the league. To me, that is a matter of entire indifference. I appreciate that in the case of some Senators who were here during the very heated debates upon the league, there is left some personal and political feelings, which are not easy to forget, and which probably have not yet died out. I have no such feelings, however. While I do not want the United States to join the league, I have the kindliest feelings toward it. I regret its failures; I rejoice in its successes. I hope the league will prove, as seems likely, a beneficent factor in the political affairs of Europe and may smooth out international difficulties and act as a clearing house for minor complications until it has won prestige and power sufficient to grapple with the big problems. I hope it may achieve even more successfully for Europe the good will and cooperation that the Pan American Union is bringing to this hemisphere. I hope we shall cooperate with its good work. Indeed, I hope international cooperation will steadily increase, for with nations, as with men, acquaintance and cooperation is apt to lead to friendliness and good will.

I do not think the World Court was created by the League of Nations. It seems to me the World Court technically was created not by the league, but by the statute; but that again to me is a matter of indifference. I do not care so much for its origin as for its effect. I am not so much interested in its pedigree as in its progeny; and if it will accomplish the results that I wish, then it matters little to me whether it is of American or of league origin, although it gratifies my national pride to know that America has long and steadfastly urged this very project; and it gratifies my personal feelings and increases my confidence in the court to know that one of the most influential agents in the formation of the procedure of the court was that wise, far-sighted statesman, Elihu Root, to whom to-day is as applicable as to any living man the epigram of Mackintosh—

> A name that would add authority to truth and furnish some excuse even to error.

It is not surprising that Mr. Root has been quoted during this debate by men on both sides. Criticisms he made of the court have been cited. I do not suppose anybody in all the 50 nations that compromised on this court was entirely satisfied with it. I do not suppose there was a statesman who did not feel some criticism of it. But I want to remind you that, despite Mr. Root's strictures, which have been read, yet he believed that the benefits of this court were vastly greater than its defects, and he is heartily and earnestly in favor of the adherence of the United States to the protocol.

I can not see how sending a delegate to vote for members of the court in conjunction with representatives of other nations and sharing in its expenses and submitting to its jurisdiction and decision in such cases as we choose is going to entangle us with European problems or league interests or jeopardize our independence of the league.

On the other hand, to refuse to support the court would show indifference to the great cause of judicial settlement of international disputes, which is the most helpful pathway to peace and the one which America has most persistently followed, and our action now is awaited with eagerness by the whole world. To join will give new heart to the peace lovers; to refuse would discourage them. And when the League of Nations, following the lead of the United States in The Hague conventions, adopting the spirit and the letter of American statesmen, formulates this enlightened plan for a World Court I think we ought to welcome it with gratitude and hopefulness.

Coming to the new reservation about advisory opinions, I do not approve of that change. It seems to me quite superfluous. It does not seem to me that without that reservation there is reason to fear that any advisory opinion would either be asked or given in the future which would affect the United States.

I was one of those who would have preferred that the court did not have any jurisdiction at all to render advisory opinions, but that jurisdiction was given to them, and I must confess that experience so far has justified the experiment. The action of the council so far in referring matters to the World Court has enhanced its reputation.

The council, of course, is a political body. It is supposed to act from motives of political expediency, and all the questions which the council has submitted to the court the council had the right to decide without any such opinion. They could have decided them on political lines. But the council, instead of doing that, did what they were not obliged to, and referred the legal questions to the court and agreed to abide by the decisions of the court. Thereby it seems to me the council has enhanced its standing in the opinion of the world as a body trying to do what was right and fair and just instead of what was politically expedient. Therefore it seems to me that so far the conduct both of the council and of the court have strengthened the arguments of those who thought the court ought to have jurisdiction to render advisory opinions.

The court action in relation to those opinions has been exactly what those who favor the court and those who oppose the court approve. They have notified all parties in interest of the hearings; they have had the hearing in open court; they have had it conform exactly to judicial proceedings; they have given their opinions publicly in all cases where the different parties in interest came before them, and in the only case where one of the parties refused to submit to its jurisdiction the court refused to comply with the request of the council and decided that they would not render any opinion. That is exactly what I suppose everybody in this Chamber desires and approves. And under this practice they could never render an advisory opinion affecting us unless we submitted to their jurisdiction.

It is suggested and, of course, it is true that the court might reverse itself. In the case where it refused to give an opinion because one of the parties refused to appear the decision was by a vote of 7 to 4, and it is said that some of the 7 might go over and join the 4. Of course, that is possible, but it seems to me it is utterly improbable, so improbable that I do not consider it a danger. The judges of a court are actuated by human motives, like the rest of us, and every court and every judge is jealous of the power and of the independence of the court. Therefore having once declared its independence of the council, having asserted that it had a right to decide for itself whether it should give an opinion or not, and was not bound by the request of the council, was not subject to the orders of the council, according to all principles of human action the court in the future will be vastly more likely to hold to that opinion than to reverse it. The 4 will be much more likely to go and join the 7 in upholding the independence of the court than the 7 will to go and join the 4. Particularly after the explicit statement of the United States that we will not be bound by an advisory opinion which affects it, unless it consents, the World Court will be very slow to reverse itself.

No court is seeking to make a breach with any great country. Therefore the great probability is that, instead of reversing themselves, they will affirm the ground which they have already taken.

Indeed, I would go farther than that. I do not think there is any danger that the council, political body that it is, would ever request the court to give an advisory opinion where the United States was interested and where the United States objected, because, while the council may be perfectly willing to flout the United States, the council does not care to be flouted by the United States, and we have given them notice that if they do request such an advisory opinion we will not regard it. Therefore it seems to me the council would never ask the court for an advisory opinion which they were sure would not be regarded by the party to be affected thereby. Of course they have a right to ask it. As Burke said, "Man has a right to shear the wolf." But they are not very likely to engage in such an unprofitable occupation.

So I do not think that without this reservation there would be the slightest danger that the United States would ever be affected by an advisory opinion. I do not think the council would ever ask one or that the court would ever yield to such a request.

This reservation will not lessen the opposition in this Chamber to the World Court, though it may remove one talking point, but I suppose it is possible that it may relieve some honest apprehension.

I fear that on both sides of this general question there has been much exaggeration. I do not refer to Senators particularly, but in the debate that has been going on in the last three years throughout the country I fear that those who are in favor of the World Court have exaggerated the benefits that are to come from our entrance, and I fear that those who have opposed the World Court have exaggerated the dangers.

We are not going far toward world peace, which is the goal at which we are all aiming, by simply giving our adherence to a court which can only try cases which the parties agree to

submit to it. It is obviously but a first step, and but a short step. To be sure, there is in the statute that optional provision allowing nations to agree to compulsory jurisdiction, but it is rather pathetic to note who the nations are that have made this agreement that all their disputes shall be submitted to the court. It is only the weak, the small nations, those which can not defend themselves. It is the fragile china vessels which want a court. The iron pots are not afraid of a collision. The defenseless nations, which have no armed protection against an aggressive neighbor, agree to submit all their disputes to the jurisdiction of the court, but the great powers, confident in their strength, prefer to reserve to themselves the arbitrament of force. It reminds me of the verse:

Laws, we are told by ancient sages,
Have been like cobwebs in all ages.
Cobwebs for little flies are spread,
And laws for little folks are made.

But if an insect of renown,
Hornet or beetle, wasp or drone,
Be caught in quest of sport or plunder,
The flimsy fetter flies in sunder.

So here, it is only the small folk, the weak nations, that have agreed to compulsory jurisdiction.

At the same time, I recognize that it could not be otherwise. No treaty which provided for compulsory jurisdiction would be ratified here, and very likely would not have been ratified by any of the powerful nations. We had to begin by a first step. But I am sure the hope of every peace lover, the hope of every believer that recourse to a court is a better method of settling international disputes than war, is that the time will come—it will not be in our day—when this court will have proved itself such a just and satisfactory arbiter of international quarrels that the great powers will follow the example of the small and out of self-interest will all gladly submit themselves to its jurisdiction; that they will find that it is better for them to lose a case before a court than to win one by war; and that finally all the nations will agree to the compulsory jurisdiction.

But, of course, that is a distant goal. Yet it is that at which we aim. This is a step, but only a short step, toward that goal.

There is a class of people who say that we always have had wars and we always shall have wars until human nature changes, and that it is hopeless to try to prevent them. I have no patience with that kind of talk. I do not imagine that this World Court is an immediate panacea for war, but I do believe that mankind and civilization are progressing. The world is better than it was a thousand or a hundred years ago and will be still better a hundred or a thousand years hence. "I doubt not through the ages an increasing purpose runs," and the time is going to come, the time is sure to come, when men will be so intelligent and so civilized that they will find some permanent remedy for the horror and scourge of war. I do not suppose we have yet reached that goal, but I do believe the time is surely coming. It is possible that this is the generation, the fortunate generation, that is destined to reach that goal and abolish war. No one can tell.

The last war ought to have made the hatred of war more intense than it ever was before. It had more horrors, more destructiveness than ever before, and it instilled into the minds of the whole world an appreciation of its wastefulness and terror. It did another thing. It took away all of the glamour of war. There has always been an appeal of the warrior to the young of both sexes. When the typical man of war was a splendid young athlete, a young man of courage and vigor, to whom his mother said, "Come back with your shield or on it," there was a heroism that appealed to mankind. But the last war stripped much of that away. It showed that now the typical winner of war, instead of being a noble athletic young hero, is likely to be a withered, spectacled old man sitting back in a laboratory and developing some method of destroying millions of men, women, and children without any danger to himself. So it seems to me much of the glamour has been taken away while the horribleness has increased.

Therefore this generation ought to feel more keenly than any before that they should do what they can to prevent war. As I said, it is just possible, although I do not think it probable, that this is the generation which in the wisdom of Providence has been destined to end the scourge of war. At any rate, whether it has or not, the only way that scourge ever will be ended is for each generation as it comes to strive earnestly along the lines which they recognize as best to abolish war. I think there is no question that in this generation our wisest statesmen have recognized that the best chance of a substitute for war is recourse to a court. So as that is not only the American but the world-wide belief, it is our duty to follow out that course and try to make the court a precursor of the end of war.

Probably it will not succeed now, but it may. At any rate, it is up to us to do our duty, to follow the lines which this generation has decided are the best, and then in the future let the next generation follow out its lines with the assurance that some time a method will be found which will end all war.

The resolution which is before us providing for the adherence of the United States to the World Court is the best step toward ending war that we know of. Practically all the rest of the nations of the world have agreed to it. Why should not we?

In closing, if I may say a personal word, representing as I do in part the State of Massachusetts, we feel there that we are a peculiarly law-abiding and law-respecting Commonwealth. I do not know that we are any more so than every other State of the Union. I hope we are not. At any rate, our people have learned to look to their courts as their security. I think only those distrust the fairness and wisdom of our State judiciary who have not lived among us long enough to have experienced their beneficent effects. The high rank and efficiency of our State judges in every grade of our courts, not only now but throughout the last century, have made us respect and trust the administration of the law and be a law-abiding people. To be sure, our State motto is "Ense petit placidam sub libertate quietem"—By the sword we seek peace with liberty—but for generations that sword has been sheathed as against our sister States. We have learned that the courts are a better arbiter. And as we look back on the "placidam quietem," the unruffled peace which our courts have brought us, we wish that peace to be extended to all, and we look with ardent longing to the day when all the nations will trust their disputes to judicial decision as instinctively and confidingly as we have learned to do, and we should like to make applicable to the whole world that noble phrase which our fathers imbedded in our State constitution, that it may be "a government of laws and not of men."

Mr. FRAZIER. Mr. President, there seems to be a wide difference of opinion with regard to the World Court question now before us. The junior Senator from Alabama [Mr. HEFLIN] a few moments ago declared that if we were in the World Court we would practically abolish war. I have here a copy of an article by the Hon. Edward M. House, who was during the Wilson administration one of the close advisers of the President, or supposed to have been. This article appeared May 16, 1925, in Collier's National Weekly. A paragraph in it was very interesting to me, and I wish to read as follows:

> If Germany had not made the blunder of violating her treaty with Belgium and the blunder of conducting a pitiless undersea warfare, it would have been at least doubtful whether we finally would have landed in the allied camp or the camp of the Central Powers.

At the beginning of the war it was said that we went into the war for the safety of democracy and to put down German militarism. According to Colonel House, if it had not been for some blunder that Germany made we might have gone into the war to put down British militarism and French militarism. The senior Senator from Wisconsin [Mr. LENROOT] a few days ago said that he was the last one to claim that joining the World Court would abolish war, and the Senator from Massachusetts [Mr. GILLETT], who just addressed the Senate, admitted practically the same thing, although he hoped that it would be a step in that direction.

These conflicting opinions on the World Court have been rather amazing to me. Some apparently think that the Permanent Court of International Justice is the greatest question before our Nation and that if we will only consent to go into it, always with a few reservations, it will bring peace, prosperity, and happiness to our people and to the people of the world, while others are equally emphatic that it is a dangerous proposition and that its acceptance would be contrary to the traditions and principles of American Government and that it would be a most serious menace to our country. There are others who say it does not amount to anything, anyway, and that we might as well join.

Some are in favor of the World Court resolution because the late President Wilson, "the greatest President of modern times," was for it. Some favor it because President Coolidge, "the idol of the American people," is for it. Some will vote to go into the World Court for the very logical reason that the platform of the "Grand Old Party" in 1924 advocated it or because the platform of the Democratic Party in 1924 advocated it. To be consistent I think that notice should be served on this side of the Chamber or that at least an understanding should be had as to whether or not anyone who, by his vote on this question, does not uphold the party platform and the

President, will be officially kicked out of the Republican Party. It seems that on this side of the Chamber a vote for the World Court is to be considered a test of real Republicanism, but on the other side of the Chamber it is to be considered a test of real Democracy; rather a peculiar coincidence, Mr. President.

There are some of us who have felt for a long time that there was mighty little difference between machine Republicanism and machine Democracy. According to the newspaper reports, there is even a sort of cooperation between the two sides of the Chamber on the tax bill; that is, we are told that they are going to cooperate to lower the surtaxes of the multimillionaires. Of course, I am only a farmer and not learned in the law, and I will admit that it has been rather difficult for me to understand some of the reasonings that have been so ably and fluently set forth for the World Court; but it does seem to me that some vital points have been omitted. It is rather surprising to me that some of our political leaders who, during the campaign of 1924, were so alarmed and who so patriotically acclaimed that the Progressive platform was radical and would undermine the Constitution of the United States and endanger our sacred American institutions, have not raised the same objection to the World Court resolution. Surely there was nothing in the Progressive platform of 1924 half so radical or contrary to the original intention of the Constitution of the United States as the joining of a European world court under the control of the League of Nations, of which we are not even a member.

I am indeed surprised that some of our zealous and ever-watchful officials have not raised the objection that the World Court might become contaminated with radicalism, socialism, communism, bolshevism, or some of the other dangerous "isms" so common in Europe and so dangerous in the United States.

Mr. President, it is to be noted that even the most ardent proponents of the court insist on reservations. Why? Mr. President, they insist on those reservations evidently to make the court safe and sane for the United States. It has been claimed repeatedly that our adherence to the court will in no wise connect us with the League of Nations, but the very first reservation generally agreed to on this point makes this specific statement, that such adherence shall not be taken to involve any legal relations on the part of the United States to the League of Nations. Reservation No. 2 is rather interesting in that it provides that the United States may have a part in the election of the judges.

Especially is reservation No. 3 of interest, which provides that the United States will pay a fair share of the expenses to be determined and appropriated by Congress—determined and appropriated by Congress! Are we to pay according to service rendered, a certain amount for favorable opinions and a lesser amount for adverse decisions? Is that what is meant by a fair share? If we are to pay a fair share, why not let the League of Nations say what that fair share shall be?

Mr. President, it is hard to judge from the arguments that have been presented just what will be the effect or result of our adoption of this World Court resolution. I wish again to quote Colonel House in Collier's Weekly. Colonel House said:

> The World Court is a gesture in the right direction, but it is not enough. When, and if, we adhere to the World Court, our position will not be materially different from what it is now. As a member we can, but need not, submit any controversy to the court. As a non-member we have the same opportunity and the same lack of obligation.

I do not know but what those who say that the court does not amount to anything, after all, are more nearly right than those who have argued the other way.

The Senator from Massachusetts [Mr. GILLETT] a few minutes ago said he was not so much interested as to whether the League of Nations was the father of the court as he was in the progeny. It occurred to me that it might be doubtful what that progeny might be; as to what kind of a mongrel it might be. I believe there is no question, however, as to the understanding of the rank and file of the people who have passed resolutions or signed petitions for the court. They believe the court for international justice means what the name implies. They believe it means world peace. They believe it means disarmament. They believe it means better conditions for the world in general. The propaganda for the court has said it was for world peace and against war.

It would be impossible to include enough reservations to cover all the points that would be desirable or that would meet all the objections that are raised. It does seem to me, however, that a great step toward world peace and disarmament might be made if the reservation which I proposed a few days ago were adopted.

It provides:

> 1. The signature and the adherence of the United States to the statute of the Permanent Court of International Justice is conditioned and dependent upon the establishment, under direction of the League of Nations, of an international police of the seas and the destruction of all armed vessels for use upon, beneath, or above the seas, except such small vessels as are needed for police purposes by the international police of the seas.

Mr. President, if the seas, which are international highways, could be internationally policed, thus doing away with the great navies, which cost the taxpayers of the world billions of dollars each year, we would be accomplishing something worthwhile, not only for our own people but for the world. This, it seems to me, would be a step in the right direction for disarmament and for world peace. Talk about the World Court being a gesture in the right direction? It seems to me that by the adoption of this policing the seas reservation we could make a full step toward disarmament.

I also have proposed a second reservation, which provides that if at any time the United States is not satisfied with the court, Congress may take action withdrawing from it. Our withdrawal could not be considered by the court or the League of Nations as in any sense an unfriendly or hostile act or cause for war; simply the exercise of a friendly consideration agreed upon as a condition to our joining the court.

Mr. President, the argument is advanced that the United States should go into the World Court to help the poor people of the European nations. That is all very well, but this good work should begin at home. There is very great need of something being done to help a vast number of our own people. Some Senators talk about being bound by party platforms. Both of the old party platforms have for years pledged aid and support to the farmers and workers. I would like to know what has ever been done to carry out any of the pledges to the farmer by either of the old parties. Do we owe anything to the people who produce the agricultural products with which to feed the Nation? Do we owe anything to the cotton producers or wool producers? Do we owe anything to the people who perform the labor and produce the wealth of the Nation? Do we owe anything to the coal miners in the anthracite district who, the Senator from Pennsylvania [Mr. REED] says, are suffering great hardships and are on the verge of starvation? Does the Republican Party owe anything to the farmers and workers of America? Does the Democratic Party owe anything to them? Of course, by concerted action of the Republicans and Democrats on the pending tax bill it is proposed to reduce the surtaxes of the farmers and workers. That will help some people, but not the farmers and workers.

It would seem as if the mine operators are practicing the policies advocated by the proponents of the World Court.

I believe it is generally understood before arms shall be taken up in any case among the nations that are under the World Court or in the League of Nations that there shall first be tried what is known as economic pressure or economic sanctions; in other words, they will say, as the coal operators have said to the miners, "If you do not be good, we will starve your wives and children." That is what is being done in the anthracite region, and that is what is being done to-day in Europe in the effort to bring the small nations into line.

Perhaps we should go into the World Court and help the people of Europe get onto their feet, so that they may pay their interest to the big international bankers. Why not help put our American farmers and workers on their feet, so that they may pay their local bankers the interest on their loans? It is said that our joining the World Court will help to establish a foreign market for the farmer's surplus.

Mr. President, if we can get a decent price for our products which are used for home consumption, we can feed our surplus to the birds and fishes or give it to Europe and still make more money than we are making now, and at the same time not necessarily raise the price to the consumer.

It seems to me that it is very apt in this connection to refer to the coal question, which has been under discussion on several recent occasions. It has been shown that some of the local dealers, not only here in the District of Columbia but in other places, are making an immense profit on coal. It has been stated by the junior Senator from Pennsylvania [Mr. REED] and also by the senior Senator from West Virginia [Mr. NEELY], both those States being coal-producing States, that the prices at the mines were not exorbitant and had not been materially raised, but the price to the consumer has been materially

raised, and therefore some one is making an enormous profit because of the coal strike, and at the expense of the consumer.

It is my belief that the rank and file of the people of the United States are vastly more interested in having affairs of our own Nation equitably adjusted than in undertaking to adjust the affairs of Europe.

Mr. President, a great deal of propaganda has been spread on both sides for and against the World Court. There is no question that the rank and file of our people throughout the Nation want anything that will establish world peace. The only question, it seems to me, is as to whether or not this particular measure will establish world peace. On Saturday I offered a substitute for the reservation which had been offered in the first resolution, No. 5. In lieu of that reservation, I offered the following:

That such signature and adherence of the United States to the protocol of the Permanent Court of International Justice is given with the distinct understanding that the United States reserves the right to withdraw its signature and adhesion thereto at any time that the Congress of the United States may determine so to do, and that in event of such withdrawal it shall in no way be considered an unfriendly act.

When the proper time comes I am going to move that this substitution be made in the Swanson resolution.

Mr. ROBINSON of Indiana obtained the floor.

Mr. MOSES. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gerry	McNary	Schall
Bayard	Gillett	Mayfield	Sheppard
Bingham	Glass	Means	Smith
Blease	Greene	Metcalf	Smoot
Borah	Hale	Moses	Stanfield
Bratton	Harreld	Neely	Stephens
Broussard	Harris	Norbeck	Swanson
Bruce	Harrison	Norris	Trammell
Butler	Heflin	Nye	Tyson
Cameron	Howell	Oddie	Underwood
Capper	Johnson	Overman	Wadsworth
Copeland	Jones, Wash.	Pepper	Walsh
Couzens	Kendrick	Phipps	Warren
Curtis	Keyes	Pine	Watson
Dale	La Follette	Pittman	Weller
Edge	Lenroot	Ransdell	Wheeler
Ferris	McKellar	Reed, Pa.	Williams
Fess	McKinley	Robinson, Ark.	Willis
Fletcher	McLean	Robinson, Ind.	
Frazier	McMaster	Sackett	

Mr. CURTIS. I have been requested to announce the absence of the Senator from Kentucky [Mr. ERNST], the Senator from West Virginia [Mr. GOFF], the Senator from Illinois [Mr. DENEEN], the Senator from California [Mr. SHORTRIDGE], the Senator from Iowa [Mr. BROOKHART], the Senator from Utah [Mr. KING], the Senator from Georgia [Mr. GEORGE], and the Senator from Arkansas [Mr. CARAWAY] in attendance upon a meeting of the Committee on Privileges and Elections.

The VICE PRESIDENT. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Indiana. Mr. President, I have been very much interested from the beginning in this debate on the World Court, from the moment when the President transmitted to the Senate his message in which the recommendation was made that we adhere to the protocol.

I had not intended to make any remarks at all on this subject. I was anxious to learn all I could from the debate, and I have listened as attentively as I could to all that has been said on both sides of this question. I should like to have brought myself to the position where I could have agreed thoroughly and conscientiously to support the recommendation that we should adhere to this protocol of signature.

There were several reasons for this. The first of these reasons was the fact that immediately upon my appointment as a United States Senator from Indiana I made the public statement that I would support the policies of the administration. That was a voluntary statement on my part, and was not requested in any sense of the word by anybody. I was glad to make the statement, Mr. President, because the Chief Executive of this Nation enjoys to a very peculiar degree the confidence of our people in Indiana and, I think, throughout the country. We believe out there, sir—and I think it is the general impression throughout the land—that much of the great prosperity of American to-day is due to the wisdom of the administration.

When the recommendation was transmitted to the Senate with reference to the World Court protocol, therefore, I examined it very carefully, recognizing as I did then, and as I do now, and as all Senators recognize, that the Senate itself has an executive duty to perform in some matters. There is both a legislative function and an executive function which the Senate at times must exercise; and in these matters the Senate and individual Senators can not merge their responsibility with that of the Executive.

There is a presidential policy with reference to certain matters, and then there must be ultimately a senatorial policy with reference to executive matters. It is up to the Chief Executive of the United States to formulate the presidential policy, and it certainly is up to the Senate itself to formulate the senatorial policy as relates to executive matters where both the Senate and the Chief Executive are concerned.

Therefore we have an executive session of the Senate, which is usually closed, although it may be open for the discussion of executive business—the confirmation of nominations, for one thing; the consideration of treaties, for another. In all such matters, at the last degree and in the final analysis, Senators must make up their own minds and decide according to their own consciences and according to their best convictions as they are given to see the light.

Therefore, Mr. President, I have followed the debate closely, recognizing that there was a responsibility upon my shoulders in this matter. I wanted ultimately to vote intelligently, and certainly I wanted to vote conscientiously. Whether or not ultimately I may vote intelligently, I most certainly shall vote conscientiously and in accordance with the deepest convictions one can have.

I have been opposed to the entry of America into the League of Nations from the time the suggestion was first made. I have had the pleasure, and I certainly considered it under the circumstances the duty, of going over the State of which I have been a resident and speaking against what I thought was an un-American proposition. I believed then, and I believe now, that America never should enter the League of Nations. I believed then, and I believe now, that America never should accept any obligations under the League of Nations covenant, or the treaty of Versailles so far as it has to do with the covenant of the League of Nations. That was my position then. It never has changed.

Then came about another proposition that gave me some little difficulty until I could go into it carefully, think about it seriously, and ultimately try to vote with regard to it intelligently. I have reference to that paragraph in the Republican Party platform drafted at the national convention of the party in Cleveland in 1924.

I had the honor, sir, as a delegate from my State, to be at that convention. I know something about that plank in the platform. I knew something about it then, as other Members of this body do and did. There was much discussion about it at that time, and finally it was drafted in this wise:

The Republican Party reaffirms its stand for agreement among the nations to prevent war and preserve peace. As an immediate step in this direction we indorse the Permanent Court of International Justice and favor the adherence of the United States to this tribunal as recommended by President Coolidge. This Government has definitely refused membership in the League of Nations and to assume any obligations under the covenant of the league. On this we stand.

Mr. President, I have always been a party man. I have always been a member of the Republican Party, as I am to-day. I have always voted the Republican ticket and believed in and subscribed to Republican principles, as I do to-day. This is a Government by parties. As long as it is, some party must be charged with the responsibility of conducting the Government. I believe in that principle of government. The Republican Party has its platform of principles, and I subscribe to those principles; and in the position I am about to take on the matter now before this body I think again I can conscientiously vote my sentiments and my convictions and still subscribe to the platform of my party.

To repeat, Mr. President, the platform says:

This Government has definitely refused membership in the League of Nations and to assume any obligations under the covenant of the league. On this we stand.

The question, therefore, Mr. President, is this, so far as I am concerned as a party man: Do we assume any obligations to the League of Nations if we adhere to the protocol of signature, as has been proposed in Senate Resolution No. 5?

My answer is emphatically yes, if we go in; if we stay out, no. If we go in—and I vote to go in—then it seems to me I am not true to my party's pledge, having conscientious convictions as I have just stated. If I vote to stay out, then it seems to me I have done my full duty by the platform of the Republican Party.

That brings me, Mr. President, to the consideration for a moment of Senate Resolution No. 5, as modified in open executive session last Saturday.

I may say to you, sir, that I voted against cloture yesterday in this body, and for this very good reason: Senate Resolution No. 5, as modified in open executive session last Saturday, never had been debated in this body, and therefore the country had not had the views of individual Senators with reference to it and therefore could not be familiar with the arguments of individual Senators pro or con with reference to it. I believed that in a matter of this kind, which involves so much to our country, which represents a departure from our traditional policy of 138 years, this resolution as modified should have been thoroughly debated before ever it was acted upon.

Cloture was suggested, which would stifle debate, and because I knew it would and because I did not believe debate ought to be stifled I voted against cloture. Now, therefore, I want to discuss this resolution as modified in the brief time allotted me.

First let me suggest, Senators, that the then Secretary of State, Hon. Charles Evans Hughes, on February 17, 1923, or a day or two before that, transmitted to the President a statement, which was in turn sent to the Senate, in which Mr. Hughes used this language:

> There is, however, one fundamental objection to adhesion on the part of the United States to the protocol and the acceptance of the statute of the court in its present form. That is, that under the provisions of the statute only members of the League of Nations are entitled to a voice in the election of judges. The objection is not met by the fact that this Government is represented by its own national group in The Hague Court of Arbitration and that this group may nominate candidates for election as judges of the Permanent Court of International Justice. This provision relates simply to the nomination of candidates; the election of judges rests with the Council and Assembly of the League of Nations. It is no disparagement of the distinguished abilities of the judges who have already been chosen to say that the United States could not be expected to give its formal support to a permanent international tribunal in the election of the members of which it had no right to take part.

Mr. President, as early as that moment, when this protocol was transmitted to the Senate, the then Secretary of State, Hon. Charles Evans Hughes, saw vital defects, fatal defects, in the thing itself. The protocol came along. I read from it:

> PROTOCOL OF SIGNATURE OF THE STATUTE FOR THE PERMANENT COURT OF INTERNATIONAL JUSTICE
>
> *Provided for by article 14 of the covenant of the League of Nations with the text of the statute*
>
> PROTOCOL OF SIGNATURE
>
> The members of the League of Nations, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice, which was approved by a unanimous vote of the assembly of the league on the 13th December, 1920, at Geneva.

I invite the attention of members of the Senate to that statement, "The members of the League of Nations, through the undersigned." The only way we can participate in this matter fully and thoroughly is to become a member of the League of Nations. Furthermore, if this resolution shall be adopted as it has been presented, I make bold to say that for many purposes we will become actually a member of the League of Nations. There can be no question in the world about that.

The protocol itself and the statute provide for the election of judges to the so-called World Court, which is only a court of the League of Nations. It is not a world court in any sense of the word, as I view it. Judges are to be elected by the Council and the Assembly of the League of Nations. There is no question but that if we vote for judges we must become, for that purpose at least, a member of the League of Nations, and if we vote to pay the judges any amount we may pay we become, so far as the payment of judges is concerned, a member of the League of Nations. Therefore, both for the election of judges and for the payment of judges, we become a member of the League of Nations.

The resolution itself, as modified last Saturday in open executive session, is enlightening on this point. I quote from the resolution:

> Whereas the President, under date of February 24, 1923, transmitted a message to the Senate, accompanied by a letter from the Secretary of State dated February 17, 1923, asking the favorable advice and consent of the Senate to the adherence on the part of the United States to the protocol of December 16, 1920, of signature of the statute for the Permanent Court of International Justice, set out in the said message of the President (without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein), upon the conditions and understandings hereafter stated, to be made a part of the instrument of adherence: Therefore be it
>
> *Resolved, etc.*—
>
> 1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.

That brings up an interesting question for discussion. The language is "any legal relation." Who is to determine whether we are sustaining any legal relation to the League of Nations or not, except it be the court of the League of Nations itself, whose constitution is the covenant of the League of Nations itself, just exactly as the Constitution of the United States is the governing body of laws for the Supreme Court of the United States of America?

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Montana?

Mr. ROBINSON of Indiana. Yes; I yield to the Senator if it will not take too much of the little time I have.

Mr. WALSH. The statement the Senator has just made has been made so often that I would like to have the Senator devote perhaps two minutes to explaining how it is that the covenant of the League of Nations is the constitution of the World Court. I had supposed that the statute attached to the protocol was the constitution of the court. I would really feel enlightened if the Senator would devote two minutes to a discussion of that question.

Mr. ROBINSON of Indiana. Article 14 of the covenant will be thoroughly enlightening to the Senator if he will consult it, and it will not take any of my time, I say, with deference to the Senator, if he will read article 14. Let me suggest this to the eminent Senator from Montana, that without the covenant of the League of Nations there could be no League of Nations. Without the League of Nations there could be no World Court. Therefore, what is back of the World Court? You can not put the capstone on before you lay the foundation. The foundation is the covenant of the League of Nations; there can be no question about that.

Mr. LENROOT. Mr. President, will the Senator yield for a question?

Mr. ROBINSON of Indiana. Yes.

Mr. LENROOT. If the League of Nations should be abandoned to-day, would the court stand with all the powers conferred by its constitution?

Mr. ROBINSON of Indiana. Mr. President, my answer to that is that, in the first place, the League of Nations, in my judgment, will not be abandoned, because there are some interests involved, with which we do not care to entangle ourselves, that will not permit it to be abandoned. Answering the Senator's question directly, if the League of Nations were abandoned to-day, the World Court would fall instantly. It would not last 10 minutes, in my opinion.

Mr. LENROOT. Will not the Senator explain why?

Mr. ROBINSON of Indiana. Mr. President, I have taken no part in this debate, while other Senators have talked for hours, and at most I have only an hour. I assume that the Senator is as thoroughly familiar with the explanation as I can possibly be, and I would like not to have to devote a lot of time to that particular question. The Senator asked for my opinion, and I have given it to him.

Mr. LENROOT. I would be glad to have the Senator give me his opinion in my time.

Mr. ROBINSON of Indiana. Will the Senator repeat his question?

Mr. LENROOT. The Senator has made the statement that the court would immediately fall should the League of Nations be abandoned to-morrow. I deny that, and I would like to have the Senator substantiate his statement.

Mr. ROBINSON of Indiana. Mr. President, that is a peculiar question to ask. I know how thoroughly the Senator from Wisconsin is interested in having the resolution adopted. I know how completely the Senator was interested in the League of Nations in the days gone by, and therefore I am not surprised that the Senator would like to suggest some question that would probably not go to the root of the matter at all. But I am willing to answer the question as propounded. I will say to the Senator from Wisconsin that, first of all, without the League of Nations there would be no World Court.

If you take the foundation away from the World Court the court must totter to its ruin. It would be bolstered, if at all, by public opinion among the nations that are involved, and ultimately it might be revived into some kind of a tribunal such as would represent all of the world. At present it could not do that, since it is simply a league court and not a world court in any sense of the word.

Mr. LENROOT. Does the Senator think he has answered my question?

Mr. ROBINSON of Indiana. I will leave that to the Senator from Wisconsin. I do not care to take any more time, even of the Senator, in answering a question of that kind.

If I may proceed further, I would like to suggest also to the Senator from Montana that yesterday it was he, as I remember, who suggested that we have to take this thing now or not take it. The eminent Senator said, "You have to vote for this now or let it alone. If you do not want it, do not vote for it. If you want it, vote for it." That was in connection with the fact, which is admitted by Senators generally, I think, and by people all over the country and the world, that if we go into this court the British Empire will have 7 votes in the election of judges to 1 for America.

In that particular I should like to say to the Senator from Montana that I certainly should vote against the so-called World Court as long as any nation on the face of the globe were given such a decided advantage over my own country. If the British Empire, with the states which it embraces, is given 7 votes in the election of judges, then, as a patriotic Member of this body and interested in my country's welfare, I shall insist that the American Nation have just as many votes as any other nation on the face of the globe.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. WALSH. Does not the Senator believe that it will never be possible to organize a World Court in which Canada and Ireland will not have a voice?

Mr. ROBINSON of Indiana. I will answer that by saying that it never will be possible to organize a World Court with my vote, simply speaking for myself, if any other nation on the face of the globe is to have more votes in the election of judges to constitute that court than the American Nation.

Mr. WALSH. I did not ask whether the Senator would vote for it; I asked whether he thought it possible to do it.

Mr. ROBINSON of Indiana. I am not so sure that I think it ever will be necessary to do it. It might not be possible to organize a court under the League of Nations, as the Senator has suggested.

Mr. WALSH. No, Mr. President, if the Senator will pardon me. I want the Senator to dismiss all idea of the League of Nations. We are going to abandon all that, and we are going to try to organize another court. I want to know from the Senator if he thinks it would be possible to get a world conference to organize a world court in the selection of the judges of which neither Ireland nor Canada would have a voice?

Mr. ROBINSON of Indiana. Mr. President, there is the Irish Free State, there is the Dominion of Canada, there is South Africa, there is New Zealand, and there is Australia. We have a constitutional form of government in America, with 48 sovereign States. We began with 13. Each and every one of those States is as thoroughly sovereign under the Constitution as any of the States suggested by the eminent Senator from Montana. I ask the Senator whether or not it is not just as fair for an American sovereign State, one of the Union, to have a vote in the election of judges for a so-called World Court as it is for one of these states in the Empire of Great Britain?

Mr. WALSH. I will answer the Senator, that the organization of the United States of America, 48 States, is essentially different from the organization of the British Empire.

Mr. ROBINSON of Indiana. Of course it is; there can be no question on that proposition; but just the same, all of the states of the British Empire constitute the British Empire, and all of the States of the American Union constitute the Republic of the United States of America; and I say that only with the kindliest feeling toward the British Empire and toward the Senator from Montana, who so stoutly champions the cause of that great empire.

Mr. WALSH. Mr. President, the Senator is not justified in making that statement, and I call him to order for it. I call him to order. That is a violation of the rules of the Senate.

Mr. ROBINSON of Indiana. If the Senator denies it, I cheerfully withdraw the statement.

Mr. WALSH. I have never championed the cause of the British Empire, and the Senator knows I have not, on this floor, in his presence at least.

Mr. ROBINSON of Indiana. I suggest to the eminent Senator from Montana, if I may, that if he believes the British Empire should have 7 votes in the election of the judges of this court and only 1 for his own country, he may not be championing the British cause; but he may call it what he pleases, and I will accept his own definition.

Mr. WALSH. The Senator knows I have not championed it nor advocated anything of the kind, and I deny that the British Empire has any 7 votes.

Mr. ROBINSON of Indiana. May I ask the Senator, then, whether he is against voting for the World Court with that provision in the resolution?

Mr. WALSH. With what provision?

Mr. ROBINSON of Indiana. That the British Empire shall have 7 votes to our 1.

Mr. WALSH. There is no such provision.

Mr. ROBINSON of Indiana. Let us get down to the facts. I will answer that in a moment. Let us go on further with the resolution.

Mr. LENROOT. Mr. President, I would like to ask the Senator a question.

Mr. ROBINSON of Indiana. Is this all on my time?

Mr. LENROOT. Just one question. It would take but a moment to answer. Does the Senator really think the British Foreign Office will control the vote of Ireland?

Mr. ROBINSON of Indiana. Let me ask the Senator this question: Is the Irish Free State a part of the British Empire? It either is or it is not. It can not be a part of it and not a part of it.

Mr. LENROOT. But does the Senator from Indiana think that the British Foreign Office will control the vote of Ireland in the election of judges?

Mr. ROBINSON of Indiana. I do not know what the British Foreign Office will do. I have no intimate connection with the British Foreign Office. Perhaps the Senator may have. If he has, he might tell us what they will do. I do not know what they would do on that proposition.

Mr. LENROOT. The Senator and I both have a pretty good idea of the attitude of the Irish Free State, however.

Mr. ROBINSON of Indiana. I do not know what votes the British Foreign Office may control, and I do not care to know, may it please the Senator from Wisconsin. I do not care to know anything about what the British Foreign Office shall control. I am interested in seeing to it that among the nations of the earth America has just as many votes as any other organized government. I am interested in that proposition to the whole extent of my being.

I come now to No. 2 of the reservations:

That the United States shall be permitted to participate through representatives designated—

Note that language, Senators—

That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

I invite the attention of the Senate to the fact that that reservation states conclusively that the United States shall be permitted to participate through representatives designated—to do what? To become members of the League of Nations for the purpose of voting for judges. It is nothing else than that. There it is in so many words, that we shall be permitted to name representatives to participate in the League of Nations for the purpose of electing judges.

Mr. BLEASE. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. ROBINSON of Indiana. I yield.

Mr. BLEASE. The paragraph just read coincides with the Senator's contention that if the League of Nations falls then the World Court falls, and that sentence is a complete answer to the question asked the Senator from Indiana by the Senator from Wisconsin.

Mr. ROBINSON of Indiana. Of course, it does. I never thought there was any serious question about that. [Laughter.]

Now, let us go to No. 3 of the reservations:

That the United States shall pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

That the United States shall pay a fair share of the expenses! That puts us into the League of Nations. There is no question about that, because the covenant itself and the statute itself provide that the expenses shall be paid by the League of Nations. We undertake to pay a part of the expenses and become, for that purpose at any rate, an integral

part of the League of Nations. Senators may laugh, but it is the truth, nevertheless.

Now, let us go to the next reservation, No. 4:

That the United States may at any time withdraw its adherence to the said protocol and that the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

The United States may at any time withdraw its adherence to the said protocol! Let me suggest a situation that might easily arise. I was very much interested in the discussion on this point yesterday. How are we to withdraw? The distinguished Senator from Virginia [Mr. SWANSON] has my very sincere admiration for the excellent manner in which he has presented the whole proposition—largely, may I interpolate, from a Democratic standpoint—but in any event I admire the Senator's presentation of the thing from any standpoint. I was interested in his statement of how we should withdraw. Suppose we want to withdraw. Why, said the Senator, we would withdraw by joint resolution of the Congress.

I suggest this possibility: Suppose some grave injustice might be done this country or we felt that it is an injustice. Suppose we might be able to get a majority of the Congress in both Houses to pass a joint resolution; but suppose the Congress were not in session at the time and suppose there were some question about the matter that required a lot of debate. Suppose we brought the matter of withdrawing before this body and the body at the other end of the Capitol. Suppose the discussion ran along for a year or two years, and suppose at the end of that time we finally withdrew, but we then found the Monroe doctrine had been violated thoroughly while we were deciding whether or not we should withdraw. Mr. President, in that event I submit it would lead to war or else it would be necessary for us to say that we had given up all our contentions under the Monroe doctrine, that great American principle.

We might be as much as three years withdrawing from adherence to the protocol. It would not make any difference whether it were a day or a year or 10 years, the fact remains that we could not withdraw in a moment and while we were withdrawing grave injustice might be done this country that would ultimately lead to war, but never to peace.

Let us examine the resolution still further:

5. That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

In that connection let me suggest to this honorable body that there are many questions on which advisory opinions might be sought that would affect the United States of America considerably and very deeply, yet we would not be parties to any issue that might be involved therein.

I have only to suggest perhaps something that might come out of the Tacna-Arica dispute in South America at the present time. Advisory opinions could be given by the court of the League of Nations. Of course, they could be given because, strictly speaking, we would not be affected, but morally and practically we would be very much affected in a matter of that kind. A grave injustice might be done to the people of this country if we had not the Monroe doctrine to fall back upon and rely upon.

Finally, I come to this concluding sentence in the modified resolution:

Nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

Who shall determine what is an American question? Why, the court of the League of Nations would decide what is an American question and what is not. Then we should have the opportunity of doing one of two things—the alternative of either accepting the adjudication of the court of the League of Nations or of withdrawing from adherence to the protocol, which would involve time.

So we have the situation there before us, as I have suggested previously, that if we go into the World Court, if we adhere to the protocol of the World Court, we become morally members of the League of Nations for many purposes. If we adhere to the protocol of the World Court we abandon practically the Monroe doctrine. There is not a word stated in the resolution or the reservations anywhere that suggests that we do not abandon that doctrine. The nearest we come to it is to suggest that we do not relinquish any of our traditional principles or our traditional attitude toward purely American questions. But there is only one tribunal that decides what shall constitute American questions if we become members of the Court of International Justice, so called, and that is the court itself. It finally decides those questions.

As long as we refuse to adhere to the protocol of the court, just so long we can protect ourselves under the Monroe doctrine. We can continue to police this hemisphere and decide for ourselves largely what should and should not be done. But the moment we become members of the World Court we give up that right, that traditional right; we abandon the Monroe doctrine to that extent, and must accept the judgment of the World Court or else withdraw from the protocol.

So that from any standpoint, understanding as I do and believing as I do that the constitution of the World Court is the covenant of the League of Nations and knowing as I do that treaties represent the supreme law of the land, it seems to me it would be utterly foolhardy for the American people to depart from their traditional custom of not interfering with other nations in the slightest degree and of not becoming embroiled in their affairs or making any entangling alliances of any kind.

Let me suggest to you, Mr. President, and to the Members of this distinguished body, that entangling alliances have never led to peace. Throughout the history of the world they have led to war. Every Senator sitting here knows that to be a fact. Had there not been entangling alliances I make bold to say that there would have been no World War; there would have been no Sarajevo incident. In fact, that thing never would have happened, and, in my opinion, after it happened if every nation had been standing on its own bottom there would have been no World War. The incident would have been forgotten, because individual nations would not have rushed into the tremendous catastrophe that the World War represented.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield.

Mr. HEFLIN. Does the Senator think that each nation should have stood aloof and let Germany fight one at a time rather than combining to combat the power of Germany?

Mr. ROBINSON of Indiana. I make bold to say something that will enlighten the Senator on that proposition. The Senator knows—and I have the highest regard for the Senator from Alabama—that there were existant at that time in Europe two alliances. There was one called the Triple Entente. That was an alliance, offensive and defensive, that was negotiated between the sovereign powers of Great Britain, France, and Russia. There was at the same time a triple alliance. There were at least five such alliances. It began in 1882, when the first one was formed, and up until 1912, when the last one was formed, there had been five separate and distinct triple alliances, offensive and defensive, between the following powers: Italy, the German Empire, and the Austro-Hungarian Empire. I submit to the Senator and to the Members of this body here and now that if those two alliances, nagging and pulling at each other, had not been in existence, there would have been no World War. It never would have taken place.

What was the dire result therefrom? The result has been that of the six nations engaged in those entangling alliances three are dead to-day—three of them have gone to their death. We saw them die, you and I. The Government of Russia, the great Russian Empire, has ceased to be. The Government of the great German Empire is dead. We saw it die. The great Austro-Hungarian Empire is dead. Two members of the three in one alliance and one member of the three in the Triple Entente are all dead to-day. We want America never to die. Entangling alliances lead to war, never to peace.

Mr. HEFLIN. The point I am making is that we were not involved in any entangling alliance, and yet we went in and tangled ourselves up with foreign nations in the worst war in the history of the world.

Mr. ROBINSON of Indiana. No, Mr. President. Let me suggest to the Senator again that we never made an alliance; there was no treaty of alliance made by America with foreign nations. We were associated with them; we were called an "associated power." We were proud to be associated with them. I know how it was.

Mr. HEFLIN. But we went in.

Mr. ROBINSON of Indiana. We went in on our own account and for a great American principle, but we never receded from the principle of the fathers, the principle of Washington's Farewell Address—no entangling alliances with anybody; peace and good will to the world, but entangling alliances with none.

Mr. HEFLIN. I agree with the Senator from Indiana that we went in because a great principle was involved, but we did go in. We were not entangled with those nations beforehand,

but when the war came on we went in and we fought with those nations until the war was ended.

Mr. ROBINSON of Indiana. That is very true; that is a matter of history; but I do not know what the Senator's point is in again making the suggestion.

Mr. HEFLIN. The point is that if we stay out they can drag us in at any time they want to start another war.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. I yield.

Mr. REED of Missouri. If the Senator from Indiana will permit me to make the suggestion, there were about 140 wars in the century immediately preceding 1914 in Europe and in Asia, into which we were not dragged, but if we go into the World Court we shall be dragged into all of the wars.

But I wanted to call the Senator's attention to a matter he was discussing, if he will permit me.

Mr. ROBINSON of Indiana. Yes, sir.

Mr. REED of Missouri. And that is, Who is to settle the jurisdiction of the court? Under article 36 it is settled by a majority vote. That article of the statute has never been considered by this body. Although it is in the contract we are supposed to sign, we are not permitted to consider it, because the time has not been given to consider it and nobody has discussed it. Article 36 of the statute in its last clause reads:

> In the event of a dispute as to whether the court has jurisdiction the matter shall be settled by the decision of the court.

That is to say, a majority of that court can say it has jurisdiction; we can say that it has not; but what good will it do us?

Mr. ROBINSON of Indiana. Exactly. I will ask the Senator from Missouri also while he is on his feet to read article 37 of the statute—I think that, too, is in point—for the benefit of Senators who have raised this question.

Mr. REED of Missouri. I will read it. It provides:

ARTICLE 37

> When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the court will be such tribunal.

Mr. ROBINSON of Indiana. So there you are. I hope that is satisfactory to everybody, because it is very plain, Mr. President, and it seems to me there can be no dispute on that point. The court itself will decide what these things mean. The decision will be made not by America but by the court.

Mr. HARRELD. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. HARRELD. May I ask the Senator a question?

Mr. ROBINSON of Indiana. Yes.

Mr. HARRELD. If we become a member of a body which is admittedly the adviser of the League of Nations, and that body does advise the league, are we not advising the league, and do we not become a member of the league in that way?

Mr. ROBINSON of Indiana. I do not think there can be any doubt about it. There are so many ways in which we may become a member of the league that I certainly hope the Senate never will give its adherence to the protocol.

Mr. President, allow me to conclude, for my time has practically expired. We are to-day among the nations of the earth in the most fortunate situation of any. I think there never was a time, generally speaking, when the American people were so well satisfied and so well contented, so far as the great number of our citizens are concerned. We know something of the wreck and havoc on the other side of the seas. I favor helping those people all we can; I favor doing more than extending a gesture; I favor sending relief whenever it seems advisable to America to do so; but, Mr. President, I think it should be done in our own way, when and where we see fit to do so. I see no reason in the world for overturning this great temple of the fathers and starting out with a new policy on an uncharted course, in a direction we have never gone, when we are to-day the unquestioned miracle of the ages so far as successful government is concerned.

Some Senators might say that three governments of the six to which I have just referred as having been brought to their death by entangling alliances might rise again from the ashes of their past; but, Mr. President, those governments are gone. We want this Government of ours—of, for, and by the people—never to perish. We want to go on and on and on. Why take any chances of ruining this Government? What is the reason why we should rush off pell-mell into this World Court that may result in disaster, as I believe it ultimately will result in disaster?

I hope, Mr. President, that we may go on down through the future and across the centuries following the traditions of the past and the ideals of the fathers of the Republic, following our own national aspirations, a happy and a great people, practicing the golden rule among nations, doing unto others as we would that others should do unto us, and that we may never encourage war or enter into alliances that may lead to war, but that we may go on and on and on, high and great though we be, that we may even become greater in the future than we now are or ever have been in the past.

Mr. President, because of these facts, because I feel certain that the people of the State whence I came overwhelmingly subscribe to the position I have feebly advocated on the floor during this hour I shall most certainly vote against adherence to the protocol of signature of the so-called World Court.

Mr. JOHNSON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Fess	Lenroot	Robinson, Ind.
Bayard	Fletcher	McKellar	Sackett
Bingham	Frazier	McKinley	Schall
Blease	George	McLean	Sheppard
Borah	Gerry	McNary	Shipstead
Bratton	Gillett	Mayfield	Shortridge
Brookhart	Glass	Means	Simmons
Broussard	Goff	Metcalf	Smith
Bruce	Gooding	Moses	Smoot
Butler	Greene	Neely	Stanfield
Cameron	Hale	Norbeck	Stephens
Capper	Harreld	Norris	Swanson
Caraway	Harris	Nye	Trammell
Copeland	Harrison	Oddie	Tyson
Couzens	Heflin	Overman	Wadsworth
Cummins	Howell	Pepper	Walsh
Curtis	Johnson	Phipps	Warren
Dale	Jones, New Mex.	Pine	Watson
Deneen	Jones, Wash.	Pittman	Weller
Edge	Kendrick	Ransdell	Wheeler
Ernst	Keyes	Reed, Mo.	Williams
Fernald	King	Reed, Pa.	Willis
Ferris	La Follette	Robinson, Ark.	

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

The question is on agreeing to reservation No. 1.

Mr. REED of Missouri. Mr. President, a parliamentary inquiry. If we pass over reservation No. 1 now, will it hereafter be subject to amendment?

Mr. LENROOT. It will not be, except in the Senate.

The VICE PRESIDENT. If passed over without action, it would be subject to amendment.

Mr. REED of Missouri. That is, when we pass over reservation No. 1 and proceed in that way, passing over and accepting the several reservations, is the subject matter of those reservations open to amendment?

Mr. LENROOT. May I suggest that the reservation should be voted upon and accepted or rejected?

The VICE PRESIDENT. If a reservation is agreed to now, it will not be subject to amendment hereafter without a reconsideration of the vote.

Mr. MOSES. Mr. President, of course after we pass from the Committee of the Whole into the Senate any matter which can properly be offered as in the Committee of the Whole can then be offered in the Senate.

The VICE PRESIDENT. The Senator is right.

Mr. SWANSON. The Senator from New Hampshire is correct. Any amendment or reservation that is adopted as in Committee of the Whole can be reconsidered in the Senate; so if any Senator desires to have another vote on any of these reservations as they are adopted, he can propose an amendment when it gets to the Senate.

Mr. REED of Missouri. I ask for the yeas and nays, Mr. President.

Mr. LA FOLLETTE. Mr. President, will the Senator withhold that motion until I can propound a question to the Senator from New Hampshire? Does the Senator know whether the senior Senator from Minnesota [Mr. SHIPSTEAD] has a reservation which he intended to offer as a substitute for this reservation?

Mr. MOSES. So far as I know, the Senator from Minnesota has no reservation which applies to the first reservation proposed by the Senator from Virginia. I have looked through the printed reservations, and I find none. Is the Senator from Minnesota available at this minute?

Mr. LA FOLLETTE. I have just called his office, and his secretary informs me that he is on his way to the Senate Chamber.

Mr. MOSES. I am informed by the Senator from Idaho [Mr. BORAH] that the Senator from Minnesota has no amendment that applies to the first reservation.

Mr. REED of Missouri. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). I have a pair with the junior Senator from Washington [Mr. DILL]. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT] and will vote. I vote "yea."

Mr. GERRY. I desire to announce that the senior Senator from Alabama [Mr. UNDERWOOD] and the junior Senator from New Jersey [Mr. EDWARDS] are necessarily detained from the Senate. If present, each of those Senators would vote "yea" on this question.

The roll call was concluded; and the result was announced—yeas 90, nays 1, as follows:

YEAS—90

Ashurst	Fess	McKellar	Sackett
Bayard	Fletcher	McKinley	Schall
Bingham	George	McLean	Sheppard
Blease	Gerry	McNary	Shipstead
Borah	Gillett	Mayfield	Shortridge
Bratton	Glass	Means	Simmons
Brookhart	Goff	Metcalf	Smith
Broussard	Gooding	Moses	Smoot
Bruce	Greene	Neely	Stanfield
Butler	Hale	Norbeck	Stephens
Cameron	Harreld	Norris	Swanson
Capper	Harris	Nye	Trammell
Caraway	Harrison	Oddie	Tyson
Copeland	Heflin	Overman	Wadsworth
Couzens	Howell	Pepper	Walsh
Cummins	Johnson	Phipps	Warren
Curtis	Jones, N. Mex.	Pine	Watson
Dale	Jones, Wash.	Pittman	Weller
Deneen	Kendrick	Ransdell	Wheeler
Edge	Keyes	Reed, Mo.	Williams
Ernst	King	Reed, Pa.	Willis
Fernald	La Follette	Robinson, Ark.	
Ferris	Lenroot	Robinson, Ind.	

NAYS—1

Frazier

NOT VOTING—5

Dill	Edwards	McMaster	Underwood
du Pont			

So reservation No. 1 was agreed to.

Mr. REED of Missouri. Mr. President, a parliamentary inquiry. As we proceed with the Swanson resolution, and it is accepted by the vote of the Senate, do we then vote upon the articles of the statute? Do we vote at all upon the articles of the statute at any time? Are we approving and ratifying here a document that never has been considered by the Senate, and upon which we are not to vote except in the form of a general approval?

The VICE PRESIDENT. The Chair will state that the form the question will take is: Will the Senate advise and consent to adherence on the part of the United States to the protocol of December 16, 1920, and the adjoined statute of the Permanent Court of International Justice, on the conditions specified in Senate Resolution 5, as modified or amended?

Mr. REED of Missouri. That does not quite answer my question, I think, with all respect to the Vice President. I may have put the question in an obscure way. I will state the point in this way: Here is a contract we are making—a treaty we are making, it is claimed. The body of all we agree to—to wit, the statute—never has been considered by the Senate. I want to know, if we are to pass a general resolution, such as the Swanson resolution, whether the Senate by that act cuts itself off from a right to vote upon the articles of the statute?

Mr. LENROOT. Mr. President, if the Senator will yield, the statute was read yesterday, article by article. Amendments were in order to each article as it was read if they had been offered under the rule. There were none, except those offered by the Senator from New Hampshire [Mr. MOSES], and this morning he waived the consideration of those.

Mr. MOSES. I will add to what the Senator from Wisconsin has said, Mr. President, that at the time I made that waiver, the statute having been read, amendments to the statute were at that minute in order.

Mr. REED of Missouri. I simply want to be clear about it; that is all. I want the Senate and the country to know that we never have given the slightest consideration to the body of the contract upon which we are about to enter.

Mr. LENROOT. It is the Senator's own fault if it was not done, because there was full opportunity to do so yesterday.

Mr. REED of Missouri. It might be my fault, but I think the fault lies with those who cut off debate and any opportunity ever to debate the statute.

Mr. SWANSON. Mr. President, if the Senator will permit me, yesterday afternoon we completed the reading of the statute, paragraph by paragraph. It was suggested that we report it to the Senate, so that it could not be further considered as in Committee of the Whole. It was at the request of the Senator from Missouri that we took a recess and still left it in Committee of the Whole, as it is to-day, where it has been completed, article by article. It was suggested yesterday afternoon, if I understand correctly, that we should report the statute as read to the Senate and take up the reservations in the Senate; and the Senator asked for an adjournment, leaving it in the Committee of the Whole.

Mr. REED of Missouri. Oh, no; the Senator is in error about that. What I asked was that this whole matter should be left in the Committee of the Whole, and not the mere protocol or resolution of ratification. The Senator is in error.

Mr. SWANSON. But the Senator will remember that the whole statute was read yesterday.

Mr. REED of Missouri. I remember that it was read about as fast as it could be read.

Mr. SWANSON. But the Senator was listening, and there was every opportunity for amendment. There can be no misunderstanding about that.

Mr. REED of Missouri. It really was not read for amendment.

Mr. SWANSON. That was the only reason why it was read. It was read for amendment under the rule, which says that it shall be read, article by article, for amendment.

Mr. REED of Missouri. The Senator's resolution was read also. The statute was read also.

Mr. SWANSON. I do not know whether the resolution was read or not. I doubt it.

Mr. REED of Missouri. We did not have the matter before us for amendment. It is not before us now.

Mr. SWANSON. We did: and it was understood that it was about to be reported from the Committee of the Whole to the Senate, and the Senator requested, if I remember rightly, that it should continue in the Committee of the Whole unchanged until to-day, and a recess was taken until to-day.

Mr. REED of Missouri. Very well; if that be the case, that would leave it open for amendment now; but I did not make that request.

Mr. SWANSON. It has been read and debated in the Committee of the Whole. The Senator can offer any amendment in the Senate when it is reported to the Senate.

Mr. REED of Missouri. It never was debated in Committee of the Whole, in my recollection. I simply have asked for information. We have the ruling, and so we understand now that the Senate of the United States, without one moment's debate regarding this statute, which constitutes the body of the contract, are proceeding, under "gag" rule, to jam it down the throats of the Senate and of the country.

Mr. LENROOT. Mr. President, I want to take just a moment. I think it is true that this statute has not been debated by any of the opposition, except the Senator from Missouri and, to some extent, by the Senator from Idaho. Upon more than one occasion during the general debate I called attention to the fact that the opponents of the resolution were not debating the statute; that they were debating entirely the League of Nations, and I begged them to debate the statute, but I was always met with the response that they were going to do so by and by.

Mr. REED of Missouri. We intended to, but you gagged us, and did it deliberately, for your statute will not bear discussion.

The VICE PRESIDENT. The Secretary will read reservation No. 2.

The Chief Clerk read as follows:

RESERVATION NO. 2

That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

Mr. BORAH. Mr. President, I desire to ask the Senator in charge of the resolution if he regards the reservation which I have pending as properly an amendment to this reservation? I regard it as a separate reservation and should prefer to offer it that way.

Mr. LENROOT. I have examined it. I do not think there is any conflict between the two.

The VICE PRESIDENT. The question is on agreeing to reservation No. 2.

Mr. REED of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. GERRY. I desire to announce that the Senator from New Jersey [Mr. EDWARDS] and the Senator from Alabama [Mr. UNDERWOOD] are necessarily absent. If present, they would both vote "yea."

The result was announced—yeas 83, nays 8, as follows:

YEAS—83

Ashurst	Fess	Lenroot	Robinson, Ark.
Bayard	Fletcher	McKellar	Sackett
Bingham	George	McKinley	Schall
Bratton	Gerry	McLean	Sheppard
Brookhart	Gillett	McMaster	Shortridge
Broussard	Glass	McNary	Simmons
Bruce	Goff	Mayfield	Smith
Butler	Gooding	Means	Smoot
Cameron	Greene	Metcalf	Stanfield
Capper	Hale	Neely	Stephens
Caraway	Harreld	Norbeck	Swanson
Copeland	Harris	Norris	Trammell
Couzens	Harrison	Nye	Tyson
Cummins	Heflin	Oddie	Wadsworth
Curtis	Howell	Overman	Walsh
Dale	Johnson	Pepper	Warren
Deneen	Jones, N. Mex.	Phipps	Watson
Edge	Jones, Wash.	Pine	Weller
Ernst	Kendrick	Pittman	Wheeler
Fernald	Keyes	Ransdell	Willis
Ferris	King	Reed, Pa.	

NAYS—8

Blease	Frazier	Moses	Shipstead
Borah	La Follette	Reed, Mo.	Williams

NOT VOTING—5

Dill	Edwards	Robinson, Ind.	Underwood
du Pont			

So reservation No. 2 was agreed to.

The VICE PRESIDENT. The Secretary will read reservation No. 3.

The Chief Clerk read as follows:

RESERVATION NO. 3

That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

The VICE PRESIDENT. The question is on agreeing to reservation No. 3.

Mr. REED of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Repeating my previous announcement, I vote "yea."

The roll call was concluded.

Mr. GERRY. I desire to announce that the Senator from New Jersey [Mr. EDWARDS] and the Senator from Alabama [Mr. UNDERWOOD] are necessarily absent. If present, they would vote "yea."

The result was announced—yeas 89, nays 3, as follows:

YEAS—89

Ashurst	Fletcher	McLean	Schall
Bayard	George	McMaster	Sheppard
Bingham	Gerry	McNary	Shipstead
Borah	Gillett	Mayfield	Shortridge
Bratton	Glass	Means	Simmons
Brookhart	Goff	Metcalf	Smith
Broussard	Gooding	Moses	Smoot
Bruce	Greene	Neely	Stanfield
Butler	Hale	Norbeck	Stephens
Cameron	Harris	Norris	Swanson
Capper	Harrison	Nye	Trammell
Caraway	Heflin	Oddie	Tyson
Copeland	Howell	Overman	Wadsworth
Couzens	Johnson	Pepper	Walsh
Cummins	Jones, N. Mex.	Phipps	Warren
Curtis	Jones, Wash.	Pine	Watson
Dale	Kendrick	Pittman	Weller
Deneen	Keyes	Ransdell	Wheeler
Edge	King	Reed, Mo.	Williams
Ernst	La Follette	Reed, Pa.	Willis
Fernald	Lenroot	Robinson, Ark.	
Ferris	McKellar	Robinson, Ind.	
Fess	McKinley	Sackett	

NAYS—3

Blease	Frazier	Harreld

NOT VOTING—4

Dill	du Pont	Edwards	Underwood

So reservation No. 3 was agreed to.

The VICE PRESIDENT. The clerk will state the next reservation.

The CHIEF CLERK. Reservation No. 4——

Mr. FRAZIER. Mr. President, yesterday I proposed a reservation to take the place of the first four reservations offered in this resolution. They were based on the resolution as originally introduced by the Senator from Virginia [Mr. SWANSON]. I ask unanimous consent to change the word "seven" to "eight" in the first line on page 2 of my proposed substitute, and to change the word "seven" to "two" in the second line.

Mr. LENROOT. Will the Senator wait until we have disposed of reservation No. 4?

Mr. FRAZIER. But mine is offered as a substitute for reservation No. 4.

Mr. LENROOT. Very well.

The VICE PRESIDENT. The Clerk will state the proposed amendment of the Senator from North Dakota [Mr. FRAZIER].

The Chief Clerk read as follows:

That all in Senate Resolution No. 5, beginning with line 8, on page 2, down to and including line 2, on page 3, be stricken out and the following reservation be inserted in its stead.

Mr. FESS. Mr. President, a point of order. As I understand it, the proposal is to strike out three reservations which we have already adopted. We can not do that.

The VICE PRESIDENT. It could only come under a motion to reconsider.

Mr. LENROOT. I have just examined the substitute offered by the Senator from North Dakota. As a matter of fact, I think it is really only a substitute for the fourth reservation.

Mr. MOSES. I believe that is correct. I think the substance of the reservation offered by the Senator from North Dakota is exactly a substitute for the pending reservation No. 4.

Mr. FESS. It is not in order the way the Clerk read it.

Mr. MOSES. That is quite true. What the Senator from Ohio said is correct so far as the preamble presented by the Senator from North Dakota is concerned, but so far as the matter contained in the pending reservation No. 4 referring to the amendment of the statute, the reservation presented by the Senator from North Dakota is a complete substitute.

Mr. WALSH. I ask that the proposed reservation may be read.

The VICE PRESIDENT. The clerk will read as requested.

The CHIEF CLERK. The Senator from North Dakota [Mr. FRAZIER] moves that all in Senate Resolution 5, beginning with line 8 on page 2, down to and including line 2 on page 3, be stricken out and the following reservation be inserted in its stead:

That such signature and adherence of the United States to the protocol of the Permanent Court of International Justice is given with the distinct understanding that the United States reserves the right to withdraw its signature and adhesion thereto at any time that the Congress of the United States may determine so to do, and that in event of such withdrawal it shall in no way be considered an unfriendly act.

Mr. LENROOT. The Senator desires to offer that as a substitute for reservation No. 4?

Mr. FRAZIER. I ask unanimous consent to offer it as a substitute for reservation No. 4 of the resolution.

Mr. LENROOT. I have no objection to that course.

The VICE PRESIDENT. Is there objection? The Chair hears none. The question is on the substitute offered by the Senator from North Dakota for reservation No. 4 of the resolution.

Mr. LENROOT. Mr. President, just a word in reference to the substitute. Reservation No. 4 of the Swanson reservations does explicitly provide that the United States may withdraw at any time. That is the substance of the Senator's reservation. But reservation No. 4 also has a provision that the statute shall not be amended without the consent of the United States. I hope the substitute will be voted down and that the Swanson reservation No. 4 will be agreed to.

Mr. BORAH. May I ask if the substitute offered by the Senator from North Dakota has any provision with reference to amending the statute of the court without our consent?

Mr. LENROOT. No; it has not.

The VICE PRESIDENT. The question is on agreeing to the substitute offered by the Senator from North Dakota.

The substitute was rejected.

The VICE PRESIDENT. The question is on agreeing to reservation No. 4.

Mr. REED of Missouri. I ask for the yeas and nays. We ought to have a record vote.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. GERRY. I desire to announce that the senior Senator from Alabama [Mr. UNDERWOOD] and the junior Senator from New Jersey [Mr. EDWARDS] are necessarily detained from the Senate. If present, each of those Senators would vote "yea" on this question.

The result was announced—yeas 91, nays 1, as follows:

YEAS—91

Ashurst	Bratton	Butler	Copeland
Bayard	Brookhart	Cameron	Couzens
Bingham	Broussard	Capper	Cummins
Borah	Bruce	Caraway	Curtis

Dale	Harrison	Moses	Shipstead
Deneen	Heflin	Neely	Shortridge
Edge	Howell	Norbeck	Simmons
Ernst	Johnson	Norris	Smith
Fernald	Jones, N. Mex.	Nye	Smoot
Ferris	Jones, Wash.	Oddie	Stanfield
Fess	Kendrick	Overman	Stephens
Fletcher	Keyes	Pepper	Swanson
Frazier	King	Phipps	Trammell
George	La Follette	Pine	Tyson
Gerry	Lenroot	Pittman	Wadsworth
Gillett	McKellar	Ransdell	Walsh
Glass	McKinley	Reed, Mo.	Warren
Goff	McLean	Reed, Pa.	Watson
Gooding	McMaster	Robinson, Ark.	Weller
Greene	McNary	Robinson, Ind.	Wheeler
Hale	Mayfield	Sackett	Williams
Harreld	Means	Schall	Willis
Harris	Metcalf	Sheppard	

NAYS—1

Blease

NOT VOTING—4

Dill	du Pont	Edwards	Underwood

So reservation No. 4 was agreed to.

The VICE PRESIDENT. The Clerk will state the next reservation.

The CHIEF CLERK. Reservation No. 5:

That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

Mr. REED of Missouri. Mr. President, just an inquiry. I think that the clerk perhaps omitted a word in his reading. I would like to have him kindly read the first sentence again.

The Chief Clerk read as follows:

That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned.

Mr. REED of Missouri. As first read I thought the article "the" was used, but it is not.

Mr. BORAH. Mr. President, I desire to ask Senators in charge of the resolution if they are satisfied that the word "render" is the proper word to express what I take it they desire to express. They say that "the court shall not render any advisory opinion." Ordinarily when we speak of rendering an opinion we speak of the mere fact of making public an opinion after the question has been entertained and jurisdiction accepted and the case argued. If that is the meaning of the word, it is incongruous with the rest of the sentence that "the court shall not render any advisory opinion except publicly after due notice to all the states adhering to the court." What was evidently intended was that there should be no consideration of an advisory proposition until the different states had notice. It ought to be "entertain and render," it seems to me. I make that suggestion.

Mr ROBINSON of Arkansas. The Senator would not say "entertain an advisory opinion?" He would say, rather, "entertain a request for an advisory opinion or render an advisory opinion."

Mr. BORAH. But the words, as they are ordinarily considered with reference to judicial action, relate simply to the rendition of the opinion after argument and consideration.

Mr. LENROOT. But the words are "rendered after due notice."

Mr. BORAH. Yes; the court could not render it until after due notice, but the notice would not be of much value if the matter had been considered and decided and notice then given as to rendering the opinion.

Mr. LENROOT. After public hearing.

Mr. BORAH. But we are not interested in the mere question of publicity as to the rendering of the opinion; we are interested in publicity as to the hearing.

Mr. SWANSON. The language reads:

That the court shall not render any advisory opinion except publicly—

The rendering of an opinion is generally done publicly, although frequently, of course, judges consult among themselves in regard to an opinion—

after due notice.

It seems to me that language does not permit of the construction suggested by the Senator from Idaho.

Mr. CARAWAY. May I interrupt the Senator?

Mr. SWANSON. Yes.

Mr. CARAWAY. The reservation provides:

That the court shall not render any advisory opinion except publicly—

The word "render" there means shall not consider, shall not entertain, shall not arrive at any decision, and shall not hand down any opinion until after due notice, and that the opinion then shall be handed down publicly.

Mr. SWANSON. It seems to me the language covers the matter entirely; it seems to me to be amply sufficient.

Mr. BORAH. What is intended by the language, as I take it, is that the entire proceedings with reference to an advisory opinion shall be public. If that is the construction, and the court will accept of it, of course it is entirely satisfactory. But I think the language in the reservation should be clarified.

Mr. WALSH. I apprehend that as to the substance of this reservation there will be no substantial objection, and I understand the remarks of the Senator from Idaho are directed merely to language in which it is expressed. I am inclined to think that the criticism urged by the Senator from Idaho has merit in it. I, therefore, suggest to the Senator from Virginia that the matter go over with a view to conference for the purpose of perfecting the reservation.

Mr. SWANSON. What language would the Senator from Idaho suggest?

Mr. BORAH. To expedite the matter, we could pass upon it here, and then take it up later in the Senate.

Mr. SWANSON. What language would the Senator suggest?

Mr. BORAH. I will suggest language to the Senator as soon as I have a little time to do so.

Mr. SWANSON. Suppose we adopt it as in Committee of the Whole and then let it come up later in the Senate?

Mr. BORAH. Very well; that is understood.

Mr. SWANSON. I propose that we adopt it now and then we can consider it again in the Senate.

Mr. ROBINSON of Arkansas. I merely wish to say that it appears to me that the word "render" is a very appropriate word to express the intention. The word "render" means make, give, or express.

The VICE PRESIDENT. The question is on agreeing to reservation No. 5.

Mr. REED of Missouri. I ask for the yeas and nays.

Mr. ASHURST. Has the reservation been read?

The VICE PRESIDENT. It has not all been read.

Mr. SWANSON. We do not, I think, want a separate vote on the paragraph in reservation No. 5 from lines 11 to 16. That had just as well be read.

The VICE PRESIDENT. The Secretary will read as requested.

The Chief Clerk read as follows:

The signature of the United States to the said protocol shall not be affixed until the powers signatory——

Mr. BORAH. Is the Secretary reading reservation No. 5?

The VICE PRESIDENT. He is reading from line 11 to line 16.

Mr. BORAH. It has been agreed that reservation No. 5 shall be passed upon and then that it shall be taken up later in the Senate.

Mr. WALSH. Let me suggest that reservation No. 5 consists of two separate paragraphs, dealing really with two subjects. I suggest that it be divided and that the vote be taken upon the first paragraph.

Mr. SWANSON. There are two separate paragraphs.

Mr. BORAH. I think we had better take the reservation up altogether.

Mr. WALSH. I have no objection to that being done.

Mr. MOSES. What will be the effect if we now adopt lines 11 to 16, inclusive, on page 3, when there are still further reservations to be offered?

Mr. LENROOT. I think after article 5 shall have been read we should then go on to other reservations.

Mr. MOSES. Does the Senator mean both paragraphs of reservation 5, or are we to assume that lines 11 to 16 constitute another matter?

Mr. LENROOT. They are two different propositions.

Mr. MOSES. I thought the Senator from Virginia was contending that they were coupled together.

Mr. SWANSON. There are two separate propositions contained in reservation No. 5, and any Senator may ask for a separate vote on them; but there is no request for a separate vote of which I am aware.

Mr. MOSES. I quite misunderstood the tenor of the suggestion made by the Senator from Virginia.

Mr. WALSH. I wish to call attention to the fact that really reservation 5 ends with line 22.

Mr. LENROOT. Certainly.

Mr. WALSH. What follows thereafter—the second paragraph—is not in the nature of a reservation at all. It deals with an entirely different subject.

Mr. MOSES. That is exactly what I was trying to point out, and that there might be out of the wealth of further reservations one that would be agreed to.

Mr. WALSH. As a matter of fact, nothing after line 22 comprises a portion of reservation 5 at all.

Mr. MOSES. Then, Mr. President, if there is any question about that, I should like to make a further parliamentary inquiry—whether it is in order for me to ask unanimous consent that, after having dealt with lines 3 to 10, inclusive, on page 3, paragraph 5, we shall then proceed to offer additional reservations? If there is no question about it, and in my mind there is not——

Mr. LENROOT. I do not think there can be any objection to the course suggested by the Senator.

Mr. MOSES. The Senator from Wisconsin agrees with me that there is no objection to that procedure, and that that will naturally take place; therefore, I will not press my parliamentary inquiry.

SEVERAL SENATORS. Vote!

Mr. LENROOT. I merely wish to say one word with reference to reservation No. 5. Yesterday considerable objection was made, and statements were made, that an entirely new proposition has been put before the Senate in the modification of reservation No. 5. So far as the four reservations which have been adopted are concerned, they did not in the least change the situation from that which heretofore existed in the opinion of most of the Senators.

So far as the fifth reservation is concerned, there is no conflict whatever between that and the original reservation No. 5. It does but two things: It makes permanent the rules of the court that all advisory opinions shall be public and shall be made after public hearing; and, second, that no advisory opinion shall be rendered affecting the interests of the United States or interests claimed by the United States to be affected without the consent of the United States.

I wish merely to say this with reference to the argument which has been made by the Senator from Indiana [Mr. ROBINSON] this afternoon, that neither the Monroe doctrine nor any other question can come before the court without the consent of the United States where any right or interest of the United States is affected.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The question is on agreeing to the first paragraph of reservation No. 5, from lines 3 to 10, inclusive.

Mr. REED of Missouri. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before with reference to the transfer of my pair, I vote "yea."

The roll call was concluded.

Mr. GERRY. I desire to announce that the senior Senator from Alabama [Mr. UNDERWOOD] and the junior Senator from New Jersey [Mr. EDWARDS] are necessarily detained from the Senate. If present, each of those Senators would vote "yea" on this question.

The result was announced—yeas 91, nays 1, as follows:

YEAS—91

Ashurst	Fletcher	McKellar	Robinson, Ind.
Bayard	Frazier	McKinley	Sackett
Bingham	George	McLean	Schall
Borah	Gerry	McMaster	Sheppard
Bratton	Gillett	McNary	Shipstead
Brookhart	Glass	Mayfield	Shortridge
Broussard	Goff	Means	Simmons
Bruce	Gooding	Metcalf	Smith
Butler	Greene	Moses	Smoot
Cameron	Hale	Neely	Stanfield
Capper	Harreld	Norbeck	Stephens
Caraway	Harris	Norris	Swanson
Copeland	Harrison	Nye	Trammell
Couzens	Heflin	Oddie	Tyson
Cummins	Howell	Overman	Wadsworth
Curtis	Johnson	Pepper	Walsh
Dale	Jones, N. Mex.	Phipps	Warren
Deneen	Jones, Wash.	Pine	Watson
Edge	Kendrick	Pittman	Weller
Ernst	Keyes	Ransdell	Wheeler
Fernald	King	Reed, Mo.	Williams
Ferris	La Follette	Reed, Pa.	Willis
Fess	Lenroot	Robinson, Ark.	

NAYS—1

Blease

NOT VOTING—4

Dill	du Pont	Edwards	Underwood

So the first paragraph of reservation No. 5, from lines 3 to 10, was agreed to.

Mr. MOSES. Mr. President, it is my understanding that the Senator from Virginia wishes to go forward with the two declarations which are contained in this resolution, beginning on line 17 of page 3, and continuing through line 7 on page 4.

Mr. SWANSON. I think we had better carry out the agreement made, that this resolution shall be completed and perfected, and then you can go back.

Mr. MOSES. I want it distinctly understood that I may then go back to propose an additional reservation to be inserted after line 10, on page 3.

Mr. SWANSON. I have no objection; but I think we ought to carry out the agreement that these reservations were to be completed and perfected before anything else was taken up.

Mr. MOSES. That was not my understanding of the agreement, Mr. President. My understanding of the agreement was that after the reservations proposed by the Senator from Virginia had been perfected, the Senator from Missouri and I would be at liberty to offer our substitutes.

Mr. SWANSON. After they are completed; that is true; that is understood.

Mr. MOSES. Yes; but meantime we wish to offer amendments which are properly before the Senate as in Committee of the Whole.

Mr. LENROOT. I suggest that the Senator from Virginia go ahead and then return to this point.

Mr. MOSES. I am not fussy about it. It being agreed that I may return to that point, I am quite agreeable to it.

The VICE PRESIDENT. The Secretary will continue the reading.

The Chief Clerk read as follows:

The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adherence by the United States to the said protocol.

Mr. WILLIAMS. Mr. President, I desire to make an inquiry of the Senator from Wisconsin or the Senator from Virginia. What follows from line 11 on is no part of the reservation, is it?

Mr. SWANSON. It is no part of the reservation. It is a stipulation that the signature shall not be affixed until these reservations are consented to. I should consider it a part of the conditions upon which the ratification is made.

The VICE PRESIDENT. The question is on agreeing to that paragraph of Reservation No. 5, which has just been read.

Mr. WALSH. Mr. President, I feel impelled to say, with respect to this particular provision, that the press at least has spoken of this as something in the nature of an obstacle in the way, and those who tender it have been subjected to some criticism for that reason. I supposed, however, that everybody realized from the beginning that it was necessary to get the assent of the other nations signatory to this treaty to any reservations or conditions that we might attach to our adherence. This merely expresses the manner by which that assent is to be indicated. It does not add in any respect to the difficulties of the task of the court.

The VICE PRESIDENT. The question is upon agreeing to the second branch of reservation 5, lines 11 to 16. [Putting the question.] The ayes have it, and the branch is agreed to.

The Secretary will continue the reading of the resolution.

The Chief Clerk read as follows:

Resolved further, As a part of this act of ratification that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and——

Mr. SHIPSTEAD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Minnesota.

Mr. SHIPSTEAD. This provision apparently is not covered by that part of reservation 5 from lines 11 to 16.

Mr. SWANSON. Mr. President, that is true; but this is a domestic matter, as to how we shall refer cases to the court. We do not want to have other nations intruding themselves into our domestic affairs, to say by what process we ourselves shall determine the reference of matters to the Permanent Court of International Justice. It is entirely a domestic matter.

Mr. MOSES. In other words, may I say to the Senator, this is a declaration of our own policy, and it makes no difference to us whether the rest of the world agrees to it or not; we are going to stand by it.

Mr. SWANSON. We do not want them to assent to it. I would not let any foreign nation determine what we shall do in a domestic way in regard to our own affairs, whether the President or the Senate shall do it or Congress shall do it. It is a matter for us to determine, not requiring the assent of other nations.

Mr. SHIPSTEAD. The Senator does not think it is necessary to have their consent or permission to the limitation of the jurisdiction of the court?

Mr. SWANSON. We do not want it. Our Constitution provides how matters shall go to foreign tribunals or foreign courts. We do not want to get the assent of foreign nations to what we shall do under our own Constitution.

Mr. WALSH. Mr. President, in the same way the reservations have been criticized because of this particular reservation, and it is urged that this emasculates the resolution, because the Senate will be required to give its consent and there will be trouble about getting the consent of the Government. As I stated on yesterday, Mr. President, this does not change the situation in any respect. The Government of the United States is entitled now, if it sees fit to do so, to submit a controversy to the court. It can submit a controversy to the court now, and it can submit a controversy to the court after we sign the protocol, if we do, only by virtue of an agreement which we enter into with the other party to the controversy; and that agreement is a treaty. We can not get before the court except by virtue of a treaty with the other party litigant. The protocol does not change that situation in any particular at all. We merely say that it must be accomplished by a treaty, which requires the joint action of the President and the Senate. This is nothing more nor less than a declaration of what the law is, what our Constitution provides.

A great many people are dissatisfied with that. They say, "You will never get a controversy before the court." That may be so; but, unfortunately, the fault is found with the Constitution of the United States and not with this resolution.

Mr. BORAH. Which is not a fault at all.

Mr. WALSH. It is not a fault, certainly, if there is any controversy about it; but the point I am making is that this does not add anything at all to the situation or change it in any particular whatever.

Mr. PEPPER. Mr. President, may I inquire of the Senator from Montana whether this language does not bear a close relationship to the language in The Hague convention dealing with this same question?

Mr. WALSH. It does.

Mr. PEPPER. I understand that that language, adapted merely to the necessities of this case, is the precise provision contained in The Hague convention of 1907.

The VICE PRESIDENT. The Senator from Minnesota has the floor. Does he yield; and if so, to whom?

Mr. SHIPSTEAD. I yield the floor.

Mr. REED of Missouri. Mr. President——

Mr. MOSES. Mr. President, will the Senator permit me to express my thanks to the Senator from Virginia before the vote is taken on this paragraph? I want to thank the Senator from Virginia for the words he used in the recent colloquy, namely, "foreign court" and "foreign tribunal."

Mr. REED of Missouri. Mr. President, I should like to ask the Senator from Montana for his construction of this language:

> Recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute.

If such a treaty now exists, would not disputes under it come before the court?

Mr. WALSH. Yes; if such a treaty does exist; but I am very sure there is no such treaty. Attention was called to the fact that there is a treaty pending before us—the treaty dealing with traffic in arms and ammunition, according to my recollection—which provides that in case the United States should be a subscriber to the protocol, and any controversy should arise over the construction of that treaty, it should be referred to the court. When that treaty comes before us, we will consider the question as to whether or not we care to submit our controversies to this court. It takes no jurisdiction until we, by treaty, give it jurisdiction.

Mr. SWANSON. Mr. President, there is no treaty whatever to which we are a party, unless it is under some of these mandates that we have accepted, possibly, which would refer anything to the Permanent Court of International Justice. When The Hague convention was ratified it used this precise language, "special or general treaties." To make that convention operative Secretary Root entered into 22 treaties, I think, with other nations, Great Britain and others, providing that certain cases should go to them under certain conditions, or that there should be a special treaty for a specific case. This language contemplates that the Senate would have to ratify a general treaty with other nations, or a special treaty for each case when submitted to the court.

Mr. ROBINSON of Arkansas. Mr. President, if this reservation were not incorporated in the resolution, the process would be the same. Before a cause could be submitted to the Permanent Court of International Justice it would be necessary that the United States agree to the submission through either a special or a general treaty.

Mr. SWANSON. That is true. Mr. Wickersham, who appeared before the committee when they were having hearings on the World Court, stated distinctly that if we adopted this protocol recourse could be had to the court only by special or general treaty.

The VICE PRESIDENT. The question is upon agreeing to the third branch of reservation 5, lines 17 to 24, inclusive. [Putting the question.] The ayes have it, and the third branch of the reservation is agreed to. The Secretary will continue the reading.

The Chief Clerk read as follows:

> *Resolved further*, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

Mr. REED of Missouri. Mr. President, I offer an amendment to this clause, which I have filed and which is properly printed. It is as follows:

> *Resolved further*, That the Monroe doctrine be declared as a principle of international law binding upon the court.

That is to be added at the end of the last clause.

The VICE PRESIDENT. The Secretary will read the proposed amendment.

The CHIEF CLERK. After line 7, on page 4, insert the following:

> *Resolved further*, That the Monroe doctrine be declared as a principle of international law binding upon the court.

Mr. REED of Missouri. Mr. President, I want just one minute on my proposed amendment, and then I will be ready to vote. The language employed in the text is to the effect that the entrance of the United States into this treaty shall not be considered as a relinquishment by the United States of its traditional attitude toward purely American questions.

The Monroe doctrine has never been recognized as a principle of international law by any authoritative body. It has been asserted as a national policy. If we are going into this international agreement, this is the time and place to assert the Monroe doctrine, not to assert that we do not relinquish our rights under it, but to assert it as a doctrine and ask the other nations to admit it as a doctrine. So I move the amendment, and upon it I ask for the yeas and nays.

Mr. SWANSON. Mr. President, the term used here is the language that has been used, I suppose, for over half a century to define American policy in connection with the Monroe doctrine, a political policy. It was used in the resolution of ratification of The Hague convention, and I think the same language was used in the resolution of ratification of the Algeciras treaty. This is the language which we have used for half a century to indicate that we do not surrender our rights under the Monroe doctrine. The Monroe doctrine is not international law; it is a political policy of the United States to assert our idea of justice and right. It is not international law.

Mr. CARAWAY. The very moment you declare it to be a question of international law you give the international court the right to pass on it, do you not?

Mr. SWANSON. It is a policy which has been maintained by the United States as one of our political policies, and we are not willing to have it incorporated in the body of international law. The language found in this reservation has been used every time America has desired to preserve its traditional policy in connection with American matters.

Mr. LENROOT. As just suggested by the Senator from Arkansas, the Monroe doctrine is not a matter of international law. It is wholly an American policy; and if the amendment

of the Senator from Missouri should prevail, it would become a matter of international law, so far as the court was concerned, and would give jurisdiction to the court to pass upon the Monroe doctrine, which, without this amendment, it can never pass upon without the consent of the United States. I hope the amendment will be defeated.

Mr. REED of Missouri. Mr. President, that is arguing strangely in a circle. Let me first answer the proposition that we have not heretofore in our treaties demanded the recognition of the Monroe doctrine. We have not, because in those treaties we were dealing as a nation, and recognizing no international tribunal, submitting nothing to an international tribunal, but constantly asserting our doctrine, a doctrine which rests to-day only upon its justice and upon the force and power of the United States.

Mr. SWANSON. If the Senator will permit me, our participation in The Hague Arbitration Court was consummated by a convention similar to this, and this was the language that was used in that case.

Mr. REED of Missouri. We had a convention regarding The Hague, a purely voluntary tribunal of arbitration. Now we are asked to take a further step, to agree to submit our controversies to a court. That court will undertake to pass upon all questions of international law. If the Monroe doctrine is not a matter of international law, it will pass upon the question without regard to the Monroe doctrine.

Mr. SHORTRIDGE and Mr. LENROOT rose.

Mr. REED of Missouri. Wait just a moment. If we say the Monroe doctrine shall be recognized as a principle of international law, we do not thereby relinquish our right to assert the doctrine with our own construction. If Senators desire to vote the amendment down, let them do so, but let us understand perfectly that they are to-day, as this question now stands, simply standing upon the doctrine that the United States does not submit the Monroe doctrine, and therefore it must defend it itself; that we are going into a court which assumes jurisdiction under international law, and Senators refuse to incorporate this principle in international law.

Mr. SHORTRIDGE. Mr. President, I rose merely to make an inquiry of the Senator from Missouri. I invite his attention and that of the Senate to what would happen if the suggested amendment of the Senator should be adopted. Of course, we all remember that it was in 1823 that the Monroe doctrine was proclaimed by the United States of America. Up to this time we have asserted the right to interpret that doctrine. I submit to the learning of the Senator from Missouri, if his amendment is adopted we have really given to the court in question the right to interpret that doctrine, a thing which I shall never consent to, a thing which President Cleveland never consented to, and which the great President Roosevelt did not consent to. I have in mind—and I am very sure the learning of the Senator from Missouri recalls it—the resolution introduced and adopted by the Senate, presented by the late great and lamented Senator from Massachusetts, Senator Lodge, in which resolution he undertook, and the Senate agreed with him, to expand, so to speak, and properly, that doctrine as from the time it was first announced, so as to make it apply to the Pacific coast. Originally, of course, it applied immediately to European countries as of 1823. Neither John Quincy Adams nor James Monroe had any fear of oriental countries, but the Lodge resolution, adopted by the Senate, in a sense expanded the doctrine to embrace the Pacific coast, the great Pacific Ocean, and the lands that lie beyond, immediately addressing itself to Magdalena Bay, and the then fear, whether well grounded or not, that a certain oriental nation sought a naval base at Magdalena Bay in Lower California.

Therefore, I merely invite the Senator's logical mind to the proposition that we must not here, by any affirmative action, give any force to any claim that this court will have any jurisdiction to interpret or pass upon the Monroe doctrine, which was, and is, and I hope ever will be, an essentially American doctrine.

Mr. REED of Missouri. Mr. President, let me answer the Senator by saying that in my judgment his reasoning is all wrong, and that when we make other nations admit the Monroe doctrine, we do not yield our right to construe and defend it.

Mr. BORAH. Mr. President, I want to ask the Senator from California a question. According to the press dispatches, there is contemplated an arrangement between Mexico and Japan by which Japan is to have the privilege of colonizing certain parts of Mexico. Suppose that should be objected to by the United States under the Monroe doctrine, or, rather, the principle of self-defense, which is another name for the Monroe doctrine. Will there be any way, after this resolution shall have been adopted and we have gone into the court under this resolution, by which Mexico and Japan, they being members of the League of Nations and also members of the court, could have an advisory opinion upon that question?

Mr. SHORTRIDGE. I answer, that any advisory opinion which they might give would be contrary to certain reservations which we have already adopted, for such a proposed arrangement between Japan and Mexico. I say, would affect us or interest us, and under a reservation we have adopted we would have a right, in a sense, to intervene. But whether or not the court had a right to entertain the question as to whether the Monroe doctrine was affected by this reservation we do not waive our rights; on the contrary, we declare that the court shall not "entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest. With this resolution, with all or any of these reservations, we do not waive a right which I claim, namely, a right to interpret and in a proper case assert this doctrine, as we understand it. Whether in a given case, upon the true philosophy of the Monroe doctrine, we would have a right to complain, I am not now forced to consider, for it would depend, manifestly, upon the facts then existing or feared. I allude to the Lodge resolution because there was a proposition to establish a naval base at Magdalena Bay, and the Senate considered, as of then, that that would be inimical to the rights of the United States.

Mr. SWANSON. Mr. President, will the Senator yield for a question?

Mr. SHORTRIDGE. Yes.

Mr. SWANSON. There is a provision in this reservation that would absolutely prohibit any advisory opinion.

Mr. SHORTRIDGE. I think so.

Mr. SWANSON. There is a provision that where the United States has an interest or right, or claims a right or interest, no advisory opinion can be rendered without its consent. All the United States would have to do, with the reservation adopted, would be to notify the court that they claimed an interest and objected to an advisory opinion.

Mr. CARAWAY. Mr. President, I was about to suggest to the Senator from California that if we should stay out of the court, and therefore these reservations not become effective, if Mexico and Japan saw fit to submit the question referred to by the Senator, we would be in no position to defend ourselves. If we should follow the advice of the Senator from Idaho and stay out of the court, then the court could entertain any question, whether it affected our rights or whether we assented or did not assent. But if we go into the court with this reservation, we protect ourselves against the very thing the Senator from Idaho now seems to fear.

Mr. BORAH. Will not the Senator from Arkansas be a little more generous with the Senator from Idaho and admit that if we had gone in under the original resolution, which went no further than to say we would not be bound by it, instead of this resolution, which says that the opinion shall not be entertained, we would have been in a position where they could have entertained it, and we would have been powerless?

Mr. CARAWAY. Will not the Senator from Idaho be so generous as to say now that if he shall prevail, and we do not go into the court at all, we will be in no position to prevent the court from handing down an opinion, either advisory or otherwise?

Mr. BORAH. No; there is another way by which we protect ourselves if we do not go into the court. We are in no way bound to consider the action of a foreign court of which we are not a member.

Mr. CARAWAY. Yes; with a gun.

Mr. REED of Missouri. That is what we will have to do.

Mr. BORAH. That is likely what will happen if the court assumes to advise on matters of a certain kind.

Mr. CARAWAY. Then we shall be in no worse fix than we are in now.

Mr. BORAH. Yes; we will have been sitting upon the tribunal which had passed upon the matter and of which we are a member.

Mr. CARAWAY. No; the tribunal can not pass upon it if we go into it with this reservation, unless we assent to it. But if we follow the Senator's advice, the court can pass upon it and we will not be in a position to object, because we will have refused to participate.

Mr. BORAH. Then, as I understand the Senator, we are going into the court for the purpose of protecting ourselves against the court.

Mr. CARAWAY. We are going into the court in order to protect ourselves against people who want to have war in

order to protect other people. According to the Senator's position, he wants to stay out so we can not protect ourselves at all.

Mr. SHORTRIDGE. I invite the attention of the Senator from Idaho to the express language of reservation 5:

Nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

Mr. REED of Missouri. Mr. President, before the Senator from California takes his seat, will he permit me to get his idea in regard to the matter of advisory opinions? The reservation undertakes to protect the United States against advisory opinions. Suppose that Haiti, being a member of the league, and England, being a member of the league, should enter into a treaty whereby Haiti was to grant to England rights in the bays or in the ports of Haiti. Suppose a dispute should arise between them with reference to the rights of either country under that treaty and they should appeal to the court. Would that be an advisory opinion or would that be an actual case before the court?

Mr. SHORTRIDGE. That is not a case in point, and I do not feel called upon to clarify the situation and make answer to the question.

Mr. REED of Missouri. I think it is exactly in point; because if the case I put is not covered as an advisory matter, but is an actual case, then we are not protected against the decisions in actual cases.

Mr. SHORTRIDGE. If we claim an interest in such a case, we would have the right to assert it, and by these reservations the court is precluded from entertaining that case or rendering that advisory opinion.

Mr. REED of Missouri. Would it be advisory? That is the question I am asking the Senator.

Mr. SHORTRIDGE. I rose merely to make an inquiry originally of the Senator from Missouri in regard to his proposed amendment as it might affect the Monroe doctrine. I have my own views in regard to that doctrine, and I happen to know something of its origin and its application. I assert for myself that whether we adhere to the court or not, with or without any reservations, there is no court on this earth set up and there is no nation on the earth that has or will have a right to determine what the Monroe doctrine is. We shall determine what that doctrine is; and if we be not incompetent, decadent, pusillanimous, and unworthy sons of brave men and women, we will do as Cleveland did and as Roosevelt did and say to England or to Germany, "You shall not violate this doctrine as we have interpreted it."

Mr. STEPHENS. I would like to ask the Senator from Wisconsin [Mr. LENROOT] with reference to his intention to reach a final vote to-night.

Mr. LENROOT. I expect to ask the Senate to go into secret executive session when we conclude with the so-called Swanson reservations. We will not go any further to-night, but we hope to conclude to-morrow and will conclude to-morrow.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri.

Mr. REED of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered and taken.

Mr. GERRY. I desire to announce that the senior Senator from Alabama [Mr. UNDERWOOD] and the junior Senator from New Jersey [Mr. EDWARDS] are necessarily detained from the Senate. If present, each of these Senators would vote "nay" on this question.

The result was announced—yeas 6, nays 82, as follows:

YEAS—6

Blease	Harreld	Moses	Reed, Mo.
Copeland	Johnson		

NAYS—82

Ashurst	Fletcher	McKellar	Schall
Bayard	Frazier	McLean	Sheppard
Bingham	George	McMaster	Shipstead
Borah	Gerry	McNary	Shortridge
Bratton	Gillett	Mayfield	Simmons
Brookhart	Glass	Means	Smith
Broussard	Goff	Metcalf	Smoot
Bruce	Gooding	Neely	Stanfield
Butler	Greene	Norris	Stephens
Cameron	Hale	Nye	Swanson
Capper	Harris	Oddie	Trammell
Caraway	Harrison	Overman	Tyson
Couzens	Heflin	Pepper	Wadsworth
Curtis	Howell	Phipps	Walsh
Dale	Jones, N. Mex.	Pine	Warren
Deneen	Jones, Wash.	Pittman	Watson
Edge	Kendrick	Ransdell	Weller
Ernst	Keyes	Reed, Pa.	Wheeler
Fernald	King	Robinson, Ark.	Willis
Ferris	La Follette	Robinson, Ind.	
Fess	Lenroot	Sackett	

NOT VOTING—8

Cummins	du Pont	McKinley	Underwood
Dill	Edwards	Norbeck	Williams

So the amendment offered by Mr. REED of Missouri was rejected.

The VICE PRESIDENT. The question is on agreeing to the fourth branch of reservation No. 5, being lines 25 and 26 on page 3 and lines 1 to 7 on page 4, which the Clerk will read.

The Chief Clerk read as follows:

Resolved further, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

The fourth branch of reservation No. 5 was agreed to.

Mr. MOSES. Mr. President, I wish now to offer an amendment, on page 3, after line 10, which I will ask to have read. I will add that I shall not press for discussion or vote upon it this evening, but I wish to have the question pending when the Senate reassembles to-morrow after the recess.

The VICE PRESIDENT. The Clerk will state the reservation offered by the Senator from New Hampshire.

The CHIEF CLERK. On page 3, after line 10, insert the following:

6. That the adherence of the United States to the statute of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, and/or advisory opinions of the court shall not be enforced by war under any name or in any form whatever.

EXECUTIVE SESSION, WITH CLOSED DOORS

Mr. LENROOT. I move that the Senate proceed to the consideration of executive business, with closed doors.

The motion was agreed to, and the Senate proceeded to the consideration of secret executive business. After five minutes the doors were reopened.

PETITIONS AND MEMORIALS

As in legislative session,

Mr. COPELAND presented the following telegrams relative to the participation of the United States in the World Court, which were ordered to lie on the table and to be printed in the RECORD, as follows:

[Western Union telegram]

ITHACA, N. Y., *January 22, 1926.*

Senator COPELAND,
Capitol Building, Washington, D. C.:

Telegram sent you by Ralph Smith does not represent all of Ithaca. Town and city divided on question. Believe majority of Tompkins County overwhelmingly against us entering World Court. Other telegrams following.

REV. L. E. GOULD.
L. E. CHASE, *Supervisor Town of Ithaca.*

[Western Union telegram]

ITHACA, N. Y., *January 23, 1926.*

Senator ROYAL S. COPELAND,
Washington, D. C.:

Cornell students and faculty voted overwhelmingly in favor of entering World Court. Only 4 votes against entering out of approximately 1,000 cast. Telegram from M. E. Snyder and committee was from local Republican club of Ithaca, not from Cornell students or faculty.

RALPH SEWARD,
Chairman Students' World Court Committee, Cornell University.

Mr. EDGE presented a resolution adopted by the Woman's Christian Temperance Union of Essex County, N. J., protesting against the alleged attitude of the senior Senator from New Jersey, Mr. EDGE, relative to the enforcement of the eighteenth amendment to the Constitution and the so-called Volstead Act, which was referred to the Committee on the Judiciary.

Mr. FERRIS presented memorials of sundry citizens of Antrim, Bay, Wayne, Shiawassee, Jackson, Lenawee, Dickinson, Kent, and Oakland Counties and of Detroit, Kalamazoo, Bay City, Oakland, Hartford, Munissing, Grayling, Royal Oak, Hart, Niles, Muskegon, Saginaw, Owosso, and Antwerp Townships, all in the State of Michigan, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. BINGHAM presented a petition of faculty members of the department of geological sciences of Yale University, praying the amendment of the existing copyright law by inserting the words "or mimeographic process" after the words "or photo-engraving process," in lines 9, 15, 34, and 41 of said section 15, which was referred to the Committee on Patents.

He also presented memorials and papers in the nature of memorials from 180 citizens of Windham County; sundry citizens of Burnside, Stonington, Norwich, Mystic, Bridgeport, Stratford, New London, Niantic, East Lyme, Ansonia, Derby, Shelton, Southbury, Seymour, Huntington, and South Britain, all in the State of Connecticut, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

Mr. WARREN presented a memorial of sundry citizens of Pine Bluffs, Wyo., remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

He also presented a resolution adopted by members of the Wyoming Game and Fish Commission, remonstrating against any extension of the boundaries of the Yellowstone National Park, which was referred to the Committee on Public Lands and Surveys.

He also presented a memorial of the Sheridan Commercial Club, of Sheridan, Wyo., remonstrating against amendment of the existing immigration act so as to prohibit the immigration of Mexicans into the United States, which was referred to the Committee on Immigration.

Mr. McLEAN presented the petition of Charles L. Burdette Camp, No. 4, United Spanish War Veterans, of Hartford, Conn., praying for the passage of legislation granting increased pensions to Spanish-American War Veterans, which was referred to the Committee on Pensions.

He also presented the petition of members of the Department of Connecticut Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, of Waterbury, Conn., favoring the passage of legislation granting increased pensions to Civil War Veterans and their widows, which was referred to the Committee on Pensions.

He also presented a letter in the nature of a petition from the Conservation Committee, Connecticut Federation of Women's Clubs, at New Haven, Conn., favoring the passage of the so-called McNary-Woodruff bill, providing for the preservation and extension of the national forests, which was referred to the Committee on Agriculture and Forestry.

He also presented papers and telegrams in the nature of petitions from the Women's Republican Club, of Hartford; the Theological Seminary, of Hartford; the Seminary Foundation, of Hartford; the World Court Committee, of Hartford; Connecticut League of Women Voters, of New Haven; the League of Women Voters and the Woman's Christian Temperance Union, of Meriden; the League of Women Voters, of Wallingford; the Chamber of Commerce, of Branford; the League of Women Voters, of West Hartford, and members of the Monday Club, of New Milford, all in the State of Connecticut, favoring the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented resolutions adopted by the Father McKeown Branch, Ancient Order of Hibernians, of New Haven; Division No. 5, Ladies' Auxiliary, Ancient Order of Hibernians, of Waterbury, and Division No. 1, Ladies' Auxiliary, Ancient Order of Hibernians, of Naugatuck, all in the State of Connecticut, protesting against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

REPORT OF THE COMMERCE COMMITTEE

Mr. BINGHAM, from the Committee on Commerce, to which was referred the bill (S. 1305) granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River, reported it without amendment and submitted a report (No. 94) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORBECK:

A bill (S. 2779) granting a pension to Teressa K. Shriner;

A bill (S. 2780) granting an increase of pension to Annie I. Summers (with accompanying papers);

A bill (S. 2781) granting an increase of pension to Augusta M. Post (with accompanying papers); and

A bill (S. 2782) granting an increase of pension to Jennie St. Clair (with accompanying papers); to the Committee on Pensions.

By Mr. RANSDELL:

A bill (S. 2783) granting a pension to Susan E. Hart; to the Committee on Pensions.

A bill (S. 2784) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Black River at or near Jonesville, La.; and

A bill (S. 2785) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Ouachita River at or near Harrisonburg, La.; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 2786) for the relief of Donald W. Stewart (with accompanying papers); to the Committee on Claims.

By Mr. McLEAN:

A bill (S. 2787) granting a pension to Mary M. Carroll (with accompanying papers); to the Committee on Pensions.

By Mr. WILLIS:

A bill (S. 2788) for the relief of Joseph Jameson (with accompanying papers); to the Committee on Claims.

A bill (S. 2789) granting an increase of pension to William Frederick Gross (with accompanying papers); and

A bill (S. 2790) granting a pension to Emma King (with accompanying papers); to the Committee on Pensions.

By Mr. McKINLEY (by request):

A bill (S. 2791) authorizing the appointment as second lieutenant in the United States Marine Corps of Wilson B. McCandless; to the Committee on Naval Affairs.

By Mr. ERNST:

A bill (S. 2792) relating to sales and contracts to sell in interstate and foreign commerce; to the Committee on the Judiciary.

A bill (S. 2793) granting a pension to Lucy Swoope (with accompanying papers);

A bill (S. 2794) granting a pension to Ellen Dixon (with accompanying papers); and

A bill (S. 2795) granting an increase of pension to Anna M. Outten (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 2796) to authorize the building of a bridge and approaches thereto across the Potomac River between Montgomery County, in the State of Maryland, and Fairfax County, in the State of Virginia; to the Committee on Commerce.

A bill (S. 2797) granting an increase of pension to Alfred Trefethen (with accompanying papers);

A bill (S. 2798) granting an increase of pension to Mary C. Newman (with accompanying papers);

A bill (S. 2799) granting an increase of pension to Thomas Humphrey (with accompanying papers);

A bill (S. 2800) granting an increase of pension to William A. Faulk (with accompanying papers);

A bill (S. 2801) granting an increase of pension to Rachel Christy (with accompanying papers); and

A bill (S. 2802) granting an increase of pension to Fanny E. Taylor (with accompanying papers); to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 2803) to create a commission with authority to hear and determine claims of individual members of the Sioux Tribe of Indians against tribal funds or against the United States; to the Committee on Indian Affairs.

By Mr. HARRELD:

A bill (S. 2804) granting an increase of pension to Arminda J. Madison (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2805) enabling postal employees who are ex-service men to utilize leaves of absence in order to attend the meeting of the American Expeditionary Force in France; to the Committee on Post Offices and Post Roads.

HOUSE BILL REFERRED

The bill (H. R. 7554) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1927, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENT TO TAX REDUCTION BILL

Mr. NORRIS submitted an amendment intended to be proposed by him to House bill 1, the tax-reduction bill, which was ordered to lie on the table and to be printed in the RECORD, as follows:

On page 113, line 1, strike out all after the word "records" down to and including the word "President" in line 5 on said page, and in

lieu thereof insert the following: "and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally."

RECESS

Mr. CURTIS. I move that the Senate take a recess until noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 17 minutes p. m.) the Senate, as in open executive session, took a recess until to-morrow, Wednesday, January 27, 1926, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 26 (legislative day of January 16), 1926

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

John Dyneley Prince, of New Jersey, now envoy extraordinary and minister plenipotentiary of the United States to Denmark, to be envoy extraordinary and minister plenipotentiary of the United States of America to the Kingdom of the Serbs, Croats, and Slovenes.

H. Percival Dodge, of Massachusetts, now envoy extraordinary and minister plenipotentiary of the United States to the Kingdom of the Serbs, Croats, and Slovenes, to be envoy extraordinary and minister plenipotentiary of the United States of America to Denmark.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 26 (legislative day of January 16), 1926

POSTMASTERS

COLORADO

Francis M. Wheeler, Campo.

CONNECTICUT

Harlan G. Hills, East Hampton.
Durward E. Granniss, New Preston.
Charles A. Jerome, Plainfield.
Edward Perkins, Suffield.
Robert O. Judson, Woodbury.

DELAWARE

Fred C. Powell, Harrington.

MARYLAND

Margaret T. Bowdoin, College Park.
Harry Bodein, Perry Point.

NEW HAMPSHIRE

Charles Myers, Jaffrey.

NEW MEXICO

Ralph Gutierrez, Bernalillo.

NORTH CAROLINA

Clyde H. Jarrett, Andrews.
Marvin E. Johnson, Candor.
John W. Shook, Clyde.
Iredell V. Lee, Four Oaks.
Mary W. Turner, Gatesville.
Heber R. Munford, Greenville.
Charles R. Hester, St. Pauls.
Pearle R. Luttrell, Shulls Mills.
Samuel B. Edwards, Tryon.
Otto S. Woody, Whitakers.

NORTH DAKOTA

Ruth C. Whiteaker, Alamo.
Ada E. Olson, Fingal.
Arthur B. McLaughlin, Hope.
Leif O. Fjeld, Mayville.
William E. Burhans, Sentinel Butte.
Milton T. Hefty, Walcott.
Thaddeus C. Michael, Willow City.

OKLAHOMA

Ray E. Sutton, Boynton.
Rosa B. Britton, Cyril.
Jesse W. Pinkston, Drumright.
Leo N. Hawkins, Hitchcock.
Herbert Harris, Oilton.
Frank J. Kohr, Poteau.
Alta G. Stockton, Sparks.

PENNSYLVANIA

Fred Ungard, Allenwood.
Franklin T. Dindinger, Monaca.
John M. Hayes, Montoursville.
Alden M. Schnell, Youngsville.

PORTO RICO

Franklin H. Bunker, Caguas.
Jose Carrera, Humacao.
Pedro Muniz Rivera, Manati.

SOUTH CAROLINA

John B. Bagnal, Ellenton.
Rosa B. Grainger, Lake View.
Edward W. Shull, New Brookland.
David S. Pitman, Nichols.
Pearle H. Padget, Saluda.
William H. Lott, St. George.

UTAH

Ewell C. Bowen, Hiawatha.

HOUSE OF REPRESENTATIVES

TUESDAY, *January 26, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our fathers' God, to Thee we raise our voice in humble prayer. We seek the blessing of forgiveness and the guidance of Thy wisdom. We believe that Thou art a refuge and an ever-present help in time of need. With one accord may we acknowledge Thee to be the Maker of heaven and earth, in whom we have our being. Lead us all to most seriously appreciate the high value that belongs to all honest action. May we assume all our obligations and fill the hours with steady, faithful endeavor. What dignity all life acquires if we relate it to God. Help us, O Lord, in every service; then all labor shall be sacramental and a noble pride shall be our birthright.

The Journal of the proceedings of yesterday was read and approved.

COOPERATIVE MARKETING ACT

Mr. HAUGEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BEGG in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7893, which the Clerk will report.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 2, line 2, after the word "farms," strike out the remaining part of line 2 and insert in lieu thereof the following: "and also any products thereof processed or manufactured by farmers or cooperative organizations of farmers."

Mr. JONES. Mr. Chairman, my reason for offering this amendment is that section 5 of this bill, following in large measure the provisions of the exemption provided by the Capper-Volstead Act, with some very small changes, exempts people engaged in the distribution of agricultural products from the operations of the antitrust law. Since those exemptions are granted—and they are important—it becomes likewise important that no one should be granted the exemption except persons engaged in producing these products or cooperative organizations of those engaged in the distribution thereof.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. JONES. In just a moment.

In that connection the definition of what constitutes agricultural products becomes important, and, in my judgment, becomes all important, because on that definition hinges the application of other sections of the bill. This measure defines agricultural products. That definition is found in the first section. It not only defines agricultural products to be those things that are generally termed agricultural products, but it also says

"products raised or produced on the farms and processed or manufactured products thereof."

I am not quite sure that that would give those engaged in the distribution of those products, who are not producers, an exemption, but I am afraid it would, and I do not think we should take any chances on it.

I now yield to my colleague.

Mr. BLACK of Texas. It seems to me section 5 is as plain as language could be written on that subject. It says "persons engaged as original producers of agricultural products, such as farmers, planters, ranchmen, dairymen, nut or fruit growers." It seems to me that language is plain enough.

Mr. JONES. That would be true if the additional language named in section 1 were not to be construed in connection with what my colleague has read. Section 5 contains a reference to original producers, which is not in the Capper-Volstead Act, and these are given the privilege of "acting together in associations, corporate or otherwise." Section 1 gives the definition of what the term "agricultural products" includes, and it makes that term include processed or manufactured products. I think that within that definition in section 5 would be an organization, corporate, for instance, that had a few producers but had a lot of people who were not producers, or it might include producers of finished products who are not farmers at all. Persons so engaged would have this exemption, and a corporation might have the same privileges.

Mr. McDUFFIE. May I interrupt the gentleman just a moment?

Mr. JONES. I yield to the gentleman.

Mr. McDUFFIE. Does not the gentleman fear, as I do, that the use of the words "manufactured products thereof" would permit such organizations or corporations as cottonseed-oil organizations or even the canning industry throughout the country to be relieved of the burdens of the antitrust laws under the language of this proposed act?

Mr. JONES. I am afraid it would, for this reason: The exemption provided in section 5 is included in practically the exact words of the old exemption law. The old exemption law is tied up absolutely with the definition of what constitutes agricultural products.

In the first section of this bill, as my friend from Alabama suggests, the definition of agricultural products includes not only what we have generally considered as agricultural products, but also includes processed or manufactured products thereof transported or intended to be transported in interstate and foreign commerce. I am afraid even if section 5 were not in this bill, or if we were to eliminate section 5 from this bill, that definition of agricultural products being enacted into permanent law would tie itself by construction onto the exemption of the Capper-Volstead Act and be effective to exempt people engaged wholly in the distribution of products.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES. Mr. Chairman, I would like to have five minutes more.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. McLAUGHLIN of Michigan. Will the gentleman from Texas yield to me?

Mr. JONES. I will be glad to yield to the gentleman.

Mr. McLAUGHLIN of Michigan. Referring now to the definition of agricultural products, is there anything in the bill to limit those products to American products? Suppose a number of companies should organize into an association and manufacture and process foreign goods or import a great lot of foreign goods to mingle with the products of the United States; would they have the same protection that is intended for American products or American producers?

Mr. JONES. I think anyone claiming the benefits of this bill would have to be operating in this country, and I do not think there is any immediate danger of that. That point has not been brought up.

Mr. McLAUGHLIN of Michigan. They would have to be operating in this country, but not on American goods. It seems to me that something should be put in this bill making a proper limitation of that kind.

Mr. JONES. I have not studied the bill with reference to that particular point. I will look into it further, and I would be pleased if the gentleman would also look into that phase of it.

Mr. KINCHELOE. Will the gentleman yield?

Mr. JONES. I yield to the gentleman.

Mr. KINCHELOE. The gentleman will remember that this was discussed with various witnesses at the hearings, and if the gentleman's amendment should be adopted—and I think it should be—does not the gentleman think he ought to add further to his amendment the language "or any subsidiary corporation created by them"?

Mr. JONES. There would be no objection to that amendment to the one I suggest, and I would be glad to have the gentleman offer it. I think this amendment should be adopted for the reason that the limitation can not hurt anything.

I want to say that there has hardly been a bill presented to the Agriculture Committee which affected cooperative organization in any way that some one or some outside organization has not tried to secure some provision that would give them the exemptions that are granted the farmer organizations in connection with the distribution of their products. You remember that the sole purpose of the original law was to grant exemptions to cooperative organizations, so that they might get in unhindered fashion the benefits of cooperative marketing. It is recognized by everyone that they could not get, and could not be given, certain advantages that other business organizations of the country enjoy. The nature of their production and the character of the distribution makes it very difficult for them to apply certain business practices used so effectively by business organizations. I do not think the House ought to take any steps that will give the outside organizations—the organizations which compete with the farmer—the right of an exemption or to contend for an exemption. I believe if we adopt this bill many will be trying to get exemptions under the act. Many of the independent organizations that have long sought exemption from the antitrust laws will be given a chance to claim that exemption. Why not make the provisions so clear that they can not even claim these exemptions?

Mr. FORT. Mr. Chairman, I rise in opposition to the amendment. The question raised by the gentleman from Texas was seriously considered in the committee when it drafted the bill. The bill as originally presented to the House contained different language in section 5 from that which now appears in the bill reported to the House. The committee realized the possibility that the language used in the definition of section 1 might be so construed in connection with section 5 as to give exemption to business and corporate organizations.

Section 5 was referred to the legislative drafting service with which, as a member of the committee, I had the privilege of drafting the language in section 5, which is as clear as the able representatives of that service and of the Department of Agriculture and myself could make it. The gentleman from Texas has made two points—first, that the definition in this bill may be construed as applicable to other legislation. The language in this act in reference to this definition is "when used in this act," the term "agricultural products" means the things thereafter defined. It does not make it a definition for any other legal purpose except the construction of this piece of legislation.

Mr. JONES. Will the gentleman yield?

Mr. FORT. Yes.

Mr. JONES. I call the gentleman's attention to the last section of the bill, which says—

nothing contained in this act is intended nor shall be construed to modify or repeal any of the provisions in the act of February 18, 1922.

Mr. FORT. Yes; but the gentleman made one statement that ought to be corrected, that the Capper-Volstead Act does not relate to corporations. It does; it says "any association, corporate or otherwise," exactly as in this act.

The point of the gentleman is in error in this. It is the purpose of this act to permit the Department of Agriculture to cooperate, for example, for the organization of cooperatives of farmers for the organization of cooperatives of creamery men, and to permit the department to cooperate in the organization of associations of cottonseed-oil men. It is permitted, and it is intended, under the act that the Government shall cooperate with the marketing organizations of agricultural products, whether those market organizations handle the product in its initial or raw form, or whether, as is essential in many industries, they handle the products in a semicomplete or completed form. So far as the permissive features of the law go, so far as it relates to the dissemination of information, so far as it relates to the organization of associations, it goes to each product of the farm, whether it be in its original or initial shape, or in the shape in which it may be subsequently put for handling in the public market.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. FORT. I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman?

There was no objection.

Mr. McDUFFIE. Will the gentleman yield?

Mr. FORT. Yes.

Mr. McDUFFIE. Under the gentleman's statement as to products in the initial and subsequent form, why could not the packing industry avail themselves of this legislation?

Mr. FORT. No reason on earth.

Mr. McDUFFIE. Or the cottonseed oil men?

Mr. FORT. Is it not to the interest of the cotton industry that they should have the privilege?

Mr. McDUFFIE. It is not in the interest of the original producer of cottonseed.

Mr. FORT. I think it is. But if the gentleman will pardon me a moment, will he name any provision in the first four sections of this bill that he would not be willing to have applied to the packing houses or the cottonseed industry?

Mr. McDUFFIE. What about the fifth section?

Mr. FORT. That is where we come now.

Mr. McDUFFIE. The definition of the term "agricultural products" that the gentleman has called attention to is another provision that I would not have applied, and if there is any doubt about it why not remove it?

Mr. FORT. That term "agricultural products" for the purpose of this act might have been made to include the products of mines, but that would not affect the rest of the legislation. If the gentleman will read section 5 of this bill in the form that it is presented to the House, I think he will find that we have limited the powers of the cooperatives, in so far as this bill gives them powers, to cooperatives composed of original producers.

We have not limited the powers of the Department of Agriculture. It may deal with cooperative associations whether they be of the original producers or of the handlers of finished products. But when we come to the powers of the cooperatives themselves, the powers that they may exercise independently of the Department of Agriculture, we have there limited them to cooperatives of original producers. For the purpose of comparison, I want to read the language of the bill as it was originally drawn and introduced into this House. The language of section 5 as it came to the committee was as follows:

Persons engaged in the production of agricultural products, as farmers, planters, ranchmen, dairymen, nut or fruit growers, and other like agricultural activities.

The committee felt that that language related to the definition of agricultural products in the first section, and would extend the benefits of section 5 to the packers and the cottonseed-oil people and to other organizations.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. KINCHELOE. If you leave this language in here—

and processed or manufactured products thereof—

Then if you apply that to section 5, where it says—

as original producers of agricultural products—

What reason would there be why any product that is processed by the packers would not have rights under this law unless we adopt the Jones amendment?

Mr. FORT. We have limited the language "original producers" so that it is "original producers," "such as farmers."

Mr. KINCHELOE. The point I make is that they would be the original producer of the products as defined in section 1. I can see why the gentleman, coming from the district which he represents, might have a different attitude from those of us who represent agricultural districts.

Mr. FORT. I state to the gentleman, as I stated to him in the committee, that I am willing to stand on the floor of this House and advocate some modification of the Sherman law as applicable to other types of corporations, but that I am unwilling to see it done by a joker, and therefore, with the approval of the gentleman from Iowa [Mr. HAUGEN], I suggested to the Committee on Agriculture the amendment of this bill as originally drawn.

Mr. HOUSTON. Would not the following change in the second line on page 2 more clearly express the intention of the committee—

processed or manufactured by producers thereof—

Instead of—

processed or manufactured by producers thereof—

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent that his time be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORT. The language in section 1 as a definition of agricultural products is the definition which was desired in the bill by the representatives of the cooperative associations who appeared before us. They desired it because, for example, the gentleman representing the cooperatives in the cranberry business said that they also to a large extent might handle jellies and things of that sort which they made from their cranberries; that that might become the major part of their entire business; but that they were still the original producers of the products. They want these provisions, so far as may be, to permit the organization of cooperatives, which shall include the elevator men in the farmer sections of the Northwest, the farmers' elevators, which shall include the cotton gins, perhaps, in the South, which handle some of the cotton products.

They want these associations for the purpose of getting market information applicable to the product from the time it starts in the ground until it is completed as a finished article. They want purchasing cooperatives, and they want the Department of Agriculture to help all those cooperative organizations and give them market information. In order to reach these various things it was essential that this definition of agricultural products should be as broad as we could make it; but when we came to section 5, which gives specific powers to these organizations, we worked for hours and hours on the language to make that as clear as it can be made, to limit that to the original producer.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. FORT. Yes.

Mr. KETCHAM. If I understand the gentleman correctly, he believes that if we strike out the words that are proposed to be stricken out by the amendment, that would limit the activities of the men who are enumerated specifically in section 5 to merely the production, and would not allow them to go into any proposition cooperatively of manufacturing the products of their toil.

Mr. FORT. I have not considered that from that angle, but I think that might be the effect. The point I do want to make is that what we are trying to do is to help the farmer market his products.

These are cooperative marketing associations. Now, some of that product is going to be marketed raw, some is going to be marketed semimanufactured, and some completely manufactured. If the farmer is to get the full benefit of his market you have got to allow him to organize all through the process of marketing. But when he comes to section 5, and wants to claim immunity from the Sherman law, then he has got to show that the association that claims immunity is an association of original producers, such as farmers, planters, dairymen, and so forth.

Mr. McDUFFIE. Will the gentleman yield for a question?

Mr. FORT. Yes.

Mr. McDUFFIE. Did the committee consider naval stores as a forest product?

Mr. FORT. It is not "edible products," although there are some people who chew gum.

Mr. McDUFFIE. What is the objection to including naval stores in this language after the word "forest," on page 2, declaring as to what agricultural products will constitute in the meaning of this act?

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORT. May I have one more minute in which to answer this question?

The CHAIRMAN. Is there objection? [After a pause] The Chair hears none.

Mr. FORT. I want to say to the gentleman that I see no objection to the suggestion that he has made, and that suggestion but emphasizes the undesirability of narrowing the definition now in the bill in any way. We have endeavored to reach every type of agricultural products of which we could think. If we have failed, we regret it; but we think the language should be left in the definition just as broad as it is now and that we should take no chances by adding the amendment of the gentleman from Texas and thus possibly narrowing the scope of the remedial and helpful legislation we are planning under this bill.

Mr. KINCHELOE. Mr. Chairman, I offer an amendment to the Jones amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. KINCHELOE moves to amend the amendment of Mr. JONES as follows: At the end of the Jones amendment insert the words "or any subsidiary corporation created by them."

Mr. KINCHELOE. Will the Clerk read the Jones amendment as amended if the amendment to the Jones amendment is adopted?

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

Page 2, line 2, after the word "farm," strike out the remaining part of line 2 and insert in lieu thereof the following: "and also any products thereof processed or manufactured by farmers or cooperative associations of farmers or any subsidiary corporation created by them."

Mr. KINCHELOE. Mr. Chairman and gentlemen of the committee, I want to call attention to the significance of this amendment to you gentlemen who represent agricultural districts, and especially if you are going to vote for this bill for the benefit of the farmers and cooperative associations of farmers and not for packers and other business that may get into this—I want to say to you there is more significance in this amendment than you would think, and I am very much persuaded of this fact since the gentleman from New Jersey concluded. Now, as to the significance of this amendment. The first section undertakes to define what the agricultural products are. It goes on down here and then at the latter part this definition of agricultural products "and processed or manufactured products thereof."

Now, if you leave that in there then you say that any agricultural article that has been processed or manufactured by packers is an agricultural product under this definition. Now, then, when you get to section 5 it says:

Persons engaged as original producers of agricultural products, such as farmers, planters, ranchmen, dairymen, nut or fruit growers, acting together in associations, corporate or otherwise.

In other words, if we leave this in we say a product processed by packers is of the original product under section 5, because it says, "persons engaged as original producers whether they are corporate or otherwise," and if this Jones amendment is not adopted these people could process or manufacture the products of the farmer, and therefore I think what the gentleman from New Jersey wants done is to let other people in here besides the farmer and cooperative-marketing associations.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. McLAUGHLIN of Michigan. Section 5, in the second line, indicates what significance they would attach to the words, "such as farmers, planters, ranchmen, dairymen, nut or fruit growers." It does not say anything about packers there.

Mr. KINCHELOE. You have not read all of it. The words following are, "acting together in associations, corporate or otherwise." It means, if this language stays in here, under the first section they are considered to be processed or manufactured products. It means that the packers who are manufacturing or processing products are original producers of agricultural products and will come under this proposition here, because it says "corporate or otherwise."

Mr. McLAUGHLIN of Michigan. I would agree entirely with the gentleman that it would relate to organizations, corporate or otherwise, and to packers' associations, or shoe manufacturers, or clothing manufacturers, if it were not for the words in section 2. I am not captious about this. I want it to be right. I am interested in it. I am heartily in favor of the bill. But let me direct the attention of the gentleman to these words on line 22 of page 4, "such as farmers, planters, ranchmen, dairymen, nut or fruit growers." Are those words really a limitation upon it? Are these the only ones that section 5 speaks of?

Mr. KINCHELOE. It says, "acting together in associations, corporate or otherwise."

Mr. McLAUGHLIN of Michigan. I know these farmers could cooperate. The farmers could organize a corporation, and the ranchmen could organize a corporation. But is that a definition of what original producers are, and are only those to be considered original producers—farmers, ranchmen, dairymen, and so forth?

Mr. KINCHELOE. I think that this includes manufactures thereof. If you want to help the farmers and cooperative organizations only, put in the Jones amendment, and then there will not be any doubt about it.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. NEWTON of Minnesota. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. NEWTON of Minnesota. Section 5, line 21, speaks of original producers. Does the gentleman contend that meat packers would come under that term?

Mr. KINCHELOE. I think so. If the gentleman will turn back to section 1, containing the definition of agricultural products, he will see that it says:

When used in this act, the term "agricultural products" means agricultural, horticultural, viticultural, and dairy products, livestock and the products thereof, the products of poultry and bee raising, the edible products of forestry, and any and all products raised or produced on farms and processed or manufactured products thereof.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield for a question?

Mr. KINCHELOE. Then products that are processed or manufactured by the packer are those of original producers?

Mr. HUDSPETH. Does the gentleman know that packers own ranches all over the country, and also farms?

Mr. KINCHELOE. I think they would.

Gentlemen, if you want to keep out associations other than those of farmers, adopt the Jones amendment. Then I know the others will not come in.

Mr. EDWARDS. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. EDWARDS. Why limit this to "edible products of forestry"? There are naval stores and so forth, you know, manufactured from the forests, and in our section the farmers own the land and pine trees.

Mr. KINCHELOE. I am not on the majority of the committee on this bill. It represents the wishes of those in the majority and the administration in power. Why they did not insert them I do not know. I happened not to be in their confidence. I hope you will adopt the Jones amendment. My amendment to the Jones amendment was offered, because I do not want to limit farmers or cooperative market associations in their activities. Therefore, I add to that the words "any subsidiary corporation organized by them." I want to give the farmers' organizations all the power they want, and by adopting my amendment to the Jones amendment and adopting the Jones amendment as amended there will be no doubt but that this is simply a farmers' bill, and no other.

Mr. WINGO rose.

The CHAIRMAN. The gentleman from Arkansas is recognized.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto be closed in 15 minutes.

Mr. McDUFFIE. I want a few minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on this section and all amendments thereto close in 15 minutes. Is there objection?

Mr. McDUFFIE. Mr. Chairman, I move to amend by making it 20 minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the debate on this section and all amendments thereto be limited to 15 minutes. Is there objection?

Mr. McDUFFIE. Reserving the right to object, Mr. Chairman, I want to submit to the gentleman the extension of that time to 20 minutes, because this is a very important section to this bill. Many gentlemen want to ask questions about it. We ought at least to have 5 minutes more. Make it 20 minutes.

Mr. KINCHELOE. I think the chairman of the committee should be liberal. I think this is the only contest there will be.

Mr. HAUGEN. I modify my request, Mr. Chairman, and make it 20 minutes.

The CHAIRMAN. The gentleman from Iowa modifies his request, and asks unanimous consent that debate on this section and all amendments thereto be limited to 20 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Arkansas is recognized for five minutes.

Mr. McDUFFIE. Mr. Chairman, pending that, if the gentleman will withhold——

Mr. WINGO. If it will not be taken out of my time——

Mr. McDUFFIE. I offer an amendment for information.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Alabama for information only.

The Clerk read as follows:

Amendment offered by Mr. McDUFFIE: Page 1, line 6, after the word "edible," insert the words "and naval stores."

The CHAIRMAN. The gentleman from Arkansas [Mr. WINGO] is recognized.

Mr. WINGO. Mr. Chairman, I hope the committee and the lawyers of the House will give me their attention for a moment. Evidently the gentleman from New Jersey [Mr. FORT], who made a very fine statement, misunderstands the Jones amendment, in view of the answers he made to the inquiries of my friend, the gentleman from Michigan [Mr. MCLAUGHLIN]. We are discussing section 1. That gives the definition of the term "agricultural products." Over in section 5 is the construction of the antitrust law. What have you to consider? You must consider the general antitrust law, and you have to consider the provision of the annual appropriation bill for the Department of Justice to the effect that the Attorney General must not begin suits against farmers for their cooperative work. You can dismiss the packers from this consideration.

I am not sure, but I have a recollection that either the Supreme Court or some lower court has already interpreted the packers' act as taking the packers out from under the antitrust laws unless they violate an order to desist issued by the Secretary of Agriculture. So I say you can dismiss the packers from this discussion, because they are governed by a special law.

The only reason why you have got to amend section 5 of this bill is because the Capper-Volstead Act does for these cooperative organizations and for the farmers what the packers' act did for the packers. It puts them under the control of the Department of Agriculture and permits them to do things that might technically be a violation of the antitrust laws, but they must do those things under the regulatory control and restraint of the Secretary of Agriculture. I think all of us can agree on that.

In this act, for the reasons which the gentleman from New Jersey [Mr. FORT] very clearly stated, it was deemed advisable to broaden the definition of agricultural products. As stated by the gentleman from New Jersey, the cranberry growers, as a group or as a cooperative association, might determine—and I can understand that, representing, as I do, a peach-growing district—to turn their product into a manufactured product in order to save it, and that they would market their manufactured product as the original producer. That was why it was necessary to enlarge the definition of agricultural products, and the gentleman from Texas [Mr. JONES], by his amendment, proposes to change that enlarging language, which is found in line 2, page 2, by striking out what is now there and putting in this liberalization:

> And also any products thereof processed or manufactured by farmers or cooperative organizations of farmers.

I think you had better take that definition, and I will tell you why. Over in section 5 you have done a very difficult task in the best way you can. I worked on it last night and tried to arrive at language which I thought would be better, but I could not arrive at any language without restricting it in such a way as to defeat the object we have in mind. All of us want to permit these cooperative organizations to manufacture their raw materials if they want to and market them in the manufactured state without danger of antitrust prosecution. The amendment proposed by the gentleman from Texas [Mr. JONES] permits them to do that provided the processing and the manufacturing are done either by the farmers themselves or cooperative organizations of farmers.

Let me suggest to my friend from New Jersey that he had better take that without any quarrel with his view, and I can appreciate his view. Whenever he raises the question of the cottonseed oil mills let me say that he may put this bill through here, but he can not put it through the Senate in that way, because the Senators from those States, who know the investigations now going on with reference to the alleged cottonseed oil trust, will be afraid you are doing something I know you are not doing. I know you are honestly trying to broaden the law, but if you let the bars down so that the cottonseed oil crushers can come in you will find opposition to your bill in the Senate, because the cottonseed oil crushers can contend they are farmers just like the rest.

I think the language contained in the amendment offered by the gentleman from Texas is effective. I think it will achieve the purpose intended, and I think it will be safer if the committee will accept that particular amendment. I am against the amendment offered by the gentleman from Kentucky [Mr. KINCHELOE], but I think the amendment offered by the gentleman from Texas is a good one.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. McDUFFIE. Mr. Chairman and gentlemen, it is not my purpose to delay the committee in the least in trying to do something for the American farmer. As a matter of fact, it is my opinion that this is the best practical way to help the farmers of this country, if we can help them by legislative enactment. I have always felt, gentlemen, that the best way to aid the farmers of this country was to do so by a system that will best inform them as to the best method of the distribution and marketing of their products. What they need, as a rule, is a market. I have never thought we were going to meet the situation by trying to pass legislation which runs counter to the natural laws of supply and demand and those economics fixed by nature. This measure, in my judgment, has a splendid purpose. Cooperative marketing is one need of to-day and will indeed be helpful to the farmers of this country. What the results of this bill will be it is difficult to estimate, and I am not enthusiastic over its provisions, but as we are trying to help one class of farmers, let us help them all.

I have offered this amendment, which simply adds the words "and naval stores" at the bottom of page 1, line 6.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. WHITTINGTON. Are there any cooperative organizations or associations that are engaged in handling naval stores?

Mr. McDUFFIE. I do not know; but we might have some engaged in handling them, and that is what I want. I want our original producers, especially the small ones, to cooperate and engage in the business. I want the farmers who raise the products of the pine tree in your territory and mine to have, if possible, the benefit of this legislation; and my amendment seeks to have it affect their products as well as all other farm products.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. McDUFFIE. Yes; for a brief question.

Mr. LAGUARDIA. What would the term "naval stores" include?

Mr. McDUFFIE. The term "naval stores" would include the products of the pine tree, especially the long-leaf yellow pine. The pine tree is chipped or tapped and the sap or crude resin runs at certain seasons of the year. This is distilled into turpentine, resin, and the finished products. Thousands of farmers along the Gulf coast and the South Atlantic seaboard and the great coastal plain where the long-leaf yellow pine grows have pine trees on their little farms. Many of them have their small distilleries. I mean, of course, turpentine stills, by which they distill the crude resin into the finished products of turpentine and resin.

What I want is simply to do justice by that class of farmers and let them have the benefit of this cooperative marketing.

Mr. COLE. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. COLE. Does not the gentleman think the proposition ought to be stated more clearly? Is the word "naval" definite enough?

Mr. McDUFFIE. I think so. The administration of all laws affecting that class of farmers now comes under the Department of Agriculture, through the Bureau of Forestry, and they understand what the term "naval stores" means. The term "naval stores" has been defined to mean the products of the pine tree. For the purposes of this act, the term is already definitely understood and well defined.

I hope you gentlemen will do justice by this class of farmers, and there are many of them throughout the entire section of the country from which I come, who should have the same protection that this legislation may give to farmers of the country generally. [Applause.]

Mr. MCLAUGHLIN of Michigan. Mr. Chairman, I agree with the gentleman from Kentucky [Mr. KINCHELOE] that this is a very, very broad definition of agricultural products. I do not see how it could very well be made any broader. I agree with the gentleman that the products coming from the packers are their original products. They are the original producers of those products. I think the packers would be included. I think the canners would be included; also shoe manufacturers and manufacturers of wool and cotton clothing. There is nothing, we might say, that is not included in this definition; but we may look further into the bill and see what can be done with these original productions. We come then to section 5 and we find a limitation upon the organization of these cooperative associations, limiting it to certain producers. Who are they? Let me read the part of the section to which I refer:

> SEC. 5. Persons engaged as original producers of agricultural products, such as farmers, planters, ranchmen, dairymen, nut or fruit growers, acting together in associations—

And so on.

This bill, in the assistance it would give, the encouragement it would give, and the protection it would give, is limited to the

original producers who are farmers, planters, ranchmen, dairymen, or nut or fruit growers. Men engaged in those productions can organize a company. They could organize a packing plant. They could operate a series of tanneries or manufactories of clothing or anything of that kind; but the organizations which are to receive the benefit and protection of this act must be composed of these original producers who are described in section 5.

Mr. BURTNESS. Will the gentleman yield for a suggestion?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. BURTNESS. In other words, the phrase "such as farmers, planters, ranchmen, dairymen, nut or fruit growers" is actually a limitation as used in this act, and strictly limits the general designation of agricultural products.

Mr. McLAUGHLIN of Michigan. I think so.

Mr. BURTNESS. I agree with the gentleman. I think the gentleman is absolutely right.

Mr. McLAUGHLIN of Michigan. I have suggested to the chairman of the committee that the meaning which I would give to this section would be strengthened and all doubt would be removed as to the meaning of it if the words "such as" were stricken out. Then it would read "persons engaged as original producers of agricultural products, farmers, planters, ranchmen, dairymen, nut or fruit growers." Then it would leave no court or anyone else to speculate as to the meaning or effect of the words "such as."

Mr. BURTNESS. Will the gentleman yield further there?

Mr. McLAUGHLIN of Michigan. I yield.

Mr. BURTNESS. I fear that suggestion might be dangerous, because then it might be claimed that all of these classes would come in, including the producers of agricultural products as defined in section 1.

Mr. McLAUGHLIN of Michigan. The gentleman may be right.

Mr. BURTNESS. But possibly the elimination of the word "such" would be better.

Mr. McLAUGHLIN of Michigan. I wish the language perfect if it can be made so.

Mr. BURTNESS. Why not eliminate the word "such" and then it would read, "persons engaged, as original producers of agricultural products, as farmers, planters, ranchmen, dairymen, nut or fruit growers, acting together in association." This would eliminate the word "such" which rather carries the the implication with it that it might include some classes that are similar to those specifically designated.

Mr. McLAUGHLIN of Michigan. What words would the gentleman put in or eliminate?

Mr. BURTNESS. I would suggest the elimination simply of the word "such" and then you would have the qualification applied to the specific ones mentioned.

Mr. McLAUGHLIN of Michigan. I have offered no amendment. I have simply spoken to the amendments offered by the gentleman from Kentucky [Mr. KINCHELOE] and the gentleman from Texas [Mr. JONES].

Mr. EDWARDS. Mr. Chairman, there are five minutes remaining of the time fixed on this section, and I would like to speak in favor of the amendment offered by the gentleman from Alabama [Mr. McDUFFIE] to include "naval stores" in this bill.

Mr. LAZARO. Mr. Chairman, reserving the right to object——

The CHAIRMAN. The gentleman from Louisiana has not the right to object.

Mr. LAZARO. I have no objection, but I would like to have three minutes myself.

Mr. EDWARDS. I will divide the time with the gentleman if I am recognized.

The CHAIRMAN. Then I will recognize the gentleman from Georgia for two minutes.

Mr. EDWARDS. Mr. Chairman and members of the committee, I hope there will be no misunderstanding as to what is meant by the term "naval stores" in the amendment offered by the gentleman from Alabama [Mr. McDUFFIE].

This amendment is indeed important to the section I represent and to the section which the gentleman from Alabama represents. I hope there will be no misunderstanding about the term "naval stores." The amendment contemplates giving the owners of pine trees from which these "naval stores" are produced the same benefits under this bill as enjoyed by those who have maple trees for the production of maple sirup in their districts.

The pine trees are tapped or chipped and the gum is extracted and then manufactured, through a process of distillation, into spirits of turpentine and rosin, and that is defined, classified, and known as "naval stores."

I am heartily in favor of the amendment offered by the gentleman from Alabama, as I am convinced it will mean much to the South.

Mr. TILSON. Will the gentleman yield?

Mr. EDWARDS. I yield to the gentleman from Connecticut.

Mr. TILSON. I would like to ask the gentleman for information whether this manufacturing is generally done by small farmers or are these naval stores gathered or manufactured by large companies or corporations?

Mr. EDWARDS. The trees are owned by the farmers, and in many instances they are tapped and worked by the farmers and the gum sold to the distillers.

Mr. LAZARO. Mr. Chairman, I want to read two paragraphs from a letter I have received from the turpentine and rosin people:

> The production of turpentine and rosin is chiefly an agricultural pursuit, consisting of the wounding of the tree, collecting the gum, and separating the gum into its two parts, turpentine and rosin—nothing being added or taken from either product. In fact, the method of production is identical with the production of the maple sirup and maple sugar from the northern maple tree.
>
> According to statistics reported in the Department of Agriculture Year Book there are approximately 1,400 producers of turpentine and rosin, of which number the department believes that about 1,200 might be classed as small producers, who only operate a small turpentine orchard, handling their product somewhat similar to that of other agricultural crops, with the result that oftentimes during the producing season they are forced to market their product, resulting in a demoralized market.

All these men are asking for is the benefits of the cooperative market.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. LAZARO. Yes.

Mr. SUMMERS of Washington. Out of the 1,200 farmers what percentage of them produce these naval stores and what percentage is produced by the big companies?

Mr. LAZARO. I am not in a position to answer that question.

Mr. SUMMERS of Washington. I understand there are big operators scattered throughout the States who lease or own thousands of acres of pine and operate them in the manufacture of naval stores, just as big manufacturing concerns do in other products. They do not come in the same class with the original farmer.

Mr. KINDRED. Will the gentleman yield?

Mr. LAZARO. I will yield to the gentleman from New York.

Mr. KINDRED. The gentleman refers to the distillers. I wonder if they are concerned in any violation of the Volstead law?

Mr. LAZARO. We are interested in turpentine and rosin just now.

Mr. HAUGEN. Mr. Chairman, I want to say with reference to the McDuffie amendment that I can see no objection to it. It simply broadens and defines the definition of agricultural products.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. KINCHELOE] to the amendment offered by the gentleman from Texas [Mr. JONES].

Mr. SUMMERS of Washington. May we have the amendments again reported?

Mr. KINCHELOE. Mr. Chairman, I ask unanimous consent that the Jones amendment may be read as if amended by my amendment.

Mr. DOWELL. It occurs to me, Mr. Chairman, that we should first have both amendments read as they were offered.

Mr. TILSON. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TILSON. I ask that the Chair make a clear statement to the committee that the McDuffie amendment is not now pending before the committee.

The CHAIRMAN. The McDuffie amendment is not pending.

Mr. TILSON. It is not pending now and will not be until the other amendments are disposed of.

Mr. KINCHELOE. It has nothing to do with the pending amendments.

The CHAIRMAN. Without objection, the Clerk will report the amendment offered by the gentleman from Texas and also the amendment to the amendment by the gentleman from Kentucky [Mr. KINCHELOE]. The Chair hears no objection.

The Clerk read as follows:

> Amendment offered by Mr. JONES: Page 2, line 2, after the word "farm," strike out the remaining part of line 2 and insert in lieu thereof the following: "and also any products thereof processed or manufactured by farmers or cooperative organizations of farmers."

Amendment offered by Mr. KINCHELOE to the amendment of Mr. JONES: At the end of the Jones amendment insert "or any subsidiary corporation created by them."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky to the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. Mr. KINCHELOE) there were 61 ayes and 84 noes.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Texas [Mr. JONES].

The question was taken; and on a division (demanded by Mr. JONES) there were 64 ayes and 104 noes.

So the amendment was rejected.

Mr. McDUFFIE. I offer my amendment, which is at the desk.

The Clerk read as follows:

Page 1, line 6——

Mr. ASWELL rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. ASWELL. I rise to ask whether or not the chairman did not agree to this amendment?

The CHAIRMAN. That is not pertinent at this time.

The Clerk read as follows:

Page 1, line 6, after the word "edible," insert "and naval stores."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken, and the amendment was agreed to.

MESSAGE FROM THE SENATE

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr Craven, one of the clerks, announced that the Senate had passed without amendment the bill of the following title:

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

COOPERATIVE MARKERING ACT

The committee resumed its session.

The Clerk read as follows:

SEC. 2. The Secretary of Agriculture is hereby authorized and directed to establish a division of cooperative marketing with suitable personnel in the Bureau of Agricultural Economics of the Department of Agriculture or in such bureau in the Department of Agriculture as may hereafter be concerned with the marketing and distribution of farm products. Such division shall be under the direction and supervision of the Secretary of Agriculture.

Mr. ADKINS. Mr. Chairman, this word "cooperation" has come into our economic and political life in the last 25 years. In 1901 the grain farmers of the country found the grain business at the local stations in the grip of an organization that was setting prices at the local stations at its own will. The farmers decided that they would have to have some way to counteract that. We did not come to Congress or to the State legislatures; we did not know anything about cooperation, but we did get together around these local stations, organized companies, bought an elevator, and proceeded to market our own grain. The best authority I have states that 56 per cent of the grain arriving at Chicago, the largest market in the world, comes from these associations.

Cooperation is a matter that we can not force on people. Animal life is selfish and individualistic in most cases. Take even a pig, and you can not make him cooperate with his fellow; as long as he is happy and his stomach is full he is contented. He will eat his supper and go off and find a comfortable place and lie down by himself. If another pig comes along and wants to cooperate with him and make him share his comfort, he will bite his ear and drive him away. That is true of the higher order of animals. As long as the farmer is prosperous, or as long as any other class is prosperous, he is individualistic, he does not want to cooperate, but when he gets in hard "straits" then he wants to cooperate with his neighbor—not for the purpose of helping his neighbor but for the purpose of helping himself. The pig does not crawl in with another pig in a warm place on a zero night to make the other pig warm, but he goes in there to get warm himself. The matter of helping his neighbor is an incident and that is the way we are in the higher order of animals.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. ADKINS. In a minute. This matter of cooperation is one of necessity. Necessity was the thing that drove Denmark into cooperation. During the development of cooperation as applied to the farmer, what has happened? The politicians, after we had made a success in these various enterprises, saw in the word "cooperation" a fine thing, and when the "chilly night" came to the farmer, as it is with him now, they saw a fine proposition to shed crocodile tears over his fate and talk cooperation to him. Another reason for this bill, if it has any excuse for being here, is because the promoter, in times when the farmers were hard pressed, came around and sang the song of cooperation in his ear for the purpose of relieving him of his cash; and what has happened? Within the last 25 years the promoter has taken out of the farmer's pocket, by going around and abusing the packer and bully-ragging him, from $30,000,000 to $50,000,000 promoting cooperative packing plants, and most of that money went into the pockets of the promoter. Those plants are standing idle around the country to-day, mute monuments to the folly of farmers putting their money into such enterprises, all because we had no source of information, and the only source we had was the promoter. What happened next? Along came another bunch of promoters under the guise of cooperation and sang the song to the farmer, and abused the International Harvester Co. By that process he took seven and a half million dollars of the farmer's money away from him under the guise of cooperation to manufacture all of his harvesting tools, and it all went up in blue smoke. I made a speech not long ago at Plano, Ill., where this factory stands empty, and the birds are building their nests on the rafters, all because the only source of information upon cooperation that was to be had was to be had from the promoter, who was singing the siren song to the farmer and taking his money.

What next? A man well versed in local cooperation on the Pacific coast came over into the Mississippi Valley and said to these fellows, "You ought to market your grain as we market prunes and raisins," and the farmers spent three-quarters of a million dollars on that scheme, all because of the fact that we had no official information on the subject of cooperation, and we had to take the word of the fellow who was promoting the scheme, and he got the money from the farmers' pockets and the institution failed.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. ADKINS. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I reserve the right to object, in order to ask the gentleman a question. The gentleman is a farmer himself?

Mr. ADKINS. Yes.

Mr. BLANTON. Does he place the farmer on the same plane with the hog?

Mr. MADDEN. O Mr. Chairman, the gentleman's time has not been extended yet, and there is nothing before the committee.

Mr. MURPHY. Mr. Chairman, the gentleman from Texas can not force himself into the gentleman's speech in that way.

Mr. BLANTON. I do not see why the gentleman should place the farmer on the same plane with the pig.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois.

There was no objection.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. ADKINS. Yes.

Mr. BLANTON. The gentleman is a farmer himself. Does he place the farmer on the same plane with the pig?

Mr. ADKINS. Oh, I do not think the gentleman's mind is so dense that he could not see the point of the illustration. [Laughter and applause.] It was that the individualistic character belonging to animal life is developed as high in the higher orders of animal life as in the lower order, and I am satisfied that the gentleman knows that illustration was made to show that that individualistic qualification in the matter of standing out alone is to be found in all animal life, and that we only cooperate and ask the help of our neighbors when we get in dire "straits" ourselves.

Mr. BLANTON. Well, human beings cooperate when animals do not.

Mr. ADKINS. But for the same reason when their necessity drives them to it. Now, gentlemen, I was going to illustrate further the necessity of this bill. When they were telling us we needed to take our grain movement a little further and go into terminal markets, one market in my State in 1924 had a weighing department which weighed in nearly 500,000,000

bushels of grain arriving there. The stockyards took in nearly 19,000,000 head of stock, for which cash was paid, an institution which was 60 years in developing, and we were proposing to tackle that proposition and we wanted some information. We were told there was 30 cents a bushel difference between the farm in my State and Boston, Mass. I should have been glad to have gotten that information from the department, but I had to go out on my own "hook" and go to Rochelle, Ill., and Waterloo, Iowa, on April 13, 1923, to find the average price paid for grain, and I found the farmer near Rochelle, Ill., got 73 cents a bushel for his corn, and the farmer near Waterloo, Iowa, 67 cents. This corn sold in Boston for a fraction over a dollar per bushel, and the question was, Who got the difference in money? We examined into it and we found that the grain that left the farmer near Rochelle went into the Chicago market, the commission men handled it, the shipper bought it and sold to the Boston broker when it got to Boston; there was a difference of about 27 cents a bushel between the amount paid the Rochelle farmer and the market in Boston. About 23½ cents that went for transportation, less than 4 cents a bushel was absorbed by the local elevator man, by the commission merchant, and by the Boston broker. Now, I should have been glad to have had that information from the department, but when I made that statement in a speech there was such a demand for copies of that statement that at my own expense I got out this little pamphlet [illustrating]:

MARKETING GRAIN—COST OF SERVICE FROM PRODUCER TO CONSUMER—WHAT IS IT?—CAN IT BE REDUCED?

The various marketing agencies used between the farmer and the consumer to market grain are agencies of service. The natural question to arise both by producer and consumer, Are these agencies charging too much for the service rendered?

More than 20 years ago the farmers decided that one of these agencies was not only charging too much for the service rendered at the local station, but was eliminating competition at those points and placing powerful interests in control to dictate the prices at the local station.

The farmer entered the field with the farmers' elevator, and I think all will agree that through this farmer elevator competition we now have that service rendered at the local station as cheap as it is possible to render it and succeed in business.

What about the cost of service at our terminal markets? Can we enter the terminals and render that service to the farmer at a profit? Is the margin for rendering this service so large that a natural saving can be made to the farmer by financing such an agency and hiring men to run it in competition with shrewd business men now in the business?

Our exchanges limit the price charged for this service. There is no limit on the price the country shipper could charge before the farmers' elevator developed. The country dealer could charge all the traffic would bear, and in many localities where competition was eliminated the "traffic" stood for a rather heavy toll from the farmer.

Before the farmer enters the terminal market the cost of that service should be looked into carefully and see if the commission charged for this service is large enough to justify him in financing such an enterprise.

I recently inquired into the cost of marketing individual shipments of corn and oats from points in Illinois and Iowa through the Chicago market to the consumer at Boston, including price paid the farmer and the various service charges between the farmer and consumer.

The following figures are based on the average selling price of several Chicago shippers to Boston rate point and on the price being bid to farmers in the territory surrounding Rochelle, Ill., on the afternoon of April 13, 1923. Where Rochelle is mentioned, it means the territory around Rochelle, Ill., having a 10 cents per hundred rate into Chicago:

	Cents per bushel	
Average selling price 3 yellow corn, Boston rate		100.15
Bids to farmer at Rochelle		73.00
Difference between price paid farmers and price delivered, Boston rate		27.15
Freight, Rochelle to Chicago, 10 cents	5.60	
Freight, Chicago to Boston, 32 cents	17.92	
		23.52
Total margin of profit between Rochelle farmers and Boston jobber		3.63
Rochelle dealer profit	1.52	
Chicago commission	1.00	
Chicago shipper's profit	.86	
Boston broker's profit	.25	
		3.63
Average selling price 36 pounds clipped white oats Boston rate		58.125
Price to farmers at Rochelle, 3 white oats		40.25
Difference between price paid farmers and price delivered, Boston rate		17.875
Freight, Rochelle to Chicago	3.20	
Freight, Chicago to Boston	10.24	
		13.44
Total margin of profit between Rochelle farmers and Boston jobber		4.435
Shrinkage account clipping	1.00	
Rochelle dealer's profit	1.55	
Chicago commission	.75	
Chicago shipper's profit	.97	
Boston broker's profit	.16	
		4.435

Out of the total margin of profit of 3.63 cents on corn and 4.43 cents on oats, as shown above, must come all expense of operation of country dealer's elevator, Chicago shipper's elevator, and in addition thereto all telegrams, telephones, exchange, interest, insurance, etc. Also all weighing, inspection charges, and sampling fees, and also the entire expense of salaries and supplies for the different offices maintained to handle this business.

On the same date corn and oats were bought at a station in Iowa having a 17½-cent railroad rate to Chicago. Where Waterloo is referred to it means that territory in Iowa having a 17½-cent rate into Chicago. This corn and oats went to Boston rate point:

	Cents per bushel	
Average selling price 3 yellow corn, Boston rate		100.15
Bids to farmers at Waterloo, Iowa		67.00
Difference between price paid farmers and price delivered, Boston rate		33.15
Freight, Waterloo to Chicago, 17½ cents	9.80	
Freight, Chicago to Boston, 32 cents	17.92	
		27.72
Total margin of profit between Waterloo farmers and Boston jobber		5.43
Waterloo dealer's profit	3.32	
Chicago commission	1.00	
Chicago shipper's profit	.86	
Boston broker's profit	.25	
		5.43
Avernge selling price 36 pounds clipped white oats, Boston rate		58.12
Price to farmers at Waterloo, 3 white oats		38.50
Difference between price paid farmers and price delivered, Boston rate		19.62
Freight, Waterloo to Chicago	5.60	
Freight, Chicago to Boston	10.24	
		15.84
Total margin of profit between Waterloo farmers and Boston jobber		3.78
Shrinkage account clipping	1.00	
Waterloo dealer's profit	.90	
Chicago commission	.75	
Chicago shipper	.98	
Boston broker	.16	
		3.78

It would seem to me from the foregoing figures that the margin charged for these various services is so small it would be a very hazardous business for the farmers to finance and enter into competition with existing agencies with hired men. The big cost of distribution is transportation, which he can not change by simply going into the terminal business. The commission charge is fixed and the necessary service rendered for the fixed price. The margin charged by the country elevator and terminal shipper is regulated by the kind of competition at the point where located and would vary somewhat from the above figures at different points.

You notice the country elevator at Illinois point bought on a closer margin than the man at this particular Iowa point. The Iowa farmer got 6 cents per bushel less for his corn than the farmer in Illinois. There was 4.2 cents per bushel more freight paid out of his corn than the Illinois farmer's. Barring the freight charge, the whole cost of distribution between the farmer and the consumer is less than what it is said to be the cost of service at local station when the farmers' elevators commenced business over 20 years ago. When the farmer entered the field as a grain merchant at the local station he did it to reduce the charge then made for local service and to do away with the influence of the "line elevator," which eliminated competition and fixed the price locally, both of which he has accomplished. This he has accomplished on his own initiative. His immediate successful grain-marketing activities will probably be rebuilding his local grain business and bring it out of the "slump" which all business activities have passed through since the war.

Now that is what this bill means. I think you lawyers—and I have a high regard for lawyers—when I tell you what we want, can frame it up. I think all this talk does not mean much, because this does not authorize the making of a single cooperative institution, but it does furnish this information when the local community sees the need; but you must, after all, start cooperating at the local community with a coopera-

tive institution furnishing the necessary information. [Applause.]

Mr. CHALMERS. Will the gentleman yield?

Mr. ADKINS. Yes.

Mr. CHALMERS. If the gentleman will be in the House day after to-morrow afternoon, I will show him how to cut out a large part of that 23½ cents.

Mr. MANLOVE. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. LAGUARDIA rose.

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. LAGUARDIA. In opposition to the pro forma amendment, and I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection. [After a pause.] The Chair hears none.

Mr. LAGUARDIA. Mr. Chairman and gentleman, now that the House is engaged in its favorite indoor sport of fooling the farmer, I want to take the opportunity to say just a few words for the consumers. I listened with a great deal of interest yesterday to the remarks made by the sponsors of this bill and the statement just made by the gentleman from Illinois [Mr. ADKINS]. I am sure every Member who knows anything about cooperatives and the history of cooperative marketing must know that where cooperatives have been a success they have been of spontaneous creation.

There must be mutual confidence and a desire to join forces in marketing, storing, manufacturing, buying, or for whatever purpose the cooperative is formed. The mere fact that there is a bureau in the Department of Agriculture, such as we are creating in this bill, will not in itself bring about cooperatives or farmers' associations. In the countries where farmers' cooperatives have been successful and are functioning successfully to-day, it will be found that the cooperatives came first and legislation followed. In other words, conditions in these countries were such that the farmers learned that unless they pooled their interests their exploitation would continue. Necessity, self-protection brought about the first farmers' cooperatives in Europe. The cooperatives of Denmark, which, no doubt, are functioning with as high a degree of efficiency and satisfaction as the cooperatives of any other country, are the living example that they are the result of, first, the necessary and then the mutual confidence of the farmers, banding themselves together in a cooperative society. Unless such conditions exist in this country to-day, unless the American farmer is prepared and really wants to pool his iterest with his neighbors, this bill will not add a single cooperative, will not bring about cooperative marketing, and will do absolutely no good. The best that I have heard stated for this bill is that it will do no harm. Surely we ought to be able to do something more positive than that.

I do not believe that all the American farmer needs is information. I believe that he is getting information, and because he is informed he complains because he is not getting his fair share of his labor; he is not getting his fair share of what his own products are selling for in his own and foreign markets. The trouble is that the friends of the farmers, while willing to help the farmer, will not look at conditions squarely and admit that our whole system of distribution is wrong. Our whole economic system requires readjustment. We may pass bills of this kind every day and the farmer will be no better off. If anyone believes that the farmer does not know what is going on and is not informed I will tell that person that he is fooling himself. The farmer knows too well that his products are going through too many hands. He knows that his products are giving profits in the course of this channel from his farm to the consumer to so many who receive greater profits than he does and who contribute no toil, no labor, and take no risk. Everyone knows that the commission merchants and the jobbers take no risk. They do not even see the products very often. The farmer knows that the money lender who is sweating him for interest on his mortgage is taking no risk. The farmer knows that under existing laws railroads are guaranteed a return not only on an actual, honest investment but a return on a fictitious, watered, artificial valuation made by themselves of their own property. The farmer is not going to be fooled much longer with legislation of this kind.

I am much amused when I see some of my colleagues in the early morning pick up a New York City newspaper out here in our reading room, look over quotations of the grain market, see the price of wheat and corn, or the quotation on hogs, beef, or other products, rub their hands, and say, "Well, prices are going up; that's very good; conditions are excellent." I do not pretend to be an expert on farming, but I venture to say that when these prices are high, quotations are up, the products are already out of the hands of the farmer. You can not measure the prosperity of the farmer by the quotations on a stock ticker. If the farmers are to derive the benefit of high prices, our whole system of distribution must be changed and give the farmer the benefit of prices instead of the speculator, canning companies, bankers, and food monopolies.

Mr. BLANTON. Will the gentleman yield?

Mr. LAGUARDIA. Just a moment, please. Now, let us be perfectly frank about this; what we have done in this country is this, we have destroyed natural markets for the grain and are now seeking to create artificial markets. Let us for a moment set aside any pet ideas, any personal views on the question. Let us set aside our attitude whether by force or choice toward the prohibition question and discuss it as an economic problem in connection with the present condition of the farmers raising grain. A natural place for surplus grain is the brewery and the distillery. Having cut that off suddenly, it is no wonder that we find a surplus amount each year, not only placing the farmer at a disadvantage but so confusing as to make it impossible to gauge future crops.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SUMMERS of Washington. Does the gentleman know that the price of wheat and barley is higher to-day than it was before the passage of the Volstead Act?

Mr. LAGUARDIA. You have not only got a surplus, but you have also cut off a large source of revenue, and you now have to look to other sources of revenue. I ask gentlemen to consider this as an economic question and not to get excited about the other question. The price is not higher, considering the purchasing value of the dollar.

Now, gentlemen, what are you going to give to the farmer in this bill? You are going to give him a bureau in the Department of Agriculture. You are creating $225,000 worth of jobs. Just what more information this $225,000 will give the farmer than he can get to-day I dare say nobody knows.

Last summer I went into this question of the cost of food. I took a survey in New York City of the retail prices of meat in July, August, and September. Steak was retailing from 60 to 75 cents a pound; soup meat and stew meat, 25 and 30 cents a pound. The kosher meat, the cheapest cuts, were 35 and 40 cents a pound. Many civic organizations, tenants' associations, and neighborhood and community councils met at my invitation, and we protested. Soon came word from Chicago that it was the high cost of cattle, the big money which the cattle raisers were getting that caused the high retail prices. I went to Chicago myself. I went to the stockyards. I heard their story. Then I got in touch with our good friends in the House here who come from Texas and Oklahoma, who know all about cattle raising. And the figures I got from our colleagues were much lower than what the New York consumers were told was being paid to the cattle raisers. I then appealed to the Department of Agriculture to make a survey. I wanted official confirmation of our figures, but the Department of Agriculture gave me no help. The Secretary of Agriculture wrote me that he did not have the men to make the survey. I believe that right there was a specific instance and an opportunity to establish who was getting the profits, just where the high prices paid by the consumer were going, and at the same time do something for the cattle raisers. That is why I am always urging cooperation between the farmer and the consumer. That is why I want to take an active interest in farm legislation, and that is why I now say that the bill under consideration will do no good to either consumer or producer.

Mr. BLANTON. I heard the gentleman's former distinguished colleague from New York, Mr. Bourke Cockran, stand there and say he was going to be frank with the House, that he represented 5,000,000 consumers, and he wanted everything that they consumed to be gotten more cheaply.

Mr. LAGUARDIA. I want the farmers to get the high prices that we are paying in New York. I want to see the farmer prosper, because we can not eat if they do not produce. [Applause.]

I do not believe you need go to the department or any place else in Washington to obtain information about prices that we are paying in the city. I do wish that the farmers would get the benefit of them. Prices of farm products and meat are so high in New York City that we can not afford to buy all that we need. I do not want to hear anybody say that there is an oversupply when in my city I know that we could consume more if the speculators and price fixers, profiteers and monopolies did not have the power to fix prices limited only by their own greed. Gentlemen, do you realize that 95 per cent of the 6,000,000 people in New York City can not afford to eat lamb chops? Do you know that owing to

the high price of bacon and ham the good old American breakfast of bacon and eggs and ham and eggs can not be enjoyed by 75 per cent of the people in New York City?

We have a great market for the farmers if we could only establish direct communication between the farm and the consumers in the city. Let me give you an idea right here what New York City consumes in food.

Some idea of the immensity of the city's food problem may be had from the following figures, which include but a few of the largest items of food received:

Ten thousand head of cattle, 41,350 head of sheep, 13,700 calves, 52,650 hogs were killed here every week during the year 1923.

The weekly meat receipts in 1923 were: Livestock, 825 carloads; dressed meat (carcasses), 475 carloads; meat provisions, and so forth, 56 carloads; poultry (live), 185 carloads; and poultry (dressed), 232 carloads.

New York City consumes more than 3,000,000 quarts of milk every day, drawn from over 40,000 farms. These farms are for the most part located in seven neighboring States, though large quantities of milk are shipped from distant points, some even from over the Canadian border.

New York City eats more than 1,250,000 loaves of bread daily and about 9,000,000 eggs.

The amount of cheese eaten by New Yorkers last year weighed close to 50,000,000 pounds, or over 4,000,000 pounds a month, of which the greater part was produced in that State, though large quantities were shipped in from almost every State in the Union and from many of the European countries.

About 40,000,000 chickens, turkeys, geese, and ducks come into the city markets in a year; more than 60 carloads of them arrive every day. A considerable portion of the poultry and cattle is sent into the city alive, to meet the requirements of people who, for religious or other reasons, must have such food killed in a particular way.

The following figures will give an idea of the average daily consumption of other foods: Butter, 664,000 pounds; white potatoes, 2,093,425 pounds; sweet potatoes, 209,562 pounds; apples, 1,302,986 pounds; onions, 602,945 pounds; cabbage, 279,452 pounds. Other fruits and vegetables are consumed in similarly huge quantities that vary according to each season.

The monthly average consumption of groceries and canned goods is about 2,300 carloads; grain and flour, 9,000 carloads; and fish, over 124 carloads.

Mr. MANLOVE. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. MANLOVE. Do you know that the American people are this year consuming about four times as much grain as they did before the Volstead Act was passed?

Mr. LAGUARDIA. Oh, do not let the gentleman get excited. They are consuming that much grain, but you still have a surplus. Does not the gentleman from Washington know that the American people are consuming as much booze to-day as they did before prohibition?

Mr. MURPHY. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. MURPHY. The gentleman knows that the difference between the consumption now and what it was before is the difference between a teaspoon and a hogshead. [Laughter.]

Mr. LAGUARDIA. No. The only difference is in the quality. [Laughter.] Let us not get excited on the booze question. I am more interested in food than in booze.

Mr. SUMMERS of Washington. What did the gentleman mean when he said we had to go to other sources for revenue?

Mr. LAGUARDIA. Taxes.

Mr. SUMMERS of Washington. Who paid the taxes before?

Mr. LAGUARDIA. The consumers.

Mr. SUMMERS of Washington. They paid all the revenue that came from the liquor business?

Mr. LAGUARDIA. Yes. I think a greater burden is put on the farmers now. I assume that the gentleman's farmers did not consume any of this liquor.

Mr. SUMMERS of Washington. The farmers are very well satisfied on that. Their vote shows it.

Mr. LAGUARDIA. No one can ever get up and talk about this matter as an economic proposition without these enthusiastic gentlemen getting excited. I was put on the Committee on the Alcoholic Liquor Traffic as a punishment for my party "irregularity." I took it cheerfully. I want to get my committee to function. I want to know the facts. I want to know how much booze we are consuming, how much graft and corruption there is. Will the gentleman help me do something?

Mr. SUMMERS of Washington. Yes.

Mr. LAGUARDIA. I hope the gentleman will help me to put our resolution through.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LAGUARDIA. Mr. Chairman, may I have five minutes more?

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, you will get my cooperation on anything you can put forward that will benefit the farmers. I want to tell the Committee on Agriculture now that we are opening in New York City a municipal market, a terminal market. It costs the city $7,500,000. The market is almost completed.

The Bronx Terminal Market is located at Exterior Street and East One hundred and fifty-first Street, Borough of the Bronx. This terminal market is on a plot covering 52 acres, on and adjacent to the water front, on the Bronx side of the Harlem River, immediately south of Macombs Dam Bridge. The receiving, classification, and distribution yards which will be operated in connection with the terminal market will have direct connection with the tracks of the New York Central Railroad and the New York, New Haven & Hartford Railroad systems, and by car-float connection on the river front with the freight cars of all the railroads entering the port of New York, which will be brought directly into the terminal yards. The track layout entirely within the terminal market area itself will be able to accommodate upward of 300 freight-car loads a day.

The Bronx Terminal Market plans, which in a general way are the same as those proposed for the other new terminal markets in Manhattan and Brooklyn, provide for the construction of cold and dry storage buildings as well as many other facilities, such as—

Wholesale stores.
Dry storage for these stores.
Cold storage.
Rear-door rail delivery to all stores.
Front-door truck delivery to all stores.
Rail deliveries to market platforms.
Truck deliveries to these platforms.
Elevator service from stores to upper part of building under cold storage.
Elevator service from market platforms to upper part of buildings.
Ample trucking streets.
Ice-making plant and ice storage.
Refrigerating plant.
Refrigerator building for unloading cars in low temperature.
Freight and sorting yard.
The necessary ramps and return tracks.
Special storage for fish, eggs, butter, cheese, etc.
Special storage and sales stores for live poultry.
Special sales and auction rooms for the immediate sale and disposal of all fruits, vegetables, etc.
Special stores and sales stores for all meats, beef, veal, lamb, pork, etc.

It is contemplated to construct a similar market in Brooklyn and in Manhattan. The locations were selected, and the projects authorized during the time that I was president of the board of aldermen in the city. The one market I have just described will soon be in operation. May I now suggest that farmers' cooperatives or any farmer associations or individual should take advantage of these markets. They were constructed for that very purpose. When we authorized these markets we wanted to establish contact between the producer and the consumer. Let the farmer come in now and avail himself of this opportunity and not let the speculators and middlemen get control of this market by leasing up space and continue to have both the producer and the consumer at their mercy. I invite inspection of the Bronx market, and I am certain that it will convince any one that the consumers are serious in their desire to establish communication with the producers.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. LAZARO. The gentleman is aware of the fact that we are just beginning these cooperative markets, and that the object of the law is to get the consumers and the producers closer together and eliminate a lot of useless middlemen?

Mr. LAGUARDIA. Yes; but this will only give the farmer another lot of bulletins and such things.

Mr. LAZARO. It will help the farmer.

Mr. LAGUARDIA. Perhaps it may; but do not tell the farmer that you are passing legislation that will bring relief now.

Mr. LAZARO. This is a step in the right direction.

Mr. LAGUARDIA. It will not do any harm, but do not tell the farmer we have passed any legislation that is going to help him.

Mr. HAUGEN. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. HAUGEN. I understand there are a number of cooperatives in the State of New York that might take kindly to the suggestion of the gentleman and might take advantage of marketing through the market to which the gentleman has referred.

Mr. LAGUARDIA. You can go even farther West and market your farm products, livestock, potatoes, apples, onions, and so forth. You can bring all of these products to our markets and thereby provide a direct contact between the consumer and the producer, and you will also eliminate a lot of expense.

Mr. HAUGEN. I understand that a number of the cooperatives in the State of New York are selling direct to the consumer.

Mr. LAGUARDIA. But not as many as should be doing it.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. NEWTON of Minnesota. How are you going to handle wheat in connection with that proposition?

Mr. LAGUARDIA. Of course you will have to make it into flour first.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLANTON. Mr. Chairman, I move to strike out the paragraph. I can not subscribe to the doctrine of the gentleman from Illinois that human beings are like the lower order of animals and that farmers are like swine and will cooperate only when their stomachs are not full. I can not let that statement go unchallenged in the RECORD.

I do not know what kind of farmers he associates with in Illinois, but I know that the farmers throughout my State are always willing to cooperate with each other in every possible manner and with respect to every subject that comes before them. You let one of them need some help, and his neighbor will send his boys over there with his team and help him plow out his crop. You let one get in the grass, and his neighbor will send his boys over to help him chop out his cotton. You let him harvest his oats or his wheat, and sometimes you will see a half dozen farm wagons there from adjoining farms and his neighbors cooperating with him and helping him shock his grain to protect it from the weather..

When threshing time comes you will find a dozen farm wagons there from adjoining farms and the neighboring farmers cooperating with him and assisting him in a neighborly manner, just like human beings assist each other in every other walk of life. A farmer is no different from anybody else in that respect. He is a human being just like every other human being. I do not see just how the gentleman can compare a farmer with a pig and say that he is willing to cooperate only when his stomach is empty and when he is needing something, like swine.

Mr. BARBOUR. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BARBOUR. It occurs to me that the gentleman from Texas and the gentleman from Illinois might stage a very interesting debate on the subject of evolution.

Mr. BLANTON. I am not going into that because it might take us out to the Pacific coast; before we got through we would be in California arguing that question, and I do not want to involve my California colleagues in an issue of that importance.

I just want to say one word further on this bill. There is one very bad policy in the succeeding section and in the sixth section, which ought to be eliminated. We are providing in this bill, in the name of the farmers, a provision which gives the Secretary of Agriculture the right to call advisers without limitation from every portion of the United States, pay their transportation expense and $10 a day for subsistence without any restriction on it at all. He could invite 100 from the Pacific coast if he wanted to; he could pay their transportation expense from California to Washington and pay them $10 a day for subsistence. There is no limitation on this expense. And, under the provisions of the sixth section, he can establish headquarters in every city in the United States, pay for rent, pay for furniture, and employ just as many officers and just as many employees as he wants, without any limitation at all. And he fixes their compensation as he pleases, without any limitation. I am not in favor of that kind of legislation. I have been fighting it ever since I have been in Congress. You say, "Oh, well, he is a Republican Secretary of Agriculture and we have confidence in him." Suppose he were a Democratic one; suppose he were of the party of the gentleman from New York [Mr. LAGUARDIA]; suppose he were of the other party of the gentleman from Wisconsin [Mr. BERGER]; suppose he belonged to the party of my good friend from Minnesota [Mr. KVALE]; or my other good friend from Minnesota [Mr. WEFALD]? Would you still say you were willing to give him carte blanche authority, without any limitation, just because he is a Republican and in the administration's Cabinet? We must look at this matter from a reasonable standpoint and protect the interests of the Treasury when we are providing for numberless employees of the Government.

The CHAIRMAN. The time of the gentleman from Texas has expired. Without objection, the proforma amendment is withdrawn.

Mr. HARE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HARE: On page 2, strike out lines 5 to 12, inclusive, and substitute therefor the following:

"SEC. 2. The Secretary of Agriculture is hereby authorized and directed to enlarge and extend the activities of the division of markets in the Bureau of Agricultural Economics of the Department of Agriculture so that in addition to the existing duties and activities the division shall be charged with the duties hereinafter provided in this act."

Mr. HARE. Mr. Chairman, this amendment is not offered for the purpose of listening to myself speak, because I hope to finish what I have to say in less than the time allotted. I desire to call attention to a fact that was brought out in debate yesterday, which was to the effect that practically all that is to be accomplished by this bill is now being accomplished in and by the Department of Agriculture. In other words, section 2 of this bill provides that we shall establish a division in the Department of Agriculture in the Bureau of Economics; and I contend that the division of markets is now performing the work we purpose to perform by this act. The purpose of my amendment is to create in the Bureau of Economics and in the division of marketing not a new division but an enlargement of that division so that, in addition to the existing duties, they can continue their work and perform the duties required by the bill under consideration. The purpose of my amendment means the elimination of a division chief, the elimination of other unnecessary officers, the elimination of office forces, the elimination of office equipment, and thereby the elimination of at least $125,000 of this appropriation. Under the professed economy of this Congress I believe the same purposes can be accomplished by extending the work of the division of markets as by creating a new division, and within the course of a few years save millions of dollars to our taxpayers.

I want it to be understood that I am in favor of the provisions of this act, for I see wonderful possibilities in it; but I feel it is a useless expenditure to make an appropriation of $225,000 in order to do the work that could be done with the existing agency already provided for by Congress, appropriations already provided or will be provided in the appropriation bill for the Department of Agriculture, and by the adoption of this amendment we can reduce the expenditures at least $125,000 annually. It strikes me that we can accomplish the same purpose and avoid the possibility of creating a new division, which Congress is being censured for day after day and year after year, namely, for creating useless divisions and useless bureaus wherein they duplicate work and duplicate expense. If the division of markets in the Department of Agriculture is already performing the work that is largely accomplished or contemplated by this act, why should there not be a duplication of work and why should there not be a duplication of appropriations if we go ahead now and appropriate $225,000 more and let the division of markets continue, its functions continue, its appropriations continue, and its forces continue just as they exist to-day? I submit, therefore, gentlemen of the House, that it is in the spirit of economy and in the spirit that has been held out by this Congress that we should eliminate an expense whenever possible and thereby save, in this particular instance, $125,000 annually.

Mr. McLAUGHLIN of Nebraska. Will the gentleman yield?

Mr. HARE. Yes.

Mr. McLAUGHLIN of Nebraska. Has the gentleman noticed in the hearings that the chief of the Bureau of Markets and

others say that they could not undertake this work with their organization and that there would be no duplication.

Mr. HARE. I was going by the statements made on the floor of this House by gentlemen who favor and indorse this bill, when they said that nothing is undertaken under this bill but what is now being accomplished by the Department of Agriculture, and if the work is being accomplished by existing governmental agencies I can see no good reason for the creation or establishment of another division, which means the creation of more jobs and incurring greater expenditures of money. Of course, I want it understood that I am in favor of assisting cooperative associations of farmers, but not that part of the bill providing for the establishment of a new division, for, as I see it, the division of markets is equipped and qualified to efficiently perform all the work provided for in this bill, and it would not take more than $100,000 increase in its present appropriation to do it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The amendment was rejected.

The Clerk read as follows:

SEC. 3. (a) The division shall render service to associations of producers of agricultural products, and federations and subsidiaries thereof, engaged in the cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit financing, insurance, and other cooperative activities.

(b) The division is authorized—

(1) To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

(2) To conduct studies of the economic, legal, financial, social, and other phases of cooperation, and publish the results thereof. Such studies shall include the analyses of the organization, operation, financial, and merchandising problems of cooperative associations.

(3) To make surveys and analyses, if deemed advisable, of the accounts and business practices of representative cooperative associations upon their request; to report to the association so surveyed the results thereof; and with the consent of the association so surveyed to publish summaries of the results of such surveys, together with similar facts, for the guidance of cooperative associations and for the purpose of assisting cooperative associations in developing methods of business and market analysis.

(4) To confer and advise with committees or groups of producers, if deemed advisable, that may be desirous of forming a cooperative association and to make an economic survey and analysis of the facts surrounding the production and marketing of the agricultural product or products which the association, if formed, would handle or market.

(5) To acquire from all available sources information concerning crop prospects, supply, demand, current receipts, exports, imports, and prices of the agricultural products handled or marketed by cooperative associations, and to employ qualified commodity marketing specialists to summarize and analyse this information and disseminate the same among cooperative associations.

(6) To promote the knowledge of cooperative principles and practices and to cooperate in promoting such knowledge with education and marketing agencies, cooperative associations, and others.

(7) To make such special studies in the United States and foreign countries, and to acquire and disseminate such information and findings as may be useful in the development and practice of cooperation.

Mr. BARBOUR and Mr. WHITTINGTON rose.

Mr. BARBOUR. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. Is the gentleman from Mississippi [Mr. WHITTINGTON] a member of the committee?

Mr. WHITTINGTON. No; I am not.

The CHAIRMAN. Then the Chair first recognizes the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Chairman, the statement has been made that this bill does not amount to very much because it does not really do anything for the benefit of the cooperatives. If I had my way I would go a whole lot further in rendering aid to the cooperative-marketing associations of this country than this bill proposes to go. I would go as far as to vote again for the bill which was brought in here last year by the chairman of the Committee on Agriculture, the bill in aid of cooperative-marketing associations, known as the Haugen bill.

In my opinion there are two provisions in this bill which fully justify its enactment and make it desirable as legislation in aid of cooperative-marketing associations, and I direct your attention to subdivision 5 of section 3, wherein it is provided that the division of cooperative marketing shall have power to acquire from all available sources information concerning crop prospects, supply, demand, current receipts, exports, imports, and prices of agricultural products and disseminate the same among cooperative associations; and with that the provision in section 5 that persons engaged as original producers of agricultural products and acting together in associations may acquire, exchange, interpret, and disseminate past, present, and prospective crop, market, statistical, economic, and other similar information.

I live in a country where cooperative marketing has probably reached its highest state of development, and we have found there that one of the problems of the cooperative-marketing association is the same as the problem of the farmers who are not organized, and that is overproduction. There has been no way in which information could be gathered successfully and disseminated among the members of an association in a way that would prevent the overproduction of the farm products which these associations handle and market.

This legislation will give to the bureau of cooperative marketing and to the members of the various organizations the right to gather such information and to disseminate it among organizations and among themselves without being liable criminally for such acts. It will, in my opinion, tend to do away with this great problem that has confronted us and now confronts us, namely, the problem of overproduction, and in my opinion those two provisions alone in this bill amply justify its enactment and make it desirable legislation from a cooperative and from an agricultural standpoint.

Mr. KETCHAM. Will the gentleman yield?

Mr. BARBOUR. I yield to the gentleman from Michigan.

Mr. KETCHAM. The gentleman has referred to his experience and knowledge of the cooperative organizations of California; from that experience will the gentleman advise the committee as to the value of the research work that is to be cared for under this bureau? In other words, is it the gentleman's judgment that the cooperatives have now come to the point where they realize they do need expert advice on many of the problems that arise?

Mr. BARBOUR. Absolutely. They have wanted a place time and again, I might say, to which they could turn for information of the kind provided for in this bill.

Mr. KETCHAM. In other words, your cooperatives do not believe they know all there is to be known with reference to this great cooperative movement.

Mr. BARBOUR. Indeed, not. To a large extent, even yet they feel they are pioneering in that field.

Mr. KETCHAM. I am very glad to have the gentleman's indorsement of that idea.

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman and members of the committee, I am very much in favor of the general principle of cooperation in the distribution and marketing of agricultural products. I am in sympathy with the purposes of this bill, but at this time I want to submit respectfully that I think in view of the statements made by the gentleman from New Jersey [Mr. FORT] there is a mistake in the broad definition of the term "agricultural products" as used in the first section of the bill. The definition should be confined to the real products of the farm, and manufactured products should be eliminated therefrom.

The gentleman from New Jersey is very frank. He says he would extend the principal of cooperative marketing not only to the handling and marketing of the original products but to the manufactured products of the articles produced on the farm.

Members of the committee, I take it that the primary purpose of this bill is to aid the producers of cotton, corn, and other agricultural products, and it is not the purpose of this bill to aid those who are engaged in the manufacture of cotton, cottonseed, or corn, or wheat, or other products of the farm. It is not the manufacturer whom we desire to aid or assist by the passage of this bill; and I, therefore, say that if we are to divert from the real purpose underlying this legislation any part of the appropriation of $225,000 carried by this act for the years 1926 and 1927 toward an investigation of the problems of the manufacturer then it will defeat the real purpose of aiding and assisting cooperative marketing. I therefore maintain that, in my humble judgment, it was a mistake to enlarge the definition of the term "agricultural products" in the first section of this bill so as to include the packer, so as to include the manufacturer of cottonseed and the manufacturer of other agricultural products, because I want to say that, coming from the South as I do, in my judgment the manufacturers of cottonseed and other agricultural products do not need any aid or assistance. They are thoroughly organized. It is the producer, the farmer who is not organized, who needs assistance; and, as I understand it, it is the fundamental

aim of this legislation to aid the farmer in organization for marketing and distributing his products.

In this connection I want to say say that if a large part of this appropriation is to be diverted to aid and assist the manufacturer, whether it be of cottonseed or cotton or naval stores, the very aim of this legislation will be defeated, because the gentleman from New Jersey admits that the manufacturer is aided only by the benefits he will derive from the first four sections of the bill. He will not enjoy any powers under section 5 of the act, and he will remain and operate under the antitrust laws. The gentleman says, as I understand him—and I agree with him—that section 5 of this bill enlarges the rights of cooperative farm organizations, including those operating under the Capper-Volstead Act, and gives them power and privileges that they do not now enjoy. If that be true, I respectfully suggest that section 7 should amend the Capper-Volstead Act to enable producers of agricultural products to be protected in the enjoyment of the additional benefits and powers, and that the Capper-Volstead Act, except as amended and enlarged by this bill, shall remain in full force and effect—for all original producers, whether under the Capper-Volstead Act or not, should be protected by the pending bill.

If it be the intention to enlarge the provisions of the Capper-Volstead Act so as to apply to any association or corporation, whether that corporation or association declares a dividend of 8 per cent or more, whether the cooperative corporation or association handles more of the products of outside persons than it does of its own members, then it must of necessity intend to repeal that part of the Capper-Volstead Act, and it should so state in section 7.

So, while I stand for the principle of cooperative marketing, I do not believe it wise to extend the definition so as to divert a large part of this appropriation and the agencies hereby created toward helping the manufacturer rather than the grower.

I remind the members of the committee in this connection that it was the purpose of the Clayton Act to provide that labor is not a commodity or an aritcle of commerce. It was the purpose of the Clayton Act, as originally passed, among other things to provide for the elimination of cooperative agricultural agencies operating without profit from the operation of the antitrust law. That provision was extended by the Capper-Volstead Act; and if it be the intent to further extend the provisions of the Capper-Volstead Act, to further extend the immunities to agriculture from the operation of the antitrust law by the passage of this act, I respectfully say that the suggestions I have made herein should be adopted in the real interest of cooperative marketing of agricultural products. [Applause.]

Mr. HAUGEN. Mr. Chairman, I desire to offer an amendment. On page 2, line 18, after the word "credit," insert a comma.

The Clerk read as follows:

Amendment offered by Mr. HAUGEN: On page 2, line 18, after the word "credit," insert a comma.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HAUGEN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Page 4, line 5, strike out the word "education" and insert the word "educational."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HILL of Maryland. Mr. Chairman, I move to strike out the last word. Mr. Chairman, the question I wish to ask the chairman of the committee is in relation to subdivision 6 of section 3, where an amendment has just been adopted changing the word "education" to "educational." That is to encourage cooperative marketing by the Department of Agriculture. Section 3 provides:

SEC. 3. (a) The division shall render service to associations of producers of agricultural products, and federations and subsidiaries thereof, engaged in the cooperative marketing of agricultural products, including processing, warehousing, manufacturing, storage, the cooperative purchasing of farm supplies, credit financing, insurance, and other cooperative activities.

(b) The division is authorized—

(1) To acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries.

(2) To conduct studies of the economic, legal, financial, social, and other phases of cooperation, and publish the results thereof. Such studies shall include the analyses of the organization, operation, financial, and merchandising problems of cooperative associations.

(3) To make surveys and analyses if deemed advisable of the accounts and business practices of representative cooperative associations upon their request; to report to the association so surveyed the results thereof; and with the consent of the association so surveyed to publish summaries of the results of such surveys, together with similar facts, for the guidance of cooperative associations and for the purpose of assisting cooperative associations in developing methods of business and market analysis.

(4) To confer and advise with committees or groups of producers, if deemed advisable, that may be desirous of forming a cooperative association and to make an economic survey and analysis of the facts surrounding the production and marketing of the agricultural product or products which the association, if formed, would handle or market.

(5) To acquire from all available sources information concerning crop prospects, supply, demand, current receipts, exports, imports, and prices of the agricultural products handled or marketed by cooperative associations, and to employ qualified commodity marketing specialists to summarize and analyze this information and disseminate the same among cooperative associations.

(6) To promote the knowledge of cooperative principles and practices and to cooperate, in promoting such knowledge, with educational and marketing agencies, cooperative associations, and others.

(7) To make such special studies, in the United States and foreign countries, and to acquire and disseminate such information and findings as may be useful in the development and practice of cooperation.

I want to ask what relation the activities of the department would have to the commercial attachés in gathering information in this way. What sort of cooperation would there be? Would there be special attachés from the Department of Agriculture?

Mr. HAUGEN. We have in foreign countries now representatives of the department, and I take it that possibly the number may be increased. The representative of the department stated that it was the intention to employ 15 or 20 specialists at a salary of $3,800 to do this work that is provided for in the bill. Nothing was said about people being employed in foreign countries, and I do not know what the department has in mind.

Mr. HILL of Maryland. Representatives in foreign countries to investigate would be absolutely essential, would they not?

Mr. HAUGEN. I think that is being done at the present time.

Mr. HILL of Maryland. I wondered what cooperation the department attachés of the Department of Commerce would be?

Mr. HAUGEN. I understand in some cases they do cooperate. In England I understand the two departments are represented, and they investigate and report upon market conditions.

Mr. HILL of Maryland. The farm situation at the present time is one which requires the very careful consideration of Congress. The question of cooperative marketing is one of extreme importance to all interested in this farming situation. The farmers of Maryland are especially interested in this legislation.

The 1925 farm census is worthy of very careful study in this connection. I invite your attention to the following statement, which gives some of the most important figures from the 1925 farm census for the State of Maryland. You will also note that there is certain interesting comparative data for 1920:

Farm census 1925

	1925	1920
NUMBER OF FARMS		
Total	49,002	47,908
Operated by—		
White farmers	42,261	41,699
Colored farmers	6,721	6,209
Owners	35,138	32,805
Managers	937	1,262
Tenants	12,927	13,841
Per cent operated by tenants	26.4	28.9
FARM ACREAGE		
All land in farms	4,439,648	4,757,909
Crop land, 1924	2,227,515	
Harvested	1,777,513	
Crop failure	36,982	
Fallow or idle	413,020	
Pasture, 1924	893,510	
Plowable	525,773	
Woodland	187,183	
Other	180,554	
Woodland not pastured	949,310	
All other land	369,313	
Average acreage per farm	90.6	99.3

Farm census 1925—Continued

	1925	1920
FARM VALUES		
Land and buildings	$345,304,202	$386,596,850
Land alone	$209,397,334	$259,904,047
Buildings	$135,906,868	$126,692,803
Average value of land and buildings:		
Per farm	$7,047	$8,070
Per acre	$77.78	$81.25
LIVESTOCK ON FARMS		
Horses	116,761	141,341
Mules	30,761	32,621
Cattle, total	278,354	283,377
Beef cows [1]	20,082	10,396
Other beef cattle	28,895	43,270
Dairy cows [1]	172,791	161,972
Other dairy cattle	56,586	67,739
Swine, total	203,133	306,452
Breeding sows [2]	26,666	41,320

[1] Cows and heifers 2 years old and over. The total number of cows milked in 1924 was 173,469, including 9,590 "beef" cows.
[2] Sows and gilts for breeding purposes, 6 months old and over.

Principal crops

	1924	1919
Corn:		
Acres	480,808	619,265
Bushels	13,365,298	21,083,076
Oats:		
Acres	40,154	48,891
Bushels	1,173,310	1,082,994
Wheat:		
Acres	484,652	664,295
Bushels	7,666,023	9,620,526
Barley:		
Acres	10,783	3,888
Bushels	290,124	111,221
Rye:		
Acres	14,610	21,196
Bushels	183,575	230,596
Buckwheat:		
Acres	6,927	8,736
Bushels	118,298	168,639
Hay:		
Acres	419,768	385,200
Tons	529,320	444,894
White potatoes:		
Acres	36,954	46,837
Bushels	3,522,554	4,918,766
Sweet potatoes:		
Acres	6,744	10,185
Bushels	974,089	1,453,880
Tobacco:		
Acres	21,685	28,550
Pounds	23,307,649	17,336,859
Apples:		
Trees not of bearing age	876,875	766,264
Trees of bearing age	1,812,038	1,651,936
Bushels	1,810,387	1,518,884
Peaches:		
Trees of all ages	1,152,843	1,282,572
Bushels	625,039	564,111

You have perhaps heard of my rather celebrated cider farm in the heart of Baltimore, which has been known as a 65-gallon farm, rather than a farm measured by acres, but some of you may be surprised to know that we have a number of other farms in Baltimore City, and I therefore desire to call to your attention these portions of the 1925 farm census which apply to Baltimore City itself. I might explain that the State of Maryland is divided into 23 counties, exclusive of Baltimore City, which is itself not in any county, but is a political equivalent to 4 counties of the largest type. The following statement gives the results of the 1925 farm census for Baltimore City. It also gives certain data for 1920 which will be interesting for the purpose of comparison:

Farm census, 1925, Baltimore City, Md.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	317	331
Operated by:		
White farmers	314	328
Colored farmers	3	3
Owners	232	213
Managers	11	30
Tenants	74	88
FARM ACREAGE		
All land in farms	8,630	12,623
Crop land, 1924	4,800	
Harvested	3,710	
Crop failure	54	
Fallow or idle	1,036	

Farm census, 1925, Baltimore City, Md.—Continued

	Jan. 1, 1925	Jan. 1, 1920
FARM ACREAGE—continued		
Pasture, 1924	1,254	
Plowable	787	
Woodland	218	
Other	249	
Woodland not pastured	1,652	
All other land	924	
FARM VALUES		
Land and buildings	$9,255,683	$6,914,375
Land alone	$6,750,300	$4,918,515
Buildings	$2,505,383	$1,995,860
LIVESTOCK ON FARMS		
Horses	451	618
Mules	79	156
Cattle, total	1,068	1,700
Beef cows [1]	17	108
Other beef cattle	8	69
Dairy cows [1]	903	1,247
Other dairy cattle	140	276
Swine, total	590	1,325
Breeding sows [2]	29	175

[1] Cows and heifers 2 years old and older.
[2] Sows and gilts for breeding purposes 6 months old and over.

Principal crops

	1924	1919
Corn:		
Acres	343	1,158
Bushels	10,438	52,725
Oats:		
Acres	149	109
Bushels	4,265	1,988
Wheat:		
Acres	231	674
Bushels	4,095	12,484
Hay:		
Acres	1,965	1,961
Tons	1,636	2,961
Peaches:		
Trees of all ages	1,671	7,477
Bushels	2,915	2,842

The Bureau of the Census compiled this agricultural census as of January 1, 1925. There has been a very great demand from farm organizations for these figures, which are of especial importance in relation to cooperative marketing.

The system of cooperative marketing will be greatly facilitated by the passage of the pending bill, H. R. 7893, introduced by the chairman of the Agricultural Committee, Mr. HAUGEN. I shall, of course, vote for this measure, and feel confident that the bill will pass by a large majority.

I regret to note the decrease of Baltimore City farming, but that is due to the rapid growth and building up of the city.

In 1919 there were quite a lot of corn and wheat raised in Baltimore City, in the outlying districts, where urban life had not dispossessed the farmer. To-day the city must look to the country. The city is, however, the market, and cooperation between the two is absolutely essential. What hurts the farmer hurts the city. What helps the farmer helps the city.

The Maryland farmers are deeply interested in cooperation, and I hope this bill will pass. [Applause.]

Mr. LEAVITT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of this bill, the purpose of which is to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and to disseminate crop and market information.

It is not claimed that this bill meets all of the needs of the agricultural industry or that the farmers are not also in need of other legislation to meet still other difficulties which exist and which can not be met by cooperative marketing alone. There is other proposed legislation before the Committee on Agriculture directed toward the question of the exportable surplus of some crops, and I have already expressed myself in favor of constructive legislative action toward that end, and shall discuss that further when such measures are again before the Congress. This bill, however, is intended to give the benefit of the Government to the great movement of cooperative marketing of farm crops, just as the benefit of the Government through the Department of Agriculture is now given

to the production of such crops. That is a constructive step and one in which we should all join.

I am particularly in favor of the bill because the great farm organizations having to do with production and marketing of crops are a unit in favor of the necessity for such legislation and with regard to this bill itself. While the Committee on Agriculture was holding its hearings here in Washington there was also in session here the great convention of the National Council of Farmers' Cooperative Marketing Associations. That organization comprises a very great number of cooperative associations from every part of the United States, and the committee it appointed to appear before the legislative committees of the Congress included officers of the American Cotton Growers' Exchange, of a wheat growers' association, of the Federated Fruit and Vegetable Growers, of the tobacco growers, of the Farm Bureau, and, in addition, the general counsel of the great cooperative marketing association then in convention, and the editor of the Farmer-Stockman. This committee favored the bill and spoke for the general association of cooperators.

I have great hope that the passage of this bill will result in strengthening the cooperative marketing movement in such a way as to simplify many of the other problems confronting agriculture. The marketing of crops at a profit is the fundamental necessity to the success of agriculture, just as the sale of the products of any industry at a profit is necessary to the success of that industry.

The opposition to this bill during the debate has been along a partisan and facetious line, evidently expressed in the fear that this administration will get some credit among the farmers for having taken a constructive step forward, and it is unfortunate that anyone should raise a voice against the measure for any such reason as that. This bill has great value. It will be passed by a large majority and will become law. Its beneficial effects will become increasingly apparent. It will not preclude in any way the consideration of other farm legislation to meet other problems in which I am equally interested, and with regard to which I shall take an active part. [Applause.]

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word, and I may wish to offer an amendment. I call the attention of the committee to the first line on page 2 of section 3:

The division shall render service to associations of producers of agricultural products—

And so on. That word "service" is a very broad word. It is evidently intended, and I am told by a member of the Committee on Agriculture that that word "service" shall be by way of information, advice, and instruction; but the word is broader than that. That word would justify and make necessary personal service—employment of men to do actual physical work in connection with some of the activities of these cooperative organizations.

In calling the attention of the chairman of the committee to that word, he expressed the opinion, if I understand him, that the service is limited by what follows in line 20:

A division is authorized to acquire, analyze, and disseminate economic, statistical, and historical information—

And so forth. If service of that kind is meant and is limited to that, it may be all right, but I insist that the word "service" is much broader than that; that it opens up another field of activity, and it may be abused by anyone who is benefited by the bill or who will operate under it and wish to take advantage of it, and later there will be others who will say that the word "service" means other work, real work, by agents of the department. The Committee on Appropriations one of these days will bring in an appropriation to provide for some of these personnel services, perhaps to engage men to oversee one of these cooperative associations—do the actual work of business management—a long line of elevators perhaps, and the question will be raised whether there is any authority of law for such an appropriation. The Committee on Appropriations can point to the word "service" in this act which would justify an appropriation for that purpose.

I do not want to mutilate the bill, I want to see it go through practically as it is; I am in harmony with it, but I differ from gentlemen as to the meaning of the word service. I think some other word ought to be used or an amendment should be inserted so that its meaning will be limited to what follows in line 20. So I would suggest that after the word "service" the words "described in this section" should be inserted. It will then read, "the division shall render service as described in this section to associations," and so forth.

Then, referring to the rest of this section, there is this entirely proper and intended service of acquiring and disseminating information.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. NEWTON of Minnesota. As I understand it, there is no difference between the gentleman from Michigan and the gentleman from Iowa [Mr. HAUGEN] as to what was intended by the term "service."

Mr. McLAUGHLIN of Michigan. I understand that we are entirely in agreement.

Mr. NEWTON of Minnesota. Because there is no difference between the gentlemen, it seems to me that in the interest of clarity and to prevent misunderstanding in the future, the amendment suggested by the gentleman from Michigan should be adopted. Then we will avoid anything of the kind referred to by the gentleman in future years.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman from Iowa agree to that amendment?

Mr. HAUGEN. Mr. Chairman, it seems to me that it is true, as stated by the gentleman, that the word "service" is rather a broad word to use; but, after all, the purpose is to be of service to the cooperative associations, and if they find it necessary to engage in business along certain lines, that they may have the opportunity to do so. We must trust the Secretary of Agriculture to do the proper thing. We do not expect him to go into the packing business or to employ people and place them at these various institutions

Mr. McLAUGHLIN of Michigan. The gentleman says that this act is to determine the activities of the Department of Agriculture and its agents. The chairman now says that it may be necessary to go into business and operate some of these propositions.

Mr. HAUGEN. Oh, no; I did not so state.

Mr. McLAUGHLIN of Michigan. Then I misunderstood the gentleman.

Mr. HAUGEN. I understood the gentleman from Michigan to state that it was possible under this act to employ people to supervise factories. The department has no such intention.

Mr. McLAUGHLIN of Michigan. Then we entirely agree, and why not make it clear?

Mr. HAUGEN. But, after all, it is not the purpose to hamstring the department.

Mr. McLAUGHLIN of Michigan. Oh, no; and I would be the last one to attempt such a thing.

Mr. HAUGEN. The purpose is to be of service to the cooperatives, and not to limit them. We have a bill here which has been prepared by the department, and it has been approved by the cooperatives, and I think it fair to trust to the judgment of the department and also to trust to the Secretary of Agriculture.

Mr. McLAUGHLIN of Michigan. But who will be the next Secretary of Agriculture?

Mr. HAUGEN. I do not know.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I offer as an amendment, page 2, line 13, to insert the words "described in this section" after the word "service."

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN of Michigan: Page 2, line 13, after the word "service," insert the words "described in this section."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto be limited to five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I shall take only a minute. We are entirely in accord as to the meaning of this bill and the purpose to be accomplished. I have great faith in the gentlemen connected with the Department of Agriculture. For many years I was a member of the Committee on Agriculture and was brought in close touch with them. I have often wondered how the Government is able to secure and to keep men as good as they are for the money they receive. They are educated, well informed, aggressive, ambitious, en-

thusiastic, zealous—and I admire them for that—and their zeal often leads them to reach out and do everything they can possibly find to do that the law will permit; and good men, invaluable to the department as they are, they must sometimes be held in check. Suppose a cooperative organization comes in and says, "We have organized, we have operated for a year and are unsuccessful; you tell us that we can be successful; send us a man to be our superintendent for a year, render us the service the law speaks of, give us one of your men as manager or superintendent, who will tell us and show us how we can be successful." The Secretary may reply that he has no authority. He will then be told to look at the law and the word "service" will be pointed out to him. It will be urged that it is broad enough. And then will come an appropriation bill to provide for that service, and here is the word "service" in the law upon which an appropriation can be hung.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. NEWTON of Minnesota. Under the interpretation of this section as given by the gentleman from Iowa [Mr. HAUGEN], it seems to me that in the years in the future they will be justified in asking the Committee on Appropriations to extend the word "service" further than is particularized here in the various paragraphs of the section, and it seems to me we should take action to limit it along the lines the gentleman from Michigan suggests.

Mr. McLAUGHLIN of Michigan. There is opportunity for it; it is reasonably possible.

Mr. HAUGEN. Mr. Chairman, I appreciate the gentleman's good intentions. I know that his record will bear me out in the statement that he has always proceeded with fidelity to duty and rectitude to purposes and has had always a deep interest in agriculture. I am not unmindful of the splendid service that the gentleman rendered while a member of the Committee on Agriculture. I know that he has the same purpose in mind that I have, and that is to not unjustly restrict the activities of the department. I am certain that the gentleman is as liberal in that respect as I. I suggest again that the appropriation will in this case, as in all other cases, limit the activities of the department, and it does not seem necessary to proscribe and limit it any further. We would have difficulty in describing the limitations to be placed upon the word "service." The purpose of this bill is to render service and to render it to the particular persons who are engaged in agricultural pursuits.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN of Michigan. I yield.

Mr. KINCHELOE. I just want to ask the chairman of the committee what objection he has to adopting the amendment of the gentleman from Michigan. It is a clarifying amendment, and I do not see why it should not be adopted.

Mr. HAUGEN. The gentleman says it is a clarifying amendment. No; it is to restrict.

Mr. KINCHELOE. It ought to be restricted.

Mr. HAUGEN. If the gentleman wants to restrict the activities of the department, it is for him to support such an amendment. I am pleased to say the House thought it not wise to restrict the activities of the department. We want to give the department a free hand.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the amendment offered by the gentleman from Michigan.

The question was taken, and the Chair announced the ayes appeared to have it.

On a division (demanded by Mr. HAUGEN) there were—ayes 55, noes 66.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. The Secretary of Agriculture is authorized, in his discretion, to call advisers to counsel with him and/or his representatives relative to specific problems of cooperative marketing of farm products or any other cooperative activity. Any person, other than an officer, agent, or employee of the United States, called into conference, as provided for in this section, may be paid actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home.

Mr. BURTNESS. Mr. Chairman, I move to strike out the last word. While it is true that this bill may not give legislative authority for a great many things that are not already permitted under the general laws of the United States, yet I feel that by affirmatively countenancing and encouraging cooperative marketing and by establishing a division in the Department of Agriculture particularly for that purpose as proposed in this legislation, we are doing something worth while toward making such a movement a greater success than it has heretofore been.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. BURTNESS. Not now.

Mr. STEVENSON. I just wanted to ask how many officers do you provide for and how many new men will be put on the pay roll here in Washington?

Mr. BURTNESS. Very few. I have heard several reasons for various provisions of this bill. I was rather forcibly impressed with the suggestion made by the gentleman from Illinois that this bill might make it more possible to protect the public against attacks from promoters and others who are interested in farm cooperative associations for the purpose largely of lining their own pockets rather than for the purpose of assisting the producers, and it was largely because of my interest in the public, which often suffers even in the name of a worthy cause, that I made bold to make a pro forma amendment in order to obtain the floor. In that general connection I can not help but make this statement, that I for one rather regret that the Committee on Agriculture did not report a bill with just a few more teeth in it than we have in this bill, and I for one feel the bill that this same committee reported last February was preferable to the one reported now.

You will recall that that bill was a bill sponsored, I believe, by the so-called Agricultural Commission which President Coolidge had appointed in the spring of 1924 but was opposed by quite a large number of officials and agents of cooperative organizations of the country. I recall that Secretary Jardine was a member of the President's commission, and I assume, therefore, that the bill reported by the Committee on Agriculture a year ago had the approval of the present Secretary. Today we have a bill also supported by that Secretary, but not written by that commission, but I believe a bill written by the cooperative leaders themselves. Now I personally have no quarrel with such leaders, yet I recall that there may be on their part some special interest in legislation of this sort. I try to view these questions more from the viewpoint of producers not as yet in cooperative associations but yet hopeful of relief therefrom. These are somewhat new problems out in the northwestern country from which I come, and there are certain difficulties in connection therewith. One of the greatest difficulties we have experienced is that which has been encountered by some along that line suggested by the gentleman from Illinois [Mr. ADKINS]. Our producer's money has been taken without giving anything in return. This naturally results in the lack of confidence on the part of persons whose membership is sought in a particular organization that is going to be established. Now it may be that this bill will help out somewhat in that regard, for this bill does make it possible for the department even to send out men to consult with the people who are going to organize a cooperative and possibly help in getting that cooperative started right. But we had language in the bill of a year ago which is not in this one, and which I rather regret, which gave to the department or agency that was provided for in that bill some semblance of regulation over these cooperative marketing concerns. It is true such bill gave the department the power to license an organization, and it can be argued that because of such power to license it in a way would be sponsored by the Federal Government, and that therefore the Federal Government in turn should have the power to audit its books and things of that sort.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURTNESS. I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BURTNESS. I feel that some such provision is going to come in the future. I can not, for instance, see why there should be any great distinction between control of cooperative associations where members put their entire crops into a cooperative, put their entire year's work into a pool handled by a few men, and the control of banks into which that same individual may put all his money, which represents his crop, the proceeds of that particular crop. The need for honest and able management is as great in one case as in the other. I submit the need for some sort of regulation and control is almost of equal importance. I assume that in the case of men interested in a cooperative association largely for the purpose of drawing fat salaries there would be very great objection to any sort of regulation.

But as to the members of the association and to the men who really organize a cooperative association for the purpose of rendering service to the members thereof, I can not see that there would be a great deal of objection, and I predict now that the time will come when the honest cooperatives, the ones who are concerned with rendering the best kind of service to their

members, are going to come in here and ask for that sort of legislation. They will want it for their own protection. I think it would greatly encourage the general movement.

We perhaps overwork the word "cooperation" in these days. Many think it is going to solve all the evils of agriculture. I wish that were so. I think it will solve many of them with reference to certain crops; but I want to tell you gentlemen who are familiar with cooperative movements where they are successful on a relatively small scale, as where the people have a monopoly of the crops produced, that the cooperative which handles all the prunes in a district or all the raisins in one district is one thing and a system of cooperatives that would handle all the beef products or the pork products or the wheat products of the country that are raised in 48 States of the Union is an entirely different proposition and one much more difficult of successful execution. I doubt very much whether the cooperative movement can render much aid in such crops or products in so far as getting better prices is concerned. I do not want to throw cold water on them; not at all. I hope they will be successful. There may be a useful field in eliminating some waste in distribution, in getting crops and products properly graded, in getting the crop to the consuming centers at the proper time so that there may be orderly marketing instead of a glut, and in various other important ways which I do not desire to minimize. But I do not want anyone here to get the impression that when you pass legislation that will encourage that type of marketing associations a great deal is being done along the line of insuring those particular farmers fair prices. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 5. Persons engaged as original producers of agricultural products, such as farmers, planters, ranchmen, dairymen, nut or fruit growers, acting together in associations, corporate or otherwise, in collectively processing, preparing for market, handling, and marketing in interstate and/or foreign commerce such products of persons so engaged, may acquire, exchange, interpret, and disseminate past, present, and prospective crop, market, statistical, economic, and other similar information by direct exchange between such persons, and/or such associations or federations thereof, and/or by and through a common agent created or selected by them.

Mr. MENGES. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last word.

Mr. MENGES. Mr. Chairman and gentlemen of the committee, a great deal has been said about the expenditure of the money that is appropriated in this bill. Let us look at these cooperative associations and see what they really mean. I do not know whether I believe in commodity cooperation or whether I do not, but suppose we take the commodity cooperative into consideration. We have throughout these United State cooperatives that are engaged in marketing the various commodities of their individual communities. They are engaged in marketing and sometimes in purchasing. For instance, take the dairy products. We have milk cooperatives; we have butter and cheese cooperatives. Then we have grain cooperatives, and we have meat cooperatives, and we have fruit cooperatives, and we have wool cooperatives, and pork cooperatives throughout these United States, and we have a great many others. Now, in order that these people might get a little information as to how they might best cooperate, it looks to me as if this $225,000 can be expended to no better purpose than in order to get these cooperatives together and get them to market their products in a profitable way.

Another thing: You know that during the last few years we have been urged to do diversified farming. Diversified farming has been advocated as the remedy of a great many of our ills. I come from a community in which we have been doing diversified farming for the last two centuries. We follow a crop rotation. We produce wheat, and corn, and oats, and hay, and sometimes other products, and we follow these in rotation. Now, my friends, wherever you have that kind of diversified farming you have to have different markets; you have to have a cooperative for your grain; you have to have a cooperative for the milk that you produce; you have to have a cooperative for the vegetables that come into that rotation. And so a farmer who lives in a community in which there is diversified farming, as we have, it would be necessary that the farmer belong to several cooperative organizations, and in order that these might be so constituted that they can get the very best results out of them do you not see that it is necessary to have some one to tell them how? That is the idea, as I understand it, that prevails in this bill.

I stated a while ago that we follow crop rotations. I remember once attending a meeting called by a number of fellows to discuss crop rotation. I do not believe there was a single fellow there who knew how to rotate crops. And another thing, I do not believe there was a fellow there who knew why we rotate crops, and I do not know that there was a fellow there who knew what crop rotation should do for the farmer. Now, what should it do? It should put his soil in better condition the longer he farms it. That is what it is intended to do; and if it is rightly arranged, it will do it. I believe that crop rotation and diversified farming is one of the things that are going to come. We have used it, as I say, for two centuries.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MENGES. Mr. Chairman, may I have two or three minutes more?

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to proceed for three minutes more. Is there objection?

There was no objection.

Mr. MENGES. I say we have followed that kind of diversified farming for two centuries. It has put the Pennsylvania farmer in the lead in the farming industry; it has made him the farmer of this Nation. [Applause.]

I belong to them, and I suppose I betray it. [Laughter.] I do not know how you like these statements, but I say it is a fact, and I believe that this diversified farming will have to come in every community. Why? In order to improve the fertility of our land. That is why. I believe the southern farmer will have to adopt it. I believe the wheat grower will have to adopt it. I believe the linseed grower will have to adopt it. Do not you see, my friends, that here is an avenue opening up of such proportions that this $225,000 that is appropriated for carrying into effect this bill is a mere drop in the bucket in the benefits it will bring to the farmer in his cooperative efforts? [Applause.] I thank you, gentlemen.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 6. The Secretary of Agriculture may make such rules and regulations as may be deemed advisable to carry out the provisions of this act and may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and may call upon any other Federal department, board, or commission for assistance in carrying out the purposes of this act; and shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law and make such expenditure for rent, outside the District of Columbia, printing, telegrams, telephones, books of reference, books of law, periodicals, newspapers, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $225,000, to be available for expenditure during the fiscal years 1926 and 1927, and the appropriation of such additional sums as may be necessary thereafter for carrying out the purposes of this act is hereby authorized.

Mr. WINGO. Mr. Chairman, I move to strike out the last word. The last gentleman who spoke, I presume, is an orthodox Republican and a representative of this administration. I appreciate his candor. He says very frankly that this is a mere drop in the bucket to the farmer. I want to say to my Democratic friends that we had better take this drop in the bucket. It is about the only thing so far that this administration has seen fit to do for the farmer.

I can imagine some of my friends, including the chairman of the Committee on Agriculture, telling the distressed corn growers of Iowa to read section 6 of this bill and they will see how these good men went to their rescue in their great distress by authorizing the Secretary of Agriculture to call upon any department of the Government—he could have the War Department call out troops if necessary—to help him carry out the purposes of this bill.

I venture the assertion that there never has been any other law passed in the history of this Government where one Cabinet officer was given blanket authority to call upon any other department of the Government to help him carry out an act as is given in this bill. It may be necessary to permit him to call on the War Department to call out troops in order to conserve this one drop in the bucket, because it is liable to evaporate before it does the corn growers of Iowa any good.

I shall vote for the bill, Mr. Chairman, because if my friend from Iowa, whom I generally follow on these great agricul-

tural questions, should stand on the front steps of the Capitol and propose three cheers for the farmer it would be ungracious for those of us who represent the farmers not to join heartily in the cry, and, after all, that is the principal function of the bill, is it not? It is a gesture in the right direction; it does propose that which we all know, as practical men, is very necessary—the development of cooperative marketing in the United States. The $225,000 is a mere drop in the bucket. I suspect, and I think the hearings will show, they expect to use $50,000 of that amount in calling the leaders of the disgruntled farmers in Iowa to Washington before the next election, and they can give them $10 a day for subsistence. I am glad some of those good old fellows are going to get to come to Washington. I appreciate that their anger and their resentment against the Iowa Republicans, against the Iowa candidate for Senator, and against this administration will be considerably ameliorated by the softening effect of taking a walk down historic Pennsylvania Avenue, meeting the great Secretary of Agriculture, and incidentally taking breakfast and having their picture taken with Cal, and then they will go back home, urged by these leaders, full of enthusiasm and realizing the necessity of saving the distressed farmers by voting the straight Republican ticket. [Applause.]

Mr. SPROUL of Kansas. Mr. Chairman, I rise in opposition to the pro forma amendment. It gives me sincere pleasure to indorse a national cooperative marketing bill, which has the hearty approval of the Secretary of Agriculture. This bill, in my judgment, has provisions which will sooner or later greatly assist agriculture throughout the country in realizing more money for the products of the farm.

The statistical data and agricultural information officially procured by our Government from the countries and markets of the world and presented to the agricultural people throughout the United States will unquestionably be used by them to their profit, and I look forward to the time when those engaged in agricultural pursuits will rely upon such information as to market demands and in diversifying and limiting their farm and livestock productions which, in itself, will augur greatly to the security of prices that will include profits for their labor and capital invested.

I also look forward to the time when there will be such management of cooperative marketing as will enable the farmer, through established agencies, to fix and receive such reasonable prices that the products of his farm and his labor will yield to him living profits, and I should expect such handling of excess crops and products from the farm in fully as economical and satisfactory a way as excess or surplus products of the factory are handled to-day.

I should like to see the day when the farmer can control the products of his labor and his farm so that he can realize reasonable and living profits out of his farm products and yet deliver them to the consumer at lower prices than are being paid to-day. These things will be realized by and through the developing of the cooperative marketing system.

I resent the assertion or claim that this bill is any more paternalistic than many other Federal laws. It is no more paternalistic than a law coercing a consolidation of railroads, thereby eliminating the time-honored economic idea that competition is the life of trade. It is no more paternalistic than granting money for an irrigation project. It is no more paternalistic than appropriating money for intercoastal canal improvements. It is no more paternalistic than to appropriate money for the purchase of the Cape Cod Canal. It is no more paternalistic than to appropriate money to pay salaries and expenses of representatives of American industries hunting markets in foreign countries. It is no more paternalistic than any kind of protective tariff legislation. In fact, it is just about as little paternalistic as any legislation can be relative to industry.

While this particular bill in its present form may not be as much or all that it should be to enable the agricultural people of the United States to satisfactorily perfect and operate their respective industries profitably to them, yet in my candid judgment, it is a long step in the right direction, and it meets with my hearty approval. [Applause.]

Mr. KVALE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am going to vote for this bill. I am going to shut my eyes and vote for it, hoping that in some way and somehow at some time it may do some little good for some people. If a bill were introduced here giving the farmer the right to use the multiplication table or granting him the privilege of making use of God's rain and sunshine, I suppose I would vote for such a bill. And it would do as much for the farmer as the bill under consideration. Oh, this innocent thing, this spineless, sapless, lifeless, jellyfish substance, this milk-and-water, insipid, tasteless, odorless, colorless, harmless concoction! [Laughter.] Another Coolidge pink pill for pale farmers! [Laughter and applause.] For, mark you, it is an administration measure. We are told so by the press reports and by the chairman of the Committee on Agriculture. We are told that he has been visiting the White House and that the bill has received the approval of President Coolidge.

The Coolidge administration, including the Secretary of Agriculture and the best minds of the Republican Party, have talked and trembled and toiled for months and years, and lo and behold, the Haugen bill, H. R. 7893, is the product of all their labors. The old Greek philosopher told a fable about the mountain that trembled and was in travail and brought forth a mouse. The Coolidge administration has labored and brought forth, not a mouse—no; under certain conditions a mouse is quite an animal—the administration has labored and brought forth a microbe that feeds on the insect that nestles in the fur of the mouse. [Laughter and applause.]

We have here an appropriation of $225,000. Divided equally among the 7,000,000 farmers of the country, that would amount to about 3 cents each.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. KVALE. Yes; I yield to the gentleman.

Mr. CONNALLY of Texas. Will they actually get 3 cents?

Mr. KVALE. Yes; I think just about 3 cents each.

Mr. CONNALLY of Texas. That is very liberal.

Mr. KVALE. Very liberal, indeed, and I would suggest that we call this the Coolidge 3-cent farm relief bill.

The average farmer out in the Northwest is $5,000, $10,000, or maybe $15,000 poorer than he was five years ago, and here we magnanimously give him 3 cents. In cash? Oh, no; if it were cash, he could use it to write a letter of protest to his Government at Washington for the treatment he has received; but, no, it is 3 cents' worth of information. [Laughter and applause.] And what kind of information is it? Gentlemen, I ask, in all seriousness, what kind of information? Is this information to help the farmer, or is it to help the grain gambler and the speculator? In February, 1924, a good Republican from Kansas, the late Congressman Little, made a speech here in which he practically charged the Government of the United States, through its Agricultural Department, with having robbed the farmers of $150,000,000 in one year because of the false information it had disseminated among the farmers. I am opposed to my Government disseminating that kind of information to the farmers of the Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 7. That if any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provision to other persons and circumstances shall not be affected thereby, and nothing contained in this act is intended, nor shall be construed, to modify or repeal any of the provisions of the act of February 18, 1922 (chap. 57, 42 Stat. L. p. 388).

Mr. MOORE of Virginia. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. MOORE of Virginia: Page 6, line 13, after the parenthesis, strike out the period, add a comma, and the following words: "Except that there is hereby repealed the provision of said act as follows:

"Second. The association does not pay dividends on stock or membership capital in excess of 8 per cent per annum."

Mr. MOORE of Virginia. Mr. Chairman, I shall support this bill whether it is destined to accomplish much or little. I have long believed that the Agricultural Department is one of the most, if not so far as the mass of the people are concerned, the most valuable agency of the Government. It has been of almost incalculable advantage to the producer in the matter of rendering him assistance. It has been of advantage to the producer in assisting him in marketing his products, and I think this bill, while it is not an ideal bill, and it certainly does not fulfill promises which have been made, will be of service in further equipping the Department of Agriculture to assist in the matter of encouraging cooperative associations and enabling them to find a market for their products. But I respectfully submit—and I am talking now to the chairman of the commitee and his associates—that in the particular I have suggested the bill should be amended.

It was in February, 1922, that there was enacted what is known as the Capper-Volstead Act. That act deals with cooperative associations. It put those associations under the jurisdiction of the Secretary of Agriculture to the extent of authorizing him to check any monopolistic tendency or the undue advance of prices. It goes further than that. It provides in substance that no such association shall be allowed to pay dividends on its stock or membership capital in excess of 8 per cent per annum.

The purpose of my amendment is to repeal that one provision of the Capper-Volstead Act and to permit farm associations to do what they are now forbidden to do. They may never be able to do it, but in some years an association which commonly earns little may in some years find it possible to go beyond the 8 per cent limit.

The question presented by the amendment, and which it is for us to vote upon, is whether, when you allow a banking association to proceed without any such limitation, or almost any other association, you are going to retain the restriction on cooperative agricultural associations.

Mr. NEWTON of Minnesota. Will the gentleman yield there?

Mr. MOORE of Virginia. Yes; I yield.

Mr. NEWTON of Minnesota. Of course, the Capper-Volstead Act amended the antitrust laws so as not to apply to them.

Mr. MOORE of Virginia. Exactly.

Mr. NEWTON of Minnesota. And as a part of that amendment they placed this prohibition or limitation upon earnings.

Mr. MOORE of Virginia. Yes.

Mr. NEWTON of Minnesota. Now, the effect of the gentleman's amendment would be to withdraw all limitation whatever and to do so at a time when there has been no consideration of his amendment on the part of any committee, and to bring the amendment here when it is really not germane to the bill itself.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MOORE of Virginia. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. MOORE of Virginia. Replying to the gentleman from Minnesota, if my amendment is adopted all the provisions of the Capper-Volstead Act will remain in effect except the one to which the amendment is addressed. So far as the matter not having had consideration heretofore is concerned, the fact is that I considered it and discussed it with the chairman of the committee in charge of the Capper-Volstead bill when that bill was brought here.

He, for reasons, as I recall, incident to the legislative situation, thought it undesirable to modify the bill. It does not require long consideration, it does not require more than a minute, to see that the provision at which my amendment strikes is a discrimination against the agricultural interests of the country.

Mr. WINGO. Will the gentleman yield?

Mr. MOORE of Virginia. Yes.

Mr. WINGO. I have a case in my State where a few days ago a cooperative association declared a dividend in excess of 8 per cent. They had a large crop, and the bale charge received being larger, it produced a larger amount of revenue. The association charged the individual members the excessive price, but they paid it back to them in dividends greater than 8 per cent, and yet the association could not get the benefit of this law. Nobody would be affected but the members of the association if this amendment should be adopted. In practically every instance they distribute the excessive charges to their own members.

Mr. MOORE of Virginia. Our laws should be so drawn that there can be no misunderstanding.

Mr. WINGO. We do not limit the national banks.

Mr. MOORE of Virginia. No; we do not limit the national banks and other interests, and why should we limit the farmers? Gentlemen claim to be concerned about the farmers, and surely they should wish to avoid actual discrimination.

Mr. BURTNESS. Will the gentleman yield?

Mr. MOORE of Virginia. Yes.

Mr. BURTNESS. In these cooperative organizations the earnings that the gentleman is speaking of are distributed as dividends, and the total amount of the earnings returned on the capital stock, generally speaking, is of no particular bearing whatever, because in their organizations, as a general proposition, under their charter and the law under which they are chartered, they are absolutely limited to a reasonable per cent on the capital stock, in so far as the distribution of dividends are concerned, and the Capper-Volstead Act does not limit the cooperative producers, in so far as the patronage dividends are concerned.

Mr. MOORE of Virginia. There is nothing about patronage dividends in the act. It is a plain provision that is evaded if dividends in excess of 8 per cent are declared.

The CHAIRMAN. The time of the gentleman from Virginia has expired. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. MOORE of Virginia) there were 43 ayes and 90 noes.

So the amendment was rejected.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WINGO rose.

The CHAIRMAN. For what purpose does the gentleman from Arkansas rise?

Mr. WINGO. I rise to move to strike out the last word and ask for five minutes.

Mr. HAUGEN. Mr. Chairman, I will withdraw my motion and I ask unanimous consent that all debate on this section of the bill be limited to five minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on this section of the bill be limited to five minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I appreciate the courtesy of my distinguished friend the statesman from Iowa. I did not want to let the opportunity pass of calling to your attention that just now you have had a chance to see how the Republican Party discriminates against the farmer. My friend from Virginia [Mr. MOORE] offered an amendment the effect of which was to take away the limitation that is now the law on cooperative market associations earning more than 8 per cent. The Republican Party, under the lead of the distinguished statesman the gentleman from Iowa [Mr. HAUGEN], says, "No; the farmer must be held down." What did you do when it came to the packers? Did you undertake to limit the profits of the packers? Oh, no; when one concern under the beneficent control of the Secretary of Agriculture in its annual statement shows that it earned a great deal more than that you did not hear any protest from the gentleman from Iowa against the enormous profits of that firm. But when there is a proposition that the cooperative farm market associations be permitted to earn more than 8 per cent, immediately the Republican Party in this House rises as a body and says, "Oh, no; we have to protect the consumer against the extortionate demand of the farmer, the corn growers of the West." [Laughter.]

You are going to limit his cooperative association, but the packers can play it to the limit. They can pay the cattle growers a small price for their products and make large profits. Oh, no; you will never curtail that. If I were to propose an amendment to limit these packers under the packers' act to 8 per cent dividends, the distinguished statesman from North Dakota [Mr. BURTNESS], who is now on his feet seeking to interrupt me, would charge me with being a socialist and say that I was trying to hamstring private enterprise! [Applause and laughter.] Oh, truly, it makes a difference whose ox is gored. The Republican Party, true to its principles, takes care of big business and big manufacturers; and as for the poor farmer, it gives him about 3 cents' worth of advice, as some one has very well said here in respect to this bill.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Oh, no; I can not yield, because I want to ask the chairman of the committee a few questions for information in the closing hours of this proceeding. When are we going to get "the something else" that the Secretary of Agriculture has promised? When are you going to bring in the farm relief bill? When are you going to quit playing politics with the farmers of Iowa? When are you going to do with a practical bill for him what you have done for the manufacturers of New England? When are the Republican farmers of Iowa going to quit being made by the Republicans the tail to the New England bull? When are the Republicans going to do something for the agricultural interests of this Nation, besides spending $225,000 a year to give them a little bit of advice? I again ask the gentleman from Iowa, when are you going to bring in your farm relief bill?

Mr. HAUGEN. The committee will do its very best to bring it in at the earliest possible opportunity. [Laughter.]

Mr. WINGO. When will that be? And what kind of a bill will it be? Are you going to bring in such a bill as the

President wants, or are you going to bring in such a bill as the Secretary of Agriculture wants? Which side of that dispute is your committee going to take?

Mr. HAUGEN. If the gentlemen on his side of the aisle will assist us——

Mr. WINGO. Oh, we have always assisted you and the records of this House will show it. [Applause and laughter.]

Mr. HAUGEN. If you are going to filibuster and act as you gentlemen on that side of the aisle have in the past, I can not give the gentleman any assurance. [Laughter and applause.]

Mr. WINGO. Oh, the records of this House show that we have always helped the gentleman. You Republicans have a majority on that side, and still you plead you are impotent. [Applause and laughter.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BEGG, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture, etc., and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. HAUGEN. Mr. Speaker, I move the previous question upon the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded upon any of the amendments? If not, the Chair will put them en gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken.

Mr. KINCHELOE. Mr. Speaker, I demand a division.

Mr. KNUTSON. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 361, nays 3, answered "present" 1, not voting 65, as follows:

[Roll No. 21]

YEAS—361

Abernethy	Burtness	Elliott	Hawley
Adkins	Burton	Ellis	Hayden
Aldrich	Busby	Eslick	Hersey
Allen	Byrns	Esterly	Hickey
Allgood	Campbell	Evans	Hill, Ala.
Almon	Canfield	Faust	Hill, Md.
Andresen	Cannon	Fenn	Hill, Wash.
Appleby	Carew	Fish	Hoch
Arentz	Carpenter	Fisher	Hogg
Arnold	Carss	Fitzgerald, Roy G.	Holaday
Aswell	Carter, Okla.	Fitzgerald, W. T.	Hooper
Auf der Heide	Chalmers	Flaherty	Houston
Ayres	Chapman	Fletcher	Howard
Bacharach	Chindblom	Fort	Huddleston
Bachmann	Christopherson	Foss	Hudson
Bailey	Clague	Frear	Hudspeth
Bankhead	Cleary	Fredericks	Hull, Morton D.
Barbour	Cole	Freeman	Hull, William E.
Barkley	Collier	French	Irwin
Beck	Colton	Frothingham	Jacobstein
Beedy	Connally, Tex.	Fulmer	James
Beers	Connery	Funk	Jeffers
Begg	Connolly, Pa.	Furlow	Jenkins
Bell	Cooper, Ohio	Garber	Johnson, Ill.
Bixler	Cooper, Wis.	Gardner, Ind.	Johnson, Ind.
Black, N. Y.	Cox	Garner, Tex.	Johnson, Ky.
Black, Tex.	Coyle	Garrett, Tex.	Johnson, S. Dak.
Bland	Cramton	Gasque	Johnson, Tex.
Blanton	Crisp	Gibson	Johnson, Wash.
Bloom	Crowther	Gifford	Jones
Boies	Cullen	Gilbert	Kearns
Bowles	Curry	Glynn	Keller
Bowling	Darrow	Goldsborough	Kelly
Bowman	Davenport	Goodwin	Kemp
Box	Davis	Green, Fla.	Kerr
Boylan	Dempsey	Green, Iowa	Ketcham
Brand, Ga.	Denison	Greenwood	Kincheloe
Brand, Ohio	Dickinson, Mo.	Griest	King
Briggs	Dickstein	Hadley	Knutson
Brigham	Dominick	Hale	Kopp
Britten	Doughton	Hall, Ind.	Kunz
Browne	Dowell	Hammer	Kurtz
Browning	Drane	Hardy	Kvale
Brumm	Drewry	Hare	LaGuardia
Buchanan	Driver	Hastings	Lampert
Bulwinkle	Dyer	Haugen	Lanham
Burdick	Edwards	Hawes	Lankford
Larsen	Montgomery	Romjue	Tillman
Lazaro	Moore, Ky.	Rouse	Tilson
Lea, Calif.	Moore, Ohio	Rowbottom	Timberlake
Leatherwood	Moore, Va.	Rubey	Tolley
Leavitt	Morehead	Rutherford	Treadway
Lee, Ga.	Morgan	Sabath	Underhill
Lehlbach	Morin	Sanders, N. Y.	Underwood
Letts	Morrow	Sanders, Tex.	Updike
Lindsay	Murphy	Sandlin	Upshaw
Lineberger	Nelson, Me.	Schafer	Vare
Linthicum	Nelson, Mo.	Scott	Vestal
Little	Newton, Minn.	Shallenberger	Vincent, Mich.
Lowrey	Newton, Mo.	Shreve	Vinson, Ga.
Lozier	Norton	Simmons	Voigt
Luce	O'Connell, N. Y.	Sinnott	Wainwright
McClintic	O'Connell, R. I.	Smith	Walters
McDuffie	Oldfield	Smithwick	Wason
McFadden	Oliver, Ala.	Somers, N. Y.	Watres
McKeown	Oliver, N. Y.	Speaks	Watson
McLaughlin, Mich.	Parker	Sproul, Ill.	Weaver
McLaughlin, Nebr.	Parks	Sproul, Kans.	Wefald
McMillan	Patterson	Stalker	Welsh
McReynolds	Peavey	Steagall	Wheeler
McSweeney	Peery	Stedman	White, Kans.
MacGregor	Perlman	Stephens	Whitehead
Madden	Phillips	Stevenson	Whittington
Magee, N. Y.	Prall	Stobbs	Williams, Ill.
Magee, Pa.	Pratt	Strong, Pa.	Williams, Tex.
Magrady	Purnell	Summers, Wash.	Williamson
Major	Quin	Swank	Wilson, La.
Manlove	Ragon	Swartz	Wilson, Miss.
Mansfield	Rainey	Sweet	Wingo
Mapes	Ramseyer	Swing	Winter
Martin, La.	Rankin	Swoope	Wolverton
Martin, Mass.	Ransley	Taylor, Colo.	Wood
Mead	Rathbone	Taylor, N. J.	Woodruff
Menges	Rayburn	Taylor, Tenn.	Woodrum
Merritt	Reece	Taylor, W. Va.	Wright
Michaelson	Reed, Ark.	Temple	Wurzbach
Michener	Reed, N. Y.	Thatcher	Yates
Miller	Reid, Ill.	Thayer	Zihlman
Milligan	Robinson, Iowa	Thomas	
Mills	Robsion, Ky.	Thompson	
Montague	Rogers	Thurston	

NAYS—3

Andrew	Tucker	Tydings

ANSWERED "PRESENT"—1

Sumners, Tex.

NOT VOTING—65

Ackerman	Free	Lyon	Sosnowski
Anthony	Fuller	McLeod	Spearing
Bacon	Gallivan	McSwain	Strong, Kans.
Berger	Gambrill	Mooney	Strother
Butler	Garrett, Tenn.	Nelson, Wis.	Sullivan
Carter, Calif.	Golder	O'Connor, La.	Taber
Celler	Gorman	O'Connor, N. Y.	Tincher
Collins	Graham	Perkins	Tinkham
Crosser	Griffin	Porter	Vaile
Crumpacker	Hall, N. Dak.	Pou	Vinson, Ky.
Davey	Harrison	Quayle	Warren
Deal	Hull, Tenn.	Schneider	Weller
Dickinson, Iowa	Kahn	Sears, Fla.	White, Me.
Douglass	Kendall	Sears, Nebr.	Wyant
Doyle	Kiefner	Seger	
Eaton	Kiess	Sinclair	
Fairchild	Kindred	Snell	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Strong of Kansas (for) with Mr. Sumners of Texas (against).

General pairs:

Mr. Ackerman with Mr. Kindred.
Mr. Butler with Mr. Pou.
Mr. Free with Mr. Gallivan.
Mr. Anthony with Mr. Weller.
Mr. Wyant with Mr. Sears of Florida.
Mr. Graham with Mr. Harrison.
Mr. Hall of North Dakota with Mr. Garrett of Tennessee.
Mr. Kiefner with Mr. Hull of Tennessee.
Mr. Mills with Mr. Quayle.
Mr. Snell with Mr. Warren.
Mr. Taber with Mr. Mooney.
Mr. Gorman with Mr. Sullivan.
Mr. Fuller with Mr. Lyon.
Mr. Kendall with Mr. Vinson of Kentucky.
Mr. McLeod with Mr. Spearing.
Mr. Kiess with Mr. O'Connor of New York.
Mr. Sosnowski with Mr. Crosser.
Mr. Bacon with Mr. Douglas.
Mr. Tincher with Mr. Griffin.
Mr. White of Maine with Mr. Deal.
Mr. Dickinson of Iowa with Mr. Gambrill.
Mr. Porter with Mr. Celler.
Mr. Seger with Mr. Davey.
Mr. Sinclair with Mr. O'Connor of Louisiana.
Mr. Eaton with Mr. McSwain.
Mr. Crumpacker with Mr. Collins.
Mr. Perkins with Mr. Doyle.
Mr. Taylor of Tennessee with Mr. Berger.
Mr. Golder with Mr. Nelson of Wisconsin.
Mr. Fairchild with Mr. Schneider.

Mr. CARTER of California. Mr. Speaker, I desire to vote aye.

The SPEAKER. Was the gentleman present when his name was called?

Mr. CARTER of California. I am afraid I was not.

The result of the vote was announced as above recorded.

On motion of Mr. HAUGEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

AGRICULTURAL APPROPRIATION BILL

Mr. MAGEE of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, and, pending that motion, in view of the numerous requests for time and the desire of the committee to accommodate Members of the House so far as we reasonably can, I ask unanimous consent that the time for general debate be controlled one-half by the gentleman from Texas [Mr. BUCHANAN] and one-half by myself.

The SPEAKER. The gentleman from New York asks unanimous consent that the time for general debate upon this bill be controlled equally, one half by himself and the other half by the gentleman from Texas [Mr. BUCHANAN]. Is there objection? [After a pause.] The Chair hears none. The gentleman from New York moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of this bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8264, with Mr. TREADWAY in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8264, the Agricultural appropriation bill, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

Mr. MAGEE of New York. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The motion was agreed to.

Mr. MAGEE of New York. Mr. Chairman and members of the committee, I desire to express my appreciation of the hearty cooperation of all the members of the subcommittee during the hearings and in the drafting of this bill. The committee appreciates the efficient work of Mr. Sheild, clerk of the Committee on Appropriations, and of Mr. Barta, clerk of the subcommittee.

I feel that it is only just to refer particularly to the invaluable services of the ranking minority member [Mr. BUCHANAN] in the preparation of this bill. The country is to be congratulated upon having upon the committee a member so watchful, so alert, and so strongly persistent in making reasonable provision for agricultural purposes. In my judgment the district that sends him here is entitled to public commendation.

In presenting the agricultural appropriation bill for the fiscal year 1927 I desire to call attention briefly to some of the more important items in the bill. The report accompanying this bill gives in detail the action of the committee with respect to the activities of the various bureaus and offices of the Department of Agriculture. Almost a thousand pages of hearings give additional information, and during the consideration of this measure under the five-minute rule I shall be glad to answer any question relating thereto.

The appropriations recommended in the accompanying bill may be separated into two distinct classes—first, the aggregate of the amounts recommended for the Department of Agriculture proper; and, second, the sum recommended for the construction of roads under the provisions of the Federal highway act. With this distinction in mind I call attention to the sum of $46,770,805 recommended to be appropriated for 1927 for the Department of Agriculture proper. Compared with the appropriation of $45,734,441 for the current fiscal year, it represents an increase of $1,036,364; and compared with the total of the estimates for 1927, aggregating $44,816,508, it represents an increase of $1,954,297. The increases in each instance are set forth in the tabulation found at the end of the report accompanying the bill. A total of $80,000,000 is recommended for road-construction work under the provisions of the Federal highway act for the fiscal year 1927, which sum corresponds with the appropriation for the current year, but is $5,000,000 less than the Budget estimate. I propose to discuss these appropriations in detail later on.

Under the office of the Secretary of Agriculture the committee recommends that $35,000 of the appropriation for miscellaneous expenses of the Department of Agriculture be made immediately available for the purchase of additional land for experimental purposes adjoining the experimental farm near Beltsville, Md. This land adjoins on the east and south the present animal-husbandry farm and consists of 1,062½ acres, of which about 250 acres are open pasture and tillable land, 450 acres pasture and brush land, and 362 acres woodland. The average cost per acre of approximately $32.95 is reasonable, and we believe that the department should exercise its option of purchase, which expires June 30, 1926.

Under the Bureau of Animal Industry the committee recommends an appropriation of $4,103,000 for the eradication of tuberculosis. Of this sum it is proposed that $975,000 shall be used for operating and administrative expenses, and the remainder, $3,128,000, for the payment of indemnities. Of this latter sum the committee recommends that $200,000 be made immediately available. I presume that every Member of this body has received one or more communications relating to this appropriation. The committee went into this matter thoroughly, having before it not only the representatives of the Department of Agriculture, but representatives of various States and of organizations interested in this work. The demands of some were extravagant, to say the least, for they urged an appropriation of $6,000,000 for this purpose. Realizing the pressure which would be brought to bear upon the membership of this House, the committee considered this appropriation very carefully, and after consultation with Doctor Mohler, Chief of the Bureau of Animal Industry, recommended the sum of $3,128,000 for the payment of indemnities. This sum, of which $200,000 is made immediately available, will be sufficient to meet the reasonable requirements of the next fiscal year. To my mind this work is primarily a matter for the States and counties thereof. I think that the object of the Federal Government in all cooperative activities with the States should be to encourage such activities by bearing a portion of the expense and in furnishing the expert knowledge and assistance required, but in no sense to contribute in any fixed ratio which would require indeterminable appropriations in the future on the part of the Federal Government and tend to concentrate increasing power in Federal bureaus. Let me call your attention to the rate of expansion in the appropriation relating to the eradication of tuberculosis. This work was initiated in 1918 with an appropriation by the Federal Government of $75,000. That year 134,143 cattle were tested, of which 6,544, or 4.9 per cent, were found tubercular. For the last completed fiscal year, 1925, the Federal Government appropriated $3,560,000. A total of 7,000,000 cattle were tested, of which 214,491, or 3.1 per cent, were found tubercular. The decrease in the per cent of tuberculous cattle indicates the value of the work.

I also call attention to appropriations under the Bureau of Entomology used to prevent the spread or eradication of injurious insects. The first appropriation is that for the gypsy moth. The committee recommends for this purpose for the fiscal year 1927 the sum of $670,000. A portion of the appropriation for 1926 was made immediately available, and the recommendation of the committee for the ensuing fiscal year provides a sum equal to that which will be expended in 1926. This sum is $70,000 in excess of the Budget estimate. The gypsy moth practically defoliates the trees it attacks, and the Federal Government is at present maintaining a strict quarantine along the eastern edge of the State of New York to prevent its spread into the Adirondack and Catskill Mountains, where extermination would be virtually impossible. Insect parasites have been introduced in the infested regions and give promise of being able to control this pest in the near future, but until that time the Federal Government must aid in its control. The States affected by this insect during the calendar year 1924 expended over $771,000 in this work.

For the prevention of the spread of the European corn borer the committee recommends an appropriation of $485,000 for 1927. This sum is $101,370 more than the appropriation for 1926 and $60,000 more than the Budget estimate. Of the sum recommended to be appropriated the Department of Agriculture proposes to expend $55,000 for fundamental research in the United States and $35,000 for research work relating to the introduction of enemy parasites of the corn borer. In some parts of Canada the activities of the corn borer have resulted in a total loss as far as the corn crop is concerned, and it is to prevent any such occurrence in the United States that the committee recommends this large sum. No methods of control of the insect have been devised, and no parasites have been introduced as yet, but by granting sufficient funds a strict quarantine may be enforced, prohibiting long-distance spread through the transportation of farm products. Already the States in the Corn Belt are considering the establishment of quarantines against products coming from the infested regions of the United

States, the State of Iowa having but recently placed an embargo into effect.

The Japanese beetle is another insect pest causing great damage to truck crops, deciduous trees, and so forth, and is found in an area consisting of approximately 6,047 square miles in Pennsylvania and New Jersey, of which 1,000 square miles were infested during the past year. The committee recommends an appropriation of $280,000 for the control of this beetle for the ensuing fiscal year, which sum is $40,000 in excess of the Budget estimate, but equals the amount available for 1926. Operations under this appropriation will include (1) research work, which consists of thoroughgoing biologic studies of the beetle and the development of insecticides, and (2) control work, which includes the inspection and certification of farm products. An insecticide known as "geraniol" has been developed, which because of its odor attracts the beetle, but additional investigations and experiments are necessary to determine definitely the value of this insecticide, and until some satisfactory means of control are developed the committee is of the opinion that sufficient funds should be provided to confine the insect to as small an area as possible.

I wish to discuss an appropriation which for several years has been the cause of much debate on this floor. I refer to the appropriation for the market news service. Through the cooperation of Mr. Tenny, of the Bureau of Agricultural Economics, and his assistants the committee has recommended an appropriation which will meet the needs of the livestock centers in the eastern United States. The committee considered very carefully this appropriation, and in recommending the sum of $765,150 has exceeded the Budget estimate in the sum of $110,402 and the appropriation for the current fiscal year by $45,402. The increase of $45,402 is to be used for two purposes, the first being $18,000 to provide for monthly production reports on butter, cheese, and condensed milk. Quarterly reports are now being made, which to say the least are quite unsatisfactory; and inasmuch as the value of dairy products on the farm during the calendar year 1924 was in excess of $2,500,000,000, the committee believes that monthly reports will be of great benefit to those engaged in the production and handling of these products.

The second purpose for which the remainder of the increase is recommended is to provide for the extension of the leased-wire service. It is proposed that this sum of $27,402, together with such other sums as may be obtained through a reorganization of the work by the Bureau of Agricultural Economics, be expended to provide Ames, Iowa, Oklahoma City, Indianapolis, Cincinnati, Cleveland, Pittsburgh, and Buffalo with initial leased-wire market-news service. This sum is sufficient to extend the leased wire, provide for operators, and so forth, but does not take into consideration any incidental expenses, such as office rent, telephone, or clerical expenses. It is the understanding of the committee, however, that because of the alleged necessity for this service in the cities mentioned local agencies interested will provide whatever may be needed along this line. If any city fails to provide this aid, the committee recommends that the Bureau of Agricultural Economics use any funds allotted to such city in supplementing the work of other cities that are sufficiently interested to provide for the expenses incident to the establishment of this service.

I have discussed those items which, to my mind, are of outstanding importance in so far as the appropriations for the Department of Agriculture proper are concerned, and I now invite your attention to the appropriations for road-construction purposes.

First I will comment on the appropriations for the construction of forest roads and trails. From a legal standpoint the entire cost of these roads should be borne by the Federal Government, although there is at present some cooperation with local agencies, for which we are thankful. This work in the national forests may be divided into three parts: First, the construction of State or primary highways, furnishing a means for transcontinental or through travel, connecting up with the various State highways, and necessary to benefit the greatest amount of traffic; second, the construction of forest highways connecting up with county and community highways, which roads are of secondary importance, benefiting but the local residents; and third, the construction of forest roads and trails to be used in the development of the national forests, which roads are used primarily in the logging operations and as an aid in forest protection. I have set forth these three lines of work to indicate in what manner the appropriations are being expended.

The Forest Service is charged with the responsibility of constructing these roads, and yet it will be seen that but one line of work really applies to the forests and their development. All the work is carried on in cooperation with the Bureau of Public Roads, which is charged with the administration of work under the Federal aid highway system, and to my mind the Bureau of Public Roads should be charged with the construction of State and county roads through the national forests, leaving to the Forest Service the responsibility of designating and constructing only those roads and trails necessary in the development of the national forests. I can see no necessity for two separate organizations engaged in the same work requiring two separate appropriations. One appropriation charged to the Bureau of Public Roads, and the responsibility lodged in that bureau, should be sufficient to carry out the purposes of the Federal aid highway system through the various States and the national forests.

I feel it is my duty to discuss briefly what appear to me to be excessive expenditures on the part of the Federal Government in the construction of forest roads and trails in the national forests. These expenditures, beginning with the fiscal year 1917, were as follows:

1917	$28,750
1918	167,406
1919	548,765
1920	1,491,341
1921	1,215,170
1922	1,583,822
1923	6,643,148
1924	8,562,456
1925	9,835,699
1926 (estimated)	11,012,213

From the foregoing it will be seen that the Federal Government has been exceedingly generous in making provision for this work, and my own opinion is that future acts authorizing appropriations for the construction of forest roads and trails should be confined to development roads and trails only. I call attention to a statement made by the Chief of the Forest Service on page 743 of the hearings, to wit:

> Now as the essential point in this item, Mr. Chairman, I would just like to make this observation. You have expressed one very positive viewpoint as to the rate at which Federal roads should be constructed in the national forests; a perfectly meritorious viewpoint with all sorts of strong arguments behind it. On the other hand, you have to appreciate we are under constant pressure from Representatives in Congress from the national forest States to build these roads to the full extent Congress has authorized us to build them, and I do not think that the committee can expect, after Congress has definitely said, "You can obligate so much money to build roads; you can enter into contracts to pay that money at some future date," I do not think that the committee can expect a Federal bureau, charged with the administration of the property and under a tremendous pressure from the Western delegations here to build these roads—you can not expect us to hold up at a rate appreciably less than the authorization.

I am not speaking in criticism of anyone, but simply expressing my personal views in the premises as to the course I think should be pursued in the public interest.

I direct your attention to the appropriations and expenditures incident to carrying out the provisions of the Federal aid highway act. The legal limit to which the Federal Government may cooperate with the States in the construction of primary highways is 50 per cent of the cost, and the average to date has been approximately 43 per cent. This is because of the increased activities of the States as compared with Federal funds made available. I think that the Federal Government in this work has been making excessive expenditures, which beginning with the fiscal year 1917 were as follows:

1917	$34,337.85
1918	574,816.30
1919	2,915,282.76
1920	20,340,774.24
1921	57,462,768.07
1922	80,946,003.64
1923	71,604,708.75
1924	80,447,823.78
1925	97,472,506.13
1926 (estimated)	92,500,000.00

It will be seen that for the last four completed fiscal years the expenditures have averaged annually nearly $85,000,000, yet the acts authorizing appropriations for the last three years have authorized annual appropriations of only $75,000,000. I call attention to these large Federal expenditures at this time for the reason that we are now making appropriations pursuant to the last authorizations of the Congress in the premises. We shall soon be called upon to enact legislation providing for further authorizations, and it does seem to me that a maximum annual expenditure ought to be fixed not in excess of $75,000,000, which should include sums for the Federal highway system and for the construction of forest roads and trails of primary importance, to be expended under the direction of the Bureau of Public Roads.

At the end of this session of Congress there will remain to be appropriated under the acts authorizing appropriations for this purpose the sum of $98,800,000. As above indicated, annual expenditures are now materially in excess of $90,000,000. Appropriations for the fiscal year 1926 for the Federal aid highway system aggregate $98,900,000, to wit, $76,000,000 carried in the agricultural act for the fiscal year 1926, and a supplemental estimate of $22,900,000 now pending before the subcommittee on deficiency appropriations.

This enormous annual expenditure for the Federal aid highway system and for the construction of forest roads and trails is, in my judgment, unwarranted and too heavy a burden upon the taxpayers of the country. The Federal Govern. nt should be materially relieved and the States assume more responsibility in road construction.

We appear unable to find any money for the construction of much-needed Federal buildings in different sections of the country, where post-office employees have been working for years under insanitary and intolerable conditions. We do not seem to be able to find moneys for the construction of a Bureau of Internal Revenue building in the District of Columbia, to preserve tax records involving billions of dollars. The time has come, in my opinion, when some reasonable limit should be placed on the maximum expenditure of the Government for the Federal aid highway system and for the construction of roads and trails, many of them, in my opinion, absolutely useless, on the tops of mountains in the national forests.

I am very strongly opposed to the constant centralization of increased powers in the bureaus in Washington. I am a thorough believer in local self-government and in the States carrying their full responsibility in matters directly affecting their welfare. [Applause.] We should not permit our actions to be influenced by propagandists who denounce in one breath bureaucratic government and in the next breath demand largely increased appropriations, to be expended by Federal bureaus. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. SUMMERS of Washington. Does the gentleman think it is the function of a State to construct a national forest road for the protection of the forests. For instance, in a case like this, where a fire is discovered——

Mr. MAGEE of New York. Let me answer the gentleman's question. In my statement, I said it was the duty of the Government.

Mr. SUMMERS of Washington. The gentleman said they were constructed on the top of mountains where, in the gentleman's opinion, they were absolutely worthless, as I understood the gentleman.

Mr. MAGEE of New York. Many of them.

Mr. SUMMERS of Washington. I want to state an instance where it takes four days for a man to reach a fire in the national forest after it was discovered. Does not the gentleman think that it is a good idea to have some way of getting at it to protect a forest which requires centuries to grow?

Mr. MAGEE of New York. My notion is we have to be reasonable in these matters.

Mr. SUMMERS of Washington. That is my idea.

Mr. MAGEE of New York. When you come to protect 157,000,000 acres of national forests——

Mr. SUMMERS of Washington. We expend how much annually, may I ask, in the way of protecting roads and utilizing them?

Mr. MAGEE of New York. I put this all in the RECORD. It is estimated this year that the expenditures will be over $11,000,000.

Mr. SUMMERS of Washington. That is where roads cross through national forests, for roads and trails for the protection and utilization of the national forests, which embraces 157,000,000 acres, equivalent to 13 States beginning at Maine and extending down to North Carolina, national forests which take centuries to grow.

It does not mean very much to anybody in particular, but it means a great deal to the Nation as a whole. Now, I want to ask the gentleman one other question. Where a large national forest extends across a State, and a State highway has to cross that, does he not feel that there is some obligation on the part of the National Government in that case, since these lands, of course, are not on the tax roll, pay no taxes to the State, but still as a means of communication from one part of the State to another part and one part of the United States to another, the highways must be constructed across them? I know the gentleman wants to be perfectly fair.

Mr. MAGEE of New York. Yes. Now that the gentleman has gone into it, let me refer to the hearings, which perhaps will illustrate just what I mean. If you will refer to the hearings, on page 738, you will find the following:

Mr. MAGEE. So that the primary purpose of the construction of these roads and trails in the forests of the United States is for the administration, protection, and development of the national forests. Is that right?

Colonel GREELEY. Yes, sir; and for the facilitation of public travel.

Mr. MAGEE. Oh, yes; what public travel there might be. How many acres of forests have you?

Colonel GREELEY. Approximately 158,000,000 acres.

Mr. MAGEE. Well, I suppose you have some very large forests?

Colonel GREELEY. Oh, yes.

Mr. MAGEE. What is the largest forest?

Colonel GREELEY. Well, the administration——

Mr. MAGEE. No; I mean in area, or acres.

Colonel GREELEY. The largest is the Tongass National Forest in Alaska, which runs up to about 16,000,000 acres.

Mr. MAGEE. Well, we won't get into the Territories, but take the continental United States; take the largest one in the United States.

Colonel GREELEY. Approximately two and a half million acres.

Mr. MAGEE. Now, what would be the distance, say, the width or length, of that forest, on the average?

Colonel GREELEY. Of course, the size of these areas varies in every conceivable way.

Mr. MAGEE. I am taking the largest one.

Colonel GREELEY. Take the forest of which I was supervisor for a number of years, in California.

Mr. MAGEE. Is that the largest one?

Colonel GREELEY. It is one of the largest. It runs north and south along the backbone of the Sierra Range approximately 150 miles; east and west on the two slopes of the range and intervening valleys an average of 30 to 40 miles. That is more or less a typical situation.

Now, turn to page 740. I read:

Colonel GREELEY. This national forest I am speaking of—just to take as an illustration—that very forest contains six or seven communities back in the forest—agricultural, livestock, or mining communities. They have to have roads.

Mr. MAGEE. Do they contribute anything to those roads?

Colonel GREELEY. They help.

Mr. MAGEE. Now, what population have you in those six communities?

Colonel GREELEY. Those all happen to be small towns.

Mr. MAGEE. Well, what is the population of them? Let us get at it.

Colonel GREELEY. A population, all told—perhaps they would average 100 people each.

Mr. MAGEE. That should be 600 people?

Colonel GREELEY. Yes. Then you have to have, in that particular forest——

Mr. MAGEE. They have to have a fine road to travel over to get out of the heart of this forest?

Colonel GREELEY. They have to have some road to travel on.

Mr. MAGEE. Surely.

Colonel GREELEY. They have to have a road adapted to the amount of traffic that goes over it.

Mr. MAGEE. What did they travel over before you got in there and built these fine roads?

Colonel GREELEY. Aside from that, there is a very large river system, the Kern River——

Mr. MAGEE. Let us get this point: What did they travel over before you got in there to build these fine roads?

Colonel GREELEY. They had roads of a fashion in most cases.

Mr. MAGEE. Trails?

Colonel GREELEY. Trails in some instances, and old pioneer roads.

Mr. MAGEE. Such as the farmers have in agricultural districts throughout the country to-day, where what we call good roads have not been constructed.

Colonel GREELEY. They are not equal—they are very far from being equal—to the roads developed in the agricultural districts, because this is a rough, mountainous country.

Mr. MAGEE. You can find dirt roads anywhere in this country to-day, especially in the North and West, that are practically impassable at certain seasons of the year, can't you?

Colonel GREELEY. Certainly.

Mr. MAGEE. Where the wagons sink up to the hubs, almost.

Now, I am not talking about protecting the national forests. I am not talking about building connecting roads; that is, where a primary or main highway extends to one side of the forest and a main highway reaches the forest from the other side, to build a road through; but I am calling the attention of the House and of the country, as chairman of this subcommittee, as I feel it my duty to do, to the fact that they are

squandering millions of dollars in these excessive appropriations for the construction of roads and trails everywhere. My contention is that it is time the country knew of these expenditures. If the taxpayers want to do it, all right. I think the Members of the House ought to know it.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield further?

Mr. MAGEE of New York. Yes.

Mr. SUMMERS of Washington. In regard to this testimony that the gentleman has quoted extensively, the gentleman referred repeatedly to the "fine roads" that we were building. Colonel Greeley said they were not fine roads, and were not equal to those constructed in the agricultural sections. I do not think the gentleman can make a case against those roads by referring to them in that way.

Mr. MAGEE of New York. I am not trying to make any case at all. I am calling the attention of the House and of the country to the facts.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. LAZARO. The gentleman is making the statement that the committee has recommended less than the Budget Bureau asked for?

Mr. MAGEE of New York. Yes.

Mr. LAZARO. How much did they estimate?

Mr. MAGEE of New York. The Budget recommended $80,000,000, and we recommended $75,000,000.

Mr. LAZARO. What was the request of the Bureau of Public Roads?

Mr. MAGEE of New York. I will explain that. Under the policy of the House, as it appears to have been fixed in 1923, it does not make any difference whether you carry in this appropriation bill $100,000,000, or $80,000,000, or $60,000,000, providing you have enough money to meet the obligations of the Government. In other words, the Bureau of Public Roads enters into the contract authorizations, and we appropriate to meet the obligations of the Government as they accrue. That, I think, is an economical policy. All we need to provide for in this bill is sufficient money to meet the obligations of the Government as they fall due, and that we have done.

Mr. LAZARO. Then the gentleman feels absolutely sure that the Federal Government will be able to meet its part of the obligation in the building of these roads?

Mr. MAGEE of New York. Yes. The hearings show that. That is our understanding. We provide sufficient money, and more, to run until March 4, 1927.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. ARENTZ. The gentleman referred to mountain trails, where they are unnecessary and where they will do little or no good?

Mr. MAGEE of New York. Yes.

Mr. ARENTZ. It seems impossible for the committee to talk the Chief Forester into the idea of building roads only where they are serviceable and omitting their construction where they are not. There are forests containing saw logs and others containing no saw logs or very little timber of any kind. I know sections in the State of Nevada where roads and trails are built through forest reserves, where there is no danger of a fire starting except in the sagebrush, and yet, instead of placing that money in the development of water and so forth, the money is put into roads and trails through forests, on tops of mountains, and in places where they do absolutely no good. I am glad to bring that point to the attention of the chairman of the committee.

Mr. MAGEE of New York. Yes.

Mr. ARENTZ. Can the gentleman tell me what is the cost of the propaganda that is being spread broadcast throughout the United States to inculcate in the minds of men and women throughout this eastern country the idea that this great area of forest reserves is not the proper place on which to range cattle or sheep?

Mr. MAGEE of New York. No. I know nothing about that.

Mr. ARENTZ. I could enlighten you on that.

Mr. MAGEE of New York. And, further, I will say to the gentleman from Nevada that I am giving only my personal view, and I represent nobody but myself; but I am giving my views fearlessly to the House, because I believe it is my duty to do so. I believe in Federal aid in the construction of highways and in the development of our national forests; but the point I am making is that we ought to be reasonable in the premises, and unless we stop and consider the enormous, staggering expenditures that we are making annually, the first thing we know they will get beyond all rhyme or reason.

Mr. ARENTZ. Do you believe that 158,000,000 acres of land in the forest area of the United States should be held as picnic grounds, or should the herbage of those reserves be fed off by sheepmen and cattlemen?

Mr. MAGEE of New York. I believe they should be used for grazing purposes as far as they can possibly be utilized.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. ROBSION of Kentucky. I understand from the statement of the gentleman that the bill carries $75,000,000 for roads and trails.

Mr. MAGEE of New York. For Federal highway system, $75,000,000, and $5,000,000 for forest roads and trails.

Mr. ROBSION of Kentucky. That is $80,000,000. I believe the gentleman further stated that the amount carried by this bill does not control or govern the amount that the Federal Government might spend during the coming fiscal year for that character of work, but that the amount is fixed by the authorizations of Congress.

Mr. MAGEE of New York. Yes.

Mr. ROBSION of Kentucky. And your committee undertakes to appropriate up to the amount of the authorizations, if it is necessary?

Mr. MAGEE of New York. Well, we appropriate to meet the obligations.

Mr. ROBSION of Kentucky. If it is necessary, up to the amount of the authorization?

Mr. MAGEE of New York. Yes. We follow the action of Congress. Congress gives us our orders, and we follow them. I am giving you my views in the hope that we will get down out of the clouds, get our feet on the earth, and be reasonable in these matters.

Mr. LEATHERWOOD. Will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. LEATHERWOOD. If I followed the gentleman's remarks correctly, he favors Federal aid to highways, but he thinks the expenditure is too great?

Mr. MAGEE of New York. The annual expenditure; yes.

Mr. LEATHERWOOD. I wish to inquire whether the gentleman feels that $75,000,000 a year is too great an expenditure?

Mr. MAGEE of New York. The amount has been fixed, as I understand, during the last three years in the authorizations at $75,000,000 a year. What I say is that, in my judgment, we should not go beyond $75,000,000 annually in expenditures for the Federal-aid highway system and the construction of roads and trails.

Mr. LEATHERWOOD. It is true, is it not, that in many States where Federal-aid highways are promoted by the Government the Government owns a large percentage of the public domain at this time?

Mr. MAGEE of New York. The gentleman means the national forests?

Mr. LEATHERWOOD. I mean public lands. I said the public domain.

Mr. MAGEE of New York. You have national forests and national parks, and they comprise a vast area.

Mr. ARENTZ. In the State of Nevada 90 per cent is public domain and not much of it is within national forests.

Mr. MAGEE of New York. I am not familiar with the proportion. The gentleman from Nevada can state that better than I can.

Mr. LEATHERWOOD. The gentleman appreciates, does he not, that in those States where the Government still retains a large percentage of the public domain that the States themselves are not receiving any revenue—except indirectly for schools and roads—from that great public domain?

Mr. MAGEE of New York. I do not see what that has to do with the proposition. I am talking about the construction of roads.

Mr. LEATHERWOOD. I will ask the gentleman this question then: If he feels that the upkeep of Federal-aid highways is too great a burden upon the people, how would he feel with reference to the proposition of turning over to the States the natural resources of the States and permitting them to take care of these matters themselves?

Mr. MAGEE of New York. I do not see that that question is before us. What I am talking against is everybody looking to the Federal Government to pay the cost. I think the States should bear their full responsibility as to matters pertaining to their welfare. There is talk all the time about bureaucrats here in Washington, the centralization of power here, and everything of that sort, but you can not lessen that by making increased demands and persistent demands all the while for

unwarranted expenditures on the part of the Federal Government. The Federal Government has not any money except as it raises it through taxation.

Mr. LEATHERWOOD. If the gentleman will yield, I would like to ask one other question. As a matter of history, there are many States in the Union where they have had turned over to them from the Federal Government all of the great natural resources. Now, if we are to apply the doctrine of self-sustenance and self-government and the doctrine that it is the duty of the States to keep these matters up, does not the gentleman think it would be fair to the States where the Government still holds great areas of the public domain, and still holds great coal areas, oil and shale areas—would it not be fair, if the gentleman wants the States to do that instead of coming to the Public Treasury——

Mr. MAGEE of New York. Let me interrupt the gentleman by saying that I think he is talking about a matter that is entirely irrelevant to the main question. I have already stated that I am in favor of cooperation between the States and the Government. What I am talking against is the unwarranted burden upon the Federal Government, which is constantly increasing. That is what I am talking about.

Mr. LEATHERWOOD. I am trying to find out whether we might not be able to relieve the Government of this burden. If many of these States were treated as the other States have been treated with reference to the distribution of the natural resources, I think many of the great public-domain States would be perfectly willing to assume these responsibilities. They would be willing to assume them if they were given the same treatment now that other States in the Union have been given and not ask the Federal Government for further aid.

Mr. MAGEE of New York. I am confining my remarks to excessive expenditures, and each man can pass his own judgment on that proposition. I have given you the facts, and you can reach any judgment you desire.

Mr. McDUFFIE. Will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. McDUFFIE. Can the gentleman conceive of any expenditure of the public moneys that brings more beneficial results to every community in the way of increased taxable valuations, in the way of intercourse between one community and another, and the general building up of communities than the building of highways through those communities?

Mr. MAGEE of New York. I am not talking against the proposition of building highways, and I am not talking about Federal aid in building them; what I am talking about is the excessive burden that people seem to be trying to place upon the Federal Government.

Mr. McDUFFIE. What is the excessive burden, if the gentleman will permit?

Mr. MAGEE of New York. I say in my opinion the Federal Government should not make expenditures in excess of $75,000,000 a year for these purposes. You may differ with me in your judgment, and you are welcome to do so, but that is my judgment.

Mr. BYRNS. I understand the gentleman's personal opinion is that not exceeding $75,000,000 should be expended.

Mr. MAGEE of New York. At this time.

Mr. BYRNS. In any one year in the improvement of highways in cooperation with the States?

Mr. MAGEE of New York. Yes; including forest roads and trails.

Mr. BYRNS. The bill which the gentleman reports, I will ask the gentleman, contemplates spending a greater sum than $75,000,000 during the next fiscal year, does it not?

Mr. MAGEE of New York. Yes, sir. It is estimated at $92,500,000. I do not suppose anybody can tell exactly.

Mr. BYRNS. The bill as reported by the committee only makes an appropriation up until March 4, 1927, and therefore it is clearly contemplated there will have to be a deficiency of perhaps $20,000,000 or more next year.

Mr. MAGEE of New York. There may be. Nobody can tell. We will have to meet that situation when we come back in December.

Mr. BYRNS. Does not the gentleman think that in the interest of bookkeeping and in the interest of letting the people know in the beginning just what money they are spending, if it is going to take $92,000,000 for the fiscal year 1927, we ought to have made that appropriation in this bill so that the people, when they come to sum up at the end of the session, may know just what has been appropriated by the Congress for this and other purposes?

Mr. MAGEE of New York. No; I do not think that, and I will tell the gentleman why. You adopted this policy in 1923.

Mr. BYRNS. Is it not a bad policy?

Mr. MAGEE of New York. No; I do not think it is a bad policy. I think the distinguished gentleman from Tennessee was on the committee at the time. In 1923 we appropriated $25,000,000; in 1924, $29,300,000; in 1925, $13,000,000; and in the fiscal year 1926, $76,000,000. This bill carries $75,000,000. As suggested by the gentleman from Kentucky [Mr. ROBSION], who is thoroughly familiar with the situation, we meet the authorizations already made by Congress and provide money to meet the obligations as they fall due, and I think this is an economical policy and saves money for the Government.

Mr. BYRNS. If the gentleman will permit, of course, we all know that Congress will appropriate whatever amount is necessary to meet these authorizations. There is not any question about that, but here you have this situation: The Director of the Bureau of Public Roads comes before the committee and says they will need for 1927, $92,000,000 in round numbers. The committee recommends $75,000,000. There will be at the end of this fiscal year, according to the testimony before the committee, as I recall it, about $4,000,000, which will make about $79,000,000. Now, the Chief of the Bureau of Public Roads says they will spend during the first six months of the next fiscal year something like $10,000,000, or perhaps a little more, a month, and that will leave only about $17,000,000 at the beginning of January 1, 1927, for the remainder of the six months. So it is clear a deficiency appropriation will have to be made. I will admit, of course, it is the same thing in so far as the Treasury is concerned, but we will find that at the end of this session when we come to sum up what has been appropriated for the year 1927, the amount of money that will be needed to carry this Government along for good roads during the last three or four months of the next fiscal year will not be taken into consideration, and my point is that the people get a wrong viewpoint as to just what this Government is spending during each fiscal year.

Mr. MAGEE of New York. I am looking at the policy which your committee has established for the reason that no one can tell how much money will be needed. The Chief of the Bureau of Public Roads admits he can not estimate it. It might not be $92,500,000. Nobody can tell about that. It does not make any difference whether it is carried in this bill or in a supplemental estimate in the deficiency bill. The only point is the Government must meet its obligations as they accrue, and that we have provided for in this bill way beyond March 4, 1927.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. MAGEE of New York. Yes, sir.

Mr. SUMMERS of Washington. If in the State of New York the Federal Government owned public lands, Indian lands, national forests, and national parks to the extent of 84 per cent of the area of the State, does the gentleman feel there would be some special obligation on the part of the Federal Government in that case in the way of building roads, or should the 16 per cent remaining provide roads for the whole area?

Mr. MAGEE of New York. The gentleman does not appear to grasp the point which I make.

Mr. SUMMERS of Washington. Yes; I know the gentleman does not want to expend large sums of money.

Mr. MAGEE of New York. Then the gentleman's questions would not seem to indicate it.

Mr. SUMMERS of Washington. The gentleman does not grasp the fact——

Mr. MAGEE of New York. Let me talk a moment. You have put a question to me.

Mr. SUMMERS of Washington. All right.

Mr. MAGEE of New York. I wish the gentleman would put a question that would mean something. The point I make is not that I am against Government aid in the building of Federal highways.

Mr. SUMMERS of Washington. I appreciate that.

Mr. MAGEE of New York. What I am talking about is the excessive amount the Government is annually called upon to appropriate and pay. I say we ought to be reasonable about it. We ought to live within our means. I was brought up that way myself. I do not think we ought to build these highways and build these roads and trails on the top of the Rocky Mountains and other mountains in this country, many of them, in my judgment, absolutely useless, and not take into consideration other needs of the Government. In other words, does the gentleman think there is more need of appropriating $100,000,000 for public highways than there is for the construction of a Bureau of Internal Revenue building in the district to preserve tax records involving billions of dollars?

Mr. SUMMERS of Washington. I appreciate that.

Mr. MAGEE of New York. Then there is no difference between the gentleman and myself.

Mr. SUMMERS of Washington. Permit me to say that the gentleman did not find out how much that particular road on top of the mountain cost; that would have told the whole story.

Mr. MAGEE of New York. I sometimes thought during the hearing that the reason the Chief of the Forest Service was building so many roads and trails in unheard-of places was to furnish predatory animals with a good, clear way to get into the States of California, Arizona, and Texas, where they could destroy sheep, cattle, and so forth.

Mr. SUMMERS of Washington. I think we are agreed—I do not want any money spent needlessly, but I do feel the need of protection of the national forests and the construction of good roads.

Mr. MAGEE of New York. Nobody is against protecting the national forests, and this bill carries approximately $8,000,000 to protect the national forests from fire.

Mr. ARENTZ. Will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. ARENTZ. I understand the gentleman from New York to say that if a road from the outside of the forest reserve comes up to the boundary and a road was needed to connect the two ends across the forest reserve it is agreeable to him that the Government should pay for building that road?

Mr. MAGEE of New York. For building. If the gentleman will read the hearings he will see that I called on the Chief of the Forest Service and asked where the roads were and what it would take to construct such roads.

Mr. ARENTZ. In an inland State like my own, which only owns 16 per cent of the public domain, we believe that a large proportion should be borne by the United States Government. We have no quarrel on that, and the only thing that the gentleman quarrels about is instead of $90,000,000 he thinks it should be a less amount?

Mr. MAGEE of New York. I do not know any man that is more in favor of good highways than myself. What I am talking about is that we can proceed in what seems to me an orderly and reasonable way, make reasonable appropriations, and not attempt to make such excessive appropriations that they become a burden on the taxpayers of the country. [Applause.]

The CHAIRMAN. The gentleman from New York has occupied one hour.

Mr. BUCHANAN. Mr. Chairman, I want to yield to one of my colleagues who is about to visit a hospital. I yield the gentleman from New York [Mr. BOYLAN] 10 minutes.

Mr. BOYLAN. Mr. Chairman and gentlemen of the House, I have listened to the very able chairman of the subcommittee relative to the bill, and I think that he has brought forth the facts in sufficient clearness for us to thoroughly understand it. I notice in the bill that there are appropriations for the care and treatment of tubercular cattle. There are appropriations for the protection of plants against the gypsy moth, the corn borer, the Japanese beetle, the boll weevil, and other insects.

I also notice that the predatory animals are cared for through the establishment of trails through the forests in order to better facilitate their capture of livestock. [Laughter.] I know that we have laws also protecting game and even protecting fish. I know there are laws in order that undue advantage may not be taken of the fish, that prohibit fishing through holes in the ice in order that they may not be taken unawares. [Laughter.]

But I do not rise, Mr. Chairman, to speak of the cattle or the insects or the predatory animals. I rise to speak for the human kind. In many of the cities, towns, and villages of the North and East to-day there is a shortage of coal. Many of our poor are suffering for want of heat. To-day here we sit around in this comfortable Chamber without overcoat or hat or earlaps or overshoes and are physically comfortable and at ease.

But in many of the towns in the North and East there are many people, especially the poorer classes, who are suffering for one of the very necessities of life—heat. Heat is necessary, as we are told and know from our own experience, for the preservation of life.

Immediately after the conferences between the operators and the employees in the city of New York, immediately after the conference had failed, I introduced a bill empowering the President of the United States in cases of emergency to take over and to operate the anthracite coal mines wherever necessary. This bill was referred to the Committee on Interstate and Foreign Commerce. It is still peacefully reposing in that committee, although the necessity for coal is admitted on all sides.

The presidential spokesman said that it would not be wise for the administration to interfere until Governor Pinchot had an opportunity of putting his bills through the Legislature of the State of Pennsylvania. That time has passed. The governor was unsuccessful. His bills have not been reported.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BLANTON. In a joint hearing before a House and Senate committee, of which I happen to be a member, our colleague from Pennsylvania [Mr. KENDALL] testified that the coal mines in his home town were selling coal at from $1.75 to $2.50 a ton; that that coal could be laid down here in Washington under $5 a ton after paying the freight; and that that same coal has been selling here in Washington for from $12.50 to $15 a ton. Could there not be cooperative organizations on behalf of consumers here and in other cities organized by themselves, without Government aid, that could buy this coal and distribute it among themselves and escape these enormous profits made by middlemen?

Mr. BOYLAN. My colleague is correct. That could be done, but the people here in this city and in the great cities of the North and East are not as well organized as are the farmers. They have no cooperative organizations, and let me say to the gentleman that this is one of the substitutes recommended by the spokesman for the President, but it does not work out satisfactorily in the large cities, because, for instance, in the city of New York the hard-coal stoves used there are not of the type so that soft coal may be burned in them. We have had many occasions where the coal has exploded and blown the front out of the stove, and, further, the gases arising from the use of soft coal has caused many deaths by suffocation.

Mr. BLANTON. Our colleague Mr. KENDALL testified that he uses this coal in his own home, and we asked him about these objectionable matters of which the gentleman from New York speaks. He said that none of those things had occurred in homes around him in Pennsylvania.

Mr. BOYLAN. That is probably true, because they use stoves especially manufactured for the burning of soft coal. The people in the large cities in the East and in the North have not stoves of this type.

Mr. Chairman, on January 14 I addressed a letter to the chairman of the Interstate and Foreign Commerce Committee requesting a report of my bill, and I ask unanimous consent to have that placed in the RECORD at this point.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The letter referred to is as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVS,
Washington, D. C., January 14, 1926.

MY DEAR COLLEAGUE: On January 13 I introduced a bill in the House, which was referred to your committee, authorizing the President, when an emergency exists in the mining of anthracite coal through the suspension of operations in the mines, to take temporary control of the anthracite mines and proceed with the mining of coal until the emergency has passed.

On account of the existing strike in the coal fields for the past four months I know that you and the members of your committee are thoroughly familiar with the coal situation.

In view of this fact I do not think that you will require any hearings on this bill.

You know that owing to the scarcity of coal, hardship, suffering, and sickness have stalked through the Northern and Eastern States of the country. In many cities pneumonia has reached the epidemic stage. Here in Washington cases have been reported at the rate of 20 to 40 a day. In New York City and other large centers hospitals and institutions are so crowded with flu and pneumonia patients that it is difficult to gain admission to them.

The time for investigations and hearings has passed. It is now time for action.

When a starving man is at your door seeking food, you do not stop to investigate him; you feed him.

The people of this country now need coal, and need it badly, and I am sure that your committee will help give it to them.

Very sincerely yours,

JNO. J. BOYLAN.

Mr. BOYLAN. Mr. Chairman, it will be recalled that in the President's message he asked for authority with which to act. The bill that I introduced gives the President that authority. I am willing to stand loyally behind him. I have no particular pride of authorship. I will stand behind any bill that will afford relief to the people of my State and country. Many constitutional lawyers will say that this bill is unconstitutional. I have taken it up with many of the distinguished lawyers of the House, recognized authorities on constitutional

law, and they tell me that under the welfare provision of the Constitution the bill is constitutional. Furthermore, this bill has none of the attributes of socialistic legislation. It merely provides the machinery for meeting a crisis like the present one. It no more justifies the charge of socialism than maintaining an army and navy adequate for our needs leaves us open to the indictment that we are militaristic.

Mr. Chairman, the time has come for action. Investigations and hearings have had their day. If an enemy is at our door, we immediately take action to defend ourselves. Here is a situation that requires immediate action in order to preserve the lives of the greatest asset of our country, our children.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman three minutes more.

Mr. BLANTON. Mr. Chairman, will the gentleman kindly permit me to ask him one further question?

Mr. BOYLAN. Yes.

Mr. BLANTON. The distinguished Senator from West Virginia [Mr. NEELY] and our colleague from Pennsylvania [Mr. KENDALL] both in effect stated that a person can buy one carload of coal within 10 cents per ton of what the jobbers pay for it in 25 or 50 or 100 carload lots, and the best coal in West Virginia in Senator NEELY's district can be laid down here in Washington inside of $5 a ton. Does not the gentleman think that consumers ought to do something about getting rid of these jobbers, these middlemen, who are holding us up for $5 and $6 and $7 and $8 and $10 and even $15 a ton profit?

Mr. BOYLAN. I agree with the gentleman.

Mr. BLANTON. I would like to get some of my colleagues to go in with me and buy a carload; and to protect themselves consumers must pool together and buy their coal in carload lots direct from the mines and have it distributed themselves.

Mr BOYLAN. The coal is not here; and while the coal is in West Virginia people are freezing, people are suffering. It might as well be in Alaska as in West Virginia. It ought to be in Washington.

Mr. GREEN of Florida. Why worry about coal? Send your constituents down to Florida, where they can get sunshine.

Mr. BOYLAN. It is very easy for the gentleman to speak facetiously and to say to the poor laboring man in the city of New York, "Go to Florida." Why, you might as well tell them to go to the moon. [Laughter.]

Mr. SOMERS of New York. Will the gentleman yield?

Mr. BOYLAN. I will.

Mr. SOMERS of New York. The gentleman referred in his speech to a letter which he sent the chairman of the Committee on Interstate and Foreign Commerce, which is considering the bill. Did the chairman, may I ask the gentleman, reply to that letter?

Mr. BOYLAN. Oh, yes; he made a very courteous reply, and said the matter would be given careful consideration.

Mr. SOMERS of New York. Has the gentleman any idea what might be holding up this particular bill, since the President recommends it and since the Republican Party is in a majority?

Mr. BOYLAN. Oh, yes; I know.

Mr. SOMERS of New York. I wish the gentleman would tell us.

Mr. BOYLAN. They are waiting for something to happen; waiting perhaps to see if the operators and miners will get together.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOYLAN. I would like a few minutes more. Can the gentleman from Texas give me three minutes?

Mr. BUCHANAN. I yield the gentleman three minutes.

Mr. BOYLAN. I thank the gentleman.

Despite advice President Coolidge may have received from "experts," a supply of soft coal, no matter how plentiful, will not help. These "experts" know nothing of tenement life in New York City or other great centers of population, or they would not have given such advice to the Chief Executive. Before doing so, they might well have paid a visit to some of the homes I have seen in the past month.

They would have found families of five or more living in one or two small rooms, with no ventilation, few conveniences, and no place for storing coal. The one source of warmth and protection against illness in these homes is a small stove with isinglass front which, even under the best circumstances, provides a weak glow of heat. How can these people use soft coal or coke or be asked to support the administration's hands-off policy?

Such a suggestion is absurd. It comes from a purely academic mind, thinking more of big business and politics than the people's well-being.

I have been in a home where the mother was trying to burn soft coal. She told me, as did many others, in frantic tones and many languages, that the front of their inadequate heater had been blown out twice, and that the gases given off during the night had all but suffocated her children, sleeping four in a room. The youngest were ill from pneumonia from the combination of cold and dust and fumes. The rapidity with which this fuel burns make it impossible to keep enough on hand.

This situation prevails not only in my city but in all the large cities of the East. The wealthy or fairly comfortable, including the "experts," with their large and well-equipped heating systems and big homes, can get along on substitutes, though most of the "experts" were able to buy plenty of anthracite last summer at normal prices. But in Boston, New York, Philadelphia, Baltimore, Washington, and hundreds of smaller cities, actual hardships exist. Health records and the calls for more nurses prove it.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BOYLAN. May I have two additional minutes?

Mr. BUCHANAN. I yield the gentleman two additional minutes.

Mr. BOYLAN. These are the people who will suffer illness and death if the administration continues to sit by with its fingers crossed and praying for something to turn up. First, there was hope that Governor Pinchot would settle the strike; now Congress and the President are waiting on the miners and operators to get together at to-day's parley. Upon whom must we next wait before we take steps to give relief to our people?

Only a few days ago Dr. William C. Fowler, health commissioner of the District of Columbia, attributed the pneumonia epidemic to improperly heated homes and the inability to get sufficient anthracite coal. Bellevue Hospital, in my city, was threatened with a coal famine, and for almost a day 3,000 patients and employees of this great institution faced the most serious crisis in its long history of faithful service to the sick and unfortunate.

How long is this to continue? What must the American people undergo before the President of the United States, enjoying more power than emperors and kings, will act? The whole thing is a burlesque on democratic government, which was created to serve the people, not to stand by and let them suffer because of the stubbornness of two small groups of warring industrial factions.

Mr. MAGEE of New York. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Gentlemen, one of the great needs of this country to-day is that the eastern folk understand something of the economic, social, and political conditions that exist west of the Allegheny Mountains and in particular west of the Mississippi River. It is very encouraging to find an editor of a great daily paper of the East who has some understanding of these problems and who realizes some of the essential justices of the claims of the western people. I wish to read to the committee and call to the attention of the Congress an editorial from the Washington Post of last Sunday morning:

NATIONAL RECLAMATION

Secretary Work, of the Department of the Interior, has sent to Congress the report of the board of adjustment and survey estimating losses on Federal reclamation projects at a total of $27,102,000, due to lack of fertility of the soil for which irrigation works were constructed, inadequate water supply, and other physical causes. Projects included in the survey upon which the Government has sustained losses number 19.

The Bureau of Reclamation was the only one of the 12 bureaus in the Department of the Interior which seemed hopeless two years ago. An expenditure of approximately $200,000,000 for reclamation projects had been made by the Government during the previous 20 years, requiring an additional $60,000,000 to complete them. Repayments to the Government were only 9½ per cent.

The first step toward reclaiming reclamation was a complete reappraisal. A fact-finding committee was appointed, and after six months' study it reported that the Government faced a definite loss of $18,561,000 and a probable additional loss of $8,830,000 of its capital investment.

It is proposed to charge off about $26,000,000 as losses levied against unproductive lands and not recoverable by the Government. If this is approved by Congress, it will afford relief for the farmers from indebtedness they can not meet.

The obligations of the Government in reclamation were further increased at the last session of Congress by initial appropriations for four new reclamation projects and extensions of three existing projects, which will entail an expenditure of an additional $60,000,000.

The opinion seems to prevail that the Government's reclamation policy is a failure. However, this policy perhaps has accomplished more toward creating national wealth in the building of towns and

cities and in the making of happy homes for thousands of people than almost any other Government undertaking.

It is estimated that the national wealth created by these expenditures has increased more than $600,000,000. Statistics show that the value of the crops on all Government reclamation projects during 1925 amounted to more than $110,000,000. Reclamation has provided in the West a market for manufactured products valued at least at $500,000,000. In one year manufactured commodities from the East, valued at $34,000,000, were shipped into these reclaimed sections.

It is admitted that mistakes have been made, but they are remediable. Secretary Work says:

"We are now entering a new era in the history of reclamation. Its present condition, its difficulties, and its promises have been opened up to Congress and to the public with all frankness. * * * It lies within the province of Congress to determine an equitable and economically sound policy which will remedy existing evils and make impossible a recurrence of conditions which have demoralized the Federal reclamation service."

By utilizing the experience of the last 20 years, mistakes will be avoided in the future and the development of arid lands, bringing happiness and prosperity to many, will continue on a sound basis.

We discussed during debate on the interior bill certain phases of the reclamation problem. I desire to read in connection with that and in accord with the editorial just read, for the consideration of the Membership, an editorial from the Omaha Bee, Omaha, Nebr., in its morning issue of January 23, of this year.

OMAHA, WHERE THE WEST IS AT ITS BEST—UNCLE SAM AND THE WATER USER

A problem as vexatious as it seems simple has been raised through the attitude of Secretary Work, of the Interior Department, toward the water users. Its crux is presented by Attorney William Morrow, who represents the settlers under the big ditch that serves the Mitchell Valley section:

"Why should the Government insist on gouging the farmers of the North Platte irrigation district, regardless of their ability to pay, when it is for giving billions of dollars of debts owed to this country by foreign countries, cutting down their obligations and reducing their interest charges?"

Especially pertinent is this question, when the Elwood Mead report is called to mind. This report recommended that some $18,000,000 be charged off the books on account of Government expenditure in connection with reclamation work. More than half of this amount was reported to be unrecoverable. President Coolidge approved the report and recommended to Congress that legislation be enacted to make it effective.

The report also recommended that the charge against the land for water in the future be based on the productivity of the land served. Also, that charges bear some relation to the crops harvested one year after another. So that the farmer would not be required to pay as much on a poor crop as on a bountiful yield. Returns from the soil and not the acreage would be the governing factor. This reasonable rule also was approved by the President.

The act of December, 1924, contained a provision intended to put into effect the spirit of the Mead report. One of its sections directs the Secretary of the Interior to enter into contracts with the water users, either on the old basis or the new terms, at the option of the water user. This Doctor Work has reversed. Instead of carrying out the clear provision of the act, he has ruled that the new contract is optional with the department. This takes away from the settler the protection it was designed to give him. It is the point raised by Representative SIMMONS in his recent argument in the House of Representatives.

Not only has this protection been removed by the Secretary's reversal of the law, but the settlers are being pressed for arrearages, most of which arise through increased charges for water, incidental to added cost, the result of faulty calculations of construction engineers.

Get this fact clear in mind: Water users are not seeking to get out from under any obligation entailed in the contracts they made with the Government. They do object, and rightly, to having those obligations extended unreasonably by arbitrary orders from the department. Also, they would like to have the protection promised them under the law, which made the Mead report effective. This is being denied them.

When the reclamation work was first taken up by the Federal Government, it was not expected that the settlers should be squeezed in order to return the full amount of investment. From the first it was understood that some part of the cost would reflect Government service to its citizens. As unexpected difficulties arose, new obstacles were encountered, and estimates of cost proved too low, the effort was made to recoup the fund by increasing charges for water. Out of this came the investigation carried on by the Mead commission. Its report, recommending that the increased cost to the Government be borne by the Treasury and not be apportioned to the water users was sound, and so was adopted.

Why the water users of the North Platte Valley should now be pursued by the Government to pay for something they are in no sense responsible for is not easily explained. If the Government of the United States can forgive Italy billions of dollars in debt and interest, it surely can afford to deal justly with these farmers. They are willing to pay what they contracted for. What they ask to be relieved from is the unreasonable, and in many cases confiscatory, charges for which they did not contract, especially that part of the so-called debt that arises under water rights that have been abandoned.

We know in advance what reception the Nebraska delegation in Congress will give the committee from the North Platte Water Users Association. We believe they have justice and right on their side, and that the Interior Department will be brought to see its mistake in policy.

May I again urge the serious and favorable consideration of these two editorials?

I yield back the remainder of my time. [Applause.]

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from New York moves that the committee do now rise. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TREADWAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, had come to no resolution thereon.

THE COOPERATIVE MARKETING BILL—THE M'DUFFIE AMENDMENT

Mr. GREEN of Florida. Mr. Speaker, I ask unanimous consent to extend in the RECORD my remarks on the marketing bill passed to-day.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN of Florida. Mr. Speaker and Members of the House, I most heartily indorse the amendment, which includes the term "naval stores," said amendment offered by the gentleman from Alabama [Mr. MCDUFFIE]. I am also in accord with the general provisions of the cooperative marketing bill, which is now before us. While it is not exactly the kind of bill I would draw for the needs of agriculture at this time, it does contain some good provisions, and, on account of the good features of the bill, I expect to cast my vote for it.

There is not a class of industrialists in America to-day which has been so sorely neglected and which deserves more and receives less than the farmers of the Nation; and I think it is time the Government was making an effort to bring about relief for the workers in this great industry which is the real strength of America. Probably the worst two problems confronting the farmers to-day are that of transportation and that of marketing their products.

Permit me to say relative to the amendment as offered by the gentleman from Alabama that the naval-stores industry is one of the great branches of agriculture. The introducer of the amendment, Mr. MCDUFFIE, and the gentleman from Georgia [Mr. EDWARDS] have already dwelt upon the definition of naval-stores products, therefore I take it for granted that you understand the meaning of the term, and I shall not stress it. The fact is that there are approximately 1,350 producing establishments in the United States, all of which, of course, are in the Southern States, particularly those States where the long-leaf yellow pine grows, as Florida. In 1921, 23,378,854 gallons of spirits of turpentine, valued at $13,356,790, and 1,661,624 five hundred-pound barrels of rosin, valued at $10,796,975, or a total of $24,276,000, were produced. This was produced by 1,418 establishments, of which 490, producing $8,231,775 worth of products, were in the State of Florida. In the operating year 1924–25, 27,174,580 gallons of turpentine and 1,790,087 five hundred-pound barrels of rosin were produced. Of this, the State of Florida produced more than one-third, and its largest naval-stores shipping port, Jacksonville, shipped 11,707 tons of turpentine and 82,219 tons of rosin, besides dross and other products. Therefore in the interests of the largest naval-stores producing State in the Union I indorse the McDuffie amendment and trust that it will be adopted.

The number of naval-stores operators is decreasing, the sawmill men and others are rapidly consuming the yellow-pine forests of the South, the virgin timber forests are rapidly diminishing, the cost of labor to produce naval-stores products is continually enhancing, and I believe that all possible should

be done to aid and assist the operators and workers, both large and small, who are engaged in this great and declining industry.

ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bill of the following title:

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River; and

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WHITE of Kansas, for four days, on account of important business.

To Mr. DOYLE, for three days, on account of important business.

To Mr. WELLER, for to-day, on account of important business.

ADJOURNMENT

Mr. MAGEE of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p. m.) the House adjourned until to-morrow, Wednesday, January 27, 1926, at 12 o'clock meridian.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

304. A letter from the Secretary of the Treasury, transmitting a draft of a bill to amend an act entitled "An act authorizing the Secretary of the Treasury to sell the United States marine hospital reservation and improvements thereon at Detroit, Mich., etc.," so as to authorize the Secretary of the Treasury to transfer to the Department of Commerce for lighthouse purposes a portion of the marine hospital reservation at Detroit, Mich., and a portion of the United States post office and courthouse property at Key West, Fla., in exchange for a new marine hospital site; also to authorize the Secretary of the Treasury to construct a new marine hospital thereon; to the Committee on Public Buildings and Grounds.

305. A letter from the Secretary of Commerce, transmitting a description of papers on file in the various bureaus of the Department of Commerce which are not needed or useful in the transaction of current business and have no permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

306. A communication from the President of the United States, transmitting a proposed draft of legislation affecting an existing appropriated fund—the "Navy pension fund," under control of the Navy Department—authorizing payments thereof in the amount of $349.86 to the legal representatives of deceased men in the Marine Corps (H. Doc. No. 229); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SINNOTT: Committee on the Public Lands. H. R. 5242. A bill to repeal the act approved January 27, 1922, providing for change of entry, and for other purposes; without amendment (Rept. No. 144). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 5240. A bill to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill.; without amendment (Rept. No. 145). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 6090. A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian; with amendments (Rept. No. 146). Referred to the House Calendar.

Mr. MAPES: Committee on Interstate and Foreign Commerce. H. R. 7187. A bill granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; without amendment (Rept. No. 147). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREW: A bill (H. R. 8371) to authorize the Secretary of the Navy to dispose of sand and gravel from the naval ammunition depot reservation at Hingham, Mass.; to the Committee on Naval Affairs.

By Mr. ELLIS: A bill (H. R. 8372) to expedite the works of improvement of inland rivers for navigation; to the Committee on Rivers and Harbors.

By Mr. HICKEY: A bill (H. R. 8373) to amend the World War adjusted compensation act; to the Committee on Ways and Means.

By Mr. MOORE of Virginia: A bill (H. R. 8374) to authorize the Secretary of War to permit the delivery of water from the Washington Aqueduct pumping station to the Arlington County sanitary district; to the Committee on the District of Columbia.

By Mr. ROUSE: A bill (H. R. 8375) allowing credit to postal and substitute postal employees for time served in the Army, Navy, or Marine Corps of the United States; to the Committee on the Post Office and Post Roads.

By Mr. SMITHWICK: A bill (H. R. 8376) to authorize the Secretary of the Interior to adjust disputes or claims by settlers, entrymen, selectors, grantees, and patentees of the United States against the United States and between each other, arising from incomplete or faulty surveys in township 2 south, range 17 west, sections 30, 31, and 32, Tallahassee meridian, Bay County, Fla., and for other purposes; to the Committee on the Public Lands.

By Mr. SUTHERLAND: A bill (H. R. 8377) authorizing the Postmaster General to establish a uniform system of registration of mail matter; to the Committee on the Post Office and Post Roads.

By Mr. THOMAS: A bill (H. R. 8378) for the erection of a public building at Watonga, Blaine County, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. TIMBERLAKE: A bill (H. R. 8379) to amend the patent laws; to the Committee on Patents.

By Mr. WEAVER: A bill (H. R. 8380) for the purchase of a site and the erection of a post-office building at Marion, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. WILLIAMSON: A bill (H. R. 8381) to create a commission with authority to hear and determine claims of individual members of the Sioux Tribe of Indians against tribal funds or against the United States; to the Committee on Indian Affairs.

By Mr. BANKHEAD: A bill (H. R. 8382) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tombigbee River near Aliceville on the Gainesville-Aliceville Road in Pickens County, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL of Maryland: A bill (H. R. 8383) to create an additional judge in the district of Maryland; to the Committee on the Judiciary.

By Mr. SEARS of Florida (by request): A bill (H. R. 8384) fixing the per diem allowance of officials of the United States district courts when necessarily absent from their official residences upon official business; to the Committee on the Judiciary.

By Mr. NELSON of Missouri: A bill (H. R. 8385) to confirm New Madrid location and survey No. 2880 and to perfect title thereto; to the Committee on the Public Lands.

By Mr. ALMON: A bill (H. R. 8386) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across Elk River on the Athens-Florence Road between Lauderdale and Limestone Counties Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8387) granting the consent of Congress to the highway department of the State of Alabama to construct

a bridge across the Tennessee River near Guntersville on the Huntsville-Guntersville Road between Madison and Marshall Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8388) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tennessee River near Scottsboro on the Scottsboro-Fort Payne Road in Jackson County, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8389) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tennesse River near Whitesburg Ferry on Huntsville-Lacey Springs Road between Madison and Morgan Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. McDUFFIE: A bill (H. R. 8390) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tombigbee River near Jackson on the Jackson-Mobile Road between Washington and Clark Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8391) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tombigbee River on the Butler-Linden Road between the counties of Choctaw and Marengo, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. FREEMAN: A bill (H. R. 8392) for the purchase of the Cape Cod Canal property, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. GASQUE: A bill (H. R. 8393) for acquiring a site and the erection of a public building at Hartsville, S. C., and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. HASTINGS: A bill (H. R. 8394) for the purchase of a site and erection thereon of a public building at Sallisaw, in the State of Oklahoma; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8395) for the purchase of a site and erection thereon of a public building at Eufaula, in the State of Oklahoma; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8396) for the purchase of a site and erection thereon of a public building at Stilwell, in the State of Oklahoma; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8397) for the purchase of a site and erection thereon of a public building at Stigler, in the State of Oklahoma; to the Committee on Public Buildings and Grounds.

By Mr. McKEOWN: A bill (H. R. 8398) to amend the Federal farm loan act and the agricultural act of 1923; to the Committee on Banking and Currency.

By Mrs. ROGERS: A bill (H. R. 8399) to facilitate the naturalization of aliens who served in the armed forces of the United States during the World War; to the Committee on Immigration and Naturalization.

By Mr. SOMERS of New York: A bill (H. R. 8400) to amend the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. WELSH: Joint Resolution (H. J. Res. 133) to further provide for the participation by the Government of the United States in the sesquicentennial exhibition commemorating the signing of the Declaration of Independence; to the Committee on Industrial Arts and Expositions.

By Mr. BLACK of New York: Resolution (H. Res. 105) authorizing the Speaker of the House to appoint a committee of seven Members of the House to investigate the rubber business in the United States, and for other purposes; to the Committee on Rules.

By Mr. CONNALLY of Texas: Resolution (H. Res. 106) authorizing the Speaker of the House to appoint a committee of nine Members of the House to inquire into the court-martial and sentence of Col. William Mitchell, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. DRANE: Memorial of the House of Representatives of the State of Florida, directed to the President and Congress of the United States, requesting the establishment of military schools or camps for the purpose of training aviators upon the present Government fields of Dorr and Carlstrom, located near Arcadia, in De Soto County, Fla.; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 8401) granting an increase of pension to Sarah Jane Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8402) granting an increase of pension to Sarah A. Murray; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 8403) granting a pension to Laura Bordell; to the Committee on Invalid Pensions.

By Mr. BOIES: A bill (H. R. 8404) granting an increase of pension to Susan K. Mapes; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 8405) granting an increase of pension to Jennie S. Faris; to the Committee on Invalid Pensions.

By Mr. BURTNESS: A bill (H. R. 8406) granting a pension to Mary Keen; to the Committee on Invalid Pensions.

By Mr. CARSS: A bill (H. R. 8407) granting an increase of pension to Samuel H. Woollen; to the Committee on Pensions.

By Mr. DOUGLASS: A bill (H. R. 4808) for the relief of Bertha M. Leville; to the Committee on Claims.

Also, a bill (H. R. 8409) for the relief of Frank Baglione; to the Committee on Claims.

Also, a bill (H. R. 8410) granting an increase of pension to Frances M. Collins; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 8411) for the relief of John H. Rhinelander; to the Committee on Claims.

By Mr. FENN: A bill (H. R. 8412) for the relief of W. R. Grace & Co.; to the Committee on Claims.

By Mr. ROY G. FITZGERALD: A bill (H. R. 8413) granting a pension to Mary Jane Thompson; to the Committee on Invalid Pensions.

By Mr. FLAHERTY: A bill (H. R. 8414) granting a pension to Bertha M. Valpey; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 8415) granting a pension to John F. Sheridan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8416) granting a pension to Ida J. Hitt; to the Committee on Pensions.

By Mr. GLYNN: A bill (H. R. 8417) granting an increase of pension to Margaret Snagg; to the Committee on Invalid Pensions.

By Mr. HARE: A bill (H. R. 8418) granting a pension to Ida L. von Harten; to the Committee on Pensions.

By Mr. HICKEY: A bill (H. R. 8419) granting an increase of pension to Mary E. Rankin; to the Committee on Invalid Pensions.

By Mr. HOOPER: A bill (H. R. 8420) granting a pension to Jennie Holbrook; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 8421) granting an increase of pension to Isabel Shollar; to the Committee on Pensions.

Also, a bill (H. R. 8422) granting an increase of pension to Mary E. Piper; to the Committee on Invalid Pensions.

By Mr. LEAVITT: A bill (H. R. 8423) granting an increase of pension to Charles A. Virgils; to the Committee on Pensions.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 8424) granting a pension to Anna Holbrook McKenzie; to the Committee on Invalid Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8425) granting a pension to Esther Horth; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8426) granting an increase of pension to Amanda Toot; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8427) granting an increase of pension to Mary L. Koch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8428) granting an increase of pension to Sarah A. Snyder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8429) granting an increase of pension to Emaline Sloat; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8430) granting an increase of pension to Louisa Stough; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8431) granting a pension to Mary A. Snyder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8432) granting an increase of pension to Louisa Yeagy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8433) granting a pension to Rose Wernig; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 8434) to execute the findings of the Court of Claims in the cases of the heirs of William Pollock, deceased; to the Committee on War Claims.

By Mr. NELSON of Missouri: A bill (H. R. 8435) for the relief of Mrs. G. A. Guenther; to the Committee on War Claims.

By Mr. NEWTON of Minnesota: A bill (H. R. 8436) granting a pension to Mary A. Sims; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8437) granting a pension to Elizabeth Blauser; to the Committee on Invalid Pensions.

By Mr. RANSLEY: A bill (H. R. 8438) for the relief of James B. Connor; to the Committee on Claims.

By Mr. SEARS of Florida: A bill (H. R. 8439) granting a pension to Elizabeth Hickman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8440) granting an increase of pension to Jennie M. Kloos; to the Committee on Invalid Pensions.

By Mr. SINNOTT: A bill (H. R. 8441) granting an increase of pension to Sarah A. Sheets; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 8442) granting an increase of pension to Mary B. Hallstead; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8443) for the relief of James E. Moyer; to the Committee on Military Affairs.

By Mr. TINCHER: A bill (H. R. 8444) granting an increase of pension to Nora Jacobs; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 8445) granting an increase of pension to Cyrene Younkin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8446) granting a pension to Jack Mills; to the Committee on Pensions.

By Mr. WAINWRIGHT: A bill (H. R. 8447) for the relief of Thomas G. Peyton; to the Committee on Military Affairs.

By Mr. WEAVER: A bill (H. R. 8448) granting an increase of pension to Morald J. Crisp; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8449) granting an increase of pension to Missouri Marberry; to the Committee on Invalid Pensions.

By Mr. GREEN of Iowa: Resolution (H. Res. 107) authorizing the payment of six months' salary and funeral expenses to Jennie Cousins on account of death of Levi B. Cousins, late a doorkeeper at the House of Representatives; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

466. By Mr. CARSS: Petition of the City Council of the City of Two Harbors, Minn., in regard to the Great Lakes-St. Lawrence tidewater undertaking; to the Committee on Interstate and Foreign Commerce.

467. Also, petition of the Oscar Anderson Post, No. 109, American Legion, Two Harbors, Minn., indorsing deep waterway from the ocean to the Great Lakes; to the Committee on Interstate and Foreign Commerce.

468. By Mr. CONNERY: Resolution of the United Divisions, Ancient Order of Hibernians in America, Worcester, Mass., protesting against the entry of the United States into the World Court; to the Committee on Foreign Affairs.

469. By Mr. FULLER: Petition of the stockholders of the Farmers' Cooperative Elevator Co., of Belvidere, Ill., protesting against any further increase in the corporation tax; to the Committee on Ways and Means.

470. Also, petition of the Illinois Manufacturers' Association, opposing the Government engaging in business; to the Committee on the Post Office and Post Roads.

471. Also, petition of the National Committee for the Prevention of Blindness, for legislation relative to trachoma among the Indians; to the Committee on Indian Affairs.

472. Also, petition of Illinois Central Railroad, protesting against any reduction in the appropriation for the completion of the topographical survey; to the Committee on Appropriations.

473. Also, petition of the newspaper publishers and job printers of northern Illinois, asking that the Government desist from printing and delivering envelopes to the general trade at a price less than they can be purchased wholesale from the paper houses; to the Committee on the Post Office and Post Roads.

474. By Mr. GALLIVAN: Petition of Division 31, Ancient Order of Hibernians, Peter Dolan, secretary, 18 Bowman Street, Dorchester, Mass., protesting against the United States of America entering into any entangling alliance with European countries; to the Committee on Foreign Affairs.

475. Also, petition of United Divisions, Ancient Order of Hibernians in America, of Worcester, Mass., Representative Edward J. Kelley, president, protesting against the United States entering the World Court; to the Committee on Foreign Affairs.

476. By Mr. LONGWORTH: Petition of the Bakery and Confectionery Workers' International Union, Local Union No. 173, protesting against the merger of the Ward, Continental, and General Baking Cos.; to the Committee on Rules.

477. By Mr. POU: Petition of North Carolina Federation of Women's Clubs, urging Congress to give favorable consideration to the bill providing for the erection of a building in Washington, D. C., to be known as the national gallery of art; to the Committee on the Library.

478. By Mr. THOMPSON: Resolution of the Hotel Greeters of Ohio, Charter No. 11, in favor of appropriations by the Federal Government for good roads; to the Committee on Roads.

479. Also, resolution of Farmers' Equity Union Convention, at Aberdeen, S. Dak., favoring the early construction of a Great Lakes-tidewater deep-water canal; also demanding the President and the Tariff Commission to place an additional import duty on certain farm products imported; to the Committee on Ways and Means.

SENATE

WEDNESDAY, *January 27, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled, in open executive session, at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS

Mr. WILLIS presented a memorial of sundry citizens of Akron, Ohio, remonstrating against the acceptance by this Government of the Italian debt-settlement agreement and also the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

He also presented a petition of sundry members and friends of Avery L. Vertner Auxiliary Post, at Delaware, Ohio, praying for the passage of Senate bill 98, granting increased pensions to Spanish-American War veterans and their widows, which was referred to the Committee on Pensions.

Mr. FRAZIER presented memorials and papers and telegrams in the nature of memorials, numerously signed, by sundry citizens of Fargo, Wimbledon, Upham, Williston, Spring Brook, Epping, Arnegard, Zahl, Bonetraill, Larimore, Arvilla, Grafton, and Pilot, and the Cass County Klan, and F. Halsey Ambrose, of Grand Forks, all in the State of North Dakota, remonstrating against the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAYARD:

A bill (S. 2806) granting a pension to Abigail J. Barton; and

A bill (S. 2807) granting an increase of pension to Jennie R. Lampp; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 2808) to amend section 24 of the Interstate Commerce Act, as amended; to the Committee on Interstate Commerce.

By Mr. SHORTRIDGE:

A bill (S. 2809) for the relief of Frank Louis Muller; and

A bill (S. 2810) to provide for the advancement on the retired list of the Navy of Frank G. Kutz; to the Committee on Naval Affairs.

By Mr. BRATTON:

A bill (S. 2811) to amend section 1 of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909, as amended, in respect of public performance for profit; to the Committee on Patents.

By Mr. JONES of New Mexico:

A bill (S. 2812) fixing the term of service of Welton W. Pratt during the Civil War; to the Committee on Military Affairs.

By Mr. SMOOT:

A bill (S. 2813) for the relief of the Gunnison-Mayfield Land & Grazing Co.; to the Committee on Public Lands and Surveys.

A bill (S. 2814) for the relief of the Zion's Cooperative Mercantile Institution; to the Committee on Claims.

By Mr. MOSES:

A bill (S. 2815) granting an increase of pension to Ellen F. England (with accompanying papers); to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2816) for the relief of the United States Maritime Corporation; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 2817) for the relief of Edgar K. Miller; to the Committee on Indian Affairs.

By Mr. HARRELD:

A bill (S. 2818) for the relief of Ivy L. Merrill; to the Committee on Claims.

By Mr. KING:

A bill (S. 2819) to amend the Organic Act of Porto Rico, approved March 2, 1917; to the Committee on Territories and Insular Possessions.

By Mr. CAPPER:

A bill (S. 2820) for the relief of José Louzau; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2821) granting a pension to Jessica G. Roome; to the Committee on Pensions.

By Mr. SIMMONS:

A bill (S. 2822) authorizing Rear Admiral Edwin A. Anderson, United States Navy, retired, to accept the silver service tendered by the Government of Panama (with accompanying papers); to the Committee on Foreign Relations.

By Mr. WILLIS:

A bill (S. 2823) granting an increase of pension to Mary E. Capell (with accompanying papers); to the Committee on Pensions.

By Mr. FERRIS:

A bill (S. 2824) for the relief of the Detroit Fidelity & Surety Co.; to the Committee on Claims.

By Mr. PHIPPS:

A bill (S. 2825) to grant the consent and approval of Congress to the South Platte River compact; to the Committee on Irrigation and Reclamation.

By Mr. ODDIE:

A bill (S. 2826) for the construction of an irrigation dam on Walker River, Nev.; and

A bill (S. 2827) authorizing the Secretary of the Interior, in his discretion, to extend the time for the payment of due and unpaid construction, operation, and maintenance, and water rental charges on irrigation projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. WADSWORTH:

A bill (S. 2828) to provide for forfeiture of pay of persons in the military and naval services of the United States who are absent from duty on account of the direct effects of the intemperate use of alcoholic liquor or habit-forming drugs or because of venereal disease; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 2829) granting an increase of pension to Priscilla E. W. Walton (with accompanying papers);

A bill (S. 2830) granting a pension to Ida M. Geeting (with accompanying papers);

A bill (S. 2831) granting an increase of pension to Reuben J. Reals (with accompanying papers); and

A bill (S. 2832) granting a pension to John H. Vogt (with an accompanying paper); to the Committee on Pensions.

By Mr. McNARY:

A joint resolution (S. J. Res. 45) to provide for designating the route of the Oregon Trail; to the Committee on Agriculture and Forestry.

CHANGE OF REFERENCE

Mr. WADSWORTH. Mr. President, I ask unanimous consent that the Committee on Military Affairs may be discharged from the further consideration of the bills S. 1263, for the relief of Thomas Huggins, and S. 2082, for the relief of Maj. Arthur A. Padmore, and that the bills may be referred to the Committee on Claims, where they properly belong.

The VICE PRESIDENT. Without objection, the changes of reference will be made.

PRINT IN PARALLEL COLUMNS OF TAX REDUCTION BILL

Mr. SMOOT. I ask unanimous consent that there may be printed for the use of the Committee on Finance 200 copies of H. R. 1, the revenue act of 1926, in one column and in a parallel column the present law, which is the revenue act of 1924. I make this request so that Senators may have upon their desks the existing law and the revenue bill as reported to the Senate that all may see at once what changes are proposed.

Mr. ROBINSON of Arkansas. May I ask the Senator from Utah whether nearly all the paragraphs in the pending bill will have analogous paragraphs in the existing law so that a print in parallel columns will be practicable?

Mr. SMOOT. Yes; the printing in parallel columns will be practicable. Not all the items will be in the same place, but wherever there is a change it will be noted in parallel columns, showing the existing law and the changes proposed.

Mr. ROBINSON of Arkansas. I think it will be very interesting to have it.

Mr. SMOOT. Certainly. So many Senators requested such a print that I even went so far last night as to order the Public Printer to print it, and now I ask unanimous consent that my action may be approved.

The VICE PRESIDENT. Without objection, it is so ordered.

THE WORLD COURT

The Senate, in open executive session, and as in Committee of the Whole, resumed the consideration of the protocol of December 16, 1920, and the adjoined statute of the Permanent Court of International Justice, transmitted to the Senate by the President on the 25th instant.

Mr. MOSES obtained the floor.

Mr. LENROOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	McKellar	Sackett
Bayard	Fletcher	McKinley	Schall
Bingham	Frazier	McLean	Sheppard
Blease	George	McMaster	Shipstead
Borah	Gerry	McNary	Shortridge
Bratton	Gillett	Mayfield	Simmons
Brookhart	Glass	Means	Smith
Broussard	Goff	Metcalf	Smoot
Bruce	Gooding	Moses	Stanfield
Butler	Greene	Neely	Stephens
Cameron	Hale	Norbeck	Swanson
Capper	Harreld	Norris	Trammell
Caraway	Harris	Nye	Tyson
Copeland	Harrison	Oddie	Underwood
Couzens	Heflin	Overman	Wadsworth
Cummins	Howell	Pepper	Walsh
Curtis	Johnson	Phipps	Warren
Dale	Jones, N. Mex.	Pine	Watson
Deneen	Jones, Wash.	Pittman	Weller
Edge	Kendrick	Ransdell	Wheeler
Edwards	Keyes	Reed, Mo.	Williams
Ernst	King	Reed, Pa.	Willis
Fernald	La Follette	Robinson, Ark.	
Ferris	Lenroot	Robinson, Ind.	

The VICE PRESIDENT. Ninety-four Senators having answered to their names, a quorum is present. The Senator from New Hampshire will proceed.

Mr. MOSES. Mr. President, I ask that the question which was pending at the moment of recess yesterday may be stated.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. On page 3, after line 10, the Senator from New Hampshire [Mr. MOSES] moves to insert:

> 6. That the adherence of the United States to the statute of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, and/or advisory opinions of the court shall not be enforced by war under any name or in any form whatever.

Mr. MOSES. Mr. President, in the course of the discussion which has taken place in this Chamber and throughout the country regarding the protocol upon which we are soon to vote, practically everyone who has discussed it has approached the subject in the sacred name of peace. Here in the Chamber in particular we find on page 2351 of the RECORD, under date of January 25, that the Senator from Tennessee [Mr. McKELLAR], outdoing Mr. Wilson by 15 points, named as point No. 2 for his belief in the court that through it war would be outlawed and that he believed this would prove the most effective means of outlawing it. The Senator from Alabama [Mr. HEFLIN], departing from his studies in natural history, wherein he has been wont to dwell upon the flora and fauna of Wall Street, has also expressed the opinion that the court is an agency to prevent war.

Thousands of people who have addressed Senators by letter, by telegram, or by petition, urging the adherence of the United States to the League of Nations court, have equally stressed

the point of their belief that the court is an agency to prevent war.

I hold, Mr. President, that those Senators who expressed these opinions and that those citizens who have addressed us in these terms are wholly misguided. It has been my opinion from the first that as we trace the lineage of the protocol back to its origin in the covenant of the League of Nations we shall be sure to find the court as an essential element in the mechanism of the League of Nations and that the League of Nations is designed as a military alliance and in no sense whatever as a peace machine.

I am in good company in holding these opinions. As early as the 1st of March, 1919, when the original draft of the covenant of the League of Nations had become known in this country, a draft, I may add, which was not essentially changed, in this particular at least, when it emerged in its final form on the signing of the treaty of Versailles—as early as the first of March, 1919, when the draft of the covenant was first sent here, the late Senator from Pennsylvania, Mr. Knox, whose legal acumen, whose clarity of statement, and whose integrity of mind have never been excelled in this or any other body of deliberation, analyzed the covenant with a view to ascertaining whether in reality it was or could be an instrument for the promotion of peace and the outlawry of war.

In a thoughtful speech which the then Senator from Pennsylvania delivered in that early day in the course of the debate upon this great subject he made two utterances which it will be well to recall to the Senate and to the country. First he said:

> The scheme holds out a higher promise—nay, assurance—of a future world-wide war greater than any which has gone before than any other document in the history of recorded time.

Later in discussing the specific features of the League of Nations, which carries the implication of war and not of peace, Senator Knox said:

> Thus it is seen that in this alleged instrument of peace war is legalized in seven cases and made compulsory in three.

Mr. President, I have offered the reservation now pending with the view to making the court, into which I suppose we soon shall enter, a real instrument of peace to the extent at least that it shall not be made an instrument of war. I want all Senators who are intending to vote to adhere to the court, because they believe, or have been led to believe, that in some fashion it is an instrument for the outlawry of war, and I want all the people of the country who approach the subject from that viewpoint to understand that by the adoption of the reservation which I have presented and which is now pending, we shall make it certain that the court can not in any case be made use of as an excuse or as an instrument for the bringing on of war.

Mr. LENROOT. Mr. President, the Senator from New Hampshire is entirely consistent in the position that he has taken in opposition to the court in offering this reservation, for I have no doubt that his real purpose is, as is well within his right, to destroy the court as an instrument of peace.

Mr. MOSES. No; as an instrument of war, Mr. President.

Mr. LENROOT. Because if this reservation should be adopted that would be exactly what would happen. I ask Senators to remember that to-day any nation has the power to assert its rights against another nation through force for the violation of the rights of that nation as it sees fit, as we have asserted our right in the past through war. This is the position of the Senator from New Hampshire—that, while a nation without going into this court may assert its rights through force, if it once goes into the court it surrenders that right which it now has, so that if there be a nation whose rights have been violated and if it shall seek a settlement of the dispute by agreement with another nation through going into this court to do so, it must surrender the right that it now has.

What would happen, Mr. President? Every nation that sought to evade its just obligations would welcome going into this court under the Senator's reservation, because if it once got in, and a judgment were rendered against it, then it could go on with absolute impunity in its violation of the rights of another nation; there could be no force exercised against it, and this court would be a shield for wrongdoing instead of a court of justice for the adjudication of the rights of nations.

Mr. MOSES rose.

Mr. LENROOT. I yield to the Senator from New Hampshire.

Mr. MOSES. I do not want to take any of the Senator's hour.

Mr. LENROOT. That is the situation. There are no sanctions in this court statute. This court can never issue any process of any kind or call upon any nation or group of nations for the enforcement of its judgments. So far as the statute which we propose to adhere to is concerned—and it is the only thing that we do adhere to—the only enforcing power is that of public opinion.

However, Mr. President, if one nation wishes to agree with another nation or a group of nations that in case of violation of a solemn obligation upon the part of a nation submitting a case to this court, if it shall violate its obligation to abide by the judgment, and those other nations see fit to insure the enforcement of that judgment, it is none of our business.

Mr. BORAH. Mr. President, will the Senator from Wisconsin permit me to ask him a question?

Mr. LENROOT. Yes.

Mr. BORAH. I understand the Senator from Wisconsin to say that so far as the statute is concerned there is no provision for sanctions; no provision for the employment of force. That is correct, is it not?

Mr. LENROOT. That is correct.

Mr. BORAH. That whatever provision there may be with reference to the employment of force depends entirely upon the covenant of the League of Nations?

Mr. LENROOT. No. Each nation has the right to use force entirely independent of the covenant of the League of Nations.

Mr. BORAH. But so far as written instruments are concerned, whatever any individual may do at the present time, the only arrangement or the only provision for force is found in the covenant of the league?

Mr. LENROOT. I do not know. There may be treaties between other nations.

Mr. MOSES. If so, they are in contravention of the treaty of Versailles, and are inoperative under the terms of the covenant.

Mr. BORAH. In order to have it understood, I will put it in another way. Does not the Senator admit that in the covenant of the League of Nations are provisions which will enable them to enforce a judgment?

Mr. LENROOT. Yes; as between themselves.

Mr. President, what business is it of ours, unless we want to interfere in European affairs, unless we wish to thrust ourselves into their affairs, which we do not propose to do and which nobody now proposes except the Senators who are now opposed to this court? We want to be entirely free and clear. If they wish to enter into engagements among themselves for the enforcement of a judgment to which a nation has agreed to abide, and that nation violates its obligation, it is none of our affair whether other nations, by concert or otherwise, agree to see to it that such judgment shall be enforced. We are not a party to it. There is no agreement anywhere that any judgment shall be enforced against us and we are entirely free and independent in that regard.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. LENROOT. I yield for a question.

Mr. REED of Missouri. As I understand the Senator, if a decree of the court is made, and if it is not obeyed, and if the nations concerned or their allies then seek to go to war, it is entirely agreeable to the Senator, and he says "it is none of our business"?

Mr. LENROOT. It is not any of our business because that can not operate against us.

Mr. REED of Missouri. That is what I have understood all the time, that it is none of our business; if they want to fight over there, let them fight. I thought you were going to produce peace and never have war any more when we got this court.

Mr. LENROOT. The Senator's position is that if any European nations do wish to go to war we ought to get into it. I do not agree with the Senator.

Mr. REED of Missouri. No; I do not say we ought to get into it.

Mr. EDGE. Mr. President——

Mr. LENROOT. I yield to the Senator from New Jersey.

Mr. EDGE. Will the Senator explain, then, if it is possible of explanation, just how the adoption of this proposed reservation would give the World Court power to prevent war between nations? For instance, if the World Court——

Mr. LENROOT. I will ask the Senator to make the question short, for my time is running.

Mr. EDGE. I will make it very short. If a decision of the World Court aggrieved a nation and the nation should go to war, how would this reservation in any way give the World Court authority to stop such a condition?

Mr. LENROOT. It would not, except it would mean that the 48 nations that must assent to all our reservations would agree by that assent that they would never use force to enforce

a judgment, although as to any one of those nations it might be the only way in which they could enforce a judgment secured in their favor by which some other nation might refuse to abide.

Mr. EDGE. Which permission is practically impossible to obtain.

Mr. LENROOT. Absolutely.

Mr. MOSES. Mr. President, I can not express my obligation to the Senator from Wisconsin for the frank giving away of his case. Mr. Wilson in presenting the covenant of the League of Nations to a plenary session of the Peace Conference at Versailles said that force was there but in the background. The Senator from Wisconsin now drags force out of the background and puts it in the spot light. In one breath he asserts that the force of public opinion will maintain the decrees of the court, and in the next he undertakes to say that a nation aggrieved by a judgment or finding its antagonist unwilling to accede to a decree of the court may go to war, and probably will do so, and of right.

Mr. President, this court is either an instrumentality for peace or it is an instrumentality for war. We have had the word "peace" dinned into our ears for months. I now bring out the alternative and undertake to show, through the admissions of the Senator from Wisconsin and through the admissions of the Senator from Montana in the course of the colloquy between them and the Senator from Idaho the other day when the Senator from Idaho was discussing sanctions, that there is force here; that war is a legalized instrumentality under this court through the covenant of the League of Nations; and my purpose is to provide through the presentation of this reservation and its adoption, if Senators shall agree with me, that no war shall hereafter take place under the sanctification of a judgment of a court supposed to sit for the purpose of producing peace.

Mr. UNDERWOOD. Mr. President——

Mr. LENROOT. Mr. President, just a word in reply to the Senator from New Hampshire.

The VICE PRESIDENT. The Senator from Alabama.

Mr. UNDERWOOD. Mr. President, I do not desire to take up very much time of the Senate in the discussion of this question, but the amendment which has been offered by the Senator from New Hampshire, I think, brings the case to the critical issue, and that is, do we really desire to become a member of this court, or do we desire to pretend to stand for peace and find some way that the door may be closed to our entering upon it?

Mr. President, there are certain facts involved in this equation which can not be disputed. One is that there is an organization, legally known as the League of Nations, which represents the combined political power of most of the world, certainly all of Europe, and embracing, when Germany shall have become a member of the league, all the great powers except the United States.

Mr. MOSES. May I ask the Senator to add also not only the political but the military power of the world?

Mr. UNDERWOOD. Certainly. Why should the Senator interrupt me to say that? Unfortunately, the political power of the world for thousands of years past has been sustained by the military power. We are trying to-day to move away from the very consummation that the Senator adds as a preamble to my statement.

Of course, Mr. President, the political power that is vested in the League of Nations has the strong arm of military force behind it because it represents nations which possess that power, and there is no use to close our eyes to it. Some Senator said in debate the other day that the Council of the League of Nations is a political power that controls the organization, and that is true; but growing out of that organization it has been proposed that a court of justice be established to relieve the power of armament from dominating the destiny of the world and allow men and nations to direct their future course by intellectual understandings. That is the issue which we are facing.

No one can properly deny that the World Court is a part of the organization of the League of Nations. No one can deny that whether we become a party to the court or not the League of Nations is going on to function, with the political power of the world controlled in its breast, and the court is going to continue to promulgate its decrees. That is the position which confronts us.

Mr. President, in the decades that have gone by, in the advance of civilization from the time when our ancestors appealed to the strong arm of force to determine the rights of persons and of property between individuals as well as to determine questions in dispute between nations, the world has gradually moved toward a point where justice and understanding may be the arbiter of its destinies for the future, rather than the brutal power of force. In the centuries that have gone by I do not think there has been any greater monument built to the idea of a peaceful understanding of nations than when Woodrow Wilson, the President of the United States, proclaimed to the Congress in the midst of war that the determination of war should rest on the justice and judicial determination incorporated in 14 points which he proposed to the nations of the world, and every American should be proud of the fact that our Government proposed that method of bringing peace to a war-worn world. Unfortunately, when our Government carried that proposal to Paris blood was on the hands of the men who sat at the table. The animosities and the vengeance of war were there, and the great ideal could not be accomplished; but in lieu of it, it was proposed that we might enter into an organization to work in that direction, called the League of Nations.

I voted for the unconditional ratification of the treaty of Versailles because I believed it held in its bowels the ultimate peace of the world, and I never have had occasion to apologize for my vote or to regret it. My only regret is that the Senate of the United States did not see the equation as I saw it.

Now we come to the question whether we shall become a member of an organization for peace, whether our great moral influence shall be thrown in the equation of the world's politics to determine the great issues involved by intellectual understanding and peaceful methods, or whether when the issue comes we must turn back to the government of the sword. That is the issue that confronts the Senate of the United States to-day.

I supported Resolution No. 5 in the committee. We voted it out with certain reservations, most of which I thought unnecessary, but I agreed with my colleagues because they desired to insert them and united action was necessary for success. Those reservations have been enlarged, and I regret that they have, because I think they are unnecessary; but in order that I may register my vote for the resolution in favor of our entering the court I am willing to accept them. I am not willing, however, to accept an amendment of the resolution, no matter how it may come decorated in the garb of peace, if its purpose and intent in the end, if adopted, is to keep us from becoming a member of this court. All I can see in the proposal of the Senator from New Hampshire [Mr. MOSES] is to ask the Senate of the United States to close the door itself before we have an opportunity to enter.

This court possesses no power of war. This court itself possesses no power to send armies into the field to enforce its decrees. This court only determines those questions that arise from the construction of a treaty or the voluntary submission of the parties involved. This court does not lead the Council of the League of Nations to war. Its tendency must inevitably be to keep it on the side of peace. When the Senator proposes that we shall declare that we will not become a member of the court, and that our action in ratifying the protocol that is now before the Senate shall mean nothing, shall be nugatory, unless the nations who are now members of the League of Nations enter into a new agreement that no decision of the court shall be enforced by the power of the league, not the power of the court, the Senator, in my judgment, seeks to put on the resolution an amendment that would make it impossible for the nations of Europe to consent to our entering the court on the terms proposed in this protocol.

If we vote for the Senator's resolution, we close the door of opportunity before we reach it. I do not want to be put in the position of negativing the language of peace that the Senator uses. I do not want to be put in the position of saying that I am in favor of enforcing the decrees of this court by force of war—not that I care for the political effect, because I am retiring from the political combat, and it means nothing to me from that standpoint—but I do believe in peace, and I do hope the day will come when the world may reach an understanding that will mean the everlasting peace of the world.

Therefore I do not care to be embarrassed, if I can help it, by not accepting what seems to be a plausible proposal of the Senator from New Hampshire; but, no matter how the Trojan horse may come garbed, no matter how its form may be covered with white flags and garlanded in peaceful attire, I do not propose to allow my vote, under any subterfuge, to stand in the way of my aiding in carrying this great Nation to the peace table. I hope that every man in the Senate, in considering the proposal of amendments to this protocol, will look beyond the words of the amendments and look to the real intent, and determine whether the proposal means that we can become members of this great court or denies our right to enter.

I did not rise to take the time of the Senate; but recently I read a statement from an old-time friend, a colleague of many

years ago in the House of Representatives, a leader in the Republican Party, a man of great courage and intellectual attainments. Not referring to the proposal that is before us, but in making a statement as to the future position of the world and humanity, he used these words:

> If the spirit of the Bible were to enter and to hold the hearts of men for a single day, a divine restfulness would succeed the unrest which now menaces civilization. In the presence of eternal verities, strife, and discord disappear. Without faith in the fatherhood of God, the brotherhood of man is an idle dream. Humanity is about to enter upon the fairest, brightest day it has ever known, or to lose the gains which it with infinite pains has made during the Christian centuries which have come and gone. Which it shall be will depend largely upon whether we place our dependence upon the God of our fathers or upon the materialism which now seeks to rule all things.

There never was a truer utterance in this day of a war-weary world. Those words were uttered by Frank O. Lowden, and published in the Christian Herald. In those words he recognized the equation that is confronting the world to-day. We had drifted along through the decades before the Great War through an era of peace when no man for a moment denied that the correct governmental position was to stand for the arbitration of international disputes. Then we became, without our fault, involved in the Great War. The world went war-mad; it went power-mad; and to-day, not only in the world at large but even in the disposition of our domestic affairs, men are appealing to force for the determination of issues involved, rather than the high ideals that may be evolved from a judicial tribunal.

We have to take our stand on one side of this question or the other. You tell me that you fear to enter a court of justice because it may involve you in war? I tell you your people need fear if you do not enter a court of justice, because they will become involved in war as the only arbiter of international disputes. That is the issue.

This court is not going to involve us in war. The League of Nations was organized for the purpose of producing international peace, but if it is thought the political power there will be disabused, this court is the safety valve—this court is a place where nations can refer their disputes before going to war—and I have no doubt in my own mind, Mr. President, that if this court had existed in July, 1914, the great horrors of war for which we are paying to-day, and for which we have paid in the past, would have been avoided.

I will not take up the time of the Senate further, but I want to make it clear that in regard to this reservation and all similar reservations that may be proposed, in my judgment, they are proposed for the purpose of making it more difficult to secure our entrance into the court than it would be if they were not offered; and I shall not vote for the pending reservation.

Mr. PEPPER. Mr. President, I hope this reservation will not be adopted. I do not share with the Senator from Alabama [Mr. UNDERWOOD] the impression that the proposal has been made for purposes of embarrassment. I assume it to have been made with a very practical intention of accomplishing a wholly desirable purpose. My objection to the reservation has no relation to the motive which prompted its author to offer it, but rather to the futility of the thing which the reservation proposes.

I do not at all share the point of view of the Senator from Alabama in this matter. I am not quite able to perceive wherein the question before the Senate at the moment has any relation to the treaty of Versailles or any other of those great and disputable questions. It may be, as he has said, that the treaty of Versailles had in its bowels the peace of the earth. If so, the peace of the world disagreed seriously with the treaty of Versailles, because we have been having serious intestinal disturbance ever since. But that does not seem to me to be involved in the question before the Senate. The question we are facing is whether we can effectively annex to a resolution of adherence to the permanent court a reservation providing that other nations shall use no force in the future to compel obedience to or acquiescence in a judgment of the court hereafter to be rendered.

Mr. REED of Missouri. Mr. President, will the Senator permit me to ask him a question?

Mr. PEPPER. Certainly.

Mr. REED of Missouri. A good deal has been said here about the force of public opinion and about moral obligations. If we were to attach the condition now proposed in the pending reservation, and if the 55 nations of the league should sign the agreement with that reservation in it, would it not amount at least to a pledge on their part that they would not go to war to enforce a judgment of the court?

Mr. PEPPER. No, Mr. President; I do not think it would be a pledge in any such sense as to give any value at all to the proposal that is here put forward.

Mr. REED of Missouri. I do not want to take the Senator's time; he has been very kind thus far——

Mr. PEPPER. I am glad to yield to the Senator.

Mr. REED of Missouri. I am just trying to elucidate this point. Let me read the reservation:

> The adherence of the United States to the statute of the World Court is conditioned upon the understanding and agreement that the judgments, decrees, or advisory opinions of the court shall not be enforced by war under any name or in any form whatever.

When the other nations sign and accept these conditions which we are attaching, why is it we do not have their solemn agreement that they will not go to war to enforce the decisions of the court? If they break that agreement, then any nation may break any agreement, as we might break any agreement we are asked to make. This is an agreement in fixed terms, in fixed language, "upon the understanding and agreement." Of course, that must be accepted by the other nations before we go in.

Mr. PEPPER. Mr. President, if I may I should like to state my point of view upon this matter, and in so doing I think I shall answer the question of the Senator from Missouri.

I like to reduce these questions to terms of the practical, and to try to get before my mind not vague generalizations, not misty outlines of the subject, but something distinct, that will make our thinking creditable to us.

Here is the proposal: Two nations get into a dispute and they are of the mind to submit it to the court, and they do submit it to the court. Those two nations may be one a signatory to the protocol, and the other a nonsignatory, or they may both be signatories, or one might even suppose a case, unlikely to occur, in which the submission was made by two nations neither of them a signatory.

If the court has taken jurisdiction of the case thus submitted and has decided the question in favor of nation A and against nation B, one of two things will happen: Either nation B will act in accordance with the judgment of the court, or it will not. If it acts in accordance with the judgment of the court, the question of sanctions does not arise. If nation B declines or fails to act in accordance with the judgment of the court, nation A will have the alternative either to acquiesce in nation B's refusal, and let the incident pass, or set about the task of compelling nation B to perform.

It is not until you reach that last suggested contingency that this reservation has any application whatever. If the nation, which is seeking to compel the other to perform, is a party signatory, and has agreed, as suggested by the Senator from Missouri, that it will not use force by way of sanction, I am perfectly willing to concede that you will then have a paper assurance from that nation, given in connection with our adherence to the court, that it is not going to use the sanction of force to compel obedience to the decree of the court. But what I am suggesting is that when you get the kind of disturbed international relation which I picture, it is the simplest thing in the world for the nation that desires to do the coercive act to pick its quarrel with the other nation on some ground entirely distinct from failure to perform the judgment of a court. You are trying by the application of an academic formula to prevent a war between nations that are of the mind to go to war.

No man in the past has been able, after war has occurred, to specify with exactness what it was that led the aggressor nation to attack the other. The idea that you can isolate the motives, which lead nations to go to war, and can attribute to any one of the nations a warlike intention because of this, that, or the other act of another nation, is a futile idea, which does not correspond with history or experience.

I say that if we put ourselves in the position of trying to exact from other nations a pledge that they will not enforce the judgments of this court by war, we are doing the most futile thing in the world, for if the situation ever arises in which a nation which has been the beneficiary of a judgment by this court desires to proceed against the other, it can accomplish its purpose with entire deference and respect to our reservation, and we shall then be in the position which, above all others, I dislike to see the United States placed in. We shall be in the position of having done a perfectly futile thing. Either the thing will never happen, or, if it happens, our only remedy is to show our disapproval of the whole transaction by exercising our right to withdraw.

This reservation adds nothing at all to the value of the institution to which we are adhering. It adds nothing at all to the practical value of our adherence, and, worse than that,

it puts the United States in the position in which least of all we should desire to be placed, of beginning with bluster, shaking our fist, and in the end retiring with a mere shake of the finger.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. PEPPER. I am glad to yield.

Mr. KING. I want to ask the Senator from Pennsylvania whether he would be willing, or whether he would regard it as desirable, in the suppositious case which he has just presented, for us to require nations in advance to say that they would not under any circumstances go to war for the purpose of enforcing a decree of the court? May I invoke the illustration which the Senator gave, a controversy between nations A and B. Suppose A were the aggressor and invaded the territory of B, supposing it to be an unjust aggression and by force. But B, desirous of avoiding war, appealed to the court, and the court decided in favor of B, namely, that A was the aggressor. Does the Senator think that we ought in advance to bind B against resorting to force, after the decree had been rendered in its favor, for the purpose of defending its own territorial integrity and enforcing the decision of the court?

Mr. PEPPER. Mr. President, I do not; but quite apart from that, I was addressing myself simply to one phase of a proposition that might be discussed from many aspects. I am addressing myself to the futility of this proposal.

I am assuming it to have been offered in good faith. I can see the objection to it which has been made by the Senator from Utah. I can see the verbal significance of what has been stated by the Senator from Missouri. But what we want to do is something practical and effective, if we do anything. I do not want to see the United States, through the medium of accepted reservations to an act of adherence, put itself in the ridiculous position of trying to check war in the rest of the world through such assent, and powerless to prevent the thing from happening when the contingency arises.

Mr. REED of Missouri. Mr. President, if the Senator will pardon me, the Senator's position is this: That if we have a court and we agree to submit our disputes to it, and do submit them and the court's decision is not obeyed, then war will result anyway if the nations feel like going to war?

Mr. PEPPER. That is not exactly what I said. What I said was that if two nations agree to submit their dispute to the court and both of them have, in accepting our adherence to the court, assented to the reservation that there shall be no sanction by force, such assent furnishes no real or effective guaranty against war by one against the other; for it is the simplest thing in the world for a nation to pick a quarrel with another, and the occasion for the quarrel may never be discoverable in the light of history.

Mr. REED of Missouri. Then the Senator holds—if I understood him, and I am asking whether I did—that if nations sign an agreement to go into the court and agree to submit to its decisions and agree that they will not go to war to enforce decisions, that the nations will then find some other pretext; in other words, they will break their faith, and it is futile to ask nations to pledge their faith. If that is true, I want to ask the Senator what is the use of making treaties or having agreements or having a League of Nations or the league court if there is no good faith to be exercised?

Mr. PEPPER. I think the Senator put his observations in the form of a question merely to give vent to his view on the pending question.

Mr. REED of Missouri. No; I want to get the Senator's view.

Mr. PEPPER. My view has definitely been given, and I repeat it. It is that we shall not set forward the cause of peace in the world by so much as the fraction of an inch by getting other nations to accept our adherence to the court on the terms proposed in the reservation pending. That is my proposition.

Mr. STEPHENS. Mr. President, I have no desire to occupy much time, and for that reason I desire now to ask that I may have permission to incorporate in my remarks certain documents and extracts from writings that are pertinent to the question now before the Senate.

The VICE PRESIDENT. Without objection, permission is granted.

THE VOTE ON CLOTURE

Mr. STEPHENS. Mr. President, on Monday, when the vote was taken on the cloture resolution, I voted against it. There is no more ardent supporter of the resolution providing for the adherence of the United States to the Permanent Court of International Justice than myself.

However, I could not get my consent to vote for cloture. That the debate on the matter had been long continued can not be denied. But the power to limit discussion is a power that should be exercised only in very extreme cases. I felt that it would be better to suffer some abuse of the privilege of debate than to establish a precedent which may prove extremely hurtful at a later time.

There were two or three efforts made to reach an agreement as to a time for voting on the resolution providing for adherence to the court, but no agreement was reached. But it seemed to me that this failure to agree upon a time for the vote was due more to quibbling over the date rather than the effort of anyone to prevent the vote from ever being taken. In fact no one doubted that sooner or later the resolution of adhesion would be adopted.

To adopt cloture in this matter, although I favor the resolution, seemed to me to set a precedent which may plague us in the future. Cloture would have caused the passage of the force bills and it may trouble my State and my section in the future. Therefore I have no apology to offer for my vote on that matter.

THE WORLD COURT

Mr. President, wider differences of opinion were never held on any question than on the propriety of the adherence of the United States to the Permanent Court of International Justice.

There are those who believe that the sure result of our adherence will be that we shall surrender the sovereignty of our Nation and that we shall become a mere vassal of a superstate, controlled by foreign power, unless we shall escape this vassalage by resort to force of arms. It is their judgment that nothing but evil can come to the Nation if this action is taken.

There are those who believe that war is one of the greatest evils that can inflict itself upon humanity and that the surest method, not of preventing war entirely perhaps, but certainly of lessening the probability of war, is for the United States to join hands with other great nations in the effort to keep peace in the world. They feel that it will contribute in a large way to prevent war for our Nation to become a member of the World Court.

The first are mistaken, for there will be no surrender of sovereignty; there will be no adherence to a superstate; there will be no control by any foreign power over the United States.

The second class may be mistaken, for human nature is such that no mortal man possesses omniscience nor has the ability to accurately foretell the future. Wars may come despite all efforts to prevent war.

It must be granted that the World Court does not insure peace; but it must also be granted that it makes peace possible. It may be only a bud of promise, but it may flower and bloom and fill the world with the perfume of peace.

Mr. President, the greatest desire of every good man is that there shall be no more war. The universal prayer is:

Peace! Peace! God of our fathers, give us peace!

Being entirely satisfied that the adherence of the United States to the court can hold no danger to the Nation, and believing that it gives promise of promoting our national prosperity, peace, and happiness, I shall without hesitation vote for the resolution of adherence, safeguarded as it is by resolutions.

Mr. President, as the time for a vote on the question approaches many of those who oppose the adherence have grown bitter and denunciatory. In speeches and magazine articles we find that those who favor the World Court have been denounced as being "traitors," "disloyal to the Government," and so forth.

It would seem that men of intelligence and character should be able to discuss a great question like this in a cool, calm, and dispassionate manner, and that they should be willing to concede to those who do not agree with them the same patriotic spirit and motives as they claim for themselves.

At no time within my recollection have there been made stronger efforts to arouse prejudice and to mislead the people than in this matter at the present time. Ingenuity has exhausted itself in producing arguments which appeal to passion and prejudice.

Appeals to reason and judgment, to the feeling of patriotism, are always proper and should be given the most careful attention and consideration. For those who make such appeals I have the greatest respect.

Those who oppose the adherence of the United States to the World Court may be divided into several classes. Some of these classes are:

First. Those who believe in the policy of isolation.

Second. Those who are moved by an intense hatred of Woodrow Wilson.

Third. Those who are blinded by prejudice against England.

Fourth. Those who fear the establishment of a superstate to be controlled by a religious sect to which they are antagonistic.

The last three classes may feel that they are acting from patriotic motives. That they are entirely patriotic, I do not question. But I do believe that in this matter they have allowed hate, prejudice, and fear to have stronger influence with them than simple love of country.

I shall now refer to the first class. In the main it is composed of persons whose integrity, sincerity, and patriotism are beyond dispute. But I can not join them in their idea with reference to the policy of isolation. In my opinion their horizon is too narrow in compass, their views of the situation in world affairs and the relation of our Nation to them is too contracted and circumscribed.

It seems that they fail to realize that the United States, whether willingly or unwillingly, must take a part in the life of the world; that economically and politically we, as a nation, are brought into intimate contact with all the other nations; and that we have a substantial interest in them.

In saying that we have a substantial interest in the other nations, it is not my purpose to argue the humanitarian, the Christian phase of the matter. The idea of the brotherhood of man is not advanced here. The thought in my mind at this moment is that, from a purely selfish standpoint, we have an interest in other nations, that we are concerned in their progress and prosperity, and in the peace of the world.

The isolationist quotes the language of Washington, Jefferson, and other statesmen of the early days of the Republic. When he repeats the warnings of these great men against entering into "entangling alliances" with European nations he feels that the last word has been said, that argument against the World Court has been exhausted.

"Avoid entangling alliances"! Words of wisdom from great statesmen and patriots were these; but, in my judgment, that language has no application to present conditions; it proves nothing on the subject under consideration.

There are two reasons for saying that the advice of Washington and other leaders of the time has no application to the instant situation and the proposal to become a member of the World Court.

First. Conditions are very different now to those which existed in their day.

Second. Adherence to the court is not entrance into an "entangling alliance."

What were the attendant circumstances when Washington and others warned against "entangling alliances"?

The United States was the latest born among the nations of the earth. With a small and scattered population, with undeveloped resources, her strength consisted only in the spirit of her citizens and in being far removed from other nations.

At that time the United States could live in almost complete isolation. Separated by thousands of miles, with reference to distance, and by weeks and months, with reference to time, she was but slightly touched and affected by the state of affairs in Europe. Wars might be waged there, but business here was practically undisturbed, and the people were as happy as though the whole world were at peace.

To-day it is different. Modern invention has brought the whole world into one large community. There has been a world-wide expansion in commerce.

Every nation of the world has a real interest in world politics. Indeed, every human being, whether he lives in Europe, Asia, Africa, or America, is affected by world conditions. Whether there shall be peace or whether there shall be war is a matter of vital importance to each and to all.

In the United States men and women in all walks of life feel the effect when great nations of Europe go to war. The farmer, the manufacturer, the wage earner, the business man, the woman in the home, the babe in the cradle—all these have their peace and happiness disturbed and lessened.

Of course, Mr. President, in some quarters and with some powers, it is quite popular to descry "business." In the last analysis our civilization, our progress, our peace and happiness rest in a large degree upon business, upon commerce. The demagogue does not distinguish between "business" and the "conduct of business."

It is not too much to say that all nations depend upon a globe-encircling business organization for the very stability of their industrial civilizations. As a recent example to the people of my section as to how their industrial life may be affected, how their financial life may be influenced by world politics and by war, it is necessary only to call their attention to the conditions which prevailed there in 1914.

This was three years before the United States entered the World War; yet the price of our most important product, cotton, went down and it was almost impossible to find a market for it. Poverty, want, and bankruptcy covered the land like a black cloud. Isolation, being 3,000 miles from the scene of war, did not protect us then. No stronger object lesson can be given of the fact that we are not only in the world, but a part of it, and intimately so; that our Nation is linked with other nations in a commercial brotherhood.

Entering the World Court does not mean that we are forming an "entangling alliance." Those men had no such thing in mind when they uttered their warning. In those days there were secret treaties providing for alliances between themselves and against others. The object of such was to make provision for warfare, offensive as well as defensive.

It was against such intrigues and alliances that we were warned. This is not an alliance against any nation. It is an effort to prevent nation from warring against nation, to keep the world at peace. It is an attempt to provide for the outlawry of war by making a nation that goes contrary to the united judgment of the others and wages war an outlaw.

OPPONENTS OF WILSON

Mr. President, I shall now refer to the second class, those whose action is prompted in a large measure by their dislike of a man who in his day was a great leader, not only in the United States but in the world.

I am not a hero worshipper and have never been. But I want to say that the world is not rich enough in greatness to be willing to forget Woodrow Wilson. He was not only great in intellect, he was great in heart. His heart was attuned to the heartbeats of humanity, and he wore himself out in his effort to promote the peace and happiness of his fellow men.

Before he came upon the political stage there were those in our Nation prominent in politics and national affairs who had been advocating world peace, an association of nations, the establishment of a tribunal to establish peace. But as soon as he offered a plan that looked toward that end they immediately began to assail it and to vilify him.

When I think of those men I am reminded of the language of Brutus, referring to Cicero:

> He will never follow anything
> That other men begin.

There are some who are so extreme in their denunciation that they have grown fanatical upon the subject. Whenever the World War is mentioned they revel in the rhetoric of lamentation and disport themselves in the cesspools of vituperation and abuse.

They have covered him with every epithet of contempt; they have pierced him with every shaft of malice. The purgaments of their brains and hearts have been poured out upon him without stint. But his reputation will survive when that of his assailants shall have been forgotten. His efforts to promote the peace, prosperity, and happiness of the people will ever be looked upon as the yearning of a great soul to promote the welfare of mankind.

Mr. President, I can not follow those of the second class of opponents of this resolution.

PROPAGANDA IN OPPOSITION TO THE WORLD COURT

Scores of letters, papers, documents, and resolutions have flooded the mails of Senators. Those who sent these things had a right to do so, and I am not criticizing. They had a perfect right to send them. Every citizen, rich or poor, no matter what his station in life, has the privilege of expressing his views upon any subject. I am always glad to receive expressions of opinion from any citizen and always give due consideration to the views of those who write to me.

From what has been received on this subject I find that there is an anomalous situation existing in the ranks of those who are opposed to the World Court. As they have given public expression to their views, I am at liberty to refer to them. I hope that I shall not give offense by doing so and by naming them.

In doing so, it is not my purpose either to condemn or defend them. Their opinions and beliefs are not pertinent to the subject under consideration. What I want to do is to call attention to the fact that in the ranks of those opposed to the court there is more inharmony of thought, there are more elements that are discordant in ideas and beliefs than I ever knew to exist before.

OPPOSITION BECAUSE OF HATRED OF ENGLAND

I call attention now to a copy of certain resolutions which have, perhaps, been received by every Senator:

The Ancient Order of Hibernians of the State of Massachusetts in meeting assembled at Boston adopted the following resolutions:

"Whereas there is a well-defined and highly financed propaganda functioning in this country the sole purpose of which is to force the Government of the United States of America into a foreign political alliance that is sure to embroil us in the entanglements, jealousies, and intrigues of European unrest; and

"Whereas the founders of our country have ever advised against entangling foreign alliances and steadfastly adhered to a policy of nonintervention in European politics; and

"Whereas the continued adherence to this nonintervention policy has resulted in a prosperity and growth never heretofore paralleled in the history of a nation; and

"Whereas to abandon this policy of nonintervention and become a member of the World Court would be to jeopardize the happiness, peace, and prosperity now so happily secured to this country and involve it in the schemes, ambitions, and national jealousies of Continental Europe; and

"Whereas membership in the World Court would sacrifice our independence of action as a nation and would be a surrender of sovereignty repugnant to the principles of the Declaration of Independence and degrading to the national spirit; and

"Whereas from the acknowledgment of our independence in the latter part of 1783 we have worked out, alone and independent, in peace and war, the problems of government, with the result that from an humble beginning of 13 States and less than two and one-half millions of people we have grown to 48 States and distant possessions, with more than a hundred million inhabitants, with no enemy to fear on this continent and at peace with all the nations of the world; and

"Whereas we attained this enviable prosperity and tranquility without a World Court, why, then, jeopardize all by joining one to-day; and

"Whereas the World Court propaganda in this country is a foreign conspiracy financed by the Cecil Rhodes, Andrew Carnegie, and other such foundations, that the United States of America may be brought into subjugation, its power curbed, and its marvelous prosperity halted; and

"Whereas this propaganda in favor of our country entering a World Court is the same that seeks to pervert American history in our schools; that libels the patriotic heroes of Revolutionary memory; that denounces our Senators and Representatives who stand for American principles; that would intimidate public men of incorruptible patriotism; that declares The Star-Spangled Banner a vile song; that would bribe American youth with English scholarships and purchase penniless college professors with annuities; that subsidizes the tory press in this country; that has desecrated the pulpit with the rancorous spirit of paid zealots; that has suppressed the public exhibition of The Spirit of '76 film; the same English, and English alone, propaganda that favored the League of Nations and purchased the Sulgrave Manor that Americans might not forget that George Washington was of English ancestry; and

"Whereas the greatest and most representative propagandist of the League of Nations submitted his candidacy for president to the people upon a plank favoring entrance into the League of Nations and was emphatically defeated; it is certain that if the question of entering the World Court, which is a part of the League of Nations, was submitted to the people, it would be defeated as emphatically as was the League of Nations: Therefore be it

"*Resolved*, That we, the Ancient Order of Hibernians, in meeting duly assembled, emphatically protest as citizens of this Republic the entrance of the United States as a member of the World Court; and be it further

"*Resolved*, That we do solemnly advise our fellow citizens of the impending dangers that threaten our beloved Republic from a participation in the political affairs of foreign governments that are alien in thought, alien in spirit, alien in interests; and be it further

"*Resolved*, That we urge upon all patriotic citizens the pressing necessity of organized opposition and united effort against the powerful forces of foreign influence, whose triumph necessarily must be upon the ruins of our traditional foreign policy that has brought us peace, happiness, and prosperity at home and kept us free from entangling alliances abroad; and be it further

"*Resolved*, That we do condemn, specifically and particularly, the Cecil Rhodes and Andrew Carnegie foundations that, openly and secretly, aim at the reconquest of the United States of America as a part of a reunited British-American empire, and call upon the present national administration to take such action against the same as will cause their denationalization activities to cease and compel the withdrawal of their forces from our political, economic, and industrial life; and be it further

"*Resolved*, That we believe it our patriotic duty to direct the attention of the President and Senate of these United States of America to the fact that the sentiment in favor of a World Court is a manufactured one and supported by a well-organized and highly financed minority of questionable patriotism and unquestionable Anglophile tendency; and be it finally

"*Resolved*, That the secretary be instructed to send a copy of these resolutions to President Coolidge, to each United States Senator, and to the chairman of the Committee on Foreign Relations.

"(Signed)—

"State officers: Rev. Philip J. O'Donnell, State chaplain, Boston; Dennis J. Slattery, State president, Weymouth; John J. O'Connor, State vice president, Holyoke; Joseph M. Sharry, State secretary, Worcester; Michael J. Dullea, State treasurer, South Boston; Daniel F. Slattery, State historian, Norwood; Patrick J. Dowd, jr., State president, Holyoke; Matthew Cummings, national historian, Neponset.

"County presidents: Owen Callahan, North Adams, Berkshire County; John McGowan, North Attleboro, Bristol County; Peter Quinn, Shelburne Falls, Franklin County; David Galvin, Lynn, Essex County; Michael Davis, Springfield, Hampden County; John O'Donnell, Florence, Hampshire County; Timothy F. McCarthy, Cambridge, Middlesex County; Peter C. Morrissey, East Dedham, Norfolk County; Thomas J. Buckley, North Abington, Plymouth County; Jeremiah Crowley, Charlestown, Suffolk County; Patrick O'Leary, Worcester, Worcester County."

The Gaelic American, the Hibernian, the Irish World, all Irish-Catholic newspapers, have been filled for months with the bitterest denunciation of the World Court, and the basis for opposition is the fear that England will control it. Every effort has been made to arouse opposition to Great Britain.

Whether England has been fair in her treatment of the Irish is not pertinent to this discussion. I shall not attempt to justify England in that regard, nor shall I say that the Irish are not justified in their dislike for that nation.

What I want to call attention to is the fact that the great majority of the Irish Catholics are strongly opposed to the court and that they fear the control of the court by England, a Protestant nation.

AN INHARMONIOUS COMPANION

There is a paper published in this city, the Fellowship Forum, which claims to speak for the Klan. It is violent in its opposition to the court. Its opposition is based upon the fear that the Pope will control the court and, therefore, will control the world and destroy the Protestant religion and our civilization.

The Irish Catholic fears English domination; the Forum fears Papal domination. So we have the spectacle of a Catholic and a Klansman joining together in this fight. It is true that they are bitterly opposed to one another on many matters. For instance, on the question of restricting foreign immigration the one strongly opposed the restriction of immigration while the other favored the restriction.

It is a matter worthy of attention that many of the strongest opponents of the court were equally as bitter in their denunciation of those who favored restriction of immigration. The great metropolitan dailies that filled their columns with arguments against the immigration bill now fill those same columns with arguments against the court. Yet, the Forum has joined hands with those who were its most violent opponents on that matter.

This is, as I have said, an anomalous situation; it is one filled with incongruous and dissonant elements. We have been told in recent days by great scientists that the day of miracles is over. That can not be true, for we find the Catholic and Ku-Klux joined together on this proposition and sleeping in the same bed. [Laughter.]

When I look out upon that scene I am reminded of the prophecy of Isaiah when he wrote:

> The wolf also shall dwell with the lamb, and the leopard shall lie down with the kid; the calf and the young lion, and the fatling together; and a little child shall lead them.

In thinking about this matter, it occurs to me that no poet, no matter how vivid his imagination, has ever painted a picture of a man that is blacker than the picture which the Catholic paints of the Ku-Kluxer or the Ku-Kluxer paints of the Catholic; and yet we find them together on this matter.

I have often wondered what would happen if some morning about daybreak, these two should awaken and the Klansman should look over and see by his side a form with cloven hoofs and with horns upon its head, as he has been taught the Catholic possesses; and the Catholic should look over and see a sheeted and hooded figure by his side. I say, I have often wondered which would make the greater effort to get away from the other. [Laughter.]

I do not know how far the influence of the Fellowship Forum reaches, nor how many members of the klan have followed it in its coalition with the Irish papers that I have named in the fight against the court.

There have come to me from my State only two or three telegrams from persons opposing the court, and fewer than a half dozen letters in opposition to it. One of them came from a splendid woman who says that she is the grand kleagle of the klans women in the State. Evidently she had been led to believe that there is great danger of papal interference. It is probable that she and the others had not been informed that the Hibernians are among the bitterest opponents of the court.

Mr. President, I have referred to these orders in order to call attention to the situation that has been described and to say that the charge of disloyalty on the part of those of us who favor the court is a base slander. As a Protestant, a Mason, and an American, I am as deeply interested in the perpetuity of the United States as any opponent of the court. No matter to what order he may belong, my love of country is just as obstinate and firmly rooted as is his.

In the language of a great Mississippian:

> I was taught to love the Government from my cradle, and I now admire it for its present greatness, for its vast achievements, and for its past glories.

That the other Senators, whether they oppose or favor the court, have the same affection for the Nation and are equally desirous of protecting every right and interest of the country I have not the slightest doubt.

NO DANGER OF A SUPERSTATE

The question of a superstate is not involved here; nor are the questions of surrendering sovereignty, of establishing an over-lordship, of being ruled by any foreign power or potentate, of casting aside the Monroe doctrine, or of giving any foreign nation or tribunal the right to interefere, even in the slightest way, with our domestic questions.

There has been wholesale misrepresentation and misinformation in regard to those matters. It has been stated repeatedly that adhering to the court means that the United States is becoming a member of the League of Nations.

The first reservation shows the untruthfulness of that statement. It reads:

> 1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.

THE SINGLE OBLIGATION

As a matter of fact, the only obligation that the United States assumes by adhering to the court is to "pay a fair share of the expenses of the court as determined and apportioned from time to time by the Congress of the United States."

This expense will be about $30,000 annually. What it cost us to carry on the great World War for a single day will be sufficient to pay our part of the expense of the court for more than 30 years. Surely we should be willing to contribute this in an effort to prevent war.

CAN NOT BE FORCED TO SUBMIT ANY QUESTION

The fear that the United States will have her rights interfered with and that there is danger of being forced to submit to the domination of any foreign nation, religious influence, or superstate is wholly groundless. To show this I quote the following from the reservation providing for adherence to the World Court:

> *Resolved further,* As a part of this act of ratification that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and
>
> *Resolved further,* That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

This is as plain as language can make it that the United States can not be brought before the court, except by her own consent. When a court is spoken of, the first thing that comes to the mind is that it is a tribunal before which one can be brought by another who feels aggrieved. That is not true as to this court, so far as the United States is concerned. No matter in which the United States is interested can be determined by the court except "by agreement thereto through general or special treaties concluded between the parties in dispute." Such treaties, of course, would have to be effected under the Constitution, just as treaties have always been made. The Constitution prohibits any other course.

Mr. President, hate, passion, prejudice are mighty forces. They override reason and judgment. They lead away from the paths of common sense, and they often lead into paths of untruth. How unfortunate it is that these great questions can not be argued without letting private piques and prejudices and hates enter into them. These sentiments have inspired much of the misinformation with reference to the purposes and powers of the court.

Mr. President, I recall that from time to time Senators here have essayed three rôles—that of historian, that of sage, and that of prophet. They have recited history; they have attempted to interpret the events of to-day; they have essayed to foretell the future. They have argued that the only result of adherence to the World Court is that war will come. They may be right, but I do not believe it. I believe that it is a forward step toward peace.

It may be that at some time there will arise a nation that will be willing to go counter to the opinion of all the other nations of the world and engage in war, but I think that is highly improbable. I agree most heartily with what the Senator from Idaho [Mr. BORAH] had to say with reference to the force of public opinion. It is a mighty force, and it is doubtful that any nation would be willing to run counter to the opinion of all the other nations. Such a tribunal as the World Court would have prevented the World War and would have saved countless lives and untold treasure.

Mr. President, I have been interested in listening to these gentlemen—Senators and those on the outside—discuss the question of peace. Every man is in favor of peace, they say. Their tones become passionate, their cheeks become flushed, their breasts swell with emotion, but they are unwilling to take this long step toward peace. Hearing them denounce the court, we would be led to believe that we were embarking upon a new and strange policy when it is proposed that the United States should ever think of submitting any question to arbitration. That has been done often, and, of course, the questions were submitted to foreign nations or their representatives. Besides, there has been no objection to The Hague tribunal. In the last analysis, we simply provide that we may have the right to go to the court if we see proper to do so; if not, we can not be forced to submit to its jurisdiction.

The opponents of the resolution see nothing of good in it. They never see anything but faults. It was John Ruskin who said:

> No man is competent to judge of the merits of a picture who looks only at its faults.

Mr. President, I hope that they will stop looking for faults and look for the good qualities this proposition possesses.

The opponents of the World Court are mistaken when they believe they are the only ones who have the spirit of patriotism. I believe it was old Elijah who one time announced unto the Lord God:

> And I, even I only, am left.

Yet when his eyes were opened, he saw that there were 7,000 others who had not bowed the knee to Baal. I want to say this, that when the facts are known these men who charge us with being traitors and with being disloyal will come to realize that there is as much patriotism in our breasts as in theirs.

When I think of these extremists, these who have been so bitter in their denunciation, these men who, according to my judgment, are obstructing peace; if it were not that it might be unchristian, perhaps, to utter the prayer, I might say, in the language of David of old:

> O my God, make them like a wheel; as the stubble before the wind.

Ours is a great Nation. It was established upon great principles. Those principles have gone out into all the world and have had a wonderful influence. The spirit of democracy has been developed in a large measure, because the seed were sown in our Nation. Liberty, freedom of speech, of thought, of religion, freedom of every kind is a much more highly prized possession now than it was before the establishment of our Nation, and largely as a result of the example that we have set.

Mr. President, seeing no danger to our Nation, knowing that the greatest desire of our people is that there may not only be peace in America but in the world, believing that we owe

a high duty to the world of exerting every effort to prevent war, and feeling that the World Court holds the greatest promise for world peace, I shall gladly cast my vote for the proposition, and in doing so I feel that I have responded to the greatest need of the time, to the greatest need of the people not only of America but of the world, and that I have helped to bring an answer to the prayers of God-fearing men and women throughout this land that there shall be war no more, and that the lives of their sons shall be safe.

As I said in the beginning, Mr. President, it will give me great pleasure to vote for the adhesion of the United States of America to the Permanent Court of International Justice.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	McKellar	Sackett
Bayard	Fess	McKinley	Schall
Bingham	Fletcher	McLean	Sheppard
Blease	Frazier	McMaster	Shipstead
Borah	George	McNary	Shortridge
Bratton	Gerry	Mayfield	Simmons
Brookhart	Glass	Metcalf	Smith
Broussard	Goff	Moses	Smoot
Bruce	Gooding	Neely	Stephens
Butler	Greene	Norbeck	Swanson
Cameron	Hale	Norris	Trammell
Capper	Harreld	Nye	Tyson
Caraway	Harris	Oddie	Underwood
Copeland	Harrison	Overman	Wadsworth
Couzens	Heflin	Pepper	Walsh
Cummins	Howell	Phipps	Warren
Curtis	Johnson	Pine	Watson
Dale	Jones, Wash.	Pittman	Weller
Deneen	Kendrick	Ransdell	Wheeler
Edge	Keyes	Reed, Mo.	Williams
Edwards	King	Reed, Pa.	Willis
Ernst	La Follette	Robinson, Ark.	
Fernald	Lenroot	Robinson, Ind.	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment, by way of reservation, offered by the Senator from New Hampshire [Mr. MOSES].

Mr. WILLIAMS. Mr. President, on the 9th of January I made the statement that the United States has a right to join the league court because it is named in the covenant of the League of Nations as an original party to the league. On further consideration I am satisfied that we have no right to join this court if that right be based upon the fact that we are named in the covenant of the League of Nations as an original party to the league. The fact is that the United States of America is named as a party to the treaty of Versailles, which treaty was made on the 28th of June, 1919. The United States was one of the five principal powers named in that treaty. The five principal powers were the United States of America, the British Empire, France, Italy, and Japan. The annex of the League of Nations names the United States of America as one of the "original members of the League of Nations signatories of the treaty of peace."

The protocol of signature of the statute for the Permanent Court of International Justice provides—

> that the said protocol shall remain open for signature by the members of the League of Nations and by the states mentioned in the annex to the covenant of the league.

That protocol was executed at Geneva on the 16th of December, 1920. On the 16th of December, 1920, it was competent for the United States to sign the treaty of peace—the Versailles treaty. On the 16th of December, 1920, the United States was entitled to have its name appear in the annex as an original member of the League of Nations who had signed or could sign the treaty of Versailles. The United States did not sign the treaty of Versailles. After the 16th of December, 1920, and in the years 1921 and 1923 the United States made treaties with Germany, Austria, and Turkey. Those were independent treaties which the United States made with Germany, Austria, and Turkey. The treaty of Versailles was a treaty made by the allied and associated powers with Germany. When the United States made an independent treaty with Germany it disavowed any purpose or intention of ever signing the Versailles treaty with Germany. The effect of the signing of the independent treaty with Germany after the 16th of December, 1920, was to disclaim any intention on the part of the United States of signing the Versailles treaty with Germany. The effect of the execution of this independent treaty with Germany after the 16th of December, 1920, was to deprive the United States of any right to have its name appear as an original member of the League of Nations in the annex to the covenant of the League of Nations.

The point is that on the 16th of December, 1920, it was proper for us to be included as one who could sign the protocol of signature of the statute for the Permanent Court of International Justice, but after the 16th of December, 1920, and after we had made an independent treaty with Germany, we had no right to be mentioned in the annex to the covenant of the league. We lost that right just as surely as we did to have the United States mentioned as one of the principal powers among the allied and associated powers in the treaty with Germany—the Versailles treaty. The annex recites that the United States of America is mentioned in it as an original member of the League of Nations, signatory of the treaty of peace. There are those in the Senate who agree with this construction of our right to be named in the annex, but the League of Nations is entitled to place a construction upon our act in making an independent treaty with Germany, and we should know what is the construction placed upon that act of ours by the League of Nations before we sign this protocol.

On the 16th of December, 1920, when the protocol we are considering was promulgated by the League of Nations the United States was entitled to have its name carried in the annex of the covenant of the League of Nations solely and only because it was a signatory of the Versailles treaty and the annex so recites. The United States declined to sign the Versailles treaty and made another and an independent treaty with Germany and thereby forfeited any right it had to be named in the annex. The use of its name in the annex on December 16, 1920, was proper in view of the then existing facts, but it is now null and void.

Again, Senators must agree that we are considering the protocol as of the 16th of December, 1920, when it was promulgated by the League of Nations, and not as of the 27th day of January, 1926. The Versailles treaty with Germany was signed on the 28th of June, 1919, and it was executed by the President of the United States of America "acting in his own name and by his own proper authority." It was subject to ratification by the United States. The power of the President of the United States was limited. It was necessary that he should have the advice and consent of the Senate before the treaty of Versailles became effective as a binding obligation of the United States. Part 1 of the treaty of Versailles is the covenant of the League of Nations itself. The League of Nations may have members who are not parties to the treaty of Versailles. The original members of the league were those who signed the Versailles treaty and are named in the annex to the covenant and—

> any fully self-governing state, dominion, or colony not named in the annex may become a member of the league if its admission is agreed to by two-thirds of the assembly—

Of the league—

> provided that it shall give effective guaranties of its sincere intention to observe its international obligations, and shall accept such regulations as may be prescribed by the league in regard to its military, naval, and air forces and armaments.

It has always been possible for the United States to join the League of Nations. Two-thirds of the assembly of the league is the vote by which the United States may become a member. Many of the Members of the Senate are deeply desirous that we shall become a member of the League of Nations. Their purpose has been rejected at the polls in two great elections. The Republican Party has proclaimed to the world that this Government has definitely refused membership in the League of Nations and to assume any obligations under the covenant of the league. Our agent, President Wilson, was acting under a limited power of attorney when he signed the Versailles treaty and caused our name to be recorded in the annex as an original party of the covenant of the League of Nations. The Senate of the United States declined to give its consent to his act and the action of the Senate was confirmed by the people.

On the 16th of December, 1920, the League of Nations offered the United States a protocol of signature and the Senate of the United States is about to authorize the President on behalf of the United States to sign that protocol of signature dated the 16th of December, 1920. What are the legal implications of this proposed act?

Brown owns a lot of ground and desires to have a building constructed upon it. Smith is a contractor who erects buildings. Jones is the agent of Smith, with limited powers. Jones, acting in his own name and by his own proper authority as agent, makes a contract with Brown for the construction of a building on Brown's land. The contract does not become

binding until its provisions have been consented to by Smith. Smith declines to consent, and there is no contract. Brown then offers to Smith a memorandum of a change, a modification, an addition, a protocol of the contract which Smith had declined to accept. Brown and Smith sign the memorandum which recites this addition or protocol to the original contract. Has Smith not become bound to all the terms of the original contract by this act?

By the same token, what are the implications which flow from the signing of this protocol of signature by the President of the United States? The pending resolution of the Senator from Virginia [Mr. SWANSON] provides that the signing shall not be taken to involve any legal relation on the part of the United States to the League of Nations, but that does not answer the question. There are Senators who insist that this reservation is meaningless. Regardless of what Senators say, what does Brown say? We are entitled to an answer to inquiries such as these. We are entitled to know what interpretation and construction the League of Nations would place upon our signing this protocol. It would be a very easy matter for us to inquire about that before we sign on the dotted line. Mark Twain, of Missouri, said it is wonderful how much we can find out by ascertaining.

Mr. President, on the 9th of the present month I made a statement in the Senate of the origin and development of the protocol and the statute attached to it which is now receiving our consideration, and I asked a number of questions with reference thereto. I asked whether it was not the judgment of the Senate that this court is part and parcel of the League of Nations; whether the court set up by the League of Nations is really a court of justice; whether we could have a real court of justice until we could state our common international rights in an agreed body of international law. I asked those questions at a time in the course of the discussion when they could have been answered. The discussions have been lengthy and many of the addresses have been technical. I am fully persuaded that the court is part and parcel of the League of Nations. I am persuaded further that the covenant of the League of Nations is and shall be the law which will control the decisions of this court. I am persuaded that it is not and never will be, in the nature of its organization, a real court of international justice.

In his address on the declaration of London, at the annual meeting in 1912 of the American Society of International Law, Mr. Elihu Root, for whom I have the most profound respect, said that—

> the declaration of London is representative of the agreement upon rules of international law which is essential to the establishment of the practice of judicial settlement in all branches of international controversy—

And in concluding that address he said that the declaration of London—

> is not merely a code of useful rules * * *; it is the one indispensable forward step without which no practical progress can now be made in the further development of a system of peaceable settlement of international disputes.

Mr. President, in article 37 of the statute of the Permanent Court of International Justice it is expressly provided that—

> when a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the court will be the tribunal.

It is futile in the light of this provision to say that the Permanent Court of International Justice was instituted or was intended to be instituted by an "independent treaty" and not by the league, since this question is settled by a provision of the statute itself.

To show that the court is not the league's court but a World Court it becomes necessary for those who are forcing us to sign the protocol to establish the fact that the court is something *more* than the league court; that is, that some nation not a member of the league has some organic relation to it. This can not be done for the following reasons:

First. No provision is made for the signing of the protocol for any state that has not signed the treaty which creates the League of Nations.

Second. No state has signed the protocol which is not already a member of the League of Nations.

Third. No state which is not a member of the council or of the assembly of the League of Nations has a right to participate in the election of judges of the court.

Fourth. If the United States shall have the right to participate in the election of judges it is necessary to amend the statute of the court which gives that right only to the Council and the Assembly of the League of Nations and the council and the assembly are composed exclusively of members of the League of Nations. This necessity for a change in the statute is recognized in the reservation which seeks this right as a special privilege.

Fifth. Only those nations which are members of the League of Nations or who have signed the treaty creating the League of Nations are permitted by the statute of the court to nominate the judges of the court; namely, those states represented in the Permanent Court of Arbitration at The Hague who belong to the league; second, those states mentioned in the annex to the covenant as having signed the treaty creating the covenant and, third, those states which do *not* belong to the Permanent Court of Arbitration but are members of the league. So that all those states are excluded from the privilege of nominating judges unless they have some definite relation to the league as members or as original signers and all those states which are members of the league are admitted to the privilege of nominating judges whether they are represented in the Permanent Court of Arbitration or not. It is, therefore, incorrect to say that the judges are nominated by the Permanent Court of Arbitration and it is correct to say that this privilege is confined to those states only which have some organic relation to the league.

Sixth. The United States is entitled to nominate judges only because it is mentioned in the annex as one who signed the treaty of Versailles. I have discussed this phase of the subject already. In order that the United States might elect judges it is necessary either for the United States to join the League of Nations or obtain from its members a special privilege to sit with the council and the assembly for this purpose. That is, they would elect judges by grace and not by right even if we sign the protocol.

Seventh. Article 35 consistently discriminates against all those states which are not members of the league by confining the use of the court to members of the league, all others being dependent upon "conditions laid down by the council of the league," and the court itself fixes the amount which must be contributed to the court.

These discriminations and exclusions mark clear and decisive distinctions between this league court as it exists and a world court in any proper sense. This court is, as the official journal declares, "an essential part of the organization of the league," and the statute of the court can be modified at any time by the act of those who have created it, and by them alone.

The resolution now before the Senate calls upon the United States to *admit* by signature of the protocol of 1920 that it is still in the annex and is qualified to sign as an "original member of the League of Nations." The signature of this protocol would undoubtedly be regarded as an admission to this effect. It is for this reason that the advocates of the entrance of the United States into the League of Nations insist upon signing this protocol rather than any other form of adhesion. The advocates of the entrance of the United States into the League of Nations do not care anything about reservations, because they know these reservations may afterwards be rescinded when the United States joins the League of Nations, and this they hope it will do.

If the United States is to accept the statute of the court, it should not do so by a unilateral commitment such as a resolution to sign this protocol would be, for it has been prepared and it is proposed to us with the express expectation that the United States would enter the League of Nations. Before accepting such a commitment as this it should be considered that the United States has thus far had nothing to say with regard to the terms of the statute of the court and that the distinctive American ideas urged by Mr. Root as an unofficial member of the commission of jurists, although they were unanimously adopted by the jurists themselves, were repudiated by the council and the assembly of the League of Nations. Is it not reasonable to suggest, now that the court has been established by the League of Nations, that the United States could be able to know before committing itself to membership in this court—

First. Whether the members of the League of Nations who have signed this protocol are disposed to give to the United States an opportunity to accept the statute of the court as an independently established judicial body.

Second. Whether the signing of this protocol by the United States would not involve such connection with the League of Nations as is implied in the expression "original members of the League of Nations." That expression implies a certain present relation to the league.

Third. Whether the United States might have the assurance of the other members of the League of Nations which have signed this protocol that this court is not merely a league court

but is a world court—an independent body bound only by its own statute and not by the covenant of the League of Nations.

Fourth. Whether the United States might be permitted to adhere to the statute of the court by a protocol of adherence in which the independence of the court and the complete equality of the United States would be agreed to by those who signed the protocol in 1920, all of whom were members of the League of Nations.

I appeal to the Senators that it is idle for the opposing sides in the Senate to continue a battle over points which can never be decided in the Senate. It is not the Senators but those members of the League of Nations who have signed this protocol who alone can decide these questions. It would be worse than idle—it would be a lasting reproach to those responsible for it, if the United States should be forced into a position of inferiority and perplexity by a premature presumption of the ultimate attitude of the powers with whom it is proposed to associate the destinies of this Republic. Mr. President, the debate on this question in the United States can not be ended by a cloture of debate in the Senate. The reactions of the human mind will not permit of it. The making of history is to follow this act and the results of this act must be awaited with grave apprehension.

Is it not a reasonable proposition that the Senate and the people of the United States should know before acting what the effect of their action will be? It seems that no official inquiry has ever been made on this subject at any time.

It is desirable that the Senate should not make a proposal abroad that could not be carried out. It would not please the American people for the Senate to consent to a program to which the nations would not agree. What does the Senate know on this subject? What does anybody know about it? Mr. President, I charge that the Senate of the United States has not done its full duty toward the people of the United States. I sincerely hope that no Senator who has voted for this protocol when he returns to his home State will be confronted with the question whether he did all that he could have done to preserve the integrity, the honor, and the independence of his country. I referred a moment ago to article 37 of the statute of the court, which reads:

> When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the court will be such tribunal.

It will be remembered that this article was not in the plan reported by the Root committee to the Council of the League of Nations. It requires that the treaties and conventions in question be interpreted by this court. *But* why by this court *and not another?* Because this court is committed to principles to which another court would not be committed. What is the source of those principles? The covenant of the League of Nations. How do they become the principles to which this court is committed? Through the statute of the court as determined by the covenant and insisted upon by the Council and the Assembly of the League of Nations in the creation of the statute of the court. It is apparent to all of us that the statute of this court as adopted by the League of Nations is different from the plan as reported by the Root committee in the matter of the jurisdiction and the matter of subsequent lawmaking conferences.

The jurists wished to ameliorate international law by further examination. The league was opposed to this and rejected the recommendation of the jurists. Why did they do that? They did it because it would fix the life of the court in the growth and development of international law through agreements between sovereign states. They did it because in article 20 of the covenant of the League of Nations the members of the league—

> severally agree that this covenant is accepted as abrogating all obligations or understandings inter se which are inconsistent with the terms hereof and solemnly undertake that they will not hereafter enter into any engagements inconsistent with the terms thereof.

That meant and that means that no form of international law is to supersede the authority of the covenant of the League of Nations. What was the reason for this act of limitation on future treaties and obligations of law? It is that the covenant of the League of Nations fixes the standard of obligations. What is the underlying object of the covenant of the League of Nations? The *enforcement* of peace through the execution of the treaties of peace and particularly of the treaty of Versailles. That is why the covenant of the League of Nations constitutes part 1 of the treaty of Versailles and the other treaties. The aim is not justice as a problem to be worked out by the future free cooperation of the nations for which Mr. Root so often and so eloquently pleaded, and which has been considered to be the aim of a court of justice as conceived and supported since 1899 by the United States. The object of this court is to *enforce* peace.

That is a worthy object, but that is not the purpose for which courts are usually organized. It is the peculiarity of this court that it is chained by its statute to the covenant of the League of Nations and is designed by its decisions to declare the law in accordance with that covenant. For this purpose a nonjudicial function has been ascribed to this court by the covenant. The court is to be the source of advisory opinions when asked for by the Council or the Assembly of the League of Nations. No other state is authorized to ask for these opinions.

What is the difference between an advisory opinion and a judgment of the court? It is that the court may be the interpreter of the covenant without deciding a case, giving opinions as to what the covenant requires and permits, and applying its principles to questions of practice. How convenient this device may be is evident in cases where the obligations of the covenant and the principles of international law are found to be in conflict as to the duty of a member of the League of Nations toward a state which is not a member of the league.

Let us suppose that it were a question of the operation of the laws of neutrality in a time of war. Under article 16 of the covenant of the League of Nations the trade of a nonmember state with an offending member of the League of Nations could be absolutely forbidden by the Council of the League of Nations. What would be the duty of the members of the League of Nations toward the nonmember of the league? By the covenant of the league its duty would be to enforce article 16 of the covenant of the league against the nonmember. Under the rules of international law it would be either to make an effective blockade as a right of war or to exempt the trading operations of the nonmember state. What would be the opinion of the court? Would it sustain the obligations of the law of neutrality, or would it sustain the obligations of the members of the league who had severally and solemnly abrogated their previous engagements under international law and for themselves had thereby abolished the law of neutrality? And before what tribunal except the arbitrament of arms could the nonmember state, thus restricted in its legal rights by the menace of a political and military alliance, bring its opponent for trial? By every test which is available to one who studies documents it is evident that the Permanent Court of International Justice was designed to be and is the league's court and not a world court.

How may we settle definitely our controversy as to the real nature of this court? We can inquire of those who have signed the protocol of 1920 what limits they intend to impose upon the court. We can inquire what modifications in the protocol and what constructions of the statute the signers will accept before we commit the United States to sign this protocol as authorized by the present resolution. It would require but a short time for the Senate to formulate what conditions and circumstances should be required and it would require but a brief time for the Executive to obtain the assent or dissent of the members of the League of Nations with whom the United States will be associated. This was done in the case of the first Hay-Pauncefote treaty with the result that matters which, without negotiation would have been left in obscurity, were made clear by agreement. As a result of those negotiations the United States ridded itself of the Clayton-Bulwer treaty and was enabled to construct and fortify the Panama Canal. It can be done in this case. The substitute resolution which I propose to offer contemplates just that thing. Time is not of the essence of this undertaking. If it had been we should have signed this protocol in 1920.

The next question, Mr. President, is, What are we doing here? Are we signing a treaty or authorizing one? The protocol of December 16, 1920, is not a treaty. It is a "protocol of signature" made in the execution of a treaty which the United States refused to ratify. The resolution to sign this protocol, passed by the Assembly of the League of Nations, is a resolution to ratify *a part* of the treaty of Versailles. The authorization of the Permanent Court of International Justice is article 14 of the covenant of the League of Nations. The covenant of the League of Nations is Part I of the treaty of Versailles. The authorization of the court is, therefore, the treaty of Versailles. The United States signed but never ratified the treaty of Versailles. The United States is named in the treaty of Versailles as a signatory. The signature of the protocol is designed to be, and is, the fulfillment of article 14, Part I, of the treaty of Versailles.

This becomes more evident from the following facts:

First. The only right to sign this protocol is the fact that the United States signed the treaty of Versailles.

Second. The only states to which the signature of the protocol is open are "states mentioned in the annex."

Third. The states mentioned in the annex are "original members of the League of Nations, signatories of the treaty of peace."

Fourth. It is, therefore, only as a signatory of the treaty of peace that the United States may sign the protocol.

The whole history of the formation of this court, followed step by step, proves that this protocol is an agreement among the signers of the treaty of peace to carry out one of its provisions. No state which is not a signer of that treaty has had anything to do with the protocol.

The statute which formulates the plan for this court is a consummation of article 14 of the covenant of the League of Nations. It was made to conform strictly to that article. It was adopted by the Assembly of the League of Nations in conformity with the provisions of that article. The protocol recognizes this fact and records it, and it *is not* a treaty but the act of signature to the results of the procedure prescribed by article 14, Part I of the treaty of peace.

Those who framed this protocol did not call it a treaty. It has none of the earmarks of a treaty. It does not contain the substance of a treaty. It involves no reconciliation of contested subject matter. It creates no reciprocal relations not agreed to elsewhere. There are in it no adverse parties. It fixes no duties not undertaken elsewhere. It is, in fact, simply what its name says it is—a "Protocol of signature."

It is not a protocol of adhesion to any treaty because the treaty it relates to has already been signed, and this protocol makes no provision for adhesion. As a simple agreement between members of the League of Nations there was no occasion for adherence because they were already members of the League of Nations and parties to the treaty. This protocol is intended to be nothing, more or less, than the acceptance of a piece of league legislation and is simply a formal statement that the members of the league assent to it without any reservations.

The position of the United States is different altogether. It took no part in the negotiations. It can not assent without reservations. It has "conditions and understandings" not contained in the protocol which must be recognized before it signs. It proposes reservations. It will not sign without them. They must be agreed to—those reservations. But how are they to be agreed to? Unilateral reservations will not suffice. They must be agreed to by the other signers—the members of the League of Nations. *But* if this is a treaty or is to be regarded as one, the answer is that treaties are not made that way. We must know in advance what action is expected of us in the future and what our rights and obligations will be. We should have that now in writing. Now is the time to negotiate that understanding. Apparently there have been no negotiations. Our course is simple: It is to inquire of those members of the League of Nations who have signed this protocol whether they will sign with us a protocol of adhesion to the statute of the court in which may be embodied the conditions and understandings we desire and which the protocol of 1920 does not contain. In 1920 the United States would not have considered for a moment the signature of the protocol in execution of the treaty of Versailles. What has happened to make the signing so pressing now? Is this signature in exchange for some new advantage? No.

This is not a treaty and this is not the way to make a treaty. This is an attempt to secure the ratification of a part of a treaty which we declined to ratify. We do it in a hurry, under pressure, without negotiation, and it can not meet with general public approbation. Wherefore, Mr. President, my substitute resolution reads as follows:

RESOLUTION FOR ADHESION TO THE PERMANENT COURT OF INTERNATIONAL JUSTICE

The Senate of the United States, having received from the President of the United States a proposal to give its advice and consent to the signature of the protocol of December 16, 1920, of the Permanent Court of International Justice, with certain conditions and understandings, finding itself uninformed regarding the conditions and understandings which would be acceptable to the signatories of the said protocol, and hesitating to commit the United States to the relation implied in the fact that this protocol is open to the United States only as a signatory of treaties which the United States has not ratified, requests the President to ascertain through the diplomatic representatives of the United States or otherwise if a protocol of adhesion conceived substantially as follows would be acceptable to the signatories of the protocol of December 16, 1920:

PROTOCOL OF ADHESION TO THE STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

The signatories of the protocol of signature relating to the Permanent Court of International Justice of December 16, 1920, and the additional signatories of the present protocol mutually consent and agree—

(1) That sovereign states which have neither ratified nor signed the treaty of Versailles upon declaring that they accept the jurisdiction of the above-mentioned court in accordance with the terms and subject to the conditions of the statute of the court as construed below are eligible to adherence to the statute with rights, powers, privileges, and immunities equal to those of the original signatories.

(2) That sovereign states thus adhering to the statute of the court shall have representation for the purposes of the court in the electoral bodies referred to in articles 4, 5, 8, 10, 12, 32, 33, and any other articles relating to the electoral bodies named in the statute equal to that of the signatories of the protocol of December 16, 1920, of the same rank without implying any relation or obligation, legal or otherwise, to or through these electoral bodies except those prescribed in the statute as pertaining to the court.

(3) That no change shall be made in the statute of the court without the consent of the signatories of the present protocol.

(4) That the charges of maintenance of the court shall be determined from time to time in fair proportions by the authorized appropriating bodies of the signatories, and the appropriations thus made shall be used exclusively for the expenses of the court.

(5) That the decisions of the court bind only the actual litigants; that the opinions of the court when merely advisory bind no one; and that advisory opinions therefore will not be asked for with regard to questions relating to any adherent without its previous consent.

(6) That the signatories of this protocol do not, in principle, oppose the convocation of future conferences at The Hague for the revision, clarification, and amelioration of international law, the engagements of which do not become binding upon any state until it has itself ratified them.

In accordance with this consent and agreement on the part of the signatories of the protocol of December 16, 1920, duly signed and sealed by an authorized representative, the adhering states do hereby declare, through the undersigned, their duly accredited representatives, that they accept the jurisdiction of the Permanent Court of International Justice and the statute of the court, in accordance with the terms and subject to the conditions of the present protocol.

Mr. President, let us inquire whether we may not have a world court—a court of justice for all nations—a court separated and severed from the League of Nations and the treaty of Versailles.

Mr. President, in conclusion, may I quote a noble editorial from a free and independent newspaper? It appeared in the Kansas City Star on January 25:

IS THE SENATE READY TO ABDICATE?

Those Senators who are invoking cloture to end debate on the league court show a surprising ignorance of the constitutional function of the Senate and a remarkable indifference to the one distinctive thing that gives it its prestige.

By this act they are divesting the Senate of its character as a deliberative body, as a Senate of equals representing the equality of the States, and are reducing it to the level of those popular chambers which by their organization and rules and the inequality of representation are frankly designed to be merely legislative mills to grind out laws for a deliberative upper chamber to sift, amend, and digest.

It is an amazing revelation that to-day, at the moment when a national need demands the very safeguards of deliberation, debate, and public information which the Senate was designed to supply, the Senate itself should be found willing to commit this act of political sabotage; more, to destroy its own sanctuary of tolerance, discussion, free expression.

This abdication is difficult to understand, except on political considerations that ought to invite the apprehension of Americans. If the Senate is ready voluntarily to give up its high place in the Government to serve a political propaganda, then indeed may the Senate's decline rouse the Nation's fears.

It seems incredible in the light of its history that the Senate should not realize that what the American people demand from it in crises like the present one is, first of all, information. That can be supplied only by debate; debate in the Senate alone can combat the flood of interested and selfish propaganda that agents of internationalism have loosed upon the country. Where should the public look for the truth about the statements that this propaganda has disseminated about the league court except to the Senate, and how can the Senate supply the truth except through free discussion, unrestricted opportunity to investigate and bring out the facts, and an unsilenced voice to make them known?

Except for the full exercise of these constitutional functions by the Senate in the league debate of 1919, the country would be in the league to-day. The Senate debate was the only thing that saved it from that calamity, and the real reason why the league court proponents

are ready to gag the Senate to-day is that they realize that if the debate goes on and the country is fully informed, as it was by the league debate, the court protocol will be defeated just as the league's was.

Senate debate was what roused the country against the reactionary policies of the Taft administration in 1909, and loosed the forces that culminated in the progressive movement three years later. Who shall say that advantages such as these could be compensated for by any likely to flow from a Senate deprived of the opportunity to inform public opinion?

The country could better afford to have the Senate divested of its legislative character than of its deliberative character. We could do very well without more laws, but no free government can function without discussion.

Mr. SACKETT. Mr. President, I rise to address the Senate upon the subject of the reservations to this World Court resolution. I am not unmindful of the traditions of this body as regards a new Member of the Senate. But I do believe that when a man has convictions, no matter how lately he may have come, it is a duty he owes to his people, not only those of his State, but of his country, to give those opinions for such benefit as may accrue.

I do not know whether the reservation now pending will have any great support, but I plead with the Senate along the lines of the plea made by the Senator from Alabama [Mr. UNDERWOOD] this morning, that we not adopt any reservations that shall emasculate the protocol and obstruct our joining the Court of International Justice.

The Senate has received, not once or twice, but three or more times, a request from the Chief Executive of this country that we give our consent and advice to this protocol for the Court of International Justice. It has received it, not from one President, but from two, and it becomes the duty of the Senate to consider, in the light of that suggestion, first, whether the great suggestion the President has offered, and which the people of this country treat as a departure from our historical attitude toward foreign nations, is well conceived. Second, whether, if we follow the President's suggestion, we are prepared to throw the necessary safeguards around that departure from our traditional position.

Those two questions, I take it, the Chief Executive of this land has had more than three years in his innermost thoughts. He has prepared his messages with great care, after such consultation as he was able to have with people in whom he could have reliance. But, as I conceive his position, he is necessarily a rather solitary thinker. He has only the opportunity to consult those of his immediate Cabinet, in whom he has the greatest confidence, because no other parties to whom he goes for consultation are under any oath to protect the welfare of this Nation, and it is impossible to say in what degree their advice might be inspired by any selfish motives. But when he presents that message to this great, august body, he has a right to rely upon the oath under which every Senator takes his seat, that he is going to determine this question and give his advice under the most patriotic motives.

I fancy that I can see the Chief Executive of this land thinking over our entrance into this court not alone as an opportunity to get rid of causes of war, but when he looks over the future of this country, and when he looks back, even to the time of the Civil War, and sees this country then but a string of villages across the country, and in the 60 years that have elapsed, he sees its farms stretching ever westward until they cover the country as a whole; when he sees the railroads pushed farther and farther toward the Pacific, until they now form so many lines of communication; when he sees the factories grow from the East toward the West, until their smokestacks and their chimneys cover the entire land; when he sees production increase in every direction, necessarily he says to himself, "What is to become of the surplus production of this country?"

We have to meet that question, and it is growing greater every year. Formerly we were able to take care of practically all our domestic production within the borders of our own country, but to-day we have to find new markets for the wonderfully increasing production of the country, and if we have grown to that height in 60 years, to what may we not look forward in the next 20? Have we not to open the world markets even wider than they are to-day? We are building our lines of transport across the sea for the very purpose of taking care of the future growth of this Nation.

I can fancy the President again thinking about the causes of the last war, about the opportunities that are open to this country to prevent a repetition of that great struggle and the loss it occasioned to the people of this country. When two Chief Executives, two different men, have offered this country the opportunity to change their traditional, historical stand of noninterference with European affairs, and to suffer the criticism of this country, that is a great act, a courageous thing for him to do. He undertakes to change the policies we have lived under, and I think it behooves us to give a great and sympathetic interest to the problems which the President now presents to the Senate.

If it will stop war in any particular, it will do a great humanitarian thing for all civilization. I am not one of those who, after listening to the discussion in this body, feel that in this World Court we have a panacea which will prevent war in the future. Our international relations have more than one point of contact. They are at least the economic on the one side, and then the legal, and then the political contacts.

If we analyze any court we will find that the legal questions which this court may decide are questions of fact that have happened. We can not have a case, as is provided for under the statute of this court, until the facts are finished. There must be no uncertain fact for the future. We can not have "issues joined" until the facts are there, whether we know what the fact is or not. It may be a perfectly proper inquiry for the court to find the fact as it exists, because it is not known. But it also remains that that fact has already taken place.

On the other side we have the political considerations, which must be reckoned with. I might illustrate the difference as between the questions which arise under a treaty signed and the questions which arise in the making of a treaty. One is political because the facts are not finished. The other is legal because the facts are finished.

I do not believe it will be disputed that under economic financial transactions there may lie deeply embedded causes of war. We have all heard the old saying that "a British battleship follows the British pound to see that it has justice." Under that condition there may be causes of war. There may be causes of war in the making of a treaty. There would be causes of war under conditions where the facts are not found, and no provision for a world court, in my opinion, can, under either of these two situations, eliminate the causes of war.

But as to the facts which are found as in the interpretation of a treaty, if you please, there lie also the seeds of war. The opinion of one country may be different from the opinion of the other as to what the treaty means; and as the discussion arises on that question there is a seed of war. Under those conditions it is possible to put up to the International Court of Justice the question which arises upon the interpretation of that treaty and its limitations of such opportunity are the existence of legal matters which can be laid before it. So there remains, as I said, in international relations many causes of war upon which the Court of International Justice can not function.

I have listened as intensely as I could to the arguments that have been propounded pro and con for the last six weeks to the Members of the Senate for and against the wisdom of the course we seek to take. In these arguments I can not find, after applying to them all the intelligence of which I am capable, any substantial reason why we should be afraid to follow the advice of the two Chief Executives of the country who have urged the joining of the court upon the Members of the Senate. I prefer to look upon the statute of the court, as I may call it, subjectively. I prefer to look upon the covenant of the league objectively. I use those two terms not in any definite significance but in order to show to the Members of the Senate my view of how one is differentiated from the other.

Subjectively the nations of the world have come together and formed a statute which is the constitution of the court. Objectively other nations of the world, most of them the same, have come together and formed the covenant. The court is the outgrowth of much earlier consideration than is the covenant. But there must be a common place where these things can be brought about and the Council of the League of Nations forming that body gives a better opportunity to bring about the formation of the court than any other body which we have. It will be found that even in the covenant they refer to other international tribunals as they divide their expenses according as the international postal expenses are divided among the nations.

Objectively they said that the court should be formed with a certain jurisdiction. That jurisdiction in a short sentence included the word "international." When the statute was formed the word "international" was left out. The covenant provided for advisory opinions to the League of Nations. Advisory opinions are left out of the statute except by the width of its jurisdiction under which it could be included.

I do not believe there is anything in the statute as I read it that would prevent the United States of America, and England,

or Canada, or any other country, passing a new treaty to-day and providing that the Court of International Justice, of which both were members, should have the right to issue advisory opinions on matters referred to it by the signatories of that particular treaty. Under the same idea the members of the League of Nations would, under the wide jurisdiction given to the court, have the same right to say that the Court of International Justice could give advisory opinions on things that were referred to it by them.

Subjectively the court stands upon its own bottom. There must be some way and some public forum under which it could once be started. We tried to start it by The Hague itself, by the nations that were in the arbitral court of justice, but it remained for a time when more nations had come together under the covenant of the League of Nations before the opportunity actually arose under which the court could be organized.

I have no right to speak, as some of the Members have, as a representative of any great organized body of people in this country asking our adherence to the court, but I have a right to speak for a people who are not organized and not in a position to be heard upon this point. During the time of the great war, when the country was first entering into its share of that terrible affair, it became my duty to go out into the country districts of this great Nation, particularly in my own State, as a representative of one department of the Government, and to give to the people a statement of why we were entering the war; what it meant to them; how it would affect the boys who were going from their own home towns; and asking them to get behind those boys in the establishment of the reserves at home. As I saw those people in intimate contact, as I met them day by day, as I saw the terrors and the horrors that spread over them at the very thought of their own boys going out to fight those battles across the sea, I said to myself that if the time ever came that it lay within my power to give to those people the opportunity to avoid even one war, I should feel that my life had been well spent. And when I see this opportunity, when I think of the people who sent their sons, of all the sufferings that they undertook in the defense of their country, I feel that we should enter into the World Court under the best possible conditions that we can in favor of those people.

As I think of the great chances that this country must have for expansion in order that the people may live happily and have prosperity, I feel that we should use our entrance into the World Court, once we have determined to take that step, just as a good salesman for any other business would approach his customers—not by browbeating them, not by objecting to anything that they wanted to do in reason, not carelessly, but with an open hand, throwing no bouquets, but treating them as equals, winning their confidence. For that reason I hope that in the adoption of the reservations nothing shall be put into them that will cause the people of these foreign lands to do other than to hold out to us a welcoming hand in our association with them in the World Court, for I believe it will mean much to the prosperity of America.

Mr. JOHNSON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fess	McKellar	Schall
Bayard	Fletcher	McKinley	Sheppard
Bingham	Frazier	McLean	Shipstead
Blease	George	McMaster	Shortridge
Borah	Gerry	McNary	Simmons
Bratton	Gillett	Mayfield	Smith
Brookhart	Glass	Means	Smoot
Broussard	Goff	Metcalf	Stanfield
Bruce	Gooding	Moses	Stephens
Butler	Greene	Neely	Swanson
Cameron	Hale	Norris	Trammell
Capper	Harreld	Nye	Tyson
Caraway	Harris	Oddie	Underwood
Copeland	Harrison	Overman	Wadsworth
Couzens	Heflin	Pepper	Walsh
Cummins	Howell	Phipps	Warren
Curtis	Johnson	Pine	Watson
Dale	Jones, N. Mex.	Pittman	Weller
Deneen	Jones, Wash.	Ransdell	Wheeler
Edge	Kendrick	Reed, Mo.	Williams
Edwards	Keyes	Reed, Pa.	Willis
Ernst	King	Robinson, Ark.	
Fernald	LaFollette	Robinson, Ind.	
Ferris	Lenroot	Sackett	

The VICE PRESIDENT. Ninety-three Senators having answered to their names, a quorum is present. The question is on the reservation proposed by the Senator from New Hampshire [Mr. MOSES].

Mr. BORAH. Mr. President, it is unfortunate, I presume, that this reservation had to be offered by those who are in opposition to the World Court. It will be difficult to have the offering accredited with sincerity or the reservation with soundness. I want to say a word, however, in regard to the reservation.

I think the reservation contains a sound principle, and while I do not hope to see it adopted in this particular instance under the peculiar circumstances which surround us in its presentation, I have not the slightest doubt that in time we must come to the acceptance of the principle which is embodied in this reservation. As Mr. Madison and Mr. Hamilton said in the debates in the convention which framed the Constitution, employment of force against a collective body or against a sovereign state even in the enforcement of a judgment is war. If we are going to construct a program or machinery for peace, we must rely upon the power of public opinion to enforce the judgments of the tribunals of peace. I presented this question fully a few days ago, and I do not care to travel back over the ground which I undertook to cover at that time; but I do want to call attention to the reason, or what seems to me to be the reason, for consideration of this reservation with reference to the particular tribunal with which we are now dealing.

Let us take into consideration, first, the organization of the World Court. I want to consider it now with reference to the large and small powers or to the great and the weaker nations, for, in my opinion, it is peculiarly necessary that we consider the relationship of the strong powers to the court in considering adequately the principle which is involved in this reservation. I do not see very much protection for the small powers in this court. If we shall take an example, for instance, of a great power transgressing upon the rights of a small power, violating a treaty which it may have with the small power or weaker power, and assume that the weaker power desires to secure justice through this tribunal, how may it secure it?

Let us assume that one of the great powers of Europe has invaded the rights of one of the weaker powers and that the weaker power, desiring the help of the tribunal which we are now proposing to enter, makes its first appeal to the advisory jurisdiction of the court. When the weaker power or the small power approaches the tribunal for an advisory opinion with reference to its rights it will find sitting upon the tribunal which may require the advisory opinion all of the great powers of Europe. They are there permanently; and if the exploited nation seeks justice against the aggressor nation, assuming that it is the larger power that is the aggressor, it approaches the advisory jurisdiction to find it absolutely controlled, in my opinion, to all practical intents and purposes, against the submitting of any request for an advisory opinion.

There are Great Britain and Italy and France and Japan sitting permanently upon the council of the league, and thereby, as a practical proposition, controlling the question of whether an advisory opinion shall be asked in regard to any matter which may come up for consideration between the large and the small powers. Although theoretically it may be contended otherwise, practically the aggressor nation must consent to the request for an advisory opinion before an advisory opinion can be had, and the weaker power is utterly without the influence or standing or position in the tribunal which controls the advisory jurisdiction to secure the request. I look upon the proposition, dealing with it as a practical matter, as almost insuperable so far as the small nations are concerned.

It seems to me that if there is anything that is disturbing in the international affairs of the world at this time it is the persistent exploitation by the greater powers of the smaller or weaker nations of the earth. It does not make any difference into what part of this globe we may cast our eyes, the disturbing element is the apparent determination of the great powers to denude the smaller nations of their material resources and their political rights.

Mr. BRUCE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Maryland?

Mr. BORAH. I yield for a question, but I have not much time; and if the Senator desires, he can ask the question and take it out of his own time.

Mr. BRUCE. Is it not a fact that an advisory opinion may be rendered by the World Court upon the application of the assembly, which, of course, consists of all the members of the court, small or great, as well as upon the application of the council?

Mr. BORAH. Does the Senator contend that an advisory opinion may be requested by a majority of the assembly?

Mr. BRUCE. I suppose it must mean that. The language reads:

The court may also give an advisory opinion upon any disputed question referred to it by the council or by the assembly.

Mr. BORAH. Exactly.

Mr. BRUCE. In the assembly, of course, there are representatives of the smaller powers as well as of the great powers.

Mr. BORAH. Does the Senator contend that a request for an advisory opinion may be made by a majority vote in the assembly?

Mr. BRUCE. I may be incorrect, but I know nothing to the contrary.

Mr. BORAH. It is a disputed question; but the presumption has been, and it has been contended by many, that the vote must be unanimous.

Mr. BRUCE. Yes; but the point of the Senator was that the small powers of the earth, as distinguished from the great powers, were shut off from redress at the hands of the World Court, and I am calling his attention again to the fact that an application for an advisory opinion may be made by the assembly, which consists of the great and the small powers alike, as well as by the council.

Mr. BORAH. If the assembly may act as a majority, there is something in the Senator's contention; but if the assembly must act with unanimity, the big powers are all sitting in the assembly just the same, and their influence could always control.

But, as a practical proposition, Mr. President, every advisory opinion so far has been called for by the action of the council; the assembly so far has never been called upon to act in regard to this matter; and if the principle which is embodied in the Geneva protocol shall be finally adopted, the council alone may control the advisory opinion jurisdiction, and it will be entirely taken away from the assembly. That shows the tendency of Europe in regard to this matter.

Mr. BRUCE. Mr. President——

Mr. BORAH. I will yield to the Senator once more.

Mr. BRUCE. I do not want to interrupt the Senator, inasmuch as his time is limited.

Mr. BORAH. My time is not limited, because these interruptions will be taken out of the time of the Senator from Maryland. [Laughter.]

Mr. BRUCE. I have not made any comments on these reservations at all, and, happily, I have time to spare.

Mr. BORAH. That is fortunate.

Mr. BRUCE. I will ask just one question for information. Has the council ever declined on the application of any power, great or small, to solicit an advisory opinion from the World Court? I think not.

Mr. BORAH. Let me ask the Senator a question.

Mr. BRUCE. That is the Yankee way of answering a question by asking another one. [Laughter.]

Mr. BORAH. It will help the Senator from Maryland if he gets the benefit of a little Yankee wisdom on this proposition.

Mr. BRUCE. I am, perhaps, a little difficult to help.

Mr. BORAH. I do not think so.

Mr. BRUCE. It depends, I think, to a considerable extent upon the source from which the help is derived.

Mr. BORAH. I admit that, but I think the Senator is an apt student. However, Mr. President, has the Senator any information to the effect that there has ever been requested an advisory opinion except those approved by the great nations represented permanently on the council?

Mr. BRUCE. Before undertaking to answer that question I would have to review the whole proceedings in connection with the asking of advisory opinions; and, if the Senator will allow me, I may answer that question a little later.

Mr. BORAH. I can give the Senator an illustration. For instance, when the question arose as to the action of France in Syria the matter was referred to the League of Nations for action. It had not yet taken such form as to call for an advisory opinion of the court, but it had taken such form as to call for the advice and counsel of the League of Nations, and upon the action of France the League of Nations indefinitely postponed action. Where the most awful crimes were being committed and rapine and slaughter were being employed, because one of the great powers was interested the league was as quiescent and cowardly as a whipped slave.

Mr. MOSES. And, Mr. President—and I hope this may not come out of my time, let me say to whomever holds the stop watch—let me add, for the benefit of the Senator from Maryland, that in addition to what the Senator from Idaho has said, when the controversy arose between the Government of Italy and the Government of Greece with reference to the Corfu incident, the Greek Government wished the matter referred to the League of Nations or to the Court of International Justice; but it was not so referred because the great power, Italy, would not permit it to be done. This interruption may be taken out of the time of the Senator from Maryland. I want it understood, Mr. President. [Laughter.]

Mr. BORAH. Mr. President, I am perfectly willing to concede, for the sake of argument, that there is something in the contention of the Senator from Maryland, provided the assembly may act as a majority; but when we take into consideration the fact that all the great powers are there represented, and consider their influence in the matter, it is practically as impossible there as it would be in the council to get an advisory opinion which was not satisfactory to the great powers. Certainly so far as the council is concerned they would have the opportunity and would have the power to block any proposition with reference to advisory opinions.

Mr. President, let us assume now that we go to the judicial side of the court, and assume that in some way a small nation desires arbitration upon an invasion of a great power. No one will contend that that could be had without the consent of the transgressing nation. Without the consent of the aggressor nation the judicial powers are utterly sterile, so far as the tribunal as it is now organized is concerned.

I call attention to this, not because I want now merely to inveigh against the organization of the court but because I want to call attention to the further fact that if force is used in this instance by this court it will almost inevitably be against the small nations alone. Can any one conceive of the Council of the League of Nations, with Japan and France and Italy and England sitting there permanently, ever invoking force against one of the great nations to enforce a judgment against one of them? We can only conceive of that happening which happened in the Mosul case. Where the great powers agree and undertake to arrange for the execution of the judgment we may anticipate that it will be executed.

So, Mr. President, aside from the general proposition that force should not be employed in the execution of a judgment against a sovereign state, it seems to me peculiarly wise and peculiarly just that we call upon these nations to refrain from the use of force in view of the organization of the court as it now exists.

It is said by the able Senator from Wisconsin [Mr. LENROOT], however, that if these nations of Europe want to agree to resort to war for the purpose of enforcing the judgments of the court, it is none of our business.

I can not follow the Senator upon that proposition. It is our business as to what our associates in this court are going to do. If we are going to become associated with the nations of Europe in the advancement of peace and in the establishment of justice among the nations of the earth, it is of the utmost concern to us what those nations are to do. Not only are we concerned for the reason that we are in favor of advancing justice and law and order in international affairs, but any appeal to war to enforce a judgment of a court of which we were a member would almost invariably draw us into the conflict.

The very object of organizing this court, the very purpose of going into an international tribunal of this kind, is to prevent war in every possible way that we can; and if we are going to prevent it, may we not ask them to agree with us that they will not resort to war for the purpose of executing a judgment of a court of which we are a member? We are simply asking that they solemnly agree not to go to war. The Senator from Wisconsin says to this they will never agree. Then we are joining with those who are proposing, not peace but war. If they will not agree to keep the peace, how are we to advance peace?

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I yield.

Mr. SHORTRIDGE. Does the Senator favor stripping America of the right to enforce a decision of that court? The Senator speaks of our asking other nations to agree not to enforce a judgment of that court, an advisory opinion or decision. Does the Senator include our own Nation?

Mr. BORAH. I do. I certainly do. This Nation would gladly agree with all other powers to respect the judgments and to refrain from war.

Mr. SHORTRIDGE. Then may I ask this question, putting a suppositious case? Suppose we agreed with a neighbor nation, or any nation, to submit to the court a given controversy. Suppose our case was so clear, our contention so fair and right, that that court should unanimously, almost out of hand, render a judgment or decision in our favor; and suppose then the nation against which this judgment or opinion ran should scoff at, sneer at, and refuse to abide by the

decision. Are we to be left helpless? Are we to abdicate our power? Or would the Senator reserve to us the right by other means—if it be so, by force—to insist upon our rights?

Mr. MOSES. Mr. President, may I interrupt at that point? This may also come out of my time. I am assuming that the Senator from California, by the use of the words "neighbor nation," has some reference to the Republic of Mexico.

Mr. SHORTRIDGE. Perhaps it was an unhappy phrase to say "a neighbor nation," but the Senator may include that, though in mentioning that Republic it is done merely for the sake of illustration, hoping that we never would have such a controversy or the results of such a controversy.

Mr. MOSES. Following the illustration then, Mr. President, when the Republic of Mexico has refused to abide by the decision of the Permanent Court of International Justice—may I ask the Senator from California if he will grant to me the moving-picture rights of the Senator shouldering his trusty musket and going down and taking possession of Lower California?

Mr. SHORTRIDGE. I accord the Senator full rights, adding that I shall be very glad to shoulder the musket and take Lower California.

Mr. BORAH. Mr. President, putting aside the circus which is being organized here, let us get back to the real proposition which we are discussing, and that is whether we are going to rely on the power of public opinion to enforce the judgments of the court or whether we are simply going to take the judgment of the court and resort to war, precisely as we are doing now. What is the difference between a war which is carried on prior to the judgment and a war which is carried on after the judgment is rendered? It is war, and we are asked to enter into a combination which, according to their argument as they now produce it, is to be carried on and executed through the members, to wit, that of war.

I say, as was said in the debates in the convention in 1787, that the time has come when we must rely upon the power of public opinion. As John Marshall said in the debates in 1787 for the ratification of the Constitution, What are courts for if not to avoid conflicts and the employment of war for the purpose of executing our rights? Those men were willing to rely upon the power of public opinion; and had they not been willing to do so, in my opinion this blessed American Union would have disappeared in the first 20 years of its existence. It was their great wisdom and sublime faith which enabled them to avoid that pitfall. They took the risk and saved the Republic.

Suppose that at the time John Marshall rendered his judgment against the State of Georgia in the Cherokee Indian case, when Andrew Jackson was President of the United States—a man who had some opinions of his own on the matter, and who said to John Marshall: "Now, you have rendered your judgment; execute it if you can"—suppose there had been lodged in the court, or in any other department of the Government, the power to execute that judgment: Under the conditions which existed at that time, in my humble judgment it would have led, as Madison and Hamilton said, to a dissolution of the Union. That judgment never was executed. Infinitely better, Mr. President, that it remain unexecuted than that the American Union disappear in the effort to execute it. But since that time there have been 79 or 80 judgments rendered by the Supreme Court of the United States, each and every one of which has been executed by what might be called the power of public opinion; and, as I said the other day, even at this hour, united as we are, if an attempt should be made to exert force for the purpose of enforcing a judgment against a State, in my opinion it would lead to civil war.

We are only asking in this reservation that war be outlawed as to judgments of the court. The other controversies are to be settled in their own way; but as to this institution of which we are to become a member we are asking the people of Europe, and asking the nations of Europe, to refuse to resort to war for the purpose of executing a judgment of this court; and, associated as we will be with the court and its members, I do not see how we can avoid being drawn into the controversy and into the conflict which may ensue as the result of the use of force.

Mr. FESS. Mr. President, will the Senator yield for a question?

Mr. BORAH. Yes.

Mr. FESS. There could not be war to support any decision without a vote of the Senate, could there?

Mr. BORAH. I am speaking now of a war to which they will resort, not we. The council claims the right now to execute these judgments. It would not be necessary to have a vote of the Senate to authorize the Council of the League of Nations to act. The Council of the League of Nations acts upon its own authority and its own power. They are the ones of whom I am speaking, and not that the United States would execute the judgments.

Mr. FESS. I thought the Senator referred to the United States. Then, further, if the Senator will permit me, if it is to prevent other nations entering into war, what effect would our reservation have, other than to prevent our entering the court?

Mr. REED of Missouri. Mr. President——

Mr. BORAH. Mr. President, let me answer that if I can. We are not seeking, as has been said here, to control the League of Nations with reference to other things which are covered by the covenant proper; but we are adhering to a statute, which statute creates a court, and we are asking these nations to agree that as to the judgment of the court to which we are adhering they will not resort to war for the purpose of executing it.

Mr. LENROOT. Mr. President, will the Senator yield for one question there? Does the Senator think that the states now adhering to the court could accept this reservation without an amendment to the covenant of the league?

Mr. BORAH. I do.

Mr. LENROOT. But would they not be violating the covenant of the league to which they have agreed?

Mr. BORAH. No; I do not think so, Mr. President. They would be amending it in a sense which they have already done. If the members of the court which are also members of the league, or the members of the league which are also members of the court, agree to accept this provision, it will be binding upon them so far as the judgments of the court are concerned.

Let me give the Senator an illustration. In the Geneva protocol they agreed to do precisely that thing, except that it was the reverse of that thing. There they definitely agreed to employ force for the purpose of executing the judgments. Here we have asked them to agree to the reverse of the proposition, not to employ force; and they being members of the league and members of the court also, I do not see how it would in any way embarrass the situation.

Mr. LENROOT. The Geneva protocol involved amendments of the covenant of the league, did it not? And this does. They would have to violate a promise they had made if they accepted this reservation.

Mr. BORAH. Mr. President, the Geneva protocol was proposed as an amendment to the covenant; but it was nevertheless so drawn, as M. Briand said, that if it was signed up by the nations it would constitute a separate instrument by which they would be bound, notwithstanding the fact that it was not incorporated as an amendment to the league covenant.

Mr. REED of Missouri. Mr. President, will the Senator pardon me if I ask the Senator from Wisconsin if I understood him, then, to say that if these nations who have signed the protocol for the court were to accept it with the condition that war should not be made to enforce the decrees of the court, they would thereby violate their contract under the League of Nations?

Mr. LENROOT. That is the position the Senator from Idaho has taken throughout this entire debate.

Mr. REED of Missouri. Did not the Senator say that was his position?

Mr. LENROOT. No; I asked the Senator from Idaho if that was not his position.

Mr. REED of Missouri. Is that the position of the Senator from Wisconsin?

Mr. LENROOT. I do not agree with the Senator from Idaho as to the sanctions being binding upon each member of the league. But that is the position of the Senator from Idaho, and if he is correct, they could not accept one of these reservations without violating the covenant of the League of Nations.

Mr. BORAH. Suppose they sought to amend the covenant of the League of Nations?

Mr. LENROOT. That is what I am getting at. That is the question I asked—whether it involved an amendment of the covenant?

Mr. BORAH. Suppose, then, the United States should be instrumental in securing an amendment to the League of Nations covenant to the effect that it could not employ force for the purpose of executing a judgment of the court against a sovereign state. Does not the Senator from Wisconsin think that would be a magnificent achievement?

Mr. LENROOT. Does the Senator from Idaho think that they would make that amendment?

Mr. BORAH. They would do it, Mr. President, unless they regard the covenant of the League of Nations as a military alliance. If they regard the covenant of the League of Nations as an instrument of peace, and the league itself as an

instrument of peace, I have no doubt they would accept it; but if they regard it as a military alliance, founded upon force, capable of executing its judgments only by force, of course, they would not accept it, and that would be the best reason in the world why we should stay out.

Mr. LENROOT. Mr. President, if the Senator will yield further, everybody concedes that force is in the background of the covenant of the League of Nations, and it is through potential force that they hope to maintain peace.

Mr. BORAH. It is in the background, and always when it is in the background, it is but a short space of time before it gets in the foreground. The Senator can recall many organizations in behalf of peace and in the interests of peace, which provided for conciliation and arbitration, and so forth, but within them somewhere was found a provision for the use of force. How long did it take those organizations to become sheer military alliances?

Take the Holy Alliance. It was organized under the precepts of the Christian religion. It was based upon such fine expressions of brotherly love as were read by the able Senator from Alabama this morning. They invoked the guidance and direction of the holy scripture and devoted themselves to peace. It was less than 15 years before it became an absolute military alliance, committed to the proposition of not only wiping out liberty and freedom in Europe, but of preventing independence and freedom upon the southern continent of America.

Mr. LENROOT. One other question. I would like to ask the Senator from Idaho how long he thinks the Monroe doctrine would last except for the potential force of the United States behind it in maintaining it?

Mr. BORAH. Mr. President, in my humble judgment, the Monroe doctrine is not based upon the proposition of force at all. We have been the least armed of all the nations of the world for over a hundred years. We would never have been able, so far as our armed forces were concerned, to maintain the Monroe doctrine for an hour if other nations had seen fit to challenge it. We have not built up our armies or our navies for the purpose of maintaining the Monroe doctrine. I am perfectly willing to admit, however, if the Senator desires, that it was out of respect to the great power which pronounced the Monroe doctrine that it has been respected by other nations of the earth. But that is an entirely different proposition to going out and forming an organization, drawing 40 or 50 nations together in one organization, and giving them that unlimited power, and when that unlimited power is congregated and organized to give them the right, in the name of peace, to call their armies into operation. It is one thing for a nation to defend itself when attacked; that is a wholly different principle of international life. But to organize an institution for peace and call into it as many nations as possible, and then sanctify their organization by saying that they may invoke the military power for the purpose of executing its judgments against a sovereign nation, is to do one of two things: It is either to establish absolute arbitrary power within the jurisdiction of all those powers, or else, if they undertake to execute their judgments, to break up, as Madison said, in discord and disorganization among themselves.

Mr. SHIPSTEAD. Mr. President, is it not true that the Triple Alliance and the Entente, and all military alliances of history, and all the large armies and navies of history, have been formed and built in the name of peace?

Mr. BORAH. Of course, all nations profess peace and sanction peace; and as soon as this is out of the way, heavy bills for the purpose of enlarging the Army and enlarging the Navy, probably, in the name of peace, will be presented to us, I have no doubt. I am not challenging the sincerity of any Senator who says he is in favor of peace, or who believes in peace, and still votes for a large Army and a large Navy for the sake of peace, but we believe we can accomplish it in different ways, that is all. Some believe that we rely too much upon force. Others believe we rely too little upon force, and that we have too small an Army and too small a Navy. I believe that we rely entirely too little upon the power of public opinion. I do not agree with those who think that public opinion can not operate upon these questions and can not effectuate great purposes in regard to these matters. I believe that the power of public opinion is infinitely stronger, nine times out of ten, for the purpose of accomplishing peace, than either an army or a navy. Peace is never accomplished, except temporarily, unless the matter is settled right, and it is seldom settled right when it is settled by sheer force.

Mr. WALSH. Mr. President, I can not believe that if this reservation now pending is understood by this body, it can possibly have its approval.

It is agreed upon all hands, it has been repeatedly asserted here upon the floor, and as far as I know never disputed, that there is no provision in the statute appended to the protocol providing for the enforcement of any judgment or any opinion the court may render. If any provision is found for the enforcement of any judgment this court may render, it must be found in some other instrument. The other instrument suggested is the covenant of the League of Nations. Of course, then, the reservation now offered is a proposal to amend and revise the covenant of the League of Nations. I wonder who is prepared to undertake that task here at this time?

Mr. President, it is not only an attempt to amend and revise the covenant of the League of Nations but to amend it and revise it in a particular that did not even occur to the fertile brain of the late Senator Lodge, when he was combating the covenant of the League of Nations upon this floor, for within the scope of his entire 15 reservations this was not even suggested or intimated.

Mr. BORAH. Mr. President, it might not have occurred to the fertile brain of Senator Lodge, but it was the fundamental principle for which Wilson fought continuously at Versailles.

Mr. WALSH. That is another matter.

Mr. BORAH. That is an interesting fact.

Mr. WALSH. Mr. Wilson did not get all he contended for at Versailles, and did not get it because of the adverse sentiment throughout the world, which this reservation goes up squarely against as against a stone wall. That is the situation.

Mr. MOSES. That was unhappy for Mr. Wilson and for the world.

Mr. WALSH. Of course, it was unhappy. Of course, it is unfortunate that the world has not yet so far advanced that the nations are willing to subscribe to the principle of this reservation, not to resort to war under any circumstances whatever.

Mr. MOSES. Why should not the United States assert leadership then?

Mr. WALSH. Mr. President, we are endeavoring at this time to accomplish a practical result, and this reservation introduces a perfectly impossible proposition, as the Senator from New Hampshire knows as well as I do.

Mr. MOSES. Oh, no, Mr. President. I know the practical result the Senator from Montana has in mind, to get us into the court and then into the League of Nations—a perfectly practical result. I understand perfectly——

Mr. WALSH. Mr. President, I do not yield——

Mr. MOSES. Mr. President——

Mr. WALSH. I decline to yield.

The VICE PRESIDENT. The Senator declines to yield.

Mr. WALSH. Mr. President, what is this particular in which it is proposed to revise and amend the covenant of the League of Nations? We all hope that the time may some day come, as I suggested the other day, when the force of public opinion will be so powerful that it will not be necessary to resort to war to enforce the demands of a court, or for any other purpose; but, unhappily, that day is not at hand.

Let us see what this means. Let us see the particulars in which it is intended that the covenant of the League of Nations shall be revised and amended. Here are two nations that have a quarrel over the interpretation of a treaty entered into between them, one of the celebrated "minorities" treaties, by which a nation endeavors to treat all of its people upon just exactly the same terms and in exactly the same way, some of them being allied racially or religiously or linguistically to the people of an adjacent state.

The adjacent state insists that it has not observed its treaty and is oppressing those people, and it is preparing to go to war—is on the eve of doing so—and has made all the preparations to do so. Then some kind friend intervenes and says, "Now, do not do that. This is a question that is very properly resolvable by the Permanent Court of Justice over at The Hague. Why do not you agree with these other people to take your controversy over there? They say they have not violated the treaty. They say the laws they have enacted are in entire conformity with the treaty. You say they are not. Why do not you take it over there and settle it?"

They are persuaded to take it there, and the court decides that they were right about the matter, and that the laws are oppressive against those people. Then the nations must look on and see their friends in the adjacent country oppressed and tyrannized over in violation of the solemn treaty entered into, and they must stand by and do nothing in the matter.

Mr. MOSES. Mr. President, may I ask a question of about five words?

Mr. WALSH. Yes.

Mr. MOSES. What has become of the force of public opinion in that case?

Mr. WALSH. Public opinion! I want to talk about that for a minute, Mr. President. Reference has been made to the effect of public opinion in the United States in enforcing obedience to the decrees of the Supreme Court of the United States in controversies arising between two separate States. Force has never been resorted to, because the power of public opinion has been sufficiently strong. But the Supreme Court of the United States, in the case of Virginia against West Virginia, declared that there is a power in the Government of the United States to enforce a judgment of the Supreme Court of the United States even against a sovereign State at the suit of another. But it has not been necessary to resort to it. In that case it seemed as though the court would be called upon to exert its power, and it appealed to the two States to let better counsels prevail, and see if they could not adjust their differences in a satisfactory way; and they proceeded to do that. In other words, the power of public opinion can operate just as well and will operate just exactly as strongly whether force is ultimately in the background or not.

So that if the time has come, and I hope it is here, when two or more nations having a controversy submit it to the court and, the judgment being rendered, they will be forced by their own consciences, by their own honor and by the force of world opinion to observe the judgment, we shall all be happy. But if we have not arrived at that time and the nations of the earth are not so keen about their own honor and so responsive to their own consciences that they will violate the decrees of the court; if a case is referred to the court to-day and a judgment is rendered and it is disregarded and there is no way of enforcing it, and if to-morrow another judgment is rendered and it is disregarded and can not be enforced, and next year another judgment is rendered and it is disregarded and can not be enforced, what becomes of the court? It sinks lower than contempt and it deserves to—it is useless.

So, Mr. President, let us see what are the provisions of the covenant in relation to the enforcement of the decrees. I want to make it perfectly clear to the Members of this body there are no provisions of the covenant applicable to the enforcement of the decrees of this court that are not equally applicable to the enforcement of the decrees of the existing World Court, the permanent court of arbitration. There are no provisions that are not equally applicable to the enforcement of a judgment or decision rendered by a board of arbitration to which two nations subscribe. And all of these would be destroyed by the reservation now offered.

Here are two nations that agree to submit their controversy, as we have so often done, to arbitration. They select arbitrators. Then one of them declines to observe the judgment issued by the arbitrators. The covenant takes hold of that situation. They agree to submit their controversy to the old Hague court, and that court renders a judgment. It comes under exactly the same provision of the covenant—article 12 of the covenant, which provides:

> The members of the league agree that if there should arise between them any dispute likely to lead to a rupture they will submit the matter either to arbitrattion or judicial settlement or to inquiry by the council, and they agree in no case to resort to war until three months after the award by the arbitrators or the judicial decision or the report of the council.

Then article 13 provides that—

> The members of the league agree that whenever any dispute shall arise between them, which they recognize to be suitable for submission to arbitration and which can not be satisfactorily settled by diplomacy, they will submit the whole subject matter to arbitration * * *.
>
> For the consideration of any such dispute the court of arbitration to which the case is referred shall be the court agreed on by the parties to the dispute or stipulated in any convention existing between them.
>
> The members of the league agree that they will carry out in full good faith any award that may be rendered, and that they will not resort to war against a member of the league which complies therewith. In the event of any failure to carry out such an award the council shall propose what steps shall be taken to give effect thereto.

I pause to remark here, Mr. President, that the League of Nations has no power to enforce any judgment at all even under the covenant. It has no army, it has no navy, it has no treasury to conduct the war. All it can do is to recommend to the states interested, or other states who may have an interest, what they had better do in the case.

Mr. REED of Missouri. But it does authorize the league to bind those states to furnish the forces.

Mr. WALSH. It does not.

Mr. REED of Missouri. Not at all?

Mr. WALSH. Not at all. I read article 15:

> If there should arise between members of the league any dispute likely to lead to a rupture, which is not submitted to arbitration in accordance with article 13, the members of the league agree that they will submit the matter to the council. Any party to the dispute may effect such submission by giving notice that the existence of the dispute to the secretary general, who will make all necessary arrangements for a full investigation and consideration thereof. * * *
>
> If a report by the council is unanimously agreed to by the members thereof other than the representatives of one or more of the parties to the dispute, the members of the league agree that they will not go to war with any party to the dispute which complies with the recommendations of the report.

Then article 16 provides:

> Should any member of the league resort to war in disregard of its covenants under articles 12, 13, or 15—

That is to say, if it refuses, after it has agreed to do so, to submit the matter to arbitration or judicial settlement, or, having to agree to submit it to judicial settlement, does not abide by the decree, but the recalcitrant party goes to war, then it constitutes an offense against all of them.

Mr. REED of Missouri. Then they do agree——

Mr. WALSH. We will get it all. Just wait a moment!

> It shall ipso facto be deemed to have committed an act of war against all other members of the league, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking state, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking state and the nationals of any other state, whether a member of the league or not.
>
> It shall be the duty of the council in such case to recommend to the several governments concerned what effective military, naval, or air force members of the league shall severally contribute to the armed forces to be used to protect the covenants of the league.

Mr. REED of Missouri. Will the Senator please, on the point I made, read the next four lines?

Mr. WALSH. Yes.

> The members of the league agree, further, that they will mutually support one another in the financial and economic measures which are taken under this article, in order to minimize the loss and inconvenience resulting from the above measures.

This is for the day, unfortunate as it may be, a perfectly chimerical idea, as everybody knows. A year ago last October they adopted at Geneva what is known as the protocol outlawing war, which provided that no nation shall go to war, except to resist aggression, except under such recommendation as is suggested by the league in order to punish a state that violates its terms and goes to war without having submitted its matter to arbitration or to judicial settlement, making their war an offense. Everybody knows it was ineffective and was not agreed to. In other words, public opinion of the world, regrettable as it may be, does not tolerate the idea at this time.

Something was said in this connection about entangling ourselves in European affairs. We participate in the election of 11 judges of the court if we sign the protocol along with the other 49 nations signatory to the protocol and additional members that have not signed being members of the league, 57 in all. We help to elect 11 judges who will sit in the trial of these cases. Our Government does not appoint any of those judges. A judge does not represent the United States in any capacity whatever, even though he is an American.

Mr. MOSES. Mr. President, may I ask the Senator one other question in four or five words?

Mr. WALSH. Yes.

Mr. MOSES. When do we do this?

Mr. WALSH. We do this when the terms of the present officers expire.

Mr. MOSES. In 1930?

Mr. WALSH. Whenever their term expires.

Mr. MOSES. Then what is the hurry about going into the court? [Laughter.]

Mr. WALSH. I really did not think the Senator would ask that kind of a question. But I want to inquire whether that kind of an argument goes with anybody. The President of the United States some time ago was constituted a judge in a controversy between Chile and Peru. He was to act as judge between them. He rendered his judgment in the matter. Is the United States under any kind of either legal or moral obligation to send an army or navy down to Chile or Peru to enforce the judgment of President Coolidge?

Mr. MOSES. We sent Pershing.

Mr. WALSH. Oh, yes; we sent Pershing. Mr. President, I shall object after this to being interrupted by the Senator from New Hampshire. We sent General Pershing down there at the request of both parties to the dispute to act in their behalf to see that they had a just plebiscite. We bind ourselves in no wise whatever, either morally or legally, to enforce the judgment. Why, Mr. President, the Chief Justice of the United States was a short time ago appointed an arbitrator in a controversy between Costa Rica and Panama. He rendered his judgment in the matter. Was the United States obligated to send an army or a navy down there to coerce Panama into acquiescence?

There are just a few words that I want to say with respect to some observations made. The Senator from Idaho [Mr. BORAH] is apprehensive about the unfortunate position in which the small states will find themselves in controversies before the court. Why should he be? All of the small states are enamored of this court. They feel that it is the only protection they have against the aggressions of the great powers. So much so are they that 20 or more of them have signed the optional compulsory jurisdiction proposition, by which they agree to submit every controversy they have, justiciable in nature, to the arbitration of this court.

Austria has signed the optional clause. Brazil, Bulgaria, China, Porto Rico, Denmark, Esthonia, Finland, France, Haiti, Latvia, Liberia, Lithuania, Luxembourg, the Netherlands, Norway, Panama, Portugal Salvador, San Domingo, Sweden, Switzerland, and Uruguay have all signed. They seem to be taking care of their own interests fairly well, and yet we are disturbed lest they foolishly put themselves under the jurisdiction of this court controlled by their antagonists, the great powers. Read the debates. Read the debates in all of those assemblages, the meetings of the assembly of the League of Nations, the meetings of the jurists who drafted the statute, the meetings of the committee that considered it. Every time the representatives of the small states were demanding this protection against the aggressions of the great powers.

It was suggested in this connection that no request for an advisory opinion has ever been submitted to the court that might result disastrously to one of the great nations. Unfortunately the record is against us. It will be recalled that the Tunis-Morocco decree was submitted to the Council of the League of Nations, to which dispute France and Great Britain, two of the great powers, were parties and distinctly interested. France lost. Take the advisory opinion concerning the rights of Germans within the territory of Poland, if Germany is to be classed as one of the great powers. It was possible that a judgment would be rendered against Germany in that case; but it was not. But what is the difference whether it is an advisory opinion or a request for an opinion? Take the Wimbledon case. There was a case with Poland on one side or Germany upon one side and France and Great Britain on the other.

Mr. BORAH. That came under the Versailles treaty proper.

Mr. WALSH. It came under a provision in the Versailles treaty, but what is the difference? The question is, Did the court have jurisdiction of a controversy between a great power and a small power, and did it render a decent and honorable judgment in the case? But take the other cases about which I speak.

Take the Mosul case. There is exactly the case that is put to us. There was a controversy, the decision of which might have resulted against a great power, against Great Britain. Take the Mavromattis case, a controversy between Greece on the one hand and Great Britain upon the other, the judgment going against Great Britain and in favor of puny Greece.

Mr. President, these are rather aside from the question as to whether we shall to-day, in affixing our signature to this protocol, make it a condition that no nation shall ever, under any circumstances, even though it prevails in the court, resort to force in order to secure satisfaction of a claim which it actually has submitted to the court and upon which judgment has been rendered if the other resists it.

Talk about the force of public opinion! Public opinion will be just exactly as strong, just exactly as operative, whether there is force back of the court or not.

But, Mr. President, I submit that this is neither the time nor the place to amend the covenant of the League of Nations.

Mr. BORAH. Mr. President, the Senator from Montana closes with the remark that this is neither the time nor the place to amend the covenant of the League of Nations. I call the attention of the Senate to the fact that, with one single exception, the Assembly of the League of Nations has never met without proposing some amendment to the covenant of the League of Nations. There are now important amendments pending to the covenant of the League of Nations, and the League of Nations covenant has been amended since it was originally promulgated to include judicial decisions in articles 12, 13, 15, and 16. It is constantly being amended. We are simply asking that the nations which are members of the World Court and adherents to the statute and also members of the league shall continue to do what they have been doing from the beginning—to amend, if the Senator chooses to call it such, the covenant of the League of Nations. It is in the interest, we claim, of peace, and it is not sufficient to say that it is a proposal for an amendment, because the nations which adhere to the statute have the power to make the amendment.

Mr. President, I wish to say a word further in regard to the interest of small nations in this court. The Senator says they are greatly enamored of the court, and that I should read the debates. I have read the debates; I know precisely what the small nations want; I know precisely what the small nations are now asking for. Just as the Senator has stated, they are asking for compulsory jurisdiction for the reason that they know that until it is within their power to bring the great nations into the World Court that court will never be any protection to them.

Mr. WALSH. The Senator from Idaho is quite right.

Mr. BORAH. Yes.

Mr. WALSH. But they know they can not get it; they have tried to get it and have failed; so they do the best they can and take this.

Mr. BORAH. No, Mr. President; they are still striving for it.

Let me call the Senator's attention to a really very practical example just now. Look at China, Mr. President. Every nation which is engaged in transgressing upon the rights of China, every nation which is engaged in exploiting the natural resources of China, every nation which is engaged in exploiting human life in China, is a member of the League of Nations and a member of this court. China is perfectly powerless to get the decision of this court upon any question with reference to her rights. I have in my room a long statement, which is signed by an organization in China which is known as the Students Organization, in which they state:

> The pity of the situation is that our nation is a member of the league which has agreed to respect our rights and to respect our territory; we are also a member of the court, which is there to deal out justice, and one of our eminent judges or lawyers sits upon the court; yet we are powerless to get a hearing before the council or to get a hearing before the court. Why? Because every nation that is engaged in exploiting us is in control both in the council and with reference to the power of the court to act.

China would like very well to have compulsory jurisdiction; the small nations would all like to have compulsory jurisdiction; but when compulsory jurisdiction was provided for by Mr. Root and his committee, Mr. Balfour emasculated the provision at once, stating that the time had not come when England would be haled into court by the small nations.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

Mr. WALSH. Would the Senator like to propose a reservation that the United States accept compulsory jurisdiction?

Mr. BORAH. I will answer that. Mr. President, if we could secure a code of international law to which the United States should have agreed I would unhesitatingly vote that we become a member of a court which had compulsory jurisdiction over controversies arising under such international law. It is the only court that is worthy of the name.

Mr. WALSH. How long does the Senator think it would take to get a complete codification of international law?

Mr. BORAH. I do not know how long it would take, but the Senator and his class of advocates of peace have been trying for 2,000 years to get peace by this scheme of employing force, and where are we to-day? I think we could get a code of international law inside of 2,000 years. They have been trying the other plan during all these centuries, and to-day we are steeped in the result of war more than at any time in the history of civilization.

How long does the Senator think it will take to get peace through the activities of a court which can not get jurisdiction except by the consent of the wrongdoing nation? How long does he think it will finally take to insure peace through a court which can not render an advisory opinion except by the consent of the great powers which may be the aggressors in any particular case? If we are going to measure time, I have not any doubt that it will take much longer to accomplish peace in the manner in which we are trying than to secure a code of

international law. But the Senator says the time is not yet come, but the time may come. Will it ever come without leadership? Unless some great power is willing to lead and commit itself to the doctrine, will it ever come? How can it be put into execution except through the leadership of some great power? Have we not hesitated long enough?

Here are 110,000,000 people devoted to peace, who have practiced peace for 150 years. If we are unwilling to lead, if we are unwilling to say that we will outlaw war in the execution of the judgments of a court, when does the Senator think that the time will ever come? Does he expect France to lead, does he expect Great Britain to lead, if the United States refuses to lead? These things can only be accomplished, Mr. President, through the leadership of some great power which will gather up and organize and crystallize and direct public opinion.

Mr. WALSH. Mr. President, will the Senator suffer an interruption?

Mr. BORAH. I suffer it.

Mr. WALSH. I am confidently expecting this court to contribute very materially to the development of public opinion, so that in time nations will become accustomed to and will submit their controversies to the arbitrament of this court and of other courts.

Mr. BORAH. Mr. President, if all the nations behind this court continue to insist that they will resort to war whenever a judgment of the court is rendered and it is desired to execute it, if they continue to resort to war, how long does the Senator think it will take the court to bring about peace?

Mr. WALSH. But that is not the case. They do not resort to war every time an opinion is rendered. Public opinion has rendered that unnecessary; it has rendered it unnecessary so far, and I have no doubt it will continue to render it unnecessary.

Mr. BORAH. I said whenever it was necessary to execute it.

Mr. WALSH. The Senator said whenever an opinion was rendered.

Mr. BORAH. Well, Mr. President——

Mr. WALSH. Of course, I appreciate the Senator misspoke himself; but that is what he said.

Mr. BORAH. The Senator understands me then; we have no misunderstanding. What I said, Mr. President, or intended to say, was that if nations have force in the background to be called upon whenever a judgment is rendered which otherwise they think can not be executed, how long will it take to establish peace through the instrumentality of this court?

If these nations, after the great World War in which hundreds of billions of treasure were sacrificed and millions of lives were lost, are not willing now, Mr. President, at this time, after this stupendous lesson, to agree to abolish war, so far as the judgments of the court are concerned, when does the Senator think that we will make progress in that direction?

We have had the most awful lesson ever given to a people or to peoples. We have had the lesson given to us in a way that all nations must realize what it means; and yet, at this time when we are building for all time in the future these nations are unwilling to forego the resort to war or the use of military power for the enforcement of a judgment. That is the lesson, it seems, of the Great War and that is all we are getting out of the great conflict so far as building for peace is concerned.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I do.

Mr. SHORTRIDGE. Does the Senator from Idaho think that all wars are unrighteous and wicked?

Mr. BORAH. On one side they are. [Laughter.]

Mr. SHORTRIDGE. If that be the answer, does the Senator think that all wars in the past have been unrighteous? Is there not such a thing as a righteous war by the aggressor?

Mr. BORAH. Will the Senator name one?

Mr. SHORTRIDGE. The Revolutionary War.

Mr. BORAH. Well, yes; that was righteous on our side, but does the Senator think it was on the side of Great Britain?

Mr. SHORTRIDGE. I think it was righteous on our side.

Mr. BORAH. Exactly; but does the Senator think it was righteous on the side of Great Britain?

Mr. SHORTRIDGE. It was not.

Mr. BORAH. No. [Laughter.]

Mr. REED of Missouri. Mr. President, I wish to take about five minutes in discussing this particular question, and I want to say by way of parenthesis that my ears have been shocked more this afternoon than in my entire life. I have heard the lips that have been singing nothing but peace on earth and good will to men; that have told us the League of Nations would produce peace, and that if it did not the court certainly would; that there would be no more war; that the lion and the lamb would lie down together—and each of those gentlemen came out leading his particular lamb [laughter]—I have heard gentlemen who have been proclaiming on the platform and in this Chamber the doctrine that all the United States needed to do to stop war and devastation was to take the moral leadership of the world and that peace would result talk of nothing but war, become the advocates of war, and assert its necessity and its justice upon this floor for the last two hours. So I think it is about time to pull the mask of hypocrisy from the face of pretenders and to get down to the real merits of this question.

It has been admitted here this afternoon that the League of Nations is a military compact. It has been admitted that the League of Nations is a contract between the various nations of the earth belonging to it by which they do agree to apply force and to make war, and that that contract is of such binding force and of such specific nature in favor of war that if we ask the members of the league to sign a contract that they will not make war to enforce the decisions of the court we thereby run counter to the contract already signed.

So I want it understood now that all of these advocates of peace are now standing here the advocates of war, and of its necessity, and of its righteousness; and I want another thing understood, and that is that the compact of the League of Nations was a compact so much for war that the respective parties to that compact can not sign an agreement not to make war without violating the agreement which they made when they signed the League of Nations covenant.

When we understand that we begin to understand that the pretense that this court will end war, the pretense that this court will usher in the millennium, the pretense that this court will bring peace and eternal good will, is all froth and fustian, and that it is a bunco game that is being played on the American Republic.

We now have arrived at the statement, I repeat, that the League of Nations is a military compact for the purpose of making war, and so much a compact of that kind that we can not ask the members to sign an agreement not to go to war without amending this bloody document that has been proclaimed the charter of peace and good will. It is an admission of what I have contended from the first—that the League of Nations is nothing and never was anything but a combination of 55 nations at the present time, or perhaps 57, that they will make war, a great trust of power which somebody will control or some combination of the representatives of great nations will control, and that that power exists to-day with its armies and its navies.

I mean exactly what I say; for when 55 nations agree that they will do acts of war against any nation violating their will; that they will cut off the trade of that nation upon the seas; and that they will prevent the communication of the nationals of the offending state with any other nation or with the nationals of any other power, they have agreed to acts of war; and when they agree, as they do agree in article 16, that they will mutually support one another in the financial and economic measures that are taken under that article, when they agree that they will support one another in resisting any special measures aimed at any states which are members of the league, when they agree that they will afford passage through their territory to the forces of any of the members of the league—when they agree to cooperate in this way, they have agreed to make common war upon any offending state, and they decide who is the offending state.

So, Mr. President, we now understand the question. War is not to be abolished. At some remote period in the future our friends hope it may cease. Well, ever since the Sermon on the Mount men have been standing waiting for the dawn of the millennium; and they have known that it had to come from the beneficent influence of Christ, and not from the compacts of bloody men who head bloody nations.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Montana?

Mr. REED of Missouri. I yield.

Mr. WALSH. I desire to know if the Senator would agree to a resolution by the Senate providing for calling a world conference to abolish war through a treaty which shall obligate the United States not to engage in it?

Mr. REED of Missouri. Oh, Mr. President, that is entirely aside from what I am talking about. I am talking about the theories you men have exploited—you among the rest.

So we can understand that in the last analysis, according to this theory, force will be applied. But, Mr. President, there is another theory that has been advanced by the advocates of world peace, which we all desire, that does have some merit, and that is that if nations agree not to do a thing the very agreement itself has a restraining influence.

The part in the covenant of the League of Nations, the part in all these arguments that is worthy of consideration, is the declaration of the nations that they will try to settle their disputes by peaceful means. I do not believe, as does the Senator from Pennsylvania, that there is no power or force in a treaty agreement. If 55 nations sign an agreement that they will never make war to enforce one of the decrees of this court, and leave its ultimate settlement to the great force of honor and the great force of the world's opinion, I do not believe that they will all invariably violate their pledges, and violate not only the force of public opinion in a general way but the force of their own plighted faith. If all the nations of the world agree that they will not make war without first submitting their controversies, while that will not be universally upheld and universally observed, I believe that the fact of signing a contract of that kind will have a deterrent influence upon nations contemplating war. If all the nations of the world were to sign an agreement that if any question were submitted to the decision of a tribunal they would not undertake by fire and sword to invade the lands of another nation that had been party to that controversy, I believe that the mere fact of such a general agreement would have a restraining influence and a beneficent influence.

I do not believe in this court because I do not believe it to be a fair court. I do not believe in this court because I believe it to be a packed court. I do not believe in this court because I believe it to be a court controlled by foreign powers, and I am unwilling that my Nation shall submit its controversies to a court thus constituted. But you propose to take us into that court; and now I say, if you take us in, let the nations sign an agreement that they will not make war to carry on its decrees, and trust to public opinion and trust to the honor of states, which in the end will not always be violated.

You can not stand here any longer saying that you have a sovereign remedy for war and that the decisions of this court will end war, and at the same time refuse to have an agreement that war shall not be made by the states signing this agreement.

Mr. President, it has been said, "Suppose a state has a perfectly just case, and suppose the court decides the case in its favor, and suppose the state then proceeds to go to war."

Mr. President, suppose a state has a case, and it is an unjust case, and it submits its case to the court, and the court decides in its favor, and it then proposes to go to war. You can not escape this if you are candid: Once this court has rendered its decision asked by the Council of the League of Nations, that decision will become the basis of the council's action; and the council's action will be to say to that country, if it undertakes to defend itself, "Against you as an offending state we assemble the armies and navies of the earth under the power that we have to call upon them," and it has offended because it has not obeyed a decree of the court.

Mr. President, this court is the vermiform appendix of the League of Nations. The vitality it has comes from the League of Nations. The little blood that circulates through it comes from the body of the League of Nations. If we can get the nations to agree not to enforce its decrees by fire and sword, and if that has the effect of amending the League of Nations covenant, it amends the League of Nations covenant by taking the fire and sword and war and blood out of that covenant, which is the part of the covenant which all of us ought to condemn.

Mr. LENROOT. Mr. President, I shall take only a minute of the Senate's time. I desire to show the Senate how inaccurate the Senator from Missouri has just been with relation to article 16 of the covenant of the League of Nations.

The Senator said that under that article, whenever the will of the league was violated, the members agreed to make war. What is the fact?

Mr. REED of Missouri. Read it.

Mr. LENROOT. I will:

> Should any member of the league resort to war in disregard of its covenants—

These things apply, and they apply only when some member of the league has made war.

Mr. REED of Missouri. Exactly; and they decide whether it has made war.

Mr. LENROOT. And the Senator did not say that.

Mr. REED of Missouri. Why, certainly. The Senator does not deny, does he, that in this whole league proposition, if a nation refuses to obey the league and come in and submit to its decision, it can apply whatever force is necessary, even against a nonmember state?

Mr. LENROOT. I certainly do.

Mr. REED of Missouri. Here is the language of article 17:

> If a state so invited shall refuse to accept the obligations of membership in the league for the purposes of such dispute—

And that is any dispute, which may disturb the peace of the world——

Mr. LENROOT. What can the league do?

Mr. REED of Missouri—

> and shall resort to war against a member of the league—

Then they can act.

Mr. LENROOT. Yes.

Mr. REED of Missouri. Now, wait a minute:

> If both parties to the dispute when so invited refuse to accept the obligations of membership in the league for the purposes of such dispute, the council may take such measures and make such recommendations as will prevent hostilities—

And that means they will call out their big army and their big navy, and say, "If you fight we will lick you; and if you have fought we will lick you some more."

Mr. LENROOT. And the council has neither an army nor a navy. It has nothing to call out. But I wanted to call attention to the fact that while the Senator from Missouri in this reservation is so eager to prevent war he condemns article 16 of the covenant of the league, which can only come into force when war has been started by some member of the league.

Mr. President, I have only one other word to say. The Senator from Idaho and the Senator from Missouri have both stated time and time again that the covenant of the League of Nations is a military alliance, and I asked the Senator from Idaho whether, with that construction of the covenant, he thought the members adhering to this court could accept this reservation without violating the covenant.

Mr. BORAH. They can amend it.

Mr. LENROOT. Or amending it.

Mr. BORAH. They can amend it in behalf of peace.

Mr. LENROOT. They can not accept this reservation unless the covenant of the league is amended or they violate the agreement they have made. The Senator from Idaho knows, the Senator from Missouri knows, and the Senator from New Hampshire knows that if this reservation be adopted it means we will not go into the court. Of course they know that. It is entirely consistent with their purpose.

Mr. MOSES. I do not know that at all.

Mr. LENROOT. The Senator is too intelligent to know otherwise.

Mr. JOHNSON. Is that the view of the Senator from Wisconsin?

Mr. LENROOT. That is my view.

Mr. JOHNSON. Then I am strongly for it.

Mr. LENROOT. I thought so. It is entirely consistent. But if any Senator who intends to vote for the resolution of adherence votes for this reservation, it means that he is indirectly voting against the thing that he would have the public believe he is for. That is the point I want to make.

Mr. MOSES. Mr. President, I must clear my reputation in this regard. I do not intend to vote for this court as at present constituted, and I intend to cast no vote which will give anybody the slightest misapprehension upon my position regarding it.

Mr. LENROOT. Of course not. I was not referring to the Senator. I said any Senator——

Mr. MOSES. My sincerity in offering this reservation has been too often called in question here to-day.

Mr. LENROOT. The Senator is entirely in accord with his principles and his views in offering any reservation that may keep us out of the court. I have no complaint to make of it. Of course the Senator has that right. It is perfectly proper for him to offer a reservation which he believes will not be accepted by the other nations.

Mr. MOSES. I have no belief at all as to whether it will be accepted or not. It has not been presented yet. That is one thing that I complain of, that nothing has been presented to the other signatory nations.

Mr. LENROOT. Mr. President, I merely want to close by saying that I can not see how any Senator who intends finally to vote for the resolution of adherence can vote for this reser-

vation, because if the reservation be adopted it means that the United States will not become a member of this court.

Mr. MOSES. Mr. President, I have no illusions about this vote whenever it may be taken. The tumbrel is already at the door. I heard the rumble of its wheels even while the Senator from Montana was devoting one-third of his time to extolling peace, one-third of his time to extolling war, and one-third of his time in rebuttal of both peace and war. I know perfectly well what is going to happen when the vote is taken, but I am entirely willing it should be taken at any time. I do want the vote taken so that the country may know how many Senators there are who raise their voices in behalf of peace and cast their votes in behalf of war.

Mr. REED of Missouri. Mr. President, I want to call the attention of the Senator from Wisconsin to three or four other clauses in the league covenant bearing on the point we were discussing a moment ago. I read:

The assembly may deal at its meetings with any matter within the sphere of action of the league or affecting the peace of the world.

* * * * * * *

The council may deal at its meetings with any matter within the sphere of action of the league or affecting the peace of the world.

ARTICLE 17

In the event of a dispute between a member of the league and a state which is not a member of the league, or between states not members of the league, the state or states not members of the league shall be invited to accept the obligations of membership in the league for the purposes of such dispute, upon such conditions as the council may deem just. If such invitation is accepted, the provisions of articles 12 to 16, inclusive, shall be applied with such modifications as may be deemed necessary by the council.

Upon such invitation being given the council shall immediately institute an inquiry into the circumstances of the dispute and recommend such action as may seem best and most effectual in the circumstances.

If a state so invited shall refuse to accept the obligations of membership in the league for the purposes of such dispute, and shall resort to war against a member of the league, the provisions of article 16 shall be applicable as against the state taking such action.

If both parties to the dispute when so invited refuse to accept the obligations of membership in the league for the purposes of such dispute, the council may take such measures and make such recommendations as will prevent hostilities.

That requires force, and the Senator has just admitted it requires force.

Mr. COUZENS. Mr. President, in view of the statement of the Senator from Wisconsin that anyone who votes for this reservation is voting against this country's adherence to the World Court, I desire to say that I propose to vote for the reservation, yet I am heartily in favor of this country adhering to the World Court.

I confess that the adoption of this reservation may delay our getting into the World Court, but I submit that that is not serious, if we can obtain the results suggested by the Senator from Idaho by leading the nations to agree not to enforce the decrees of the court by war. I want to be straight on my vote, and I propose to vote for this reservation, and I will also vote for the adherence of this country to the World Court.

The VICE PRESIDENT. The question is upon agreeing to the reservation offered by the Senator from New Hampshire [Mr. MOSES].

Mr. MOSES. I ask for the yeas and nays.

The yeas and nays were ordered; and the Chief Clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. In his absence I withhold my vote.

The roll call was concluded.

Mr. DALE. I desire to announce that my colleague [Mr. GREENE] is unavoidably detained. If he were present, he would vote "nay."

Mr. CAMERON. I have a pair with the junior Senator from Washington [Mr. DILL]. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT] and vote "nay."

The result was announced—yeas 22, nays 69, as follows:

YEAS—22

Blease	Harreld	Nye	Watson
Borah	Johnson	Pine	Weller
Brookhart	La Follette	Reed, Mo.	Wheeler
Copeland	McKinley	Robinson, Ind.	Williams
Couzens	Moses	Schall	
Frazier	Norris	Shipstead	

NAYS—69

Ashurst	Broussard	Capper	Dale
Bayard	Bruce	Caraway	Deneen
Bingham	Butler	Cummins	Edge
Bratton	Cameron	Curtis	Edwards
Ernst	Howell	Norbeck	Smoot
Ferris	Jones, Wash.	Oddie	Stanfield
Fess	Kendrick	Overman	Stephens
Fletcher	Keyes	Pepper	Swanson
George	King	Phipps	Trammell
Gerry	Lenroot	Pittman	Tyson
Gillett	McKellar	Ransdell	Underwood
Glass	McLean	Reed, Pa.	Wadsworth
Goff	McMaster	Robinson, Ark.	Walsh
Gooding	McNary	Sackett	Warren
Hale	Mayfield	Sheppard	Willis
Harris	Means	Shortridge	
Harrison	Metcalf	Simmons	
Heflin	Neely	Smith	

NOT VOTING—5

Dill	Fernald	Greene	Jones, N. Mex.
du Pont			

So the reservation proposed by Mr. MOSES was rejected.

Mr. REED of Missouri. Mr. President, I offer the reservation, which I send to the desk.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. Add at the end of the resolution, on page 4, after line 7, the following:

The adherence of the United States to the statute of the World Court is conditioned upon the understanding that in the election of the judges in each electoral body, each signatory state shall have one vote, but not more than one vote shall be cast in either the assembly or the council by the British Empire and the states included therein.

Mr. REED of Missouri. On that I ask for the yeas and nays.

Mr. FERNALD. Mr. President, I shall detain the Senate but a few moments. I wish to address myself for a brief time to the particular reservation now before the Senate.

At the beginning of the debate early in December, it was stated by several Senators that it would require a considerable time on their part to debate the question. This, without doubt, is the most important question, with the exception of the contest on the League of Nations, that has been considered in this body since I have been a Member. We debated the League of Nations questions for a considerable number of months. The Senator from Montana [Mr. WALSH]—and I am going to refer to him in a very pleasant way—made the statement almost immediately when the World Court question came before the Senate that he would divide his speech into three parts. I have been very glad to listen to him. His speeches have been illuminating and instructive. Senators on both sides of the question have occupied a large part of the time and have spoken strictly to the question. The suggestion that has been made sometimes outside the Chamber, but rarely inside, is not true that we have been filibustering on this matter. No one who has spoken on either side of the question, to my mind, has been filibustering, but all have addressed themselves to the particular issue and have done it in a very conservative way. Only now and then there has seemed to be a little heated debate over the question, and I have sometimes felt that in trying to promote peace we might have war even in this Chamber. However, as men calm themselves and consider the matter in a conservative way, those troubles soon disappear and we come back to a fair discussion of the issue.

There has been great speed required in the last few days. It has seemed very necessary that cloture should be applied. For what reason I do not know, except that possibly there has been an increasing feeling all over the country that the matter demanded attention for a sufficient time in order that it might be reasonably debated. In my section of the country, New England, there has been a very great change in the sentiment of the people. The proponents of the measure, I assume, are very glad to bring it to an issue before anything further is debated along these lines and a further change in sentiment occurs.

To show that there is a difference of opinion I want to read a telegram that has just been received from one of the States in the Middle West, Illinois, to show my Republican friends that not all Republicans are in favor of the passage of this resolution. This is from the Cook County convention of Republicans, held yesterday in Chicago, where 3,000 Republicans were present. It reads:

Text of court plank adopted by Republican county convention yesterday follows:

"We believe that the interests of our country can best be promoted by adhering strictly to the wise policy laid down by George Washington of maintaining friendly relations with all nations but entering into entangling alliances with none, and that it should be maintained as a permanent policy of the United States. We believe that the participation of our Government as a member of a Permanent Court of International Justice, commonly called the World Court, would be fraught with great danger to our national peace and prosperity, because, in our judgment, such a court would ultimately result in making this country part of the League of Nations. We protest against any

situation which would require the American boy and the American wealth to be drafted for the purpose of settling quarrels between foreign governments, in which quarrels we have no interest. We believe all international disputes in which our country may be a party may be satisfactorily adjudicated through the agency of The Hague court without endangering our autonomy, thus leaving us free to offer our services to bring about a settlement of disputes between foreign nations in which we may have humanitarian interests."

Now, Senators, that comes from a Republican convention of 3,000 members and was unanimously adopted yesterday, not by the enemies of our President but by the friends of President Coolidge, as I am.

I have listened with great delight to many of the speeches made on both sides of the question. I believe that every man's opinion as he expresses it here is entitled to fair consideration; that charging a filibuster or charging that a Senator is trying to take up time needlessly is hardly fair. Let me say to my friends that if we had made the attempt to apply cloture two weeks ago I do not know that we would ever have gotten through with this question. First of all, I disliked the cloture idea. I did not vote for it. I am not going to vote for cloture on any proposition from now on. The questions that are to be debated in this body require deliberation. They require all the time and attention that we can give them. In my judgment we make no progress in trying to force through any issue here. I am in doubt if the friends of this proposition feel that they have made any great progress or that the country is satisfied with its determination.

Further than that, my friends from certain sections of the country have invited cloture on some legislation that may be brought into this Chamber that may prove of great disadvantage to them—not that I am making any threat.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Alabama?

Mr. FERNALD. I yield to my genial friend; of course.

Mr. HEFLIN. The rule adopted here two days ago was not cloture. It differs from the suggestion made by the Vice President. He wants to provide that a majority of the Senators could stop debate.

Mr. FERNALD. The Senator need not take my time to explain that. I know that very well.

Mr. HEFLIN. He wants any Senator to be able to move it at any time. The rule we applied, as the Senator knows, required 16 Senators to sign the request and two-thirds of the Senators to limit debate.

Mr. FERNALD. I am quite familiar with that. I am obliged to the Senator, however.

Mr. HEFLIN. It does not stop debate. We have to enforce the rule.

Mr. FERNALD. I understand very well that the Vice President would have it a little more stringent than we have it now, but he and I disagree; that is all.

I want to speak now about the immediate issue before us. I want to read what my friend the Senator from Montana [Mr. WALSH] said on that point yesterday. He is always frank and honest and fair, and so I am going to read from his speech of yesterday. It cleared the situation for me a great deal. Answering a question of the Senator from Indiana [Mr. ROBINSON] regarding this particular question—I shall not go back and quote all the Senator said, although it is worth reading—he said:

> Canada claims the same privilege and has been accorded it. So has every other unit of the British Empire. They have been accorded representation in the Assembly of the League of Nations and go there every year by their representatives. They have, accordingly, been recognized by the entire family of nations except those who are not members of the League of Nations—the United States, Russia, Turkey, and a few others. They have been given the status of independent entities; and you never can assemble after this a world conference to do anything unless you give them representation in that world conference.
>
> So let no man say, "I am for a World Court, but I am for a World Court in which the Irish Free State shall have no vote, in which Canada shall have no vote, in which Australia shall have no vote." You must take the situation as you have it. You can not correct it now. It may have been wrong in the first place; but if you ever want an international conference to deal with any question you will have to admit these units. So there is no man who can stand upon this floor and say, "I am for a World Court; but I am for a World Court in the election of the judges of which these units shall have no vote."

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. FERNALD. Certainly.

Mr. CARAWAY. Is the Senator opposed to Canada having a vote?

Mr. FERNALD. No; but I want the State of Maine and the State of Arkansas to have the same vote that Canada has.

Mr. CARAWAY. May I ask the Senator another question? Has the State of Maine or the State of Arkansas any voice in international affairs as States?

Mr. FERNALD. They have not now, and I hope they will not ever have.

Mr. CARAWAY. Did they ever have?

Mr. FERNALD. Oh, no.

Mr. CARAWAY. Could they have without a change of the Constitution?

Mr. FERNALD. I think we ought to have the same representation——

Mr. CARAWAY. Just a minute. Could they have without changing the Constitution?

Mr. FERNALD. That is a matter of law. The Senator understands that. I am not discussing the technicalities of law. But I say that the United States of America, with 110,000,000 of the best people on the face of God's earth, ought to have, if we are going to discuss these measures in a court of justice, the same representation numerically, based on numerical strength, that any possession of Great Britain has. Of course, we can not change this now. Lloyd-George, for years and years, has been arranging for our coming into the World Court. They have 7 votes to our 1.

My genial friend from New York, think of your great State of New York, with 10,400,000 people, the great Empire State—and I speak of it in the right way, because it is an empire State, because it is the center of the finances of the world; it has a great harbor, a great port, which is one of the questions proposed to be taken up by the World Court—ports, waterways, and naturalization. So, of course, the port of New York might become a matter for consideration by the World Court. But think of the State of New York, with more than 10,000,000 people, representing one forty-eighth as much power or right numerically as the little country of Liberia! Think of a representative of the United States, with 48 States, going to this great temple of justice with one forty-eighth the power or right that Siam has!

Think of Pennsylvania, the State of my genial friend [Mr. PEPPER], with 8,300,000 people, the finest people on God's earth, with its institutions of learning, with its great manufacturing establishments, with all that it possesses, having but one forty-eighth the numerical strength in this court that the little country of Liberia has! Think of the representative of the United States walking up to this great assembly of justice side by side with a little colored gentleman and depositing his vote! Think of the States of Illinois, Ohio, and Texas, with 13,000,000 people, as fine as there are in the whole Nation, having a representation in this court of one forty-eighth as many as a little country of 1,000,000 people!

Mr. BRUCE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Maryland?

Mr. FERNALD. I yield.

Mr. BRUCE. I will ask the Senator from Maine whether there is anything more anomalous in that than in the fact that the little State of Rhode Island and the little State of Delaware have as many Senators in this body as have the great States of New York and Pennsylvania?

Mr. FERNALD. My dear Senator, that is very proper, for that was forecast when the Constitution of the United States was framed. That was one of the best things that was adopted in our Constitution, so that the little States should have the same representation as have the big States.

Mr. BRUCE. If that is such a good thing, should we not follow that example, and the sooner the better?

Mr. FERNALD. It is quite a different thing when we go in with 110,000,000 people as against 1,600,000,000 foreigners.

Mr. REED of Missouri. Mr. President, will the Senator from Maine permit me in his time to say a few words?

Mr. FERNALD. Yes.

Mr. REED of Missouri. While it is true that the small States in the Union have the same representation in the Senate as have the large States, they do not have the same representation in the House of Representatives, and no bill can be passed by Congress without the consent of the House of Representatives.

Let me observe further that it is a strange sort of conception that there is any comparison between Rhode Island voting on an equality with New York and Haiti voting on an equality with the United States.

Mr. FERNALD. There is no comparison at all. As a matter of fact, Senators, conditions have not changed very much regarding our relations with Great Britain for 150 years. I want to read a letter written recently by a business man in

London to the American lines of shipping in this country. It is addressed to the American lines, and the writer states:

In reply to your letters of the 18th and 29th ultimo, on no condition whatever will my customers or myself receive any goods that are shipped by other steamers than British, especially from the United States of America. To enable us to pay the pound of flesh and blood which the United States of America demands from us, we must do our best to support British ships.

That is about the way they feel in Great Britain now; and do we, as Senators, want to force our country into a court where we may have no judge at all? It is not obligatory that we shall have even one judge in this court.

However, let us see. There are now two international courts. I wish to call the attention of the Senators from California to what might happen out in their section of the country. Suppose bandits from Mexico should come over into the United States and commit depredations in southern California so that something had to be done immediately, do Senators think that Uncle Sam, the United States, would wait to carry the matter to the Court of International Justice? In 24 hours the Government would have some of our boys down there. It is no use talking about submitting such questions to an international court, for as soon as such difficulties occur Uncle Sam is ready to protect us.

Mr. REED of Missouri. Mr. President, may I ask the Senator a question?

Mr. FERNALD. Yes.

Mr. REED of Missouri. Where does the Senator think the German Army would have been in its march across France if France had had to wait to appeal to the court?

Mr. FERNALD. Had it been necessary for France to have done so, she would have been annihilated, of course.

Now, I want to take up the question of finance and what we have done for our foreign friends. I have not time to go into that matter fully, because I have only a few minutes more to discuss the question, and I realize that Senators are anxious to take a vote on the pending question. Let us get down to it at once. We have heard very much about the League of Nations and all the different terms that have been applied to it. It takes a very clear head, and I assume that some of the constitutional lawyers of the Senate have been somewhat puzzled to know just the status of this case. But let us see. As I have said, there are now two international courts. Of course, we might just as well have 20, so far as that is concerned. There is a court at The Hague which has been in existence for a long time. I want to ask any constitutional lawyer in this body what case has been presented to that court in the last 20 years that it would have been better for the United States if it had been submitted to the new court? Is there any question now pending that it would be better to submit to this new court than it would to submit it to the court at The Hague? Is there likely to be any question as to which the United States would get any advantage by submitting it to the new court rather than by submitting it to the court at The Hague which is already formed?

Mr. President, I wish now to pay my respects to my genial friend from Alabama [Mr. HEFLIN]. He is a great friend of mine and is always ready to entertain not only the Senate but the galleries. For years he has stood in his place and declaimed against Wall Street. No man has had more to say about Wall Street and Mr. Morgan than has my friend from Alabama. However, the time has now come for action, and if this resolution shall pass, as, of course, it will, my friend ought to take the first train for New York and go up and be congratulated by Mr. Morgan and say to him, "All I have said is false; I have said it merely to please the people; but now, Mr. Morgan, when the time came when I could assist you and help you to loan $100,000,000 at 7 per cent, as against 4¼ per cent of my Government, I have done you a great service." I have no doubt the Senator from Alabama would meet a very warm reception.

Mr. HEFLIN. Now, Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Alabama?

Mr. FERNALD. I yield.

Mr. HEFLIN. Mr. President, if the Senator and his friends should succeed in defeating the proposal for our entrance into the World Court, the gun and munition makers and the battleship builders of the United States, who made hundreds of millions of dollars during the World War would shout for joy. The Senator might go over and congratulate them and tell them that he had served their interests faithfully.

Mr. FERNALD. Mr. President, I have never had the same feeling toward Wall Street which has been entertained by the Senator from Alabama. I have believed in Wall Street. I believe now that when any great industry has to be started in this country Wall Street can lend great assistance to it. We could not build a railroad from here to Alexandria without going to Wall Street for the money. I have believed in Wall Street; I have nothing against Mr. Morgan; but my friend from Alabama has been so ardent and almost severe in his criticism of Wall Street that now, when he comes out and makes such assertions as he has made in behalf of the World Court, I feel that perhaps he ought to be congratulated.

Mr. HEFLIN. I want to say to my friend from Maine that I am in favor of a world court, an international tribunal where J. Pierpont Morgan can have a case tried in which his interests are involved as against a foreign nation, or where any citizen of the United States may have his case adjudicated where it has an international aspect; and I want to say to my friend that Great Britain does not entertain a feeling toward our country such as he has indicated. Not many years ago there was a case between the United States and Great Britain. Great Britain consented to have our Supreme Court determine that case, and it did so. If Great Britain had not sustained the very friendliest relations with us and retained a friendly feeling for us, it certainly would not have submitted to our Supreme Court a case involving matters in which our country was vitally interested along with herself.

Mr. FERNALD. I will ask the Senator, then, Is it necessary that this resolution should be rushed through at once when we can not do anything until 1930, when we have bills pending here which are of great importance and urgent necessity? That is one reason why I am not going to speak at great length to-day. We have measures before us that are of interest to the whole American people. My friend the Senator from Utah [Mr. SMOOT] is in charge of a bill which will, I hope, decrease the taxes of this country by $300,000,000. That bill ought to be considered at once.

But what I rose particularly to say, Mr. President, was that I believe that this country of ours with 110,000,000 people ought at least to have the same number of representatives in the election of the judges of the World Court as Great Britain has. It ought to have at least a little more numerical strength than Siam or Haiti or Lithuania, or a great many other foreign countries have. If we should submit a question to the court now, what would happen? Suppose we should get into trouble with Mexico—a contingency which has been mentioned this afternoon? What is the practical thing that would happen? Suppose that the President of the United States should call in the head of one of the departments, the Secretary of State, for instance, and say, "We are likely to have trouble with Mexico; what had we better do? Here is a matter that must be decided." Suppose the Secretary of State should say, "Why do you not take it to a court?" "There are two courts. Which one ought we to go to?" The Secretary might say, "There are two courts; but if you should take it to the court at The Hague, this is what would happen: Our country would select one judge; Mexico would select one judge: and those two would select a third judge, so that we would have two chances out of three of securing fair treatment. If, however, you should take it to the other court, you will take it to a court which is composed of 10 foreigners, and which may be composed of 11 foreigners, for it is not obligatory that we even have an American on that court."

Mr. President, these are some of the matters, which I think ought to be considered. I can not see any reason why this reservation should not be accepted by the Senate.

Mr. LENROOT. Mr. President, will the Senator yield for one question?

Mr. FERNALD. Yes.

Mr. LENROOT. The Senator understands that the pending reservation does not give us an equal number of votes, but deprives Canada and the Irish Free State and other dominions of Great Britain of any vote.

Mr. FERNALD. Yes; but it involves the question whether Great Britain is to have seven votes against our one or is to have one vote with us in equality. Provision in this matter has already been made, as the Senator from Montana has said—indeed, prearranged—which is the condition as to many treaties, where Great Britain prearranges things and we are to sign on the dotted line.

Mr. President, I am in favor of this reservation.

Mr. BLEASE and Mr. SHORTRIDGE addressed the Chair.

The VICE PRESIDENT. The Senator from South Carolina.

Mr. BLEASE. Mr. President, I had not intended to have anything further to say about this matter, but it has been called to my attention that there is no provision in the pending resolution for each State of this Union to have a vote in the election of judges. I offered a reservation to that effect, and I can not see why it should not be adopted. I notice that

Haiti has a voice in the election of the judges. I call the attention of Senators from the South, while they are voting on this reservation, to the fact that they are voting for a court where we are to sit side by side with a full-blooded "nigger" [laughter], who has as much right as we have in the election of the judges of this court. I ask them if they realize the fact that there may be and very probably will be a representative of Haiti as a judge on this court, so that the southern Senators are voting to throw the destinies of southern women and southern men into the lap of a black man? Haiti has joined the League of Nations and has a representative in the assembly of the league who will vote for the judges of the court.

Mr. REED of Missouri. So has Liberia.

Mr. BLEASE. So has Liberia, as my friend from Missouri suggests. Haiti being a member of the league, while America is not a member of the league, would, in all probability, have more power in one sense than will the American Nation.

Mr. President, when a man goes to explaining in public life or making excuses, you have him. The South has put cloture on us. It is cloture, no matter what they say about it; and I repeat that whenever you get any man in public life on the stump and get him to explaining and apologizing, he is a goner. I had an experience of that kind last summer, and it helped me a whole lot.

Mr. President, why should not the Southern States and the Northern States of this Union have just as much right to cast a vote as to what judges shall sit on this court as you give to these people in other countries? Why is the United States of America to have one judge to sit on this court when a nigger can at any time cast his ballot in opposition to that vote and negative it, and leave it then to the other nations of the world to say whether we shall or shall not do certain things? Why should not my State, South Carolina, have an equal vote with a nigger republican government as to who shall sit upon that court? Why should not the States of Georgia, North Carolina, or Mississippi, or any other State, and especially the great States of New York and Illinois and Pennsylvania, have a right to say who shall be the judges of that court as much as you give that right to a nigger republic?

I suppose some of the gentlemen who discussed this matter, some very great legal minds such as there are in the Senate, may readily catch the differences between these things, but when you go back to the voters at the ballot box, the plain honest men that God loves and takes care of, and when a first-class stump speaker gets before them and tells them the truth about this League of Nations and this league court and asks them why they were deprived of saying who should be a judge of this court, when you give to a nigger a right to say who should be one of the judges, I apprehend that there are going to be some Senators making more explanations and possibly some apologies for their votes on this floor.

Senators, I am serious about this matter. I am not saying this to kill time. You have now got your World Court or your League of Nations Court, or whatever you call it, in shape to pass it, but I warn you of the consequences of rushing it through as you are doing by passing the cloture, which I voted against, but which I expect to vote for in some cases if you gentlemen on the other side want it. I believe what is flesh for one ought to be flesh for the other and what is fowl for one ought to be fowl for the other; and if this crowd over here wants to put it on me for some things, I will help you put it on them when you get ready. That is my politics. That is where I stand.

Something has been said to-day about the Catholics. I am not a Catholic, and I am not here to defend the Catholics or the Catholic religion. They need no defense. But they are a great denomination, and they are a great people, and they have done a great deal for this country. If it had not been for the Catholics, and if it were not for the Catholics in the days to come, the Democratic Party never would have had and never will have a President of the United States.

Then these Ku-Klux members. I do not belong to their organization either, but I know some parts of this country where they have done good. I know it to be a fact. While personally I am not a member of their organization, I have not any special objection to what they do or what they want to do. Some people have slurred them to-day. I am no apologist for them. They need none. But they can vote, and I imagine that when the Catholics go to the ballot box and the Ku-Klux members go to the ballot box they will stop and remember some things that have been said, and they will stop and remember some criticisms that have been made, and they will stop and consider the fact that when they protested their protests were disregarded.

Mr. REED of Missouri. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BLEASE. In just a second.

Has anybody that you know of, has any Senator upon the floor of this body or has any party, ever refused the votes of the Catholics? Have they ever refused the votes of the Ku-Klux Klan? Who is the Senator that will stand on the floor of the Senate and say that he does not want their votes in his campaign for reelection? Where is the party that will put in its platform: "We do not want the Catholic vote, nor do we want the Ku-Klux vote"? Ah, Mr. President, all the people I have ever seen run for office wanted every vote they could get. Some of them want the nigger vote, and when they get it they say, "Thank God, for all of these; I wish I had more of them."

I now yield to the Senator from Missouri.

Mr. REED of Missouri. Mr. President, since, unfortunately, the religious question is here, I want to ask why it is that a Catholic has not the same right to take part in politics as a Protestant, and why the Catholics should be singled out here to be named as a religious denomination?

I know that the Senator is replying to somebody else. I am merely interjecting the remark that Catholics have been spoken of here to-day, and I say that a Catholic individual or a Catholic priest has exactly the same right to protest or to petition as a Protestant minister or a member of the Protestant Church. I think the Senator agrees with me on that.

Mr. BLEASE. Mr. President, I thoroughly agree with the Senator from Missouri; and in part answer to his question as to why they should not take part in politics I will just refer him to the State of New York and to Tammany Hall and the result of the recent election. I think they took a pretty good part there.

One other point on this league business. Here is an article that appeared in yesterday's Washington Post. This is in the newspapers or I would not read it:

GIRL IN PAJAMAS HALTS PROCEDURE OF COURT—TRIAL AFTER AUTO COLLISION IS POSTPONED WHEN JUDGE VIEWS ATTIRE—END OF TWO-DAY PARTY

A reported two-day "endurance party" participated in by Miss Benita Kennison, 19 years old, of Toledo, Ohio, ended abruptly in the snowstorm yesterday afternoon when the automobile which she was driving crashed against a lamp-post at Eleventh and S Streets NW.

When arraigned in police court late yesterday afternoon before Judge George H. Macdonald on charges of driving while drunk and failing to show an operator's permit, she stopped the wheels of justice when it was discovered she was clad in a flaming red bathing suit, a pair of silk pajamas, high-heeled silver evening slippers, and silver hose to match.

Judge Macdonald took one look and decided to postpone her trial until this morning, in the meantime ordering that she be taken care of at the house of detention.

Miss Kennison was arrested after the crash by Policemen Heide and Schultz, members of Captain Burlingame's "flying squadron," after a chase of several blocks.

I do not know whether they had Mitchell as their captain or not.

Heide said his suspicions were aroused when the machine driven by her passed him on S Street at a fast rate of speed. The girl told police she crashed into the lamp-post when she tried to avert striking the police car that had caught up with her.

Miss Kennison, according to the story told police, came from Toledo three days ago to visit her sister, Miss Velma Kennison, 21 years old, at 1465 Columbia Road NW. Her sister is declared to have tendered her a "welcome party" that police say lasted until the crash yesterday.

Here is the part I want especially to call your attention to:

Her sister is alleged to have told police that they had been celebrating on "embassy refreshments."

There you are, Mr. President. There is part of your vote. There is part of your league court. In your own country, right under your nose, right under your own eyes, right in your own face, almost within calling distance of the White House of this Nation, you are allowing foreigners to violate the law day by day. You are letting them transport whisky day by day. You are letting them use it if they see fit to use it in their homes day by day. There is nobody to protest against it. There is nobody to stop it; and yet we are standing here to-night saying that we are willing to go into a court, into an alliance with people who are represented in this country by that class of people, representing people whom you say to the American people you should go in with; you should have an alliance with them; you would let them say whether Japs shall come over into California or not; you are saying that if there should be any

question in the United States about any place or boundary of the United States, we should allow these people to settle the dispute as to where that boundary line shall be. You say to these people: "Come on."

Senators, in a few days the debt question will come in here. Why do you want to take up the time of the Senate in discussing the debt question if you are going to have a court to which these questions can be submitted, and they can go into a combination against you one with the other, and declare that you have not got a fair and honest debt and wipe it out?

Talk about your tax bill! Why, Senators, I believe that I know more people in my State and can shake hands with more people in it and call them by name than any other man that has ever been in it; and my people, those that I represent, would rather pay the taxes of to-day and pay more, if necessary, than be carried into a court with a nigger judge. I am willing to submit that question back to my people and ask them as to which they choose—staying out of this alliance, staying out of this court and fighting for America and America alone, or whether they are willing to go in and be led by foreigners and carried into foreign wars.

The Senator from Alabama the other day made a splendid speech. I congratulated him on it when he finished. I refer to the junior Senator from Alabama [Mr. HEFLIN], although both of them made good speeches; but the junior Senator from Alabama told us what war meant. He told us what war was. He drew an awful picture, but it was a true picture, of war. But we fought that war, with all that he said it cost us, all the men that we lost, for what? For liberty! Did we get it? We have liberty all right! A man is almost afraid now to go home and go to bed with his own wife. He is liable to be shot at before morning because some fellow said he had a half pint of liquor in his hip pocket. You go to your home, and it used to be before we had this war, and you Senators know it is so, that when a man went to his home and went in with his wife and turned the key, he felt: "I am in my castle, that which the courts of my country say is my castle. Nobody can search it; nobody can come into it; nobody can interfere with me." And, Mr. President, if an officer got a search warrant he went and knocked on the door and asked that he be admitted. The man of the house would ask him for his authority and he would pull out his search warrant and say: "That is my authority for coming into your house. That is my authority for going into your wife's bedroom and searching through her trunk. That is my authority for going through her bureau drawers and throwing all of her things out on the floor."

Is that the case to-day? Not at all. To-day a man will come, and he will say to those with him, "If we knock on the door, they may hide the liquor." They break through the window, they break through the door, they go through any way they please, and, forsooth, if you do not know they are officers of the law and attempt to resist, they shoot you like a dog, shoot members of your family like dogs, and then they come out and say, "We were searching for liquor. We had a suspicion." Then the United States judge will sit on the bench and direct a verdict of not guilty, as has been done in South Carolina within the last 90 days, because it is said that the man had a right to go into that house simply because he suspected.

It used to be that a man could get in an automobile and take a ride and feel safe. My good friend the distinguished Senator from Alabama [Mr. UNDERWOOD] can not feel altogether safe when he starts to his country home to-night. If they knew who he was, possibly he would be perfectly safe; I know he would be. But if they mistake him for somebody else in passing, if some fellow happens to look up and say, "That is not Senator UNDERWOOD, that is so and so," some blind tiger, he will shoot into that car and kill the Senator. And they call that liberty. That is what we fought for.

I do not want to be personal, and I would not refer to this for the world, but I am satisfied my good friend will forgive me. We have a good sample of this sort of "liberty" in a Senator who comes in and sits on the other side, who, while walking along the street attending to his own business, interfering with nobody, having no liquor about him, owning none, keeping none, and not wanting any, was shot by an officer. Yet, it is said we have liberty. Fine liberty we have.

Do we want to keep our liberty? Do we want to go across the water and say to these people who can flaunt the violations of law in our faces, "You can have this court. You are entitled to it. Do what you please with it. But remember," says America, "we sit behind you with our cannon fodder, the young boys of this country, and whenever your court wants to carry something into effect you get the powder, we will furnish the fodder, and we will have another war."

How can a court carry out its decrees? I ask the Senate that question. How can a court of the United States, either the Supreme Court, a circuit court, or any other court, carry out any decree? They can not do it. If a man were sentenced to be electrocuted and his friends came together and said, "No, we do not propose to allow this man to be electrocuted," how could the court enforce its judgment? They could not do it. All Chief Justice Taft could do would be to appeal to the President of the United States to furnish the militia. If any other court were to pass on the title to some land and the man on the land should say, "No, I shall not surrender it. I refuse to give it up," there is no force the judge could send out to enforce it.

This World Court stands backed by the military power of this country, and just as certain as this proposition is put over, it will be found that it is going to be the military power of America that will make it a court. Those people over there realize that without the military power of America they can not make a great court, and they want that military power.

I have nothing to say against any man for the way in which he votes—that is his personal privilege—but when a reservation was presented saying that we do not want this court to resort to war, what was done by the Senate? It voted it down.

The VICE PRESIDENT. The question is on agreeing to the reservation offered by the Senator from Missouri [Mr. REED].

Mr. REED of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. DALE. My colleague [Mr. GREENE] is unavoidably detained. If he were present, he would vote "nay."

Mr. CAMERON. I have a pair with the junior Senator from Washington [Mr. DILL]. I transfer that pair to the senior Senator from Vermont [Mr. GREENE] and vote "nay."

The result was announced—yeas 20, nays 73, as follows:

YEAS—20

Blease	Frazier	Moses	Schall
Borah	Harreld	Nye	Shipstead
Brookhart	Johnson	Pine	Watson
Copeland	La Follette	Reed, Mo.	Weller
Fernald	McKinley	Robinson, Ind.	Williams

NAYS—73

Ashurst	Fess	McKellar	Sheppard
Bayard	Fletcher	McLean	Shortridge
Bingham	George	McMaster	Simmons
Bratton	Gerry	McNary	Smith
Broussard	Gillett	Mayfield	Smoot
Bruce	Glass	Means	Stanfield
Butler	Goff	Metcalf	Stephens
Cameron	Gooding	Neely	Swanson
Capper	Hale	Norbeck	Trammell
Caraway	Harris	Norris	Tyson
Couzens	Harrison	Oddie	Underwood
Cummins	Heflin	Overman	Wadsworth
Curtis	Howell	Pepper	Walsh
Dale	Jones, N. Mex.	Phipps	Warren
Deneen	Jones, Wash.	Pittman	Wheeler
Edge	Kendrick	Ransdell	Willis
Edwards	Keyes	Reed, Pa.	
Ernst	King	Robinson, Ark	
Ferris	Lenroot	Sackett	

NOT VOTING—3

Dill	du Pont	Greene

So the reservation proposed by Mr. REED of Missouri was rejected.

Mr. SHIPSTEAD. I offer the reservation I send to the desk and ask that it be read.

The VICE PRESIDENT. The Secretary will read.

The CHIEF CLERK. The Senator from Minnesota [Mr. SHIPSTEAD] proposes to add at the end of the resolution:

> That no question shall be submitted to the court which involves in any manner any loan made by the Government of the United States or by American citizens or corporations to any foreign country, or any financial transactions of any character between American citizens or corporations and any foreign government, without the consent of the United States through a joint resolution of Congress.

Mr. WALSH. Mr. President, that reservation is entirely unnecessary, because under the resolution no question affecting our interests can be submitted without the consent of the United States through a joint resolution of Congress.

Mr. SHIPSTEAD. I call the attention of the Senator from Montana to the fact that this reservation explains specifically how that consent shall be given. The other reservation is a little vague on that proposition. I ask for the yeas and nays on my reservation.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "nay."

The roll call having been concluded, the result was announced—yeas 16, nays 74, as follows:

YEAS—16

Blease	Fernald	La Follette	Reed, Mo.
Borah	Frazier	Moses	Schall
Brookhart	Harreld	Nye	Shipstead
Copeland	Johnson	Pine	Weller

NAYS—74

Ashurst	Fess	McKinley	Sackett
Bayard	Fletcher	McLean	Sheppard
Bingham	George	McMaster	Shortridge
Bratton	Gerry	McNary	Simmons
Broussard	Gillett	Mayfield	Smith
Bruce	Glass	Means	Smoot
Butler	Goff	Metcalf	Stanfield
Cameron	Gooding	Neely	Stephens
Capper	Hale	Norbeck	Swanson
Caraway	Harris	Norris	Tyson
Couzens	Harrison	Oddie	Underwood
Cummins	Heflin	Overman	Wadsworth
Curtis	Jones, N. Mex.	Pepper	Walsh
Dale	Jones, Wash.	Phipps	Warren
Deneen	Kendrick	Pittman	Wheeler
Edge	Keyes	Ransdell	Williams
Edwards	King	Reed, Pa.	Willis
Ernst	Lenroot	Robinson, Ark.	
Ferris	McKellar	Robinson, Ind.	

NOT VOTING—6

Dill	Greene	Trammell	Watson
du Pont	Howell		

So the reservation proposed by Mr. SHIPSTEAD was rejected.

Mr. SHIPSTEAD. I now offer the reservation, which I send to the desk and ask to have read.

The VICE PRESIDENT. The Clerk will read the proposed reservation.

The CHIEF CLERK. Add to Resolution No. 5 the following:

That the signature of the United States to the protocol of signature of the Permanent Court of International Justice shall not become effective until article 1 and paragraph 1 of article 36 of the statute of the Permanent Court of International Justice shall have been so amended as to provide that the Permanent Court of International Justice shall discharge no duty or function other than that of rendering judicial decisions in cases brought to it by the direct common consent of the parties thereto.

The VICE PRESIDENT. The question is on agreeing to the reservation offered by the Senator from Minnesota.

Mr. REED of Missouri and Mr. JOHNSON called for the yeas and nays, and they were ordered.

The Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "nay."

The roll call having been concluded, the result was announced—yeas 17, nays 74, as follows:

YEAS—17

Blease	Frazier	Nye	Weller
Borah	Harreld	Pine	Wheeler
Brookhart	Johnson	Reed, Mo.	
Copeland	La Follette	Schall	
Fernald	Moses	Shipstead	

NAYS—74

Ashurst	Fess	McKinley	Sheppard
Bayard	Fletcher	McLean	Shortridge
Bingham	George	McMaster	Simmons
Bratton	Gerry	McNary	Smith
Broussard	Gillett	Mayfield	Smoot
Bruce	Glass	Means	Stanfield
Butler	Goff	Metcalf	Stephens
Cameron	Gooding	Neely	Swanson
Capper	Hale	Norbeck	Trammell
Caraway	Harris	Norris	Tyson
Couzens	Harrison	Oddie	Underwood
Cummins	Heflin	Overman	Wadsworth
Curtis	Jones, N. Mex.	Pepper	Walsh
Dale	Jones, Wash.	Phipps	Warren
Deneen	Kendrick	Pittman	Watson
Edge	Keyes	Reed, Pa.	Williams
Edwards	King	Robinson, Ark.	Willis
Ernst	Lenroot	Robinson, Ind.	
Ferris	McKellar	Sackett	

NOT VOTING—5

Dill	Greene	Howell	Ransdell
du Pont			

So the reservation proposed by Mr. SHIPSTEAD was rejected.

Mr. SHIPSTEAD. Mr. President, I offer the reservation which I send to the desk.

The VICE PRESIDENT. The Clerk will read the proposed reservation.

The CHIEF CLERK. Add to Resolution No. 5 the following:

Whenever the Permanent Court of International Justice shall undertake to render an opinion or decision or judgment interpreting or applying the terms of any treaty to which the United States is not a signatory, it is with the understanding that such decision or opinion or judgment is not to be construed as an indorsement of these treaties by the United States, and that the United States assumes no responsibility of any such judgment, opinion, or decision.

The VICE PRESIDENT. The question is on agreeing to the reservation offered by the Senator from Minnesota.

The reservation was rejected.

Mr. OVERMAN. Mr. President, I have a reservation on the desk which I shall not present, as the matter is fully included and taken care of in the modified resolution offered by the Senator from Virginia [Mr. SWANSON].

Mr. SHIPSTEAD. Mr. President, I offer the reservation which I send to the desk.

The VICE PRESIDENT. The Clerk will read the proposed reservation.

The CHIEF CLERK. Add at the end of the resolution:

That a judge of the Permanent Court of International Justice may be impeached for corruption or malfeasance in office by any government which has signed the protocol of signature of the court, and that such judge shall be tried and if found guilty expelled from his seat in the court by a joint session of the governments members of the Assembly of the League of Nations and the governments not members of the Assembly of the League of Nations but signatories to the protocol of signature of the Permanent Court of International Justice.

The VICE PRESIDENT. The question is on agreeing to the reservation offered by the Senator from Minnesota.

The reservation was rejected.

The VICE PRESIDENT. Are there any further reservations to be offered as in Committee of the Whole?

Mr. FRAZIER. Mr. President, I have a reservation which I wish to offer, after line 7, on page 4, of the resolution. I offer just the first paragraph. I had intended to offer both paragraphs, but the last paragraph has been effectually taken care of in reservation No. 4 already agreed to.

The VICE PRESIDENT. The Clerk will read the proposed reservation.

The CHIEF CLERK. After line 7, on page 4 of Senate Resolution 5, add the following:

1. The signature and the adherence of the United States to the statute of the Permanent Court of International Justice is conditioned and dependent upon the establishment, under direction of the League of Nations, of an international police of the seas and the destruction of all armed vessels for use upon, beneath, or above the seas, except such small vessels as are needed for police purposes by the international police of the seas.

The VICE PRESIDENT. The question is on agreeing to the reservation offered by the Senator from North Dakota.

The reservation was rejected.

Mr. MOSES. Mr. President, has Resolution No. 5 now been perfected as in Committee of the Whole?

The VICE PRESIDENT. Are there further reservations to be offered as in Committee of the Whole? There appear to be none.

Mr. MOSES. That being the case I offer my substitute. I shall not ask that it be read. It is rather long. It is perfectly well known to the Members of the Senate. It constitutes the resolution reported from the Committee on Foreign Relations on May 22, 1924. While it is true, Mr. President, that the personnel of that committee has somewhat changed since that day, there are still some members of the committee who continue to be Members of the Senate, and who desire to record their votes in favor of the position which they then took. I offer this as a substitute for Senate Resolution No. 5 as perfected, and on that I ask for the yeas and nays.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from New Hampshire [Mr. MOSES] in the nature of a substitute for Senate Resolution No. 5 on which the yeas and nays are demanded.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "nay."

The roll call having been concluded, the result was announced—yeas 21, nays 72, as follows:

YEAS—21

Blease	Harreld	Reed, Mo.	Watson
Borah	Johnson	Reed, Pa.	Weller
Brookhart	La Follette	Robinson, Ind.	Williams
Copeland	Moses	Schall	
Fernald	Nye	Shipstead	
Frazier	Pine	Wadsworth	

NAYS—72

Ashurst	Cameron	Deneen	George
Bayard	Capper	Edge	Gerry
Bingham	Caraway	Edwards	Gillett
Bratton	Couzens	Ernst	Glass
Broussard	Cummins	Ferris	Goff
Bruce	Curtis	Fess	Gooding
Butler	Dale	Fletcher	Hale

Harris	McKinley	Overman	Smoot
Harrison	McLean	Pepper	Stanfield
Heflin	McMaster	Phipps	Stephens
Howell	McNary	Pittman	Swanson
Jones, N. Mex.	Mayfield	Ransdell	Trammell
Jones, Wash.	Means	Robinson, Ark.	Tyson
Kendrick	Metcalf	Sackett	Underwood
Keyes	Neely	Sheppard	Walsh
King	Norbeck	Shortridge	Warren
Lenroot	Norris	Simmons	Wheeler
McKellar	Oddie	Smith	Willis

NOT VOTING—3

Bill	du Pont	Greene

So the amendment offered by Mr. MOSES, in the nature of a substitute for Senate Resolution No. 5, was rejected, it being in the following language:

Strike out all after the word "Resolution" and insert:

"Whereas the Senate has had under consideration the message from the President of the United States dated February 24, 1923, in which the Senate is asked to consent to the signature by the United States of the protocol of December 16, 1920, establishing the Permanent Court of International Justice, and has likewise had under consideration the messages from the President of the United States dated December 6, 1923, December 3, 1924, and December 8, 1925, in which this proposal is again commended to the favorable consideration of the Senate; and

"Whereas the proposal thus submitted and commended contemplates the signature of the protocol by the United States upon such conditions as will enable the United States to give its adherence to the court while remaining wholly free from any legal relationship to the League of Nations; and

"Whereas it is desirable to express with greater precision the safeguards suggested in general terms in the message of President Harding: Now be it therefore

"*Resolved*, First: That the Senate approves the pending proposal and advises the adherence of the United States to the Permanent Court of International Justice upon the terms hereinafter specified.

"Second. That permission to the United States to participate in the election of future judges should, in the opinion of the Senate, take the form of an amendment to those portions of the statute of the court which prescribe that the election shall be by the Assembly and Council of the League of Nations.

"Third. That the Senate advises the President to communicate with the states which have adhered to the court for the purpose of securing assent to such amendments to the protocol and the statute as will accomplish the disassociation of the court from the League of Nations.

"Fourth. That the Senate advises and consents to the signature by the United States of the protocol of December 16, 1920, when the same shall have been amended as specified in the first annex to this resolution and when amendments shall have been made to the adjoined statute as specified in the second annex hereto.

"Fifth. That the signature of the United States of America shall be understood to be affixed subject to the declaration that the United States disclaims all responsibility for the exercise by the court of the jurisdiction to render advisory opinions, and subject to the further declaration that the United States intends to adhere to the Monroe doctrine as a national policy and assumes no obligations inconsistent therewith.

"Sixth. That the signature by the United States herein referred to is a signature to the protocol as set forth in this resolution, but not to the so-called optional clause referred to in article 36, paragraph 2, of the statute of the court.

"Seventh. That the Senate advises the President that a third international conference similar to The Hague conferences of 1899 and 1907 be called not later than the year 1926 for purposes which shall include the giving of effect to the recommendation of the committee of jurists upon the basis of whose report the court was established, regarding the clarification and further development of international law, and the codification thereof.

"FIRST ANNEX TO THE RESOLUTION

"PROTOCOL OF SIGNATURE

"The signatories of this protocol, through the undersigned, duly authorized, declare their acceptance of the adjoined statute of the Permanent Court of International Justice and hereby declare that they accept the jurisdiction of the court in accordance with the terms and subject to the conditions of the above-mentioned statute.

"The present protocol shall be deposited, after ratification, with the secretary general of the Permanent Court of Arbitration at The Hague.

"The said protocol shall remain open for signature by all nations generally recognized by treaty or diplomatic relations with the signatories.

"The adjoined statute shall come into force as an amendment of or substitute for the existing statute as soon as all the signatories of the protocol of December 16, 1920, shall have deposited their assent thereto with the secretary general of the Permanent Court of Arbitration at The Hague in a single copy, the French and English texts of which shall both be authentic.

"SECOND ANNEX TO THE RESOLUTION

"A. SUBSTANTIVE AMENDMENTS TO THE ADJOINED STATUTE

"(1) Strike out article 4 and substitute a new article as follows:

"ARTICLE 4

"The present judges and deputy judges constituting the Permanent Court of International Justice shall retain their offices under the statute of the court."

(2) Strike out the first paragraph of article 5 and substitute the following:

"ARTICLE 5

"Vacancies which occur either by expiration of term or otherwise shall be filled by the states which at that time are signatories to the protocol. At least three months before the date of an election to fill any such vacancy the secretary general of the Permanent Court of Arbitration shall address a written request to the members of the Permanent Court of Arbitration, inviting them to undertake, within a given time, by national groups, the nomination of persons in a position to accept the duties of a member of the court."

(3) Strike out article 8 and substitute a new article, as follows:

"ARTICLE 8

"Representatives of all the signatories to this protocol shall meet at such time and place as may be designated by the said secretary general and shall proceed to an election. The representatives of all signatories shall ballot as an electoral assembly. The states named in the Versailles treaty as the principal allied and associated powers, together with such five of the other signatory states as shall be selected by the signatories shall ballot as a separate electoral council. The assembly of signatories and the council of signatories shall proceed independently of one another to elect, first the judges, then the deputy judges. In each electoral body each signatory state shall have one vote, but not more than one vote shall be cast in either assembly or council by the British Empire and the states included therein."

(4) Strike out article 10 and substitute a new article, as follows:

"ARTICLE 10

"Such nominee as shall receive a majority of votes in the electoral assembly and a majority of votes in the electoral council shall be elected a judge or deputy judge, as the case may be.

"In the event of more than one national of the same signatory state being elected by the votes of both the assembly and the council, the eldest of these only shall be considered as elected."

(5) Strike out article 34 and substitute a new article, as follows:

"ARTICLE 34

"Only states can be parties in cases before the court."

(6) Strike out article 35 and substitute a new article, as follows:

"ARTICLE 35

"The court shall be open to all states generally recognized by treaty or diplomatic relations with the signatories.

"When a state which is not a signatory is a party to a dispute the court will fix the amount which that party is to contribute toward the expenses of the court."

B. FORMAL AMENDMENTS TO CARRY THE FOREGOING INTO EFFECT

(1) In the following articles strike out "assembly" (or "Assembly of the League of Nations") and "council" (or "Council of the League of Nations") and substitute "assembly of signatories" or "council of signatories," as the case may be, articles 3, 12, 32, and 41.

(2) In the following articles strike out "member of the League of Nations" and substitute "signatory state," articles 26 and 27.

(3) In the following articles strike out "The secretary general of the League of Nations" and substitute "the secretary general of the permanent court of arbitration," articles 7 and 18.

(4) In article 1, after "established," substitute a period for a comma and strike out "in accordance with article 14 of the covenant of the League of Nations."

(5) In article 7 strike out the last six words and substitute "each of the signatories."

(6) Transfer the last two paragraphs of article 12 to a new article to be numbered article 13.

(7) Strike out in articles 12 and 31 "articles 4 and 5," and substitute "article 5."

(8) Strike out the first sentence of article 14 and transfer the residue of the article, so that it shall become the last sentence in article 5 as amended.

(9) In article 36 strike out the first 17 words of paragraph 2 and substitute "a state," and for the words "they recognize," in the same paragraph, substitute "it recognizes."

(10) In article 40 strike out the last paragraph.

The VICE PRESIDENT. Are there any further reservations to be offered as in Committee of the Whole?

Mr. WILLIAMS. Mr. President, I have an amendment in the nature of a substitute for the pending resolution. I ask

unanimous consent that I may make a change in a word, a mere clerical error, on page 3, line 23, where I desire to change the word "enactments" to the word "engagements." I ask that the amendment may be read in its modified form.

The VICE PRESIDENT. Without objection, the correction will be made. The amendment in the nature of a substitute offered by the Senator from Missouri will be read.

The CHIEF CLERK. It is proposed to strike out all after the word "resolution" and insert the following:

FOR ADHESION TO THE PERMANENT COURT OF INTERNATIONAL JUSTICE

The Senate of the United States, having received from the President of the United States a proposal to give its advice and consent to the signature of the protocol of December 16, 1920, of the Permanent Court of International Justice, with certain conditions and understandings, finding itself uninformed regarding the conditions and understandings which would be acceptable to the signatories of the said protocol, and hesitating to commit the United States to the relation implied in the fact that this protocol is open to the United States only as a signatory of treaties which the United States has not ratified, requests the President to ascertain through the diplomatic representatives of the United States, or otherwise, if a protocol of adhesion conceived substantially as follows would be acceptable to the signatories of the protocol of December 16, 1920:

PROTOCOL OF ADHESION TO THE STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE

The signatories of the "protocol of signature relating to the Permanent Court of International Justice," of December 16, 1920, and the additional signatories of the present protocol mutually consent and agree:

(1) That sovereign states which have neither ratified nor signed the treaty of Versailles, upon declaring that they accept the jurisdiction of the above-mentioned court in accordance with the terms and subject to the conditions of the statute of the court as construed below, are eligible to adherence to the statute, with rights, powers, privileges, and immunities equal to those of the original signatories.

(2) That sovereign states thus adhering to the statute of the court shall have representation for the purposes of the court in the electoral bodies referred to in articles 4, 5, 8, 10, 12, 32, 33, and any other articles relating to the electoral bodies named in the statute, equal to that of the signatories of the protocol of December 16, 1920, of the same rank, without implying any relation or obligation, legal or otherwise, to or through these electoral bodies except those prescribed in the statute as pertaining to the court.

(3) That no change shall be made in the statute of the court without the consent of the signatories of the present protocol.

(4) That the charges of maintenance of the court shall be determined from time to time in fair proportions by the authorized appropriating bodies of the signatories, and the appropriations thus made shall be used exclusively for the expenses of the court.

(5) That the decisions of the court bind only the actual litigants; that the opinions of the court when merely advisory bind no one; and that advisory opinions therefore will not be asked for with regard to questions relating to any adherent without its previous consent.

(6) That the signatories of this protocol do not, in principle, oppose the convocation of future conferences at The Hague for the revision, clarification, and amelioration of international law, the engagements of which do not become binding upon any state until it has itself ratified them.

In accordance with this consent and agreement on the part of the signatories of the protocol of December 16, 1920, duly signed and sealed by an authorized representative, the adhering states do hereby declare, through the undersigned, their duly accredited representatives, that they accept the jurisdiction of the Permanent Court of International Justice and the statute of the court, in accordance with the terms and subject to the conditions of the present protocol.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute proposed by the junior Senator from Missouri.

The amendment in the nature of a substitute was rejected.

The VICE PRESIDENT. Are there any additional reservations to be offered as in Committee of the Whole? If there be no further reservations to be proposed——

Mr. REED of Missouri. Is it desired now to take a vote in the Senate en bloc upon the matters we have passed on?

Mr. LENROOT. It is so desired as soon as we get the measure into the Senate.

Mr. REED of Missouri. I thought we had gone into the Senate.

Mr. LENROOT. Is the measure in the Senate, Mr. President?

The VICE PRESIDENT. No; not as yet. If there be no further reservations, the protocol and the adjoined statute, with the reservations made as in Committee of the Whole, will be reported to the Senate.

The protocol and adjoined statute, with the reservations made as in Committee of the Whole, were reported to the Senate.

Mr. REED of Missouri. Mr. President, that brings up the protocol for the first time. I have a reservation to the protocol and an amendment to the resolution which I desire to offer. I offer the reservation, which I send to the desk to be added at the end of the protocol.

The VICE PRESIDENT. The reservation will be read.

The CHIEF CLERK. At the end of the protocol it is proposed to insert:

That the adherence by the United States to the protocol of December 16, 1920, accepting the statute of the Permanent Court of International Justice, shall be on the condition that the United States shall not be bound by, nor shall its rights be determined or prejudiced by, any decision or opinion of the said court on any question which is referred to it by the League of Nations, or any of its agencies, nor by any decision or opinion of the court based upon the provisions of the covenant of the League of Nations, or any of the other provisions of the treaty of Versailles.

Mr. REED of Missouri. Mr. President, I shall not ask for a yea-and-nay vote on the reservation, because it is predetermined, but I ask for a vote on the reservation.

The VICE PRESIDENT. The question is on agreeing to the reservation.

The reservation was rejected.

Mr. REED of Missouri. I offer the amendment to the resolution which I send to the desk.

The VICE PRESIDENT. The amendment to the resolution proposed by the Senator from Missouri will be stated.

The CHIEF CLERK. On page 3, line 2, it is proposed to strike out the words "and consent to," so that the paragraph shall read:

Resolved (*two-thirds of the Senators present concurring*), That the Senate advise the adherence on the part of the United States to the said protocol, etc.

Mr. REED of Missouri. Mr. President, the distinction is between advising and consenting or simply advising. In my judgment, the document we are acting upon in the case before us is not in such situation as to be consented to, and can not be until it has been submitted to the other governments concerned. Let me say that the language I have employed in the proposed amendment is the exact language on this question that was employed in the Pepper report. I do not intend to argue it, because argument would be useless. I merely want to state the point.

In the present situation we are in no position to consent; nothing has been submitted to us by any nation to consent to. We simply have a letter here from the Secretary of State, stating that he has certain information and certain documents. Upon the amendment I ask for the yeas and nays.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Missouri, upon which he demands the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "nay."

The roll call having been concluded, the result was announced—yeas 16, nays 74, as follows:

YEAS—16

Blease	Frazier	Moses	Schall
Brookhart	Harreld	Nye	Shipstead
Copeland	Johnson	Pine	Weller
Fernald	La Follette	Reed, Mo.	Williams

NAYS—74

Ashurst	Fess	McKellar	Sackett
Bayard	Fletcher	McKinley	Sheppard
Bingham	George	McLean	Shortridge
Bratton	Gerry	McMaster	Simmons
Broussard	Gillett	McNary	Smith
Bruce	Glass	Mayfield	Smoot
Butler	Goff	Means	Stanfield
Cameron	Gooding	Metcalf	Stephens
Capper	Hale	Neely	Swanson
Caraway	Harris	Norbeck	Trammell
Couzens	Harrison	Norris	Tyson
Cummins	Heflin	Oddie	Underwood
Curtis	Howell	Overman	Wadsworth
Dale	Jones, N. Mex.	Pepper	Walsh
Deneen	Jones, Wash.	Phipps	Warren
Edge	Kendrick	Pittman	Wheeler
Edwards	Keyes	Ransdell	Willis
Ernst	King	Reed, Pa.	
Ferris	Lenroot	Robinson, Ark.	

NOT VOTING—6

Borah	du Pont	Robinson, Ind.	Watson
Dill	Greene		

So the amendment of Mr. REED of Missouri was rejected.

The VICE PRESIDENT. The question is, Will the Senate concur in the reservations made as in Committee of the Whole?

Mr. MOSES. Mr. President, a parliamentary inquiry. We are now in the Senate?

The VICE PRESIDENT. We are now in the Senate. Does any Senator desire a separate vote on any one of the reservations? If not, the question will be taken on concurring in the reservations in gross.

Mr. JOHNSON. Mr. President, I am going to offend for just a very, very few minutes.

The deed is almost done. I congratulate you on the Democratic side of this Chamber; I commiserate my brethren on the Republican side. We have acted here on the Republican side upon the theory that—

> If it were done when 'tis done, then 'twere well
> It were done quickly.

And we have done it quickly. It is a historic day to-day in the annals of the Republic and in the history of this body.

There was another historic day in this body on the 19th day of March, 1920. There was a historic day in this body on the 19th day of March, 1920, when a raging press representing international bankers, some representing internationalists, others representing perhaps an emotion and a sentiment, thundered at the doors of the Senate and demanded the ratification of the treaty of Versailles and the adoption of the League of Nations.

I recall that day. Death has thinned the ranks of the Senators who were present on that occasion; but I want to call the roll of the Republicans and the Democrats who on March 19, 1920, voted either for the ratification of the treaty of Versailles or for entering into the League of Nations:

For ratification, 49; against ratification, 35.

These are all that remain in this body now of those who then voted:

Republicans who voted for ratification of the Versailles treaty and for entering into the League of Nations—what are their names? Messrs. CAPPER, CURTIS, EDGE, HALE, JONES of Washington, KEYES, LENROOT, MCLEAN, MCNARY, PHIPPS, SMOOT, WADSWORTH, WARREN, and WATSON.

Democrats who voted for ratification were Messrs. ASHURST, FLETCHER, KENDRICK, PITTMAN, RANSDELL, TRAMMELL, and WALSH.

Republicans who voted against ratification of the treaty of Versailles and against entry into the League of Nations were Messrs. BORAH, FERNALD, JOHNSON, MOSES, and NORRIS.

Democrats who voted against ratification were Messrs. GLASS, HARRIS, HARRISON, MCKELLAR, OVERMAN, REED of Missouri, ROBINSON, SHEPPARD, SIMMONS, SMITH, SWANSON, and UNDERWOOD.

And in justice to the last named it should be stated that they cast their votes as they did because their leader had determined that he would not accept the treaty or the league with reservations.

On this side, however, there were these gentlemen, 14 in number, who voted for the League of Nations and for ratification of the treaty of Versailles. I challenge here any one of them now to stand upon the floor of the Senate, to go before the people of this country, and say that he favors either the ratification of the treaty of Versailles or entering into the League of Nations. I challenge any one of them to do it, and I pause now for a reply.

I make no such challenge on the other side, because their view as to the League of Nations is well-known. I heard with some surprise from the distinguished Senator from Alabama [Mr. UNDERWOOD] to-day that he voted to ratify the treaty of Versailles without reservations, and he would do it again to-day. I think I may safely say that there is scarcely another man who would ratify that treaty now, after the lapse of these years that have passed and after our knowledge concerning it. But again I pause on the Republican side to ask any man here to stand up and say he favors the ratification of the treaty of Versailles or he favors entry into the League of Nations, with or without reservations; and pausing thus, Mr. President, I proceed for just an instant more, merely noting that there is no response.

Mr. President, I read the other day the letter of Chester H. Rowell, who bears the same relation to the League of Nations in the West that Mr. Justice Clarke bears to it in the East. Mr. Justice Clarke, in the official document that was put in the RECORD by the Senator from New Hampshire [Mr. MOSES] the other day, shows conclusively that the next step is to take the United States of America into the League of Nations. Mr. Rowell says, with an intellectual honesty and a fairness that do him infinite credit, that he is for this futile court solely because it is going to take us into the League of Nations. Lay not the flattering unction to your souls that reservations will save you from this fate! The next step—Democrats know it, Republicans know it, though they may pretend otherwise—is our entry into a league no Republican dare champion here.

I have before me the editorials that were published just prior to the vote on the 19th day of March, 1920. The editorials in these newspapers that favored the ratification of the treaty of Versailles and entry into the league—I will not take the time to read them—said, in effect, to the United States Senate then: "Take the reservations. Go into the league. They amount to nothing, these reservations, after all, and they will be construed vastly otherwise than here explained, and construed by quite another body than the Senate." And I say to you gentlemen here, just as Lord Grey said and just as those newspapers said immediately before the 19th day of March, 1920:

> Your reservations in the matter of entry into this court will be little or not at all considered. They will be construed by a foreign tribunal, and ultimately you will be taken into the league.

All right. Let us know just where we are going. Do not think for one quarter of an instant that the way is not plain and that it has not already been blazed. There it is. It is the way into the league.

Some Senator said to-day that the President was to be commended for finally altering the traditional policy of the United States. Maybe he is, and maybe we are wrong, these few who have kept the faith in our position; but the Senator who made the statement said what was exactly accurate: The traditional policy of the United States is about to be altered now—altered by the great Republican Party, God help it! Altered by men upon this side who stood their ground in days gone by, perhaps, in behalf of that traditional policy; but altered it is about to be, and we are to go upon this uncharted sea, and we are to become a part of the European system finally.

Those of us who fought the fight will fight just as hard in the future, my friends, for our common country and its preservation. But before this vote is taken I want no man to labor under any delusion, none to forget the days of March, 1920, and every man on the Republican side hereafter to know just what his vote means not only to the United States of America but to the Republican Party.

The VICE PRESIDENT. The question is, Shall the reservations adopted as in Committee of the Whole be concurred in?

The reservations were concurred in.

Mr. LENROOT. I now ask the Vice President to lay before the Senate the resolution with the reservations which have been adopted.

The VICE PRESIDENT. The Chair lays before the Senate Senate Resolution No. 5 as modified.

Mr. SWANSON. I suggest that it be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution as modified was ordered to be printed in the RECORD, as follows:

> Whereas the President, under date of February 24, 1923, transmitted a message to the Senate, accompanied by a letter from the Secretary of State, dated February 17, 1923, asking the favorable advice and consent of the Senate to the adherence on the part of the United States to the protocol of December 16, 1920, of signature of the statute for the Permanent Court of International Justice, set out in the said message of the President (without accepting or agreeing to the optional clause for compulsory jurisdiction contained therein), upon the conditions and understandings hereafter stated, to be made a part of the instrument of adherence: Therefore be it
>
> *Resolved* (*two-thirds of the Senators present concurring*), That the Senate advise and consent to the adherence on the part of the United States to the said protocol of December 16, 1920, and the adjoined statute for the Permanent Court of International Justice (without accepting or agreeing to the optional clause for compulsory jurisdiction contained in said statute), and that the signature of the United States be affixed to the said protocol, subject to the following reservations and understandings, which are hereby made a part and condition of this resolution, namely:
>
> 1. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the treaty of Versailles.
>
> 2. That the United States shall be permitted to participate, through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the council or the assembly for the election of judges or deputy judges of the Permanent Court of International Justice or for the filling of vacancies.

3. That the United States will pay a fair share of the expenses of the court as determined and appropriated from time to time by the Congress of the United States.

4. That the United States may at any time withdraw its adherence to the said protocol and that the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

5. That the court shall not render any advisory opinion except publicly after due notice to all states adhering to the court and to all interested states and after public hearing or opportunity for hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.

The signature of the United States to the said protocol shall not be affixed until the powers signatory to such protocol shall have indicated, through an exchange of notes, their acceptance of the foregoing reservations and understandings as a part and a condition of adherence by the United States to the said protocol.

Resolved further, As a part of this act of ratification that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute; and

Resolved further, That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

Mr. MOSES. Mr. President, I ask unanimous consent that the rule of the Senate governing the procedure in the matter of a resolution of ratification may be set aside, and that instead of going over until to-morrow with the resolution of ratification, we may have the vote upon it at the present minute. I will add that I am asking for this unanimous consent because it is a part of the general understanding which the Senator from Idaho, the Senator from Wisconsin, and some others of us who have been active in the management on one side or the other of this discussion arrived at yesterday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The question now is, Will the Senate advise and consent to Senate Resolution 5 as modified?

Mr. REED of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GERRY (when Mr. DILL's name was called). The Senator from Washington [Mr. DILL] is unavoidably absent. He is paired with the junior Senator from Delaware [Mr. DU PONT] and the senior Senator from Vermont [Mr. GREENE]. If present, the Senator from Washington [Mr. DILL] would vote "nay," and the Senator from Delaware [Mr. DU PONT] and the Senator from Vermont [Mr. GREENE] would vote "yea."

The roll call was concluded, and it resulted—yeas 76, nays 17, as follows:

YEAS—76

Ashurst	Ferris	Lenroot	Robinson, Ark.
Bayard	Fess	McKellar	Sackett
Bingham	Fletcher	McKinley	Sheppard
Bratton	George	McLean	Shortridge
Broussard	Gerry	McMaster	Simmons
Bruce	Gillett	McNary	Smith
Butler	Glass	Mayfield	Smoot
Cameron	Goff	Means	Stanfield
Capper	Gooding	Metcalf	Stephens
Caraway	Hale	Neely	Swanson
Copeland	Harris	Norbeck	Trammell
Couzens	Harrison	Norris	Tyson
Cummins	Heflin	Oddie	Underwood
Curtis	Howell	Overman	Wadsworth
Dale	Jones, N. Mex.	Pepper	Walsh
Deneen	Jones, Wash.	Phipps	Warren
Edge	Kendrick	Pittman	Weller
Edwards	Keyes	Ransdell	Wheeler
Ernst	King	Reed, Pa.	Willis

NAYS—17

Blease	Harreld	Pine	Watson
Borah	Johnson	Reed, Mo.	Williams
Brookhart	La Follette	Robinson, Ind.	
Fernald	Moses	Schall	
Frazier	Nye	Shipstead	

NOT VOTING—3

Dill	du Pont	Greene

The VICE PRESIDENT. On this question the yeas are 76 and the nays are 17. More than two-thirds of the Senators present having voted in the affirmative, the resolution as modified is agreed to.

Mr. BRUCE. Mr. President, following the cue of the Senator from California [Mr. JOHNSON], I desire to congratulate the Republican and the Democratic Members of this body, who, under the leadership of our honored President, have this day done a great and memorable thing that will sensibly promote the cause of international justice and peace throughout the world.

LEGISLATIVE SESSION

Mr. SMOOT. I move that the Senate proceed to legislative session.

The motion was agreed to.

HOUSE BILL REFERRED

The bill (H. R. 7893) to create a division of cooperative marketing in the Department of Agriculture; to provide for the acquisition and dissemination of information pertaining to cooperation; to promote the knowledge of cooperative principles and practices; to provide for calling advisers to counsel with the Secretary of Agriculture on cooperative activities; to authorize cooperative associations to acquire, interpret, and disseminate crop and market information, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

TAX REDUCTION

Mr. SMOOT. I move that the Senate proceed to the consideration of H. R. 1, the revenue bill.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes, which had been reported from the Committee on Finance with amendments.

RECESS

Mr. SMOOT. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 6 o'clock and 55 minutes p. m.) took a recess until to-morrow, Thursday, January 28, 1926, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, *January 27, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O merciful God, we thank Thee for the wonder of Thy love, for the pity of Thy heart, and for the strength of Thy grace. We acknowledge Thee to be our God and our everlasting Father. May we love Thy law and may Thy spirit lead us in the way of truth. So dwell with us in unity and harmony that we may be faithful in principle and fruitful in good works. Strengthen the bonds of divinest love in all our homes. Look upon our children and breath the spirit of strength and goodness into their breasts. Maintain peace and prosperity within the borders of our beloved country. The light and life of a pure, happy home has been extinguished. The Lord in His sweet peace and rest abide there and comfort all sorrowing ones. Unto Thy holy name be praises forever through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

LEAVE OF ABSENCE

By unanimous consent, at the request of Mr. TREADWAY, indefinite leave of absence was granted to Mr. LUCE on account of death of his wife.

SWEARING IN OF A MEMBER

Mr. CORNING, a Representative from the twenty-eighth district of New York, appeared at the bar of the House and took the oath of office prescribed by law.

CALENDAR WEDNESDAY

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the roll of the committees.

The Clerk called the committees.

Mr. TILSON (when the Committee on Banking and Currency was called). Mr. Speaker, I am informed that it is the intention of the chairman of the Committee on Banking and Currency to call up H. R. No. 2, known generally as the McFadden bill. In the consideration of this bill members of the committee believe that the time can be used to better advantage by

having a longer general debate than the Calendar Wednesday rule permits. Therefore, I ask unanimous consent that instead of the two hours of debate prescribed by the rule, general debate on this bill may continue until 5 o'clock this afternoon, and that the time be divided equally by the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Arkansas [Mr. WINGO].

The SPEAKER. The gentleman from Connecticut asks unanimous consent that general debate on H. R. 2 continue until 5 o'clock this afternoon, and that the time be divided equally between and controlled by the gentleman from Pennsylvania and the gentleman from Arkansas. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, would not the gentleman be willing to make it for the day? If you fix a specific hour, it might result in cutting off debate at an inopportune time, because no one can tell how many interruptions there will be. Therefore, would not the gentleman be willing to make it for the day?

Mr. TILSON. Then, Mr. Speaker, I modify my request. I ask unanimous consent that general debate may continue not longer than the hour at which the Committee of the Whole rises to-day.

Mr. BANKHEAD. Mr. Speaker, further reserving the right to object, I would like to inquire of the chairman of the committee whether this bill is unanimously reported from the Committee on Banking and Currency.

Mr. McFADDEN. I will say to the gentleman that there was no minority report. I think there were three in opposition to the bill and the balance of the Members present were for the bill.

Mr. BANKHEAD. I do not know how my colleague from Alabama [Mr. STEAGALL] stands on this proposition, but I presume some arrangement will be made to take care of those who are opposed to the bill.

Mr. McFADDEN. I will state that the understanding I have with the ranking Member on your side is that he will take care of those who are for and against the bill on your side and I will do likewise on this side, and we will be generous so far as the opposition is concerned.

The SPEAKER. The gentleman from Connecticut modifies his request so that the request now is that general debate on this measure shall run not later than the time the committee rises this afternoon, and that the time be equally divided between and controlled by the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Arkansas [Mr. WINGO]. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, and I shall not object, because I suppose that is the best arrangement we can get, but I think the RECORD ought to show that the committee understood and the consideration of the bill in the committee was expedited by the statement of the chairman that he had consulted the majority leader [Mr. TILSON], who recognized the importance of this bill, carrying 17 substantive propositions, and that it would require more debate than Calendar Wednesday would permit, and that we would be given a rule. It was unanimously agreed that we should have at least two days of general debate, and on that assumption the consideration of the bill in committee was considerably expedited at my suggestion to those who were protesting against expedition in the committee and who wanted to consider it section by section at length.

Mr. TILSON. Will the gentleman yield?

Mr. WINGO. Yes.

Mr. TILSON. I know the gentleman wishes to state the matter fairly, and he has done so thus far, but if he will permit I should like to make this explanation: It was believed that if we should have to resort to a special rule, it would be some time before we could consider this bill; in other words, that we should not interrupt the consideration of appropriation bills to consider this bill now, but that by utilizing Calendar Wednesdays we could consider the bill at once.

Mr. WINGO. I can not agree with the gentleman's premise. The House is considerably ahead on appropriation bills.

We could do nothing for a week and then be at least two months ahead of the Senate, and I fear you are not going to be able to complete the consideration of this bill on Calendar Wednesday. I hope the gentleman understands my position. While I voted against the bill before and shall vote against it now, I have never been an obstructionist in the House. Whenever a majority of the committee or of the House want to consider an important matter of this kind where something should be done, I am content to go along and give the majority an opportunity to express their will; but the bill ought to be considered thoroughly. Those who are opposed to section 9 have disturbed a great many of the Members of the House on the gentleman's side as well as upon mine. I am against that propaganda so far as section 9 is concerned. I am in favor of section 9.

I think the gentleman would have expedited the business of the House better if he had carried out the original suggestion and had given us a rule. Let this bill go over from to-day until next Wednesday, and the gentleman from Pennsylvania and myself will have one-half of our time taken up in reading letters to our colleagues, asking us to explain to them what the row is about and what is back of the propaganda, and you will have a lot of confusion under the five-minute rule which, I think, will delay consideration. However, the responsibility is not mine, and if this is the best agreement we can get we will have to accept it.

Mr. TILSON. I conferred with certain members of the Committee on Rules in regard to this matter, and those I consulted were loath to give a special rule at this stage of the session, and I could not but agree with them that they were correct.

Mr. WINGO. I wish the committee had at least shown the practical horse sense that men of their age and experience are supposed to show, and had given the members of the committee who know something about the importance of this measure an opportunity to come in and convince them of the practical necessity from that very standpoint of having a rule.

Mr. TILSON. Mr. Speaker, I believe that there will be ample time for consideration of this bill in this way on two Calendar Wednesdays; but if it should develop that there is not sufficient time for its thorough consideration, then that fact would be very persuasive upon the Rules Committee in granting a rule making it in order to complete the bill after we had utilized two Calendar Wednesdays in that way.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. GARRETT of Tennessee. I think, in justice to the minority members of the Committee on Rules, it should be said that no request was ever made to them for a rule.

Mr. TILSON. No; it did not reach that stage.

Mr. GARRETT of Tennessee. It did not reach the stage where the minority could get in on it. [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

Mr. BLANTON. Mr. Speaker, reserving the right to object, does not the gentleman think that when there is a clamor for plenty of general debate on this bill, if we who are not members of the Committee on Banking and Currency are to understand anything about this bill that embraces several substantive bills within itself, the general debate should be confined to the bill?

Mr. TILSON. That is done by the Calendar Wednesday rule. We are simply extending the time of general debate, and the rule itself fixes the subject of the debate.

Mr. BLANTON. The regular Calendar Wednesday rule will be in effect in controlling general debate?

Mr. TILSON. Yes; except as to time.

The SPEAKER. Is there objection?

There was no objection.

NATIONAL BANK ACT

Mr. McFADDEN. Mr. Speaker, I call up the bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes.

The SPEAKER. The gentleman from Pennsylvania calls up the bill H. R. 2. This bill is on the Union Calendar and the House automatically resolves itself into Committee of the Whole House on the state of the Union for its consideration.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MICHENER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of H. R. 2, which the Clerk will report.

The Clerk read the title of the bill.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman and gentlemen of the committee, your committee after due deliberation brings before you

the national bank bill for passage. This is the same bill which was before the House at the last two sessions of Congress and which passed the House on January 14, 1925. You will recall that when the bill went over to the Senate section 9, which restricts branch banking within the Federal reserve system, was stricken out by the Senate committee and the bill as thus amended was caught in the legislative jam during the closing days of the short session and failed of action in the Senate.

This bill has been approved and its passage at the present session of Congress urged by the American Bankers' Association, the national banking section of the American Bankers' Association, and the State bank division of the American Bankers' Association, and the executive council of the State bank division, and the State bankers' associations of such States as New York, Illinois, Missouri, Kansas, Texas, and so forth; boards of trade, associations of credit men, the National Association of Credit Men, the National Grange, the Investment Bankers' Association, by the Comptroller of the Currency, the Association of Federal Reserve Governors, and the Association of Federal Reserve Agents; the Federal Advisory Council and the Federal Reserve Board approve the bill as a whole except as to branch banking, on which point they took no action; the Secretary of the Treasury in his annual report for 1924 stated in connection with the then pending national bank bills in the Senate and House of Representatives:

> The Treasury approves the general features of these bills and believes that some such legislation is necessary, not only as a matter of justice to national banks but also in order to preserve the essential strength and effectiveness of our central banking system. This is obvious when it is considered that approximately two-thirds of the total resources of the member banks of the Federal reserve system are represented by national banks.

No financial measure within recent years has been given closer study. For several years past the need for certain amendments to the banking laws have become increasingly apparent, and last year Congress became impressed with the necessity for immediate action. After many conferences with the Comptroller of the Currency and after a very exhaustive investigation by that official into the technical aspects of the need for new legislation a bill was finally drafted, introduced in the House, and referred to the Committee on Banking and Currency. This committee not only held public hearings on the bill but gave every section the most careful study in executive session. This measure was favorably reported to the House and after debate of several days was passed on January 14, 1925. On December 7, 1925, the first day of the opening of the Sixty-ninth Congress, I reintroduced the bill as H. R. 2.

Your chairman referred the bill to the Federal Reserve Board for an expression of their views, and on January 8, 1926, the board replied by letter, from which I shall quote the first two paragraphs:

> The Federal Reserve Board welcomes the opportunity afforded by the request conveyed in your letter of December 11, 1925, to express its opinion on your bill, H. R. 2, amending the national bank act and the Federal reserve act.
>
> The urgent importance of liberalizing the law so as to enable national banks to compete more effectively with State institutions has long been recognized by the board, and appropriate legislation for this purpose has been under consideration during the last year by a special committee of officers of various Federal reserve banks assisted by the board's division of research and statistics. The opinions herewith submitted are based in large measure upon the work of this committee after consultation with the Federal Advisory Council.

The board then proceeds to approve without change the following sections of the bill, namely, section 2, section 3, section 4, section 5, section 6, section 13, section 14, section 15, and section 16.

The board recommended certain restrictive amendments to section 5200 of the Revised Statutes governing loans by national banks, but your committee after due consideration declined to put any further restriction upon the national banks in this respect. Those sections of the bill which relate to branch banking were not acted upon by the board, and the board's letter, therefore, has nothing to say with reference to these sections.

I think I should here say a word concerning a proposal which the State bank supervisors are attempting to stir up propaganda, and about which many of them who have sent in telegrams do not understand exactly what they are supposed to be advocating. You will observe that the committee has proposed an amendment, striking out section 10 of the bill as originally introduced by me. This section was put in at the suggestion of the legislative committee of the National Association of State Bank Supervisors. The purpose of it was to give assurance to the State bank supervisors that the Federal Reserve Board in the exercise of its regulatory powers over State member banks would make no conditions of membership or operating conditions after membership had been taken by State banks in the Federal reserve system, which would set up a standard different from that required of the national banks by the national bank act or by the Comptroller of the Currency. There seemed to be no reasonable objection to this proposal, and it was, therefore, incorporated in the bill as a new section 10.

The State bank supervisors, however, were not satisfied with the provisions of this section and desired to substitute new language, which would change the whole purpose of the amendment as originally designed—in a word, they wish now to deprive the Federal Reserve Board of all authority to make regulations affecting the functions of State banks.

Members of the House will recall that a similar amendment was offered to the bill last year, which was known as the McLaughlin amendment, and a point of order against it was sustained by the chair upon the ground that it was not germane to the purposes of the bill. A few weeks ago the legislative committee of the Association of State Bank Supervisors—which committee by the way was represented by one State bank supervisor and two ex-supervisors, one of whom is a practicing attorney and the other a vice president of a large State bank—met in conference with the Comptroller of the Currency and the chairman of your committee. After an extensive discussion of the matter, I arranged for a hearing before the Federal Reserve Board, which was given on December 30, 1925. This committee presented its case fully to the board and obtained the views of the board thereon, which were to the effect that the language which they desired to be enacted into law was a radical departure from the fundamental theory of the Federal reserve act and would deprive the Federal Reserve Board of the power to maintain the Federal reserve system upon a sound financial basis. The language, which the State bank supervisors proposed, is as follows:

> The Federal Reserve Board, subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto, may permit the applying bank to become a stockholder of such Federal reserve bank; provided, however, that such conditions or rules or regulations prescribed shall not limit or impair the charter or statutory rights and powers of such banks, nor shall the Federal Reserve Board impose any conditions or restrictions other than those under which national banks shall operate.

This language is designed to amend the first paragraph of section 9 of the Federal reserve act.

Your committee gave this matter full consideration and rejected the proposed amendment as being unsound and foreign to the purpose of this bill.

The State bank supervisors have a quarrel with the Federal Reserve Board. Their controversy has nothing to do with the purpose of the national bank bill. They are jealous of the supervisory powers now being exercised by the board under the terms of the Federal reserve act. They seem to be in fear lest the board invade and eventually supplant their jurisdiction over the State banks. Consequently, they wish to see the Federal reserve act so amended as to prohibit the board from exercising any supervisory power over any State member bank which would in any way limit or circumscribe the charter powers derived by such State banks from their respective State legislatures.

If a State bank, for example, has the charter power under the State law to engage in the insurance business or other enterprises not commonly associated with the banking business, the State bank supervisors contend that as a matter of Federal reserve policy the Federal Reserve Board should have no power to prevent State member banks from carrying on such insurance or other nonbanking functions.

Under the present laws the Federal Reserve Board makes conditions of membership which requires each State bank to conform to a standard in accord with the purposes of the Federal reserve act. If a State bank is engaged in practices under charter powers which permits it to carry on business which, in the opinion of the board, is contrary to the purposes of the Federal reserve act and detrimental to the soundness of the Federal reserve system, the board will require such a State bank to forego the exercise of such unfavorable charter powers so long as the bank remained a member of the Federal reserve system. The board does this through its authority to prescribe the conditions under which State banks may become members of the Federal reserve system.

The State bank supervisors, through their secretary, who is not a State bank supervisor but is a vice president of a large

State bank, is now, I am told, sending out numerous telegrams to Members of Congress asking them to vote against the national bank bill, upon the ground that it is unfair to State banks. The purpose of this procedure is to create doubt in the minds of Members who have not had an opportunity to study the technical phases of the bill. In other words, it is an attempt to hold up Congress on an important legislative matter which has been given the most careful scrutiny by every agency of the Federal Government having jurisdiction thereof and every organ of public opinion interested in banking affairs.

I am sure Members of the House know propaganda of this kind when they see it.

I shall now give you a brief analysis of the bill.

There are two changes of form in H. R. 2 as compared with H. R. 8887. Section 15, which related to the safe-deposit business, have been combined and carried over as section 2 (b). The policy of the bill remains the same, but instead of appearing in the bill as new grants of power—as they appeared in H. R. 8887—they now appear as a confirmation and regulation of an existing banking service or business. It is a matter of common knowledge that national banks have been engaged in the investment-securities business and the safe-deposit business for a number of years. In this they have proceeded under their incidental corporate powers to conduct the banking business. Section 2 (b) recognizes this situation but declares a public policy with reference thereto and thereby regulates these activities.

Sections 7, 8, and 9 and the last proviso to section 1, which relate to branch banking, have been clarified by these same sections as drafted in H. R. 2. Some amendments offered upon the floor of the House have been coordinated with the text and, on the whole, the language has been simplified. No change, however, has been made in the policy of the bill in this respect.

Every section of the bill is an amendment of the national bank act itself or of provisions of the Federal reserve act which relate to national banks. The general purpose of the bill is to adjust the national banking laws to modern banking conditions along the lines of conservative banking and without any deviation from the high standard which has been set by the national-banking system. Some of the provisions in the bill extend and enlarge the powers of national banks, but only in the manner in which many State banks and trust companies have been successfully operating within recent years. Other sections of the bill affirm and regulate practices which have grown up within the national-banking system under the exercise of incidental corporate powers. These practices are common to both the State and National banks. Other sections of the bill relate entirely to questions of procedure and not to banking powers. An attempt is made to eliminate some of the red tape in this direction. Several sections of the bill declare a Federal governmental policy with reference to branch banking. A detailed analysis, section by section, follows:

SECTION 1

This section relates to a question of procedure. It adds no new power to the national banks. It provides that a State bank may consolidate directly with a national bank under the national charter. The same result can now be accomplished through the State bank first converting into a national bank and then consolidating with another national bank. Consequently, the effect of the section is to eliminate delay and expense in accomplishing a result which is already provided for by law. At the end of this section is a proviso in conformity with the branch-banking policy of the bill, which prohibits any such consolidated bank to retain any branches which the State bank may have had outside of the city limits of the city of the consolidated bank, and also prohibits the retention of any branches whatever which may have been established in a State which at the time of the enactment of the bill prohibited branches.

SECTION 2

Section 2 is divided into two subsections (a) and (b).

Subsection (a) is not an enlargement of the powers of a national bank but extends the term of its charter to an indefinite number of years, subject to forfeiture of the charter by reason of violation of law, subject to termination by act of Congress at any time and to termination through the appointment of a receiver on account of insolvency.

Mr. SINNOTT. Will the gentleman yield just for a brief question?

Mr. McFADDEN. Yes.

Mr. SINNOTT. I want to get the matter clearly in mind. I understand it is the gentleman's contention that no rules and regulations may be made affecting State-bank members that are not equally applicable to the national-bank members.

Mr. McFADDEN. Under the general provisions of the Federal reserve act rulings of the Federal Reserve Board must be consistent, and under that provision I think the gentleman's assertion is quite correct.

Mr. SINNOTT. They can not discriminate in their rules between the State-bank members and the national-bank members.

Mr. McFADDEN. That is the way I construe it, when this bill becomes a law.

Mr. CELLER. Will the gentleman yield on that point?

Mr. McFADDEN. Yes.

Mr. CELLER. I understand the gentleman to have incorporated in the original bill section 9, which was stricken out, which would have covered the very point that was raised by the gentleman on the other side; is not that so?

Mr. McFADDEN. Section 10 of the bill, which, of course, has been modified since the consideration of the last bill to some extent.

Mr. CELLER. I understand section 9 in the present bill—H. R. 2, as we have it—has been crossed out and another section 9 substituted.

Mr. McFADDEN. Section 10 of the present bill, and only the part which the supervisors of the State banks suggested, which afterwards they said was not satisfactory. The rest of the section, which is section 9 of the Federal reserve act, remains as heretofore. If the gentleman will wait a few minutes I think that will be explained.

Mr. CELLER. Will the gentleman come to that later in his statement?

Mr. McFADDEN. I think there will be a full explanation of that.

SUBSECTION (B)

This subsection is divided into two provisos, each of which recognizes and affirms the existence of a type of business which national banks are now conducting under their incidental charter powers. They may be said to liberalize, in that they confirm the conduct of this character of business; on the other hand, they are restrictive, in that the business is confined to definite limits by law.

The first proviso referred to recognizes the right of national banks to continue to engage in the business of buying and selling investment securities, but at the same time it makes a general definition of the term "investment securities" and gives the comptroller the authority to make a further definition by regulation. This would give the comptroller the authority to exclude by definition the right of a national bank to purchase undesirable investment securities, such as real-estate bonds issued for the purpose of financing the construction of hotels and apartment houses. This provision also limits the total amount which a national bank may take of any one issue of such securities to 25 per cent of its capital and surplus. In this connection it may be noted that this is a business regularly carried on by State banks and trust companies, and has been engaged in by national banks for a number of years. The national banks hold to-day in the neighborhood of $6,000,000,000 of investment securities. The effect of this provision, therefore, is primarily regulative.

The second proviso regulates the safe-deposit business of national banks and prohibits them from investing an amount in excess of 15 per cent of capital and surplus in a corporation organized to conduct a safe-deposit business in connection with the bank. This is a business which is regularly carried on by national banks and the effect of this provision is also primarily regulative.

SECTION 3

Section 3 is in the nature of a liberalization to the extent that it would permit a national bank to purchase a piece of real estate for expansion of its banking matters without making it mandatory upon the banks to make immediate use of the property for banking purposes. In other words, the section simply strikes out the word "immediate" from the law. The existing law has operated as a hardship upon national banks in this respect.

SECTION 4

Section 4 provides for the organization of banks in the outlying districts of a city with a capital of $100,000 where the population is in excess of 50,000.

SECTION 5

Section 5 is also in the nature of a confirmation and regulation of an existing practice. It permits national banks to continue to pay stock dividends but provides a definite procedure and regulations of amount of surplus which the bank must have at the time of the increase.

SECTION 6

This section does not add any new charter powers but is simply a clarification of an ambiguous provision of law relating to the status of the chairman of the board of directors. It provides that the president of the bank shall be a member of the board of directors but not necessarily chairman thereof.

SECTION 7

This section is a restriction upon branch banking. It is a reenactment of existing law which permits a State bank to convert into a national bank and to retain all of the branches which the State bank might have had, regardless of their location, but restricts the branches which may be retained solely to those which the State bank may have had within the limits of the city in which the State bank is located in a State which at the time of the enactment of the bill permitted branch banking. Any branch which may have been established even within the city limits under State authority given after the passage of this bill would have to be relinquished, as well as any branches which may have been established on the outside of city limits under authority of State laws previous to the passage of the bill. This section is in conformity with the branch-banking policy of the bill which would confine all branch banking within the national banking system to city limits and to prohibit national banks from establishing any branches in States which prohibit State banks from exercising this power.

SECTION 8

This section recognizes the right of national banks to establish branches within those cities in which State banks have that privilege at the time of the passage of the bill. Should a nonbranch banking State in the future change its policy and permit the State banks to have branches the national banks would be prohibited from exercising similar powers. This section also, as a practical matter, limits the branch-banking activities of national banks to cities having a population in excess of 100,000.

SECTION 9

This section makes the same requirements as to State member banks in the Federal reserve system which section 8 makes of the national banks with reference to branch banking. Under it a State member bank would be restricted, so far as future operations are concerned, to the establishment of branches within the city limits in which the parent bank is located in those States which permitted branch banking at the time of the passage of this bill. If the State changes its branch-banking policy and permitted the State banks to have branches, State member banks of the Federal reserve system could not exercise such powers within the Federal reserve system. This section further prohibits any nonmember State bank from bringing into the Federal reserve system branches which have been established on the outside of city limits.

Mr. DOWELL. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. DOWELL. If I understand, the bill prohibits any branch bank in any State which did not have branch banks at the time of the enactment of this legislation.

Mr. McFADDEN. It does in States not permitting branch banks.

Mr. DOWELL. Is there any limit to the number of branch banks that a national bank can establish in any one State?

Mr. McFADDEN. They must have the approval of the Comptroller of the Currency and the Federal Reserve Board.

Mr. DOWELL. No limitation?

Mr. McFADDEN. Two branches where the population is 50,000 and not more than 100,000, one where the population is not less than 25,000 and not more than 50,000, and none where the population is less than 25,000.

Mr. MANSFIELD. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. MANSFIELD. Suppose a State has branch banks and we establish a national bank in the State. Afterwards the State law is repealed. What effect will that have on the national banks?

Mr. McFADDEN. It forces the national banks to come back to Congress for legislation before they have the right. If the gentleman will recall, we discussed that on the Hull amendments during the last session of Congress when the bill passed before.

SECTION 10

This section is designed to restate and clarify section 5200 of the revised statutes, which governs the amount of money which a national bank may lend to any one person. The existing law is composed of the original provisions of 1863 with a number of amendments and provisos added from time to time, and stands in need of clarification to clear up certain ambiguities. It is not the purpose of this section either to liberalize or to restrict the business of national banks and the language of the bill is substantially identical in effect with that of the existing law.

Subsection 4 is in the nature of a restriction upon the discount of noncommercial paper. Through a loop-hole in the existing law there is at present no limit upon the amount of this type of paper which a national bank may discount, since the limitation of the law runs against the maker only and not against the indorser. This subsection is designed to cure this defect in the law.

Under subsection 6 there is an enlargement of the power of national banks in the matter of commodity loans. This section would permit a gradual increase of the loan up to an amount not exceeding 50 per cent of the capital and surplus of the bank, provided each increase in the amount of the loan shall be accompanied by an increase in the value of the commodity collateral in proportion to the face amount of the additional loan.

SECTION 11

This section is designed to cure a typographical error in the agricultural credits act of 1923, and relates to the total liabilities of national banking associations.

SECTION 12

Section 12 is designed to clarify and correct a criminal provision in section 5208, Revised Statutes, relating to the over-certification of checks.

SECTION 13

Section 13 relates to a matter of procedure and gives the board of directors of a national bank the right to permit a junior officer to certify reports to the comptroller in the absence of the president and cashier.

SECTION 14

This section is in the nature of a liberalization for both State and National banks in that it empowers the Federal reserve banks to rediscount for any member bank an amount of eligible paper equal to the amount which a national bank could lawfully discount for its customers. Under the existing law a Federal reserve bank can only discount an amount of eligible paper of any one borrower not exceeding 10 per cent of the capital and surplus of the member bank. This section does not change the character of classes of eligible paper. If the paper is already eligible for discount and the national bank act considers it safe for a national bank to take it in certain stated amounts, it is considered by this section to be safe for the Federal reserve banks to rediscount it in the same amounts. The paper itself is considered liquid and in addition has the indorsement of the member bank upon it when presented for rediscount.

SECTION 15

This section simply adds an additional criminal provision providing for the punishment of a national-bank examiner who commits a theft from a bank examined by him.

SECTION 16

This section is a restatement of the existing law relative to loans by national banks upon the security of real estate. It broadens the powers of national banks as to the time limit of the loans upon city property, but at the same time makes restrictions by way of definitions. At the present time a national bank may make a loan upon first mortgage upon city property for a period not exceeding one year. This section increases this period to five years as a maximum. At the same time it defines a real-estate loan to be one with respect to which the bank takes the entire obligation at the time of making the loan. The purpose of this definition is to prevent the possibility of a bank from purchasing real-estate bonds under the guise of making loans upon the security of real estate. Such real-estate bonds as may be purchased by a bank—should the comptroller determine that any such bonds are "investment securities"—would be acquired under section 2 (b) of the bill.

The State banks and trust companies are authorized to make long-time loans upon the security of first mortgage upon city real estate. National banks by being limited to a one-year period have found themselves handicapped in meeting the demands of their customers in this respect. The section limits all such loans to an amount not exceeding one-half of the savings deposits in the bank and thereby relates the real estate loan business to savings deposits. This is a logical connection. National banks have on deposit about $5,000,000,000 of savings deposits from about 11,000,000 depositors. This constitutes a large proportion of the entire savings business in the United States, and it has become necessary to recognize the right of a national bank with certain definite restrictions to use these funds in the same general manner in which the State banks

and trust companies are using them, which includes the right to make loans upon city property, as provided above.

I may say that the main purpose of the bill is to remove certain outstanding handicaps from the national banks which now stand in the way of carrying on a full-fledged and efficient modern banking business. The national bank act, as you know, has been on the statute books for more than half a century and has not been sufficiently amended within recent times to accord with some of the more modern demands for banking services. This is not true of many of the State banking codes. Since the trust companies are now engaged in carrying on a commercial banking business and are in immediate competition with the national banks in this field, in addition to the other banking services which their charter powers permit them to render, the national banks find themselves at a serious disadvantage. More favorable State banking laws have enabled the State banks and trust companies to develop forms of banking service which the public has come to recognize and expect from a bank and which in fact from an economic and governmental standpoint have been demonstrated to be sound.

Congress has already recognized this situation in part by permitting national banks to exercise trust powers and thus have an opportunity to get their share of the very profitable trust business which is being built up by the banks as a regular banking service. This bill simply goes a little further in the same direction, but proceeding with the same conservatism and caution in expanding the powers of the national banks. After this bill becomes a law the national banks will not be permitted to exercise any charter powers of which a conservative banker can reasonably disapprove.

For example, the national banks are at a disadvantage by having their charter powers restricted to a term of years. As time passes the period of the life of the charter grows less and less until a time is reached when the charter expires by operation of law. No such charter limitation affects the State banks and trust companies in practically all of the metropolitan financial centers. This has a direct bearing on the trust business of a bank. How can a national bank with a limited charter accept the administration of a trust which is perpetual in its nature or extends over a longer term of years than the charter term of a bank? This question is of considerable embarrassment to the national banks and has been the cause of several national banks giving up their national in favor of State charters. These perpetual trusts in the nature of educational and scientific and charitable foundations are becoming of increasing importance and the national banks should not be deprived of the opportunity to administer them. Consequently the bill gives to national banks the right to hold their charter powers for an indefinite length of time subject at all times to the will of Congress and to the operation of the laws relating to liquidation and insolvency.

When this provision becomes a law the national banks will be upon the same plane as to the continuance of their corporate existence as are the State banks in Arkansas, Connecticut, Florida, Illinois, Kentucky, Maine, Massachusetts, Minnesota, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, and West Virginia. It will be noted that these States include the important cities of New York, Buffalo, Boston, Chicago, St. Paul, Minneapolis, Cleveland, Cincinnati, Louisville, Omaha, Providence, Nashville, Richmond, and a number of other lesser financial centers.

Let me give you another example of how the bill amends the national banking laws. It is in connection with first mortgage loans. For a long time there has been a worthy tradition against tying up the commercial deposits of a bank in long-time loans upon the security of real estate. The Federal Government has with great strictness enforced this principle upon the national banks. The demand deposits in a commercial bank should not be invested in such slow assets even though the security is recognized as ample and safe. But alongside of the commercial business of banks in general there has grown up another line of banking business, that of receiving savings deposits. In any well-rounded banking service to-day you will find a savings department in operation. This applies both to national and State commercial banks, even in those few States in which there are organized separate savings banks. There are on deposit to-day in the national banks a total of savings deposits to an amount of $6,000,000,000, which is about one-fourth of the entire sum held on savings deposits by all banks in the United States. There are nearly 12,000,000 individual savings depositors in national banks, constituting nearly one-third of all of the persons carrying money in savings deposits in all banks. These figures do not include commercial time deposits, but strictly savings.

Although the State banks and trust companies are permitted to make loans upon the security of real estate for considerable periods of time, the national banks may not make such a loan upon the security of a first mortgage upon city real estate for a longer period than one year, and it can not lend in this manner a total sum in excess of one-third of its time or savings deposits, although it may make a loan upon improved farm property for a period of five years. This restriction to one year is a serious handicap to the national banks, especially to those located in the smaller cities. A first mortgage upon properly appraised city real estate makes as safe a loan as can be made, and where the funds so loaned are limited to savings deposits there is every reason to encourage the development of this character of business by the national banks. In fact, if the national banks are not permitted to compete in this field with the trust companies it will prove disastrous to the national banking system. The present policy of the law is not only to disqualify national banks from engaging in this constructive economic activity but compels many small banks to seek outside investments about which they know very little for their savings deposits. It penalizes the national banks by preventing them from taking advantage of the best security that many of their customers have to offer, thereby causing them to lose such customers.

The bill, therefore, extends the time which a national bank may make loans upon the security of first mortgages upon city property from one year to five years and permits a total sum to be thus invested equal to one-half of the savings deposits. Each such loan is limited to 50 per cent of the appraised value of the property. This, I think, is one of the most commendable amendments in the bill.

Since the bill was originally introduced, there has appeared from time to time some objector to certain provisions but invariably upon close analysis and explanation of the purpose of the bill the objection disappeared.

So far as the terms of the bill are concerned the opposition has dwindled down to one section—section 9—which undertakes to express a national policy on the subject of branch banking by prohibiting the further extension of state-wide branch banking in the Federal reserve system.

This section is violently opposed by a small, but influential, group of State member banks, which are now engaged in state-wide branch banking and which desire to continue the development of their branch systems in the State in which they are located. In fact, the banks which oppose this section of the bill are located in two cities of San Francisco and Los Angeles, with the exception of one or two Cleveland State member banks, which desire to continue to establish branches in the suburbs of Cleveland.

Outside of this small group of dissenting banks, the banking opinion throughout the United States is practically unanimous in support of this proposition. Even in the State of California, where state-wide branch banking is permitted under the State law, an overwhelming majority of the banks are opposed to state-wide branch banking within the Federal reserve system.

The text of section 9 is as follows:

SEC. 9. That the first paragraph of section 9 of the Federal reserve act be amended by adding at the end thereof two provisions and a new paragraph to read as follows:

"*Provided*, That on and after the approval of this act the board shall not permit any such applying bank to become a stockholder of such Federal reserve bank except upon condition that such applying bank relinquish any branches which it may have in operation beyond the corporate limits of the municipality in which the parent bank is located, and it shall be unlawful for any such applying bank in any State which does not by law or regulation, at the time of the approval of this act, permit State banks or trust companies created by or existing under the laws of such State, to have branches within the limits of municipalities in such State, to become such a stockholder of such Federal reserve bank except upon condition that such applying bank relinquish any branches which it may have established subsequent to the approval of this act: *Provided further*, That it shall be unlawful for any member bank after the approval of this act to establish a branch beyond the corporate limits of the municipality in which such bank is located, and it shall be unlawful for any such member bank to maintain in operation any branch within the corporate limits of such municipality where the population by the last decennial census is less than 25,000 and not more than one such branch where such population is not less than 25,000 and not more than 50,000 and not more than two such branches where such population is not less than 50,000 and not more than 100,000, but these restrictions as to number shall not be construed to require the relinquishment of any branches acquired prior to the approval of this act: *And provided further*, That the establishment of any branch by a member bank shall not require the approval of the Federal Reserve Board: *And provided further*,

That it shall be unlawful for any such member bank to establish a branch within the limits of the municipality where such bank is located, in any State which does not by law or regulation, at the time of the approval of this act, permit State banks or trust companies created by or existing under the laws of such State to have branches within the limits of such municipalities in such State.

"The term 'branch or branches' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned, but shall not include any branch established in a foreign country or dependency or insular possession of the United States."

The practical effect of this section would be to confine all branch banking by State member banks to cities having a population above 100,000 in those States which permitted branch banking at the time the bill became a law, and to prohibit it absolutely elsewhere. Section 8 of the bill would put the same restrictions upon the national banks. The combined effect of sections 8 and 9, therefore, would be to prevent any form of branch banking within the Federal reserve system by either State or national banks in what is now nonbranch banking territory—even though these States might subsequently permit State banks to engage in branch banking—and to restrict within the Federal reserve system all branch banking in what is now branch banking territory to the large cities. The permission for one home city branch in cities from 25,000 to 50,000 population and two home city branches in cities from 50,000 to 100,000 population applies also only to existing branch banking territory and is in the nature of a further restriction upon branch banking. The rural communities are absolutely protected by these provisions from the spread of branch banking.

The heart of section 9 is the clause which says to a State member bank, "You shall not establish or acquire any more branches outside of the city in which you are located," and to the nonmember State banks, "You shall not be permitted to enter the Federal reserve system unless you relinquish all branches which you have beyond the limits of the city in which you are located."

The opponents of section 9 sincerely believe that branch banking is not only sound and efficient as a system of banking but marks a step of progress. They would like to see developed in the United States a system of branch banks similar to the Canadian system and similar to that in vogue in all European countries. They would look with philosophical calm upon the gradual and ultimate disappearance of the small unit banks, both State and national, from the field of action. The logic of their position would lead them not only into state-wide branch banking but into nation-wide branch banking, and in this connection it is well to bear in mind that Congress has the power to permit the establishment of nation-wide branch banking systems in this country.

The advocates of state-wide branch banking can not stop at that. If branch banking were sound, there is no reason why it should be limited to the artificial boundaries of a single State. When the Federal reserve system was established the State lines were ignored as a means of determining the limits of banking operations. The business of banking is determined by commercial and not political considerations. A particular branch banking system with the head office, say, in San Francisco or Los Angeles, would have the same economic urge to establish branches in the territory commercially tributary to California, as it would in California itself. Once you admit the efficacy and wisdom of branch banking, no sound reason can be advanced for confining it to a single State. But it is said that a State legislature has no authority beyond its boundaries. That is true, but it does not offer an insurmountable obstacle. The spread of branch banking could be accomplished both by comity between the States and by the expression of a national policy by Congress.

To a person, who honestly advocates state-wide or nation-wide branch banking, it is useless to argue about the merits of section 9. If he can not be converted to the idea that branch banking is undesirable and unadapted to banking conditions in the United States, he can only see in section 9 an unwise national policy. There is a fundamental difference between his position and the position of the proponents of this section of the bill, and it need not be expected that he will listen to the reasons why section 9 is necessary. However, fortunately for the friends of the bill, the true advocates of branch banking are so few in number as not to cause any great concern.

There is, however, another group opposed to section 9, who are also opposed to state-wide branch banking. They take the ground that, although state-wide branch banking is wrong in principle and the national banks should not be permitted to participate in it, the Federal Government has no moral right to use the Federal reserve system as a club to coerce the State banks in the exercise of their charter powers which they derive from the State legislatures. Some members of this group have gone so far as to take the position that section 9 is a violent invasion of the rights of the States, thus raising an issue which would put section 9 upon the unpopular side of a current question having nothing to do with branch banking. To this group the proponents of section 9 can make arguments that ought to appear conclusive to any reasonable man.

What rights are invaded by this proposed legislation? Does it attempt to deny to any State legislature the right or power to give such charter powers as it may see fit to the State banks? Does it put any restrictions upon the exercise of the executive or administrative authority of any State official? The answer is apparent from a simple reading of the section. The 48 independent State banking systems remain as now—solely under the jurisdiction of the State authorities.

What then is the complaint? It is that when a State bank becomes a member of the Federal reserve system it should be permitted to exercise within that system all of its charter powers which it has derived from its State legislature; that Congress ought not to impose upon such State member banks, as a condition of membership in the Federal reserve system, any restrictions which would interfere with the exercise of these charter powers! It is contended that many of the large State banks came into the system at the urgent solicitation of the Federal Government and were given assurance from executive officials that membership therein would not lead to the relinquishment of any of their charter powers, and that therefore Congress has not the moral right, even though it has the legal right to impose any further conditions upon such State member banks. Such a contention is based upon an untenable theory of the Federal reserve system.

What is the fundamental nature of the Federal reserve system? The Federal reserve system was created under the sovereign authority of the Government of the United States. It is a Federal instrumentality which gave voice to a national financial policy transcending the financial policies of any particular State. The right to designate the membership in the Federal reserve system rests solely in Congress, and Congress saw fit to use its own creation—the national-banking system—over which it has sole jurisdiction, as a basis upon which to build the Federal reserve system, and, in its wisdom, it saw fit to compel every national bank to become Federal reserve members. The basic and unconditional members, therefore, of the Federal reserve system are the national banks. It was not necessary for Congress to prescribe any conditions upon the Federal reserve membership of the national banks for the simple reason that all national banks exercise only such powers as are given them by Congress. Having thus complete control over the banking powers of national banks, Congress may at all times adapt them to the needs of the Federal reserve system.

The State member banks are in a very different position. They exercise their charter powers by virtue of grants from the State legislature. Congress has no authority to modify or change in any way these charter powers. Now, when the Federal reserve system was created Congress never intended that every form of banking carried on under State laws should automatically be entitled to the privileges of that system. In the Federal reserve act, however, Congress extended to the State banks an invitation to become members of the Federal reserve system under certain conditions set up by the act itself, and further imposed upon the Federal Reserve Board the duty, in connection with admitting State banks as members, to consider "whether or not the charter powers exercised are consistent with the purposes of this act." Pursuant to this duty, the board has set up certain standards which must be conformed to before a State bank can become a member of the Federal reserve system.

Can anyone with reason maintain that such conditions as Congress may see fit to impose upon the State bank members of the Federal reserve system constitute a violation of the rights of States? Can the proposition be seriously questioned that Congress has no right to make such conditions? Certainly not. It is conceded that Congress has the legal right to make any condition it may see fit for the voluntary entrance by the State banks into the Federal reserve system. Congress can not compel them to come in. It can only invite them. Furthermore, it will be conceded that Congress has also the moral right to make any condition upon the membership of State banks which, in the opinion of Congress, is necessary to preserve proper banking standards within the Federal reserve system. Congress can force such conditions upon the national banks through its power to dictate their charter powers.

This is exactly what the House of Representatives did when it passed the national bank bill last winter. Section 8 changed the charter powers of the national banks. Section 9 is simply a new condition of membership upon the State member banks. Both sections enunciate the same policy and set up within the Federal reserve system the same standard of banking. They are based upon the assumption that state-wide branch banking is unsound and puts our whole banking system in danger. To those who believe as I do, state-wide branch banking will eventually lead to monopolistic control over the credit facilities of an entire State and will in the course of time run out of business all of the rural unit banks, both State and national. When a branch banking system becomes fully developed in any given State the business and industrial activities outside of the large cities will be at the mercy of a few large city banks. This is what former Comptroller Dawes called "absentee banking."

The economic development of the United States has been a marvel to the entire world. This great progressive development in all lines of business endeavor and civic improvement has been financed by the independent local unit banks. Credit facilities have been extended in each particular community by directors of banks living in that community and participating in its affairs. This has been a natural growth under a system of banking which is peculiar to the United States, but certainly under a system which has shown a vitality and adaptability unparalleled in the financial history of any other country.

It is needless for me to go further into the question of why State-wide branch banking is undesirable, because I am addressing these words primarily to those who are in agreement with me in this position. The real question which I am interested in clearing up is that of State-wide branch banking within the Federal reserve system. The Banking and Currency Committee of the House, after a most careful consideration and after public hearings, at which both the branch bankers and the anti-branch bankers were heard, unanimously agreed that it would be an unwise national policy to permit the national banks to engage in State-wide branch banking in any State, and that, therefore, in order to preserve the equilibrium between the national banks and State banks within the Federal reserve system, and to preserve that system from the possible domination by a few powerful branch banking institutions, it was necessary to impose a new condition of membership, the prohibition of the further spread of branch banking in that system. The language of section 9 embodies this policy.

The only real issue here involved is the conflict between National and State policy with reference to banking. A few States have expressed a policy favorable to State-wide branch banking. Section 9 expresses a national policy in direct opposition. The national policy should prevail. The State banks in such States will have to choose between branch banking and the Federal reserve system. The State banks are free to remain out of the Federal reserve system and exercise whatever charter powers the State legislature may give them. Even after they become members of the system and meet the conditions required by the Federal Government for membership they may, upon 30 days' notice, withdraw whenever they see fit. They are only voluntary members of the system, but the important fact must not be lost sight of that in becoming members of the Federal reserve system the State banks receive a positive and direct benefit. The privilege of being a member of the Federal reserve system has a definite value for the State member bank. Nevertheless every State member bank is free at all times to weigh the advantages of the Federal reserve system with the advantages of nonmembership and to choose at its discretion.

When the Federal reserve act was amended to permit State banks to become members and retain their full charter and statutory rights under the State laws, this privilege was granted by Congress "subject to the provisions of this act and to the regulations of the board made pursuant thereto," and one of these provisions, as noted above, was that the corporate powers exercised by a State bank desiring to become a member must be consistent with the purposes of this act.

It is for Congress and not for the State legislature to say what are the purposes of the Federal reserve act, and no State bank upon becoming a member under the amendment above referred to can acquire any vested rights to the exercise of any particular charter powers while continuing as a member bank. If Congress reaches the conclusion that state-wide branch banking should be brought to a standstill within the Federal reserve system, the State banks can not properly make complaint, nor can it be said that the rights of any State legislature have been invaded. To take any other position would be tantamount to holding that the State legislature has a right to dictate the conditions under which State banks may become and continue members of the Federal reserve system. Such a position, it is needless to say, is altogether untenable.

I do not cherish the hope that this discussion will appeal to anyone who believes that state-wide branch banking or nation-wide branch banking should proceed without restriction in this country, but I do hope that I have made clear to everyone who is opposed to state-wide branch banking that section 9 of the national bank bill is wholly constitutional, makes no infringement upon the rights of any State legislature, or interferes with any State banking system, but on the contrary is simply a means of preservation of the soundness of the Federal reserve system itself.

There is another group which has opposed the bill as a whole upon the ground that it has been formulated without a previous exhaustive scientific study by a commission of economists and bankers. They apparently wish to see a bill introduced which would have for its purpose the solution of all of the banking problems, Federal reserve, national, and State, which are before the country to-day. In this connection I desire to take this opportunity to say that the present national bank bill is not an attempt at a scientific codification of all of the banking laws over which the Federal Government might have jurisdiction. There may be a need for some such codification and there are no doubt many unanswered questions of banking of which the Federal Government could take jurisdiction but which are not covered in this bill. This bill is an emergency measure. It takes no great amount of deliberation by a scientific body to comprehend what it proposes to do. Each section of it is an amendment to some particular section of the national banking laws. After a most exhaustive study by the office of the Comptroller of the Currency and by the House Committee on Banking and Currency it was decided to enter upon these particular amendments at this time in order to give to the national banks immediate relief from certain archaic restrictions imposed upon them by the national bank act. The Comptroller of the Currency is in direct contact with all of the national banks. He has in the field experienced national-bank examiners, who keep him in touch with banking conditions in every part of the United States. His office has a body of experience and a fund of information which can not be found elsewhere, and no commission, however constituted, could lay before Congress an intelligible national banking measure without having the benefit of the comptroller's experience. This is the reason why Congress has imposed upon the Comptroller of the Currency the duty each year to make recommendations as to changes in the banking laws.

This bill is not open to criticism for any lack of competent consideration of its subject matter. It is based upon recommendations from the comptroller and is put in the legislative form desired by the House committee to carry out the policies intended.

The emergency which the national banks as a system face to-day is due to the lack of the charter powers to meet the requirements of modern economic conditions in industry and commerce. Changes in the banking laws have not kept pace with the revolutionary changes which have taken place within recent years in production, transportation, and communication. Many of the State legislatures have recently enacted new banking codes in order that the State commercial banks and trust companies may be equipped to meet these new demands. It can not be expected that the national banks will sit idly and wait indefinitely for Congress also to take action. Many of them have already taken out State charters and many more will doubtless follow in the near future if enabling legislation is not speedily enacted. This bill is an answer to this need. It simply touches upon the most salient defects of the national banking laws as they relate to the operating conditions of the national banks. It is necessary now to put the national banks on their feet. When this is done there will be time enough for a commission to deliberate and report with reference to the many other problems of banking which must be ultimately solved. [Applause.]

Mr. WATSON. Will the gentleman yield?

Mr. McFADDEN. I will yield to my colleague.

Mr. WATSON. Two or three years ago the Comptroller of the Currency ruled national banks could not buy mortgage bonds when the mortgagor issued the bonds in small denominations. Will this permit national banks to purchase such bonds?

Mr. McFADDEN. If in the discretion of the Comptroller of the Currency he did not figure that it was a permanent real estate loan and it could be classified as an investment security.

Mr. WINGO. If the gentleman will permit, I think it might be interesting to note that the proposal in this bill will ratify and make lawful a custom that is being practiced by national banks now.

Mr. CELLER. Will the gentleman yield?

Mr. McFADDEN. Certainly.

Mr. CELLER. Does the bill provide in reference to savings bank deposits that there shall be a segregation of the deposits investment and the demand deposits?

Mr. McFADDEN. No.

Mr. CELLER. Does not the gentleman think that something should be done to take care of that in the bill?

Mr. McFADDEN. That brings up an interesting question of departmental banking. Probably sooner or later legislation will be pressed in some States, particularly California, where under the State law departmental banking is practiced. The committee did not feel that it was desirable at this time to consider that subject in connection with this bill.

Mr. STEVENSON. Is not that entirely proper now under the law?

Mr. CELLER. It would not be proper in a Federal reserve system.

Mr. McFADDEN. It is regulated now under State laws where it is practiced.

Mr. GREEN of Florida. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GREEN of Florida. I have not got this provision clearly in my mind in relation to State institutions. I have just received the following telegram:

TALLAHASSEE, FLA., *January 19, 1926.*

R. A. GREEN,
Congressman, Washington, D. C.:

Urge you to vote against the pending McFadden bill, unless amendment offered by Secretary Simms, preserving the statutory right of our State institutions, be adopted.

ERNEST AMOS, *Comptroller.*

Can the gentleman tell me whether this Sims amendment is in, or explain that?

Mr. McFADDEN. The gentleman was probably not present when I started my explanation of the bill. I will say to the gentleman that that is a part of the propaganda to which I referred earlier in my discussion, and it proposes to take all discretionary power away from the Federal reserve system. The committee did not put that in the bill, and in fact I think it would be a very serious interruption to the business of the Federal reserve system if it were included in that manner, because I think it is perfectly plain to the average man that there must be some discretionary power left to the Federal reserve system.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. HOUSTON. In section 9 of the bill the proviso reads that on and after the approval of the act it shall be unlawful for any such applying bank to become a stockholder of the Federal reserve bank. Does that apply to State banks?

Mr. McFADDEN. In case they are in contravention of the law; yes.

Mr. HOUSTON. The reason I asked the question is this: In my own State a large trust company is incorporated under the State law, one of the largest in the State of Delaware. It has about half a dozen branches in different parts of the State. Would that Delaware Trust Co. be prevented by this from becoming a member of the Federal reserve system?

Mr. McFADDEN. It would not, but after this law becomes effective it could not have, outside of the city limits in which the parent bank is located, any additional branches. They would be confined to the city limits. This bill maintains the status quo, recognizing that it is a practical situation that confronts us.

Mr. HOUSTON. Would that parent institution be compelled to dispose of those half dozen branches outside of the city of Wilmington before it could become a member of the Federal reserve system?

Mr. McFADDEN. It would not if now a member, but if it joined the Federal reserve system after this provision is enacted into the law it could not retain its branches.

Mr. STEAGALL. What is that question?

Mr. HOUSTON. I was asking whether or not this particular section applies to State banks and their branches. We have the Delaware Trust Co., a parent banking company, situated in the city of Wilmington. It has at the present time at least half a dozen or more strong branch banks in the State, outside of the city. I am asking whether the Delaware Trust Co. would be prevented by this provision from becoming a member of the Federal reserve system?

Mr. STEAGALL. Certainly; there is no question about that, I suppose.

Mr. HOUSTON. In my own county the strongest trust company in the county, the capital stock of which to-day is selling for three times the par value, has in three different towns in the county existing branch trust companies. Would not that institution be prevented from becoming a member of the Federal reserve system? If so, it seems to me that you are doing a great hardship when cutting out such strong institutions as that.

Mr. STEVENSON. If they do not become members before this bill becomes a law they will be shut out from bringing in their branches that are situated outside of the cities where they are located. If they are in the system now or get in before this bill becomes a law, they would not be shut out.

Mr. HOUSTON. The probabilities are that they are already members.

Mr. STEAGALL. I can make a practical suggestion to the gentleman right there. It might be well for him to get word to his friends that they had better join the Federal reserve system now, because that seems to be the scheme, that everybody who wants to come in with their branches should come in before this bill becomes a law, whereas we are telling the country that this law is going to stop that sort of thing.

Mr. WINGO. Mr. Chairman, I yield 30 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, all of this legislation should not have been contained in the same bill. Certainly the legislation having to do with branch banking should have been made a matter of separate consideration. It is also very much to be deplored that the steering committee of the majority party should not think the legislation of sufficient importance to justify a rule which would have resulted in adequate time for debate. There is no more elusive subject I know anything about than the disposal and control of credit. It is a thing very few people have made a study of, therefore an argument involving it requires adequate time for elaboration and illustration. In one day's debate it is absolutely impossible in the short time which any one speaker can be given to undertake to really explain the psychology of the branch-banking features of the bill, what the secondary reactions will unavoidably be, and what their enactment into law will mean to the future of the country in the matter of the control of credit.

I am going to discuss only the branch-banking features of the proposed legislation. I am in favor of the liberalizing features of the bill, with the exception of section 8, having to do with branch banking, but unless this section can be eliminated from the bill I will be compelled to oppose it, as I think the harm which will result from the passage of section 8 is obvious and far-reaching. Section 7 and section 9 are not as restrictive as I would like them to be, but they are restrictive, and therefore I do not oppose them.

Section 8 of the bill, in States which permit branch banking, gives to national banks in cities with a population of more than 100,000 the right to establish within the city limits any number of branch banks, subject to the approval of the comptroller. The present position of the States as to branch banking, with an analysis of State laws on the subject, follows:

(1) States which by statute prohibit branch banking: Alabama, Arkansas, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Minnesota, Missouri, Nevada, New Mexico, Oregon, Tennessee, Texas, Utah, Washington, and Wisconsin.

(2) States which by statute authorize branch banking: Arizona, California, Delaware, Georgia, Louisiana, Maine, Maryland (branches authorized by implication), Massachusetts, Michigan, Mississippi, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina (branches authorized by implication), Virginia, and Wyoming (branches authorized by implication).

(3) States which do not by statute specifically provide for branch banking: Iowa, Kansas, Kentucky, Montana, Nebraska, New Hampshire, New Jersey, North Dakota, Oklahoma, South Dakota, Vermont, and West Virginia.

In 18 States establishment of branches is expressly by statute prohibited, and 18 States have expressly by statute or by implication of statutory provision authorized branch banking. The free extension of branch systems on a state-wide basis is authorized in nine States—Arizona, California, Delaware, Georgia, North Carolina, Rhode Island, Virginia, and by implication of statutory provisions in Maryland, South Carolina, and Wyoming. Louisiana, Maine, and Ohio restrict branch banking to the county or territory contiguous to the city or county in which the parent bank is located, and Massachusetts and New York restrict branch systems to the corporate limits of the city in which the parent bank is located. Additional offices or agencies but not full-power branches are permitted in Kentucky under judicial decision, Michigan under judicial opinion, and Mississippi and Pennsylvania by statutory provision.

Banking policies in the several States have been built up from year to year under statutory provisions which have left some measure, large or small, of discretion to administrative agencies. It follows

that such policies covering administrative practice are only partially set forth in legislative enactments. Branch banking policies in particular appear to be in some States largely of administrative rather than legislative origin.

They appear to be altogether of administrative origin in the 14 States which have on their statute books no provisions whatever either prohibitive or permissive of branch banking. Without express statutory provision branch banking has been by administrative practice in some of these States prohibited—as in Iowa, Kansas, Montana, New Hampshire, North Dakota, Oklahoma, South Dakota, Vermont, and West Virginia; in others permitted under regulations more or less restrictive—as in Nebraska and New Jersey, which permit maintenance but not establishment of branches, and in Kentucky, which permits teller-window branches under judicial decision; and in still others freely permitted without restriction, as in Maryland.

ALABAMA

Branches prohibited: From and after the passage of this act no bank or any officer, agent, or director thereof shall be permitted to establish a branch or office for the transaction of the banking business other than at its principal place of business. (Banking Laws of Alabama, 1922, sec. 28; Session Laws, 1911, p. 77, sec. 28.)

Own stock in other banks: No bank shall subscribe for or own exceeding 10 per cent of the capital stock of any other bank or invest or have invested an amount exceeding in the aggregate 25 per cent of its own paid-in capital stock in the capital stock of any other bank or banks. (Banking Laws of Alabama, 1922, sec. 29; Session Laws, 1911, p. 77, sec. 29.)

ARIZONA

Branches permitted: The law provides that branches may be established if the consent of the superintendent of banks is obtained. He may give his consent if the public convenience and advantage will be promoted by the opening of such branch and if it has the capital required by the act, and may withhold such consent if he is satisfied that the opening of such branch office is undesirable or inexpedient. (Banking laws of 1922, p. 17, sec. 21; Special Session Laws of 1922, ch. 31, sec. 21, p. 131.)

Capital requirements: Before any such branch office is authorized the corporation proposing to establish the same shall have a paid-in capital and surplus of not less than $50,000, plus $15,000 of additional capital and surplus for each and every branch so authorized. (Banking laws, 1922, p. 17, sec. 21; Special Session Laws, 1922, ch. 31, sec. 21, p. 131.)

ARKANSAS

Branches prohibited: The return of which said copy (certificate of incorporation) so indorsed and the filing of the same for record with the county clerk of the county in which the said institution is located, shall authorize it to proceed with its business, but with only one office for the transaction thereof in only the one town or city as to which the application has been made. (Sec. 13 of act 113 of the act of 1913, as amended by the act approved March 23, 1923; Acts of Arkansas, 1923, p. 519.)

CALIFORNIA

Branches permitted: No bank in this State, or any officer or director thereof, shall hereafter open or keep an office other than its principal place of business, without first having obtained the written approval of the superintendent of banks to the opening of such branch office, which written approval may be given or withheld in his discretion, and shall not be given by him until he has ascertained to his satisfaction that the public convenience and advantage will be promoted by the opening of such branch office. (Bank Act, 1923, sec. 9.)

Capital requirements: For each branch office located in the place of principal business of the parent bank the paid-in capital, in cash, must exceed by $25,000 the capital required for a bank in that place.

For each branch office of a bank other than an exclusive trust company located in any place in the State other than the place of principal business of the parent bank, the amount of the paid-in capital, in cash, of the parent bank must exceed the amount required by law in the sum required for an independent bank organized in that locality, exclusive of the capital required for a trust department.

For each branch of an exclusive trust company established or maintained in a place other than the place of principal business of the parent bank, the paid-in capital, in cash, of the parent bank must exceed the sum otherwise required by law in the sum of $25,000. (Bank Act of California, 1923, sec. 9.)

There are also provisions regulating the discontinuance of a branch, fees for the opening of a branch, penalties for the violation of the law covering establishment of branches, advertising by branch banks, publishing of reports of condition by such banks, and the establishment of branches by banks located in a city which is annexed by or consolidated with a city of a class requiring a larger capitalization. (Bank Act of California, 1923, secs. 9, 28, 132a, 23, 60, and 82.)

COLORADO

Branches prohibited: Every bank shall be conducted at a single place of business, and no branch thereof shall be maintained elsewhere. (Banking Laws, 1923, sec. 48; Compiled Laws, 1921, sec. 2703.)

CONNECTICUT

Branches prohibited: No State bank or trust company shall make any loan or discount on a pledge of its own stock; and no State bank, trust company, mutual savings bank, or building and loan association shall establish any branch office or agency thereof, or employ any agent or person to make loans or discounts at any other place than its banking house. (Banking Laws, 1923, p. 16, sec. 3920; Gen. Stat. of 1918, sec. 3920 as amended by ch. 10, Bank Act, 1923, p. 3481.)

DELAWARE

Branches authorized: No bank or trust company shall open any branch office or place of business in this State unless authorized so to do by the certificate of the State bank commissioner. (Banking Laws, 1921, p. 15, sec. 4; Laws of Delaware, 1921, p. 288, ch. 103, sec. 4.)

Capital requirements: No such certificate shall be issued by the said commissioner, unless satisfied that the applicant has a paid-in capital stock to an amount equivalent to at least $25,000 for each office or place of business then established by said corporation in this State and for the branch sought to be established, and a surplus to an amount equivalent to at least $25,000 for each office or place of business then established by said corporation. (Banking Laws, 1921, p. 15, sec. 4; Laws of Delaware, 1921, p. 288, ch. 103, sec. 4.)

Must be authorized by charter: Nothing in this section contained shall be deemed to confer on any corporation the power to establish branches not expressly authorized by its charter. (Banking Laws, 1921, p. 15, sec. 4; Laws of Delaware, 1921, p. 288, ch. 103, sec. 4.)

FLORIDA

Branches prohibited: That the place of business of each banking company shall be in the city or town specified in its charter, and the usual business of any such banking company shall be transacted at an office or banking house located in the city or town so specified and not elsewhere. (Banking Laws, 1921, sec. 4139; Fla. Rev. Gen. Stats., 1920, sec. 4139.)

GEORGIA

Branches authorized: Banks whose capital has been fully paid in and is unimpaired may establish branches in the cities in which they are located or elsewhere after having first obtained the written approval of the superintendent of banks, which approval may be given or withheld by the superintendent in his discretion, and shall not be given until he shall have ascertained to his satisfaction that the public convenience and advantage will be promoted by the opening of such branch. (Banking Laws, 1920, sec. 3; Bank Act, 1919, art. 1, sec. 3.)

Operation: The law provides for the appointment of officers for the management and operation of each branch. (Banking Laws, 1920, sec. 3; Bank Act, 1919, art. 1, sec. 3.)

Capital: At the time of the establishment of any branch the board of directors of the parent bank shall set aside for the exclusive use of said branch such proportion of its capital or surplus as may be required by the superintendent of banks; in no event less than is required for the organization of a bank in the city, town, or village in which the branch shall be located: *Provided*, That the parent bank shall not by such assignment of a portion of its capital reduce the capital to an amount less than is required for the organization of a bank in the city, town, or village in which said parent bank is located, nor shall the parent bank by such assignment of a portion of its surplus reduce the surplus account to an amount less than 20 per cent of its capital. (Banking Laws, 1920, sec. 3; Bank Act, 1919, art. 1, sec. 3.)

Taxation: Branch banks shall be taxed on the capital set aside to their exclusive use in the counties, municipalities, and districts in which they are located, and the parent bank shall be relieved of taxation to the extent of the capital set aside for the exclusive use of such branches. (Banking Laws, 1920, sec. 3; Bank Act, 1919, art. 1, sec. 3.)

IDAHO

Branches prohibited: No banking corporation or trust company shall maintain any branch bank, receive deposits, or pay checks except over the counter of and in its own banking house: *Provided*, That nothing in this section shall prohibit ordinary clearing-house transactions between banks.

Corporations created under the terms of this chapter shall not be authorized to engage in the business at more than one place, which shall be designated in their charters. (Banking Laws, 1919, sec. 5244; Idaho Comp. Stat. 1919, sec. 5244.)

ILLINOIS

Branches prohibited: By act approved June 23, 1923, the Illinois Legislature prohibited branch banking, subject to the approval by the people at general election in 1924; and at the general election the act was approved. (Smith-Hurd Illinois Revised Statutes, p. 108.)

INDIANA

Branches prohibited: That it shall be unlawful for any person, firm, or corporation engaged in the business of operating a State bank, private bank, savings bank, or loan, trust, or safe-deposit company to open or establish a branch bank or branch office: *Provided*, That the provisions of this section shall not apply to branch banks or branch offices for which charters have heretofore been granted. (Banking Laws, 1921, p. 124; Session Laws, 1921, ch. 141, p. 367.)

IOWA

No provision: There is no specific provision covering branches in the laws of Iowa.

KANSAS

No provision: There is no specific provision in the laws of Kansas concerning branch banks.

KENTUCKY

No provision: There is no specific provision in the laws of Kentucky regarding the establishment of branches. The Court of Appeals of Kentucky has held, however, that in the absence of such a provision it is not within the power of a State bank to establish a branch bank, though it may have agents to receive and forward money to the bank or transact other necessary business. (Bruner *v.* Citizens Bank of Shelbyville, 120 S. W. 345.)

LOUISIANA

Branches authorized: Every increase or decrease, modification, alteration, or addition to the capital or of the number of the shares shall be submitted to a general meeting of the stockholders, held after 30 days' notice by publication and by mail, and shall be approved by two-thirds of the amount of the capital stock, and shall be executed, recorded, and published as provided for the original articles, which shall provide for the location in the parish of domicile of any banking association of not more than two branch offices: *Provided*, That no banking association or savings bank with capital stock of less than $50,000 may locate or operate branch offices; but this provision shall not apply to existing branch offices. (Banking Laws, 1923, p. 5, sec. 7; Wolf's Const. and Stats. of La., 1920, p. 116, sec. 7.)

Certificate of bank examiner: No branch may be opened until a certificate of authority has been obtained from the State bank examiner. (Banking Laws, 1923, p. 6, sec. 8; Wolf's Const. and Stats. of La., 1920, p. 116, sec. 8.)

Trust companies, savings banks, and safe-deposit companies: Any savings, safe-deposit, or trust and savings bank may have one or more offices of discount and deposit within the limits of the municipality or parish in which the said bank is located: *And provided further*, That whenever any such banks shall have taken advantage of the provisions of this act and section, and shall have established one or more offices of discount and deposit within the limits of said municipality or parish, no future political or legal subdivision of said municipality or parish shall have the effect of in anywise affecting the right of such banks aforesaid to continue the existence, maintenance, and operation of any such offices already established. (Banking Laws, 1923, p. 28, sec. 7; Wolf's Const. and Stats. of La., 1920, p. 112, sec. 7.)

MAINE

"Trust and banking company" branches authorized: No trust company now or hereafter organized shall establish a branch or agency until it shall have received a warrant so to do from the bank commissioner, who shall issue such warrant only when satisfied that public convenience and advantage will be promoted by the establishment of such branch or agency, * * * no trust company shall be permitted to establish a branch or agency except in its own or an adjoining county. (Maine Laws, 1923, ch. 144, sec. 88; Banking Laws, 1923, sec. 88.)

Capital requirements: Banks are required to have a capital varying with the size of the place in which it is located. Banks with branches must have the capital required of a bank located in a place with a population equal to the aggregate population of the place in which the parent bank is located and the population of the places in which its branches are located. (Banking Laws, 1923, secs. 69 and 88; Maine Laws, 1923, ch. 144, secs. 69 and 88.)

MARYLAND

Branch banks and trust companies authorized: The laws of Maryland provide for the capital of branches established by banks and trust companies, and therefore impliedly authorize the establishment of such branches. The capital required for a bank or trust company depends upon the size of the place in which such bank or trust company is located, and a bank or trust company hereafter establishing a branch outside of the city, town, or village in which it is located must add to its capital stock for each branch so established a sum equal to the amount of capital which would be required of a bank (as distinguished from a trust company) located in the place in which such branch is established. No bank or trust company shall establish a branch in the city, town, or village in which the parent bank or trust company is located unless such parent bank or trust company has the capital required by the act. (Bagby's Annotated Code, 1911, art. 11, secs. 20 and 42, as amended by the acts of 1924, ch. 266.)

MASSACHUSETTS

Branches of trust companies authorized: The board of bank incorporation may authorize in writing any such corporation to maintain not more than one branch office, which shall be in the town where its main office is located.

No such corporation shall maintain a branch office, except as provided in this and the two following sections; but the restrictions of this section shall not extend to branch offices authorized prior to April 29, 1902. (Trust Company Laws, 1923, p. 26, sec. 45; Gen. Laws, 1921, ch. 172, sec. 45.)

Any office of a trust company the business of which has been taken over under section 44 by, or any office of a national bank purchased by or merged in, a trust company located in the same town, may be maintained as a branch office of such corporation if in the opinion of the commissioner public convenience will be served thereby. (Trust Company Laws, 1923, p. 26, sec. 46; Gen. Laws, 1921, ch. 172, sec. 46.)

MICHIGAN

"Industrial" bank may establish branches: To establish branch offices or places of business within the city or village in which its principal office is located, but not elsewhere. (Banking Laws, 1923, p. 48, sec. 4; Compiled Michigan Laws, Supplement, 1922, sec. 8032 (6).)

There is no specific provision in the laws of Michigan in regard to the establishment of branches by other banks.

MINNESOTA

Branches prohibited: No bank or trust company organized under the laws of this State shall maintain a branch bank or receive deposits or pay checks within this State except at its own banking house, and the superintendent of banks shall take possession of and liquidate the business and affairs of any State bank or trust company violating the provisions of this act in the manner prescribed by law for the liquidation of insolvent State banks and trust companies. (Banking Laws, 1923, p. 31; Session Laws, 1923, ch. 170, p. 194.)

MISSISSIPPI

Branch offices in same city: The creation or organization of any branch bank in this State shall be, and the same is, prohibited and forbidden, and no branch bank shall be hereafter established in this State, and no parent bank chartered under the laws of this State shall establish any branch bank either within or without the State: *Provided, however*, That when the superintendent of banks shall believe the convenience and interest of the public will be served he may permit banks in cities of not less than 10,000 population to establish branch offices within the corporate limits of the city where the bank is domiciled, and such offices shall not be considered branch banks within the meaning of section 261, Code of Mississippi of 1906. But an established bank or branch bank may with the consent of the superintendent of banks be removed from one municipality to any other municipality. (Banking Laws passed in 1924, p. 14, House bill 574; Laws of Miss. 1924, p. 226.)

Capital requirements: Every parent bank operating one or more branch banks shall set apart and devote from its capital a sum of not less than $10,000 for the exclusive use of each of said branch banks in its business, and the amount of the capital of the parent bank employed by each branch bank shall never at any time be less than the said amount of $10,000. (Banking Laws, 1920, sec. 3522; Hemingway's Annotated Miss. Code, 1917, sec. 3522.)

MISSOURI

Branch banks prohibited: *Provided, however*, That no bank shall maintain in this State a branch bank or receive deposits or pay checks except in its own banking house. (Banking Laws, 1919, sec. 11737; Rev. Stat. of Mo. 1919, sec. 11737, p. 3674.)

Branch trust companies prohibited: *Provided, however*, That no trust company shall maintain in this State a branch trust company or receive deposits or pay checks except in its own banking house. (Banking Laws, 1919, sec. 11799; Rev. Stat. of Mo. 1919, sec. 11799, p. 3702.)

MONTANA

No provision concerning branches: There is no specific provision concerning the establishment of branch banks in the laws of Montana.

NEBRASKA

No provision concerning branches: There is no specific provision in the laws of Nebraska in regard to the establishment of branch banks.

NEVADA

Branches prohibited: No bank in this State shall hereafter open or maintain any branch bank or office. (Banking Laws, 1915, sec. 8; Rev. Laws Nev. 1912, sec. 623.)

"Bank" defined: The words "corporation," "banking corporation," "bank," "trust company," or "banker," as used in this act, shall refer to and include banks, savings banks, and trust companies, in-

dividuals, firms, associations, and corporations of any character conducting the business of receiving money on deposit or otherwise carrying on a banking or trust company business, except as herein specially provided. (Banking Laws, 1915, sec. 75; Rev. Laws Nev. 1912, sec. 690.)

NEW HAMPSHIRE

No provision concerning branches: There is no specific provision in the laws of New Hampshire in regard to the establishment of branch banks.

NEW JERSEY

No provision concerning branches: There is now no specific provision in the laws of New Jersey with regard to the establishment of branch banks or trust companies. It appears that a law enacted in 1913 authorized trust companies to establish branches, but that law was repealed in 1915. Trust companies, however, were not prohibited by the latter statute from establishing branches, and it appears that there is now no law either authorizing or prohibiting the establishment of branches by trust companies. (Laws of 1913, ch. 140; Laws of 1915, ch. 274.)

NEW MEXICO

Branches prohibited: Every bank shall be conducted at a single place of business, and no branch thereof shall be maintained elsewhere: *Provided, however,* That nothing herein contained shall be construed to prohibit any mercantile corporation which maintains a banking department in accordance with the provisions of this act from receiving deposits and buying and selling exchange at any of its branch stores. (Banking Laws 1923, sec. 47; Session Laws 1915, ch. 67, sec. 47.)

NEW YORK

Branch banks authorized: No bank, or any officer or director thereof, shall transact its usual business of banking at any place other than its principal place of business, except that a bank in a city which has a population of more than 50,000 may open and occupy in such city one or more branch offices for the receipt and payment of deposits and for making loans and discounts to customers of such respective branch offices only, provided that before any such branch or branches shall be opened or occupied:

1. The superintendent shall have given his written approval, as provided in section 51 of this chapter.

2. The actual paid-in capital of such bank shall exceed by the sum of $100,000 the amount required by section 100 of this article for each branch opened since the 27th day of April, 1908; and by the sum of $50,000 for each branch opened previous to said date and hereafter maintained. (Morgan & Parkers N. Y. Banking Laws, 1923, sec. 110.)

Branch trust companies: No trust company, or any officer or director thereof, shall transact its usual business at any place other than its principal place of business, except that a trust company may open and occupy in the city in which its principal place of business is located one or more branch offices, provided that before any such branch or branches shall be opened or occupied:

1. The superintendent shall have given his written approval, as provided in section 51 of this chapter.

2. The actual paid-in capital of such trust company shall exceed by the sum of $100,000 the amount required by section 180 of this article for each branch opened. (Morgan & Parkers Banking Law, 1923, sec. 195.)

Provision is also made in the law requiring the approval of the superintendent of banks before a branch may be opened. (Morgan & Parkers Banking Law, 1923, sec. 51.)

NORTH CAROLINA

Branches authorized: Any bank doing business under this act may establish branches in the cities in which they are located, or elsewhere, after having first obtained the written approval of the corporation commission, which approval may be given or withheld by the corporation commission, in its discretion, and shall not be given until it shall have ascertained to its satisfaction that the public convenience and advantage will be promoted by the opening of such branch. (Banking Laws, 1921, sec. 43.)

Capital requirements: *Provided,* That the corporation commission shall not authorize the establishment of any branch, the paid-in capital stock of whose parent bank is not sufficient in an amount to provide for the capital of at least $15,000 for the parent bank, and at least $20,000 for each branch which it is proposed to establish in cities or towns of 3,000 population or less; nor less than $30,000 in cities and towns whose population exceeds 3,000, but does not exceed 10,000; nor less than $50,000 in cities and towns whose population exceeds 10,000, but does not exceed 25,000; nor less than $100,000 in cities and towns whose population exceeds 25,000. All banks operating branches prior to the passage of this act shall, within a time limit to be prescribed by the corporation commission, cause said branch bank to conform to the provisions of this section. (Banking Laws, 1921, sec. 43.)

The law also contains requirements for the proper management of the branches. (Banking Laws, 1921, sec. 43.)

NORTH DAKOTA

No provision concerning branches: There is no specific provision in the laws of North Dakota in regard to the establishment of branches.

OHIO

Branches authorized: No branch bank shall be established until the consent and the approval of the superintendent of banks has been first obtained, and no bank shall establish a branch bank in any place other than that designated in its articles of incorporation, except in a city or village contiguous thereto. If such consent and approval is refused, an appeal may be taken therefrom in the same manner as is provided in section 45 of this act. (Banking Laws, 1923, sec. 710–73.)

Fees for each branch: * * * provided that all banks which operate a branch bank or branch banks in addition to the charges above to be paid, shall pay at the time prescribed above the sum of $50 for each branch bank operated by it * * *. (Banking Laws, 1923, sec. 710–17.)

OKLAHOMA

No provision concerning branches: There is no specific provision in the laws of Oklahoma in regard to the establishment of branch banks.

OREGON

Branches prohibited: No bank in this State, or any officer or director thereof, shall open or maintain any branch bank or receive deposits or pay checks other than at its principal place of business: *Provided,* That this provision shall not apply to branch banks now existent in compliance with the provisions of section 4591 of Lord's Oregon Laws: *Provided further,* That every such branch bank shall hereafter in every respect be governed by and comply with the provisions of this act to the same extent as other State banks now organized and doing business in this State. (Banking Laws, 1921, sec. 36; sec. 6211, Oreg. Laws as amended by ch. 294, p. 546, Gen. Laws, 1921.)

Branches authorized if national banks are permitted to establish branches: *Provided, further,* That whenever national banks, operating under acts of Congress, are given the privilege or authority to open and maintain branch banks in this State, the superintendent of banks may authorize banks organized and existing under the laws of this State to open and maintain branch banks on similar terms as are granted to national banks, and the State banking board is hereby given power and authority to prescribe rules and regulations from time to time for the opening and maintaining of said branch banks. (Banking Laws, 1921, sec. 36; sec. 6211, Oreg. Laws as amended by ch. 294, p. 546, Gen. Laws, 1921.)

PENNSYLVANIA

Suboffices permitted but branches prohibited:

SECTION 1. *Be it enacted, etc.,* That any bank of discount and deposit already incorporated, or hereafter formed * * * is hereby authorized to establish and maintain in the city, borough, or township in which its principal place of business is located, one or more suboffices or subagencies, for the purpose only, however, of receiving and paying out moneys; and provided that a full report of the operations of each day is made at the close thereof to the principal place of business, and that the assets of the bank in its suboffices or subagencies are transferred to the main office of the bank on or before the close of each business day. This act does not authorize the establishment or maintenance of branch offices or agencies for the transaction of the general business of any corporation formed under the act to which this is a supplement. (Act July 28, 1917; Laws, 1917, p. 1235.)

RHODE ISLAND

Branches authorized: Any bank or trust company may establish a branch or branches within this State at any other place than its principal place of business upon obtaining the consent of the board of bank incorporation thereto.

Detailed provision is also made for obtaining the consent of the board of bank incorporation to establish branches. (Banking Laws, 1922, ch. 229, sec. 9; Gen. Laws of R. I., 1909, ch. 229, sec. 9.)

SOUTH CAROLINA

Branches authorized by implication: All banks or institutions engaged in the banking business in this State that maintain or operate a branch bank or an office for business, other than its regular or home office, shall cause to be published statements of the assets and liabilities of such branch bank or office in the county wherein such branch bank or office is located, the same as other banks or banking institutions. (Banking Laws, 1923, sec. 78; Code of 1922, sec. 3989.)

Provision is also made for examination of branch banks. (Code of 1922, secs. 3984 and 3988.)

SOUTH DAKOTA

No provision covering branches: There is no specific provision in the laws of South Dakota in regard to the establishment of branch banks.

TENNESSEE—RECENT STATUTE PROHIBITS

Branches authorized by implication: Any principal bank must pay out the notes made payable at its branches, but such bank notes shall by law be also payable at the counter of the principal bank. (Shannon's Code, 1917, sec. 3224.)

TEXAS

Branches prohibited: No such corporation [bank] shall maintain any branch bank, receive deposits, or pay checks, except over the counter of and in its own banking house, except where such corporation is a county or State depository, in any county other than that of its home, or is a county depository and is not located at the county seat: *And provided*, That nothing in this article shall prohibit ordinary clearing-house transactions between banks. Corporations created under the terms of this title shall not be authorized to engage in business at more than one place, which shall be designated in their charters. (Banking Laws, 1923, sec. 94; Rev. Civil Stats., p. 104, art. 379.)

Branches are prohibited by the Texas constitution. (Const. Act XVI, sec. 16.)

UTAH

Branches prohibited: The business of every banking institution shall be conducted only at its banking house, and no bank in this State or any loan, trust, or guaranty company or trust company conducting a banking business, or any officer, director, or agent thereof, shall open, establish, or maintain any branch bank or office, and shall receive deposits and pay checks only at its banking house: *Provided*, That all branch banks or offices in operation at the time of the approval of this chapter shall be closed and discontinued within one year from the date this chapter goes into effect.

Any bank or officer thereof violating any of the provisions of this section is guilty of a misdemeanor. (Banking Laws, 1923, sec. 1005; Comp. Laws Utah, 1917, sec. 1005.)

VERMONT

No provision covering branches: There is no specific provision in the laws of Vermont in regard to the establishment of branch banks.

VIRGINIA

Branches authorized: No bank or trust company heretofore or hereafter incorporated under the laws of this State shall be authorized to engage in business in more than in one place, except that, in its discretion, the State corporation commission may authorize banks having a paid-up and unimpaired capital of $25,000 or over to establish branches. This section, however, shall not apply to branch banks already established. But any branch bank heretofore or hereafter established shall not be operated or advertised under any other name than that of the identical name of the home bank. Any bank or trust company violating the provisions of this section shall be liable to a fine of $1,000, to be imposed and judgment entered therefor by the State corporation commission and enforced by its process. (Banking Laws, 1922, sec. 4101; Code of 1919, sec. 4101.)

Taxation of branches: Provision is made for local taxation of branches in the places in which they are established. (Banking Laws, 1922, sec. 4102; Code of 1919, sec. 4102.)

WASHINGTON

Branches prohibited: Nor shall any bank or trust company establish any branch. The practice of collecting or receiving deposits or cashing checks at any place or places other than the place where the usual business of a bank or trust company and its operations of discount and deposits are carried on shall be held and construed to be establishing a branch. (Banking Laws, 1921, sec. 28; Session Laws, 1919, ch. 209, sec. 7.)

Definition of branch: The term "branch bank," where used in this act, means any office of deposit or discount maintained by any bank or trust company, domestic or otherwise, other than its principal place of business, regardless of whether it be in the same city or locality. (Banking Laws, 1921, sec. 27; Session Laws, 1917, ch. 80, sec. 14.)

WEST VIRGINIA

Branches apparently authorized: The corporation laws of West Virginia provide for the incorporation of banks of issue and circulation and of discount and deposit and for savings institutions and also provide that any corporation may have offices at any other place than at the place of its principal office; cooperative banking associations and trust companies are also made subject to the above laws. The law also provides that "if a suit against a bank of circulation be brought in a county where it has a branch, service on the president or cashier of the bank is sufficient." It is understood, however, that the commissioner of banks and banking does not permit the operation of branches. (Barnes 1923 Code, ch. 54, secs. 2, 23, 76, 78a (5), and ch. 50, sec. 37.)

WISCONSIN

Branches prohibited: No bank shall establish more than one office of deposit and discount or establish branch offices or branch banks, provided that this prohibition shall not apply to any branch office or bank established prior to May 14, 1909. (Banking Laws, 1922, p. 36, sec. 61 (f); Wis. Stat., 1921, ch. 555, sec. 2024–9.)

Branch trust companies prohibited: Nor shall such corporation establish more than one office of deposit nor establish nor maintain branches. (Banking Laws, 1921, p. 83, sec. 164; Wis. Stat., 1921, sec. 2024–77 N.)

WYOMING

Branches permitted by implication: It shall be lawful for any number of persons, not less than five in any case, to associate themselves together and form companies for the purpose of carrying on a general banking, savings bank, and loan and trust business in such place or places in this State as shall be designated in their articles of association, subject, however, to the contingencies, restrictions, conditions, and liabilities prescribed in this chapter. The persons uniting to form such association shall execute and acknowledge according to law a certificate of articles of association, which shall specifically state:

"Fourth. The place or places where its offices shall be located and its operations are to be carried on." (Banking Laws, 1921, sec. 5135; Comp. Stat., 1920, sec. 5135.)

It appears from the above analysis that the Members of Congress from the States which either by statute or administrative policy prohibit branch banking are amply sufficient in number to defeat any policy of further extending branch banking in the national-banking system.

If section 8 becomes a law, in the State of New York, unlimited branch banking will be permitted in the cities of New York, Brooklyn, Buffalo, Rochester, Syracuse, Albany, and Yonkers. In the State of Massachusetts unlimited branch banking will be permitted in the cities of Boston, Worcester, Springfield, New Bedford, Fall River, Lowell, and Cambridge. In the State of Pennsylvania unlimited branch banking will be permitted in the cities of Philadelphia and Pittsburgh. Greater New York alone has between one-fourth and one-fifth of the banking power of the country. The State of New York has between one-third and one-fourth of the banking power of the country, and the banking power in the cities enumerated in New York, Massachusetts, and Pennsylvania in which unlimited branch banking will be permitted approach one-half of the country's entire banking power.

The principal argument of the proponents of branch banking is that the larger organization tends to fewer failures. Branch banking to any extent in this country is a matter of the last few years, but in countries where it is the established policy bank failures have been common. Under Great Britain's banking system liabilities in panics of 1866–1878 and 1890 alone, not counting intermediate failures, exceeded liabilities of all failed banks in the United States for 40 years.

Three banks in Scotland with some 200 branches failed in 1878 with deficits in assets exceeding 75 per cent of the total losses to all the depositors in all the national banks of the United States for 60 years, notwithstanding the national-banking power averaged more than one hundred times these three banks.

In 1920 London had a branch failure with estimated losses of $14,000,000. Since then, to save the nation from impending public calamities, the weak sisters have largely been taken over through amalgamations with big banks until branch banking in Great Britain has advanced to a stage bordering on a bank monopoly, three systems apparently controlling the bank situation

The American Encyclopedia for 1893 says of Australia that out of 28 banks, with 1,700 branches, 13 of them, with 800 to 900 branches, failed in six months for £90,000,000, or $450,000,000. At that time Australia's banking power was less than one-sixth of ours.

In 1922 Canada had 17 central banks, with about 4,500 cream-skimming branches. Since then this 17 has been reduced to 11 through amalgamations to ward off pending public calamities; also through the ignominious failure of the Home Bank, with 60 to 80 branches. The official estimate of Home Bank losses to depositors are $10,000,000, or about one-fifth of the total losses to all the depositors in all the national banks of the United States for 60 years. Let us not forget that the national-bank system to-day in banking power exceeds a thousand times that of the Home Bank and branches, and that the whole banking power of Canada is exceeded by little Massachusetts alone.

Commenting on the monopolistic tendency of branch banking, the Comptroller of the Currency, Henry M. Dawes, before the Joint Committee on Banking and Currency, on October 3, 1923, had this to say:

Branch banking is in vogue in England, Scotland, Ireland, Canada, Australia, New Zealand, France, and other parts of continental Europe. I understand it is also in operation in the Latin American countries. According to figures published in the Bulletin of the American Institute of Banking for July, 1923, in 1842 there were in England 429 banks and in 1922 only 20 banks; of these 20 banks, 3 controlled practically all of the banking of the nation. There are about 7,900

branches in operation. In Scotland there are only about 9 banks with about 1,400 branches, and in Ireland about 9 banks with about 800 branches.

In 1885 in Canada there were 41 independent banks. Under the operation of branch banking the number was reduced to 35 by the year 1905. I am informed that in Canada to-day there are only 14 banks (since reduced to 11), operating about 5,000 branches. There are no independent unit banks in western Canada; in fact, none west of Winnepeg. Banking control through the branch system is concentrated in the cities of Montreal and Toronto.

It has been authoritatively stated that there are only 6 unit banks in New Zealand and 20 in Australia. (See Statesman Yearbook for 1923.)

In a powerful editorial The American Banker of May 27, 1925, arraigns branch banking under the title "The Canadian banking situation," as follows:

Advocates of branch banking will do well to take notice of what has been happening in Canada since the war. The number of chartered banks has been steadily decreasing, and now we have news of another merger of Canadian banks that will bring the number of chartered banks in the Dominion down to 11. The Union Bank is to be merged by the Royal Bank of Canada, and the reason for the Union Bank merging is said to be reduced earnings and the necessity for economy.

Under its branch-banking system, Canada has not lacked competition—in fact, the competition has been excessive in many spots. During the war and postwar boom the Canadian banks expanded their branches in the wheat-growing section, just as unit banks sprang up like mushrooms in our own Northwest during the same time. In the depression that followed there was a similar contraction in banking facilities on the Canadian side. Our contraction came with the failure of the small banks in the Northwest. In Canada the contraction came with the closing of hundreds of branch offices and the merging of the weakened banks by the stronger banks and with the one failure of the Home Bank.

The result of the contraction in Canada has been the narrowing down of the chartered banks to 11. Competition will still be keen among the 11 banks left in Canada, and in the struggle for business still more of the smaller of the 11 banks may be forced to merge with their larger competitors, until the number is so reduced that the competition between the banks will be very much curtailed by gentlemen's understandings among the surviving banks. One can easily visualize the day when the financial destinies of the Dominion will rest in the hands of half a dozen general managers.

In the United States, wherever branch banking is in vogue, we perceive the same forces at work. The first effect of branch banking is an intensive period of competition, accompanied by frequent mergers, and that stage in banking development is very noticeable both in New York and California at the present time. If branch banking continues without check both those localities will have, in relatively short time, just a few mammoth banks.

Branch banking has alway resulted in the concentration of the banking power of the country in a few hands, and if it is allowed to grow, the result will be just the same in the United States. The branch-banking question simmers down to this: Do we want our present democratic banking system or do we want a monopolistic banking system? That is the question for the people of the United States to decide, and they must remember that there is no other alternative.

The situation in California, where in the last few years branch banking has spread like wildfire, is anything but reassuring. From the latest available figures there are in California 681 banks, but the following four branch-banking systems have about one-fourth of all the bank resources of the entire State:

	Resources July 1, 1925	Branches in home city	Branches outside home city	Total branches
Bank of Italy, San Francisco	$370,450,000	19	78	97
Security Trust & Savings Bank, Los Angeles	229,000,000	27	17	44
Pacific Southwest Trust & Savings Bank, Los Angeles	192,000,000	42	47	89
Mercantile Trust Co., San Francisco	165,000,000	29	26	55

Needless to say, the legislature is almost completely under the control of the branch-banking systems.

In the hearings before the Committee on Banking and Currency of the House in April, 1924, when this same legislation was up for consideration, considerable evidence was introduced showing the unfair and uneconomic methods used by the branch banks in California to stifle competition. I quote from pages 185 and 186 of the hearings as an illustrative instance of coercion:

The most flagrant case of coercion on the part of a California branch bank occurred at Santa Maria. That case was thrashed out before the Federal Reserve Board on September 12, 1923. The documents are on record there, but if you will permit me at this time I will just briefly go over the case. Santa Maria is a small town in a territory devoted to raising beans and barley. The depression in the barley and bean crop in 1921 was very great.

This institution—the Bank of Santa Maria—was quite unique in the banking annals of this country. Although the town has about 5,000 or 6,000 inhabitants, the Bank of Santa Maria had about $5,000,000 in deposits, with its head office in Santa Maria. There were three or four small branches surrounding the city, from about 5 to 7 miles distant. It therefore became quite attractive bait. One large branch-banking system, which desired that deposit liability, in order, I think, to swell its own totals, approached the Bank of Santa Maria and desired that it sell out to them. The Bank of Santa Maria declined to do so. At that time when the Bank of Santa Maria was put under pressure by this other organization the president of the bank was ill in the hospital, and the cashier, owing to demands due to the depression which were made upon him and being one of those men who are quite common in country banking, who sometimes sit up nights with a customer, was driven almost to distraction by the demands made upon him; the bank incidentally had borrowed and rediscounted with its correspondents and the Federal reserve bank about $1,000,000. Its customers were unable to sell their beans and barley. At that time, in order to coerce this institution into selling out, this large branch banking organization——

Mr. DRUM. Why don't you give the name?

Mr. WHIPPLE. Very well; I will be glad to make it a part of the record—the coercive institution was the Bank of Italy. At that time the Bank of Italy sent a man into the country soliciting the business of the Bank of Santa Maria. It even went so far as to buy up between $60,000 and $80,000 savings deposits, held them three months, and presented them all at one time, about the middle of July, 1921, a time when there was the greatest demand for money in the community.

Shortly after that a vice president of the Bank of Italy, Mr. McDonald—not this one [referring to Mr. Mcdonnell]——

Mr. WINGO. Presented the accounts for collection?

Mr. WHIPPLE. Yes.

Mr. WINGO. What happened then?

Mr. WHIPPLE. They presented them to the Bank of Santa Maria for payment. The bank, fortunately, was able to meet the demand and paid with a smile. But shortly after that, three or four days, the vice president, Mr. McDonald, of the Bank of Italy, came around and asked the cashier of the institution, "How did you like the crack we gave you? We are going to give you another one." The heads of the institution in desperation went down to the Pacific-Southwest in Los Angeles and saw Mr. Stern, the former superintendent of banks and now the executive vice president of the Pacific-Southwest, and offered to sell the Bank of Santa Maria to the Pacific-Southwest at its own price and on its own terms. Mr. Stern so testified last fall before the Federal Reserve Board. He told them they were not ready at that time to take over any institutions, and that they could not take them over. Three months later the cashier and president of the Bank of Santa Maria went again to Los Angeles, saw Mr. Stern and his associates, and repeated the offer, and it was accepted. That was the first unit institution the Pacific-Southwest took over. It went into the branch-banking business from that time on.

City-wide branch banking will unavoidably result in monopolistic banking in the cities, and through the unavoidable pressure brought upon country correspondents, which they in turn will exercise on Representatives in Congress, the next step will be state-wide and then nation-wide branch banking. A very significant editorial appeared in the Wall Street Journal of December 18, 1925. The editorial is entitled "State-wide branch banking" and is as follows:

Early enactment is sought for the reintroduced McFadden banking bill, which, among other amendments designed to broaden and liberalize the national-banking law, purposes to curb the further extension of state-wide branch banking within the Federal reserve system. This is covered in the mooted section 9. Twice before has this measure been presented and failed of passage. In the last session it passed the House, but the Senate balked, fearing violation of State rights.

But the real issue at stake in section 9 is not a question of State rights. Congress must decide whether state-wide branch banking is or is not a good thing and whether the national banks should adopt it or not. At present they are at a disadvantage in territories which allow it. Serious defection of national banks to State charters has occurred, which the Comptroller of the Currency says threatens to undermine the national-banking system and weaken the Federal reserve.

The proposed law would forbid the further opening of branches by State member banks in States where this is now legal, but confines it in those States to cities exceeding 100,000 population. The comptroller

claims that branch banking is wrong in principle, is monopolistic, tends to destroy community unit banking, and is, in fact, contrary to the fundamentals of our banking institutions.

After all, is branch banking the sinister thing proponents of this measure make out? Is this legislation the way to protect and foster the national banks; that is, by depriving them of a power which State banking has shown to be a formidable, progressive development? Moreover, a law which tells State bankers they should not branch out because our national banks can not is not conducive to State-bank membership in the Federal Reserve. Sentimental arguments can not transcend economic forces. Banking in 1864 was different from what it is now.

If branch banking is right in the cities, why is it wrong within State limits? Nation-wide branches, on the other hand, would be unfair to State banks. Congress could just as effectively meet the intrastate banking competition by granting national banks the same powers in this respect as the State banks. By so doing it would afford full opportunity for expansion of national banks, strengthen the Federal reserve system, and still preserve a standardized form of banking throughout the United States.

The above editorial makes audible the real sentiment among aggressive banking interests, which is for unrestricted opportunity to expand, a perfectly natural human reaction, but one which it is absolutely necessary to restrain by legislation.

I do not believe it is practicable for the two systems of unit banking and branch banking to exist side by side. To say that they can is to refuse to listen to the voice of reason and to decline to investigate the history of branch banking. In the Quarterly Journal of Economics for February, 1903, Prof. O. M. W. Sprague, of Harvard University, in an article on "Branch banking in the United States," makes this significant statement:

> The supposition that the two systems might continue together side by side is extremely improbable. In every country where the branch-banking system prevails the process of bank amalgamation has gone on very rapidly, particularly during the last 20 years, and no one can doubt that in the United States the movement would be quite as swiftly executed as in any European country.

A great thinker once said:

> Give me control of the credit of a country and I care not who makes its laws.

He could have said with equal truth, "Give me control of the credit of a country and I will make its laws."

Other sorts of monopoly can be measurably controlled by various forms of board or commission, not completely controlled, because the tendency is for the board or commission to gradually come under the domination of the monopoly itself, but, as I said before, they can be measurably controlled. But there is no way to control a credit monopoly. No board or commission can be created which would have the right to tell a bank who should or should not receive credit from it, and the only way to preserve to the whole public the opportunity to obtain credit as needed for legitimate purposes is to preserve in its integrity the American system of independent and therefore competitive banking.

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman and gentlemen of the committee, in this my first talk on the floor of the House I would like to ask the indulgence of the Members not to interrupt me, as my talk is going to be very short and I do not know that I would care to cross swords in debate with the very able gentlemen on the other side just at this time.

I come from a region in Michigan which partakes of the nature both of an extensive manufacturing and agricultural district. In my home city of Battle Creek of 45,000 people we have three national banks with the large aggregate assets of $27,000,000. In the city of Kalamazoo, 22 miles to the west of us, we have other great national banks with vast resources. The banks are very close to the people there. A great many of the stockholders of our national banks are in the mechanic and farming classes of our community. They are close to their bankers, and their bankers are their friends and advisers.

When I went home at the holiday time I made it my business during the 10-day period there to find out what was the sentiment of the bankers, both State and national, in the district and of the business people as to this proposed legislation. I have heard something to-day of protest upon the part of State banks throughout the country. If there is such objection as that, it certainly does not come from my district, because in all of the time that has elapsed since I returned here I have heard not one word of protest from any of the State banks in my district or in the State of Michigan. On the other hand, I have heard from the bankers of our district nothing but commendation. I discussed the bill thoroughly with them. They all look upon it as a rejuvenation of the national banking system; they all look upon it as giving them an opportunity to compete with the very liberal laws that our State of Michigan extends to the State banks.

I have had visiting me for two or three days one of the most prominent bankers in the State of Michigan, a gentleman from my own home town of Battle Creek, Mr. W. J. Smith. He tells me that the bankers of Michigan are virtually a unit for the passage of this bill. The State laws dealt very kindly with the State banks, and our State banks are good ones; they are doing a fine and useful service; but they have been put in such a position by the rather illiberal national banking laws that it has become a serious question as to whether our national banks will be able to continue to compete with the State banks. This law gives them that opportunity. It is a liberalization of the law. It furnishes an opportunity for the banks of our community, the banks in the State of Michigan, and throughout the rest of the country to be upon a parity in many respects with the State banks and to compete with them without many of the handicaps which they now suffer. There is nothing unfair about it. It seems to me there is nothing about this proposed legislation which can properly be objected to upon the ground of its giving any excessive power or any excessive authority to national banking institutions.

It is a liberalization of the law, as I look at it, as our bankers look at it, as the Federal Board looks at it, and as business all through the United States looks upon it. From everywhere within the State of Michigan telegrams have poured in not only from banking institutions but from business institutions as well to have the McFadden bill reported out at as early a day as possible.

So here, to-day, for the first time appearing before this body, I come to voice to you the opinion that this legislation, in the complexity of our national life to-day, is needed legislation; that with the laws which govern State banks liberalizing their power to do business, it has come to a point where it is necessary that our national banking laws be liberalized as well, if those banks are not to go backward instead of forward. [Applause.] The national bank has played too prominent a part in the business life of our Nation for it to suffer any setback, for it to retrograde in any manner, and I am very glad of this opportunity to-day, on the first occasion I have had the pleasure of addressing this House, to voice my sentiments in favor of the passage of the bill as it has been reported out of our committee. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Chairman and members of the committee, this is my first appearance before this distinguished body of lawmakers. I may say I come from a city of about 10,000, located out in the Corn Belt. We have three national banks in this city of 10,000 and one State bank. We have total deposits in the four banks of over $7,000,000. There is no complaint I know of from any section of the Corn Belt in regard to the McFadden bill, and I have been giving it the best attention I possibly could.

I shall vote for this bill for two reasons: First, there is no doubt in my mind whatsoever but that it is immediately necessary to amend the national banking laws in order to permit national banks to do a modern banking business; and in the second place, I believe the branch banking provisions of this bill furnish the best solution of the branch banking question that is possible for Congress to work out.

The State banking laws in all of the leading commercial States have been amended from time to time during the past few years and the State banks are naturally in a position to give a more satisfactory banking service in many respects than the national banks are able to give. It has been much easier to secure the legislation they needed from the State legislatures than it has been for the national banks to obtain similar relief from Congress. This bill is the first comprehensive series of amendments to the national bank act which have been made for half a century.

Within the last 20 years, and especially since the World War, this country has made tremendous strides in commercial and industrial development. It has come without question to be the financial center of the world. The credit facilities of this Nation are tremendous, and the control over credit machinery should always be of great concern to the National Government. The State banks have their place in the scheme of our civilization and economic organization, but the control over the movement of credit should not be left entirely to the State legisla-

tures. The national banks, therefore, which at one time did practically all of the commercial banking in the United States, should not now be allowed to fall behind the procession. The Federal Government can not afford to lose its contact and control with the great movements of credit, and therefore I am in favor of strengthening the national banking system in order that the public at large may have the benefit of a Federal instrumentality under the control of Congress.

It is true we have the Federal reserve system of which State banks can become members, but it is built upon the foundation of the national bank system, and all national banks are compelled to be members of it. We can not afford to see the Federal reserve system composed predominantly of State banks which may withdraw at will. The future permanence of the Federal reserve system depends upon the strength and vitality of the national banks.

This bill has had the most careful consideration of the Comptroller of the Currency and of the Banking and Currency Committee for the past two years. It passed the House by a very large majority, and I hope that it will be enacted into law at this session of Congress. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. NELSON].

Mr. WINGO. Mr. Chairman, I also yield the gentleman 10 minutes.

Mr. KVALE. Mr. Chairman, I make the point of no quorum.

Mr. WINGO. I hope the gentleman will not do that, because it comes out of the time allowed for general debate.

Mr. NELSON of Wisconsin. I will ask the gentleman to defer that if he will. The gentlemen have been quite liberal in regard to time.

Mr. KVALE. I will withdraw it, Mr. Chairman.

Mr. NELSON of Wisconsin. Mr. Chairman, this is one of the most objectionable measures that can come before Congress. This bill means, if it passes, inevitably the end of our independent banking system and in its stead the Canadian, the British, and the continental system of branch banking in this country. Therefore if I am right about that, and I shall prove that I am, this bill should not pass with the branch-banking feature in it.

There are other provisions in this bill that I object to. I think they are unjust to the people, dangerous special privileges, but if you will strike this branch-banking feature out of the bill it would not be quite so harmful. But this branch-banking proposition in section 8 is extremely serious. It is revolutionary in our banking system.

I opposed this bill in the last Congress. My remarks may be found on pages 1564–1580 in the RECORD of the Sixty-eighth Congress. I give the reference so that anyone may learn, if he wishes to do so, what the economic and ethical evils are that are involved in this measure. The most dangerous is by far the chain-bank and monopoly feature of this legislation.

Mr. HUDSPETH. Will the gentleman yield for a brief question?

Mr. NELSON of Wisconsin. If I do, I will have to yield to others, and I hope the gentleman will pardon me.

Mr. HUDSPETH. I just wanted to ask if the branch-banking feature was not the paramount feature of this bill?

Mr. NELSON of Wisconsin. That is what is in it.

Mr. HUDSPETH. When you cut that out you have no bill left.

Mr. NELSON of Wisconsin. The gentleman's own State regards branch banking as such an evil that it is prohibited by a provision in the State constitution. Now, if I consent to interruption in one case, as a matter of courtesy I must in others, and I would like to cover a very important subject in a concise way. If I may, therefore, I would like to go on without interruption.

I wish at once to absolve the Committee on Banking and Currency from the parentage of this bill. Last year, when speaking on this measure, I expressed wonder as to how this kind of a bill could come from a committee composed of gentlemen whom I respect highly. But I now know that they are not responsible for its parentage. Nor do I charge this bill up to the national bankers of the country; not at all. It comes from another source. It comes through the comptroller's office; and it comes from beyond the comptroller's office, as I shall show you.

Gentlemen, I take my stand upon the time-honored policy of the national bankers themselves. They have adopted resolutions time and again against branch banking. Only three years ago, in New York, this is the stand on principle and policy of the national bankers on branch banking as defined after two days' debate:

Resolved by the American Bankers Association, That we view with alarm and hereby express our disapproval and opposition to branch banking in any form by State or national banks in our Nation.

Resolved, That we regard branch banking or the establishment of additional offices by banks as detrimental to the best interests of the people of the United States. Branch banking is contrary to public policy, violates the basic principles of our Government, and concentrates the credit of the Nation and the power of money into the hands of a few.

Bankers opposed to this evil got together and called themselves the United States Bankers' Association Opposed to Branch Banking. They then proceeded to fight branch banking in every form. But the forces behind this bill soon proved too shrewd for them and too powerful. I note from the newspaper reports of their meetings that the agents of the branch bank interests came in, disconcerted them, and before the rank and file of bankers knew it their leaders were led into camp and committed to this compromise measure. The story, as told me by bankers who were on guard, is interesting, but I can not go into it here in detail.

May I first call your attention to the analysis of this bill by the bank commissioner of Wisconsin, a national banker of long experience? This learned and experienced official concludes that this is a—

dangerous measure and should not be supported by independent bankers.

He points out that in this compromise there is—

no real guaranty that national banks located in States which do not now permit branch banking will not hereafter be permitted to establish branches.

For, as he says—

a subsequent Congress can always extend the provision for branch banking.

He correctly points out the difficulty of defeating attempts to extend the territory of branch banking when this bill has passed. He says:

If, for instance, Illinois should hereafter legalize branch banking, what possible argument can be made against permitting national banks in Illinois to establish branches, in view of the fact that this McFadden bill allows national banks in California and other States to establish branches on the theory that this is necessary to meet the competition of State banks which are allowed to have branches?

Clearly he is correct in asserting—

The very fact that Congress has legalized branch banking in some States will compel it to legalize it ultimately in all States, or at least in all States whose laws may hereafter be amended to permit State banks to operate branches.

The Wisconsin bank commissioner makes other criticisms worthy of attention. I shall attach his statement with other data as an appendix to my argument. No man needs to be a prophet to foretell that this bill will inevitably lead, with increasing speed, straight to branch banking, State and national. Let us not deceive ourselves.

Before I show how ridiculously false is the propaganda sent out to give the people the impression that this is an anti-branch bank bill, I desire to point out that this measure covers up lawlessness, and sets aside the victories recently won by 19 States before the Supreme Courts of Missouri and of the United States.

The facts are briefly these: A national banker by the name of Crissinger, of quite ordinary banking experience, was brought here from Marion, Ohio, by President Harding and made Comptroller of the Currency. He had not been in office a year before he proposed national banking in his annual report. Congress did not respond favorably to his suggestion.

Then in the face of an adverse opinion by Attorney General Wickersham and the unbroken custom of the comptroller's office, this friend of Daugherty gave out that he would grant permission to start branches, calling them additional offices.

Then what happened? Among others, the First National Bank of St. Louis started a branch with his consent.

Mr. McDUFFIE. Will the gentleman yield? I call attention to the fact that that had the approval of the Attorney General when they started that branch bank.

Mr. NELSON of Wisconsin. I am coming to that, but the gentleman interrupts me.

So I will say here that this Comptroller Crissinger got some sort of an opinion from his friend Attorney General Daugherty. It was not difficult to get Mr. Daugherty to consent to an opinion of this kind. But in the face of the decisions of the courts afterwards, I find no financial journal that does not

characterize branches, by whatever name, as of "doubtful legality." That is the phrase used in a recent article in the Magazine of Wall Street and by other publications.

The First National Bank of St. Louis started a branch and others were threatened. The Bankers' Association Opposed to Branch Banking saw the danger and appealed to the attorney general of the State of Missouri to bring action against this bank. These bankers realized that when this principle is once established it can not be stopped thereafter. The State attorney general responded. He brought an action which was finally decided by the Supreme Court of the State of Missouri for the State and against this offending bank.

So that branch banks, "additional offices" or "agencies," or whatever may be the form of the transgression, when put to the test of the Missouri case, are clearly illegal. Defeated before the State court, the forces behind branch banking carried the case to the Supreme Court of the United States. Here for the first time we learn who the big special interests are behind this bill. They had to come out in the open. The 30 lawyers had to reveal their clients.

These special interests are (a) the First National Bank of St. Louis, which the newspapers report called for help from the financial district of New York; (b) the following Wall Street banks—the National City Bank, Chemical National Bank, and the National Bank of Commerce. The record is as follows:

By leave of court briefs were also filed * * * by Mr. John A Garver on behalf of the National City Bank of New York and the Chemical National Bank of New York, and by Mr. John Quinn, Mr. Paul Kieffer, and Mr. Robert P. Stewart, on behalf of the National Bank of Commerce in New York, as amici curiae. (U. S. Reports, vol. 263, p. 654, October term, 1923.)

Why did these Wall Street banks come in? Newspapers say that some of them had already started branches by consent of the comptroller and others were expecting to start branches if they could win this case. What these banks represent appears when we consult the Money Trust report of the Pujo committee, page 131, H. R. 1913, entitled "Control of Money and Credit." The committee said:

* * * The parties to this combination (the Money Trust, see p. 130) * * * may be conveniently classified into four separate groups. The first * * * consists of J. P. Morgan & Co., the recognized leaders (and others) in their joint administration and control of * * * the National City Bank, the National Bank of Commerce, etc.

* * * Third, in New York City the international banking house of Messrs. Kuhn, Loeb & Co., with its large foreign clientele and connections, while it is only qualifiedly allied with the inner group * * * yet through its close relations with the National City Bank and the National Bank of Commerce, etc. * * *.

From these quotations the fact is clear that the National City Bank and the Bank of Commerce here appearing were two of the outstanding banks through which the two great groups of the Money Trust conducted their operations.

While the Chemical National Bank is not mentioned in this part of the report, the Pujo committee elsewhere discloses that two of the partners of J. P. Morgan, namely, Porter and Davidson, were on its board of directors.

Associated on the side of these Wall Street banks we find C. W. Collins, the Deputy Comptroller of the Currency, who is also counsel, and Attorney General Daugherty, represented by Solicitor General James M. Beck. (Page 644, U. S. Repts., vol. 263, October term, 1923.) It is interesting to note that the law firm of Frank B. Kellogg, now Secretary of State, also appears on record as attorneys for these large Money Trust banks.

What could be more significant than to find this grouping of financial and political forces behind this bill combining their strength to overthrow the decision of the Missouri Supreme Court so as to establish the monopoly principle of branch banking?

For the people we find as attorneys in this case not only the attorney general of Missouri, representing the national bankers opposed to branch banking, but the following attorneys general from 18 other States:

Messrs. Herman L. Ekern, Clifford L. Hilton, Ulysses S. Lesh, Benjamin J. Gibson, Edward J. Brundage, H. H. Cluff, Milton J. Helmick, George F. Shafer, J. S. Utley, O. S. Stillman, Charles B. Griffith, Frank E. Healy, David J. Howell, E. T. England, Thomas B. McGregor, George T. Short, Buell F. Jones, and John H. Dunbar, attorneys general, respectively, of the States of Wisconsin, Minnesota, Indiana, Iowa, Illinois, Utah, New Mexico, North Dakota, Arkansas, Nebraska, Kansas, Connecticut, Wyoming, West Virginia, Kentucky, Oklahoma, South Dakota, and Washington, by leave of court filed a brief as amici curiae. (Page 654, vol. 263, U. S. Repts., October term, 1923.)

The Supreme Court of the United States also decided for the people and against the big banks seeking to establish the monopoly privilege of branch banking, even though aided by the comptroller's office and Attorney General Daugherty.

Thus the Comptroller of the Currency stands convicted of having consented to lawbreaking by these special-interest banks. Thus also was defeated the attempt through court action to establish branch banking by national banks.

But, Mr. Chairman, this bill legalizes the lawlessness of the comptroller's office and overthrows the victory won by the attorneys general of these 19 States before the courts.

Keeping in mind that J. P. Morgan and Kuhn, Loeb & Co. are in this case represented by three of the most powerful banks in the Money Trust, the National City Bank, the Chemical National Bank, and the National Bank of Commerce, let us now look into the method by which the case is taken to Congress. The lawyers disappear with their briefs, but the comptroller's office and the Federal Reserve Board carry on the fight for branch banking. Of course it must be done under disguise. The work must be camouflaged. So the comptroller, who is now Henry M. Dawes, a brother of the Vice President, having succeeded Crissinger, who has been rewarded for his "faithful" service by being elevated to the position of governor of the Reserve Board, conducts the case most skillfully for the big interests defeated before the Supreme Court.

One of the attorneys in the case, we have seen, was Charles W. Collins, Deputy Comptroller of the Currency and counsel. In a speech made October 10, 1925, to the New Hampshire Bankers' Association, he tells us just how this bill was prepared. He says that its provisions were recommended—

after a most careful investigation and scrutiny. There was first collected—

Says he—

for a number of years back all the recommendations of former comptrollers which had failed to become enacted into law. The comptroller—

Mr. Collins continues—

then called upon his office staff * * * for suggestions for amendments * * *. He next asked each of the national-bank examiners in the 12 Federal reserve districts to gather the consensus of national banking opinion, etc.

* * * From this mass of data there emerged about 150 separate recommendations, some trivial, some important, some relating to supervision, and some to banking operation. After this material had been collated and digested, the comptroller called in an advisory committee of three outstanding bankers * * *. Finally—

Says Mr. Collins—

this committee sat down with the comptroller and his staff in Washington, and after about 10 days' intensive work some 18 suggestions were selected from the 150 or more which had been submitted. These were recommended in the comptroller's annual report to Congress and became the substance of the McFadden national bank bill.

How carefully these gentlemen prepared the bait for the branch-bank hook! The country was sifted with a fine-tooth comb to find additional powers and privileges to put into the banking law. "A committee of bankers and the comptroller's staff worked 10 days" to sift 150 pieces of pork so as to get 15 or 18 that might be put into this bill to persuade national bankers to swallow the branch-banking hook, the main feature of this measure.

But where did the plan come from, the branch-bank idea, contained in section 8? An illuminating bit of information on this point comes from a national banker who has been steadily fighting branch banking for years. In a communication printed in the Chicago Banker, July 22, 1916, Mr. A. J. Frame writes:

Fifteen years ago the leaders of the American Bankers' Association, under the guise of providing an elastic currency for us, attempted to deliver our independent banking system into the hands of monopolists under a branch-banking system, which utterly failed. This octopus has again revived, and it would seem the advocates have corralled the powers that be and the Democratic doctrine of an avowed enmity toward monopolization is dead, unless H. R. bill 15734 is buried beyond resurrection.

When we look up House bill 15734, referred to, we find that it authorizes any national bank with $1,000,000 capital, located in a city of 100,000 or more inhabitants, to establish branches within the corporate limits of the city. This is exactly the population fixed by the committee for unlimited branch banking and also the territory. Doubtless this bill was before these gentlemen and was worked into this measure. It may be, too, that this member of the firm of Kuhn, Loeb & Co. was con-

sulted, for he had much to do with the framing of the Federal reserve act.

That Deputy Comptroller Collins's account gives the correct origin of this measure also appears from the opening statement by Chairman MCFADDEN when the bill was before Congress at the last session.

Now, mark you, the Supreme Court decision defeating the privilege of national-bank branch banking was rendered in the October term. This bill, prepared as indicated, was introduced by Chairman MCFADDEN, February 11, 1924. There was, therefore, less than four months intervening before the comptroller's office had the case on appeal ready for Congress.

At the hearings there appeared Comptroller Dawes, Mr. Crissinger, governor of the Reserve Board, and Mr. Platt, vice governor of the Reserve Board. Mr. Dawes is now the chief advocate of this bill, but he takes a most remarkable position. He vehemently denounces branch banking as unsound in principle, highly monopolistic, and most dangerous to the independent system of banking. At the same time he, as vehemently, urges the speedy enactment of this measure, for the first time legalizing by section 8 branch banking in this country by national banks.

I dislike to comment on any man's motives, but his performance is most significant. By taking that position he avoids debate as to the soundness of branch banking in principle or policy. He also puts himself in line with the sentiments of national bankers against branch banking. At the same time he accomplishes a three-fold object. First, so far as branch banking is concerned, he covers up the conduct of the comptroller's office in consenting to this illegal practice. Next, he aids the Money Trust national banks in establishing branches; and last, when once the principal has come in, branch banking will be general in State and Nation.

Mr. Crissinger also advocates the passage of this bill. Likewise Mr. Platt, who unequivocally stands for branch banking without any subterfuge or disguise of any kind.

One can but respect an opponent who comes right out openly in advocacy of a policy even though we may not agree with him, but I depise official hypocrisy which loudly protests that a principle is wrong and then strenuously urges its enactment into law.

Now, Mr. Chairman, it is an unfortunate trait of human nature that men will say one thing and do another. Yet we are very familiar with it. I knew a governor, when I was bookkeeper 30 years ago in the office of the secretary, who, whenever he was about to do something that he knew was wrong, gave out a public statement opposing the very thing he was about to do. I have known Members of Congress, United States Senators, and even Presidents of the United States who have practiced the method of making public statements looking in one direction while they were moving in the opposite direction.

This trait of human nature has been commented upon in fable, fiction, and Holy Writ. Æsop gives us the fable of the wolf who put on sheep's clothing in order to get in among the sheep. Homer has given us the account of the wooden horse filled with Grecians and which the Trojans were persuaded to pull inside the city walls. That was the end of the liberties of Troy.

In like manner this bill is a wooden horse filled with branch banking, which we are asked to take into the Federal bank system, and when we do it that will be the end of independent banking.

Holy Writ tells us that Satan, when he is about to do mankind great harm, always appears as an angel of light. The crime of history was accompanied with the kiss of Judas. Therefore, it is not safe to accept what men say; we must carefully scrutinize what they do. Men's deeds speak louder than their words!

Let us now look into the argument that this is an antibranch bank bill. None need be confused here, if they will bear this fact in mind. Now, no chartered national bank can legally operate a branch bank. Here an attempt is made to confuse the unsophisticated. Certain State banks are permitted to come into the Federal reserve system with branches. This is a weakness of the present law; again, other national banks have been permitted to consolidate with State banks having branches, and in this way bring branch banking into the Federal system. But no national bank, under Federal charter, can legally have any branches.

The total number of branch banks brought into the Federal reserve system through the weakness of the law just pointed out is 1,137. Sections 7 and 9 feebly attempt to restrict the further development of branch banking by State banks coming into the system with branches. So far as this is done it is desirable, but, of course, this law makes no attempt to restrict the extension of branch banking by State banks which have not come into the Federal reserve system nor materially restrain those that are in it now. So much for the restrictive features of the bill. The exceedingly great evil of this measure is that for the first time in the history of our Federal banking system national banks proper are to be permitted to operate branch banks. Section 8 opens three doors to this evil in 20 States and the District of Columbia. In all cities having a population of 25,000 to 50,000 national banks are permitted to operate one branch each; in cities of 50,000 to 100,000 national banks are permitted to operate two branches each; and in cities of 100,000 and over there is no limit to the number of branches that may be operated. This is the backbone of this bill. All the rest is padding. In my judgment, all the rest is bait to get Congress and the national bankers to swallow this branch-bank hook. I must express my admiration for the cunning of the special interests; the subtlety of these fellows is more remarkable. It is most difficult to expose, for the impression has been given out to the country, because of the trivial restrictions in sections 7 and 9, that this is an antibranch banking bill, when the fact is that by section 8, as I have stated, three doors are thrown wide open in 20 States and in the District of Columbia to the evils of branch banking.

How are the other States "protected"? Only by a weak compromise. The so-called Hull amendments specify that branch banking shall not be permitted by any national bank which at the adoption of this measure prohibits branch banking. These pitiful restrictions alone "protect" the other States of the Union. How long will these restrictions stop branch banking in these other States? Let us think for a moment. This policy is permitted to become established in the big States of the East, from Maine to Michigan, inclusive, with a sprinkling of States in the South and the West, including California. These large Eastern States alone possess 40 per cent of the banking power, or the banking resources of the country. These States have the controlling voice in Congress.

When this principle of branch banking is established in the Eastern States, almost solidly, with this sprinkling of branch-bank States in the South and the West, how are we going to stop it from spreading to the other States? Now, there are only 2,233 such branches in all. Yet they disturb. In Cleveland they have disturbed the Railway Brotherhoods. These are driven into the belief that to protect themselves they must also have the privilege of branch banking. If, I say, we can not stop the evil now, when it is comparatively insignificant in number compared with our 30,000 banking units, how are we to stop it when the evil has become gigantic, established in nearly half the States of the Union? It is an old and true saying that a house divided against itself can not stand. We can not maintain a system where national banks of one half the States are permitted to practice branch banking and the national banks of the other half are denied this special privilege. All must be independent and free or all accorded the same monopoly—branch-banking privilege. The restrictions in this law are but spiderwebs which may easily be brushed aside. Indeed, section 9 was taken out by the Senate Committee on Banking. The bill was reported to the Senate without it. Section 8 was also changed, so that instead of being limited to the municipality the territory was extended into the suburbs. Let us not be deceived. If we are for branch banking let us be for branch banking; but let us not deceive ourselves by any subterfuge or any miserable compromise. When did a compromise ever stop anything? Never has evil been stopped by a compromise. Hell itself is paved with compromises.

I am against branch banking, but if this bill passes and the national banks of the other States of the Union are permitted to establish branches, how can I as a Member of Congress resist the demands of the national bankers of my State that they be given the same privilege? If once we surrender the principle what are we going to stand on? So I ask the chairman of this committee, and the members of it, What are you going to say when the national bankers come here from one or several or all the other States asking to be put on a status of equality with these other national banks? You have surrendered the principle. You have, therefore, nothing to stand upon. To deny this demand would be discriminatory.

Moreover, if you should do then that which you have not the courage or good judgment to do now, though you profess to be against branch banking, where will you get your support when branch banking, national and State, has been established in nearly all the States from Michigan to Maine? You can not look for such support. Urged by national banks, the Members from the States who are discriminated against will insist upon extension of the branch-banking privilege, and, as I have said,

you will have no excuse whatever for denying it to them. You have surrendered the principle in this bill.

Finally, Mr. Chairman, when these national banks are permitted to operate branches you hasten the evil system in all the States. Every State bank will point to the national banks and hasten to protect itself by establishing more branches. Therefore this rivalry will cause branch banking to spread through all the States like wildfire. Evil has always inherent power to propagate itself with incredible speed.

In his report Comptroller Dawes has admitted that branch banking and independent banking can not be carried on parallel to each other in this country. The one or the other will prevail. I have quoted the bank commissioner of Wisconsin, an experienced and well-informed national banker, who unequivocally sounds the same note of warning.

So, Mr. Chairman, when this bill has been passed with section 8 in it, legalizing for the first time branch banking by distinctly national banks in 20 States of the Union and the District of Columbia, it is the death knell of the independent banking system of America.

These interests are trying to scare Congress to pass this bill. They are holding up before us the bugaboo that national banks are threatening to leave the Federal system, and that they are leaving it, in order to enjoy this branch-bank privilege in the States. Comptroller Dawes went before the committee two years ago urging the speedy passage of this measure. Let me quote a few of the phrases he used—

* * * the issue has become acute. * * * (Hearings, 68th Cong. p. 18.)

* * * if something is not done pretty quickly, I think it is going to have a serious effect. * * * (Hearings, 68th Cong., p. 34.)

He warned us to pass the bill that session to prevent irreparable harm being done to the national-bank system. But Congress did not pass the bill. Now two years have gone by and not a scratch of harm has come to the national-bank system. He was merely trying to speed up this branch banking legislation before the country could realize the evil of it. He stands convicted a false prophet by the logic of events.

Now let us look into the claim that, if not allowed this branch banking privilege, national banks will leave the Federal system. This same threat was made over in the Senate committee. To this, Senator CARTER GLASS, former Secretary of the Treasury, replied:

I have been hearing that for 10 years and have not seen any evidence that would sustain this charge. More national banks are being organized than are being abandoned, and I call attention to this significant and conclusive fact: The resources of the national banks of this country have increased from $11,000,000,000 to $22,000,000,000 in the last 10 years.

These figures show conclusively that there is no substance in that threat. In the very year, 1924, when this commissioner was trying to speed up the enactment of this measure by uttering these false warnings, his report gives the fact that not one national bank withdrew from the system. Not one. How many State banks withdrew? Twenty-six. How many State banks went into the system? Forty-two. So this scare was just bunk, bunk, bunk!! (Page 22, Federal Reserve Report, 1924.)

Moreover, when we look at the general growth over a period of years we find, as stated by the publication called "Trust Companies":

In point of number the State banks and trust companies increased from 21,028 in June, 1919, to 21,350 on March 31, 1924, and the national banks increased during the same period from 7,785 to 8,115. (Trust Companies, September, 1924.)

So much for the "emergency" that we are told exists. There is no "emergency" so far as the national-bank system is concerned. It is more than holding its own with the State banks. What is the "emergency." Why this necessity for speed? To ratify the illegal practices of these special-interest banks who are still conducting branches in defiance of law, who are still retaining these illegal offices, notwithstanding the decisions of the courts. If the law was enforced faithfully, they would suffer the penalties of forfeiture of their charters.

The "emergency" is also acute, so far as the comptroller's office is concerned, for this official consented before the decisions of the court to the violation of the law, and continues to wink at violations after the courts have decided that brauch banking by national banks is illegal. How can we expect respect for law by the common people when thus violated by the big interests with the consent of the officials sworn to uphold the law?

The attempt is also made to lead the country to believe that this is a relief bill. The word "relief" is dwelt upon by the comptroller and the advocates of this measure. One would think from the use of that word "relief" that the banks were in dire distress; that they were up against hard times, and that this branch-banking privilege, together with these other privileges, are necessary in order to give them some measure of prosperity. But, Mr. Chairman, what do we find when we look into the reports of the comptroller's office of the Federal Reserve Board and of the Treasury? We find that this very year, 1924, in which the comptroller is pleading for relief for the national bankers, marks the peak of prosperity for the national bankers in the history of this country. There has been only one year that can compare with it, and that is the year in which we now live. I will print in the appendix to my remarks the most convincing proof of this prosperity.

When we pick up financial journals we find jubilant statements of the great prosperity of national banks. From these journals I quoted at the last session. Now I will read from the Wall Street Journal, a publication intended to furnish accurate information to Wall Street interests. In December, only a month ago, Wall Street Journal headlines carry the following facts:

BANK AND TRUST COMPANY DIVIDENDS LARGE—QUARTERLY DISBURSEMENTS BY LEADING NEW YORK BANKS, TRUST, SURETY, TITLE COMPANIES TOTAL $21,750,000

Fifty representative banks, trust, surety, and title companies in Greater New York will disburse $21,750,000 cash in regular and extra dividends for the current quarter. On basis of capital investment of $425,100,000 the average return is equivalent to 20 per cent annually. (Wall Street Journal, December 24, 1925.)

(For names of 19 banks see exhibit.)

Now I submit that an annual profit of 20 per cent, that doubling the investment every five years, is not exactly the sign of financial distress. Any official of the Government seeking to put this bill through under the guise of "relief" for national banks is practicing misrepresentation, and is worthy of contempt. He is trying to put through branch banking, which he admits is an evil, under false pretenses.

Mark well also that two banks, the National City Bank and the National Bank of Commerce, which took part in the United States Supreme Court case seeking to establish branch banking, are among those reaping 20 per cent annual profits. Do these banks need these extra powers and privileges to increase their profits?

Let us glance briefly at the pork in this bill the comptroller so carefully gathered up with which to bait his branch-bank hook. As stated before, if we could cut out the branch-bank feature these provisions would not be so serious, unjust as they are to the rest of the people, especially farmers, who are not accorded special privileges by law.

How unjust is a measure of this kind in comparison with the "relief" shown the farmers. They are not receiving 20 per cent annual profits. They are not doubling their investment every five years. They are not having the privilege of escaping taxes through stock dividends. They are not having the Secretary of Agriculture look over all the recommendations of his predecessors, comb the country to find suggestions for their benefit, have a committee of farmers come in and sit with the Secretary and his official staff for 10 days to select provisions for an omnibus bill that will increase their profits.

These added privileges, all of which will prove profitable, are briefly summarized by Mr. Knappen, in the Magazine of Wall Street, as follows:

The national banks everywhere are further to be put on a par with State banks by authorizing them to absorb State banks directly; by giving them the right to acquire real estate for future banking needs; by increasing the amount of a loan to a single customer on nonperishable agricultural commodities; by increasing the limit on the amount of paper of a borrower that may be rediscounted by a Federal reserve bank; by making national-bank charters of an indefinite period (so that they may compete with State banks and trust companies in administering long-time and perpetual trusts; by affirmative authorization of the functions now exercised by national banks in dealing in investment securities; by permitting them to make city real-estate first-mortgage loans for as long as five years instead of one year as at present, etc. (November 7, 1925, Theodore M. Knappen, Magazine of Wall Street.)

In the above summary of privileges Mr. Knappen does not mention the fact that stock dividends are legalized. This tax dodging was sanctioned by a ruling of the comptroller and now to be confirmed by law. It means that national banks can dispose of their undivided profits, which amount to nearly a billion dollars, by dividends in the form of stock, thereby escaping Federal taxation. When we consider that 80 per cent of undivided profits may be distributed in the form of

stock, this provision means an enormous saving at the expense of the Federal Government.

Then, too, we note also from the address of Deputy Comptroller Collins to the New Hampshire bankers that it is also proposed by a Senate amendment to permit national banks to loan one-half of the savings deposits upon real-estate security. As these amount to $5,000,000,000, 6 per cent interest on $2,500,000,000 is also a rich source of profit.

But these favors are all insignificant when we consider the value to the big national banks of the financial district of New York of the monopoly privilege of branch banking.

The Manufacturers' Record, of Baltimore, says:

The tendency toward rapid consolidation and combination is under way. What is going on in Baltimore is only indicative of the spirit which is abroad in the land in favor of branch banking. It is a very dangerous movement. It may bring prosperity for the time being to the absorbing banks, but it is dangerous in the extreme in the tendency to a gradual absorption of one bank after another, looking forward to the time when our splendid individual banking system, upon which our prosperity has been so largely built, may come under the domination of a few big banks in the big cities of the country. Bigness seems to be the craze of the hour. It is dangerous. Centralized banking, such as now exists in Great Britain and Canada, with thousands of branches, has sapped the prosperity of Canada and is rapidly sapping the prosperity of Great Britain. Indeed, to this centralized banking system is due much of the absorption and the concentration of most of the wealth of Canada in the hands of a few centralized banks, with tentacles over the whole vast region, and drawing the lifeblood of credit away from the country districts into these centralized banking cities. (Manufacturers' Record, December, 1925, p. 78.)

This conservative journal publishes an article entitled "Concentration of banking in England," by Arthur Kitson, in the London Outlook. Mr. Kitson is president of the Bankers' Reform League of England. Following is an extract:

There was a time when the average Englishman thanked God that he was not as those poor, trust-ridden Americans. He had been brought up to believe that protective tariffs were the parents of monopolies and that free trade was the antidote for all such evils. Many of us, however, have learned the falsity of this claim by experience. In spite of our free-trade system this country is plastered all over with trusts, and, as in the case of America, the greatest trust of all is the banking monopoly. In this respect we are in a far worse plight than the Americans.

Although the banking business is dominated in America by a few individuals, there are some hundreds of independent banks whose object it is to assist the farmers and small traders. The United States is furnished with far better banking facilities than the British public. Where we have one bank to every 5,000 of our population the Americans have one to every 1,500. Moreover, their banks are not as ours, i. e., branches of five or six parent companies. Recent amalgamations have brought the banking business in this country under the control of about two dozen individuals who are able to make or break nine-tenths of the business men of this country merely by extending or refusing facilities. (Manufacturers Record, December, 1925, p. 83.)

Comptroller Dawes might be quoted and also many national bankers who have given this matter thorough study. But it is quite unnecessary. No one disputes the monopoly feature of branch banking. Branch banking inevitably tends toward concentration of money and credit in the hands of the few. It tends directly by its nature to create monopoly. This is dangerous enough in itself, but becomes vastly more so when it adds vastly more powers and privileges to a money trust. The Pujo committee said:

Your committee is satisfied from the proofs submitted, even in the absence of data from the banks, that there is an established and well-defined identity and community of interest between a few leaders of finance, created and held together through stock ownership, interlocking directorates, partnership, and joint-account transactions, and other forms of domination over banks, trust companies, railroads, and public-service and industrial corporations, which has resulted in great and rapidly growing concentration of the control of money and credit in the hands of these few men.

The bulk of the oral and documentary evidence taken before your committee was directed toward ascertaining whether, in current phrase, there is a "money trust."

If by such a trust is meant a combination or arrangement created and existing pursuant to a definite agreement between designated persons with the avowed and accomplished object of concentrating unto themselves the control of money and credit, we are unable to say that the existence of a money trust has been established in that broad, bald sense of the term, although the committee regrets to find that even adopting that extreme definition surprisingly many of the elements of such a combination exist.

* * * When we consider also in this connection that into these reservoirs of money and credit there flow a large part of the reserves of the banks of the country, that they are also the agents and correspondents of the out-of-town banks in the loaning of their surplus funds in the only public money market of the country, and that a small group of men and their partners and associates have now further strengthened their hold upon the resources of these institutions by acquiring large stock holdings therein, by representation on their boards and through valuable patronage, we begin to realize something of the extent to which this practical and effective domination and control over many of our greatest financial, railroad, and industrial corporations has developed, largely within the past five years, and that it is fraught with peril to the welfare of the country.

If therefore by a "money trust" is meant—

An established and well-defined identity and community of interest between a few leaders of finance which has been created and is held together through stock holdings, interlocking directorates, and other forms of domination over banks, trust companies, railroads, public-service and industrial corporations, and which has resulted in a vast and growing concentration of control of money and credit in the hands of a comparatively few men—

your committee, as before stated, has no hesitation in asserting as the result of its investigation up to this time that the condition thus described exists in this country to-day. * * * (Pujo Committee Report, 1913, pp. 129, 130.)

The minority of the committee admitted the evil of concentration in these words:

* * * It has, however, disclosed a dangerous concentration of credit in New York City and to some extent in Boston and Chicago. Even many of those connected with this concentration of credit who came before the committee expressed the conviction that this concentration had gone far enough and should be checked. Mr. Reynolds, of the Continental and Commercial National Bank of Chicago, stated that in his opinion this concentration, having gone as far as it has, is a menace. Another witness, Mr. Baker, of the First National Bank of New York City, stated in effect that in the hands of bad men it would be dangerous and disastrous to the business interests of the country, and that, in his opinion, the present concentration has gone far enough. * * * (Pujo Committee Report, 1913, p. 247.)

Now, Mr. Chairman, let me briefly summarize. Facts of court record disclose that three Wall Street banks, two of which are designated as the working banks of the Money Trust, appeared before the Supreme Court with their attorneys to establish the principle of branch banking. Allied with these Wall Street banks was the comptroller, represented by his deputy, and the administration represented by the Attorney General's office.

These allied forces were defeated by the United States Bankers Association Opposed to Branch Banking supported by the attorneys general of 19 States. Within four months this McFadden bill is introduced which robs the States of their victory. These Wall Street banks are given by this bill the privilege of unlimited branch banking. This evil is to be limited to the municipalities, and this limit was extended by the Senate to suburban territory. The only restriction upon its spread nationally are the so-called Hull amendments and sections 7 and 9. But these will not stand a moment under pressure for the very same reason that Congress is not now resisting this evil when it is in its infancy. How much less will it have power to do so when this evil practice has acquired full strength! The inevitable result of this measure is therefore to introduce branch banking in 20 States and the District of Columbia immediately, and throughout the entire country whenever these big interests give the word for the next advance.

From the moral side, this legislation is absolutely indefensible. It legalizes lawlessness by these Wall Street banks; it condones the official conduct of the comptroller who permitted this illegal practice and still winks at it.

This measure is furthered by deception and misrepresentation. Propaganda has been given out to the country that this is an antibranch-bank measure, and that it is necessary to sustain the national-bank system. The cry of "emergency" and "relief" has been the smoke screen under cover of which branch banking is being put through. The falsity of this cry of "emergency" and "relief" have been demonstrated in that the national banks are not only holding their own in numbers but are enjoying the greatest prosperity in their history.

Finally, this measure is unpatriotic, un-American, a menace to our liberties. The Pujo banking committee after an investigation warned the country of the danger of the Money Trust. Even the minority admitted that concentration of credit and money had gone too far. Now, instead of preventing this danger, the evil is given full play. Branch banking, which in

itself fosters monopoly, is added to the present power of these Wall Street banks with many other immensely profitable privileges. In fact, consolidation of banks with its ensuing concentration and control is now made a wide-open gate through which branch banking is invited and facilitated. The warnings of the Pujo banking committee are disregarded in letter and in spirit.

No more dangerous measure has come before Congress. Dangerous in itself and doubly dangerous when we consider the enormous political and financial power of the American Money Trust in this country and in the world.

I conclude, Mr. Chairman, as I began. This is one of the most objectionable bills before the Congress. This measure means, if it passes, inevitably the end of our independent banking system and in its stead the Canadian, the British, and the continental system of branch banking in this country. [Applause.]

EXHIBIT

ANALYSIS OF MCFADDEN BILL

(By Wisconsin Bank Commissioner Hon. Dwight T. Parker)

Even as amended the McFadden bill is a dangerous measure and certainly should not be supported by independent bankers.

* * * * * * *

1. The Hull amendment, upon the strength of which the United States Bankers Association Opposed to Branch Banking has withdrawn its opposition to the McFadden bill, is not a part of this bill as reported for passage to the House. The independent bankers no doubt have assurance from Mr. MCFADDEN and the supporters of this bill that they will accept the Hull amendment, but this must be done on the floor. Probably there will be no hocus pocus in this matter, but the independent bankers can scarce afford not to watch developments very closely when the bill actually comes up for passage.

FUTURE AMENDMENTS WILL REMOVE RESTRICTIONS

2. Despite the Hull amendment there is no real guaranty that national banks located in States which do not now permit branch banking will not hereafter be permitted to establish branches. One Congress can not bind another; and even if the Hull amendment is adopted, a subsequent Congress can always extend the permission for branch banking. It seems to me, moreover, that if the McFadden bill becomes law it will prove very difficult to defeat attempts made to extend the permission given to national banks to establish branches in other States which, subsequent to the passage of this bill, legalize branch banking. If, for instance, Illinois should hereafter legalize branch banking, what possible argument can be made against permitting national banks in Illinois to establish branches, in view of the fact that this McFadden bill allows national banks in California and other States to establish branches on the theory that this is necessary to meet the competition of State banks which are allowed to have branches.

If branch banking is once recognized by Congress anywhere, no amendment to the effect that the question whether branches are to be permitted or not in a given State is to be settled on the basis whether at the time of the passage of this act such State authorized branch banking will for any considerable length of time check the demand for the legalization of branch banking everywhere. The very fact that Congress has legalized branch banking in some States will compel it to legalize it ultimately in all States, or at least in all States whose laws may hereafter be amended to permit State banks to operate branches.

NATIONAL BANKS TO START THE BALL ROLLING

3. There is real danger that the McFadden bill itself may be interpreted as legalizing branch banking in many States in which the State banks can not now establish branches. This danger arises because six States—Alabama, Florida, Indiana, New Jersey, Washington, and Wisconsin—in their laws against branch banking allowed State banks which had already established branches to continue these branches.

Section 8 of the McFadden bill prohibits national banks from establishing branches "in any State which does not by law or regulation authorize banks created or existing under the laws of such State to own, establish, maintain, and operate such banks." Since in these six States some of the banks now actually have branches, it is at least a possible construction of section 8 of the McFadden bill that national banks may establish branches in these States.

This danger is illustrated by our situation in Wisconsin. Our laws against branch banking read as follows (Stat. 1923, sec. 221.04 (1) (f)): "* * * but no bank shall establish more than one office of deposit and discount or establish branch offices or branch banks, provided that this prohibition shall not apply to any branch office or bank established prior to May 14, 1909." Under the provision in this statute three State banks in Wisconsin now operate branches (which were all established prior to May 14, 1909), namely, the Bank of Wisconsin, at Madison; the Marshall & Ilsley Bank and the Second Ward Savings Bank, both of Milwaukee. These branches are recognized by our law and are in all respects lawful. In view of this fact, I query whether Wisconsin is a State "which does not by law or regulation authorize banks created or existing under the laws of such State to own, establish, maintain, and operate such banks" within the meaning of section 8 of the McFadden bill. If this bill does mean that national banks can hereafter establish branches in Wisconsin, they are thereby granting a privilege denied to State banks in this State.

THE MCFADDEN NATIONAL BANK BILL

(An address before a joint meeting of the New Hampshire Bankers' Association, the Northern Bankers' Association, and the New Hampshire Savings Banks Association at Whitefield, N. H., October 10, 1925, by Charles W. Collins, Deputy Comptroller of the Currency)

PURPOSE AND ORIGIN OF M'FADDEN BILL

The Government policy behind the McFadden national bank bill can be simply stated. An emergent condition exists within the national-bank system due to certain restrictions upon the charter powers of national banks which hamper them in their conduct of a modern banking business in competition with State banks operating under more favorable banking laws. The purpose, therefore, of the bill is so to amend the national bank act as to remove these handicaps from the national banks.

* * * These recommendations were not made, however, until after a most careful investigation and scrutiny. There was first collected for a number of years back all of the recommendations of former comptrollers which had failed to become enacted into law. The comptroller then called upon his office staff, many of whom had been in the service for a quarter of a century or more, for suggestions for amendments based upon their experience and observation in administering the banking laws. He next asked each of the chief national-bank examiners in the 12 Federal reserve districts to gather the concensus of national banking opinion in their respective districts relative to the need for specific changes in the national bank act, with their own recommendations also. The comptroller also received advice from numerous banking associations and individual bankers. From this mass of data there emerged about 150 separate recommendations, some trivial, some important, some relating to supervision, and some to banking operations.

After this material had been collated and digested, the comptroller called in an advisory committee of three outstanding bankers, two national and one State, each of whom had at one time been a country banker but who had achieved notable success as city bankers. I mention the fact that one of these gentlemen was a State banker to indicate how foreign it was to the comptroller's mind that anything should go into the bill which would be unfair to the State banks. The affiliations of the then comptroller, Mr. Henry M. Dawes, had prior to his taking office been with a State bank, and there was naturally no likelihood that his enthusiasm as a Government official for the Federal reserve system and the national banks could have led him to take any action unfair to the State banks.

This committee sat down with the comptroller and his staff in Washington, and after about 10 days' intensive work some 18 suggestions were selected from the 150 or more which had been submitted. These were recommended in the comptroller's annual report to Congress and became the substance of the McFadden national bank bill.

DEPUTY COLLINS THUS HOLDS UP BEFORE BANKERS THE PORK IN THIS BILL

I shall not attempt to discuss to-night the technical details of the bill, but I shall briefly mention the more important amendments. For example, permission is given to a national bank to consolidate directly with a State bank under the national charter. Under existing law, before such a consolidation can take place the State bank must first become converted into a national bank. What this amendment permits directly can be accomplished to-day by an indirect and expensive procedure.

It permits a national bank to buy a piece of real estate as a future building site, whereas under the law to-day a national bank can only purchase such real estate as may be necessary for its immediate accommodation. This is one of the little irritations in the national bank act. Not many days ago a banker came into my office and wanted to know if he could purchase a corner lot. He said, "Here I am in the middle of the block in an old, out-of-date building. I have a chance to get the corner lot at a bargain, but we shall not be ready to build for two or three years. Can the bank take title to the property?"

The sympathy of the comptroller being with the banker, the only answer he could give is, "You know as well as I do that the law technically prohibits you from doing this, and the best that I can do for you is not to criticize you if you violate it." Now, ladies and gentlemen, neither the Comptroller of the Currency nor the national banker ought to be put in such a predicament.

The bill fixes the legal status of the position of chairman of the board; it defines and regulates the payment of stock dividends and the conduct of the safe-deposit business, none of which propositions were contemplated by the original national bank act.

The bill clarifies and rewrites the law governing the amount of money that a national bank may lend to any one customer. In this

restatement there is no change from the basic conditions of the law as it stands. There are, however, two substantial modifications in the exceptions—one a restriction on the amount of noncommercial paper which may be discounted for one customer and the other an increase in the amount which may be loaned a single customer upon the security of nonperishable, readily marketable agricultural staples insured and stored in a warehouse.

In this connection the bill also permits each Federal reserve bank to rediscount for member banks an amount of eligible paper of any one borrower equal to the amount which a single borrower could obtain from a national bank. This amendment would make no change in the classes of eligible paper, but would increase the amount which a member bank could have rediscounted. It increases the maximum volume of rediscounts, but does not broaden the scope of eligibility. This provision applies to both National and State banks.

There are three other very important amendments in the bill. The first of these permits national banks to hold their charter powers for an indeterminate period of time. In the legal sense these would not be perpetual charters, since they are subject to revocation at any time by act of Congress or may be otherwise terminated according to law. The State banks and trust companies in practically all of the metropolitan centers are not limited to a term of years in the exercise of their charter powers, and the National banks in many States feel handicapped in the matter of administering long term and perpetual trusts which call for the exercise of fiduciary powers beyond the term for which the bank's charter is held.

The second of these amendments defines and regulates the investment-securities business of national banks. Although at the present time a large number of national banks are engaged in buying and selling investment securities, the law governing these operations is very indefinite and the national banks have not the same assurance which the State laws give the State banks. This is not a grant of new authority to national banks but rather a recognition of the importance of this phase of the banking business.

The third amendment to which I wish to call particular attention is the permission to make loans for five years upon first mortgages upon improved city property instead of one year as at present. This provision, as recommended by the comptroller and as reported by the Senate committee, allows an amount equal to one-half of the savings deposits to be used in this manner. This is a safe and sound amendment and of great practical interest to the rank and file of national banks. The lack of authority to make loans of this character is the most severe handicap which many of them face to-day. And here I should like to call your attention to the fact that there has been a tremendous growth in savings deposits in national banks. Outside of the New England and a few other States there are no mutual savings banks and no separate savings banks of any kind. The savings business is done by the so-called commercial banks, State and National. There are to-day more than 11,000,000 individual savings depositors in national banks with total deposits of about $5,000,000,000. This is about one-third of all of the savings depositors in the United States and about one-fourth of the entire savings deposits. (These figures do not include commercial time deposits.) What safer proposition could there be than to permit these banks to loan one-half of these savings upon such gilt-edged security as one-half of the appraised value of improved city property? The State banks and trust companies have already prospered in this business, and it is only fair that the national banks be permitted to render a similar service to their customers.

Changes in active membership in the Federal reserve system, December 31, 1923, to December 31, 1924

	National	State	Total
Active membership, Dec. 31, 1923	8,179	1,595	9,774
ADDITIONS TO MEMBERSHIP			
Primary organization of national banks	90		90
Conversion of nonmember banks to national	19		19
Admission of State banks		42	42
Resumption, following suspension	17	2	19
Conversion within the system	6	3	1
Total additions	132	47	171
LOSSES TO MEMBERSHIP			
Merger of member banks	65	18	83
Absorption of member banks by nonmembers	44	7	51
Voluntary liquidation (terminal)	29	5	14
Withdrawal		26	26
Suspension or insolvency	127	36	163
Conversion within the system	2	6	
Others, losses	1		1
Total losses	268	98	338
Net change during the year	−136	−51	−187
Active membership, Dec. 31, 1924	8,043	1,544	9,587

(Page 22, Federal Reserve Report, 1924.)

PROSPERITY OF NATIONAL BANKS

The aggregate resources of 8,072 national banks in the continental United States, Alaska, and Hawaii, June 30, 1925, amounted to $24,350,863,000 and were greater than at any previous time in the history of the national banking system, with but one exception, December 31, 1924, when the resources of these banks amounted to $24,381,281,000. The increase in resources since June 30, 1924, when there were 8,085, was $1,784,944,000. (Report, Secretary of Treasury, 1925, p. 365.)

BANK AND TRUST COMPANY DIVIDENDS LARGE—QUARTERLY DISBURSEMENTS BY LEADING NEW YORK BANKS, TRUST, SURETY, TITLE COMPANIES, TOTAL $21,750,000

Fifty representative banks, trust, surety, and title companies in Greater New York, will disburse $21,750,000 each in regular and extra dividends for the current quarter. On basis of capital investment of $425,100,000 the average return is equivalent to 20 per cent annually.

National City Bank and First National Bank head the list with largest disbursements, each distributing $2,500,000, including affiliated investment companies. Three institutions pay $1,000,000 quarterly and the remainder anywhere from $15,000 to $875,000.

As to cash extras, Central Union Trust leads with $675,000 and Title Guaranty & Trust is next with $400,000. The latter institution authorized an extra payment of $800,000, but half is not payable until March, 1926.

Following are 19 institutions with regular payments ranging from $400,000 to $2,500,000 each quarter, whose aggregate capital is $301,500,000. In this group regular dividends total $15,767,500 and extras $1,675,000:

	Capital	Dividends	
		Regular	Extra
National City	$50,000,000	$2,500,000	
First National	10,000,000	2,500,000	
Chase National	20,000,000	1,000,000	
National Bank of Commerce	25,000,000	1,000,000	
Bankers' Trust	20,000,000	1,000,000	
Central Union Trust	12,500,000	875,000	$625,000
Guaranty Trust	25,000,000	750,000	
Equitable Trust	23,000,000	690,000	
National Park	10,000,000	600,000	
American Surety	5,000,000	600,000	50,000
Chatham-P. N. B. & T.	13,500,000	540,000	
Irving Bank-Col. Trust	17,500,000	512,500	
Manufacturers' Trust	10,000,000	500,000	100,000
New York Trust	10,000,000	500,000	
Corn Exchange	10,000,000	500,000	
Mechanics & Met. National	10,000,000	500,000	
Farmers' Loan & Trust	10,000,000	400,000	
Title Guaranty & Trust	10,000,000	400,000	800,000
New York Title & Mortgage	10,000,000	400,000	100,000
	301,500,000	15,767,500	1,675,000

(Wall Street Journal, Dec. 24, 1925.)

LEGAL STATUS OF BRANCH BANKING

WASHINGTON POST—BRANCH BANKING IN UNITED STATES IS DISCUSSED BY EXPERT

[By John Cummings, May 10, 1925]

Branch banking authorized (20): California, Arizona, Wyoming, Louisiana, Mississippi, Tennessee, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Michigan, Ohio, Maryland, Pennsylvania, Delaware, New York, Maine, Massachusetts, and Rhode Island.

Branch banking prohibited (17): Washington, Oregon, Idaho, Nevada, Utah, Colorado, New Mexico, Texas, Arkansas, Missouri, Minnesota, Wisconsin, Illinois, Indiana, Alabama, Florida, and Connecticut.

No provision for branch banking (11): Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Iowa, Kentucky, Vermont, New Hampshire, and New Jersey.

VICE GOVERNOR PLATT SAYS COMPTROLLER PERMITS BRANCH BANKING NOW

* * * Section 9 will do nothing of consequence to strengthen the banking system, and if branch banking is as alluring as its opponents appear to think it is, it will do nothing of consequence to prevent its spread. Section 8 purports to give city national banks the right to establish branches within municipal limits, where State banks have that privilege, a right which the national banks are already exercising with the concurrence of the Comptroller of the Currency. Section 9 denies to country banks the right to establish even neighborhood branches. It should be remembered that of the 310 banks operating branches outside municipal limits, 239 are located in towns or cities with a population less than 25,000, and 129 of them in municipalities of less than 2,500. Some of these banks have operated branches successfully for upwards of 30 years. Is it likely that section 9 will cause them to give up their branches or will coerce the States

in which they are located into a change in their laws relating to the subject? (American Bankers' Association Journal, December, 1925, p. 457.)

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

Mr. STEVENSON. Mr. Chairman and gentlemen of the committee, we are confronted with rather a peculiar situation in the contest over this bill. We have on the one hand a certain element from California and other places, who believe in the most remarkable rise of branch banking; men who maintain branch banking with over 200 branches scattered all over the State of California; men who do not want any limitation placed on the power of the States to grant branches anywhere and everywhere. We have that propaganda. Then we have allied with them that small but very respectable element who are so averse to branch banking or branch offices or branch anything that they would protest against the national bank teller carrying change across the street to a one-legged widow selling peanuts to a paralyzed cripple on the corner. [Laughter.]

We have those elements, which are wholly antagonistic and yet alike in one respect; they are not stating the whole situation. Another thing I wish to refer to before I discuss the bill itself: The distinguished gentleman from Wisconsin [Mr. NELSON] said time and time again that the branch-banking feature of the bill was hatched somewhere else, that it was the concoction of the Money Trust. I want to say to the gentleman, in confidence, that if he will examine the bill which I introduced in the Sixty-eighth Congress on this subject, he will find the source this came from, and that the Money Trust had nothing to do with it, so far as branch banking is concerned. I did it on my own motion, after conferring with Mr. Sand of the legislative committee of the National Bankers' Association, and I introduced it without consultation with anybody; and when Mr. Dawes and the committee undertook to construct a bill they took and embodied it there without change. If I am the Money Trust, I would like to know it right now. [Laughter.]

Mr. NELSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. Is it not a fact that a member of the house of Kuhn, Loeb & Co. introduced in the House a similar provision as long as 12 years ago?

Mr. STEVENSON. I was not here 12 years ago; but the man the gentleman refers to must have had a poor bill if it took him 12 years to get it out.

Mr. NELSON of Wisconsin. Does not the gentleman know that Mr. Charles W. Collins, the deputy comptroller, shows the genesis of this bill?

Mr. STEVENSON. I have a letter from Colonel Dawes, who commends it, because he said they took my bill and put it in here.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. HUDSPETH. The gentleman makes much of the fact that my home State of Texas prohibits State banks from having branches. They have State branch banks down there controlled by their own officers.

Mr. STEVENSON. Now, one thing more before I finish my introduction. I am a banker in a humble way, and have been since 1900—not in an active way for the last 10 years. I am in a State that allows branch banks. I have stood up against it all the time and have never allowed any institution that I had anything to do with to have branches, yet I am here undertaking to promulgate something that will bring about a money trust in this country on account of the Canadian system of branch banking. My distinguished friend from Maryland [Mr. GOLDSBOROUGH] inveighed against the provisions of this bill. He is alarmed to the extent that he has a cold shiver when he thinks about it, yet he admitted a while ago that he was a director in a bank that had 20 branches over here in Maryland. I submit, gentlemen, that I am innocent on that point, and these gentlemen who are throwing stones at branch banks had better look to their characters on that score. I am not guilty. [Laughter.]

Now, let us look at the situation as it is.

What do you find? You have 20 States, I believe, or about that number, that have branch banking under State law. The banks in those States that want them have branches to-day. What are we doing to them? We have one propaganda here saying we are trying to take away their rights; but not at all. What are we going to do to them? If they want to stay out of the Federal reserve system and go ahead and attend to their own business, like they have been doing, they are unhampered; this bill does not touch them, and they have nothing at all to kick about. But we have made and built up a wonderful system—the Federal reserve system—which is a help in time of need to every one of them, and they want to get in. Well, we, say, "All right; if you want to come in and get the advantages of this great system, this Federal system, you have got to comply with the regulations which will make your banking business healthy. We do not propose to have you come in and run a junk shop or a department store and call it a bank, and participate in the Federal reserve system and give us trouble every now and then by your failures and by your miscarriages."

That is what we say to them. We are not trying to limit their powers. But what do they want to do? And I want to direct your attention to this situation: The national banks that are in the system, and have to be in the system, are limited to the loaning of 10 per cent of their capital and surplus to any one borrower. That is the general law. The Federal reserve act provides that if a national bank loans more than 10 per cent to one borrower, when it comes to rediscount paper with the Federal reserve bank it can not rediscount over 10 per cent of its capital and surplus for that one man. But what about a State bank, and what will be the result? Suppose a national bank discounts 25 per cent of its capital for one borrower; what will be the result? A bank examiner comes around and reports it to the comptroller, and the comptroller is on their neck right away and says, "You must reduce; if you do not, we will shut you up"; and they have got to reduce. We have that control over a national bank. It has got to reduce under the law or the comptroller can shut it up and stop it from doing business. But here are the State banks who come and say, "We do not want to be out in the cold; we are coming in and we are going to be a part of the Federal reserve system." We say, "All right; you can come in subject to the rules which are laid down in the Federal reserve act." And what is one of the most salutary rules of the whole business? That rule is that no paper of any member State bank can be discounted for any one borrower if that borrower has borrowed more than 10 per cent of the capital and surplus. In other words, here is a State bank that has loaned 20 per cent of its capital and surplus to one borrower. It is a member bank; it comes up and says, "We want to discount this paper." They say, "No; you can not discount any of it," whereas for any national bank they will say, "We will discount up to 10 per cent of your capital and surplus." They say that is a discrimination. Well, it is; but it is necessary in order to preserve the integrity of the bank, because the Comptroller of the Currency has no power to go down to the State bank and say, "You must reduce." There is no prize you can put on it, because the State law governs those acts; and if the State law allows them to loan more than that, the comptroller has no recourse at all except to say to them, "You can not discount any of that paper as long as you allow the excess loan." That is the reason for that discrimination between the discounting of paper for a State member bank and the paper of a national bank. Is there any other protection you can get? No. That is the only way you can preserve the integrity of the member bank, namely, by preventing overloans to its customers, and that is the reason for it.

Now, what do they propose to do—this bevy of superintendents? They say that is a discrimination, and they have very quietly asked that there be included in this bill a provision such as is contained in section 10, but which has been stricken out by the committee. They say, make no regulation—

which will subject the applying bank to any greater limitations or restrictions than those under which national banks shall operate.

And you can see why. You would strike out the provision already in the law and leave the Federal reserve system absolutely helpless, without any string at all to the State banks, and they could loan their whole capital to one man, and you could not say no to it on that ground if they came to discount paper. They want to repeal all of the control you would have over them, and they could not say, "No; you can not do that kind of thing and discount that paper here."

There is another thing they want to do. They want to provide that the establishment of any branch by a member bank shall not require the approval of the Federal Reserve Board. In other words, the banks from whom most of you gentlemen have been hearing during the last few days say they want you to take away all the safeguards that the Federal reserve system has as to the State banks and turn them loose absolutely.

Now, let us see about this extension of branch banking. What do we do with that? In the first place, the twenty-odd States

that do not allow branch banking are protected absolutely, because we prohibit any national bank or member bank from having branches in a State where it is forbidden by the State law.

Mr. NELSON of Wisconsin. Will the gentleman answer this question?

Mr. STEVENSON. Yes.

Mr. NELSON of Wisconsin. How are we going to bind the next Congress?

Mr. STEVENSON. How are we going to bind anything? All we can do is to do our duty to-day, and if the next Congress turns fool we can not help it. Frequently it does, but frequently both Houses do not do it at the same time. Well, this is the situation, and I want the attention of the gentleman from Maryland [Mr. GOLDSBOROUGH] and the gentleman from Wisconsin [Mr. NELSON]. The national banks have been recognized as proper institutions to have branches ever since 1865, and they have worlds of them to-day. I have been hearing the assertion that this is a recognition of the principle of national bank branches; that it had never been recognized before. The gentleman from Wisconsin said that a half dozen times and the gentleman from Maryland once.

Mr. NELSON of Wisconsin. The gentleman misquotes me. I said it was illegal. Does the gentleman deny that?

Mr. STEVENSON. Yes; I deny that.

Mr. NELSON of Wisconsin. Does the gentleman deny that the Supreme Court decided that national banks organizing branches was illegal?

Mr. STEVENSON. Yes, sir; I do deny that they said that. I do not deny they said that these national banks, originally chartered as such, could not put these little stations around in States where it was prohibited by the State law; but just wait a moment and I will show you what I am talking about. You talk about there never having been a recognition of branches of national banks—why, in 1865 they passed this law:

> It shall be lawful for any bank or banking association organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to form a national banking association in conformity with existing laws and to retain and keep in operation its branches or such one or more of them as it may elect to retain.

This was enacted in 1865, and there are, I should say, hundreds of branches of national banks to-day created in that way, recognized all this time and made entirely legal.

Mr. BLACK of Texas. And under that very section one of these big banks in California, which has branches all over the State, could now convert into a national bank and bring every one of them in.

Mr. STEVENSON. Yes. They have got them into the Federal reserve system, and they could bring every one of them into the national banking system. The Bank of Italy, with over 200 branches, could to-day, or at any other time it gets ready, convert into a national bank and have over 200 branches scattered over the State of California, and that could be done under the present law.

Mr. NELSON of Wisconsin. But that is with reference to State banks with their branches, and I am talking about national banks.

Mr. STEVENSON. When it gets in, what is it? It is a national bank.

Mr. NELSON of Wisconsin. Yes; we recognize that.

Mr. STEVENSON. You are misconstruing things. A State bank can come into the Federal reserve system with all its branches and a State bank with all its branches can convert into a national bank, and they have been doing that ever since 1865, and then it can have all these branches as a national bank.

Mr. NELSON of Wisconsin. I agree with the gentleman, but the gentleman is fair, and let me ask this question.

Mr. STEVENSON. All right.

Mr. NELSON of Wisconsin. A national bank that has not consolidated, but one that is distinctly a national bank, and a national bank only, can it now have branches?

Mr. STEVENSON. No, sir; and I have so stated. I have given you that opinion. I have given the Committee on Banking and Currency that opinion years ago, years before the Supreme Court said a word about it. But there is the unfairness of the whole thing, gentlemen. What have we got as an exact consequence of the gentleman's question and position? We have member banks of the States members of the Federal reserve system, with branches scattered all over places like California, one of them with over 200 branches, members of the Federal reserve system, unrestrained and untied.

Mr. CELLER. Will the gentleman yield?

Mr. STEVENSON. No; I can not just now. We have national banks that have been State banks and have converted, and they are doing that every day. We have them with a number of branches, some of them scattered all over great cities, and then we have honest-to-goodness national banks that are originally incorporated national banks and have acted straight and square about it, and we have them in competition with the other two institutions, both of whom we are recognizing and perpetuating. We propose to put the national banks proper upon the same footing as the others and to limit all of them to the municipality where they are doing business. That is what we propose to do.

Mr. CELLER. Will the gentleman yield now?

Mr. STEVENSON. Yes.

Mr. CELLER. Will the gentleman tell me and the other members of the committee by what authority the Comptroller of the Currency issues what is known as authorizations to establish teller windows or branches?

Mr. STEVENSON. The Supreme Court said that in a State where it was forbidden he could not do it. I am not championing that authority of the comptroller. I do not think he has any such authority, and therefore it has nothing to do with this controversy. The question is whether we are going to sit down and allow two different kinds of institutions, one of them national, the other State, with entrée to all the great resources and powers of the Federal reserve system, to stand up and hamstring and destroy, largely, our original national banks that have never undertaken by any subterfuge to have branches, and thereby be put at a discount as they are to-day.

Mr. NELSON of Wisconsin. Will the gentleman yield for one further question for information?

Mr. STEVENSON. I beg to be excused; but I will answer one more question, although the gentleman is taking up too much of my time.

Mr. NELSON of Wisconsin. The gentleman is a lawyer and is on the Banking and Currency Committee. Why did not the gentleman consider using the power under the Constitution to protect national banks from this evil?

Mr. STEVENSON. How can you do it? If you will tell me——

Mr. NELSON of Wisconsin. How did Andrew Jackson do it?

Mr. STEVENSON. He did not protect them from anything of this kind. He prevented the rechartering of a national bank. He had power to deal with that, but he had no power to deal with a State bank and neither has Congress the power to do it.

Mr. NELSON of Wisconsin. How about the 10 per cent on wildcat banks?

Mr. STEVENSON. It was not on wildcat banks, it was on currency, and Congress has the right to provide for the emission and the handling of all currency, and they taxed the emission of bills of State banks out of existence.

Mr. NELSON of Wisconsin. Does the gentleman hold we have not the power to protect the banks, but that we can protect the railroads?

Mr. STEVENSON. I hold we have no constitutional power to deal with these State banks if they undertake to conduct their business according to the charters granted by their States, but if they want to come in and avail themselves of a Federal instrumentality, then they have to comply with those conditions.

Mr. NELSON of Wisconsin. Just one more question for information.

Mr. STEVENSON. Well, I hope the gentleman will get through. [Laughter.]

Mr. NELSON of Wisconsin. I will. There is a bill pending to prohibit branch banking within certain territorial limits of national banks; does the gentleman think that would be unconstitutional?

Mr. STEVENSON. Go to the Attorney General if you want an opinion on the question of constitutionality. When that bill comes before the Banking and Currency Committee, then I will have an opinion on it, but that question is not before us now. I am somewhat like the boy and the gender of the cat. I want to see the cat. [Laughter.] I do not propose to give my opinion on something that is a pig in a poke.

Now, gentlemen, there is another thing I want to say. There is a great hue and cry that we are taking away charter rights of the State banks. Now, let us see what has been done and what the guaranty was. Some of these bankers from the Pacific coast made statements that they had agreements with the Federal Reserve Board that when they came into the system they could do as they pleased, practically, in the banking business. I do not think that the Federal Reserve Board has legislative power and if they have undertaken to exercise it I am in favor of repealing that power, and if they try it

again, of repealing the board. Let us not have any mincing of words about that. They had no right to make such an arrangement.

When these banks came in we enacted in the Federal reserve act that the Federal Reserve Board, subject to such conditions as they might prescribe, might permit the banks to become stockholders, and so forth.

Now, they want to repeal it and say that they can come in without permission of the Federal Reserve Board. We limit them in 609 (a), 609 (b), and 609 (c), and we have put these restrictions on as a condition of membership, and they are subject to examination by the Federal Reserve Board. There are 11 limitations on the charter powers of the State banks. When they become members of the Federal reserve system there are 11 limitations on their power when they come in. Now, do not get mixed up and say that they are entitled to all the charter powers, because I say to you that if they come in with all the charter powers there are 11 limitations or conditions on the exercise of those powers. The act imposes them and then says:

> Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory right as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created and shall be entitled to all privileges of member banks.

Now, that is subject to 11 qualifications, and one is that they must be doing the business of a legitimate bank. Over in Kentucky they are doing an insurance business as well as a banking business, and the Federal Reserve Board, following this exact law, says you must separate your insurance business from the banking business. Then they come here and ask us to repeal it so that they can run a junk store or a department store and call it a member bank. The State banks that become members to-day can have branches in States where they have branches everywhere in the State and they are doing it.

Mr. BRAND of Georgia. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BRAND of Georgia. A telegram was put in the RECORD a little while ago by the gentleman from Florida [Mr. GREEN], similar to telegrams which the Georgian delegation has been receiving, telegrams asking that they vote against this bill because it interferes with their rights under the laws of the State. I want to ask the gentleman if it is not a fact that State banks which are not members of the Federal reserve system will have the same rights left to them that they have now if this bill is passed?

Mr. STEVENSON. Yes. If not members of the Federal reserve system and do not undertake to become a member. It leaves them where they are. But if they do become members, they have got to live up to these requirements. Now, we have State banks that have branches in the city and out of the city regardless of territorial limits except by the State. We have the national banks without any branches. Now, what do we propose to do? We say to the State banks, "You can keep your right of extension if you want to, but you can not come into the Federal reserve system that way. You have got to abandon everything outside of the city where you live." We say to the national banks, "You have got to throw away all branches; you have got to throw away all branches you have outside of the municipality which you have acquired since the passage of this act and acquire no more." We put them all in the same municipality, all under the same inclosure, all in the same pen. We say to them, "You are on an equality so far as branches are concerned, and you can not put a branch outside of where you live; you can not put a branch anywhere that the State forbids." If that is not restriction, then I do not know what the English language means.

Is that correct? Read the bill and you will see. No State bank after this act is passed can come into the system and bring any branches into it that were organized, that are outside of the municipality where it is. Therefore, do not you see we either make them stay out or slough off their excrescences at once? No national bank would be allowed to maintain any instituted outside of the city where it is located, even if instituted under the old system, if instituted after the passage of this act, and no national bank can establish one anywhere where the State forbids it. I think that is a pretty considerable limitation. I think my friend from Wisconsin [Mr. NELSON] will come to the conclusion that this is not such a good start for the Money Trust as he thought it is. The Money Trust! Is that an institution which is situated over here in New York or in Boston or in Baltimore, that has institutions under its control all over the State of New York, or Massachusetts, or Maryland, or in San Francisco, with its institutions all over the State of California? That is what I would consider a trust in the matter of credits that is dangerous, and I am opposed to it; but this is a restriction and not a dissemination of the work of the branch banks.

We are told that the Senate will do so and so. It is improper for me to mention the Senate, but it was mentioned here. That is not our responsibility. We have a condition confronting us that has to be met. No national banks going out of the system? Why, there are millions and millions of dollars in the last year—I shall not give you the exact figures, but they will be given you—which have been lost to the Federal reserve system on account of millions of dollars going out by banks which are denationalizing themselves and taking State charters and placing their branches everywhere.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. WINGO. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. STEVENSON. Just one word now about the remainder of the bill.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. FULMER. As we understand it, the Federal Reserve Board and the Federal reserve system seem to be strong against the branch-banking system, and it is proposed here to fix to a certain extent that system. Will the gentleman explain why they allowed a State bank to come in with a chain of branch banks some time ago?

Mr. STEVENSON. The gentleman has made a double-barreled statement. He says that the Federal Reserve Board and the Federal reserve system are very much against branch banking. The Federal reserve system is, and I hope to help to keep it so, but the Federal Reserve Board is just about as bad the other way as anyone can be. Some of that Federal Reserve Board are in favor of the Canadian system of abolishing all except about one bank and putting branches all over the United States.

Mr. FULMER. That change seems to have come about within the last year or two.

Mr. STEVENSON. I do not know the processes, but it has been coming, and it is here, and you can not get a vote to-day in that board on the question. There are three of them who are absolutely in favor of the widest system of branch banking that can be devised, I am informed. I do not know myself personally, because I have not polled them. And there are three more who are weak in the knees on the subject and do not want to vote upon it.

Mr. BRAND of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BRAND of Georgia. Mr. Platt, the vice governor of the Federal Reserve Board, some time ago issued and distributed throughout the country—and he sent some of them to me—a letter addressed to Mr. MCFADDEN, chairman of this committee, wherein he strongly argued against the passage of this bill because it restricts branch banking, he taking the opposite view in favor of indiscriminate branch banking.

Mr. STEVENSON. Yes; that is the position. That shows you where they are. Mr. Platt is the wildest man in the world, I think, on that subject; there is no one as wild as he is. He is against this bill.

Mr. FULMER. I might say to the gentleman that he was strong for the same thing and that practically all of the other members are against it, and Mr. Platt is from New York.

Mr. STEVENSON. Yes; the others have come over, a good many of them, I am informed—so much so that you can not get a vote out of that board on the subject.

We will discuss this bill under the five-minute rule. I intended to discuss another feature of it, but it is too late. I want gentlemen to remember three things. First, that we have branch banks in the Federal reserve system by way of State banks that have them. We have branch banks in the Federal reserve system by way of national banks which have once been State banks and which have established branches and have then been converted into national banks, and they are prepared to put branches anywhere they please within or without the limits of the States where they exist. Then we have national banks that have no right to branches. We propose to keep all of them within the municipalities where they exist, provided the municipality is big enough to warrant branch banking, and thereby put all of these banks on an equality. I am against anybody's incorporating branch banks and scattering them all over the country. We can not cut off those already there, but we are prepared to take care of the situation from this time on, and it is the best that we can do, and I say that we had better do it now, or the Lord only knows how

much branch banking you will have within the next few years.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. WINGO. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, this is probably the most important bill that has come before the House during the present session. There are 17 distinct propositions involved. Several of them are very important and should be seriously considered by the House, but I shall undertake to confine myself at this time to a discussion of the provisions of the bill which relate to branch banking. I shall expect to discuss some of the other provisions of the measure when it is read for amendment.

The chief purpose of this legislation is the extension of the privilege of branch banking. That constitutes the core of the bill. Mr. Chairman, I have the highest regard for the members of the Banking and Currency Committee of the House, and I have no criticism to offer against members of the committee who differ from me in this matter. But I wish to say that the demand for legislation extending branch banking was here when I became a Member of this House and the same appeal has been made and the same arguments offered during all this time. For several years this appeal met with no serious response among members of the Banking and Currency Committee, but there has been a gradual abandonment of opposition to this legislation during the last four or five years. Finally, a majority of the members of the committee has enlisted in its support. When opponents meet you in the open, you know where you are and how to fight, but when false theories are clothed in misleading terms, when evils are hidden in a wooden horse, those who fight them are always at a disadvantage. Let no Member of the House be deceived by the claim that this bill is intended to limit branch banking. Its purpose is to extend the practice to national banks. True it is only an entering wedge, but it is that.

One of the first things I was told when I became a member of the Banking and Currency Committee was that national banks were going to abandon the national system and by their conversion into State banks ruin the Federal reserve system, unless they were permitted to operate branches in competition with State banks. Well, the Federal reserve system is still alive. The national banking system is still with us, and instead of the national banks having gone into the State system and the Federal reserve system having been destroyed there has been a large increase in the number of national banks, their resources are many times what they were, and the Federal reserve system has grown by leaps and bounds. Under the operation of that great system we have enjoyed a prosperity never known before. The sections of the country that were worst in need of credit and currency have experienced a progress almost undreamed of prior to the passage of that act.

Under that law we financed the greatest war of all history and emerged from that conflict the creditor Nation of the world and the financial center of the universe. That great system has been a veritable Gibraltar for the commercial, industrial, and agricultural interests of America, and it is to-day the outstanding stabilizing force in the affairs of the world. The system is still growing; loans of the Federal reserve banks showed an increase of $827,000,000 between June 30 and September 28, 1925, and investments an increase of $58,000,000; so that at the end of September the total volume of loans and investments was nearly $1,000,000,000 larger than three months earlier and about $3,000,000,000 larger than they were a year previous. Deposits of these banks increased by about $400,000,000 between the end of June and the end of September, and September 30, 1925, were about $3,500,000,000 larger than they were September 30, 1924. I am taking these figures from the Federal Reserve Bulletin of January, this year. In this progress national banks have kept pace with State banks at all times.

Who can seriously contend in the face of these facts that the success of the Federal reserve system is being jeopardized by failure to permit national banks to engage in branch banking? I hope Members of the House will not fail to understand that is the chief purpose of the bill before us. Everything else in the bill is incidental and all argument to the contrary is either camouflage or based on misunderstanding. I am sure some people have been led to favor this bill through a misunderstanding of its effect, but the forces that are responsible for it know full well what they are seeking to accomplish, and their object is to extend the privilege of branch banking to national banks that are not permitted to operate branches under the present law. I am sure if this fact were fully understood some of the support of this bill would be withdrawn. I am sure there are not many advocates of branch banking in this House.

No one participating in this debate has said that branch banking is a desirable thing for the United States. If there is any Member of this House who takes the position that branch banking is a good thing, I should like to have him say so here and now, and I give opportunity for that answer. An open fight for such a proposition could not win in this House. Nobody here advocates it openly. It is condemned by nearly all leaders of thought in the banking world.

MONOPOLISTIC

Three times the American Bankers Association has denounced branch banking. Minty, in American Banking Methods, sets forth these resolutions:

Resolved by the American Bankers Association, That we view with alarm the establishment of branch banking in the United States and the attempt to permit and legalize branch banking; that we hereby express our disapproval of and opposition to branch banking in any form by State or national banks in our Nation.

Resolved, That we regard branch banking or the establishment of additional offices by banks as detrimental to the best interests of the people of the United States. Branch banking is contrary to public policy, violates the basic principles of our Government, and concentrates the credit of the Nation and the power of money in the hands of a few. (Minty, American Banking Methods, p. 30.)

The American Bankers Association in its resolution condemning branch banking adopted in 1922 thus summed up the case against branch banking:

Branch banking is contrary to public policy, violates the basic principles of our Government, and concentrates the credit of the Nation and the power of money in the hands of the few.

Branch banking is un-American; it is undemocratic; it is monopolistic. It has been tried in Canada, and the figures show that the banking facilities of that nation are in the hands of a monopoly that is dangerous and destructive. Independent banks have been reduced in number until they now have in that great country, with its vast territory, only 11 independent banks. The number has been reduced from 35 in the year 1905 to 11 in 1925, with about 5,000 branches.

The same situation exists in Great Britain. The number of independent banks in England has been reduced from 429 in 1842 to 14 in 1925. Branch banks in Great Britain number 7,900. In Canada, where branch banking obtains, what has happened?

Mr. GOLDSBOROUGH. If the gentleman will yield, I think there are only 11 branch-bank systems, not independent banks, in Canada.

Mr. STEAGALL. They have 11 parent banks.

Mr. GOLDSBOROUGH. Yes.

Mr. STEAGALL. They have 11 parent banks, with something like 5,000 branches operating throughout the Dominion of Canada. In that great country no bank can be established except by an act of the Canadian Parliament. Any loan made by one of these branch banks must first be submitted to the parent bank at Toronto, Quebec, or Montreal. These cities alone have the parent banks. There is not an independent bank in all western Canada. In such a system, when depression comes, the parent bank holds the supply of credit and currency and exercises control to the exclusion of the demands of agricultural interests scattered throughout the Dominion. These branch banks are officered by outsiders; the capital is usually owned by outsiders; the earnings and dividends are distributed to outsiders. It is absentee banking; it is carpetbag banking. The men in control of the branch banks are not identified with the interests of the community in a commercial way nor in social life. Their business is to get what they can out of the investment, to be distributed elsewhere, and to absorb the deposits of the community, to be withdrawn at will, and in time of distress to be transferred to favored centers selected by the few who control the parent institution.

When a failure occurs where branch banking obtains it does not involve only one town or one community, but the whole chain is pulled down, upsetting the economic life of many communities.

In Australia 13 banks, with 1,700 branches, failed in six months for $450,000,000. One failure in Canada involving 80 branches resulted in $10,000,000 loss to depositors. In 1920 London had one failure with losses of $14,000,000. This is equal to about one-third of all losses sustained by depositors in our national banks during the 60 years that our national-banking system has been in force.

Mr. BEGG. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BEGG. Is it possible for a branch bank under a branch-banking system to give the same service to the individual patron as it is for an independent bank?

Mr. STEAGALL. The gentleman asks if it is possible. Theoretically, it may be possible, but——

Mr. BEGG. But actually?

Mr. STEAGALL. In practical effect it is not. The officials in a branch bank have not the contact with the interests of the community nor in a personal way that is essential——

Mr. NELSON of Wisconsin. May I submit there that over in Alberta when you go to a branch bank and the manager has got to find out, it may have gone to headquarters and you have to wait for them to get a check on it. He is a new man and all in all that is a devilish system when you come to deal with it.

Mr. STEAGALL. Under such a system when a man applies for an ordinary commercial loan with ordinary commercial security back of it, he must wait until the officers of the parent bank investigate the application and pass on it, and the transaction involves almost as much delay as is the case with an application in a farm-loan bank by a farmer desiring to arrange a loan on real estate running over a period of 30 years. Such a community is practically little better off than it would be without any banking facilities. Of course, there can be no real general competition in such a system. With only 11 parent banks it is too easy to get together, parcel out territory, and establish a unified control practically as monopolistic in effect as if the entire system were in the hands of one set of officers. The personal element is a big thing in banking operations. Everybody knows that. This is a feature of independent banking. This is a big factor in the service rendered a community and the growth of enterprise and industry along lines that can not be had when the control is in a distant center where there is no knowledge of local conditions, no personal contact, and where the character of the individual applicant is eliminated from consideration.

Mr. CANNON. Mr. Chairman, will the gentleman yield there for a question?

Mr. STEAGALL. Yes.

Mr. CANNON. Is it not possible that the head bank will also exert a political, as well as financial, influence?

Mr. STEAGALL. Unquestionably, that is so. That has been said repeatedly in this debate. I do not care to repeat arguments that have been presented, but everybody knows that when you give control of the credit and banking of a community to a monopoly it not only carries with it the power of life and death over every business enterprise in that community but likewise the power to dominate the politics and official life of that community. If any argument is needed to support this statement, you can find it, if you would take the time to trace the progress of this bill in this House. This legislation is a demonstration of the influence of those who control credit in this country.

When I first came to Congress nobody in this House advocated this legislation. There has not been a time since I have been a Member of Congress until the present régime, where a few master influences dominate our finances and our politics, that it was possible to pass a branch-banking bill in this House. Everybody who is familiar with the history of this legislation knows what I am saying is so. I do not wish to say harsh things. I have no censure for the bankers of the country. I am always glad to have their counsel and advice, and I sympathize with national bankers who feel that they should be permitted to engage in branch banking in order to meet competition, but we must remember that they have a selfish interest in the matter.

I prefer to follow the judgment of the American Bankers' Association, expressed at a time when their judgment was untrammeled and when they were permitted to express their best thought. I am standing by the judgment that was supposed to be dependable in this matter until pressure was turned on and influences set to work to manufacture sentiment. I do not enjoy being in a position of opposition to the influences supporting this bill. I do not claim to have more courage than my associates. I should like to be in favor with the powers that be. I do not know when I may need to start life over again. I am a poor man, and my tenure as Congressman is for only two years, just as is the case with other Members; but I am standing for sound principles.

I have been taught too long that branch banking is vicious to give my support to this bill. These lessons were taught me by some who are now advocating this measure, but I am right where I was when it was first proposed. I am simply standing firm. I am getting rather lonesome, but I am still there, and I propose to stay. [Applause.]

Mr. FULMER rose.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes; but I prefer to yield first to the gentleman from South Carolina.

Mr. FULMER. Is it not a fact that character and ability are practically excluded in considering an application for a loan from a branch bank?

Mr. STEAGALL. Oh, yes. That is unquestionably true. Character can not have much place or standing with the officers of a parent bank who are removed absolutely from all personal touch with the applicant. Now, I yield to the gentleman from Georgia.

Mr. CRISP. I have had no opportunity to study this bill. The gentleman from South Carolina [Mr. STEVENSON] said it would restrict branch banking. Let me ask the gentleman whether in his opinion it is calculated to restrict branch banking?

Mr. STEAGALL. I will come to that a little later, and I hope to make clear to the gentleman what the provisions of the bill will accomplish in that connection. The gentleman's inquiry is very pertinent.

Mr. ALMON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. ALMON. The gentleman's statement in the main regarding branch banking may be true in its practical application, but I do not want the gentleman's statement to go unanswered in this—that I know of my personal knowledge of a parent bank that has quite a number of branch banks in my district, and they have men in charge of those branch banks, as managers and directors of that institution in these towns, who pass upon the collateral, and do not have to report to the parent bank. In addition to that, they are not only working very satisfactorily, and to the satisfaction of our people in that community, but they have gone and established banks where independent capital would not go, and in that way they have rendered an invaluable service.

Mr. STEAGALL. Yes; but those instances in the few isolated towns the gentleman has in mind constitute no index to the conditions in the vast field of finance to which I have referred. Let me say to my friend that I feel sure he will find that his constituents to whom he refers will not advise him to vote for the bill now under consideration.

Mr. ALMON. I wanted to mention some facts that I happen to know of in regard to certain branch banks.

Mr. STEAGALL. What I have said is true. I can not bring myself to yield to the clamor to ingraft the evil of branch banking upon the national banks of the country. I shall not yield to that clamor merely to aid the few banks to meet competition. I shall not lend my vote to the proposition which involves the surrender of sound principles of banking merely to aid a few national banks in making more money. It is a surrender of sound principles of banking, against which we have been repeatedly warned by the American Bankers' Association and almost all the men of the banking world, whose opinion any man would stand on this floor and offer as worthy of consideration.

Mr. BRAND of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BRAND of Georgia. Are the State banks in all the various States of the Union members of the American Bankers' Association? I do not know myself.

Mr. STEAGALL. I have not the figures with which to answer your inquiry.

Mr. BRAND of Georgia. Some of them are.

Mr. STEAGALL. I am sure many of them are, but I do not know how many. The State bankers of this country constitute a big force. There are about 20,000 State banks in the United States.

Mr. BRAND of Georgia. They are members of the American Bankers' Association, are they not?

Mr. STEAGALL. Many of them are, of course; but I do not know what proportion.

Now, the gentleman from South Carolina talks about the effort here to restrict the powers of State banks. Well, there are two or three ways of answering him. In the first place, if it is regarded as a great evil for State banks having branches to come into the Federal reserve system, the sensible thing to do about it is to pass the necessary laws to cure the evil and stop it. So far as I am concerned, I would continue to permit State banks to join the Federal reserve system, just as they were permitted to do in the beginning, and which there is nothing now to prevent them from doing, except a regulation

of the Federal Reserve Board, which the Federal reserve act does not authorize.

I would not take away any of the charter rights or powers of State banks as a condition upon which to admit them to membership in the Federal reserve system. The Federal reserve act was passed with the distinct understanding and express provision that State banks should be eligible for membership and should be permitted to come into the system with all the rights given them under their charters. I know there are certain qualifications, as pointed out by the gentleman from South Carolina, but the surrender of branches by State banks applying for membership was not laid down as one of those qualifications, and for 10 years State banks with branches were admitted into the Federal reserve system without question in that regard.

We are told that the Federal reserve system can not accept the paper of State banks on terms of equality with the paper of national banks, because State banks are not subject to the Comptroller of Currency, as is the case with national banks.

Let me remind you that the very law from which the gentleman from South Carolina read provides that whenever a State bank comes into the Federal reserve system it must submit to the same examination as is provided for national banks, and there is thrown around such an institution every safeguard that is thrown around a national bank, so far as examination from Washington is concerned, and State banks are subjected not alone to examination by the authorities of the Federal Government but, in addition to that, they are subject to all the regulations of State law and to examination by State authorities. So we see that State banks come into the Federal reserve system under dual safeguards in the matter of examination, whereas national banks have only one. When we submit State banks to the same examination as national banks there is no reason why they should not be treated upon terms of equality with national banks. [Applause.]

So the only confusion that has arisen at this point results from a regulation issued by the Federal Reserve Board denying membership in the Federal reserve system to State banks with branches, which is, in the face of the Federal reserve act as construed by the Federal Reserve Board itself, up to the time the regulation was issued. For my part, I would make no change in the Federal reserve act in this regard, but, if it is desired to exclude State banks having branches from membership in the Federal reserve system, it would be easy to pass a law to that effect. If this is to be regarded as an evil, we should attempt to cure it, instead of embracing it and extending the evil to national banks, as we are undertaking to do in this bill.

Is it not remarkable that just at the time the Federal Reserve Board was attempting by regulation to deny membership in the Federal reserve system to State banks operating branches the Comptroller of Currency should have made an order permitting national banks to operate branches without authority of law? That is what was done, not alone in the States where State banks were permitted to conduct branches, but an effort was made to permit national banks to open branches in States where the State law denied this power to State banks. This is the order that was contested in the famous St. Louis case.

Eighteen States joined with the State of Missouri in contesting this action, and the national banks in St. Louis were joined in an effort to establish branches contrary to law by a number of the big national banks in New York and elsewhere who are now clamoring for the passage of the bill before us, which we are asked to believe is solely for the purpose of enabling national banks to meet the competition of State banks in States which permit branch banks. The Comptroller of the Currency, backed by Attorney General Daugherty, fought this proposition through the courts, notwithstanding a contrary opinion by Attorney General Wickersham which had been accepted by everybody up to the time the comptroller made the order attempting to permit branch banking by national banks.

And, in face of this record, gentlemen tell us on this floor that the purpose of the bill before us is to restrict branch banking in the United States.

We are asked to believe that the same crowd that attempted to force branch banking by national banks upon the State of Missouri, contrary to the law as determined by the Supreme Court of the United States, are trying to pass this bill for the purpose of restricting branch banking.

My good friend from South Carolina said there are "worlds of branches" in the present national-banking system. Well, the gentleman from South Carolina was speaking out of the enthusiasm of the moment. He is usually very accurate. He is a great lawyer, and I have the profoundest respect for his opinions and for the accuracy of his statements. I have not the figures before me, but it is my understanding that there are only a very small number of national banks that have branches. We have no way by which a national bank can have branches except where they were at first permitted in connection with State institutions which convert into national banks or when absorbed by consolidation. So, in the interest of accuracy, I should say there are only a very few.

Mr. NELSON of Wisconsin. I can give the gentleman the figures.

Mr. STEAGALL. I shall be glad to have them.

Mr. NELSON of Wisconsin. In the Nation there are 2,233 branch banks, all told, and there were only about a thousand in 1920.

Mr. STEAGALL. I think those figures are misleading.

Mr. NELSON of Wisconsin. Those figures are taken from a Federal reserve survey.

Mr. STEAGALL. That may be true, and they may be correct as to the total number of branches, but I am sure they are erroneous as to the number of branches being operated by national banks. There could not be that many.

Mr. NELSON of Wisconsin. Pardon me. That is the number of branches brought in by States.

Mr. STEAGALL. You mean the total number of branches in the Federal reserve system—embracing those operated by State banks and the few operated by national banks.

Mr. NELSON of Wisconsin. There are no national banks that have any legal branches.

Mr. STEAGALL. Oh, yes. National banks have branches which they have gotten by having absorbed a State organization that had branches or by consolidation, and there is only a very small number of them in the Federal reserve system.

Mr. NELSON of Wisconsin. I meant strict national banks and not consolidations.

Mr. STEAGALL. Well, of course that is true.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLACK of Texas. I just wanted to say that on pages 14 and 15 of the comptroller's report the gentleman will find a full list of national banks that do have branches.

Mr. STEAGALL. Will the gentleman furnish the number? I am glad to have the facts. It will not disturb me if it is different from my recollection.

Mr. BLACK of Texas. I may not have counted correctly, as I counted hurriedly, but I think there are 53 branches that come under section 5155, and 71 that come under the conversion of State banks into national banks and consolidation with other national banks.

Mr. STEAGALL. So it is a little over 100.

Mr. BLACK of Texas. Something over 100.

Mr. STEAGALL. That is my recollection. I could not give the figures exactly, and I did not wish to attempt to do so at the risk of appearing inaccurate and giving Members of the House incorrect information, but the number is about what I had in mind. In fact, I have seen the figures, but did not recall them for the moment.

Now, my friends, we have the number of branch banks in the Federal reserve system that are operated by national banks and they number a little over 100. These are the "worlds of branches" mentioned by the gentleman from South Carolina.

Mr. NELSON of Wisconsin. There were only 1,000 of these in 1920, and now there are 2,233.

Mr. STEAGALL. We have 20,000 State banks in the United States, with only 1,500 of them members of the Federal reserve system—I am speaking in round numbers—yet it is stated that since 1913 the great Federal reserve system has become weighted down by the membership of State banks having branches, when out of a total of 20,000, only 1,500 of them have joined the Federal reserve system.

Mr. FULMER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. FULMER. Quite a lot of those joined because they could get the benefit of the par clearance of their checks and various things like that, otherwise they would not have come into the system.

Mr. STEAGALL. That is true. No doubt numbers have joined for those reasons, but the truth is only a small per cent of State banks have joined the Federal reserve system because of quarrels and controversies which I can not discuss in the limited time allotted me in this debate. It is also true that many State banks have left the Federal reserve system. I think I know how to remedy some of these difficulties. I venture to suggest that instead of attempting to restrict the membership of State banks in the Federal reserve system, it would be better to attempt to remove points of dispute between State banks and members of the Federal Reserve Board and bring the State banks into the Federal reserve system where they may be in touch with that great reservoir of credit which

they will need if distress and disturbance ever come again in the financial world.

The gentleman from South Carolina made one statement to which I desire to call particular attention. He said that the Federal Government has no power to stop branch banking in the States. That is true, and I submit that if it is true it answers the main argument offered by him in support of this bill. The one great argument back of this measure is that it restricts branch banking, yet we have no branch banking except such as was authorized by State law. The few branches in the Federal reserve system operated by national banks only got there because national banks took over State banks that had branches or converted from State banks into national banks. So we see that the great problem of branch banking in this country is in the States, and the gentleman from South Carolina admits that the Federal Government is without constitutional power to stop it. Did he not say that?

If branch banking only exists as the result of State law and Congress is without constitutional power to stop it, what becomes of the claim that the purpose of this bill is to stop branch banking? I want somebody to answer.

The gentleman from South Carolina [Mr. STEVENSON] is one of the greatest lawyers in the House and probably the ablest advocate of this measure in the House, or at the other end of the Capitol as for that matter, and he tells us the Federal Government has no constitutional power to control the action of the States in the matter of branch banking, and at the same time we are told the purpose of the bill is to stop the evil of branch banking. So we who are opposing this bill are right, or the contention in support of it is insincere, and I would not make that charge.

Mr. BRAND of Georgia. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BRAND of Georgia. I do not see the gentleman from South Carolina [Mr. STEVENSON] here, but I did not understand him to say that if this bill were passed it would restrict State banks with reference to branch banking.

Mr. STEAGALL. Yes; the gentleman was talking about what Andrew Jackson did to a great central bank in his day. When he was told that a monopolistic bank held the power of life and death, not only over business but over politics, Old Andrew Jackson said:

> If that is true, it has more power than it ought to have and we must destroy the infernal thing.

Mr. BRAND of Georgia. Will the gentleman yield again?

Mr. STEAGALL. And in reply to that the gentleman from South Carolina said that we have not the constitutional power to stop branch banks in the States, and I repeat, if we have not that power, what becomes of the contention that such is the purpose of this bill? Now, I yield to the gentleman from Georgia.

Mr. BRAND of Georgia. All right; but I will let the storm pass by first. [Laughter.] I am enjoying the gentleman's speech, and I think a great deal of my colleague on the committee.

Mr. STEAGALL. I am trying to suppress a storm. The gentleman tempts me, but I am trying to suppress it.

Mr. BRAND of Georgia. I understand the gentleman from South Carolina [Mr. STEVENSON] to be referring to banks that are not members of the Federal reserve system. This bill will have no effect upon them whatever unless they become members of the Federal reserve system. That is what I understand him to say.

Mr. STEAGALL. Let me repeat to the gentleman that we have no branch banks in this country except as originally authorized by State law. No national bank has any branches or can have them under the present law except where it has absorbed a State bank that had branches, and there are only a hundred of them approximately.

Mr. BLACK of Texas. The gentleman, of course, knows that a State bank can convert into a national bank.

Mr. STEAGALL. Yes; that is what I am talking about.

Mr. BLACK of Texas. No; the gentleman said where a national bank takes over a State bank.

Mr. STEAGALL. That is my way of expressing it. I refer to national banks that have branches which were originally authorized by State law. I can not state the matter in the technical language employed by may friend. In fact, I can not keep up with the gentleman from Texas on this bill.

Mr. BLACK of Texas. There are two ways, if the gentleman will permit, and I know the gentleman wants to be accurate. One is for a State bank to take out a national banking charter and bring in all its branches.

Mr. STEAGALL. Yes.

Mr. BLACK of Texas. Another is for a State bank to convert into a national bank and then consolidate.

Mr. STEAGALL. So I repeat my statement that there is no way by which any national bank can have a branch except as it gets it from a State bank originally, and there are only a hundred of them, approximately.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. WINGO. Mr. Chairman, I give the gentleman from Alabama 10 additional minutes.

Mr. ALMON. Will my colleague now yield for a very brief question?

Mr. STEAGALL. In just a moment. I want to deal with the question propounded by the gentleman from Georgia. His inquiry is very pertinent. Does this bill stop branch banking? I answer unqualifiedly no. Does this bill reduce the number of branch banks? I answer unqualifiedly that it does not.

It is claimed that the bill restricts branch banking because it provides that in future State banks that join the Federal reserve system must surrender all their branches outside city limits, in which they would be permitted to have one branch in towns between not under 25,000 nor over 50,000 population, two branches in towns not under 50,000 nor over 100,000 population, and an unlimited number of branches in cities of above 100,000 population. The answer to this is, in the first place, that State banks are now being excluded from membership in the Federal reserve system by a regulation promulgated by the Federal Reserve Board. Again, it is not necessary to authorize national banks to have branches in order to pass a bill restricting the right of State banks having branches in joining the Federal reserve system. But the fact is, the whole claim with reference to denying State banks with branches the right to membership in the Federal reserve system is a farce, for the reason that State banks have shown clearly that they do not care to join the Federal reserve system except in very small numbers.

It has been 13 years since the enactment of the Federal reserve law, and out of 20,000 State banks only 1,500 have joined the Federal reserve system, and no appreciable number have been kept out by the recent ruling of the Federal Reserve Board restricting their membership. Practically all State banks with branches who cared to join the Federal reserve system did so the first few years after the Federal reserve system was established. This claim represents a man of straw. They are locking a stable that has not got a horse left in it.

The bill provides that national banks may have one branch in cities of from 25,000 to 50,000 population; two branches in cities with a population between 50,000 and 100,000. This will allow something like 400 branch banks, and all of them to be members of the Federal reserve system. In addition to this they allow all national banks in cities having a population of 100,000 or more to have an unlimited number of branches. No one can tell how many this will let in, but there will be a vast number representing the larger banks of the country with enormous capital and stupendous power to be used in a monopolistic system. That is how this bill stops branch banking. The claim is made that the bill limits branch banking because only one branch is allowed in cities between 25,000 and 50,000 population. That is no limitation of branch banking whatsoever, because under existing law no branches are permitted in such cities. The same is true in the limitation as to cities between 50,000 and 100,000 population to two branches. Under the present law no branches can be established in such cities. The claim is made that the bill is a limitation upon branch banking because national banks will not be permitted to operate branches anywhere outside cities. That is misleading for the reason that under existing law no such branches can be operated by national banks. Every limitation is only a pretense or a farce.

In cities of 100,000 population or more there is no limit whatsoever. This shows the philosophy underlying this whole scheme—that the voice whose force can not be drowned is the one that shall be heard by Congress.

The limitation that hereafter no national bank shall be permitted to operate branches unless situated in a State which at the time of the passage of this bill permits branch banking is another delusion. It amounts to no more than a promise that the wrong we are doing will not be repeated in the future. It is ridiculous to make the promise, because everybody should know that when a State that now prohibits branch banking changes its law so as to allow it national banks in such a State will insist upon the same right to engage in branch banking to meet competition. They will have the same argument and the same excuse that now exists for those to whom we are extending the privilege under this bill, and such a provision is in utter conflict with the other provisions of the act and the reasons upon which it is founded. It means no more

nor less than a statement that "We are going to do this wrong on this occasion, but after this we are going to swear off."

Mr. WINGO. Will the gentleman yield?

Mr. STEAGALL. In a moment.

So, we see that every restriction which is being paraded by those who support the bill is built of straw. It is only an artful method by which to confuse and mislead.

This bill will not close any branch bank in the United States, but it will open hundreds of them inside of five years, everyone of which will be members of the Federal reserve system.

Mr. WINGO. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. WINGO. Under the present law the State banks in my State can come to the legislature, and they will permit the State banks to have branches, and no national bank will oppose it.

Mr. STEAGALL. Yes. And when we pass this bill the branch-bank advocates in every State in this Union will be reinforced by the national banks that desire the privilege of branch banking. This bill will be the entering wedge. That is what it is intended to be by those who have turned on the clamor for this action by Congress. The limitation that it shall apply only to cities will soon be swept away. There will be no way to answer the argument of those who want branches outside the larger cities when they decide they need them to meet competition with State banks, and their contention will not be unreasonable. This bill does not rest upon sound principles. We are asked to yield the best judgment of the banking world and pass this bill to meet the exigencies of national banks that want to make more money than they can make without the privilege of operating branches.

When we abandon sound principles and lend ourselves to the movement to legislate upon other considerations we can not withstand the appeal of those who want branch banking outside the larger cities. We will be told, and properly so, that the dangers of monopoly in branch banking are less as applied to smaller banks outside the larger cities than as applied to the big banks with big resources in the large centers of wealth and population. You can not divide a principle by a municipal line.

Again, if we shall yield the principles involved at the behest of bankers in some States, who want branch banking in order to make more money, we shall not be able to withstand the appeal that will be made by bankers in States where branch banking is now prohibited when they insist upon like consideration in years to come.

The first great mistake we are making in the passage of this bill is in the abandonment of sound principles. Too often, I fear, we approach these subjects of great importance too much from the standpoint of expediency and temporary benefit to those selfishly concerned. I heard a half day's discussion of the tariff in this House recently, and not a man on either side in that argument seriously mentioned any principles involved. The whole argument hinged upon the question of who was to receive the greater amount of the ill-gotten goods to be obtained by unjust discrimination in the law. [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. STEAGALL. Not just now. I have not the time.

My friends, that is the trouble about the bill now before us. Instead of trying to cure the evil of branch banking and eradicate it, instead of saying to those who clamor for a monopolistic control of currency and credit, you can not go any further in fastening upon this country the European system of banking monopoly, we are attempting to deal with relative benefits resulting from such a system and allowing it to be extended when we should be trying to destroy it. The national banking system ought to be a pattern for the States and not subject to change to meet the whim of every legislature that may be led into unwise action in the different States of this Union. How are we going to stop when we abandon sound principles and start down the road of expediency? The truth is, we are letting in under this bill something like one-third of the banking resources of the United States, concentrated in a few centers of wealth and population, and possessing a power difficult to grasp. It would be far safer to deny the privileges of branch banking to the big fellows with their vast resources and extend it to the small banks ouside the cities, than to put dangerous power in the hands of the big banks and exclude the little fellows.

Those who are to reap the benefits of this legislation already have all the power over business and politics that should be placed in their hands.

Mr. BLANTON. Will the gentleman yield now?

Mr. STEAGALL. Yes.

Mr. BLANTON. The gentleman convinced me in the last Congress, and I am with him.

Mr. STEAGALL. I have so understood the gentleman's position, and I am glad to know those of us who are making this fight have his indorsement.

Mr. BLANTON. Then why does the gentleman let an omnibus bill come like this before the House with no minority report—just a few of the Members are here, and most of the Members think that this bill is agreed to, coming from the Banking and Currency Committee, and three prominent members of that committee are opposed to it, yet it is brought upon the floor without any minority views. The gentleman does not give the Members of the House the benefit of his views.

Mr. STEAGALL. I will say to my friend that I am having a hard time keeping anybody with me in this fight.

Mr. BLANTON. The gentleman has kept me with him all of this time.

Mr. STEAGALL. I am very happy to know that. The forces back of this bill have been making gradual headway in recent years, and so many are yielding to the clamor that I hesitated to draw the line and undertake to make the issue that would have been precipitated had effort been made to file a minority report. We made this fight in the last Congress, and I supposed it would be understood that the same fight would be made again, though I am sorry to say some who were with us then in opposition to the bill are not with us now. Ordinarily the procedure suggested by the gentleman from Texas would undoubtedly be the strategic course to follow; but I am only one member of the Banking and Currency Committee, and I hope he will not hold me responsible for all that is done by every body of men with whom I happen to be associated. I am sure the gentleman would not like to be judged by that standard himself after the many times he has stood alone on the floor of this House. [Laughter and applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. KURTZ].

Mr. KURTZ. Mr. Chairman, I thought when I first came on the floor this afternoon that I would have something to say, but after listening to the addresses that have been made against the branch-banking features of this bill I find myself almost in the position of the little boy who remained at his father's table longer than his father thought he ought to remain. The father said, "Son, when I am through I leave the table," and the son replied, "Yes, father, and that is about all you do leave." [Laughter.] The gentlemen who have preceded me have not only covered their own fields but have swept over mine with speeches so wide in their range and so exhaustive in their research as to leave me but to echo their counsel and indorse their philosophy.

There may be instances in which the granting of the privilege of branch banking to national banks is defensible. If there are such cases, they can be found more readily in those States where branch banking is permitted to banks organized under State laws than elsewhere.

The principal argument put forth by the proponents of branch banking is that it will enable national banks to do what State banks can do, and thus successfully compete with them. This is an unsound argument. If it is only right for national banks to do branch banking because certain State banks do so, there can be no justification for it except upon the theory of self-defense, which is a right invoked only when an unjust, illegal, or unwarranted attack is made upon one innocent of wrong.

The principle involved in such cases is that there is no time within which to invoke the law to restrain the assailant, and force may, therefore, be used to repel force. In other words, the defendant in such cases can lawfully use the same weapon and degree of force that the assailant uses who makes the attack.

Mr. MANLOVE. The gentleman is arguing from the standpoint that one evil will not cure another.

Mr. KURTZ. I surely am, as I shall prove before I get through. In no other event, however, is the doctrine of self-defense justified in the eyes of the law or the common custom of any civilized community.

If it were not so the doctrine of an eye for an eye and a tooth for a tooth would still prevail. In all such cases the one who invokes the principal and pleads the right of self-defense therefore admits that the assailant is committing a wrong. He is trying to combat a wrong with a wrong, forgetting that two wrongs can not bring about a right.

To-day we live under an entirely different code of ethics. Instead of assailing a competitor with weapons of brutal offense, as in the days of old, it is the policy of our law to compel all to conduct themselves and their business within certain prescribed restrictions, and with due regard to the rights of others. Why should we not invoke this policy with respect to all banks, both State and national?

If branch banking is wrong, why not abolish it everywhere? Why attempt to justify a wrong in a national bank because a State bank is sometimes permitted to commit a wrong?

The trend of the times is toward the building up of big business and, in many cases, the elimination of small business. Both, however, are necessary and have their places in America, and both should have equal protection under our laws. The great accumulations of capital represented by our large financial institutions are required in the great centers of trade. Smaller banks, however, are also necessary in the smaller communities of the country. Great captains of finance, with skilled directors to control the policies of their banks, are trained by the great banks of the land. They know what is essential in carrying on big business successfully. They make finance their career. They know full well that the first great essential of every bank is to get deposits and to keep on increasing these deposits year by year. Without deposits a bank must go out of business. It can not carry on. Deposits are as necessary to a bank as a main spring is to a watch. So, not content with having one bank building, one place of receiving deposits, usually in the best business section of the city, these great captains of finance seek another and another branch until, under this bill, in a city of only 51,000 people their bank can have two additional branches. Usually these branches only exist for the purpose of receiving deposits.

Borrowers can not be accommodated except at the central institution or mother bank. While these different branches are established primarily to secure deposits, they may be established also to destroy competition. At least they usually result in doing so. The fact that a branch may not be profitable at once is frequently immaterial to the mother bank, because other branches may be profitable. Even if they are not so at first the mother bank can stand it until competition is destroyed and the small bank forced out of business. In such cases the stockholders not only often lose their money but the community loses an institution to which it has been accustomed to go for accommodation and to which it is entitled.

In these smaller banks are directors of the region in which the banks are located who are acquainted with the people of the locality, know their needs and whether or not they are responsible in the event a loan is requested. Moreover, they know the personality of a borrower, which is frequently such an asset as to make the loan perfectly secure, whereas this would not be taken into consideration by the directors of the large bank with branches, because these directors would lack the close touch and intimate acquaintanceship in the immediate vicinity. The mother-bank directors know nothing whatever about the personal equation of the individual borrower and can see only that sufficient collateral is put up and kept up to allow 20 per cent in excess of the loan required. Furthermore, the directors of small banks are usually the leading men of the community, and their training acquired in carrying on the bank is valuable and fits them for service to the community. Their bank experience is a training school. They become the school directors, the justices, the notaries, the men of affairs in the region in which they live. They grow into the leaders and are the backbone of our land. Destroy the small bank and you destroy one of the most potent influences for good in every small American community to-day. These men stand for property rights and the sanctity of the law. They oppose the doctrine of internationalism and the teachings of the Red. We need them, every community needs them; we destroy them at our peril.

Mr. Chairman, I think the Congress of the United States has ample power to curb and restrict the banking system wherever found, organized under the State law or elsewhere. We have in the United States Constitution what is known as the interstate commerce clause. There is not a bank in this land that does not do interstate commerce in one way or another. Take in my own State, 20 miles from any railroad, there is a bank, which is 100 miles from any State line, and yet that particular bank has depositors, I am sure, as every other bank in the land has, who do interstate commerce through the agency of that particular bank. You will find all of the people of the rural communities getting the Sears-Roebuck catalog, or the catalog of Montgomery, Ward & Co. Let us say that they want a pair of curtains or a cook stove or some wall paper. What do they do? They send to Sears, Roebuck & Co. for that particular article which they desire, and in payment thereof send a check across State lines out to Chicago drawn on the bank in the community in which they live. They are, in a measure, doing interstate business through the bank as their agent. Within that particular domain Congress has the power and the authority to curb all banks which are violating the interstate commerce law by the enactment of an adequate statute. Further, under the postal regulations of the United States if we pass a law prohibiting the banks, either State or national, from having branches, the Congress has the power to impose such restrictions on them in the use of the postal facilities of the country as it may see fit.

Let us see how branch banking works out on the people of a community. I have in mind a little town of 60,000 population. There is a large bank there. That bank can have only two branch banks in that particular town.

Mr. MANLOVE. I suggest to the gentleman that we call that a pretty good-sized burg out in Missouri.

Mr. KURTZ. That may be so; nevertheless, they can have two branch banks there, and what happens? Two miles away from this city there is another town of 10,000 people. There is a bank there that has been in existence for 20 or 30 years, a fine institution, one that has served the community as well as any institution can serve any community, whether big or little. What happens? The same power that can get a bill of this kind through the committee, the same power that can get a bill of this kind through Congress can extend the political jurisdiction of a particular community or the charter of that particular city so that it will include the little town 2 miles away. Then the big bank can establish 2 miles or 3 miles away or 5 miles away, as the case may be, a branch bank alongside of the institution that has been fostered by the men of that small community for a generation or more. It is a dangerous proposition, and I, for one, mean to vote against this particular phase of banking. I have nothing to say about the remainder of Mr. McFADDEN's bill. I think in many respects it is an admirable one and all right. I shall not vote against it in so far as the other portions of the bill are concerned; but when it comes to branch banking I am opposed to it, because I believe it is un-American and confiscatory. I heard a man say the other day that they would not try to destroy the branches that were organized by the national banks before this act went into effect. They said it would take away the rights of the individual. They do not hesitate, however, in this bill to take away the rights of the individual bank in the case of the little town that I have just mentioned, by unwarranted competition, because it happens to be taken into the city limits of a larger town.

That would take away absolutely every vestige of strength those people have from a financial standpoint.

Mr. MANLOVE. Will the gentleman yield for one question that occurs to me?

Mr. KURTZ. I will.

Mr. MANLOVE. And that is whether without branch banking the different community centers all over the country will really take care of individual enterprise and the other interests of the communities? Now, you have a busy community up in Pennsylvania, and I would like to have your ideas as to whether or not without branch banking business always has a banking outlet?

Mr. KURTZ. In answer to that I desire to say to the gentleman from Missouri that so far as I know—of course, I am not acquainted everywhere in the United States—but, so far as I know, there is not any place in the United States where there are 10,000 people that is not taken care of by the banking interests of the vicinity. I know of none, and I do know that the State of Missouri, from which the gentleman hails, had a case whereby a certain large institution in the city of St. Louis concluded it would have branch banks, and the case was taken to the Supreme Court of the United States, and because of the fact that there was an act of assembly on the statute books of the State of Missouri prohibiting branch banking, the Supreme Court of the United States held that the Comptroller of the Currency was not authorized under the law to allow branch banking in that State.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KURTZ. Can the gentleman yield me two minutes more?

Mr. McFADDEN. I yield the gentleman two minutes.

Mr. MANLOVE. I might say to the gentleman that I do not think there is a spot in the State of Missouri where business interests are not taken care of sufficiently by the individual banking interests of that community.

Mr. KURTZ. I think that same thing can be said about every other community in the land.

Mr. LaGUARDIA. And surely in the cities they have all the facilities they want, undoubtedly.

Mr. KURTZ. Surely, they have more facilities there than they have in the country. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. WINGO. I yield 15 minutes to the gentleman from Texas [Mr. BLACK]. [Applause.]

Mr. BLACK of Texas. Mr. Chairman, as has been stated during the debate, this bill covers some 16 or 17 different propositions connected with the national banking act, and I think it may be fairly stated that the purpose of all of them is to endeavor to give us a better national-banking system. And I will say this at the outset: If there is one line in the bill or any paragraph in the bill or any section of the bill that will not give us a better national-banking system, it ought to go out. Whenever we have legislation in this House for the national-banking system, or regulating the railroads, or for labor, or for the farmer, or for anything else, the paramount consideration ought always to be the good of the general public, and so far as I am concerned it does not make any difference with me whether the banking fraternity support this bill or whether they are against it. The principal inquiry is, Will the adoption of the bill give us a better national-banking system? That ought to be the only inquiry. Now, my good friend [Mr. STEAGALL] made a very able argument in opposition to the bill, as did also my friend from Maryland [Mr. GOLDSBOROUGH], and the gentleman from Alabama [Mr. STEAGALL], using a facetious expression, I am sure, said that pressure had been brought to bear on other members of the committee which they could not resist, and therefore they were supporting it. Well, now, no one holds a higher regard for the gentleman from Alabama than I do, and yet I do not think other members of the committee are any more influenced by outside pressure than he is. None of us are. We are simply exercising our best judgment. I have about 75 banks in my district, National and State, and I have not received a telegram or a letter from one of them expressing themselves one way or the other upon this bill. I do not know whether they are for it or whether they are against it.

It is up to me to study the bill carefully and compare it with existing law and decide whether I should support it. Several of the propositions covered by the bill are not contested, and therefore I deem it unnecessary to debate them. I am going to confine my remarks to sections 7, 8, and 9 of the bill, which deal with branch banking. Now, I do not mind stating frankly that if I had my will in the matter I would rather have one banking system with unit banks, and have all banks members of the Federal reserve system. That is what I would like to see in this country, and yet we all know that is impossible. We know that can not be, but because I believe that sections 7, 8, and 9 will bring about some uniformity in the branch-banking situation, which is now admitted to be very much confused, I intend to support the bill. Now, what sort of a situation do we have at the present time? We have, as my able colleague [Mr. STEVENSON] told you, section 5155 of the Revised Statutes, which we have had since 1865, and under that statute a State bank can take out a national bank charter, come into the national-banking system with everyone of its branches, regardless of where they are located. They do not even have to be located in the State where the State bank is domiciled. They may be located in a different State——

Mr. LAGUARDIA. How would they be State banks?

Mr. BLACK of Texas. They would be chartered under the State banking law, with branches located in other States.

Mr. LAGUARDIA. And chartered in the other States?

Mr. BLACK of Texas. No. The branches would not be chartered in other States, but permitted to do business in other States. If the gentleman will look at page 14 of the Comptroller's Report he will find that one bank, the Bank of California, National Association, is located at San Francisco, and has branches at Portland, Oreg., Seattle, Wash., and Tacoma, Wash.

This was formerly a State bank in California and under its State charter had established these three branches.

Subsequently it relinquished its State charter, took out a national charter under section 5155, Revised Statutes, and brought its branches in with it. That procedure has been resorted to many times and creates a very uneven situation in the national banking system, which ought to be dealt with in some way, and that is what we propose to do in this bill.

Mr. BLOOM. The San Francisco bank which you mentioned has a State charter?

Mr. BLACK of Texas. Yes; it had a State charter before it was converted into a national bank, and it had branches in these other places.

Mr. BLOOM. The gentleman does not mean to say that they operate the banks in other States under the same charter?

Mr. BLACK of Texas. They now have a national banking charter, and they own and operate these other banks under that same charter.

Mr. O'CONNELL of New York. By permission of the other States?

Mr. BLACK of Texas. No. By permission of section 5155, Revised Statutes, United States, which has been in effect since 1865. Under that statute a State bank can take out a national banking charter and bring every one of its branches into the national-banking system, and does do it, regardless of where they are located.

Now, that is one phase of the matter. Here is another: Under our present law as it now exists a State bank, regardless of whether it has branches or not, can take out a national banking charter and consolidate with another national bank and bring in all of the branches; and if you will look at page 15 of the comptroller's report you will find a recital of the number of branch banks that we now have in the national-banking system under this consolidation act of November 7, 1918. Then, as has been emphasized in the debate and as was mentioned by our good friend the gentleman from Wisconsin [Mr. NELSON], when a banking corporation takes out a charter under the national-banking act, under the general law they can, of course, establish no branches. That is correct. That is the sort of situation that we now have, and it is the purpose of this bill to bring order and uniformity out of this confused situation and amend the law whereby no national bank will be allowed hereafter to establish a branch except in the city where it is domiciled. And, moreover, it will not have the right to do that except in States which by affirmative law permit branch banking to its State banks. And, moreover, it is further restricted to banks which are located in those States which at the very time of the passage of this act permit branch banking.

Now, my friend from Wisconsin [Mr. NELSON] and other gentlemen have asked, "Why do you want to do this at all?" The statistics show, they say, that the national banks are not losing any ground as compared with the State banks. I do not know where the gentlemen got their figures. If you will refer to the report of the comptroller, the 1925 report, which came to our desks a few days ago, you will find that from October, 1923, to October, 1925, a period of two years, 166 national banks relinquished their national charters and took out State charters, and they had an aggregate capital of $566,000,000. And let me say to the gentleman from Wisconsin that you will find that during the same period 113 State banks were converted into national banks, with an aggregate capital of $245,000,000.

Mr. NELSON of Wisconsin. What year is the gentleman talking about?

Mr. BLACK of Texas. I am giving the figures from October, 1923, to October, 1925, the most recent figures that are available. During that period of time national banks with a capital of $566,000,000 left the national system and took out State charters as against 113 State banks, which took out national charters, with a capitalization of $245,000,000, making a net loss to the national banking system of $321,000,000. These figures are not imaginative. They are real, and they demand our serious consideration.

Mr. NELSON of Wisconsin. May I say to the gentleman in just a moment that on page 24 of the report of the Federal Reserve Board for the year 1924, the year Mr. Dawes was covering, are the figures, which I took; just for one year.

Mr. BLACK of Texas. Here is the trouble with the gentleman's figures. The figures, which the gentleman gives, were those of banks that retired from the Federal reserve system. They had no relation to the question of how many national banks relinquished their national charters and took out State charters. The national banks that took out State charters doubtless all remained members of the Federal reserve system. But what I am talking about is that there went out of the national banking system 166 national banks with an aggregate capital of $566,000,000 in those two years.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. STEVENSON. I will remind the gentleman that they have the right, on becoming State banks, to withdraw from the Federal reserve system.

Mr. BLACK of Texas. Yes. But so long as they remain national banks they are compelled, under the Federal law, to remain members of the Federal reserve system. That is why I am making this speech. I want to stress the danger which lies in hobbling our national banks, so they can not compete on equal terms with State banks.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes; I will yield to my friend from New York, and then I must hurry along.

Mr. BLOOM. Will the gentleman tell us whether or not he thinks it safe, under paragraph (b) there, on page 6, to permit 25 per cent of the capital stock paid in and 25 per cent of the unimpaired surplus to be made in one individual loan? Does the gentleman think that is a safe banking proposition?

Mr. BLACK of Texas. What paragraph does the gentleman refer to? I do not think I quite caught his question.

Mr. BLOOM. That on page 6, covering investment securities.

Mr. BLACK of Texas. Yes. That paragraph provides that no national bank shall be permitted to invest more than 25 per cent of its unimpaired capital and surplus in marketable obligations, commonly known as investment securities.

Mr. BLOOM. We want safer banks as well as better banks.

Mr. BLACK of Texas. I agree with the gentleman. Under the present law the banks, for example, in the gentleman's city of New York have no restriction upon them as to the amount which they may buy of these investment securities.

Mr. BLOOM. They have a restriction of 10 per cent.

Mr. BLACK of Texas. No; they have not. They can invest their entire capital and surplus at the present time in investment securities, and the comptroller says we ought to write a restriction in the law, limiting it to 25 per cent of the capital stock and unimpaired surplus of the bank; and I think he is right. Does that answer the gentleman's question?

Mr. BLOOM. No.

Mr. BLACK of Texas. The section which I think the gentleman has in mind is 5200 and we will reach that section later on in the bill. I will be glad to hear him discuss it when we reach it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. May I have five minutes more?

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. BLOOM. Does the gentleman think it right, as this bill provides, to allow them to loan 50 per cent, not on the appraised value but on the value of the real estate?

Mr. BLACK of Texas. It means the appraised value.

Mr. BLOOM. It does not say so. Do you think it is right for a bank to loan any money on real estate?

Mr. O'CONNELL of New York. You mean at the assessed value?

Mr. BLOOM. No; that would be worse than not anything at all. The gentleman says assessed value. You can assess it at any value.

Mr. BLACK of Texas. Under the present law, for a good many years, the banks have been permitted to loan on real estate under certain conditions, and the only change this section makes in the present law is to permit State banks to loan for a period of five years rather than for one year on city property. The bill very wisely provides that the aggregate of all real-estate loans which a national bank may have, including city and rural property, shall not exceed 25 per cent of the bank's unimpaired capital and surplus or 50 per cent of its savings deposits.

Mr. BLOOM. On the actual value.

Mr. BLACK of Texas. I know what the gentleman means.

Mr. O'CONNELL of New York. But savings banks loan money on assessed value.

Mr. BLOOM. No; on appraised value and not on assessed value.

Mr. BLACK of Texas. If the gentleman wants to offer an amendment to further safeguard that provision, I am sure the House would be glad to consider it. I agree with him that real-estate loans are often very unliquid and should be guarded with the greatest care. If this bill overlooks any wise precaution, we ought to put it in.

Now, gentlemen, before I conclude I want to refer briefly to section 9, which has been attacked by opponents of the bill as a provision that is a play upon words and means nothing and will not restrict state-wide branch banking. Section 9 provides that no bank coming into the Federal reserve system hereafter shall be permitted to operate branches outside of the city of its domicile.

Now, we have in California a situation where state-wide branch banking is permitted, and, as has been stated by my able colleague [Mr. STEVENSON], one bank out there, now a member of the Federal reserve system, has 200 branches. Let me say to you gentlemen that if you are ever going to put any restriction upon that practice, and if you are going to prevent that condition from spreading over the United States, you had better take this opportunity to do it, because I tell you that once that California system of branch banking is extended to other States it will be a very difficult situation to deal with.

Gentlemen have said in this debate that they do not want to see the United States drift into the Canadian system of branch banking. That was the burden of the speech of the gentleman from Wisconsin [Mr. NELSON]. Let me say to him, you once let the California system of state-wide branch banks get strongly intrenched in these United States and you will have to all intents and purposes the Canadian banking system. We will now see what the independent unit bankers of California think about section 9 and whether it is mere meaningless phrases, as the gentleman from Alabama [Mr. STEAGALL] contended in his very able speech. I have here the Independent Banker, published by the California League of Independent Bankers, dated December 19, 1925. Here is what a paragraph of it says:

> The independent or unit bankers of the United States are squarely behind the McFadden bill. The Independent Bankers of California are urging its adoption, including section 9, and these bankers are determined that no change shall be made in section 9, and suggest that the adoption of the McFadden bill will be a step toward an orderly solution of the State-wide branch banking problem in California.

Then, in another place it goes on to say:

> The California independent bankers concur with the American Banker, which says:
>
> "The purpose of section 9 of the McFadden bill is to put a stop to the extension of branch banking outside the city limits, not in one State but in every State, so that branch banking in the United States will be confined simply to cities. We believe that most bankers, both large and small, want to see our present system of independent banks preserved. The McFadden bill draws a sensible, clear line at which to stop branch banking, namely, the limits of a single city; and no big banker who is sincere in his views that our independent banking system should be encouraged could ask that the line be extended. Otherwise, he would be opening the door for extensions ad infinitum."

Now, gentlemen, because I believe this law will bring a great degree of uniformity out of a situation that is now very much confused and muddled, I intend to give it my support. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman and gentlemen of the committee, it is with great reluctance that I oppose this bill, and I am going to oppose the bill because I fail to find therein certain perfecting amendments.

I am one of those who favor branch banking, and I might say, first as last, that you can inveigh against branch banking as much as you will, but branch banking is here to stay and nothing that we can do can rip branch banking from our national fabric.

Permit me to reiterate what I stated a year ago, when this bill was before the House:

> Comparatively few States prohibit branch banking, and in these States where it is allowed the branches are limited to the cities or counties. This bill in the main seeks to arrest the present growth and development of branch banking, and in that sense is praiseworthy. It will prevent State banks and trust companies which are members of the Federal reserve bank from opening additional branches beyond the corporate limits of the city where the parent bank is situated and at the same time will allow national banks the right to open branches within the same municipalities, but such branches shall be limited to said municipalities. The national banks shall have the same rights as well as the same limitations as State banks as to branches. If a State prohibits branches to State banks, then a national bank in that State shall likewise be denied the right of branching out.
>
> In States allowing branch banking a very anomalous situation has arisen. State banks have branched out but national banks could not legally acquire branches except by merger and consolidation. This has given rise to a condition of unfair competition, with State banks having the better of it.
>
> The New York Corn Exchange Bank has 58 branches. It is a State member bank of the Federal reserve. Our bank of Manhattan, being one of the oldest banks in New York City, has 33 branches. The Manufacturers' Trust Co., of New York, has, I believe, 12 branches. It is unfair to make the national banks in New York City, with no legal power to branch, meet that competition, where these State banks are enabled by our State law to reach out and get all the business to be had in the city of New York, with its five great boroughs and hundreds of small communities.

It might interest gentlemen to know what effect small unit banks have upon the credit of the country and how really

disastrous small banks in the country are. I have taken the trouble to determine the number of failures of all banks, National and State, during the last two years. I herewith put into the RECORD a classified list of those banks:

Statement of closed banks, 1925, classified as to capital and district

Capital	Federal reserve districts												Total banks	Total capital
	1	2	3	4	5	6	7	8	9	10	11	12		
Less than $25,000:														
National banks	0	0	0	0	0	0	0	0	0	0	0	0	0	
State member banks	0	0	0	0	0	0	0	0	0	0	1	0	1	$15,000
Nonmember banks	0	0	0	5	26	10	29	37	71	30	20	3	231	3,068,150
Total	0	0	0	5	26	10	29	37	71	30	21	3	232	3,083,150
$25,000 but less than $50,000:														
National banks	0	0	0	1	4	1	7	0	23	5	1	4	46	1,210,000
State member banks	0	0	0	0	1	3	2	1	4	0	0	1	12	315,000
Nonmember banks	0	0	0	4	15	12	32	6	34	15	4	4	126	3,496,500
Total	0	0	0	5	20	16	41	7	61	20	5	9	184	5,021,500
$50,000 but less than $100,000:														
National banks	0	0	0	0	5	7	5	0	19	4	3	3	46	2,580,000
State member banks	0	0	0	0	0	0	2	0	1	0	3	2	8	475,000
Nonmember banks	2	0	1	0	11	5	17	4	14	12	9	3	78	4,355,720
Total	2	0	1	0	16	12	24	4	34	16	15	8	132	7,410,720
$100,000 but less than $200,000:														
National banks	0	0	0	2	1	1	3	0	1	2	3	2	15	1,675,000
State member banks	0	0	0	0	0	2	2	0	0	0	1	0	5	500,000
Nonmember banks	0	0	1	1	5	1	4	4	0	4	2	2	24	2,650,000
Total	0	0	1	3	6	4	9	4	1	6	6	4	44	4,825,000
$200,000 but less than $500,000:														
National banks	0	0	0	0	0	1	1	0	1	5	3	0	11	2,450,000
State member banks	0	0	0	0	0	0	2	0	0	0	0	0	2	650,000
Nonmember banks	0	0	1	1	0	0	1	2	0	0	0	0	5	1,128,363
Total	0	0	1	1	0	1	4	2	1	5	3	0	18	4,228,363
Grand total	2	0	3	14	68	43	107	54	168	77	50	24	610	24,568,733

NOTE.—There were three closed banks for which no capital figures could be obtained, and therefore could not be included in this table.

Banks with capital of less than $25,000—all State banks—make up 38 per cent of the total number, and 12.6 per cent of the total capital.
Banks with capital of less than $50,000 make up 68 per cent of the total number, and 33 per cent of the total capital.
Banks with capital of less than $100,000 make up 90 per cent of the total number, and 68.2 per cent of the total capital.
Banks with less than $200,000 capital make up 97 per cent of the total number, and 82.8 per cent of the total capital.
Leaving banks with $200,000 capital and over making up 3 per cent of the total number, and 17.2 per cent of the total capital.
The capital of the largest bank that closed was $400,000, and there was only one of these.

Statement of closed banks, classified as to capital and districts, 1924

Capital	Districts												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
$25,000 and less	0	3	0	0	16	26	58	36	229	89	22	11	490
$26,000 to $49,000	0	0	0	0	3	6	5	5	17	11	8	2	57
$50,000 to $74,000	0	0	1	0	7	5	21	10	30	20	9	11	114
$75,000 to $99,000	0	0	0	0	2	0	1	1	4	2	2	3	15
$100,000 to $124,000	0	0	0	0	4	4	11	0	11	10	8	0	48
$125,000 to $199,000	1	0	0	0	1	1	2	1	3	0	0	1	10
$200,000 to $499,000	0	0	0	0	0	2	3	2	4	1	2	0	14
$500,000 to $1,000,000	0	0	0	0	0	0	0	0	1	1	1	0	3
Over $1,000,000	0	2	0	0	0	0	0	0	0	0	0	0	2
Total	1	5	1	0	33	44	101	55	299	134	52	28	753

Banks with capital of $25,000 and less make up 65 per cent of the total;
Banks with less than $50,000 capital, 72 per cent;
Banks with less than $75,000 capital, 88 per cent;
Banks with less than $100,000 capital, 90 per cent; and
Leaving banks with capital of $100,000 or more making up 10 per cent.

The 753 banks closed had combined capital of $35,267,595 and surplus of $11,375,390.

Of these, 127 were national banks with capital $9,365,000 and surplus $4,099,260. Thirty-four were State member banks with capital $2,545,000 and surplus $759,630, and 592 were nonmember banks with capital $23,357,595 and surplus $6,516,500.

National banks comprised 17 per cent of the total number closed, with 26½ per cent of the capital, State member banks 4½ per cent in numbers and 7 per cent of capital, and nonmember banks 78½ per cent in numbers and 66½ per cent in capital.

Of the 753 banks closed during the year, 38, with capital of $1,155,000, have been reopened.

The inescapable conclusion from these tables is that the smaller the bank is with reference to capital and surplus the more likely it is to close its doors, and the reverse is also true that the larger the bank the less likelihood of that bank getting into trouble. Among the failures of 1925—and there were 610 of them—and among the failures in 1924—and there were 753 of them—we find that as to banks with a capital of less than $25,000 in 1925 there were 231 failures; that as to banks with a capital from $25,000 to $50,000 there were 184 failures; that as to banks with a capital from $50,000 to $100,000 there were 132 failures; that as to banks with a capital from $100,000 to $200,000 there were 44 failures; and as to banks with a capital from $200,000 to $500,000 there were only 18 failures. The situation was the same in 1924, as you will note from the 1924 table.

Mr. O'CONNELL of New York. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. O'CONNELL of New York. Is my friend contending that all of these failures happened within the last two years?

Mr. CELLER. These failures have occurred in the last two years.

Mr. O'CONNELL of New York. Under a Republican administration?

Mr. CELLER. Quite so. The gentleman might find some comfort in that.

Mr. HOUSTON. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. HOUSTON. How many of those banks were branch banks?

Mr. CELLER. I have not exactly figured that out, but I say this; that most of these banks were banks that were small country unit banks and were not amalgamated one with the other so as to form one strong combination to resist a failure.

Mr. HOUSTON. Were not those failures largely because of overloans?

Mr. CELLER. I can not give the gentleman that information. That information is obtainable from the Federal Reserve Board. Suffice it to say the conclusion is inescapable, that we have a situation where banks with a capital of less than $25,000 are more apt to fail than banks having a capital from $200,000 to $500,000. Most, if not all, of those small banks were not branch banks, and on the other hand, most of the larger banks were banks that had a number of branches.

Mr. CANNON. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. CANNON. The gentleman states that a great majority of these banks which failed were small country banks. Is it not true that their failure was due to the financial stringency in the country as compared to the prosperity in the city rather than to the size of the capital?

Mr. CELLER. That may be another conclusion that you may be able to draw from these facts. I give you these facts for whatever they may be worth, and I draw my own conclusion from them. For that reason I can not for the life of me see how I could in good conscience oppose branch banking.

Further answering the gentleman, however, if the country bank were a branch of the city bank, then the so-called prosperity of the city would come to the help of the country. Why should a farmer in the country or a resident of a suburb of a great city be denied the convenience of access to strong financial banks of the city, an access which the more fortunate residents of the city now enjoy. I am informed by responsible officials of the Federal Reserve Board that it is the small unit banks that are the common source of trouble to the clearing houses and bank examiners and that they are the ones who go down and fail during the panics.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WINGO. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CELLER. However, there is another aspect of the situation, and that is with reference to the discriminations that would occur, if this bill as now drafted were passed, against State banks connected with the Federal reserve system having branches. We hear a lot about putting both national banks and State banks upon a parity. That is the main purpose of this bill. We hear it said that as long as State banks have the right to maintain branches we should accord that same privilege to national banks. I am with every gentleman who says that, but the Committee on Banking and Currency has stricken out of the bill section 10, which would in every sense do this.

Section 10, found on pages 16 and 17 of H. R. 2, Report No. 83, in part provides:

> That the Federal Reserve Board shall not prescribe any condition of membership which will prevent the applying bank from competing with national banks on a basis of substantial equality or which will subject the applying bank to any greater limitations or restrictions than those under which national banks shall operate.

In other words, with this provision reestablished in the bill State banks applying for membership in the Federal reserve system could compete with national banks on a parity or equality. Without such, or a similar provision, that equality is lacking. That is the nub of my objection to this bill. It is so important an objection that despite the benefits of the bill I must vote against it.

Under the present system, which would be unchanged by the passage of this bill unamended, certain regulations known as Regulations H, series of 1924 (as amended April 7, 1924), have been issued by the Federal Reserve Board, applicable only to State banks and trust companies. I have no quarrel with these regulations; they are just and sound. My quarrel is that these regulations do not apply to national banks. For example, under Section VI of these regulations entitled "Principles governing establishment of branches," subdivision 3, thereunder, we have the following:

> The Federal Reserve Board as a general principle will require each bank or trust company which establishes or maintains branches, agencies, or additional offices to maintain for itself and such branches, agencies, or additional offices, an adequate ratio of capital to total liabilities and an adequate percentage of its total investments in the form of paper or securities eligible for discount or purchase by Federal reserve banks.

Should not these restriction apply to both kinds of banks?

When a State bank applies for a branch it must receive the approval of its State superintendent or supervisor of banks, and in addition must go to the Federal Reserve Board and satisfy Regulations H. The national banks, however, need only to go to the Comptroller of the Currency. They need not bother their heads about Regulations H.

The Comptroller of the Currency has been guilty of most peculiar actions with reference to granting permission of branches to national banks.

Let us now see what has happened in New York with reference to the wide powers that have been arrogated unto himself by the Comptroller of the Currency in establishing these national-bank branches.

Mr. STEVENSON. Before the gentleman leaves that point, I think the gentleman is confused about section 10. Section 10 does not deal with the matter of branches at all. Section 10 deals with the induction of State banks into the Federal reserve system.

Mr. CELLER. I refer to report No. 83, containing section 10, which was stricken out.

Mr. STEVENSON. It is section 10 of the bill, but it is stricken out by an amendment of the committee. It does not refer at all to the matter of branches, but refers to the admission of a State bank into the Federal reserve system and has absolutely nothing to do with branches.

Mr. CELLER. I do not believe the gentleman has read far enough along that section. I will read for the benefit of the gentleman at the bottom of page 16 this language in section 10 as it is crossed out, and if this language were in the bill I would vote for it:

> *Provided, however,* That the Federal Reserve Board shall not prescribe any condition of membership which will prevent the applying bank from competing with national banks on a basis of *substantial equality or which will subject the applying bank to any greater limitations or restrictions than those under which national banks shall operate.*

(Italics my own.)

Mr. STEVENSON. Yes; and that does not refer to branches at all. It refers to the restrictions which are placed on their lending their whole capital to one borrower and then discounting that paper with the Federal reserve banks, and that language would repeal that restriction which is already in the statute and turn them loose to come in here and do as they please.

Mr. CELLER. Would the gentleman agree to put in the bill the language that was stricken out?

Mr. STEVENSON. No; I moved to strike that language out of the bill in committee, and I am certainly against putting it in the bill now.

Mr. CELLER. I understand the chairman of the committee was not opposed to those words and is willing now to put them back into the bill.

However, let me continue my thought with reference to what has happened in respect of these wide powers or seeming powers that the Comptroller of the Currency exercises. We have heard much of the Missouri case which seems to brand upon the very powers the comptroller is exercising a stigma of illegality, absolute illegality, because the First National Bank *v.* Missouri, reported in the United States Supreme Court Reports, Volume 263, at page 657, without peradventure of a doubt, says that the action of the Comptroller of the Currency in allowing branches of national banking associations is absolutely illegal.

Mr. Justice Sutherland of the United States Supreme Court delivered the opinion of the court and in part stated as follows:

> The State of Missouri brought this proceeding in the nature of *quo warranto* in the State Supreme Court against The First National Bank of Missouri to determine its authority to establish and conduct a branch bank in the city of St. Louis.
>
> The Missouri statute (11737, R. S. Mo., 1919) provides "that no bank shall maintain in this State a branch bank or receive deposits or pay checks except in its own banking house."
>
> National banks are brought into existence under Federal legislation, are instrumentalities of the Federal Government, and are necessarily subject to the paramount authority of the United States. Nevertheless, national banks are subject to the laws of a State in respect of their affairs unless such laws interfere with the purposes of their creation, tend to impair or destroy their efficiency as Federal agencies, or conflict with the paramount law of the United States. (National Bank *v.* Commonwealth, 9 Wall. 353, 362; Davis *v.* Elmira Savings Bank, 161 U. S. 275, 283.)
>
> The extent of the powers of national banks is to be measured by the terms of the Federal statutes relating to such associations, and they can rightfully exercise only such as are expressly granted or such incidental powers as are necessary to carry on the business for which they are established. (Bullard *v.* Bank, 18 Wall. 589, 593.) * * * Among other things the Federal law (Rev. Stat. 5134) provides that the organization certificate of the association shall specifically state "*the place where its operations of discount and deposit are to be carried on, designating the State, Territory, or district, and the particular county, city, town, or village.*" By another provision (Rev. Stat. 5190) it is required that "*the usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate.*"
>
> *If it had been intended to allow the establishment by an association of not one bank only but, in addition, as many branch banks as it saw fit, it is remarkable, to say the least, that there should have been no provision for adjusting the capital to the latter contingency or for determining how or under what circumstances such branch banks might be established or for regulating them.*
>
> But it is said that the establishment of a branch bank is the exercise of an incidental power conferred by 5136, Revised Statutes, by which national banking associations are vested with "all such incidental powers as shall be necessary to carry on the business of banking." *The mere multiplication of places where the powers of a bank*

may be exercised is not, in our opinion, a necessary incident of a banking business, within the meaning of this provision.

Mr. STEVENSON. The gentleman does not understand that we are contending here he did have that power. I have always contended he had no power to do that. That is why this act is here.

Mr. CELLER. If you want to put a guise of legality on the acts of the comptroller by passing this bill, then, of course, what he is doing now is absolutely illegal.

Mr. STEVENSON. No; we do not want to do that, because that was illegal and under this very bill he could not put one in Missouri, because the State there prohibits branch banks.

Mr. CELLER. The language of the court in the Missouri case is broad enough to prohibit branches in every State, no matter what the local law may be. For that very reason I want to show to the gentleman what the conditions are in New York State with reference to these "teller windows," as these branches have been innocuously called.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WINGO. Mr. Chairman, I yield the gentleman two more minutes.

Mr. CELLER. And if you do not throw around the action of the comptroller some sort of safeguard, safeguarding the States and their banks, you will have a slew of branch banks or so-called "teller windows" abounding all over the country to the almost exclusion of branch State banks. If the gentleman will bear with me one moment, he will find out something that might surprise him with reference to the condition in New York.

We have, for example, the Public National Bank in New York that has established 19 "teller windows." They call them teller windows, but they are large monumental establishments, large buildings costing fortunes to build, and in the last year the comptroller allowed six of those so-called "teller windows" to the Public National Bank, and I am informed there are applications pending by the Public National Bank in the city of New York for more branches. At the present time they have 24 branches. The East River National Bank has nine "teller windows," and during the last year was granted five. This table will show how lavish the comptroller was in giving out "teller windows":

Banks	Branches by conversion	Branches by consolidation	Teller windows granted by comptroller, 1925	Total teller windows
The Chatham & Phœnix National Bank and Trust Co.	13			
Public National Bank	5		6	19
East River National Bank		2	5	9
National City Bank		3	2	4
Mechanics and Metals National Bank		12		1
Chase National Bank		7	1	1
Seaboard National Bank	2			
American Express Pacific National Bank		6		
Capital National Bank			2	5
Chemical National Bank				12

Mr. WAINWRIGHT. Will the gentleman give way just for a moment?

Mr. CELLER. Yes.

Mr. WAINWRIGHT. Are those teller windows in effect branches?

Mr. CELLER. Absolutely in effect they are branches where they receive deposits, pay out deposits and lend money, discount, and do an actual banking business. They make no bones of it. I may say to the gentleman from New York that somebody, possibly the attorney general of New York, has the right to bring quo warranto proceedings against these banks for setting up these so-called "teller windows" to operate in violation of law.

Mr. O'CONNELL of New York. They are separate establishments?

Mr. CELLER. Yes.

Mr. STEVENSON. If the gentleman will bear with me, I will show him where we stop that very thing under this proposed act. Under this bill any place is a branch bank where checks are received, deposits are received, or money loaned.

Mr. CELLER. Fine. But what do these banks care if the comptroller himself aids them in violating the present law?

Mr. STEVENSON. We make that a branch, and therefore under the control of the law. That is entirely illegal if it is being done.

Mr. CELLER. May I answer the gentleman? The gentleman will admit, however, that under the operation of the McFadden bill, so-called, when a national bank makes an application for a branch, it would only have to go to the Comptroller of the Currency; is that so?

Mr. STEVENSON. To be sure that is so.

Mr. CELLER. If the Comptroller of the Currency has seen fit to so flagrantly violate the law at the present time in the establishment of these "teller windows," how are you going to protect State member banks of the Federal reserve who have to go, in addition to their own State superintendent of banks or supervisor, to the Federal reserve to get their power to open branches. Should not State banks be protected against national banks by some amendment to this bill that regulations obtaining in the case of branches shall be operative against both State and national banks?

Mr. STEVENSON. Then the only thing to do is to do like Mr. Roosevelt said to the Comptroller of the Treasury on one occasion. When the comptroller reported to him he could not change the ruling he had made, Mr. Roosevelt replied:

Well, I am very sorry you can not change the ruling, but inasmuch as you can not change the ruling, I will change the comptroller.

That is the thing to do if your comptroller is at fault.

Mr. BLOOM. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. BLOOM. To which branches does the gentleman refer when he speaks of the East River National Bank?

Mr. CELLER. The East River National Bank during the last year has received permits to establish five so-called "teller windows" in Brooklyn and elsewhere.

Mr. BLOOM. The East River Bank was not in Brooklyn five years ago.

Mr. CELLER. I said five branches in the last year.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. WAINWRIGHT. Do I understand the gentleman is opposed to the national banks of New York having the same privilege as other banks in establishing branches?

Mr. CELLER. No; I am not opposed to that.

Mr. WAINWRIGHT. What more does this bill do?

Mr. CELLER. I want an amendment that will regulate one equally with the other if this bill is passed. At the proper time I shall offer an amendment in the following form:

The Federal Reserve Board, subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto, may permit the applying bank to become a stockholder of such Federal reserve bank: *Provided, however,* That such conditions or rules or regulations prescribed shall not limit or impair the charter or statutory rights and powers of such banks, nor shall the Federal Reserve Board impose any conditions or restrictions other than those under which national banks shall operate.

One further word, and then I shall have done. I take exception to remarks of the chairman of the Banking Committee when he speaks of propaganda by the National Association of Supervisors of the State banks. These supervisors represent a combined banking wealth far greater than the financial strength of the national banks. Their word in opposition should have as much force as the word in approval given by the American Bankers' Association.

The entire banking resources of the country are $55,000,000,000. Of this $22,000,000,000 is represented by the national banks and $33,000,000,000 is represented by the State banks. In other words, the State supervisors of banks therefore control a banking wealth of 50 per cent as great as that represented by the national banks. Their opposition to this bill because it fails to include my amendment should have great weight with this committee.

Mr. McFADDEN. Mr. Chairman, I yield 30 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. I do not care to use any time now, and I yield back my time.

Mr. McFADDEN. Will the gentleman from Arkansas use the remainder of his time?

Mr. WINGO. All the gentlemen who were so insistent for time a little while ago do not seem to care to speak now, for they are not present.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 2, the national bank bill, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. EDWARDS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing an article written by J. C. Nash, of Savannah, Ga., on naval stores. I made an address yesterday and I want this to go in in connection with it.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BEEDY. I hope the gentleman will postpone his request so that we may have a chance to look it over.

Mr. EDWARDS. It is a nonpolitical article and one of great interest to the country. I spoke on that subject yesterday and got only two minutes.

Mr. BEEDY. The gentleman knows the rule that we are trying to keep in force to keep out matter written by some one outside of the House. I hope the gentleman will postpone his request until we can look it over.

Mr. EDWARDS. Mr. Speaker, I will withdraw my request for the present.

ADJOURNMENT

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 34 minutes p. m.) the House adjourned until to-morrow, Thursday, January 28, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

307. Under clause 2 of Rule XXIV, a letter from the president of the Chesapeake & Potomac Telephone Co. transmitting a report of the Chesapeake & Potomac Telephone Co. to the Congress of the United States for the year 1925 substituted for the report submitted on January 5, 1926, was taken from the Speaker's table and referred to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SWING: Committee on the Public Lands. H. R. 7371. A bill to define trespass on coal land of the United States and to provide a penalty therefor; without amendment (Rept. No. 148). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 8450) to credit the crews of the U. S. S. *Harvard* and U. S. S. *Yale* with services performed during the Spanish-American War; to the Committee on Pensions.

By Mr. LANKFORD: A bill (H. R. 8451) to provide for the authorization of appropriation for the purchase of a site and the erection of a Federal building at Odum, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8452) to provide for the authorization of appropriation for the purchase of a site and the erection of a Federal building at Kingsland, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8453) to provide for the authorization of appropriation for the purchase of a site and the erection of a Federal building at Screven, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. O'CONNELL of New York: A bill (H. R. 8454) to amend an act entitled "An act to modify, revise, and amend the laws relating to naturalization, being the act of June 29, 1906; to the Committee on Immigration and Naturalization.

By Mr. VARE: A bill (H. R. 8455) to authorize the enlargement, extension, and remodeling of the Federal and post-office building at Philadelphia, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. BYRNS (by request): A bill (H. R. 8456) to amend section 8 of an Act of Congress approved April 26, 1910; to the Committee on Interstate and Foreign Commerce.

By Mr. SOMERS of New York: A bill (H. R. 8457) to prevent the manufacture, sale, or transportation of improperly or misbranded paint, turpentine, and linseed oil; to the Committee on Interstate and Foreign Commerce.

By Mr. LEAVITT: A bill (H. R. 8458) for the adjustment of water-right charges on the Lower Yellowstone irrigation project, Montana, and for other purposes; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 8459) for the adjustment of water-right charges on the Sun River project, Montana, and for other purposes; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 8460) for the adjustment of water-right charges on the Milk River irrigation project, Montana, and for other purposes; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 8461) for the adjustment of water-right charges on the Huntley project, Montana, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8462) to authorize the county of Loudon, in the State of Tennessee, to construct or acquire by purchase or otherwise, to own, operate, and maintain a bridge, either free or toll, across the Tennessee River, near Loudon, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. ASWELL: A bill (H. R. 8463) to authorize the construction of a bridge across the Red River at or near Moncla, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. GARBER: A bill (H. R. 8464) to amend section 15 of the present copyright law of the United States; to the Committee on Patents.

By Mr. NEWTON of Minnesota: A bill (H. R. 8465) authorizing disbursement for nonpayment of fines by persons convicted of crime, and repealing section 1402, Revised Statutes of the United States, 1878; to the Committee on the Judiciary.

By Mr. REED of New York: A bill (H. R. 8466) to amend section 8 of an act entitled "An act to incorporate the Howard University, in the District of Columbia," approved March 2, 1867; to the Committee on Education.

By Mr. SCHNEIDER: A bill (H. R. 8467) to authorize the Secretary of War to grant easements in and upon the public lands and properties at Canal Bridge, on the Fox River, in Kaukauna, Wis., to the city of Kaukauna for public-road purposes; to the Committee on Rivers and Harbors.

By Mr. VAILE: A bill (H. R. 8468) awarding a medal in the name of Congress to every member of the First Battalion of the Three hundred and eighth Infantry, Seventy-seventh Division (known as the "Lost Battalion"); to the Committee on Military Affairs.

By Mr. ZIHLMAN: A bill (H. R. 8469) to provide for the grading and maintenance of the Virginia State highway through the District of Columbia workhouse and reformatory reservation at Occoquan, Va.; to the Committee on the District of Columbia.

Also, a bill (H. R. 8470) authorizing the transfer to the jurisdiction of the Commissioners of the District of Columbia of a certain portion of the Anacostia Park for use as a tree nursery; to the Committee on Public Buildings and Grounds.

By Mr. HASTINGS: Joint resolution (H. J. Res. 134) authorizing the Cherokee Indians, the Seminole Indians, the Creek Indians, and the Choctaw and Chickasaw Indians to prosecute claims, jointly or severally, in one or more petitions, as each of said Indian nations or tribes may elect; to the Committee on Indian Affairs.

By Mr. TYDINGS: Joint resolution (H. J. Res. 135) to create a joint committee from the Senate and House of Representatives to inquire into, study, and report ways and means to decentralize the Federal Government, to eliminate duplications of governmental functions by the Federal and State Governments, to ascertain and report the fields of Government belonging to the States under the Constitution which are being encroached upon by the Federal Government, to ascertain the unnecessary and useless Government employees, officials, divisions, bureaus, and commissions, and to make recommendations, based upon said study, looking to a simplification and consolidation of the Federal Government and to the reduction of expenses for the same; to the Committee on Rules.

By Mr. SHALLENBERGER: Resolution (H. Res. 110) authorizing and directing the Federal Trade Commission to investigate the rubber business and coffee, and for other purposes; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. CAREW: Memorial of the House of Representatives of the State of Florida in regard to aviation fields for the Army in Florida; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ACKERMAN: A bill (H. R. 8471) granting a pension to Ambrose Marion; to the Committee on Pensions.

By Mr. APPLEBY: A bill (H. R. 8472) authorizing the appointment of Wayne Hill as warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. BACHMANN: A bill (H. R. 8473) granting a pension to William Petzold; to the Committee on Pensions.

By Mr. BLOOM: A bill (H. R. 8474) granting an increase of pension to Daniel A. O'Mara; to the Committee on Invalid Pensions.

By Mr. CHINDBLOM: A bill (H. R. 8475) for the relief of Clara Thurnes; to the Committee on Claims.

By Mr. COLE: A bill (H. R. 8476) granting an increase of pension to Susan D. McChesney; to the Committee on Invalid Pensions.

By Mr. GALLIVAN: A bill (H. R. 8477) for the relief of Frank J. Dwyer; to the Committee on Claims.

By Mr. GAMBRILL: A bill (H. R. 8478) for the relief of Andrew Jackson Seward, jr., deceased; to the Committee on Naval Affairs.

By Mr. GREENWOOD: A bill (H. R. 8479) granting a pension to Sadie McClure; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H. R. 8480) granting an increase of pension to Carrie Norton; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 8481) granting a pension to James Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8482) granting a pension to John E. T. Ward; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8483) for the relief of Herman C. Davis; to the Committee on Claims.

By Mr. KURTZ: A bill (H. R. 8484) granting an increase of pension to Sarah V. Spalding; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8485) granting an increase of pension to Mary Miller; to the Committee on Invalid Pensions.

By Mr. LEAVITT: A bill (H. R. 8486) for the relief of Gagnon & Co. (Inc.); to the Committee on Claims.

By Mr. LETTS: A bill (H. R. 8487) for the relief of heirs of Jacob Thomas; to the Committee on Claims.

Also, a bill (H. R. 8488) for the relief of Katherine Abel; to the Committee on Claims.

By Mr. McDUFFIE: A bill (H. R. 8489) to relinquish the title of the United States to the land in the claim of Thomas Durnford, situate in the county of Baldwin, State of Alabama; to the Committee on the Public Lands.

By Mr. MENGES: A bill (H. R. 8490) granting an increase of pension to Harriet E. Snyder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8491) granting an increase of pension to Millie C. Plowman; to the Committee on Invalid Pensions.

Also, A bill (H. R. 8492) granting an increase of pension to Elizabeth A. Swope; to the Committee on Invalid Pensions.

By Mr. McSWEENEY: A bill (H. R. 8493) granting a pension to Christena Lash; to the Committee on Invalid Pensions.

By Mr. MONTGOMERY: A bill (H. R. 8494) granting an increase of pension to Rose D. Lottinville; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8495) to correct the military record of James N. Meadors; to the Committee on Military Affairs.

By Mr. MURPHY: A bill (H. R. 8496) granting an increase of pension to Maggie Mitchell; to the Committee on Invalid Pensions.

By Mr. NEWTON of Minnesota: A bill (H. R. 8497) granting a pension to William S. Morrison; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 8498) granting a pension to Junius Peak; to the Committee on Pensions.

By Mr. SWEET: A bill (H. R. 8499) granting an increase of pension to Emily Gibson Lee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8500) granting an increase of pension to Bridget Burke Lyng; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8501) granting a pension to Mary J. Wells; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8502) authorizing the President to reappoint Maj. Harry Walter Stephenson, United States Army (retired), to the position and rank of major, Coast Artillery Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. TEMPLE: A bill (H. R. 8503) granting a pension to Anna M. Gribben; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8504) granting an increase of pension to Harmony Willabee; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 8505) for the relief of Mary Murnane; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H. R. 8506) granting a pension to Lida Kibbe; to the Committee on Invalid Pensions.

By Mr. WHITE of Kansas: A bill (H. R. 8507) granting an increase of pension to Richard T. Basye; to the Committee on Pensions.

By Mr. WYANT: A bill (H. R. 8508) granting an increase of pension to Christena Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8509) granting an increase of pension to Clarissa Good; to the Committee on Invalid Pensions.

By Mr. BACON: Resolution (H. Res. 108) to pay salary and funeral expenses of Henry T. Duryea, late an employee of the House of Representatives, to his daughter, Mrs. F. S. Kopetschiny; to the Committee on Accounts.

By Mr. MacGREGOR: Resolution (H. Res. 109) to pay salary and funeral expenses of the late sundry employees, respectively, of the House of Representatives; to the Committee on Accounts.

By Mr. SOMERS of New York: Resolution (H. Res. 111) to pay the estate of Henry T. Duryea, late an employee of the House of Representatives, $250 for funeral expenses and the amount equal to six months' pay; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

480. Petition transmitting a protest passed by the legislative committee of the United Spanish War Veterans against a certain attempt which they learned is being made to displace certain members of the Spanish War soldiers from the Board of Managers of the National Home for Disabled Volunteer Soldiers; to the Committee on Military Affairs.

481. Petition adopted by the board of trustees of the city of Placerville, Calif., urging the passage of a bill providing for the erection of a Federal building in that city introduced by the late Hon. John E. Raker; to the Committee on Public Buildings and Grounds.

482. Petition adopted by the national executive committee of the American Legion at Indianapolis, Ind., urging the entrance of the United States into the World Court; to the Committee on Foreign Affairs.

483. By Mr. BURTON: Petition adopted by the Farmers' Equity Union Convention at Aberdeen, S. Dak., January 13–14, 1926, asking that an additional import duty be placed on certain products, more fully to protect the American farmer against foreign competition; to the Committee on Ways and Means.

484. Also, petition adopted by the board of directors of the American Manufacturers' Export Association, 233 Broadway, New York City, at regular meeting on January 21, 1926, approving debt settlements made with foreign governments; to the Committee on Ways and Means.

485. Also, petition adopted by the Hotel Greeters of Ohio, charter No. 11, favoring a continuance of appropriations by the Federal Government for good roads; to the Committee on Roads.

486. By Mr. CAREW: Petition in regard to House bill 6736, for the relief of men who served in the United States Military Telegraph Corps during the Civil War; to the Committee on Military Affairs.

487. By Mr. CARTER of California: Resolution of Orange Community Chamber of Commerce, of Orange, Calif.; to the Committee on Roads.

488. By Mr. GALLIVAN: Petition of W. A. Munson, director of markets, Department of Agriculture, Commonwealth of Massachusetts, also president the National Association of Marketing Officials, recommending early and favorable consideration of House bill 5677; to the Committee on Coinage, Weights, and Measures.

489. By Mr. HAWES: Petition of the Roy Sone Post, No. 1003, Veterans of Foreign Wars, Jefferson City, Mo., favoring the enactment of legislation which may prevent any such action in the future as was taken in the trial of Colonel Mitchell, and further indorsing all legislation which may strengthen the air defense of the United States; to the Committee on Military Affairs.

490. By Mr. LEAVITT: Petitions for extension of the life of the Sheppard-Towner Maternity Act, from woman's clubs at Hamilton, Glasgow, Corvallis, Nashua, Ronan, Lewistown, Glendive, and Eureka, Mont.; the Liberal Culture Club, of Whitehall, Mont.; the Woman's Library Club, Sheridan, Mont.; the Sunflower Art Club, Glasgow, Mont.; and the Yellowstone

Woman's Club, Livingston, Mont.; to the Committee on Interstate and Foreign Commerce.

491. Also, resolution of Capt. Charles French Auxiliary, No. 2, United Spanish War Veterans, Great Falls, Mont., favoring passage of Senate bill 98 and House bill 98, granting pensions and increases of pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, or the China relief expedition to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors; to the Committee on Pensions.

492. By Mr. ROMJUE: Resolution of Roy Sone Post, No. 1003, Veterans of Foreign Wars, Jefferson City, Mo., requesting the President to set aside the verdict of the general court-martial, to exonerate Colonel Mitchell, and to order him restored to his full rank and status as a colonel in the United States Army; to the Committee on Military Affairs.

493. By Mr. THOMPSON: Petition of farmers of the fifth congressional district of Ohio, opposing amendment No. 6741 to the immigration act of 1924 and favoring the passage of an amendment to the immigration laws that will protect their interests in the event of a shortage of farm labor; to the Committee on Immigration.

494. By Mr. TILSON: Petition of E. H. Marsters, Boston, Mass., praying for investigation of Brazilian coffee industry; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, *January 28, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McKellar	Reed, Mo.
Bayard	Frazier	McKinley	Robinson, Ark.
Bingham	Gerry	McLean	Sackett
Blease	Gillett	McMaster	Schall
Borah	Glass	McNary	Sheppard
Bratton	Gooding	Mayfield	Shipstead
Broussard	Greene	Means	Shortridge
Cameron	Hale	Metcalf	Simmons
Capper	Harreld	Moses	Smith
Caraway	Harris	Neely	Smoot
Copeland	Harrison	Norbeck	Stanfield
Couzens	Heflin	Norris	Swanson
Cummins	Howell	Nye	Trammell
Curtis	Johnson	Oddie	Tyson
Deneen	Jones, Wash.	Overman	Wadsworth
Dill	Kendrick	Pepper	Walsh
Edge	Keyes	Phipps	Warren
Edwards	King	Pine	Weller
Ferris	La Follette	Pittman	Wheeler
Fess	Lenroot	Ransdell	Willis

Mr. KING. I wish to announce that the Senator from Kentucky [Mr. ERNST], the Senator from West Virginia [Mr. GOFF], the Senator from Iowa [Mr. BROOKHART], the Senator from Mississippi [Mr. STEPHENS], the Senator from Georgia [Mr. GEORGE], and the Senator from Missouri [Mr. WILLIAMS] are detained in a hearing before the Committee on Privileges and Elections.

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present.

TREASURY DEPARTMENT DOCUMENTS

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, a report showing the number of documents received and distributed by the Treasury Department for the calendar year ended December 31, 1925, together with the number remaining on hand January 1, 1926, which was referred to the Committee on Printing.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of Commerce, transmitting, pursuant to law, a list of documents and files of papers in the Commerce Department which are not needed nor useful in the transaction of current business of the department and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. JONES of Washington and Mr. FLETCHER members of the committee on the part of the Senate.

REPORT OF CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, a full report of that company for the year 1925, to be substituted for the report submitted on January 5, 1926, wherein the results of the operations for the month of December were only estimated, which was referred to the Committee on the District of Columbia.

READING OF WASHINGTON'S FAREWELL ADDRESS

The VICE PRESIDENT. In the Fifty-sixth Congress the Senate adopted an order which reads as follows:

Ordered, That unless otherwise directed, on the 22d day of February in each year, or if that day shall be on Sunday then on the day following, immediately after the reading of the Journal, Washington's Farewell Address shall be read to the Senate by a Senator to be designated for the purpose by the Presiding Officer; that thereafter the Senate will proceed to its ordinary business.

In accordance with this order the Chair designates the Senator from Connecticut [Mr. BINGHAM] to read the Farewell Address on the 22d day of February, 1926.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a memorial of the Legislature of the State of Florida requesting the establishment at the fields of Dorr and Carlstrom, located near Arcadia, De Soto County, Fla., Government schools or training camps for the purpose of training and equipping aviators for aerial service in the United States Army or other public service, which was referred to the Committee on Military Affairs. (See memorial presented by Mr. FLETCHER on the 25th instant and printed in full, page 2695 of RECORD.)

Mr. TYSON presented a resolution adopted by Dixie Post, No. 64, Veterans of Foreign Wars of the United States, at National Sanatorium, Tenn., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

DIXIE POST, NO. 64,
VETERANS OF FOREIGN WARS OF THE UNITED STATES,
National Sanatorium, Tenn., January 9, 1926.

Hon. L. D. TYSON and Hon. CARROLL REECE,
Washington, D. C.

GENTLEMEN: Can we get you to present the following petition to Congress:

"Whereas it has been established, upon the testimony of competent authorities, and it is a fact well recognized by medical science, that persons suffering with tuberculosis are never cured, but rather that, at the best, a state of 'arrest' is reached, and in order to maintain this stage it is necessary that living and working conditions be favorable, the medical doctors, who are nationally recognized experts on tuberculosis, bringing out the fact that the disease is likely to become reactivated at any time under ordinary conditions of earning a living; and

"Whereas the Veterans' Bureau at the present time, after the expiration of six months from date of discharge from hospital of tubercular veterans, follow the policy of reducing the 'degree of disability' of veterans to lesser amounts than actually exist, and in many cases to less than 10 per cent; and

"Whereas a bill has been or will be introduced in both Houses of Congress to correct these conditions by providing for a permanent rate of compensation of not less than $50 a month for World War veterans suffering with service-connected tuberculosis who have reached a state of 'arrest': Be it

"*Resolved*, That Dixie Post, No. 64, Veterans of Foreign Wars, located at National Sanatorium, Tenn., does hereby go on record as indorsing said bill and petition Congress, through our Senator, Hon. L. D. TYSON, and the Representative of our district, Hon. CARROLL REECE, to pass this much-needed legislation at the earliest possible moment."

Thanking you both in advance, I beg to remain,
Yours very truly,

W. H. BADON, Jr., *Adjutant.*

Mr. TYSON also presented a petition of sundry faculty members of Vanderbilt University, Tennessee, praying an amendment to section 15 of the existing copyright law by inserting the words "or mimeographic process" after the words "or photo-engraving process" in lines 9, 15, 34, and 41 of said section 15, which was referred to the Committee on Patents.

He also presented resolutions adopted by the Federal Custodian Service Association, of San Francisco, Calif., favoring the granting of sufficient compensation to Federal employees, regardless of sex, classification of position or labor, to insure to employees the ability to carry out their obligations of citizenship and maintain their self-respect among their fellow citizens, and that those doing equal work should receive equal

compensation, regardless of sex, etc., which were referred to the Committee on Finance.

Mr. KENDRICK presented a resolution adopted by the Lions Club, of Riverton, Wyo., favoring adequate Federal appropriations for the support of good roads, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Wyoming Board of Game and Fish Commissioners, protesting against the proposed extension of the boundaries of the Yellowstone National Park, which was referred to the Committee on Public Lands and Surveys.

He also presented a memorial of the Sheridan (Wyo.) Commercial Club, remonstrating against the amendment of existing immigration law so as to reduce immigration from Mexico, which was referred to the Committee on Immigration.

Mr. BLEASE presented petitions numerously signed by sundry citizens of South Carolina, praying for the reduction or repeal of the so-called war and nuisance taxes, especially the tax on industrial alcohol, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Cumberland, Md., remonstrating against the participation of the United States in the Permanent Court of International Justice, which was ordered to lie on the table.

Mr. CAMERON presented resolutions adopted by the Tucson (Ariz.) Chamber of Commerce, relative to a modification of the immigration laws, which were referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Resolution

Whereas the performance of any industry depends primarily upon an adequate and sufficient supply of labor; and

Whereas many of the irrigated valleys of the southwestern United States are isolated from a source of supply of labor similar to those available in the northern and eastern United States; and

Whereas agricultural lands in the Southwest are rapidly developing by production of large acreages of cotton and have been developed in the past through reasonably lenient immigration restriction, the practical elimination of this source of supply without permitting opportunity for such sections to adjust themselves to these changed conditions is resulting in serious losses to the farmers which, it appears, will become more intense in the future should the Box immigration bill, now pending in committee, be passed by Congress; and

Whereas the Secretary of Labor, in his annual report of 1924–25, has made the following recommendation:

"There are times during our economic history when we seek man power, but our immigration history has proved that it is folly to seek to satisfy this need by throwing down the bars and admitting aliens indiscriminately. When labor is needed for permanent employment, skilled or unskilled, where labor of like kind can not be found unemployed in the United States and no strike or lockout exists or impends in industry needing the labor, provision should be made for such importation within the quota, upon special immigration certificates issued at the direction of the Secretary of Labor, after full and ample hearing and investigation into the conditions under which it is sought to bring labor into the United States.

"We can not afford to burden the American economic structure with man power we do not need and which might easily be used in time of industrial depression to undermine the American standard of living. Therefore I recommend, as in my last report, that authority be vested in the President of the United States, by proclamation, to suspend immigration for the time in the manner and to the extent necessary whenever the Secretary of Labor and the Secretary of Commerce shall jointly certify that in their opinion unemployment in this country makes such suspension necessary": Therefore be it

Resolved, That the Tucson Chamber of Commerce go on record as favoring a modification of the immigration laws to the extent that in the words of James J. Davis, Secretary of Labor, "when a labor shortage exists in a particular industry or section of the country and labor of like kind can not be found unemployed the Secretary of Labor may issue special permits," with provision that the seasonal labor permitted to come into the United States shall be returned to the country from which it enters at the expiration of the employment with a plan set up for such labor's return; be it further

Resolved, That the Sixty-ninth Congress, through Senators and Representatives from Arizona, be petitioned at the present session to modify the present immigration law in accordance with the recommendation made by the Secretary of Labor.

TUCSON CHAMBER OF COMMERCE,
By S. C. DAVIS, *President*.

Attest:

A. H. CONDRON, *Secretary*.

REPORTS OF CLAIMS COMMITTEE

Mr. BAYARD, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 69) for the relief of the legal representatives of Robert Dillon, deceased (Rept. No. 95);

A bill (S. 453) for the relief of Belle H. Walker, widow of Frank H. Walker, deceased, and Frank E. Smith (Rept. No. 96); and

A bill (S. 1059) for the relief of R. Clyde Bennett (Rept. No. 97).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 2833) for the relief of William Sands; to the Committee on Military Affairs.

By Mr. SHORTRIDGE:

A bill (S. 2834) granting an increase of pension to Hannah J. Blake; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 2835) authorizing the Turtle Mountain Chippewas to submit claims to the Court of Claims; to the Committee on Indian Affairs.

By Mr. PEPPER:

A bill (S. 2836) for the relief of the estate of Richard W. Meade, deceased; to the Committee on Claims.

By Mr. DILL:

A bill (S. 2837) granting a pension to William F. Schmadeka; to the Committee on Pensions.

A bill (S. 2838) for the relief of Emanuel Wallin; to the Committee on Claims.

By Mr. MEANS:

A bill (S. 2839) for the relief of Capt. James A. Merritt, United States Army, retired; to the Committee on Military Affairs.

A bill (S. 2840) for the relief of Daniel S. Taylor; to the Committee on Pensions.

A bill (S. 2841) to create a department of public education, to authorize appropriations for the conduct and maintenance of said department, and for other purposes; to the Committee on Education and Labor.

By Mr. SWANSON:

A bill (S. 2842) providing for the restoration of the old lighthouse at Cape Henry, Va.; and

A bill (S. 2843) to provide for an examination and survey of the entrance of Willoughby Channel, Va.; to the Committee on Commerce.

A bill (S. 2844) for the relief of Lieut. Robert Stanley Robertson, jr., United States Navy;

A bill (S. 2845) making eligible for retirement under the same conditions as now provided for officers of the regular naval service Lieut. Commander William A. Hamilton, an officer of the United States Naval Reserve Force during the World War, who incurred physical disability in line of duty; and

A bill (S. 2846) granting six months' pay to Virginia Weaver Plonk; to the Committee on Naval Affairs.

A bill (S. 2847) for the relief of Bessie B. Hurd; and

A bill (S. 2848) to extend the time for institution of proceedings authorized under Private Law No. 81, Sixty-eighth Congress, being an act for the relief of Henry A. Kessel Co. (Inc.); to the Committee on Claims.

By Mr. OVERMAN:

A bill (S. 2849) to provide for an additional Federal district for North Carolina; to the Committee on the Judiciary.

By Mr. SACKETT (by request):

A bill (S. 2850) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof; to the Committee on Civil Service.

By Mr. CAPPER:

A bill (S. 2851) for the relief of William Schick; to the Committee on Claims.

A bill (S. 2852) to provide for the grading and maintenance of the Virginia State highway through the District of Columbia Workhouse and Reformatory reservation at Occoquan, Va.; and

A bill (S. 2853) to authorize the transfer to the jurisdiction of the Commissioners of the District of Columbia of a certain portion of the Anacostia Park for use as a tree nursery; to the Committee on the District of Columbia.

By Mr. WADSWORTH:

A bill (S. 2854) to authorize payment of claims in admiralty arising from operation of Army transport service; to the Committee on Military Affairs.

By Mr. CUMMINS:

A bill (S. 2855) for the relief of Cyrus S. Andrews (with accompanying papers); to the Committee on Military Affairs.

By Mr. GOFF:

A bill (S. 2856) granting a pension to George M. Ellis; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 2857) to provide American registry for the Norwegian sailing vessel *Derwent;* to the Committee on Commerce.

By Mr. CARAWAY:

A bill (S. 2864) permitting the withdrawal of water from White River, Ark.; to the Committee on Commerce.

By Mr. COPELAND:

A bill (S. 2865) granting a pension to Cornelius F. Cronin; to the Committee on Pensions.

A bill (S. 2866) to amend paragraph 4 of section 4 of the Thirty-fourth Statutes at Large, chapter 596; to the Committee on Immigration.

By Mr. WHEELER:

A bill (S. 2867) to allot lands in severalty to living children on the Crow Reservation, Mont.; and

A bill (S. 2868) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Crow Indians may have against the United States, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 2869) to amend section 92 of the Judicial Code; to the Committee on the Judiciary.

By Mr. REED of Missouri:

A bill (S. 2870) for the relief of Jacob F. Webb; to the Committee on Military Affairs.

A bill (S. 2871) for the relief of Capt. George M. Thompson; and

A bill (S. 2872) for the relief of Esther M. Roebken; to the Committee on Claims.

A bill (S. 2873) granting a pension to John Woldridge; and

A bill (S. 2874) granting a pension to John T. Burriss; to the Committee on Pensions.

INTRODUCTION OF JUDICIARY BILLS

Mr. REED of Missouri. I introduce six bills, all of which should be referred to the Committee on the Judiciary, and I ask unanimous consent that they may be printed in the RECORD. They are very short bills.

There being no objection, the bills were read twice by title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

A bill (S. 2858) to fix the salaries of certain judges of the United States:

Be it enacted, etc., That the following salaries shall be paid to the several judges hereinafter mentioned in lieu of the salaries now provided for by law, namely:

To the Chief Justice of the Supreme Court of the United States the sum of $21,000 per year, and to each of the associate justices thereof the sum of $20,000 per year.

To each of the circuit judges in, or appointed from, the several circuits the sum of $15,000 per year.

To each of the district judges the sum of $12,500 per year.

To the chief justice of the Court of Claims the sum of $13,500 per year, and to each of the other judges thereof the sum of $13,000 per year.

To the chief justice of the Court of Appeals of the District of Columbia the sum of $14,500 per year, and to each of the associate justices thereof the sum of $14,000 per year.

To the chief justice of the Supreme Court of the District of Columbia the sum of $13,500 per year, and to each of the associate justices thereof the sum of $12,500 per year.

That all of said salaries shall be paid in monthly installments.

SEC. 2. That this act shall take effect on the 1st day of the month next following its approval.

A bill (S. 2859) to amend section 37 of the Criminal Code of the United States:

Be it enacted, etc., That section 37 of the Criminal Code of the United States is hereby amended by adding thereto the following:

"*Provided, however,* That the punishment shall not be greater than that fixed by law for the offense which is the object of the conspiracy where the law provides a punishment for such offense."

A bill (S. 2860) to allow bail pending the termination of appeal or writ of error:

Be it enacted, etc., That in all cases where an appeal or writ of error is prosecuted from a judgment in a criminal case in any court of the United States, except where the defendant is under sentence of death, the court shall allow bail to anyone convicted pending the termination of the appeal or writ of error.

A bill (S. 2861) providing the right of severance in criminal cases:

Be it enacted, etc., That where two or more defendants are jointly indicted for any felony, any one defendant, before announcing himself ready for trial at any term of the court, if he require it, shall be tried separately. In other cases defendants jointly indicted shall be tried separately or jointly in the discretion of the court.

A bill (S. 2862) to amend section 332 of the Criminal Code:

Be it enacted, etc., That section 332 of the Criminal Code is hereby amended to read as follows:

"Whoever directly commits any act, constituting an offense defined in any law of the United States, or aids, abets, counsels, commands, induces, or procures its commission, is a principal: *Provided, however,* That the indictment or information against one who aids, abets, counsels, commands, induces, or procures the commission of an offense shall set forth the essential elements of the offense charged, with the same particularity as is required in an indictment or information against a principal."

A bill (S. 2863) to enforce the fourth and fifth amendments to the Constitution of the United States:

Be it enacted, etc., That evidence secured or obtained against any defendant, in violation of the fourth or fifth amendments to the Constitution of the United States, shall not be received in evidence against any such defendant in any criminal proceedings pending in any court of the United States, or before any United States commissioner, or before any United States grand jury; and such evidence shall not be so received, whether obtained or secured by an officer or agent of the United States, or by any other officer, agent, or person.

SEC. 2. That the admission or reception of any such evidence, or its exhibition or presentation to a jury in any criminal proceeding, shall constitute reversible error.

AMENDMENTS TO TAX REDUCTION BILL

Mr. MOSES submitted 3 amendments and Mr. HARRISON submitted 10 amendments intended to be proposed by them to House bill No. 1, the tax reduction bill, which were severally ordered to lie on the table and to be printed.

CHANGE OF REFERENCE

Mr. HARRELD. I ask that the Committee on Public Buildings and Grounds may be discharged from the further consideration of the bill (S. 1833) providing for the construction of a sanitorium and hospital at Claremore, Okla., and providing an appropriation therefor. The bill was introduced by me and inadvertently referred to the Committee on Public Buildings and Grounds. I wish to have it referred to the Committee on Indian Affairs. I have talked with the chairman of the Committee on Public Buildings and Grounds and he agrees that this step shall be taken.

The VICE PRESIDENT. Without objection, the Committee on Public Buildings and Grounds will be discharged from the further consideration of the bill, and it will be referred to the Committee on Indian Affairs.

PORTRAIT OF THE LATE PRESIDENT ROOSEVELT

Mr. WADSWORTH submitted the following resolution (S. Res. 129), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Senate Committee on the Library is hereby authorized to purchase one life-size portrait of the late President Theodore Roosevelt, painted by George B. Torrey, at a cost not to exceed $5,000, to be paid from the contingent fund of the Senate.

RED RIVER BRIDGE, ARKANSAS

Mr. CARAWAY. I have spoken to the Senators in charge of the tax bill, and the request I am about to make is satisfactory to them. I ask unanimous consent to call up the bill (H. R. 7484) granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River, near Fulton, Ark. I ask for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I have none.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge and approaches thereto across the Red River at a point suitable to the interests of navigation, at or near Fulton, within 5 miles of the bridge of the Missouri Pacific Railway Co., in the counties of Hempstead and Miller, in the State of Arkansas, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. If tolls are charged for the use of the bridge constructed under authority of this act, the State Highway Commission of Arkansas

may so adjust the rate of toll to be charged as to produce sufficient revenue to maintain, operate, and repair the bridge and repay the original cost of constructing the same, including any interest paid on borrowed money and discounts necessarily required in financing such original construction, and shall after the repayment thereof, but in no event to exceed 25 years from the completion thereof, maintain and operate such bridge as a free bridge.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts:

On the 26th instant:

S. 1267. An act to extend the time for the completion of the construction of a bridge across the Columbia River between the States of Oregon and Washington, at or within 2 miles westerly from Cascade Locks, in the State of Oregon.

On the 27th instant:

S. 90. An act to amend an act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925.

TAX REDUCTION

Mr. SMOOT. Mr. President, I ask that the unfinished business be laid before the Senate and proceeded with.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. SMOOT obtained the floor.

Mr. MOSES. Mr. President, I present two amendments to the pending measure, which I ask may be printed and lie on the table.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

Mr. MOSES. Mr. President, if the Senator from Utah will yield——

Mr. SMOOT. I yield.

Mr. MOSES. May I ask what are his plans with reference to the measure now before the Senate?

Mr. SMOOT. I hope to keep the bill before the Senate until it is passed.

Mr. MOSES. I make the inquiry in order that some of us may make some arrangements for the filling up of such spare hours as may be allowed to us in the days immediately to ensue. I ask the Senator if it is his purpose to take a recess from day to day and to hold the Senate in session how late each day?

Mr. SMOOT. That will all depend on what progress we make with the bill. I will say to the Senator that I hope to have the bill pass the Senate not later than the 10th of February. I expect to ask the Senate to take recesses from day to day. Of course there will be a day or two perhaps when we will adjourn in order to have a morning hour.

Mr. MOSES. I asked that question particularly because the Senator from Utah will recall that we have been deprived of Calendar Monday for three weeks.

Mr. SMOOT. I have no objection to an adjournment on Saturday and a call of the calendar on Monday.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. NORRIS. Before we start with the consideration of the tax bill I wish we could have some kind of an understanding. I want to say to the Senator from Utah that so far as I know there is absolutely no disposition to delay the consideration of the bill. At the same time the Senator must recognize, as we all do, that most Senators have been interested in the business that was concluded yesterday; and if they are to start with the consideration of the tax bill, which, in the judgment of some of us, is much more important than the matter we have been considering for two or three weeks, with the idea that we are going to be crowded every day, that we are going to run late, that we are going to recess always, and that we are probably going to commence our daily sessions earlier than usual, it is going to make it a physical impossibility for those of us who have had other work to do to give a proper consideration to the tax bill.

The Senator from Utah knows, of course, as well as any of us, that when measures of such importance are taken up in the Senate it has always been the fact that after the commencement of its consideration, after the debate begins, Senators get ideas from the debate as it progresses and necessarily have to take a good deal of time to look into the question. If we are to be unduly crowded here, we are not going to get sufficient time to properly consider the bill. The Senator has, of course, given the entire bill a great deal of consideration and is familiar with all its details, but, speaking for myself, I have not been able to do so in the limited time I have had at my disposal and with the committee work which has been absolutely essential and that is going to be absolutely essential during the coming week, when the committee of which I have the honor to be chairman will be in session every day, as it has been during the last week. It is going to make it extremely difficult and perhaps impossible to give attention to the matter of the tax bill, in which I feel a deeper interest than in any other thing that has been pending before the Congress at this session.

I assure the Senator from Utah that I shall not be a party to anything that will unduly delay its consideration or that will partake in the remotest degree of an attempt to delay its consideration, except as it seems to me to be necessary to get the proper facts upon the investigation that I feel I shall have to make and that other Senators feel they will have to make. I doubt very much indeed whether we are going to be able to conclude the consideration of the bill by the 10th of February. That does not seem to me to be possible, considering the importance of the legislation that is before us.

I did not want to remain quiet and have it said that there was a silent understanding that we were going to complete consideration of the bill by the 10th of February. I do not think we ought to try to limit ourselves in that way. It does not seem to me that we can do justice to the work that is before us or to the country or to the importance of the subject we are considering if we try now, before we begin, indirectly to put a limit upon the consideration of the matter.

The committee, it is true, has in the bill a provision which would make it very important and very desirable if we could finish its consideration so that those in charge of its administration would be able to do the necessary work before the 15th of March, when the first income-tax payment will be due on the 1925 incomes. I should like to see that done if it can be done, and it may be that it will be possible to do it, but I should very much dislike to say now that I would consent to a limit of that kind; in fact, I do not see how we can possibly get the bill through in time to have that done. It seems to me that the importance of the bill is so great that we ought not, in the first place, think of making such an agreement or having that kind of an understanding if it is going to interfere with the consideration of the bill, and I believe it will do so. I may be wrong; I hope I am; and, perhaps, we may get light on this subject so that it will not be necessary to delay the consideration of the bill.

Mr. SMITH. Mr. President——

Mr. NORRIS. I shall yield to the Senator in a moment.

It would not be a difficult matter for us to attach to the bill a simple sentence that would defer the payment of income taxes which are due on the 15th of March until, say, the 1st of April. That could easily be done; or we might, as we once before did, provide that after the bill shall have become a law there will be a rebate when the second payment of taxes shall be made and that any taxpayer who had paid an income tax according to the law as it existed on the 15th of March would get credit for any excess on his next payment. It is not a serious matter; in my judgment, it is not nearly so serious as to try to put through without adequate consideration a bill which to my mind—and I know that a great many other Senators agree with me—is the most important piece of legislation that we have had before us or shall have before us during this session of Congress. The bill will go into every home; it will go into every community; it will affect every citizen. I think that there are some serious defects in the bill. I am not criticizing anybody who may think differently, but I wish an opportunity not only to discuss the measure but a reasonable opportunity to go into some of the facts.

The Senator from Utah and his committee have had at their disposal a corps of experts since the consideration of the bill began. That has been denied to others of us. We have not had sufficient time to consider the bill and we have not had experts to help us in what consideration we have given it. So far as I am personally concerned, for three days now I have been studying the questions which are involved in the bill, but I have been compelled to do it entirely alone. I have not had anyone to assist me. I have not even had the assistance of my own secretary, because my office is engaged every day early and late in the routine business which has been piling up on

the Committee on Agriculture and Forestry. I have had to neglect my duty to the work of the committee somewhat in order to devote the limited time that I have had to the consideration of this bill. I know, from having conferred with other Senators, that many of them feel the same way as I do in reference to this matter. While I admit that we ought to dispose of the bill just as soon as we can, I do not want any understanding here as to its final disposition. It does not seem to me that it is fair that there should be any kind of an understanding that we are going to conclude the consideration of the bill by the 10th of February.

Mr. SMITH. Mr. President, may I ask the Senator from Utah [Mr. SMOOT] a question?

Mr. SMOOT. Certainly.

Mr. SMITH. Is the 10th of February the latest date on which the Senate might dispose of the tax bill in order that it may be adjusted in conference and be agreed upon between the two Houses and become a law?

Mr. SMOOT. Mr. President, the 10th of February is just about as late a day as it would be safe for the Senate to pass the bill. I will say to the Senator from South Carolina it may be, of course, that the conferees would agree more quickly than it is anticipated they will do.

Mr. SMITH. Are not the differences between the two Houses practically ironed out now?

Mr. SMOOT. No, I will say to the Senator, they are not, although I may say in this connection that I believe the major discussion on the bill is going to revolve around the repeal of the gift tax and the estate tax and the publicity feature of the bill. There may be some question also as to the surtaxes, but I think they will involve but limited discussion.

Mr. SMITH. How does the Senator receive the suggestion of the Senator from Nebraska [Mr. NORRIS]?

Mr. SMOOT. I will answer that now if the Senator will permit me.

Mr. GLASS. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. I merely want to answer the Senator from Nebraska, and then I will be glad to yield to the Senator from Virginia.

Mr. GLASS. But may I inquire of the Senator from Utah what form of proposal is now before the Senate to which all these remarks are being addressed?

Mr. SMOOT. There has been no definite proposal whatever made.

Mr. NORRIS. Oh, yes; there has been.

Mr. SMOOT. Other than I simply stated that I should like to have the bill passed by the Senate not later than February 10.

Now, in answer to the Senator from Nebraska [Mr. NORRIS], I wish to say that I have no desire whatever unduly to press the consideration of the bill. I wish, however, the Senate and the country to understand that the suggestions made by the Senator from Nebraska in relation to the rebate of 25 per cent of income taxes, as was previously done, are impracticable. In the bill as it is now reported to the Senate it is proposed to relieve 2,300,000 taxpayers from the payment of any tax whatever. To provide a rebate of income taxes, as was done once before, in order to take care of the situation would be out of the question, because the 2,300,000 taxpayers would have to make their returns and would have to pay whatever they paid last year less 25 per cent.

Mr. SMITH. What about the postponement of the date of the payment of the income tax?

Mr. SMOOT. In relation to the postponement of the date for such payments, I desire to inform the Senator that the Treasury Department will be called upon on March 15 next to meet over $600,000,000 worth of obligations. All of the plans of the Treasury Department have been based upon meeting those short-time obligations on March 15, as they become due on that date. So if the discussion of this bill shall continue beyond March 15 the Treasury Department will be in a position where it will be compelled to say, "We have not the money with which to pay the obligations on the day that they fall due."

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. SMOOT. Yes; I yield.

Mr. NORRIS. That could easily be met by a provision in the law, which the Senator could draw in five minutes, to the effect that the class of taxpayers who are going to be exempted and will not have to pay any taxes in 1926 should not be required to make their returns until, say, the 1st day of April or the 15th of April, whatever the time might be. The bill could easily be worded so that only those taxpayers who will be still left in the bill will be required to make payments on the 15th of March, and then the excess payments, if any, made by them could be credited to them on the next payment, the same as was done when we passed the last tax bill.

Mr. SMOOT. That is easy to say on the floor of the Senate, Mr. President, but how are we going to get the information to the 2,300,000 taxpayers, and who is to judge whether or not they will have to pay a tax under the bill when the bill itself has not been passed by Congress, when it is not a law?

Mr. NORRIS. It will be a law before the 15th of March.

Mr. SMOOT. Such a plan would lead to endless confusion.

Mr. NORRIS. Mr. President, if the Senator will permit me there, he could write that provision now; it would not be difficult to do. He knows now the class of taxpayers that are going to be relieved from the payment of any taxes, and the time in their case could be extended. There is not any question about the bill becoming a law by the 15th of March. So far as the taxpayers finding out about the provisions of the bill and being notified, everybody takes notice of public statutes. They did in the case of the last tax law. We did not have to notify any taxpayers that they were going to get a rebate or anything of that kind, and that bill became a law long after the 15th of March.

Mr. SMOOT. Certainly, but then all the returns were in; every taxpayer had made a return, and if the taxpayer had paid the first 25 per cent he was not required to make the next payment of 25 per cent, or if the taxpayer had paid his full tax on March 15, then he had the right to secure a rebate of 25 per cent.

Mr. EDGE. Mr. President, we have consumed almost a half hour in discussing what might happen. Would it not be a good idea to start on the bill and cross that bridge when we come to it and see if we can not make some headway this morning?

Mr. SMOOT. Mr. President, I think the Senator from Nebraska had a perfect right to make the statement which he made. I want to say to the Senate now that I have no desire in my heart to crowd beyond reason the consideration of this bill; but I know what it means, not only to the Treasury Department, but to the taxpayers of the country, and I want to see the bill passed in time to become a law, so that there may be printed the necessary blanks and forms on which the returns are to be made, and so that those blanks may be sent to Honolulu and all the other outlying possessions of the United States in time to enable the taxpayers there to make their returns and get them into the Treasury of the United States or to the collectors of internal revenue before March 15.

Mr. COPELAND. Mr. President, will the Senator from Utah yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. Yes; I yield.

Mr. COPELAND. If any poor words of mine will help this bill, I trust that we will go forward with its consideration, for if there is one thing that the country demands at this time it is the immediate passage of the tax reduction bill. I hope we will proceed at once in the direction of giving relief to the taxpayers of the country.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Yes; I yield.

Mr. SIMMONS. I should like to inquire of the Senator from Utah is it possible for the department to prepare the blanks and forms until the act shall have been passed?

Mr. SMOOT. They can not prepare them definitely; that is, the final figures can not be put into the blanks until the law shall have been passed. It is true that the regulations could be printed; it is true that portions of the blanks could be prepared, but in their entirety they have to be printed after the law passes or they can not be sent to the taxpayer.

Mr. SIMMONS. In view of the fact that no one can tell how extensive will be the changes in the present law which are going to be made, it seems to me it is necessary for the department to know what the changes are; for if the department does not know what the changes are, it can not make a comprehensive and full disclosure of what is required of the taxpayer in his return.

Mr. SMOOT. It is impossible to make it complete.

Mr. SIMMONS. That would seem impossible.

Mr. NORRIS. We have a law now, and why can not we go ahead? There is no lack of law.

Mr. SIMMONS. The returns have to be made under the provisions of the new law.

Mr. NORRIS. There is not any new law now, and a taxpayer has a right to make his return to-day if he wants to under the law as it now stands.

Mr. SIMMONS. In that case he would make his return under the old law and not under the law under which he is to pay his taxes, and the requirements in the blanks and forms might be entirely different under the present law from what they would be under the new law.

That to my mind presents a very serious difficulty in the preparation of the blanks which are to be filled out by the taxpayer. I suggest that to the Senator again as a reason why this bill should be acted upon as soon as possible, of course, allowing proper consideration in the Senate. I do not think it ought to be hurried through to the extent of not allowing proper debate and proper consideration. .

Mr. SMOOT. Of course not.

Mr. SIMMONS. But as fast as we can reasonably do so I think we ought to act in this matter, in view of the fact that after the bill shall have passed the Senate it will have to go to conference, and I think the probabilities are, judging from some utterances on the part of the chairman of a committee in another body, that there will be very serious points of difference which will have to be ironed out in conference. My experience with conference committees upon bills of this character convinces me that it will take considerable time, where radical differences exist between the two Houses, to compromise and compose those differences. Therefore we have got to allow a reasonable margin of time for action on the part of the conferees.

Mr. SMOOT. And then both Houses will have to act upon the conference report.

Mr. SIMMONS. After the conferees have submitted their report, of course, it will have to be acted upon by both bodies.

Mr. KING. Mr. President, will my colleague yield to me for a moment?

Mr. SMOOT. I yield to my colleague.

Mr. KING. Mr. President, I desire to file some minority views.

The VICE PRESIDENT. They will be received and ordered printed. [Pt. 2, Rept. No. 52.]

Mr. HARRISON. Mr. President, will the Senator yield to me for just a moment in order that I may offer some amendments? I am not going to have them read.

Mr. SMOOT. I yield.

Mr. HARRISON. The bill is a very good bill in its present form; but it could be greatly helped, and the taxpayers benefited, if the Senate should adopt the amendments which I offer and ask to have printed.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

Mr. FLETCHER. Mr. President, I presume the regular course would be to ask unanimous consent to consider the committee amendments first.

Mr. SMOOT. I am going to do that right now.

Mr. REED of Missouri. Mr. President, I should like to ask the Senator a question for information.

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Missouri?

Mr. SMOOT. I do.

Mr. REED of Missouri. Apropos of this discussion of time, there is a rumor about, for the truth of which I do not vouch, and therefore I ask the question whether there has been a substantial agreement between the Democrats and the Republicans of the Finance Committee on this bill?

Mr. SMOOT. On a great many parts of the bill there has been an agreement, because their minds have met on the amendments; but in many respects, and perhaps on all of the disputed questions, there is a difference between the Democrats and the Republicans.

Mr. REED of Missouri. On all disputed questions?

Mr. SMOOT. I mean between members of the Democratic and Republican Parties.

Mr. REED of Missouri. Has there been a substantial agreement on the question of the inheritance tax?

Mr. SMOOT. The vote was a substantial vote; and yet I think my colleague [Mr. KING] has submitted a minority report and takes exception to the repeal of the estate tax.

Mr. KING. Mr. President, may I say, if the Senator will pardon me, that I have just filed brief minority views expressing my own opinion. I differ from the majority bill as reported in regard to the estate tax, in regard to publicity, in regard to surtaxes, and a number of other quite important measures, as I regard them. There was considerable unanimity on some questions—for instance, on the question of exemptions. We accepted the House provision with respect to exemptions; but with respect to other matters there was a rather sharp conflict. I disagree with the committee with respect to its attitude upon the matter of the estate tax.

Mr. REED of Missouri. What is the provision of the bill—none of us have had a chance to examine it yet—with reference to publicity?

Mr. KING. I disagree with the attitude of the majority of the committee with regard to publicity. I opposed the repeal of the publicity statute.

Mr. REED of Missouri. Does the committee propose to repeal the publicity provision?

Mr. KING. Yes.

Mr. SMOOT. The bill as reported repeals it.

Mr. REED of Missouri. The committee must be very anxious to save time.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. I do.

Mr. McKELLAR. Would the Senator mind stating what the vote was in the committee on the publicity feature of the tax bill?

Mr. SMOOT. I doubt whether there was a record vote on it.

Mr. McKELLAR. Was the opinion of the committee unanimous?

Mr. SMOOT. No; it was not unanimous.

Mr. KING. May I say to the Senator that I have just stated that I opposed the majority view in that respect; and I am inclined to think my colleague is correct in the statement that there was no record vote on it.

Mr. McKELLAR. Does the Senator mean that he opposed publicity or that he opposed the provisions for its repeal?

Mr. KING. I opposed the repeal of the existing publicity statute; and in the minority views which I have just filed I state that I am in favor of the retention of the existing law, no sufficient reasons, in my judgment, appearing for its repeal.

Mr. HARRISON. Mr. President, may I suggest to the Senator, to clarify the matter, that I voted to repeal the publicity provision, and I voted for publicity last time, if the Senator from Tennessee wants to know how various members of the committee stood; but there is a substitute here that we think will take care of the publicity feature, which I hope the Senator will discuss.

Mr. SMOOT. Mr. President, I ask unanimous consent that the formal reading of the bill may be dispensed with, and that the bill be read for amendment, the amendments of the committee to be first considered.

Mr. NORRIS. Mr. President, I hope the Senator will not make that request at the present time, but that he will proceed with his address on the bill, which he can just as well do without making the request. I do not want to object to it unless it seems to be necessary. If we are going to be crowded, and have to fight for delay, we might as well commence right now as at any other time. I do not want to be put in that attitude if it can possibly be avoided.

I hope the Senator will not make the request now; and by the time he concludes his remarks I will know whether I shall want to make any objection.

Mr. SMOOT. I certainly shall comply with the request of the Senator. I have no desire whatever to crowd the matter unreasonably, as I have already stated.

Mr. President, the pending revenue bill represents quite a remarkable record of achievement. The bill was in committee for consideration during the short period of two weeks. The promptness with which the bill was brought into the Senate for discussion and action is due mainly to the fine spirit of cooperation demonstrated on the part of Members on both the majority and minority sides. Consideration of the measure has been most thorough and painstaking.

All of the thousands of letters and telegrams received from the general public have been noted, answered, and brought to the attention of the committee. Many of the amendments which the committee recommends are the direct result, in large measure, of this system. In addition, personal interviews have been held by all of the Members with the many individuals who have sought consideration for specific changes in the tax laws. Public hearings were dispensed with, since such would have occasioned needless delay and would have constituted a mere duplication of the hearings previously held by the House Ways and Means Committee. Every subject matter so communicated to the committee, either by mail or by person, has been carefully considered and acted upon. The interest manifested by the people of this country in the subject of tax reduction is little short of startling; it is very impressive, and mindful of the public desire for prompt action by Congress in the

enactment of a law permitting further tax reduction, the Finance Committee has, with all possible expedition, performed its portion of the task.

The report of the committee fully explains all of the changes contained in the bill. With the desire of avoiding repetition and of consuming time, I intend to mention merely such of the larger questions that I believe should be commented upon.

There can be little controversy on such matters as the normal taxes, the credit for earned income, and the exemptions. As set forth in the committee report the effect of these is that the average man—that is, the married man with two dependents—will pay less in taxes than he did under the pre-war act of 1916 if his income is less than $13,000. Any criticism that can be made in this respect must be that the reduction is too great rather than not large enough. The bill relieves 2,350,000 persons from the direct burden of income taxes. In one respect that is unfortunate. Anyone who is a taxpayer is bound to have a closer feeling of interest in his Government, its policies and activities, than under the situation where the burden of expense is borne by others. I am opposed to calling this a "Government of the people, by the people, and for the people," and then denying to all of the people the privilege of contributing toward the maintenance of their Government. I favor some contribution in a direct way, however small. A reduction in the tax burden is quite a different matter from the entire denial of the privilege of contribution. I deem such neither a compliment nor a favor to those who thus are made tax exempt.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. SMOOT. I yield.

Mr. NORRIS. If a man's patriotism is judged, as I assume the Senator means, by the amount of taxes he pays——

Mr. SMOOT. No.

Mr. NORRIS. Why does the committee reduce the taxes on the big brackets? Would it not be well even to increase them, and thus increase the patriotism of the large taxpayers?

Mr. SMOOT. Mr. President, I mean just what I say. No matter how small the amount may be, a man who pays something toward the running of our Government and takes part in the payment of its expenses is more interested in his Government and what the appropriations shall be, and what laws shall be passed, than one who is not called upon for any amount whatever.

Mr. NORRIS. It seems queer to me that that patriotic spirit applies only to the poor man, who does not have much tax to pay, and has no application to the rich man.

Mr. SMOOT. The poor man does not pay any tax under this bill; and, as I have already stated, a man with an income of less than $13,000 is taxed less under this bill than he was under the income tax bill that was passed in 1916.

A reduction in the tax burden is quite a different matter from the entire denial of the privilege of contribution. I deem such neither a compliment nor a favor to those who thus are made tax exempt.

On the subject of surtaxes much will be said during the debates on this bill about taking the tax off of the rich, about special interests, and other common topics of easy and popular discussion. So far as criticism is in vogue, it will be directed necessarily against both of the great political parties, which in this bill meet on their views of sound economics. The members of the Finance Committee were unanimous in their approval of the surtax rates reported in the bill, partly, it is true, as a matter of compromise, but equally is it true that members on both sides conceded their individual opinions and that those opinions were not actuated solely by any political considerations.

We of the committee are fully prepared to meet any criticism that may be directed against this feature of the bill. I will frankly state that the estimate of the reduction in individual taxes by the bill amounts to $219,000,000. That amount may be divided as follows:

Normal taxes	$97,700,000
Surtaxes	119,300,000
Capital-gains tax	2,000,000

A division of the reduction by income classes is:

Incomes of less than $10,000	$52,200,000
Incomes of $10,000 to $100,000	46,300,000
Incomes in excess of $100,000	120,500,000

For comparison with these reductions I refer to the latest statistics of internal-revenue collections, those for 1924. The total collected from personal taxes was about $689,000,000. That was divided between:

Incomes of less than $10,000	$67,000,000
Incomes of $10,000 to $100,000	322,000,000
Incomes in excess of $100,000	300,000,000

Accordingly, it will be noted that less than $15,000,000 of revenue still will be raised from taxes on persons having incomes below $10,000. That should adequately explain why the reduction has not been greater for that class. Those persons have received such substantial benefit from previous reductions that little now remains to be done by way of relief.

With that target for attack removed, the critics will next say that the reduction on the incomes above $100,000 is too great and that on the incomes between $10,000 and $100,000 not large enough. The main answer to that is simply this: The largest single source of income for those having incomes in excess of $100,000 is from dividends. In 1924 dividends constituted over 42 per cent of the income of those in the $100,000 to $150,000 class; dividends constituted almost 55 per cent of the income of those having incomes in excess of $1,000,000. The tax upon corporations is, in effect, a tax upon the individual stockholders; it is merely paid at the source. The corporation tax has been left at 12½ per cent (disregarding for the moment the increase in rate which compensates for the repeal of the capital-stock tax). It is only proper that the tax on dividends should be reduced through the surtax reduction. To tax corporate earnings first at the 12½ per cent rate, whether distributed or not, and again at the 20 per cent rate, in case of distribution to a person having income in excess of $100,000, or a total tax of 32½ per cent, would seem to be going quite as far as justice and fairness can permit. A careful consideration of the situation will convince any fair-minded person that those having the very large incomes are not receiving any greater benefit than they, in fact, deserve. That such is an important consideration should be apparent from the fact that in 1924 the total amount of $641,000,000 was received as dividends by the 5,000 persons who reported income of $100,000 and over.

But the reduction of the higher surtaxes is based upon a ground of sound economics that looks further than to the interest of any individual or group. The latter is a minor and unimportant consideration as compared with the real reason that is at the basis of this policy, upon which both of the great political parties now find themselves in accord. The 5,000 individuals who enjoy the incomes in excess of $100,000 can neither eat food nor wear clothes to any great degree beyond the wants of all other human beings. They may enjoy greater security, but their capacity for expenditure is limited. As previously stated, they are largely interested in corporate enterprises. Any saving that inures to them through a tax reduction must be reinvested in the same companies in which they are already interested or they must find new activities for the use of their money. Either use will mean expansion of business, the better employment of more people, and other results which can but benefit the people as a whole. With a furtherance of prosperity will come greater corporate earnings and a broadening of the base upon which the Government relies for its revenue through the tax on corporate income and the surtax on dividends. By fixing the maximum surtax at 20 per cent those 5,000 persons can ill afford to set aside the savings from taxes by investment in tax-exempt securities. Any higher rate would have invited that result.

There is nothing mysterious or secret about the matter. I am frank to admit that I sincerely believe that the adoption of this sound policy will bring in greater revenue to the Government than if the surtaxes were retained at the present high rate of a 40 per cent maximum. Nothing short of the experiment can afford actual proof. The increased tax yield for 1924 as compared with 1923 on the larger incomes is some justification for the expectation that the Government will receive more revenue by a 20 per cent maximum than it has under any prior much higher rate.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. SMOOT. I yield.

Mr. WHEELER. Did the Government receive more taxes by reason of the cut we made in the surtaxes last year?

Mr. SMOOT. It did. The Government received more money with the cut we made last year than it received the year before.

Mr. WHEELER. How much more?

Mr. SMOOT. I will look it up and tell the Senator later. There was more collected.

Mr. WHEELER. Does the Senator think that was because of the fact that we cut the surtaxes, or because of the normal increase in business?

Mr. SMOOT. Both. I want to remove all incentive for evasion and avoidance of taxes by placing our revenue law on a sound economic basis. It is utterly impossible to compel a man to pay more as a tax than he feels that he in good conscience should pay. The excessively high surtaxes in the past have merely forced men to legal expedients by which their tax liability might be diminished. They have divided their

property with wife and children; they have withdrawn from business; they have adopted corporate forms for continuing their activities; they have done this thing and that thing—all for the purpose of bringing their tax liability to a basis that they considered just. In rendering their returns for 1924 taxpayers admitted investment in tax-exempt securities to an aggregate amount in excess of $5,000,000,000. How many more billions were concealed from disclosure, under the advice of lawyers, no one can know. The expedients for evasion are many. The methods for legal avoidance are even more numerous.

Mr. REED of Missouri. Mr. President, may I ask the Senator what the cut is on this high bracket?

Mr. SMOOT. From 40 per cent to 20 per cent.

Mr. REED of Missouri. The Senator's theory is that if a man has to pay 40 per cent he may evade the tax and divide his property up and cheat the Government?

Mr. SMOOT. It is not cheating the Government. He takes advantage of the law.

Mr. REED of Missouri. The Senator's theory is that he will not do that; that he will become honest if the tax is only 20 per cent?

Mr. SMOOT. The reason for that is that wherever there is a high surtax, such as 40 per cent or 30 per cent, and I might say 25 per cent, it pays a man to invest in tax-exempt securities rather than to make his investment in some business and take chances on its success.

Mr. REED of Missouri. Somebody has to buy these tax-exempt securities in order to make a market for them.

Mr. SMOOT. Yes.

Mr. REED of Missouri. Tax-exempt securities are securities issued by municipalities, by States, and by the General Government, and they draw a very low rate of interest, because there is always a market for them, and that market is enhanced by the fact that they are tax-exempt. In view of the fact that there must be a market and that these securities must be absorbed by somebody, what harm does it do if money is put into them by these people who want to escape paying taxes?

Mr. NORRIS. Mr. President, the Senator from Utah has just been telling of the employment of shrewd lawyers to enable men to avoid paying taxes.

Mr. SMOOT. Yes.

Mr. NORRIS. And that it is impossible to say how much of that has been accomplished and to what degree it has been successful. Of course, the Senator knows that its success depends in a great degree upon the fact that it is secret, and that if there were publicity in the bureau it would not be possible to carry on those things to such an extent as they are carried on now.

Mr. SMOOT. I think the Senator is mistaken in that. I do not think the publicity we have had has made one particle of difference in the investments any man makes.

Mr. NORRIS. That is not real publicity; it is a compromise.

Mr. SMOOT. With the publicity there has been, no one can tell what investments a man makes, as far as that is concerned.

Mr. NORRIS. I understand; but with the ability shrewd lawyers have of evading the law, as the Senator has said, nobody can tell anything about it because it is behind closed doors, and nobody has an opportunity to look into it.

Mr. SMOOT. Nobody could have told if the provisions of the Senator's amendment had been in the law.

Mr. NORRIS. They could have told if the Senator, as one of the conferees on the part of the Senate when the last tax law was enacted, instead of surrendering to the House conferees, had insisted on providing for real publicity instead of accepting the compromise, which does not amount to very much, I admit.

Mr. SMOOT. The Senator from Utah, the Senator from North Carolina, and the Senator from Connecticut were the conferees on the part of the Senate, and I assure the Senator that we stood for the Senate provision just as long as we could, as I reported to the Senate when I made the report. But the other House has something to say when we get into conference, as the Senator well knows.

Mr. NORRIS. I understand that; but we come back to the fact that these shrewd lawyers are able to cheat the Government on behalf of the heavy taxpayers out of a lot of money that ought to come into the Treasury of the United States, because everything is done behind closed doors and in secret.

Mr. SMOOT. The Senator can make that statement, but I do not agree with him.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I yield.

Mr. SIMMONS. In connection with this matter, I desire to call attention to the fact that the committee has reported out an amendment which addresses itself directly to bringing about not only publicity but close scrutiny and investigation into all tax levies in the Bureau of Internal Revenue which might be evaded, and which are sought to be evaded, by the methods to which the Senator from Utah has referred. This amendment provides a standing commission, armed with experts and with assistants, and with the authority itself, or through its experts, to pry into these matters and ascertain whether any of these devices to which the Senator from Utah and the Senator from Nebraska have referred have been resorted to, with a view to defrauding the Government out of its just taxes. That commission is to make public its findings with reference to that matter, and we provide for a report to the commission by these experts engaged in this inquiry and investigation, with reference to any irregularities or any scheme for defrauding the Government in connection with the levying of taxes.

I think that is a very practical way to reach and hereafter to prevent such methods and to consider methods of evasion of taxes.

Mr. SMOOT. Mr. President, I had intended in the regular way to take up that question and call the attention of the Senate to it, but as it has been brought up at this time I want to read to the Senate a part of the report touching this particular matter. I may add that this proposal is an outgrowth of what was developed before the so-called Couzens committee. I agree with the Senator from North Carolina that if the provisions in the pending bill providing for a joint committee on taxation become a part of the law, there will be no need for publicity further than will be made public by the joint committee. This is what the report says in relation to the joint commission on taxation.

Mr. REED of Missouri. Before the Senator goes to that quotation may I ask him a question?

Mr. SMOOT. Let me conclude with this feature first.

Mr. REED of Missouri. Very well, although my question had to do with the other topic the Senator has been discussing.

Mr. SMOOT. On page 13 of the report the committee said:

> The House bill provided for the establishment of a commission to be known as the joint commission on taxation and to be composed of 15 members: Five to be Members of the Senate, five to be Members of the House, and five to be selected from the general public. Such commission was to investigate and report upon the operation, effects, and administration of the Federal system of income and other internal-revenue taxes and upon any proposals or measures which in the judgment of the commission might be employed to simplify or improve the operation or administration of such systems of taxes. It was contemplated that the work of such commission would be completed within two years. All members were to serve without special compensation. A fund of $25,000 was provided for clerical and traveling expenses.
>
> One of the results of the work performed by the Select Committee on Investigation of the Bureau of Internal Revenue, appointed under Senate Resolution 168, Sixty-eighth Congress, first session, adopted March 12, 1924, was to emphasize the need for the institution of a procedure by which the Congress could be better advised as to the systems and methods employed in the administration of the internal-revenue laws, with a view to the needs for legislation in the future, simplification and clarification of administration, and generally a closer understanding of the detailed problems with which both the taxpayer and the Bureau of Internal Revenue are confronted. It is more properly the function of the Senate Finance Committee and the House Ways and Means Committee jointly to engage in such an activity.
>
> A large part of the difficulties in administration disclosed by the majority report of that select committee obviously were due to the haste with which the revenue act of 1917 necessarily was prepared in the war emergency. The revenue act of 1918 included many of the imperfections, or at least broad provisions, of the earlier act. Some of them have been continued even into the more recent laws.
>
> The committee is of the opinion that the joint committee which it proposes as an amendment to the House bill accordingly will fill a twofold need. Such a joint committee, comprised of five members from each of the two committees that deal with revenue measures, will have direct charge of the situation. It will employ the necessary experts and assistants through whom it will be in direct contact with taxpayers for the purpose of obtaining all needed information to assist in the framing of future revenue legislation; through whom it will be in direct contact with the Bureau of Internal Revenue for the purpose of a closer insight into the problems of administration; and through whom that committee can gather such facts, data, and information as Congress, or the individual Members, may deem desirable, so far as the same has any bearing upon revenue legislation.

I ask the Senator from Nebraska [Mr. NORRIS] to read the amendment, and to read it carefully and to give it consideration, because the committee believe that the whole question can be solved by the joint commission on taxation.

Mr. NORRIS. If the Senator will permit me I will state that I have read the amendment. I realized when I read it and I realize more fully now that the Senator has made his statement that that amendment has come about and has been proposed because of the fact of the evils of secret government in the Internal Revenue Bureau. The Senator and those who believed with him were opposed to any kind of publicity, and the Senate, notwithstanding that view, incorporated a publicity provision making the returns public documents and subject to inspection. As I said, that provision went out in conference and a compromise provision was incorporated, which in my judgment was of very little value.

The so-called Couzens committee has been working effectively and diligently for months and have done a wonderfully good piece of work, it seems to me. The disclosures that they make are simply astounding. If the country could read and understand fully the partial report which the Senator from Michigan [Mr. COUZENS] has made from that committee they would be shocked at what has been going on behind closed doors in the tax division of our Government. Now come the committee without giving the relief that it seems to me will bring complete relief and give us a provision by which a joint committee, likewise in secret, shall examine these secret reports and under certain circumstances make some of them public and make recommendations to Congress, and so forth.

Mr. SMOOT. I should like very much to proceed, Mr. President.

Mr. SIMMONS. May I interrupt the Senator before he proceeds?

Mr. SMOOT. I yield, though I should like very much to proceed.

Mr. SIMMONS. I do not minimize at all the importance of the disclosures made by the investigation of the Couzens committee. I think that committee has served a great public purpose. It has brought to the attention of Congress, and especially of the committees charged with the supervision of revenues matters, the fact that in the Internal Revenue Bureau there has been too much secrecy and that it has resulted probably in great frauds upon the Government. The committeee, if I understood the sentiment which actuated it, fully appreciated that situation. With unanimity they agreed that it was a situation that ought to be remedied, and in this proposal of the creation of a joint tax commission and the authority of investigation given, they had an honest purpose to reach and eliminate that evil and that opportunity to defraud the Government by bringing about complete publicity as to what was transpiring in connection with such things as refunds and allowances in the department.

I am myself, and I think every member of the committee is, earnestly desirous of creating machinery that would be entirely effective to accomplish the end which we have in view. We drafted this provision as strongly as we could, and I shall be entirely content myself if any Senator can suggest an amendment to the provision that it would make it more effective than it would be as now drawn. I think the committee would welcome any such suggestion, and the committee would be willing to make amendments that would reasonably further accomplish, if it does not already provide for the full accomplishment of, the purpose which it had in view. In other words, I want to say that we had an honest purpose to remove the existing evil, to get at its root, and to provide a remedy; and if our amendment is not sufficiently comprehensive and direct to bring about that result, then I would be glad to see it further amended and made stronger.

Mr. WHEELER. Mr. President, may I ask the Senator from North Carolina a question?

Mr. SIMMONS. Certainly; if the Senator from Utah will yield.

Mr. SMOOT. I yield.

Mr. WHEELER. What harm does the Senator think it did to have the other form of publicity?

Mr. SIMMONS. I was not discussing that, because that relates to another aspect of the case.

Mr. WHEELER. As the Senator is a member of the committee, I would like to know the purpose for the repeal of that provision and what particular harm it did.

Mr. SIMMONS. The present law relating to publicity does not reach this aspect of the matter at all. The mere requiring of an officer to post in the public buildings of the country a statement of the names of the taxpayers and the amounts of their income does not reach the question at all. This was a method that accomplished very undesirable results in the administration of the law.

Mr. WHEELER. What the Senator means is that the publishing of the name and the amount of taxes a man pays does not reach the frauds that were perpetrated down in the Treasury Department?

Mr. SIMMONS. In secret, yes.

Mr. SMOOT. Senators may say "frauds," but the investigation committee reported that there were no frauds.

Mr. COUZENS. Mr. President, will the Senator from Utah yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. Certainly.

Mr. COUZENS. I would like to correct the Senator. I think he is mistaken. I do not think we went as far as the Senator suggested. We said we had discovered no frauds: that we were not organized for determining frauds; that we had discovered none in the course of our investigation of documents; that we had called no witnesses to follow up any clews, and had therefore not been engaged in attempting to find fraud, but rather to find the conditions existing in the Bureau of Internal Revenue. We did not say there was no fraud.

Mr. SMOOT. I have not before me a copy of the statement of Mr. Manson, but from what he said before the committee I concluded, without question of a doubt, that in all the investigation that was made there was no fraud discovered.

Mr. COUZENS. I admit that. I do not say that is not so, but the Senator went further than that and said that we said there was no fraud. We said we did not discover any fraud.

Mr. KING. Mr. President, will my colleague yield?

Mr. SMOOT. Yes; although I am very anxious to proceed.

Mr. KING. I regret to break in on my colleague, but I want to express my dissent, as I understand the Senator from Michigan, from his position and the position of the Senator from North Carolina, as well as my dissent from the position of the chairman of the Committee on Finance. I think that the evidence which was disclosed by the so-called Couzens committee revealed in many instances actual fraud, and in a large number of instances constructive fraud. I have no doubt in the world that the Government of the United States by the misconduct of taxpayers and the lassitude and laxity, not to use a stronger term, of officials in the Internal Revenue Bureau, lost to the Government taxes to the extent of hundreds of millions of dollars. Of course, I shall not trespass upon my colleague's time, but if that matter becomes an issue in the discussion of the pending measure I shall take an opportunity to advert to the testimony in support of the statement which I have made.

Mr. SMOOT. Mr. President, most of the errors that were made, if they were errors, or frauds, if they were frauds, occurred in the early imposition of the taxes before the war. I think most of them affect the question of depletion and amortization. That is where most of the great discrepancies occurred, as I understand it. I have understood that it was a matter of judgment and that there were differences of opinion among the various officials of the department. Many of these cases run back as far as 1917, 1918, and 1919, and grew out of returns for those years, all during a Democratic administration. I desire to say I hope the time will come when we can see to it that the questions of depletion, valuation, and amortization will never have to be taken into consideration by a taxpayer in making his return.

Mr. SIMMONS. Mr. President, I desire to say that, so far as I am concerned, I believe that the benefits of this provision will be achieved whether the results which the Couzens committee pointed out were accomplished through fraud, through duplicity, or through concealment. There may have been frauds on the part of officials. I do not charge any, and no specific case has been called to my attention. There may have been frauds on the part of taxpayers who were seeking to avoid the payment of taxes. But whether they were frauds on the part of the taxpayer or frauds on the part of the officials, the result to the revenues of the Government was disastrous when by one device or another, by misrepresentation, by evasion, by juggling figures and returns taxpayers accomplished the evasion of their taxes justly due to the Government. That was disclosed by the Couzens committee, and that is the thing which we are seeking by this provision to remedy.

Mr. SMOOT. And the department knew—there is not any doubt about it—that there were evasions, and many of those cases are open to-day.

Mr. WHEELER. Does the Senator mean to say that the department knew that these frauds were going on?

Mr. SMOOT. That is not what I said.

Mr. WHEELER. That is what the Senator said. He said the department knew these things.

Mr. SMOOT. I said the department knew that there had been evasions. They are undertaking to settle the cases running back to 1917, many of which are not settled to-day. I have not any doubt that every official in the department is doing everything in his power to obtain a settlement of these old cases which have been hanging on now for years and years.

Mr. SHORTRIDGE. Mr. President, may I ask the chairman of the Committee on Finance if there was any evidence of fraud on the part of any official of the Internal Revenue Bureau or was there any evidence that they, discovering fraud, condoned it or overlooked it?

Mr. WHEELER. I will answer the question.

Mr. SHORTRIDGE. I asked the question of the chairman of the committee. I am putting the question to him.

Mr. WHEELER. I will let the chairman of the committee answer the question now, but I will answer it presently.

Mr. SMOOT. The Senator from Montana may answer the question in his own time. I desire to say that I know of no statement which was made before the Finance Committee nor have I heard of any statement from any official source which pointed to direct fraud on the part of any official of our Government.

Mr. COUZENS. I think the Senator from Utah is correct in his statement.

Mr. SHORTRIDGE. That is the information I desired to elicit.

Mr. KING. Mr. President, I dislike to interrupt my colleague, the senior Senator from Utah [Mr. SMOOT], and will not do so without his consent; but I disagree with the statement which has been made by the Senator from Michigan [Mr. COUZENS]. While it is true that the select committee did not seek to discover fraudulent practices, except as they were incidentally developed in trying to determine the modus operandi of collecting taxes and settling claims and refunds, there was considerable evidence to the effect that some of the employees of the department—I do not mean that they were the "higher-ups," to use the common expression—were guilty of misconduct, and a number of them have been arrested, prosecuted, and sent to the penitentiary. A great many were also dismissed, and a great many left the service because of irregularities in which they participated. So the statement of the Senator from Michigan [Mr. COUZENS] needs that qualification.

The evidence also shows that literally hundreds of employees of the department who obtained secret information relative to taxes promptly resigned and obtained employment at the hands of those who were heavy taxpayers, and by the secret information which they had obtained were able to deprive the Government, in my opinion, of large sums of money which were due. You may call it fraud, mistake, or what not, but it was conduct that does not measure up to that high moral and ethical standard which ought to govern employees of the United States.

Mr. SMOOT. Mr. President, the latter statement——

Mr. COUZENS. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. I will yield to the Senator from Michigan in just a minute.

The latter statement made by my colleague, the junior Senator from Utah [Mr. KING], is correct. Even some of the "higher-up" officials resigned from the Government service.

Mr. KING. Yes.

Mr. SMOOT. And went into the practice of law and have made a great deal of money. We tried to stop that by passing a law through Congress that former Government officials should not practice before the departments for a period of two years after leaving the service, but it did very little good. Frequently former employees of the departments formed partnerships, one partner appearing before the department while the ex-employee remained in the rear, but the ex-employee knew all of the ins and outs of the department and knew just what questions were involved in the cases. That occurred as far back as 1917, 1918, 1919, and I do not know but it is still occurring.

Mr. KING. Mr. Bright is one who has recently resigned. He occupied a key position under the Government and is now soliciting trade.

Mr. COUZENS. Mr. President, will the Senator from Utah yield to me for just a moment?

Mr. SMOOT. I yield to the Senator.

Mr. COUZENS. I merely wish to point out that there is really no difference between my colleague on the select committee, the junior Senator from Utah [Mr. KING], and myself in this respect. I wish to say that I was consumed with suspicion to the fullest extent as to what was back of many of these transactions and the motives; but I still contend that the committee made no attempt to follow up those suspicions. We devoted our time and that of our staff to creating ways and means, if possible, to correct the continuance of the abuse.

Mr. KING. Exactly.

Mr. COUZENS. That we did not follow up those suspicions is no evidence that there was no fraud. I frankly confess that we discovered no fraud, because we were only suspicious and attempted at no time to follow up those suspicions, because we wanted to get through in the limited time we had and endeavored to find ways and means of preventing a continuance of these practices. It was no use wasting our time in order to recover the horse that was gone; and there were millions of them that went. We were devoting our time to preventing a continuance of these abuses.

Mr. KING. We desired to suggest constructive legislation to the committee and to Congress.

Mr. COUZENS. Yes.

Mr. SMOOT. That is what we have been trying to do in the Committee on Finance. Mr. President, I will now continue what I have to say in reference to the bill.

Mr. SIMMONS. Mr. President, will the Senator from Utah yield to me at this point?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Yes.

Mr. SIMMONS. There were two members of the Committee on Finance who were members of the select investigating committee.

Mr. KING. Four members of the Committee on Finance were members of the select committee.

Mr. SMOOT. That is correct.

Mr. KING. They were the Senator from Kentucky [Mr. ERNST], the Senator from Indiana [Mr. WATSON], the Senator from New Mexico [Mr. JONES], and myself.

Mr. SIMMONS. I think the Senator from New Mexico [Mr. JONES], collaborating, probably, with the other Senators who were on the select committee, drafted this provision, and they drafted it with a view to accomplishing the very result that has heretofore been stated as most desirable.

Mr. KING. Mr. President, if my colleague will yield, I want to do full justice——

Mr. SIMMONS. They were in full possession of the facts; they had participated actively in the investigation; they knew the evil; and we trusted them to write an amendment that would remedy it.

Mr. KING. The Senator from Michigan [Mr. COUZENS] aided in the drafting.

Mr. SMOOT. As I understand, the Senator from Michigan took part with other Senators in preparing that provision?

Mr. KING. Yes.

Mr. SMOOT. And it was acceptable to him?

Mr. COUZENS. Yes; when the staff and myself were before the committee we discussed this question, and asked for this amendment in place of the provision in the House bill.

Mr. SMOOT. That is right.

Mr. COUZENS. And afterwards the Senator from New Mexico [Mr. JONES], the Senator from Utah [Mr. KING], and myself conferred with the drafting staff and with Mr. Manson in preparing this amendment, which is the best method I know of to make effective in this bill the work the so-called select committee of the Senate was doing in this respect. I do not contend in saying this, however, that it takes the place of having these records open as public records.

Mr. SMOOT. Mr. President, I believe that the reduction in rates proposed in the bill will discourage such avoidance and that the Government will obtain greater revenue return in the long run than under the unsound system that has been the vogue for so many years. At least it is worth the trial. The present period of prosperity justifies a fair test of this quite general belief.

The 20 per cent maximum surtax rate is still from three to five times the maximum rate under the 1913 law, and from four times to five times the maximum rate under the 1916 law. Certainly no such consideration has been given for those persons having the larger incomes as compared with those having incomes below $10,000. I repeat that 2,350,000 persons have been entirely relieved from the direct burden of income taxes.

Mr. HOWELL. Under this bill?

Mr. SMOOT. Yes; under this bill.

Considerable misunderstanding occurs on the part of those who may be expected to argue against the reduction in the surtax rates, because they labor under the belief that the same individuals have the very large incomes year after year. With a very few exceptions that is contrary to the true situation.

As illustrative of my point, I will use the statistics for 1921, 1922, and 1923, relating to the State of Colorado. The selection of that State was made at random; the data as to any other State would have shown the identical situation. The number of individuals having net incomes of from—

$100,000 to $150,000 in 1921 were	8, in 1922 were	13, 1923	10
$150,000 to $200,000 in 1921 were	2, in 1922 were	3, 1923	5
$200,000 to $250,000 in 1921 were	1, in 1922 were	3, 1923	4
$250,000 to $300,000 in 1921 were	1, in 1922 were	0, 1923	2
$300,000 to $400,000 in 1921 were	0, in 1922 were	2, 1923	2
$400,000 to $500,000 in 1921 were	0, in 1922 were	0, 1923	1
$500,000 to $750,000 in 1921 were	0, in 1922 were	2, 1923	1
$750,000 to $1,000,00 in 1921 were	0, in 1922 were	1, 1923	0
$1,000,009 and over in 1921 were	0, in 1922 were	2, 1923	0
Total	12	26	25

That illustration is typical. The statistics of internal revenue are public documents; they are open to all. What is true in Colorado is equally true in every other State of the country. There were 12 persons in that State having incomes of $100,000 and over in 1921. In 1922 there were over twice as many. Where did they come from and what became of the five individuals who had incomes of over $500,000 in 1922 as compared with the one such person in 1923? Where did the two individuals with the $1,000,000 incomes in 1922 come from and what became of them in 1923?

The obvious answer is that in this country of great opportunities a man may be poor to-day and wealthy to-morrow; he may be wealthy to-day and poor to-morrow. Fortunes are made and lost practically overnight. It is those situations that are reflected in statistics dealing with taxes. High rates catch the fellow who has been seeking a fortune for a lifetime. Once he achieves success and learns of the large taxes imposed upon him by the Federal law his tax experience but starts him on the way for legal advice that will save him from capture a second time. The many means for avoidance are availed of, with the result that some other fellow falls within the class of the higher income in a succeeding year. A separate examination of the returns filed by specific individuals over a series of years would afford considerable enlightenment. It would be found that the persons who continuously have large incomes year after year are very, very few. A wide variation in their income from one year to another also would be apparent.

The fact is that the honest critics of the surtax reduction are misled under the belief that the same individuals fall within high brackets year after year. They seem to think that every person who happens to come within those brackets is either a Rockefeller or a Ford. They neglect to realize that the effort to tax the Rockefeller and the Ford only involves hundreds and thousands of individuals who are achieving the position of financial success for the first time after a long life of effort.

I am not one of those individuals who believe in firing a machine gun into a crowd of innocent people for the purpose of possibly injuring one particular person as the target of my attack.

Therefore, to state briefly my actuating reasons for the approval of the surtax reductions they are simply these: Those who have high incomes each year must contribute any tax saving toward investment in industrial enterprises, reacting to benefit all of the people, and an additional tax contribution to the Government must result in subsequent years from the corresponding increase in corporation earnings and dividend distributions; those who have large incomes for the first time in their lives—that is, incomes in excess of $100,000—are certainly making a proper contribution to the Government under a law that obliges them to turn over one-fourth of their profit in the form of taxes.

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. SMOOT. I yield to the Senator.

Mr. HOWELL. Do I understand that it is the Senator's position that if one of these great incomes is relieved of 20 per cent, or one-half of the present surtax, it will be to the benefit of the country, because that money will be invested in private enterprise?

Mr. SMOOT. Partially so; and, on the other hand, they evade the payment of the tax wherever they can.

Mr. HOWELL. Is it not a fact that if that 20 per cent were still paid to the Government and used to retire Government securities, there would be realized an equal amount of capital for investment in private enterprise?

Mr. SMOOT. Not necessarily so.

Mr. HOWELL. Where would it go?

Mr. SMOOT. It may go into the purchase of stocks and bonds, or it may be put into the savings banks, and then, of course, borrowed from there to carry on business that is already established.

Mr. HOWELL. But if we leave the 20 per cent in the hands of these beneficiaries, might they not do the same thing that the Senator indicates would be done with the money that would be received from the retirement of Government securities?

Mr. SMOOT. Not if they have to pay 40 per cent. They will get out of it in some way or other.

The next subject that I will touch upon is that of the corporation tax. My remarks will also involve the proposed repeal of the capital-stock tax. The contention will be made that the repeal of the capital-stock tax, together with an increased income tax of 1 per cent on corporations, will adversely affect the small corporations.

The capital-stock tax has been imposed upon all corporations engaged in business, irrespective of whether the business was conducted at a profit or a loss. Such has constituted a levy of $1 for every $1,000 of the value of the corporate assets. For example, a company with assets worth $250,000 would pay a tax of $245. We can assume that such a company can be considered as a small corporation. If such a company had earnings of 10 per cent upon that capital value, or $25,000, the provisions of the law taxing the income of corporations would afford that company a $2,000 deduction from income before the 12½ per cent tax would apply. Such a company would then pay one-eighth of $23,000, or $2,875, as an income tax. The 1 per cent additional income tax imposed under the proposed bill would amount to $230, as compared with $245, otherwise payable as a capital-stock tax. Accordingly, it should be observed that the only small corporations that can complain of the proposed change in the law are those which are earning in excess of 10 per cent upon their capital value. Perhaps there will be individual Senators who will desire to now champion the cause of corporations that earn in excess of 10 per cent upon their capital value. Such will present an interesting comparison with the attitude taken at the time that the excess-profits tax repeal was proposed and debated in 1921.

The fact is, however, that the repeal of the capital-stock tax will afford a real and merited relief to a great many corporations, whether their capital be large or small. In 1921 over 185,000 corporations, or about 52 per cent of all the corporations in the country, reported no net income; in 1922 over 170,000 corporations, or about 45 per cent of the total, reported no net income; and in 1923 over 165,000 corporations, or about 42 per cent of the total, reported no net income. Those corporations which operated without profit did a gross business of thirty-one billions of dollars in 1921, over twenty billions in 1922, and over twenty-one billions of dollars in 1923. Yet those companies have been subject to the payment of the capital-stock tax. As the past experience has shown that over 40 per cent of the corporations annually conduct their business at a loss, it can hardly be claimed that the repeal of the capital-stock tax will not be a welcomed relief to a large percentage of the corporations. Such protests as will be filed will come from the corporations whose earnings are large, but the repeal of the capital-stock tax will also afford such companies a benefit which can not be measured merely in the amount of difference between a 1 per cent income tax and a $1 per thousand tax upon capital stock. They will be relieved of the filing of a second return based upon a different accounting period than the return relating to their income tax. They will be relieved of duplication in auditing and conferences with the Bureau of Internal Revenue. They will be relieved of the necessity of making a valuation of their assets on a date which peculiarly applies only for capital-stock tax purposes. There is bound to be a financial saving greatly offsetting any possible increase in taxes.

So it must be apparent that placing the corporation income tax at 13½ per cent does not by any means constitute an additional tax for the large number of corporations which most require and deserve relief. Anyone who cares to plead for the corporations which are earning in excess of 10 per cent upon their capital value, and whether those companies are large or small, is, of course, free to criticize the proposed plan.

But the apparent result of this plan is that any corporation whose net income exceeds 10 per cent of the value of the corporation's assets will pay a greater tax, by reason of the 1 per cent additional income tax, than if the capital-stock tax was retained in the law.

So the real question for Congress to decide is whether it desires to benefit the corporations whose net incomes are less than 10 per cent or nothing, as compared with the corporations which have earned in excess of 10 per cent upon the value of their assets.

For my part, I prefer to sponsor relief for those corporations which most deserve relief, rather than to reduce the taxes of corporations that can well afford to bear the small

additional tax which is but a substitute, in large part, for the capital-stock tax, from which all corporations will be relieved.

But I wonder just what is meant by the term "small corporation." Is it a matter of the size of the capital investment or is it a question of the size of the net income? Perhaps it would be admitted that any company with a capital of less than $250,000 is a small corporation. Then to talk about a 12½ per cent tax as now being applicable to such a corporation is simply contrary to the facts. If a company having that capital has a net income of 10 per cent upon its capital, it pays not a 12½ per cent tax but rather an 11½ per cent tax, for it enjoys a $2,000 exemption under the present law and under the proposed bill. For example, its income would be $25,000. With the $2,000 exemption, there would be $23,000 of income subject to the 12½ per cent tax, or the tax would be $2,875, which is exactly 11½ per cent of the $25,000 net income. If, again, its net income was 8 per cent on its capital, or $20,000, it would be taxable on $18,000, so the tax would be $2,250, which is about 11 per cent of the $20,000 net income. If its net income was $15,000, or 6 per cent on the capital, only $13,000 would be taxable, so the tax would be $1,625, or less than 11 per cent of its net income.

Yet to talk about the size of a corporation from the standpoint of the number of dollars represented in the investment is rather misleading. Should favoritism be shown to the corporation where one man owns all of the stock in a $250,000 capitalization as compared with the company in which 1,000 men each contribute an equal $250,000 for the establishment of a corporation having capital of $250,000,000? What is the difference whether one company or the other has a net income amounting to 10 per cent upon its capital? Each individual stockholder on the basis of his investment is in an identical situation. Twenty-five million dollars net income in the one company has a meaning of $25,000 to each of the individual stockholders, just as it has to the one man who owns all of the stock in the company with the $250,000 capital. Is it more reprehensible for 1,000 men in a group to make 10 per cent upon their investment than it is for a single individual to make 10 per cent upon his investment? Yet that illustration shows the utter fallacy of the theory advanced by the Senator from New Mexico for a graduated tax on corporations. Such a theory disregards entirely the important element of the return to the individual upon his investment. Under that theory an income of $2,500,000, or 1 per cent on an investment by 1,000 individuals in a corporation having a capital of $250,000,000, would bear a considerably larger tax than that where there was a $25,000 return upon a $250,000 investment by a single stockholder. In fact, the latter would be entitled to a return of ten times his investment before there would be an equalization of tax. It would seem clear that if 10 per cent is proper in one case, then it is just as proper in the other; if 100 per cent is unconscionable in the case of a company having a large capitalization, it is equally wrong in that of the company with the smaller capital.

The size of any corporation can not be measured by the amount of either the capital or the net income. It can be determined fairly only with reference to the return of the individual stockholder on his investment. Such a determination by the Government would be an impossible task of administration. In that situation a flat tax upon corporations is the fairest method in the long run. Exact equality is incapable of accomplishment. Inequality and hardship must be adjusted in specific instances through reorganizations into other business forms. It should be apparent from what I have said that any favoritism that now exists is toward the companies that have incomes of $25,000 and under, in cases where that income is equivalent to 10 per cent and over, on their capital investment.

One other point should be noted. That is the net loss deductions which are allowed corporations as well as individuals.

The total net losses for 1922, which were deducted from the net income of corporations that had net incomes in that year, amounted to over $500,000,000. In 1923 the corresponding deductions were almost $600,000,000. That means that corporations which reported deficits in preceding years obtained a reduction in their income taxes for subsequent years when they operated at a profit. Such companies paid the capital-stock tax whether or not they had profits. The 1 per cent additional income tax, combined with the net-loss provisions, will effect a material reduction in tax for those many corporations.

It is not apparent that any useful purpose has been served by the publication of the amount of income tax paid by the various taxpayers. In some instances taxpayers have intentionally filed erroneous returns stating a fictitiously large tax and have forwarded one-fourth of that amount as their first installment payment. The prompt publication of the data by the department, in compliance with the law, has necessitated the use of the figures shown on the return as the basis for the published information. Such taxpayers, thereby obtaining the public impression of having greater incomes than they actually enjoy, have later filed amended returns correcting the errors and claiming credit against installments subsequently due.

In other instances taxpayers have filed tentative returns on March 15, showing a lower tax than was subsequently disclosed by an amended final return, thereby concealing their true net income. In many instances a tentative return must be filed necessarily on March 15, since the larger corporations are unable to compile all of the schedules required within the time from December 31 to March 15. In many instances the use of a fiscal year instead of a calendar year causes additional complications. Furthermore, as to those taxpayers who are not able to file their final returns by March 15, the deductions for net losses of succeeding years, the items of capital gains and capital losses, exempt interest, business expenses, and other items make impossible the ascertainment by the curious public of the annual income of a taxpayer from any information as to the tax actually paid with the filing of the return.

Except for such newspapers that have devoted their pages to the data instead of supplying their readers with news, and except for the use of the information by persons desiring to find a willing market for questionable securities, it is not apparent that the information so disclosed has been intelligently availed of by anybody. The Treasury Department has been unable to trace any additional tax receipt from the fact of publicity. To the contrary, there is every incentive for concealment of the actual facts, generally for reasons based upon a construction of the tax laws as to which there may be an honest difference of opinion. So that actual fraud neither can be charged nor proved. In other words, the publicity feature is an additional incentive for delay in the final settlement of tax liability and is a hindrance rather than an aid to the Treasury Department in its desire to have tax matters settled as promptly as possible.

The Federal estate tax has brought revenue to the Government during the years 1917 to 1925, inclusive, of almost $900,000,000. It is assumed that $90,000,000 additional will be collected during the calendar year 1926, so that by the end of this year the Federal Government will have collected about $1,000,000,000 from the estates of persons who have died since the enactment of the first estate tax law in 1916. During that same period the various States have collected less than $600,000,000 by way of taxes on estates and inheritances, but the increased extent to which this form of taxation is being utilized by the States is evident from the fact that the total receipts in 1916 amounted to less than $31,000,000, while in 1924 they were about $83,000,000. So that at the present time the aggregate of collections by the States approximates the total collections by the Federal Government of taxes on estates.

The constitutionality of the Federal estate tax rests upon the principle that it is an excise tax upon the mere incident of transfer of the estate at death, and the value of the estate is used as the basis for the application of the tax rates. It must be admitted that the legal principle rests upon a technicality and that the practical effect is that the Federal Government takes a percentage of the estate through the form of an excise tax. The actual right to dispose of property at death or of the heirs to enjoy the property at death is a right which is granted under the laws of each individual State. The right of disposition or inheritance is not a matter over which the Federal Government has any direct control. The repeated assertions that the Federal Government should utilize this form of taxation only under such an emergency as war gives full recognition to the legal theory and practical consequences of the imposition of a Federal estate tax. The Federal Government will have received about $1,000,000,000 during the 10-year period from 1917 to 1926, inclusive, from this form of taxation, and it would seem quite proper at this time for the Federal Government to withdraw from a field of taxation which is so fundamentally and naturally within the peculiar province of each individual State.

The adoption of the provision for an 80 per cent credit must be predicated upon the assumption that the Federal Government does not require the full amount of revenue which would be received on the basis of the rates provided for. If the 80 per cent credit provision were applied to a $100,000 estate the Federal Government would receive only $100, and the actual benefit to the Federal Government would be smaller, since the cost of collection would be just as great as if the full 100 per cent were collected. Furthermore, the cost of collection will be increased through the necessity of checking up the amount of similar taxes paid to the different States and to be applied

under the credit provision. So far as a revenue measure is concerned, we would seem to be unjustified in continuing the estate tax as a Federal law.

But the 80 per cent provision has another effect which is objectionable. The apparent purpose of the 80 per cent provision is to utilize the Federal Government as a means of compelling the States to form their taxation measures for their own needs along such lines of uniformity as the majority in Congress may consider proper. It is that spirit of coercion to which I particularly object. Any State has a perfect right to determine as it sees fit the extent to which it will tax the estates of its decedent residents or the individual heirs who may be recipients of property by reason of death.

Mr. CARAWAY. Mr. President, may I ask the Senator a question before he leaves that subject?

Mr. SMOOT. Certainly.

Mr. CARAWAY. Under what theory was it suggested that the Federal Government should levy an estate tax and turn the money over to the States? What was the theory?

Mr. SMOOT. I do not know what the theory was, as expressed in the House. There was very little discussion of it. But it seemed to me that that could be based only on the theory of compelling the States to impose an inheritance or estate tax in the State, and if they did not do it, then the Government of the United States would collect the tax.

Mr. CARAWAY. The estate would have to give up so much money, and if the State did not take it, the General Government would. Was that the general theory?

Mr. SMOOT. I can not say positively, but that is the only conclusion I can reach.

Mr. DILL. Mr. President, does the Senator think there is any tax levied by the Government that is less burdensome than an inheritance tax? Does he know of any?

Mr. SMOOT. Yes; I know of a great many taxes that are very much less burdensome. In fact, let me take the case of an individual whose business is on the basis of about $5,000,000. Let us suppose he dies, and his estate is compelled to pay the rate imposed in one or two of the States of the Union, together with the tax imposed by the Government of the United States to-day. The heirs of the estate would not receive anything. In fact, it would be an absolute impossibility to close the business up and get enough to pay the tax.

Mr. DILL. The Senator is speaking of an estate of $5,000,000. I have not figured it out on that basis. The point I am trying to get at is this: All taxes are burdensome to those who have to pay them. I ask, Is there any tax that is less burdensome than the tax that is levied on property after a man has done with using it, and it is levied on property passing to some one else who did not do anything in relation to it except to happen to be a relative or a devisee?

Mr. SMOOT. It may happen that way; but the money may come to somebody who virtually has made the money for the man who died, who has been the power in creating it, although it is in the name of some other individual.

Mr. DILL. That is a possibility, but that is not the kind of estate that generally pays taxes.

Mr. SMOOT. No; I can not say that it is general, but it very often happens.

Mr. DILL. I think that very seldom happens. The man who receives this money because he is a relative or a devisee has done nothing to get it; yet the Senator would take the tax off of him before he would take it off of the business of this country, paying a direct tax.

Mr. SMOOT. I never said that I was in favor of taking the tax off at all. I say that that matter belongs entirely to the States. The States have the absolute right over that matter. The States pass the title. The Government of the United States has no more power than a kitten to transfer title to the property of a decedent.

Mr. KENDRICK. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Utah yield to the Senator from Wyoming?

Mr. SMOOT. I yield.

Mr. KENDRICK. In answer to the question asked by the Senator from Washington as to the burdensome character of the inheritance tax, or estate tax, I want to ask the Senator from Utah if he has in mind or has any information regarding any tax that is more destructive in its character than a tax levied on property after the man who produced the property has been removed from a position to protect it?

Mr. SMOOT. An estate tax is a tax upon capital; it is not a tax upon gain. The man who has made the money has paid all of his taxes upon gains, and the inheritance tax is a tax upon capital.

Mr. KENDRICK. The great difficulty with it is the fact that nine times out of ten it is a demanding of liquid assets levied upon frozen assets.

Just one word, Mr. President, if the Senator will permit, in answer again to the Senator from Washington in his statement that the man who owned the property has passed on, and it now comes to some one who did not have to do with it. I think the Senator must have overlooked the fact that the man who produced the property is more concerned about the welfare of his beneficiaries than he is about his own.

Mr. SMOOT. Take the case of the Senator himself. He has some boys who are directing his business, and they are making the money in part. It is true that he is the directing head, but who is out on the range looking after the cattle? Who is looking after the details of the business? It is his boys.

Mr. DILL. I do not want to enter into any debate with the Senator from Wyoming in the time of the Senator from Utah, but I do want to say a word in reply to the Senator's suggestion that an inheritance tax is not a tax on gain, for if there is any money that is a gain to a man it is money that comes to him because he had some relative or some friend who left it to him.

Mr. SMOOT. That is not gain as it is understood in the revenue law. When we impose a tax on gain it means on gain upon capital invested.

Mr. DILL. With reference to the suggestion of the Senator from Utah as to the boys who are raising the cattle for the Senator from Wyoming, if those boys are making the money for the Senator, as the Senator from Utah suggests, they ought to be given it now and not have to wait until after he dies.

Mr. SMOOT. That is the Senator's opinion.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I yield.

Mr. HOWELL. Assuming an estate of $100,000,000 net, what tax would the estate pay in 1926 under the proposed law?

Mr. SMOOT. Under the pending bill or under the House provision?

Mr. HOWELL. As amended by the Senate committee.

Mr. SMOOT. It would not pay anything.

Mr. HOWELL. In other words, an estate of $100,000,000 net in 1926 would not pay anything under the provisions of the bill as amended by the Senate Finance Committee?

Mr. SMOOT. Not to the Federal Government. It would pay to the State in which the decedent held the property.

Mr. HOWELL. I am speaking of the Federal Government.

Mr. SMOOT. That is correct.

Mr. HOWELL. Under the law of 1924, or the law that is now in effect, how much tax would an estate pay that was $100,000,000 net?

Mr. SMOOT. I would have to go through all the brackets and figure out what it would be. I can not say offhand, but it would be a very substantial amount.

Mr. HOWELL. It would be in the neighborhood of $40,000,000, would it not?

Mr. SMOOT. It would be something less than that, because the brackets all take effect as the amounts advance. A certain amount of it would fall in the higher brackets.

Mr. HOWELL. It would be approximately $40,000,000?

Mr. SMOOT. Not only that, but the State may impose $40,000,000, which would make $80,000,000 tax out of the $100,000,000. Then if it was a going concern it could not sell its property to raise the $80,000,000 cash to pay the tax imposed.

Mr. HOWELL. Then under the law as it is now in existence an estate of $100,000,000 net would pay about $40,000,000 to the Federal Government?

Mr. SMOOT. I do not want to say how much it would pay. If the Senator can wait a little while I will get the figures.

Mr. HOWELL. It would be between $30,000,000 and $40,000,000?

Mr. SMOOT. Approximately that, I would say, although I would not say even that definitely. The brackets toward the end do not run up rapidly.

Mr. HOWELL. The James B. Duke estate is reputed to be about $150,000,000. Assuming that it is net $100,000,000——

Mr. SMOOT. I will say to the Senator that it is $75,000,000, if he wants to know the amount.

Mr. HOWELL. Is that the net amount?

Mr. SMOOT. That is the gross amount.

Mr. HOWELL. Has it been determined?

Mr. SMOOT. Yes.

Mr. HOWELL. As the gross amount of the estate?

Mr. SMOOT. It has been determined so far as the report is concerned.

Mr. HOWELL. It has been reported as $150,000,000.

Mr. SMOOT. That is newspaper report, but the report coming from the estate gave its valuation as $75,000,000.

Mr. HOWELL. Does the Senator mean to state that his information is not newspaper information?

Mr. SMOOT. Yes.

Mr. HOWELL. Very well. My information is that the estate will be net about $100,000,000.

Mr. SMOOT. The Senator may have better information than I have.

Mr. HOWELL. Does the Senator know the amount of tax the State of North Carolina places upon estates of this character?

Mr. SMOOT. Perhaps the Senator from North Carolina can inform us.

Mr. SIMMONS. It is a very small tax, somewhere around 6 per cent.

Mr. CARAWAY. May I ask the Senator a question?

Mr. HOWELL. May I follow my inquiry to its conclusion first?

Mr. CARAWAY. No; let me make an inquiry. What interest is it to the Federal Government what tax the State of North Carolina levies? If the Federal Government can coerce the States about estate taxes, why not let the Federal Government say we will levy heavier income taxes and thus do away with the State income tax. If it is a coercive measure, why not pick out all of the taxes and levy them all on the same principle?

Mr. HOWELL. The point I want to make is that under the present law we would collect in the neighborhood of $40,000,000 from this estate. Under the present law of the State of North Carolina they would levy 6 per cent. That would be $6,000,000. Under the present law North Carolina would be allowed that $6,000,000 and we would have the difference between $6,000,000 and $40,000,000 or about $34,000,000. If the pending bill is enacted into law and this death had occurred in 1926 instead of 1924, the United States Government, instead of securing in the neighborhood of $34,000,000 from the Duke estate, would not secure a dollar.

Mr. SMOOT. The Senator has quoted figures on the basis that there were no gifts made by the estate. All of those gifts have to be taken into consideration and deducted before any tax of the Government is imposed, and they amounted to millions and tens of millions of dollars.

Mr. HOWELL. But what I am pointing out and assuming is a $100,000,000 estate net.

Mr. SMOOT. But the Senator is talking about the Duke estate. If he wants to make use of a supposititous case, that is all right; but he should not say that it is the Duke estate. The Senator was referring to the Duke estate and said that if Mr. Duke had not died until 1926 the Government would not have received a certain amount of money.

Mr. HOWELL. Will the Senator please state how much the Federal Government would have lost had Mr. Duke died in 1926, under the present law?

Mr. SMOOT. Does the Senator mean under the 1924 law?

Mr. HOWELL. I mean under the proposed law how much would the Government lose? As I understand it, under the proposed law such an estate would not be taxed a dollar.

Mr. SMOOT. I have said to the Senator that I can not figure that, because I do not know what the bequests were in the way of gifts. There are millions and tens of millions of dollars that can not be taxed.

Mr. SIMMONS. Mr. President, will the Senator from Utah permit me just a moment?

Mr. SMOOT. I yield.

Mr. SIMMONS. I want to say to the Senator from Nebraska that the amount of income tax paid to the State of North Carolina under the North Carolina law will not, according to my information, amount to as much as $300,000. The estate of Mr. Duke will pay inheritance taxes in about seven States in the United States. The largest tax it will pay will be in the State of New Jersey, where Mr. Duke resided at the time of his death. The New Jersey tax will be between $2,000,000 and $3,000,000. All the taxes imposed in the other States will not amount to $1,000,000. I state that much to get the facts straight, because the Senator has assumed that Mr. Duke was a resident of North Carolina.

Mr. CARAWAY. What interest is it to the Senator from Nebraska or the Senator from Utah how much North Carolina levies on somebody's estate?

Mr. SIMMONS. It is utterly immaterial.

Mr. CARAWAY. If the Federal Government has the right to meddle with one taxing arrangement in the North Carolina system of taxation, why not take over the whole taxing system of North Carolina?

Mr. SIMMONS. There is no question about it. If carried to its final conclusion, it would mean the Federal Government taking over the whole taxing system of the States.

Mr. CARAWAY. Under what theory do those people who justify the right of Congress to do this thing fail to justify the right of the Federal Government to take over the entire State taxing system?

Mr. SIMMONS. I do not know. The only justification I have ever heard for it was the idea that it was desirable that all of the States of the United States should levy the same amount of income tax, and they thought this was a device by which they could coerce the States to levy uniform income taxes.

Mr. CARAWAY. Why not make all taxes uniform as well as the income tax, and then make uniform the valuation which is placed upon their mules or their household effects?

Mr. SIMMONS. It would be just as logical. I desire to answer the Senator from Nebraska a little bit further. The Senator asked what amount of tax Mr. Duke's estate would pay to the Federal Government if he had died after the pending bill had been enacted into law with the provisions incorporated in it by the House. My answer to him——

Mr. HOWELL. No; the Senator misunderstood me. I said under the new bill as amended by the Senate.

Mr. SIMMONS. Oh, I did not understand the Senator.

Mr. SMOOT. I will say to the Senator from Arkansas that I have here the report of the House committee on this provision of the bill, and this is all I can say as to the object of it. The Senator can judge for himself. The House Committee on Ways and Means said:

> Under the present law a credit is allowed upon these taxes of the amount of any inheritance or estate tax paid to any State up to 25 per cent of the Federal tax. In order to give the various States full freedom to make use of this tax, the committee decided to extend the credit which might be so allowed up to 80 per cent of the Federal tax. The several States, by the use of this provision, will be enabled to make use of the inheritance tax without additional cost to its citizens. The extension in the use of this provision will probably be slow, but eventually it will greatly affect the Federal receipts from this tax.

Mr. CARAWAY. If they are going to relieve the State of that burden, why not relieve the State of all of its burdens and of its authority—abolish the States and let the Federal Government handle the whole matter?

Mr. HOWELL. My purpose in asking as to the tax of North Carolina was because I assumed that Mr. Duke lived in North Carolina.

Mr. SIMMONS. But he did not.

Mr. HOWELL. And that estates under the 1924 law are allowed a rebate up to 25 per cent of the tax levied by the State in which such taxes might have been levied. Therefore I called attention to it and asked respecting the rate in North Carolina because I wanted to get at the amount that the Government would actually lose in the case of an estate of $100,000,000 tax.

Mr. SIMMONS. I think I can reply to the Senator on both propositions. The amount of tax, as I understand it, that the Duke estate will pay to the several States in which he had property—seven in number—will be something over $3,000,000. The amount of taxes paid to the Federal Government will be about $9,000,000.

Mr. HOWELL. Under the 1924 law?

Mr. SIMMONS. Yes; under the 1924 law, less the amount paid to the State.

Mr. HOWELL. In other words, the total amount paid by the Duke estate to the United States under the 1924 law would be about $6,000,000?

Mr. SIMMONS. It would be about $9,000,000, and $3,000,000 of that would go to the States. That is my information.

Mr. HOWELL. Had Mr. Duke died after the passage of the pending bill as amended by the Senate committee, the United States would not have received that $6,000,000 at all.

Mr. SIMMONS. Does the Senator mean with the House provisions in it?

Mr. HOWELL. No; with the House provisions eliminated and the bill passed as amended by the Senate Finance Committee.

Mr. SIMMONS. If Mr. Duke had died after the present bill were enacted into law and after that law had gone into effect, he would not have paid any taxes to the United States Government at all, because we would have repealed the law imposing such a tax.

Mr. HOWELL. And there would have been a loss of $6,000,000 to the Federal Government.

Mr. SMOOT. Now, Mr. President, I will proceed and get through, if I may be permitted to do so.

The governors and legislatures of most of the States have made known their protests, and those protests should not be unheeded. There is no answer to the argument that the right to tax the estates and inheritances belongs to the States primarily and fundamentally. That principle was thoroughly recognized at the time of the enactment of the estate tax in 1916.

Since the estate tax is not payable until one year after death and the payments thereafter may be extended within certain limitations, there will be no loss of revenue during the year 1926 by reason of an immediate repeal effective as to the estates of all persons dying after the enactment of the law.

The Finance Committee deemed it quite proper that if such a repeal were made the tax rates on estates of decedents who have died since June 2, 1924, and prior to the date of enactment of the new law, should be those provided for in the revenue act of 1921 in place of the excessively high rates set forth in the revenue act of 1924. This change was in a spirit of fairness, since it would hardly be proper to impose the high rates merely because of the fact that the persons happened to die between certain dates. There is no justification for there being high rates between two certain dates and lower rates each side of those dates. It is more fitting that the high rates be reduced in order that there may be uniformity over a series of years and equality of treatment for all persons alike. This Government can well afford to deal out justice in this respect. The loss in revenue, amounting to $20,000,000 for this year, even though it causes the tax reduction to exceed the estimated surplus, is a proper price to pay for the demonstration by the Government of the spirit of fairness and justice to the living and to the dead.

Mr. HOWELL. Mr. President, may I ask the Senator from Utah a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I should like to get through, but I will yield to the Senator from Nebraska.

Mr. HOWELL. I simply want to ask this question: Last year what was the total income of the Government under the law of 1924 from the estate tax?

Mr. SMOOT. It was $90,000,000.

Mr. HOWELL. Then, if the Senate committee amendment to the House bill shall be adopted, in 1926 will the Government receive anything?

Mr. SMOOT. Yes; the Government will receive the amount of tax that is due on account of the deferred payments which have accrued on estates.

Mr. HOWELL. I am asking, will the Government receive anything from the estates of those who die in 1926?

Mr. SMOOT. No. I previously made a statement as to that. Under the provision of the Senate committee repealing all estate taxes, of course, if a man shall die after the passage of this bill, there will be no tax imposed on his estate by the Government.

Mr. HOWELL. Then, ultimately the Government will lose about $100,000,000 a year because of the repeal of the estate tax?

Mr. SMOOT. That would all depend on how fast rich men shall die.

Mr. HOWELL. But I mean if they shall die at the same rate they have heretofore died.

Mr. SMOOT. The tax happened to be this year a little more because of the death of Mr. Spreckles and Mr. Duke. The first estate tax imposed in 1916 was pressed with the thought of collecting the Rockefeller estate.

Mr. NORRIS. The Senator has now given up trying to reach any estates by proposing to repeal the law.

Mr. SMOOT. The States will impose the tax and receive the same, and that is where it belongs.

Mr. HOWELL. It seems to me it is misleading to intimate that this will mean a loss of $20,000,000 when, as a matter of fact, it means for all time to come, unless we shall enact another estate tax law, a loss of from $100,000,000 to $150,000,000 a year to the United States Government.

Mr. SMOOT. There has been no misleading statement made by me.

Mr. HOWELL. What I say is that the Senator's statement would mislead.

Mr. SMOOT. I said to the Senator that the loss of revenue would amount to $20,000,000 this year. That is what I said to the Senator when he asked me the question, and that is what I now repeat.

Mr. HOWELL. What would be the loss to the Government in 1927?

Mr. SMOOT. The loss to the Government in that year would be about $20,000,000; in the next year it would be $25,000,000; and in the next year it would be $25,000,000. After that nobody could tell what it would be until the passage of the pending measure.

Mr. HOWELL. The income received by the Government from this source will not be because of the levying of any new taxes, but simply because estates will be paying installments on taxes imposed in the past?

Mr. SIMMONS. Mr. President, I think the Senator from Nebraska [Mr. HOWELL] is just a little bit confused about this matter.

Mr. SMOOT. The Senator from Nebraska does not understand it.

Mr. SIMMONS. Of course if the estate tax shall be repealed by this bill there will be no revenue collected by the Federal Government from that source.

Mr. SMOOT. That will be true after four years.

Mr. SIMMONS. From now on, from the estates of decedents who shall die hereafter there will be no revenue collected. When the chairman of the committee makes the statement that the Federal Government after the repeal of the estate tax will lose $20,000,000 annually in revenue, he means that will be the loss to the Federal Government after receiving, notwithstanding the repeal, the amount which will have accrued from the taxes imposed under the act of 1924 during the life of that act.

Mr. HOWELL. Yes, sir.

Mr. SIMMONS. That is what the Senator means.

Mr. SMOOT. That is what I said.

Mr. HOWELL. During the life of this proposed act there will be no estate taxes levied.

Mr. SMOOT. I have said that three or four times.

Mr. HOWELL Then, that means, for instance, in 1926 although there will probably be estates which will be just as large, there will be no accrual of $100,000,000 that must ultimately be paid by those estates to the United States Government?

Mr. SIMMONS. Mr. President, the Senator from Nebraska is mistaken in another respect. The revenue that is due the Government upon estates of decedents who have died since the act of 1924 went into effect is $110,000,000, but under the law the executors and administrators or heirs of such estates have a number of years in which to settle, and the Government will not get that $110,000,000 until the last day allowed by the law for the making of deferred payments. It is estimated, and I think probably overestimated, by the Actuary of the Treasury that, according to the best figures obtainable $20,000,000 of this $110,000,000 which will ultimately be collected for the Government will be paid the Government during the year 1926.

Of course, the Senator from Nebraska knows that the disposition of debtors, especially when the indebtedness is that of an estate, is to take advantage of as much time as can be obtained before paying the tax; they do not pay until they are practically forced to pay. The great bulk of the $110,000,000 will not be paid until near the end of the time allowed by the law to make the settlement with the Government.

Mr. HOWELL. But if the law of 1924 were continued in force the Government would continue in the future to receive in the neighborhood of $100,000,000 a year from the estate tax?

Mr. SIMMONS. It will receive $110,000,000. It will receive it, however, not in 1926, but probably at the end of 1928; the Government will receive the $110,000,000.

Mr. HOWELL. Let me make this plain. If the law of 1924 shall be continued in effect the United States Government every year in the future from back payments and new payments will receive about $110,000,000 a year.

Mr. SIMMONS. No; the Senator is entirely mistaken. If the law of 1924 remains in effect until the last dollar that has now accrued is paid, it will be toward the latter part of 1928 before the whole of that $110,000,000, which has already accrued, will have been paid.

Mr. HOWELL. But the estates of decedents who die hereafter will escape all inheritances taxes.

Mr. SMOOT. The Senator from Nebraska is correct in that particular. I have stated several times there is not any doubt, if the law of 1924 shall be continued in operation right along, the Government will receive, as the House estimates, $70,000,000, although no one can tell what the amount will be. It may be all the way from $70,000,000 to, perhaps, $100,000,000. However, under the House provision the Government would receive hardly anything.

Mr. HOWELL. I am not referring to the House provision.

Mr. SMOOT. I so understand; but I wanted to call atten-

tion to the facts now. However, what the Senator from Nebraska has just said in relation to this matter is correct, that if we should allow the provision in regard to estate taxes in the 1924 law to remain on the statute books we would collect, as the Senator says, from $70,000,000 to $100,000,000 a year, but the committee decided that they did not want to continue that form of taxation; that it ought to be left entirely to the States. I have been trying to give the reasons for that decision, and I am nearly through with the discussion of that branch of the subject.

Mr. LENROOT. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Wisconsin?

Mr. SMOOT. Yes.

Mr. LENROOT. I ask the question in order to see if I understand the situation. As I understand, under the House provision the Government would, in round numbers, lose $80,000,000 a year compared to what it is now receiving. It is receiving $100,000,000, whereas it would receive $20,000,000 under the House provision. Under the amendment of the committee the Government will lose $20,000,000 a year more.

Mr. SMOOT. That is exactly what I said, and, of course, after four years shall have passed it will lose the total amount.

Mr. NORRIS. Mr. President, of course it ought to be said in reference to the House provision that the Government would lose it but the State governments would get it.

Mr. SMOOT. The State governments would get it. I have already so stated. Under the House provision an estate amounting to $100,000 would net the Government $100, and from that $100 there would have to be paid the expenses of collecting it.

Mr. HOWELL. But that is not true if the States should not levy an estate tax.

Mr. SMOOT. I am perfectly aware of that. That is what I said in my remarks; there is not any doubt about it at all; that is true; but the very purpose of the House bill, in my opinion, is to force the States to impose an estate tax.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. SMOOT. I yield.

Mr. FLETCHER. Does the Senator from Nebraska realize that only three States—Florida, Alabama, and Nevada—do not impose an inheritance tax?

Mr. SMOOT. There are just three States that do not impose such a tax.

Mr. FLETCHER. What the Senator has said about the purpose of the House is verified by the debates in the House and by the report of the committee of that body that the purpose was not really to raise revenue but to coerce the States into some legislation so that there might be uniformity throughout the country. Congress has no such authority as that.

Mr. NORRIS. Mr. President, if the Senator from Utah will permit me to say a word on that point, not advocating it as my idea, although I would rather have that than nothing, I think it is only fair to state that that kind of a provision was passed out of deference to those who think that the estate tax ought to be levied by the States instead of the Federal Government, so as to permit the States to have the revenue which comes from that source. That has been the argument against the estate tax being imposed by the Federal Government on the part of a great many people, namely, that it is something that we ought to permit the States to handle and not participate in it ourselves. I do not agree with that contention, but I think that ought to be said in defense of those, in the House particularly, who put that provision into the bill.

Mr. SMOOT. I have read the provision which appears in the House report, so that the Senate already has the reasons why the provision was put in the bill in the House of Representatives.

Mr. FLETCHER. May I interrupt further to say that what the Senator from Nebraska says is quite true. The argument is that this field of taxation ought to be left to the States, and the real basis of that is that all laws for the transmission of estates are State laws and not Federal laws, and, of course, a tax levied on the transmission of estates, which is an excise tax, has to be based really on State legislation.

Mr. SMOOT. I will say to the Senator that I have already called attention to that fact in the remarks which I have made.

Mr. NORRIS. I am sorry, but I was called out of the Chamber, I will say to the Senator, and did not hear all his remarks on this question. I am very much interested in it and wanted to hear what he had to say.

Mr. SMOOT. I should like to have the Senator read my remarks; they will be printed to-morrow in the RECORD.

Mr. President, the sincere effort has been made in the proposed revenue bill to spread the benefit of the tax reduction among as many different revenue sources as possible. Out of the total reduction of $352,661,000 the so-called nuisance taxes receive about $130,000,000 of the reduction, or over one-third. Since the collections from the miscellaneous taxes have been less than one-half of the collections from income taxes, it should be clear that the treatment has been more than fair.

There may be those who will contend that the entire automobile tax should be repealed. The reduction in the rate from 5 per cent to 3 per cent means a loss in revenue of $46,400,000. It is a tax which the automobile purchasers pay, and expect to pay, when they buy an automobile. It is very small in comparison with the price paid for the article itself. There are 17,000,000 automobiles in this country to-day. In no year have more than 7,700,000 persons filed tax returns showing that they have incomes of over $1,000, if single, and $2,500, if married. There is something to think about in those indisputable figures. The automobile tax has afforded a means whereby many persons who neglected to file tax returns and to pay taxes have been obliged to pay their share toward the expenses of the Government. The tax was not a burden on the industry.

It amounted to little for any individual purchaser. Obviously, if the necessary revenue for maintaining the Government is not raised from one source it must be derived from another. The public should understand something about the fiscal requirements. We are living under a war burden that can not be avoided for many years to come. In 1917 the total expenditures of the Government which are chargeable against ordinary receipts were less than $800,000,000. The corresponding expenditures for the fiscal year just past were slightly short of $3,000,000,000. The interest on indebtedness which is payable during this present fiscal year is $820,000,000, or an amount in excess of the entire expense of the Government in the year 1917. The Veterans' Bureau alone requires about $400,000,000. By no possibility can the expenditures be further materially reduced. We are sure to have a budget of around $3,000,000,000 for a long time in the future. All is a consequence of the Great War.

The money must be raised. If not in part from a harmless tax on the sale of such an article as an automobile, then as a tax on income or other sources that are left open. Any pressure for reduction in taxes beyond a legitimate point, consistent with the revenue needs, must be brought with the full realization that some other tax must be resorted to in its place. To eat the pie and have it, too, is an utter impossibility. It would hardly seem necessary to even mention the situation.

But to point out specific instances. The automobile manufacturers have carried on a continuous and strenuous campaign to have the entire automobile tax repealed. The theater owners have caused the agitation by hundreds of innocent persons to champion their cause for the purpose of obtaining the entire repeal of the tax on admissions. Of course, neither the theaters nor the automobile manufacturers actually pay the taxes which they want to have removed. Both forget that this tax bill proposes to relieve individuals from the payment of over $200,000,000 in taxes. That money is made free to purchase the tickets which will afford admission to the "legitimate spoken drama" or to buy the automobiles which will carry the nontaxpayers over the roads of the country, toward the maintenance of which the Federal Government annually contributes many millions of dollars. But those facts seem to be forgotten in the zeal for individual achievement.

Whenever the problem is one of tariff legislation, many persons assert a demand that protection be afforded for the things that they sell, and want articles that they buy to come in free of duty. In framing an internal revenue law individuals can bring forward a reason why they should be relieved of all taxes, and an equally good or bad reason why the taxes should be imposed upon all other persons, but, of course, excepting the particular correspondent's group of immediate interest and concern.

No sooner had the House passed the bill removing the tax on the sale of trucks than all telegraph lines became busy with demands from taxicab, ambulance, sight-seeing busses, and other commercial vehicle manufacturers that discrimination be avoided and that equal treatment be accorded to all by removing the tax upon every kind of automotive vehicle that might, by any classification or construction, be termed a "commercial vehicle." Obviously the mere additional loss in revenue of some fifty to seventy-five millions of dollars, resulting from the adoption of such a provision, is to such persons a matter of minor concern.

Likewise, the action by the House in reducing the tax on alcohol found a reaction in the many letters and telegrams

that have come to the committee saying, "Why take the tax off the bootlegger and leave it on the musical concert?" So also there have been hundreds of wires and letters from persons who desired the reduction in the alcohol tax saying, in effect, "Why take the tax off the immoral theatrical performances and leave it on the poor man's medicine?"

I received a letter yesterday from a concern that operates four drug stores in one little town, from which the letter came. In that letter the writer, a druggist, stated that he had been appealed to by telegraph to telegraph to me immediately urging disagreement to the committee amendment on alcohol, leaving the tax as agreed to in the House. He writes to me:

> I have looked up this question, and I find that all four drug stores have used but four gallons of alcohol for the past year.

Four gallons for four drug stores in one year! They are putting up prescriptions all the time. Never a day passes without it.

And so it goes. To one person alcohol is only a medicine. To another no drama is an enlightening amusement. To another no amusement is enlightening unless it is a musical concert. To another all music is jazz. To another alcohol has no use that does not violate the prohibition law. Another seems to think that none of the 17,000,000 automobiles are ever used for pleasure but all entirely for business, and that it is wrong to tax business. Still others may think that business pays too much or too little, depending upon whether the individual is in business or retired. The retired man may think that it is wrong to tax income from savings. The workingman may think that it is wrong to tax any income except from savings. All of the 110,000,000 persons in the country think they pay all of the taxes, and few of them want to pay any of them.

Confronted by that dilemma the Finance Committee has completed its work. The bill is now before the Senate for a continuation of the arguments that we of the committee have so patiently and seriously considered during our two weeks' consultation.

I will not discuss at this time the many important changes of a technical nature that the bill contains. They are quite fully explained in the committee report. I will give additional explanation as the occasion arises.

Nor will I now discuss the objections to any proposed plan for a change in policy as to the funding of indebtedness. The present administration has performed its task for the past five years under a funding plan that was enacted into law by a Democratic Congress in March of 1919. The soundness of that program has been accepted by the present administration and faithfully performed. That program impresses me as constituting a contract on the part of the then administration with the American bondholders. If the Democratic Party now desires to repudiate that obligation by proposing a new scheme whereby the receipts from foreign governments will be handed to the corporations and individuals enjoying high incomes through any further reduction in taxes rather than to be utilized in accordance with the act of March 3, 1919, then the plan is one for which the Democratic Party must assume the entire responsibility for action and explanation. But I will deal with that situation in detail when the occasion directly arises.

The amendments are many. Some of them are fundamental. A full discussion is not only expected, it is desired. But full recognition also should be had that final action should be taken by the Senate by February 10 in order that the country may be advised of their tax liability and be afforded ample time for the drafting and filing of their returns by March 15 next. Allowance must be made for consideration of the bill in conference and final action by both branches of Congress. Between two and three weeks will be required by the Bureau of Internal Revenue for changing the forms, attending to the printing, and distribution of the returns to the taxpayers.

It may be truthfully asserted that there is no subject before Congress in which the people are so interested as that of taxation, and particularly the phase of tax reduction. All expedition has been afforded this bill by the committee. The bill is now before the Senate for immediate consideration and for prompt and speedy disposition.

Mr. McLEAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Bratton	Capper	Curtis
Bayard	Brookhart	Caraway	Deneen
Bingham	Broussard	Copeland	Dill
Blease	Cameron	Couzens	Edge
Edwards	Johnson	Norris	Simmons
Ferris	Jones, Wash.	Nye	Smith
Fess	Kendrick	Oddie	Smoot
Fletcher	Keyes	Overman	Stanfield
Frazier	La Follette	Pepper	Stephens
George	Lenroot	Phipps	Swanson
Glass	McKellar	Pine	Trammell
Goff	McLean	Pittman	Tyson
Gooding	McMaster	Reed, Mo.	Wadsworth
Hale	McNary	Robinson, Ark.	Walsh
Harreld	Mayfield	Sackett	Warren
Harris	Metcalf	Schall	Weller
Harrison	Moses	Sheppard	Wheeler
Heflin	Neely	Shipstead	Williams
Howell	Norbeck	Shortridge	

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

Mr. SMOOT. I ask unanimous consent that the formal reading of the bill be dispensed with, and that the bill be read for amendment, the committee amendments to be first considered.

In this connection I desire to say that if any amendment shall be agreed to, and later any Senator shall desire to have it reconsidered, before the passage of the bill I will ask unanimous consent that the vote by which it was agreed to shall be reconsidered. I do not propose to take any advantage of any Senator who may be absent from the city, nor of any Senator who may want to have the Senate recur to an amendment which may have been agreed to. Whenever any Senator shall make any such request, I shall ask that it be granted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah that the formal reading of the bill be dispensed with and that the amendments of the committee be acted upon as they are reached in the reading? The Chair hears none, and it is so ordered.

Mr. NORRIS. In this connection I want to say that the Senator's colleague, the junior Senator from Utah [Mr. KING], who made a minority report, would naturally be expected to have something to say at this time, but he will have to leave the city at 3 o'clock, and of course on that account it will be impossible for him to take any time this afternoon. He will be here in the morning and expects to have something to say.

Mr. SMOOT. I do not want to hold the Senate in session to-day later than 5 o'clock, anyway, because I would like to have Senators read the report of the Committee on Finance. In the report I have tried to explain the amendments as briefly as possible and to the point. I think we would gain time by giving Senators an opportunity to look over the report, and I assure the Senate that my remarks of to-day will be in the RECORD to-morrow.

Mr. NORRIS. I was going to ask the Senator to be sure to have his remarks in the RECORD to-morrow, because, as the Senator knows, there are few Senators here, and I presume all will want to read the speech of the Senator from Utah as he explained the bill. I have been called out of the Chamber three or four times during the day and was not able to hear all the Senator said, and I want to read his remarks.

Mr. SIMMONS. Mr. President, the Senator from Nebraska is in error in saying that the junior Senator from Utah [Mr. KING] filed a report for the minority. The minority has filed no report. The junior Senator from Utah has filed an individual report.

Mr. NORRIS. I stand corrected. I did not mean to say that the junior Senator from Utah represented what is ordinarily known as the minority party. If I did say that I did not mean it. I meant that the junior Senator from Utah had filed a report on his own behalf.

Mr. SIMMONS. I wanted to set the matter straight. I wish to say to the Senator from Utah that his colleague, before leaving the city this afternoon, stated to me that he would be back in the morning. I think about the first and most important amendment we will reach this afternoon will be that with reference to the surtax. The junior Senator from Utah I know is very much interested in that item, and wants to be heard with respect to it, and I was going to suggest to the Senator the propriety of passing it over until his colleague shall return. If we should take it up now, in his absence, it would mean a discussion of it now and then another discussion of it later on.

Mr. SMOOT. I am quite aware of the situation, and when we reach that amendment I shall ask that it may go over.

The VICE PRESIDENT. The Secretary will proceed to read the bill.

The legislative clerk proceeded to read the bill, and read to line 7, on page 4.

Mr. HARRISON. Mr. President, I dislike to disturb the harmony existing in the consideration of this bill, and am delighted, as other Senators are, that it is going along as smoothly as it is. There is reason why there should be cooperation between Democrats and Republicans in the consid-

eration of this particular revenue measure. If there is one question about which the parties differ, and have always differed, it is in the levying of taxes, whether it be under a revenue law or through the tariff at the customhouse.

It might be well at this time, in the consideration of this question, to recall what was done in 1921 and 1924 in the consideration of revenue measures. It will not be forgotten that in 1921, following the recommendations of President Wilson in prior years on at least two occasions for tax reduction, when the present party came into power the Secretary of the Treasury, Mr. Mellon, made certain recommendations for a revision of the taxes.

One of his recommendations in 1921 was to cut the maximum surtax from 65 per cent to 25 per cent. The other was the elimination of the excess-profits taxes and to counteract that by the imposition of a flat corporation tax or increasing the corporation tax. That question was first considered by the Ways and Means Committee of the House. They did not follow the recommendations of the Treasury Department, but reported out a bill at that time levying a maximum surtax of 32 per cent instead of 25 per cent, and removing the excess-profits taxes. There was no fight particularly over the question of the removal of the excess-profits taxes, but there was a difference of opinion between the parties respecting the maximum surtax.

The bill finally came to the Senate carrying a provision for a maximum surtax of 32 per cent. It was reported out of the Finance Committee to the Senate carrying a like provision.

The minority thought that the reduction in the higher brackets was too great, that the maximum should not be 32 per cent, and we made the fight here to place the amount at 50 per cent. That proposition was finally adopted by the Senate, went to the House, and was there approved and became the law providing that the maximum surtax should be 50 per cent.

At that time the Secretary of the Treasury did not recommend the taking off of the many nuisance taxes. Indeed, he did not even recommend the repeal of the transportation tax, but, on the contrary, recommended to be passed additional taxes, such as stamp taxes or license taxes on automobiles. When the bill was fought out in the Senate at the instance of the minority some of the nuisance taxes were repealed, and all efforts of additional levies were fought. So the law after 1921 contained a provision for a maximum surtax of 50 per cent.

The Secretary of the Treasury pointed out in his recommendation to the Congress at that time that the Treasury would stand a reduction of $290,000,000 in taxes. The Democrats both in the House and in the Senate contended that it would stand for a larger reduction, and it was on that assumption that they made the fight to take off some of the additional nuisance taxes. The Secretary of the Treasury in that instance was wrong. Instead of having a deficit following the enactment of that law or a balancing of the Budget, there was a surplus of some $300,000,000. It was that surplus piled up over the two years following which caused the Secretary of the Treasury in the fall of 1923 to recommend to the Congress a still greater revision and reduction of taxes.

In 1924, acting on the recommendation of the Secretary of the Treasury, who at that time still contended for a reduction in the maximum surtax rate to 25 per cent, the Ways and Means Committee of the House began consideration of the bill. They reported out the bill with a provision for a 25 per cent maximum surtax. Under the leadership of Mr. GARNER, the ranking member of the minority in the other body of Congress, the House Committee on Ways and Means incorporated a substitute which carried a maximum surtax of 44 per cent.

The bill came into the House with that provision. Many of the repeals of nuisance taxes under the leadership of the minority membership of the House were agreed to at that time. When the bill came over to the Senate and the Senate Finance Committee reported it out, they did not incorporate in it the provision which the House had adopted. They went back and incorporated the 25 per cent maximum surtax provision. The bill came to the Senate. History records the fact that under the leadership of the senior Senator from North Carolina [Mr. SIMMONS], the ranking minority member of the Committee on Finance, we put over what was known as the Simmons substitute, which was afterwards enacted into law, providing that the maximum surtax rate should be 40 per cent.

The Secretary of the Treasury said at that time that the Treasury would stand for only a reduction of $325,000,000. The Democrats contended that it would stand a still greater reduction. Events have proved that the minority was correct. Even in 1924 we gave to the country a $400,000,000 reduction instead of $325,000,000 over the protest of the present Secretary of the Treasury.

The Secretary of the Treasury was wrong in his estimate in 1921, he was wrong in his estimate in 1924, and is wrong to-day. The present conditions will not support his estimates.

Mr. SMOOT rose.

Mr. HARRISON. I trust I have stated the facts correctly, else the distinguished Senator from Utah would be on his feet interjecting some remarks.

Mr. SMOOT. No; I was not going to interrupt the Senator at all.

Mr. HARRISON. I would be very glad indeed if the distinguished Senator would interrupt me.

Mr. SMOOT. The only reason why that happened was that business under the present administration increased a great deal more than even the Secretary of the Treasury could anticipate. As to the possible increase in business under the present administration, I admit that the Senator from Mississippi is a little better judge than even the Secretary of the Treasury. The business of the country increased so rapidly under the present administration that nobody could possibly anticipate it. Prosperity came from one end of the country to the other.

Mr. HARRISON. I hope the country will continue to be prosperous.

Mr. SMOOT. Everybody was enabled to pay his debts; everybody was prosperous.

Mr. HARRISON. I hope prosperity will continue to increase. I have said what I did in order to show that we would be justified in the consideration of the pending bill to adopt certain amendments increasing the reduction that will be offered to the bill. The Secretary of the Treasury having been wrong both times previously when he made an estimate and asked for the passage of a tax reduction bill, and having been mistaken anywhere from $200,000,000 to $300,000,000, it is reasonable to assume that he is wrong this time. He is merely guessing now, as he guessed twice before.

Personally, I believe the Treasury will stand for a reduction of taxes to the extent of $500,000,000. I must congratulate the majority members of the Finance Committee. Of course, if they had taken our advice all along the line it would have been a much better bill. We minority members have tried to help the Senator from Utah just as much as we could. He asked where we could get the money, and when in the consideration of the bill we pointed out to him how we could work out a plan that would pay off the national debt in 32 years and would not reduce the sinking fund one iota and would not disturb the stability of our bonds, but, at the same time, would reduce taxes to the American people now to the amount of $500,000,000, he threw up his hands and got excited and would not take our advice.

The country was unfortunate in our authorship of that amendment. If we had hinted it or whispered it, and either the Senator from Utah or the Senator from Connecticut [Mr. MCLEAN] or some other member of the majority had then taken it up and proposed it, it would have been considered the wisest amendment that was ever suggested in the committee. They said the debts would be paid off at too rapid a gait if we had done as we proposed in the past and taken the large surplus after taxing the people and paid off the debts instead of giving the people some further relief at this time. We did not propose in that amendment that the debts should not be paid off until the end of 40 years. We did not suggest that it should be paid off in 62 years, as the distinguished Senator from Utah seeks to give Italy the opportunity to do and as he has given the opportunity to Great Britain and to other foreign countries to do. He has given them that much time in which to pay back to the American taxpayer the money we loaned them. But we said in order to stabilize the proposition and justify the adoption of the amendment offered by the Senator from New Mexico [Mr. JONES] we would arrange to have it paid off even at 2½ per cent on the domestic debt, or at the rate of $253,000,000 annually for 32 years. Indeed, we offered to go so far as to make it 3½ per cent on the domestic debt and to apply to the sinking fund $350,000,000 every year, which would have paid off the debt in 26 years. But the statement when made was so startling to the distinguished Senator from Utah that he could not believe it, and he had to consult his actuary. When the actuary, who never goes wrong and who is one man whom the Senator himself will rely upon when he comes down to the use of figures, verified our view of the matter, then the Senator from Utah was bewildered. Indeed, he was so startled that he has hardly regained normalcy.

Mr. SMOOT. Mr. President——

Mr. HARRISON. I yield to the Senator from Utah.

Mr. SMOOT. I am quite sure the Senator from Mississippi would not like to have a law enacted here that would result at the end of the year in a deficit in the matter of meeting the expenditures of the Government. I am quite sure of that.

Mr. HARRISON. I would hate that, but it would be a pretty good thing for the taxpayers if we were to do so.

Mr. SMOOT. The Senator and I do not agree on that.

Mr. HARRISON. It might make us economize a little more.

Mr. SMOOT. I want to call the Senator's attention to the fact that over and above the estimates that have been made for expenditures that are to be voted upon by the Congress for the coming fiscal year, I think this is what is going to happen: I have not any doubt that we will have a pension bill carrying perhaps $50,000,000 or more. Then the Senator knows we are going to have a public building bill.

Mr. HARRISON. I did not know that. If the Senator tries to put over a lump-sum appropriation and play politics with the money and give the Secretary of the Treasury authority to locate the places where the buildings shall be erected, I doubt whether we shall have such a bill passed.

Mr. SMOOT. I am not playing politics at all.

Mr. HARRISON. I am not sure but what it is very well to consider that question in connection with the Senator's assertion.

Mr. SMOOT. We know that we will have to have a public building program. We know that we will have to spend money in the District of Columbia for buildings. We know that we have not had a public building bill since 1913. The Senator knows that we are going to have a public building proposition, and the very least that can be expended under the program will be $30,000,000 or $35,000,000. That must be taken care of. I do not know but what they will try to put over a river and harbor bill.

Mr. HARRISON. I hope they will appropriate a reasonable amount for that purpose.

Mr. SMOOT. That is what I said.

Mr. HARRISON. The Senator hopes that?

Mr. SMOOT. It all depends upon where it is to be spent.

Mr. HARRISON. It all depends on whether Utah gets any of it. [Laughter.]

Mr. SMOOT. No; Utah never gets any and never expects any of that kind of appropriation.

Mr. ROBINSON of Arkansas. Utah does not have any rivers?

Mr. SMOOT. We have some rivers there that are better than the Red River of Texas.

Mr. HARRISON. Does Utah need any public buildings? [Laughter.]

Mr. SMOOT. Absolutely.

Mr. HARRISON. We will have a public buildings bill then. [Laughter.]

Mr. SMOOT. Yes; I am quite sure we will.

Mr. McKELLAR. Not a lump sum bill, I hope.

Mr. SMOOT. I do not care how it comes as long as we can get some buildings. I want Tennessee to have some buildings, and I want Mississippi to have some buildings.

Mr. HARRISON. Mississippi is entitled to some.

Mr. SMOOT. I know it is.

Mr. McKELLAR. So is Tennessee.

Mr. SMOOT. Tennessee ought to have them and will get them if I have any influence here.

Mr. HEFLIN. Mr. President——

Mr. SMOOT. Yes; and I include Alabama too. [Laughter.]

Mr. McLEAN. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. Yes; I yield.

Mr. McLEAN. Mr. President, I wish to recur to the point raised by the Senator from Mississippi that the estimates made by the Secretary of the Treasury were incorrect and that they indicated a lack of judgment.

Mr. HARRISON. To what year does the Senator have reference?

Mr. McLEAN. I think the Senator from Mississippi referred to two or three years.

Mr. HARRISON. I referred to the years 1921, 1924, and 1926.

Mr. McLEAN. The Secretary of the Treasury appeared before the Committee on Finance when this question was agitated, and he there made a statement which was very brief.

Mr. HARRISON. From what is the Senator quoting?

Mr. McLEAN. I refer to the testimony of Secretary Mellon which was given before the Committee on Finance at the hearing when the matter was brought up. I do not care to read Secretary Mellon's testimony, because I do not wish to take the time of the Senate, but in connection with the remark of the Senator from Mississippi I should like to have the first page of Secretary Mellon's statement printed in the RECORD.

Mr. HARRISON. I stated that the Secretary of the Treasury had said that the Treasury would stand a reduction of $325,000,000. Does his testimony differ from that statement?

Mr. McLEAN. The statement made by the Secretary of the Treasury explained the reason why his estimates were not so accurate in all instances as an uninformed outsider might have anticipated. It is for that reason that I should like to have the Secretary's explanation printed in the RECORD.

Mr. HARRISON. That is all right.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

The CHAIRMAN. The committee will come to order. We will proceed. Yesterday, I think, it was Senator SIMMONS that requested certain estimates to be furnished by the Secretary of the Treasury.

Undersecretary WINSTON. It was in connection with the accuracy of our estimates.

The CHAIRMAN. And I was going to ask the Secretary if he had prepared the statement or had the information at hand so that he could give it at this time. He states that he has. Now, Mr. Secretary, we will be glad to hear what you have to say.

STATEMENT OF HON. ANDREW W. MELLON, SECRETARY OF THE TREASURY—continued

Secretary MELLON. This was in regard to the question that was raised yesterday concerning the Treasury estimates of surplus.

The CHAIRMAN. In the past years.

Secretary MELLON. In the past years. The question was raised yesterday at the hearing as to the accuracy of Treasury estimates of governmental receipts and expenditures. There are two elements which affect the net result: An increase or decrease in the receipts and a decrease or increase of the expenditures. When sudden or violent changes occur in the industrial conditions of America our estimates are sometimes put out of line. In the fiscal year 1924, for example, there was great improvement in the money market. Railroad securities heretofore acquired by the Government could be refunded at lower interest rates by the railroads, and were therefore paid off or purchased by brokers. The Director General of Railroads and the Interstate Commerce Commission had made estimates of a net cash outgo in the railroad account. By reason of change in monetary conditions this net cash outgo was changed to a net cash income, making a difference of some $120,000,000 in the estimates. In 1925 the customs receipts were estimated within one-half of 1 per cent, miscellaneous internal revenue within even less error than this, but the income taxes were underestimated 6 per cent, the Treasury had not fully appreciated the great improvement in business conditions.

The practice of obtaining estimates in the Treasury now in force is to approach the subject from various viewpoints so as to insure the greatest probable degree of accuracy. The customs receipts are estimated by the director of customs, who is the practical operating man; by Mr. McCoy, the Government actuary; and by the head of the section of statistics of the Treasury. Income and miscellaneous taxes are estimated by Mr. McCoy, the head of the section of statistics, and by Mr. Nash, assistant to the Commissioner of Internal Revenue. The last is the practical man. The estimates of the head of the section of statistics are based on business conditions and industrial cycles; for example, the prosperity of corporations in one year is reflected by the dividends received by their stockholders in later years. Mr. McCoy has his own method of figuring. All of the estimates are gathered together, and, after conferences, the differences are thrashed out and the most probable figures are selected.

Senator JONES of New Mexico. Who decides which are the most probable figures?

Secretary MELLON. It is the consensus of opinion. Approaching, as we do, the subject from a practical and two different theoretical viewpoints, I think we achieve as accurate a result as is obtainable.

For the past three or four years we have been gradually disposing of our unusual capital items, and the effect of these items on our revenue for the future can be much more accurately determined. There are not likely to be very material payments on the remaining obligations we hold of the railroad companies, since nearly all of the strong companies have got out of debt to the Government, and the War Finance Corporation, whose return of cash advances has represented some $200,000,000 in the last three years, is now completing its liquidation. We have made more certain our estimates of taxes, and there is less unusual revenue to influence our Budget. We have estimated our taxes based on a high degree of prosperity in the country. A radical change in conditions would probably be down rather than up, with the usual swing of the industrial cycle. I feel, therefore, that our estimates, while justified, can not safely be considered as too low.

I say this particularly because from now on the Government will have to rely almost exclusively on current revenues and can not continue to fall back on the realization of capital assets which represented Government expenditures in past years. For example, the

sale of surplus war supplies, railroad securities, and the liquidation of the War Finance Corporation alone accounted for $528,000,000 of our receipts in the past three years. There are no more surplus war supplies, the War Finance Corporation is practically liquidated, and, as I have said, most of the strong railroads have paid their debts to the Government, and we are left holding the obligations of the weak roads.

Looking at the other side of the picture, I see very little opportunity to decrease Government expenditures. On the contrary, we must adopt a public-buildings program which has been neglected since before the war. The country itself is growing, and the Government must necessarily expand with it. I wish to impress upon this committee as seriously as I can that the reduction in revenue carried in the House bill is as far as it is safe to go.

The CHAIRMAN. You do not refer there to the deficit of $49,000,000 of the Post Office?

Secretary MELLON. No.

Mr. HARRISON. Mr. President, I am sure that the Secretary of the Treasury was merely mistaken in his estimate. I think he tried to get the figures just as closely as he could, but he was wrong about the matter; he was too conservative in his estimate; and since he was wrong in those two instances, the only instances in which he made a recommendation and an estimate, I assume that he will perhaps be wrong this time, especially——

Mr. SMOOT. Mr. President, I wish to call the attention of the Senator from Mississippi to the fact that I think the figures that were given by the Secretary of the Treasury were furnished by Mr. McCoy, and we all have great faith in Mr. McCoy's estimates.

Mr. HARRISON. Absolutely. I would believe Mr. McCoy's figures rather than the figures offered by the Senator from Utah.

Mr. SMOOT. And I think the Secretary of the Treasury also believed them.

Mr. HARRISON. Yes. There has not been any politics in the consideration of this bill. I may say that over in the other House it was under the leadership of Mr. GARNER, the ranking minority member, that the exemption from the normal tax was raised a thousand dollars. So it was a very good bill as it passed the other House; but it was a bill that needed revision in some instances. The minority members of the Finance Committee in their program said they would unitedly fight for the elimination of the capital-stock tax, a proposition which was adopted unanimously in the committee. The elimination of that tax was voted for by every member of the committee. There was no one who said anything in defense of the capital-stock tax. It is offensive; it is a nuisance tax; and it should be repealed just as speedily as possible.

Of course, we tried to get the members of the committee, in order to reduce taxes at the present time $500,000,000, to agree to the so-called Jones amendment providing a sinking fund, but that proposition was defeated. Then we fought in the committee to eliminate all the automobile taxes, but we were also defeated in that attempt. We were only able to get a reduction on some automobile parts. The minority members of the committee voted to repeal all admission and dues taxes, and we shall espouse the same course here. We were not able to get the committee to report to repeal them, but we were able to give some relief by raising the 50-cent limitation on admissions to 75 cents, a proposition which was offered by the distinguished chairman of the committee himself. We voted against all the nuisance taxes carried in the bill and will oppose them in this discussion.

There are some questions about which we differ. There are individuals who differ as to the publicity feature of the bill. I stated on the floor to-day that I do not believe there is any necessity for the publicity of income-tax returns. I may be wrong in my position. I voted for the proposition at one time, but I voted in the committee to repeal the law, and I shall vote for its repeal when it comes up in the Senate. I do not think the law has worked any good particularly. I think it merely gratifies the curiosity of some persons who sit around trying to find out how much their neighbors have made, and the returns do not show how much their neighbors have made. The present law works an injustice, in my opinion, to many persons; but we have put into this bill a substitute that will go further than we have gone under any law as yet to ascertain the facts. Indeed, under the present law providing for the publicity of income-tax returns an individual who might think that his neighbor did not return the correct amount of income has no redress. He reads the figures in the newspapers, he gratifies his own curiosity, but what can he do? He can not go and look over the books of the Treasury Department; he can not himself make the investigation. There is no way under the law for him to do it.

We have provided in the bill for a joint commission, composed of five Members of the House of Representatives and five Members of the Senate. I may say that I was influenced in my action largely by the great work done by the distinguished Senator from Michigan [Mr. COUZENS] and the members of his committee and the recommendations of that committee. They thought there ought to be a standing committee that would be constantly at work and keep an eye upon Treasury officials and have their own examiners and their own investigators, so that if any fraud or corruption were attempted to be practiced it might be disclosed after thorough investigation. So we created this joint commission, composed, as I have stated, of five Members of the House of Representatives and five Members of the Senate, with the minority party having representation, and with authority to employ experts to go up to the department and investigate any income-tax returns and report back to the commission. It was provided, in the discussion at least, and we had the assurance that the minority party would have experts whom they could employ to work on this matter. At present the individual who reads the returns and gratifies his curiosity as to the income tax paid by his neighbor is precluded from looking into the matter himself or from having his Representative in Congress or a Senator look into it, because no Representative or Senator under the law to-day has the power to investigate these returns; that can not be done; but if the bill shall pass as reported a particular individual may complain to a Senator or Representative in Congress. Then the matter can be brought to the attention of the proposed joint commission, which can investigate it through its experts, and if any corruption or fraud exists it can be exposed. So, in my opinion, under this provision that is proposed we can really get some action and we can accomplish something, where in the other case we could only gratify the idle curiosity of people.

Mr. SMOOT. Mr. President——

Mr. HARRISON. I yield to the Senator from Utah.

Mr. SMOOT. I merely wish to suggest one other matter in that connection. Not only what the Senator says is true, but the examination will be made within a year; it will not run over the time limit in which there could be action taken on the part of the Government to recover the taxes due.

Mr. HARRISON. In considering the question of publicity it must be borne in mind that when the surtax rates were as high as 65 per cent there was more excuse and more reason for a taxpayer to commit fraud than there will be when the rate is reduced to 25 per cent. We have tried to cover up all these holes. The 1924 revenue law was a splendid piece of legislation; it was constructive. The Treasury Department made some wise recommendations, and they were incorporated in that law. They stopped some of the loopholes; they stopped some of the avenues through which some individuals who had large incomes were defrauding the Government by organizing little holding companies, paying out no dividends, and thus escaping the payment of tax. But when the maximum surtax shall be reduced, as is proposed in this bill, to 25 per cent, there will not be the same excuse and there will not be the same great opportunity that there formerly was in this matter. So Senators will express themselves and vote according to their judgment as to the question of the publicity of income-tax returns.

There will be a fight here upon the floor, not to delay the consideration of the bill but to try to give some relief to certain taxpayers who, in our opinion, are entitled to relief, and have borne the many nuisance taxes for a long time. Various members of the minority will espouse their cause and offer amendments to take off entirely the automobile taxes, the stamp taxes, and the admission and dues taxes.

Mr. McKELLAR. Mr. President——

Mr. HARRISON. I yield to the Senator from Tennessee.

Mr. McKELLAR. Before the Senator goes to another subject, he mentioned the removal of the capital-stock tax on corporations. Will he explain what the attitude of the committee was with reference to increasing the tax on corporations from 12½ to 13½ per cent?

Mr. HARRISON. I was just coming to that, and in that connection to the remark made by the distinguished Senator from Utah touching the estimates of the Treasury Department. He said $325,000,000 was the amount of reduction the Treasury would be able to bear at this time. We have made a reduction in this bill, I think, to the amount of about $360,000,000.

Mr. SMOOT. The estimate is $352,000,000.

Mr. HARRISON. There will be a reduction of about $352,000,000. The reason that prompted the majority of the members of the committee to increase the corporation tax from 12½ per cent to 13½ per cent was that they did not think

that the Treasury would have the revenue without that increase, and, in order to eliminate the capital-stock tax, they increased the corporation tax. The minority members of the committee did not think that the majority were justified in that action. We do not believe that it is necessary to increase the corporation tax at all.

I wish to read a memorandum. I do not know where it came from; I do not know how it got there, but I found it on my desk. Evidently, however, it was prepared by somebody who knows his business. I have talked to the actuary, and I also have his figures on this item, and I believe that under the 12½ per cent corporation tax we would raise this year and next year anywhere from 125 to 150 million dollars more than we raised in 1924. Because of conditions in this country to-day I do not believe that it is necessary to impose any additional tax upon corporations. I believe we can eliminate the capital-stock tax, still maintain the 12½ per cent tax on corporations, and that we shall still have a surplus in the Treasury in the coming year.

Let me read, for the benefit of the RECORD, at least, some of the figures that are borne out by the facts.

This Government document shows on pages 44 and 45—

Referring to the Survey of Current Business for December, 1925—

under the heading "Trend of business," the following important increased figures:

Bank clearings through New York City have increased 15½ per cent; bank clearings outside of New York City have increased 11 per cent; total bank clearings have increased something over 13 per cent.

New corporation capital has increased 18½ per cent; new incorporations have increased 31 per cent.

Average price of 103 representative stocks has increased 34½ per cent.

Distribution through sales of large mail-order houses has increased 15.2 per cent.

Life-insurance policies have increased 12.5 to 54.7 per cent.

Net operating income of railroads has increased 16.3 per cent.

It must be borne in mind in the statement of those facts and in the consideration of this question that this applies to corporations operating under a high-tariff system that still is maintained, while the farmers out in the mid-west are getting low prices for their products.

The following is also very significant: Under the head of business failures, the Survey of Current Business shows that there has been a decrease of 45.9 per cent in the amount of money involved in failures of manufacturing establishments and a decrease of 20.5 per cent in the amount of money involved in the total number of commercial failures throughout this Nation.

For the first six months of 1925, 365 typical corporations in all lines of business reported to the Federal Reserve Bank of New York increased profits of 15 per cent.

The distinguished Senator from Utah [Mr. SMOOT] may smile; the distinguished Senator from Michigan [Mr. COUZENS] may smile; but these corporations have made large money this year. They have had prosperity; and present conditions do not justify taking from $100,000,000 to $150,000,000 increased taxes from them by increasing the present corporation tax to 13½ per cent instead of maintaining it at 12½ per cent, just the same as it is to-day.

Bradstreet's, on Saturday, January 9, 1926, reported the following increases and decreases:

I shall incorporate those in the RECORD. I ask permission to incorporate all of this statement in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

The surplus for 1926 will be nearer $500,000,000 than the $290,000,000 stated by Secretary Mellon on page 2 of the hearing before the Ways and Means Committee. This result is based on Secretary Mellon's testimony, which unquestionably was correct to the best of his knowledge and figures then available. The Secretary started with the President's statement in June, 1925, that the probable surplus for the fiscal year 1926 would be $290,000,000. As the Secretary explained, this statement was based on the March, 1925, income-tax payments of the 1924 income. As the Secretary candidly explained, payment of the June installments showed that the President's estimate of June was an underestimate of at least $100,000,000. Secretary Mellon's statement, therefore, was based entirely on the June and September installment payments of the 1924 income tax; 1925 earnings were not used at all. Since the Secretary's testimony, which was given October 19, 1925, a great deal of evidence has become available. The United States Department of Commerce has issued its Survey of Current Business for December, 1925, which brings figures up to and including October 31, 1925, and is subsequent to those on which Secretary Mellon's statement was based. This Government document shows, on pages 44 and 45, under the heading "Trend of business movements," the following important increased figures:

	Per cent
Bank clearings through New York City	15.5
Bank clearings outside New York City	11.0
Total bank clearings something over	13.0
New corporation capital provided	18.5
New incorporations	31.0
Average price of 103 representative stocks	34.5
Distribution through sales of large mail-order houses	15.2
Life-insurance policies ranging from	12.5 to 54.7
Net operating income of railroads	16.3

The above and many other items show very clearly the greatly increased volume of business for 1925 as compared with 1924, and, as the overhead charges in connection with practically all lines of business naturally do not increase in proportion with the increased volume of business, it would indicate that there would be a very material increase in the taxable earnings of corporations.

The following is also very significant. Under the head of "Business failures," the Survey of Current Business shows that there has been a decrease of 45.9 per cent in the amount of money involved in failures of manufacturing establishments and a decrease of 20.5 per cent in the amount of money involved in the total number of commercial failures throughout this Nation.

For the first six months of 1925, 365 typical corporations in all lines of business reported to the Federal Reserve Bank of New York increased profits of 15 per cent.

Bradstreet's, on Saturday, January 9, 1926, reported the following increases and decreases:

Increases and decreases reported by Bradstreet's on Saturday, January 9, 1926

	1925	Changes from 1924
Bank clearings, United States	$500,771,432,000	↑12.2
Bank clearings, New York	283,619,245,000	↑13.5
Bank clearings outside New York	217,152,187,000	↑10.7
New York stock sales, shares	452,211,399	↑60.3
Car loadings (estimated)	51,177,962	↑5.4
Railway gross earnings (estimated)	6,175,000,000	↑3.1
Railway net operating income (estimated)	1,135,000,000	↑15.0
Cotton, raw, exports (11 months)	949,354,202	↑16.4
Meats and meat products, exports (11 months)	107,679,491	↑1.8
Cotton manufactures, exports (11 months)	135,719,080	↑11.9
Animal oils and fats, exports (11 months)	136,976,585	↑5.0
Building expenditure, 184 cities (estimated)	3,846,000,000	↑17.4
Unfilled steel orders, tons, Nov. 30	4,581,780	↑13.6
Cotton consumption, bales (11 months)	5,853,118	↑17.6
Silk consumption, bales	501,343	↑36.5
Electric power output, kilowatt hours (estimated)	65,600,000,000	↑11.2
Pig-iron production, tons	36,403,470	↑17.0
Automobile production, number (estimated)	4,173,000	↑19.0
Cement production, barrels (11 months)	150,472,000	↑8.6
Steel-ingot production, tons (estimated)	40,000,000	↑8.6
Bituminous coal produced, tons (estimated)	822,000,000	↑8.0
Anthracite coal produced, tons (estimated)	62,132,000	↓29.3
Petroleum production, barrels (estimated)	700,000,000	↑6.6
Copper, refinery production, pounds	2,237,000,000	↑1.0
Mail-orders sales, two houses	442,438,225	↑15.0
Chain-store sales	666,821,004	↑15.4
Total mail-order and chain-store sales	1,109,259,229	↑15.2

↑ Increase. ↓ Decrease.

From these figures and the general knowledge that everyone has that conditions in November and December were not materially different from the first 10 months of 1925, and in some respects probably better, the taxes of corporations for the year 1925 would exceed those of 1924—about $960,000,000—by about one-sixth, or about $160,000,000. Adding the $160,000,000 to the $290,000,000 gives $450,000,000. With increased earnings corporations can make increased dividends, and increased tax on these distributions would be way in excess of $30,000,000.

While corporations do a large proportion of the business of the country, partnerships, business trusts, and individuals do a very considerable portion. If corporations' profits increased in 1925 over 1924 about one-sixth, it is fair to assume that the profits of partnerships, business trusts, and individuals increased in the same proportion. But in order to be on the safe side, let us assume that these increased at 10 per cent. As business trusts for 1924 in some instances paid taxes as corporations and others as individuals, the only available figures we have are those of individuals, which include partnerships. However, this is satisfactory for purposes of comparison. Business trusts are included in either the payments of corporations or individuals.

The estimates of taxes paid by individuals for 1924 are $689,134,185. Ten per cent of this is $68,913,418.50. Adding together Secretary Mellon's $290,000,000, the estimate of the increased income of corporations as shown by the December number of corporations, $160,-

000,000, the estimated increase in taxes paid by corporate stockholders, $30,000,000, the estimated 10 per cent increase of taxes paid by individuals in 1925 of $68,013,418.50, it is conservative to say that the surplus on June 30, 1926, will be between $600,000,000 and $700,000,000.

It will be noted that in this statement no account is taken of increased collections from customs. At the port of New York alone customs receipts so far in January, 1926, have exceeded similar days in 1925 on an average of $75,000 a day, which would indicate a substantial increase over 1925, and the increase for 1925 over 1924 is also substantial.

Unless these figures can be successfully combated the Congress holds the duty to the business of the country to make far more substantial reduction than it has made in the bill so far.

As the bill passed the House, and as it is to be reported to the Senate, it does nothing for corporations except those engaged in the manufacture of automobiles and cigars. Even if the capital-stock tax, which produced about $93,000,000 for 1924, and the tax on stock transfers, which produced about $12,000,000, are both repealed, this Congress will, upon an estimate of $160,000,000 additional taxes from corporations, actually, in the bill purporting to reduce taxes, exact from those doing business in the corporate form, $55,000,000 more taxes for 1925 than for 1924, and if the capital-stock tax and the tax on stock transfers are not repealed the increase in exactions from corporations will be $160,000,000, plus an unquestionably larger capital-stock tax and an unquestionably larger tax on transfers of stock, making a total increase in the exactions from corporations in the bill purporting to decrease taxation of somewhere between $175,000,000 and $200,000,000, except for the relief given automobile and cigar manufacturing corporations.

It will be noted also that the figures used by the President and by Secretary Mellon are of a surplus on June 30, 1926.

They do not take into account additions to the surplus during the remainder of 1926. On the other hand, they are subject to reduction, when compared to the figures here given, by the estimated surplus between January 1 and June 30, 1926, as the figures given here are computed on the basis of the earnings and profits of the calendar year 1925.

Mr. HARRISON. I submit that when we look to the profits of corporations this year, and the large number of increased institutions incorporated, and the general prosperity among these corporations, we are not justified in increasing the corporation tax from 12½ to 13½ per cent.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from North Carolina?

Mr. HARRISON. I do.

Mr. SIMMONS. The Senator refers to the increase in the income of corporations for 1925, not for this year?

Mr. HARRISON. For 1925; and I hope it will continue. I am not one of those who want to see depression in this country because I differ from the party that is in control. I have pointed out these facts to show that they will not justify this increased corporation tax; and I sincerely believe that we will have a surplus this year, even though we eliminate the capital-stock tax and maintain the corporation tax at 12½ per cent.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. HARRISON. I yield to the Senator.

Mr. SMOOT. I have here the daily statement of the United States Treasury of January 12, in which is shown the amount of receipts from railroad securities for the fiscal year 1926 and for the corresponding period of 1925. In 1925 on that date we had received $113,316,992.04, and on the corresponding date of this year we had received only $21,545,224.35, or a difference of $92,000,000 in the receipts of the Government from that one source alone. The Senator from Mississippi must take that into consideration.

Mr. HARRISON. How much was the corporation tax for 1924?

Mr. SMOOT. I will tell the Senator just exactly what the corporation taxes were a year ago and what they are to-day.

Mr. HARRISON. I am talking about the corporation tax for 1924.

Mr. SMOOT. Yes; that is what I am going to state. I can not tell the Senator the corporation tax, because the daily statement of the Treasury does not show the corporation tax by days; but the income and profits tax—which includes all of them, the corporation tax and all—last year at this date, the 12th of this month, was $798,538,767.02, and this year, 1926, it was $863,264,403.80, or an increase of about $74,000,000, corporation tax and income tax and all, over the same day of the year 1925.

Mr. HARRISON. Can the Senator give me the estimate of the actuary? The estimate I got from the actuary on the amount of corporation tax to be raised this year is $1,040,000,000.

Mr. SMOOT. That is the total, Mr. President.

Mr. HARRISON. Yes; that is the total.

Mr. SMOOT. That is in the report.

Mr. HARRISON. Yes.

Mr. SMOOT. That covers them all. That is true, and I have it in the report.

Mr. HARRISON. Now, figure an additional corporation tax of 1 per cent, making 13½ per cent instead of 12½ per cent, and you get approximately $85,000,000 more.

Mr. SMOOT. Yes; but we lose the 1 per cent tax on the capital stock of 40 per cent of the corporations of the country.

Mr. HARRISON. What does that amount to?

Mr. SMOOT. In round numbers this year it will be about $68,500,000.

Mr. HARRISON. Mr. President, I submit that, in view of these facts and these figures and the general condition of the corporation interests of the country, we are not justified in raising this tax from 12½ per cent to 13½ per cent.

If the corporations have prospered as they have, if their earnings have been as large as they are shown to be, then certainly individuals and partnerships, too, have prospered, and their income taxes for the past year will be proportionately increased and, if the present condition keeps up, for the coming year, too. So, whichever way we turn, we will have a surplus in the Treasury. We need not fear to reduce further some of these nuisance taxes and give some further relief to the American people.

Mr. SIMMONS. Mr. President, I am unable at the minute to put my hands upon a memorandum I have showing the remarkable increase in the net profits and earnings of corporations in 1925 as compared with 1924. That statement, however, as I now recall it, confirms the figures which have just been given by the Senator from Mississippi [Mr. HARRISON].

The statement given by the Senator from Mississippi a few moments ago related particularly to the increase in incomes derived from business in this country during the year 1925. The statement which I have temporarily misplaced was compiled, as I remember, from data derived from the reports of the Department of Commerce.

That statement compared the net incomes of all of various corporations and business agencies engaged in productive business in this country for the last half of 1925 and the last half of 1924; and, according to my recollection, it showed that in the various industries, embracing practically all the activities of the business agencies of the country outside the field of agriculture, the average increase in net income in 1925 over 1924 approximated something like 20 per cent.

The income taxes of the Government for the last fiscal year, so far as it relates to corporation and individual income, are based upon the net earnings of the year 1924. Those imposed in the pending bill to raise revenue for the current year 1926 are based upon the incomes and profits of 1925.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. SIMMONS. Just a moment, please. The taxes that will be derived by the Government from this source for the fiscal year 1927 will be derived from the net income and profits of individuals and corporations during the year 1926. If the incomes realized from these sources during the last half of the year 1925 showed an average increase over the corresponding months of the year 1924 of something like 20 per cent, and if it be true, as we have been assured by all the representatives and spokesmen of the present administration, as we have been assured by the great metropolitan newspapers, as we have been assured by the representatives of the great industries of this country—such men as Mr. Gary and others occupying like dominant positions in the business world—that the year 1926 is to be a year of great and increasing business and prosperity, with no cloud in the sky, with nothing indicative of subsidence, but all indications pointing to a rising tide of prosperity—if we are to accept these figures showing these remarkable increases in incomes and profits during the last half, as I say, of 1925, and these authoritative assurances from the captains of industry and administration spokesmen that all signs indicate that this increase will proceed progressively toward a higher level during the year 1926, it is certain that this bill as amended by the Finance Committee will produce ample revenue to meet the Government's needs without increasing the taxes on corporations or on trucks.

I agree with the Senator from Mississippi [Mr. HARRISON] that a 12½ per cent flat income tax upon corporations, after the elimination of this capital-stock tax, on the basis of 1925 incomes, will produce as much if not more revenue than the Government collected from these corporations in 1924 under

the present law. I go further than that and I say that if this tide of prosperity continues, if these predictions that are made so confidently by those who are supposed by the public to know what they are talking about are fulfilled, if the amount of income continues to rise during the year 1926 to the same extent that it did during the last six months of 1925, the receipts of this Government for 1927, based upon the earnings of 1926, will show that the bill as it is now framed by the committee, with all of the reductions recommended by it, will yield much more revenue than the Government needs require, and we will be confronted by another surplus.

I am not at all intimidated, I am not at all disturbed, by the heavy reductions over the House bill which the Finance Committee recommends, because I am satisfied that the bill it has reported to the Senate will raise ample revenue. The increase in the tax on corporations recommended by it to recoup in part the reductions from the House bill are unnecessary and work an unwarranted injustice upon corporations.

Mr. NORRIS. Mr. President, may I ask the Senator from North Carolina a question in reference to the tables he said he had showing these increases in the profits made by all lines of business except agriculture?

Mr. SIMMONS. Yes.

Mr. NORRIS. Has the Senator been able to get any figures in regard to agriculture along the same line?

Mr. SIMMONS. The data I referred to does not give the figures for agriculture. I feel confident there has not, however, been the same prosperity in the field of agriculture as in other industry.

Mr. NORRIS. Does the Senator know of any way in which tables to carry this out can be obtained? The biggest business of all is agriculture. It would be very illuminating, indeed, if we could have the tables extended to agriculture, to show whether they show an increase or decrease, or what they show.

Mr. SIMMONS. There is no man in the Senate who sympathizes with the Senator from Nebraska more than I do in his desire to discover some method by which agriculture can be given its full share of the benefits of the great prosperity which has come to other business enterprises in this country. If the Senator, who has given great study to this question, who I know is profoundly interested in it, as are the people from his State, and as are the people from my State, and as I am, has any method to suggest by which that desirable consummation can be brought about, I think he would serve the public, and he would also do a great favor to the Congress, because I believe that, irrespective of party, both in the Senate and in the House, there is a feeling that agriculture, if indeed it is participating in it at all, is not getting its share of this prosperity, and there seems to be a general desire in the Congress, if possible, to devise some scheme of legislation, if we can help them legislatively, by which the farmers can in the future get at least a comparable share of the prosperity which has come to other industries.

Mr. NORRIS. I expect to go into that at length before the debate is over; but taking the Senator's suggestion—and, of course, I realize that he is interested just as conscientiously as I am in the question——

Mr. SIMMONS. I am very deeply interested.

Mr. NORRIS. I know that. Take, for instance, the inheritance tax. The dirt farmer, the man who lives on the farm and actually farms, pays very little if any of an inheritance tax to the Federal Government. But it is conceded not only here, but I think generally by economists and others who have studied the subject, that the agricultural class as a class, in our system of taxation, pays a higher tax in accordance with their income than any other class of citizens.

Mr. SIMMONS. The Senator does not mean to say the farmer would pay a higher tax under this bill to the Federal Government. The Senator means that the farmer pays a higher tax, including the assessments of the States and the municipalities.

Mr. NORRIS. I mean that the farmer, according to his income, pays a higher tax than any other class of people.

Mr. SMOOT. Not under this bill.

Mr. NORRIS. Under this bill he might be relieved of some of it. His tax is indirect. He pays twice on a good many things on which other lines of business do not pay anything, where they are able to pass it on. He is on the end of the equation and can not pass on anything, and when he sells he finds that instead of the seller fixing the price, the purchaser fixes it.

Take the one item of inheritance tax, repealed in this bill. If it is repealed, then those estates which would pay the inheritance tax are relieved from that much taxation, and the balance of the people, including the farmer, of course, have to make it up. As a rule, the farmer who is actually farming does not pay an inheritance tax. There are farmers who live in the cities and farm as a recreation and as a pleasure, and of course they pay inheritance taxes, but the ordinary farmer does not.

As long as the farmer is relieved from that one specific thing he does not have to pay it, and it makes his burden that much lighter. If other lines of business were relieved from paying that tax, the same amount would have to be raised somewhere else, and the farmer would have to bear his burden and stand his share of it.

Mr. SIMMONS. Mr. President, the farmer in this country by reason of his lack of prosperity at this time will pay but a small tax to the Federal Government under this bill, especially on incomes and inheritances. Certain taxes imposed by the Government are consumption taxes, but the consumption taxes that are imposed by the Government are largely and chiefly collected in the form of tariff duties. The taxes imposed in this bill, except to a small degree outside those on tobacco, are not consumption taxes.

Mr. DILL. Mr. President, will the Senator yield?

Mr. SIMMONS. Not for the present; let me finish this thought. It is true there is an enormous consumption tax imposed upon tobacco, out of which the Government realizes over $300,000,000 annually.

Mr. SMOOT. That is covered in this bill.

Mr. SIMMONS. It is in this bill, and in the present law, too. That is a pure consumption tax, paid by all the people who use the weed. It is a consumption tax, it is true, but it is distributed, and it is imposed on a luxury. The other consumption taxes have either been greatly reduced in this bill, or they have been eliminated, and they are in the aggregate a relatively small amount.

The income tax and the inheritance tax remain. I started to say a little while ago, when I was diverted into this other line of thought, that because of his lack of prosperity, because he does not make the enormous profits made in other lines of business the farmer pays but a very small part of the Federal income taxes. If his net income is less than $10,000, he pays no surtax whatsoever, and his normal tax is very small.

In reading the reports of the House Committee on Ways and Means I came into possession of the testimony adduced before that committee on the part of the so-called Iowa Tax Club, to the effect that there are only about 1,800 people in that great and almost exclusively agricultural State who, according to their tax returns, pay a tax on incomes in excess of $10,000.

Mr. NORRIS. The Senator will remember also that there appeared various witnesses of the Iowa Tax Club representing, as they claimed, a great many thousands of people, and they had in their membership, so far as anything in the hearings was disclosed, just one farmer, and he lived in town.

Mr. SIMMONS. I am not defending that club at all, which I think came here for a specific purpose. I think that club was a part of a propaganda.

Mr. NORRIS. Undoubtedly.

Mr. SIMMONS. Undoubtedly it was a part of a propaganda in favor of the Mellon plan.

Mr. NORRIS. That is right.

Mr. SIMMONS. But I am giving the statistics which they furnished the committee and which were not controverted. Those statistics showed that there were only about 1,800 people in Iowa whose incomes, according to their tax returns to the Federal Government, exceeded $10,000.

Mr. SMOOT. How many automobile owners?

Mr. SIMMONS. I do not know.

Mr. SMOOT. Over 200,000.

I just want to develop the thought that is in my mind. When we come to the inheritance tax, of course, the farmer does not have to pay much of it.

Mr. NORRIS. Will the Senator permit me? The so-called Tax Club of Iowa was organized, I think it is fair to say, although I am not claiming that they claim it, on the propaganda that went out all over the country to put the Mellon plan across, which included the repeal of the inheritance tax entirely, and that is one of the things that every one of those Iowa Tax Club people who testified wanted done.

Mr. SIMMONS. Yes; and it turned out that the State of Iowa only paid $360,000 in inheritance taxes to the Federal Government.

Mr. NORRIS. But that was not the reason why they wanted it repealed. They wanted it repealed because they were a part of the system, they were a part of the propaganda that originated here in Washington to influence the Finance Committee by having a tax club come from Iowa with its membership in order to get them to repeal the inheritance tax. That was one of the principal things they wanted to accomplish.

Mr. SIMMONS. There is no doubt that that makes clearer the fact that those clubs came here under the inspiration of certain interests who wanted to reduce surtaxes and who wanted to get rid of the inheritance taxes. That is perfectly clear.

Mr. NORRIS. They wanted to reduce surtaxes and repeal the inheritance taxes. The Senator will remember that when they were questioned about it there was not anybody able to tell how many members they had, just who they were, or what their dues were. Some had paid something and some had paid nothing. They could belong to the tax club if they would come down here and advocate the Mellon plan, which meant the reduction of taxes of the very wealthy.

Mr. SIMMONS. My recollection of it makes it a little worse than the Senator puts it. They were urging the reduction of surtaxes down to a 20 per cent maximum and urging a repeal of the inheritance taxes. They said their clubs, composed of many thousand members in that State, were very much interested in the proposition. They added, as I remember, that those clubs were in the main composed of people of moderate means—farmers, lawyers, business men, and so forth—in short, they represented the mass of the people of that State. When the question was asked, to test them, if in that great State of Iowa these thousands of club members, people of moderate means, in connection with their deliberations, had given any consideration to the question of whether the proposed increase in personal exemption in the House bill was wise and desirable, answered they did think that question had been given consideration or discussed—that was about the effect of the answer.

Mr. NORRIS. He was not authorized to speak on that subject.

Mr. SIMMONS. No; he was not authorized to speak on that subject.

Mr. NORRIS. There are the two main recommendations and the only object for the existence of the Iowa Tax Club. They wanted the high surtaxes reduced and the inheritance taxes repealed, and the Senate bill, which the Senator supports as I understand, has followed that recommendation exactly.

Mr. SIMMONS. The Senator has not heard my conclusion about it. I am not defending that club nor its mission down here at all. I am animadverting upon it, but I said they gave such data which I suppose is correct because nobody in the committee called it in question with reference to the number of people in the State of Iowa who paid income taxes on incomes in excess of $10,000. I am accepting that part of their statement as being true, because I think it was a matter of information that a citizen of Iowa could well be possessed of. The chairman of the Ways and Means Committee, before whom the club members appeared, was from the State of Iowa and he did not controvert it and therefore I accepted it. And I am simply saying that according to that statement the farmers of Iowa will pay but a small tax to the Federal Government by reason of the income tax.

Mr. NORRIS. May I ask the Senator another question? Did there not appear before the same committee a Texas tax club which was about the same thing?

Mr. SIMMONS. Oh, yes; the same thing, inspired evidently by the same parties.

Mr. NORRIS. And all of the things we have said about the Iowa club would likewise apply to the Texas Tax Club?

Mr. SIMMONS. Undoubtedly. The same thing is true with reference to the inheritance tax. The farmer pays because of his lack of prosperity, but little of that tax. The State of Iowa, as I just said, according to the report of these clubs, paid last year only $360,000 of inheritance taxes. Those inheritance taxes are paid by somebody else earning greater incomes than the farmers have earned.

Mr. NORRIS. Does the Senator say that because the farmer does not pay an inheritance tax and if the inheritance tax is repealed and that much has to be raised somewhere else, it follows that the farmer will not pay any increase simply because he does not pay any inheritance taxes?

Mr. SIMMONS. I am talking about revenue taxation. I am not talking about tariff taxation. I am not talking about taxes imposed by States and communities. If the Senator would allow me to develop my idea there would not be so much difference between us.

Mr. NORRIS. I do not believe there would be, either.

Mr. SIMMONS. What I mean to say to the Senator is that the high taxes which the present law imposes upon inheritances contributes but little relief to the farmers' tax burden, because he will pay under this bill but a small amount in taxes to the Government. For this reason he can get but little benefit from a high Federal estate tax on the rich. But let me say to the Senator, if the taxes were imposed by the States instead of the Government, every farmer in the States imposing them would get the full benefit in reduction of the taxes on his land and personal belongings of every dollar collected for inheritance or estate tax by those States. I am in favor of a stiff inheritance tax, but I want it imposed by the State and not by the Federal Government.

Mr. NORRIS. The Senator thinks the farmer pays an unjust part of the tariff tax, does he not?

Mr. SIMMONS. Yes; I certainly do.

Mr. NORRIS. I do not see how the Senator can disassociate that from the farmers' condition. We ought to relieve the farmer from the immense amount of tariff taxes that he has to pay. Will we ever be able to relieve him if we relieve the wealthy from inheritance taxes and the large income taxes? Somebody must pay the money, and we will not have any reason or excuse to reduce the tariff that affects the farmer unjustly.

Mr. SIMMONS. The tariff tax that the farmer complains of is not the part of this tax which is paid and goes into the Treasury for the benefit of the Government. That is a relatively small part of this tax and would not in itself be burdensome. The tariff tax that is grinding into the dust the mass of consumers of the country, including the farmer, is the part of the tariff which enures to the purely private benefit of certain great industrial groups and constitutes an indirect tax running into the billions on the great body of the American people.

Mr. NORRIS. And those same interests are making the big incomes that the Senator is proposing to relieve. Those same interests bring about the big inheritance taxes which the Senator is going to relieve them of paying.

Mr. SIMMONS. No; the Senator is entirely mistaken. He does not allow me to finish my argument. The point I am making is that if we want to relieve the masses of the country, if we want to relieve the farmers of the country through the levying of inheritance taxes, instead of the Federal Government levying that tax for Federal purposes we should let the States levy it for State purposes.

Mr. NORRIS. Like Florida, for instance.

Mr. SIMMONS. If the Federal Government levies it, high as it may be, it is not going to relieve the farmer and the poor man of the country to any considerable extent in the amount of taxes he has to pay under the revenue system, as I have shown. The Senator seems to intimate the States would not adequately impose such a tax. It was a very insignificant tax that the States imposed in 1916 when this system of taxation was revived. The States collected that year, as I recall, only a few millions from inheritance taxes. Now they are collecting from that source over $80,000,000 every year.

Up to 1916, when the Government resorted to this scheme of taxation, the States were it is true making but little use of this source of revenue, and why? Because up to that time the States had been doing relatively little in the way of internal improvement and development. The States' expenses at that time were confined largely to administration of the State governments, and were small. They raised the necessary money by a light tax upon property and corporations, by licenses, and things of that sort. Within the 10 intervening years there has been a nation-wide revolution in the economic and inudstrial condition and requirements of the country. We are in an era of costly internal development in the way of roads, schools, and many other lines calling for heavy State and municipal expenditures.

Up to the advent of the automobile we had practically nothing but dirt roads in my State. The automobile brought about a condition that imperatively called for a change. So we entered upon a program of concrete road construction, a great state-wide system where we have already spent nearly $100,000,000 and will have to spend something like as much more before the State program is completed. The counties and municipalities are engaged in the same work, connecting themselves with this network of State highways, and they are spending large amounts, thus making heavy local as well as State taxation necessary.

But heavy local and State expenditures are not confined to highways alone. We have developed our school system—high schools, grammar schools, colleges, and universities—calling for heavy expenditures both on the part of the counties and the State. In a general way the same I think is true—the same conditions obtain—in most of the States. I am happy to say I believe my State probably in that respect is the most progressive, but there are many following in its way and adopting its program.

So all through the United States we have been incurring these enormous expenditures, resulting in the issuance of an enormous amount of bonds, imposing upon the people a rate

of taxation for the support of both the States, the counties, and the cities which is extremely burdensome. Because of these conditions the States have been in recent years inclined to resort to inheritance and income taxes to relieve the strain upon property.

As a result the rate of inheritance tax levied by the States because of these new conditions would to-day be far greater but for the high rates imposed by the Government.

Mr. NORRIS. Mr. President——

Mr. SIMMONS. Just a moment, if the Senator please.

Mr. President, if we can relieve this source of taxation from Federal interference, and turn it back to the States in these conditions when the States so sorely need additional revenue to relieve their overburdened taxpayers, there is no question in the world that the States will take advantage of it, and that they will levy, each in its own jurisdiction, as high an inheritance tax as good conscience and good business will justify.

Mr. NORRIS. Mr. President, will the Senator now yield?

Mr. SIMMONS. Let me finish this thought, please.

Suppose what I suggest shall be done; suppose this source of revenue is abandoned by the Government and turned over to the States; is it not clear to the Senator from Nebraska that the farmers, the merchants, and the small home owners will get relief from the burden of the ad valorem taxes under which they now stagger to the extent of the revenue derived by the States from the imposition of these inheritance taxes?

Mr. NORRIS. Now, may I interrupt the Senator from North Carolina?

Mr. SIMMONS. Yes.

Mr. NORRIS. Is not the Senator from North Carolina afraid, instead of the effect being as he has just so eloquently described, if the Federal Government does not levy the inheritance tax but repeals it, according to the recommendation of the committee, that his great State of North Carolina, instead of levying an inheritance tax to collect money in order to help out in the various enterprises that he has described, will be afraid to do it because if that shall be done in North Carolina her people will all move over to Florida to avoid the tax?

Mr. SIMMONS. We are not at all afraid of that.

Mr. NORRIS. If the Federal Government levies it, even if it should pay to the State a part of it, no such result could follow.

Mr. SIMMONS. The Senator from Nebraska may be afraid about that occurring in his State; I do not know what the condition of his State is; it may be a little backward and there may be a disposition of the people there to leave the State; but in North Carolina we are doing so well that nobody wants to leave, especially to go to Florida, to avoid the inheritance tax.

Mr. NORRIS. Mr. President, if we are a little backward I will say that comes about because so many of our bright young people have gone to North Carolina to teach school.

Mr. SIMMONS. Well, in North Carolina we have so many schools going on we are short of school-teachers, and we have to go not only into the State of the Senator from Nebraska but into many other States in order to get enough girls and young men to teach these schools.

Mr. FLETCHER. Mr. President, will the Senator from North Carolina yield for a moment?

Mr. SIMMONS. I yield to the Senator.

Mr. FLETCHER. I desire to call attention to the facts with reference to the tendency of the States to rely upon the inheritance tax. That tendency has been growing and increasing year after year, so that within the last five years 37 States have amended their rates, and in all of them except one the rates have been raised.

Mr. SIMMONS. The Senator from Florida was probably not present when I stated that when in 1916 we began this system in the States of levying inheritance taxes we only levied a small amount.

Mr. FLETCHER. I heard the Senator's statement. The statement I have here corroborates his statement and shows not only are the States relying more and more upon inheritance taxes but that they are increasing their rates more and more. That is the tendency.

Mr. SIMMONS. The point I am making is that the Senator from Nebraska has stated that he wanted to keep the Federal inheritance taxes up to the highest level possible for the purpose of relieving the little man, especially the farmer and the small home owner, and probably the small merchant; but I have taken the position that he would relieve them to a very little extent, if any, because they are now not paying any taxes of consequence under this bill.

I suggested to him, however, and I will repeat now, that that is one of the reasons—it is not the only reason, but it is one of the major reasons—why I am so much in favor of the Federal Government taking its hands off this source of revenue and turning it over to the States, so that they may use it to the fullest extent that it is possible to use it without injustice and wrong, and to that extent relieve the very class of people for whom the Senator from Nebraska has spoken in this discussion, to relieve the man who in my State—and, I think, most of the other States are in the same condition—who is paying a high and repressive tax on his land, on his personal property, and on his goods and wares. He will get the benefit of every dollar of that inheritance tax that is levied by the State in the reduction of his individual property taxes.

Mr. NORRIS. I agree with the Senator.

Mr. SIMMONS. If the Senator can show me that that class of people will receive the same measure of benefit by the Federal Government retaining this tax and keeping it high, then he will have answered my argument.

Mr. NORRIS. I agree with the Senator that his motive is perfectly honorable; I understand it, I think, very clearly; but I do not agree with him that it will work out in that way. If we turn the inheritance tax over to the States there will soon be a mad rush on the part of the States to afford refuge for tax-exempt millionaires and to induce them to come into their borders and locate, and in that contest the States will be driven almost necessarily either to repeal entirely or to reduce to a very low rate their inheritance taxes. The fact that Florida, for instance, has already provided under a constitutional amendment that no income tax shall ever be levied in that State, and that no inheritance tax shall ever be levied, is an indication, and, I think, a demonstration of what is going to follow, and follow rapidly, if any agency except the Federal Government shall levy the inheritance tax.

Mr. SIMMONS. I do not think the Senator need disturb himself about that. Florida is going to furnish all the haven that the millionaires he is talking about desire.

Mr. NORRIS. The Senator's State will lose millionaires on the same ground.

Mr. SIMMONS. No; the Senator is wrong, if he means to intimate that my State would take advantage of the repeal of the Federal inheritance tax. The State of North Carolina is already levying an inheritance tax, and when the Federal Government takes its hands off the Senator will find that this rate will be largely increased.

Mr. LENROOT. Mr. President——

Mr. SIMMONS. Just a moment. The governor of my State appeared before the House Committee on Ways and Means asking for the repeal of this tax, asking that the Federal Government turn over this source of taxation to the State. He was accompanied by the governors of, I think, about 36 States in the Union, who asked for the same thing. Does the Senator mean to say that the governors of these 36 States ask that that be done in order that their States may repeal their State inheritance taxes and furnish a haven for the rich?

Mr. NORRIS. Oh, no; I do not mean to question the motives of any one of them. I do mean to say, however, that behind this propaganda to repeal the Federal inheritance tax all kinds of schemes and jobs have been put up and all kinds of arguments have been furnished to get these honest men to indorse it, giving a reason which, as a matter of fact, is not the real reason behind the propaganda to repeal it; and the next thing to follow—and they expect it to follow, and it seems to me it logically must follow, if they are successful—will be the repeal of all State inheritance tax laws all over the United States.

Mr. SIMMONS. All I wish to say to the Senator is that I know the governor of my State—and I believe I can speak with the same assurance about the governors of other States—came here and asked for the repeal by the Federal Government of the inheritance tax because it was found that the conditions in the State were such that a free hand was needed in taxing this very prolific source of revenue.

Mr. SMOOT. The governors of 32 States out of 48 made that appeal.

Mr. SIMMONS. The Senator from Utah advises me that 32 of the governors out of 48 made that request.

Mr. LENROOT. Mr. President, will the Senator yield to me?

Mr. SIMMONS. I yield.

Mr. LENROOT. With reference to relieving the farmer and the home owner, I want to ask the Senator whether the House provision would not have a tendency in those States that do not now impose an inheritance tax equal to 80 per cent of the tax under the Federal rate to force them immediately to raise their inheritance-tax rates to that amount, so as to obtain the full credit?

Mr. SIMMONS. I think there are very few States that would justify themselves in imposing so heavy a tax as that.

I know that in the past a great many of the States have increased their inheritance-tax rates.

Mr. LENROOT. Therefore a general taxpayer paying taxes on property would get relief quicker under the House provision than by a repeal of the Federal tax.

Mr. SIMMONS. He would have to pay to the Federal Government the difference between the 80 and the 100 per cent for no benefit in the world except to reimburse the Government for the expenditure which was involved in collecting the tax.

Mr. LENROOT. Let us see. If the Senator is right—and I think he is—it would mean an immediate increase in State inheritance-tax rates, and the general taxpayer of the State would at once get the benefit of whatever increase there was, would he not?

Mr. SIMMONS. Yes; but a great many of the States would be embarrassed to impose a tax that in their judgment was unconscionable, but they would have to do it in order to get the full benefit of it.

Mr. LENROOT. I understand; but if the Federal Government does not impose a rate that is unconscionable, why is it not just that that tax should be paid by somebody, either to the State or to the Federal Government?

Mr. SIMMONS. That is the very point I am making. I am making the point that the exigency of the revenue situation in the States at this time is such that if the Federal Government will take off its hands they will tax these inheritances just as much as in good conscience they think they will bear.

Mr. LENROOT. But we are ourselves the judges of what is a fair rate or a conscionable rate, so far as we exercise our power.

Mr. SIMMONS. Does the Senator mean to say that the Congress of the United States is the judge of what the States should levy as a fair, equitable rate of inheritance taxation, taking into consideration all the conditions in those States?

Mr. LENROOT. Oh, no; not at all.

Mr. SIMMONS. Does not the Senator recognize that there is great diversity in the conditions of States and that in some States probably a very much higher rate of inheritance tax would be justified than in other States? In some States a very much larger inheritance tax is required to meet the conditions that prevail.

Mr. LENROOT. Yes.

Mr. SIMMONS. And does the Senator think that the United States Government is better able to settle that domestic question than the States themselves?

Mr. LENROOT. Not at all; but we are in a position to judge for ourselves, so long as we exercise the Federal power, of what is a just rate to be imposed. That just rate ought to be paid to somebody, because there is no tax that can be imposed that is so fair and so just as an inheritance tax or an estate tax, because the recipient of the inheritance gets it without any exertion upon his part. It is not earned income. When you tax an earned income, on the one hand, and then, on the other, say that an estate or an inheritance shall pay nothing, it is contrary to every idea I have of just taxation.

Mr. SIMMONS. Mr. President, while I do not agree with all the statements the Senator from Wisconsin has made, I agree with him that this is a just and a legitimate source of taxation. I have no question about the legitimacy of a levy against inheritances. I think such taxes ought to be levied with a heavy hand.

I agree with the Senator further that there is no source of taxation open to the States to-day, if the Federal Government will take off its hand, that is calculated to raise in an easy way a larger amount of revenue than this tax. In the circumstances now existing, however, and in the light of the fact that the States have been constantly increasing this tax since they began to resort to it, and in 10 years have raised it from $1,000,000 to $80,000,000, even with the Federal Government making a very heavy exaction from gifts in addition to that, does the Senator doubt for a minute that if the Federal Government does withdraw from this field and does turn it over to the States the States of this Union will use that source of taxation for all that it is worth?

I say to the Senator that there is not any question in my mind about the State in which I live, and there is not any question in my mind as to States that are similarly situated—and I think most of them are—using this tax; but not every State wants to use it. In the case of States that do not want to use it, why force them to do so?

Mr. LENROOT. That is just the point. The Senator concedes that an inheritance tax is a just tax. I say it ought to be paid somewhere; and if the State does not care to use that power, then the tax ought to be paid to the Federal Government. That is where the Senator and I differ. The Senator says that no matter how colossal a fortune is, if a State does not choose to levy a tax against it then the estate should go scot-free of the payment of any taxes. I do not agree with him.

Mr. SIMMONS. No; I did not say that it should go scot-free. I said that should be left to the States to say, and I say so yet.

Mr. LENROOT. That is just exactly what the Senator said.

Mr. SIMMONS. Does the Senator think there ought to be a tax imposed in such States as do not levy it?

Mr. LENROOT. That is the theory of the House provision, and I am wholly in sympathy with it.

Mr. SIMMONS. The Senator might offer an amendment that in a State where there is no local tax, one should be imposed by the Federal Government. I suppose such an amendment would not be constitutional, however.

Mr. LENROOT. No; but I should be willing to make it 85 or 90 per cent. I do say, however, that the States have no right to complain if we impose a just tax and say they may have a deduction. If they do not choose to exercise it, the tax ought to be paid to the Federal Government.

Mr. SIMMONS. Does the Senator say the same thing with reference to the income tax?

Mr. LENROOT. I can well imagine that we might reach a stage where the same rule ought to be applied to the income tax, because it is entirely possible for a State to levy an income tax in conjunction with the Federal tax that would confiscate an income.

Mr. SIMMONS. Does not the Senator know that while most of the States in this Union are levying income taxes their hands are restrained in that particular by the high income taxes levied by the Federal Government?

Mr. LENROOT. Yes; certainly I do.

Mr. SIMMONS. If the Senator would coerce the States into uniformity of laws with reference to inheritance taxes, the same right would exist to coerce the States into uniformity in income-taxes as with reference to inheritance taxes; and we might follow that down the line, wherever the Government is imposing a tax of a particular character and thinks that the State taxes of the same character ought to be uniform throughout the United States. We could pass our laws and require them to be uniform through the process and by the means proposed by the House; and the end of that would be that the Federal Government would have every State in this Union seething with Federal officials, and the power of the Federal Government would be so far increased that the rights of the States would be negligible as compared with what it was intended they should be under the Constitution.

Mr. NORRIS. Mr. President, of course the Senator will readily recognize that a great many inheritances are built up by money that is received outside of the State in which the testator lived and died. In the case of some man who lived in New Jersey, for instance, and built up a large fortune there out of tobacco, let us say, like Mr. Duke, that was contributed and made up from every hamlet and almost every home in the United States, does the Senator think we should leave to the State where he lived the power to say that the Federal Government should not levy any tax, although practically the entire property was accumulated outside of the State where he lived? Would that be fair?

Mr. SIMMONS. Wherever the man's residence is, there the tax is levied against a certain portion of his property, but it is not levied upon property that he owns in some other State.

Mr. NORRIS. No.

Mr. SIMMONS. The tax imposed upon a man whose property is distributed over half a dozen States is income tax of each State applied to the property which is in that State; and as the Senator has used the case of Mr. Duke by way of illustration, I use it for the purpose of showing the extent to which States are employing the inheritance tax as a means of raising revenue, nothwithstanding the heavy tax imposed by the Federal Government upon the same property.

I was advised this morning that the seven States in which Mr. Duke had property had levied inheritance taxes upon his property which would amount to one-third as much as the entire inheritance tax levied upon that property by the Federal Government, so that in that particular case we have an illustration indicating what use the States would be likely to make of this source of revenue if the Federal Government should withhold its hand.

Mr. FLETCHER. Mr. President, may I suggest to the Senator, in answer to the question of the Senator from Wisconsin, that the Federal Government has no authority to require States to do one thing or the other with reference to their tax laws, and that it is a question for each State to determine how much inheritance tax it will impose or whether it will impose any or not; and that question resolves itself into a

question of fact. It is a question of fact whether or not the State needs the revenue. If the State is required to impose an inheritance tax whether it needs the revenue or not, if it does not need the revenue then such a tax is pure confiscation and economically unsound. Everybody will concede that.

Let us suppose the case of a State that has no public debt at all, that has in its treasury seven or eight million dollars. That State ought not to be obliged to impose upon its people taxes that it does not need. Therefore to say that an estate ought to pay somebody an inheritance tax, and if it is not paid to the Federal Government under this law it must go somewhere, because there ought to be imposed an inheritance tax, is illogical. There ought not to be imposed any inheritance tax or any other tax unless it is needed for governmental purposes, and that is a question for each State to decide for itself.

Mr. SHORTRIDGE obtained the floor.

Mr. EDGE. Mr. President, before the Senator from Florida takes his seat, will the Senator from California yield to me to ask him a question?

Mr. SHORTRIDGE. Certainly.

Mr. EDGE. Supplementing the suggestion made by the Senator from Florida, is it not a perfectly proper business view, in a way, if a State is sufficiently attractive—and I may to some extent refer to the great State of Florida—that men with large fortunes are attracted to the State, and spend hundreds of thousands and even millions of dollars in developing the State, building homes or developing cities, building highways and participating in the State's development, that if they are attracted there because of climate or because of any other condition it is entirely justifiable, if the State sees fit, not to impose a State inheritance tax? It is a matter of good, common-sense business, is it not?

Mr. FLETCHER. I should think so. Very likely those people will eventually pay taxes of another kind.

Mr. EDGE. They at least pay very large taxes on the tremendous improvements they are putting in the State.

Mr. FLETCHER. I think so; and I may say that while that might be some attraction to people going to Florida, people are going to Florida for other reasons than the mere matter of escaping inheritance taxes.

Mr. SHORTRIDGE. Mr. President, of course it is very hard for me to understand why people should go to Florida instead of hurrying out to California; but there may be reasons.

Entering the Chamber when this immediate subject was up, in which I take a very deep interest as a member of the committee, I wish to read into the RECORD an article by a very well-known writer. I chanced this morning to pick up the San Francisco Examiner of January 23, and I read, and I beg to read now, a short article written by Mr. Arthur Brisbane upon this very point. I read it without comment, but I commend it to the thoughtful attention of Members of the Senate:

> This Congress should change the unwise inheritance tax which discourages effort.
>
> A punitive inheritance tax is cowardly, because it takes money from a dead man. Why not take it from him while he is alive, instead of waiting to take it from his widow and children?
>
> It is an unwise tax, because by such a tax business men of middle age at the height of their constructive ability but facing possibility of death, dread new undertakings.
>
> The death tax collectors might find their affairs too much "spread out," and destroy their estate by excessive tax collecting.
>
> To take taxes from the living and let the dead alone would be a good plan. Mr. Mellon and President Coolidge recommended it.
>
> A particularly vicious proposal which would make the inheritance tax worse than it is now, is that the National Government should discriminate against States like Florida that collect no inheritance tax. The plan would be to give a dead man credit for his local State inheritance tax, the Nation collecting only as much as the State failed to collect of the total Federal tax.
>
> In other words, as Col. Peter O. Knight, of Tampa, points out, the scheme would be for the Federal Government to collect from a man dying in Florida five times as much as from a man dying in New York State. Even if such a tax were constitutional it would be extremely stupid.
>
> To punish the citizens of Florida or of any other State because their local government has the decency to leave its hands off the property of a dead man, is a strange suggestion.

I said I did not intend to comment. I have my views upon this subject, which perhaps at some appropriate time I may express.

Mr. COPELAND. Mr. President, I was surprised to hear from the Senator from Wisconsin and the Senator from North Carolina that the Federal estate tax is necessarily a just tax. I can not see how anybody can argue that in every instance it is a just tax.

My impression is that those who argue longest and strongest for the estate tax, basing their argument on the ground that it is a just tax, do so because they have in mind men like Mr. Morgan, Mr. Rockefeller, Mr. George F. Baker, and other men who have accumulated great fortunes, not through their own efforts but through their interest in joint corporate enterprises reaching into every State in the Union. But the difficulty about the contentions of the advocates of an estate tax, as I see it, is that they do not differentiate and distinguish between an estate tax imposed upon the estate of a man of the type mentioned and the tax imposed upon the estate of a man who, by the aid of his wife and children, has accumulated something of a fortune.

I recognize that, as has been said, the estate tax is easy to collect. All you have to do is to go in with a bludgeon and attack the mourning wife and take away from her a share of the estate which she had just as much to do in accumulating as the husband had. I do not admit, for myself, that the estate tax is a just tax. It may be just in some instances, but in thousands of cases happening every year in the United States it is a very unjust and unfair attack upon the estate.

If the estate of Mr. A owes to this Government a thousand dollars or a hundred thousand dollars, the minute Mr. A dies Mr. A must have owed this Government when he was still alive. I can not see that the mere fact of his death makes his estate a proper prey of the Government and a proper place to go to collect money.

I do not believe we can consider an estate tax a just tax unless we differentiate between estates. So I do not wish to let go unchallenged and to be passed over the statement made in this Chamber that the estate tax is a just tax.

In my opinion, the estate tax is very frequently an unjust and a cruel and a wicked tax. It takes money from persons who are just as much entitled to that money as was the man who died, because in many instances, and I believe in most instances, the wife and family of the man who died had just as much to do with the accumulation of the property as the man who has gone to that bourne from which no traveler returns.

Mr. NORRIS. Mr. President, may I ask the Senator from New York a question?

Mr. COPELAND. Certainly.

Mr. NORRIS. Or, rather, make a suggestion to him. I think everybody who favors an inheritance tax is likewise in favor of a very liberal exemption. Personally I think the exemption in our present law ought to be increased. If we were taxing every estate regardless of its size, I can see that the condition might arise which the Senator has so beautifully described. But it is entirely removed, in my judgment, if a liberal exemption is allowed in the law, enough to keep the widow and the other dependent relatives even in luxury, if you choose. So that that class would be relieved, I think, and at the same time the estates of those who die leaving very large properties would pay what I think the Senator from New York would himself have to admit was a just tax. Fortunes of twenty-five, fifty, a hundred, and two hundred million dollars are not made by the joint cooperation of man and wife. I never heard of one so large being thus made. Small fortunes, of the poorer class, are often made just as the Senator has described. So that in the big estates the wife and the other dependent relatives, as a universal rule, with some exceptions, I presume, those who get the estate after the testator is dead, have never had anything to do with its accumulation or building up.

Mr. COPELAND. I admit the cogency of very much of the statement made by the able Senator from Nebraska. Yet, after all, when we come to consider those vast estates, even then we have to differentiate. I was not in the Chamber when the debate started; I happened to be attending the coal investigation hearing, and I do not know what the discussion has been during the afternoon, but an illustration of what I have in mind is the prospective estate of Henry Ford.

Mr. Ford stands out unique in this country in that he has a fortune which he himself developed. He did not inherit anything. If I am correctly advised about his early life, he was a repairer of bicycles—a poor man, anyhow; but by his genius and through his own efforts he has built up a tremendous fortune. I would not have a word to say about the disposition of that fortune if it were not so invested or so used as to be of benefit to mankind. But you have only to go to Michigan and drive out west of Detroit to see the great buildings which have been erected, one of them, as I recall it, a mile long, where Mr. Ford is making automobiles, tractors, airplanes, and automobile parts.

Mr. Ford has built up a great fortune, Mr. President, which he has used not alone for his own joy and for purchasing the Wayside Inn and some other establishments; he has not only used his money to encourage the old-fashioned fiddlers and old-fashioned dances, but he has used his money to help the people who work for him. I believe that the labor of America at the present time can thank Mr. Ford for a large part of the prosperity which they enjoy, because his example has been such that thousands of manufacturers and other employers of labor throughout this country have been shamed into giving larger wages than they gave before. Mr. Ford has built up a tremendous business, which depends to a large extent upon his personal supervision or, at least, a maintenance and continuance of policies which he has established.

If the operation of an inheritance tax such as we are discussing were to be applied to the estate of Mr. Ford when he is taken away, as in the nature of things he must be eventually—and I hope the day may be far distant—if Mr. Ford were to die to-morrow and the prevailing estate tax were to be applied to his estate, it would make impossible, as I understand it, the continuance of the great enterprise which he built up.

Mr. BROOKHART. Mr. President——

Mr. COPELAND. I will yield in just a moment. The effect of such taxation would be to destroy a great establishment, which employs thousands upon thousands of men in Detroit and which employs tens of thousands of men throughout the country, in every State of this Union, in the disposition of his products.

Now I yield to the Senator from Iowa.

Mr. BROOKHART. Mr. President, I would like to submit this question to the Senator. If an inheritance tax were just at all, it would be upon the bigger estates; but if it be just that such a tax be levied at all and if it be true that the tax would destroy such an estate, is not the remedy to provide in a different way for paying the tax, to let it be paid in kind, by a share of the property, until such time as the Government could dispose of it? Is it not a matter of remedy rather than of right that the Senator is presenting?

Mr. COPELAND. I can quite see that the Senator from Iowa has a thought which is worthy of serious consideration.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SMOOT. In a case where the State has an estate tax and the Government had a tax, who would take charge of the business, the State or the Government? There are States which have inheritance taxes, and the Government has an inheritance tax. Who would take charge of these properties if the law were as the Senator from Iowa has suggested?

Mr. FLETCHER. Sometimes a dozen States collect a tax.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. COPELAND. I yield to the Senator from Nebraska.

Mr. NORRIS. In my judgment, the Senator need not give himself any concern about what would happen to a big business like that. The Senator from New York need not worry about it. The Federal Government would not take it, and the State government would not take it. The only remedy would be that suggested by the Senator from Iowa [Mr. BROOKHART]. But if Mr. Ford died, and we had no estate tax, somebody would operate his plant. There would be somebody to run it. I presume there would be an executor or an administrator who would take charge of it. He would do the same thing if the Government were to take it under the present law, when there would be five years' time in which the tax could be paid. If that is not enough time, if there would be any injury to any business because of lack of time to pay, then the remedy is to extend the time or to say to the Government, "You are getting 20 per cent of the value of the plant; take 20 per cent of the stock," and let the Government take the stock, and let the executors or the heirs go on and operate the plant. There are a thousand ways in which the situation could be met.

If the Senator's objection is good, then it must logically follow that whenever a man gets so rich or gets so much property that it might injure the business in case he died, and we tried to levy a tax, and if, therefore, we must not levy a tax, then we ought to reverse our taxation laws, and when a man gets to be worth a million dollars not tax him at all, but say to men like Mr. Ford, "You have such a big business that we will let you go," and say to the smaller man, "We will get our money out of you, because yours is only a little business." We would say to the big fellow, "Your business is so big, you have such a monopoly, you own the whole earth, you own us, and so we will not tax you." We could conceive of a man who would have so much that he would have more than the Government and be bigger than the Government, and we would say, therefore, "You have gathered together money from our people out of the profits of your business to such an extent that you can keep it all."

Mr. COPELAND. Far be it from me to argue about the disposition of great estates. I am not worried about the ultimate disposition of mine. I still insist, however, that to have an estate tax a just tax there must be a differentiation, and there must be a classification of estates. It is all very well to talk about Mr. Ford's business and that after taking away from it 40 per cent the executor could go on with it; but if we took away that amount from the business in which he has invested his entire fortune, we would ruin the business. The very success of the enterprise depends upon gross production.

I am not worried that the condition spoken of by the Senator from Nebraska would ever come back to haunt us. We have the power to tax estates. Our experiences of the immediate past have demonstrated our power to do that. If any estate grows so great that it is "greater than the Government," as the Senator suggests, and a menace to society, there would be no trouble about enacting some law to correct that evil. But I insist that it is an unjust and unfair thing to say in general because there is a great estate and the man who developed it with the aid of his family dies, that because he is dead and is not there to defend it the Government may move in and take possession.

Mr. WADSWORTH. Mr. President, will my colleague yield?

Mr. COPELAND. With pleasure.

Mr. WADSWORTH. Suppose the widow dies within another year and again the estate is assessed, where is the justice there?

Mr. COPELAND. That is a fair question.

Mr. NORRIS. I would like to suggest to the Senator that the remedy for that would be a simple proposition like this: At the end of the taxing clause add "*Provided, however*, That any man who dies leaving an estate of $10,000,000 or over shall not be taxed." That is a remedy for such a situation.

Mr. COPELAND. Mr. President, that it is past the hour when we should adjourn is evidenced by the fact that my friend from Nebraska does not talk that way early in the session. He is tired.

My colleague [Mr. WADSWORTH] has raised a very important question. Suppose a year after Henry Ford dies his widow should die, and then the Government, because it has the power, should step in and take another portion of that estate, say, 40 per cent, and then the next year young Mr. Ford should die. Within a period of two years the entire business would be ruined by taxation. Some estates have actually been destroyed in this very way.

Mr. SMOOT. How would the State get any chance if the Federal Government imposed 40 per cent in each instance?

Mr. NORRIS. In that terrible condition of affairs what would happen if we did not have any tax of any kind and the whole Ford family had died within a year? What would happen to that great factory? Would not the whole thing fail?

Mr. COPELAND. I think then the condition the Senator is speaking of would be realized, that the executor would then operate it if the laws were generous enough with reference to it.

Mr. SMOOT. He would have credit enough to go along with it.

Mr. NORRIS. The Senator is imagining, of course, that there would not be any difference whether we had a tax or whether we had not.

Mr. COPELAND. I notice there is a lot of imagination going on here and many imaginary evils are being suggested on the other side of the aisle.

ORDER FOR RECESS

Mr. SMOOT. Mr. President, a number of Senators desire to have an executive session. Before moving to proceed to the consideration of executive business I ask unanimous consent that when the Senate concludes its business to-day it shall take a recess until 12 o'clock to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

CLIPPINGS FROM WASHINGTON PAPERS

Mr. BLEASE. I ask unanimous consent to have printed in the RECORD a clipping from the Washington Star of yesterday, and also a clipping from a recent number of the Washington Post.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Evening Star, Wednesday, January 27, 1926]

TRAFFIC VIOLATIONS BY ENVOYS GIVEN TO KELLOGG FOR ACTION—BELGIAN EMBASSY ATTACHÉ DROVE 55 MILES AN HOUR ON MASSACHUSETTS AVENUE—ECUADORIAN INSULTED POLICEMAN, REPORTS ASSERT

Violations of traffic regulations by attachés of the Belgian Embassy and Ecuadorian Legation were called to the attention of the State Department to-day by the District Commissioners.

The commissioners transmitted to the department reports of the police alleging that Baron Joseph Vavander Elst, second secretary of the Belgian Embassy, was caught speeding January 20 at the rate of 55 miles an hour through traffic on Massachusetts Avenue, and charging Señor Don Carlos Mantilla, attaché of the Legation of Ecuador, with violations of the parking regulation. The latter report, written by Capt. Ira Sheetz, of the third precinct, declared that when Señor Mantilla's attention was called to his violation of the parking regulations, he replied to Policeman Paul Dorsey:

"If I choose to leave my car in the middle of Sixteenth Street, it would be none of your damn business."

The Ecuadorian diplomat, the report added, also pushed the officer from the running board of the machine and used "insulting and profane language concerning his conduct and that of the District police officers in general."

The commissioners made no comment on the violations except to point out that Massachusetts Avenue is an important highway, heavily traveled, and that recently a number of complaints have been received of excessive speed of automobiles on that thoroughfare.

[From the Washington Post, January 15, 1926]

TWO AMERICANS EXECUTED IN CANADA

VANCOUVER, BRITISH COLUMBIA, January 14 (by Associated Press).—Owen B. Baker, of Tacoma, Wash., and Harry F. Sowash, of Seattle, were hanged to-day for killing William J. Gillis and William G. Gillis, father and son, in a hijacking raid September 15, 1924.

DES MOINES RIVER DAM, IOWA

Mr. JONES of Washington. From the Committee on Commerce I report back with amendments the bill (S. 122) granting the consent of Congress to the Iowa Power & Light Co. to construct, maintain, and operate a dam in the Des Moines River, and I submit a report (No. 98) thereon. The Senator from Illinois [Mr. McKINLEY] is very anxious that the bill may be passed. It is in the ordinary form and does not relate to the development of water power. It has the approval of the department and is similar to many bills we have passed. I ask for its present consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, on page 1, line 5, before the word "at," insert "at a point suitable to the interests of navigation," and in line 6, to strike out "a point known as Balls Ford, in Polk County, Iowa," and insert "Des Moines, Iowa," so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the Iowa Power & Light Co. to construct, maintain, and operate a dam in the Des Moines River, at a point suitable to the interests of navigation, at or near Des Moines, Iowa: *Provided*, That the work shall not be commenced until the plans therefor shall be submitted to and approved by the Chief of Engineers of the United States Army and by the Secretary of War: *Provided further*, That this act shall not be construed to authorize the use of such dam to develop water power or generate hydroelectric energy.

SEC. 2. That the authority granted by this act shall cease and be null and void, unless actual construction of the dam hereby authorized is commenced within one year and completed within three years from the date of approval of this act: *Provided*, That from and after 30 days' notice from the Federal Power Commission, or other authorized agency of the United States, to said Iowa Power & Light Co., its successors or assigns, that desirable water-power development will be interfered with by the existence of said dam, the authority hereby granted to construct, maintain, and operate said dam shall terminate and be at an end; and any grantee or licensee of the United States proposing to develop a power project at or near said dam shall have authority to remove, submerge, or utilize said dam, under such conditions as said commission or other agency may determine, but such conditions shall not include compensation for the removal, submergence, or utilization of said dam.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

PERMANENT COURT OF INTERNATIONAL JUSTICE (S. DOC. NO. 45)

Mr. SWANSON. There is quite a demand for the statute of the Permanent Court of International Justice and the rules governing that court and the reservations which were adopted by the Senate yesterday on adhering to the protocol of the statute. I ask unanimous consent that 5,000 copies in one permanent form of these respective documents be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. SMOOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the doors were closed. After five minutes spent in executive session the doors were reopened, and under the order previously entered (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until to-morrow, Friday, January 29, 1926, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 28 (legislative day of January 16), 1926

ASSISTANT COMMISSIONER OF PATENTS

Millard John Moore, of Virginia, to be Assistant Commissioner of Patents in the Patent Office, vice Karl Fenning, resigned.

POSTMASTERS

ALABAMA

Robert Patterson to be postmaster at Selma, Ala., in place of R. H. Mangum. Incumbent's commission expired October 25, 1925.

ARKANSAS

Lola E. Fergeson to be postmaster at Havana, Ark., in place of D. S. Farmer. Incumbent's commission expired August 24, 1925.

CALIFORNIA

Joseph M. Hamilton to be postmaster at Crescent City, Calif., in place of W. J. Ohlheiser, deceased.

George C. Gianola to be postmaster at Pescadero, Calif., in place of G. C. Gianola. Incumbent's commission expired November 21, 1925.

James J. Heckman to be postmaster at Selma, Calif., in place of J. J. Heckman. Incumbent's commission expired January 17, 1926.

COLORADO

Mary McConnell to be postmaster at Minturn, Colo., in place of Mary McConnell. Incumbent's commission expired November 23, 1925.

Roy Hodges to be postmaster at Springfield, Colo., in place of A. A. Hagerman, removed.

DELAWARE

Napoleon B. Register to be postmaster at Lewes, Del., in place of N. B. Register. Incumbent's commission expires January 30, 1926.

FLORIDA

Daniel L. Thorpe to be postmaster at Manatee, Fla., in place of D. L. Thorpe. Incumbent's commission expired September 27, 1925.

IDAHO

Pearl Lewis to be postmaster at Carey, Idaho, in place of Pearl Lewis. Incumbent's commission expired August 24, 1925.

Christian Schwendiman to be postmaster at Sugar, Idaho, in place of Christian Schwendiman. Incumbent's commission expired January 17, 1926.

ILLINOIS

Howard A. Hammer to be postmaster at Buda, Ill., in place of H. A. Hammer. Incumbent's commission expires January 30, 1926.

Clare D. Sherwood to be postmaster at Lake Villa, Ill., in place of C. D. Sherwood. Incumbent's commission expires January 30, 1926.

Harry E. Beekman to be postmaster at Petersburg, Ill., in place of H. E. Beekman. Incumbent's commission expires January 30, 1926.

Peter Thomsen to be postmaster at Fulton, Ill., in place of Peter Thomsen. Incumbent's commission expired December 19, 1925.

George M. Clark to be postmaster at Galesburg, Ill., in place of G. M. Clark. Incumbent's commission expired January 17, 1926.

IOWA

John R. Barker to be postmaster at Indianola, Iowa, in place of J. R. Barker. Incumbent's commission expires January 30, 1926.

Eugene E. Heldridge to be postmaster at Milford, Iowa, in place of E. E. Heldridge. Incumbent's commission expires January 30, 1926.

Edwin J. Frisk to be postmaster at Des Moines, Iowa, in place of Z. C. Thornberg, deceased.

KANSAS

Charles A. Godding to be postmaster at Burns, Kans., in place of C. F. Smith. Incumbent's commission expired May 6, 1925.

Frank E. Enlow to be postmaster at Galesburg, Kans., in place of F. E. Enlow. Incumbent's commission expired December 15, 1925.

Ernest Toomey to be postmaster at Neodesha, Kans., in place of Ernest Toomey. Incumbent's commission expired November 23, 1925.

MAINE

Clayton R. Hamlin to be postmaster at Unity, Me., in place of B. F. Ham. Incumbent's commission expired November 23, 1925.

David L. Duncan to be postmaster at Washburn, Me., in place of D. L. Duncan. Incumbent's commission expires January 30, 1926.

Ellsworth D. Curtis to be postmaster at West Paris, Me., in place of E. D. Curtis. Incumbent's commission expires January 30, 1926.

MARYLAND

Granville S. Cropper to be postmaster at Ocean City, Md., in place of G. S. Cropper. Incumbent's commission expired January 17, 1926.

MASSACHUSETTS

Frederick A. Shepard to be postmaster at Amherst, Mass., in place of F. A. Shepard. Incumbent's commission expires January 30, 1926.

Wilmur B. Brown to be postmaster at Harvard, Mass., in place of W. B. Brown. Incumbent's commission expires January 30, 1926.

William F. Runnells to be postmaster at Newburyport, Mass., in place of W. F. Runnells. Incumbent's commission expires January 30, 1926.

Charlotte L. Parker to be postmaster at Osterville, Mass., in place of C. L. Parker. Incumbent's commission expires January 30, 1926.

MICHIGAN

Ben H. Davis to be postmaster at Edwardsburg, Mich., in place of M. A. Gessinger. Incumbent's commission expired November 23, 1925.

MISSISSIPPI

James C. Bonds to be postmaster at Guntown, Miss., in place of J. C. Bonds. Incumbent's commission expired October 5, 1925.

MONTANA

Lars A. Kragrud to be postmaster at Winnett, Mont., in place of Lizzie Gorsuch, removed.

NEBRASKA

Peter S. Petersen to be postmaster at Dannebrog, Nebr., in place of P. S. Petersen. Incumbent's commission expired November 21, 1925.

NEW JERSEY

Frank Hill to be postmaster at Dumont, N. J., in place of Frank Hill. Incumbent's commission expired January 21, 1926.

John S. Inman to be postmaster at New Egypt, N. J., in place of G. W. Ivins, deceased.

Lorenzo S. Spates to be postmaster at Linden, N. J., in place of L. S. Spates. Incumbent's commission expires January 30, 1926.

Emma A. Clawson to be postmaster at Scotch Plains, N. J., in place of E. A. Clawson. Incumbent's commission expires January 30, 1926.

NEW YORK

George W. Hulbert to be postmaster at Downsville, N. Y., in place of G. W. Hulbert. Incumbent's commission expired November 23, 1925.

Horton Davry to be postmaster at Mechanicville, N. Y., in place of Horton Davry. Incumbent's commission expired November 18, 1925.

Lottie Allen to be postmaster at Perrysburg, N. Y., in place of Lottie Allen. Incumbent's commission expired November 2, 1925.

George Hubbard to be postmaster at West Coxsackie, N. Y., in place of George Hubbard. Incumbent's commission expires January 30, 1926.

Chester M. Bartlett to be postmaster at Albion, N. Y., in place of C. M. Bartlett. Incumbent's commission expired January 20, 1926.

NORTH CAROLINA

Estelle Green to be postmaster at Spruce Pine, N. C., in place of Estelle Green. Incumbent's commission expires January 30, 1926.

NORTH DAKOTA

Allan R. Rowatt to be postmaster at Rolette, N. Dak., in place of A. R. Rowatt. Incumbent's commission expires January 30, 1926.

Ettephina C. W. Winkler to be postmaster at Montpelier, N. Dak. Office became presidential July 1, 1925.

OKLAHOMA

Coral B. Waldie to be postmaster at Deer Creek, Okla., in place of C. B. Waldie. Incumbent's commission expired November 2, 1925.

Ulysses S. Markham to be postmaster at Caddo, Okla., in place of A. E. Richey, removed.

PENNSYLVANIA

Charles N. Thompson to be postmaster at Buck Hill Falls, Pa., in place of C. N. Thompson. Incumbent's commission expires January 30, 1926.

Eva E. Sechler to be postmaster at Cherry Tree, Pa., in place of E. E. Sechler. Incumbent's commission expires January 30, 1926.

Lena M. Trettel to be postmaster at Coal Center, Pa., in place of L. M. Trettel. Incumbent's commission expires January 30, 1926.

Robert S. Gumaer to be postmaster at Dalton, Pa., in place of R. S. Gumaer. Incumbent's commission expires January 30, 1926.

Elmer P. Richards to be postmaster at Easton, Pa., in place of E. P. Richards. Incumbent's commission expires January 30, 1926.

George H. Mull to be postmaster at Knox, Pa., in place of G. H. Mull. Incumbent's commission expires January 30, 1926.

Frank H. Shenck to be postmaster at Landisville, Pa., in place of F. H. Shenck. Incumbent's commission expires January 30, 1926.

Harry Zanders to be postmaster at Mauch Chunk, Pa., in place of Harry Zanders. Incumbent's commission expires January 30, 1926.

Howard Weiss to be postmaster at Northampton, Pa., in place of Howard Weiss. Incumbent's commission expires January 30, 1926.

Howard O. Boyer to be postmaster at Rural Valley, Pa., in place of H. O. Boyer. Incumbent's commission expired August 24, 1925.

Robert E. Gammell to be postmaster at Tremont, Pa., in place of R. E. Gammell. Incumbent's commission expired November 23, 1925.

RHODE ISLAND

George W. Burgess to be postmaster at Pawtucket, R. I., in place of G. W. Burgess. Incumbent's commission expired October 6, 1925.

TEXAS

Fred W. Hines to be postmaster at Wiergate, Tex., in place of F. W. Hines. Incumbent's commission expired August 20, 1925.

Don Parker to be postmaster at Liberty, Tex., in place of R. C. Eubank, removed.

Jennie W. Reynolds to be postmaster at Mason, Tex., in place of J. W. Reynolds. Incumbent's commission expired January 18, 1926.

VERMONT

Garvin R. Magoon to be postmaster at Gilman, Vt., in place of H. W. Powers, resigned.

WASHINGTON

Wayne S. Kelsey to be postmaster at Opportunity, Wash., in place of Jacob Vercler, removed.

Laura P. McIntyre to be postmaster at Skykomish, Wash., in place of John Maloney, removed.

WISCONSIN

Charles H. Prouty to be postmaster at Genoa City, Wis., in place of C. H. Prouty. Incumbent's commission expired November 18, 1925.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 28 (legislative day of January 16), 1926

POSTMASTERS

ARIZONA

Harry B. Riggs, Patagonia.

COLORADO

Mary J. Anderson, Rocky Ford.
Juan R. Valdez, San Luis.

CONNECTICUT

William E. Gates, Glastonbury.
John E. Casey, Kent.
John H. Delaney, Middlebury.
Frank M. Smith, Willimantic.

FLORIDA

Henry G. Nelson, Williston.
Jerry M. Sullivan, Winter Garden.

IOWA

Arthur F. Pitman, Lamont.

KANSAS

Maud E. Oliver, Culver.
Maud Aten, Goodland.
Leo L. George, Irving.
Walter Holman, Sharon.

KENTUCKY

Arch Mooney, Dixon.
Mary F. Gilmour, Owensboro.
Lillie M. Pulliam, Patesville.
William C. Barnwell, Smithland.

LOUISIANA

Marie A. Bourgeois, Erath.

MASSACHUSETTS

Roger W. Cahoon, jr., West Harwich.

MISSISSIPPI

John N. Truitt, Minter City.

MISSOURI

Patrick S. Woods, Columbia.

NEBRASKA

Chancey J. Sittler, Anselmo.
Fred A. Scofield, Columbus.
Orley D. Clements, Elmwood.
Alonzo A. Jackman, Louisville.
Edward H. Hering, Orchard.
Nellie L. Miller, Rulo.
August Dormann, Scottsbluff.

NEVADA

Dora E. Kappler, Carlin.

NEW HAMPSHIRE

James E. Collins, Lisbon.

OHIO

Richard Hagel, Gypsum.

PENNSYLVANIA

Harry T. Callen, Tower City.

RHODE ISLAND

Annie J. Annis, Barrington.
Luke J. Ward, Wickford.

TEXAS

Clarence V. Rattan, Cooper.
Jerra L. Hickson, Gainesville.
Alonzo Phillips, Loraine.
Lillie Brown, Ralls.
Wade Arnold, Wellington.

UTAH

Joseph F. MacKnight, Price.

WEST VIRGINIA

Fernando D. Williams, Matoaka.

WITHDRAWALS

Executive nominations withdrawn from the Senate January 28 (legislative day of January 16), 1926

POSTMASTERS

NEBRASKA

Harry N. Wallace to be postmaster at Coleridge, in the State of Nebraska.

NEW YORK

Charles H. Ackerley to be postmaster at Round Lake, in the State of New York.

REJECTION

Executive nomination rejected by the Senate January 28 (legislative day of January 16), 1926

POSTMASTER

ILLINOIS

William H. Steinke, Des Plaines.

HOUSE OF REPRESENTATIVES

THURSDAY, *January 28, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, to-day may there be the sweet psalm of gratitude in all our hearts. We trust that we lisp Thy holy name in reverence and never in vain. Make plain before us the path of duty and may our work bear witness to our best selves and fidelity to our country. Quicken in us the deep sense of responsibility and may we aim at the sincerest, deepest, purest personal life. Enable us always to practice the golden rule which is perfect in its character and perpetual in its obligation. In the name Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

ASSISTANT MINORITY FLOOR MANAGER OF TELEPHONES

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 90, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 90

Resolved, That there shall be paid out of the contingent fund of the House of Representatives, until otherwise provided for by law, compensation at the rate of $1,830 per annum for the services of an assistant minority floor manager of telephones under the Doorkeeper.

The SPEAKER. The question is on agreeing to the resolution.

Mr. BLANTON. Mr. Speaker, may I ask the gentleman from New York a question?

Mr. MACGREGOR. I yield.

Mr. BLANTON. Mr. Speaker, has that been requested by the minority?

Mr. MACGREGOR. Yes. This is a resolution introduced by the gentleman from Tennessee [Mr. GARRETT].

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

CLERK TO COMMITTEE ON MILEAGE

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 87, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 87

Resolved, That the Committee on Mileage be allowed a clerk to be appointed by the chairman of said committee, who shall receive a salary at the rate of $175 per session.

With the following committee amendment:

Line 3, strike out the words "at the rate of $175 per session" and insert "at the rate of $150 for the first session of the Sixty-ninth Congress."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution was agreed to.

KATHERINE M. JOHNSON AND GEORGE L. CLARK

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 100, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 100

Resolved, That the Clerk of the House of Representatives be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Katherine M. Johnson the sum of $186.66 and to George L. Clark the sum of $146.66, being the amounts received by them per month as clerks to the late Hon. Arthur B. Williams.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

MYRTLE PAYNTER AND WILL L. PANNELL

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 23, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 23

Resolved, That the Clerk of the House of Representatives be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Myrtle Paynter the sum of $250 and to Will L. Pannell the sum of $83.33, being the amount received by them per month as clerks to the late Hon. Robert Y. Thomas, jr.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

DONALD W. MACLEAN AND MARIEM G. BIGGERSTAFF

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 78, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 78

Resolved, That the Clerk of the House of Representatives be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Donald W. MacLean the sum of $171.67 and to Mariem G. Biggerstaff the sum of $161.67, being the amounts received by them per month as clerks to the late Hon. John Jacob Rogers.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

JOHN WILLIAMS AND OTHERS

Mr. MACGREGOR. Mr. Speaker, I call up House Resolution 109, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 109

Resolved, That there shall be paid out of the contingent fund of the House of Representatives to John Williams, sr., father of John Williams, jr.; to Parmelia J. Linahan, widow of James Linahan; to Persis McConnell, widow of Clarence McConnell; to May T. Peacock, daughter of Samuel H. Thompson; to Jennie Cousins, widow of Levi B. Cousins; to Grace Devendorf, daughter of Harry E. Devendorf; to Elizabeth J. Lewis, widow of Cassius M. C. Lewis; and to the estate of James J. Kenah, late employees of the House of Representatives, each, respectively, a sum equal to six months' compensation of such respective employees, and an additional sum not to exceed $250 to each of the persons before mentioned to defray expenses of the funerals of the above-mentioned employees, respectively.

Mr. MACGREGOR. Mr. Speaker, I move the adoption of the resolution.

Mr. UNDERHILL rose.

The SPEAKER. Does the gentleman from New York yield to the gentleman from Massachusetts?

Mr. UNDERHILL. Mr. Speaker, I ask for recognition.

The SPEAKER. The gentleman from New York has the floor.

Mr. MACGREGOR. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts.

Mr. UNDERHILL. Mr. Speaker, I feel impelled by a sense of duty to call to the attention of the House a practice which has grown up in former years and which has now reached large proportions. That is the practice of paying to the heirs of deceased employees of the House one-half a year's salary and in some instances a whole year's salary on death, and in addition paying $200 toward their funeral expenses. You have just listened to the reading of eight resolutions of this character. The total amount involved is in the vicinity of about $10,000 in these eight resolutions. We have several resolutions at the present time before the Committee on Accounts where the heirs have not been determined. I raise no question of precedent. The precedent is well established. It has been in existence for many years. Probably it had its origin in the fact that some employee of the House died under unusual or peculiar circumstances, leaving a large family of dependents. Once having established the precedent, however, this has gone on until now when an employee of the House dies a strenuous effort is made to find somebody to whom this gratuity shall be given, because it is nothing more or less than a gratuity, or perhaps it would be better to name it a paid-up life-insurance policy, which is given to every employee of the House when he takes employment in the Federal service. If this is to continue, there ought to be an authorization by law for its continuance; it should not be accomplished by the subterfuge of taking this money from the Treasury of the United States indirectly through the contingent fund. If any Member of this House should suggest that the salaries of these employees be raised a certain amount, or that we give them a paid-up life-insurance policy, it would not get very far in the House.

Mr. BEGG. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. I would rather go on for just a moment. If any individual Member of the House should suggest a general increase in the salaries of these employees, he would be informed that salaries have been gone over time and time again and fairly adjusted. Just consider the inconsistency and injustice of this proposition—not to those who benefit by our generosity, but to other employees of the Government, who work for much less salary than many of these employees do. We do not give the postal employees a paid-up life-insurance policy. We do not give $200 to the heirs, the widows, or the dependents of a customs employee for funeral expenses. You do not give the dependents of the fifty-odd prohibition agents who were killed in the performance of their duties during the last year a paid-up life-insurance policy and $200 for their funeral expenses, and so I might go through all of the employees in the Federal Government. The only excuse for it is that a precedent has been established. There is never a question raised as to the length of service of these deceased employees. There is never a question raised—and I desire to emphasize this particularly—as to whether the beneficiaries of our generosity are dependents of the employees of the House.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. UNDERHILL. I want five minutes more.

Mr. MACGREGOR. I do not want to take up much time, but I yield five minutes more to the gentleman.

Mr. UNDERHILL. I now yield to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. I do not want to interfere with the gentleman, but I think some one ought to call to the attention of the House the miserable scale of wage that we pay our own employees, particularly the laborers. Personally, I think that if the House would pay what it ought to pay it would raise the wages of that class of employees. We have at the present time four men who have served this Congress a total of nearly 200 years, indigent, one of them blind, all of them unable to quit the job, and we are not getting the service, and because of indifference we allow that condition to go on. I think it is an outrage that we do not do something for our own employees of the lower order, namely, the monthly laborers.

Mr. UNDERHILL. I will agree with the gentleman from Ohio to a certain extent. Those employees he speaks of are not under civil service. The Committee on Accounts agreed if the House would concur to put those employees on the same basis as regular employees and retire them on half salary. The gentleman refused to accept any such proposition. But it is not the poorest paid employees who come under this resolution. It is clerks to Members, who get $4,000 a year or more, and others who get up to $5,000 or $6,000.

Mr. DOWELL. Will the gentleman yield? The gentleman is making a misstatement. They are not getting $4,000 a year.

Mr. CHINDBLOM. Or more.

Mr. DOWELL. Two of them are getting $4,000, and that is all that is permitted under the law.

Mr. UNDERHILL. But if you have one clerk you may give him the total salary.

Mr. DOWELL. No; you can not under the law.

Mr. UNDERHILL. It is $3,300. I stand corrected.

Mr. DOWELL. I think the gentleman had better get the information——

Mr. UNDERHILL. But it makes no difference in the principle involved whether it is $3,300 or $4,000. All are not the poorly paid employees but some well-paid employees. Now, gentlemen, my object in bringing this to the attention of the House is that some one in the House who is better versed in these matters than I am may draw up a resolution and submit it to the House to give authority in law for the payment of this gratuity, or else we ought to stop it right here now.

The SPEAKER. The time of the gentleman has expired.

Mr. MACGREGOR. Mr. Speaker, I yield 10 minutes to the gentleman from Kentucky [Mr. GILBERT].

Mr. GILBERT. Mr. Speaker and gentlemen of the House, I find it my unpleasant duty again to protest against this practice. The gentleman from Massachusetts [Mr. UNDERHILL] has said most all I care to say, with the exception that last Congress when I objected to similar resolutions I suggested that a general bill be passed, if the House wants to pay these sums, so that the responsibility will not be placed upon the Committee on Accounts. These resolutions are vicious in principle and indefensible in practice. I do not care how hoary with age the custom may be. The same principle applies to the wives and families of deceased Members. I am not attempting to speak personally at all, but the record shows instances where the Member of Congress has died, the wife has been elected to

fill the unexpired term, and that wife was at the time of his death the secretary to her husband, so that she drew not only her salary as a Member of Congress but she drew another salary, a year's pay at least, as the wife of her deceased husband, and she drew six months' pay as clerk to that deceased husband.

Mr. BLANTON. Oh, no; just one month.

Mr. GILBERT. The gentleman is right in this particular instance—one month—but regardless of the length of time, I attempt to show to you the viciousness of the practice. Again, meaning no personal reference to anybody, there is a practice based on sentiment, yet derogatory to the dignity and best interest of the House, which is spreading over the country, of electing the wife to fill out the unexpired term of the husband solely in order that she may draw the salary for the unexpired term and so that the new Member will begin on a full term. The country does not know that she is drawing his salary for a year anyhow. I think we ought to be courageous about the matter and let the country know just what the situation is. If I should die, I am frank to say that I would want my widow to draw the salary if that practice applies to others. Is not the country entitled to know just what our emoluments here are, and if we should happen to die while in office that our families receive $10,000 in addition? I am not going to take up any more time of the House on similar resolutions. I fought them last Congress without success, and prospects do not seem any brighter for success now. They are coming up, as the gentleman from Massachusetts has said, increasing each year and gradually being extended; and I may say now to the chairman of the Committee on Accounts, for whom I have the highest regard, we had better put this in a general law and let the country know just what the situation is, rather than bring in these resolutions to be paid out of the contingent fund of the House, which method seems to be sneaking it over on the taxpayer without his knowledge or consent.

Mr. DYER. Will the gentleman yield before he takes his seat?

Mr. GILBERT. I will.

Mr. DYER. The gentleman from Kentucky is of the opinion we should include them in making permanent legislation not only the case referred to by the gentleman from Massachusetts but Members of Congress——

Mr. GILBERT. I do not. I favor just the contrary. I say with the gentleman from Massachusetts that there is no more reason why a clerk we bring up here should be paid six months' pay and funeral expenses than any other man working for the Government; but if these emoluments are to be paid, then provide for them by general law and not by resolution.

Mr. DOWELL. Will the gentleman permit a question? Is it not true that Government employees in other departments have a civil-service status that they have had during good behavior? Is it not also true employees of the House are here merely temporarily on a salary that is only sufficient to pay a little more than their actual expenses?

Mr. GILBERT. What the gentleman from New York says is partly true. Some of them have a civil-service status and some not.

Mr. DOWELL. None of them under this resolution have.

Mr. GILBERT. Yes; but there is no more reason why my clerk should have six months' salary and funeral expenses than that the carpenter we have over in the House Office Building, who attends to the furniture, should have six months' salary and funeral expenses, and this carpenter has no civil-service status. And the same applies to thousands of other employees stationed here and elsewhere, rendering just as faithful service to the Government as our white-collared employees about the Capitol.

Mr. MacGREGOR. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

The SPEAKER. The gentleman from Texas is recognized for 10 minutes.

Mr. BLANTON. Mr. Speaker, I once felt about this question the same as my colleagues, the gentleman from Massachusetts [Mr. UNDERHILL] and the gentleman from Kentucky [Mr. GILBERT]. I will vote with them to-day to stop the practice of paying to the spouse of a deceased Congressman and Senator a year's salary and all funeral expenses. I have vigorously condemned that practice ever since I have been here. But as long as we Congressmen draw it, we ought not to stop with the poorly paid clerk or employee of the House.

I took it upon myself several years after I came here to investigate these cases when death came to any House employee. I found that such employees came to Washington from other States; that they had a wife and little children and no means other than their salary; that in instances they were sick for several weeks, with doctor's bills, medicine bills, nurse's bills, and other expenses simply overwhelming them, and then finally when death came their dependents were without anything. And facing grief and sorrow unbearable, dire poverty emphasized and increased it. They had no bank account. They had to send the body of the deceased home, sometimes to a distant State. That requires two full fares for the body alone. They had the enormous expenses of an undertaker here in Washington to pay, and another unconscionable funeral expense in their homes, and with no funds to pay. And you talk about the employees' salary that we pay them and the allowance for funeral expenses! In many of the cases that I have investigated the total allowance did not pay the expense of the last sickness and the funeral. It did not pay the expense of taking the body home and burying it. It is simply a godsend to the family left to suffer by our deceased House employees.

It has not come to some of us; but you figure up what the last-sickness expenses and the funeral expense are to-day, figure out what it costs to prepare and send a body home to a distant State, and figure up all the incidental expenses that come when a family is in sorrow of that kind, and I tell you right now that we will not begin this economy on the distressed family of the poor clerk and the poor employee of the House.

I am an economist. I believe in taking care of the people's money. I believe in watching the Treasury. I fight on the floor every day to protect it. I believe in not taking one dollar out of that Treasury that ought to stay there, and I will vote just as quickly as my friend from Massachusetts to stop one dollar going out that ought to stay there as $100,000,000. The principle is the same. But as long as Congress takes care of the families of Senators and Congressmen, as long as when we die our widows are paid a certain part of our salary and our widows are paid every dollar of the expense of a special train to our homes and all the funeral expenses, for God's sake, do not let us take this death payment from the needy family of the poor employee of the House. Let us do justice to his widow and his little children. Many times it is a distressed and needy family. Many times their sole dependence is the salary. It does not pay all the expenses connected with the illness and death. For God's sake let us do unto them as we do unto ourselves. [Applause.]

Mr. MacGREGOR. Mr. Speaker, I move the adoption of the resolution.

The resolution was agreed to.

LEAVE TO THE COMMITTEE ON NAVAL AFFAIRS TO SIT

Mr. DARROW. Mr. Speaker, at the request of the Committee on Naval Affairs I ask unanimous consent that the Committee on Naval Affairs be permitted to meet during the month of February while the House is in session.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent, by direction of his committee, that the Committee on Naval Affairs be permitted to sit during the month of February while the House is in session. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, that is a request of the Committee on Naval Affairs?

The SPEAKER. Yes; a request of the Committee on Naval Affairs.

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object—and I shall not object, because I think it quite proper that they should have this permission—I understand that they are to consider mainly during that time the legislation on aviation?

Mr. DARROW. That is the purpose of it.

Mr. GARRETT of Tennessee. I just wanted, under the reservation of the right to object, to say this: I believe that if the aviation problem is solved or a solution of it is approached, it will be found necessary for the three committees having jurisdiction of the subject matter to coordinate in some sort of way. I have no suggestion to make at this time as to how they should coordinate, but I believe that to solve the full problem or to approach it they will find themselves in a position where they will have to coordinate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AGRICULTURAL APPROPRIATION BILL

Mr. MAGEE of New York. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, the Agricultural appropriation bill.

The motion was agreed to.

The SPEAKER. The gentleman from Massachusetts [Mr. TREADWAY] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, the Agricultural appropriation bill, with Mr. TREADWAY in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, the Agricultural appropriation bill. When the House rose on January 26 the time for general debate had been consumed as follows: One hour and five minutes by the gentleman from New York [Mr. MAGEE] and 17 minutes by the gentleman from Texas [Mr. BUCHANAN]. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

Mr. MAGEE of New York. Mr. Chairman, I yield 40 minutes to the gentleman from Ohio [Mr. CHALMERS].

The CHAIRMAN. The gentleman from Ohio is recognized for 40 minutes.

Mr. CHALMERS. Mr. Chairman and gentlemen of the committee, I bespeak your sympathetic consideration of the subject that I am about to call to your attention to-day. It is a subject that interests every citizen in the United States; and, possibly because of some preacher blood in my veins, I feel like taking a text this morning: "The stone which the builders rejected, the same is become the head of the corner." It is doubtful if Solomon's Temple could have been completed unless the stone had been found and placed in position. In the treatment of this text to-day, my colleagues, I am regarding the temple as the United States of America, and the keystone, the stone that formed the corner and completed the arch, is the Great Lakes. In ignorance the workmen threw the stone over in the rubbish. My colleagues, in ignorance to-day we are repeating sacred history in the modern history of the year 1926. We are shamefully and disgracefully mistreating and misapplying this great national resource that has been given to this country by God Almighty to solve and serve mankind in the great problem of transportation.

I introduced into the House to-day a bill which provides for ship channels on the Great Lakes of a depth of 25 feet from the entrance to the Welland Canal, to Buffalo, to Cleveland, to Toledo, to Detroit, to Duluth, to Milwaukee, and to Chicago. The bill I have just put into the hopper also provides a project depth of 25 feet for seven of the major harbors of the Great Lakes, namely, Buffalo, Cleveland, Toledo, Detroit, Duluth, Milwaukee, and Chicago.

My friends, I want to say to you that during the past year the Government of the United States has spent over $56,000,000 in harbor improvements in the United States; $56,596,910 in the improvement of the rivers and harbors of the United States, and yet the seven harbors I have mentioned—and they have done more than one-half the tonnage of the country during the past year—have received only a little over $600,000—$684,770—out of nearly $57,000,000, allotted to the harbors of the country. Out of this allotment Buffalo received $271,000; Cleveland, $67,000; Toledo, $65,000; Detroit, $29,000; Duluth, $4,000; Milwaukee, $4,000, and Chicago, $245,000.

Mr. McDUFFIE. Will the gentleman permit an interruption?

Mr. CHALMERS. Certainly.

Mr. McDUFFIE. With reference to the gentleman's figures as to the amount of money expended on harbors, did the gentleman mean to say that $56,000,000 had been expended on harbors alone or on river and harbor development?

Mr. CHALMERS. On the rivers and harbors.

Mr. McDUFFIE. On rivers, harbors, and canals?

Mr. CHALMERS. All over the country; yes. I want to call the attention of the committee to the fact that General Davis some 21 years ago reported on a 25-foot channel for the Great Lakes, invited to do so by resolution of the Rivers and Harbors Committee, indorsed by this House. That was 21 years ago. Think of the progress and the increase in commerce over a period of 21 years. If General Davis had recommended the project at that time and it had been completed by the Rivers and Harbors Board many times the cost of this improvement would have been saved to the shippers of the country. This is not a prospect, my friends; it is not a hope; it is an actuality.

I want to call your attention to the record of 1923. There were 367 lake freighters locking through the Soo Canal and the St. Marys River. I want to give you the draft and the possibilities of these freighters. There were 367, disregarding the class below 2,000 tons. In 1923 there were 367 different freighters doing business in Lake Superior. The average cost per ton on all of the tonnage hauled by those 367 freighters amounted to 88 cents; 88 cents a ton for the haul, and the average haul was 801.3 miles; 88 cents a ton for a haul of over 800 miles. Now, I have figured the capacity of those 367 boats. They were built for greater service than they were able to perform. They were built, or some of them at least, for a draft of 24 feet or 24½ feet, but they were compelled to accommodate themselves to an 18-foot draft. If we had had sufficient channels in the Detroit River at the Limekiln Crossing and the Livingston Channel, also in the channels in the St. Clair Flats and in the St. Marys River—I say if we had had sufficient depths, these same 367 lake freighters could have carried 26,000,000 tons additional freight—over 26,000,000 tons of freight additional. That additional amount could have been carried with the same crew, the same officers, the same men, and I want to say that the 88 cents a ton covers the loading and unloading of the freight except coal. The 88 cents a ton covers all of the commodities loaded and unloaded on the boats in the year 1923 except coal. Before I get through I hope to show that the cost of loading and unloading coal can be almost disregarded. What would have been the saving in actual dollars and cents if we had had the draft to accommodate these big boats?

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. WILLIAM E. HULL. What is the object in building a boat for a 24-foot draft when the harbors have a depth of 19 and 21 feet?

Mr. CHALMERS. Well, I will say to my friend that some of these boat-builders evidently had the faith and hope that the depth of the channels would be enlarged, and when the boats were planned by their architects and builders we had a different draft; we had the high-water mark; we had 20 feet in the clear in the year 1919, and the maximum load carried by a freighter in 1919 was 1,500 tons higher than the maximum load carried last year. That tells the story.

Mr. MacGREGOR. Will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. MacGREGOR. The gentleman is going to touch upon the stealing of the water of the Great Lakes by Chicago?

Mr. CHALMERS. I am going to touch on that but I do not call it by that name. I am going to touch on the fact that water is abstracted by Chicago; I am not going to call it stealing although maybe it should be called that.

Let us see what that is worth in dollars and cents, 26,000,000 tons additional and 88 cents a ton. Let us throw off 13 cents for the loading and unloading of coal, and that is ample. I have stood on the bank of the Maumee River and have seen the Hocking Valley derricks load coal into lake freighters. I have seen them load 260 tons of coal in three minutes. Those derricks pick a car right off of the tracks, elevate it, turn it upside down and drop the coal into the hold of the ship, set the car on the tracks again and the car will automatically go up an incline and away out to the yard miles away.

Two hundred and sixty tons of coal loaded into a lake freighter every three minutes, and that means 110,000 tons of coal every 24 hours. So 13 cents a ton will amply cover the additional cost of the loading and unloading of the coal. Then we have a clear profit of 75 cents a ton for every ton of extra freight loaded on these 367 boats, which amounts to $25,350,000 a year—not for all time, but for each year. And what is it going to cost to complete the project of the bill I have just dropped into the basket? From Buffalo to Duluth, a distance of 1,000 miles, to Chicago, and to all of the intermediate ports, what is it going to cost? The engineers say $55,000,000. Fifty-five million dollars and an annual profit of over $25,000,000. When you add the Lake Michigan tonnage to that of Superior it gives us 33,800,000 tons. So that the entire tonnage saved will be 33,800,000 tons, which, figured at a profit of 75 cents, would amount to $25,350,000.

I opened my talk this afternoon with a text. I want to say to my colleagues, especially those of us who are representing this great productive Great Lakes Basin and the Mississippi Valley, the greatest and richest portion of the world, which has been referred to, you know, as the cream jug and the bread basket of the world, if we do our part we can make it the loading and unloading station to feed the millions of the world. I want to say to my colleagues who represent the 43,000,000 inhabitants of this country, who are directly dependent upon this improvement, I have taken the 24 adjacent counties of New York, the northwest 36 counties of Pennsylvania, and all of the Midwest States north of the Tennessee and Arkansas Rivers and west of Denver, and, according to the census of 1920, the population amounts to 42,500,000 people directly interested in this project. I have a text for my colleagues who represent this territory this afternoon. In open-

ing I quoted the forty-second verse of the twenty-first chapter of Matthew. I want now to quote to you the forty-third verse of the same chapter:

Therefore say I unto you, the kingdom of God shall be taken from you and given to a nation bringing forth the fruits thereof.

That is what I mean by neglecting this great natural resource which God Almighty or nature has given us. It is true that if you do not use your arm, after a time the strength and the opportunity to use it will be taken from you, and it is true that we have not had the rainfall in the Lake Superior region we had in former years. The levels have dropped beween 2 and 3 feet. I am told by experts and those who have been over the ground that we will probably not open this next season with more than a 17-foot draft over the Limekiln Crossing. We had a clear 20-foot draft in the year 1919, but we will be compelled to open with probably a 17 or a 17½ foot draft.

Before I pass further, and lest I forget it, I also have a text for those who might be inclined to oppose this wonderful public improvement. Read the forty-fourth verse of the same chapter:

And whosoever shall fall upon this stone shall be broken; but on whomsoever it shall fall, it will grind him to powder.

I quote this verse, my friends, to show that you can not stop water from running down hill. You can not get in the way and stop a fixed, economic law. This public improvement is necessary to the life and commercial success of 43,000,000 people and we can not stop it. It is going to come. It is the safest and the surest public improvement I know anything about now. Do you know of anything that you can go into as a business proposition and invest $55,000,000 and have it turn back each year more than $25,000,000 in profit? Shoot 4 per cent money into the Great Lakes and it will return you many fold—40 per cent or 50 per cent. Uncle Sam can borrow money at 4 per cent interest and clean up a great big profit in an investment of this kind.

Mr. PERKINS. Will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. PERKINS. In other words, I suppose the gentleman means—

Cast thy bread upon the waters; for thou shalt find it after many days.

Mr. CHALMERS. Yes.

Mr. GREEN of Florida. Will the gentleman yield?

Mr. CHALMERS. Certainly.

Mr. GREEN of Florida. I understand from your able argument that you are in hearty favor of the development of God's method of transportation—the waterways—and so am I. I wonder, then, if you do not think that Florida should have a barge canal in connection with this improvement. Do you not believe we should develop a barge canal across our State, connecting with the Mississippi?

Mr. CHALMERS. I will say to my friend from Florida I have not been over his waterways as carefully as I have been over these waterways of the Great Lakes, but I am in favor of water transportation for all of the country, wherever it will be of service, and there is not anything in the country that can touch the importance of the Great Lakes' transportation, and they have been shamefully neglected. I will show you why I say that.

Take the Toledo Harbor, in the district which I have the honor to represent. Last year the Toledo Harbor handled over 14,000,000 tons of freight. We have been having hearings in the Committee on Rivers and Harbors with reference to projects with smaller prospects calling for investments of millions of dollars; and yet the Congress of the United States—I place the blame right here upon our own shoulders—the Congress of the United States spent only a little over $48,000 last year in the Toledo Harbor, handling 14,000,000 tons of freight, feeding and keeping warm the great Northwest, and yet that great channel down through the Toledo Harbor from the outer light of Lake Erie up to the turning basin up above the Fassett Street Bridge, 16½ miles long, a project adopted in 1899, when the traffic was less than one-fourth what it is now, has only one little sucker dredge there trying to keep the sand and silt out of our harbor deposited there by the Maumee River, and it can not do it.

At 50 minutes after 3 o'clock on the 15th day of last November the *Norway*, one of these lake freighters, foundered at the Ash-Consaul Bridge in the Toledo Harbor. She was there for four days. She was released at half-past 10 in the morning of November 19. There is not another passenger bridge from the Cherry Street Bridge to Maumee Bay, in a city of over 300,000 people, and yet that draw was kept open for four days, discommoding a population of over 300,000 people simply because we have not been doing our duty by that channel.

I am here to-day to ask for justice for Toledo, for Cleveland, for Detroit, for Milwaukee, for Chicago, for Duluth, for Buffalo, and all these Great Lakes channels through which is handled the business of this country, and let me tell you what kind of business is handled there.

I see some New Yorkers here, and before I forget it I want to touch on the benefit this will be to Greater New York. In Greater New York and in the adjacent cities of Jersey there is a population of over 8,000,000 people. There is not one bushel of wheat grown in their territory. Where, then, must they get their flour to make their bread? From the harvest fields of the great West. What does it cost them to ship flour from Duluth to Buffalo, a distance of a thousand miles? To-day it costs 50 cents a hundred, or $10 per ton. Last year it averaged 1 mill and one-tenth of a mill. It has averaged less than nine-tenths of a mill for the past 20 years. Let us do a little mental arithmetic. One mill to move a ton 1 mile, 1 cent for 10 miles, 10 cents for 100 miles, $1 for 1,000 miles. That is the exact distance from Duluth to Buffalo. When the seaway is opened from Buffalo to New York and Boston, let us add another thousand miles to cover the distance between Buffalo and the Atlantic ports. That would mean another dollar for shipping a ton of flour from Buffalo to New York, or $2 per ton from Duluth to New York. Since it cost $10 per ton by rail, the saving by water would be $8 per ton. Agricultural reports show that the people of New York State each consume 5 bushels of wheat per year, 300 pounds of flour. Eight million people, 300 pounds each, would mean 24,000,000 hundredweight of flour per year. One million two hundred thousand tons, a saving by water of $8 per ton, would mean an annual saving for the bread eater of Greater New York of $9,600,000. Likewise, add the saving of Massachusetts, 4,000,000 people, 5½ bushels each. If we figure it out on the same basis, the saving for Greater New York and Massachusetts will exceed $15,000,000 a year. Now, when the gentleman from New York [Mr. DEMPSEY] gets his waterway down through the Erie Canal and the Hudson River to the Atlantic Ocean, an additional distance of 500 or 600 miles——

Mr. DEMPSEY. Three hundred and seven miles from Buffalo to Albany, 150 miles from Albany to New York; but Congress has already provided for a depth of 27 feet as far as Albany, so all that remains to be deepened between Buffalo and the Atlantic is 307 miles, and nearly 200 miles of that distance is through Lake Ontario and parts of the remaining distance through Oneida Lake and the Mohawk River. So that very little artificial channel is necessary.

Mr. CHALMERS. This same principle holds true whether we ship from Buffalo to the Atlantic ports by the barge canal or by the St. Lawrence Ship Canal when it is completed, as I believe it will be, in a few years.

Mr. DEMPSEY. Will the gentleman yield?

Mr. CHALMERS. Yes; I am glad to yield to my friend the chairman of our great committee.

Mr. DEMPSEY. I want to call the gentleman's attention to the fact that President Loree, of the Delaware & Hudson Railroad Co., perhaps one of the most experienced and ablest of the living transportation authorities, recently compiled a set of tables by which he shows that transportation on the Great Lakes and the connecting waterways costs only one-tenth as much as transportation by railroad, and that transportation by ocean costs only one-fifth as much as the transportation by railroad. So that you will find when you have the waterway across New York you will be transporting all the flour at one-tenth of the cost that it now averages the consumer from Buffalo to New York City?

Mr. CHALMERS. I accept that statement across the State of New York and I wish to say that the same is true by the St. Lawrence.

Mr. DEMPSEY. By that way it would be 2,000 miles longer.

Mr. CHALMERS. But what is 2,000 miles of waterways? It does not amount to anything. Check up on the freight from New York City to Calcutta and New York City to Bombay. One is 2,000 miles farther from New York, and yet you will find the freight rate to-day is exactly the same.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. SUMMERS of Washington. I am very much interested in what the gentleman is saying. I am wondering what assurance he can give us that the railroads will not nullify all of the good work after it is once completed, as they are now doing, notwithstanding the billion two hundred millions that we have expended on waterways.

Mr. CHALMERS. I will answer the gentleman's question. The railroads can not touch this cost of transportation, for they will burn up their property in doing it.

Mr. SUMMERS of Washington. Will the gentleman permit me to cite an instance of what they are doing? For instance, they are carrying freight from Chicago to Ogallala, Nebr., 820 miles, for a dollar and a half a hundred, and also carrying it through 2,260 miles for the same price. They are carrying it from Chicago to Kansas for a dollar and forty-eight, and to San Francisco, 2,760 miles, nearly four times as far, for exactly the same rate. If they will do that, as they are doing it, in a discriminatory way, will they not continue to do it in this case?

Mr. CHALMERS. I am sorry I have not the time to enter into that to-day.

Mr. SUMMERS of Washington. It comes before the Interstate Commerce Committee.

Mr. CHALMERS. Yes; and I am talking about rivers and harbors.

Mr. SUMMERS of Washington. That is what I am talking about. I am interested in the Panama Canal.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. DEMPSEY. Let me suggest that the gentleman who propounded the query comes from one of the Pacific Coast States, and he ought to realize that the Panama Canal, which is one of the greatest waterway projects, if not the greatest, that this Government has ever undertaken, or that has ever been undertaken by any government, has been of an advantage which we can not estimate to the Pacific coast and to the Atlantic coast; that it has brought his lumber to all of the East at a rate which would not be possible except for the Panama Canal, and will take all of his grain to European markets in the same way.

Mr. NEWTON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CHALMERS. I do not want to take up all of my time in these extraneous matters.

Mr. NEWTON of Missouri. I would like some one to point out some of the advantages of the Panama Canal to the great central portion of this country.

Mr. CHALMERS. That will be a very good subject for some other day. If you will adopt this project for the Great Lakes, estimated to cost $55,000,000, it will be of infinite advantage. We have spent in river and harbor improvements from the beginning of time down to the present day $1,311,597,443, all told—Salt Creek and Hope Harbor—everything in the United States. That includes also Muscle Shoals, with the exception of Dam No. 2. My friends from the Mississippi Valley, as I understand it, want to have the continuous contract proposition closed up now and if necessary issue bonds to the extent of $102,000,000 to complete the adopted projects at once. Very well, let us give them the $102,000,000. The project that I am calling to your attention will cost $55,000,000. Take the cost of the river and harbor improvement from the beginning down to the present time and add your $102,000,000 and our $55,000,000, and the savings on this Great Lakes' project will yield 2 per cent on all of the capital invested for rivers and harbors, including these two great improvements. It seems to me that we can not overlook, we can not longer neglect this improvement.

We talk about price fixing to relieve the western farmer. We are very much interested in and exercised about the corn growers of Iowa and in the great grain States in the West. Some one has spoken about a revolving sum of $100,000,000 to sustain prices. If you go into a proposition of that kind, the hundred million dollars will not revolve very long, it will soon melt away; but you put this project into operation with an opening to the sea, open up this marooned inland continent, and you will not need your hundred million dollars to help the farmers of the West. If I had the time, I could show you what this would do. This $55,000,000 will be the best kind of a revolving fund to help the farmers of the West, and the beauty of it is it will be not only a present relief, but it will roll on through future ages to bring the blessings of prosperity to future generations of farmers.

The New Yorkers are not going to make all of this $9,600,000 a year in saving in the bread bill alone. New York and Boston will not get it all, but it will go back to the farmers of the West. You will not need your allotment for stabilization of prices.

Take the matter of potatoes for New York or Boston or any Atlantic seacoast city. I read an editorial in the New York Tribune not long ago, in which it was stated that it cost 24 cents to ship a bushel of potatoes from Detroit or Toledo to the west bank of the Hudson River, but that it cost 47 cents and four days in time to bring the potatoes from the Hudson River to the Manhattan consumer.

Mr. KINDRED. Mr. Chairman, will the gentleman yield?

Mr. CHALMERS. Let me finish this thought. When this waterway is opened, we will take potatoes from Detroit or Toledo and lay them down on the docks in Manhattan for less than 8 cents a bushel for freight. It now costs 71 cents a bushel when you ship them by rail, according to the New York report, so that we can take them to the tenement dwellers and the people of Greater New York and Boston and all of these eastern cities and bring them relief and at the same time bring relief to the farmers of the West. I yield to the gentleman from New York.

Mr. KINDRED. While the gentleman's proposition to deepen the channels of the Great Lakes is a most excellent one—and I am heartily for it for the reasons he has mentioned—yet is it not true that the project will fall of the results the gentleman hopes for if the Great Lakes are not ultimately connected with the sea by some such short all-American route as the New York State Ship Canal?

Mr. CHALMERS. I am sorry that my colleague missed the point. Do you know that these boats are now doing the business, or attempting to do it, and with no opening to the sea—and God forbid that that will be delayed many years longer. We can save over $25,000,000 a year on the boats they are now attempting to operate in the business on the Great Lakes, so that the point raised by the gentleman does not apply.

Mr. DEMPSEY. Mr. Chairman, in answer to the gentleman's suggestion of the high cost in the past of transfers in New York City, let me say that New York and its surrounding territory is now expending between five and six hundred million dollars with the idea of lowering that cost, and that by the time he will get the deeper waterway to New York, New York Harbor will be the cheapest place of transportation on the face of the globe.

Mr. CHALMERS. Well, that is interesting, too.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. CHALMERS. I want to get one or two more points in before I close. However, I will yield.

Mr. BLANTON. If the gentleman could just eliminate the waste connected with our Corps of Engineers work, I would vote with him on this proposition. The committee checking up Major O'Connor on the Mississippi levee found one defect requiring 5,000,000 cubic yards of dirt, costing a million dollars to cure that defect, and another defect which required 400,000 cubic yards of dirt at a cost of $120,000. It is the everlasting waste that is connected with our Corps of Engineers work that keeps many of us from voting for such projects.

Mr. CHALMERS. I will say to my friends that I want to sound this warning to-day. We must move in this matter and move quickly, because for some reason, lack of rainfall, subtraction of water at Chicago, or some other reason, the water in the channels has been dropping until now we have only 17 or 18 feet where we should have 20 feet.

Mr. WILLIAM E. HULL. If the gentleman will permit me to interrupt him a moment. In 1895 the water was lower in the Great Lakes than it is to-day, and that was before the water was turned in at Chicago.

Mr. CHALMERS. That probably will be brought out in the hearings, but I want to say this, that a year ago the Sixty-eighth Congress referred this matter to the Board of Engineers, and they in turn asked the district engineer what would be necessary and whether he would recommend the deepening of these crossings, these connections of the Great Lakes, to a 20-foot depth, and he said in his report, which will be printed in a few weeks, that he was not in favor of manicuring those channels.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CHALMERS. May I have five additional minutes?

Mr. MAGEE of New York. I will yield the gentleman five additional minutes.

Mr. CHALMERS. The district engineer said he was not in favor of manicuring these channels. In order to do the work economically he said he would have to have what he called a dredging face. So he reported that it could be deepened to the 20 feet, and if he can deepen it to 20 feet he can deepen it to the 25-foot depth. I want to say to you we must provide this greater depth if we are going to hold our place commercially in the great Northwest. I want to put in the RECORD the depth of the Great Lakes. This deals with Lakes Erie, St. Clair, Huron, Superior, and Michigan alone. The mean depth of Lake Erie is 85 feet. The mean depth of Lake Huron is 325 feet. The mean depth of Lake Michigan is 300 feet. The mean depth of Lake Superior is 600 feet, and in some places

Lake Superior has 1,000 feet in depth. The lake connections are all we have to deal with.

The shippers have done their part, the boat companies have done their part. I have shown to you the loading of coal at Toledo. I put in the RECORD four years ago about the marvelous loading of the *D. G. Kerr*, where it loaded at the docks in Minnesota 12,383 tons of iron ore in 16½ minutes. In 19 minutes from the time the *D. G. Kerr* came up to the dock and was fastened she had received her load of over 12,000 tons, and was headed down Lake Superior. There is not anything in the shipping world that can touch the efficiency of handling freight at the Great Lake docks. Now, let us not hamper this shipping by giving them a shallow depth to do business over shallow crossings. I call the attention of the House to this, it is a most pressing matter, and I hope that the Rivers and Harbors Committee will give it careful consideration. [Applause.]

Mr. LAZARO. Mr. Chairman, will the gentleman yield there for a question?

Mr. CHALMERS. Yes.

Mr. LAZARO. Is the gentleman in favor of deepening and using our system of waterways as a whole, or in part only?

Mr. CHALMERS. As a whole. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. BUCHANAN. Mr. Chairman, I yield 40 minutes to the gentleman from Texas [Mr. HUDSPETH].

The CHAIRMAN. The gentleman from Texas is recognized for 40 minutes.

Mr. HUDSPETH. Mr. Chairman, before beginning the discussion of the subject that I have asked the time of the committee to discuss, I want to compliment this subcommittee on agriculture of the Committee on Appropriations on the splendid bill they have brought in. Certainly, gentlemen, if you will read this bill, you will conclude that it was written in behalf of agriculture, notwithstanding the blind cuts that were made by the Bureau of the Budget against agriculture and against the recommendations of the Department of Agriculture. This committee, with its able chairman, the gentleman from New York [Mr. MAGEE], and with his efficient and hard-working assistants, I think, in most instances has reinstated those appropriations in behalf of agriculture to meet the needs and demands of the farmers of the country.

The chairman was ably assisted by the gentleman from New Hampshire [Mr. WASON], the gentleman from Iowa [Mr. DICKINSON], and the able Representative, my good friend from Georgia [Mr. LEE], and my colleague from Texas [Mr. BUCHANAN]. The latter gentleman, I feel, should be especially commended. [Applause.]

I want to state that I do not agree with my colleague, Mr. BUCHANAN, on some things, but I am sure on the particular subject I am going to discuss to-day, the tariff, he does not agree with my views on many points that I shall stress. But I have known the gentleman for many years. I knew him when I was a barefoot boy and he was a mature man [laughter] over on his farm in eastern Texas, when I was picking cotton, or soon after I emerged from that line of industry. He was an energetic worker then, and he has been an energetic worker ever since, and I sincerely trust, gentlemen of the committee, that his constituents are as well aware of the splendid work that he has accomplished in behalf of agriculture, and especially for the State of Texas, as his colleagues here in this House. [Applause.]

Take, for example, one item that the gentleman secured in this bill. He secured an appropriation of $16,000 for the inspection of ships that enter our ports, preventing the dumping of cattle infected with the foot-and-mouth disease, or any other infectious disease detrimental to livestock. I appeared before this committee and received an extremely courteous hearing. It will, in my judgment, prevent this terrible malady that destroyed thousands of cattle in my State last year and the year before, and which might have spread to your States, from recurring in the future. This is one item of the greatest importance that I recall among many others that my friend and colleague has been instrumental in securing in this bill.

Mr. BUCHANAN. It is $20,000.

Mr. HUDSPETH. Yes; $20,000. I had the amount too small. That alone will prevent this terrible disease among cattle from being imported into this country, which not only causes the cattle to have to be destroyed but destroys the use of the animals infected. The disease was brought from foreign ports, I think, on account of the failure to have proper inspection of ships that bring in those cattle, and the Government, before this item was caused to be inserted by Mr. BUCHANAN, did not have funds to make the necessary inspection.

Also he secured appropriations for the destruction of the pink bollworm, a raise in the appropriation for predatory animal eradication, and many other things of interest to my State, its farmers, and livestock producers; and in all those matters his services have been invaluable. [Applause.]

Now, gentlemen, the question I principally arose to discuss to-day is the banks created by Congress about three years ago, known as the intermediate credit banks, and their failure to function.

Now, gentlemen, I recall distinctly the night this bill was passed. I recall the able speeches on this floor by Members of the House, and especially do I recall the instructive and illuminating remarks of those able members of the Banking and Currency Committee, the able lawyer, Judge STEVENSON, of South Carolina; the forceful reasoner, OTIS WINGO, of Arkansas; and my colleague from Texas, EUGENE BLACK, who is always logical, and his remarks carry conviction in this House.

These gentlemen had worked night and day along with the chairman of the committee and other Members to bring out a bill that would preserve two of the greatest industries in this country—the farmer and the livestock producer—by extending long-time credits, creating a governmental agency that would rediscount the paper of the farmer and livestock producer and save him from the clutches of the Shylocks and heartless loan companies, who were demanding their pound of flesh at a time when it spelled ruin and meant a sacrifice to these people, jamming the market with farm products and livestock, receiving the prices of a glutted market, and leaving the producer not a penny to compensate him for his labor and sacrifice.

Oh, gentlemen, I know what these patriotic men had in mind when they drafted the law creating the intermediate credit banks and you know. Read their speeches in the RECORD on that memorable night when this House was in session the greater part of the night and you will see what was in their minds—not the giving away of Government money, not making donations to anyone, but creating agencies that would preserve two of the greatest industries in this country from a depression that followed the World War. And if proper men had been selected to manage these institutions the work of these able men and the membership of this House would have proved a blessing to our country.

Now I propose to show you before I conclude that these banks are not functioning as Congress intended they should function. In my judgment, the management in many instances has been weighed in the balance of sound public opinion and sound business judgment and found sadly wanting.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. HUDSPETH. Yes; I am always glad to yield to my friend from South Carolina.

Mr. STEVENSON. I want to say to the gentleman that I agree with him entirely; that they have set up some little bureaucrats, and some of them have laid down the rule in my district down there that they will only loan on cotton to the extent of 10 acres of one crop. They say they will loan only so much, and they have made it impossible for the farmer to use them. I mean these very agencies.

Mr. HUDSPETH. Yes. I will say to my friend, whose strong fertile brain helped to create these agencies, that the cattlemen of my State have had the same experience as his cotton farmers in South Carolina.

Now, I will take the intermediate credit bank at Houston, Texas. They have a good man there, Judge Gossett, as its president, but he does not know a thing on this earth about the cattle business. He was raised in east Texas, where they have very few cattle, but are given over very largely to farming. Judge Gossett is a lawyer, if I am informed correctly. He does not know cattle values. He does not know the experience and business ability of men who have been in the cattle business in the western part of Texas all their lives, and especially is he uninformed as to the moral worth of these brave, hardy, unceasing pioneers. And from my information, the judge has not surrounded himself with men of greater information than himself.

Now, my friends, let me say, I do not question the integrity of Judge Gossett. I have known him for many years. A more honorable man does not live in my State. Neither would I question his ability as a lawyer or as a judge upon the bench. But I do not believe that Judge Gossett is any more fitted to head a bank for the rediscount of livestock loans and to pass upon cattle and cattle values than I would be to be selected ruler of the Chinese Empire, when I do not know one single word of that jargon, and, perhaps, could not learn to intelligently express a sentence in that language in 50 years. In fact, I doubt very seriously if you should mount the judge upon a horse and securely tie him there and lead the horse into

a herd of cattle composed half of registered Herefords and half of Brahmas, the judge could select one from the other.

Now, after conferring with some members of the Federal Farm Loan Board several days ago I made the statement that the press carried, that the intermediate credit bank at Houston, in particular, was not functioning as liberally as Congress intended in the way of rediscounts of livestock paper, or as sound business principles would dictate, and immediately the judge, in a column article in the public press, challenged my statement, and in a column article refers to the fact that his bank is carrying $20,000,000 in livestock loans in Texas, and as to his great liberal policy toward the cattlemen refers me to certain livestock loan companies in my district and other parts of Texas to verify his liberality, and so forth.

Well, Judge, having gotten permission of the House to revise and extend my remarks and print certain data bearing on the subject, I immediately wrote some of these loan companies mentioned by you, and up to date have received three replies, which I shall insert, withholding their names, unless you insist on my giving same, which I have authority to do, if you do insist. But if you insist, I shall ask your assurance, as a man, that you will not cause them any embarrassment as to future applications for rediscount.

FEBRUARY 10, 1926.

Hon. CLAUDE HUDSPETH, M. C.,
Washington, D. C.

DEAR MR. HUDSPETH: I have your letter addressed to this company under date of February 5 with reference to the Federal Intermediate Credit Bank of Houston.

We established relations with the Houston bank in October of 1923 and since placing our first loan with them have had some paper with them at all times up to the present. They are now carrying considerably less paper for us than they have at times in the past, and we expect to give them less in the future than they now have.

At an early stage of our dealings with them, they advised us that one particular loan that they were carrying for us was not adequately secured and demanded that we have the borrower reduce it, and at the same time demanded that our company execute the collateral agreement form that I am inclosing to you herewith. The marketing season in our territory had passed and cattle were not in marketable condition when this demand was made and the borrower could not reduce his paper without great sacrifice, both to himself and to our collateral. Rather than ask him to cripple himself and weaken our security, we remitted cash out of our own funds to the Federal intermediate credit bank in the amount that they demanded this loan be reduced and asked them to hold our cash as collateral to the loan of our borrower. I believe you will agree with me that only an insolvent concern grasping at straws to save itself would sign the inclosed agreement form that we were asked to sign. Fortunately, we were solvent enough that we could tell Mr. Gossett to go to the devil, and that if he would not carry our paper without the collateral agreement, to just say so and we would take it up. He made no further demands in the matter, but from that time to this we have been afraid to submit to them any paper that we did not feel we could take up on short notice, and we have now about reached the conclusion that we would do better to handle all our paper through commercial banks rather than through the Federal intermediate. I will add that the borrower, whose loan they required be reduced, was carried to the next selling season and then asked to liquidate. It took only about 60 per cent of his cattle to liquidate the loan, and we then made him a new loan from our national bank to restock his range.

We have done business only with the Houston bank and can not speak with reference to any of the others. One of our greatest objections to dealing with them is that they are unwilling to take the judgment of the lending agency, which is, and has been for years, doing business with the borrower, whose officers and directors know the borrower, know his abilities and characteristics, know what his ranch may be expected to do under existing conditions, and what his cattle have done for years past. Instead, they, who do not know the borrower at all, will send an inspector who does not know the borrower, who does not know the possibilities of the range in question, who does not know the past record of the cattle being produced, and on the strength of his report will attempt to take the detail control of the loan away from the local lending agency. Furthermore, every inspector that they have sent to inspect collateral of our loans has been a man who has not made a success of his own business, and his judgment is set above that of our directors, all of whom are known to you as such. I have been associated with this company since its organization in 1915. You know our directors, and you know them to be good cowmen and good business men. Yet the judgment of the Federal intermediate's inspector, who is a busted cowman and an unsuccessful business man, outweighs the judgment of our board. Their business methods are such that it is becoming increasingly difficult to place the better class of business with them at all, as only the man who lacks the business standing to be able to do business elsewhere is willing to submit to their requirements.

This company has been in business since 1915 and during that time has taken a loss on only one account. It is under the same management as our national bank, which has been in business since 1907, and during that time has taken loss on but two loans, both small. The manager at Houston felt he could sit at his desk 600 miles away and tell our directors, who ride through the ranges of our borrowers every week, what credit our borrowers are entitled to, when our borrowers should sell, whether it would be wise to allow borrowers to use some of the proceeds of stock sold to buy feed for the remaining stock, and other questions that he was equally unfitted to answer.

Finally, the methods of the Houston bank are such that they are driving away the business of the cowman, who is in such condition that he may be saved financially and who is worth saving, and they are drawing to them the man who is so hopelessly involved that he is almost if not entirely beyond salvation. If the present practices are continued, it is just a question of time until the system will break itself and a great many local lending agencies along with it. It must have the profits to be derived from the good business that it is driving away to enable it to withstand the losses that it will be forced to take on the unsafe business that it is attracting.

I do not like to criticize without being able to offer a suggestion toward the correction of the item under discussion, and I have just one suggestion to make in this case: Place the management of the intermediate credit banks in the hands of men who are capable of distinguishing or learning which of the local lending agencies were organized for a proper purpose and are operating in a proper manner from those which were organized solely for the purpose of working off something of very questionable value for good money, and deal with them accordingly. You can safely deal with a crook, a rascal, or a fool only if you know him as such, and if you attempt to treat a reliable, honorable, and successful man in the same manner that the former must be treated you can not do business with him. You must either use different tactics in dealing with different classes or you will soon find yourself dealing with only one class. The reliable and successful cowman who needs to borrow one-half the value of his herd takes it as a personal affront when the lending agency with which he has been doing business for years tells him that he must pay $100 to have a busted and unsuccessful cowman count his cattle and pass upon whether he is entitled to the loan desired. If the purpose of the Federal intermediate credit banks is to waste their substance in useless efforts to save the class of business that is not worth saving, let them continue as at present. If they are to save the business that is worth while, let them place more dependence in reliable local lending agencies and require that such inspections as are necessary be made by successful stockmen and business men who are residents of the community in which the inspections are made and not by men from another community who do not know the conditions surrounding the case in hand and who failed to succeed in business where conditions were known to them.

As statements in this letter would probably prejudice our standing with the Federal intermediate system, I prefer that you withhold my name for the present; but if you should think it worth while to use it, let me know and I will advise you further.

Assuring you of our appreciation of your efforts to put the system on a workable basis, I am,

Yours very truly,

——— ———.

FEBRUARY 8, 1923.

Hon. C. B. HUDSPETH,
House of Representatives, Washington, D. C.

DEAR SIR: I have just received your letter of February 5, and I am truly glad that you wrote me under this head. I saw a part of your interview with the Federal Farm Loan Board, and I very much admired the position you took and wish I was near enough to pat you on the back.

I notice also that your statements before the Farm Loan Board and elsewhere have been challenged by the president of the intermediate credit bank at Houston.

In reply to your inquiry as to our experience, I wish to say I would prefer that my name not be used if not necessary; but if necessary in any way to sustain your position, you are at liberty to use it, for I assure you what I say is not prompted by any personal feeling whatever toward the officials of the intermediate credit bank at Houston. They have been very nice, indeed, to us; but when you ask the question "If all rediscounts which we have made application for to this bank have been given the most liberal consideration consistent with sound business policy," I must answer no. In fact, we do not know of any banking concern who are more exacting from a standpoint of security than the intermediate credit bank at Houston. With all due respect to them, they do not know the ranch business from a standpoint of experience. They are in position to do wonders for the ranchmen of Texas if they could bring themselves to the point where they would be a little more liberal in their advances and still be safe.

Assuring you of my kindest regards and best wishes,

Yours very truly,

——— ———.

FEBRUARY 8, 1926.

Hon. C. B. HUDSPETH, M. C.,
Washington, D. C.

DEAR SIR: We have just received your letter of February 5 concerning the liberality of the intermediate credit bank at Houston in extending proper service in rediscounting livestock paper, and in reply thereto we will say that except in isolated instances we have no complaint to make, either as to the amount their committee has recommended as advances to us or in their method of transacting their business. You, of course, are aware of the fact that we are strictly a wool and mohair commission organization, together with the necessary branch loaning money on sheep and goats in connection with the warehouse business. We do not have a single cattle loan, and therefore are not familiar with the loan values placed by the inspectors on cattle, but we have the general impression that you express that perhaps there were quite a number of cattlemen who could have been saved by increasing the loans to them and that might have been safely done from the Government's standpoint.

Yours very truly,

——— ———.

Now, you see, Judge, that these statements do not bear you out as to your liberality consistent with sound business principles.

Now, the judge states—

he has carried in the two and a half years of operation a total of $20,000,000 in livestock loans.

Now, the information I have—and it comes from one connected with the Federal Farm Loan Board here—is that the Houston bank has never made loans in excess of $6,000,000, and the $20,000,000 the judge refers to includes at least three different renewals.

Now, Judge, do you consider $6,000,000 in all livestock loans (sheep, goats, wool, cattle) as going very far toward aiding the cattle industry? It is the cattle business I am complaining about. The sheep and goat business has been on safe footing since the passage of the emergency tariff act in 1921.

You seem to increase your stride and your chest expands greatly at the mention of $6,000,000. Why, Judge, if my memory serves me right, about three years ago the president of the Interstate National Bank of Kansas City told me that his bank had about $15,000,000 loaned on cattle in Texas. They were renewing the paper from time to time, and, in addition, loaning the hard-pressed cowman additional funds for feed, taxes, and expenses, as a bank with a soul should do, and the president told me their loss would be exceedingly light. I do not think they closed out anyone—not if the borrower was working and trying to protect the collateral.

The judge further states that my prediction two years ago to him—in fact, it was two and a half years ago—that within two years cattle would double in value has not been verified. Now, let us see how far off I was. Take my own personal experience—and I was speaking of values on the range, and coupled the statement with one that the loan companies should be prevented from further enforced liquidation of cattle paper by the intermediate credit bank taking over such paper where it was reasonably safe to do so. In 1924, in August, I sold fat cows on the Fort Worth market that netted me per head from $10 to $13—off the grass. In August, 1925, I sold fat cows on the Kansas City market, off the grass, that netted me from $25 to $30 per head. Last year I offered a bunch of yearling steers at one time for $20 per head. I, on day before yesterday, sold these same steers for $37.50 per head. My experience is about the same, I take it, as every other cattleman in Texas as to prices, where he has been from under the clutches of the loan companies and left free to run his business as his judgment and past experience dictated he should.

Now, Judge, I again make the statement that if you had stepped in, as Congress intended you should step in, and have taken the clutches of the loan shark off the throat of the struggling, legitimate cattleman, consistent with sound business principles, there would be hundreds of cattlemen in Texas to-day solvent that are in bankruptcy. I make the further statement—I have a letter to the effect, and am sure the party will make an affidavit—that a good, substantial stockman, not a spot or blemish upon his character, 40 years' experience in ranching, made an application for a loan on livestock. Your inspector approved it. A livestock loan company in a city agreed to make the loan, provided your bank would rediscount same. You turned it down as insufficient collateral. A national bank in the city did make him the loan, charging 9 per cent interest. Did you act for the relief of that cattleman, in consonance with sound business principles? You could have saved him at least 1 per cent in interest and been safe. I can prove to you and any other fair-minded man that your rules of counting livestock, and especially sheep and goats, that you impose upon your inspectors are harsh, unnecessary, tend to damage the livestock, are burdensome, and wholly unnecessary for the protection of your loan. Why do you not adopt sane rules and select practical, experienced men in the livestock business to execute same? If you think Congress, the creator of your institution, indorses many of your actions, then you are badly mistaken, or else I am laboring in dense ignorance of the temper of the body in which I am serving.

Now, I know you are going to wrap that Federal cloak about you that 99 out of every 100 of those clothed with a little Federal authority put on, and assume that governmental air and exclaim: "Why, HUDSPETH, you would have me give the people's money away. I am the guardian angel of a sacred trust fund, I would have you understand, and I am going to see, sir, that not a penny of that sacred fund is lost."

No, Judge; I would not have you violate your sacred trust in the least I am also somewhat of a Federal official. I get my commission from the people every two years, while I believe you are appointed about every six or eight.

Now, if you still insist, as per your newspaper statement, that you have functioned as Congress intended you should, you have made discounts of cattle paper in every instance as good, sound judgment, from a financial standpoint, would dictate; that you have extended as liberal relief to the cattle producers of our State and the loan companies in our State who have tried to aid cattlemen, and who have applied to you and your bank for rediscounts, as the discretion lodged in you by Congress and the law would warrant; and if you still contend you have been as liberal in relieving the distress of the cattleman, and especially at the present time, aiding in placing his feet on solid ground, as good business judgment would dictate, then I challenge you to debate the question with me before any audience in Texas, or as many as you desire, as soon as the Congress shall have adjourned, and, Judge, we are both public officials; we shall see which one the people will sustain.

Now, gentlemen, while I am discussing the cattle situation I want to refer to a debate that occurred on this floor last week concerning the tariff on cattle and other livestock, where I was used as a witness in my absence. I seem to have made a satisfactory witness for both parties; whether a competent one, I do not know. I seemed to be satisfactory to the gentleman from Kansas [Mr. TINCHER] and likewise to my colleague from Texas Judge BLANTON. The gentleman from Kansas said he could prove so-and-so by me if I were present, and the gentleman from Texas said he could prove so-and-so by me if I were here.

Well, I was down at the Interior Department, with a delegation of my constituents, interceding in behalf of the Red Bluff Reservoir, that I am endeavoring to secure for those distressed people along the Pecos River in Texas. So I was forced to be absent. They referred to my peculiar knowledge of the tariff on wool and livestock, used me as an expert witness on the raising of livestock, the handling and marketing of same and prices in general. Both parties seemed highly satisfied with my answers, although I was at the other end of the Avenue, pleading for adequate water storage for my people.

They did not serve any process on me; they did not even serve a subpœna duces tecum, but I have brought the papers and books into this House to-day without that kind of writ being served on me. And I shall exhibit them to you as my time will permit.

Judge BLANTON, as I read in the RECORD, seemed at that time to be a little bewildered as to whether a steer was a cow, or, in other words, belonged to the "bovine" species, and said there was no duty on steers. I presume undoubtedly meaning "cattle." Well, if I were to send one of my ranch hands out to round up and bring in all the cattle in a certain pasture, and he did not bring in the steers, as well as the cows, I would probably stop his pay and board, and then he would get enraged with me and quit work.

But there is a duty on cattle, gentlemen. There is a duty of 1½ cents a pound on cattle under the present tariff law, up to 1,050 pounds, and then after that 2 cents a pound. Judge BLANTON then said in his statement that he voted for the emergency tariff, which, of course, aided the cattle raisers; that he voted for a tariff on cattle and on wool, meats, hides, and so forth, when the bill was being considered in the committee, and these items were under consideration, but he could not go as far as his friend HUDSPETH and vote for the Fordney-McCumber Tariff Act as a whole.

Now, after demolishing the gentleman from Kansas [Mr. TINCHER] to his satisfaction, Judge BLANTON then pulled his snickersnee on me. Well, I voted for the Fordney-McCumber Tariff Act, gentleman, and I would vote for it again to-morrow under the same circumstances. [Applause.] And I will tell you why.

Mr. BLANTON. Will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. BLANTON. I want to say to my distinguished colleague from Texas that the cattlemen of the United States have not any better friend or more able defender in the world than the gentleman from El Paso.

Mr. HUDSPETH. I thank the gentleman.

Mr. BLANTON. I have always said that.

Mr. HUDSPETH. They have been my friends, too, all the days of my life, Judge, and I will never desert them at any stage of the game.

Mr BLANTON. I have said he was a great protection to them here and that he ably and efficiently looked after their interests all the time. If I pulled any snickersnee on him, it was unintentional. When the gentleman from Kansas [Mr. TINCHER] claimed that Congressman HAUGEN paid 8¼ cents for feeder steers, I answered that my colleague [Mr. HUDSPETH] sold finished steers at 6 cents.

Mr. HUDSPETH. Well, my colleague was correct as to the price I sold finished steers—even less than 6 cents, Judge, in some sales—but the snickersnee was that I voted for a Republican measure. Now, I am going to put my colleague, Judge BLANTON, on the witness stand, He voted for the tariff when the schedules were up on wool, which aided the wool producers, and the gentleman has a number of sheep in his district.

He voted for a tariff on meats to the extent of 3 cents a pound when the meat schedule was under consideration, and that prevented the Argentine from bringing in many thousand pounds of frozen meats. He voted for a tariff on hides when that schedule was under consideration; but the gentleman from Massachusetts [Mr. TREADWAY] and his cohorts up there from New England, representing the manufacturing interests, defeated us, because they wanted to bring in hides free, as they have been doing, and then charge us this exorbitant price, as they have charged us, on leather and shoes. I trust the gentleman from Massachusetts is present, because he is the bellwether of those opposed to a tariff on hides; and I want to say to him that when we had a tariff of 15 per cent ad valorem under the Dingley law, which meant $30,000,000 in revenue to our Government and $2 and $3 more per hide additional in price to our farmers and stock raisers that produced hides, that shoes at that time, as shown by the Department of Commerce, were selling at $3.50 per pair. Of course, high-class shoes like my friend TREADWAY wears were selling for a little more But the average price is what I have stated. They took the tariff off hides under the Payne-Aldrich tariff law, a Republican measure, mark you, my friends, but kept a 10 per cent duty on leather and a 20 per cent ad valorem duty on shoes, and according to the statement of the Department of Commerce the average price of shoes advanced from that bad day until at present the average price is $8.75 per pair. Now, is that benefiting the consumer?

Mr. STEVENSON. Will the gentleman yield?

Mr. HUDSPETH. Yes; I gladly yield to my friend from South Carolina.

Mr. STEVENSON. I want to direct the gentleman's attention to what occurred about that, because I think he has the gentleman from Massachusetts a little wrong. He [Mr. TREADWAY] said he was perfectly willing to vote a tariff on hides provided he had a compensatory tariff on shoes, and the compensatory tariff was this: The amount of tariff on hides that went into a pair of shoes was 2¼ cents per pair, whereas the tariff on shoes would be 10 per cent, which, on a $5 pair of shoes, would be 50 cents. That is, with a tariff of 2¼ cents on his hides, he wanted a tariff of 50 cents on shoes. Of course, we would not let him have that, so he joined with those of us who did not believe in any tariff on either and killed the tariff on hides.

Mr. HUDSPETH. My friend's statement shows that Brother TREADWAY and his New England manufacturing crowd always want the best of it, and they have for 60 years always had the best of the producer under every tariff act that has been passed, and my people have been getting the worst of it. My contention is that, as we have to have a tariff, let it be equitably distributed on every product where it is needed to meet competition with the foreign product. When the Payne-Aldrich Tariff Act was up for consideration, every Congressman from Texas, except one, voted for a tariff on hides, and both Senators voted likewise, but the gentleman from Massachusetts and his party placed this kind of amendment to section 450 of the Payne-Aldrich Tariff Act. I wish you gentlemen to listen to it, and I want you to understand that this was done by the Republican Party:

Hides of cattle, raw or uncured, whether dried, salted, or pickled, shall be admitted free of duty: *Provided*, That on and after October 1, 1909, grain, buff, and split leather shoe laces—

Shoe laces, you understand, manufactured in Massachusetts, in the State represented by Mr. TREADWAY—

shall pay a duty of 7½ per cent ad valorem.

And listen, my friend from South Carolina. He was not even willing to go 50-50 with us at that time; and I will state that his proposal, as you state it, was not even on a 50-50 basis, for his New England crowd was getting the lion's share.

On all boots and shoes made of leather or in chief of leather, made from cattle hides and calfskins, 10 per cent ad valorem; harness, saddles, etc., composed wholly or in chief value of leather shall pay a duty of 20 per cent ad valorem.

Oh, these shrewd Republican gentlemen representing the New England manufacturers kept the tariff on manufactured articles, but they took it off the old farmers' cattle hides, when for many years after this outrage was committed it did not pay a cattle raiser to skin an animal when it died—there was no market for the hides.

Mr. STEVENSON. If the gentleman will yield, his proposition here was to allow you 2¼ cents on the hide which went into a pair of shoes and charge the consumer 50 cents—in other words, a difference of 47¾ cents.

Mr. HUDSPETH. Fifty cents as against 2¼ cents.

Mr. STEVENSON. Yes.

Mr. HUDSPETH. And that has been the policy of tariff bills enacted heretofore. On the manufactured articles the tariff has been 350 or 400 per cent, but on the raw products raised down where I live and where Judge STEVENSON lives the tariff only at intervals has been from 2½ to 30 per cent.

But, gentlemen, lest I forget! Coming back to the position of my colleague, Judge BLANTON, and others of my Texas colleagues who voted for a duty on wool, hides, meats, cattle, and other farm products, when each schedule of the Fordney-McCumber tariff bill was being considered separately in the Committee of the Whole, but who could not vote as I voted for the bill in its entirety on final passage. (I knew that many duties contained in the bill on manufactured articles and iron and steel were far too high and undoubtedly beyond a competitive basis.) I try to be consistent, and I voted for the bill as a whole because, beyond a question of a doubt, the duties carried in this bill would enable the wool producers of my district and others engaged in livestock and farming to compete with the pauper labor of Brazil, Argentina, New Zealand, and Australia. I am for a competitive tariff, gentlemen; that is my position now, always has been, and always will be. [Applause.]

Now, I want to put Judge BLANTON on the stand and propound this interrogatory to him, to wit:

Judge, you represent a good many sheepmen and a large number of cattle raisers. In 1920 and 1921 the sheepmen, on account of the influx of foreign wools, no tariff being levied, were in the throes of despair. You voted for the emergency tariff, which stopped this influx to a certain extent and tided them over for a while, but it was limited to a certain period. Then came the Fordney-McCumber permanent tariff. You voted for these same duties in the committee but voted against the bill, and, naturally, against all these duties; in other words, suppose your vote had been the deciding vote and you voted as you did and killed the bill, what would have been your reply to old Bill Jones, a sheepman in your district, or Tom Smith, a pioneer cattleman? And they were your friends when you first came to Congress, for you told them you stood for a tariff on their products. And old Bill would say, "Well, Judge, when you voted for a tariff on wool in the committee you pulled me out of the bog hole of despair; you voted for a tariff on beef and mutton and pulled me on up the cliffs; but your vote was the deciding vote. Judge, and when it came to vote for the bill on final passage you voted against it and thereby let go both my hands and let me fall back into the quagmire, and my earnings of a lifetime and of my family sank to rise no more." Now, Judge, what would have been your answer to good old Bill and Tom if a condition of the kind I described should have arisen? And it might have then, and may arise in the future. Now, tell me what you would have said to them?

Mr. BLANTON. Will the gentleman yield?

Mr. HUDSPETH. I yield.

Mr. BLANTON. I would have said to him that under the small tariff benefits that the Fordney-McCumber tariff bill gave them, for which we are, of course, thankful, the producers could not afford to pay for all the excessive duties benefiting manufacturers that were provided for in the rest of the bill, to such an extent that there was 300 per cent, 400 per cent, and even 500 per cent protection for manufactured articles.

Mr. HUDSPETH. That is true as to many of the manufactured articles, but I will say to my colleague that while the rates on manufactured articles were in many instances too

high, still it did carry some relief to our people, and do you think you would have convinced him with your logic? Do you think when the tariff on wool and mohair under the Fordney-McCumber Act did pull the sheep and goat men out of the hole and save many banks in our section, you could have convinced them that you had pursued the proper course and served their interests? I doubt very much that these people would have agreed with you on your reasoning. The sheepmen of that country are now solvent. They would have been in bankruptcy and many of the banks would have failed if we had not passed the Fordney-McCumber Tariff Act. That is the reason I voted for it. I did not like the high duties on many things, but I voted for it then, and I will vote for it again under similar circumstances and conditions, and I have been criticized but very little in my district, although my Democratic district is and will always remain strictly Democratic, and we gave Jim Cox and John Davis as great a majority as any district in my great Democratic State—the greatest in the Union.

Mr. BLANTON. I may say to my colleague that in the interest of the cowmen and in the interest of the farmers, whom my colleague so ably represents here, I will forgive him for voting for the Fordney-McCumber Act, and I would say——

Mr. HUDSPETH. But, I will say to my colleague, will those old sheepmen and cowmen forgive you for voting against it? [Laughter.]

Mr. BLANTON. I want to say further to my colleague from Texas that I would say to every Democrat in his district it would be a public calamity if anything should happen to take my colleague away from the Halls of this Congress.

Mr. HUDSPETH. I am inclined to agree with the gentleman on that question [loud laughter], and thank the gentleman for his complimentary statement and hope the voters of my district coincide with his views; but I can not follow his logic to vote along step by step for a measure until it comes to the final issue and then vote against it. There were many schedules I did not approve of, like the aluminum schedule, the iron and steel schedule, the duty on leather goods, harness, and so forth, no duty on hides, many other rank discriminations in favor of manufacturer as against the old farmer and livestock producer's raw product, some as to commodities I am not so familiar with; but I do know something about wool, meats, hides, and cattle, and I know that a duty helps them and preserves the life of these industries.

So much for my colleague's position and mine. I believe I can defend mine, at least I have defended it before my people down there. I said I voted for a tariff on the things they produced in order to preserve the life of their industry, and I voted for the Fordney-McCumber Tariff Act because it incorporated those duties. There were many duties I thought were too high, but I took it as a whole, because I thought it would benefit them as a whole, and it has helped those men. There is not any question about that.

You know there are some tariff-for-revenue Democrats and some free-raw-material Democrats and some protection Democrats. I am for a competitive tariff. That is what I stand for exactly. [Applause.]

Mr. BLANTON. And that is what I stand for, as long as Democrats must agree that we must collect annually as much as $500,000,000 revenue through the customhouses.

Mr. HUDSPETH. That is exactly what I stand for, and I have made that same statement at home many times; but when my friend, the gentleman from Texas [Mr. BLANTON], stated the other day that the Democrats say we should raise $500,000,000 through the customhouse, and my good friend from over in the sand dunes, where the soft pines wave in the zephyrs of east Texas, Brother BLACK said:

> What Democrat said that; I have not heard any Democrat say that.

There was laughter around the room, especially on my side, so states the RECORD.

All right, I will see whether or not the gentleman, my colleague, Mr. BLACK, has heard a Democrat say that. The gentleman I supported and for whom the great State of Alabama cast 24 votes for three or four weeks up in New York for President, and for whom my district went almost unanimously, said that. OSCAR UNDERWOOD said we had to raise between $400,000,000 and $500,000,000 through the customhouse. I think I recall a statement from the great Alabama Democrat to that effect. He was majority leader of our party on this floor and he led us successfully. James Madison, the second day of the first Congress that convened after we adopted a Constitution, said we had to raise all the revenues through the customhouse. He is the man who wrote the Constitution, and I think a pretty good Democrat, at least my kind of Democrats so consider him.

Now, my Democratic colleagues who are against a tariff on the raw materials of my section and yet vote for a duty on the manufactured article, and who seem to question my Democracy because I am in favor of a competitive tariff, equitably levied and distributed on every article that enters the customhouse, what occurred in that first Congress when such revolutionary patriots as Richard Henry Lee and Charles Carroll of Carrollton were Members of the Senate, with the Father of his Country in the Executive chair, and the fountain spring of Democracy, Thomas Jefferson, Secretary of State? Why, James Madison wrote the first bill offered (and some history records that in all probability Thomas Jefferson wrote the resolution—I know he O. K.'d it), and James Madison offered it and those other great statesmen and patriots supported it—a bill levying a specific duty (and a pretty high duty at that) on spirituous liquors, wines, teas, sugar, pepper, cocoa, and spices, and an ad valorem duty of considerable magnitude on every other article imported into this country. And James Madison stated that many of these duties were levied for the purposes of protection.

Now, listen, my friend from Texas, who asks, "What Democrat said that?" I have in my hand another high authority, or rather a command to the democracy of the Nation, the Democratic platform of 1884, upon which we elected and seated Grover Cleveland as President.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. BLACK of Texas. The gentleman is not undertaking to say that I said that we did not have to raise some revenue through the customhouse?

Mr. HUDSPETH. I was not present at the time the gentleman made the inquiry. I was absent but used as a witness. I am simply going by the RECORD.

Mr. BLACK of Texas. What I said was:

> What Democrat said we had to raise $500,000,000 through the customhouse?

Mr. HUDSPETH. Well, I have just quoted Mr. UNDERWOOD. He said we had to raise a considerable sum, as I recall—between four and five hundred million dollars. Is not he a good Democrat? No better in this Nation, both majority and minority leader in this House, and when the Democracy of the great State of Alabama elevated him to the Senate, he was made minority leader of his party there. I wanted to see him grace the White House. But, my friend from Texas, the great Democratic platform of 1884 said we had to raise all the revenue by a tariff. Is that good enough for the gentleman?

Mr. BLACK of Texas. Since the gentleman has brought my position on the tariff into question, will he allow me to briefly state it?

Mr. HUDSPETH. Certainly, I will, but I do not want the gentleman to take up the whole of my 40 minutes. The gentleman said "What Democrat said that?" and I am endeavoring to enlighten the gentleman from Texas.

Mr. BLACK of Texas. Yes; but the gentleman is trying to put me in the attitude of saying that we do not have to raise anything through the customhouse. I did not say that.

Mr. HUDSPETH. The gentleman put himself into the attitude, according to the RECORD, as I read it. He said "What Democrat said that?" or, in other words, as I construe his inquiry to Judge BLANTON, "What Democrat claims we have to raise a large portion of our revenue for running our Government by tariff duties?"

Mr. BLACK of Texas. But the gentleman puts me in the attitude of saying that we do not have to raise any revenue through the customhouse, and I did not make any statement of that kind. I have never made any such statement.

Mr. HUDSPETH. All right, now, what is the gentleman's position?

Mr. BLACK of Texas. I was about to state it, if the gentleman will permit. The Fair Tariff League, an estimable organization, has estimated that in Texas out of the so-called protective policy, we get $597,000, and our farmers and other consumers pay $86,000,000 tribute to the high protected industries. I am against that.

Mr. HUDSPETH. I know the gentleman is against it, but the so-called Fair Tariff League is as far off in its statements of benefits and costs as the gentleman from Texas, according to my judgment, is from real fundamental Democratic policies, as to his views on the tariff. The tariff on livestock, wool, mohair, meats, and some farm products, such as vegetable oils, and so forth, amounts to more than $100,000,000 in benefits to the farmers and stock raisers of Texas. And I defy your Fair Tariff League to challenge this statement. I know his position. He wants the tariff left off the raw product.

Mr. BLACK of Texas. I am against the whole Fordney-McCumber tariff law from beginning to end. I voted against it and have never had cause to regret my vote.

Mr. HUDSPETH. I do not think anybody questions the gentleman's attitude here. The gentleman was here when the Underwood bill was passed, and he voted to put a duty on yarn socks of about 10 per cent ad valorem, but not one cent of duty on the wool that went into those socks. And he voted, if he was here, for a considerable duty on other woolen manufactured articles, but not a cent duty on the old farmers' wool. Can the gentleman justify that kind of a vote, or can any Democrat here justify that kind of a vote? I challenge them now. Put a 300 per cent duty on the manufactured article and the duty left off the raw article that goes into the manufactured product, and leaving the men who produce the materials to perish. I think I understand his tariff attitude. I have a high regard for my colleague, but am far apart from him as to our tariff views. Now, I want to cite the gentleman to the mandate our party has given.

Now, this is the Democratic platform of 1884 upon which we seated the first Democratic President after the Civil War. We elected one before that, but they stole the office from us. [Applause on the Democratic side.] Now let us see what the platform of 1884 was. I want to read it to the gentleman from Texas, my friend Judge BLACK, in order to refresh his memory. Upon this platform we elected Grover Cleveland President and that great Democrat from Indiana, Thomas A. Hendricks, Vice President, and a Democratic House:

The Democratic Party is pledged to revise the tariff in a spirit of fairness to all interests. But, in making reduction in taxes, it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this Government, taxes collected at the customhouse have been the chief source of Federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice; all taxation shall be limited to the requirements of economical government. The necessary reduction and taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this country. Sufficient revenue to pay all the expenses of the Federal Government, economically administered, including pensions, interest, and principal of the public debt, can be got under our present system of taxation from the customhouse.

That is the way our party spoke at that time and the gentleman from Texas seems to take issue.

Does not every Democrat subscribe to that? Does not my friend from Texas Judge BLACK agree to the position of our party in its old-time Democratic declaration at Chicago in 1884?

Now, my friends, let me call to your minds the Mills bill which passed the House, the author of which being a distinguished Democrat and leader from my State, in which raw materials of my section were left free and a certain duty left on the manufactured article, an unjust discrimination that the people of the country would not stand for, and which so alarmed the producers of the country that our candidates were defeated in 1888 and a Republican President and a Republican House and Senate swept into power.

The Republicans committed a greater discrimination against the producers of the country by the passage of the McKinley law than the Democrats had in the passage of the Mills bill by the House of Representatives, levying the heaviest duties on the manufactured articles and trust-made goods, and placing a very small duty on the farmers' products and the products of the ranches—as I will show by a list of schedules copied from the McKinley Tariff Act inserted at the close of my remarks—and the people of the country indignantly rebelled against the Republican Party, swept it completely from power in 1892, again electing Cleveland as President and the largest Democratic majority in both Houses of Congress since the Civil War.

Now, my friends, I will quote you a portion of the tariff plank in the Democratic platform of 1892 in convention assembled at Chicago, where for the first time, and the only one as far as my research goes, it came out flat-footedly for "free raw materials," and my party elected its President and House and Senate. In my judgment it was on account of the people refusing to stand for the exceedingly high duties carried on the manufactured articles by the McKinley bill, and the unjust discrimination against raw materials in said bill. The Republican Party had played into the hands of the special interests, and the people were looking to their misdeeds and unjust discrimination against the producers rather than the tariff plank in our party platform.

TARIFF LEGISLATION (1892)

SEC. 3. We denounce Republican protection as a fraud—a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic Party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we indorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials.

To fortify me in my judgment after the Democratic Party came into power in 1893, the Wilson-Gorman tariff bill was passed, levying duties on the manufactured articles and absolutely leaving bare of duties raw materials, especially farm and ranch products, and this bill was such an unjustifiable discrimination against the producers of our country that President Cleveland refused to sign the bill and was finally prevailed upon to let it become a law without his signature.

One of the greatest financial panics resulted from the passage of this Wilson-Gorman law ever recorded in the history of our country. No tariff on wool, hides, or cattle. Sheepmen and cattlemen in west Texas went broke by the hundreds. Still fresh in my memory, although a mere boy at that time, I recall wool selling at 4 cents a pound.

A ranchman of Crockett County, Texas, showed me his returns from wool sales in the fall of 1894. I saw 4-year-old mutton sheep sell on the plaza of Ozona, Crockett County, for 55 cents a head, and 3 and 4 year old steers in 1894 for $12 per head. However, my friends, I did not shift my allegiance from the Democratic Party nor fail to vote the ticket straight, believing my party would return to the fundamentals of our faith and the doctrines of Thomas Jefferson, James Madison, James Monroe, and "Old Hickory" Jackson, who won a glorious victory over Henry Clay in 1832 upon the sole issue that Clay advocated a heavy duty on the articles of the manufacturer and a removal of the duty on raw materials, while the patron saint of pure Democracy, "Old Hickory" Jackson, stoutly contended for an adequate duty on every article entering the customhouse, or, in other words, a competitive tariff.

Now, my friends, what were the results of the discrimination against our raw materials carried in the Wilson-Gorman bill? Why, my party was swept from power in 1896 and we were not permitted to look into the door of the White House until 1912, and we never regained possession of the House of Representatives until 1910.

Now, my friends, let us go back to the Democratic platform of 1884. Let us go back to the tariff of Madison, Jefferson, Monroe, and Jackson, and when we adhered to the teachings of these immortals of Democracy we held possession of this Government for 50 years. The declaration of our policy on the tariff in 1884 is good enough for me, and it should be good enough for every Democrat in this House and the Nation.

Mr. BLANTON. I want to say to the gentleman that the Underwood Tariff Act, passed by Democrats, raised $350,000,000 at the customhouse, and practically all of it was given to New England manufacturers.

Mr. HUDSPETH. Three hundred and seventy-five million dollars in some years, I observe. I have just read a very remarkable speech on the tariff by Mr. BROWNE, of Wisconsin, in which he attempts to show that the 12-cent tariff on wool in the grease has added to the price of a suit of clothes $23, and I will state for Mr. BROWNE'S information that a duty of 12 cents a pound only adds to the price of a suit of clothes $1.65, so far as that duty is concerned.

Now, I do not know whether the gentleman is a regular Republican, a free-raw-material Democrat, or an up-to-date Progressive.

Mr. LAGUARDIA. He is a Progressive.

Mr. HUDSPETH. Well, he sits on the Republican side, I observe. He is not exceedingly particular about the company he keeps.

Mr. LAGUARDIA. That is all right. He is comfortable over here.

Mr. BROWNE. If the gentleman will permit, I state that I am a Wisconsin Republican, who votes according to his conscience and best judgment. [Applause.]

Mr. HUDSPETH. And if the gentleman will permit, I am a Texas Democrat, who votes the same way. [Laughter and

applause.] But my friend from New York [Mr. LAGUARDIA] denominates the gentleman as a Progressive. There may be different kinds of Republicans, but I have never understood there was but one kind of a real Democrat—one who believed in the principles as laid down by Jefferson and Madison and as practiced by the greatest of them all—Andrew Jackson.

There seems to be a little discrepancy between the ideas as expressed by my colleague and friend Congressman JONES, of Texas, and the ideas on the tariff as expressed by Congressman BROWNE. Here in this House recently my colleague from Texas, Brother JONES, says that because we have a surplus of wheat in the country the tariff does not benefit wheat, and my friend from Wisconsin, Brother BROWNE, says that he has a surplus of dairy products in Wisconsin; but, nevertheless, he wants a higher tariff on dairy products to protect his State from the cheap dairy products imported from Switzerland. So these two tariff reformers do not seem to be in accord on the surplus question.

I do not know a great deal about wheat, as there is not very much produced in my district, but I will say to my friend from Texas, Brother JONES: Would you want two or three hundred million bushels of wheat from Canada dumped into the Panhandle to compete with the producers of wheat in your district? Does the gentleman think that would benefit the price of wheat produced by those splendid farmers in his district?

There is a tariff of 30 or 40 cents a bushel on wheat. I ask the gentleman if he does not believe that that will benefit the price of wheat in his district and this country?

Mr. JONES. I do not think it ought to be dumped here or elsewhere, and I do not think the 200,000,000 bushels would be dumped there if we did not have any tariff in the country at all.

Mr. HUDSPETH. All right. Certainly Canada, that I am informed has a surplus of wheat, would dump her surplus on us if it were not for the tariff. I will state to my friend that they may have the tariff on wheat too high; but I have a statement here from the Department of Commerce that shows that in 1921, when they had no tariff on wheat, wheat was $1.23 a bushel, and in 1924, when we had a tariff on wheat, it was $1.45 a bushel.

I state for the consideration of my friend from Texas, and I say to him that he is an able man, like my friend from Texas, Mr. BLACK, who is a scholarly man. Judge BLACK is what we call in Spanish "puro caballero," and that means that he is a gentleman and a scholar. [Laughter.] He is an educated man, yet he did not seem to know we had declared as a party that all or a greater portion of our revenue should be raised through the customhouse. Three months covers every day I ever crossed the mudsills of a schoolhouse, but my friend from Texas, Judge BLACK, is much beyond me in that respect, and he is far advanced over me in booklore. However, gentlemen, I have something here that I want to read to my friend from Texas, Brother JONES—a little "epistle to the Ephesians"—and see what he thinks of it.

The gentleman said that we ought to take the tariff off wheat and reduce the tariff on many other articles. In some he may be correct, but certainly not on the farmers' and livestock producers' products.

Mr. JONES. Oh, the gentleman misquotes me.

Mr. HUDSPETH. Then I misread the statement of the gentleman in the RECORD. I know that he referred to the tariff on wheat as being too high.

Mr. JONES. I said we ought to have a tariff on every product coming through the customhouse from which a revenue may be derived, but it ought to be a revenue tariff and not a prohibitive tariff.

Mr. HUDSPETH. Does not the gentleman represent the biggest cattle district in the State? Did not the gentleman vote like Judge BLANTON, of Texas—leading the old fellow up step by step over the bowiders until he got to the cap rock, and then letting his hand slip by voting against the Fordney-McCumber bill and letting the old farmer and ranchman fall back into the bog hole? [Laughter.]

Mr. JONES. I voted consistently with the position I have always taken.

Mr. HUDSPETH. The gentleman may have voted consistently with his former position, but I can not follow his logic. I may be the lone man on this side that voted for the Fordney-McCumber Act—no, I am not; I find several other good Democrats who voted with me. But I would do it again, and I have told the people in my district that I would, in order to aid them down there. I do not believe in many of the duties that that act imposed, because I think they are too high.

Mr. JONES. I have always voted for a revenue tariff on products, but I did not want a bill loaded down with excessive rates.

Mr. HUDSPETH. But I was looking after the producers of my district, and trying to be consistent, as I always do, when I voted for the Fordney Act. But I have something here that comes from a man who lives in the gentleman's home town—Brother Bivins. The difficulties of Texas livestock raisers were described before the Interstate Commerce Commission's freight rate hearings at Kansas City by Lee Bivins, of Amarillo. The gentleman knows him, I take it. Here is what he said:

> The cattlemen are not making any money and are not paying their debts.

Many of them have not been able to pay their taxes for three or four years. Why? Because they have been forced to liquidate by these heartless loan companies and the intermediate credit bank, created to relieve them, has not come to their rescue. Said Mr. Bivins:

> They are mortgaging their land, which they have never been compelled to do in the past. The railroads may be in the same condition that we are, but if they can reduce their rates and get by it would greatly benefit the producers. Rates to Kansas City from San Antonio have increased 45 per cent since 1912, and other things have not advanced as much.

He attributed the cattle raisers' problems to a "combination of things," adding that—

> Our only salvation has been in the oil and gas that was struck in our territory.

Mr. Bivins, who is a large landowner, estimated his losses since 1920 at between one and a half and two million dollars.

Mr. JONES. That was under the present tariff; that was a recent statement, was it not, made only three or four weeks ago?

Mr. HUDSPETH. Yes; but does the gentleman contend that the tariff on meats has been no aid whatsoever to the cattleman? The tariff on importation of live cattle has not aided him very much in the last four or five years, because Mexico's supply was depleted during the World War, but it is a good precaution should she restock. But let me state to my friend from Texas, Brother JONES, that the cattlemen's plight since the close of the war has been due to three causes: First, our Government urged him to go out and increase his herds by buying at inflated prices during the war. The drop came—loan companies and banks. In some instances, who had induced him to take loans, called for liquidation and payment. Many of them could have held off and given the cowman a chance to grow out, but the Shylocks demanded their pound of flesh, without even the three days' notice. For three years millions of half fat cattle were thrown on our markets—more than the supply demanded.

The markets were glutted, prices forced down. Government agencies created to aid him in his distress failed to function as Congress intended they should function, railroads raised instead of lowering their rates, although authentic reports show that the railroads of the country made 6 per cent net in 1925—inflated values and watered stock not deducted—and these toilers in the saddle caught hades from all directions and very little help from any, I will state to my friend from Texas.

Mr. BLACK of Texas. Mr. Chairman, will the gentleman yield?

Mr. HUDSPETH. In just a moment. Do you not think, Brother JONES, that you and I had better be talking about the tariff on cattle and hides, lower livestock freight rates, and trying to get these gentlemen over here on the Republican side to join with us and restore that duty on hides, which they so outrageously took away from us in 1909 under the Payne-Aldrich bill and failed to restore under the Fordney Act? Brother GREEN the other day in the Ways and Means Committee said—and he is the chairman and should be authorized to speak for the Republican Party—"If you will give us a duty on leather, boots, and shoes we will give you a duty on hides." We will do that, Brother GREEN; we will vote with you for a reasonable duty on boots and shoes if you and your Cape Cod brethren will give us a competitive duty on hides. Now, back us up Brother GREEN and you Republican gentlemen and come on with your bill. If you will put a 15 per cent ad valorem duty on hides, we will give you a reasonable and competitive duty on your manufactured articles of boots and shoes. But you Republicans will not do that because you want an absolutely prohibitive duty on the imports of boots, shoes, and leather goods so that you New England boot and shoe manufacturers

can have an absolute monopoly, as you have been having ever since the passage of the Payne-Aldrich law.

The consumer has not been benefited, as statistics will show, for boots and shoes have advanced. But the cattlemen of this country have been rankly discriminated against, and I want to state to my friend from Texas that we slaughter 20,000,000 cattle in the United States annually and we imported 4,000,000 hides last year. And when you put a reasonable duty, such as was carried in Democratic bills where we had a scientific tariff, under Democratic administrations from the first Congress down to the Civil War, you will put into the pockets of your cattlemen and mine at least $3 on every head of cattle slaughtered, and at the same time not increase the cost of boots and shoes to our consumers one dime. [Applause.]

One of the largest boot and shoe manufacturers in New England testified, as shown by the hearings on the Fordney bill, that a duty on hides was not reflected in the price of leather goods, boots, and shoes to the consumer. If he were correct, then I am correct in this statement. And from a revenue standpoint, let me call your attention to this fact: That when we had a duty on hides, boots, shoes, and leather goods under the Dingley Act, we collected $30,000,000 on hides, as against $3,000,000 on boots and shoes. And not a man here will be bold enough to contend but that since the duty was taken from hides in 1909 shoes and boots have steadily advanced.

I want to state to my friend from Texas, who talks about the tariff on iron ore, farm machinery, pots and pans—and I will state that he has recently qualified himself to talk about cooking utensils—that a duty on hides will help the old cowman more than anything else. Put a duty on hides, keep the duty on wool, meats, vegetable oils, and so forth. And I am going to talk to my friend, BILLIE OLDFIELD, our Democratic whip, as I have been talking to him, about a duty on wool, because I think I have got him on the mourners' bench.

Now, my friend from Texas, should not you and I go down to the hearing on the 12th and 13th of February before the Interstate Commerce Commission and make a plea for a substantial reduction in the rate on livestock rather than to talk so much about pots, pans, kettles, knitting needles, safety pins, and so forth.

Mr. JONES rose.

Mr. HUDSPETH. Would not that help the cattlemen more? Now, Brother BLANTON, it cost me to lay down a trainload of lambs from Comstock, Texas, to Belvidere, Illinois, 50 cents a head more in 1924 than it did in 1914. That was after the passage of the iniquitous Esch-Cummins law, which guaranteed the railroads a definite earning, and raised rates on farm and livestock products. Brother JONES and Brother BLANTON, for us to plead with the commission to reduce livestock freight rates, would not that help our people more than talking about some excessive duties that neither you nor I can remedy.

Mr. JONES. I will state I have been down with my friend on the rate proposition, and I will continue to assist any time in an effort to reduce the rates on livestock and agricultural rates.

Mr. HUDSPETH. Will the gentlemen go with me at the time the hearing is set?

Mr. JONES. I will go any time.

Mr. HUDSPETH. All right. The 12th and 13th, when they will have a hearing on the livestock-rate matter. Let us ask them down there if they can not reduce the rates on livestock and still leave the railroads a reasonable return. I believe the commission can. I want to say to my friends from the great farming State of Iowa that you have your problems up there in regard to selling your corn. It is worth, I believe, 50 cents a bushel in your State. We are paying for the same corn in carload lots in west Texas $1.50 a bushel. If you can reduce the freight rate you will probably get a little more for your corn. [Applause.]

There is a market for your Iowa corn, gentlemen, down where I live, and if you Republicans in charge of affairs here will help us to reduce freight rates, you will get a better price for your surplus corn and my people will not have to pay the exorbitant price they have been and are now paying. Lower freight rates will help your Iowa farmers and likewise help my consumers. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. HUDSPETH. I will.

Mr. BLANTON. I stood on this floor with the gentleman shoulder to shoulder in the fight we made for the emergency tariff bill.

Mr. HUDSPETH. Then let us stand shoulder to shoulder for a tariff bill that will equalize and reduce the high duties on the manufactured product with the low duties on the farmers' and ranchers' raw material—a scientific tariff.

Mr. BLANTON. I want to ask my colleague this.

Mr. HUDSPETH. All right.

Mr. BLANTON. Did we not put in the emergency tariff bill every single duty on the farmers' and ranchmen's products now in the Fordney-McCumber bill?

Mr. HUDSPETH. The duty was a little higher on wool.

Mr. BLANTON. Then, if the Fordney-McCumber bill had not passed we would have those duties on the farm products.

Mr. HUDSPETH. But the emergency tariff was passed with a limitation. It was only created for a certain length of time, and the Fordney-McCumber tariff bill had to take its place.

Mr. BLANTON. It stood good.

Mr. HUDSPETH. Until the emergency bill was passed some of us Democrats and some Republicans passed the emergency tariff bill to preserve from destruction the livestock industry in my district, and Judge BLANTON'S, and in the United States as a whole.

Mr. BLANTON. And those rates would have been in force.

Mr. HUDSPETH. No; because the emergency tariff bill was limited at the time to 18 months, as I recall.

Mr. BLANTON. The gentleman is right.

Mr. HUDSPETH. The gentleman was off almost as badly on the duration of the emergency bill as he was that steers were not cattle. [Laughter.]

Mr. BLANTON. The market price of steers is the only thing I quoted my colleague from Texas; I quoted him on the market price, and when Mr. TINCHER was saying that Mr. HAUGEN bought feeder steers at 8¼ cents, I said my colleague from El Paso had shipped finished steers to market at that time and only received 6 cents.

Mr. HUDSPETH. That is where my colleague from Texas used me as a good witness. If Mr. HAUGEN will continue to pay such prices as quoted by the gentleman from Kansas, we west Texas cowmen want to contract him our steers this year.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUDSPETH. May I have an additional 10 minutes?

Mr. BUCHANAN. I yield the gentleman 10 minutes.

Mr. HUDSPETH. That is why I made the gentleman a good witness. I want to state this. That brought out information to the cattle people that we have now found a good market for our steers, with Mr. HAUGEN, of Iowa.

I will tell Brother HAUGEN and Brother TINCHER that I shipped some as good steers as were ever finished off that fine grass in northern Oklahoma to Kansas City, and the highest I received was 6¼ cents. And I almost laughed my shirt off when I got that price.

Another thing—I can not cover the whole tariff question—but I notice in the discussion the other day, as the RECORD reports, my good friend from Oklahoma [Mr. CARTER]—I hope he is here to-day.

Mr. CARTER of Oklahoma. He is here.

Mr. HUDSPETH. I sent for him and asked him to be here. [Laughter.] My friend, in his statement concerning the so-called cooperative farm relief bill, made some statements that I fully agree with. When the gentleman from Kansas [Mr. SPROUL] wanted to know what he would do for the relief of the farmer, he said there should be an amendment made to the Federal farm loan act, and, indorsing his statement in toto, I quote it here in full from the RECORD:

> Mr. CARTER of Oklahoma. First (and you may call it radical, or whatever you want), I would rearrange the Federal Reserve Banking Board so that such a calamity would not befall the farmer and the price of his products as was occasioned by the financial depression and holocaust, from which I hope all are just about to emerge. I would put a few people on that board in sympathy with the producers, rather than having them all so closely attached to the men who finance the producer. [Applause.] Now, that is No. 1.
>
> Second. I would take some vigorous steps for the rehabilitation of the foreign markets for farm products in order that there might be some market in which the farmers' surplus could be sold.

That is right, Judge CARTER. If I were a member of the Federal Farm Loan Board, I would use my influence to have men appointed as managers of intermediate credit banks who knew the difference between a wild ass of the desert and a fine thoroughbred Hereford cow. When I asked the president of one of these banks a little over two years ago what was his average loan per head on grown cows, he replied, $15. I said:

> Do you loan the same on cows in east and south Texas as you do in west Texas, where around Marfa and the Jeff Davis Mountains they grow much larger?
>
> Yes—

He replied—

> I understand a cow is a cow, no matter where she grows.

There has been a marked advance in the price of cattle in the last six months, and if these intermediate credit banks would rediscount cattle paper as liberally as Congress intended, all would soon be well with the cattleman. We organized a livestock-loan company in Fort Worth a few years ago and while temporarily (I trust) we have had to mark off some loans, yet we have saved many a cowman. He will pay back in time. Yet this intermediate credit bank will not rediscount good livestock paper. One of my constituents had a loan company in Dallas approve a loan. It was good and backed by good collateral. The loan was sent to the intermediate credit bank at Houston after it had been approved by one of their inspectors and it was turned down on account of not sufficient collateral.

He got a Dallas bank to make him the loan on the same collateral, but had to pay 9 per cent interest.

Now, we created these banks, gentlemen, in order to reduce the rate of interest to the livestock borrower and get him out of the clutches of these hellish loan companies, who during the war when the cattle were high made him liberal loans, but who crushed the life out of him when the drop came.

I am again in accord with my friend from Oklahoma when he responds to a question from the gentleman from Missouri [Mr. LOZIER], and I quote his answer from the RECORD:

Mr. LOZIER. Does not the gentleman think that we could do something for the American farmer if we stopped loaning money to Great Britain, Italy, and other countries and stabilize business here?

Mr. CARTER of Oklahoma. I have always thought it would be better to undertake to stabilize our own country before we waxed so fearfully enthusiastic and threw "conniption fits" about the cancellation of just debts for the stabilization of far-away foreign countries. Especially ought that to be true with those who believe in a strict "policy of isolation."

Fourth, we ought to have rigid economy in all expenditures of public money by the Federal Government, by the State government, and by counties, and by municipalities in order that we might have a real substantial reduction in taxes, which would reach the farmers as well as all others.

And then my friend from Oklahoma hopped off on the tariff reduction, and I would go with him as to reducing the present tariff on iron ore, steel, textiles, and manufactured goods. I think these duties go farther than I think a competitive tariff should go.

Now, my friend Judge CARTER is one of the ablest and most useful men in this House, and in his long service here has rendered to his State and Nation a service that I do not think will be surpassed, and in few instances equaled. But I must disagree with him in one of his statements that the duty on sugar should be materially lowered. I believe, gentlemen, to do so would destroy the cane industry in the States of Georgia, Mississippi, Louisiana, and my great State of Texas.

Let me say to my friend from Oklahoma that more than a century ago that great statesman, John Calhoun, far removed from the cane fields of Louisiana, joined with Mr. Robertson, of that State, in placing a duty—and a substantial one, greater than the present one—on sugar. Calhoun made this statement, true then and just as true to-day; it was sound Democratic doctrine then coming from one who never breathed anything but Democratic air, and it is sound Democratic doctrine now—

that in order to promote production at home and have a reliable resource in time of war we would have to have a substantial duty on sugar.

There is not a sugar beet in my district, nor a sugar-cane field. There may be some day and there may never be, but whenever the people of the great State of Louisiana, my neighbors to the East, are prosperous, that prosperity is reflected over across the line into Texas. And I contend further, gentlemen, that the business of the great sugar planters of the South and sugar-beet growers of the West should not be destroyed. Gentlemen, would you trust to the altruism of foreign importers and international bankers owning large sugar plantations in Cuba? I will be candid with you. If you took the duty off now, they would reduce the price for a while, until the domestic supply was exhausted and they had destroyed the sugar plantations of Louisiana and the sugar-beet growers of the West and Northwest; and then what would they do? They would do as they did in 1920 when they had a big supply on hand and no tariff at all—or practically none. Those same international bankers and foreign importers, out of the greatness of their big impulsive souls and great generous hearts, handed us sugar at 27 and even 30 cents a pound. I have traveled through the cane fields of Louisiana, Mississippi, and Georgia to some extent. Those people are not rich, my friends; they do not live in mansions. They live just like ordinary people everywhere, having their little country schools and churches and trying to educate their sons and daughters from the products of their lands. Their lands down there are not adapted to the cultivation of corn and wheat and cotton, like yours and mine, my friend from Oklahoma, but merely to growing sugar.

Yet I heard my friend from Oklahoma say he wanted to reduce the duty on sugar. I heard the Governor of the great State of Louisiana, Governor Parker, make the statement right here in Washington, at a meeting of the Southern Tariff Congress, that when the tariff was reduced to a very low amount a few years ago there were 62 sugar mills between New Orleans and the mouth of the Mississippi, and, shortly after the law went into effect, only one mill remained, and that $100,000,000 worth of property was wiped out of existence in his State with a stroke of the pen.

Now, I want to state to my friend from Oklahoma, who wants to reduce the duty on sugar so that the farmer's wife and the ranchman's wife will get sugar at a greatly reduced price, that one-half the sugar to-day produced in this country and imported into this country does not go into the necessities of life, but is used by the big manufacturers in making cakes, candies, soft drinks, luxuries, and so forth.

You talk about reducing the tariff on sugar for the benefit of the housewife! Over half of our consumption of sugar goes into nonessentials.

Mr. CARTER of Oklahoma. The gentleman somewhat disarms me by nominating me to the high position of judge. [Laughter.] But I want to call his attention to the fact that during the Sixtieth Congress, I think it was, an investigation was made about the sugar situation by a bipartisan committee of the House. The report of that committee was to the effect that if the tariff were taken completely off sugar it would probably destroy the sugar-beet industry. It would somewhat reduce the profits of the cane sugar industry, but it would not destroy it.

Mr. HUDSPETH. Oh, I will say to my good friend from Oklahoma, and I will affectionately call him "Judge," because he is a good judge—of many things—that I will never by my vote destroy any legitimate industry in any part of this country, and especially one fostered by the farming interests. We can only judge of the future by the past. We know that the removal of the duty reduced the number of mills in Louisiana from 62 to 1 and laid waste one of the principal industries in that fair State; and, as Henry Clay once said, if a duty were not placed on sugar commensurate with the production in this country and that of foreign countries, the great sugar plantations of Louisiana would recede back into the Gulf, from whence they came.

Mr. CARTER of Oklahoma. When did Henry Clay say that?

Mr. HUDSPETH. He said that back in 1832. But that doctrine is just as sound to-day as it was then. I am quoting these immortals for Democratic inspiration to some of you gentlemen on my side, who have departed from the faith of our fathers. It is true Clay was a Whig and a protectionist, but Calhoun and Jackson were Democrats, and their Democratic swords were ever unsheathed and ready to strike in behalf of real Democratic principles. I am a southerner, my friends. Every drop of blood that courses through my veins is southern blood. I have stoutly contended that my people were right when they contended for local State sovereignty and the guarantees of the Constitution; but the man who plays upon the war prejudices and waves the bloody shirt is not doing the people of the South a good service. [Applause.]

I want to say to my friend from Oklahoma that I am, at my own expense, going into the campaign and preach the doctrines of the men who founded my party—a tariff that will be just and equitable to every industry in every part of this great Nation—in order to elect a Democratic House this fall. Let a tariff be placed upon everything that comes in competition with foreign imports produced by inferior and pauper labor, and let every industry share equally, share and share alike. [Applause.]

Mr. CARTER of Oklahoma. I am glad, so far as the Federal banking act is concerned, wherein it fails to give aid to the farmer and livestock grower, my friend agrees with me. My friend is able to train along with me as long as I stay on the Democratic track, and I will train with him when he stays on Democratic territory; but when my friend goes over the line and becomes a protectionist I can not go with him. I want to compliment him on making the best Republican speech I have heard made in this Congress. [Applause.]

Mr. HUDSPETH. Oh, let me say to my friend, for whom I have the deepest personal affection, and I would walk barefoot from here to his district to render him a service, that can it be said, when I quote the exact language of men who erected the great temple of Democracy—that withstood the onslaughts of the Federalists and Whigs for over 50 years; in fact, the men who wrested this Government from the hands of Hamilton and John Adams and the centralized few who contended that the people were not competent to govern themselves, and placed it in the hands of all the people, where it remained for half a century—can my friend contend successfully that when I show, and will show before I take my seat, that every tariff act passed by a Democratic administration from 1802 until 1845 levied a duty on sugar, food, and farm products, including all raw materials, as well as a reasonable duty on the manufactured article—what I would call a competitive tariff—when I follow and quote such outstanding men of our party as Jefferson, Madison, Monroe, Jackson, Calhoun, and in modern times Reagan, Bailey, and Culberson, who believed in a tariff on raw material, instead of Bryan and Mills, who advocated a tariff on the manufactured article—as they claimed, for revenue purposes—but that the raw materials of my section and yours should be left free of duty—can my friend successfully contend that I am advocating and preaching Republican doctrine?

I will agree that many eminent and distinguished men of my party do not agree with me, but I feel secure in my position as a Democrat when I stand in the shadow of Monticello and the Hermitage. No, my friend from Oklahoma, I have not, neither shall I ever, cross the line and enter the Republican camp ground, but I am attempting to call back into the well-beaten paths of Democracy such strong intellectual men of the party as yourself. I want to recover the ground we have lost in the past 60 years, and if we will get back to the mudsills and Democratic fundamentals, instead of listening to the voice of New England, we will not only recover that ground, but successfully hold it. Is not the authority I have quoted good enough for my friend from Oklahoma? If I had the time I could read the gentleman a great deal more good Democratic authority to support my position, but I am going to put it in the RECORD so my friend can ponder over it at his leisure, and I am sure that in a short time he will again see the light.

Would the gentleman take the tariff off hides and cattle in Oklahoma and keep a duty on leather?

Mr. CARTER of Oklahoma. That is what has been done.

Mr. HUDSPETH. But not by the gentleman from Texas. That was done by our party in 1892, and the great Democrat, Henry Watterson, said: "They led us through a slaughter-house and into an open grave," but they have not committed that same unpardonable error again, to so grave an extent. But do not *forget* the Republican Party committed the unpardonable sin as to hides in 1909.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HUDSPETH. I would like to have a little more time, because gentlemen have taken up much of my time in questions, which I gladly welcome, and if I had the time I would yield to the questions of every man on both sides until the Fourth of July.

Mr. BUCHANAN. How much time does my colleague need?

Mr. HUDSPETH. I would like to have 15 minutes.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman 10 additional minutes.

The CHAIRMAN. The gentleman from Texas is recognized for an additional 10 minutes.

Mr. WOODRUFF. Will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. WOODRUFF. The gentleman from Texas has given as the reason for not repealing the tariff on sugar the conditions that exist in the cane-producing sections of the country. I believe I am correct in saying that sugar beets are raised in more States in the Union than is cotton, and for that reason they should be given fully as much consideration by the Congress as is given the cotton-producing States.

Mr. HUDSPETH. It is my purpose to give every producing section equal consideration in formulating a tariff bill. In fact, I would not discriminate against any section of the United States. But the South and West have been discriminated against in the past in many instances.

Mr. WOODRUFF. I believe the gentleman from Texas understands thoroughly that in the States where the sugar beet is grown that it is the only crop raised by the farmer upon which he can count a profit when he plants the seed.

Mr. HUDSPETH. That is my information.

Mr. WOODRUFF. So I think some consideration should be given to that proposition.

Mr. OLDFIELD. I would like to have the record set straight. I am sure there are not more States growing sugar beets than growing cotton. I do not believe that is correct.

Mr. HUDSPETH. I know there are a large number of States in the Northwest and the West that grow sugar beets, but I can not give the exact number at the present time.

Now, I would like to have the attention of the gentleman from Oklahoma [Mr. CARTER]. Let us get back to the question of sugar again. The gentleman said that if the tariff were taken off sugar it would reduce the price of sugar to the housewife, but does the gentleman not know that the United States collects a lower tariff on sugar than any other country on the face of the earth? Does the gentleman know that? The tariff on sugar collected by the United States is lower than that collected by any other country, and even the great *free-trade country* of England, that is held up to us by certain vociferous statesmen as such, but is not such in fact, my friends, for they have been for some time and are right now levying duties on farm products entering their ports, piece by piece, and in many instances much higher than is levied here as to farm products, collects a greater duty on sugar than our country collects.

Mr. CARTER of Oklahoma. You can not make it too low to suit me.

Mr. HUDSPETH. I know we can not, but you can make it so low that it will destroy a great industry in this country. The gentleman has no sugar in his State, and my friend from Oklahoma wants to get off of the sugar proposition and bring in something else. But let me tell my friend that $775,000,000 is invested in sugar plantations and in the sugar-beet industry in this country and 300,000 people are being given employment by this great industry.

Now, I would like to have the gentleman from Oklahoma listen to this: The duty on sugar in the Argentine is 2.41 cents per pound, in Belgium—that we helped the other day by a donation; that was all right, I guess, that was the only one I voted for; I certainly did not vote as some of you Democrats and all you Republicans to make a present to Italy of $2,000,000,000 of our people's money. Neither did my friend from Oklahoma. He was right in that vote, as he is on many others, if he does stray a little on the tariff occasionally—it is 3.5 cents per pound; the duty in Brazil is 6.61 cents; in Czechoslovakia, 2.39; in France, that great Government over there that owes us about $4,000,000,000 and is making no effort to pay us back a dime and, in my judgment, never will—if we had Old Hickory in the White House, France would pay us; he forced her to pay us a debt she owed when he was there——

Mr. CARTER of Oklahoma. Maybe that is the reason.

Mr. HUDSPETH. Well, they are collecting enough duties on sugar to pay us a portion anyway, because the duty there is 8.64 cents. They ought to take some of the duties they collect through the customhouses and pay us.

Mr. CARTER of Oklahoma. They make the tariff so high that they can not collect any revenue.

Mr. HUDSPETH. Yes; they do collect revenue, but they spend it in keeping a standing army of 1,600,000 men that they do not need instead of paying a just obligation to the United States. In Germany the duty on sugar is 4.32 cents per pound; Greece, 3.34; Italy, over which some of my Democratic colleagues and all the Republicans shed crocodile tears, by their votes gave her a donation of $2,000,000,000, while a lot of our farmers are starving to death and our cattlemen can not pay their taxes; and, mind you, this money was borrowed from our people through subscriptions to Liberty bonds—many of those old farmers and ranchmen paid banks as high as 10 per cent interest for that money we loaned to Italy and France—the duty in Italy is 2.10 cents; in Mexico, 3.39; Spain, 15 cents; and Great Britain, that great "free-trade country" which you held up as a shining light, over 2¼ and nearly 2¾ cents, while the United States collects a duty from Cuba of 1.75 cents, and from all other countries 2 cents. This country collects a lower duty on sugar than any government in the world that gets sugar from Cuba. That is the medicine I want to give to my friend from Oklahoma, and that is the reason I was anxious to have him present to-day.

Mr. CARTER of Oklahoma. Does the gentleman believe it should be the policy of the great Government of the United States to follow the lead of these bankrupt governments?

Mr. HUDSPETH. Is England a bankrupt country? I will say this for England. She was the first country to begin paying us back her loan, and does pay us somewhat of a decent rate of interest on deferred payments, but not as much as our people had to pay for the money they loaned our Government, which was loaned to England.

Mr. CARTER of Oklahoma. England is about the only one the gentleman named that is not bankrupt.

Mr. HUDSPETH. How about Brazil? Is Brazil a bankrupt government? Also Spain and France. France is not bankrupt, although she would like to give that impression in order to avoid her just indebtedness to us. Mexico is by no means bankrupt.

Mr. CARTER of Oklahoma. How about Czechoslovakia, Italy, and all of these other countries?

Mr. HUDSPETH. The gentleman would like to get away from this discussion of sugar duties by going off on some extraneous matter. The gentleman was talking about the high duty on sugar as collected by this country, and I have shown him that the duty collected by this Government is lower than the duty collected by any country on the face of the earth. The gentleman is in favor of taking the duty off sugar, which, as I say, would result in destroying $775,000,000 worth of property, usefully and legitimately invested by our own people, and putting 300,000 people out of work.

Mr. CARTER of Oklahoma. No; the gentleman is wrong.

Mr. HUDSPETH. That is what the gentleman would do by his argument.

Mr. BLANTON. Will the gentleman yield?

Mr. HUDSPETH. Yes; I gladly yield to my colleague, who I really believe wants to help the livestock producer, but sometimes just before we pull the load over the hill he falls out of the traces, on the final vote. But he will come around.

Mr. BLANTON. Even with the present tariff on sugar, here in Washington, which is the highest retail market in the world, you can now buy a 100-pound sack of sugar for 6 cents a pound.

Mr. HUDSPETH. For 6 cents a pound, and we paid 25 cents and even as high as 30 in 1920; and yet, my friend, the gentleman from Oklahoma talks about the high duty and the enormous cost to the consumer. And you would destroy the purpose of that duty if you followed the lead of my distinguished friend from Oklahoma, who is wandering around in the mazes of this old free-raw-material argument. You know, he can not get away from that argument. But in time I am sure he will and go with us on a competitive tariff. That is what our standard-bearer, Hon. John W. Davis, in the last presidential campaign said he stood for, a competitive tariff. If you followed in the wake of the gentleman from Oklahoma you would destroy the great sugar industry of this country and put us at the mercy of the foreign importers and the international bankers, who own many of these large sugar plantations in Cuba. That is exactly what you would do; and I want to say to my friend who made such a good speech about "the poor housewife," does the gentleman know that the two parties, and only two, who signed the application for a reduction of the tariff on sugar before the Tariff Board—was it the old housewife down there, or the old farmer out in Carter County, Oklahoma? No; it was the United States Sugar Association of New York City and a dry goods house in St. Louis. [Laughter and applause.] They are the only two that signed the application for a reduction of the tariff on sugar, and yet the gentleman is talking about the housewife being robbed. [Laughter and applause.]

Mr. CARTER of Oklahoma. Will the gentleman yield? The gentleman has asked me a question, and I would like to answer it.

Mr. HUDSPETH. They were the only people that could be brought forward to ask the Tariff Board to reduce the duty on sugar. Surely that infantile corporation—the United States Sugar Corporation's only interest, was the "poor housewife." [Laughter.]

Mr. CARTER of Oklahoma. Does the gentleman from Texas want an answer to his question?

Mr. HUDSPETH. In a minute. The only people who could be brought forward to ask such a reduction were the United States Sugar Association, that owns sugar plantations in Cuba galore, and a dry-goods house in St. Louis. They were undoubtedly representing the great consuming public of these United States. [Laughter.]

Mr. SCHAFER. Will the gentleman yield?

Mr. HUDSPETH. Yes; for a brief question.

Mr. SCHAFER. On this sugar question, if the present tariff protects the manufacturers and producers of sugar, why is it we are receiving in the mail every day from the great manufacturers of sugar in this country letters opposing the legislation which has for its purpose the manufacture of corn sugar?

Mr. HUDSPETH. I have not received any such letters. My contention is, the tariff aids the producers a great deal more than the manufacturers.

Mr. SCHAFER. Then I will send some of them over to your office.

Mr. HUDSPETH. The gentleman probably has the enormous number of two letters, and one of them from the United States Sugar Corporation, and the other from that St. Louis dry goods house. [Laughter.]

Mr. KNUTSON. I have not received any either.

Mr. HUDSPETH. I would say to the gentleman from Wisconsin [Mr. SCHAFER] that I am trying to preserve the industries of this country that men of your kind would destroy, and when you did do that you would be put absolutely at the mercy of the sugar importers of Cuba and the international bankers, who own many plantations over there.

Mr. CARTER of Oklahoma. Does the gentleman want an answer to his question?

Mr. HUDSPETH. In just a minute.

Mr. CARTER of Oklahoma. The gentleman asked me a question.

Mr. HUDSPETH. But you are going to take up all my time. I have not asked the gentleman a question. I was answering the question of the gentleman from Michigan, Minnesota, or Wisconsin, or some foreign country. Mr. SCHAFER, who has no party, sits part of the time with the Republicans and part with my side and calls himself a "Progressive." Progressive what?

Mr. WOODRUFF. Not Michigan-Wisconsin.

Mr. HUDSPETH. Well, they have all kinds from Wisconsin. The gentleman has been talking about the high duties collected through the customhouse. Do you know, my friend, that the duties collected through the customhouse of the United States amount to only $3.25 per capita, in comparison with $15.70 collected through the customhouse of England? And yet I am frank to say that many of the duties on iron ore, steel, textiles, and manufactured articles under the Fordney-McCumber bill should be lowered and could be, if you Republicans would do so, and still these industries would make a greater profit than does the farmer and livestock producer on his products.

Mr. CARTER of Oklahoma. Will the gentleman yield?

Mr. HUDSPETH. If you can get my good friend, the gentleman from Texas [Mr. BUCHANAN], who has charge of the time, to give me a few minutes more, I will be glad to yield, but the gentleman shakes his head and indicates he can not give me any more time. If I could get the time, I would be glad to yield to my friend from Oklahoma and every other man on this floor from now until to-morrow night. I would be delighted to take you all on, gentlemen, but my time is growing short. I wish I had a little more time to discuss this question.

I want to discuss this tariff question from the viewpoint of Democrats of the old school from 1802 to 1858, and from the viewpoint of a man who believes in an equitable tariff, from the viewpoint of a man who believes in establishing a tariff that will allow the industries of this country to compete with the industries of foreign countries. That is all my people want, and that is all Democrats, as I view it, should want.

I want to say to Judge TUCKER, my good friend from Virginia, the greatest constitutional lawyer in this House, a descendant of that great family of the Old Dominion, that men from your State wrote the first tariff law that was ever put on the statute books. It was written by James Madison, with the approval of Thomas Jefferson, if not written by Jefferson and introduced by Madison, and it carried a duty on all the raw products of this country, including sugar. [Applause.]

Mr. TUCKER. But it was not the Fordney-McCumber Act.

Mr. HUDSPETH. No; the Fordney Act carries a much higher duty on some manufactured articles than is necessary. This bill of Madison's did not, but it carried a duty on all raw materials and there was equitable distribution. It was followed for 50 years, and we ran this Government in the interest of all the people, so that we did not have to look into the back door of the White House, as we do now. We rode up to the front gate, hitched our horse at a democratic horse rack, and boldly went into the front door. It was followed until the Civil War. Then the Republicans got in power, discriminated against the producers and raw products until we came in under Cleveland and passed the Wilson-Gorman law, which almost destroyed our party by a rank discrimination against the producers of my section.

Now, what have these various tariff bills since 1850, passed mostly by Republican administrations, discriminating against the raw product in favor of manufacturers done, my friends? They have transferred the wealth from the South to the North. In 1850 the per capita wealth in Massachusetts was $377 and in the great State of Georgia it was $387 and in the great State of South Carolina it was $487. What is it to-day? In the State of Massachusetts, where they have always had protection since 1850 for the manufactured article, either under Democratic or Republican administrations, the per capita wealth is

$3,100, in comparison with $876 in the State of Georgia, $1,800 in the great State of Texas, that produces more wool, more sheep, more cattle, and more cotton than any State in the Union, and that has counties you could put the entire State of Massachusetts inside of and then have room for Rhode Island, and $680 in the State of South Carolina. That is how it has gone. Protecting manufactures always has taken our wealth up there where these favored industries exist.

Mr. FULMER. Will the gentleman yield?

Mr. HUDSPETH. Yes.

Mr. FULMER. Part of that comes by reason of the enormous profits South Carolina has paid to Massachusetts.

Mr. HUDSPETH. The gentleman is right, and should agree with me on my tariff stand. That is exactly what I say, and you will always have to pay it when you take the duty off the raw product and leave it on the manufactured article. I say, distribute it equitably and have a competitive tariff. That is what I stand for, and, if I gauge it correctly, that is what the Democracy of my district stands for, and when you do that we will not have to look in at the back door of the White House all the time. [Applause.]

Now, my friends, on my side, let me say to you, and also my friend from South Carolina [Mr. FULMER], who has just made a valuable contribution to my remarks, that the people of the South and my State have gotten tired of this one-sided tariff policy and of the discrimination practiced under various tariff acts, especially the McKinley bill and the Wilson-Gorman bill, and as evidence of the fact I am giving you a resolution passed by the farm organizations of a great Democratic Southern State and indorsed by seven of the Democratic Congressmen from that State just in recent months. I do not think this State has sent a single Republican to Congress since the people recovered its government from the carpetbaggers after the Civil War.

Read the following resolution and judge for yourselves whether or not Southern sentiment is awakening to an equitable distribution of the tariff:

Resolution

1. We favor a tariff policy that will guarantee the farmer a standard of living and wage commensurate with the dignity and importance of his industry and a reasonable profit above cost of production.

2. We oppose any reduction in the tariff duty on peanuts, vegetable oils, animal fats, and other products of the farm.

3. We petition our Senators and Congressmen to work and vote for a tariff on farm products that will give equality of opportunity and maintain American standards of living and protect American labor against destructive foreign competition in all lines of productive pursuits.

4. We petition our Senators and Congressmen before entering any tariff caucus to announce their commitment to this petition.

I shall also give you the total wealth of Massachusetts, a State whose principal industry is manufactures, as compared with my State, whose principal industries are farming and livestock:

Comparisons of the wealth of several States

In 1922 the wealth of Massachusetts was	$12,980,839,000
In 1922 the wealth of Texas was	9,850,888,000
In 1922 the value of Massachusetts livestock was	35,000,000
In 1922 the value of Texas livestock was	327,827,000
In 1922 the wealth of manufacturing interests in Massachusetts was	1,460,000,000
In 1922 the wealth of manufacturing interests in Texas was	327,000,000

And at the close of my remarks I shall append a statement of the utterly indefensible discriminations in the McKinley law as to the raw products as in favor of the manufactured article. This is a Republican measure. "The crime of 73," enacted by a Republican Congress under the Payne-Aldrich bill in 1909 against the producers of livestock, when hides were left dutiless and boots, shoes, and leather goods heavily protected, I have already related, and the Wilson-Gorman law is too fresh in your minds to need any rehashing at my hands. And in comparison I am going to give you a real Democratic tariff bill and many of the duties provided thereunder introduced and passed by Madison on July 4, 1789, and maintained chiefly by every Democratic administration until 1850. You will see, my friends, that all industries under these acts shared and shared alike.

While a tariff on meats has been of some benefit to the cattle raisers, there is too wide a spread between the prices the producers of beef receive and the prices paid by the consumers, the housewife, and the family. I receive 6 cents per pound for a finished steer on the hoof; 200 beefsteaks can be cut from that steer that you pay from 50 to 60 cents a pound for. That steer nets me $40. It retails for $150. Who gets the vast profit?

If possible, Congress should investigate and ascertain.

Bearing on this very matter there passed between Congressman LAGUARDIA, of New York, and myself last fall, and others deeply interested in securing to the producers of cattle better prices, a number of telegrams, which I here insert:

NEW YORK, N. Y., *August 22, 1925.*

Hon. C. B. HUDSPETH,
El Paso, Tex.:

Retail price of meat increased 8 to 10 cents a pound. I am reliably informed that stock raisers get no benefits from this increase. Is that correct? Wire me your views as to meat strike in New York City. We are ready to go the limit to fight meat profiteers and help you cattle raisers. Wire me 233 Broadway.

F. H. LAGUARDIA, M. C.

EL PASO, TEX., *August 24, 1925.*

Hon. F. H. LAGUARDIA, M. C.,
233 Broadway, New York, N. Y.:

Your wire received. Increased prices on retail meats as stated in your wire has found little reflex to producers on range. Prices of range cattle practically same as one year ago. Our papers here contain very little as to meat strike in your city. Wire or write me fully concerning meat strike. For past four years beef to consumer has remained practically the same as during war, while price paid to cattlemen is much less than that paid during war. You will be doing a patriotic work by fighting meat profiteers and aiding distressed cattlemen.

C. B. HUDSPETH.

EL PASO, TEX., *August 29, 1925.*

Hon. F. H. LAGUARDIA, M. C.,
New York, N. Y.:

All Texas Congressmen interested in cattle producers. Suggest you wire them; also Oklahoma and Kansas and northwestern Members. If you can secure better prices on range and on hoof and at same time need not increase price to consumers you will render a great benefit to a deserving people.

C. B. HUDSPETH.

NEW YORK, N. Y., *September 3, 1925.*

Hon. C. B. HUDSPETH,
El Paso, Tex.:

Statement just issued by meat council of New York, consisting of representatives of various packers, states retail high prices of meat due to higher prices paid to cattle raisers. Lee, of Armour & Co., states increase paid month of July to cattle raisers. Beef on hoof $4 a hundred pounds compared 1923 prices; increased price on hogs same period from $7 to $13.40. Says that high prices due to happiness, prosperity, and good times of cattle raisers. Please wire your comment unsparingly for publication here. We are conducting educational campaign on prices of meat and interest growing.

F. H. LAGUARDIA, M. C.

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233 BROADWAY, NEW YORK CITY, *September 8, 1925.*

Hon. C. B. HUDSPETH,
El Paso, Tex.

MY DEAR COLLEAGUE: Thanks for your telegrams. We are having a hard time here with meat. The cheapest cuts retail from 34 to 45 cents a pound. Steaks 75 cents and up a pound. Roasts 75 to 85 cents a pound. One single tiny lamb chop 20 cents and so on.

I do not know if I made it clear to you, so I want to say now that the consumers in New York City are in full sympathy with the cattle raisers. We know that the high retail prices are not reflected in the prices paid to cattle raisers. There was a jump in the last three weeks of 8 and 10 cents a pound on beef.

Retailers here have opened the books to us and their margin of profit does not show that they are profiteering. Hence the question who is getting it?

In all likelihood there will be a city-wide protest by the women refraining from using meat for a period. Whatever we do we want to cooperate with the cattle raisers.

As you know, for many years I have been seeking to establish closer relations between consumers and producers. With the low rates paid to the producers and the high rates sold to the consumers, I believe we have everything in common.

With kind personal regards, I am,

Sincerely,

F. H. LAGUARDIA.

ADA, OKLA., *September 5, 1925.*

F. H. LAGUARDIA, M. C.,
233 Broadway, New York, N. Y.:

Have made thorough investigation and find that the price of cattle has been increased some during year 1925. Increase would amount

to approximately 2½ cents per pound for dressed beef. Cattle bring from 3 to 7 cents per pound on foot, but most cattle bring 3½ to 4. Have just driven through Arizona, New Mexico, western Texas, and Oklahoma and there is a dearth of cattle. There is no prosperity among cattle raisers of Oklahoma. They are in bankruptcy or on the verge.

TOM D. MCKEOWN.

Of course, we all believe in finding a market outside of the country for our surplus. That is good business and a reasonable tariff has never interfered in any way with good business. But it is the height of folly to adopt a policy that will make the market that makes the greater per cent of what we raise an unprofitible selling place in order to strive for a gainful market in which we wish to sell what we have left. To do that would be to dispose of a beef steer at less than cost and then go forth to hunt up a soup house that might give us a profit on the tail.

It is a mistake for us Democrats to be ruled by prejudice rather than by reason in choosing a tariff policy. We should turn from the free trader's mist-created rainbow of promise that we have so often chased to our sorrow, and accept in its place a proven instrument of national achievement. And that new and utterly inconsistent claim that we must break down national lines and adopt a tariff policy best suited to the whole world ought not to receive any consideration at our hands. To contend that the shaping of a piece of legislation in this country must be considered from some viewpoint beyond our borders, rather than from its internal effects upon industry, is heresy of the foulest kind. Thomas Jefferson favored a tariff policy "adapted to our circumstances"; James Monroe was of the opinion that such legislation should be in conformity "with the high interests of the Nation," and George Washington undertook to so fashion affairs that there would "come a day when this country will have some weight in the scale of empires."

Now, mind you, I would not have my country recreant to the high duty it owes humanity. I am for universal friendship and help. I am for a hand stretched, when consistent with our economic ability, to the farthest fireside. And we are doing that now. But there is a national line that holds true patriotism within its bounds, and when we make a law or when we enforce a policy, the mighty spirit of America must be the ruling thought. We will throw out the life line, but we will fasten it to a policy that is firm, so as not to be pulled ourselves into the dangerous waters. [Applause.]

DUTIES LEVIED UNDER M'KINLEY ACT

Leaf tobacco, $2 per pound; cigar wrappers in bulk, bales, or boxes, $2 per pound; leaf tobacco of the old farm kind, 35 cents per pound; cattle less than 1 year old, $2 per head; more than 1 year old, $10 per head; corn, 15 cents per bushel; rye, 10 cents per bushel; wheat, 25 cents per bushel; milk, 5 cents a gallon; butter, 6 cents a pound, and butter substitutes; apples, 5 cents per bushel; beef, mutton, and pork, 2 cents per pound; liquors and brandy, $2.50 per gallon; cotton thread valued at 25 cents per pound, 10 cents a pound; over 25 cents a pound, not exceeding 40 cents, 18 cents per pound; cotton thread, value over 60 cents and not exceeding 70 cents, 33 cents per pound; and valued at $1 and over, 50 per cent ad valorem and 50 cents a pound; spool thread, each spool not over 100 yards, 70 cents per dozen; and cotton cloth, not dyed or painted, not exceeding 50 threads to the square inch, 2 cents per square yard; if bleached, 2½ cents; and if dyed or painted, 4 cents per square yard (3 yards of material 1 yard square would make a dress for the average-sized woman).

Jeans, 6¼ cents per square yard; clothing, ready made, of cotton, made up in whole or in part by tailors, 50 per cent ad valorem; stockings, half hose and hose composed of cotton or other vegetable fiber, made on knitting machines or frames, and shirts and drawers, not valued over $1,50 per dozen, 30 per cent ad valorem; wool, Merino blood or other wool, 10 cents, brought in from Buenos Aires, New Zealand, Australia, Cape of Good Hope, Russia, Great Britain.

Now, in class 2, fine wool, such as Leicester, Cotswold, Lincolnshire, Down Combings—that is, long wool—12 cents per pound; goat and alpaca, same.

The wool from these countries shrinks about half as much as ours when brought in here in the grease. Consequently they had double the amount in scoured wool, and the duty in the grease was 5 to 6½ cents per pound.

On yarns and woolens made wholly or in part of wool the duty shall be—on hair of the goat, camel, alpaca—valued at not more than 30 cents, two and a half times the amount of duty on unwashed wool, or 27½ cents specific duty per pound, and in addition thereto 35 per cent ad valorem, and over 40 cents would be three and a half times and 40 per cent ad valorem; and on woolen or worsted clothing, shawls, knit fabrics made on knitting machines or frames, and on manufactures of other description made in whole or in part of wool, worsted, hair of the camel or goat or alpaca, valued at not over 30 cents per pound, the duty was 35 cents per pound and in addition thereto 40 per cent ad valorem, or 12 cents per pound and valued at 40 cents, four times or 44 per cent specific and 50 cents ad valorem; and on blankets, hats of wool, and flannels for underwear, valued at 30 cents per pound, duty was 16½ cents per pound and in addition thereto 30 per cent ad valorem; and on women's and children's dress goods, coat linings, Italian cloth, and so forth, part cotton and part wool or other vegetable material, valued not exceeding 15 cents per square yard, duties specific 7 cents per square yard and 40 per cent ad valorem; and on women's and children's dress goods, coat linings, and so forth, composed wholly or in part of wool, worsted, and so forth, the duty was 12 cents per yard and 50 per cent ad valorem.

On cloaks and coats, 44 cents per pound and 60 per cent ad valorem; silks, 50 cents per pound specific; pearl buttons, 2½ cents per line (a line consists of 1 dozen buttons); and in addition 35 per cent ad valorem.

And on shoe buttons valued at 3 cents per gross, 1 cent per pound specific, gross; coffee, free; hides, raw or uncured, whether dried, salted or pickled, Angora goat skins, raw without the wool, unmanufactured asses' skins, with the wool on, free; oil cake, free; and sugar—not above 16 per cent Dutch standard, in color, and all sugar drainings, sugar sweepings, corn juice, and molasses—free.

DUTIES LEVIED BY TARIFF ACT OF JULY 4, 1789, AND MAINTAINED IN SUBSEQUENT ACTS UNDER DEMOCRATIC ADMINISTRATION UNTIL 1850

Molasses, 2½ cents per gallon; beer, 5 cents a gallon; sugar, from 1 to 3 cents per pound; coffee, 2½ cents per pound; cheese, 4 cents; soap, 2 cents; boots, 50 cents per pair; shoes, slippers, or goloshes, 7 cents per pair; twine for 112 pounds, 200 cents; salt, 6 cents per bushel; tobacco and snuff, 6 and 10 cents per pound; wool and cotton yarns, 50 cents per dozen; tea, 6 cents per pound; hats, saddles, gloves, 7½ per cent ad valorem; cotton, 3 cents per pound; hemp, 60 cents per pound. On all other goods, 5 per cent ad valorem; green teas, as high as 20 cents; all coaches, wagons, chaises, and so forth, 15½ per cent; calicoes, chintzes, and so forth, 7½ per cent ad valorem; rags of linen, of cotton, of woolen, and hempen cloth, stockings of wool or cotton, 2 per cent ad valorem; a duty of 25 per cent ad valorem on wool manufactures of all descriptions; cotton cloth, 25 per cent ad valorem; on liquors, 75 cents per gallon; on shoes and slippers, 25 cents per pair; and on shoes and slippers for children, 15 cents per pair; on soap, 3 cents per pound; brown sugar 3 cents, white sugar 4 cents, lump sugar 10 cents; loaf sugar and candy, 12 cents; cigars, $2.50 per thousand; on tobacco, 10 cents per pound.

Mr. BUCHANAN. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. ESLICK].

Mr. ESLICK. Mr. Chairman and gentlemen of the committe, in the time accorded me I want to discuss House bill 6559, reported by a majority of the Public Buildings and Grounds Committee, with minority views offered by the gentleman from Mississippi [Mr. BUSBY], in which five of us concur. I want to discuss this matter, I hope, not from a partisan view, but I wish to discuss it from an American view, and my reason for discussing this bill in advance is that a similar bill was introduced in the last Congress, and under suspension of the rules, and practically without argument, it passed the House, but failed of passage in the Senate.

This bill, known as the Elliott bill, carries with it the authorization of $165,000,000 of the public money to be expended in a public-buildings campaign covering a period of seven years. Not more than $10,000,000 is to be expended in any one year in the District of Columbia; $50,000,000 in all to be expended in the District. The other $100,000,000 is for the rest of the Nation. Not more than $15,000,000 is to be expended in any one year throughout the country, covering a period of six years, but Mr. Wetmore, Supervising Architect of the Treasury, says it will take seven years to put into effect the provisions of this bill. There is an additional appropriation of $15,000,000 intended to cover buildings not contracted for but provided under the act of 1913.

I want to discuss this bill, and in doing so I want to say that I have no assault to make on the amount of money authorized by this bill. In fact, it does not carry with it enough money to meet the requirements and urgent needs of the country. The last public buildings program was in 1913. A large number of buildings, it was anticipated, would be constructed under that bill. But the war came on; the country had to husband its manhood and its money, and so there are to-day

quite a number of these buildings that have not been contracted for, and an added appropriation of $15,000,000 sought by this bill in addition to the funds on hand is intended to take care of these projects.

As I said, I have no assault to make on the amount of money carried by the bill. But there is another provision in the bill which takes from Congress its authority, its duties and responsibilities, and turns them over to an executive officer of this Government, and carries the power and authority to spend this money. In a word, it transfers from the legislative department of the Government, in contravention of all precedents, to the executive department the power of spending this enormous sum of money.

I want to read to you just a section from the existing law, the requirement that refers to the expenditure of the public money with respect to public buildings.

I call your attention to section 3733 of the Revised Statute:

SEC. 3733. No contract shall be entered into for the erection, repair, or furnishing of any public building, or for any public improvement which shall bind the Government to pay a larger sum of money than the amount in the Treasury appropriated for the specific purpose.

Mr. MAGEE of New York. Will the gentleman yield?

Mr. ESLICK. I will.

Mr. MAGEE of New York. I would like to ask the gentleman if this bill does anything more than to bring all building items within the provisions of the Budget system?

Mr. ESLICK. I shall answer the gentleman by reading from the act itself:

Provided, That in carrying into effect the provisions of this act, in so far as relates to buildings to be used in whole or in part for post-office purposes, the Secretary of the Treasury, under regulations to be prescribed by him, shall act jointly with the Postmaster General in the selection of towns or cities in which buildings are to be constructed and the selection of sites therein.

The Secretary of the Treasury is authorized to carry on the construction work herein authorized by contract, or otherwise, as he deems most advantageous to the United States, and in case appropriations for projects are made in part only, to enter into contracts for the completion in full of each of said projects.

Mr. MAGEE of New York. Will the gentleman yield further?

Mr. ESLICK. I will.

Mr. MAGEE of New York. What I say is this, if the gentleman will carefully read the provisions of the bill he will find, as a matter of fact, that it authorizes no surrender whatever on the part of the legislative branch to the executive. All that it does is to give executive officials the right to make recommendations to Congress, and then Congress can act.

Mr. BEGG. Is not that the way that we have handled the river and harbor appropriation for the past 8 or 10 years?

Mr. MAGEE of New York. Exactly. The bill is not only economical, but it gives the executive officials upon whom the responsibility rests the right to make the recommendations to the Congress.

Mr. ESLICK. In answer to the gentleman, let me ask when the Navy wants relief are these authorizations given to the naval authorities to spend a large amount of money without Congress first knowing what the Navy wants, where the yards are to be located, and what battleships are to be constructed, and the cost in each instance? In Army appropriations for camp and posts Congress always requires information of the location and costs. Never has an appropriation been made for reclamation projects to be expended without first knowing on what specific projects it was to be used and the costs of each undertaking. Does not Congress know where every dollar of public-road money goes before it is appropriated? It has full knowledge of the amount in each State for this purpose. It is true the State must put up an equal amount.

Has an amount so large as this in peace times ever been appropriated by the Congress to be expended without Congress keeping its hand on the amount appropriated or in advance knowing when and how it was to be spent?

Mr. MAGEE of New York. What I say is that what this bill does, as a matter of fact, is to eliminate pork-barrel legislation now and forever and put the public-building business on a business basis.

Mr. BUSBY. Mr. Chairman, will the gentleman from Tennessee yield to me for a moment?

Mr. ESLICK. Yes.

Mr. BUSBY. I want to ask the gentleman from New York a question. When this bill was being considered in the former Congress is it not a fact that he testified before the Public Buildings and Grounds Committee and told them that he was virtually assured that his proposition was being taken care of? [Applause and laughter.]

Mr. MAGEE of New York. I did not catch the gentleman's statement.

Mr. BUSBY. I say that when the gentleman testified before the Public Buildings Committee——

Mr. MAGEE of New York. Oh, I made a statement—I did not testify—and that statement I stand by.

Mr. BUSBY. The gentleman was not under oath.

Mr. MAGEE of New York. Oh, no one who appeared before the committee was under oath.

Mr. BUSBY. The question is this: Did not the gentleman state to that committee, in reply to a question that I asked, that he had been virtually assured that his proposition would be taken care of, although it was in a lump-sum amount?

Mr. MAGEE of New York. I do not remember exactly what I said, but whatever I said in that statement I stand by.

Mr. BUSBY. That was the gentleman's pork, was it not?

Mr. MAGEE of New York. Not on your life.

Mr. ESLICK. Mr. Chairman, I must refuse to yield longer for this colloquy. My first complaint of this bill is that it is a transfer, a complete submission of the powers of the American Congress to an executive department; that the executive department usurps the functions that are delegated to the Congress. It is expressly provided in the Constitution that Congress has the power to establish post offices and post roads. When you make this appropriation, when the time comes that $150,000,000 is to be appropriated covering a period of six years, and the Secretary of the Treasury is named as the agent of the Congress to select the towns and cities in which this money is to be expended and the sites in the towns, Congress then will have nothing whatever to do with the transaction, because no limitation is placed upon the amount that shall be expended on any one project under the supervision of the Secretary of the Treasury. It is an unlimited power. There is only one limitation upon the power of the Secretary of the Treasury, and that is with respect to post-office buildings where the Postmaster General may, concurrently with the Secretary of the Treasury, select the town or city where the project is to be constructed and the site for the same. The Postmaster General has absolutely nothing to do with the amount to be expended, and when this money is appropriated and the authority is delegated, not even if he goes wrong or expends the money in excess of the amount that Congress desires, is there any restraining hand, because in the first section of this bill the power is given to the Secretary of the Treasury as the agent of this Government to make contracts extending beyond the amount appropriated, in the very teeth and in violation of the existing law. In other words, when this is done the Congress has created a Frankinstein, and the creature becomes greater than the creator, because you can not recall the powers that we have vested in this agent to bind his principal, the United States Government.

If this bill becomes a law, I ask my associates on the Buildings and Grounds Committee, what is the province, what is the duty and the function of that committee? Have we any other duties to perform? Is it not suicide to this committee when this bill becomes a law? It has no other function. Ah, but they tell us, you are only putting this department under the Budget. Is the Budget the yardstick of all human perfection? Is it by the Budget that we measure all things in perfection in human government? If this be true, why do you have your deficiency appropriation bills, one after another? If the figures are to be submitted, why can not the departments—the Treasury Department and the Post Office Department—through the Director of the Budget, submit their figures and plans to the Buildings and Grounds Committee as they have done in the past? Is there anything wrong in this? Should not the same rule apply to public buildings and grounds and the expenditure of this money that applies to your Navy projects, to your Army projects? Would Congress appropriate $50,000,000 or $100,000,000 and turn it over to the Interior Department to be expended in reclamation projects without knowing where and how much money was to be expended, and when? Would it go into the Treasury and authorize the expenditure of this enormous sum of money and leave it in the discretion of one executive officer, covering a period of six years? I do not believe there is a parallel for it in the history of this Government.

You are passing from a government of the three departments—the executive, the legislative, and the judicial—into a government by the executive department, a government by bureaus! You are passing the functions of government to a department that does not operate in the open light of day in the forums of the House and the Senate, but in the darkness of bureaus! It is a practice that is wrong in principle and vicious in policy! [Applause.] Establish your bureau, and what is the first thing that comes to you from it?

The same defense is made for this bill. It is an expediency, and yet when you adopt the expediency based on a wrong principle the next demand put forward to usurp the powers of another department of the Government is that the very thing you did wrong here is a precedent for another wrong. Establish your precedent and your bureaus, and they become entrenched, and to the next Congress there is a cry for more men, more money, more power!

The gentleman who first interrupted me said that we were getting away from the old "pork barrel." Mr. Chairman, the last bill that passed Congress in a public-building program was 13 years ago. Is there a man upon the floor of this House who will say that one dollar of the money provided in that bill was for "pork"? There is a real necessity throughout the country for public buildings.

It is confined to no one section of the land. The cry goes up from every hamlet and the congested centers of the land. Thirteen years have passed, and the public-building program had not taken care of the necessities of the country at that time. Everything has grown in great proportions. The postal revenues in the last 25 years have grown some 300 per cent, from $150,000,000 to $600,000,000. They have more than doubled in the last 10 years. The bulk of your mail matter, in size or bulk, with parcel post, has grown between 600 and 700 per cent. "Pork"—where does that reflect? What is the meaning of "pork"? The country people interpret it that one, two, or a half dozen Congressmen and Senators get together and form a conspiracy, and in the last analysis they take in enough Members to pass a measure, and each fellow grabs a public building for his own district or State. I say to you that under the proof we had before us in the hearing on this bill, and from statements and general observation, there is not a congressional district in this Union that is not in need of public buildings to-day. [Applause.] Not one.

Mr. MANSFIELD. Will the gentleman yield?

Mr. ESLICK. I do.

Mr. MANSFIELD. The statement was made by the gentleman from Ohio [Mr. BEGG] awhile ago that the authorization in this bill is the same as the one in which appropriations have been made for river and harbor improvements. There is a great distinction. The appropriations for river and harbor improvement can be expended only on project that Congress has approved, while under this bill, as I understand it, it leaves it to the Secretary of the Treasury to approve the contract?

Mr. ESLICK. Yes, sir. He may contract for the completion of a building covering several years when the money has not been appropriated.

Mr. BYRNS. Will the gentleman yield?

Mr. ESLICK. I will.

Mr. BYRNS. If this be pork, as the gentleman from New York seems to intimate, is it not a fact that this bill—granting for the sake of argument it is pork—simply changes the disposition of the pork from the representatives of the people to a Cabinet officer who is selected, or rather appointed, without any responsibility to the people themselves?

Mr. ESLICK. Yes, sir, that is true; and it is the kind of pork I do not believe this Congress will enjoy. [Applause.] We are asked to buy the shoats, feed them, butcher them, and pass the pork over to the Secretary of the Treasury. [Applause.]

Mr. BROWNING. Will the gentleman yield?

Mr. ESLICK. I will.

Mr. BROWNING. Is it not a good indication that Congress is not a pork Congress when it has waited 13 years to pass any kind of a bill?

Mr. ESLICK. Yes, sir; and it is a great deal harder to get up a pork barrel with 435 Members here in this House and 98 Senators over there than where one man has the absolute say in one department of the Government. Now, going further, if my friend will permit me, if they are afraid of Congress, and that means that each fellow is afraid of himself, or that some other man will get more for his district, more than he himself gets; in common fairness, and in common reason, why not establish a commission of experts upon this subject, and give them the power, let them go to the sites or places that are asking appropriations for public buildings by separate bills, let them take the proof, come back and report the facts to the Public Buildings Committee of this House what projects are worthy and deserving, and at the same time make a full report on those that are not needed and should be disallowed. Is not that fair? Congress would have the facts and at the same time Congress would retain its hands upon the purse strings, and without any mistakes it would have the right to say where these buildings should be constructed and the limitations upon the expense of each building. Could there be any pork in a bill like this?

There is no policy announced for the administration of this bill. It was shown on the hearing that this bill would be administered under rules and regulations laid down by the Treasury Department. We had with us in the hearing a distinguished gentleman, the First Assistant Postmaster General, Governor Bartlett. I want to read you what he said about the administration of this measure. He was complaining that the Postmaster General was not given equal authority—I will not use the word "complaining," but it was his contention that the Postmaster General should be given equal authority with the Secretary of the Treasury as to post-office buildings. He said:

> To illustrate, we have our architects and we have our trained men on building, and we have for the last few years been constructing under the lease plan that I have explained to you—buildings to handle the parcels-post business, and we are as expert in the matter of knowing what we want in handling the parcels post as anybody; and it seems that when we have a definite problem and know what we want we ought not to have to wait until the Treasury Department gives us something to veto, but we should be in on the inception of it. And you know that in the last analysis it is not Mr. Mellon and Mr. New who are going to decide these things; it is some subordinate in one department and some subordinate in the other department; and maybe it will be somebody else in each department to-morrow, and before this thing is carried out there may be radical changes.

Under this bill you are taking away from Congress its authority and delegating it to this department or these departments, not confined to heads of departments according to Governor Bartlett's statement, but to subordinates—while this House and the Senate are directly responsible to the people. These subordinates in the departments are only responsible to the head of the department, and the head of the department in turn to the Chief Executive of the Nation—with no responsibility to the people. How is it going to be, gentlemen, when your constituencies come up here to talk to you, and they go to the man who has served them heretofore in making their applications for public buildings and in the public service, when you say, "We have delegated that authority to another branch of the Government, but I will go with you to the Treasury Department?" And some underling over in that department will transact this business instead of the man for whom he voted to represent a great constituency. These department heads are not directly responsible to the people. But every Member of this House is responsible to his people—to his constituency. What answer are you going to make to that constituency?

But they advance another argument. They tell us this is a business proposition. I want to discuss that phase for just a moment. It is shown from the hearings that the Government is paying in round numbers $24,000,000 in rents on leased buildings in this country. It is admitted on all hands that the appropriation of $115,000,000 that goes to the country generally outside of the District of Columbia is wholly inadequate to meet the public necessities and the public demands. And yet in the face of a record of this kind, this bill that engenders and puts on foot a new public-buildings program to cover seven years, carries with it only $115,000,000 outside of the District of Columbia. Of this, $15,000,000 is a fund to construct buildings anticipated by the act of 1913. It will not cover the buildings and sites already purchased.

Mr. Wetmore said it was not intended for that purpose; only to complete the buildings that were not under contract. It does not contemplate building on sites owned by the Government. The $100,000,000 is to meet the urgent requirements and necessities throughout the congested places of the country.

A business proposition! Twenty-four million dollars in rent! And yet this Government can borrow money at 3 per cent, or 3½ per cent, or 4 per cent at most at this time. It could borrow money at 3 per cent, but let us say 4 per cent, and $24,000,000 would be 4 per cent on $600,000,000, which would give the country the relief that is absolutely needed.

A business proposition! What rate of interest are you paying in rents on leased buildings? I quote from Governor Bartlett again. He is not my witness. He was the chairman's witness, the gentleman from Indiana [Mr. ELLIOTT]. In bringing in a number of sites where buildings were needed, and a large number of buildings that should be constructed, he was asked why he had enumerated all these when the appropriation was so small. After speaking of the rents and stating the interest rate he said:

> We brought this up for the purpose of waking the public up to the folly of paying 10 per cent when we can get it at 4 per cent.

That is the business record you are making under this bill in denying to the people the relief they need; a 10 per cent

outlay, when at 4 per cent you could borrow enough money to give to the people throughout the country the relief that is needed in fact and in deed. If this bill is to pass—and it is said to be an administration measure—it does not make a proper division between the District of Columbia and the rest of the country. I do not believe that it is right. I have no fight against $50,000,000 to erect much-needed Government buildings here, to take care of Government activities, and to preserve the records and public archives. This bill is not enough money to meet the country's requirements, and the money provided in this bill is not intended to be distributed throughout the country, but its purpose is to take care of a few cities in the congested centers of the country.

If you will turn to page 63 of the hearings concerning the proposed projects I want to show you where more than half of this money will go. To San Francisco, $4,310,000.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. ESLICK. Mr. Chairman, may I have 10 or 15 minutes longer?

Mr. BUCHANAN. Mr. Chairman, I yield to the gentleman 15 minutes more.

The CHAIRMAN. The gentleman from Tennessee is recognized for 15 minutes more.

Mr. ESLICK. Los Angeles, $3,000,000; Chicago, $15,000,000; Boston, $6,000,000; New York, $15,000,000; Albany, $2,775,000; Pittsburgh, $3,065,000; Philadelphia, $3,500,000; $52,650,000 of this authorization for eight projects and in six States of the Union; only $47,350,000 for the rest of the country, covering a new policy and a new building campaign of seven years.

I want to say to you that if this bill is to become a law it is unfair. There is no safeguard to the small town and the small city throughout the country. It is said they are not to be considered because the service must be had where it is most needed, because we are just one family, a Union of States, and this is a national policy. I admit that. So is the husband and wife and their eight children. They are a family, 10 units, like the States. But if the husband, because he is bigger and stronger, eats up all the food from his wife and children for two days, somebody gets hungry. We who live in the country and who represent the small towns, represent the children. We are a part of the family as well as New York and Pennsylvania and the great State of Illinois, and we are hungry.

I would place this sum in hand so as to protect every State in the Union. You say you could not execute the law; you say a division by States would complicate it so that it could not be executed. This is an unsound argument. The principle of one unit the Nation applies to each of the 48 States or units constituting the larger unit. But they assure us that we are going to be treated fairly, yet they are unwilling to put it in the law.

As a lawyer of many years' practice I know when a man says, "I will pay that debt when it becomes due, but I will not put my name to the agreement." I know when the time comes to pay that he never pays. I have never seen such a man meet his obligations who was afraid to put his name to the bond. If you want to treat us fairly write it in the bond that each State shall have pro rata a share in this fund. We represent taxpayers. We have not the congested centers, it is true, but our people are patrons of your offices and your buildings, and they need the benefits of this law as much as your congested centers do, according to the percentage of population.

I would place in this bill a provision to the effect that this money should be distributed according to population among the several States of the Union, or based on postal receipts.

I have here a statement showing what each State would receive if this $100,000,000 was apportioned among the States according to the population based on the 1920 census, as follows:

Name	Population	Amount
Alabama	2,348,174	$2,223,000
Arizona	334,162	316,000
Arkansas	1,752,204	1,659,000
California	3,426,861	3,245,000
Colorado	939,629	889,000
Connecticut	1,380,631	1,307,000
Delaware	223,003	211,000
Florida	968,470	917,000
Georgia	2,895,832	2,743,000
Idaho	431,866	408,000
Illinois	6,485,280	6,144,000
Indiana	2,930,390	2,775,000
Iowa	2,404,021	2,276,000
Kansas	1,769,257	1,675,000
Kentucky	2,416,630	2,288,000
Louisiana	1,798,509	$1,703,000
Maine	768,014	727,000
Maryland	1,449,661	1,373,000
Massachusetts	3,852,356	3,648,000
Michigan	3,668,412	3,475,000
Minnesota	2,387,125	2,260,000
Mississippi	1,790,618	1,696,000
Missouri	3,404,055	3,223,000
Montana	548,889	519,000
Nebraska	1,296,372	1,228,000
Nevada	77,407	73,000
New Hampshire	443,083	419,000
New Jersey	3,155,900	2,990,000
New Mexico	360,350	340,000
New York	10,385,227	9,841,000
North Carolina	2,559,123	2,423,000
North Dakota	646,872	612,000
Ohio	5,759,394	5,457,000
Oklahoma	2,028,283	1,920,000
Oregon	783,389	742,000
Pennsylvania	8,720,017	8,262,000
Rhode Island	604,397	572,000
South Carolina	1,683,724	1,594,000
South Dakota	636,547	602,000
Tennessee	2,337,885	2,214,000
Texas	4,663,228	4,418,000
Utah	449,396	425,000
Vermont	352,428	332,000
Virginia	2,309,187	2,186,000
Washington	1,356,621	1,285,000
West Virginia	1,463,701	1,386,000
Wisconsin	2,632,067	2,492,000
Wyoming	194,402	183,000
Alaska	55,036	52,000
Hawaii	255,912	242,000
Total		100,000,000

If this is not fair, take one-half of it, $50,000,000, to cover emergencies and distribute the rest according to population among the States. If this is not fair, if it is wrong, take your postal collections or taxes by States; but put it into the bond that each State may have something and some benefit from your new policy and your new law. [Applause.]

In my district we have several places, some five or six small towns, of from 2,000 to 5,000 people, where the post offices are located in little buildings and congested quarters. They are regular fire traps. The post-office employees at times have to pile the mail out in front and in the rear without proper protection. Postal employees, clerks, rural carriers—all stacked in these places as thick as sheep in the shambles.

Our people are as much in need of relief as your congested centers, but not upon as big a scale, because the appropriation that would go to one of these big places would relieve 200 communities in the smaller cities and towns.

Another thing, you are not going to get this relief for the smaller cities and towns. The reason is, that these laws are to be administered, in the last analysis, under the big-city man. He has his environment, and views this building campaign through the eyes of the big-city man. He has his impulses and environments. We are all creatures of environment. Official station does not take human nature from us, and the official is governed by the same impulses, the same environments, the same likes and dislikes, favor and disfavor, as any other citizen of the land. I know my district and its needs better than any citizen of Pittsburgh or Indianapolis temporarily holding office in Washington. And every other Representative here knows his district better than they do.

Again, as to the question of pork barrel. Here is a man who is high in official station and in political councils. I have nothing unkind to say of your present Cabinet officers, not an unkind word. I would not vote for this bill if it were sponsored by a Democratic administration, and if Democrats occupied these positions. [Applause.] But it gives to your public official, and places in one man's hands, unlimited power, and it makes him subject to every influence, good, indifferent, and bad, every personal, business, and political influence. Let me ask you whether you would be willing to measure your wheat in his half bushel. If you, a partisan, occupied his position, and a hot political fight was on, and a $75,000 building over in this district would save a Congressman to your party, or $1,000,000 building over in another place would save a United States Senator when you needed him, gentlemen, do you not think human nature would rise up and say, "I am going to take care of the boys"? I believe it, and I believe it is not confined to your party. I believe a Democrat, a Populist, or a Socialist would do it as quickly as a Republican—so it brings about political pork—a one-man's pork—with the pork in the hands of the Secretary of the Treasury. Yes, too much pork for a barrel; it fills a whole department.

In the last analysis and leaving out all else, this bill is wrong, wrong in principle and vicious in policy. It gives to one man the unlimited disposition of $100,000,000 of public funds. A power too great for any one man; a power that no just and fair man would want; a power so great that an unjust and an unfair man should not be intrusted with it. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back six minutes.

Mr. MAGEE of New York. Mr. Chairman, I want to make a few remarks. I do not know what the gentleman from Mississippi was referring to, but as nearly as I could gather he stated that I was getting my pork.

The city of Syracuse, my home city, has been trying to get a new Federal building for a long time. The first start was in 1906. Up to date we have purchased a site, a square of ground in the heart of the city, and the buildings have been removed, so that as far as we have gotten up to date is to have a hole in the ground.

The construction of a new building there was authorized in the act of March 4, 1913. The gentleman referred to some statement I made before the Committee on Public Buildings and Grounds of the House during the last session, and I ask leave to put into the RECORD as a part of my remarks the statement I made before the committee at that time, because that statement shows my position.

Mr. GARRETT of Tennessee. A part of it or all of it?

Mr. MAGEE of New York. All of my statement as made before the committee and which has been referred to by the gentleman from Mississippi. That statement will show what I said in the premises.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. WINGO. Mr. Chairman, reserving the right to object, the gentleman desires to insert in the RECORD as a part of his remarks the representation he made to the Committee on Public Buildings and Grounds?

Mr. MAGEE of New York. The statement to which the gentleman from Mississippi referred and which I made before the Committee on Public Buildings and Grounds.

Mr. WINGO. The thing which led the gentleman to appear before the Committee on Public Buildings and Grounds was the necessity of a public building at Syracuse?

Mr. MAGEE of New York. Yes. I appeared before the Committee on Public Buildings and Grounds in favor of a pubic buildings bill, on which the committee was holding hearings and which was practically the present bill. I made an argument there in favor of the bill.

Mr. WINGO. I assume you need a public building at Syracuse, a new one?

Mr. MAGEE of New York. We have been trying to get one for 20 years.

Mr. WINGO. The gentleman feels he ought to have a building there?

Mr. MAGEE of New York. Yes. Conditions there are intolerable, and a new building is badly needed.

Mr. WINGO. Does the gentleman think he is going to get it?

Mr. MAGEE of New York. If this bill passes, yes. At the last session of Congress we passed a bill substantially like this bill, under suspension of the rules, by a vote of 257 to 96.

Mr. WINGO. The gentleman does not get my point. Is the public building at Syracuse one that is included in the present bill?

Mr. MAGEE of New York. Under the provisions of this bill?

Mr. WINGO. Yes.

Mr. MAGEE of New York. I assume that any bill Congress might pass would make provision for Syracuse, because the project was authorized under the act of March 4, 1913.

Mr. WINGO. If it will help the gentleman to get his building, which no doubt is of great public necessity in Syracuse, I shall not object.

The CHAIRMAN. Is there objection?

Mr. BUSBY. Mr. Chairman, reserving the right to object, I would like to ask the gentleman a question. I understood the gentleman to admit a while ago that was what he said before the committee.

Mr. MAGEE of New York. The gentleman referred, as I take it—I do not know just how to express it——

Mr. BUSBY. Just one further question, and a short one. The fact is the gentleman was promised those funds out of that lump sum if it went through?

Mr. MAGEE of New York. I have been promised nothing, and that is the point I make. The gentleman questioned the statement I made before the committee, and I think the gentleman should not have done that and I think the gentleman owes me an apology if he meant any implications as far as I am concerned.

Mr. BUSBY. I was just asking a question.

Mr. MAGEE of New York. The gentleman's statement on this floor was absolutely unfair, and in order that the House and the country may know what I said I ask that the whole statement made by me before the Committee on Public Buildings and Grounds be put into the RECORD.

The CHAIRMAN. Is there objection?

Mr. LOZIER. Reserving the right to object, I will ask the gentleman if this bill to which reference has been made does not make fish out of some of the projects that were approved before 1913 and flesh out of the others?

Mr. MAGEE of New York. I do not think so.

Mr. LOZIER. Is it not true that under a strict construction of this bill a great many cities where the Government of the United States has bought lots and has had them since as far back as 1905, as in the case of Trenton, Mo., under a strict construction of this bill would not be permitted to participate in the distribution of this fund?

Mr. MAGEE of New York. I do not concur in that view at all. I think this bill is one of the greatest reforms the Government ever entered upon and that it takes no power from the legislative branch of the Government but simply gives the executive officers of the Government, upon whom the responsibility rests, to furnish efficient service, the right to make a recommendation to Congress as to what they think they ought to have to function efficiently; and the only question here, Mr. Chairman, is whether the Congress of the United States will take the position that it will deny to these officers who have the responsibility of rendering efficient service the right to make recommendation as to what they think they need.

Mr. LOZIER. Further reserving the right to object, I would like to ask the gentleman if it is not true that many of these so-called approved projects that are specifically taken care of by this bill are in essence and in principle pork-barrel legislation, the approval of which was obtained under a log-rolling system before 1913?

Mr. MAGEE of New York. Not at all. If this bill is passed, it will do away with pork-barrel legislation forever, so far as public buildings are concerned. It will put all public-building items within the provisions of the Budget system where they belong.

Mr. LANKFORD. Mr. Chairman, reserving the right to object, I would like to ask the gentleman a question. Whom does the gentleman think best qualified to determine what is really needed at Syracuse, the gentleman himself or some one acting for the Postmaster General or the Secretary of the Treasury?

Mr. MAGEE of New York. In my opinion the Postmaster General is the one who is best informed to determine what postal facilities he needs in the city of Syracuse to render efficient public service.

Mr. LANKFORD. Does the gentleman think the Postmaster General would come to his town and look this situation over?

Mr. MAGEE of New York. I think the Postmaster General knows what the needs of his department are.

Mr. LOZIER. Mr. Chairman, further reserving the right to object, I want to ask one further question of the gentleman. I want to ask the gentleman if the Supervising Architect of the Treasury did not testify at the hearing before the committee that this bill would take care of no building project or suggested building project where sites had been obtained, no matter how long ago, but only those projects where the appropriation had been approved in a former Congress?

Mr. MAGEE of New York. I can not tell you what they stated.

Mr. BUSBY. Further reserving the right to object, one further question. The gentleman stated I had asked an improper question?

Mr. MAGEE of New York. No; I did not say that. What I said was if I understood the gentleman correctly I think he made an unfair imputation.

Mr. BUSBY. I understand that; but does the gentleman mean to reflect upon the entire membership of the House in his reference to pork-barrel legislation?

Mr. MAGEE of New York. I do not reflect upon anybody.

Mr. BUSBY. Then to whom does it apply?

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MAGEE]?

There was no objection.

The statement referred to follows:

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS,
HOUSE OF REPRESENTATIVES,
Friday, January 23, 1925.

The committee met at 10 o'clock a. m., Hon. RICHARD N. ELLIOTT (acting chairman) presiding.

Mr. ELLIOTT. Gentlemen of the committee, we have with us this morning Congressman MAGEE, of New York, who is interested in this proposition which is before the committee. We will be glad to hear Mr. MAGEE at this time.

STATEMENT OF HON. WALTER W. MAGEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. MAGEE. Mr. Chairman and members of the committee, I am glad to have the opportunity to appear before your committee and say a word, because I am strongly in favor of this bill.

As you all know, I have been working for a public buildings bill for a number of years, practically all the time I have been in the House, and I do not want anything I might say to be considered by the members of this committee as being any more than an expression of my own views in the premises. My purpose is to take advantage of the courtesy of the committee to express what I think about this bill.

I went with Mr. ELLIOTT and Mr. BIXLER to see the Secretary of the Treasury when the first bill introduced by Mr. ELLIOTT was put before the Secretary for consideration.

I do not know of any objection to this bill, except that some members seem to think it provides for an unusual delegation of authority to the Secretary of the Treasury. Such a view does not accord at all with my legal judgment. I do not find in this bill any unusual delegation of authority to the Secretary of the Treasury.

If you will take any of the old bills you will find in the first paragraph practically the same authority given to the Secretary of the Treasury as is given him in this bill.

For instance, take the bill introduced by Mr. Clark, of Florida, on February 22, 1919, which says, "*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That to enable the Secretary of the Treasury of the United States to give effect to and execute the provisions of existing legislation," etc., authorizing the acquisition of lands for sites.

As I understand it, under existing law the Secretary of the Treasury has present authority to institute and to carry to completion condemnation proceedings, and all that sort of thing.

As I see it, all that this bill does is to give to the Secretary of the Treasury the right to make recommendations to Congress as to what he thinks should be done along the line of the construction of public buildings to enable the Government to function efficiently and properly.

It seems to me we ought not to take the position that we will deny to an official of the Government, upon whom we have placed responsibilities as the custodian of public buildings, the right to make a recommendation to us.

The only thing I find in the way of authority that, perhaps, may be taken away from Members of Congress is the right exercised, perhaps, to a greater or less extent, of directing the Secretary of the Treasury to purchase a site, say, at Squeedunk and construct an expensive building thereon, where there is absolutely no need for it, and wholly out of keeping with the idea of the promotion of efficiency in the service.

On that phase of it, let me say those days are gone. That sort of thing was eliminated when we adopted the Budget system. There has not been in force any such suggestion since June, 1924.

There is not anybody now, as you all know, who can "get by" with an appropriation unless he can make out a case.

Congress concentrated the sole power of appropriating public funds in the Committee on Appropriations of the House, and I would like any one of you gentlemen to tell me how you are going to get by that committee unless you can make out a case.

This bill brings public buildings absolutely within the provisions of the Budget system.

Under section 4 it is provided that—

"The Secretary of the Treasury shall submit an annual estimate to the Bureau of the Budget, in accordance with the provisions of the Budget and accounting act, 1921, showing in complete detail the various amounts it is proposed to expend under the authority of this act during the fiscal year for which the estimate is submitted."

The Secretary of the Treasury can not do anything until we give him an appropriation to use to carry on the work he proposes. Every item authorized by this bill will necessarily be submitted by the Director of the Budget through the Speaker of the House to the Committee on Appropriations of the House, just as the building items are now submitted.

If you will remember, in the Treasury Department appropriation bill which was signed by the President yesterday, we doubled the usual amount appropriated for the remodeling of public buildings. That is, we recommended $800,000, whereas we have ordinarily heretofore appropriated only $400,000.

You will remember probably that there was some discussion in the House at the time as to whether or not the limitation of $20,000 on a building should be raised. As I recall, the House left the amount at the limit of $20,000.

Every item must come to the Committee on Appropriations of the House, which will make its recommendations to the House, and the House must be the final judge, so far as we are concerned, of what shall go in the bill for any fiscal year.

The amount that can be expended in any one year is limited to $25,000,000.

Mr. ALMON. You referred to section 4 of the bill, in which it is provided that—

"The Secretary of the Treasury shall submit an annual estimate to the Bureau of the Budget, in accordance with the provisions of the Budget and accounting act, 1921, showing in complete detail the various amounts it is proposed to expend under the authority of this act during the fiscal year for which the estimate is submitted."

Do you construe that to mean that in submitting that statement the Secretary would show where the amounts would be spent; that is, on what buildings?

Mr. MAGEE. Yes; he would show that in every item.

Mr. ALMON. I presume the statement would show where the money was to be expended?

Mr. MAGEE. Yes; I assume we would require that.

I happen to be a member of the Subcommittee of the Committee on Appropriations which has primary jurisdiction over the Treasury Department appropriation bill. We would have a hearing on every item, and we would have the right under this bill, as I view it, to reject an item, to accept an item, to modify an item, or even to go so far as to recommend new items to be presented to the House, and the House would be the final judge.

Then, of course, the bill would go to the Senate and would be referred to the Senate committee having jurisdiction in the premises, and it would also be subject to the final action of the Senate.

There appears to be some concern on the part of some Members that they, perhaps, would not get a fair show; that is, that the Secretary of the Treasury might not recommend their particular projects. But you would be at no greater disadvantage under the provisions of this bill than you would be if Congress were to pass what is ordinarily called a pork-barrel bill, because you would have the same items there and you can not do all the building at one time; we can not have all projects going on at the same time. Some of them must be taken care of before others, but the recommendation would be the same in a bill of that character as in a bill of this character, and you would have the same difficulty, so far as that goes.

But this bill, in my judgment, places the construction of public buildings upon a business basis. It makes for efficiency in the service. That is the primary object of this bill.

People demand efficient service. I do not know how it is with you gentlemen, but I get complaints all the while in reference to the service in my home city and in other parts of my district. The Post Office Department has not existing facilities for efficient service; the department is not to blame.

Mr. ALMON. You construe the change from the old plan to this proposed lump-sum plan as being analogous to the change which Congress has made in regard to river and harbor improvements, do you?

Mr. MAGEE. Not exactly that, because the work in that case is different. It is somewhat analogous, and I think the change which was made in the case of river and harbor improvements was very greatly in the interest of better service.

But in connection with rivers and harbors, you have a board of engineers which makes recommendations, while in the Post Office Department you have a great public service which must function every hour of the day—you might say every hour of the night, too.

The Post Office Department can not get away from the demands of the service, and yet how can we expect the department to function if we deny the department the facilities with which to function efficiently?

Mr. BUSBY. In your statement you refer to more adequate housing for the Post Office Department.

Mr. MAGEE. I refer to giving the Post Office Department the power, or putting it in the power of the Post Office Department to provide buildings, accommodations, for functioning efficiently. They can not do it now.

Mr. BUSBY. Do you think it can be more efficiently done by the Treasury Department, with unlimited rein over the subject, than it can be done by Congress?

Mr. MAGEE. The Treasury Department, under existing law, is the custodian of all public buildings. The Post Office Department does not do any building; the Treasury Department does all of that under existing law.

Mr. BUSBY. I understand that. But do you think this bill, giving the Treasury Department the absolute rein over this building program, would be a more efficient and effective method than to leave it in the

hands of the authority that the general law places it in; that is, Congress?

Mr. MAGEE. We do not know anything about it.

Mr. BUSBY. That is what I think.

Mr. MAGEE. How do I know where a post-office building should be constructed; what do I know about it? I perhaps know something about my own district, but outside of that I know absolutely nothing.

Mr. BUSBY. Do you not think that you know the conditions in your own district better than the Treasury Department does?

Mr. MAGEE. Yes.

Mr. BUSBY. Do you not think that that would apply to every congressional district in the country?

Mr. MAGEE. I want sufficient postal facilities in my district. The Post Office Department is willing to give them; the Treasury Department is willing to give them. The Department of Justice has made recommendations for years, and their recommendations are in the files of this committee, but you have not paid any attention to them. You have not given them any legislation, and they can not function unless you provide facilities for them.

Mr. BUSBY. Of course, you realize, as I do, that the weight limit on mail has increased more than 500 per cent since we have had any public buildings constructed; that is, since 1913. We are going along with the same buildings, so far as that is concerned, outside of those that we rent.

The thing I was particularly asking about is this: Do you think we ought to delegate the authority to locate and select sites, to construct, and do everything in connection with these buildings that are to be built, to the Treasury Department, and would that make for better service than if it were left as it is?

Mr. MAGEE. We do not delegate.

Mr. ALMON. You mean, with regard to the bills we have passed heretofore, Congress designated the places?

Mr. BUSBY. The places and the amounts.

Mr. MAGEE. That is what I say; you do not delegate anything. You only give the Secretary of the Treasury the right to make recommendations.

Mr. BUSBY. Have you not, in the course of your discussion, alluded to the Budget Bureau and the Budget system, and also to this proposition as being similar to the Budget; that is, giving this authority, which would virtually tie the hands of Congress, so that they could do only that thing which is pointed out to them?

Mr. MAGEE. That is what I am arguing against. We are not tied up in that way at all.

I say, when we adopted the Budget system the time passed when Congress could say to the Secretary of the Treasury, "You buy a site here, or buy a site there," because the House concentrated the sole power of making appropriations of public funds in the Committee on Appropriations. Under the Budget system every item must come to that committee, and that committee, through its various subcommittees, holds hearings on every item in the appropriation bills, and unless you make out your case you can not get an appropriation.

Mr. ELLIOTT. That is, under the old system it had to go through the same channel. Take the act of 1913, in which the sites were all selected by Congress. They still had to go to the Committee on Appropriations to get the appropriations, just as they will have to do under the provisions of this bill.

Mr. OLIVER. Is it not a fact that heretofore, under the old system, Congress took the initiative and recommended places where the buildings were to be erected, but that it is now proposed to transfer the initiative to the Secretary of the Treasury?

Mr. MAGEE. You mean as far as the selection of sites was concerned?

Mr. OLIVER. Yes; and also in the matter of buildings which had not been built.

Mr. MAGEE. In other words, the Secretary makes the recommendations. He has not any power to act; he is given no power under the provisions of this bill.

Mr. OLIVER. I am talking about the transfer of the initiation of the work. The Secretary of the Treasury even heretofore has reserved to himself the right to veto the recommendations of Congress itself in the case of half of the buildings already provided for in 1913.

Mr. MAGEE. No; I do not think that.

Mr. OLIVER. He has failed to build them.

Mr. MAGEE. You have not provided him with any funds with which to build them.

Mr. OLIVER. I understood he had funds.

Mr. MAGEE. No.

Mr. OLIVER. But he would not even ask for the funds.

Mr. MAGEE. No; you would not give the funds. They have been clamoring at the doors of Congress for years. All that is necessary now is to provide funds.

Mr. OLIVER. I am not arguing against the principle of the bill, but I am trying to find out what change we are making here.

Mr. MAGEE. I do not think, Mr. OLIVER, that you are making any change at all or that you are parting with any unusual power.

Mr. ALMON. Will you not admit this—I do not mean that I have any fixed opinion on the subject—but do you not admit that under the old system the Secretary of the Treasury would be confined, in making recommendations for buildings, to the precise cities designated by Congress, whereas, under the provisions of this bill, in making his recommendations he could recommend cities of his own selection without being confined to the cities designated by Congress, as heretofore?

Mr. MAGEE. That is true. He can recommend the sites.

Mr. ALMON. Under the old system he could not recommend and would not recommend to the Budget items for places not designated by Congress.

Mr. MAGEE. That is true. What I am saying is this, that it is not to be assumed that he would recommend a site in total disregard of the Member of Congress who represented that particular district.

Mr. ALMON. Under the old system there was a difference in connection with the point I called attention to.

Mr. MAGEE. That condition was eliminated when we adopted the Budget system, because I take it that if Congress should designate a site in what is called a pork-barrel bill, where there was absolutely no reason for the selection of a site or the erection of a building, it would not be for the promotion of the service, and no appropriation would be made therefor.

Mr. ALMON. Under the old system the Secretary of the Treasury would not be authorized to and would not build a post-office building where Congress had not designated it.

Mr. MAGEE. I think the Budget system has revolutionized the operations of the Government absolutely. You will never get away from the Budget system. The people would not stand for the repeal of the Budget law.

My notion is that the Budget system has made it possible to turn a prospective deficit into an actual surplus, to be used for the reduction of taxes.

What I say is that now, under the Budget system, you can not get an appropriation from the Committee on Appropriations of the House unless you can show that you have a meritorious case.

Mr. OLIVER. We are not out of accord on that, but there is a certain initiative which passes from Congress to the Secretary of the Treasury.

Mr. MAGEE. No; I do not think so——

Mr. OLIVER (interposing). But if Congress passes a law fixing the sites, the places, and the amounts, and limits the Secretary of the Treasury to making recommendations in reference to those, he is deprived of a certain initiative.

Mr. MAGEE. Suppose you take that position now——

Mr. OLIVER (interposing). I am talking about the prospective change. If you will be patient with me for a moment, I will explain what I mean.

Under the new plan the Secretary of the Treasury can select any site he wants to, in any place he pleases.

Mr. MAGEE. No; he can not.

Mr. OLIVER. And he can make a recommendation to Congress, and Congress can either reject or accept it or change the amount.

Mr. MAGEE. The Secretary can make a recommendation; he can not select a site.

Mr. OLIVER. But Congress will not select a site against his recommendation; we leave the initiative with him.

Mr. MAGEE. It is for Congress to say whether it will approve the recommendation.

Mr. OLIVER. But do you not admit the argument I make? I am not making a hostile argument against the bill.

Mr. MAGEE. I understand that; but you do not want me to agree to some suggestion of yours in which I do not concur.

Mr. OLIVER. You do agree in argument but not in language.

Mr. MAGEE. Not unless I have not made myself clear.

Mr. BRAND. As chairman of the subcommittee considering the recommendations of the Treasury Department or the Post Office Department, would you recognize a Member of the House on a motion to substitute some other buildings or sites than those recommended by the Secretary of the Treasury?

Mr. MAGEE. You mean on the floor of the House?

Mr. BRAND. No; I mean in your committee, at a hearing.

Mr. MAGEE. I am not chairman of that subcommittee. Mr. MADDEN is the chairman of that subcommittee, and, so far as I know, he has always heard everybody who wanted to be heard.

Mr. BRAND. Would it be in order to offer a substitute?

Mr. MAGEE. I think it would.

Mr. OLIVER. Then you have not read the bill.

Mr. MAGEE. I do not think, under this bill, you can take away the right of Congress to do exactly what it pleases.

Mr. MILLER. You leave the power to designate with the Subcommittee of the Committee on Appropriations?

Mr. MAGEE. You have to go to the House itself for final action.

Mr. BRAND. Do you know whether you could consider a substitute?

Mr. MAGEE. I am giving you my opinion, and I say we could accept an item, reject an item, modify an item, or make a new item.

Mr. KOPP. Getting down to the direct proposition, is there any chance of passing any bill but this one?

Mr. MAGEE. That is what I was going to say to you gentlemen here.

Mr. BUSBY. Do you tnink there is any chance of passing this bill?

Mr. MAGEE. I do not believe there will be any material number of votes against it if you get it out of the committee and the Members understand it.

Mr. BUSBY. You said, did you not, that there are hearings on each item that comes up before the Treasury Department?

Mr. MAGEE. No; on each item that comes before the Committee on Appropriations. We give hearings on every item submitted by the Director of the Budget.

Mr. BUSBY. Would there be any hearings before the Treasury Department to determine what sites should be selected and what buildings should be erected?

Mr. MAGEE. That would be up to the Secretary of the Treasury.

Mr. BUSBY. Would not this whole scheme amount to the transfer of the hearings to the Treasury Department or to the Committee on Appropriations rather than to Congress or tnis committee, to determine what sites should be selected and buildings efected thereon?

Mr. MAGEE. I do not think so.

Mr. BUSBY. What is your idea of the method which would be used by the Treasury Department in order to arrive at its selection of places?

Mr. MAGEE. I presume the Treasury Department would be very largely guided by the recommendations of the Supervising Architect's office and, so far as the post-office buildings are concerned, by the recommendations of the Postmaster General.

Mr. BUSBY. How would he get those?

Mr. MAGEE. How would he get what?

Mr. BUSBY. How would he get the Postmaster General's recommendations? The Postmaster General does not have a supervising architect.

Mr. MAGEE. I assume the Postmaster General knows what he needs in the Postal Service. He knows better than I do.

Mr. ELLIOTT. Allow me to offer a suggestion at this point. If the people of a given town think they need a new post-office building at that place, it would seem to me it would be their duty to apprise the Postmaster General of it, and they probably would. They do not hesitate to apprise everybody else of it.

Mr. ALMON. Then he, of course, would make an investigation.

Mr. MAGEE. You talk about the delegation of power. Take, for instance, the free village delivery service. What do you do now if you want to get free village delivery service? You have to go to the Post Office authorities and present a petition to them, showing certain facts, and giving them certain data.

Mr. ELLIOTT. The same thing is true in connection with the establishment of a new rural route.

Mr. MAGEE. Yes; that is true in connection with anything of that kind.

Mr. OLIVER. That is the admission I was asking you to make—I am not complaining about it—that we do give to him absolute power now, under this bill, whereas we did reserve the power to ourselves before. That is what the bill provides.

Mr. MAGEE. I am pointing out where you have delegated power heretofore, but you do not delegate any here.

Mr. KERR. As I understand you, under our present method, if this committee should recommend the building of a post office in any city in the United States where a Member asked to have a building erected, he would not get a post-office building unless the Committee on Appropriations recommended an appropriation for that purpose.

Mr. MAGEE. Certainly. If I may be permitted, I would like to show you another instance where you have delegated some real power. That is in the act approved April 24, 1920, for the fiscal year 1921. This is the Post Office appropriation act. It contains this provision:

"*Provided*, That hereafter the Postmaster General may, in the disbursement of the appropriation for such purposes, apply a part thereof to the purpose of leasing premises for the purpose of post offices of the first, second, and third classes, at a reasonable annual rental, to be paid quarterly for a term not exceeding 20 years."

That is in connection with this very matter of authority; there you have delegated authority to the Post Office Department, and, I assume, in Mr. Oliver's city the Postmaster General could enter into a contract with some person or firm to construct a post-office building and agree on the rental which the Government would pay for a term not exceeding 20 years. I do not think there has ever been any abuse of that power or any desire to abuse it.

In other words, if we are going to do anything we have to cooperate with the administration; we have to work together. It is not a proposition of one taking advantage of the other, but it is a proposition of cooperation. You can not get any bill unless you get this bill. What is the use in wasting time in trying to pass a bill which the administration will not approve?

As I understood, a communication read by the chairman yesterday, this bill has the approval of the Secretary of the Treasury, and one of his statements was that he is authorized to state that this bill will not be inconsistent with the financial program of the President.

We have to cooperate. Take the building occupied by the Bureau of Internal Revenue on the Mall. I think if a big fire ever broke out in that building it would burn down in 15 minutes, and I doubt whether some of the occupants of the building would have time to get to the windows and jump out. Certainly there would be no chance to save valuable records, involving hundreds of millions of dollars in reference to the business of the taxpayers of the country.

What are you going to do? Are you going to stand still? If you do not get this bill you can not get any bill for at least four years more; we all know that.

Mr. BUSBY. Is not the real motive in introducing this bill in this shape—or do you know—to get authority to construct buildings in the District of Columbia, which the administration saw, emphatically, would not be given if a bill for buildings in the District only was presented? Is not that the cloak under which this bill comes before the committee?

Mr. ELLIOTT. Let me answer that. No, sir. I introduced this bill on my own motion, and I had no such idea as that in my mind. The administration knew nothing about this bill until after it was drawn and referred to them.

Mr. BUSBY. I will ask this question.

Mr. MAGEE. Let me answer your other question first. I think I can answer that myself. I made three speeches in the House within the last few years, the last one a few days ago, advocating a public-building program, putting the erection of public buildings on a business basis for the promotion of efficiency.

I have persistently fought the idea of making appropriations for public buildings in the city of Washington to the exclusion of the rest of the country.

If you will read the second speech I made on the subject about a year ago last January, you will find that I specifically said that I am against a public-building program for the city of Washington and a famine for the rest of the country. In other words, the needs of the country are just as pressing as the needs of the District. But we can not ignore the needs of the District.

What I say is we should cooperate and work with the administration; we should give the District of Columbia the public buildings which are necessary to protect the records of the Government and provide for the efficiency of the service.

Take this bill; it carries an authorization of $150,000,000 spread over six years, or $25,000,000 a year.

I understood from the Undersecretary of the Treasury on yesterday and from the Supervising Architect that they estimated they would need $5,000,000 a year for 10 years for the District of Columbia.

Mr. ELLIOTT. $10,000,000 a year for five years.

Mr. MAGEE. I understood it was $5,000,000 a year for 10 years. We will take what they say, and I do not think they will get any more than that in a year. Do you see what I mean?

In other words, suppose the District should try to absorb a large part of this annual appropriation. Suppose they should submit to the Committee on Appropriations of the House a request for a large part of this annual appropriation. Do you think the Committee on Appropriations of the House would stand for that? Do you think you would stand for it, if the Committee on Appropriations stood for it, when the bill got out on the floor of the House?

Mr. BUSBY. Let me ask you another question in connection with the first one. Is not the only building program that the administration has advocated for any place that for the District of Columbia; that is, the President has been against everything but buildings in the District of Columbia, has he not?

Mr. MAGEE. You can not get me to say anything against the President of the United States.

Mr. BUSBY. I am not talking about the President; I am talking about the facts.

Mr. MAGEE. I think we have a great President, and I am a vigorous supporter of him. I do not want to say anything in reference to his position, because I hold no brief for him; but I make no criticism of him. I take great pride in doing everything I can to support the administration, because I believe that in what he does, so far as the public interest is concerned, he is doing what in his judgment will be in the public interest.

I have been with you against a public-building program solely for the District of Columbia, and every time the matter has come up in the House I have tried to do everything I could to defeat that idea, and I would not vote to-day for a public-building program for the District of Columbia alone.

Mr. BUSBY. The President has advocated the construction of these buildings you mentioned in the District, has he not?

Mr. MAGEE. I am not saying anything about the President.

Mr. BUSBY. Has he advocated anything anywhere else?

Mr. MAGEE. That point is not material, so far as I am concerned. It seems to me it is clearly the duty of Congress to cooperate with the administration in clearing up the public-building mess that confronts us.

Mr. ELLIOTT. The Secretary of the Treasury, in his letter to this committee, said he was authorized to say that the program included in this bill was not inconsistent with the President's program, which means he is not opposed to this bill.

Mr. MAGEE. Along that line, suppose we give them $5,000,000 a year for six years. My notion is when we adopt this public-building program we will continue it. It will probably run on for four more years until they get the public buildings which they need. But assume that for the sake of the argument.

We would have in the six years $120,000,000 for projects outside of the District. Now, what can you do with $120,000,000? Have you stopped to think about that?

You have here, I think, 159 recommendations now in the files of your committee, 140 I think, having been submitted in January, 1923, and 19 in February, 1924, or about that time.

These 159 projects, according to my mathematical computation, total less than $90,000,000.

But in these projects are some very large ones. For instance, among them is one for Boston, involving $6,000,000; one for Cleveland, Ohio, $3,000,000; one for Chicago, $10,000,000; one for Detroit, $2,500,000; one for Los Angeles, $3,000,000; one for Minneapolis, $2,000,000; one for Newark, N. J., $4,000,000; one for Pittsburgh, $2,250,000; one for San Francisco, $2,000,000; one for Seattle, Wash., $3,250,000; one for Springfield, Mass., $1,750,000; one for St. Paul, Minn., $1,000,000, and so on.

As far as these larger projects are concerned, if the Government should attempt to take care of them, as suggested here yesterday, I do not assume that the Secretary of the Treasury would make a recommendation for the total amount in any one year. If they were to start to build a public building in Boston, I assume it would take three or four years to complete it, and there would not be recommended annually any greater amount than would be needed to meet the obligations incurred during the progress of the contract.

So, with $120,000,000 you can do a vast amount of work.

If you assume, for the sake of the argument, that you would first complete the projects recommended here, which, of course, you would not do—I do not assume that the Treasury Department would do it—you still would have $30,000,000 additional for the smaller places in the country.

So, while this bill might not clear up the entire building situation in 6 years, I am satisfied it will make a splendid start, and probably within 10 years we would practically clean up the entire situation, if the building program should be continued for 4 years more, or for a total period of 10 years. At that rate you would have $80,000,000 more for the country.

Now, it seems to me we ought to pass this bill and put the construction of public buildings on a business basis; let the administration know we are willing to cooperate, to construct the necessary buildings in the District of Columbia, and take care of the growing, imperative needs of the country.

As a business proposition, we ought to do it. The rentals to-day amount to approximately $25,000,000 a year. But the leases are expiring all over the country. One expired on January 20 in my city. They leased an adjunct station there a few years ago for $7,000 a year. They renewed the lease three or four years later at $12,000. Now, the Post Office Department has not been able to agree on a renewal because the landlord demands a rental of $19,500, or an increase of about 56 per cent, for the rental of the station. And they are threatening that unless the Government will agree to that they will shut off the fuel and light.

They called me up at home about that, and I suggested that both sides had better exercise a little moderation.

These rentals that now aggregate about $25,000,000 probably within a short time, perhaps before the expiration of these six years, will amount to thirty-five or forty million dollars. What are you going to do about it?

This is the only bill you can get which is satisfactory to the administration, to the Postmaster General, to the Secretary of the Treasury, and to the Department of Justice, and if we pass this bill it undoubtedly will be signed by the President and become a law, and we can begin at once to clean up this mess.

There is one word more I would like to say in reference to a suggestion that was made, I think, by Mr. Miller, concerning a proposed amendment giving the Secretary of the Treasury the right to sell such properties as might not be most available for a building, the receipts from such sales to go into the public-building fund. I think that would be a wise thing to do.

For instance, in my own city there is property that could be sold for perhaps as much as $400,000.

Mr. ALMON. What would be your idea about the propriety or impropriety of putting an amendment on this bill designating a limited amount to be used in the District of Columbia?

Mr. MAGEE. I do not think that would be wise, Judge ALMON. I would ask Members to have confidence in the Committee on Appropriations of the House.

You have on that committee 35 Members from States all over the country, and I think they merit your confidence. I do not think the Members of the House will have much cause for complaint at the treatment they will get from the members of the Committee on Appropriations. That is my notion about it.

If you do what you suggest, it might complicate the bill, and it would not add anything to it. Let us see if we can not cooperate in this matter and get together.

Mr. ELLIOTT. I would suggest that the rest of the country has 35 Representatives on the Committee on Appropriations and the District of Columbia has no representative on it at all, so I think the rest of the country would fare all right.

Mr. OLIVER. That is my real fear about the matter, that the District of Columbia would not fare well. I think a limitation ought to be put on for their benefit.

Mr. MAGEE. Gentlemen, I thank you very much, indeed, for your kind consideration in giving me the opportunity to express my views.

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman and gentlemen, the question of whether this bill appropriating $150,000,000 for public buildings in the United States is an advisable one involves several questions. First, this question is involved: Each one of the 435 of us is supposed to represent the whole United States. We are not supposed to be Members of Congress for a particular district but Members of Congress for the United States as a whole, and we often lose sight of the true view of the matter. This was the view taken by those who framed the Constitution of the United States, and the difficulty with all of us is that we are apt to be submerged in a local instead of a national view. Now, what is the post-office business? Is it a business for each of the several 435 districts of this country or is it a business for the Nation as a whole? Is it not plain, and do we not all know, and do we not all recognize two things? First, it is a national business, and, second, it has been so well conducted that all of us are proud of its efficiency.

Mr. LANKFORD. Will the gentleman yield?

Mr. DEMPSEY. I will in just a moment. I want to first make a statement, and then I will be glad to yield.

It is a national business, and not a business for the separate congressional districts.

Now, can a Member of Congress visualize the country as a whole and determine how best, in the interest of the post-office business, in the interest of efficiency, in the interest of rapidity and accuracy of delivery of the many things with which the post office is intrusted, can a separate Member of Congress visualize the country and say how this $150,000,000—or really this $100,000,000, because $50,000,000 is to be expended here—shall be distributed and expended? Why, of course, the Postmaster General and the Secretary of the Treasury have the means, and it is within their power, to visualize the country as a whole, to find out what its needs are, to find out how best, in the interest of efficiency of the service, this money can be expended, and no one of us could possibly approach the proper solution of that most difficult and involved problem.

Mr. WINGO. Will the gentleman yield for a question right there?

Mr. DEMPSEY. Yes.

Mr. WINGO. Assuming, for the sake of the argument, it is true—although I will not concede it except for the sake of the argument—that we Members of Congress can not rise to that conception of public duty——

Mr. DEMPSEY. I did not say that. I did not for one moment say that. I have not impugned their motives. On the contrary, I attribute the highest motives to all of my associates, and I honor every one of them, and I would not for one moment have it understood that by implication, much less by direct statement, I had for one instant permitted such a thought to escape my lips.

Mr. WINGO. Then, using the gentleman's own language and assuming we can not submerge our local selfish interests and take a national view——

Mr. DEMPSEY. I did not say that. Let us get this correct. I said it was impossible for a Member of Congress, an individual, without the machinery which the Post Office Department has, without its machinery reaching just as broad and as far as the Post Office Department reaches, reaching every town and village and every highway, almost, in the United States, to visualize the situation. We have not the necessary agents or machinery to ascertain the facts.

Mr. WINGO. Assuming that Congress has not the agency or the means, assuming that the committees of this House are

incapable of ascertaining the public needs, what assurance has the gentleman that human nature and human intellect in a bureaucrat will be any more efficient than the weak, incapable Member of Congress? [Laughter.] Why is a bureaucrat more efficient than a Member of Congress?

Mr. DEMPSEY. I am going to answer the gentleman—will the gentleman deny that the Post Office Service has been most wonderfully, splendidly efficient, so much so as to be the pride of every American; and does not he share that pride? Will the gentleman say that those who have done so well for 150 years will, because there is some money to be expended now—and there is money to be expended every year—the amount to be expended here will not amount to the sum expended in one year for the support of the Post Office Department—does the gentleman think that the Post Office Department has not expended this annual appropriation well and efficiently? Does he not recognize that the department as it has expended these large sums through 150 years has grown and expanded in efficiency with its expenditures; and does the gentleman believe that in view of that splendid history, it is going to do anything inefficient, much less anything wrong, with this appropriation? Of course, the gentleman can not indulge in any such thought, in view of the history of the department throughout these long years.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. GARRETT of Tennessee. The gentleman speaks of the efficiency of the Post Office Department, which no one denies; but does the gentleman think it has been injured in any way by the construction of public buildings under the plan when Congress had something to do with it?

Mr. DEMPSEY. I will answer the gentleman from Tennessee this way: I can only judge the future by the past. The Congress had the distribution of the funds for rivers and harbors all through the history of the United States. Then there came a time when it was believed that the Congress should be relieved of the imputation of pulling and hauling among themselves for political purposes with regard to the distribution of these funds, and so from that time on we started on a new program of intrusting to the engineers the allocation of a lump sum to be appropriated by Congress. We have found since that time that there has been no political influence used, as suggested to-day. The Committee on Rivers and Harbors and the Chief of Engineers have known no North, no South, no East, no West, and have allocated the appropriations in proportion to their deserts.

Congress has been relieved of the imputation of being influenced by improper and local influences. Congress has grown by reason of the fact that it abdicated a right which it could assert, and Congress in this instance will escape all question as to its motives in appropriating this money by leaving the distribution of it to the public officers, who are interested only to do that which is best for the service and will do itself a great service and make its membership rank higher in the estimation of the people. Now, I will yield to the gentleman from Arkansas.

Mr. WINGO. I want to get back to public buildings. It is not a question of efficiency of the administration in the ordinary Postal Service. The gentleman asked me if I thought they had failed in the matter of public buildings. I think they have in reporting the needs in two instances in my State. One of the most glaring needs was in my district and one was not. One of the most glaring needs in my district they have never recognized, and others that are not so great they have recognized. So that does away with that. I will ask the gentleman this question.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DEMPSEY. I ask for two minutes more.

Mr. MAGEE of New York. I yield to the gentleman two minutes.

Mr. WINGO. We are discussing something as a broad policy——

Mr. DEMPSEY. Mr. Chairman, I can not yield further, for I have only two minutes.

Mr. WINGO. The gentleman dodged my first question and now he will not let me ask a second.

Mr. DEMPSEY. Now, it is suggested that great congested centers will get an undue preference in the distribution of the amount appropriated They will get only the preference which the needs of the service as a whole require. There will be a distribution in accordance with the actual needs and necessities of the Postal Service as a whole, and there will be no other or different distribution. That is the way that the amount of money will be expended. They will look over the country as a whole and see how best they can simplify, economize, and expedite in the Post Office Service, and they will select the sites and distribute this money in accordance with that rule and that practice and no other. [Applause.]

Mr. MAGEE of New York. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. WURZBACH].

Mr. WURZBACH. Mr. Chairman and gentlemen of the committee, I listened with a great deal of pleasure and approbation to the remarks of the gentleman from Texas [Mr. HUDSPETH], and I was happy to see the splendid accord and harmony (?) that exists on the Democratic side upon the tariff issue. A considerable portion of my remarks will be corroborative of the sentiments expressed by Mr. HUDSPETH.

I think it is safe to assume that if the Democrats could get together on the tariff question they would make that the principal issue in the coming congressional campaigns this fall. But it is clearly evident that this is impossible. The Democrat of to-day finds it impossible to reconcile his views with the views of the Democrat of yesterday, and Democrats of this day can not even agree among themselves.

I do not at this time wish to enter into a general discussion of the tariff, but shall approach the subject from a different and new angle, namely, the origin and development of the American protective-tariff policy. My attention was drawn to this phase of the question by a handbook entitled "The Tariff," the work of John Henry Kirby, of Houston, Tex., president of the Southern Tariff Association and one of the strongest advocates of the protective-tariff policy in the country to-day. He is a Democrat of the old school.

The following statement was made about four or five years ago by my distinguished friend the gentleman from Texas [Mr. CONNALLY]——

Mr. CONNALLY of Texas. I thank the gentleman for the adjective.

Mr. WURZBACH. To this effect:

> I have heard frequently on the floor of the House the false Republican boast that the protective-tariff principle is an American principle.

I go a step further, Mr. Chairman, and assert that the protective-tariff principle is not only an American principle but that in its origin and in its early development it is a Democratic principle. Much as I dislike to give the Democratic Party credit for a policy that has meant so much to the development, upbuilding, and prosperity of this country, I must in this particular case give them that credit. All that we Republicans can claim is that the Republican Party is the foster father of the abandoned child of Democracy. You will have noticed we did not adopt your less attractive "young hopefuls," the twins Billie Freesilver and Bill Anti-imperialism. These two died in their early infancy, unwept, unhonored, and unsung. Your other baby—Woodrow League of Nations—was also about to pass away, but is being kept barely alive under a joint guardianship of both parties at home, aided and abetted by some of the most distinguished foreign wet nurses and alien physicians.

There is a strong but erroneous impression prevailing in the South, and to some extent generally throughout the country, that the protective-tariff policy is anti-Democratic and that it has been opposed immemorially by Democratic statesmen; and, further, that it is violative of the old and sacred traditions of that great party. So strongly has this notion become impressed upon the people of my section that, although they fully realize the need of the South for a protective tariff upon its own products, agricultural as well as manufactured, they resolutely refuse to adopt that policy. They know that such a policy will best serve the interests of the South, but a political sentimentalism based upon the false premise that the protective tariff policy is violative of Democratic tradition causes them to oppose the policy.

This great American policy in the early days of the Republic was the policy of American statesmen generally, but more particularly the accepted policy of such outstanding Democrats as Jefferson, Madison, Calhoun, Monroe, and Jackson. The men whose names I have mentioned are men of the South. They are the very fathers of the Democratic Party of to-day. Theirs are names to conjure with in every part of the South. I, a Texas Republican, glory in their greatness—first, because they were great Americans—and may I not be pardoned for saying that there is enough sectional pride in me that causes me to glory in their greatness because of the very fact that they were southern men. I am of the South, southern born and southern reared; the son of a father who fought under the gallant standards of Lee and Jackson, and I love the South and all its noble traditions.

I have been trying in vain to follow and understand the arguments of Democrats upon the floor of this House when they give their views on the tariff question. They do not take

a clear stand upon one side or the other of the main question; that is, as to whether they are for or against a protective tariff. They speak of "free trade," "tariff for revenue only," "tariff for revenue," omitting the "only," and of "incidental protection." The Lord only knows—if He does—just what their party policy is or will be. The Republican Party, on the other hand, stands for the well-understood policy of saving the American consuming market for American production by levying import duties on foreign importations, such a duty to be equal to the difference in the cost of production here and the cost of production in the country from which the foreign products come.

So far as the principle of protection is concerned, the only logical opposing policy is the free-trade policy or a tariff for revenue only policy. There is no middle ground between these two principles, of a protective tariff on the one hand, and a free trade or tariff for revenue only policy upon the other hand. The term "incidental protection" is nothing more or less than a clear evasion of the question. What difference whether protection is the *design and purpose* in the one case and the *natural result* in the other. The Republican policy provides a measure or rule to determine the rates to be applied, whereas the Democratic policy under present conditions, from the very nature of things, can have no such measure.

Formerly Democrats boldly stood for a policy of either "tariff for revenue only" or "free trade," but they do not take so bold a stand in this day and time. Modern Democrats, influenced by the prevailing "flapper" fashion, have bobbed the "only" from their slogan, when as a matter of fact that was the only word in the slogan that had any significance at all. It fixed the measure, as well as the purpose, of import duties, and thereby joined issue with the Republican Party on the tariff. Democrats do not display equal political courage to-day, but straddle or run away from the issue by declaring "we favor a tariff for revenue." Who does not, except the free trader? Under your new slogan how much revenue do you propose to raise, Mr. Democrat? Enough to make up the difference in foreign and home production costs? No. That would make you a Republican. How much, then, do you propose to raise for revenue purposes. You can not answer because you can not know.

It will not do for Democrats to fill the CONGRESSIONAL RECORD with picayunish attacks upon the present tariff law, by attacking a rate here and another rate there. A much more valuable service to the country and even to their own party would be performed if gentlemen would make clear their own plan of procedure. The Nation is vitally interested in the solution of economic problems, including the tariff, that affect the welfare and prosperity of the American laborer, farmer, livestock man, and manufacturer of every State and every section. Let me now revert to the proposition I made in the beginning of these remarks, namely, that the protective tariff policy is of Democratic origin and of Democratic development in the early days of the Republic.

In the very first days of the first American Congress, assembled in 1789, a resolution was introduced—

for laying a duty on goods, wares, and merchandises imported into the United States.

This resolution was not introduced by a Member, later identified as a Federalist, but it was introduced and championed by James Madison, of Virginia. Not only was he a great Democrat but he was also one of the leaders in the framing and securing the adoption of the Constitution of the United States. He has sometimes been called—and appropriately so—the "Father of the Constitution." If it be contended that this resolution was proposed "for revenue only" purposes, my reply is that the preamble does not support such a contention. To the contrary it specifically states that such a law—

is necessary for the support of Government, for the discharge of the debts of the United States, and the *encouragement of manufactures*.

At the time of the introduction of this bill, and its passage, Thomas Jefferson, fellow Virginian, and Secretary of State under President Washington, was a close personal and political friend of Madison, and it is certain that this protective tariff resolution must have had Jefferson's full approval and support. This conclusion does not depend upon presumption merely, for Jefferson approved the principle affirmatively during and after his service as President.

The Debates in Congress during the consideration of the Madison resolution are interesting and illuminating and show conclusively that the modern free trade or revenue only Democrat does not draw his inspiration from the old-time democracy. The Madison resolution placed a tariff upon all manufactures imported to this country and also on a number of agricultural products, including hemp and 3 cents a pound on cotton.

The early reports of the Debates in Congress, it will be remembered, were reported in narrative form and not in the first person. The first quotation which I shall now read, taken from volume 1 of the Debates in Congress, should prove interesting to my friends, the two seventy-five percenters:

Mr. Madison moved to lay an import of 8 cents on all beer imported. He did not think this sum would give a monopoly, but hoped that it would be such an *encouragement* as to *induce the manufacture* to take deep root in every State of the Union.

It is needless to say that the manufacture of beer did take root—very deep root, indeed—until uprooted not so long ago—though it may seem longer—by our former colleague, the gentleman from Minnesota [Mr. VOLSTEAD]. Now, I sincerely hope that my optimistic friend the gentleman from Maryland [Mr. HILL] will not take the above quotation as a text to prove the decadence of modern American statesmanship; and I also sincerely trust that my earnest friend the gentleman from Georgia [Mr. UPSHAW] will not, because of the wet proclivities of the great men of his party of that distant day, lose any of the enthusiasm he has for the cause that lies so close to his heart. Let us hope that this "loose talk" of Mr. Madison will not shake his loyalty in "the faith of the Democratic fathers." I quote further:

On every barrel of beef it was moved to lay a duty of a dollar per barrel. Mr. Bland, of Virginia, thought that *very little revenue was likely to be collected* on this article, let the duty be more or less; and, as it was to be had within the United States, perhaps a tax amounting to *prohibition* would be proper. (P. 152 of the Debates.) Mr. Bland informed the committee that there were mines opened in Virginia capable of supplying the whole United States; and, if some restraint was laid on the importation of foreign coal, these mines might be worked to advantage. He thought it needless to insist upon the advantages resulting from a colliery as a supply for culinary and mechanical purposes and as a nursery to train up seamen for the Navy. (P. 177 of the Debates.)

Coming back again to Mr. Madison, I quote further (p. 156 of the Debates):

I very much doubted the propriety of laying a duty on such article (cordage) as enters into shipbuilding; but if it is necessary to lay a duty on cordage for the purpose of encouraging the manufacture and making us independent of the world as to that article, it is also politic to endeavor to make us alike independent of the raw material; a great proportion of the land in the western country is peculiarly adapted to the growth of hemp, and it might be there cultivated to advantage if the labors of the husbandmen were protected by the Government.

Had my friend, the gentleman from Texas [Mr. HUDSPETH], been present on this interesting occasion, loyal as he always is to his section, he would surely have suggested that a great portion of west Texas—if there had been such a place on the map at that time—was "peculiarly adapted" to the growth of sheep, goats, and cattle, and he would no doubt have succeeded in impressing his views upon that Congress, as he generally does upon this.

During the consideration of the bill for placing a duty on foreign shipping, which was a companion bill to the tariff resolution of Madison, and which was considered during the first session of the American Congress, Mr. Madison, on page 285 of the Debates, said:

Gentlemen who are opposed to giving sufficient encouragement to shipbuilding ought to recollect an argument that is considered of weight in the case of encouraging manufactures. It is certain that manufactures have been reared up by the fostering care of State legislatures, displayed in the shape of protecting duties; but the people, by the adoption of this Constitution, have put it out of *their* power to continue them. Those States, not being able to continue their encouragement, expect that *we* will attend to their policy and protect their citizens in the property they were led to acquire under the State regulations.

And yet, in the face of this clear, unequivocal statement of Madison that it is not only within the power but that it is the duty of Congress to levy protecting duties, we constantly hear Democrats of to-day declare that protective duties are unconstitutional and even unmoral.

Let us now turn to another great Democrat. President Jefferson in his annual message to Congress, December 15, 1802, uses language which proves him a champion of the protective tariff idea. In stating the policies of his administration in this message he says:

To cultivate peace and maintain commerce and navigation, to foster our fisheries, and *protect manufactures* adapted to our circumstances are the landmarks by which to guide ourselves in all our relations.

In a letter written after his retirement to Monticello, dated March 2, 1815, to Jean Batiste Say, a French economist, who was contemplating settling in America, Jefferson uses the following language:

We are consequently become manufacturers to a degree incredible to those who do not see it and who only consider the short period of time during which we have been driven to them by the suicidal policy of England. The *prohibiting duties* we lay on all articles of foreign manufacture which prudence requires us to establish at home, with the patriotic determination of every good citizen to use no foreign article which can be made within ourselves without regard to difference in price, secures us against a relapse into foreign dependence.

Jefferson and Madison were not Democrats in name but were Democrats in fact. The Democrat that I shall now cite as authority to sustain my position is a Democrat both in name and in fact. He is the Prince of Democrats. I refer, of course, to Andrew Jackson, "Old Hickory," that stalwart son of South Carolina and Tennessee. He was, if that be possible, a stronger protectionist than either Jefferson or Madison. During the spring of 1823 an effort was made to revive congressional caucuses, and on February 14, 1824, 66 Members of Congress met in the Hall of the House of Representatives to propose a candidate for the Presidency. At this caucus the Members, acting, however, in their individual capacities, adopted a resolution indorsing William H. Crawford, of Georgia, for President, and Albert Gallatin, of Pennsylvania, for Vice President. The caucus proved to be a failure. There were no recognized political parties at this time, and the presidential election became a personal contest in which the leading candidates were Andrew Jackson, John Quincy Adams, Henry Clay, and William H. Crawford. Although Jackson had a plurality, both of the popular as well as the electoral votes, the election was thrown into the House of Representatives, where Adams was elected.

During this heated campaign the question of Jackson's views on the tariff was brought to the fore, and in the vigorous language, so typical of the man, he left no doubt as to how he stood on that issue. As evidence of this, permit me to submit the correspondence between Andrew Jackson and L. H. Colman, of Virginia, copied from Barton's Life of Andrew Jackson, volume 3, page 34. This correspondence is rather lengthy, but the reply of Jackson is so full of sound protective tariff argument that I can not resist giving it in full. It is worth reading:

WARRENTON, VA., *April 21, 1824.*

DEAR SIR: Being one of the six members of the Virginia assembly in the caucus last winter who voted for you as a fit and proper person to be supported by the people of the States for the Presidency of the United States, and having since heard that you are in favor of the protective duty policy, I take the liberty of desiring you to inform me whether you intend voting for the tariff bill now before Congress. I wish to have information on the subject as soon as your convenience will permit, that I may answer the Fredericksburg committee who invite my cooperation in getting up a ticket for the hero of New Orleans. In this country you have many friends, and some think your support will be better in Petersburg than in any of the contiguous counties. We are antitariff here; and candor requires me to say that should you be the advocate of a measure to which our interest is evidently opposed—the zeal with which you have been hitherto supported will be relaxed.

I am, etc.,

L. H. COLMAN.

And Jackson's reply:

WASHINGTON CITY, *April 26, 1824.*

SIR: I have had the honor this day to receive your letter of the 21st instant, and with candor shall reply to it. My name has been brought before the Nation by the people themselves without any agency of mine; for I wish it not to be forgotten that I have never solicited office, nor when called upon by the constituted authorities have ever declined where I conceived my services would be beneficial to my country. But as my name has been brought before the Nation for the first office in the gift of the people, it is incumbent on me, when asked, frankly to declare my opinion upon any political or national question pending before and about which the country feels an interest.

You ask me my opinion on the tariff. I answer that I am in favor of a judicious examination and *revision* of it; and so far as the tariff before us embraces the design of *fostering, protecting,* and *preserving* within ourselves the means of national defense and independence, particularly in a state of war, I would advocate and support it. The experience of the late war ought to teach us a lesson, and one never to be forgotten. If our liberty and republican form of government, procured for us by our Revolutionary fathers, are worth the blood and treasure at which they were obtained, it surely is our duty to protect and defend them. Can there be an American patriot who saw the privations, dangers, and difficulties experienced for the want of a proper means of defense during the last war who would be willing again to hazard the safety of our country, if embroiled, or rest it for defense on the precarious means of national resources to be derived from commerce in a state of war with a maritime power which might destroy that commerce to prevent our obtaining the means of defense, and thereby subdue us? I hope there is not; and if there is, I am sure he does not deserve to enjoy the blessings of freedom.

Heaven smiled upon us and gave us liberty and independence. That same providence has blessed us with the means of national independence and national defense. If we omit or refuse to use the gifts which He has extended to us, we deserve not the continuation of His blessings. He has filled our mountains and our plains with minerals—with lead, iron, and copper—and has given us a climate and soil for the growing of hemp and wool. These being the grand materials of our national defense, they ought to have extended to them *adequate* and *fair protection*, that our *manufacturers* and *laborers* may be placed on a *fair competition with those of Europe*, and that we may have within our own country a supply of those leading and important articles so essential to war. Beyond this I look at the tariff with an eye to the proper distribution of labor and revenue and with a view to discharge our national debt. I am one of those who do not believe that a national debt is a national blessing but rather a curse to a republic, inasmuch as it is calculated to raise around the administration a moneyed aristocracy dangerous to the liberties of the country.

This tariff—I mean a judicious one—possesses more fanciful than real dangers. I will ask what is the real situation of the agriculturist? Where has the American farmer a market for his surplus products? Except for cotton he has neither a foreign nor a home market. Does not this clearly prove, when there is no market either at home or abroad, that there is too much labor employed in agriculture? And that the channels of labor should be multiplied? Common sense points out at once the remedy. Draw from agriculture the superabundant labor, employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs and distributing labor to a most profitable account, and benefits to the country will result. Take from agriculture in the United States 600,000 men, women, and children and you at once give a home market for more breadstuffs than all Europe now furnishes us. *In short, sir, we have been too long subject to the policy of the British merchants. It is time we would become a little more Americanized, and instead of feeding the paupers and laborers of Europe feed our own, or else in a short time, by continuing our present policy, we shall be paupers ourselves.*

It is therefore my opinion that a careful tariff is much wanted to pay our national debt and afford us the means of that defense within ourselves on which the safety and liberty of our country depend, and last, though not least, give a proper distribution to our labor, which must prove beneficial to the happiness, independence, and wealth of the community.

This is a short outline of my opinions generally on the subject of your inquiry; and believing them correct and calculated to further the prosperity and happiness of my country, I declare to you I would not barter them for any office or situation of a temporal character that could be given me.

I have presented you my opinions freely because I am without concealment and should, indeed, despise myself if I could believe myself capable of acquiring the confidence of any by means so ignoble.

I am, sir, very respectfully,

Your obedient servant, ANDREW JACKSON.

It should be noted that when Jackson in his reply states that he is "in favor of a judicious examination and revision of it" he has reference to the tariff act of 1816. The proposed legislation he refers to in the above letter, and which he favored and said he would "advocate and support it," was for a revision upward of the rates provided for in the then existing law, which was the act of 1816, itself a protective tariff law. The tariff act of 1816 had been enacted to ward off and stem the flood of cheap English goods which immediately after the close of the War of 1812 were pouring into the country and underselling American manufactures. After the close of the War of 1812, just as later happened in our day and time after the close of the World War, a flood of foreign-made goods barred American products from the enjoyment of the American market. Then times became hard, prices went down, and finally ended in the crisis of 1818. Many business failures followed, and the country was in a desperate condition. In 1820 an attempt had been made by Henry Clay for a revision of the tariff with a view to higher rates than those provided in the tariff act of 1816. The bill passed in the House, but failed in the Senate. In January, 1824, the Committee on Manufactures reported to the House a bill which, in the way of protecting the manufacturing industries, was to accomplish what the tariff act of 1816 had so signally failed to do.

The duties proposed by the Committee on Manufactures were very high protective duties, higher than those contained in the act of 1816 and higher than any duties theretofore proposed. The quoted letter of Jackson therefore was written with reference to the proposed high rates of the tariff act of 1824, and I am justified in saying that when Jackson wrote to Mr. Colman that he was for a revision of tariff duties he was for an *upward* revision. I challenge the most ardent protective-tariff Republican of to-day to advance stronger or more convincing arguments in favor of the protective-tariff policy than were advanced by Jackson in the Colman letter, and I also challenge any Democrat to refute those virile Jacksonian declarations.

Jackson was elected to the Presidency in 1828, and in his first annual message to Congress, December 8, 1829, he again confirms the views just expressed. He says:

> The general rule to be applied in graduating the duties upon articles of foreign growth or manufacturers is that which *place our own in fair competition with those of other countries;* and the inducement to advance even a step beyond that point—

He here advocates not only a protective tariff but a prohibitive tariff—

> are controlling in regard to those articles which are of prime necessity in time of war. * * * In deliberating, therefore, on these interesting subjects local feelings and prejudices should be merged in the patriotic determination to promote the great interests of the whole.

It would be well for Democratic antiprotectionists, and I might include a small number of Republican protectionists also, to take to heart the last sentence of the above quotation and be less influenced by "local feelings and prejudices" and pay more heed to the general welfare of the whole Nation. It is safe to assume that this closing sentence was aimed at John C. Calhoun, who had for many years been a strong protectionist in the interests of the country generally, but who shortly before the date of Jackson's message changed his position on the tariff question. He probably felt that he owed a first duty to the local interests of the section he represented in Congress. This is said without criticism. It is true, though this may be merely a coincidence, that the invention of the cotton gin and its improvement occurred about this time, and the production of cotton thereby received a greater encouragement in the South than had ever been thought of before.

Cotton was a product of cheap slave labor and it became the most profitable agricultural product of the Nation. Because it was primarily a slave-labor product, it was affected in a competitive way little, if at all, by labor conditions in foreign countries, and certainly less affected in that manner than any other American product, either agricultural or manufactured. In his second annual message, December 6, 1830, President Jackson completely refutes the oft-repeated Democratic charge of the unconstitutionality of protective tariff laws. Democrats are not justified in quoting this great Democratic authority to sustain that charge. Before I insert Jackson's second annual message permit me to quote from the Democratic platform of 1892. Section 1 of that platform declares:

> The representatives of the Democratic Party of the Nation in convention assembled do reaffirm their allegiance to the principles of the party as formulated by Jefferson and exemplified by the long and illustrious line of his successors in Democratic leadership from Madison to Cleveland.

Again, in the same platform:

> We declare it to be a fundamental principle of the Democratic Party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purposes of *revenue only*

Jackson was certainly included in the list of "long and illustrious leaders from Madison to Cleveland." But hear what Jackson himself said on this very question of the constitutionality of protective tariff duties in his second annual message:

> The object of the tariff is objected to by some as unconstitutional * * *. The power to impose duties on imports originally belonged to the several States. The right to adjust these duties with the view of the encouragement of domestic branches of industry is so completely incidental to that power that it is difficult to believe the existence of the one without the other. The States have delegated their whole authority over imports to the General Government without limitation or restriction, saving the very inconsiderable reservations relating to their inspection laws. This authority having thus entirely passed from the States, the right to exercise it for the purpose of protection does not exist in them, and consequently, if it be not possessed by the General Government, it must be extinct. Our political system would thus present the anomaly of a people stripped of the right to foster their own industries and to counteract the most selfish and destructive policy which might be adopted by foreign nations. This surely can not be the case. This indispensable power thus surrendered by the States must be within the scope of the authority on the subject expressly delegated to Congress.

The two quoted paragraphs of the Democratic platform of 1892 display a beautiful and marvelous inconsistency. One paragraph reaffirms allegiance to the principles of Jefferson, Madison, and Jackson and the other denounces the very principles advocated by Jefferson, Madison, and Jackson as violating the Constitution. Madison, the introducer and sponsor of the first protective-tariff resolution ever introduced in the American Congress, the foremost participant in the Constitutional Convention and in the debates leading to its adoption by the several States, is charged by Democrats assembled in a Democratic national convention with having deliberately violated that sacred compact. I have more respect for the ability and integrity of Madison, Jefferson, and Jackson than some of their modern Democratic descendants appear to have. As an American and as a southerner I would not be guilty of such political sacrilege. I have attempted to establish, and believe that I have established, that Democratic leaders in the early period of our history did favor and support a protective-tariff policy.

Let us determine whether or not their views were reflected in the popular votes of Southern States, and let us take the period from 1836 to 1848, both inclusive, and the presidential election returns for those years. I do not take this period arbitrarily, but because the period begins with the first election after the organization of parties along party lines and with platform issues and because the period ends with the last election prior to the time when all other issues, including the tariff, were subordinated to the overshadowing slavery question. If I shall fail to establish that the votes of Southern States when the tariff was the issue corresponded with what I claim to have been the views of southern Democratic leaders, it might well be doubted that I had established my first and chief proposition, namely, that the protective-tariff policy was the traditional policy of the Democratic Party. But let us examine the facts.

The Whig Party and the Democratic Party were the two great contending political parties at that time. In 1832 for the first time all presidential candidates were nominated by national conventions. The Democratic convention that year on May 21 nominated Andrew Jackson at Baltimore, but no platform was adopted. The National Republican or Whig convention had also met at Baltimore about six months prior to that date and nominated Henry Clay for the same office, and adopted the first platform ever adopted by a national convention. The second plank is a protective-tariff plank, and reads as follows:

> 2. *Resolved,* That an adequate protection to American industries is indispensable to the prosperity of the country, and that an abandonment of the policy at this period would be attended with consequences ruinous to the best interests of the Nation.

The Democrats held their next convention May 20, 1835, again at Baltimore, and nominated Martin Van Buren, of New York, for President. No platform was adopted by this convention, but the Democrats of New York in 1836 adopted and published certain resolutions which were regarded as the party's declaration. In 1840, the Democratic Party in defining its position on the tariff makes use of the following language:

> *Resolved,* That justice and sound policy forbid the Federal Government to foster one branch of industry to the detriment of another, or to cherish the interests of one portion to the injury of another portion of our common country; that every citizen and every section of the country has a right to demand and insist upon an equality of rights and privileges, and to complete and ample protection of person and property from domestic violence or foreign aggression.

This platform was readopted in identical language by the Democratic National Conventions of 1844, 1848, 1852, 1856, and 1860; and in 1864, during the war period, the tariff was not mentioned at all. The language of the above declaration is vague and indefinite, and I shall not undertake the responsibility of stating whether it was or was not an antiprotective tariff declaration. If it was not an antiprotective tariff declaration, then the Democratic Party did not during the whole pre-Civil War period declare against protection. But if we assume that it was antiprotective, and it is agreed, as it must be, that the Whig Party during the period from 1836 to 1848 was a protective-tariff party, then it follows that the issue on the tariff question was clearly made between these two great parties in the campaigns above mentioned, and the votes of Southern States, which I am about to give, are very significant, yea, conclusive of the sentiments of those States on the tariff issue. Let me add that in the 1840 campaign, the Whigs again declared unequivocally in favor of the protective-tariff policy in the following language:

We favor a tariff for revenue to defray the necessary expenses of the Government, and discriminating with special reference to the protection of the domestic labor of the country.

Now, let me give the presidential election returns in Southern States for those years. In the campaign of 1836, only two years after the birth of the Whig Party, Van Buren, Democrat, received in the Southern States of Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Tennessee, and Virginia, 184,974 votes, and Harrison, National Republican or Whig candidate, received 183,124 votes, a difference of less than 2,000 votes, or on a percentage basis, 50.3 per cent for Van Buren and 49.7 per cent for Harrison. The vote of South Carolina is not given in this or subsequent returns because that State elected its electors by the State legislature.

In the presidential campaign of 1840, Harrison, Whig candidate on a protectionist platform, in the same Southern States, polled 335,436 votes, and Van Buren, Democrat, received only 285,361 votes, or a majority for the Whig candidate of 50,075 votes; or in terms of percentage, 54 per cent for Harrison and 46 per cent for Van Buren. In this election the following Southern States gave substantial majorities to Harrison: Georgia, Kentucky, Louisiana, Mississippi (the State of the gentleman from Mississippi, Mr. COLLIER), North Carolina, and Tennessee (the State of the distinguished Democratic floor leader, Mr. GARRETT, and of Mr. HULL, recent chairman of the Democratic National Committee). Even Arkansas, the State of the distinguished chairman of the Democratic congressional committee [Mr. OLDFIELD], gave a majority of less than 1,000 votes for the Democratic nominee.

In the 1844 campaign the admission of Texas as a State was also an issue, and involving as it did the question of the extension of slavery, and Polk, the Democratic nominee, favorable to the admission of Texas, thereby had a decided advantage in all the Southern States over his Whig opponent. Notwithstanding this advantage, Clay, Whig candidate, received 48 per cent and Polk 52 per cent of the popular vote of these same Southern States.

In the campaign of 1848 Taylor, Whig candidate, received 390,569 votes, and Cass, Democrat, 369,558 votes in the above Southern States, with the addition of Florida and Texas, which had in the meantime joined the sisterhood of States. In terms of per cent, Taylor received 51.3 per cent and Cass 48.7 per cent. In the total of Democratic and Whig votes in the four presidential campaigns, the Whig candidates had a combined majority over the Democratic candidates of over 44,000 votes. I will now insert in tabulated form the votes by States in the elections from 1836 to 1848, both inclusive:

Votes by States in the elections from 1836 to 1848

	1836	
	Van Buren (Democrat)	Harrison (Whig)
Alabama	19,068	15,637
Arkansas	2,400	1,238
Georgia	22,126	24,930
Kentucky	33,435	36,955
Louisiana	3,653	3,383
Mississippi	9,979	9,688
Missouri	10,995	8,337
North Carolina	26,910	23,636
Tennessee	26,120	35,962
Virginia	30,261	23,368
Total	184,947	183,124
Per cent	50.3	49.7

	1840	
	Van Buren (Democrat)	Harrison (Whig)
Alabama	33,991	28,471
Arkansas	6,049	5,160
Georgia	31,933	40,261
Kentucky	32,616	58,489
Louisiana	7,617	11,297
Mississippi	16,995	19,518
Missouri	29,760	22,972
North Carolina	34,218	46,376
Tennessee	48,289	60,391
Virginia	43,893	42,501
Total	285,361	335,436
Per cent	46	54

Votes by States in the elections, etc.—Continued

	1844	
	Polk (Democrat)	Clay (Whig)
Alabama	37,740	26,084
Arkansas	9,546	5,504
Georgia	44,177	42,106
Kentucky	51,988	61,255
Louisiana	13,782	13,083
Mississippi	25,126	19,208
Missouri	41,369	31,251
North Carolina	39,287	43,232
Tennessee	59,917	60,030
Virginia	49,570	43,677
Total	370,522	345,428
Per cent	52	48

	1848	
	Cass (Democrat)	Taylor (Whig)
Alabama	31,363	30,482
Arkansas	9,300	7,588
Florida	1,847	3,116
Georgia	44,802	47,544
Kentucky	49,720	67,141
Louisiana	15,370	18,217
Mississippi	26,537	25,922
Missouri	40,077	32,671
North Carolina	34,869	43,550
Tennessee	58,419	64,705
Texas	10,668	4,509
Virginia	46,586	45,124
Total	369,558	390,569
Per cent	48.7	51.3

Having shown the strong protective tariff sentiment prevailing in the South in the past, as reflected by formal and informal expressions of early Democratic leaders, and also by the votes of Southern States, inquisitive minds will ask, "What was the attitude of southern newspapers of the same period on the tariff question?" I shall attempt to satisfy that curiosity and will here insert a few excerpts from southern newspapers:

We used to be a tolerably hot-headed nullifier in our boyhood days, when our heads were turned inside out by the glittering bauble of an impracticable free-trade system, which we were fool enough to think within the range of possibility. * * * But we may as well confess that our free-trade notions are looked upon at this time as the vagaries of an unduly excited imagination. (From an editorial of the Columbus Enquirer, May 26, 1842.)

The people of the South and West, who until recently were opposed to protection, are retracing their steps almost unanimously. In two years' time there will hardly be a southern man of intelligence opposed to the tariff principles. (Jackson Southron, April 6, 1842.)

Free trade with all its beauties has brought with it few or no benefits but rather a train of calamities, and we find the whole South laboring under a complete prostration of prosperity. (Savannah Georgian, August 10, 1841.)

The views of southern people have been much changed of late years, and they do not view protective duties with quite so distempered an eye, for their own factories are already growing up. (Savannah Republican, August, 1841.)

Though long and deeply steeped ourselves in the popular prejudice against the tariff, our minds have not been entirely sealed to the revelations of experience. * * * We would not now, as we have done before, assert without qualification, that under the existing commercial regulations of the world, a high tariff would not be beneficial to the country. (Richmond Whig, July 12, 1841.)

To the same effect are the Raleigh Register, Raleigh Star, Charleston Courier, and many other newspapers of that period, all of the South. It is interesting to note also, that during this same period, Southern newspapers were calling attention to a meeting of cotton planters held at Mobile, Ala., in the spring of 1842, at which convention it was agreed and resolved to recommend a protective duty upon all imported manufactured articles as a means of profiting themselves—the planters—

and their interests. It should be noted that these southern planters were not recommending protective duties upon their own products but upon manufactures of the North and East.

Running the risk of becoming tiresome, I shall submit just one more kind of testimony to substantiate my proposition that neither the South as a section nor the Democratic Party, as a party, is traditionally antiprotective tariff. I am furnished this additional proof by my Democratic colleagues of Texas and other Southern States. Their votes and their speeches are the irrepressible and spontaneous expressions and manifestations of the rebelling spirit of their old Southern Whig grandfathers and Democratic great grandfathers! Sometimes they unconsciously speak the language of their political ancestors. All the gentlemen from Louisiana, save one; a few from Florida, some scattering ones from other Southern States, hear the spirit voices and heed them. My good friend from Texas, able legislator that he is [Mr. HUDSPETH], is conspicuous among the number. To him the voices are clear and compelling. The ears of the gentlemen from Texas, Mr. GARNER, Mr. JONES, Mr. MANSFIELD, Mr. BLANTON, and Mr. BUCHANAN are only occasionally atuned aright to catch the mystic messages, as happened on July 21, 1921, when the vote was taken on a protective tariff on Texas hides. It is well that in this sordid world of partisan politics, we have occasional evidences of a proper ancestral reverence.

But listen now to these words of wisdom and sound American patriotism:

> The time has come when we must take products of the American farms and ranches, and all competitive substitutes, off of the free list, and let our American market afford a living wage and return to our producers, and when we must so arrange our tariff schedules on such products and substitutes as *will equalize our cost of production with that of foreign commerce.*

A voice from the dim and distant past, you ask? Are these the words of Clay or William McKinley, of Dingley or Aldrich? Nay! Nay, not so. The words I have just quoted fell from the lips of the Hon. THOMAS LINDSAY BLANTON, of the great State of Texas. I like "TOM" BLANTON'S vigorous way of saying things. Hear him again in the same speech, and which he delivered on the floor of this House on July 21, 1921, as appears on pages 4182 and 4183 of the CONGRESSIONAL RECORD:

> Must our intelligent, ambitious, deserving men and women on the farms and ranches of the Nation be longer placed on the same level by being forced to compete directly with the peons and slaves of the universe? I am one loyal Democrat who is not in favor of it.

"I thank you, Shylock, for those words." [Laughter.] They prove my whole case. When he says that he is a loyal Democrat he means, of course, that he is loyal to the traditions of the old-time Democracy and to the old-time Democrat, from whom he inherited his present views on the tariff. That is true, is it not?

Mr. BLANTON. And we will get back to that some time.

Mr. WURZBACH. He is not only supported by Democratic tradition when he takes that stand, but he is supported by the Democratic Party in its platform of 1884 and 1888. Let me read you the Democratic platform of 1884:

> The necessary reduction and taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which exists in consequence of the higher rates of wages prevailing in this country.

And again in 1888, the Democratic Convention—

> reaffirms the platform adopted by its representatives at the convention of 1884, and indorses the views expressed by President Cleveland in his last earnest message to Congress as the correct interpretation of that platform upon the question of tariff reduction.

I was curious to know what that "last earnest message" of Cleveland was. Here it is as delivered on December 6, 1887:

> In a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of our manufacturers. It may be called protection or by any other name, but relief from the hardships and dangers of our present tariff laws should be devised with an especial precaution against imperiling the existence of our manufacturing interests.

It was on the protective tariff platform of 1884 that the Democrats won their first Presidential election since the Civil War. But enough of this. I could go on indefinitely and point out the inconsistencies of the Democratic Party on the tariff issue, but what is the use? The Democrats have no national policy and they propose, so it is said, to go before the country on that issue. How futile! How far do they think they can stretch the credulity of the American electorate?

Now, finally summing up, I think it may be asserted that I have established—

First. That the great leaders of the Democratic Party, Madison, Jefferson, and Jackson, were protectionists. Second, that before the Civil War, and before the slavery question had absorbed all other issues, the South was at least equally divided in sentiment on the tariff, and that, too, in the face of the fact that the protectionists were at a disadvantage upon that issue, the Democratic Party having espoused the popular and growing proslavery cause of the South.

It is also a matter of common knowledge and needs no proof, that during that period, say from 1836 to 1848, the South had little, if any, foreign competition in the American market so far as its slave-labor-produced farm and ranch products are concerned. To-day the South depends upon free labor for its production with high labor cost, and it is forced to meet in the home market the competition of the world. Then it had no manufacturers worth mentioning; to-day it is in about the same "infant-industry" position that the New England States occupied one hundred years ago, and the South is just in as great need of its manufacturing interests being protected now as was New England's then.

My conclusion is that if the South had any reason at all to favor the protective-tariff policy in the past it has all of those reasons and many more reasons to favor it now. Sectionalism is dead in the South to-day, thank God. It did not require the last Great World War to bring about that happy condition. The last dying embers of sectional hate were quenched in the glorious days of 1898 when the sons of the men who wore the gray fought side by side with the sons of those who wore the blue.

Finally, it is my firm conviction that, with all sectional prejudice and sectional misunderstanding removed, as it is removed; with a fair, impartial, and patriotic consideration given to the great economic questions that concern us all alike whether we come from the North or come from the South; and with the removal of the unfounded impression that the protective-tariff principle is an un-American principle, or that it violates a single tradition of the South, or even the traditions of the ancient Democratic faith—I repeat, it is my firm conviction that the great home-owning, the great home-loving people of the South should, and indeed would, identify themselves with the political party that stands for and defends that great American principle. It is not necessary for me to say that that party is the Republican Party. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BUCHANAN. Mr. Chairman, I yield 35 minutes to the gentleman from Kansas [Mr. LITTLE]. [Applause.]

AGRICULTURE

Mr. LITTLE. Mr. Chairman, at the regular session of the Kansas Legislature in 1925 it was resolved by the house of representatives, the senate concurring—

> That the United States has established by law a system of protection which industry makes effective through controlled production and supply, and that it is physically impossible for American agriculture to secure the same relative advantage under existing conditions and laws, and must accept a world's price for most of its products, and the disposal of surplus products is absolutely necessary to enable cooperation in the home market by producers to become effective.

In said resolution the house and senate have further resolved—

> that Congress of the United States at its present sitting be, and the same is, urgently petitioned and requested to enact such legislation to meet this unequal condition that will extend the protective system and the benefits thereunder to the farmer whereby he will receive an American price for what is consumed domestically independent of the world price for the surplus, thereby restoring equality to agriculture.

Recently there have been meetings of the farmers of the great States of Iowa and Nebraska calling upon this Congress to pass legislation that will bring relief to agriculture. Despite a lot of talk about farm aid the Government really is paying little attention to agriculture and doing less for it in the way of stabilizing prices. What the farmers need to-day is a Government fixed price on their products that will enable them to compete with other industries. The Dickinson bill and the one I have introduced will do this.

There is something radically wrong when it is shown by Government reports that last year's corn crop was 2,900,581,000 bushels, and at present prices is worth $1,956,326,000, while the 1924 crop was only 2,312,745,000 bushels and brought $2,270,564,000. The United States corn crop of 1924, which was 588,000,000 bushels short, brought $314,000,000 more money

than the larger crop of 1925 is worth. No wonder the Iowa farmers called the Members of Congress home and told them to go back to Washington and do something.

The cooperative plan may be helpful to the farmer, but he can not wait forever for results. The plan is all right for any crop of small production, but the cooperative plan for 10,000,000 farmers is impossible. The farmer needs something right now. He has been waiting long enough. The so-called newspaper prosperity is upon us, but it is difficult to make a hard-up farmer see it. We do not have prosperity banquets any more. The farmers are paying about 100 per cent more for farm machinery; the cost of living has been greatly increased; taxes are from 100 to 200 per cent higher now than in 1914; they are paying the same freight rates as during the war, but how about the farmer? Everything he sells is from 50 to 100 per cent less than in 1917, and everything that he buys has remained about the same as eight years ago. He is selling his products on a pre-war market and paying war prices for the things he buys. Recent investigation by Department of Agriculture experts, which were made public a short time ago, indicate the farmer should receive $1.05 a bushel on the farm for his corn if the price is to be on a parity with the costs of products he must purchase. With corn fixed at $1.05, wheat should be $2, and oats 75 cents, for a bushel of wheat is worth 2 bushels of corn and 3 bushels of oats.

In the month of August, 1924, the Kansas farmer sold his wheat for $1 a bushel, but 120 days later, after it had been bought up by speculators, the price went to $2. The speculators made $70,000,000 profit on Kansas wheat and more than $400,000,000 on the entire crop raised in the United States. When flour and bread were sold back to the consumers it was on the basis of $2 wheat, but the farmer only received $1 a bushel when he hauled it to the elevator. The speculator made at least 70 cents a bushel on the wheat crop of that year. It is time that Congress should do something for the farmer. I am in favor of a law that will insure the farmer an American price for that part of his crop that is consumed domestically. A world price is all right for the surplus. To-day the Government, through the Interstate Commerce Commission, insures the railroads a profit, so why not the farmer, who is the founder of all wealth? The railroads and other public-service corporations are being looked after by the Government, and the holders of stock sit back and are insured a profit while the majority of the farmers are losing out every year.

Investigation of the records disclose that almost one-half of the farms in Kansas are mortgaged for all they will carry. This Nation should be as fair to agriculture as it has been to the railroads, who are now clamoring for higher freight rates. The railroads are making money and the farmers are losing. Along with this legislation we need a law that will prohibit gambling in the necessities of life. I have introduced two bills in this Congress along the lines herein designated.

A few days ago in Lincoln, Nebr., ex-Gov. Frank O. Lowden, of Illinois, said:

> Agriculture is in a serious plight because of the disparity between price of commodities the farmer sells and those he buys. Because the farmer must sell in an unorganized manner on an organized market this disparity exists. The Government must step in for a few years with direct assistance in dealing with the surpluses until all the farmers are organized to handle the situation for themselves.

In the great Mississippi Valley we find that the western farmer is depressed by the low purchasing power of his dollar, and he will not recover a pre-war price for many years to come. There has been a large decrease in the number of landowners and an increase in the number of tenants, and in the great State of Kansas there has been more farm foreclosures in the past 5 years than in 25 years before.

The dollar of the farmer to-day will not buy more than one-half the articles on the public market that it would 10 years ago, yet the farmer is only receiving one-half as much for his products as he did during the war. We find throughout the entire West that many farmers are moving away from their land and selling it for any price it will bring. Government statistics show that there has been a 10 per cent decrease in the number of farm owners from the Mississippi River to the Pacific coast during the past five years. Statistics also show that the real estate of the United States is mortgaged for more than one-third of its value, and the time is not far distant when the great insurance companies and other moneyed interests will own a large portion of the land of America. Statistics further show that 2 per cent of the people of America own 50 per cent of the wealth of this Nation.

The insurance companies of America have millions of dollars invested in farm mortgages. A western farm worth $16,000 carrying a mortgage of $6,000 will require the owner to pay $300 in interest every year and then add $150 for taxes and upkeep, and it is impossible for him to succeed on 55-cent corn and $1.10 wheat.

A year ago this month a man in Chicago said to me:

> I don't see why the Kansas farmer should complain about the price of wheat when it is selling for $2 a bushel.

This man did not realize that 90 per cent of the Kansas wheat crop had been sold in the months of July and August for $1 a bushel and that he had no wheat left to sell. It would have made no difference to the farmer with an empty bin had wheat been $10 a bushel.

When a farmer pays his bills on the first of the month he finds that the gas, electric light, and telephone companies have made no reduction in their rates charged during the war, and the railroads are charging him the same price for a ticket and freight rates, and if the farmer is fortunate enough to have a cowhide and 40 cents he may be able to get it shipped from some point in Kansas to the East and he will be out both his hide and money. When a small portion is tanned and made into shoes he can get a pair for $10 or trade in 10 bushels of his wheat. If he wants a Stetson hat, he can haul in 8 bushels of wheat, 20 bushels of corn, or 32 bushels of oats, and the hatter will furnish him with a head covering, and he can get a suit of clothes for 90 bushels of corn.

If the Government can fix the price of rates so as to insure the railroad stockholders a dividend, it can also insure the farmer, the producer of all wealth, a profit. Take, for instance, wheat. We raise 600,000,000 bushels every year. We consume domestically 500,000,000 bushels. The price of the farmers' wheat is fixed at Liverpool, and the amount he receives is that price less the cost of transportation. The United States exports one-sixth of the entire crop, or 100,000,000 bushels, to Liverpool, which fixes the American price. This comes in competition with wheat from Canada, Australia, Europe, and South America, and it is impossible for the American farmer to compete with these nations that have cheap land and cheap transportation. It is, therefore, the duty of this Congress to fix an American price for that portion of the crop consumed domestically independent of the world price. This will extend the protective system and the benefits thereunder to the farmer, thereby restoring equality to agriculture, and such policy will make more effective the operation of the tariff upon agriculture commodities so that the farm products will be placed upon an equality under the tariff laws with the commodities of the other great industries of this Nation.

I am in favor of a law whereby the Secretary of Agriculture may be directed to buy wheat of such grades and quality as he designates at a price, during the year 1926, of not less than $1.50 per bushel nor more than $2, which can be stored in bonded elevators and Treasury certificates issued to the Secretary of Agriculture with such interest and for such time as the Secretary of the Treasury shall name, giving authority to the Secretary of Agriculture to pay them prior to their expiration if he shall see fit. These certificates can be issued by the Secretary of the Treasury as he shall hold to be properly secured by the wheat then in storage and when the wheat on which these certificates are issued is sold that money shall be applied to the discharge of that particular indebtedness and to pay off those certificates.

The wheat that is purchased by the Secretary of Agriculture can be stored in elevators under warehouse receipts, and the Secretary may from time to time sell wheat in Minneapolis, Buffalo, Kansas City, Mo., Kansas City, Kans., Chicago, New York City, or other places selected by him as he shall deem to the best interests of the Nation, but to sell no wheat in this country for less than its cost to him, including the purchase price, transportation, storage, insurance, handling, and all costs and 10 cents a bushel. It should further be provided that whenever wheat of the aforesaid grades and quality can not be bought in Chicago and New York City for less than $2 a bushel, the Secretary of Agriculture shall proceed to sell as much of the wheat he holds in storage as he deems wise at such prices as shall be considered proper by him, and to continue such sales so long as he believes they are for the best interests of the Nation.

For $100,000,000 the Secretary of Agriculture can control the surplus wheat of the United States, and the Government will get every dollar of it back which would insure the farmer at least 50 cents a bushel more for his grain in the months of July and August than he is now receiving. This is not a drop in the bucket to compare with what the Government has done for the railroads of this country. This Government and the various States have given the railroads $19,000,000,000

in the past 65 years. If the law was passed the Government would hold the so-called surplus wheat and by May 1 of every year the world would be clamoring for our grain and it could then be sold. The fact is there is no such thing as surplus wheat in the world. All wheat is consumed within 12 months after it is harvested. By the above plan we would take the profit of from 50 to 70 cents a bushel away from the speculator in the month of December and give it to the farmer in the months of July and August when he markets his grain. Another plan that would help the farmer will be the appointment of a national farm commission to be empowered to set prices upon farm and livestock products, which will be fair to both producer and consumer, so that the grain farmer and stock raiser will be insured a profit of 5¾ per cent over the cost of production. This commission will take into consideration the average cost of production in the United States from data furnished by the Department of Agriculture. This commission will set prices so that farming will not be a losing business. Farming can be made to pay if the speculators do not have the power to control the prices. This should be left to a national farm commission which will so fix them to be fair both to the producer and consumer.

Mr. ALLGOOD. Will the gentleman yield?

Mr. LITTLE. Yes, sir.

Mr. ALLGOOD. Would taking the product away from the speculator make the consumer pay any more?

Mr. LITTLE. No, sir. In the month of August, 1924, in the State of Kansas, the Kansas farmer sold his wheat for $1 a bushel. The speculators bought this wheat. They put it in the elevators and in the month of December, 1924, just four months later, after the speculators had bought up the 600,000,000 bushels of wheat in the United States, they raised the price to $2 a bushel. Then flour and bread were sold back to the consumer, not on the basis of $1-wheat but on the basis of $2-wheat.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. LITTLE. I yield to the gentleman.

Mr. CONNALLY of Texas. I am sorry I have not heard all the gentleman's remarks, but I want to call the attention of the gentleman to the fact with reference to wheat that the tariff does not do any of the farmers any good, because section 313 of the Fordney-McCumber Act provides that when the miller buys Canadian wheat and pays the duty on it, and then exports either the wheat or the flour or a similar amount of American wheat, he draws back 99 cents out of every dollar that he has paid as tariff. So that takes away whatever incidental protection the tariff on wheat gives the farmer.

Mr. LITTLE. That is correct.

Mr. CROWTHER. Will the gentleman yield?

Mr. LITTLE. I yield to the gentleman.

Mr. CROWTHER. Does the gentleman know how much of the flour to which the gentleman from Texas refers is exported?

Mr. LITTLE. I do not.

Mr. CROWTHER. I wish the gentleman would inform himself on that, and also the gentleman from Texas. Is there any great deviation in the price at which wheat is sold in the various parts of Kansas? The gentleman said that wheat was sold for $1 a bushel?

Mr. LITTLE. One dollar a bushel in the month of July, 1924.

Mr. CROWTHER. Oh, 1924. I thought the gentleman said 1925.

Mr. LITTLE. Wheat sold in the month of July, 1925, in Kansas for $1.25.

Mr. CROWTHER. I was just going to say that my brother-in-law at Raymond, Kans., got $1.60 a bushel for his wheat, and therefore I wondered why the difference in price.

Mr. CONNALLY of Texas. May I suggest that probably the gentleman's brother-in-law, like the gentleman from New York himself, is getting something through the tariff he ought not to get.

Mr. CROWTHER. No; not at all. My brother-in-law does belong to a cooperative organization, and they have their own little mill there and their own elevator, and he got $1.60 a bushel and told me that they felt very well satisfied.

Mr. LITTLE. It is utterly impossible for the farmer to hold his wheat, as it is the only money crop we have in the West. He has his taxes, his grocery bill, and other expenses to pay, and he is at the mercy of the wheat speculators and gamblers of this Nation. If the farmer gets a good price for his products, the banker and merchant also prosper.

In connection with this matter a law should be passed by this Congress making it a felony for anyone to gamble in the necessities of life, and that any and all sales or purchases of grain, foodstuffs, or other agricultural products of any kind that are not for prompt delivery or are not intended to be actually delivered by the seller or received by the buyer should be prohibited and made unlawful.

Mr. AYRES. Will the gentleman yield?

Mr. LITTLE. Yes; I yield to my colleague from Kansas.

Mr. AYRES. We are supposed to have a law of that kind, called the Capper-Tincher law in some parts of the State and the Tincher-Capper law in other parts of the State.

Mr. CONNALLY of Texas. The Tincher-Capper law in the district of the gentleman from Kansas [Mr. TINCHER] and the Capper-Tincher law at other places.

Mr. LITTLE. But it does not prohibit.

Mr. AYRES. No.

Mr. LITTLE. It is unfair to the American farmer and consumer that any set of men in this Nation should be permitted to make from 50 to 70 cents on every bushel of wheat raised in the United States.

Supply and demand no longer control the agricultural market. The market is manipulated artifically by speculators who buy from the farmers at low prices, store products until they control the supply, and then advance the prices. Their profit was $70,000,000 on Kansas wheat in 1924. No class of men should be permitted to manipulate wheat so the price is $1 a bushel in August when the farmers must sell and $2 four months later when the supply has passed into the control of the speculators. I have introduced bills of this kind in the House that are now before the Committee on Agriculture. These bills will insure the farmer an American price for what is consumed domestically. At the present time wheat is worth almost $2 a bushel, but how much did the farmer receive for it? Not more than $1.10 in 1924 and $1.30 in 1925. The grain manipulators have the old shell game beat. In July they broadcast the report that there is a tremendous Canadian crop and frighten the farmers into selling; then along in October when they have bought up all the crop, they broadcast the report that there is a wheat shortage in South America and boost the price to $2. Then they sell flour and bread back to the consumer on a basis of $2 wheat. If the farmer should get $2 a bushel for wheat, it would not cost the consumer any more for flour or bread than he pays now, for under the present system the speculator sells flour and bread back to the consumer on a basis of $2 wheat. Then some of the brethren who have caused distress in the West will send a few old clothes to the starving children of Armenia.

Mr. ALLGOOD. Will the gentleman yield again?

Mr. LITTLE. Yes.

Mr. ALLGOOD. In the South, in connection with our cotton crop, we have had quite a deal of dissatisfaction on the Government reports this last year, and I have wondered if the Government reports on your wheat were correct or in any manner correct. Has the gentleman that information?

Mr. LITTLE. I do not have that information.

It is the evident intention of the monopolists to break the heart of agriculture, to make America the greatest industrial Nation in the world, and then the men who have made their millions from the producer will buy up the farm lands for a pittance and this will become a Nation where a few own the land and the great mass will be the industrial slaves of the land monopolists. This system now prevails in many parts of Europe.

In a recent letter received from a Kansas friend, he said:

> Price fixing, especially when it comes to farm products, appears to meet with universal condemnation on the part of those who are profiting by "price fixing" through the protective tariff or through trade regulations in the commercial world. Take, for instance, lumber and building material generally; it is understood and believed that there is no competition in the sale of such material other than what comes as a result of cutting prices between the local dealers, and this only to the extent of cutting into the profits allowed the local dealer by the Lumber Trust.
>
> It is a well-known fact that certain local dealers are allowed exclusive sale in certain trade territory and that one can not infringe on the territory of another. As a result competition in prices is practically eliminated and "price fixing" settles the price the local dealer gets and assures him his profit. A protective tariff does the same thing for the manufacturer, so that in most every line outside of agriculture, the interest of parties are protected by some scheme, either of law or voluntary association and understanding.
>
> The interests of the farmer can not be protected except by legislation along the line of "price fixing" for his production consumed at home, and this plan, which now claims the attention of the people of the West and South, is being advocated generally as the only means in sight for the relief of agriculture, which everyone admits is in a deplorable state of decline and depression.

Let the farmer be assured a living price for all his products consumed at home and there will be a revival in agricultural interests of the West and South; that will not and can not come until the industry promises at least a chance of a fair profit for capital invested and labor expended.

Opposition to this plan comes principally from the beneficiaries of one of the two methods of price fixing above referred to.

I appeal to the western Republicans to lay aside party affiliation. Let us stand together in this most important problem of farm legislation.

To-day potatoes are selling at from four to six dollars per bushel, and this has been brought about because the speculators in this product have purchased the crop and have increased the price from 100 to 200 per cent over the amount that the farmer received when he sold it last summer. In other words, they have cornered the market and the consumers pay the bill.

A few months ago I received a letter from Mr. Woodson McCoy, a well-known farmer in Johnson County, Kans., and I am pleased to quote a part of his letter. Mr. McCoy said:

I have read with much interest an article in the Olathe Register of last week giving your opinions on the matter of price fixing for the farmer's products so as to insure him a just return for his labor and investment, the same as are enjoyed by railroads and other industrial corporations. Permit me to commend and approve of this very just and sound attitude you have taken on this most important matter. As a farmer, living on my farm and depending on it for my living, I am deeply interested in this important matter so vitally affecting the farmers' welfare. I have tried to solve the farmers' knotty problems, being one myself, and I am convinced that the farmers' troubles are all centered and can be condensed into four words, namely, "uncontrolled production, uncontrolled marketing." To my mind the McNary-Haugen bill, which failed to pass in the Congress preceding the last session, was the best measure ever devised for the fair adjustment of the farmer's trouble, and I sincerely hope that the next session of Congress will pass a bill embodying the main features of this wise and just act.

If something is not done to stabilize the prices the farmer receives for the fruits of his labor, we will develop an agricultural peasantry in this country similar to those in European countries. Indeed many of our best thinkers on agricultural topics believe we have already arrived at that point. One thing is certain, the average American farmer must get a larger net income for his investment and labor or he will become bankrupt unless he lowers his standard of living that will deprive him and his family from enjoying the ordinary comforts of life and thereby cause discontent with rural life among the younger generation. This is bound to react upon society in general in the cities as well as in the country. That question is worthy of your best thought, and I sincerely hope that you will continue to think foursquare on this matter. I feel sure that your constituency will support and uphold you while taking this position.

Mr. McCoy is one of the leading farmers in Kansas and a thinker along agricultural lines, and the position he takes is approved by the great farming interests of the West.

Government statistics show that the farm population of this country has decreased 182,000 during the year 1925. This is a net movement of 2.5 per cent of the farming population. In 1922 there was a net loss of 3.6 per cent, and if this keeps up at this ratio for many years there will not be many people left on the farm in 25 years. This has in a measure been caused by the increase of the cost of living caused by the tariff, which industry has made effective through its organization and through controlled production and supply. I am giving a list of the prices paid for farm machinery in 1914 and 1925.

Prices of farm machinery in 1914 and 1925

	1914	1925
Hand corn sheller	$8.00	$17.50
Walking cultivator	18.00	38.00
Riding cultivator	25.00	62.00
1-row lister	36.00	89.60
Sulky plow	40.00	75.00
3-section harrow	18.00	41.00
Corn planter	50.00	83.50
Mowing machine	45.00	95.00
Self-dump hayrake	28.00	55.00
Wagon box	16.00	36.00
Farm wagon	85.00	150.00
Grain drill	85.00	165.00
2-row stalk cutter	45.00	110.00
Grain binder	150.00	225.00
2-row corn disk	88.00	95.00
Walking plow, 14-inch	14.00	28.00
Harness, per set	40.00	75.00

Under the recent tariff law passed by Congress there is a duty on wheat, but it does not help the farmer, as this Nation exports wheat, and after the tariff bill was passed wheat was higher in Canada than it was in the United States.

If the United States consumed domestically all the wheat raised, the tariff might be a benefit to the farmer, but so long as this Nation exports one-sixth of its wheat crop every year the tariff is of no benefit.

The farmer is selling all his grain on a free-trade market and buys goods upon which there is a high protective tariff, which means bankruptcy for the American farmer if this policy continues.

In a recent speech made by Secretary Jardine at Kansas City, Mo., he said, "Let agriculture alone." The Secretary further said:

There are conditions in the States that must be handled carefully, but I contend that if the industry of agriculture, including livestock, just be let alone, I believe that in a short time everything will be worked out to a nicety.

Well, it seems that Congress has let the farmer alone so long that many are now in a state of bankruptcy, and more farmers have failed during the past five years than in 25 years before. During the past few years the press of this Nation have told the farmers how prosperous they are. It is like telling a hungry man that he has just had a square meal, but it is hard to make him believe it.

Since the Government has controlled railroad rates these corporations are making better progress than they did when they had competition, but so long as the board of trade does the price fixing there is going to be distress among the farmers of this Nation.

While the farmers are losing every year the railroads are getting richer. Out in the Northwest, where the farmer has been exceedingly hard hit, the railroads show for July, 1925, an increase in profit of a little better than 5 per cent more than for the same month in 1924. The railroads in the East are also showing a substantial profit. In fact, every industry seems to be making money except the farmer. The time has come in America when it costs more to raise the grain than it will bring, and the bread-basket section has a grudge. Out in Iowa, where the "tall corn grows," the producers stand to lose money on one of the largest crops ever raised in that section.

Statistics show that in nine midwestern States that raise two-thirds of the country's corn that it costs them from 68 to 82 cents a bushel to produce this year's crop, and they are asking this Congress where the justice is in selling it for 50 and 60 cents at the elevators. The farmers worked 12 hours a day when the thermometer registered 100 in the shade, and they will lose money on the 1925 crop. No industry on earth except farming could stand a loss of more than $300,000,000 which faces the American farmer in the year 1925 and still have the courage to continue the fight.

The speculators of this Nation had no control over the laws of nature, and it happens there is a gigantic crop of corn and wheat in this Nation, but those speculators did have control over the market, and they have so controlled it that on every bushel of corn raised in the Central West the farmers stand to loose 18 cents. The corn crop is better this year than for many years past. Iowa, the great corn State of the Nation, has 172,000,000 bushels more than in 1924, yet the producer will not receive as much as he did during the year of 1924 when corn sold as high as $1.10 a bushel. The fact is that the farmer will not receive in 1925 the cost of raising the crop counting nothing for investment.

Corn is now selling in the West for 55 cents a bushel, so the time has come in America that this Congress should do something for the farmer, and the remedy is a Government-fixed price.

On January 18, Hon. J. N. TINCHER, of Kansas, made a speech here and said:

The farmers are not worrying about the price of buttons or aluminum ware for their kitchens. They are tickled to death with the fact that their farm products are bringing decent prices and the country is growing and prospering and will continue to do so.

Does my friend consider $1.20 wheat, 55-cent corn, and 38-cent oats a good price, and that is what the farmers in Kansas received for those products last year. If Mr. TINCHER thinks the farmers of Kansas are prosperous, let him examine the court records of any Kansas county, and he will find the dockets filled with foreclosure suits. He will find the real estate in his own county mortgaged for one-fourth of its value, not counting what the farmers owe the banks. He will

find the farm land of America mortgaged for one-third of its value. If Mr. TINCHER really believes the farmers are prosperous, let him inquire a little and he will find 90 per cent are worse off financially than five years ago.

What does he think of the recent meeting of Iowa farmers calling upon Congress to grant them relief? Mr. TINCHER is not a farmer; he is an agriculturist. He has a lucrative law practice, and takes what he earns from his profession and spends it on his farms and makes them pay; but how about the man who depends wholly on the farm for a livelihood? He is a loser. My appeal to you is to remember the farmer. Merchants and bankers are complaining of hard times, and it can all be traced to the low price of farm products.

Sixty years ago men and women drove into the West; they thirsted; they fought the battles of the pioneers; they were cast down, but they were never discouraged. Out on the western prairies they lived in dugouts, and they fought the horrors of isolation, starvation, desolation, hot winds, and grasshoppers. These men and women were not afraid. They turned a raw and ruthless prairie into a thousand garden spots. They built churches and homes and established a great civilization in the West, and it is up to this Congress to bring relief to the farmers who have carried on the fight and made it possible for this Nation to stand to-day as the greatest in all the world.

It is the God-given right of every man to live and to enjoy the blessings of this life, but so long as this Nation permits a few speculators to reap the reward from the labor of millions of American toilers, just so long will there be suffering in the world. These pioneers built schools, churches, and homes on the prairies and lived by the golden rule. They have passed to their reward, but their memories are still fresh in the minds of this generation. [Applause.]

It has been said that—

> Greed and wealth are cardinal motives of human psychology, and they know no law rather than fear.

The time has come when the desire of a few men to get possession of the wealth of this Nation must be crushed God Almighty never intended that 10,000,000 farmers should work 12 hours a day under a blistering sun and then have the fruits of their labors go into the coffers of a few speculators. Give the American farmer as square a deal as has been given the railroads and shipbuilders and peace and happiness will come into the hearts of all men.

Years ago when I was a boy I heard my good father talk in favor of the election of Senators by direct vote of the people; for a graduated income tax; national prohibition and national woman suffrage and the eight-hour law. He was called a radical and a dreamer, but the things he fought and labored for have won an overwhelming victory. The dreamer of to-day is the conservative of to-morrow, for without vision the people perish.

I come from a State they once called "Bleeding Kansas." I will admit that the speculators have bled us for many years, but there is an awakening, and I can hear the voice of the Kansas farmer coming across the prairie wistfully calling to this Congress to remember that the prosperity of this Nation depends on the prosperity of the producer. I respectfully ask this Congress to heed the cry from the great wheat and corn belt of the Nation. I appeal to the western Republicans to lay aside party affiliation and let us join hands in this most important problem of farm legislation. We will find the money power against it, just like it was against the McNary-Haugen and the Howell-Barkley bills, but there never were two more fair or just bills in Congress than the last named, and I would have voted for both measures had I been a Member of the House.

In conclusion let me call your attention to the fact that in 1912 the bonded indebtedness of the United States and the various States was $4,850,862,000, while the total bonded indebtedness in 1922 was $30,845,626,000, an increase of almost 700 per cent during that period. In 1912 the per capita national debt of every man, woman, and child in the United States was $49, and in 1924 it was $254.70, which is almost $1,380 for a man, his wife, and three children. While our national wealth has increased 72.2 per cent from 1912 to 1922, our total indebtedness has increased almost 700 per cent. It takes 76 cents of every dollar collected by the Government to pay the expenses of war, interest, and so forth. Fifteen years ago we called this a billion-dollar Nation. It now requires more than a billion dollars to pay interest on our borrowed money.

A student of history will discover that there are three stages in the financial standing of every nation. In the first stage sufficient money is collected in taxes to pay the expenses; in the second stage a nation is compelled to borrow money; and the last and final stage is when a nation is compelled to issue paper money. The Republic of France has about reached the limit of its ability to borrow, and Germany is now compelled to issue paper money. Russia, Poland, Austria, and other European principalities are almost bankrupt.

Statistics show that since 1890 the Government of the United States has been spending from 1 to 10 per cent more than the income derived from taxes. These are figures than can be substantiated by the examination of the governmental records. A few days ago I voted for the amendments to the revenue bill and to repeal the excise tax of 3 per cent on automobiles, tires, and accessories which would have been a saving of $15 to $100 on every new car; but I also voted to compel those having large incomes to pay more tax, increasing the tax from 20 to 25 per cent. The extra 5 per cent would have meant millions of dollars to this Government without hurting anyone. In order to pay this vast amount of indebtedness we must tax those who can best stand the burden of taxation. I also voted to increase the minimum income on which tax should be collected on married people from $2,500 to $3,500 and from $1,000 to $1,500 for single people. Unless the farmer is given a fair chance, our Nation's indebtedness will never be paid. Years ago Chief Justice Marshall said:

> He who has the power to tax has the power to destroy.

And with increased taxation on those who are unable to bear it, high cost of manufactured goods, and low price of farm products, it means ultimate ruin to the Middle West. While the land of this country represents one-half of the wealth, the income of the farmer is only 18 per cent of the entire national income. This can not continue long. The Department of Agriculture has figured that the average yearly income of a farmer for 1925 was $510 plus home-grown food valued at $336. The average investment of each farmer in the United States is $5,043, and his earnings represent interest on this amount, wages for himself, wife, and children at home. If you figure the family help at average farm-hand wages, the farmer comes out $184 short and with no interest on his investment. In other words, three adult members of the family working would make a total of $846, which is less than a clerk in a store receives for his labor. The American farmer will stay on the farm if he can earn a decent living, and the price of farm products must be raised to insure it. I have endeavored in a measure to set forth my reasons why this Government should pay more attention to agriculture. I come from a State that sent to this House Hon. Jerry Simpson, a man of vision, whose ideas were once ridiculed. Yet the very things he fought and labored for have won an overwhelming victory in the field of practical politics. He was a Populist, and I had the honor of belonging to that party. I come from a city that gave to the world the immortal John P. St. John, a pioneer in the cause of national prohibition.

The story goes that near the end of his life, and a short time before his mighty spirit had gone to join the immortals, he said to a friend:

> My fight has been won, but I will not live to see it recorded.

His fight was won, and the world to-day reveres his memory.

> He cut a path through tangled underwood of old traditions out to broader ways. He lived to hear his work called good and true, but oh, the thorns before the crown of bays. The world gives lashes to its pioneers until the goal is reached, then deafening cheers.

As the member from the second district, I appeal to my colleagues to fight for the cause of agriculture and victory will come, the same as it did for prohibition, the income tax, and other great causes. Price fixing once was ridiculed, but since the Iowa farmers met it has been indorsed by many and has become quite respectable. The hour has come when we must gather our forces for the right. We must lay aside our political affiliations and fight for the common good. Agriculture hangs in the balance. We must drive the grain gamblers out of America. We must give the farmers a square deal. They are looking to this Congress for relief, and are entitled to it. It is their right. The three great outstanding figures in American politics during the past quarter of a century have been Woodrow Wilson, Theodore Roosevelt, and William J. Bryan. These men stood for ideals.

> Misfortunes were the elements in which they shone. They served as forts to their fortitude. When party spirit became extravagant we turned to them for the best words with which to rebuke it.

[Applause.]

Let us be guided by the spirit of these men who were not afraid and who were willing to sacrifice their political for-

tunes, if need be, that principles might live and right prevail. I appeal to the Members of this House that we must be guided wholly by what is right and not by the dictates of party. The fate of the farmer rests with you. You must give the farmer what is justly due him.

I know that every monopolist and grain gambler will fight these proposals, but in the end right will prevail and this Congress will place on the statute books of this Nation a law that will be both fair to the producer and consumer. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. LAZARO].

Mr. LAZARO. Mr. Chairman, I am sure that all of us who heard the chairman of the Committee on Appropriations, Mr. MAGEE, discuss the appropriation for good roads on day before yesterday are convinced that there is a movement to discontinue Federal aid to the States for road building. It is also plain to us that this movement originated in the East.

It seems selfish that because of the fact that some of the eastern States have nearly completed their construction program they should be in favor of discontinuing Federal aid. In this day of development of transportation by automobile and truck, with its accompanying commercial possibilities, the benefits that may be derived can not be confined within the boundaries of any one State. Good roads constitute one of the most important links in our system of transportation. I can not think of any one thing that has done more to help agriculture and business or that has been a greater saving in money than good roads. Good roads are also a great blessing in a social way. They bring the country and the city closer together and make life more agreeable. It is impossible to overestimate the national value of this kind of travel. When traveling by railroad you see new country and meet new people at the end of your journey. When traveling by motor you see new country all along the way and you meet new people at every step. It is vitally important that as many people as possible in this country know the whole country. That is the knowledge that will finally wipe out what is left of sectional prejudice. Communication is the great equalizer. It destroys animosities, aids understanding, promotes harmony, and contributes to the happiness and prosperity of all the people.

Let me remind our friends from the East that a few years ago, when there was a railroad strike in the East and a shortage of food as a result of it, it was good roads and truck transportation that saved them from starvation.

In conclusion, I want to appeal to the Representatives from that section to take a broad view in the consideration of this matter and to help us carry out our program of road building until it is finally completed. Nothing will help more to bring the producers of the agricultural sections and the consumers of the big industrial and manufacturing centers together than good roads. In fact, the time has come when we should consider our system of transportation in a big, comprehensive way.

When we do so we will have the most efficient system of transportation in the world, one including good roads, railroads, and waterways. Then, and not until then, will it be possible for the products of our farms, forests, mines, and factories to be distributed with ease and at a reasonable charge to the people.

Mr. MAGEE of New York. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. KENDALL].

Mr. KENDALL. Mr. Chairman, a committee of the Senate is investigating the high price of coal to determine whether the producer or the retailer is engaged in profiteering at the expense of the inhabitants of the District of Columbia, who are compelled to pay as high as $14.50 per ton for bituminous coal. To assist the committee in its inquiry, I have written to many coal operators in my congressional district, asking them to submit in writing the prices at which they sell coal f. o. b. their mines, and will read their replies:

UNIONTOWN, PA., *January 25, 1926.*

Hon. Congressman S. A. KENDALL,
Washington, D. C.

DEAR SIR: In reference to the much discussed question in Washington on soft-coal prices.

For your information our prices on mine-run coal range from $1.30 to $1.50 per net ton f. o. b. mines. On 2, 3, and 4 inch screened lump, $1.65 to $2. For prepared sizes, which is limited to operations who have shaker screens, loading booms, and picking tables, the prices range from $2.25 to $3 on nut, stove, and egg coal f. o. b. mines.

We hope the above information will be of value to the Senate investigating committee.

Yours very truly,

SITNEK FUEL CO.,
By LOUIS SITNEK, *President.*

O'DWYER-BRACHLEY COAL CO.,
Berlin, Pa., January 25, 1926.

Hon. S. A. KENDALL,
Washington, D. C.

MY DEAR MR. KENDALL: Received your telegram of even date concerning price of coal. We shipped our coal to-day for $1.55, run of mine.

Yours very truly,

WM. O'DWYER, *President.*

UNIONTOWN, PA., *January 27, 1926.*

Hon. S. A. KENDALL,
House Office Building, Washington, D. C.

DEAR SIR: Replying to your telegram, our present quotation on run-of-mine coal is $1.50 and for screened coal from $2 to $2.25, depending on the size and preparation required.

I was away and could not answer your inquiry until this morning.

Very truly yours,

CANYON COAL & COKE CO.,
W. M. STRAWN, *Manager.*

UNIONTOWN, PA., *January 26, 1926.*

Hon. S. A. KENDALL,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN: Run-of-mine Sewickley bituminous coal is selling to-day in Fayette County at from $1.30 net ton, f. o. b. mine, to $1.60 net ton, f. o. b. mines.

Very truly yours,

ARDEN FUEL CO.,
By E. S. ANFORD.

UNIONTOWN, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Congressman, Twenty-third District of Pennsylvania,
House of Representatives, Washington, D. C.

DEAR SIR: In reply to your telegraphic inquiry of to-day to quote prices on mine-run and screened coal, we quote as follows:

Pittsburgh seam high-volatile mine-run steam coal at $1.35 net ton mines, Connellsville freight rate applying. This coal will run approximately 34 per cent volatile matter; 9 per cent ash. It is the same grade of coal that we are now supplying some of the railroads, and during the past lake season it was shipped to the Lakes for vessel fuel.

We can also furnish for prompt shipment a limited tonnage of medium low-volatile coal from West Virginia, taking the Fairmont rate of freight east on the basis of $1.45 net ton mines. This coal runs 28 to 30 per cent volatile and about 8 to 9 per cent ash.

Also, for immediate shipment we can furnish about 500 tons per day of West Virginia 1¼-inch screened lump coal on the basis of $1.90 net ton mines, Fairmont freight rate applying. This is high-volatile coal running about 36 per cent volatile, around 7½ to 9 per cent ash.

We are shipping Somerset County low-volatile coal on the basis of $2.20 net ton mines, but just at this time we have sufficient orders on hand to take care of all of this grade of coal that we have available. This coal runs about 22 per cent volatile, 8 per cent ash, and takes 25 cents per ton cheaper freight rate east than the Fairmont region coal.

We will be pleased to accept orders on the coals we herewith show available, and for prompt shipment at prices quoted to any concern of responsible credit risk.

Yours very truly,

HOCHHEIMER & CO.,
By G. M. HOCHHEIMER.

CONNELLSVILLE, PA., *January 25, 1926.*

Congressman S. A. KENDALL,
Washington, D. C.

DEAR SIR: We are in receipt of your telegram of this date, and wish to make the following statement:

The price of run-of-mine coal as sold by us this date is $1.25. This rate is for a good quality of run-of-mine fuel and is the same price as was received for this same coal one year ago. We do only a small amount of screening and sell our screened coal at $1.60 per net ton. To-day a year ago we received $1.75 per ton. This is good clean fuel and is produced at our Freedom mine of the Republic Coal & Coke Co., located near Cheat Haven, Pa.

The writer is under the impression that coal in the Pittsburgh district is considerably higher, but I am of the opinion that no coal in western Pennsylvania is to-day selling at a higher rate than it was one year ago to-day.

Yours very truly,

W. D. MCGINNIS,
Treasurer Federal Fuel Co.

UNIONTOWN, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.:

Can furnish Pittsburgh vein run-mine coal Baltimore Ohio $1.60 net ton; same three-quarter screened $2.

W. L. BYERS.

CONNELLSVILLE, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Care of the Senate, Washington, D. C.:

Your wire date. Run of mine $1.80, lump $1.45 to $1.60.

SOUTHERN CONNELLSVILLE COKE CO.

CONNELLSVILLE, PA., *January 26, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.:

Can furnish you run-of-mine coal $1.25 net ton; screened coal, any size you want, $1.75. Can furnish you 50 cars per day.

CONNELLSVILLE BIG VEIN COAL CO.

COKE PRODUCERS ASSOCIATION,
Connellsville, Pa., January 25, 1926.

Hon. S. A. KENDALL,
House Office Building, Washington, D. C.

DEAR MR. KENDALL: Replying to your telegram of this date just received, permit me to state first that I represent an association composed of merchant operators who are producers of coal, but only as secretary of the association. I do not sell coal and take no orders for same. However, I am reliably informed by producers that good bituminous coal for domestic use is available in large quantities in this region, and will be very glad to have definite contracts made between producers and consumers, provided, of course, that financial arrangements satisfactory to producers are entered into.

I therefore offer, subject to prior sale and satisfactory credit:

Origin	Net ton price	Size	Quantity
B. & O. R. R.	$1.60	Run of mine	20 cars daily, or more.
Do.	2.00	¾-inch screen	Do.
P. R. R.	1.75	Run of mine	Do.
Do.	2.25	3-inch lump and larger.	Do.

Similar prices have been in effect right along, and supply has exceeded demand. Naturally if the demand should be sufficient to justify it, prices are subject to advance.

Yours very truly,

R. M. FRY,
Secretary Coke Producers' Association.

MASONTOWN, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR SIR: With reference to your inquiry of this date, please be advised the following prices on bituminous coal f. o. b. mines:

From Hays mine No. 2, siding 5938, Fairchance, Pa., run of mine.. $1.40
From Hays mine No. 1, siding 5876–B, Newcomer, Pa.:
Run of mine 1.50
Slack 1.35
Three-fourths-inch lump 1.65
Egg and nut, 3 by ¾ inches 2.75

Very respectfully,

R. B. HAYS COAL CO.,
R. B. HAYS, *Owner.*

UNIONTOWN, PA., *January 26, 1926.*

Hon. SAMUEL A. KENDALL,
House of Representatives, Washington, D. C.

DEAR SIR: Replying to your telegram of January 25, wish to advise that we have five cars per day, mine run, Pittsburgh vein coal, originating on the Baltimore & Ohio Railroad, Point Marion, Pa., which we offer at $1.40 per net ton, f. o. b. mine.

Yours very truly,

POINT MARION COAL CO.,
E. D. BROWN, *Secretary.*

UNIONTOWN, PA., *January 26, 1926.*

Hon. SAMUEL A. KENDALL,
House of Representatives, Washington, D. C.

DEAR SIR: Replying to your telegram of January 25, wish to advise that we quote eight cars per day, Pittsburgh vein mine-run coal, at $1.50; two cars 3-inch lump, at $1.75; and three cars ¾ by 3-inch lump, at $2.75 per net ton f. o. b. mine, Flemington, W. Va., on the Baltimore & Ohio Railroad.

Yours very truly,

BROWN COAL CO.,
By E. D. BROWN, *Secretary.*

UNIONTOWN, PA., *January 27, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR SIR: In reference to your telegram of this date, I thought perhaps that you would be interested in our exact records for the sale of our coal for the months of October, November, and December, 1925, and I am giving these to you for your information.

During the month of October our Klondike, high-grade gas coal, by-product operation, produced 19,500 tons of coal at an average sale price of $1.78 per net ton f. o. b. mine.

During the month of November the same operation produced 16,400 tons, at an average sale price of $1.81⅝ per net ton f. o. b. our mine.

During the month of December the same operation produced 16,900 tons, and the average sale price was $1.82¼ per net ton f. o. b. our mine.

As you no doubt know, this is a very high-grade gas and by-product coal, and at all times there is a demand for this particular grade of coal.

Our record for the past three months at our Yukon, W. Va., mine, which is high-grade steam and fuel coal, is as follows:

In October we produced 12,300 tons at an average sale price of $1.39 per net ton f. o. b. mine.

In November we produced 13,200 tons of coal, and our average sale price was $1.96.

During December we produced 14,700 tons at this operation, at an average sale price of $1.47⅝ per net ton f. o. b. our mine.

I hope that this information may be of use to you and your associates in giving the public the proper viewpoint of the bituminous-coal business.

Yours very truly,

WHYEL COKE CO.,
THOMAS M. WHYEL, *Vice President.*

ELK LICK, SOMERSET COUNTY, PA., *January 26, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR SIR: We are not shipping any screen coal at present. Run of mine we are selling for $2 net ton f. o. b. mines.

Sincerely yours,

BOYNTON COAL CO.

UNIONTOWN, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR SIR: We offer for immediate acceptance up to 20,000 tons of our Klondike, Irwin gas coal, at a price of $2 per net ton f. o. b. our mine, to be shipped during January and February, 1926.

In case you want this coal screened we will offer you 14,000 tons of three-fourths inch screened lump coal at a price of $2.60 per net ton f. o. b. our mine.

Thanking you for the inquiry, we are,

Yours very truly,

WHYEL COKE CO.,
THOMAS M. WHYEL,
Vice President.

SOMERSET COUNTY COAL OPERATORS' ASSOCIATION,
Somerset, Pa., January 25, 1926.

Hon. S. A. KENDALL,
House of Representatives, Washington, D. C.

DEAR MR. KENDALL: Thank you very much for your favor of January 23.

While the newspapers outlined Congressman TREADWAY'S position with respect to the anthracite—and nearly everyone in Pennsylvania agrees with that position—at the same time he was reported as claiming the bituminous operators of Pennsylvania were profiteering. Interstate Commerce Commissioner Campbell, at the hearing covering Docket 15006, made the same statement. Other eastern men in public life talk along the same lines.

In every specific case brought to our attention, it has been proven conclusively that the coal operator received $2 a ton or less for his coal, and that the big profit was made by middlemen in the eastern and New England territory.

This is intended to apply to run-of-mine, or in many cases, screened coal. It is true that a few in the Broadtop district, who always cater to the domestic business, and have spent millions for screening and sizing facilities, are securing as high as $6 a ton, but that coal is far superior to anthracite.

I expect to be in Washington Wednesday and will give myself the pleasure of calling on you, and at the same time seeing Congressman TREADWAY.

With your explanation of his position, I am quite sure that we can agree on the general proposition.

The coal operators of Pennsylvania are highly pleased over the manner in which Senator REED and yourself have defended the industry.

With many thanks and kind personal regards, I am,

Yours truly,

J. S. BRENNAN, *Secretary.*

LISTIE, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR MR. KENDALL: We quote you on Listie No. 1, pool 10, run-of-mine, high-grade domestic coal, $2.10 to $2.25 per net ton at mines.

We are not equipped for making screen sizes of coal, and for this reason we could not quote you a price on screened coal.

Very respectfully yours,

LISTIE QUEMAHONING COAL CO.
E. O. LONG, *Superintendent.*

GAHAGEN, PA., *January 26, 1926.*

Hon. S. A. KENDALL, M. C.,
Washington, D. C.

DEAR SIR: In reply to your wire of yesterday, we herewith advise you that our price for run-of-mine coal for the week of 25th is $2.25 net ton.

This is an increase of from $0.10 to $0.15 over last week's prices. We state this for your information, as we have noted some of the things that were brought up during this investigation.

We advise you that we are not doing any screening at our operations, but understand that the price of prepared coal in this field is ranging from $3.25 to $4 net ton.

Very truly yours,

HUSKIN COAL MINING CO.,
CLARENCE GAHAGEN, *Secretary.*

MEYERSDALE, PA., *January 25, 9126.*

Hon. S. A. KENDALL,
House Office Building, Washington, D. C.

DEAR MR. KENDALL: Replying to your telegram of even date, we are pleased to inform you that we are selling our Silver Valley coal during this month at $2.50 per net ton f. o. b. cars at the mines. This price is for run of mine only, as we are not equipped to screen our product.

Our Silver Valley is a very high-grade coal, running about 80 per cent lump, and we have been selling it in direct competition with Pocahontas No. 1 Navy standard, Georges Creek big vein, and other coals of equal quality, with gratifying results.

As you are somewhat familiar with the various coals of Somerset County, you will appreciate the fact that there are cheaper grades of coal being produced and which, no doubt, can be had at a lower price than our Silver Valley.

Yours very truly,

THE BLACK COAL CO.,
J. M. GNAGEY, *Secretary.*

WINDBER, PA., *January 26, 1926.*

Hon. S. A. KENDALL,
House of Representatives, Washington, D. C.

DEAR SIR: Replying to your inquiry of the 25th instant, we beg to advise that our price on all Reitz run-of-mine coal is $2.25 net ton f. o. b. mines.

We have one mine equipped to screen coal but are shipping only run of mine at the present time.

Very truly yours,

REITZ COAL CO.,
By G. W. MERLING.

SOMERSET, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR MR. KENDALL: Answering your telegrams of even date addressed to this company and to the Indian Creek Coal & Coke Co., I take pleasure in advising you that the market price to-day for Indian Creek Sparks, sometimes called "Niagara," coals, which we submit are equal to the best New River and Pocahontas coals (see analysis attached made by the Bureau of Mines), is $2.35 per net ton at the mines. This coal takes the $2.84 per gross ton freight rate to Washington, which is the lowest freight rate available in any region.

Our Ralphton coals, pools 9 and 71, are selling to-day at prices ranging from $2.40 to $2.50 per net ton at the mines. There is no better coal produced in the smokeless region of Somerset County than Ralphton coal.

Both of the above-quoted prices are on run-of-mine coal. We are not screening any coal at the present time, but we understand the market for prepared sizes in the Somerset region is between $4 and $4.75, depending upon the grade of the coal and upon its screening.

There is no shortage of smokeless coal. Somerset County alone can produce a lot more than the city of Washington needs. Being lower in volatile and higher in fusing point than the Pocahontas and New River coals, it is much better fuel for domestic uses; and being absolutely smokeless, the use of it in the city of Washington will not hurt any of the beautiful stone buildings in that city. It is just as smokeless as anthracite, but a lot higher in British thermal units and not half as high in ash. We stand ready at any time to ship large quantities of coal into Washington to meet any emergency that may be there, and we stand squarely behind every ton of our coal and guarantee that if it is fired properly it will give very excellent results.

Yours very truly,

QUEMAHONING COAL CO.,
A. D. GRAHAM,
General Sales Manager.

WINDBER, PA., *January 25, 1926.*

Hon. S. A. KENDALL,
Washington, D. C.

DEAR SIR: In answer to your telegram of even date asking for price on run-of-mine and prepared sizes of coal, we are pleased to offer our B or Miller vein coal, pool 1, at $3 net ton, free on board mines. We also offer our pool 10, C prime coal at $2.30 net ton free on board mines. This offer is subject to prior sale. We no longer have prepared sizes in coal, as the lump prices were not high enough to warrant our doing so.

Trusting that the above will give you the desired information, we are,

Very truly yours,

EGOLF COAL CO.
THOMAS M. MCNEAL.

These operators are business men of high standing, who, you will observe, are selling coal at from $1.30 to $2.50 per ton, depending upon the quality, and I am authorized to say that any person or firm can buy same from those operators at prices quoted in any quantity required. The freight rates from the mines to Washington run from $2.84 to $3.05 per gross ton. When Harry Garfield was Fuel Administrator during the World War, he fixed $2.35 to $2.60 as a fair price for the producer, and practically all prices quoted in the above letters are far below those fixed by Mr. Garfield. Unmined coal is in a solid state, but in the process of mining half of it breaks into what is commonly called fine coal or slack. In quality and efficiency it has the same burning value as so-called screened or lump coal, and in the mining regions every consumer burns run-of-mine coal just as it comes out of the mine. The fad of burning prepared sizes is ridiculous and expensive. There can be no argument for it. To screen coal requires the installation of screens at a cost of from $25,000 to $50,000 in addition to the extra labor and tracks. In order to receive a sufficient supply of fuel at all times at the lowest possible cost the consumer should use run-of-mine coal for the reason that 95 per cent of the mines are not equipped to screen it.

Arguments advanced before the investigating committee that when soft coal is burned in stoves in small rooms the escaping gas causes sickness and death are too preposterous to require a denial. Soft coal has been burned in the mining regions for a century under all conditions without a single case of sickness or death resulting therefrom.

It has been stated on the floor of the House that the State of Pennsylvania is the greatest profiteer in the coal industry. This statement is disproved by the quotations on coal from the operators whose letters have just been read, and I wish to assert in the strongest possible language that there is not now and never has been a single case of profiteering on the part of the operators of bituminous coal.

Notwithstanding the suspension of mining in the hard-coal regions, 3,000,000 tons in excess of the country's requirements are mined weekly. The United States consumes approximately 10,000,000 tons per week, whereas 13,000,000 tons are mined, so instead of a coal shortage there is a surplus, and operators instead of charging enormous prices are striving to find sale at fair prices in order that they may not be compelled to curtail their output or shut down their mines.

If the consumer desires a uniform supply of coal, he must do what all the people, including millionaires, in the mining regions are doing—burn run-of-mine coal; and if he can not secure it from the retailer at a reasonable price, he can always do so from the producer in carlond lots; but if he wants to follow the custom of burning screened or prepared sizes, which

very few mines can produce, he must expect to pay a high price for his folly. There is no occasion for any alarm over a coal shortage at any time or over abnormal prices being charged by the producer, and if such prices are demanded from the consumer the responsibility must rest with the retailer, and I feel sure that the results and conclusions of the Senate investigating committee will show that the producers have been fair and have rendered a service to the people of our country in producing coal at a price that must be commended by all fair-minded people.

Mr. MAGEE of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. HOCH].

Mr. HOCH. Mr. Chairman, several references have been made recently on this floor to the resolution providing for the revision of the freight structure of the country passed last spring and to which my name happens to be attached. I want to make some reference to that and make one or two observations which I think are pertinent to the present situation. Yesterday in Kansas City there was concluded a hearing of several weeks before one of the members of the Interstate Commerce Commission in which the producers, the farmers, and stockmen of the Mississippi Valley presented to the commission their case in the matter of freight rates. I have endeavored to keep in touch with the progress of that inquiry, and I have on my desk now copies of practically all the exhibits which have been presented by representatives of the producers, and I venture the opinion that there has not been anywhere at any time as exhaustive and as complete a presentation of the farm problem as has been presented by the spokesmen of the agricultural interests of the West in Kansas City during this hearing.

One gentleman referred here the other day to the application of the western railroads for an increase of 5 per cent in western territory and apparently sought to leave the impression that the application was the result of the Hoch-Smith resolution. I regret the necessity of personal reference in using that designation. The gentleman ought to know that the representatives of farm organizations and others presenting their case in Kansas City for relief on farm freights have placed their reliance in an effort to defeat the application for increased rates largely upon the mandates of the Hoch-Smith resolution. They have splendidly fortified their case. I say on the record that has been made at Kansas City it is unthinkable that the Interstate Commerce Commission will very seriously consider granting the application for increased freight rates on the western railroads.

But there are one or two things growing out of that that I want to discuss. In the first place the freight revision measure has brought a widespread propaganda. I have been getting much of it, and I presume every Member has, against "rate making by Congress." If I had time I would illustrate how this propaganda is directed against several measures pending in Congress. Now, I have been among those who have consistently resisted the idea that Congress should enter upon the business of specific rate making. It is a matter for trained men, and we have set up an agency for that purpose. But I do not subscribe to the doctrine which is current in this propaganda, which would place the Interstate Commerce Commission above all congressional action. I say that Congress alone, of course, has the power to regulate interstate commerce, and that it is not only the privilege but it is the duty of Congress to lay down broad policies in the matter of transportation in this country.

This freight revision law—and I shall touch upon it only briefly—under which the commission is now proceeding is not congressional rate making. But it does lay down several broad policies, and I want to call your attention to them again, because the Interstate Commerce Commission will now have before it the briefs and the arguments which will be made under that resolution. If I had time I would like to read it to you, but I shall only summarize some of the important provisions.

While it is not rate making, it lays down certain definite policies as a mandate to the Interstate Commerce Commission and directs that commission to put those policies into effect. What does it say? It provides, in the first place, that freights shall be fixed with the idea of promoting freedom of movement. In the next place, it provides that there shall be scientific overhauling of the freight structure, with a view to equalizing the burden as between the different kinds of commodities and the different classes of traffic. It also provides that in fixing the rates they shall seek to promote a natural and proper development of the country as a whole; in other words, take away the subsidies which have existed in favor of certain favored sections in this country. Then, lastly, it directs the commission to take note of the depression through which agriculture has been passing and to lower farm freights as far as it may be done, consistent with preserving adequate transportation service.

There are some people who feel that the Interstate Commerce Commission has become so far removed from the ordinary shipper, from the ordinary consumer, that it can no longer appreciate his problems, no longer get his viewpoint; but I must assume, we all must assume, that the Interstate Commerce Commission has both the capacity and the purpose to carry out the mandates of this resolution, not only in letter but in spirit.

In the few minutes that I have I want to call attention to two provisions of the transportation act which are involved in this situation, because I think they are vital. I understand that spokesmen of the railroads who are seeking an increase of 5 per cent in western territory—at least some of them—are taking the position with reference to section 15a of the transportation act; that if they show that the railroads within the group in the western territory are not earning 5¾ per cent, the fair return fixed by the commission, that fact alone entitles them to an increase.

I say here that that is a brazen construction of the law, that it is not the law, and that if they succeed in making that interpretation of the law stick the repeal of the rate-making section of the transportation act is absolutely inevitable. In this brief time I realize it is difficult to go into this rather technical matter, but here is the proposition: The very section of the law which provides for "a fair return" starts out with the statement that in discharging their power "to fix just and reasonable rates" they shall fix rates which, as near as may be, and so forth, will permit the railroads, under honest and economical management, to earn a fair return. The question of the justness and the reasonableness of the rate is just as much in the law as it ever was. All the way through the interstate commerce act there are provisions which make any rate which is not just and reasonable an unlawful rate. In other words, the mere fact that the railroads may show—and I am not conceding the showing—that in the western territory they are not, as a group, earning upon the combined properties 5¾ per cent, they still have the obligation of showing that the proposed rates they want to put in are "just and reasonable" rates, and if those proposed rates are not just and reasonable, the Interstate Commerce Commission has no authority, under a proper interpretation of the law, to authorize those increases. Just and reasonable to whom?

Mr. OLDFIELD. Suppose they convince the commission that they are just and reasonable?

Mr. HOCH. If they actually convince the commission that the proposed rates are just and reasonable, then the gentleman would not ask that they be not put in; but just and reasonable to whom?

Mr. OLDFIELD. I presume to the railroads, of course.

Mr. HOCH. Oh, no. That is exactly what I am coming to. Of course, that is not the law. Every legitimate factor must be taken into consideration in determining whether the rates are just and reasonable—just and reasonable to the producer, just and reasonable to the shipper, just and reasonable to the general public as well as to the railroads.

Mr. OLDFIELD. Will the gentleman yield?

Mr. HOCH. I will yield.

Mr. OLDFIELD. I hope the commission will take the position of the gentleman.

Mr. HOCH. I hope so, and my judgment is that that is the only position they can take consistent with the law.

Mr. ARENTZ. Will the gentleman yield?

Mr. HOCH. I will.

Mr. ARENTZ. Is it not a fact that the advantage rests with the railroads, which can be easily proved, on account of the tremendous number of men who have means to employ men for the purpose of presenting their side who can come before the commission, whereas the producers in many cases can not get together and have not the means——

Mr. HOCH. I hope the gentleman will not take up too much of my time. Undoubtedly there is advantage with the railroads in that matter; but, as I said a moment ago, for several weeks the producers of the West had a forum and men came there from all the States of the Mississippi Valley and they made a remarkably strong case.

Now I want to refer to the second phase in the few minutes which I have remaining. The second phase of the law which is involved that I want to refer to is the provision for the so-called "recapture of excess earnings." I have not time to elaborate, but I here make the statement that many of the prosperous roads have evidently set about deliberately to nullify the provision for the recapture of excess earnings. Now, what is the law? Let us look at it for just a moment. In

section 15a, which is the section upon which the railroads base their case, are two main propositions. In the first place, it provides for a grouping of the railroads for rate-making purposes, the strong and weak roads, the poor and prosperous roads together, with a view to getting a fair return upon the combined properties. Then there is the second provision for the recapture of excess earnings. The two provisions go together and are a unit. This whole plan was advanced as a method of meeting the so-called problem of the weak lines. The prosperous roads being given the advantage of this group system of rate making were then compelled under the law to surrender one-half of their earnings above 6 per cent into a fund for the purpose of fostering the weak lines. Now, five years have passed since that went into effect. Between five and six million dollars have been paid into that fund—a very small sum comparatively. And it has practically all had strings tied to it, so to date not a dollar has been loaned to any weak road, and as a method of meeting the problem of the weak lines the provision is an absolute failure up to date. Now, I made the statement that some prosperous roads, many of them, are deliberately, in my judgment, seeking to destroy the second part of section 15a, the recapture of excess earnings, which is an integral part of the whole scheme, and if they succeed in one way or another in nullifying that provision of the law, they have dug the ground from under rate-making rule to which they have clung. How have they done that? I have a lot of figures here but can only illustrate. I will say by an overvaluation of their property, by overmaintenance, and by various other means of evasion. I do not speak offhand. I have consulted with those in close touch with this situation. Let me give you two or three illustrations——

Mr. WINGO. Will the gentleman yield in order to enable me to see if I follow him?

Mr. HOCH. I do.

Mr. WINGO. I want to get the gentleman's philosophy. In either morals or law what justification is there for taking the surplus of the well-managed line to cover a deficit in an inefficiently managed line? What justice is there in that in either morals or law?

Mr. HOCH. I am sorry I have not time to go into a discussion of the policy that was involved in the recapture of excess earnings.

The Supreme Court passed upon the case, upholding the constitutionality of that provision. It was attacked, as the gentleman will remember, along the very line that is involved in the inquiry; it was attacked on the ground that there was no constitutional authority for doing that. But the Supreme Court, I say, in upholding the constitutionality of that provision, made the statement that it was the key provision of the whole section.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOCH. Will the gentleman yield me five minutes more?

Mr. MAGEE of New York. Mr. Chairman, I yield to the gentleman five minutes more.

Mr. TUCKER. I ask unanimous consent, Mr. Chairman, that the gentleman may have leave to proceed until he finishes.

The CHAIRMAN. The gentleman from Kansas is recognized for five minutes more.

Mr. WINGO. That was the holding in the Goose Creek case?

Mr. HOCH. Yes. The constitutionality of it was attacked from various angles.

Mr. WINGO. Did not the Supreme Court hold that the railroad is estopped from questioning it? Is not that true?

Mr. HOCH. The gist of the decision was this, that the Congress was seeking to maintain the transportation system of the country as a whole, and that on the ground of public policy they had the right to fix a rate which might permit the prosperous road to earn more than a fair return for the purpose of aiding the weak lines and thereby maintaining the transportation system of the country as a whole.

Now, I must go to the matter that I have especially in mind. I spoke about the overvaluation of property. Take, for example, the Frisco Railroad—the St. Louis & San Francisco system. The commission valued its property at $257,000,000. Those were the 1923 figures, which includes additions and betterments, and on that valuation their earnings are stated to be 7.23 per cent. Half of the part above 6 per cent ought to go to the fund for helping the weaker lines. The railroads claim a valuation not of $257,000,000 but $428,000,000, and upon that basis they claim to have earned only 4.33 per cent. Hence they have no excess earnings to turn over!

Mr. OLDFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOCH. Yes.

Mr. OLDFIELD. I understood the Interstate Commerce Commission required them to do that on the valuation of the commission itself.

Mr. HOCH. Of course, the commission will contest those figures; but it is a long, hard fight, with the railroad holding every advantage, being in charge of their own operations and in control of their own books; and my belief is that as a practical matter we can not hope that the provision will be effective for the purpose for which it was intended unless we have honest, full, and fair cooperation on the part of the railroads. Take the St. Louis & Southwestern. On the commission's valuation of $72,000,000 they earn 8.11 per cent, but on their own claimed valuation of $129,000,000 they earned only 4.55 per cent. Therefore there is nothing to surrender.

The Colorado & Southern earned 6.32 per cent on the commission's valuation and only 3.25 per cent on the valuation set up by the road.

I have a number of illuminating figures that I could give in reference to some of the short industrial lines. Take, for example, the Chicago & Illinois Midland, a short industrial line. The commission says the value of their property is $2,000,000; but on an accounting to determine whether they have any excess earnings they claim a valuation of $7,000,000. The Detroit Terminal claims a valuation of about $12,000,000, as against $4,000,000 allowed by the commission. The commission fixed the valuation of the Illinois Terminal Railway at one and one-fourth millions, but they resist a demand for surrender of excess earnings and claim a valuation of over ten millions.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. HOCH. May I have two minutes more?

Mr. MAGEE of New York. I yield to the gentleman two minutes more.

The CHAIRMAN. The gentleman from Kansas is recognized for two minutes more.

Mr. OLDFIELD. Will the gentleman yield?

Mr. HOCH. I yield.

Mr. OLDFIELD. Could we not pass a law making the valuation by the commission conclusive?

Mr. HOCH. I think that would be open to debate, because that is a matter of court determination and, of course, we con not confiscate property.

Mr. OLDFIELD. We do it in other acts. We permit other bureaus and commissions to make investigations and provide that the facts shall be conclusive.

Mr. HOCH. As I say, that is a debatable question. I do not at the moment see how we could do more than make them prima facie. But in any event, unless we can have honest cooperation upon that provision of the law the rule of rate making, for which the roads are insisting, can not stand as a legislative policy, in my judgment.

Mr. ARENTZ. Will the gentleman yield?

Mr. HOCH. Yes.

Mr. ARENTZ. The valuation of the railroads in 1912 was $12,000,000,000. Who was responisble for lifting that, first, up to $18,000,000,000; then up to $22,000,000,000, and then, according to the present figures, way beyond $22,000,000,000? That, it seems to me, is the thing that has placed the rate on farm products where it is to-day.

Mr. HOCH. Well, in this last minute, all I can say is that it is evident that the matter of valuation is fundamental in the scheme which provides for the surrender of excess earnings, and that is the only point I am seeking to make now. Upon another occasion I shall be glad to discuss that question. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TREADWAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, had come to no resolution thereon.

REFERENCE OF A BILL

The SPEAKER. The Chair desires to make a statement touching the reference of a bill. It is a bill of some considerable importance and deals with the Cape Cod Canal. This legislation has been before Congress for a good many years in one form and another, but the reference of the bill has not been uniform. I think it would be well for the House to know, briefly, the history of this legislation so far as its

reference to committees is concerned. In the first session of the Sixty-fifth Congress, which was during the war, the investigation as to the advisability of the purchase of the Cape Cod Canal was referred to the Committee on Rivers and Harbors and was reported by that committee. Subsequently, letters from the Secretary of War as to the advisability of the purchase pursuant to the act passed in the first session of the Sixty-fifth Congress (40 U. S. Stat. L. 262) were referred to the Committee on Rivers and Harbors. Later, in the third session of the Sixty-fifth Congress, a bill providing for the operation of the canal passed the Senate and was referred to the Committee on Interstate and Foreign Commerce. In the Sixty-sixth Congress, first session, a letter from the Secretary of War transmitting a tentative draft of legislation relating to the canal was referred to the Committee on Rivers and Harbors. In the second session of the Sixty-sixth Congress, House Joint Resolutions 308 and 311, authorizing the operation of the Cape Cod Canal, were referred to the Committee on Interstate and Foreign Commerce. In the second session of the Sixty-seventh Congress, a bill relating to the acquisition of the Cape Cod Canal was referred to the Committee on Interstate and Foreign Commerce, and in the last Congress a bill was reported from the Committee on Interstate and Foreign Commerce and passed by the House. Thus it will be noted the reference of this legislation has not been uniform.

The Chair is inclined to think that the proper reference of such legislation is to the Committee on Rivers and Harbors. The Cape Cod Canal is peculiarly an inland waterway; it lies entirely within one State and is not connected in any way with either interstate or foreign commerce.

When this bill was introduced a few days ago, it was marked for reference to the Committee on Rivers and Harbors, but the Chair withheld that reference in order to examine into the situation more thoroughly and to confer with a number of gentlemen whose opinion he values on such matters. The Chair will state that if this bill were introduced for the first time he would unhesitatingly refer it to the Committee on Rivers and Harbors. However, in view of the fact that this bill, in this exact or substantially exact form, as the Chair understands, has been twice referred to and reported by the Committee on Interstate and Foreign Commerce, the Chair felt he ought to make some investigation. Since that time the Chair has conferred with the chairman of the Committee on Interstate and Foreign Commerce, with the ranking minority member, the gentleman from Kentucky [Mr. BARKLEY], and with the gentleman from Texas [Mr. RAYBURN] as to whether it would be proper, under the circumstances, to refer this bill to the Committee on Rivers and Harbors, which committee asks for jurisdiction of it.

The Chair is able to state that all of these gentlemen agree that the proper original reference should have been to the Committee on Rivers and Harbors, and to that they would have no objection now. On the contrary, they would be pleased, because of the tremendous amount of work that is before the Committee on Interstate and Foreign Commerce, not to have jurisdiction of the bill.

Under the circumstances, therefore, in view of what the Chair thinks would have been the proper original reference, and of the fact that the Rivers and Harbors Committee asks for jurisdiction of this bill, and, further, in view of the fact that the chairman and leading members on both sides of the Committee on Interstate and Foreign Commerce are entirely willing to waive jurisdiction, the Chair thinks the reference to the Committee on Rivers and Harbors is proper, and it is so referred.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. JEFFERS, for to-day, on account of illness.

ADJOURNMENT

Mr. MAGEE of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, Friday, January 29, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

308. Under clause 2 of Rule XXIV, a letter from the Secretary of the Treasury Department, transmitting a detailed statement showing the number of documents received and distributed by the Treasury Department during the calendar year 1925, was taken from the Speaker's table and referred to the Committee on Printing.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. REID of Illinois: Committee on Flood Control. H. R. 5965. A bill to modify the project for the control of floods in the Sacramento River, Calif., adopted by section 2 of the act approved March 1, 1917, entitled "An act to provide for the control of the floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes;" with an amendment (Rept. No. 155). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 186. A bill authorizing the payment of tuition of Crow Indian children attending Montana State public schools; without amendment (Rept. 159). Referred to the Committee of the Whole House on the state of the Union.

Mr. DRIVER: Committee on the Public Lands. H. R. 6097. A bill to accept the cession by the State of Arkansas of exclusive jurisdiction over a tract of land within the Hot Springs National Park, and for other purposes; without amendment (Rept. No. 156). Referred to the House Calendar.

Mr. BACON: Committee on Immigration and Naturalization. H. R. 7176. A bill to supplement the naturalization laws by extending certain privileges to aliens who served honorably in the military or naval forces of the United States during the World War; without amendment (Rept. No. 157). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. REECE: Committee on Military Affairs. H. R. 8502. A bill authorizing the President to reappoint Maj. Harry Walter Stephenson, United States Army (retired), to the position and rank of major, Coast Artillery Corps, in the United States Army; without amendment (Rept. No. 158). Referred to the Committee of the Whole House.

Mr. MACGREGOR: Committee on Accounts. H. Res. 90. A resolution authorizing the services of an assistant floor manager of telephones for the minority (Rept. No. 149). Ordered to be printed.

Mr. MACGREGOR: Committee on Accounts. H. Res. 87. A resolution appointing a clerk to the Committee on Mileage (Rept. No. 150). Ordered to be printed.

Mr. MACGREGOR: Committee on Accounts. H. Res. 100. A resolution to pay to Katherine M. Johnson $186.66 and to George L. Clark $146.66 as clerk hire to the late Hon. Arthur B. Williams (Rept. No. 151). Ordered to be printed.

Mr. MACGREGOR: Committee on Accounts. H. Res. 23. A resolution to pay to Myrtle Paynter $250 and to Will L. Pannell $83.33 as clerk hire to the late Robert Y. Thomas, jr. (Rept. No. 152). Ordered to be printed.

Mr. MACGREGOR: Committee on Accounts. H. Res. 78. A resolution to pay to Donald W. MacLean $171.67 and to Mariem G. Biggerstaff $161.67 as clerk hire to the late Hon. John Jacob Rogers (Rept. No. 153). Ordered to be printed.

Mr. MACGREGOR: Committee on Accounts. H. Res. 109. A resolution to pay salary and funeral expenses of the late sundry employees, respectively, of the House of Representatives (Rept. No. 154). Ordered to be printed.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8424) granting a pension to Anna Holbrook McKenzie; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 5874) granting a pension to Frances C. Davie; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 1691) for the relief of Henry F. Downing; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHALMERS: A bill (H. R. 8510) to provide for ship channels 25 feet deep at low water datum for Lake Erie, Lake St. Clair, Lake Huron, Lake Superior, and Lake Michigan, and their connecting waters and the Great Lakes harbors of Buffalo, Cleveland, Toledo, Detroit, Duluth, Milwaukee, and

one in the vicinity of Chicago; to the Committee on Rivers and Harbors.

By Mr. OLIVER of Alabama: A bill (H. R. 8511) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Tombigbee River near Gainesville on the Gainesville-Eutaw road between Sumter and Green Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH: A bill (H. R. 8512) for continuing construction of the irrigation system on the Fort Hall Indian Reservation, in Idaho, and for other purposes; to the Committee on Indian Affairs.

By Mr. KELLY: A bill (H. R. 8513) granting the consent of Congress to extend the time for one year to construct a bridge across the Monongahela River between the boroughs of Clairton and Glassport in the county of Allegheny, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. BAILEY: A bill (H. R. 8514) granting the consent of Congress to Missouri State Highway Commission to construct a bridge across the Black River; to the Committee on Interstate and Foreign Commerce.

By Mr. BECK: A bill (H. R. 8515) to incorporate the United States Agricultural Cooperative Marketing Association, to provide for a national cooperative marketing system, and for other purposes; to the Committee on Agriculture.

By Mr. LAMPERT: A bill (H. R. 8516) permitting landowners who have suffered damages on account of the prosecution and maintenance of the improvement of the Wisconsin and Fox Rivers, in the State of Wisconsin, to institute action in the Court of Claims or the United States district court for the recovery of such damages; to the Committee on the Judiciary.

By Mr. BACON: A bill (H. R. 8517) to confer United States citizenship upon certain inhabitants of the Virgin Islands and to extend the naturalization laws thereto; to the Committee on Insular Affairs.

By Mr. SOMERS of New York: A bill (H. R. 8518) to supplement the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. KINDRED: A bill (H. R. 8519) to amend section 201 of the World War Veterans' act of 1924; to the Committee on Ways and Means.

By Mr. HAYDEN: A bill (H. R. 8520) for completion of the road from Tucson to Ajo via Indian Oasis, Ariz.; to the Committee on Indian Affairs.

By Mr. JEFFERS: A bill (H. R. 8521) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Coosa River near Childersburg on the Childersburg-Birmingham road between Shelby and Talladega Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8522) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Coosa River near Fayetteville on the Columbia-Sylacauga road, between Shelby and Talladega Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. GOLDSBOROUGH: A bill (H. R. 8523) for the erection of a public building in the town of Pocomoke City, Md.; to the Committee on Public Buildings and Grounds.

By Mr. STEAGALL: A bill (H. R. 8524) granting the consent of Congress to the highway department of the State of Alabama to reconstruct a bridge across the Pea River near Samson on the Opp-Samson road in Geneva County, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8525) granting the consent of Congress to the highway department of the State of Alabama to reconstruct a bridge across the Pea River near Geneva on the Geneva-Florida road in Geneva County, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8526) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Choctawhatchee River on the Wicksburg-Daleville road, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8527) granting the consent of Congress to the highway department of the State of Alabama to reconstruct a bridge across the Pea River at Elba, Coffee County, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. JEFFERS: A bill (H. R. 8528) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Coosa River on the Clanton-Rockford road between Chilton and Coosa Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. KINDRED: A bill (H. R. 8529) to provide for cooperation with the several States in the prevention and control of drug addiction and the care, treatment, and rehabilitation of drug addicts and for educational, and other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GORMAN: A bill (H. R. 8530) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, and acts in amendment thereof; to the Committee on the Judiciary.

By Mr. FRENCH: A bill (H. R. 8531) to provide naval aviation pilots; to the Committee on Naval Affairs.

By Mr. ZIHLMAN: A bill (H. R. 8532) to establish a children's court in and for the District of Columbia, to determine its functions, and for other purposes; to the Committee on the District of Columbia.

By Mr. WAINWRIGHT (by request): A bill (H. R. 8533) to create an air corps under the Secretary of War to be known as the United States Air Corps and to provide for the organization, disposition, and administration of said corps, and for other purposes; to the Committee on Military Affairs.

By Mr. HAWLEY: A bill (H. R. 8534) to amend an act entitled "An act to alter and amend an act entitled 'An act granting lands to aid in the construction of a railroad and telegraph line from the Central Pacific Railroad, in California, to Portland, in Oregon,'" approved July 25, 1866, as amended by the acts of 1868 and 1869, and to alter and amend an act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from Portland to Astoria and McMinnville, in the State of Oregon," approved May 4, 1870, and for other purposes; to the Committee on the Public Lands.

By Mr. SINNOTT: A bill (H. R. 8535) making an appropriation of $30,000 to increase the supply of water for stock in the Modoc National Forest; to the Committee on Appropriations.

By Mr. ALLGOOD: A bill (H. R. 8536) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across Tennessee River near Guntersville on the Guntersville-Huntsville road in Marshall County, Ala.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8537) granting the consent of Congress to the highway department of the State of Alabama to construct a bridge across the Coosa River near Pell City on the Pell City-Anniston road between St. Clair and Calhoun Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. WELSH: A bill (H. R. 8538) prohibiting any course of military training from being made compulsory as to any student in any educational institution other than a military school, and amending accordingly the act of June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice;" to the Committee on Military Affairs.

By Mr. WILLIAMSON: A bill (H. R. 8539) to provide for the extension of the time within which desert-land entrymen may make final proof upon their entries; to the Committee on the Public Lands.

Also, a bill (H. R. 8540) to adjust water-right charges and grant other relief upon the Belle Fourche irrigation project in South Dakota; to the Committee on Irrigation and Reclamation.

By Mr. TIMBERLAKE: A bill (H. R. 8541) to amend the tariff act of 1922 to provide for a tariff on hides of cattle of the bovine species; to the Committee on Ways and Means.

By Mr. SOSNOWSKI: A bill (H. R. 8542) to provide for channel depths throughout the ship channels and certain harbors of the Great Lakes consistent with tonnage and shipping now existing or likely hereafter to be engaged in the commerce of the said Great Lakes; to the Committee on Rivers and Harbors.

By Mr. JEFFERS: Joint resolution (H. J. Res. 136) providing preference in appointment for honorably discharged veterans; to the Committee on the Civil Service.

By Mr. McFADDEN: Resolution (H. Res. 112) providing for the further consideration of the bill H. R. 2 to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the House of Representatives of the State of Florida, requesting the establishment of aviation fields in certain parts of that State; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES: A bill (H. R. 8543) granting an increase of pension to Lillie M. Thomas; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 8544) granting an increase of pension to Annie P. Winnaugle; to the Committee on Invalid Pensions.

By Mr. BROWNE: A bill (H. R. 8545) granting a pension to Emma J. Coleman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8546) granting a pension to Lucinda Herning; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 8547) granting a pension to Mary J. Hudson; to the Committee on Invalid Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 8548) to award a medal of honor to William J. Pearmain; to the Committee on Military Affairs.

By Mr. DAVENPORT: A bill (H. R. 8549) granting a pension to August Richards; to the Committee on Pensions.

By Mr. DAVEY: A bill (H. R. 8550) granting an increase of pension to Mary A. Burlingame; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 8551) granting a pension to Lawrence B. Fetters; to the Committee on Pensions.

Also, a bill (H. R. 8552) for the relief of Herman Wagner, alias Henry Burnett; to the Committee on Military Affairs.

Also, a bill (H. R. 8553) granting a pension to Christopher Dennis; to the Committee on Pensions.

By Mr. FREAR: A bill (H. R. 8554) granting a pension to Mary Ann Warner; to the Committee on Pensions.

By Mr. HAWES: A bill (H. R. 8555) granting an increase of pension to Jane Malone; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H. R. 8556) granting a pension to Alexander Dunten; to the Committee on Pensions.

Also, a bill (H. R. 8557) granting a pension to Mary C. Hartman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8558) granting a pension to Mary L. Thatch; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 8559) granting an increase of pension to Cora J. Church; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8560) granting an increase of pension to Mary Jane Jenne; to the Committee on Invalid Pensions.

By Mr. KENDALL: A bill (H. R. 8561) granting an increase of pension to Rachel J. Schock; to the Committee on Invalid Pensions.

By Mr. KING: A bill (H. R. 8562) granting a pension to Herbert M. Morris; to the Committee on Pensions.

By Mr. LAMPERT: A bill (H. R. 8563) granting an increase of pension to John N. Tadych; to the Committee on Pensions.

By Mr. LEAVITT: A bill (H. R. 8564) for the relief of Lewis J. Burshia; to the Committee on Claims.

By Mr. MAJOR: A bill (H. R. 8565) for the relief of the estate of Felix Scott Chambers, deceased; to the Committee on Claims.

By Mr. MENGES: A bill (H. R. 8566) granting an increase of pension to Amanda E. Rupp; to the Committee on Invalid Pensions.

By Mr. MERRITT: A bill (H. R. 8567) granting an increase of pension to Sarah E. Beers; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 8568) granting an increase of pension to Louis Wise; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 8569) granting an increase of pension to Lola Beebe; to the Committee on Invalid Pensions.

By Mr. NEWTON of Missouri: A bill (H. R. 8570) for the relief of the heirs of Julius P. Garesche, lieutenant colonel, United States Army; to the Committee on War Claims.

By Mr. PATTERSON: A bill (H. R. 8571) granting an increase of pension to Margaret B. Taylor; to the Committee on Invalid Pensions.

By Mr. REID of Illinois: A bill (H. R. 8572) for the relief of Romus Arnold; to the Committee on Military Affairs.

By Mr. SPROUL of Illinois: A bill (H. R. 8573) granting a pension to Benjamin F. Krouse; to the Committee on Pensions.

By Mr. SOSNOWSKI: A bill (H. R. 8574) for the relief of the Polish-American Navigation Corporation; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 8575) for the relief of Alexander McLaren; to the Committee on Claims.

By Mr. STRONG of Kansas: A bill (H. R. 8576) granting an increase of pension to Nancy J. Wolfe; to the Committee on Invalid Pensions.

By Mr. SWARTZ: A bill (H. R. 8577) granting an increase of pension to Mary C. Ruppley; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 8578) for the relief of the heirs and legal representatives of Samuel S. Mecks; to the Committee on War Claims.

By Mr. TINCHER: A bill (H. R. 8579) granting an increase of pension to Zula A. Springer; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8580) granting an increase of pension to Nancy E. Barnett; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 8581) granting an increase of pension to Rebecca Jane Shaner; to the Committee on Invalid Pensions.

By Mr. KINDRED: Joint resolution (H. J. Res. 137) to admit August H. Hirsch to the character and privileges of a citizen of the United States; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

495. By Mr. BLOOM: Petition of employees of the Steamboat Inspection Service in regard to the alleged manner in which the assistant inspectors at New York City have been discriminated against in the allocation of the $137,000 provided by Congress for the adjustment of compensation of the field employees of that service; to the Committee on the Civil Service.

496. Also, petition of New York State Federation of County Sheep Growers' Cooperative Association (Inc.), concerning honest branding of fabric bill, the Jardine bill, and the tariff; to the Committee on Interstate and Foreign Commerce.

497. By Mr. CAREW: Petition of the Brooklyn Chamber of Commerce, in regard to naturalization; to the Committee on Immigration and Naturalization.

498. By Mr. CLEARY: Petition of Brooklyn Chamber of Commerce, Brooklyn, N. Y.; to the Committee on Immigration and Naturalization.

499. By Mr. CULLEN: Resolutions of New York State Sheep Growers' Cooperative Association, regarding the fabric and Jardine bills, and protesting against any reduction of the tariff on foreign wools; to the Committee on Ways and Means.

500. Also, resolution adopted by the board of directors of the Brooklyn Chamber of Commerce, at its meeting on January 18, 1926, seeking to amend naturalization procedure; to the Committee on Naturalization and Immigration.

501. By Mr. FENN: Petition adopted by the New England Tobacco Growers' Association, favoring a return to prewar rates of internal revenue taxation on cigars; to the Committee on Ways and Means.

502. By Mr. GALLIVAN: Petition of Isidor Fox, 206 Barristers' Hall, Boston, Mass., recommending early and favorable consideration of legislation to increase the salaries of the Federal judges; to the Committee on the Judiciary.

503. By Mr. GARBER: Resolution adopted at the eighth regular convention of the Slovenska Narodna Podporna Jednota (Slovene National Benefit Society), protesting against the figuring of the immigration quotas on a basis of the census of 1890 and asking that they be figured on a 1920 census basis; to the Committee on Immigration.

504. Also, resolution adopted at the eighth regular convention of the Slovenska Narodna Podporna Jednota (Slovene National Benefit Society), petitioning Congress to amend the Volstead law to allow the manufacture, sale, and transportation of beer and light wines for drinking purposes; to the Committee on the Judiciary.

505. Also, letter from the secretary of the Horse Association of America, protesting against Article XI, paragraph (ac), approved December 15, 1925, barring horses from certain streets in Washington, D. C.; to the Committee on the District of Columbia.

506. Also, resolution of the American Woman's Council of Justice, protesting against the enactment of Senate bill 291

and House bill 4097, providing for the establishment of a department of education at Washington; to the Committee on Education.

507. By Mr. KINDRED: Petition of the American Jewish Congress to the Congress of the United States to amend the immigration act so that the wives, husbands, and children, parents and sisters and brothers of citizens who are physically, mentally, and morally fit and have declared their intention of becoming citizens of the United States be admitted as nonquota immigrants; to the Committee on Immigration and Naturalization.

508. Also, petition of the drug and chemical section New York Board of Trade and Transportation to the Congress of the United States, to amend House bill 3904 so as to specifically exempt foods, drugs, insecticides, and fungicides; to the Committee on Interstate and Foreign Commerce.

509. By Mr. KING: Petition signed by William F. Irvin and 19 other citizens, of Brooklyn, Ill., and adjoining towns, stating that they are opposed to the World Court; to the Committee on Foreign Affairs.

510. By Mr. LEAVITT: Resolution of Henry W. Lawton Camp, No. 1, United Spanish War Veterans, Butte, Mont., favoring passage of Senate and House bill 98, granting pensions and increase of pensions to certain soldiers and sailors of the war with Spain, the Philippine insurrection, or the China relief expedition, to certain maimed soldiers, to certain widows, minor children, and helpless children of such soldiers and sailors, and for other purposes; to the Committee on Pensions.

511. By Mr. LONGWORTH: Petition of the Ohio State Federation of Labor at its forty-third annual convention, requesting the passage of certain legislation for the benefit of civil-service employees of the United States Government; to the Committee on the Civil Service.

512. By Mr. PATTERSON: Resolution by the New Jersey State Federation of Woman's Clubs, indorsing appropriation of $10,000,000 for the erection of a building to house collection of paintings and sculpture that have been presented to the United States; to the Committee on the Library.

513. By Mr. PERKINS: Petition of the Republican County Committee of Bergen County, N. J., urging the enactment of legislation looking to the abolition of coal strikes and providing for compulsory arbitration of capital and labor in the coal industry; to the Committee on Labor.

514. By Mr. PHILLIPS: Evidence in support of House bill 8353, granting an increase of pension to Sarah J. Somers; to the Committee on Invalid Pensions.

515. By Mr. PRATT: Petition of assistant inspectors of Steamboat Inspection Service of New York, N. Y., asking establishment of equitable schedule of salaries; to the Committee on Appropriations.

516. By Mr. SEGER: Resolution of executive committee of the American Legion, Department of New Jersey, approving legislation to suspend the operation of the immigration law for 12 months in so far as it concerns foreign born who were naturalized and served in the American Army, returned to their native countries, and whose applications for readmission to the United States have been held up on account of being subject to the quota; to the Committee on Immigration and Naturalization.

517. By Mr. STRONG of Kansas: Petition of Mr. J. D. Williams and 151 other citizens of Clay Center, Kans., requesting enactment of legislation to increase the pensions of Indian war veterans, their widows and dependents; to the Committee on Pensions.

SENATE

FRIDAY, *January 29, 1926*

(Legislative day of Saturday, January 16, 1926)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

EXECUTIVE NOMINATIONS REPORTED

Mr. BORAH. Mr. President, I ask permission, as in executive session, to report from the Committee on Foreign Relations certain nominations, which I ask may be placed on the Executive Calendar.

The VICE PRESIDENT. Without objection, the reports will be received, and they will be placed on the Executive Calendar.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	King	Reed, Pa.
Bayard	Ferris	La Follette	Robinson, Ark.
Bingham	Fess	Lenroot	Sackett
Blease	Fletcher	McKellar	Sheppard
Borah	Frazier	McKinley	Shipstead
Bratton	George	McLean	Simmons
Brookhart	Gerry	McMaster	Smith
Broussard	Gillett	McNary	Smoot
Bruce	Glass	Mayfield	Stanfield
Cameron	Goff	Means	Stephens
Capper	Gooding	Metcalf	Swanson
Caraway	Hale	Moses	Trammell
Copeland	Harreld	Neely	Tyson
Couzens	Harris	Norbeck	Underwood
Cummins	Harrison	Norris	Wadsworth
Curtis	Heflin	Nye	Walsh
Dale	Howell	Oddie	Warren
Deneen	Johnson	Overman	Weller
Dill	Jones, Wash.	Pine	Wheeler
Edge	Kendrick	Pittman	Williams
Edwards	Keyes	Ransdell	Willis

The VICE PRESIDENT. Eighty-four Senators having answered to their names, a quorum is present.

IOWA CROP STATISTICS

Mr. BROOKHART. Mr. President, I desire to call the attention of the Senate to a crop report filed by the Weather Bureau of the State of Iowa, comparing 1925 with 1924. For instance, in 1924 there were produced in Iowa 305,536,000 bushels of corn. In 1925 there were produced 478,590,000 bushels, an increase of 173,054,000 bushels. But the total price received for the big crop of 1925 was $16,138,000 less than for the little crop of 1924.

Again, in the matter of oats, in 1924 there were produced 245,910,000 bushels, and in 1925, 246,604,000 bushels, an increase of 694,000 bushels, but there was a decline of $29,287,000 in the value of the oat crop.

Throughout the tabulation it will be seen that, for the most part, the farmers received less in total sums for large crops than they did for small crops. I was informed by the late Secretary Wallace that such a condition has continued for a whole generation or more, and therefore it is not a temporary affair, but is a permanent result growing out of economic conditions in the United States.

I ask that the tabulation may be inserted in the RECORD.

There being no objection, the tabulation was ordered to be inserted in the RECORD, as follows:

Iowa crops, 1924 and 1925, compared—Acreage, average and total yield, average farm price December 1 of each year, gross value per acre in 1925 based on the December 1 farm price, and comparisons of total yields and total values of each crop

[Compiled by Iowa Weather and Crop Bureau, Des Moines, Iowa, January 25, 1926, for Senator SMITH W. BROOKHART, Washington, D. C.]

Crop	1924 revision[1]					Dec. 1, 1925, estimate[2]						1925 compared to 1924	
	Acres	Average yield per acre	Total production	Average farm price Dec. 1	Total value	Acres	Average yield per acre	Total production	Average farm price Dec. 1	Gross value per acre	Total value	Total production	Total value
Corn	10,912,000	[3] 28	305,536,000	$0.93	$284,148,000	11,130,000	[3] 43	478,590,000	$0.56	$24.08	$268,010,000	+173,054,000	−$16,138,000
Oats	5,855,000	[3] 42	245,910,000	.44	108,200,000	6,089,000	[3] 40.5	246,604,000	.32	12.96	78,913,000	+694,000	−29,287,000
Winter wheat	429,000	[3] 20.4	8,752,000	1.27	11,115,000	386,000	[3] 17	6,562,000	1.36	23.12	8,924,000	−2,190,000	−2,191,000
Spring wheat	26,000	[3] 17.2	447,000	1.27	568,000	26,000	[3] 15	390,000	1.30	19.50	507,000	−57,000	−61,000
Barley	136,000	[3] 31	4,216,000	.70	2,951,000	184,000	[3] 31	5,704,000	.57	17.67	3,251,000	+1,488,000	+300,000
Rye	39,000	[3] 18	702,000	1.02	716,000	35,000	[3] 16.4	574,000	.80	13.12	459,000	−128,000	−257,000
Flaxseed	8,000	[3] 11.7	94,000	2.25	211,000	9,000	[3] 10.5	94,000	2.20	23.10	207,000	0	−4,000
Timothy seed	282,000	[3] 4.7	1,335,000	2.86	3,790,000	192,000	[3] 3.8	730,000	3.15	11.97	2,300,000	−595,000	−1,490,000
Clover seed	66,000	[3] .7	46,000	15.20	699,000	76,000	[3] 1	76,000	16.00	16.00	1,216,000	+30,000	+517,000
Potatoes (white)	79,000	[3] 136	10,744,000	.55	5,909,000	83,000	[3] 63	5,229,000	2.25	148.05	12,288,000	−5,515,000	+6,379,000

[1] Subject to further revision when complete State census figures become available. [2] Subject to revision when assessors' figures become available. [3] Bushels.

Iowa crops, 1924 and 1925, compared—Acreage, average and total yield, average farm price December 1 of each year, gross value per acre in 1925 based on the December 1 farm price, and comparisons of total yields and total values of each crop—Continued

Crop	1924 revision					Dec. 1, 1925, estimate						1925 compared to 1924	
	Acres	Average yield per acre	Total production	Average farm price Dec. 1	Total value	Acres	Average yield per acre	Total production	Average farm price Dec. 1	Gross value per acre	Total value	Total production	Total value
Hay (tame)	3,362,000	[4] 1.78	5,984,000	$11.40	$68,218,000	3,152,000	[4] 1.30	4,098,000	$13.50	$17.55	$55,323,000	−1,886,000	−$12,895,000
Hay (wild)	318,000	[4] 1.26	401,000	8.70	3,489,000	300,000	[4] 1	300,000	10.50	10.50	3,150,000	−101,000	−339,000
Pasture and grazing	10,280,000			6.00	61,740,000	10,125,000			5.68		57,510,000		−4,230,000
Sweet corn (commercial crop)	48,000	[4] 1.43	69,000	12.00	828,000	57,000	[4] 3.1	177,000	11.50	35.65	2,036,000	+108,000	+1,208,000
Pop corn	21,000	[5] 1,510	31,710,000	.03	951,000	38,000	[5] 2,000	76,000,000	.03	60.00	2,280,000	+44,290,000	+1,329,000
Buckwheat (estimated)	6,000	[5] 15	90,000	1.03	93,000	5,000	[5] 17.5	88,000	.90	15.75	79,000	−2,000	−14,000
Fruit crop (estimated)					9,000,000						7,500,000		−1,500,000
Garden truck (estimated)					5,750,000						5,750,000		0
Miscellaneous (estimated)					3,250,000						4,250,000		+1,000,000
Total value, not including livestock products, for the year—													
1925											513,953,000		−57,673,000
1924											571,626,000		
1923											518,701,000		
1922											485,666,000		
1921											305,459,000		
1920											560,461,000		

[5] Bushels. [4] Tons. [5] Pounds.

Mr. BROOKHART. I ask permission to have inserted in the RECORD a news release from the Cooperative League.

The VICE PRESIDENT. Without objection, it is so ordered. The matter is as follows:

THE COOPERATIVE LEAGUE,
New York, December 2, 1925.

A COOPERATOR ADDRESSES PREMIER MUSSOLINI

The Cooperative News, weekly, of the cooperative movement of Great Britain recently carried the editorial opinion that cooperators should let Mussolini know what they think of him. Mr. T. W. Mercer, a secretary of the Cooperative Union of Great Britain, powerful educational arm of the movement, accepts the challenge and writes as follows in the News of November 30:

"To SIGNOR MUSSOLINI:

"Dost feel secure, O Duce, in thy high place
Among thy black shirts, strong in lawless power,
Who now the wealth of humble men devour
While theft and murder multiply apace?
Didst think thou long could chain a noble race,
Or that within thine own appointed hour
Thou couldst make all men low before thee cower,
All dreams of freedom from their souls efface?
Men in whose veins the blood of Dante runs,
Whose fathers were by Garibaldi led,
Whose own free minds were by Mazzini fed,
Will not endure thy lordship many suns.
A tyrant is by all true men abhorred;
Who rules by terror has his fit reward."

COOPERATIVE PHONES VERSUS THE BELL SYSTEM

Some of the farmers out in Nebraska are losing patience with the continual rise in the costs of telephone service. The following resolution, adopted by the Farmers' Union of Merrick County at its quarterly meeting in September, is symptomic of the sentiment of thousands of farmers:

"Whereas the Bell Telephone Co. has received permission from the courts to raise the rates, and has done so when the same seemed to patrons of said telephone company to be as high as should reasonably be asked: Therefore be it

"*Resolved*, That we, the members of the Farmers' Union of Merrick County, Nebr., at this our quarterly meeting, held September 14, 1925, do instruct our legislative committeemen from Merrick County to advocate a rural county telephone system and bring the same before the State convention proper, to be discussed in the open."

FRANK N. KING,
JOHN WEGERT,
J. G. ENGEL,
EMIL BECKER,
Committee.

Meanwhile there are scores of cooperative telephone lines already being operated in other parts of Nebraska and adjoining States. The Bell interests do not have everything their own way in the rural districts as they have in the cities.

OHIO MINERS WHO KNOW HOW TO COOPERATE

Dillonvale, Ohio, a small town so far as census figures are concerned, is a big town in the cooperative vernacular. In 1908 some 30 Bohemian coal miners started a little store with a contribution of $10 apiece. To-day their capital and reserves amount to nearly $200,000, and their annual sales to more than $300,000. They have four grocery stores and meat markets, a dry goods and shoe store, a hardware store, a meeting hall, and clubroom. Two of the stores are in Dillonvale, two in small mining towns near by. They sell groceries, meats, dry goods, clothing, shoes, ladies' ready-to-wear millinery, furniture, draperies, floor coverings, shingles and heavy hard roofing, lime, cement, hay, grain, and feed.

The biggest block in Dillonvale is the property of the New Cooperative Co., which rents space to the First National Bank of the town, and to the railroad company for its waiting room and ticket office.

This company has regularly returned from 6 to 9 per cent each year to members on their patronage, and 2 per cent to nonmembers.

NOVA SCOTIA MINERS FLOCK TO THE COOPERATIVE

The miners of Nova Scotia have been through a devastating strike for many months in the early part of 1925. Now that the strike is over their British-Canadian Cooperative Society shows an increase of 372 in its membership.

This society is the largest on the American continent, and rendered valiant service to the strikers during their time of need. The sales for the first three months since the strike ended have been $332,938, on which the directors have declared a patronage rebate of 7 per cent. All of which goes to show that the right kind of a cooperative society flourishes on adversity, for adversity educates the workers to an appreciation of cooperation.

A COOPERATIVE WHOLESALE THAT BELONGS TO WORKERS AND FARMERS

The Cooperative Central Exchange, most militant of the cooperative wholesales in the United States, had total sales in 1925 of about $825,000, all of its business done with the group of 60 or 80 stores in the North Central States. The net gain for the year is approximately $12,000.

A GENUINE WORKERS' COOPERATIVE BANK

One of the great misfortunes of the American labor banking movement is the fact that all the labor banks are incorporated as capitalist banks. The Headgear Workers' Credit Union, owned and controlled by the 850 members of the Cloth, Hat, Cap, and Millinery Workers' Union, a credit organization 100 per cent cooperative and democratic in structure, presents a vivid contrast to these labor banks. During their 18 months of existence they have raised a capital of $125,000 and have proved to be the fastest growing credit union in New York State, which already boasts of 115 of these associations.

ANOTHER BRITISH LABOR LEADER SPEAKS

Mr. A. J. Cook is to-day more in the public eye of Great Britain than any of the other well-known radical Laborites of that empire. He is general secretary of the Miners' Federation of Great Britain, which forced the Conservative government to grant a subsidy to the mining industry a couple of months ago.

Mr. Cook's advice on cooperation is as follows:

"I believe in scientific fighting, to hit the other fellow out and not punch myself. That is why they don't like me; they don't mind you because many of you have not yet realized the value of real cooperation. Many of you are outside of the cooperative movement, and it is the first duty of a trade-unionist to join the cooperative

movement. When every trade-unionist realizes the value of the movement in a struggle, then our scientific organization will be on the way to realization. Link up with the cooperative, and until you have done so don't blame the private traders for doing what they consider is best for themselves."

THE COAL SITUATION

Mr. COPELAND. Mr. President, I ask to have printed in the RECORD a short article on the coal situation from the New York Times of January 29, 1926.

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article referred to is as follows:

DOCTOR HARRIS PUTS 25 BUILDINGS ON PROBATION IN DRIVE TO STOP SOFT-COAL SMOKE NUISANCE

Dr. Louis I. Harris, health commissioner, placed on probation yesterday 25 large establishments as the first drastic step in the fight he intends to wage against the unnecessary befouling of the atmosphere with dense volumes of black smoke caused by improper methods of stoking or the burning of inferior grades of soft coal.

The probation periods are from 24 to 48 hours. In each instance the health commissioner warned the offender that unless conditions were found to have been improved within the time specified he would be penalized in court. One heating plant in particular, the commissioner said, which burns 125 tons of coal daily, had been ordered to use a better grade of soft coal to abate the nuisance caused by the discharge of dense, black smoke from its chimneys.

Doctor Harris also said that Dr. Alonzo Blauvelt, sanitary superintendent for the Borough of Manhattan, had been in conference with Col. Frank H. Hines, of Borough President Julius Miller's office, with a view to abating the smoke nuisance emanating from some public buildings.

Inspectors for the health department were sent out by the commissioner yesterday to visit places which have been complained of. He said that in some instances it had been found that these concerns were hoarding anthracite coal in their bins and burning soft coal in an objectionable manner. In these cases, he said, the offenders were being urged to burn their anthracite and at the same time were being instructed in the proper method of burning bituminous fuel.

The canvass of tenement houses that has been conducted by health department nurses for the last three days shows that 1,472 houses were visited and that 33,198 persons comprise the 13,710 families living in these houses. There were 76 cases of illness found attributable to the burning of soft coal. The sick persons were suffering from headache, nausea, and weakness.

Doctor Harris reported that the nurses found 989 cases of acute bronchitis or other lung troubles in the houses visited and that 3,742 of the families complained of the coal situation. Of the families visited, 4,299 were depending on gas for heating.

The report also stated that 2,742 families had hard coal on hand but were burning it economically; 1,673 families were using soft coal; 501 using coke; 1,217 were depending on kindling or wood, which the commissioner said indicated poverty; and 953 families were depending on oil burners.

The canvass is being made by the nurses to ascertain what effect the coal situation has on health in different parts of the city.

The commissioner announced that he had written to 26 organizations, including the merchants' association and the Fifth Avenue association, bespeaking the cooperation of their members in his efforts to abate the soft-coal smoke nuisance.

PETITIONS AND MEMORIALS

Mr. FESS presented a petition of members of the faculty of Capital University Seminary, at Columbus, Ohio, praying an amendment to section 15 of the existing copyright law by inserting the words "or mimeographic process," after the words "or photo-engraving process," in lines 9, 15, 34, and 41 of said section, which was referred to the Committee on Patents.

Mr. BINGHAM presented a petition of the Woman's Christian Temperance Union, of Hartford County, Conn., praying for the passage of Senate bill 1750, to establish a woman's bureau in the Metropolitan Police Department of the District of Columbia, and for other purposes, which was referred to the Committee on the District of Columbia.

He also presented resolutions adopted by the William McKinley Camp, No. 9, United Spanish War Veterans, of Norwalk, Conn., favoring the passage of Senate bill 98, proposing increased pensions to veterans of the Spanish-American war and their widows, which were referred to the Committee on Pensions.

He also presented a memorial of the directors of the Hartford (Conn.) Chamber of Commerce, remonstrating against the passage of the so-called Sterling sedition bill, and also the so-called national police bill, providing for the creation of a national police bureau and a "proper measure for the registration of aliens," which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the New England Tobacco Growers' Association, favoring a return to pre-war rates of internal-revenue taxation on cigars, which was ordered to lie on the table.

He also presented a resolution adopted by the Congregation B'nai Jacob, of New Haven, Conn., favoring amendment of the existing immigration law, so as to provide for the exemption from quota restrictions of the husbands, wives, and children of citizens and declarants for citizenship, which was referred to the Committee on Immigration.

ANTITRUST PROSECUTIONS

Mr. WALSH. I send to the desk a telegram addressed to me, and ask that it be read and referred to the Committee on the Judiciary.

There being no objection, the telegram was read and referred to the Committee on the Judiciary, as follows:

[Western Union Telegram]

MIAMI BEACH, FLA., *January 25, 1926.*

Hon. THOMAS F. WALSH,

Senate Office Building, Washington, D. C.:

Hope you will press for broad independent investigation of nullification of Trade Commission activities and suppression and jockeying of antitrust-law prosecutions by Justice Department with provision for investigators and counsel to make thorough preparations as we did in Lockwood housing investigation and without which your inquiry would be useless. Exposure Justice Department's unbelievable recklessness and whitewashing prosecutions on deliberately faked defective records in cases like General Electric, cement, window-glass trusts, and innumerable criminal combinations masquerading as trade associations will amaze country. We are in the grip of these combinations in almost every branch of industry and as never before in country's history. Secretary Hoover is largely responsible for this situation, as I publicly charged about four years ago for reasons then stated. There is no more pressing patriotic duty than to exterminate these cancers that are mainly responsible for swollen profits and our mounting living costs. I know that with aggressive support the clogged arteries of trade can be cleared and competition restored.

SAMUEL UNTERMYER.

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2526) to extend the time for the refunding of taxes erroneously collected from certain estates, reported it without amendment and submitted a report (No. 100) thereon.

He also, from the same committee, to which was referred the bill (S. 2616) for the relief of Herman Shulof, reported it with an amendment and submitted a report (No. 101) thereon.

Mr. TRAMMELL, from the Committee on Claims, to which was referred the bill (S. 1131) for the relief of James Doherty, reported it without amendment and submitted a report (No. 102) thereon.

Mr. BROOKHART, from the Committee on Claims, to which was referred the bill (S. 1160) for the relief of Immaculato Carlino, widow of Alexander Carlino, reported it with an amendment and submitted a report (No. 103) thereon.

Mr. MAYFIELD, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 613) for the relief of Archibald L. Macnair (Rept. No. 104); and

A bill (S. 1351) for the relief of Wynona A. Dixon (Rept. No. 105).

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 1343) for the relief of soldiers who were discharged from the Army during the World War because of misrepresentation of age, reported it with amendments and submitted a report (No. 106) thereon.

EXTENSION OF CHARTER OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. CUMMINS. I ask unanimous consent to submit a report from the Committee on the Judiciary. I report back favorably without amendment the bill (S. 780) to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution."

Mr. SMOOT. I ask unanimous consent that the bill may be considered at this time, as there is very pressing need for its passage.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution," approved February 20, 1896, as amended, is amended to read as follows:

"SEC. 2. That said society is authorized to hold real and personal estate in the United States, so far only as may be necessary to its lawful ends, to an amount not exceeding $5,000,000, and may adopt a constitution and make by-laws not inconsistent with law, and may adopt a seal. Said society shall have its headquarters or principal office at Washington, in the District of Columbia."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

CORN SUGAR

Mr. McKINLEY. I ask unanimous consent to report back favorably from the Committee on Manufactures with an amendment the bill (S. 481) to amend section 8 of an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, amended August 23, 1912, March 3, 1913, and July 24, 1919, and I submit a report (No. 99) thereon.

I ask that the bill may be considered at this time.

The VICE PRESIDENT. The clerk will read the bill for information.

The Chief Clerk read the bill, as follows:

Be it enacted, etc., That the act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating the traffic therein, and for other purposes, approved June 30, 1906, amended August 23, 1912, March 3, 1913, and July 24, 1919, be amended so that section 8 thereof shall include as its last paragraph the following:

"Third. In the case of food products because of having been sweetened with an article commonly known as corn sugar."

The amendment of the committee was, on page 2, in line 2, before the word "sweetened," to insert the words "preserved or."

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. BORAH. I reserve the right to object until I know something about it. I do not know what it is.

Mr. CUMMINS. I was about to explain what it is, but I understand the Senator from Nebraska [Mr. HOWELL] desires an opportunity to offer an amendment to the bill.

Mr. HOWELL. I do not wish to hold up the bill, but if it could go over until such time as I can prepare an amendment I would be glad.

Mr. CUMMINS. All I can say is that this is the only opportunity the Senate will have to increase the market for corn, an agricultural product suffering at this time the severest depression that it has ever known. But if the Senator from Nebraska or the Senator from Idaho desire it to go over——

Mr. BORAH. I only desire to know what the bill is. If it is going to increase the price of corn, of course that is proof conclusive that it should pass at once, but I want to know whether it is going to do that or not.

Mr. CUMMINS. The bill is an amendment to the pure food and drug act. The Department of Agriculture in an unofficial ruling made some time ago held that "sugar" means what is chemically known as sucrose, and that sugar which we know chemically as dextrose is not sugar. There is some danger that if a food product, such as fruit of all kinds, be sweetened in the preparation of the product with corn sugar, it will be held to be either misbranded or adulterated.

The purpose of this bill is simply to correct the statute, so that there will be no question with regard to that matter. I merely wish to know whether the Senator desires to enlarge the opportunity to use corn.

Mr. BROUSSARD. Mr. President, I should like to make an inquiry.

Mr. SMOOT. Mr. President, if the bill is going over I do not want to lose the time which could be devoted to the consideration of the tax bill to-day. So far as I am concerned, however, I merely desire to say I trust that the bill for the consideration of which the Senator from Iowa [Mr. CUMMINS] has asked will pass.

Mr. BROUSSARD. I desire to make this inquiry of the Senator from Iowa. Has the bill been considered and passed upon by the committee?

Mr. CUMMINS. The bill has been unanimously recommended by the Committee on Manufactures.

Mr. BROUSSARD. I have not seen the report on the bill. I hope that I may see my way clear to support it; I am inclined to do so, but I should like to know something about it before it shall pass.

Mr. CUMMINS. I understand, of course, that those who are interested in cane sugar might have some objection to the passage of the bill.

Mr. SMOOT. I should like to say to the Senator that, so far as I am concerned, and so far as the beet-sugar industry is concerned, and, I believe, the cane-sugar industry, too, the bill will not be opposed at all.

Mr. BROUSSARD. I do not know about that. I am not familiar with the bill.

Mr. SMOOT. It has reference to an agricultural product which ought to be taken care of.

Mr. CUMMINS. Does the Senator from Louisiana object to the consideration of the bill?

Mr. BROUSSARD. I do not care to object. I understand that the request has been made, however, that the bill go over. I merely wanted to inquire whether hearings have been held on the bill. I wish to be informed as to the purpose of the bill and as to its effect before I can subscribe to it.

Mr. COPELAND. Mr. President——

Mr. CUMMINS. I understand that objection has been made.

Mr. COPELAND. Mr. President, I hope this bill will pass. I had no idea that it was coming up to-day or early in the session, but the purpose of the bill is to permit the use of corn sugar in articles where it is suitable to be used without recording that fact upon the label. The people of the United States have been taught that the label tells the truth and that the purpose of the label is to give warning to the housewife that some improper ingredient is included in the product. Everybody who knows anything about chemistry and about the human body recognizes that corn sugar, where it may be properly used, is just exactly as safe to use as is cane sugar, or any other kind of sugar, and the purpose of this bill is to make it possible for the corn product to be used without placing upon the label the fact that it is used.

Corn sugar can never replace cane sugar, because, where sweetness is needed, cane sugar must be used, but, for the sake of the preservation of fruits and for other similar purposes corn sugar may be properly used. If this bill shall be enacted into law, as I hope it will be, there will be no question at all that there will be a larger use of corn sugar in a perfectly legitimate and proper way. I hope the bill will be passed.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. SMOOT. Mr. President, is the bill going over or is it going to be considered?

The VICE PRESIDENT. The Chair is inquiring whether there is objection to the present consideration of the bill.

Mr. HOWELL. Mr. President, I wish to offer an amendment to the bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. BINGHAM. I hope the bill will go over under the rule. I should like to have a chance to read it.

The VICE PRESIDENT. The bill will go over under the rule.

Mr. HOWELL. Then I shall withdraw my amendment for the present.

COMMISSION ON REDUCTION AND LIMITATION OF ARMAMENTS

Mr. BORAH. I ask permission to submit a report from the Committee on Foreign Relations and ask for its present consideration if the Senator in charge of the tax reduction bill will indulge me. I report back favorably without amendment the joint resolution (H. J. Res. 107) to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments, and as the parties must act in regard to the matter immediately I ask for its present consideration. It is the unanimous report of the committee.

Mr. SMOOT. It will lead to no discussion?

Mr. BORAH. To no debate, or if it does I will withdraw it.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution, and it was read, as follows:

Resolved, etc., That in compliance with the recommendation of the President contained in his message of January 4, 1926, the sum of $50,000 is hereby authorized to be appropriated for the expenses of such participation by the United States as the President may, in his discretion, determine, in the work of the preparatory commission, which

is to meet at Geneva, Switzerland, in 1926 for the purpose of making preliminary studies and preparations for a conference on the reduction and limitation of armaments; and for each and every purpose connected therewith, including compensation of employees, travel, subsistence expenses (notwithstanding the provisions of any other act); and such other expenses as the President shall deem proper, to be expended under the direction of the Secretary of State.

Mr. McKELLAR. I ask the Senator from Idaho if the joint resolution meets the approval of the minority members of the Foreign Relations Committee.

Mr. BORAH. It does, as well as the approval of the majority members of the committee.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JONES of Washington:

A bill (S. 2875) to further amend section 11 of the merchant marine act, 1920; to the Committee on Commerce.

By Mr. HALE:

A bill (S. 2876) for the purchase of a tract of land adjoining the United States target range at Auburn, Me. (with accompanying papers); to the Committee on Military Affairs.

By Mr. SMOOT:

A bill (S. 2877) to authorize the addition of certain lands to the Ashley National Forest; to the Committee on Public Lands and Surveys.

By Mr. WALSH:

A bill (S. 2878) authorizing the Secretary of Agriculture to lease to the county of Custer, State of Montana, a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, for the removal of gravel (with accompanying papers); and

A bill (S. 2879) to authorize the Secretary of Agriculture to extend and renew for the term of 10 years a lease to the Chicago, Milwaukee & St. Paul Railway Co. of a tract of land in the United States Department of Agriculture Range Livestock Experiment Station, in the State of Montana, and for a right of way to said tract, for the removal of gravel and ballast material, executed under the authority of the act of Congress approved June 28, 1916 (with accompanying papers); to the Committee on Agriculture and Forestry.

By Mr. GLASS:

A bill (S. 2880) for the relief of the estate of Sarah Harrison;

A bill (S. 2881) to extend the benefits of the employers' liability act of September 7, 1916, to James Robert Allen;

A bill (S. 2882) for the relief of George T. Easton; and

A bill (S. 2883) for the relief of Lottie May Bolin; to the Committee on Claims.

By Mr. LENROOT:

A bill (S. 2884) granting a pension to Ella O. Fuller; to the Committee on Pensions.

By Mr. FERRIS:

A bill (S. 2885) to establish a laboratory for the study of the abnormal classes; to the Committee on the Judiciary.

By Mr. BRUCE:

A bill (S. 2886) for the relief of Barzilla William Bramble; and

A bill (S. 2887) for the relief of Philip T. Post; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 2888) granting a pension to Carl Olson; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 2889) to provide for a preliminary examination and survey of the St. Marys and Satilla Rivers, Ga.; to the Committee on Commerce.

A bill (S. 2890) to provide for the erection of a public building at the city of Screven, Ga.;

A bill (S. 2891) to provide for the erection of a public building at the city of Odum, Ga.; and

A bill (S. 2892) to provide for the erection of a public building at the city of Kingsland, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. HARRELD:

A bill (S. 2893) granting a pension to William Ellison; to the Committee on Pensions.

A bill (S. 2894) for the relief of Frank S. Nipper; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2895) for the development of the training plant for the Air Service of the United States Army at San Antonio, Tex.;

A bill (S. 2896) for additional construction and for improvement at Fort Bliss, Tex.; and

A bill (S. 2897) for additional construction and for improvements at Fort Sam Houston, Tex.; to the Committee on Military Affairs.

By Mr. WADSWORTH:

A bill (S. 2898) for the relief of all owners of cargo laden aboard the steamship *Oconee;* and

A bill (S. 2899) for the relief of the owner of the American steamship *Almirante* and owners of cargo laden aboard thereof at the time of her collison with the U. S. S. *Hisko;* to the Committee on Claims.

By Mr. STEPHENS:

A bill (S. 2900) for the purchase of a site and the erection of a post-office building thereon at Charleston, Miss.;

A bill (S. 2901) for the purchase of a site and the erection of a post-office building thereon at New Albany, Miss.; and

A bill (S. 2902) for the purchase of a site and the erection of a post-office building thereon at Newton, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. NORBECK:

A bill (S. 2903) to adjust water-right charges and to grant certain other relief on the Belle Fourche irrigation project in the State of South Dakota; to the Committee on Irrigation and Reclamation.

By Mr. SMITH:

A bill (S. 2904) to provide for the postponement of the payment of installments for 1926 upon Federal farm-loan mortgages on lands in drought-stricken areas; to the Committee on Agriculture and Forestry.

By Mr. BROOKHART:

A bill (S. 2905) granting a pension to Nancy Blitz (with accompanying papers); to the Committee on Pensions.

By Mr. McKINLEY (by request):

A bill (S. 2906) to provide a reserve supply of grain for national safety and to create a Federal agency to buy, store, distribute, and export our leading cereals at cost of handling; to the Committee on Agriculture and Forestry.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. HARRELD submitted an amendment proposing to increase the appropriation for support of the Osage Agency, Okla., and pay of tribal officers, the tribal attorney and his stenographer, and employees of said agency, etc., from $134,100 to $159,100, intended to be proposed by him to House bill 6707, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

INVESTIGATION OF FOREST PRODUCTS LABORATORY AT MADISON, WIS.

Mr. BROOKHART submitted the following resolution (S. Res. 130), which was referred to the Committee on Agriculture and Forestry:

Whereas Arthur Arent, president of the Arthur Arent Laboratories (Inc.), of Des Moines, Iowa, has submitted to the Committee on Agriculture and Forestry of the Senate a sworn statement, in which he alleges that unfair methods have been used and untrue statements have been made by officials in the forest-products laboratory of the United States Department of Agriculture at Madison, Wis., and that these officials are acting in conjunction with certain creosote interests to destroy the sale of his products; and

Whereas Arthur Arent has requested the Committee on Agriculture and Forestry to examine the evidence submitted by him and to afford him a hearing concerning the methods, statements, and practices of the forest-products laboratory at Madison, Wis., and of such creosote interests: Therefore be it

Resolved, That the Committee on Agriculture and Forestry or duly authorized subcommittee thereof is authorized to make a full and complete investigation into the accuracy of such charges and allegations, to ascertain the facts concerning such practices, statements, and methods, and to report thereon to the Senate.

INVESTIGATION OF THE AGRICULTURAL SITUATION

Mr. BROOKHART submitted the following resolution (S. Res. 131), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Agriculture and Forestry, or any duly constituted subcommittee thereof, is authorized to investigate and report concerning the causes of the distress of the farming population and the remedies, and to these ends—

1. To ascertain the extent to which the business interests are organized into trade associations, and the essential features of the system.

2. To ascertain the comparative height of the selling prices of the products in agriculture and of the organized business interests over a period of years, and include the buying prices of the said business interests.

3. To ascertain the comparative incomes and profits of agriculture and business over a period of years.

4. To ascertain such other data as may be pertinent to the subject investigated.

For the purposes of this resolution such committee or subcommittee is authorized to issue questionnaires, which may call for answers under oath, and to require, by subpœna or otherwise, the production of such books, papers, and documents, or copies, as may be called for; also to employ such expert assistance as may be required; a report to be submitted in 30 days, with recommendations for such legislative action as may be deemed expedient. The expenses of such committee or subcommittee shall be paid from the contingent fund of the Senate.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. I hope, Mr. President, we may now proceed with the reading of the bill, unless some Senator desires to speak.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The first amendment of the Committee on Finance was, under the heading "Title II, income tax, Part I, general provisions, distributions by corporations," on page 7, line 4, after the word "dividend," to insert: "In the case of the cancellation or redemption of stock not issued as a stock dividend this subdivision shall apply only if the cancellation or redemption is made after January 1, 1926," so as to read:

(g) If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend. In the case of the cancellation or redemption of stock not issued as a stock dividend this subdivision shall apply only if the cancellation or redemption is made after January 1, 1926.

Mr. COUZENS. Mr. President, will the chairman of the committee please explain that amendment?

Mr. SMOOT. The House bill provided that the amendment should be retroactive to January 1, 1925. The committee recommends that the provisions of the act of 1924 in this respect remain in effect during the calendar year 1925, and that the change in the law should become effective only as of January 1, 1926. That is the only difference there is in the law.

Mr. COUZENS. What is the object of moving the date up to January 1, 1926?

Mr. SMOOT. Because all of the actions taken here have been taken under the law of 1924, and this simply gives notice that the provision shall apply from January 1, 1926. That is the only change there is.

Mr. NORRIS. Mr. President, I desire to ask the Senator about the House text which this amendment seeks to amend. As I understand, under the decision of the Supreme Court a stock dividend is not taxable.

Mr. SMOOT. It is just exactly the same as the law is today.

Mr. NORRIS. Yes, I understand; but that was held by the court.

Mr. SMOOT. Yes.

Mr. NORRIS. And subdivision (f), particularly says, in so many words, that a stock dividend shall not be subject to tax.

Mr. SMOOT. Yes.

Mr. NORRIS. But subdivision (g) seeks, it seems to me, if it seeks to do anything, to tax a stock dividend.

Mr. SMOOT. No; that is only when it is realized on. In other words, if a stock dividend is declared, and that declared stock dividend is sold and there is any gain upon it, that is taxable just the same as the original capital stock.

Mr. COUZENS. In other words, if a corporation calls in its own stock from its stockholders, and then it is realized on——

Mr. SMOOT. And they realize and get a profit on it, then they are compelled to pay a tax.

Mr. COUZENS. Yes.

Mr. LENROOT. Mr. President, I should like to ask one question. Suppose a corporation cancels one-fourth of its capital stock, and the capital stock is held so that it applies equally to each stockholder; does that change the situation at all?

Mr. SMOOT. Not at all, after the sale is made.

Mr. LENROOT. But this does not refer to a sale.

Mr. SMOOT. Of course, there would be no tax upon it, then.

Mr. LENROOT. But there would be here, would there not?

Mr. SMOOT. No.

Mr. LENROOT. The language is—

at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend.

How can that be in the case of its cancellation? It would leave them just exactly as they were before. The three-fourths stock would be equivalent to the four-fourths before the cancellation; but would it not be taxable?

Mr. SMOOT. That is the existing law. It never has been.

Mr. COPELAND. Mr. President, we should like to hear the conversation that is going on over on the other side.

Mr. SMOOT. I say that is existing law. There is not a word changed in it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, under the subhead "Determination of amount of gain or loss," on page 8, line 6, after the word "value," to insert "or to paragraph (2) of subdivision (c) of section 204," so as to read:

SEC. 202. (a) Except as hereinafter provided in this section, the gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the basis provided in subdivision (a) or (b) of section 204, and the loss shall be the excess of such basis over the amount realized.

(b) In computing the amount of gain or loss under subdivision (a)—

(1) Proper adjustment shall be made for any expenditure or item of loss properly chargeable to capital account; and

(2) The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, and depletion which have since the acquisition of the property been allowable in respect of such property under this act or prior income tax laws; but in no case shall the amount of the diminution in respect of depletion exceed a depletion deduction computed without reference to discovery value or to paragraph (2) of subdivision (c) of section 204. In addition, if the property was acquired before March 1, 1913, the basis (if other than the fair market value as of March 1, 1913) shall be diminished in the amount of exhaustion, wear and tear, obsolescence, and depletion actually sustained before such date.

The amendment was agreed to.

The next amendment was, under the subhead "Recognition of gain or loss from sales and exchanges," on page 11, line 7, after the word "recognized," to insert: "If a corporation which owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation distributes such stock to its shareholders no gain to the distributee from the receipt of such stock shall be recognized," so as to read:

(c) If there is distributed, in pursuance of a plan of reorganization, to a shareholder in a corporation a party to the reorganization, stock or securities in such corporation or in another corporation a party to the reorganization, without the surrender by such shareholder of stock or securities in such a corporation, no gain to the distributee from the receipt of such stock or securities shall be recognized. If a corporation which owns at least a majority of the voting stock and at least a majority of the total number of shares of all other classes of stock of another corporation distributes such stock to its shareholders, no gain to the distributee from the receipt of such stock shall be recognized.

The amendment was agreed to.

The next amendment was, under the subhead "Basis for determining gain or loss, depletion, and depreciation," on page 15, line 19, at the end of the paragraph, after the numerals "1924," to strike out the comma and "or in subdivision (c) or (f) of section 202 of this act," so as to read:

(3) If the property was acquired after December 31, 1920, by a transfer in trust (other than by a transfer in trust by bequest or devise) the basis shall be the same as it would be in the hands of the grantor, increased in the amount of gain or decreased in the amount of loss recognized to the grantor upon such transfer under the law

applicable to the year in which the transfer was made. The provisions of this paragraph shall not apply to the acquisition of such property interests as are specified in subdivision (c) or (e) of section 402 of the revenue act of 1921, or in subdivision (c) or (f) of section 302 of the revenue act of 1924.

The amendment was agreed to.

The next amendment was, on page 16, line 6, after the numerals "1924," to strike out the comma and "or in subdivision (c) or (f) of section 302 of this act," so as to read:

(5) If the property was acquired by bequest, devise, or inheritance, the basis shall be the fair market value of such property at the time of such acquisition. The provisions of this paragraph shall apply to the acquisition of such property interests as are specified in subdivision (c) or (e) of section 402 of the revenue act of 1921, or in subdivision (c) or (f) of section 302 of the revenue act of 1924.

The amendment was agreed to.

The reading of the bill was continued to line 24, page 17, in the administrative provisions.

Mr. UNDERWOOD. Mr. President, I would like to ask the Senator in charge of the bill how far the provisions which are now being read from the desk differ from the existing law?

Mr. SMOOT. Not a word.

Mr. UNDERWOOD. They are the existing law?

Mr. SMOOT. They are the existing law.

Mr. UNDERWOOD. I think it is most unfortunate that the administrative features of a law like a tax law should be continually changed. There may be changes needed, and sometimes changes are necessary, but in the past there has seemed to be a tendency, when the Treasury Department had an opinion and the courts did not agree with the opinion, for the Treasury Department to come to Congress to have the law modified so that Congress would overrule the courts. I am glad to know that in these provisions the existing law is preserved.

Mr. SMOOT. There is no change.

The reading of the bill was resumed.

The next amendment was, on page 19, after line 18, to strike out:

(c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that—

(1) In the case of oil and gas wells discovered by the taxpayer after February 28, 1913, and prior to January 1, 1925, and in the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such wells and mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost;

(2) In the case of oil and gas wells discovered by the taxpayer on or after January 1, 1925, in an area not proven at the date of such discovery, where the fair market value of the property is materially disproportionate to the cost, the basis for depletion shall be the fair market value at the date of discovery or within 30 days thereafter of the property proven by such discovery and included within the taxpayer's tracts or leases. In the case of oil or gas wells, each well producing oil or gas in commercial quantities shall be considered as having proven at least that portion of the productive sand, zone, or reservoir which is included in a square surface area of 160 acres having as its center the mouth of such well. In the case of the discovery of an oil or gas well by a person under an agreement whereby the cost of the well shall be shared with one or more other persons or whereby the cost of the well shall, if oil or gas in commercial quantities is not found, be shared with such other person or persons, then such well shall not be considered as having proven any part of a tract or lease held by such other person or persons.

(d) The depletion allowance based on discovery value provided in paragraph (1) or (2) of subdivision (c) shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value."

And in lieu thereof to insert:

(c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that—

(1) In the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance based on discovery value provided in this paragraph shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value. Discoveries shall include minerals discovered or proven in an existing mine or mining tract by the taxpayer after February 28, 1913, not included in any prior valuation.

(2) In the case of oil and gas wells the allowance for depletion shall be 25 per cent of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance be less than it would be if computed without reference to this paragraph.

Mr. SMOOT. I ask that the amendment just read, beginning with paragraph (c), on page 19, line 19, down to line 16 on page 22, be passed over.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

The reading was continued to line 16, page 23, the last paragraph read being as follows:

(3) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value.

Mr. KING. Mr. President, I invite my colleague's attention to the fact that possibly subdivision (3) may need further attention in connection with the provisions just passed over. I do not ask consideration of it now, but I call attention to the fact that later I may desire to offer some amendment to this provision.

Mr. SMOOT. Very well.

The reading of the bill was continued.

The next amendment was, under the subhead "Net losses," on page 23, line 23, after the word "by," to strike out "subdivision (c)" and insert "paragraph (2) of subdivision (a)," so as to read:

(5) There shall be included in computing gross income the amount of interest received free from tax under this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by paragraph (2) of subdivision (a) of section 214 or by paragraph (2) of subdivision (a) of section 234.

The amendment was agreed to.

The reading of the bill was continued to line 13, page 24, in section 206, dealing with net losses.

Mr. KING. I give notice to the chairman of the Finance Committee and to the Senate that I shall at a later time move to amend the latter part of section 206, striking out the provision which carries over these benefits and deductions to the third year.

The reading of the bill was continued to line 22, page 25.

Mr. KING. If the amendment which I shall offer to paragraph (b) on page 24 shall not prevail, I shall offer amendments to the provisions just read.

Mr. SMOOT. I may say to my colleague that if his amendment should be accepted, it would be necessary to offer an amendment to the section just read.

The reading of the bill was continued.

The next amendment was, under the subhead "Fiscal years," on page 28, at the end of line 18, to strike out the numerals "281" and insert "284," so as to read:

(c) Any amount paid before or after the enactment of this act on account of the tax imposed for a fiscal year beginning in 1924 and ending in 1925 by Title II of the revenue act of 1924 shall be credited toward the payment of the tax imposed for such fiscal year by this act, and if the amount so paid exceeds the amount of such tax imposed by this act, the excess shall be credited or refunded in accordance with the provisions of section 284.

The amendment was agreed to.

The next amendment was, under the subhead "Capital gains and losses," on page 30, line 16, after the word "person" to insert, "In determining the period for which the taxpayer has held stock or securities received upon a distribution where no gain is recognized to the distributee under the provisions of subdivision (c) of section 203 of this act or of the revenue act of 1924, there shall be included the period for which he held the stock or securities in the distributing corporation prior to the receipt of the stock or securities upon such distribution," so as to make the paragraph read:

(8) The term "capital assets" means property held by the taxpayer for more than two years (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included

in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale in the course of his trade or business. In determining the period for which the taxpayer has held property received on an exchange there shall be included the period for which he held the property exchanged, if under the provisions of section 204 the property received has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as the property exchanged. In determining the period for which the taxpayer has held property however acquired there shall be included the period for which such property was held by any other person, if under the provisions of section 204 such property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as it would have in the hands of such other person. In determining the period for which the taxpayer has held stock or securities received upon a distribution where no gain is recognized to the distributee under the provisions of subdivision (c) of section 203 of this act or of the revenue act of 1924, there shall be included the period for which he held the stock or securities in the distributing corporation prior to the receipt of the stock or securities upon such distribution.

The amendment was agreed to.

The next amendment was, on page 33, in line 21, before the word "income," to insert the word "net," so as to make the paragraph read:

(b) In the case of an individual the tax shall, in addition to the credits provided in section 222, be credited with 25 per cent of the amount of tax which would be payable if his earned net income constituted his entire net income; but in no case shall the credit allowed under this subdivision exceed 25 per cent of his tax under section 210, plus 25 per cent of the tax which would be payable under section 211 if his earned net income constituted his entire net income.

The amendment was agreed to.

The reading of the bill was continued to line 12, page 35.

Mr. SMOOT. I ask that the surtax provisions beginning on page 35, line 12, section 211, down to and including line 19 on page 39, may be passed over.

The VICE PRESIDENT. Without objection, the surtax provisions will be passed over.

The next amendment was, under the subhead "Net income of individuals defined," on page 40, after line 17, to insert:

(d) Under regulations prescribed by the commissioner, with the approval of the Secretary, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the total profit realized or to be realized when the payment is completed bears to the total contract price. In the case (1) of a casual sale or other disposition of personal property for a price exceeding $1,000, or (2) of a sale or other disposition of real property, and if in either case the initial payments do not exceed one-fourth of the purchase price, the income may, under regulations prescribed by the commissioner with the approval of the Secretary, be returned on the basis and in the manner above prescribed in this subdivision. As used in this subdivision the term "initial payments" means the payments received in cash or property other than evidences of indebtedness during the taxable period in which the sale or other disposition is made.

Mr. SMOOT. I ask that the amendment, being paragraph (d), go over. It is the installment provision, and as it is now written it applies only to individuals.

Mr. SIMMONS. On what page is the provision found?

Mr. SMOOT. It begins on page 40. The Treasury Department has been requested to prepare an amendment to that clause so that it will not only include individuals but will include as well corporations doing a real-estate business.

Mr. SIMMONS. Mr. President, I should like to suggest to the Senator from Utah, in connection with the modification which he has suggested to the Treasury Department should be made, the advisability of another modification to the amendment. I should like the chairman of the committee to consider and see if he can not concur with the views I have about it, and also request the department to prepare an amendment so as to cover the point I desire to present.

Mr. SMOOT. I shall be glad to take the matter up with the department.

Mr. SIMMONS. What I suggest is this: The provision relates to the "sale or other disposition of real property, and if in either case the initial payments do not exceed one-fourth of the purchase price," the taxpayer is entitled to the benefit of this provision.

The one-fourth payment in a real-estate transaction is subject to very material deductions on account of the expense incident to the sale, especially on account of large commissions that ordinarily have to be paid to sales agents. The commission will reduce the one-fourth payment very largely. For instance, in an ordinary transaction of sale involving $60,000, one-fourth would be $15,000, and the agent's commission would propably take at least $3,000 of that, so that the residue actually received would be only one-fifth.

Mr. SMOOT. What the Senator from North Carolina desires, then, is to allow it to apply to the net payment rather than the gross?

Mr. SIMMONS. Yes.

Mr. SMOOT. I will take the matter up with the department, I will say to the Senator, and I will ask to pass the clause over at this time.

Mr. SIMMONS. I suggest that the language should be "one-fourth of the purchase price, exclusive of incidental expenses."

Mr. SMOOT. That is, the net?

Mr. FLETCHER. It might be covered by adding the word "net" after the word "price," in line 4, on page 41.

Mr. SIMMONS. Yes. Whatever is necessary to cover it in the redraft of the amendment will be satisfactory to me.

Mr. SMOOT. I will call the matter to the attention of the department, and whatever the department shall state about it I shall inform the Senator. For the present I ask that the committee amendment go over.

Mr. TRAMMELL. Mr. President, if the Senator from Utah [Mr. SMOOT] will permit me, I desire to suggest to him that in the sale of rural property the commission is frequently 10 per cent, which would in the case cited make the deduction $6,000 from the cash payment.

Mr. SIMMONS. That is very true.

Mr. KING. Mr. President, I desire to suggest to the chairman of the Committee on Finance [Mr. SMOOT] and also to the Senator from North Carolina [Mr. SIMMONS] that unless this provision be very carefully guarded I can see many doors being opened to—I shall not say fraud or fraudulent practices—but to the introduction of many uncertainties which would culminate in the Government getting nothing of the one-fourth.

Mr. SIMMONS. But the junior Senator from Utah does not understand the door would be open any wider in this case than it is in a hundred other instances in this bill, does he? We can not possibly frame a bill of this character and shut all the doors.

Mr. KING. I think the Senator is right. There are loopholes. As Lord Brougham used to speak about the English law, saying you could drive a coach and four through them; I think you can drive two or three coaches and fours through many of the provisions of our tax laws. Undoubtedly the Government is deprived of proper and legitimate revenue by the devices which are employed by some not too scrupulous individuals and corporations who seek to evade paying honest and just taxes to the Government.

Mr. FLETCHER. Mr. President, I merely wish to say in that connection that in this case the seller of the property is anxious, of course, to realize as much as he can. It is a plain question of how much expense he has been put to, and his accounts, his books, his records, and all the facts are easily available. There can be no chance of fraud in that kind of a case.

The PRESIDING OFFICER (Mr. BROOKHART in the chair). Did the Senator from Utah make a request in regard to this amendment?

Mr. SMOOT. Yes; I asked that the amendment be passed over for the present.

The PRESIDING OFFICER. The amendment will be passed over.

The reading of the bill was resumed and continued to the end of line 11, on page 42.

Mr. SMOOT. I ask that the next amendment, beginning in line 12, on page 42, down to and including line 10, on page 43, may be passed over. The department advises me that there must be a slight change in one of the subsections.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment was, on page 43, line 12, after the word "or," to strike out "descent" and insert "inheritance," so as to read:

(3) The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income).

The reading of the bill was resumed, and continued to the end of line 25, on page 46.

Mr. KING. I shall not ask that subdivision (10) on page 47 be passed over, but——

Mr. SMOOT. There is no amendment there, and therefore it is open to amendment at any time.

Mr. KING. I was going to say that I have received a number of letters condemnatory of this provision, and, after examining them, I shall decide whether to move an amendment or move to strike out the provision.

Mr. SMOOT. Very well.

The reading of the bill was resumed.

The next amendment was, on page 47, line 21, after the words "vested in," to strike out "him" and to insert "him," so as to read:

(13) In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China trade act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him,

Mr. KING. Mr. President, I am not quite clear with respect to the purpose of subdivision (13), page 47, which has just been read.

When the last revenue bill was under consideration there was considerable controversy growing out of this or an analogous section; and I recall that the late Senator from Wisconsin, Mr. La Follette, challenged attention very earnestly to what he conceived to be a great injustice, in that the provision then found in the bill under consideration exempted, or sought to exempt, from income tax persons who were engaged in business in China and who were residents of the United States. I inquire of the chairman of the committee whether this provision perpetuates the evil of which the Senator then complained?

Mr. SMOOT. If my colleague will remember, in the act of 1924 this question, as he says, was up for discussion; but the law was amended at that time, and the amendment is the law to-day, and was adopted, I think, because of the remarks that were made by the late Senator from Wisconsin at that time. I have not received a letter in relation to it, nor does the department object to it; and I think it is working fairly well at the present time.

Mr. KING. I was a little uncertain as to the operation of the existing law.

Mr. SMOOT. This is word for word the existing law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 47, after line 21, to strike out:

(14) In the case of an individual citizen of the United States, amounts received as salary or commission for the sale for export from the United States of tangible personal property produced in the United States, in respect of such sales made while he is actually employed outside of the United States, if he is so employed for more than six months during the taxable year.

The amendment was agreed to.

The reading of the bill was resumed, and the Chief Clerk read to line 21, page 48, the last paragraphs read being as follows:

SEC. 214. (a) In computing net income there shall be allowed as deductions:

(1) All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

Mr. KING. Mr. President, my attention has been called by a number of individuals to what they allege to be the fact; namely, that many persons engaged in business and their employees make frequent trips to Europe and frequent trips to conventions of various kinds and characters, some of them for the purpose of fixing prices or engaging in some monopolistic scheme further to exploit the people; and they deduct all of the expenses of these numerous trips—and the expenses are very heavy—from the returns which they make. I was wondering, because it was not developed in the committee, to what extent this evil had been detected by the department, and whether or not it had any recommendations to make to avoid the evil of which I have been speaking.

Mr. SMOOT. Mr. President, the amendment to section 214 (a) (2) is dependent upon the action taken in regard to section 214 (c), and the merits of the question are discussed in connection with this subdivision in the House report; but, really, the position taken by the department, I think, is that it is not necessary now, with the reduction of the surtaxes. If we allowed all of the expenses of which the Senator speaks, with the reduction of the surtaxes, we would get practically nothing out of it. As the Senator will remember, the House struck it out; the committee at first agreed to reinsert it, and after it was explained to the committee by Mr. Gregg the committee agreed to put in this amendment.

The reading of the bill was resumed.

The next amendment was, under the subhead "Deductions allowed individuals," on page 48, line 23, after the words "year on," to strike out "indebtedness" and insert "indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title," so as to read:

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title;

Mr. SIMMONS. As I understand that, Mr. President, it differs very materially from the House provision.

Mr. SMOOT. Yes.

Mr. SIMMONS. The Senate committee permits the deduction of interest except on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation. The committee leaves out the Government bonds issued after September 24, 1917.

Mr. SMOOT. In other words, we are just restoring the existing law.

Mr. SIMMONS. And, as now provided by the committee, the provision would apply only to interest upon obligations incurred for the purpose of purchasing bonds of the Government.

Mr. SMOOT. Yes.

Mr. KING. Mr. President, I inquire of my colleague upon this side of the aisle whether he does not think that the obligations which were incurred in purchasing Liberty bonds during the war have about been wiped out?

Mr. SIMMONS. I think they have.

Mr. KING. And does not the Senator think the time has arrived not to allow this deduction?

Mr. SIMMONS. I think the Senator is absolutely right about it. I think there are probably very few, if any, of those obligations outstanding, however, and therefore I think this provision is innocuous.

Mr. SMOOT. Really, if the provision were agreed to as the House passed the bill, it would be an indirect way of taxing tax-exempt securities.

Mr. SIMMONS. That is what I objected to.

Mr. SMOOT. That is what the Senator from North Carolina objected to.

Mr. SIMMONS. That is what is stricken out.

Mr. SMOOT. And that is what the committee voted. First, as I said, they agreed to the provision; and then later, on a reconsideration, at the request of the Senator from North Carolina, the present law was reinstated.

Mr. SIMMONS. That is accomplished, I will say to the Senator from Utah, by the words in line 25, page 48, in brackets, "other than obligations of the United States issued after September 24, 1917."

Mr. SMOOT. The whole thing is necessary.

Mr. KING. So that it limits the deduction to the interest paid out upon debts contracted to purchase obligations prior to 1917?

Mr. SIMMONS. Yes.

Mr. SMOOT. Of course, the bonds that were issued after September 24, 1917, carry a partial tax, as the Senator remembers.

Mr. KING. Yes.

Mr. SMOOT. This applies to the tax-exempt securities that were issued before that time, or, in other words, the 3½ per cent bonds..

Mr. KING. Personally, I think that persons who borrowed money then to buy Government bonds ought not longer to obtain a deduction for any interest charges upon the indebtedness. That indebtedness undoubtedly has been paid by renewal, if that is a payment, over and over and over again, and it seems to me that to continue the privilege of deduction longer is unwise; but with the assurance that there is very little outstanding, I shall not offer an amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed, and the reading clerk read to line 15, page 50, the last paragraph read being as follows:

(5) Losses sustained during the taxable year and not compensated for by insurance or otherwise, if incurred in any transaction entered into for profit, though not connected with the trade or business; but in the case of a nonresident alien individual only if the profit, if such transaction had resulted in a profit, would be taxable under this title. No deduction shall be allowed under this paragraph for any loss claimed to have been sustained in any sale or other disposition of shares of stock or securities where it appears that within 30 days before or after the date of such sale or other disposition the taxpayer has acquired (otherwise than by bequest or inheritance) or has entered into a contract or option to acquire substantially identical property, and the property so acquired is held by the taxpayer for any period after such sale or other disposition. If such acquisition or the contract or option to acquire is to the extent of part only of substantially identical property, then only a proportionate part of the loss shall be disallowed.

Mr. KING. Mr. President, I give notice, so that the attention of the Treasury Department may be challenged to the subject, that I shall move to amend line 6, page 50, by striking out the word "thirty," before "days," and inserting in lieu thereof some other word. I have not yet determined whether it will be 90 days or a longer period.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed, and the Chief Clerk read to line 6, page 51, the last paragraph read being as follows:

(7) Debts ascertained to be worthless and charged off within the taxable year (or, in the discretion of the commissioner, a reasonable addition to a reserve for bad debts); and when satisfied that a debt is recoverable only in part, the commissioner may allow such debt to be charged off in part.

Mr. KING. Mr. President, I inquire of the chairman of the committee—I am sure he can get the information from the gentleman who is aiding the committee—whether the plan now in the department is to allow the deduction of debts ascertained to be worthless, and which have been barred by the statute of limitations over and over again debts which were doubtless known or by the exercise of reasonable diligence could have been ascertained to be valueless many years ago? Are they still charged off, and credits given?

Mr. SMOOT. Mr. President, it is a question of fact. Every case is investigated by some official of the department; and wherever the existence of such a state of facts as the Senator has just described is demonstrated, there is no allowance. If, however, there is an actual loss, demonstrated beyond the question of a doubt to be such, in the year for which the taxpayer makes his return, then the worthless debt is allowed as a deduction.

From what I learn from the department, this provision has not been abused very greatly. Of course, in some instances the department has discovered just such cases as the Senator refers to, but they have been very rare.

Mr. KING. I should like to have the Senator have one of the Treasury officials advise him, so that we may be advised, whether debts which have been outlawed, barred by the statute of limitations, are now allowed. I am told that there are cases in which claims are now being made for deductions because of obligations which have been outlawed, and that fact was known. Nevertheless, they are presenting the claims, and alleging that they have just discovered that the obligations are worthless.

Mr. SMOOT. I am informed that wherever a case of that kind has been known by the department, it never has been allowed. There may be cases that are not discovered at the time, but are discovered later; but the department never will allow such a deduction as that if it is known by the department.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, on page 51, line 8, after the word "obsolescence" to insert: "In the case of improved real estate held by one person for life with remainder to another person, the deduction provided for in this paragraph shall be equitably apportioned between the life tenant and the remainderman under rules and regulations prescribed by the commissioner with the approval of the secretary;" so as to read:

(8) A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence. In the case of improved real estate held by one person for life, etc.

The amendment was agreed to.

The next amendment was, at the top of page 54, to strike out:

(c) The amount of the interest deduction provided for in paragraph (2) of subdivision (a), unless the interest on indebtedness is paid or incurred in carrying on a trade or business, shall be allowed as a deduction only if and to the extent that such amount exceeds the amount of interest on obligations or securities the interest upon which is wholly exempt from taxation under this title.

The amendment was agreed to.

The next amendment was, under the subhead "Net income of nonresident alien individuals," on page 62, line 12, after the word "sold," to strike out the comma and the following words: "except that gains, profits, and income derived from the purchase of personal property within the United States and its sale within a possession of the United States or from the purchase of personal property within a possession of the United States, and its sale within the United States shall be treated as derived partly from sources within and partly from sources without the United States," so as to read:

(c) Items of gross income, expenses, losses, and deductions, other than those specified in subdivisions (a) and (c), shall be allocated or apportioned to sources within or without the United States under such rules and regulations prescribed by the commissioner with the approval of the Secretary. Where items of gross income are separately allocated to sources within the United States, there shall be deducted (for the purpose of computing the net income therefrom) the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of other expenses, losses, or other deductions which can not definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as net income from sources within the United States. In the case of gross income derived from sources partly within and partly without the United States the net income may first be computed by deducting the expenses, losses, or other deductions apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which can not definitely be allocated to some items or class of gross income; and the portion of such net income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the commissioner with the approval of the Secretary. Gains, profits, and income from (1) transportation or other services rendered partly within and partly without the United States, or (2) from the sale of personal property produced (in whole or in part) by the taxpayer within and sold without the United States, or produced (in whole or in part) by the taxpayer without and sold within the United States, shall be treated as derived partly from sources within and partly from sources without the United States. Gains, profits, and income derived from the purchase of personal property within and its sale without the United States or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from sources within the country in which sold.

The amendment was agreed to.

The next amendment was, under the subhead "Evasion of surtaxes by incorporation," on page 70, after line 10, to insert:

(e) The tax imposed by subdivision (a) of this section shall not apply in respect of any taxable year if all the shareholders of the corporation include in their gross income their entire distributive share, whether distributed or not, of the net income of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of the earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his distributive share, be exempt from tax in the amount of the share so included.

The amendment was agreed to.

The next amendment was, under the subhead "Payment of individual's tax at source," on page 72, line 25, after the numerals "217," to insert: "Such deduction and withholding shall be at the rate of 1½ per cent instead of at the rate of 2 per cent in the case of a citizen or resident entitled to receive such interest if he files with the withholding agent on or before February 1 a signed notice in writing that his net income in excess of the credits provided in section 216 does not exceed $4,000," so as to read:

SEC. 221. (a) All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest (except

interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States and not having an office or place of business therein), rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, of any nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens (other than income received as dividends of the class allowed as a credit by subdivision (a) of section 216) shall (except in the cases provided for in subdivision (b) and except as otherwise provided in regulations prescribed by the commissioner under section 217) deduct and withhold from such annual or periodical gains, profits, and income a tax equal to 5 per cent thereof: *Provided*, That the commissioner may authorize such tax to be deducted and withheld from the interest upon any securities the owners of which are not known to the withholding agent.

(b) In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 per cent of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods and whether payable to a nonresident alien individual or to an individual citizen or resident of the United States or to a partnership: *Provided*, That the commissioner may authorize such tax to be deducted and withheld in the case of interest upon any such bonds, mortgages, deeds of trust, or other obligations, the owners of which are not known to the withholding agent. Such deduction and withholding shall not be required in the case of a citizen or resident entitled to receive such interest, if he files with the withholding agent on or before February 1 a signed notice in writing claiming the benefit of the credits provided in subdivisions (c) and (d) of section 216; nor in the case of a nonresident alien individual if so provided for in regulations prescribed by the commissioner under subdivision (g) of section 217. Such deduction and withholding shall be at the rate of 1½ per cent instead of at the rate of 2 per cent in the case of a citizen or resident entitled to receive such interest if he files with the withholding agent on or before February 1 a signed notice in writing that his net income in excess of the credits provided in section 216 does not exceed $4,000.

The amendment was agreed to.

The next amendment was, under the subhead "Credit for taxes in case of individuals," on page 75, line 22, after the word "section" to strike out "281" and insert "284," so as to read:

(b) If accrued taxes when paid differ from the amounts claimed as credits by the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall notify the commissioner, who shall redetermine the amount of the tax due under Parts I and II of this title for the year or years affected, and the amount of tax due upon such redetermination, if any, shall be paid by the taxpayer upon notice and demand by the collector, or the amount of tax overpaid, if any shall be credited or refunded to the taxpayer in accordance with the provisions of section 284. In the case of such a tax accrued but not paid, the commissioner as a condition precedent to the allowance of this credit may require the taxpayer to give a bond with sureties satisfactory to and to be approved by the commissioner in such sum as the commissioner may require, conditioned upon the payment by the taxpayer of any amountof tax found due upon any such redetermination and the bond herein prescribed shall contain such further conditions as the commissioner may require.

The amendment was agreed to.

The reading of the bill was continued to line 23, page 77, the last section (223) read being under the subhead "Individual returns."

Mr. FLETCHER. Mr. President, I am not proposing to amend any of the provisions just read, but I want to suggest that following paragraph (c) another paragraph might well be inserted to this effect, unless it can be agreed to in some way——

Mr. SMOOT. Will the Senator withhold his amendment until the committee amendments are disposed of?

Mr. FLETCHER. Yes. I simply want to call attention to it now because it may be that the Treasury Department, by regulation, can accomplish what I am suggesting. For instance, in a common-law State—and Florida is a common-law State—the common law obtains except as modified by statute. Under the common law, some features of which I have never concurred in, although I have very great admiration and respect for the common law, the husband has the care, custody, and control of the wife's property. He collects the rents and he is not accountable for those rents. It seems to me perfectly fair and right, and I think it ought to be provided in the law that in the case of a married woman's separate estate she may make her own return as to her income. I have proposed the following amendment:

Nothing in this act shall be construed to prevent a married woman making a separate return of income earned by her as wages or salary, income earned in a business or profession, and income from her separate estate and property, irrespective of the provisions of law in force in any State or Territory or the District of Columbia.

Mr. REED of Pennsylvania. Mr. President, I suggest that the Senator withhold the amendment until the committee amendments are finished. I understand the Senator from California [Mr. SHORTRIDGE] expects then to offer an amendment dealing with community property. I understand that in Florida and perhaps Georgia the rule is just the opposite of the community property doctrine in that it gives the husband dominion over the income of both members of the family. It seems to me that the whole business can best be threshed out at one time. The Senator will not forego any opportunity to offer his amendment if he will wait until the committee amendments are finished.

Mr. FLETCHER. I was really in hopes it would not be necessary to have the amendment incorporated in the law. The whole subject could be covered, it seems to me, by a regulation of the department. But I do not want to involve this matter, if I may say so, with any community property proposition. This is not a community property proposition at all. It is simply a question of allowing a married woman to make return with respect to her separate estate, her own earnings and her own property. Under the common law the husband has control of that property, and I believe under the practice now he is required to embody the rents, issues, and profits from the wife's separate property in his own return. Married women ought to have liberty to make their own returns. A married woman's separate estate can not be taken for the husband's debts. It is easy to ascertain what is her separate estate.

I think the matter ought to be covered by regulation of the department. I understood that that was the view the committee took of the matter. I may be wrong about that, but when the amendment was before the committee some one assured me that the committee felt that it was not necessary to write it into the statute because the department would make the necessary regulation to cover the situation. I am not sure whether I have correct information about it or not. I direct attention to it now, because it may not be necessary to urge it as an amendment. If the department will take it up and if the chairman of the committee will confer with them about it, I believe it can be reached by a regulation.

The reading of the bill was continued to line 10, on page 82.

Mr. KING. I ask that section 230, relative to tax on corporations, beginning on page 82, at line 10, may be passed over.

Mr. SMOOT. I have no objection.

The PRESIDING OFFICER. Without objection, section 230 will be passed over.

The reading of the bill was resumed, and continued to line 4, page 83.

Mr. KING. Mr. President, I want to ask the Senator temporarily in charge of the bill whether there has been any contention by the Treasury Department that subsection 2 of section 231 has been abused. It is the subsection which provides exemption with reference to mutual savings banks not having a capital stock represented by shares.

Mr. McLEAN. I am not informed that there has been any evidence of it.

Mr. KING. It is held with respect to those provisions under section 231 that they must be nonprofit organizations.

Mr. McLEAN. I know of no complaint or information such as the Senator from Utah suggests emanating from the Treasury Department.

Mr. KING. My attention was called by a letter which I received to the effect that some so-called mutual savings banks were claiming exemption from valid taxes. It may be that they were mutual savings banks such as Congress intended should enjoy the benefits of the exemptions herein referred to. However, I shall be glad if that could be looked into by the experts from the Treasury Department so we might be advised before the bill is passed as to the facts.

The reading of the bill was resumed.

The next amendment was, under the subhead "Conditional and other exemptions of corporations," on page 84, line 15, after the word "character," to strike out "mutual" and in-

sert "farmers' or other mutual fire insurance companies, mutual."

Mr. REED of Pennsylvania. I ask that that amendment and the succeeding amendment in lines 21 and 22, on page 84, may go over for the present.

The PRESIDING OFFICER. Without objection, the two amendments referred to will be passed over.

The reading of the bill was resumed.

The next amendment was, at the top of page 85, to strike out "(12) Farmers', fruit growers', or like associations, organized and operated as sales agents for the purpose of marketing the products of members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce furnished by them; or organized and operated as purchasing agents for the purpose of purchasing supplies and equipment for the use of members and turning over such supplies and equipment to such members at actual cost, plus necessary expenses," and in lieu thereof to insert:

(12) Any farmers', fruit growers', or like association organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of such members and other persons and turning over such supplies and equipment to them at actual cost, plus necessary expenses. Exemption shall not be denied any association because it has capital stock, (1) if the dividend rate of such stock is fixed at not to exceed either the legal rate of interest, in the State of incorporation, on the value of the consideration for which the stock was issued, or 8 per cent per annum of the par value of such stock (or if without a par value then of the value of the consideration for which the stock was issued), whichever is the greater, and (2) if substantially all such stock is owned by the members and other producers who market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any association because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose. The commissioner, with the approval of the Secretary, may prescribe by regulation the extent of marketing or purchasing operations for nonmembers, but any such purchasing association may purchase supplies and equipment for persons other than its members and other producers if the value of such purchases does not exceed 15 per cent of the total value of all its purchases.

The amendment was agreed to.

The next amendment was under the subhead of "Payment of corporation income tax at source," on page 94, line 4, to insert after the word "thereof" the following:

In respect of all payments of income made before the enactment of this act, and equal to 13½ per cent thereof, in respect of all payments of income made after the enactment of this act.

Mr. SMOOT. The corporation-tax provision having been passed over, this provision of course will necessarily go over, too, as it applies to the same subject.

The PRESIDING OFFICER. Without objection, the amendment on page 94, lines 4 to 7, will be passed over.

The next amendment was, under the subhead "Credit for taxes in case of corporations," on page 95, line 17, after the word "section," to strike out "281" and insert "284," so as to read:

(b) If accrued taxes when paid differ from the amounts claimed as credits by the corporation, or if any tax paid is refunded in whole or in part, the corporation shall at once notify the commissioner, who shall redetermine the amount of the taxes for the year or years affected, and the amount of taxes due upon such redetermination, if any, shall be paid by the corporation upon notice and demand by the collector, or the amount of taxes overpaid, if any, shall be credited or refunded to the corporation in accordance with the provisions of section 284.

The amendment was agreed to.

The next amendment was, under the subhead "Taxes on insurance companies," on page 101, line 21, after the word "the," to strike out "taxes imposed by sections 230 and 700" and insert "tax imposed by section 230," so as to read:

SEC. 243. In lieu of the tax imposed by section 230 there shall be levied, collected, and paid for each taxable year upon the net income of every life-insurance company a tax as follows:

Mr. REED of Pennsylvania. That amendment is made necessary by the repeal of the capital-stock tax.

Mr. SMOOT. It is all right, anyway.

Mr. REED of Pennsylvania. Yes; if we are going to repeal the capital-stock tax.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, on page 101, line 26, after the word "company," to strike out "the same percentage of its net income as is imposed upon other corporations by section 230" and insert "12½ per cent of its net income," so as to read:

(1) In the case of a domestic life insurance company, 12½ per cent of its net income.

Mr. KING. Mr. President, I am not quite satisfied with that provision, and I should like to know from the chairman of the committee or others just to what extent insurance companies, such as the New York Life and similar corporations, that have accumulations of hundreds of millions of dollars and are deriving enormous incomes from their investments, pay a reasonable tax to the Government of the United States. It is a matter of common knowledge that some of these huge insurance companies have such large investments that they have become a potent power in our financial life. They loan hundreds of millions of dollars in all parts of the United States, in many instances at rather high rates of interest, higher, certainly, than the interest rates which are charged by some of the farm-loan banks. Obviously from these enormous investments their income must be very large. I am a little curious to know what share of the burdens of government these corporations bear and why they have become the pets of Congress, the special favorites of legislators, and why, as I understand, there have been discriminations in their favor?

Mr. SMOOT. Mr. President, I will say to the Senator that in the first place the committee desired to report no increase in taxation. The existing law gives the insurance companies exemptions that no other corporations have. Previous tax laws gave such exemptions on the ground that those companies were insuring the lives of the men who desired to protect their dependents, and therefore they should be taxed at a less rate than institutions that were operating merely for profit.

I think, Mr. President, that many of the fire insurance companies are just as profitable to investors in them as are other organizations which are taxed in many ways in which the insurance companies are not taxed, for I think the insurance companies are exempt from taxation as to some three or four sources of income on which other corporations doing business have to pay taxes.

Of course, however, it may be said that, so long as the present law and every revenue law which has heretofore been passed have made a discrimination in favor of the insurance companies, and as we did not want to increase a tax in the pending bill, therefore, as the capital stock of insurance companies is not taxed under existing law, we had to leave the 12½ per cent tax on such companies as provided by existing law.

Mr. REED of Pennsylvania. Mr. President, I think I ought to say that in what I am about to say I am speaking only my personal views and not in any sense speaking for the Committee on Finance, because the committee was, by a large majority, in favor of the amendment which appears in this clause of the bill.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED of Pennsylvania. Yes.

Mr. KING. I am not making complaint of the amendment imposing a tax of but 12½ per cent with respect to insurance companies, but I am speaking generally of the existing law. I am not attacking this particular provision.

Mr. REED of Pennsylvania. Mr. President, I should like to delay the Senate for less than five minutes, if I may, in order to describe the situation in which the insurance companies now find themselves.

By section 231 of this bill the previous law is reenacted exempting mutual life insurance companies wholly from taxation; so that if a number of individuals combine together for the purpose of providing their own insurance they have not been and will not be, under this proposed law, taxed at all.

The old law exempted all insurance companies having capital stock from any capital-stock tax. The theory on which that was done appears to have been that the business of taking out insurance was a desirable sort of thrift, and that we ought to encourage it by giving the insurance companies that exemption. As a matter of fact, there are some of us who can not see that taking out life insurance is any more

commendable a kind of thrift than establishing a savings account in a bank or in buying a home or in making any other prudent investment of one's property for the sake of one's family and estate. Nevertheless, the former law did exempt them wholly from the capital-stock tax. The policyholders did not get the benefit of that exemption. It was the investors in the stock of the life insurance companies who derived the benefit. Consequently, the repeal of the capital-stock tax, as the committee proposes, will not give any benefit to those people, because they are already a favored class under the law, and so the repeal of the capital-stock tax means nothing to them.

In order partially to compensate for the repeal of the capital-stock tax it is proposed to increase the corporation income tax by 1 per cent for the perfectly good reason that it will keep the Government income at about the same level, while it will cut in half the burden of the necessary accounting and auditing, which will be a great boon both to the Government and to the corporations. But it was objected very strenuously by these insurance companies that, as they were now exempt from the capital-stock tax, they ought not to be subjected to that increase of 1 per cent in the income tax.

It seemed to me that this was a fine chance to end that discrimination in their favor, but the insurance companies' association got very busy and sent out a telegram from Washington explaining to all the insurance companies in the country that they were going to lose the advantage which they now have if they were treated like all other corporations. I think every member of the committee and, I presume, every Member of the Congress received long telegrams from life-insurance people in his State explaining that we were discriminating against life-insurance companies. What we were really doing was putting life-insurance companies in the same class as all other corporations, and, in my judgment, that is where they belong.

Mr. SMOOT. As to the capital-stock tax.

Mr. REED of Pennsylvania. As to the matter of the capital-stock tax and income taxation; and presently I want to show another advantage which they have which most of us have forgotten if we ever knew of it. They inaugurated such a propaganda and sent so many long telegrams that a majority of the Finance Committee decided that their preference under the law ought to be continued; so that the bill as reported from the committee exposes life-insurance companies only to the 12½ per cent tax, while every other kind of corporation with capital stock will pay 13½ per cent.

Mr. SIMMONS. Mr. President, may I interrupt the Senator from Pennsylvania?

Mr. REED of Pennsylvania. I am glad to yield.

Mr. SIMMONS. Did we not increase the corporation tax from 12½ to 13½ per cent because we had relieved the corporations of the capital-stock tax?

Mr. REED of Pennsylvania. That was the idea—to compensate for the loss in revenue caused by the repeal of the capital-stock tax.

Mr. SIMMONS. Did we relieve the insurance companies of any capital-stock tax?

Mr. REED of Pennsylvania. No; we did not.

Mr. SIMMONS. They did not have any such tax to pay?

Mr. REED of Pennsylvania. No.

Mr. KING. They have been favored heretofore.

Mr. SIMMONS. If they had no capital-stock tax, they did not get the benefit of the repeal, because of which the Senator says the tax on corporations was increased.

Mr. REED of Pennsylvania. The repeal of the capital-stock tax as to insurance companies took place several years ago, and it created an injustice that I had hoped we would remedy in this bill; but they do not benefit, as the Senator well says, from the repeal at this time, because as to them the capital-stock tax was repealed several years ago.

Mr. SIMMONS. And this increase is to recoup them for a benefit in which they do not participate?

Mr. REED of Pennsylvania. That is right.

Now, Mr. President, I want to call attention to another respect in which the life insurance companies are the beneficiaries under the law. I hope the Senate will bear in mind that I am talking only of the stock insurance companies and not of the mutuals, for the mutuals are wholly exempt from taxation at the present time.

Clause (a) in section 244, which Senators will find on page 102 of the bill, provides that—

> In the case of a life insurance company the term "gross income" means the gross amount of income received during the taxable year from interest, dividends, and rents.

That looks innocent enough on its face, but, as a matter of fact, it excludes from computation and from taxation all that part of the premium income of the insurance companies which is a profit to the companies.

I grant you, Mr. President, that we ought not to tax them as income on that part of the premium which merely covers the insurable risk; but there is a certain part of every life insurance premium that is paid in to cover cost of operation of the company, and there is a certain further part that is a profit to the stockholders of the company. Both of those parts of each premium are by this provision wholly excluded from taxation, whereas all the operating expense of the company is deducted from its income when the amount of the tax is figured. Do I make myself clear? If my premium is $100, $80 of that, let us say, is to pay for the tontine element of insurance; it is my contribution to the fund from which losses are to be paid; that is not income and it ought not to be taxed; but $10 more of it goes to pay current operating expenses of the company. If we are going to deduct the current operating expenses on one side of the account, we ought to put in that $10 on the other side; but by this provision that is excluded. The last $10 of my premium represents nothing more nor less than the profits of the stockholders of that institution, and it ought by all the laws of justice to be included.

Mr. SMOOT. Similar exemption has been allowed in all the past revenue bills.

Mr. REED of Pennsylvania. I am not finding fault with the committee, understand me; this is in the old law; I am merely calling attention to what I think is an injustice that we ought to correct, but which we have not been able to correct. I do not think that we ought to consider these insurance company sections without a clear understanding of the fact that these organizations are distinctly the pets of the income tax law.

Mr. KING. Mr. President, I stated to the Senator from Pennsylvania that the remarks which I made were not directed toward this reduction of the tax from 13½ to 12½ per cent; but if the Senator will ask for a vote upon that, I shall vote with him in opposition to the action of the Finance Committee.

I used the words, and I think advisedly, that some insurance companies have been the pets of Congress. The illuminating speech just made by the Senator from Pennsylvania illustrates the extent to which Congress has gone in granting favors to them in the revenue legislation which has been enacted. We know that some insurance companies have made enormous profits which did not inure to the benefit of policyholders, but did inure to the benefit of a limited number of stockholders. The investigation conducted a number of years ago by Judge Hughes of a number of insurance companies revealed conditions which aroused the country and compelled reformatory legislation.

I have been unable to understand why Congress has dealt so leniently with insurance companies. It is true that they serve a useful, indeed an indispensable, purpose and function in our social and economic life. No one can deny the importance of insurance companies; and looking upon them with favor and not desiring to impose upon them hardships and burdens that might affect their integrity or weaken the security which every policyholder feels he possesses, the fact is that after proper provisions have been made for the protection of the insurance policies there remain large profits, which are invested; and the proceeds arising therefrom are enjoyed by the shareholders and not the policyholders. Mr. Hyde, who lived in luxury in Paris after he disposed of his stock in one of the insurance companies, exemplifies the truth of the statement that the stockholders have been the beneficiaries of the favored status given insurance companies by Congress. I believe that Congress could with propriety reexamine the legislation which has been enacted and provide by suitable amendment that corporations shall pay a legitimate tax to the Government.

I do not know whether at this late date we can address ourselves to the rectification of what many believe is discriminatory legislation; but I hope that if nothing is done in this bill to adjust the situation to which attention has been challenged, the commission created in this bill will address itself immediately to that important question, and suggest legislation when Congress shall meet again that will do full justice to the Government as well as to the insurance companies.

It seems to me that in view of the fact that they have not been discriminated against by the proposed repeal of the capital-stock tax and in view of the fact that they were exempt from the burden of the capital-stock tax, they can not invoke the repeal of that provision of the law which affects other corporations as a pretext or excuse to demand

that they shall be relieved from the payment of the same net-profits tax as is paid by other corporations.

Mr. McKELLAR. Mr. President, has the Senator any figures as to what the various large insurance companies of the country pay?

Mr. KING. I expect to have them here to-morrow. I did not think we would reach this subject to-day.

Mr. NORRIS. Mr. President, there has been a good deal of agitation about this subject, through the mails at least. In the limited time I have had to examine the mail that has come to my office, I have found quite a number of letters—not so much from insurance companies perhaps as from other corporations—claiming that an injustice has been done by the Senate bill. On the face of the matter, they usually make a pretty good showing. I have been greatly impressed by what the Senator from Pennsylvania has said about the matter, and I should like to have the other side of the case argued if there are Senators here who disagree with the Senator from Pennsylvania. If he has not made the correct statement as to what this law is and what the practice is, I should like to know it, as one who has an open mind on the subject and only wants to do what he thinks is right with regard to these insurance companies.

Mr. SMOOT. Mr. President——

Mr. NORRIS. Let me say, before the Senator interrupts me, that the Senator from Pennsylvania [Mr. REED] has illustrated the matter very well by quoting from the existing law, which has been the law for some time, but which has never before been called to my attention, and it perhaps has never before been called to the attention of the Senate. If it has ever been debated or discussed in connection with prior tax bills, I have entirely forgotten it.

Mr. SMOOT. I will say to the Senator that it has been.

Mr. NORRIS. The Senator from Pennsylvania has called attention to a weakness in existing law——

Mr. SMOOT. There is no question at all about it.

Mr. NORRIS. That we ought to rectify, it seems to me, directly rather than by some other tax, if there is a practical way to do it, judging from what he says; and I think it is plain when we read the law that the Senator from Pennsylvania is right.

Section 244 says:

> In the case of a life-insurance company, the term "gross income" means the gross amount of income received during the taxable year from interest, dividends, and rents.

The Senator from Pennsylvania has disclosed the fact that that is not all of their income; and the executive authority in administering this law will have to follow the law, of course, and in figuring the gross income of an insurance company he will not, if he follows the law, get all of their income. Why? Regardless of whether you are going to tax it or whether you are going to make it free, if you are going to compel them to report their gross income, why not all of it? Why, by statutory provision, omit something that necessarily constitutes part of the gross income?

Mr. REED of Pennsylvania. Mr. President, will the Senator yield?

Mr. NORRIS. Yes; I yield the floor.

Mr. REED of Pennsylvania. If the Senator will look at page 107, he will see the contrast very vividly illustrated. We are dealing there with insurance companies other than life insurance companies. The term "gross income" is defined for them as being—

> investment income and * * * underwriting income * * * computed on the basis of the underwriting and investment exhibit of the * * * national convention of insurance commissioners.

It is that item of income from which the life insurance companies are expressly exempted, and I can not see any justice in exempting them.

Mr. SMOOT. Mr. President, this question was discussed on the floor of the Senate in connection with the act of 1916 for nearly a full day; but the real substance of the discussion that led to the exemption of these life insurance companies, as recited by the Senator from Pennsylvania, was this:

It was contended that if the insurance companies were compelled to pay a tax from the sources which are exempt, it would only mean that the policyholder would have to pay a higher rate of insurance; and as it was the policy of the people of the United States to carry insurance perhaps as a savings account alone, and perhaps many of them could not have a savings account in any other way, and it established the spirit of thrift as well, and every man should have insurance to protect his dependents in case of death, therefore these exemptions were given to the life insurance companies and were given to no other companies.

I want the Senator to understand that I hardly agreed with that statement; but since the passage of that law the same exemptions have been allowed, and they are allowed in the bill as reported to the House and as reported to this body; and that, I think, was the substance of the reason.

While we are getting both sides of this matter, I want the Senator to know that I fully agree with the statement of the Senator from Pennsylvania. The insurance companies claim that the local taxes upon the insurance companies are so great that they take not only a majority but nearly all of the 20 per cent referred to by the Senator from Pennsylvania; that is, the commissions that are given. I know that in 1916 the companies furnished the Senate with figures to demonstrate that fact. That is the only reason I can think of which any insurance company could mention as a basis for being favorably treated as against any other corporation.

Mr. COUZENS. Mr. President, as a matter of fact the insurance companies deduct all of these local taxes from their returns before they pay any tax.

Mr. SMOOT. Oh, there is no doubt about that; but they claim that they are very heavy. I think the Senator from Connecticut [Mr. McLEAN] perhaps has the old figures, or perhaps he has them up to date.

Mr. McLEAN. Mr. President, in the 1921 report on the revenue bill the Committee on Finance said that it was estimated that the new tax would yield a larger revenue than the taxes which it was proposed to replace.

Mr. SMOOT. That was in 1924?

Mr. McLEAN. In 1921.

Mr. SMOOT. In 1921; yes.

Mr. McLEAN. And I assume that at that time a careful estimate was made by the experts.

Mr. SIMMONS. Mr. President, will the Senator please read that again?

Mr. McLEAN. The Committee on Finance in 1921 reported that the new tax would yield a larger revenue than the tax which it would replace. That is larger than the old tax under which the premium was taxed, or that portion of the premium which has been called to our attention by the Senator from Pennsylvania.

The Senator from Nebraska [Mr. NORRIS] has suggested that he would like to know something about the taxes that are already paid by these companies. I have no information except as it relates to some companies in my State. You all know that Hartford is an important insurance center. I have here reports from three of the leading life-insurance companies of Hartford.

The Ætna Life paid in Federal, State, and municipal taxes in 1924, $1,997,924.

Mr. McKELLAR. How much of that was Federal tax?

Mr. McLEAN. I can not tell the Senator.

Mr. McKELLAR. It was all put together?

Mr. McLEAN. Yes; that is the total amount paid by that company.

Mr. McKELLAR. As I understand this bill or the present law, the mutual companies do not pay any Federal tax at all; and those companies that are capital-stock companies pay 12½ per cent on their net income, figured in the way that has been pointed out by the Senator from Pennsylvania.

Mr. McLEAN. If the Senator will permit me to complete this statement, I shall be very glad then to have any interruptions that Senators may desire to make.

Mr. McKELLAR. Certainly.

Mr. McLEAN. As I stated, the total Federal, State, and municipal taxes paid in 1924 by one of these companies were $1,997,924, and the dividends paid to stockholders were $1,200,000. The Senate will see that the taxes paid by this company were greatly in excess of the profits received by the stockholders.

Again, the Connecticut General Life Insurance Co. paid, in various taxes, $420,777, and the dividends amounted to only $220,000.

Mr. NORRIS. What is the capital stock of that company?

Mr. McLEAN. I think the capital stock of that company is $2,000,000.

Mr. NORRIS. They paid a pretty good dividend.

Mr. SMOOT. Ten per cent.

Mr. NORRIS. Is it 10 per cent?

Mr. McLEAN. I think it is 12 per cent, although I am not sure.

The Travelers Co., which is a very large company, paid in taxes $2,437,832, and $2,200,000 in dividends.

Mr. REED of Pennsylvania. Can the Senator tell us how much of their earnings they put to surplus in those years?

Mr. McLEAN. I have not those figures here. I know that on their insurance business the profits are small, not to exceed 1½ or 2 per cent. They get their profits out of their investments.

Mr. SMOOT. And the volume of business.

Mr. McLEAN. And the volume of business. I will say to the Senator that competition is very active in the life-insurance business, and the stock companies, of course, have to compete with the mutual companies, which pay no taxes.

Mr. REED of Pennsylvania. Can the Senator tell us what the stocks of those three companies are selling at?

Mr. McLEAN. They are high, there is no doubt about it, because of the small capitalization.

Mr. REED of Pennsylvania. The Ætna Life stock is selling around $1,500 a share on a par of $100, is it not?

Mr. McLEAN. It is high; but it is because the capitalization is small compared with the assets.

Mr. NORRIS. Mr. President, of course, it is understood we are talking about insurance companies here other than mutual. At another place in the bill mutual companies are exempted from any taxation, as they should be, in my judgment.

It does seem to me that when a set of gentlemen get together and organize an insurance company, for the purpose of profit, which is the object—it is a perfectly honorable business, and I am not complaining of it in any sense, but the object of it is to make money—I do not see why they should be exempt from taxation because they happen to be in the insurance business. To my mind, it is no answer to say that the people might have to pay high rates for insurance if the companies were taxed at a higher rate. If we should relieve from taxation the man who is running a grocery store on the corner, his customers could probably buy their goods at lower prices. That would be true of every line of business. The Senator from Pennsylvania is right, that their stock is very valuable, and they must be doing a very profitable business.

It seems to me that if we proceed to exempt, from the payment of taxes, those life-insurance companies which are not organized on a mutual basis, the same argument would apply to pretty nearly everything else you could think of, as long as it is a respectable and honest business; and practically all business, outside of those which are violating the prohibition law, I presume is honorable, and highly honorable.

Mr. President, I doubt whether increasing the taxation in another place would be the right way in which to reach this difficulty. If those companies are not reporting all of their income, under the law, why should not section 244 be amended so as to require them to do so? Would there be any difficulty with an amendment of that kind? If the committee believes these life-insurance companies ought to be taxed, and that they should not be exempted, why not have section 244 amended so as to require them to report all of their income, instead of the parts of their incomes that are mentioned in the statute?

Mr. McLEAN. Mr. President, I will say to the Senator from Nebraska that I was not a member of the Committee on Finance when this matter was discussed before, but my impression is that the insurance companies made it very clear to the committee that the task of estimating this tax upon a portion of the premiums as a bookkeeping problem was a difficult and expensive one.

Mr. NORRIS. That may be the reason.

Mr. McLEAN. They wanted to be relieved of that, and for that reason they were willing to pay a little larger tax, according to the committee report in 1921. I think the Senator should bear in mind that at this time we are not raising taxes on anybody, if we can help it, and that insurance companies will pay precisely the same taxes under this bill that they are paying under the present law.

The PRESIDING OFFICER (Mr. HOWELL in the chair). The Secretary will proceed with the reading.

Mr. SMOOT. Has the amendment on page 102 been agreed to?

The PRESIDING OFFICER. The amendment on page 102 has not been stated.

Mr. NORRIS. I may be mistaken, but I thought the Senator's colleague, who seems not to be in the Chamber just at this moment, wanted that amendment to go over.

Mr. SMOOT. No; my colleague said he was not opposed to the 12½ per cent, because he thinks that 12½ per cent ought to apply to all corporations.

Mr. COUZENS. Mr. President, I think that amendment should not be agreed to unless we have an understanding that the amendment to the other provision, to which our attention was called by the Senator from Pennsylvania, is agreed to. If there is an understanding that when we reach that, it will be amended to include all the incomes the Senator spoke about, then I see no objection particularly to adopting the amendment at the top of page 102.

Mr. SMOOT. I will ask that these two go over.

The PRESIDING OFFICER. If there is no objection, the amendment, commencing at line 26, page 101, and the one beginning on line 4, page 102, will be passed over.

Mr. WADSWORTH. Mr. President, it has been impossible for me to be in the Chamber during the entire discussion thus far held on this bill, so I missed an opportunity of making any observations in connection with an amendment proposed by the committee on page 62 of the bill. It relates to "gains, profits, and income derived from the purchase of personal property within the United States and its sale within a possession of the United States," and vice versa.

I ask unanimous consent that the vote by which that amendment was agreed to may be reconsidered, and I hope the chairman of the committee will not object.

Mr. SMOOT. I have no objection.

Mr. WADSWORTH. I believe the amendment was agreed to. If that vote may be reconsidered, then I shall ask that the amendment be passed over.

Mr. SMOOT. That is perfectly agreeable to me, and I agree that it may be passed over.

The PRESIDING OFFICER. The Senator from New York asks that the vote by which the amendments on line 12, page 62, was agreed to, be reconsidered. Is there objection? The Chair hears none, and it is so ordered. The amendment will be passed over.

Mr. JONES of Washington. Mr. President, resorting to the same procedure, on page 47 there is an amendment striking out paragraph 14, at the bottom of the page. I was necessarily absent when that came up, and I ask that the vote by which the amendment was agreed to be reconsidered.

Mr. SMOOT. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the amendment was agreed to is reconsidered, and the amendment will be passed over.

Mr. SMOOT. I ask leave to perfect the amendment of the Committee on Finance in line 13, page 106, by striking out the words "taxes imposed by sections 230 and 700" and inserting the words "tax imposed by section 230," so as to read:

(a) In lieu of the taxes imposed by section 230 there shall be levied, collected, and paid for each taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax, as follows:

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. EDGE. Mr. President, returning to page 84 a moment, paragraph 11——

Mr. SMOOT. I may say to the Senator that those amendments went over.

Mr. EDGE. The amendments in sections (10) and (11) went over?

Mr. SMOOT. Both went over.

Mr. SIMMONS. I wish to ask the chairman of the committee a question. During my absence was the provision increasing the tax on corporations passed over?

Mr. SMOOT. The corporation tax went over.

The reading of the bill was continued.

The next amendments were, on page 106, line 18, after the word "insurance," to strike out "company the same percentage of its net income as is imposed upon other corporations by section 230" and insert "company, 12½ per cent of its net income," so as to read:

(1) In the case of such a domestic insurance company, 12½ per cent of its net income.

On page 106, line 22, after the word "insurance," to strike out "company the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230" and insert "company, 12½ per cent of its net income from sources within the United States," so as to read:

(2) In the case of such a foreign insurance company, 12½ per cent of its net income from sources within the United States.

Mr. SMOOT. I ask that these amendments be passed over.

The PRESIDING OFFICER. If there is no objection, the amendments will be passed over.

The next amendment was, under the subhead "Returns to be public records," on page 113, line 2, before the word "shall," to strike out "but they" and insert "but, except as hereinafter provided in this section and section 1203, they," so as to read:

SEC. 257. (a) Returns upon which the tax has been determined by the commissioner shall constitute public records; but, except as hereinafter provided in this section and section 1203, they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President.

Mr. NORRIS. Mr. President, this will be the place where the publicity amendment will be considered.

Mr. SMOOT. Let the paragraph go over.

Mr. NORRIS. Yes; it had better go over.

The VICE PRESIDENT. Without objection, paragraph (a) on pages 112 and 113 will be passed over.

Mr. KING. I wish the clerk would read paragraph (b) on page 113.

Mr. SMOOT. That will all go over, too.

Mr. NORRIS. No; it does not necessarily go over.

Mr. SMOOT. I think the whole paragraph ought to go over.

Mr. NORRIS. Commencing where?

Mr. SMOOT. Beginning on page 112 at line 23.

Mr. NORRIS. Let me ask the Senator if it is his contention that if the amendment with reference to publicity of tax returns should be agreed to, it would be necessary to strike out all of the section over to page 122?

Mr. SMOOT. No; I simply want the subject matter go over until it is decided what we do with reference to the publicity amendment.

Mr. NORRIS. I want to call the Senator's attention to subdivision (d), in line 13, page 113, where the words "in executive session" occur, for instance. If the publicity amendment should be agreed to, it would follow, I should think, that the words "in executive session" should be stricken out.

Mr. SMOOT. That is why I ask that the whole subject go over.

Mr. NORRIS. I call the Senator's attention to little amendments like that which it might be necessary to make in case the publicity amendment, which is to be offered at the top of that page, should be agreed to.

Mr. SMOOT. In other words, I do not want to have to ask the reconsideration of amendments that may be agreed to to-day in that section. I think the whole subject ought to go over.

Mr. NORRIS. The words to which I am calling attention are not in any amendment. They are in the House text. I call the Senator's attention that little amendments like that, if the publicity amendments were agreed to, would be agreed to as a matter of form.

Mr. SMOOT. Necessarily so, I think.

The reading of the bill was resumed and continued to the end of section 258, "Publication of statistics."

Mr. KING. I desire to state that I shall offer two amendments to section 258 so as to require further statistical information.

The reading of the bill was continued to Part V, section 270, page 120.

The next amendment was, under the subhead "Part V.—Payment, collection, and refund of tax and penalties, date on which tax shall be paid," on page 120, line 10, after the word "on," to strike out "or before," and in line 12, after the word "on," to strike out "or before," so as to read:

SEC. 270. (a) Except as provided in subdivisions (b), (c), and (d) of this section the total amount of tax imposed by this title shall be paid—

(1) In the case of a taxpayer, other than a nonresident alien individual, and other than a foreign corporation not having an office or place of business in the United States, on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year; and.

The amendment was agreed to.

The next amendment was, on page 120, line 17, after the word "on," to strike out "or before," and in line 20, after the word "on," to strike out "or before," so as to read:

(2) In the case of a nonresident alien individual, and of a foreign corporation not having an office or place of business in the United States, on the 15th day of June following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the sixth month following the close of the fiscal year.

The amendment was agreed to.

The next amendment was, on page 120, line 24, before the word "date," to strike out "or before the latest" and insert "the"; on page 121, line 1, after the word "on," to strike out "or before"; in line 2, after the word "on," to strike out "or before," and in line 4, after the word "on," to strike out "or before," so as to read:

(b) (1) The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on the date prescribed in subdivision (a) for the payment of the tax by the taxpayer, the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month, after such date.

The amendment was agreed to.

The next amendment was, on page 121, line 6, after the word "on," to insert "or before," so as to read:

(2) If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

The amendment was agreed to.

The next amendment was, on page 121, after line 23, to insert:

(d) A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

The amendment was agreed to.

The next amendment was, on page 122, at the beginning of line 1, to strike out "(d)" and insert "(e)," so as to read:

(e) The provisions of this section shall not apply to the payment of a tax required to be withheld at the source under section 221 or 237.

The amendment was agreed to.

The next amendment was, under the subhead "Overpayments," on page 122, at the end of line 16, to strike out the figures "281" and insert "284," so as to read:

SEC. 272. If the taxpayer has paid as an installment of the tax more than the amount determined to be the correct amount of such installment, the excess shall be credited against the unpaid installments, if any. If the amount already paid, whether or not on the basis of installments, exceeds the amount determined to be the correct amount of the tax, the excess shall be credited or refunded as provided in section 284.

The next amendment was, on page 123, under the title "Deficiency in tax," to strike out all of section 274 and insert a new section in lieu thereof.

Mr. COUZENS. That amendment ought to go over. There will be some discussion of it.

Mr. SMOOT. It is just the same as the administrative features.

Mr. COUZENS. I understand.

Mr. SMOOT. It is all right, of course, to have it passed over if the Senator desires.

The VICE PRESIDENT. Section 274, down to line 15, on page 130, will be passed over.

Mr. SMOOT. I think the whole title "Deficiency in tax" ought to go over. The committee amendments might be changed if there is any change made in the text itself.

Mr. COUZENS. I think it all ought to go over.

Mr. REED of Pennsylvania. The whole administrative procedure is based on the foundation laid in section 274.

Mr. COUZENS. How much does the Senator want to have go over?

Mr. SMOOT. If the first part goes over, we ought to have it all passed over down to and including line 21 on page 167. If we are going to accept the amendments on the first pages of this title, section 274, then the amendments that follow up to page 167 are necessary to be adopted. All of the amendments should be made to conform so as to make a uniform administrative procedure.

Mr. McKELLAR. Does the Senator from Utah mean that section 284, on page 162, with reference to credits and refunds is to go over?

Mr. SMOOT. Yes; the whole title will go over, beginning on page 122, line 17, down to and including line 21, on page 167.

The VICE PRESIDENT. Without objection, that part of Title V will be passed over.

The reading of the bill was resumed.

The next amendment was, under the subhead "Effective date of title," on page 170, line 8, to strike out "Section 283. This title shall take effect as of January 1, 1925," and insert:

SEC. 286. This title shall take effect as of January 1, 1925, except that sections 257 and sections 271 to 285, inclusive, and this section, shall take effect on the enactment of this act.

The amendment was agreed to.

Mr. SMOOT. From now on the section numbers will be changed. I ask unanimous consent that the clerks at the desk be authorized to change the section numbers. Then we shall not be called upon to act on every section that may have its number changed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Section 286, the next amendment, relates back to the administrative provisions, and therefore ought to go over with the Title V just passed over.

Mr. COUZENS. I think, beginning at line 14, on page 170, it all ought to go over, up to and including the end of page 212.

Mr. SMOOT. Yes; it will be necessary to have it all go over. It is the estate-tax provision. It begins on page 170, in line 14, and continues to line 3, on page 212. I ask that that all may be passed over.

The VICE PRESIDENT. Without objection, the request of the Senator from Utah is granted.

The next amendment was, under the subhead "Title IV.—Tax on cigars, tobacco, and manufactures thereof," on page 212, at the beginning of line 21, to strike out "$2.50" and insert "$2," so as to read:

SEC. 400. (a) Upon cigars and cigarettes manufactured in or imported into the United States, which on or after the expiration of 30 days after the enactment of this act are sold by the manufacturer or importer, or removed for consumption or sale, there shall be levied, collected, and paid under the provisions of existing law, in lieu of the internal-revenue taxes now imposed thereon by section 400 of the revenue act of 1924, the following taxes, to be paid by the manufacturer or importer thereof—

On cigars of all descriptions made of tobacco, or any substitute therefor, and weighing not more than 3 pounds per thousand, 75 cents per thousand;

On cigars made of tobacco, or any substitute therefor, and weighing more than 3 pounds per thousand, if manufactured or imported to retail at not more than 5 cents each, $2 per thousand;

The amendment was agreed to.

The next amendment was, on page 212, line 23, before the words "per thousand," to strike out "$4.50" and insert "$3," so as to read:

If manufactured or imported to retail at more than 5 cents each and not more than 8 cents each, $3 per thousand.

The amendment was agreed to.

The next amendment was, on page 213, line 2, before the words "per thousand," to strike out "$7" and insert "$5," so as to read:

If manufactured or imported to retail at more than 8 cents each and not more than 15 cents each, $5 per thousand.

The amendment was agreed to.

The next amendment was, on page 216, after line 5, to strike out:

(b) Upon all unmanufactured leaf tobacco produced in the United States and hereafter sold or removed for sale to the consumer there shall be levied, collected, and paid, a tax of 8 cents per pound, to be paid by the person so selling or removing such leaf tobacco. This subdivision shall not apply to leaf tobacco sold or removed for sale to the consumer by (1) a farmer or grower of tobacco or (2) a tobacco growers' cooperative association, as defined in subdivision (f) of section 3360 of the Revised Statutes, as amended.

Mr. McKELLAR. Mr. President, will the Senator from Utah in charge of the bill give the reasons for striking out subsection (b), on page 216, beginning with line 6 and going down to line 15?

Mr. SMOOT. The provision affects cases where a sale of tobacco is made to the consumer direct. In such a case the House of Representatives propose to impose a tax of 8 cents per pound, claiming that the difference between 16 cents and 8 cents was the cost of the transportation by parcel post, and in order to equalize the difference the House inserted the provision. The Senate committee proposes to take that out entirely and allow the law to remain as it is to-day.

Mr. McKELLAR. The law as it now stands provides that the grower may sell his crop without paying a tax.

Mr. SMOOT. He may sell it without paying a tax.

Mr. McKELLAR. And so may cooperative associations.

Mr. SMOOT. Cooperative associations also may do so under the existing law. I will say to the Senator that this applies only to the sale of leaf tobacco.

Mr. McKELLAR. Yes; I understand; but we in Tennessee have very great interest in the matter. So until I can look into it and examine it, I should like very much to have the provision laid over.

Mr. SMOOT. I am quite sure that any tobacco-growing State would approve of the action of the Senate Committee on Finance, but I am perfectly willing that the provision should go over.

Mr. McKELLAR. Let it go over until I can further look into it.

Mr. SIMMONS. Mr. President, I do not think the Senator from Tennessee has quite gotten the conception with reference to this amendment. Under the present law farmers and cooperative associations of farmers may sell leaf tobacco to the consumer.

Mr. McKELLAR. Without paying the tax.

Mr. SIMMONS. They may do so without paying any tax at all.

Mr. McKELLAR. Which I think is right.

Mr. SIMMONS. It is entirely right, and that privilege will be retained under the pending amendment. The only tax that is imposed upon leaf tobacco when it is sold to the manufacturer is 18 cents a pound, so that every licensed manufacturer of tobacco who buys leaf tobacco has to pay a tax on it of 18 cents per pound. There is a class of operators who call themselves dealers, not licensed manufacturers, not farmers, but dealers in leaf tobacco, who buy leaf tobacco which they do not themselves produce. Under the present law those dealers can not sell the tobacco to the consumer; they can only sell it to the manufacturer. That is their whole right; and the manufacturer pays the tax of 18 cents a pound.

The dealers say, "We want the privilege, without being licensed manufacturers, of manipulating the tobacco that we have bought from the farmer and which under the present law we can not sell to the consumer. We want to have the privilege of manipulating that tobacco by breaking so that it may be smoked or by twisting so that it may be chewed. We want to have the privilege of selling that tobacco directly to the consumer in competition with the manufacturer, who pays a tax of 18 cents. The House provision proposes to do the very anomolous thing of permitting those dealers to do that upon paying a tax of 8 cents instead of 18 cents a pound. That is all there is in it.

Mr. McKELLAR. I am very frank to say to the Senator from North Carolina that I have not examined into the matter, and I desire to do so. I therefore hope the provision may go over. It may be, as the Senator states, that the bill should be amended in the way in which the Senate Committee on Finance has reported to amend it.

Mr. SIMMONS. I think so.

Mr. McKELLAR. But I should like to have the amendment go over for the present.

Mr. SIMMONS. I have no objection to that being done.

The VICE PRESIDENT. The amendment will be passed over.

The reading of the bill was resumed.

The next amendment was, on page 216, line 16, before the word "Section," to strike out "(c)" and in lieu thereof to insert "(b)," so as to read:

(b) Section 3362 of the Revised Statutes, as amended by section 701 of the revenue act of 1918, is amended to read as follows:

Mr. REED of Pennsylvania. That amendment should go over, as its adoption is dependent on action on the preceding committee amendment.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment was, on page 217, line 11, after the word "and" to strike out "packages of 5 ounces, 6 ounces, 7 ounces, 8 ounces, 10 ounces, 12 ounces, 14 ounces, and," and insert "further packages with a difference between each package and the one next smaller of 1 ounce up to and including," so as to read:

(b) Section 3362 of the Revised Statutes, as amended by section 701 of the revenue act of 1918, is amended to read as follows:

"SEC. 3362. All manufactured tobacco shall be put up and prepared by the manufacturer for sale, or removal for sale or consumption, in packages of the following description and in no other manner:

"All smoking tobacco, snuff, fine-cut chewing tobacco, all cut and granulated tobacco, all shorts, the refuse of fine-cut chewing, which has passed through a riddle of 36 meshes to the square inch, and all refuse scraps, clippings, cuttings, and sweepings of tobacco, and all other kinds of tobacco not otherwise provided for, in packages containing one-eighth of an ounce, three-eighths of an ounce, and further packages with a difference between each package and the one next smaller of one-eighth of an ounce up to and including 2 ounces, and further packages with a difference between each package and the one next smaller of one-fourth of an ounce up to and including 4 ounces, and further packages with a difference between each package and the

one next smaller of 1 ounce up to and including 16 ounces: *Provided*, That snuff may, at the option of the manufacturer, be put up in bladders and in jars containing not exceeding 20 pounds.

The amendment was agreed to.

The next amendment was, on page 217, after line 17, to strike out:

All unmanufactured leaf tobacco sold or removed for sale or consumption—except by the grower thereof, or a tobacco growers' cooperative association as defined in subdivision (f) of section 3360 of the Revised Statutes, as amended—shall be put up in such packages—not exceeding six in number—as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury shall prescribe.

Mr. McKELLAR. That amendment should go over under the agreement.

Mr. SIMMONS. To what amendment does the Senator refer?

Mr. McKELLAR. The amendment relative to unmanufactured leaf tobacco. I presume it will go over under the same request.

Mr. SIMMONS. I hardly suppose there is any objection to the amendment allowing tobacco to be put up in smaller packages.

Mr. McKELLAR. None whatever.

The VICE PRESIDENT. The amendment last stated will be passed over.

The reading of the bill was resumed and continued to the heading "Title V.—Taxes on admissions and dues," on line 3, page 224.

Mr. KING. Mr. President, some three or four weeks ago I offered an amendment to strike out all of the provisions imposing taxes upon admissions and dues. I think that Title V had better go over.

Mr. SMOOT. At the request of two or three Senators I will ask that Title V go over.

The VICE PRESIDENT. Without objection Title V will be passed over.

Mr. SMOOT. That will bring us to page 230, line 17, beginning with "Title VI.—Excise taxes."

Mr. KING. Mr. President, in the excise-tax provisions I have an amendment to offer, which was presented several weeks ago, to strike out taxes upon automobiles and trucks—perhaps all of Title VI ought to go over.

Mr. SMOOT. Let Title VI go over, Mr. President.

The VICE PRESIDENT. Without objection, Title VI will be passed over.

Mr. WADSWORTH. Mr. President, does the Senator from Utah object, for example, to the consideration of the small amendment on line 19, page 231? That has nothing to do with automobile taxes.

Mr. KING. I have no objection to considering that amendment. Mr. President, I will withdraw the request that the entire title go over and limit the request to sections and provisions dealing with automobiles and accessories.

The VICE PRESIDENT. Without objection, it is so ordered.

The reading of the bill was resumed.

The next amendment was, on page 231, line 19, after the word "pistols," to insert "and revolvers," so as to read:

(3) Pistols and revolvers, except those sold for the use of the United States, any State, Territory, or possession of the United States, any political subdivision thereof, or the District of Columbia, 10 per cent.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, under the subhead "Title VII.—Special taxes, capital stock tax," on page 235, line 3, after the section number, to strike out:

(a) On and after July 1, 1926, in lieu of the tax imposed by section 700 of the revenue act of 1924—

(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business, equivalent to $1 for each $1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of $5,000. In estimating the value of capital stock the surplus and undivided profits shall be included;

(2) Every foreign corporation shall pay annually a special excise tax with respect to carrying on or doing business in the United States, equivalent to $1 for each $1,000 of the average amount of capital employed in the transaction of its business in the United States during the preceding year ending June 30.

(b) The taxes imposed by this section shall not apply in any year to any corporation which was not engaged in business (or, in the case of a foreign corporation, not engaged in business in the United States) during the preceding year ending June 30, nor to any corporation enumerated in section 231, nor to any insurance company subject to the tax imposed by section 243 or 246.

(c) Section 257 shall apply to all returns filed with the commissioner for purposes of the tax imposed by this section.

The amendment was agreed to.

The next amendment was, on page 236, line 5, after the words "imposed by" to strike out "this section" and insert "section 700 of the revenue act of 1924," so as to read:

In any proceeding in court in respect of any tax imposed by section 700 of the revenue act of 1924 or by any prior capital stock tax law—

(1) The determination by the commissioner as to the fair average value of the capital stock of a domestic corporation shall be only prima facie evidence of the facts on which such determination was based; and

(2) The determination by the commissioner as to the average amount of capital employed in the transaction of business in the United States by a foreign corporation shall be only prima facie evidence of the facts on which such determination was based.

The amendment was agreed to.

The reading of the bill was continued to the heading "Miscellaneous occupational taxes," on line 16, page 236.

Mr. COPELAND. Mr. President, before we take up the subject of miscellaneous occupational taxes will the Senator in charge of the bill make a brief statement as to the provision on page 44, paragraph 7, relating to the income derived from any public utility? I have no doubt that every Senator in the Chamber has had letters from the employees of municipal waterworks companies on this subject.

Mr. SMOOT. Mr. President, the question involved was decided by the Supreme Court, which held that they were not exempt from taxation. Of course, if we go into the question of waterworks employees, I do not know where we will end.

Mr. KING. My colleague might say to the Senator from New York that that was one item upon which there was complete unanimity among the discordant elements of the Committee on Finance.

Mr. REED of Pennsylvania. May I add also that the clause at the bottom of page 44 has no bearing on the pay of employees of municipal industries? The clause at the bottom of page 44, to which the Senator from New York calls attention, relates to the income of the utility itself, which is pronounced not taxable.

Mr. COPELAND. What I have in mind is, I think, very plain to the Senator in charge of the bill. Municipal waterworks employees have contended from the first that they were exempt under the terms of the original income tax law and they were so informed by various collectors of taxes.

The result of the situation is that there are pending against employees of this type a great many suits on the part of the Government. I have been approached by various ones of these employees saying that now, after these years, in view of the statements made by the collectors of internal revenue, they should not be called upon to make restitution to the Government of sums which they understood were not due.

Mr. SMOOT. The Senator is interested in a retroactive provision?

Mr. COPELAND. Yes. As I understand the situation, there will be presented at some time a bill seeking to give relief to these persons from penalties which are pending against them for the nonpayment of the sums which have been assessed against them. I do not like to have this bill enacted into law until some attention has been given by the Senate to the predicament in which these employees find themselves.

Mr. SMOOT. If the Senator will prepare his amendment, it ought to be proposed to another section—213. After we have acted upon the committee amendments the Senator can offer that amendment and we can discuss it at that time.

Mr. COPELAND. I thank the Senator.

Mr. KING. Mr. President, my attention was diverted. Is it the Senator's position that employees of municipal light plants and street railways should be exempted from a Federal income tax?

Mr. COPELAND. I have not gone so far as to say that employees of street railways should be exempted. I do not know; I have not given any thought to that matter, but it is perfectly clear to me that in every sense the operation of a water plant is a municipal function, and I am clear in my own mind that the employees of such institutions should be free from the tax. I think it is just as important a thing to a city to have a water plant operated as it is to have the street-cleaning department operated, or to have the garbage-removal system operated.

Mr. KING. May I say to my friend that if we press too far the exemption of securities issued by municipalities and States and Federal agencies such as the farm loan banks, and build up in the United States a class of individuals who are employees of cities and of organizations which are quasi municipal in their character and exempt them from taxation, there will be a growing demand for an amendment to the Constitution of the United States so as to tax the securities and bonds of municipalities and States, as well as the salaries paid to all classes of their employees, and the officials of the States and municipalities, regardless of the character of work performed or whether it relates to the proprietary functions of municipalities or to their purely governmental powers and functions.

It may be unwise for us to press too far the exemptions from the Federal income tax laws which are to be allowed to persons not engaged in purely governmental activities. Many insist that the income-tax theory should rest upon a broad base; and if, as my colleague [Mr. SMOOT] very pertinently remarked yesterday, we narrow the base too much, there will be a growing demand for a repeal of the income tax, or at least for such modifications of it as to impair its usefulness and weaken its strength.

We justify an income tax largely upon the ground that it is a just tax resting upon the ability to pay, or, as Adam Smith and John Stuart Mill called it, upon the faculty theory; and if we narrow the base and exempt nearly everyone from paying taxes, and particularly officeholders and life-position persons, the law will fail as a revenue producer, and other sources of revenue will have to be sought.

For one I want to see the income-tax theory preserved, and I want it to be the principal sources of revenue for the Government of the United States—income tax upon individuals and profits tax upon corporations. These two springs of revenue must, in my judgment, constitute the principal sources from which the Federal Government must derive its revenue.

Mr. COPELAND. Mr. President, I both agree and disagree with my friend from Utah. I made no reference to the bonds of these companies. My reference related wholly to the employees of these municipal water companies.

So far as the bonds of the water companies are concerned, I would not seek to exempt them. I think one of the curses of the country and of the times is the issuance of tremendous quantities of tax-exempt bonds. I think the issuance of these bonds is leading to extravagance in municipal operations, to extravagance in county and township and road operations. It is so easy to get money under the conditions of tax exemption that undoubtedly we are building up something that may in time destroy us. So I am in full sympathy with the Senator from Utah as regards that particular phase of this problem. But if we are to exempt from the operation of the income tax law the man who collects the garbage in the city and the man who cleans the streets and the various inspectors who go about to perform municipal functions, I can not see why a distinction should be made and why the employee of the city who is serving the city in the operation of the water company should be made an exception to the exemption.

That is the point I have in mind; but even that I am not pressing. The thing I have in mind now, in view of the decision of the court, is that we shall give relief to these men who have been told by the tax collectors in times past that they were exempt. You see, Mr. President, they have not made any return. They are liable under all the penalties of the law, not alone of this year and last year but of all the years, and there are now pending suits which are a matter of tremendous embarrassment to these men. I want to say to my friend from Utah that is what I have in mind—to give relief to men who have failed to pay this tax under a misapprehension that they did not actually owe it.

Mr. KING. The Senator wants it to be retroactive, but not in futuro?

Mr. COPELAND. Yes, sir; that is exactly my position.

Mr. SMOOT. I want to ask the Senator if he also desires a refund made to those who have paid the tax?

Mr. COPELAND. I am not so sure about that. No; I do not think I am pressing for that at all. I am seeking to have these men freed from the penalties which will be imposed upon them unless we take action, because they were innocent victims of the belief that they were not required to pay the tax. That is the position I take.

I should like now to ask the Senator in charge of the bill what would be the proper procedure, and when should we take action, if we are inclined to do so, to give such relief as I have suggested?

Mr. SMOOT. Mr. President, let me suggest to the Senator, before I answer his question, that there may be something in relieving these men of the penalties that would be imposed under the law; and perhaps that is as far as the Senator ought to go. I will support an amendment to relieve them of the penalties, because the penalty up to the present time, perhaps, would be more than the tax itself.

The proper time to offer the amendment is right after the committee amendments have been agreed to. Then the bill will be before the Senate as in Committee of the Whole and open to amendment; and when we reach that section—213, I think it is—the Senator can offer his amendment. Let me suggest to the Senator, however, that it go no further than simply to relieve them of any penalties that may have accrued.

Mr. COPELAND. I thank the Senator; and at the proper time I will present such an amendment and limit it to relief from the penalties which have been imposed.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 237, after line 11, to insert:

> Any person who carries on any business or occupation for which a special tax is imposed by this section, without having paid such special tax, shall, besides being liable for the payment of such special tax, be subject to a penalty of not more than $1,000 or to imprisonment for not more than one year, or both.

The amendment was agreed to.

The next amendment was, under the subhead "Special tax on use of foreign boats," on page 238, line 7, before the word "for," to strike out "$1" and insert "$2"; at the end of line 8, to strike out "$2" and insert "$4"; and in line 9, after the word "feet," to strike out "$4" and insert "8," so as to read:

> SEC. 702. On and after July 1, 1926, and thereafter on July 1 in each year, and also at the time of the original purchase of a new yacht or other boat by a user if on any other date than July 1, there shall be levied, assessed, collected, and paid, in lieu of the tax imposed by section 703 of the revenue act of 1924, upon the use of yachts, pleasure boats, power boats, sailing boats, and motor boats with fixed engines, if foreign built and if of over 5 net tons and over 32 feet in length, not used exclusively for trade, fishing, or national defense, a special excise tax to be based on each such yacht or other boat, at rates as follows: Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons, length over 32 feet and not over 50 feet, $2 for each foot; length over 50 feet and not over 100 feet, $4 for each foot; length over 100 feet, $8 for each foot.

Mr. KING. Mr. President, may I invite the attention of the Senator from New York [Mr. WADSWORTH] to the tax on yachts? Is the Senator satisfied with the amendment?

Mr. WADSWORTH. Will the Senator point out the amendment to which he has reference? My attention was diverted.

Mr. KING. It is on page 238. I supported in the committee the views of the Senator from New York. I hope he will not abandon them now.

Mr. WADSWORTH. I have not.

Mr. KING. I should like to vote with the Senator.

Mr. WADSWORTH. Mr. President, I think this tax on yachts is, to be perfectly frank, all nonsense. It is a very, very small matter. I do not know that we can get much excitement about it. I do not believe it will bring in over $15,000 or $20,000 a year.

Apparently, it is the policy of the committee to put an annual tax upon any yacht over a certain size that was built in a foreign country—that is, yachts purchased by Americans hereafter. The policy is to place an annual tax upon them, perhaps upon the theory of protection of a home industry. My information is that the shipyards in this country devoted to the building of yachts—and, of course, most of them are small boats, motor boats, and craft of the smaller kind—have now so many orders that they can not take any additional ones; and there are many Americans who would like to have some of these smaller boats built in Canada or Nova Scotia. They are faced with the proposition, however, that if they have a boat built in Nova Scotia or Canada they will have to pay a tax as long as the boat stays afloat after they begin to own it, after it is delivered.

I am a hearty devotee of the protective system, but I think the policy of the protective tariff should be reflected in a tariff measure, and that the power of taxation should not be used in this indirect way to establish the principle in this particular regard.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. WADSWORTH. Yes.

Mr. REED of Pennsylvania. Is it not correct that the Supreme Court of the United States has said that a yacht can not be reached under a tariff measure, that it is not an article of commerce at all, but must be considered to be an instrumentality of commerce just like a great cargo ship, and that this is an effort on the part of the Congress to reach a class of foreign products which can not be reached through the medium of the tariff?

Mr. WADSWORTH. It may be that an effort of that kind is justified if it is directed against the large seagoing yachts, of which there are very, very few built abroad and owned by Americans. They are now on the list, and have been taxed.

Mr. SMOOT. There are 44 of them now, and they are about the only yachts now that are brought here from a foreign country.

Mr. WADSWORTH. There are 44 of them now, and, as I understand, this bill will not continue the taxes on those 44.

Mr. SMOOT. No; because the provision on page 239 specifically exempts them from tax.

Mr. WADSWORTH. Certainly; I understand. So we are going to exempt those which have been built heretofore and tax those which may be built hereafter. There will not be any built of those larger sizes if the taxes are to be as high as $2,000 a year, as they would run in the case of the larger-sized boats.

My concern is more about the motor boat. I do not believe that the American motor-boat building industry needs protection of this kind. Facts to demonstrate any such need have not been brought before the committee. My information is that the yards are fully taken up with orders now placed with them, and it is the desire of some of our people to be permitted to go across the line and have boats built in Canada; but, of course, if they do so they are going to be penalized as long as the boats stay afloat, which I think is unreasonable.

Mr. REED of Pennsylvania. Can the Senator tell us the over-all length of such motor boats as he refers to?

Mr. WADSWORTH. I think boats under 60 feet in length ought to be exempt from any tax.

Mr. REED of Pennsylvania. The bill as it stands exempts all boats of 32 feet or less.

Mr. WADSWORTH. Yes.

Mr. REED of Pennsylvania. Of course, Mr. President, the thing we are trying to get at is the luxurious foreign yacht, fitted with foreign furniture, hung with foreign tapestries and paintings, some of them worth many hundreds of thousands of dollars. They bring over here articles which, if one were to import them and put them in his house, would expose him to many thousands of dollars of duty. Yet they bring them over and let them lie afloat, a quarter of a mile from their houses, absolutely duty free. This does not completely reach the problem, but it is an effort on the part of Congress to get at the difficulty and the only way by which constitutionally it can do so.

Mr. SIMMONS. Mr. President, accepting the statement of the Senator from Pennsylvania as a basis upon which he justifies this tax, it seems to me that he has argued himself out of court, so far as the revenue bill is concerned.

The Senator wants a tax imposed because the type of boat in question is built of foreign material, equipped with foreign machinery, and fitted with foreign-made furniture. He says that ought not be allowed to come into the United States without paying a tax in the nature, at least, of a tariff tax. If that were any other kind of foreign-made machinery or foreign-made furniture, outside of a yacht, it would be subject to a tariff tax on entrance into the United States, if we had such a tax. But what is proposed in this bill is that we shall not only tax one on coming into the United States but every subsequent year, as long as it remains the property of the man who brought it here, or becomes the property of any person to whom he may have sold it, that as long as these laws apply that boat shall pay a tariff tax, or what is in the nature of a tariff tax, every year.

Mr. REED of Pennsylvania. That is correct, but the tax that is fixed by this bill is less than the ordinary interest upon a moderate tariff tax, if it were figured on the ad valorem basis on the whole boat and its contents.

Mr. SMOOT. This tax is in lieu of the tax imposed by section 703 of the revenue act of 1924.

Mr. REED of Pennsylvania. If this license tax were fixed at the amount annually that would be a proper tariff on the boats, I agree that the Senator's point would be well taken.

Mr. SIMMONS. Then the Senator's position is that it ought to be subject to a very high tariff tax, but it is not subject to a very high tariff tax, and therefore in a revenue bill we propose an annual tax, the aggregate of which, taking the course of the years, will about equal the proper legitimate tariff tax that would be imposed upon its original entry into the United States.

Mr. REED of Pennsylvania. That is what it comes to.

Mr. SIMMONS. It seems to me that is a very fallacious position.

Mr. SMOOT. In all of our acts we have had the same tax.

Mr. SIMMONS. I do not object at all to a moderate tax upon this class of boats. I am perfectly willing to treat it in a revenue bill as a source of income to the Federal Government, but when you justify that tax upon the theory that there ought to be a heavy tariff tax upon it, taking the position that, as there is no way to reach it through the tariff tax which now obtains, we will reach it through the revenue arm of the law, and instead of imposing one tax for its admission at the time it comes in, as long as it remains American property, after the conversion, every year it shall be subject to the same tariff imposition, I do not think is sound legislation, in my judgment. Personally I care nothing about it at all. I think it is a small matter, and it is one, anyway, that does not concern the people who live in my section of our State. They are too poor to have that sort of yachts.

Mr. SMOOT. Or any other section of the State.

Mr. SIMMONS. I do not know. In some sections of the State the people probably have a good many of these luxurious yachts to which the Senator from New York has referred. But I do not think they ought to be penalized in this sort of way. I think in levying these revenue taxes we ought to be governed by the same principle as to every article taxed that permeates the whole system of taxation, and not inject a system of taxation that pertains to some other method of raising revenue on the part of the Government or that is imposed for some other purpose than a revenue purpose.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. SIMMONS. Yes. It is the principle I am objecting to and not the tax.

Mr. REED of Pennsylvania. The situation works out in this way at the present time: If I own a yacht and decide to put a Diesel engine on it, if I send abroad for that engine and have it brought over here for installation in my yacht by American labor in an American yard, I have to pay a big tariff tax on that Diesel engine. If I send my yacht over and let German labor put a German engine in the yacht at a German yard, unless we reach the matter by some such method as this, the yacht comes back with the German engine put in by German labor and it is absolutely tax free. That is not a fancy illustration; it is working out that way now under the low tax of the present law. Practically it means that foreign shipyards have this additional advantage over ours. They pay very much lower wages than our shipyards pay. Competition with them is already almost impossible, and we are just trying to give this little additional help to the American shipyards.

Mr. SIMMONS. I understand. You are trying to protect them against foreign competition in a revenue bill?

Mr. REED of Pennsylvania. Yes.

Mr. WADSWORTH. Mr. President, I may not have made myself entirely clear. My sympathy does not run to the very large and luxurious yachts. None of our constituents who happen to own very large, luxurious yachts are complaining about the committee's action, because the committee's bill exempts those yachts from all taxes.

Mr. SMOOT. All yachts.

Mr. WADSWORTH. I know, but I am just mentioning the luxurious yachts as in a class apart. So it is not at all surprising that the observation could be made to me a little while ago in personal conversation that the owners of the luxurious yachts as of to-day are not complaining at what the committee has done. Of course, they are not. They have been taxed heretofore, but now the committee proposes to abolish all taxes on yachts now in existence. The taxes proposed by the committee on yachts which may be built abroad, and acquired by Americans hereafter, I think are so high that none will be purchased by Americans abroad. I think those taxes would be practically prohibitive. Eight dollars a foot for all yachts over 100 feet in length is quite a tax.

My concern is about the smaller boats. The best information that I can get is that our motor-boat building industry is prosperous, that it is not subjected to sharp or destructive competion by foreign builders, and there were no facts demonstrating the contrary placed before the Finance Committee.

My information is, further, to this effect: That an American who to-day would like to have built for him a motor boat of 40 or 50 feet in length—and such boats are in very common use in the waters all over the United States—can not get it built promptly, because the motor-boat building yards are filled with orders. Why tax that smaller boat, which is, from the revenue-

producing side of it, already on the protective tariff policy side? I can not see the object of it. The revenue will amount to next to nothing.

My suggestion was and is that the bill be amended so that the taxes proposed by the Finance Committee shall apply only to boats over 60 feet in length, instead of to all boats over 32 feet in length, and let the smaller boats out.

Mr. McLEAN. Mr. President, everybody who owns a Ford car in the States has to pay a license fee. I think that is so in most every State in the Union.

Mr. SMOOT. They either have to do that or pay a gasoline tax.

Mr. McLEAN. The Federal Government does not interfere in that matter, and I take it such a proposal would not meet with the approval of this body. These yachts are very expensive and are used for joy riding on the water. I confess that I thought it was a mistake to relieve any of them from the tax. I would tax them all a small license fee.

Mr. KING. Mr. President, will the Senator yield?

Mr. McLEAN. Yes.

Mr. KING. Does the Senator propose that we shall impose a Federal license upon the driver or owner of a Ford car?

Mr. McLEAN. I stated that we should not do that, but in the States it is done.

Mr. KING. We are not a State legislature. We are legislating for the Federal Government.

Mr. McLEAN. I know, but we are the only legislative body that can reach these yachts.

Mr. KING. Mr. President, just a word. I think the position taken by the Senator from North Carolina is sound. It seems to me that it is reprehensible to invoke the taxing power of the Government to buttress the tariff theories of our Republican friends and secure the unwarranted advantages to a favored few, which high protection permits.

At times the taxing power of the Government has been invoked not to obtain revenue but to promote the material interests of a group or class. Taxes have been levied to destroy or cripple some enterprise in order that a favored business or industry might be strengthened and its profits increased. Such a course may not be defended upon constitutional grounds. Taxes should be collected only when necessary to maintain the Government. To seize one's property under the guise of taxation in order to aid some person or class is not only oppressive but it is most tyrannous. The taxing power was invoked—contrary to the Constitution—in the interest of social reform, as it was claimed, when commodities used in interstate commerce were taxed, such articles or commodities having in part been produced by persons under a certain age. The taxing power must not be perverted. It was as improper for a Congress to do so as for Charles the First or any autocrat of the past. If our Republican friends who believe in the theories of protection, and who believe that prohibitive tariffs will lift us by our boot straps into a realm of prosperity and felicity, want to tax these yachts—that is, if they want tariff laws to reach them—let them deal with the subject when a tariff bill is before Congress.

It may be said in passing that following the Civil War legislation was enacted which had a disastrous effect upon our marine commerce. Before the Civil War we had the finest clippers and boats in the world. The Stars and Stripes were found in every port in every land. Of the commerce of America, 86 per cent was carried in American bottoms. But after certain foolish policies of the Republican Party were put into effect our merchant ships were driven from the sea.

If we would maintain our commerce upon the high seas we would do well to permit Americans, if they desire, to buy ships wherever they wish and place them under American registry. We could tax such vessels, increase our revenues, and expand our foreign trade. These purchased ships and those constructed in the United States could carry most of our exportable commodities as well as a large part of our imports. Our merchant marine, under proper laws, would grow, and we would develop American seamen, who would man all American ships.

Mr. WADSWORTH. The amendment I propose is, I suppose, not in order at this time as the unanimous-consent agreement is that the Senate shall consider first only committee amendments. I want to disagree to one portion of the committee amendment, at least that portion of it on line 7.

Mr. SMOOT. The Senator can take that up later if he desires to do so. If he wishes to present his amendment we can have a vote on it at a later time.

Mr. WADSWORTH. Very well.

The reading of the bill was resumed.

The next amendment was, on page 238, after line 20, to strike out: "This section shall not apply to yachts or other boats used without profit by any benevolent, charitable, or religious organizations, exclusively for furnishing aid, comfort, or relief to seamen" and in lieu thereof to insert:

This section shall not apply to any yacht or other boat (1) which is used without profit by any benevolent, charitable, or religious organizations, exclusively for furnishing aid, comfort, or relief to seamen, or (2) which was owned on January 1, 1926, by a citizen of the United States or by a domestic partnership or corporation.

The amendment was agreed to.

The next amendment was, on page 239, after line 6, to strike out:

PENALTY FOR NONPAYMENT OF SPECIAL TAXES

SEC. 703. Any person who carries on any business or occupation for which a special tax is imposed by section 700 or 701, without having paid the special tax therein provided, shall, besides being liable for the payment of such special tax, be subject to a penalty of not more than $1,000 or to imprisonment for not more than one year, or both.

The amendment was agreed to.

The reading of the bill was continued to line 22, on page 247.

Mr. BROOKHART. Mr. President, on page 86, with reference to the exemption of cooperative associations, I notice in line 15 that the exemption does not apply if 15 per cent of their purchases are outside of the membership. I think that percentage is entirely too low.

Mr. SMOOT. May I say to the Senator that the heads of the organizations were invited to come before the committee, and this was agreed to there by Mr. Wicker, representing the organizations. We actually went so far not only as to put in the word "producer," but we broadened it just as far as it was possible for us to do. Mr. Wicker left the committee, as I understood it, perfectly satisfied if we would put in the word "producer." We put that word in, virtually doubling what the law is now, and to question the point now I am sure is not according to our understanding.

Mr. BROOKHART. Am I to understand that the purchases from nonmember producers are exempt?

Mr. SMOOT. Yes; up to the limit of 85 per cent. It seems to me we have gone to the limit. If the Senator will read it over carefully, I am sure he will be satisfied.

Mr. NORRIS. Let me suggest, if the Senator will permit me to interrupt him, that if the amendment has been agreed to, as I think it has, we might have it reconsidered and passed over to let the Senator from Iowa have time to consider it.

Mr. SMOOT. I am perfectly willing to do that. Referring to page 85, I move that the vote by which the amendment of paragraph 12 was agreed to be reconsidered.

The motion was agreed to.

Mr. SMOOT. I now ask that the amendment be passed over.

The VICE PRESIDENT. Without objection, it is so ordered.

The reading of the bill was resumed.

The next amendment was, under the subhead "Schedule A—Stamp taxes," on page 253, line 12, after the word "any," to strike out "person" and insert "corporation," so as to read:

1. Bonds of indebtedness: On all bonds, debentures, or certificates of indebtedness issued by any corporation, and all instruments, however termed, issued by any corporation with interest coupons or in registered form, known generally as corporate securities, on each $100 of face value or fraction thereof, 5 cents: *Provided*, That every renewal of the foregoing shall be taxed as a new issue: *Provided further*, That when a bond conditioned for the repayment or payment of money is given in a penal sum greater than the debt secured, the tax shall be based upon the amount secured.

The amendment was agreed to.

The next amendment was, on page 258, after line 9, to strike out:

5. Entry of any goods, wares, or merchandise at any customhouse either for consumption or warehousing, not exceeding $100 in value, 25 cents; exceeding $100 and not exceeding $500 in value, 50 cents; exceeding $500 in value, $1.

6. Entry for the withdrawal of any goods or merchandise from customs bonded warehouse, 50 cents.

7. Passage ticket, one way or round trip, for each passenger, sold or issued in the United States for passage by any vessel to a port or place not in the United States, Canada, or Mexico, if costing not exceeding $30, $1; costing more than $30 and not exceeding $60, $3; costing more than $60, $5. This subdivision shall not apply to passage tickets costing $10 or less.

The amendment was agreed to.

The reading of the bill was continued to line 4, on page 260.

Mr. SMOOT. I will have to ask that Title IX—Tax on distilled spirits and cereal beverages, may be passed over, at the request of a number of Senators.

Mr. KING. Yes; I ask that it go over.

Mr. REED of Pennsylvania. There is no necessity for passing over the amendment on page 262. That has nothing to do with the tax.

Mr. SMOOT. No; that amendment we can consider at this time.

The next amendment was, on page 262, at the end of line 15, to strike out the word "thereof" and the quotation and insert the word "thereof," so as to read:

(4) Distilled spirits smuggled or brought into the United States unlawfully shall, for the purpose of this subdivision, be held to be imported into the United States, and section 3334 of the Revised Statutes, as amended, shall be applicable to any sale thereof.

The amendment was agreed to.

The next amendment was, on page 262, after line 15, to insert:

(5) Upon the withdrawal from any internal revenue bonded warehouse after the enactment of the revenue act of 1926 of distilled spirits of domestic production which have been reimported, an allowance for loss shall be made in the amount provided by section 50 of the act of August 27, 1894, entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," as amended, as if such spirits had remained continuously in an internal revenue bonded warehouse within the United States from date of manufacture until date of withdrawal.

Mr. McKELLAR. Mr. President, will the chairman of the committee or some one explain that provision?

Mr. SMOOT. It simply means in a few words that the tax is to be imposed upon just the amount of spirits in the barrel, not taking into consideration the shrinkage which has taken place. It is not a tax upon the shrinkage, but a tax upon the spirits that are left.

Mr. WADSWORTH. May I ask the Senator if the provision has any bearing upon the revenue?

Mr. SMOOT. Not at all.

Mr. WADSWORTH. This is not the provision we discussed in the committee?

Mr. SMOOT. No. I have asked that the provision to which the Senator from New York refers may be passed over, and the request was granted.

Mr. NORRIS. The tax, I should think, would be reduced some because, as I understand it, the whisky has been shrinking like everything. It has not been anywhere in the vicinity of the committee, of course, but there is not as much of it as there was originally.

Mr. REED of Pennsylvania. I can explain the situation if the Senator desires it.

Mr. NORRIS. I think there is at least one explanation that should be made.

Mr. REED of Pennsylvania. Under the law, liquor which had been taken out of the country and then reimported is now taxed at the gauge at the time of reimportation. I do not think we ever intended to bring that about, but that is the construction the department has put upon the provision. If the liquor had been kept in the country all the time, it would be taxed according to its gauge at the moment of withdrawal. Nobody ever intended that we should get a tax on air, but that is the way the regulations work out as construed at present.

Mr. McKELLAR. I would like to have "reimportation" explained. Have the liquors contemplated by this section been sent out of the country for some purpose and are they now being reimported, and if so, why?

Mr. REED of Pennsylvania. I can explain it if the Senator is interested. Back about 1919 one of the distilling companies in this country, the Overholt Co., sent some 1,500 or 2,000 barrels to Europe, hoping that it might sell the liquor over there. It was found impossible to do that. They did, however, sell it en bloc to some Philadelphia people having nothing whatever to do with the distilling concern at all, and they brought it back here thinking it could be distributed in legitimate ways to druggists. It was a very fine quality of whisky. It is in a concentration warehouse at Philadelphia at the present time. It has never been illegally sold, or sold in any way as a matter of fact, because after it was reimported and put in this warehouse for security it was discovered that the regulation of the department would expose it to a tax on the basis of its gauge at the instant of reimportation and not at the time of withdrawal, which would have been the case if it had stayed in this country all the time. I might add just to conclude that the Overholt Distillery interests have no interest whatever in the liquor.

Mr. McKELLAR. Was it reimported after the eighteenth amendment went into effect?

Mr. REED of Pennsylvania. I do not know. I do not know whether it could legally be imported afterwards.

Mr. McKELLAR. I was just wondering if it could be done. The expression "reimported" seems to be rather unusual when taken in connection with our liquor laws.

Mr. REED of Pennsylvania. I think it means lawfully reimported. If it does not, it could be made to say so. I would have no objection to inserting at the beginning of line 19, page 262, the word "lawfully" so as to cover that idea, making it read, "which has been lawfully reimported." I ask unanimous consent that the vote by which the committee amendment was agreed to may be reconsidered in order that I may propose that amendment.

The VICE PRESIDENT. Without objection, the vote by which the committee amendment was agreed to will be reconsidered.

Mr. REED of Pennsylvania. I now move on line 19, page 262, before the word "reimported" in the committee amendment to insert the word "lawfully."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment was, under the subhead "Tax on cereal beverages," on page 264, line 2, after the word "alcohol" to insert "by volume," and in line 3, after the word "importer" to strike out "in bottles or other closed containers," so as to read:

SEC. 903. There shall be levied, assessed, collected, and paid upon all beverages derived wholly or in part from cereals or substitutes therefor, and containing less than one-half of 1 per cent of alcohol by volume, sold by the manufacturer, producer, or importer, a tax of one-tenth of 1 cent per gallon or fraction thereof.

The amendment was agreed to.

The next amendment was, on page 264, line 6, after the word "producer," to strike out "bottler"; in line 11, after the words "place of," to strike out "business, containing" and insert "business. Such return shall contain"; and in line 13, before the word "at," to insert "shall be made," so as to read:

SEC. 904. (a) Each manufacturer, producer, or importer of any of the beverages enumerated in section 903 shall make monthly returns under oath in duplicate and pay the taxes imposed in respect of such beverages by such section to the collector for the district in which is located the principal place of business. Such return shall contain such information necessary for the assessment of the tax and shall be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. SMOOT. In line 11 the word should be "returns" instead of "return," and I move that amendment to the committee amendment.

The VICE PRESIDENT. The amendment to the committee amendment will be stated.

The CHIEF CLERK. In line 11, after the word "Such," in lieu of the word "return," it is proposed to insert the word "returns," so that it will read:

Such returns shall contain.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed and continued to the heading "Title IX.—Board of Tax Appeals," at the top of page 265.

Mr. SMOOT. That portion of the bill should be passed over.

Mr. KING. I ask that it may be passed over.

The VICE PRESIDENT. It will be passed over in the absence of objection.

Mr. McKELLAR. Is it intended that the whole title shall be passed over?

Mr. KING. The title in regard to the Board of Tax Appeals.

Mr. McKELLAR. The whole title down to the end of line 17, page 285?

Mr. SMOOT. Yes; the whole title. Title XI, on page 285, is the next.

The CHIEF CLERK. It is proposed to pass over the portion of the bill from the top of page 265 down to and including line 17, on page 285.

The VICE PRESIDENT. Title XI will be passed over.

The reading of the bill was resumed at line 18, page 285.

The next amendment was, under the subhead "Limitation on assessments and suits by the United States," on page 291, after line 15, to strike out:

SEC. 1109. (a) Except as provided in sections 277, 278, 310, and 311, and subdivisions (b) and (c) of this section, all internal revenue taxes shall, notwithstanding the provisions of section 3182 of the Revised Statutes or any other provision of law, be assessed within four years after such taxes became due, and no proceeding in court for the collection of such taxes shall be begun after the expiration of five years after such taxes became due.

(b) In case of a false or fraudulent return with intent to evade tax, of a failure to file a required return, or of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(c) Where the assessment of the tax is made within the period prescribed in subdivisions (a) and (b) such tax may be collected by distraint or by a proceeding in court, begun within six years after the assessment of the tax. Nothing in this act shall be construed as preventing the beginning, without assessment, of a proceeding in court for the collection of the tax at any time before the expiration of the period provided in subdivision (a) for the beginning of such proceeding.

(d) This section shall not (1) authorize the assessment of a tax or the collection thereof by distraint or by a proceeding in court if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the period of limitation then in existence, or (2) affect any assessment made, or distraint or proceeding in court begun, before the enactment of this act.

And in lieu thereof to insert:

SEC. 1109. (a) Except as provided in sections 277 and 278—

(1) Notwithstanding the provisions of section 3182 of the Revised Statutes or any other provision of law, all internal-revenue taxes shall (except as provided in paragraph (1) or (2) of this subdivision) be assessed within four years after such taxes became due, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of five years after such taxes became due.

(2) In case of a false or fraudulent return with intent to evade tax, of a failure to file a return within the time required by law, or of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(3) Where the assessment of any tax imposed by this act or by prior act of Congress has been made (whether before or after the enactment of this act) within the statutory period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court (begun before or after the enactment of this act), but only if begun (1) within six years after the assessment of the tax, or (2) prior to the expiration of any period for collection agreed upon in writing by the commissioner and the taxpayer.

(b) This section shall not bar a distraint or proceeding in court begun before the enactment of the revenue act of 1924; nor shall it authorize the assessment of a tax or the collection thereof by distraint or by proceeding in court if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the statutory period of limitation properly applicable thereto, unless prior to the enactment of this act the commissioner and the taxpayer agreed in writing thereto.

Mr. McKELLAR. Mr. President, may I ask the Senator from Pennsylvania, who is on the committee, as I see that the Senator from Utah [Mr. SMOOT] is temporarily absent from the Chamber, does he not think that four years is a long time in which to give the Government the right to reassess a taxpayer who has been guilty of no wrong? Of course, subsection (2) on page 293 provides that in case of fraud there shall be no time limit, and that is very proper, for there ought not to be any limitation against a fraudulent act of a taxpayer, but it does seem to me one of the greatest crosses that the taxpayer now has to bear is the constant assessment and reassessment of taxes when he is not informed about it. Going back four years is a long time. I am wondering if we ought not to shorten that time. I think two years is ample time to give the Government in which to reassess an honest taxpayer, a taxpayer who has made out his return and has done his best to pay what is lawfully due the Government.

Mr. REED of Pennsylvania. Mr. President, I think the Senator from Tennessee is exactly right; and I would go further and provide a definite limitation of, say, six years, even in case of fraud.

Mr. McKELLAR. I would, too.

Mr. REED of Pennsylvania. But the trouble is that the Internal Revenue Bureau at present is so far in arrears in its work, it has so many thousands of cases unclosed that are now more than four years old, that it would result in a tremendous loss of revenue to the Government to make the statute of limitations any shorter than it is at present.

Mr. McKELLAR. I am not so sure that the Senator from Pennsylvania is correct in saying that such action would result in a tremendous loss of revenue. While it would be a large sum, the Internal Revenue Bureau has a regular army of inspectors and investigators going around over the country reinvestigating and redetermining the amount of taxes due in innumerable cases, in fact, in practically all cases. While I have never examined into the cost of that work, I am frank to say to the Senator, yet I am quite confident the cost is enormous, and probably the net revenue is nothing like what the gross figures would indicate. I want to say to the Senator that, in my judgment, so long as we allow a period of four years as the limitation the department will be away behind in its work just as it is now.

The Senator from Pennsylvania also knows that under the regulations of the department its officials have a custom of going to a taxpayer when the time is about out, when the four years have about expired, and saying to him, "If you will waive the time limit, we will not make an arbitrary assessment against you, but if you do not want an arbitrary assessment made against you, you must waive the time limit," which virtually results in there being no time limit. I do not think that is a good practice. I think it is a hardship upon the honest taxpayer that ought not to exist, and for which Congress ought not to stand. I believe that the time limit ought to be fixed at not exceeding two years, and that Congress should provide that there must be no waiver of that kind demanded by the authorities. It is that situation which is causing more unrest among the taxpayers than almost any other one thing in connection with the collection of taxes.

I want the Senator to let this particular provision go over, and see if we can not agree upon an amendment which will protect the rights of the Government and will also protect the rights of the honest taxpayer.

When it comes to the question of fraud, I have not a word to say about the time limit, although I think the Senator from Pennsylvania is right about that; that if the Government does not unearth fraud in the course of six years it ought to bear the loss. Certainly, however, we ought not to permit virtually an unlimited time in which to harass the honest taxpayers of the country.

Mr. SMOOT. Mr. President, the department was compelled to take the action referred to by the Senator from Tennessee especially as to the returns for 1917 and 1918, when high taxes, excess-profits taxes, and other new taxes were imposed upon the American people.

Mr. McKELLAR. If the Senator will permit me, I will say to him that while, perhaps, there might have been some excuse then, the same practice has been followed even up to this date. If the time limit is up on a taxpayer, the department at once makes the demand that the taxpayer shall waive the time limit. Under what right that is done I can not say, but the taxpayer is required to waive the time limit or to submit to an arbitrary assessment. I do not believe that the Congress ever intended the tax collectors to harass the honest taxpayer in any such way, and I think we ought to make it perfectly clear in this bill that we do not intend that he shall be so harassed.

Mr. SMOOT. Mr. President, the department does not desire to harass the taxpayer. The only alternative in many cases is for the department to assess an arbitrary tax. If the arbitrary tax is proved to be wrong, of course, all the money collected, together with 6 per cent interest, is returned to the taxpayer. I do not know of any case and have not heard of any case where there was an extension of time or a waiver of the time limit but what the Government of the United States had a just claim against the corporation or individual. I know the practice began in 1921 and 1922 and affected particularly and of necessity the returns for 1917 and 1918 taxes.

Mr. BROUSSARD. Mr. President, will the Senator yield to me for a moment?

Mr. SMOOT. I yield to the Senator.

Mr. BROUSSARD. I think that every Senator here knows that it is customary for the Treasury Department to notify taxpayers that assessments will be made against them on account of tax returns going back as far as 1918 and 1919 and in some cases back to 1917.

Mr. SMOOT. Those are the cases where the department has had to take such action.

Mr. BROUSSARD. I wish to complete the statement I started to make. To my knowledge in many of the cases where the demand has been made, notice given, and an assessment imposed the taxpayers have been forced to come

here and to secure the services of lawyers to explain away the assessment which was erroneously made. The result has been, as I happen to know, that in some cases it has been demonstrated that the Government actually owed money to the taxpayer, and in most of the cases the assessments were shown to be erroneous. I think that it is absolutely wrong for the Government to permit these cases to remain open so long as they are now permitted to remain open.

Mr. SMOOT. The fact is that as to 92 per cent of all the cases which have been reopened that action has been taken upon the application of the taxpayer himself. In the other 8 per cent a reopening of the case was requested by the Government, or else an arbitrary tax would be imposed against the taxpayer.

Mr. BROUSSARD. But in many cases where assessments have been made arbitrarily and the taxpayers have been forced at great expense to come to Washington to disprove the claims of the Government it has been shown that the original return was correct; that the taxpayer owed nothing to the Government; but nevertheless he was put to a great deal of trouble and expense to prove that the Government had no facts upon which to base the assessment. I think that it is wrong to require men to come here five and six years after they have made their returns to meet a situation of that kind.

Mr. SMOOT. If such a provision as the Senator has in mind were enacted into law, it must be remembered that in nine cases out of ten the taxpayers of the country would be the ones to suffer.

Mr. REED of Pennsylvania. Mr. President, will the Senator from Utah allow me to add a word at that point?

Mr. SMOOT. Yes.

Mr. REED of Pennsylvania. I agree fully with what my colleagues have said, that it is a great hardship to have the Government going back for six years into matters that are ancient history. The question is what are we going to do about it? If we look to the records we find that the bureau is catching up with the work. At the end of the fiscal year 1923—that was on June 30, 1923—there were 3,032,000 income-tax cases unclosed in the department. A year later—on June 30, 1924—there were 2,430,000 cases not closed, although an additional million cases had come in in the meantime because of the new taxable year. On the 30th of last June there were 2,011,000 cases unclosed, although 975,000 new ones had come in on the 15th of last March. So it will be seen that the bureau is catching up.

Mr. BROUSSARD. Mr. President, may I ask the Senator a question?

Mr. REED of Pennsylvania. Let me just finish the thought.

Mr. BROUSSARD. Would it not be the proper thing for the Internal Revenue Department to complete and close up the years 1917, 1918, and 1919, instead of dealing with the subsequent years, so that we may fix a limitation?

Mr. REED of Pennsylvania. That is just what we are trying to do.

Mr. BROUSSARD. So that the Government will not be exposed to any loss, and so that taxpayers will not be brought here to Washington for the purpose of clearing away assessments?

Mr. REED of Pennsylvania. That is what they are trying to do. I agree with the Senator that that is the thing to do.

Mr. McKELLAR. Mr. President——

Mr. REED of Pennsylvania. Let me just finish my thought, and then, if I am in error, I know that the Senators will point out the error.

If we were to do this thing that we are all agreed is highly desirable—put on a two-year limitation—the Treasury, as a matter of self-protection, would have to clap an assessment on every one of these old cases that is more than 2 years old.

Mr. McKELLAR. I think, instead of the Treasury clapping assessments on all of these old cases, 4, 5, 6, and some of them 7 and some of them even 8 years old, we ought to clap a limitation on them and stop their going away back to that time.

I want to say to the Senator that prior to the year 1920, which was such a disastrous year in our part of the country, very large profits had been made in the cotton business. I will just use that business as an example. From that time on, and since, there have been no profits, or very small profits, made in the cotton business. In the case of men who have actually lost everything they had, the tax assessors have gone back to the years 1917, 1918, and 1919, when they had large profits, and have assessed perfectly enormous sums against them. They wait until the last moment and then say to the taxpayer: "We will put an arbitrary assessment against you, or you must waive the statute of limitations."

I have not seen any provision of the law that gave the department the right to require the taxpayer to waive the statute of limitations. I think these old claims are stale. As I have said, while I have not examined the figures, I have no doubt in my own mind that it costs the Government from 50 to 75 cents for every dollar that it collects, because it has an army of men going into every business house in the Nation, going into the tax returns of every individual in the Nation, and undertaking to stir up additional assessments. I think there ought to be a limitation to it. I want this particular section to go over, and I intend to prepare an amendment which will reduce the time, and, if possible, put a limitation on these old, stale claims.

Mr. ROBINSON of Arkansas. What is the time now?

Mr. REED of Pennsylvania. Four years.

Mr. ROBINSON of Arkansas. I agree heartily with the Senator from Tennessee. There is nothing more annoying, nothing more vexatious, than to have the taxgatherer coming back, years after a citizen thinks he has paid his taxes, and raising the question of bad practice or of additional obligation on the citizen. There ought to be a reasonable limitation, and the Government ought to avail itself of its rights within that limitation; and when that time has expired the matter ought to be set at rest.

Mr. COUZENS. Mr. President, if the Senator will yield, I should like to point out to my friends across the aisle that if the rule that has been suggested were incorporated into law it would not be the Government that would be defrauded or that would lose but rather it would be the taxpayer.

Mr. SMOOT. Absolutely.

Mr. COUZENS. I want to read from the select committee's report, on page 7, in that connection. The paragraph is entitled:

PUBLICITY OF PRINCIPLES AND PRACTICES

Many of the principles, practices, methods, and formulas applied in the determination of tax have never been reduced to writing, and only 15½ per cent of the formal written rulings applicable to income taxes have been published.

This failure to promulgate and publish the principles and practices to be followed in the determination of tax liability has had the following results:

1. Information for the guidance of the employees of the Income Tax Unit is so incomplete that gross discrimination results from the failure to apply uniform principles to similar cases.

2. Taxpayers, in many instances, have failed to claim allowances granted others similarly situated.

The Senator will recognize that if that limitation were made, all of those who have failed to receive the advantages to which they were entitled would be precluded from coming to the Government and getting a refund.

Mr. ROBINSON of Arkansas. What is the reason given by the department for a failure to prescribe uniform rules and regulations; and why is it necessary that controversies of this character should be extended over a period of four years or longer?

Mr. COUZENS. I will tell the Senator why—because of the fact that the public knows nothing about 85 per cent of the precedents, rules, and regulations used by the department in the adjustment of taxes. Therefore, I, an employee of the department, knowing perhaps 15 or 20 per cent of those unpublished rulings, resign and go around to the Senator from Arkansas, and I say: "I know a ruling in the bureau whereby you can get a refund of $50,000, and if you will give me $10,000 of that $50,000, I will get it for you."

Mr. ROBINSON of Arkansas. Yes; and that is the kind of practice that I should like to have stopped.

Mr. McKELLAR. So should I. It ought to be stopped.

Mr. ROBINSON of Arkansas. I am perfectly willing that a citizen who has a bona fide claim, a citizen who has paid more taxes than he ought to have paid, who has been treated unjustly, shall have a reasonable time within which to recover the excess amount paid; but what I am speaking against is the condition that seems to have prevailed for a number of years, and that is, that no man who pays an income tax ever can be quite sure that he is not liable to be charged an additional amount and have the whole subject opened up again. There ought to be some way provided, and it would seem to me to be a very simple thing to do, by which, if the Government has a claim against a citizen for an additional amount of income tax, it must assert that claim within a reasonable limitation, and if it does not do it there ought to be no further procedure.

Mr. COUZENS. Mr. President, will the Senator yield? In that connection, would the Senator apply the limitation to the taxpayer as against the Government also?

Mr. ROBINSON of Arkansas. Yes.

Mr. McKELLAR. The same rule ought to apply to both.

Mr. ROBINSON of Arkansas. Yes, indeed. I think the practice of lawyers taking employment in the Treasury Department and then going out and taking advantage of knowledge that they have acquired while in the employ of the Government to stir up claims against the Government and to stimulate taxpayers to assert claims is not one to be encouraged by any legislation that I favor.

Mr. NORRIS. Mr. President, may I ask the Senator from Michigan a question? Would not practically all of the evils that he has pointed out so clearly from the report be eliminated if we had complete publicity?

Mr. COUZENS. I think the Senator is wrong about complete publicity. I think he means complete accessibility.

Mr. NORRIS. That is publicity.

Mr. COUZENS. That is different. I think there is a great confusion in the minds of Senators and in the minds of the public about publicity.

Mr. NORRIS. Well, say "accessibility" then. The Senator has mentioned these secret rulings. Publicity would make them public; and then the man who now has secret knowledge would possess no knowledge that the public also would not possess, and he would not be able to go out and buttonhole taxpayers and tell them, "I have some secret information."

Mr. ROBINSON of Arkansas. The department does not make secret rulings on matters pertinent to income taxes, does it?

Mr. COUZENS. That is just what it has done; and that is why I say great injustice would be done to the public if they were not permitted, when they found out that these secret rulings existed, to come in and get their dues.

Mr. ROBINSON of Arkansas. Why can not that be obviated by requiring the rulings of the department to be made public and to be published?

Mr. COUZENS. That is what we propose to do; but we do not want to prevent those who are entitled to benefits from the 85 per cent of the rulings that the public know nothing about from coming in and getting their legitimate dues.

Mr. CARAWAY. Mr. President, may I ask the Senator a question right along that line? I have just submitted to the chairman of the committee an amendment touching another evil.

A taxpayer is summoned to come here and is told that he has not made a full disclosure of his earnings. He is compelled to go to the Internal Revenue Bureau and fight an altogether blind battle against some charge that he never knows. He does not know who makes the charge, he does not know what it is that he is accused of doing, except as the department may reveal it.

I do not think any man ought to be permitted to make a charge against a taxpayer unless he does it under oath, stating his name and address and attaching a copy of the charge to be given at once to the taxpayer whose return he undertakes to question.

Mr. COUZENS. In that connection I want to say that cases came before our committee where taxpayers were summoned to the department on charges of fraud where no fraud was shown, and other cases where fraud was shown, and they had to defend themselves absolutely in the dark. They never had a bill of particulars presented to them at all as to the charge of fraud or who made it.

Mr. ROBINSON of Arkansas. Why should not the department be required to specify the ground of fraud?

Mr. COUZENS. Because Congress has not compelled it to do so.

Mr. CARAWAY. It will be necessary to go beyond that if they are to get complete relief. They must know the man who makes the charge and what the charge is.

There is a lady living right here in this District who has been fighting a battle where the department undertook to charge her $800,000 tax. She does not know now what it is that they claim she has done that entitles the Government to collect all that vast sum from her. I know a man from my own State who came up here under a charge that he owed the Government $85,000. He does not know yet who furnished the department information that he owes the Government $85,000. I think he settled it for possibly about a cent on the dollar.

Mr. ROBINSON of Arkansas. He got a good lawyer.

Mr. CARAWAY. But that leads to all kinds of hardships and abuses.

Mr. COUZENS. I should like to read just one more paragraph from this report, so as to complete the discussion I started:

3. To secure the benefit of unpublished precedents, taxpayers are forced to employ former employees of the Income Tax Unit to advise and represent them in tax cases.

4. Their exclusive possession of information as to the unpublished precedents and practices of the Income Tax Unit has placed an artificial premium upon the value of the services of ex-employees which enables them to demand and receive immense fees for information which should be freely available to everybody.

5. This artificial premium, thus placed upon the exclusive information possessed by the employees of the Income Tax Unit, and the opportunity thus afforded for highly lucrative outside employment, is the cause of the extraordinary turnover among the employees of the unit and of the difficulty experienced by the unit in retaining the services of competent employees at salaries within the range of the salaries paid by the Government for comparable service.

6. The failure to consider closed cases—

That is what we are talking about—closed cases—

as precedents and to publish the principles and practices followed in closed cases as precedents has deterred the formation of a body of settled law and practice—

The failure of it has caused that—

The unsettled state of the law and practice has encouraged the filing of claims for allowances and require the constant rediscussion and reconsideration of questions, which should be settled by precedents established by closed cases.

7. The fact that a ruling will be published, and the benefit of its principles claimed by taxpayers similarly situated, is the strongest possible deterrent against making unsound rulings.

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. KING. I think it ought to be said in fairness to the Treasury Department—and I have been engaged with the Senator from Michigan in the investigation of the Internal Revenue Unit—that when the war came on, and when the excess profits law was enacted the volume of work in the Treasury Department was multiplied many times. A system of taxation was introduced with which we were unfamiliar. We had no precedents. The administrative law was not clearly defined in the enactments of Congress. There were no regulations by the department adequate to deal with the complicated questions which necessarily arose in the enforcement of the provisions of the new tax laws, especially the provisions dealing with excess profits. The income tax law was also expanded and brought within its terms millions of taxpayers.

When we come to consider capital gains and capital losses and excess profits, and when it is remembered that in order to apply the law it practically meant valuing most of the property in the United States, Senators can see the stupendous task which devolved upon the Treasury Department.

Senators will recall that Congress appropriated, many years ago, under the La Follette Act, millions of dollars to value the railroads of the United States, and though the work has been constantly pushed, it has not yet been completed. Senators will appreciate the magnitude of the task which was devolved upon the Treasury Department when they understand that practically all property in the United States had to be valued by the tax unit of the Treasury Department.

Therefore, in the criticisms which we make—and I join in the criticisms which have been made—we must be fair.

Mr. McKELLAR. Mr. President, if the Senator will permit me——

Mr. KING. Of course, I am trespassing upon the Senator's time.

Mr. McKELLAR. I will yield again to the Senator in just a moment, but I want to answer the statement he has just made.

Mr. KING. I have not completed it.

Mr. McKELLAR. I believe in being entirely fair to the department, and I am rather inclined to think that it is the fault of the Congress rather than of the department of which we are complaining. But let us see where this is going to lead us. We not only permit the Government to harass the taxpayer by going back not four years but frequently seven years, because there are many cases unsettled right now that go back to 1917, and also to the very beginning of the real income tax law, but we have been constantly paying out enormous sums in refunds to the taxpayers. Men who have paid their taxes are applied to by former employees of the department for permission to handle their claims; and what is the result? My recollection is that in 1919 we paid in refunds something like $2,000,000. In 1920 and 1921 it increased slightly. In 1922 it increased by leaps and bounds. In 1923,

my recollection is, it was $121,000,000. In 1924 it was something like $300,000,000, and, if I am mistaken, the chairman of the Committee on Appropriations, who is present, will correct me. The appropriations made for refunds last year, for 1925, were something like $400,000,000.

Where will this lead? Senators say that the Government is the winner by it. If this practice of having practically no limitation upon tax claims paid by the Government against citizens, and of tax claims made by citizens against the Government, continues we are certain to lose money. We do not get from back tax reassessments any such sum as $400,000,000 a year. I think a limitation, say, of two years ought to be put both on the Government and the taxpayer. We should not allow the taxpayers to harass the Government in any such way. These refunds are enormous, and ought to be paid.

I notice that one of the large refunds aggregated more than $1,000,000 to one taxpayer. That taxpayer had been advised by the best tax authorities in the country before he paid any tax. Yet, after that expert advice, what was the result? A year or two afterwards that very taxpayer was repaid over a million dollars. I refer to one of the packing houses out in Chicago.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. ROBINSON of Arkansas. The class of cases in which I am particularly interested is one which comprises a large number of citizens. Many citizens are desirous of paying their taxes to the Government, and they resort to every process they can find to determine how much they owe the Government. They do not want to rob their Government, and they are not willing to be put in the attitude of defrauding the Government. They take every step possible to find out how much they owe the Government, and then they pay that amount and proceed with their business.

Years later they are told that they still owe the Government a large amount of money on account of income taxes for years the accounts for which were settled long ago. They are charged with a constructive fraud. They are not informed as to what acts they have performed that constitute a fraud against the Government, and they have no remedy in the world except to pay or compromise the claim. The result of it is that they feel resentful, they feel that they have been imposed upon; and they have a right to feel that way.

There are many cases that have come within my personal knowledge where men I know to be honest have had that experience, and whether it is the fault of Congress or of the department, we ought to find a remedy for it. A man who is willing and anxious to pay his just taxes due the Government ought to be permitted to do so, and, having done what the Government requires of him, he ought not to be harassed thereafter about it.

Mr. McKELLAR. Mr. President, the Senator from Arkansas is exactly right. Oftentimes when a taxpayer has a claim for readjustment of his taxes, he has to employ counsel to come here to Washington, and if he hopes to get any relief he has to come himself, at great cost and expense. I do not think that is right, and I do not believe that Congress ever intended for taxpayers to be harassed in the way they are being harassed.

I am not criticizing the department. They are probably carrying out the law as it is written. It is our duty to act in the matter, and we ought to make the law perfectly plain. In my judgment we ought to lessen the period of limitation. It ought not to be over two years under any circumstances, and it ought to apply to both the Government and the taxpayer.

Mr. ROBINSON of Arkansas. I think the rule with reference to fraud ought to be the rule that is applied in all the courts.

Mr. McKELLAR. I think so, too.

Mr. ROBINSON of Arkansas. When a man practices a fraud no statute should run against his corrupt act. But the point I make is that when he is charged with a fraud there ought to be specifications, so that he can be informed as to what fraudulent acts he has committed, not merely charged with having defrauded the Government out of a given amount of taxes. That is the rule that applies in all courts. I do not care about invoking the limitation in favor of any person who is in good faith alleged to have committed a fraud against the Government. I would not favor that.

Mr. McKELLAR. I would not, either.

Mr. ROBINSON of Arkansas. But where no such facts exist which justify specifications in fraud, I think there ought to be a short limitation.

Mr. McKELLAR. I think the Senator is exactly right.

Mr. SWANSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. I yield to the Senator.

Mr. SWANSON. While we are discussing this matter I want to cite a concrete case. I think the department should be criticized. One of the most reputable concerns in Virginia had its income-tax returns examined and settled by the Government. Later the Government wanted to have another examination. It began to make a preliminary examination, but the statute of limitations was about to apply. They insisted that this concern should waive the statute of limitations. The company very properly said, "We will waive the statute of limitations if the Government will waive the statute of limitations on its side. Let them ascertain what the tax is; and if they owe us something, pay us; and if we owe them, we will pay them. Let them waive the statute of limitations and make the most thorough examination they want to make."

The Government said, "We can not waive the statute of limitations, but we will make a charge of constructive fraud against you." Which they did. So the statute of limitations will not run. The concern has repeatedly asked, "What is the ground of the charge of fraud? Who makes it? Of what act did it consist?" The Government refused to give the slightest information.

If a business man were to do something like that, he would be considered a crook, in common, plain language, trying to take advantage of somebody. There is no fairness, no equality, no justice in that. I say that any government that does such a thing as that, that oppresses its citizens, ought to be ashamed of itself. It is not decent, honest, correct dealing with anybody, and especially with its own citizens.

Mr. GLASS. Mr. President, my colleague has omitted from his recital a very significant and important fact. I think he had in mind exactly the concern that I have in mind.

Before the Internal Revenue Bureau served notice on that concern of this charge of constructive fraud, a local attorney in that community, in a case involving a claim by the Government of a million and a half dollars of deficiency in tax returns, went to the executive officials of this manufacturing concern and advised one of the officials to employ a certain given concern here in the city of Washington to defend the case, of which the company had not yet been apprised. In other words, the company did not take out of the post office for hours after it had been advised to employ this concern here in Washington the official notice of the Internal Revenue Bureau of this charge of constructive fraud.

What does that mean? It means nothing in the world but collusion on the part of somebody in the Internal Revenue Bureau with somebody outside of the Internal Revenue Bureau to compel taxpayers, under threats of charges of constructive fraud and concealment, to employ high-priced attorneys here in Washington to defend their cases.

Mr. SMOOT. For what year was this tax imposed?

Mr. GLASS. For 1920, as I recall. Moreover, the Senate will recall that I cited a concrete case of this sort last year. A concern in Virginia had been put upon notice that it owed the Government a balance on its tax return, as I recall the figures, of $2,386 for a given year. It was required to waive the statute of limitations under threat of being charged with constructive fraud. It was put to the necessity and the expense of coming here to Washington and employing a high-priced attorney, familiar with such transactions, to present its case to the bureau, which was done. The bureau was compelled to admit that instead of owing the Government $2,386, the Government owed this manufacturing concern in Virginia a balance of $384, as I recall the figures.

That is not the worst feature of the transaction. Those officials down there deliberately delayed for a period of three weeks making out and forwarding the check for that balance ascertained to be due the taxpayer, and thereby deliberately maneuvered the United States Government into the attitude of pleading the statute of limitations against its own taxpayer.

That was an offense so gross and so essentially dishonest that I took it up with the Secretary of the Treasury in person, and he at once issued an order that the amount due that concern, which never had pleaded the statute of limitations, be paid.

I hope that he kicked into the street the miserable little bureaucrat who deliberately maneuvered the Government into a position where it might plead the statute of limitations against a taxpayer.

Mr. SMOOT. Does the Senator know whether he was discharged or not? I think he ought to have been discharged at once.

Mr. GLASS. No; I do not know.

Mr. SMOOT. If the Senator will let me know his name, if he is still in the service, I shall be glad to take the matter up. I do not know what may have happened, but I think a man of that kind never ought to be in the service.

Mr. GLASS. I know he ought not to be.

Mr. SMOOT. I think he ought to be kicked out as soon as he is discovered. I do not know what year this was, but no matter what year it was, if that man is in the service now I think he ought to be discharged at once.

Mr. SMITH. We ought not to have our law so framed as to make such a thing possible.

Mr. GLASS. The Senator knows perfectly well that I appealed to him time and again when the other tax bill was up for consideration to let us have some amendment to it that would, within a reasonable time, acquit the taxpayer of obligation to his Government in cases of that kind. Nobody knows now for years and years whether he is acquit or not.

Referring again to the matter stated by my colleague, the Government itself sent one of its best expert actuaries to this large concern, perhaps one of the largest in the United States, and had him examine the papers and books and data of the concern from beginning to end. There was no concealment whatsoever made of any item of its accounts. The books and all the papers relating to its business transactions were laid on the table. The exact report of the Government accountant was accepted without protest by the concern and its tax paid accordingly. Yet two years thereafter some other Government accountant went down there and affected to discover a deficiency in tax return aggregating, as I recall, $1,500,000. Even before it got notice of the irresponsible charge of constructive fraud, without any specifications whatsoever, the concern was advised to employ a certain firm here in Washington to defend its case.

That brings to mind another transaction of a similar nature in my State, involving a corporation officered by as high-minded men as ever lived on this earth, who would as soon, any one of them, take his own life as to be guilty of fraud of any decription or deception in business transactions. They were charged with constructive fraud and concealment and were put to the necessity of coming here and hiring a very high-priced lawyer, who was formerly affiliated with the Internal Revenue Bureau itself.

Mr. ROBINSON of Arkansas. And, worst of all, the bureau needlessly and wrongfully humiliated the good, patriotic citizens.

Mr. GLASS. Yes; humiliated good, patriotic citizens, and made them hate the Government instead of loving it, as they would prefer to do. That company was put to the great expenses of coming here and defending itself against irresponsible charges of constructive fraud, without one single, solitary specification alleged against it, without the name of the person making the charge even being given. I am not prepared to say what it cost the gentlemen to clear themselves of the charge of constructive fraud. There was no fraud found, of course. The accusation was simply accursed, resulting only in a fee for an attorney. How the fee was split, if it was split, I do not know.

Mr. SMOOT. Does the Senator object if I ask the Secretary the name of the party to whom he referred in the other case—not in the case just discussed but the one previously referred to? Was it under Secretary Mellon or before his time? What I would like to do is to find out who the Government employee was that would do such a thing as that.

Mr. GLASS. What I would like to do is to put in the law a provision that would prohibit any Government employee under any Secretary of the Treasury doing things of that sort. I am not bringing any indictment against the administration of the present Secretary of the Treasury, for whom I have the highest regard. That similar things happened under his predecessors I have no doubt in the world. I am bringing an indictment against a system that is positively atrocious and that ought not to continue.

Mr. SMOOT. It makes no difference to me whether it was under the present administration or a former administration. I do not ask it for that purpose. If it was under Secretary Mellon I would go to him now.

Mr. GLASS. I went to Secretary Mellon. I can go to Secretary Mellon as well as the Senator from Utah. I am not appealing to the Senator from Utah to relieve any of my taxpayers from oppression of this sort. I am appealing to the Senate of the United States to so adjust the tax law as that no administration of the Internal Revenue Bureau could do a thing like this again.

Mr. SMOOT. I merely wanted to know whether the employee was still in the Government service.

Mr. GLASS. I do not know.

Mr. SWANSON. Mr. President, will my colleague yield for a moment?

Mr. GLASS. Certainly.

Mr. SWANSON. The fault is not with the individual. The fault is with the policy of the Treasury Department. They have fixed a limitation during which business can be settled. The statute of limitation applies. There ought to be a finality to such matters. If it is possible to pervert that finality under the pretense of constructive fraud, the statute of limitations can not run. Whenever they want to get rid of the statute of limitations they make a charge of constructive fraud which prevents it from running, thus nullifying the will of Congress.

Mr. ROBINSON of Arkansas. Why should not the statute also provide that in cases of this nature the specific acts constituting the alleged fraud should be set out so that the taxpayer might have an opportunity of making defense?

Mr. SWANSON. We ought not to allow the Treasury Department by the mere filing of a charge of constructive fraud to nullify the statute of limitations, because then the matter is opened up and no one can plead the limitation. I know of another case I want to state. There was in Norfolk a man who thought he was in a partnership. He paid his taxes on the basis of the partnership. Afterwards they changed the form of the business to that of a corporation, or at least they thought it was a corporation. They were assessed additional taxes and paid the larger taxes assessed against them.

The man then tried to get credit because of the taxes he had paid under the partnership, but they would not give any credit to him, saying that the statute of limitations applied. The assessment was made against them as a corporation, and although he had paid taxes as a member of the partnership, the bureau claimed that the statute of limitations applied and he could get no credit for what he had paid in that respect as a member of the partnership.

The law ought not to be allowed to operate in that way. It is a fraud, it is a cheat, it is a humbug for any department to administer the law in such a way as to make a citizen pay what he should not pay.

Mr. GLASS. Let me tell the Senate of something else that now prevails in the field work of the Internal Revenue Bureau. There is a man in Virginia, among perhaps other men of the same kind, who is skilled in income-tax requirements and returns. I believe it may be said of him that no return that he has ever made out for a taxpayer has been successfully assailed since he has been in the work. It begins to look as if somebody in the department does not want men of that sort to make out income-tax returns. Somebody has set out deliberately to frame that man to prevent his employment by the taxpayers of Virginia to make out their returns.

He was mysteriously and irregularly indicted in the western district of Virginia, and finding that perhaps the court officials there were not exactly complaisant, they had the indictment transferred to the other district in Virginia. The man repeatedly has challenged them to bring him to trial. His attorneys have invited them to prosecute the indictment, but they have not dared to do it to this day. They secured the indictment by perjured testimony. They secured it, I am told, from drunkards and knaves. They will not bring the case to trial because the man is an expert, because he makes tax returns that are exact and may not be assailed. By doing which he is curtailing the livelihood of people on the outside now in collusion, as I believe, with knaves on the inside of the bureau to hold up the taxpayers of the State.

I trust the Senate will not misunderstand me. I am not making any partisan attack on the Secretary of the Treasury. I have the highest regard for him. Nor do I participate in the criticism of my colleague the Senator from Tennessee [Mr. MCKELLAR]. Why should not the Government refund the taxes that it has mistakenly or illicitly taken from American taxpayers, whether they be large or small? My complaint against the Government is that it deals with every taxpayer as if he were a rascal and as if it was his disposition to cheat the Government. My complaint against the Government is that if it ever gets a dollar of your money, it takes $2 to get that dollar back. If it has collected great sums from large taxpayers illegally why should not they be remitted?

I quite agree with the Senator to my right [Mr. ROBINSON of Arkansas] and with the Senator from Tennessee [Mr. Mc-

KELLAR] that there should be some reasonable time limit put upon these transactions and the people should not go on forever not knowing when they are acquit of their obligations to the Government. I do not know to-day whether I am indebted to the Government or if the Government is indebted to me.

Mr. COPELAND. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. I have concluded. I yield the floor.

Mr. COPELAND. I did not quite get the full import of what the Senator from Michigan [Mr. COUZENS] said. If I understood him, it would be important to fix the time at four years, because there are American taxpayers who have money due them from the bureau if the fact could be established. If I correctly understood the Senator from Michigan, he said there are secret rules, rules which have not been publicly promulgated, rules known only to a few favored lawyers, rules which if known to the taxpayers of this country might permit hundreds of taxpayers to get refunds to which they are entitled. I ask the Senator from Michigan if I have properly stated his position.

Mr. COUZENS. Mr. President, I think that is substantially correct. But I want to point out that the reference made by the Senator from Arkansas [Mr. ROBINSON] to the encouraging of taxpayers to make claims against the Government is a matter of vital interest. Just so long as we have secrecy of tax returns and secrecy of the records and figures on which the Government computes the taxes, just that long will we have such a condition of affairs.

I submit that the records will show that we had dozens of cases where rules or decisions were promulgated by the solicitor and the department heads which contained the statement that, "This ruling establishes no precedent for other cases." In other words, the bureau had granted a particular taxpayer a consideration and a ruling which was not to be granted to any other taxpayer, no matter what the conditions were, whether they were similar or otherwise.

Mr. COPELAND. Does that mean that if some other taxpayer were dealt with in exactly the same way under the operation of the same rule, he, too, would get a refund?

Mr. COUZENS. Oh, no; he would not get it. For example, a prominent Michigan attorney came into my office the other day and said substantially this: "Have you finished your investigation?" I said, "Yes; substantially." He said, "I have been representing most of the Michigan copper companies. I have been down here for six or seven years; I have argued points for this taxpayer and points for that taxpayer; and the bureau chief has said, 'Well, that is a good argument; I guess we will submit.'" They submit on his argument that the taxpayer is correct. He then asks, "Well, are you going to open up all these other tax cases which are in identically the same situation?" They have said, "Oh, my, no; we could not do that; that is too long a task; we would never get through if we opened up other cases and established the same principle for other taxpayers." So he came to me and said, "I have a feeling that I have not done justice to my clients, because I fear that other lawyers have been smarter than I have and have thought of other ways of getting refunds and concessions that I have not thought of; therefore I would like to know if there is any possible way that we can see all the rules and regulations, so that I may assure my clients that they have obtained all of the concessions and considerations that any other taxpayer has received?"

Mr. COPELAND. Mr. President, it seems to me, if there is any lack of even-handed justice, if inequalities are practiced, if any citizens are not being treated before the Treasury Department exactly the same as others are being treated, that is one of the most serious charges which could be made against the Government. For my part, I confess that the statement of the Senator from Michigan is startling and disconcerting, and I think it must be given consideration by this body.

Mr. REED of Pennsylvania. Mr. President, there are two or three subjects which have been discussed in the last half hour to which I should like to refer very briefly.

In the first place, I wish to refer to the question of the publicity of decisions in the Internal Revenue Bureau. For the first six years after we had an income tax in this country there were no decisions whatsoever published. It was only toward the end of the year 1919 that the first opinions began to be published, and they began then to be published in increasing quantities. Many of the decisions rendered before and after that time established no new principle. There was not any use in publishing them, just as in the case of law reports, there is no sense in taking up space in the reports if a case merely reaffirms a well-established principle. That was one class.

Then there were decisions affecting income-tax payers that could not be published without a betrayal of the privacy that until 1924 was felt to be owing to the individual taxpayer. That was another class.

Then there is still another class, illustrated by an opinion handed down a couple of weeks ago, which is over 3,000 pages long, with 250 pages of exhibits.

Mr. COUZENS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED of Pennsylvania. Yes.

Mr. COUZENS. That was in the United States Steel case, but that was not an opinion. It was an assessment letter with details. The 3,000 pages were not an opinion, but they embraced a decision rendered on a published ruling that was made in October, 1925. The Senator from Pennsylvania is mistaken.

Mr. REED of Pennsylvania. I do not think I am mistaken. Every item that was decided in that 3,000-page opinion involved the recognition or nonrecognition of a principle.

Mr. COUZENS. I beg the Senator's pardon. The principles were all laid down in the decision of the solicitor, which was published in October, 1925.

Mr. REED of Pennsylvania. That was published elsewhere?

Mr. COUZENS. Yes.

Mr. REED of Pennsylvania. The Steel Corporation proceeded to apply the code of law that was laid down in the opinion.

Mr. COUZENS. That is right.

Mr. REED of Pennsylvania. I do not know but some other taxpayer will come along next week and say, "Now here are the principles that were laid down in your letter. The Steel Corporation got them applied thus and so; why can not I do it?" The answer will be, "Why, the record of the application of those principles to their particular questions has not been published." It can not be determined whether those principles were adhered to in the Steel Corporation case unless the whole 3,000 pages are published.

There is the point I want to make. If we begin by publishing everything, we will get such a mass of books that nobody will ever be able to go through them, nobody will ever be able to read them. You can not keep up with these volumes by making indexes of them, they come so fast.

Mr. COPELAND. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED of Pennsylvania. I will yield to the Senator with just one more sentence. We are going to get pretty nearly the result that we all agree is desirable by the publication of the decisions of the Board of Tax Appeals, which is gradually working out a systematic body of law on income taxation. There have already been about 10 volumes of those decisions published, and they are coming out pretty fast.

Mr. COUZENS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED of Pennsylvania. Gladly.

Mr. COUZENS. Of course, that will not help the taxpayers who are now involved with the bureau. It did not protect me at all when I was required to put up a $12,000,000 bond on appeal to the Board of Tax Appeals.

Mr. REED of Pennsylvania. I understand that perfectly well.

Mr. COUZENS. I am interested in the thousands and thousands of cases that are still in the Bureau of Internal Revenue, some of them 4, 5, 6, and 7 years old, which are unsettled and which have no protection against these unpublished rulings.

Mr. REED of Pennsylvania. Now, the Senator brings me to the other point. We are all agreed that it is the height of injustice to go back and open up these old cases. With every word that has been said on the other side of the aisle about it, and which has also been said about it by my friend from Michigan, I am in complete agreement. The trouble is with the system.

In the first place, until this bill came from the committee there was not any proper system of limitation on the action of the bureau. If Senators will refer to section 274 and the administrative sections which follow, I think they will find that for the first time we have managed to secure a system which will require punctual action on the part of the Commissioner of Internal Revenue. That is why it seems to us so important that those administrative sections should be adopted. The old system allowed such long-deferred assessments as were inflicted on the Senator from Michigan. I do not mean to criticize him or the bureau about that case; I do not know enough about it to do so; but we ought to have a statute of limitation, and it ought to be applied directly.

The Senator from Tennessee [Mr. MCKELLAR] suggested that the limit ought to be made two years. Let me show just

what that would do. On March 15, 1924, just a little less than two years ago, there were filed 1,100,000 tax returns. The bureau has been working on those returns for two years, and with the exception of about 150,000 they are all audited and cleaned up; but if we establish now a two-year limitation, either the Government will be without remedy for any errors in those 150,000 returns, after the 15th of the coming March, six weeks from now, when the statute would run, either the Government will be clear out of court as to them or else, to protect itself, it must shut its eyes and impose an assessment blindly on every one of those 150,000 people, which would be a rank injustice, of course. On the other hand, if the Government shall not do that, then it will lose the tax that is due to it in the cases where the taxpayer did not make an adequate return.

Mr. GLASS. Mr. President, is not that precisely what the Government has been engaged in doing under the four-year limitation?

Mr. REED of Pennsylvania. I think so, but that is because they were so far in arrears. The Senator was not in the Chamber when I gave the figures. On June 30, 1923, they were 3,000,000 returns behind; there were 3,000,000 unsettled cases. On June 20, 1924, there were only 2,400,000 cases unsettled, and on June 30 of last year they were down to 2,000,000. They are catching up at the rate of half a million cases a year.

Mr. McKELLAR. At that rate it will probably take them 20 years more entirely to catch up?

Mr. REED of Pennsylvania. I do not think so.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. REED of Pennsylvania. I have finished.

Mr. McKELLAR. I suggest to the chairman of the committee that he allow this matter to go over.

Mr. SMOOT. Certainly.

Mr. McKELLAR. Let us prepare an amendment. I wish to prepare an amendment for a two-year limitation, and some other amendments along that line to submit with it.

Mr. HEFLIN. I was just going to make the same suggestion.

Mr. SMOOT. The junior Senator from Arkansas [Mr. CARAWAY] has already submitted an amendment, which I shall send to the department this evening. I understand from him that the junior Senator from Virginia [Mr. GLASS] approves of that amendment; he so told me. I will submit that amendment to the department and will have a report on it in the morning.

Mr. SWANSON. Mr. President, will the Senator yield to me for a moment?

Mr. SMOOT. Yes.

Mr. SWANSON. Do I understand the amendment to cover a prohibition of nullifying the statute of limitations by constructive charges of fraud? I think something ought to be done in that respect.

Mr. REED of Pennsylvania. You can not nullify the statute of limitations by constructive charges; you have got to prove there was fraud; otherwise the statute of limitations applies.

Mr. SWANSON. But they force a taxpayer to make a defense; they force him to delay; they force him to hire counsel. They ought to be compelled to file charges of fraud before they apply the doctrine of constructive fraud. Why should an agent representing the department charge one of the most reputable concerns of which I know in Virginia with fraud to the extent of a million and a half dollars in taxes? Why should he not have the charges filed when an allegation of constructive fraud is made?

Mr. SMOOT. Not only that, but information as to who filed the charge.

Mr. SWANSON. That is what I want. I think that would be reasonable.

Mr. GLASS. Mr. President, I wish to state that right at this moment I have a letter from the Internal Revenue Bureau relating to a taxpayer in which the Revenue Bureau felicitates the Government upon an exhibition of common honesty in having apprised a taxpayer that he had largely overpaid his taxes, and because it had been commonly honest in apprising the taxpayer it claimed exemption from the payment of interest. Notwithstanding its attorney took two years to discover a balance of $1.10 against this taxpayer, it withheld from him an interest charge, as I recall, approximating $7,000 because it was honest enough to let him know that he had overpaid his taxes.

Mr. HEFLIN. Mr. President, I want to ask the Senator from Utah if he is not ready to let this matter go over, so that we may have an executive session?

Mr. SMOOT. There is a desire to have an executive session on the part of a number of Senators, and I am ready that the bill may be laid aside for that purpose.

Mr. SWANSON. Before the bill is laid aside, I should like to ask the Senator a question. I understand if a man in making his return changes from one method of assessment to another, and pays as a partner, and afterwards he is assessed as a corporation, then the statute of limitations applies to what he has paid as a partner; but he is not credited with what was assessed against him as a corporation. That is not right. Can the Senator prepare an amendment that will allow him credit for whatever he has paid, even if the statute of limitations applies, when there is a change from one method of assessment to another?

Mr. SMOOT. I can not conceive of such a condition existing under the present law.

Mr. SWANSON. It might not exist under the present law, but I know that there was a case in Norfolk where a man was told that the limitation applied, and they would not credit him with the tax that he paid as a partner.

Mr. SMOOT. Mr. President, just a word.

All this criticism is based upon the acts of 1913 and 1916 and 1918. I should like to have this law eliminate all of the discrepancies and irregularities and injustices that have developed as we have proceeded year by year, and I think that can be done. I want to say in behalf of the committee that there is no disposition whatever on the part of the committee to set aside or fail to consider any amendment that is right and just, not only to the Government but to the taxpayer as well.

Mr. BROUSSARD. Mr. President, will the Senator permit me to ask him a question?

Mr. SMOOT. Yes.

Mr. BROUSSARD. The Senator from Pennsylvania [Mr. REED] has stated the number of returns made to the Government in recent years. I think the Senator from Utah yesterday referred to the number of taxpayers who will be completely exonerated from the payment of taxes under this bill. How many were included?

Mr. SMOOT. Two million three hundred and fifty thousand.

Mr. BROUSSARD. How many returns are expected to be made under this bill?

Mr. SMOOT. Not more than 5,700,000.

Mr. BROUSSARD. Then we will have very many less returns under this bill than we had before, and the Treasury Department can dispose of them more quickly than it could do under the former act.

Mr. SMOOT. Mr. President, I will say that under the former law these 2,350,000 taxpayers had incomes of less than $10,000, and that is not where the disputed cases arise.

Mr. BROUSSARD. I admit that; but the Senator knows that relieving those taxpayers from the necessity of making returns will relieve the Treasury Department of that much work.

Mr. SMOOT. Yes.

THE TARIFF COMMISSION

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an article which was published in the editorial columns of the Baltimore Sun of the 25th instant, concerning the President's relations with the Tariff Commission.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IS MR. COOLIDGE ASHAMED?

For several days Senator NORRIS, of Nebraska, has been discussing on the floor of the Senate the President's relations with the Tariff Commission. What the Senator has yet to say and what Mr. Coolidge's spokesmen may have to say will, perhaps, change the feelings that he has produced thus far, but unless there is change it will not be possible for decent people to read these speeches without feeling shame for their President.

Senator NORRIS has been painting a picture of back-room city hall politics played by the President of the United States. A member of the Tariff Commission of the opposite party is asked for a secret, undated resignation as the price of temporary reappointment; another member of the Tariff Commission is tempted with a diplomatic appointment; still another member of the Tariff Commission is significantly told to follow his conscience in deciding whether to vote on an extremely important question in which his family has a material financial interest. And it is known that he is strongly contending that his family's interest should not preclude him from voting in the way that would help that and all similar interests and also would serve ends in which the administration is concerned.

If no explanation is made of these happenings, how can the American people escape being shamed by the knowledge that their President resorted to the smallest and cheapest expedients of petty politicians when the question of the sugar rates were before the Tariff Commission during the presidential campaign? And any explanation that may be

offered must be a whole-hearted affair, very different from the meaningless comments made at the White House a few days ago. For Senator NORRIS is a man known to be addicted to truthful statement.

OPERATION OF THE POST OFFICE DEPARTMENT

Mr. COPELAND. Mr. President, I ask to have printed in the RECORD a very interesting account given in a speech by the Governor of the State of New York, delivered on yesterday in Albany, of the operation of the Post Office Department.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Friday, January 29, 1926]

SMITH REPEATS MILLS'S ATTACK AT ALBANY DINNER—TELLS REPRESENTATIVE TO INQUIRE INTO "PAY-AS-YOU-GO" PLAN IN POST-OFFICE MANAGEMENT IN STATE—CALLS AFFAIRS "SCANDALOUS"—REITERATES PLEA FOR FOUR-YEAR TERM IN ADDRESS TO COMMERCE CHAMBER

(From a staff correspondent)

ALBANY, January 28.—Speaking to-night at the annual dinner of the Albany Chamber of Commerce, Governor Smith repeated many of the arguments he offered in his annual message to the legislature, urging the creation of an executive budget by constitutional enactment, the four-year term for the governor, biennial sessions of the legislature, and continued tax reduction. Then he made what was obviously intended to be a reply to the recent criticisms by Representative OGDEN L. MILLS on the tendency toward extravagance of the present State administration.

The governor suggested that Mr. MILLS might examine the results of the "pay-as-you-go" policy in the operation of the Post Office Department in Washington and use his influence to get an appropriation bill through for the provision of better postal facilities in cities in New York State before he continues to "scold" its citizens on charges of extravagance.

CITES POST-OFFICE POLICY

The governor gave a list of towns and cities where the Federal Government had acquired land for the erection of new post offices as far back as 1914, but upon which no structures had been erected. Then he cited the case of New York City, which he described as "scandalous," in the failure of the Federal authorities to relieve congested conditions in the Postal Service. The governor's speech was largely a repetition of charges he made during his campaign last fall in behalf of the constitutional amendments. He said:

"Congressman MILLS, instead of wasting his time speaking about the bond issue, already adopted, might use some of his energy to induce his colleagues in the national administration to make provision for the improvement in this State in Federal property that are conceded by all to be necessary."

After listing a dozen or more localities in which he charged the Federal Government had failed to improve property purchased and held over a period of years, the governor said:

"History from 1911 to date does not indicate, so far as our State is concerned, that the 'pay-as-you-go' plan has been very successful in Washington.

SEES LOSS TO GOVERNMENT

"The Federal Government should either put buildings on these sites or they should dispose of them, because holding them as they are to-day, in most instances without revenue, is not only a loan to the Federal Government but this vast amount of property has been lifted out of the taxable rolls of the State.

"So that we have here a triple loss—a loss to the Federal Government of all the interest on the money sunk in these properties, a loss to the State in the form of taxes, and a loss to the Postal Service because of the inefficient handling of the mails, due to the lack of facilities, complained of by the Postmaster General in the extract from his letter just quoted. Unless this condition is speedily remedied Congressman MILLS had better stop talking about the 'pay-as-you-go' policy or secure immediate appropriation to remedy the economic waste made apparent by the Government's handling of postal properties in our State."

ORDER FOR RECESS

Mr. SMOOT. I ask unanimous consent that when the Senate recesses to-night it recess until 12 o'clock to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order will be made.

EXECUTIVE SESSION

Mr. SMOOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After three minutes spent in executive session the doors were reopened.

RECESS

Mr. JONES of Washington. I move that the Senate take a recess, the recess being until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Saturday, January 30, 1926, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 29 (legislative day of January 16), 1926

UNITED STATES DISTRICT JUDGE

Harry B. Anderson to be United States district judge, western district of Tennessee.

POSTMASTERS

CALIFORNIA

Ethel R. Costello, Acampo.
Edward L. Dithridge, Baldwin Park.
Isaac D. Jaynes, Buena Park.
Violet VerLinden, Colma.
Joseph N. Hollis, Gridley.
William R. Stephens, Roseville.
Jennie C. Gallant, San Martin.
Daisy L. Plant, Spreckels.
Henry W. Nash, Stirling City.
Webster W. Bernhardt, Ventura.
Hugh W. Judd, Watsonville.

INDIANA

Charles W. Culbertson, Brazil.
Joe B. Mayfield, Bruceville.
Woodson E. Greenlee, Coatesville.
Harry H. Spencer, East Chicago.
Martha A. Barr, Edwardsport.
Elmer L. McKnight, Fowler.
Joseph T. Nighbert, Hanover.
Charles J. Sparks, Kewanna.
Robert M. Campbell, La Fayette.
Howard Chitty, Mitchell.
Albert C. Heithecker, Plainville.
Carl C. Davis, Ramsey.

IOWA

Edwin J. Frisk, Des Moines.

LOUISIANA

Ruth W. McCleish, Athens.
Tina Collins, Bastrop.
Marguerite L. Tatum, Gibsland.
Samuel M. Plonsky, Washington.

MICHIGAN

Helen J. Seals, Boyne Falls.
Perry F. Powers, Cadillac.
Karl A. Boettger, Dexter.
Robert H. Benjamin, Mackinac Island.

MONTANA

Kirby G. Hoon, Helena.

NEW YORK

William W. Hendryx, Avoca.
Rupert M. Gates, Bolton Landing.
Louis P. Miller, Cairo.
Arthur K. Lansing, Cambridge.
Rennie T. Dayton, Center Moriches.
Fred McIntosh, Churchville.
Francis L. Worden, Coxsackie.
Louis H. Buck, Dannemora.
Alfred Valentine, East Williston.
Eva C. Sager, Frewsburg.
George D. Ackerson, Gasport.
Mae H. Smith, Genoa.
Fred S. Tripp, Guilford.
William C. Calkins, Houghton.
Solomon Feinberg, Lake Placid.
John F. Lord, Loon Lake.
Floyd B. Webb, Mannsville.
Robert H. Johnston, jr., Merrick.
George M. Atwell, Mountain Dale.
Alice Huested, Nassau.
Edgar M. Schanbacher, Newfane.
Frank G. Sherman, Oneonta.
Harry T. Weeks, Patchogue.
John B. Cramer, Penn Yan.
Elmer G. Miller, Phelps.
George A. Hardy, Philadelphia.
Daniel P. Townsend, Port Chester.
Frank P. Daley, Port Henry.
George W. Babcock, Ravena.

Howard Spurr, Red Creek.
William D. Streeter, Richland.
Frank P. Harrison, Roslyn.
Helen L. Wilcox, Shelter Island Heights.
John E. Widger, Smyrna.
William Storey, Sonyea.
Alexander A. Courter, Washingtonville.

NORTH CAROLINA

Albert P. Clayton, Roxboro.

OREGON

Stephen A. Easterday, Clatskanie.
Ronald E. Eason, Sandy.
Frank B. Hamlin, Springfield.

PENNSYLVANIA

Marion Rosbach, Forksville.
John D. Croasman, Marienville.
Frank B. Wythe, Philipsburg.

TENNESSEE

John Herd, Harrogate.

VIRGINIA

Mary L. Addison, Emory.
Jennie G. Phillips, Gloucester.
Isaac A. Luke, Holland.
John R. Rowland, Hollins.
William T. Hopkins, Newport News.
Blanche De Busk, North Holston.
Charles E. Welsh, Phoebus.
William C. McCormick, Raphine.
John P. Middleton, The Plains.
Alonzo L. Jones, Virgilina.

WASHINGTON

Roy E. Carey, Hartline.
Frank Putnam, Tonasket.
Elton J. O'Larey, White Bluffs.
Richard H. Lee, Wilsoncreek.

WISCONSIN

George Oakes, New Richmond.
Frank S. Brazeau, Port Edwards.
Albert L. Fontaine, Wisconsin Rapids.

HOUSE OF REPRESENTATIVES

FRIDAY, *January 29, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we would pray: "Oh give thanks unto the Lord for He is good and His mercy endureth forever." May we serve the Lord with cheerfulness and come into His presence with thanksgiving. Cause us to know the way wherein we should walk and may we be upright in our hearts. Father in heaven, strengthen our trust and set our feet on the rock of a living faith. Give unto us that inner power and purity that triumph over passion and temptation. Lead us to know that the difficulties and the afflictions of life dwindle as the soul expands. Holy spirit descend upon us that no weakness or no misgiving may mar or disturb this day. Amen.

The Journal of the proceedings of yesterday was read and approved.

CALL OF THE HOUSE

Mr. LINTHICUM. Mr. Speaker, I make the point that no quorum is present.

The SPEAKER. The gentleman from Maryland makes the point that no quorum is present. Evidently there is no quorum present.

Mr. TILSON. I move a call of the House.

The motion was agreed to.

The SPEAKER. The Doorkeepers will close the doors, the Sergeant at Arms will notify absent Members and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 22]

Auf der Heide	Carew	Crosser	Drane
Bacharach	Carss	Curry	Drewry
Barkley	Carter, Calif.	Davenport	Esterly
Berger	Celler	Deal	Fairchild
Boylan	Connery	Dempsey	Fenn
Britten	Connolly, Pa.	Dickinson, Iowa	Fitzgerald, Roy G.
Burtness	Cooper, Ohio	Dickstein	Foss
Butler	Corning	Doyle	Fredericks
Freeman	Kahn	Oliver, N. Y.	Strother
Fuller	Kelly	Parker	Sullivan
Gallivan	Kemp	Perlman	Sweet
Gasque	Kendall	Phillips	Swoope
Golder	Kiefner	Porter	Taylor, Colo.
Goldsborough	Kiess	Prall	Temple
Gorman	Kindred	Rathbone	Tincher
Graham	Lea, Calif.	Rayburn	Updike
Greenwood	Lineberger	Reed, Ark.	Upshaw
Griffin	Luce	Robinson	Voigt
Hale	Lyon	Rouse	Warren
Hawes	McDuffie	Rowbottom	White, Kans.
Hawley	McLeod	Schneider	Wood
Hoch	McSweeny	Scott	Woodrum
Hudspeth	Menges	Somers, N. Y.	Wyant
Hull, Tenn.	Merritt	Spearing	Zihlman
Jacobstein	Mooney	Sproul, Kans.	
Jenkins	Morin	Stalker	
Johnson, Ind.	O'Connor, N. Y.	Strong, Kans.	

The SPEAKER. Three hundred and twenty-seven Members have answered to their names. A quorum is present.

Mr. TILSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed without amendment bill and joint resolution of the following titles:

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.

H. J. Res. 107. Joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

The message also announced that the Senate had passed the bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 122. An act granting the consent of Congress to the Iowa Power & Light Co. to construct, maintain, and operate a dam in the Des Moines River.

The message also announced that the Vice President had appointed Mr. JONES of Washington and Mr. FLETCHER members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for disposition of useless papers in the executive departments" for the disposition of useless papers in the Department of Commerce.

SENATE BILL REFERRED

Bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 122. An act granting the consent of Congress to the Iowa Power & Light Co. to construct, maintain, and operate a dam in the Des Moines River; to the Committee on Interstate and Foreign Commerce.

MAJ. CHARLES M. STEDMAN

Mr. TILSON. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. TILSON. Mr. Speaker, just 85 years ago, in the little town of Pittsboro, N. C., occurred an event the anniversary of which deserves more than a passing notice. On January 29, 1841, was born a little boy whom we now know as our dearly beloved friend and colleague, Maj. CHARLES M. STEDMAN, of North Carolina. [Applause, Members rising.] His long life has been filled with notable service, both military and civilian. We are all so fond of him personally that we ought not to allow this day to pass without a few words expressing our loving affection for him and our delight that he has been spared to us through these many years of service to his country. We all join in the sincere hope that he may continue to serve it for many years to come. [Applause.]

Mr. LINTHICUM. Mr. Speaker, I ask to proceed for two minutes.

The SPEAKER. The gentleman from Maryland asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker and Members of the House, it has been my very pleasant duty for the past 15 years to serve on the Foreign Affairs Committee with this most estimable, distinguished, and courteous gentleman, Maj. CHARLES M. STEDMAN, of North Carolina, whose eighty-fifth anniversary we to-day celebrate. During those 15 years I know of no Member who has been more attentive to his duties, more accu-

rate in his judgment of men and measures, nor more consistent at all times in the support and enactment of wise and wholesome legislation in the interest of all the people of our land.

Within the last few months we lost that former Member of this House, another distinguished war hero, General Sherwood, a man who fought under that illustrious leader, Gen. Ulysses S. Grant, and represented in this House that thin line of blue, just as Major STEDMAN, who fought under that other illustrious leader, Gen. Robert E. Lee, to-day represents that thin line of gray. I know of no two men who have been more beloved, more esteemed, more cherished in the hearts of the Members of this body than those two gentlemen. [Applause.] Major STEDMAN comes to us with his ripe age, full of distinction and service to his country, not only service in this House but service in his State, and it is said that in his district it would be regarded as almost criminal for any person to even think of running against our distinguished colleague for membership in this legislative body. [Applause.]

I am very glad of this opportunity to express the honor I feel in being able to attest the friendship and devotion we all feel for this distinguished son of the Southland. We all rejoice that he is with us and that his life has been an inspiration to our people in that he has performed with rare ability and zeal those things whence duty and patriotism have called him. [Applause.]

Let us, Mr. Speaker, pause in retrospect of what has taken place during these 85 years since January 29, 1841. This land, comparatively small at that time, has become the immense country of one hundred and fifteen millions population. Many wars have been fought, none of which have been wars of aggression. Many miles of railroads have been built, spanning the country from the Atlantic to the Pacific. Telephones and telegraph, the modern battleship, the airplane, and the radio have all come into existence during his span of life.

He is with us having the ripe experience of two generations, with that experience seldom given to man of becoming both distinguished in war and in peace. As a soldier we can well imagine the splendid bearing and bravery he manifested at the Wilderness and at Ream's Station August 25, 1864, known as the North Carolina victory. We can, as it were, see him conversing with that great general, Robert E. Lee, upon the best policy and the best tactics in the war in which they were engaged. Then, we can see him in that memorable and slow retreat from Petersburg to Appomattox and then, as it were, a new life had sprung up and we behold him active in the pursuits of peace, in the harmonizing and fraternizing of the North and South, in the obliteration of sectional lines and feelings, in the public and private pursuit of the rebuilding and reconstruction of his State and of the Southland. Then we behold him as a conservative, active, and energetic Member of this, the greatest legislative body in the world, correctly aiding and advising through a long life of experience and success.

Eighty-five years, not old but young, erect, courteous, energetic, and obliging, almost a personification of his great leader, by whom he was so beloved. It is indeed a great pleasure for me to behold the day when this legislative body finds time to pause and pay tribute and honor to one so entirely beloved by all who know him. Oh, that we might have more such men as our own Major STEDMAN and our departed Gen. Isaac R. Sherwood, representative as they are of the Blue and the Gray in the hearts of the people. [Applause.]

Mr. POU. Mr. Speaker, as a young man Major STEDMAN served with Robert E. Lee and knew him personally. He fought in many pitched battles. Before he was elected a Member of Congress he had served North Carolina as legislator and lieutenant governor. In every position his services have been efficient and faithful. He is broad-minded, tolerant, and therefore intensely American. He is now a national figure, respected by all, loved most by those who know him best. He has refused to surrender to advancing years. In this Chamber we do not think of him as 85 years old. We think of him as 85 years young. [Applause.]

Age does not wither him, nor custom stale his infinite variety.

In the providence of God we all hope he may be spared to be with us for many anniversaries of his birth yet to come. [Applause.]

Courteous always, kindly, cherishing a deep and abiding reverence for womanhood, firm in his own convictions, yet tolerant of the convictions of others, he represents the very highest ideals of the land of his birth. [Applause.]

Mr. DOUGHTON. Mr. Speaker, nothing could be more fitting and appropriate than that this body should pause for a few moments to pay honor to one of its most beloved and distinguished Members. The record of Major STEDMAN in peace and in war is one of which every true and loyal American can have great pride and admiration. It is my sincere hope, and I know it is the hope and desire of every Member of this body, that our beloved colleague may be spared yet to have many years of life and happiness as well as of distinguished service. [Applause.]

Mr. WEAVER. Mr. Speaker, it is a source of pride to the delegation from North Carolina that this great House of Representatives to-day has seen fit to pause in its deliberations to honor our distinguished colleague, Major STEDMAN. I first knew him as a boy in my home county. I have known him intimately from that time. As has been stated, he was a great soldier; he was a brave soldier; he was courageous in battle, and he won his title as major on account of his service upon the field of action. He entered the service of the Confederacy as a private. He served his first six months as a private. At the end of that period he was promoted from the ranks to the rank of major. He served under the great chieftain, Robert E. Lee. After the war was over it was men like Major STEDMAN who helped us to build up the fortunes of the South. After the war was over, with the major it ended. He has been a great citizen in war and in peace. He has served in almost every honored position in my native State—as a legislator, as lieutenant governor, and in many other active positions, and has reflected honor upon the State which I love. We thank you, my friends, Members of this House, and I thank the majority leader and the Speaker of this House for the opportunity that has been given us here to-day to honor the great services of this distinguished North Carolinian. [Applause.]

Mr. HAMMER. Mr. Speaker, it is proper and just that we should celebrate this birthday of this distinguished citizen of our State, the Representative from the fifth congressional district of North Carolina. Born as he was in an adjoining county to the one in which I was born and reared, and now lives in another adjoining county, I know something of the life and character of the distinguished gentleman. He comes of a race of soldiers, statesmen, and patriots who fought in all the great wars of this country. He is typical of the Revolutionary families known as the Waddells and the Moores and others, who distinguished themselves so much in the early history of our country. His ancestors lived in the time of the great William Gaston, who ornamented the supreme court of our State with such distinction and whose name is known throughout the world as one of the great jurists of America. Major STEDMAN has always been a plain, modest, unpretentious citizen, close to the people, a friend of the people, fair and just to all, always taking a deep interest in public affairs. As an orator he is known in our State as one of the finest we have produced in recent generations. I have known only one man in public life that approaches Major STEDMAN in his courtesy and distinguished bearing as a gentleman amongst associates and friends, the late Gen. M. W. Ransom, who for many years represented North Carolina in the United States Senate. I have known him since my early manhood. I have always been greatly impressed not only with his oratory, but with his ability, fairness, and intelligence. It is a great pleasure to the North Carolina delegation and all his colleagues in this body to unite in this tribute to him on this his eighty-fifth birthday. [Applause.]

Mr. ABERNETHY. Mr. Speaker, it is an honor to represent a district in part of which is the section in which at one time lived our distinguished colleague, Major STEDMAN. I rise for a moment to do my part in honor of this great citizen of our great Commonwealth. His life and character is an inspiration for the youth of our generation. [Applause.]

Mr. CONNALLY of Texas. Mr. Speaker and gentlemen of the House, it seems to me that it is a fortunate circumstance in the life of the Republic that we have now reached a period remote enough from the armed struggles of another day to make it possible for this House, in which sit Representatives from every section, to participate in these exercises in observing the anniversary of the birth of our distinguished colleague, Major STEDMAN, of North Carolina. I can not hope to add anything to the splendid eulogies that have been pronounced, and my reason for rising is that I have associated with Major STEDMAN upon the same committee for many years and have learned to love, honor, and respect him as a great American. I desire to pay my personal tribute to his splendid qualities as a gentleman, to his fine ability as a Representative, to his untarnished integrity in all capacities, and to his gallant and courteous bearing as a gentleman and as a friend.

It is gratifying to know that the passions of the war of the sixties have so far subsided as to make it possible for all classes of American citizenship now to acknowledge the great and noble qualities of General Lee, under whom Major STEDMAN served with such distinction. It has been said that when the body of Stonewall Jackson lay in state in the capitol in

Richmond one of his young lieutenants stopped at the bier and saluted the dead figure of his leader and said, "Great Captain, if thou are now with Caesar, tell him that we still know how to make war." Last week I was in Lexington, Va., and visited the tomb of General Lee. As I looked upon the walls of the chapel in which the tomb was located I saw, looking down upon me, an engraving of General Lee. It suggested the face and figure of Major STEDMAN. Not alone is there a physical likeness, but his splendid qualities are, to my mind, qualities approximating those of General Lee, and in my mind I said, "O great Captain, if thou art now with the great, we thank thee for that example and leadership that have left with us one like unto thee." [Applause.]

Mr. HOWARD. Mr. Speaker, it is not for me to share with my colleagues from his native State in paying tribute to the life and achievements of Major STEDMAN in the other years. Only now my rare privilege and pleasure in this brief moment to say that this magnificent man, in his touch with those of us here with him now, is living and positive refutation of a too largely accepted falsehood which proclaims that the sweet flower of knighthood no longer blooms. [Applause.] While Major STEDMAN shall live the world will know that there is still upon the earth, and always in beautiful bloom, that same flower of chivalry which marked the lifeway of the valorous and magnanimous knights of history's best day. My own best tribute to the life of this wonderful man shall be my earnest plea to the younger generations of our day that they shall hold his life before them as their own ideal, and thus burnish and brighten and better their own lives by memory touch with the nobility, the gentleness, and the beauty of the life of Major STEDMAN. [Applause.]

Mr. GREEN of Iowa. Mr. Speaker, I have been honored with the acquaintance of the distinguished gentleman from North Carolina. I say honored because of the fact I have resided some time at the same hotel, and I have had the opportunity of a rather more close acquaintance with him than most of the Members on this side. I have been a great admirer of his character, and I am proud of the fact that I can call him my friend. Modest and unassuming, he has had a unique and remarkable experience, in that he has known the history of this country for two generations and has taken a distinguished part all through it. In many respects he reminds me of the great leader General Lee, under whom he served. Gentle, yet brave, and, like Bayard of old, a knight "without fear and without reproach." All Members upon this side, I am sure, join in a common expression of the desire that he may long be permitted to remain with us and aid us with his counsel, advice, and service. [Applause.]

Mr. FROTHINGHAM. Mr. Speaker, I am asked as one who served in the Spanish War to say a few words upon this occasion, and I am sure it is a great pleasure to do so, because I know no more kindly, courteous, and considerate gentleman than the one to whom we are now paying tribute. We meet him in committee, we meet him in this House, we meet him in the corridor, and he always greets us with the distinctive courtesy that we expect from a notable type of southern gentleman. That attribute he displays as did his distinguished leader, Robert E. Lee. The Spanish War brought together many a person who was in opposition before that, men like Gen. Joseph Wheeler and others, who fought together with those who had been against them in the sixties. But we stand together to-day as a united country. [Applause.] Whatever our differences may have been in the past those who study the life and work of Andrew Jackson will see that it was not entirely between those of the North and South, but between those who came from the South themselves who sometimes made ructions in this country. We are here to-day all united, one great country, and all serving that great country. It is a great pleasure to get up here to-day and say these few words and pay a tribute to the distinguished services of this fine type of gentleman. [Applause.]

Mr. BULWINKLE. Mr. Speaker, we are here to-day to pay our tribute to Major STEDMAN, of North Carolina, on the anniversary of his eighty-fifth birthday. I am thinking, sir, of those men who returned from the Confederate service to their States. I am not thinking of the Confederate veterans as soldiers, but I am thinking of men like Major STEDMAN who were the leaders in their States, who helped to upbuild the South, who helped to make it what it is to-day, and who did their part in uniting the Nation. And I wish, sir, to pay my tribute to him, and to assure him that every man on the North Carolina delegation stands back of him and will help him in any way possible in anything that he wants to do. [Applause.]

Mr. KERR. Mr. Speaker, I am glad that I can here in this Hall pay a tribute to my father's comrade in that fratricidal strife between the States of this Union, the devoted friend of my family for three generations, and the friend of all who honor valor and respect the sweetest attributes of human life.

I know why the people of my State have always loved our distinguished colleague, and why it has extended to him almost every honor it held. It is not because he has grown rich in worldly things; he has not. It is not because of his matchless personality and the magic of his face and manner. It is because of his unselfish devotion to duty in his effort to serve his fellow man and his country. This is the virtue which makes the memory of man immortal. All of his valor, all of his devotion, and all of his service he has put into life's structure which we call influence, and all this shall bless this world long years after he has embarked over "the unknown sea to the unseen shore."

An old man, traveling a lone highway,
Came at the evening, cold and gray,
To a chasm deep and wide;
The old man crossed in the twilight dim;
The sullen stream had no fears for him.
But he turned when safe on the other side
And built a bridge to span the tide.
"Old man," said a fellow pilgrim near,
"You are wasting your strength in building here;
Your journey will end with the ending day;
You never again will pass this way;
You've crossed the chasm deep and wide,
Why build you the bridge at eventide?"
The builder lifted his old gray head,
"Good friend, in the path I've come," he said,
"There followeth after me to-day
A youth whose feet must pass this way.
This chasm that was as naught to me
To that fair youth may a pitfall be;
He, too, must cross in the twilight dim;
Good friend, I am building the bridge for him."

CHARLES MANLY STEDMAN, the last hero statesman of the South's pride and veneration, 85 years old to-day, we felicitate you, we love you for what you are and for what you represent. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to address the House for two minutes. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, we are not particularly honoring Major STEDMAN; he does not need it. We are honoring ourselves. Eminence such as Major STEDMAN attained was not attained by accident. It was attained by painful labor, by earnest study, backed always by great character.

His has been a most romantic life. As we look back upon the events of history, as we study the events in which he participated, it makes it difficult for one to speak of him in a brief time. But this we do know, and know full well, that in every place and on every occasion, from the hour when as a 16-year-old boy he entered school in North Carolina, through all the events of the war of secession, through all the events and legal activities of his State, and through all the events here since he has been a Member of this House, serving the Nation, he has never failed to meet the responsibilities in a great way as a great, pure, splendid character. [Applause.] And we know, too, that he will continue to meet them here.

I close as I began: We are not honoring him so much as we are honoring ourselves by turning aside for this little moment to congratulate him upon attaining his eighty-fifth birthday, and to express the hope that he may attain many, many more. [Applause.]

Mr. TILSON. Mr. Speaker, I ask unanimous consent that on Saturday, February 6, Major STEDMAN be allowed to address the House for 35 minutes, immediately after the approval of the Journal and the disposal of routine matters on the Speaker's table.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that on Saturday, February 6, the gentleman from North Carolina, Major STEDMAN, be permitted to address the House for 35 minutes after the approval of the Journal and the disposal of matters on the Speaker's table. The Chair will not put the question. He knows the Members of the House will all be glad to listen to our gallant and very dear colleague. [Applause.] Without objection, it is so ordered.

RECESS

Mr. TILSON. Now, Mr. Speaker, I move that the House stand in recess for 10 minutes, during which the Members of the House may have the opportunity to congratulate Major STEDMAN personally on his eighty-fifth birthday. [Applause.]

The motion was unanimously agreed to.

Accordingly (at 1 o'clock p. m.) the House stood in recess for 10 minutes.

At the expiration of the recess the House was called to order by the Speaker.

SETTLEMENT OF INDEBTEDNESS OF ITALY TO THE UNITED STATES

Mr. LARSEN. Mr. Speaker, during the consideration of the Italian debt settlement bill general leave was granted to all Members for five legislative days to extend their remarks in the RECORD. I prepared my remarks, but failed to file them in time, and I would like permission to extend my remarks in the RECORD on that subject.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. LARSEN. Mr. Speaker and gentlemen of the committee, much of the early history and former glory of Rome and of Italy has been injected into this debate. Fond as we are of Roman history and as much as we may admire the Italian people, I can not understand its relevancy to the debt settlement under discussion. In arriving at a proper conclusion of this matter we should consider Italy's financial condition rather than the history of Rome and the Italian people. First, we should ascertain Italy's indebtedness to the United States and other nations; then we should, so far as possible, inventory and appraise both her present and prospective assets. If this is properly done, we should be able to determine approximately what she can pay.

As to the amount due by Italy to the United States and other nations, there seems to be little or no controversy here or elsewhere. It is conceded that she owes Great Britain approximately $2,458,000,000, and that this indebtedness has not yet been funded; that she owes the United States, including interest to date, $2,042,000,000, to be funded under terms of the pending bill, and that she owes no nation other than these.

Of course, Italy owes her own citizens, but as this is a family affair and each member of the family is liable to Great Britain and to the United States for the amounts due these nations, this internal indebtedness is only incidentally involved in this question of settlement and need not be given serious consideration in passing upon the pending proposition.

During our participation in the World War we sold Liberty bonds to the American people bearing interest at the rate of from 3½ per cent to 4¾ per cent, and raised money with which to finance our own armies and those of our allies. From funds thus raised we loaned to Italy during the war $1,030,000,000, and after the war $616,000,000; in all, $1,646,000,000. At the time of making the loans it was understood that the amount would be returned with interest, but more than seven years have passed and no part of either principle or interest has yet been paid. The Italian Government has made an offer to fund this indebtedness under terms of which offer a small sum will be paid at this time and stated amounts will be paid annually thereafter for a period of 62 years. For the first five years no interest will be charged; for the next 10 years the rate is fixed at one-eighth of 1 per cent; for the next 10 years one-fourth of 1 per cent; for the next 10 years one-half of 1 per cent; for the next 10 years three-fourths of 1 per cent; for the next 10 years 1 per cent; and for the succeeding 7 years 2 per cent. Thus it will be seen that the average rate of interest which Italy offers to pay is forty-two one hundredths of 1 per cent, and not 4¼ per cent, which is about the average rate of interest the American citizen is now paying for the identical money loaned to Italy.

If Italy should agree to pay the amount of money borrowed from the United States with interest at the rate of 4¼ per cent, the sum to be paid by the end of the 62-year period would be $6,706,160,000, but she only agrees to pay $2,407,000,000, and only binds herself to pay 7½ per cent of this amount within the next 31 years. If we should discount the obligation which Italy now offers to pay we would receive for it only $538,000,000, or $1,104,000,000 less than the amount borrowed from us more than seven years ago.

The question before the Congress at this time is, shall we accept or reject the offer? In arriving at the proper solution of this important question we should not only consider Italy's present ability to pay but also what her ability to pay within the next 62 years may be.

As Members of the House we do not differ so much among ourselves as to the assets of Italy as we do regarding questions of their value. If we could only agree as to her present wealth, her potentialities, and perspective ability to pay we might easily agree as to terms of settlement. It is admitted by all that Italy has a national wealth of $22,000,000,000, and many contend upon what seems to be good authority that it is from thirty-five to forty billions. What will it be 62 years from now? No one knows, but if the past may be taken as a criterion it will be much greater then than now. In 1860 the national wealth of the United States was $16,000,000,000; in 1870, five years after the Civil War, it was only $24,000,000,000; and to-day it is over $300,000,000,000. Italy is a young nation—less than a hundred years old—but she is already one of the world's great powers, and in 62 years from now her national wealth will doubtless exceed $100,000,000,000.

It is admitted that Italy has an area of approximately 119,000 square miles in Europe; that in addition to this she has colonial possessions comprising on the Red Sea about 45,435 square miles; in Italian Somaliland about 139,000 square miles, and in Tripoli 406,000 square miles. In all 709,435 square miles, and in addition to this she owns many islands and has concessions in China.

The population of European Italy is 40,000,000. The exact population of her colonial possessions, islands, and so forth, may be in doubt but it is considerable. At least one of her possessions has a population of approximately 1,000,000.

Thus, it will be seen that Italy, including her European holdings, colonial possessions, and so forth, has a population approximately one-half as large as continental United States, and has a land area about twelve times the size of Georgia—perhaps fourteen times as large as the State of New York—and considerably larger than the original 13 States of our own country. She has an abundance of both skilled and unskilled labor, and certainly in her colonial possessions has much room for expansion and development.

It is admitted that Italy has great water-power possibilities. She now has many millions of dollars invested in water-power plants, and her water-power potentialities are greater than those of any other country in Europe, except Rumania.

Italy has more than 10,000 miles of railroads. This mileage may not seem great to Americans, but I submit that it is a fair average for European countries. If we but take a glance at the map of Europe it will be seen that with Italy's favorable position on the Mediterranean and Adriatic Seas, and her highly developed and powerful shipbuilding capacity, her railroad mileage is quite sufficient for every legitimate present need.

Italy's greatest requirements are for ships and maritime power, rather than extensive railroad mileage. As a maritime nation Italy has excellent capacity, and ranks as the fourth greatest shipbuilding nation of the world. In this connection, we should not forget that Italy has risen from the sixth to the fourth place as a shipbuilding nation since the beginning of the war.

With her World War acquisitions, Italy may well be termed mistress of the Adriatic Sea, and for commerce or war, certainly no nation occupies a more favorable position on the Mediterranean Sea.

True, as suggested, Italy possesses no great natural supply of iron or coal, but she at least seems to have sufficient for her own demands. Her present yield and her indicated supply of coal, together with her already partially developed water power, are such as to cause no alarm. If we consider her water-power potentialities along with her supply of coal, no one can doubt her industrial development.

In this connection it may be well for us to remember that Italy possesses what may almost be termed a natural monopoly of sulphur. It has been pointed out in this debate that Sicily is now producing 17 per cent of the world's production and that the Anglo-Sicilian Co. is handling it in the manufacture and production of rubber.

The income to Italy from tourist travel amounts to from one hundred to one hundred and fifty million dollars per year. This one asset, which Italy has by reason of beautiful scenery, favorable climate, and rich history, is always increasing and can never be destroyed so long as civilized nations inhabit the globe.

In estimating Italy's ability to pay, we should not overlook her annual income from German reparations. Perhaps no one can say just what Italy will receive from this source, but figures submitted by Mr. Winston, Assistant Secretary of the Treasury, disclose that she received on this account from Germany last year the equivalent of $16,000,000.

This year she will get from Germany $20,000,000; next year between $18,000,000 and $19,000,000, and the next year $32,000,000. According to Mr. Winston's statement, as outlined by the Dawes Commission, Italy will receive $1,778,000,000 from Germany in reparations within the next 40 years, and, mind you, within 31 years of this 40-year period, while she is receiving these enormous reparations from Germany, she will only pay to the United States, under terms of the proposed settlement, 7½ per cent of the amount she now offers.

I have mentioned a few of Italy's principal assets, but she has many others. Some gentlemen in course of the debate have pictured Italy as poverty stricken. I see no reason for thinking or speaking of Italy in terms of poverty or destitution. We have heard from some gentlemen that Italy's agricultural situation is almost deplorable. Speaking of Italy, Judge CRISP says:

> She has a sterile soil, a lot of it mountainous, and that which is cultivated is so poor that it produces small crops. (See CONGRESSIONAL RECORD, p. 1898.)

I wonder where gentlemen get such information. Do they rely on the Italian Debt Commission for it? Let us see whether in fact the soil of Italy is "sterile." Written information furnished me by the division of statistical and historical research, Bureau of Agricultural Economics, relating to the production of wheat, rye, barley, oats, and corn, in the United States and in Italy, for the year 1925, discloses that—

> The average yield of wheat in Italy was 20.6 bushels per acre, while in the United States it was 12.8 bushels; the average yield of rye in Italy was 21.5 bushels per acre, while in the United States it was 11.9 bushels; the average yield of barley in Italy was 22.3 bushels per acre, and in the United States it was 26.4 bushels; the average yield of oats in Italy was 39.2 bushels per acre, while in the United States it was 33.3 bushels per acre; and the average yield of corn in Italy was 27.7 bushels per acre, while it was 28.5 bushels in the United States.

Among the 39 leading wheat-producing countries of the world Italy usually stands about eighteenth. In view of disclosures which show that the average yield per acre of wheat and rye in Italy in 1925 is almost twice as great as in the United States for the same year, that the average yield of oats per acre is nearly 6 bushels greater in Italy, and the average yield of barley and corn is practically the same, I can not understand how anyone can say the soil of Italy is "sterile." The figures submitted to me by the above-mentioned bureau show that the grain production—wheat, rye, barley, oats, and corn—of Italy for 1925 greatly exceeds that of the 5-year average 1909–1913, preceding the war.

Italy produces for export large quantities of silk, wine, liquor, lemons, nuts, and so forth. Judge CRISP tells us that Italy assigns three economic reasons for her inability to pay the United States. They are American prohibition, high tariff, and immigration laws. I believe the country is fairly well satisfied with our prohibition and immigration laws. At any rate, I am not willing to modify either of these in order to so accommodate Italy that she may more conveniently make larger payments to the United States. If, however, by reducing the tariff on lemons, which now ranges from 90 to 98 per cent, and on other commodities which Italy may wish to ship into the United States, we can aid her to pay indebtedness to us and at the same time enable the American consumer to purchase lemons at about one-half the cost we now pay for them, and secure a substantial reduction of tariff on other necessary commodities of life, I am quite willing to do so.

Mr. Speaker, I have no disposition to be hard upon the Italian people. My natural impulse is to be generous to them, and I am perfectly willing to be, so long as I can be fair to the American people.

I have often stated my position regarding the settlement of our foreign debts. I think they should all be funded and collected at the earliest possible date. While our British settlement did not meet with my entire approval, I voted for it. In doing so I thought it would form the basis of settlement for all these foreign debts. This seemed certain, in so much as the Republican platform of 1924 contained the following declaration:

> We have steadfastly refused to consider the cancellation of foreign debts. * * * Our position has been based on the conviction that a moral obligation, such as was incurred, should not be disregarded. We stand for settlement with all debtor countries similar in character with our debt agreement with Great Britain.

I may add that settlement upon this basis seemed more certain because our distinguished colleague, Senator BURTON, of Ohio, then and now a member of the Debt Funding Commission, made the keynote speech at the Republican convention adopting the platform, and was presumably instrumental in its formation and adoption. Yes, I may add that to me it seemed doubly certain, inasmuch as another distinguished member of the Debt Funding Commission, my colleague, Judge CRISP, of Georgia, of whom I am very fond, said in a speech before this House—while a member of the commission—that he would not agree to nor accept offer of settlement made by any nation unless such offer was substantially on the basis of the British settlement.

Both of these distinguished members of the Debt Funding Commission admit that the proposed settlement which they ask us to ratify is not in compliance with the basis upon which the British settlement was made. Its interest rate is more than 3 per cent less.

The present administration, put into power upon the solemn declaration of the Republican platform, to which I have called attention, seems inclined to repudiate this provision of its contract with the people. I neither impute wrong or impure motive to anyone, but I see no reason for such change, especially as Italy's financial condition appears to be improving each year since the war.

During this debate much has been said regarding our national obligation to Italy by reason of our participation with her in the World War. I deny that we are under any obligation to Italy by reason of that war. If we were, those obligations have long since been discharged. We were in no way responsible for Italy's entrance into the war—she entered it before this Nation did—and certainly, so far as the United States is concerned, she did so voluntarily. But for our entrance into the war, there is little doubt that Italy would today be paying reparations to Germany instead of collecting from her.

I have visited in most of the allied countries of Europe. I know something of their distress and sacrifices by reason of the war. While I sympathize with them, I can not admit that this Nation is under any obligation to them by reason of our participation in the war. If there is any obligation, moral or otherwise, it is due to the United States and not by this Nation to any of the allied powers. The American people are sympathetic—they are both just and generous—but sympathy and generosity is one thing, and obligation is another. We act for the American people in settling the Italian debt and should not let our desire to be generous carry us beyond the bounds of justice to the American citizen.

Some gentlemen seem to have forgotten our sacrifices in the war. We drafted, chiefly from farms and factories, more than 4,000,000 American sons. They defended not only this Nation, but the homes and armies of the allied nations. In addition to this we gave nearly 30,000,000,000 of our national wealth, 20,000,000,000 of which we still owe American people. Over 10,000,000,000 of this amount went direct as a loan to our Allies. In order to raise this money we issued Government bonds and sold them to almost every American family and taxed everyone to the limit of his financial capacity. Thousands of our sons were killed and millions were maimed or diseased. The war is still costing America billions of dollars annually, and neither the present nor the succeeding generation will live to see this enormous debt paid. We have not only been just, but we have been generous to the allied nations. We have not only loaned them money, but we have contributed generously of our substance to them in the hour of need. America gets nothing from the war except disease, debt, and death—our Allies do get reparations from Germany.

The armistice was signed more than seven years ago. The allied indebtedness has not yet been funded, and in no case have we extended, or proposed to extend, the day for final payment to less than 62 years—nearly 70 years from conclusion of the war. The bonds which we issued and sold to raise the money loaned to our Allies have not yet been paid, and we are now taxing our own citizens almost beyond the point of endurance to pay the interest on our domestic indebtedness incurred by reason of the war. Every citizen and individual in this Nation must pay his or her part by direct income tax or through the medium of an exorbitant tariff. No one can escape. Within the next few years the bonds we sold must be paid. Who will pay most of the indebtedness? Obviously, many of the same boys who defended the allied armies. When will they collect the loans made to the Allies? If at all, it will be some 30 or 40 years later. What other obligation has America to discharge?

Some gentlemen contend, and the press has so stated, that under the proposed settlement the full amount of the American debt and interest will be collected—they do not say how much interest will be collected. Let us see if this statement is, in point of fact, accurate. Senator BURTON, a distinguished Member of this House and one of the ablest men on the Debt

Funding Commission, speaking of the Italian debt settlement, in comparison with the British settlement, said:

That seems a very great concession; and it is, for if we calculate the present worth at 4¼ per cent we obtain only about 25 per cent, or $538,000,000, on a debt which was originally $1,648,000,000. (See CONGRESSIONAL RECORD, p. 2006.)

Senator BURTON admits that if the terms of the settlement offered are accepted, that we will obtain only about 25 per cent of the debt, and that is a fact. Gentlemen who contend otherwise should remember that we are funding a debt composed of both principal and interest. There is no fundamental difference between the cancellation of interest and the cancellation of principal. Why should gentlemen thus quibble, except to camouflage this enormous gift of the American citizens' money?

We are told that a settlement of the Italian debt upon the proposed terms will greatly benefit American business. I concede that such a settlement will greatly benefit the Morgan banking interests, which have already loaned Italy $100,000,000 and doubtless expect from time to time to loan additional sums, amounting to perhaps billions of dollars. I can well understand how other big business interests and foreign investors may be greatly benefited, but I can not understand how the small taxpayer and the small business concerns called upon to help make good this 75 per cent cancellation of the Italian debt can be benefited. Gentlemen, be not deceived; this cancellation settlement is in the interest of big business and not small taxpayers.

AGRICULTURAL APPROPRIATION BILL

Mr. MAGEE of New York. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. TREADWAY in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Chairman, I yield 40 minutes to the gentleman from Kentucky [Mr. KINCHELOE]. [Applause.]

Mr. KINCHELOE. Mr. Chairman and gentlemen of the House, a few days ago the gentleman from Kansas [Mr. TINCHER], with his usual gusto and recklessness, made a speech on the floor of the House undertaking to tell the farmers of the country how prosperous they are under the Fordney-McCumber tariff law. Everybody excepting the gentleman from Kansas knows that the agricultural interests of this country are in a worse condition than has ever been known since this has been a Republic. Everyone knows, excepting the gentleman from Kansas [Mr. TINCHER], that the tariff on agricultural products does not and never has benefited the farmer, because he raises a surplus which has to be sold in a world market, and therefore the world market fixes the price of most of his products, tariff or no tariff. However, the speech of the gentleman from Kansas is what you might term a Coué treatment of the farmers. According to the gentleman from Kansas, the farmers should say, in the language of Mr. Coué, "Every day in every way we are getting better and better."

I purposely asked the gentleman from Kansas while he was making a speech why it was that under the Underwood Tariff Act, a Democratic measure, that the purchasing power of the farmer's dollar averaged $1.04, while to-day under the Fordney-McCumber Tariff Act it is only 60 cents. The gentleman from Kansas denied it, and denied that the late Secretary of Agriculture, Mr. Wallace, ever made in substance a statement of this kind. For the information of the gentleman from Kansas and the country I herewith insert the statement of Mr. Wallace, which is as follows:

DEPARTMENT OF AGRICULTURE,
Washington, February 27, 1923.

Hon. EWIN L. DAVIS,
House of Representatives.

DEAR MR. DAVIS: I am pleased to transmit herewith data relative to the purchasing power of the farm dollar, as requested in your letter of February 17.

A satisfactory index number of the purchasing power of the farm dollar, 1860 to date, has not been prepared. The Joint Commission of Agricultural Inquiry prepared a series of index numbers from 1890 to 1920, and we have continued it to include 1922. A copy is transmitted herewith.

Sincerely yours,

HENRY C. WALLACE, *Secretary.*

The purchasing power of the farmer's dollar since 1890

(Includes food and farm products with all other products)

	Cents
1890	83
1891	89
1892	87
1893	87
1894	85
1895	85
1896	81
1897	86
1898	88
1899	83
1900	86
1901	92
1902	95
1903	88
1904	93
1905	90
1906	88
1907	90
1908	93
1909	100
1910	99
1911	97
1912	101
1913	100
1914	105
1915	103
1916	97
1917	107
1918	112
1919	112
1920	96
1921	84
1922	89

Last week I wrote the present Secretary of Agriculture requesting the purchasing power of the farmer's dollar for 1923, 1924, and 1925, if possible, which he promptly furnished me, and this information follows:

	Cents
November, 1923	61.3
November, 1924	62.4
November, 1925	60.3

Now, bear in mind that the Underwood Tariff Act became a law on October 3, 1913, and the purchasing price of the farmer's dollar was 100 cents that year. The Underwood Tariff Act remained on the statutes until it was partly repealed by the emergency tariff bill May 27, 1921. Look at the above table and see what the purchasing power of the farmer's dollar was that year. The Fordney-McCumber bill became a law September 3, 1922, and is still on the statute books. Now, look at the years 1922, 1923, 1924, and 1925 and see how the purchasing power of the farmer's dollar has gradually declined. It will continue to decline and the agricultural interests of the country will continue to decay as long as the farmer is compelled to sell his products in a world market and buy his manufactured articles for himself and family in a protected market.

The gentleman from Kansas states that the tariff on wheat, steers, and fresh meat was such a wonderful benefit to the farmer, and yet in the next breath he gave an instance where the gentleman from Iowa [Mr. HAUGEN], chairman of the Committee on Agriculture, went to Canada and bought steers for his farm in Iowa and paid the tariff and freight on them and still bought them a great deal cheaper than he could buy them in the United States. He also said that there were 154,070 steers and 14,253,000 pounds of meat imported to this country last year, notwithstanding the tariff on them, leaving the impression that the tariff wall is not high enough and that this small amount of importation of steers and meat is interfering with the high price which the farmer should get for them. There were 25,223,000 cattle and calves slaughtered in this country last year and there were 8,264,000,000 pounds of beef and veal consumed in this country last year. So you can see that the small amount of importation of steers and meat did not reflect in the slightest in the price the farmers received for them.

If the tariff means so much to the American farmer, then why does not the President of the United States exercise his power under the flexible provisions of the Fordney-McCumber Tariff Act and place a tariff on steers so high that even the gentleman from Iowa [Mr. HAUGEN] can not go out of this country and buy and ship them here; and place a tariff on meat so high that this product can not be imported here. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. KINCHELOE. I will yield to the gentleman from Texas.

Mr. BLANTON. It is because the President of the United States is the head and exemplar of the Republican Party, and the Republican Party has never taken care of the producer. It has taken care of the consumer.

Mr. KINCHELOE. He can not take care of the producer in this way. The farmer is forced to sell his products in a world market, and everything he buys for himself or his family he buys in a protected market.

Mr. MORGAN. Will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. MORGAN. I understood the gentleman to say that the farmer sells his products in a free market and buys in the protected market.

Mr. KINCHELOE. That is what I said.

Mr. MORGAN. Will the gentleman enlighten the House as to the number of products the farmer buys upon which a tariff is imposed—like fertilizer, and so forth—and will the gentleman also state in the RECORD the number of farm products upon which the tariff levied——

Mr. KINCHELOE. Oh, I can not yield to the gentleman—if the gentleman will wait a minute I will give him some good Republican authority almost as distinguished as the gentleman himself, that does not agree with him or the gentleman from Kansas [Mr. TINCHER] on this proposition of the tariff on agricultural products.

Mr. MORGAN. Mr. Chairman, I want to say——

Mr. KINCHELOE. Mr. Chairman, I decline to yield further to the gentleman from Ohio.

Mr. CARTER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. CARTER of Oklahoma. The marvelous story told by the gentleman from Kansas about the price of 800-pound cattle being $9 per hundredweight in the stockyards in Chicago and better cattle of the same weight at the same period bringing only $4.60 per hundredweight in near-by Canada was a most astounding statement to anyone familiar with the live-stock business. The tale was too fantastic to deserve a place even in a Republican defense of the tariff.

An 800-pound animal at $9 per hundredweight would bring $72; the same animal at $4.60 per hundredweight would bring $36.80. This, plus the tariff at $12 calculated at $1.50 per hundredweight, would make a total cost in Canada of $48.80, a difference in price between Chicago and near-by Canada on one 800-pound animal of $23.20. Now what kind of people are the stockmen of Iowa and surrounding States that they throw away $23.20 on every steer they purchase for feeding purposes; and, if these stockmen do not buy these feeders in Chicago at that price, then who does buy them, and what keeps the price to the high point of $9 at Chicago while it is only $4.60 in Canada?

Mr. KINCHELOE. Oh, I do not think that part of the gentleman's speech is any more fantastical than the rest of it. It all goes to show that the Republicans even do not think that a tariff on agricultural products helps the farmer, but was put there merely for the purpose of fooling him. The tariff on wheat is nothing but a miller's tariff. Under this Fordney-McCumber Tariff Act a miller of Minneapolis can go to Canada and buy 100,000 bushels of Canadian wheat, and when he gets to the border with it pay his 42 cents per bushel on it; but when he gets it to his mill, if he mixes as much as 30,000 bushels of American wheat with the Canadian wheat, grinds it into flour, and then export this flour with its by-products, which most of the big millers do, he can then go to the customs-house and draw down 99 cents of every dollar of tariff he paid on this wheat. See section 313 of act.

I want to submit a little Republican authority on whether or not the tariff benefits the American farmer. Let me quote you what Senator CAPPER, from Kansas—the gentleman's Senator—has to say relative to the tariff:

> Unless he [the farmer] is enabled to put his price up, it will not be long before he will be demanding a reduction of the protective tariff, which keeps up the price of the manufactured articles he consumes. As a seller he [the farmer] must compete in world markets; as a buyer he must buy in a protected home market. As a seller he must take the world price; as a buyer he must pay the American protected price. It is absurd to assume that the farmer will long remain content at such a disadvantage. He demands readjustment.

A distinguished ex-Senator from Kansas, Mr. Bristow, has the following to say on this subject:

> We raise far more wheat, corn, cattle, and hogs than we consume, and the result is that the farmer can not be protected by a tariff, because the price of his produce is fixed by the world market.

Let me quote now from another very distinguished authority, Senator CUMMINS, of Iowa. What did he have to say as to whether the tariff on agricultural products was of assistance to the American farmer? And, by the way, the distinguished Senator from Iowa made this statement before he had an acute attack of "Brookhartitis," and I understand that attack is going to be very serious and will develop into a malignant form if Mr. Steck is seated in the Senate. [Laughter.] Senator CUMMINS was asked in the Senate if he thought that the tariff on agricultural products helped the farmer. He said:

> I do not; and it is idle for even an enthusiast to assert that the price of these products is directly affected by the protective tariff.

A distinguished ex-Senator of the United States, Mr. McCumber, from North Dakota, the coauthor with Mr. Fordney of the Fordney-McCumber Tariff Act, had something to say along that line before he went out of the Senate, and it should be remembered that this was long before this distinguished gentleman was relegated by his constituency to the caravan of "lame ducks" and given a Federal life job as his mess of pottage. Mr. McCumber had this to say:

> The wheat acreage to-day is producing a surplus of wheat, which must be thrown into the world's market; thereby keeping down the price of the home product, tariff or no tariff.

But I want to quote from a little more recent statement. Gentlemen will remember that the farmers had a meeting at Des Moines, Iowa, the other day. It is said that there were representatives there of a million farmers. They had a meeting there to discuss, not their prosperity, as Mr. TINCHER says they have under the Fordney-McCumber Tariff Act, but their adversity. This is where they had the self-lubricating and automatic spanking machine for the Iowa delegation, which the newspapers said were invited out to that meeting to be told what the farmers wanted. According to the newspapers they were given a spanking and then started on their way back to Washington to make an assault upon the White House and the Republican administration now in power for more legislation. You will remember that in 1924 in the Presidential election the people of Iowa were long on "keeping cool with Coolidge." This year they are long on corn and short on hogs. I remember many years ago when they had a local option election in Posey County, Ind., Senator Voorhees, who was then at the height of his popularity, was invited there to make a speech for the wets. Of course, the announcement of his presence for that occasion depopulated that county from center to circumference, and when he got there he looked into the faces of acres of people and congratulated the great county of Posey on being such a great corn county. Finally he said:

> I say to you, citizens of Posey County, if you vote this county dry, what are you going to do with your corn?

A great leather-lunged fellow in the back of the audience said in reply: "Senator, we are going to raise more hogs and less hell down here." [Applause.]

It seems that the people of Iowa this year are raising less hogs and more hell with the Republican administration now in power. [Laughter and applause on Democratic side.] I want to read an excerpt from the resolutions which they passed at the Des Moines meeting. Remember that was a Republican meeting, and that Democrats were as scarce as hen's teeth. There were not enough Democrats there to put out a fire if one had started. Here is what these stalwart, stand-pat, died-in-the-wool, high-protective tariff, Coolidge Republicans had to say in regard to the prosperity of the American farmer under the Fordney-McCumber Tariff Act:

> We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole. On the contrary, the staggering burdens imposed upon the consumers of the country through the act fall as heavily upon the farmer as upon any other class—on the one hand the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while on the other hand the price of his great surplus commodities is fixed in the world market.
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> * * * * * * *
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> If the existing tariff is such a boon to agriculture, then how can the fact be explained that, although this tariff has been in operation for five years, agriculture is at this hour staggering on the brink of complete collapse?

I wish the gentleman from Kansas [Mr. TINCHER] were here to-day so that he could explain that situation satisfactorily to these Republicans in convention at Des Moines, Iowa.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. No; I will not yield at this time.

One of the most startling statements made by the gentleman from Kansas, and one, I am sure, that took the breath out of his Republican colleagues who know anything about tariff, was the statement that sugar was on the free list under the Underwood tariff bill, and that it took as much to buy a pound of sugar under the Underwood bill, with sugar on the free list, as it takes to-day to buy four pounds with a tariff on it. This is what I call "meeting yourself coming back." He had just tried to convince the House that the tariff on steers, wheat, and fresh meat was a splendid thing for the American farmers, because of the fact that the tariff increased the price of these commodities to the farmer, then in the next breath he says that sugar being on the free list increased the price of sugar. I am sure if he could convince Secretary Mellon that the price of aluminum could be increased by putting it on the free list, and Mr. Gary that the price of steel could be increased by putting it on the free list, and other heads of protected commodities under the Fordney-McCumber tariff bill that this is true, you could find many lobbyists in Washington knocking at the doors of the Ways and Means Committee asking that the tariff be taken off these commodities in order that the price might be increased.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. CONNALLY of Texas. Is the gentleman sure they will do that, or will they ask unanimous consent to revise Mr. TINCHER's remarks? [Laughter.]

Mr. KINCHELOE. My opinion is that they may not possibly take that statement of Mr. TINCHER's very seriously, because, as I say, Mr. TINCHER meets himself coming back on that very proposition.

I submit to you if this is not a strange argument for a man who advocates a high protective tariff to make, and I am sure it will be heard with amazement by the heads of protected industries of this country.

The truth about the matter is sugar never was on the free list during the whole life of the Underwood Tariff Act. Now the gentleman from Kansas did not intend to make a misstatement in regard to this matter, but he just did not know. Under the Underwood bill of date October 3, 1913, there was a tariff of seventy-one one-hundredths of a cent a pound on sugar, and the law did provide that sugar should go on the free list May 1, 1916; but before that time everyone knew we were on the threshold of the World War, and consequently Congress, by an act of April 27, 1916, repealed this provision and this rate of duty stayed on sugar during the life of the Underwood tariff bill. This low rate on sugar was not intended as a protective tariff but as a tariff for revenue.

The President in his speech at Chicago a few weeks ago emphasized the fact that there was no tariff on farm implements in the Fordney-McCumber tariff bill. There is not, and this was done for the deliberate purpose of deceiving the farmers. While there is no tariff on the finished farm implements, yet there is an almost prohibitive tariff on steel and practically every other product that goes into the manufactured implement, which has increased the price of the same since 1914, in most respects, 100 per cent.

Mr. BLACK of Texas. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. BLACK of Texas. If, as the President contended in his Chicago speech, practically everything the farmer buys is on the free list, does not that simply mean that under this administration the farmer has very restricted purchasing power? It means, does it not, that the farmer is unable to buy those general comforts, semiluxuries, and luxuries which everybody knows are so widely covered by the Fordney-McCumber tariff law?

Mr. KINCHELOE. Yes; and how can anybody say—anybody, including Mr. TINCHER—that a high tariff on agricultural products is the best thing for the farmer, when everybody knows that the farmer is in worse financial condition to-day than he has ever been in since the foundation of this Republic? I would like any Republican to answer.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Oh, no. I am talking of Republicans who know something about the tariff. [Laughter.]

Congressman STRONG, a Republican, and a colleague of the gentleman from Kansas, had placed in the RECORD some time ago a statement showing the difference in the cost of farming implements of the farmers in Kansas in the year 1914, when the Underwood Tariff Act was a law—a Democratic law—and 1924, under the Fordney-McCumber tariff law—a Republican law—and this applies to farmers in every State. This comparison follows:

Implements	1914	1924
Hand corn sheller	$8.00	$17.50
Walking cultivator	18.00	38.00
Riding cultivator	25.00	62.00
1-row lister	36.00	89.50
Sulky plow	40.00	75.00
3-section harrow	18.00	41.00
Corn planter	70.00	83.50
Mowing machine	45.00	95.00
Self-dump hay rake	28.00	55.00
Wagon box	16.00	36.00
Farm wagon	85.00	150.00
Grain drill	85.00	165.00
2-row stalk cutter	45.00	110.00
Grain binder	150.00	225.00
2-row corn disk	38.00	95.00
Walking plow, 14-inch	14.00	28.00
Harness, per set	46.00	75.00

I wish it were possible for every farmer in America to read this statement and see whether he agrees with the gentleman from Kansas [Mr. TINCHER] as to the great benefits of a protective tariff to the American farmer.

The tariff on sugar to-day under the Fordney-McCumber tariff bill costs the housewives of America over $650,000 a day. You will remember that just prior to the presidential election of 1924 the Tariff Commission—and a Republican Tariff Commission—recommended to President Coolidge that he exercise the power given him under the flexible provisions of the Fordney-McCumber tariff law and reduce the tariff on sugar one-half cent a pound. This was about the time the President was going up to his "hay" farm in Vermont, and he gave out a statement which was headlined by all the leading papers of the country that he was going to take this recommendation of the Tariff Commission with him to his "hay" farm and give it close study, indicating that he intended to act upon the proposition, and perhaps favorably, within a few days. Nothing has been heard from the President in this matter since. Of course everyone knows that the sugar trusts of the country contributed a large campaign fund to the Republican campaign committee for the 1924 election, and likewise knows that the President was not going to run counter to the sugar trusts and reduce this tariff. [Applause.] The President has the power to reduce the duty, and if he would reduce this tariff one-half cent a pound on sugar, thereby carrying out the recommendation of his Tariff Commission, who undoubtedly gave the matter great study, that act alone would save the housewives of America and other users of sugar $145,000 a day. I wonder if the users of sugar when they are apprised of this fact will agree with the gentleman from Kansas [Mr. TINCHER] that a protective tariff on sugar is a great thing for the consumers of this country.

Mr. HASTINGS. Will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. HASTINGS. Has the gentleman any information showing that under the flexible provision of the tariff act any tariffs have been reduced by this administration?

Mr. KINCHELOE. I understand the tariff on bobwhite quail from Mexico has been reduced. [Laughter.]

Mr. HASTINGS. Is that all?

Mr. KINCHELOE. That is all I know of.

Mr. HASTINGS. Does the gentleman also have any information as to how much money has been spent on this Tariff Commission since it was established?

Mr. KINCHELOE. No.; but I know that under a Democratic administration we established a Tariff Commission supposed to be nonpartisan, and I know in the last two years it has been prostituted more than it ever was before, and has been made absolutely a partisan commission by the President for political purposes only. [Applause.]

The Democratic Party has always believed in a tariff, but for revenue only. The Democratic Party enacted tariff laws long before the Republican Party was born, but it never has, and I am sure never will, enact a protective tariff bill that will stiffle competition and will redound to the benefit only of the manufacturers of the country and to the detriment of all who toil and consume.

The Republican Party in its platforms formerly undertook to justify a high protective tariff on the ground that it protected infant industries, but since these "infant" industries, which have been fostered and nurtured under Republican protective tariff laws, have become gigantic trusts and monopolies the Republican Party in its recent platforms undertakes to justify its position on the high protective tariff on the ground that it wants to equalize the cost of production at home and abroad, and, of course, for the benefit of the American laborer.

There are many articles in the Fordney-McCumber tariff bill upon which the tariff is so high that there is no importation of

those articles to this country at all, which gives the manufacturers of those articles a complete monopoly, and at the same time the Federal Government does not receive one cent of revenue by reason of the tariff on these articles. I am going to insert here a few of such articles upon which there is a prohibitive tariff, and therefore there was no importation during the first year this law was on the statutes, and no competition. But, at the same time, the price of these articles to the consumer has been increased practically to the rate of the tariff duty. These articles are necessities of the American people, and especially the farmers of the country. Said list is as follows:

Articles	Production	Imports	Duty (per cent)	Revenue	Cost of protection
Cement	$208,422,920	None	20	None	$40,445,748
Doors and shutters	10,877,001	do	20	do	1,812,833
Wooden goods	21,793,261	do	25	do	4,358,652
Belting and hose	19,170,277	do	33⅓	do	4,794,069
Knit goods (wool)	285,255,689	do	60	do	135,121,116
Knit goods (silk)	142,627,844	do	60	do	53,485,441
Blacking	25,284,072	do	25	do	4,512,348
Engines, steam, gas, and water.	464,774,735	do	20	do	70,917,689
Hardware	154,524,888	do	50	do	47,614,668
Pumps	85,401,940	do	25	do	16,304,980
Stoves	211,509,992	do	50	do	66,300,092
Tinware	233,964,000	do	20	do	38,242,714
Files	17,616,563	do	50	do	4,144,924
Shirts	205,327,133	do	45	do	63,253,905
Total					551,309,179

To lay with one hand the power of the Government on the property of the citizen and with the other to bestow it upon the favored individuals to aid private enterprise and build up private fortunes is none the less robbery because it is done under the forms of law and is called taxation. (Supreme Court of the United States, Marshall case.)

The Supreme Court in the Marshall case gave a striking statement which is very apropos. I also wish every American farmer could read this statement and see whether they agree with the gentleman from Kansas as to what great benefit the tariff is to the farmer, and see whether the tribute that the consumers of these articles are paying amounting, as you will see, to $551,309,179, the first year this law was in effect on these few articles is equalizing "the cost of production at home and abroad."

Seven hundred thousand farmers have gone into bankruptcy under the Harding and Coolidge administrations. That means that a farming population of over 2,500,000 have been reduced to poverty and want, largely because of this discriminatory legislation known as the high protective tariff. On the other hand the agricultural interests of this country were never more prosperous than during the eight years of the Woodrow Wilson administration. A great part of the time during the Wilson administration the farmers were receiving $2 to $3 per bushel for their wheat, $1 to $1.50 for corn, from 12 to 18 cents per pound for cattle and hogs on foot; and the tobacco farmers received more for their tobacco than they ever had in the history of the country. What is the American farmer receiving for the above products to-day under a Republican administration?

Does a high protective tariff benefit the American laborer? Let us see whether it helps the American laborer or not. Three of the highest protected industries under the Fordney-McCumber tariff bill are the cotton manufacturers, woolen manufacturers, and textiles. Yet the laborers in these industries receive as low wages for their labor as any other class in America. Does the high protective tariff help the coal miner, the carpenter, the plasterer, the bricklayer, the plumber, the painter, the printer, or the barber? Every intelligent person knows that it does not. The wages these men receive, they receive in spite of a protective tariff and receive it by reason of their being organized. Instead of a high protective tariff helping these classes of labor it is a great detriment to them, because they have to take their wages and buy manufactured products for themselves and families in a protected market and pay an increase anywhere from 10 to 150 per cent for them on account of the tariff.

Last year this law produced a little over $500,000,000 in revenue to the Government, but it costs the consumers of the country over $4,000,000,000 extra for the articles they bought which are protected under this law.

I want to give you gentlemen some good authority on American labor in this country and see if a tariff on manufactured products is a good thing for American labor, or if it is maintaining the "American standard of wages." Let me read an excerpt from a letter written by Mr. William Green, president of the American Federation of Labor, last summer to Mr. M. G. Pierce, president of the American Woolen Co., when that company had reduced the wages of its employees 10 per cent. This is a letter of protest from Mr. Green as president of the American Federation of Labor, with a membership of 4,000,000 laboring men in this country.

Mr. Green says in part in this letter to Mr. Pierce:

The textile manufacturers of New England insisted that they be made the beneficiaries of a high protective tariff. They demanded of Congress a tariff schedule which they explained would adequately protect goods manufactured in the textile industry from competition from Europe. They alleged such protection was necessary in order that they might pay high wages to their employees. So, behind the repeated reductions in wages of the textile workers there looms like a ghost the notorious Schedule K. The remarkable feature of this Schedule K is the fact that the principles embodied in Schedule K were first fastened upon the people of the United States in 1867.

In that year efforts were being made to pass a tariff bill. The textile manufacturers refused to permit its passage until their demands were complied with. Senator Sherman went into the caucus of the members of his party and said:

"Here is the tariff demanded by the textile manufacturers.

"If you do not give it to them they are strong enough to prevent any tariff bill being passed."

Congress surrendered. From that day until the present time charges have been made while different tariff measures have been considered, that every committee that handled the textile tariff schedule received the rates from the manufacturers and embodied them in the law without serious question. Senator Dolliver, of Iowa, on May 4, 1909, called attention to this situation during the delivery of an address which attracted wide public attention, because in it he stated that he had previously voted blindly for the textile tariff. These are his words:

"And, if I understand the committee's work correctly, they just gathered around this old law which was passed from one generation to another and said:

"'This is a hard subject and a fighting subject and a tiresome subject; we have got the woolgrower and the wool manufacturers so that they are not going to raise any row about it, and the best thing for our comfort and convenience is just to let it alone.

"'Am I not correct about that?'"

Notwithstanding this consideration accorded the textile manufacturer by the Congress, no other industry in the United States has made such a record for wage reductions and strikes as that of the textile industry. Furthermore, no industry has paid higher dividends or issued more stock dividends than the companies and corporations engaged in the manufacture of textiles.

If a tariff wall is built in order to protect special interests and special industries against competition from foreign manufacturers, certainly when manufacturers protected by such a tariff wall reduce the wages of their employees below the subsistence level, the Government in all fairness should reduce the tariff schedules and tear down the tariff wall which has been so skillfully built.

It is the purpose of the president of the American Federation of Labor to bring these facts to the attention of Congress and to insist in the name of the working people of America that the textile manufacturers, who have inaugurated and carried out a policy of wage reduction, shall be deprived of special privileges and special benefits which they have enjoyed from high-tariff protection.

On September 18, 1925, Mr. Thomas F. McMahon, president of the United Textile Workers, protesting against the 10 per cent cut in the wages of these workers, issued a statement congratulating President Green, of the American Federation of Labor, for the two letters which he wrote to the employers of these concerns, and said this, in part, relative to the tariff on textiles:

The United Textile Workers of America favor a fair and equitable tariff. We realize that there are some parts of the present tariff on textiles that could be divided by two and other parts that need a severe lowering in rates to make them fair to the consumer and worker alike. The consuming public would buy two yards where they now buy but one if proper adjustments were made in the highway-larceny tariff now in existence. The workers have been fooled long enough. They know that with the highest protective tariff on textiles now existing that their condition is worse than ever before. We are told about the large imports of textiles during the past year, as a matter of fact the entire imports of textiles into the country was less than 5 per cent, and over one-half of this amount we could not manufacture if we had the orders.

It would really be amusing if it were not so serious to hear Secretary of Commerce Hoover and others high in the counsel of this Republican administration complaining because England has a monopoly on rubber, Chile on nitrates, Brazil on coffee, and Egypt on long-staple cotton. Mr. Hoover and others claim that some of these countries threaten an embargo on some of

these commodities. They complain what an outrage it is to the American people. Let me remind Mr. Hoover and the rest of this Republican administration that an embargo is not as disastrous to the people as a high protective tariff, because when a country lays an embargo upon any of its products it does it for the purpose of permitting this product to be utilized by its own citizens, making the supply more plentiful and, therefore, the price of same cheaper. While the effect of a high protective tariff, such as enacted by this Republican administration, is to stifle competition, keep competitive commodities from coming into the country, thereby raising the price of the domestic manufactured product and results in increasing the price to the consumer. So it bespeaks bad grace and sportsmanship for this Republican administration to complain about other countries creating monopolies and levying export bounties as long as the Fordney-McCumber tariff bill is on the statutes creating monopolies and high prices in this country.

HOW THE TARIFF AFFECTS THE PRICE OF TOBACCO

The farmers of this country raise an exportable surplus of nearly all the products grown; therefore it is highly important for the farmers of the country to have a great foreign market. England and the other countries owe us about $14,000,000,000 and interest, which we loaned them during the war—the Debt Commission is reducing this indebtedness some. But there is only one of two ways that these countries can ever pay us: Either in gold or in the exchange of commodities. They have practically no gold, and they can not bring their commodities to this country and pay at our ports of entry the exorbitant tariff laid upon them by the Fordney-McCumber tariff bill and sell in competition with the home manufacturers. Consequently they have paid but very little on their debts, and I do not see how they can pay us as long as they are prohibited by this tariff wall from bringing their commodities here. If this tariff was reduced so that the manufacturers of European countries could bring their manufactured products here and sell them in open competition with the home manufacturers, then they could not only pay the debts of their governments but they would receive for their products American money with which they could and would buy the surplus products of the American farmer and take them back with them to Europe to be consumed by the people of their countries. This could be done without hurting the home manufacturer at all, for no one wants to hurt legitimate business in this country. But I want to serve notice on you Republican Members now that the American farmer and other consumers of this country are getting tired, and sorely tired, of paying these exorbitant prices for the manufactured products which they use. In the dark-tobacco districts of Kentucky and Tennessee 80 per cent of the tobacco (which is the money crop of this section of the country) is exported. Therefore these farmers have to depend upon foreign markets for the sale of 80 per cent of their tobacco. How can the European countries buy this tobacco unless they are permitted to bring their manufactured products into this country and sell them here for American money and buy the tobacco crop? This illustration applies in a lesser degree to the burley-tobacco growers of Kentucky and other tobacco growers throughout the tobacco section of the United States. [Applause.]

The tobacco growers do not want to take the money of other countries for their tobacco. They want American money, and if we can tear down the high rates of this tariff bill and permit these manufacturers to bring their products in and sell them and receive American money, then they will have the American money to pay the tobacco growers for their product.

No, gentlemen, the President may run up to Chicago to make a speech to the farmers and tell them that the advance cost to the farmer on account of the tariff is only between 2 and 3 per cent on his purchases, but he can not fool the American farmer on this proposition. The American farmer realizes that he is being discriminated against every time he buys a dollar's worth of manufactured products and has to pay a tribute anywhere from 10 to 150 per cent on everything he buys.

THE FARMER AND FREIGHT RATES

Not only is the farmer being discriminated against with this high protective tariff, but the Republican House and Senate passed what is known as the Esch-Cummins railroad bill, against which, I am glad to say, I voted. The farmer is being discriminated against in freight rates on his products under this bill. To-day the farmer is paying vastly more than his share of the upkeep and operation of our railroads. Under the horizontal increases of 65 per cent the farmer is paying 1,500 per cent higher freight rates on the market value of the products than is paid on manufactured articles. There is very little difference in the freight rates in all the Western States or the country generally on farm products.

Eighty-thousand-pound carload of wheat from Idaho to Chicago, the freight rate in 1914, $400, in 1921, $596; 24,000-pound carload of hay from Idaho to Chicago, the freight rate in 1914, $132.50, in 1921, $240; 24,000-pound carload of fruit from Idaho to New York, the freight rate in 1914, $300, in 1921, $500; 26,000-pound carload of cattle from Idaho to Chicago, the freight rate in 1914, $203.80, in 1921, $295.10; 24,000-pound carload of sacked wool from Idaho to Boston, the freight rate in 1914, $475.20, in 1921, $831.60; 32,000-pound carload of baled wool from Idaho to Boston, the freight rate in 1914, $547.20, in 1921, $960.

For instance, the farmers of the West and the country in general pay a freight rate to Chicago of 97 per cent of the market price on potatoes; 52 per cent of the market price on onions; 36 per cent of the market price on wheat; 15 per cent of the market price on hogs; 13.2 per cent of the market price on beans. They pay 53 per cent of the market price on hay to Kansas City and a freight rate of 9.3 per cent of the market price on wool to Boston.

For comparison it is found on manufactured goods that men's shoes pay a freight rate of 2½ per cent of the wholesale price from Chicago to the West and on women's shoes 2 per cent. Men's suitings pay 1¼ per cent and on cotton goods pay a freight rate of 4 per cent of the wholesale price from New York to the West; ginghams pay a freight rate of 2½ per cent. On some of the higher-class articles the freight rate is so small that it can only be measured in decimals and has no influence on the selling price.

Under the administration of Woodrow Wilson a great merchant marine was built at the cost of $3,000,000,000, in order that our American goods might be delivered to every port in the world under the Stars and Stripes and in American bottoms. This high protective tariff under this Republican administration has almost wiped this merchant marine off the sea. Why? For a merchant marine to be prosperous and to live it must have a full cargo going over and a full cargo coming back. Now, our ships go over loaded, but come back many times practically empty. This is because the tariff wall is so high here that the European manufacturers can not ship their products here and pay the tariff, and therefore our merchant marine can not survive.

Gentlemen, the farmers of this country have exercised a great deal of forbearance in their adversity during this administration, but when they all get together they can have the most powerful organization this country ever had, and I hope to see the day when they do organize and get together for the handling of all their products. The agricultural interests of this country are greater than the steel industry, the automobile industry, and the railroads combined, and when they once organize they can come and get remedial legislation.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman 10 more minutes.

Mr. KINCHELOE. I thank the gentleman.

I have been asked many times what would be my remedy for this situation. How would I put agriculture on its feet? I will tell you how. The Ways and Means Committee of this House should report a bill immediately reducing the tariff upon steel, cotton goods, woolen goods, textiles, aluminum, tungsten, sugar, rubber, and many other articles too numerous to mention. The Committee on Interstate and Foreign Commerce should report a bill reducing the freight rates on agricultural commodities. The Committee on Military Affairs should report a bill providing for the immediate development of Muscle Shoals, which would give the American farmers cheaper fertilizer. I would develop the inland waterways of the country, which would reduce freight rates. If these acts should become a law, it would increase the purchasing power of the farmer's dollar immediately, and it is absolutely necessary for the prosperity of the American farmer to increase the purchasing power of his dollar.

It would give him greater markets not only at home but abroad. It would permit European manufacturers to ship their goods here and buy the surplus products of the farmer for consumption in their own countries, and, in my judgment, happiness and prosperity would soon be restored to the American farmer. It is just as important for the men and women who live in the cities and towns of the country that agriculture prospers as it is to the farmer, but the farmer can not be prosperous when the purchasing power of his dollar is only 60 cents to-day and going lower all the time. In addition the farmer has to take his 60-cent dollar he receives for his products, sold at a world price, and match it against the 100-cent dollar of the manufacturer for every manufactured product he

buys for himself and family. Gentlemen, the American farmer can not exist under these circumstances.

Let us contrast for a few moments the burdens and benefits to farmers, laborers, and other consumers of this country of the Fordney-McCumber tariff bill.

On every plow, binder, hoe, rake, wagon, truck, bridle bit, harness buckle that the farmer buys he has to pay either a direct or an indirect tariff. He pays a tariff on the knives, forks, spoons, dishes for his table. A tariff on his tablecloth and on the crockery for his kitchen. If he wants to build a home, he pays a tariff on all the brick, slate, glass, and nails that go into same. If he decides that he wants some musical instrument for himself and family, he pays a tariff on that. If he has his horses and mules shod, he pays a tariff on the horseshoes and nails. When he buys a pocketknife, a shotgun, an automobile, he pays a tariff on that. If he writes a letter, he has to pay a tariff on his pen and penholder. If he wants to go fishing, he pays a tariff on his fishhooks and line. And if after a meal he wants a toothpick, he pays a tariff on that.

When his wife does a washing, she has to pay a tariff on her galvanized washtub, washboard, and soap. She pays a tariff on clothesline as well as the clothespins.

If his wife and girls want an umbrella or parasol, they pay a tariff on it. If they need some hooks and eyes for their dresses, they pay a tariff on them. If they need pins, even safety pins, they pay a tariff on them.

If his wife needs some window shades or curtains for the home, she pays a tariff on them.

If the farmer or laborer has any children and wants them to enjoy the Christmas toys of the mysterious Santa Claus, he has to pay a tariff on them.

If the farmer or laborer has to be operated on, the instruments that the surgeon uses have a tariff on them, and even the anaesthetic used to put him to sleep has a tariff on it. When he dies, the shroud and casket that inclose his lifeless form have a tariff on them; the material used to make the hearse which carries his remains to the grave has a tariff on it; the wooden box which incloses his casket has a tariff on it; the screws which go into the box have a tariff on them; and the spade which digs his grave has a tariff on it. What a sweet consolation it is for a man to go from this world into another conscious of these facts. [Loud applause.]

The farmer and consumer can get some consolation out of paying this tariff though by reason of the fact that some articles are on the free list under the Fordney-McCumber tariff law. Agates, unmanufactured, antimony ore, and arrowroot in its natural state are on the free list; blood (dried), bones, bristles, burgundy pitch, cryolite, and cuttlefish bone are on the free list; bird, fish, and insect eggs are on the free list; joss sticks, old junk, oakum, asafœtida, cudbear, indicus, osmium, kieserite, pulu, turtles, whalebone, witherite, and last, but not least, spunk are on the free list under the Fordney-McCumber Tariff Act.

"Bunk to the farmer" is not on the free list under this tariff law, but it is on the free list under this Republican administration. If it were possible to put a tariff on "bunk to the farmer," and if it all had to be imported and this Republican administration would use as much of it this year as they have used since they have been in power, it would break the Republican Party to pay the tariff, and this Government would get enough revenue out of it to pay our national debt. [Laughter and applause.]

So I submit to you, gentlemen of the House, if the farmers and laborers do not enjoy a great privilege of having the opportunity of purchasing these articles without paying a tariff on them.

My friends, as Mr. McMahon has said, you are not fooling the American laborer or the American farmer. The farmers just got through a meeting out in Iowa yesterday, and they are on the warpath and are coming here. They are going to make an assault on the White House and on the Secretary of Agriculture, and they have got Secretary Jardine jumping around now so that he does not know "where he is at," as the saying goes. He agreed with President Coolidge several weeks ago that the farmers did not need any Government price fixing or any export corporation for handling surplus products, and agreed that they could take care of themselves, but these Iowa farmers have built a fire under him now, so that we who are members of the Committee on Agriculture are getting bulletins and other statements from Mr. Jardine every week saying, "As I said before, but—." Whenever you get a fellow saying, "As I said before, but—," you may know they are putting a fire under him. I think this reflects the slant of the White House. I would like to see the farmers of the great Middle West and of the West and of the South join hands and come here and demand that no longer shall they be robbed of the products of their sweat and toil by reason of the excessive prices they pay for manufactured products and the necessaries of life for themselves and their families under this iniquitous tariff bill. When they do that they can build a fire not only under Mr. Jardine but the President and this Republican Congress that will make this Ways and Means Committee and this administration come in here with a reduction of tariff upon these prohibitive articles [applause], thereby decreasing the cost of living, increasing the purchasing power of the farmer's dollar, and in developing a foreign market so prosperity and happiness can again come to the farmers and laborers of this country. I want to pledge my every effort in this direction so long as I am a Member of this great body. [Great and prolonged applause.]

Mr. CONNALLY of Texas. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. MORGAN] have two weeks to reply to the gentleman from Kentucky. [Laughter.]

Mr. MORGAN. I accept the proposition, and I will state the number of soup houses there were in 1914. [Laughter.]

Mr. MAGEE of New York. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. WILLIAM E. HULL].

Mr. WILLIAM E. HULL. Mr. Speaker and gentlemen of the House, at the last session of Congress a resolution was passed authorizing the President to appoint a commission to go to South America and attend a road conference. I was one of the members of that commission, and in advance of saying what I intend to to-day, I want to say to the House that whenever an opportunity presents itself for the House to send a commission of that character to a foreign nation I should strongly recommend it, because I believe that our attendance there will have as much to do with the future trade relations between the two countries as anything that could be brought about.

COUNTRIES SIMILAR

South America, with its great triangular formation, is larger in land area than North America. It is not difficult to picture the two great continents as similar in many respects. The outline of each is roughly triangular, broad at the north and tapering toward the south. But as the broad part of one is not far from the Arctic Circle while that of the other is near the Equator, we find that the great part of North America is in the Temperate Zone while most of South America is in the Torrid; disparity in climate and production follows.

Three-quarters of South America lies within the Tropics. This includes all of the north coast, a large part of Brazil, and the countries on the west coast, including northern Chile. A tropical climate and productions might here be expected. However, here there are the highest mountains in the world, which are responsible for the modification of the climate, causing in many places perpetual spring and perennial May and June. In other districts where eternal summer exists, within a few hours you can reach perpetual snow. Thus the mountains and tablelands of South America are effective in causing moderate temperatures over extensive areas within the Tropics, giving opportunities for varied productions.

The rainfall in South America seems to compare favorably with the rainfall of North America. The arid portions are comparatively small, and many of these are capable of irrigation, good crops resulting therefrom. So, taking the Southern Hemisphere, known as South America, as a whole, my conclusions are that it at least compares favorably with that of North America. It is true that the products in tropical counties are much different than in the Temperate Zones, and without doubt the North American production of cereals will always excel not only in production but in profits. However, minerals, oil, and nitrates of South America are being discovered in large quantities, and they are easy of access, so in time it may be that the west coast of South America will lead the world in copper and nitrates and be a close second in oil.

SCARCITY OF COAL

Coal is a scarcity in all parts of South America, so the country may experience a great handicap when it comes to competing in manufacturing unless water power can be developed to furnish electric current. It will be the only solution in my judgment to develop the country industrially.

GOOD CATTLE ABUNDANT

Stock raising is to-day the chief commercial pursuit. Cattle of good quality are abundant, and the beef that is served, although it is green and not chilled, is appetizing, sweet, and tender. Sheep and hog raising is also increasing, and it would not surprise me to learn at some not far distant day that South America was leading the world in raising cattle, hogs, and sheep.

This is proved by the fact that Armour and Swift have large packing houses in all parts of South America and have

built them with the thought in mind that they are to be permanent. They are laying a foundation for future expansion in this great field of progress. South America, unlike North America, is divided in separate governments, Guiana being the only colony. The other countries, Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile, Argentina, Paraguay, Uruguay, and Brazil are all Republics, and their Governments are in many respects like the United States. They are all Spanish-speaking nations with the exception of Brazil, and there the Portuguese language prevails. These countries are all more or less prosperous, some more progressive than others, but each country is anxious for any information that will improve its conditions. In the countries visited, Panama, Peru, Chile, Argentina, Uruguay, and Brazil, the people looked and acted more like North Americans than any of the countries of Europe, and I was impressed by their friendship, hospitality, and eagerness to learn. They realize that they are far behind in many things that make North America prosperous. They want to build for a future. The intelligence of what I would term the first class is not surpassed in any country. However, the second class is hardly to be spoken of; they go with the third class or peon, who is not educated and has no aspiration for progress. Some of the countries, notably Peru, are trying to educate this class, make business men and farmers of them; and if it can be done, it will be a great improvement and spell development to the country that succeeds.

LIKE BROTHER AND SISTER

North and South America are both on the Western Hemisphere. They should hold out the hands of friendship and trade with each other. What North America produces that South America needs she should take. What South America produces that North America needs she should take. They are like brother and sister and should walk hand in hand to the future prosperity of the western world. [Applause.]

PANAMA

In Panama, which is a new government, we find a people of a high degree of intelligence and ready to harmonize the activities of their country with the United States of America. The Panaman is generally Americanized, and it is well for our Government that we have such a friendly ally, because the United States has all at stake in Panama. The canal, for which we have paid millions to develop, and is the wonder of the world in the way of transportation, lies in this zone governed by the Panamanian people.

My thought is that the Congress of the United States should be liberal with this new government, aid them when it is possible, help them to develop their country by building good roads that will be of mutual benefit, assist in the education of the young, and encourage the teaching of the English language where it is possible for both young and old, as nothing will make such a good understanding between our nations as the cultivation of friendship, which can best be brought about when we speak to each other in a common tongue.

PERU

In Peru, one of the oldest countries of South America, a new development is in progress. Peru is a Republic, and its President, Leguia, who rules with an iron hand, will in time, if he lives long enough, develop not only the country but also the people into a progressive nation. The port is Callao, connected with Lima by a concrete road 24 feet wide and 10 miles long. This in itself shows progress. In addition to this road, there are a number of others of shorter mileage leading in different directions. A new hotel has just been completed, named Bolivar, after the great general, Simon Bolivar, who led the insurrection against the Spaniards and in 1821 became the first President.

Since that time Peru has gone along without much development or progress. But the country, regardless of its desert shore, is celebrated as a land of marvelous mineral riches, and although it can not be seen without exploring the interior, the great wealth of Peru is in its agricultural industry.

It has oil and copper, but the Chicama Valley, famed for its splendid estates, produces more sugar than the entire island of Porto Rico, and this of the finest quality. The cane matures early and can be cut the year around, thus saving a large expense in production, where most of the sugar-growing countries can only produce four or five months in succession. Less machinery and fewer laborers are needed in producing sugar in Peru than in any other country. Besides the cane has from 14 to 17 per cent sucrose. The returns are double that of Cuba, where the average is 23 to 24 tons per acre; in Peru it is 45 to 50 tons per acre. The Montana sugar cane, as it is termed, grows to a height of 30 feet and only has to be replanted every 10 years. In these sugar sections churches, schools, hospitals, and movies are provided for the use of those employed.

Leguia impressed me as a man of good business ability. He is small in stature, speaks good English, and seems to have his country at heart. He is offering the peon, or Indian, a farm of 25 acres if he will live on it for five years, and is trying to build up a middle class for his country. He is endeavoring to develop the rural roads, although it seems at present a hopeless task. The city of Lima, which is about the only city of consequence in the country, is even now unique and will be beautiful. A new suburb known as Miraflores is in process of building, with beautiful houses, a large country club, and I predict that within five years' time Lima will be a city that all tourists will seek.

Leguia, if he keeps his health, will develop his country. He said in reply to me when I extended the greeting of President Coolidge:

The Americans are always welcome in Peru, and we are glad to have them come.

The United States is not doing an extensive export business in Peru, except in automobiles and trucks and some machinery, but as the country develops we should share with other countries in mercantile lines. We should do what we can to aid this country's future development and hold their friendship, because they have at all times been allied with the United States.

TACNA-ARICA DISPUTE

Tacna-Arica, the disputed territory between Peru and Chile, is 100 miles along the coast and 90 miles inland. This most barren, worthless country, without minerals or agriculture, has been the stumbling block between these two countries of South America. It divides Peru and Chile; Peru borders on the north and Chile on the south. The land is worthless. The inhabitants are about equally divided, half of each nationality. All speak the same language. The control of the territory is sentimental, although there is strategy in Chile holding it in case of war again with Peru. It would give Chile a tremendous advantage. It also has a railroad of more or less importance. The bitter feeling between the two countries is worse than between Germany and France over Alsace-Lorraine. My judgment is that after the plebiscite is over the breach will not be healed. While Bolivia does not figure in the case, they should at some time be considered, as this was originally their port. If a compromise could be made to make it an open port under control of the United States or some disinterested country and let all countries use it, this, I think, would be the best solution.

CHILE

Chile runs along the west coast ribbon-like, and has 2,700 miles of coast. The country is very progressive, and the people are called the Yankees of the south. It has 23 Provinces, and is a Republic. The President is elected for six years, and he appoints the intendentes and gobernadors, who, respectively, administer the 23 Provinces and their subdivisions. The qualifications of a voter are the ability to read and write and a military service. This, of course, disqualifies a large portion of the people from voting, so it is said that the Government is practically in the hands of the conservatives. However, Alessandri, a liberal, was elected President at a previous election, but they have made it hard for him because of his reform ideas. He was forced to leave the country and then asked to return, being received with open arms. He again resigned as President a month before the election of a new President. What his future will be is a guess. But he is honest, energetic, and appeals to the middle class; and time can only tell what the policy of the future administration will be. But the intelligence of the Chileans, the great prosperity of the country in mines and agriculture will overcome any disturbance in government.

Chile has on the north the largest copper mines in the world. The Anaconda Co. of Montana has purchased them and is spending millions for their development. They can lay Chilean copper down in New York as cheap as they can put it on top of the ground in Montana. The great nitrate fields also are in this same section, and as you sail along the coast of what seems to be the most barren country of the world you stop at small ports beginning at Arica, Tocapilla, Iquique, and at least 12 more ports—Autofagasta or villages of the same type and size. Your first impressions of these ports are bad, because there is as a rule only shacks in sight. But when you see the immense amount of freight being unloaded and the tons of copper and nitrate reloaded on the ship, then you realize the value of the rich country that lies behind the barren shores. When the main port of Valparaiso is reached you are impressed by a beautiful city, bustling and full of business;

in fact, you can hardly realize that you have come to an oasis of a great desert. A few hours' ride on an electric road takes you to Santiago, the capital, with 450,000 inhabitants. It is a beautiful city; the buildings are fine and among the best of any city in South America. They have a fine jockey club. At the race track you can sit in an easy arm chair, watch the races, which are run over a turf track, enjoy the balmy climate, and, as you lift your eyes skyward, you see the snow-capped mountains which in themselves paint a picture in your mind that will be retained for years to come after your departure from this beautiful city of the Southern Hemisphere.

ARGENTINA

The Andes Mountains divide the Chilean and Argentine Republics. A trip from Los Andes to Mendoza reminds the North American of crossing the Rockies, except that we find a higher altitude and very much more snow. However, the temperature is moderate, the snow is light, and the snowballing a pleasant pastime. At Mendoza, which is in the mountains and in the extreme western part of Argentina, we found a great grape-growing section, where the wine is made to supply the country. From here we traveled 700 miles over one of the best-equipped railroads in the world; a glance from the window gives you an impression that the United States has very little advantage over Argentina. We are impressed by the sight of large farms, well fenced, with fair improvements and large herds of the very finest cattle, horses, and sheep.

The crops were good and the machinery equipment made by the factories of the United States made us feel at home in Argentina. Stock raising is the chief industry, and comprises about 50 per cent of the wealth of the nation. Over a billion and a half dollars is now invested in livestock. Argentina is fifth in the world in stock raising. First comes cattle, then sheep, horses, goats, and hogs. Agricultural products compare favorably with the same crops in the United States; they are wheat, corn, flax, oats, barley, alfalfa, sugar cane, and the vine. Others are tobacco, cotton, peanuts, potatoes, vegetables, yerba mate (tea), meandioca, fruits, and so forth. Linseed is a profitable product, most of it for export. The country, as I have said before, is more in line with the United States than are any of the others and at some future date we may have to reckon with Argentina as a competitor in agricultural products.

The cities are large and well equipped. Buenos Aires, the largest of South America, with a population of 2,000,000, rivals Paris in many respects; it has nearly 100 parks and plazas, fine avenues, a magnificent capital and other public buildings, a beautiful opera house, and good hotels. The shops on Florida Street remind you of the shops in Paris. The country is progressive and with an air of independence it takes its hat off to nobody.

URUGUAY

Uruguay is the smallest Republic of South America and is practically surrounded by water, having 120 miles on the Atlantic Ocean. It has become a great playground and summer resort. This, what now seems to be the most prosperous Republic of South America, has in the past gone through many strifes

The Republic has a President but he has little authority; he appoints the Minister of Foreign Affairs and War, the latter having charge of the army and police. Nine councilmen are elected by the people and they share the honors of appointing the other members of the cabinet, and each of these councilmen has authority over the cabinet members of his department.

There is strong gossip that eventually the office of President will be abolished and the country will be ruled by the council or commission. Education in the country is highly developed, with less than 25 per cent of the population illiterate.

Uruguay is one country where the money is worth more than the American dollar; they have a gold standard but no gold was coined and no bullion is carried by the State. But when I exchanged a hundred dollar draft I only received $98 of their money for it. Their credit is excellent, and their bonds often sell above par.

Montevideo, the capital, has a population of 400,000 and is an up-to-date city, with well-paved streets, well lighted, good transportation, excellent water, and good sanitation. On the ocean front there are a number of very fine resort hotels, besides a $2,000,000 hotel which is being built in the city. The drives and summer homes and the residential districts are beautiful.

The Uruguayan does not claim to be of Spanish descent, but Uruguayan. In fact, they are different from all others. They are a type of themselves. Many blondes and very light in color.

Uruguay is prosperous, independent, and exceedingly friendly to the United States.

BRAZIL

Brazil, the largest of South American countries, is much larger than the United States, exclusive of Alaska. It has a population of approximately 32,000,000, while the United States has 110,000,000. These figures are given merely to draw a comparison and to show the disadvantage Brazil has in developing her great resources. The people of Brazil are a mixed race. They have followed what might be termed the line of least resistance and have grown up together. One thing, however, is noticeable. If you ask a true Brazilian his nationality, whether he is Portuguese or Spanish, he will always say Brazilian.

The climatic conditions of Brazil vary, and to such a degree that the peoples must be suited to the climate of the portion of this broad expanse of land in which they live.

The habits, the general business, and the government are not unlike those of the people of and the Government of the United States. In fact, they have no hesitancy in saying: "We try to follow the United States always."

The nation is divided into States, and they each have their own government, but with a great deal more individual power than States have in the United States. There is much less federal control.

The revolutions which we hear about are not of national scope, but usually in the States. They should not be termed "revolutions," as we understand it, but "riots." They generally last but a short while and afterwards a friendly feeling exists.

There is a complete separation of church and state, and only civil marriages are recognized.

The money system is somewhat bothersome. The milreis should be worth 54.6 cents gold, but at present it is worth about 16 cents gold. So you can understand the difficulties of dealing in Brazilian money.

Brazil presents in physical characteristics more variety than any other country. As the great Amazon basin is in striking contrast to the immense Andean range. So, regardless of the fact that a large portion of the territory is actually in the Torrid Zone, and very little in the Temperate Zone, more than twice the area being in the Torrid Zone, regardless of this location the variation in altitude is sufficient to affect the climate which make for a marked degree of variety in production.

It has high lands, coast lands, and a mass of mountains, so that variations are numerous. The Amazon River, the largest in the world, runs across Brazil, giving navigation for ocean steamers to Iqutos, Peru, a distance of 2,300 miles, forms the greatest basin in the world. This area is greater than the basin formed by the Mississippi, Missouri, Danube, and Nile all combined. Out of 55 of the largest rivers in the world 33 are in Brazil, so that water navigation is extensively used in this great area of country. The two principal cities are Rio de Janeiro and Sao Paulo, the first being the capital and the larger and is located on the finest harbor in the world. It is without doubt the most beautiful city in the world with respect to its natural advantages. The government has made improvements to harmonize with the picturesque surroundings. Along the seashore runs a fine avenue named Boira Mar. It is certainly one of the finest in the world. There are other beautiful avenues lined with palms, and the wonderful mountain drives which excell any of their kind. You can drive for hours up hill and down hill and see beautiful landscapes and scenery, and unless you were properly guided there would seem to be no end to the mountain roads.

LARGEST COFFEE DISTRICT

Sao Paulo, which is the capital of the State of its name, is a real business city. It is the city of the coffee-growing district and can rightfully claim that 60 per cent of the coffee of the whole world grows there. Its citizens are of a high class, one-third of foreign birth and another third direct descendants of Europe. It is very rich, and the community around the city is blessed with many natural resources, many waterfalls which produce electric power. This section is high and has an excellent climate. It is connected by the Sao Paulo Railroad with Santos, the port, with a fine harbor, from which this immense coffee production is shipped. This important port receives 1,600 ships annually. It is by far the best equipped port in Brazil. It may be said that the State and city of Sao Paulo is the richest of all, and the opportunity for the future growth of the State and city are far beyond the conception of the ordinary visitors, who, as a rule, do not quite see the great possibility for future development.

ALL COUNTRIES IMPORTANT

Colombia, Venezuela, Ecuador, and Paraguay are countries which from the standpoint of importance stand well, and even Bolivia, with its Indian population, has so many natural

resources that it would not be surprising to hear of the great corporations invading it at any time. Colombia, it is said, is really the richest country of the lot, because it has platinum, oil, fruits, agriculture, and is close to the Panama Canal. Besides, its credit is in excellent condition and its money stabilized. The observations of the different countries visited bring to the mind of the North American, who is always alert and looking for opportunities for his country, that many good bets have been lost sometimes for one reason and again for another. However, the United States is fairly well intrenched now, and the door is open for more business. We should cultivate every opportunity to increase existing business and gain new.

MERCHANT MARINE

The merchant marine now established by the United States is the most important of all. You can now write a letter to the United States from Buenos Aires with an order and have the goods at the store door in 44 days, and before three to four and sometimes six months was necessary to make the delivery. Quick mail delivery, quick service in the transportation of United States products, and reliable, guaranteed goods will gradually win the South American and make him our friend and customer. Whatever may happen, we should never allow our boats now going to South America to be sold to irresponsible people, and when they are sold we should in some way subsidize them so that they may not be run off the seas by the competition of our rivals.

We should cultivate the friendship of the growing countries. Our Congress should be liberal with them in every way possible. Good embassy homes should be provided for our ambassadors and good suitable, well-furnished offices for our ministers and consuls. Do not allow it to be said that we are cheap and make ourselves subject to shame when we visit the United States foreign offices abroad.

SPANISH UNIVERSAL LANGUAGE

The Spanish language is spoken in practically every South American country except Brazil, and there they understand it, as well as in Mexico, Central America, the West Indies, and the Philippines. It is the universal language of these countries and should be taught in all the schools of the United States. This language is worth more to us than all other foreign tongues. We should encourage our schools to teach it, and likewise encourage the teaching of the English language in the South American schools, and, if possible, offer scholarships in our colleges, agricultural and engineering schools to South American students who are willing to come to the States and take a course. One thousand students turned out each year and sent back to South America would spread propaganda that would be more far-reaching than any advertising that could be done.

When the South American learns the English language as he does the French then our boats will be loaded for New York and the traffic will be diverted from Europe. The South American is very much like the North American, except in languages. He wants to visit us, but he hesitates because he fears he can not be understood in the United States.

SHOULD EXTEND HOSPITALITY

We as a nation should be glad to have the South American step his foot upon our soil and partake of the genuine hospitality that should be graciously offered. We should invite him to come, and make him feel at home when he does come. Remember if it were not for the Spaniard we might not be the prosperous Nation that we are. The South American may claim he has a prior right to the Western Hemisphere, and as the progress of the world compels all nations to participate in trade with each other, let us hold out the hand of friendship to our neighbors of the south and march with them to a great future prosperity. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. BLANTON. The gentleman has given the House and the country some very valuable inside information, and I think he deserves the thanks of all of us. [Applause.]

Mr. WILLIAM E. HULL. I yield back the balance of my time.

Mr. BUCHANAN. Mr. Chairman, I yield 40 minutes to my colleague Mr. OLDFIELD, of Arkansas.

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, I have enjoyed greatly the speech of my friend from Illinois [Mr. WILLIAM E. HULL]. He made a splendid speech and gave us some real information. Of course, it was a nonpartisan speech. I always enjoy a nonpartisan speech, and nearly always make one. [Laughter.]

Now, my friends, the gentleman from Oklahoma [Mr. MONTGOMERY] will have to take the responsibility for my making this speech, because the other day when he was speaking he advised me as to what I should say when I go to Tulsa on the 22d of February. I think I shall take his advice. In reply to a question of Judge GREEN of Iowa, the gentleman from Oklahoma made the statement that the lead mines and the zinc mines of Oklahoma could not operate under the Underwood tariff law under a Democratic administration.

Now I have had occasion and have taken the time to look up the prices of lead and zinc under the Underwood tariff law and during the Democratic administration. I am able to show you from figures—not my figures but from the figures of the present Department of Labor, in Bulletin No. 390, the wholesale prices printed in 1925. The price of lead and zinc—and I admit that great quantities of lead and zinc are produced in the gentleman's district—in 1909 to 1916 ranged around 6.8 cents per pound. In 1917 under the Underwood tariff law, during a Democratic administration, the price of lead was 9.1 cents per pound. Of course, my friend will say that that was during the war. But he did not confine his statement to the war period. He said "during the Underwood tariff law," and said that the mines could not exist. In 1917 the price of lead jumped to 9.1 cents per pound from 6.8 cents per pound. In 1918 it was 7.4 cents. In 1919 it seems that the price of lead fluctuated a good deal.

In 1919 the price of lead dropped to 5.8 cents a pound and in 1920, the last full year of the Wilson administration and during the Underwood tariff law, lead was 8.1 cents a pound. In 1921, the first year of the Harding administration, lead dropped to 4.8 cents a pound, and in 1922, the second year of the Harding administration, and the year that the Fordney-McCumber tariff law was placed on the statute books, lead was worth 5.8 cents a pound. I think it is unfair for the gentleman from Oklahoma [Mr. MONTGOMERY] to rise in his place and seriously say that the lead mines could not operate under the Underwood tariff law or a Democratic administration, in view of the facts as gathered from this statistical abstract, Bulletin No. 390, of the Department of Labor. But that is one of the troubles about discussing the tariff question. Some men make wild statements without any information. No doubt my friend from Oklahoma has sent his speech all over his district, and when I get to Tulsa, therefore, I shall be compelled to tell the people at Tulsa the story about the price of lead under the Underwood tariff law.

Take zinc, another great product in the gentleman's district. He says that the zinc mines could not operate under the Underwood tariff law. In 1913 zinc was worth 5.8 cents a pound; in 1914, 5.3 cents a pound; in 1915, 14.4 cents a pound. If they could operate under 5 or 6 cents a pound, how can it be seriously asserted that the zinc mines of Oklahoma could not operate when zinc was worth 14.4 cents a pound? In 1916 zinc was worth 14 cents a pound; in 1917, 9.3 cents a pound; in 1918, 8.3 cents a pound; in 1919, under the Underwood tariff law, after the war was over, 7.4 cents a pound; in 1920, the last full year of the Wilson administration, zinc was worth 8.1 cents a pound; and in 1921, the first year of the Harding administration, it dropped to 5.1 cents a pound, and yet the gentleman asserted on the floor that the zinc and lead mines could not exist under the Underwood tariff law. In 1922 it was 6.1 cents a pound; in 1923, 7 cents a pound; in 1924, 6.7 cents a pound.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. BLANTON. Is not the gentleman from Arkansas rather unkind to the gentleman from Oklahoma? He has fixed it now so that the gentleman from Oklahoma can not mail his speech out to Tulsa.

Mr. OLDFIELD. Oh, he has already done that.

Mr. HADLEY. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. HADLEY. It will be noted that all of the prices quoted by the gentleman under the present law are higher than those prevailing immediately before it was enacted, under the Underwood law. The gentleman has just quoted the figures both on zinc and lead, and that is what those figures show.

Mr. OLDFIELD. That is probably true, but they are not as high as later under the Underwood law.

Mr. HADLEY. It showed the lowest price in 1920 and in 1921, while the gentleman says the Harding administration was in power. He fails to state that the present law did not take effect until September, 1922.

Mr. OLDFIELD. That is true, but under the Underwood tariff law from 1915 to 1920 the price of lead and zinc was higher than it was before that time or since that time.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. MONTGOMERY. First I want to assure the gentleman from Arkansas that his speech so far has not embarrassed me in any respect.

Mr. OLDFIELD. I am glad to hear that.

Mr. MONTGOMERY. The prices that the gentleman quote under the Underwood Tariff Act were war-time prices, but carry them to their logical conclusion without considering the war, and the figures the gentleman has given us show that under the Fordney-McCumber Act the prices are actually cheaper than they were under the Underwood Act.

Mr. OLDFIELD. Cheaper?

Mr. MONTGOMERY. They are according to the gentleman's figures.

Mr. OLDFIELD. I was answering the gentleman's statement that under the Underwood tariff law the mines could not exist, could not operate. That was the statement the gentleman made, and I have shown that prices were higher under the Underwood Tariff Act. The gentleman went on to make another statement. He said that down in his district they are now building a cotton mill. They are building one, not in my district, but in my State, have just completed it, and I say to the gentleman that if the new cotton factory in your district has cheap waterpower and was located close to the raw material, there is no mill on this earth that could compete with his mill or my cotton mill, because in America, even in New England where they have to ship the cotton from the South and ship the finished product back to the South, no mill on this earth can compete with the ordinary average kind of cloth that the people of America consume. Those are the facts, and there is no doubt about that statement.

I do not want to get into a quarrel with anybody, but I do assert, and I think I can maintain it; I think I could convince any person who is disinterested and would cast politics aside that farm products, where they are produced for export or where there is a surplus for export, can not possibly be benefited by a protective tariff law. All of the evidence shows that. The evidence which the gentleman from Kentucky [Mr. KINCHELOE] called to your attention awhile ago, which I put in the RECORD some years ago, shows that Senator McCumber, Senator CUMMINS, and Senator Lodge, after an investigation made in 1910, were convinced that the protective duties did not help the farmer who produced a large surplus for export. That is true as to cattle, that is true as to hogs, that is true as to wheat and corn. Of course, it is not true as to sugar and it is not true as to wool. We get nearly half of the revenue that comes through the customhouse from the wool and sugar schedules.

Mr. MONTGOMERY. Since the gentleman has mentioned the two things that affect my district particularly, I shall tell the gentleman the purpose of my remarks was, if possible, to get some expression from the Democratic Party through its leaders, of exactly what they are going to do with the tariff rates on cotton cloth, lead, and zinc.

Now, is the gentleman in a position at this time to inform me exactly what his rates will be in that respect?

Mr. OLDFIELD. I will say this: It has never been the policy of the Democratic Party in the first place to write a free trade tariff law and they have never done it. It has never been the policy of the Democratic Party to write a tariff law interfering with the prosperity of any legitimate industry in America, and it has never granted any special favors to the few at the expense of the American people. [Applause.]

Mr. MONTGOMERY. Will the gentleman yield?

Mr. OLDFIELD. Now, just wait a minute; I may answer what the gentleman is about to ask. However, I will yield.

Mr. MONTGOMERY. We have different opinions upon just what the Democratic policy is, and I want to know exactly what the figures will be.

Mr. OLDFIELD. The gentleman knows no Member of this House—why, the leader of the Republican Party, Mr. LONGWORTH, the Speaker, nor any other Member of this House, can get upon the floor here at any time and say just what rate he will have put on each one of the 10,000 or more items which go to make up a tariff law. The gentleman should know that.

Mr. MONTGOMERY. The Republican Party stands upon the schedules of the Fordney-McCumber tariff law. They know what they stand for exactly.

Mr. OLDFIELD. I will stand upon this: I favor reducing the Fordney-McCumber tariff rates in every instance where they are prohibitory rates. Does the gentleman agree with me on that? I would reduce the Fordney-McCumber law to a revenue basis, and that means a competitive basis, and we have no competition in this country as regards hundreds of manufacturing establishments, as the gentleman will find out if he studies the question.

Mr. MONTGOMERY. Just what does that reduction mean on lead, zinc, and cotton cloth? I want to know, so as to be able to tell my district.

Mr. OLDFIELD. We got along very well under the Underwood law.

Mr. CARTER of Oklahoma. Will the gentleman yield?

Mr. OLDFIELD. I would not make it any higher than the Underwood tariff law, I will say that to the gentleman.

Mr. MONTGOMERY. Any lower?

Mr. OLDFIELD. I might; but I want to find out the facts as to the industry. I yield to the gentleman from Oklahoma.

Mr. CARTER of Oklahoma. I agree with my friend the gentleman from Oklahoma that we ought to try to be specific and tell our constituents how the party stands on a certain proposal. I would like for the gentleman from Oklahoma to tell us if the Fordney-McCumber Act puts a tariff on oil.

Mr. OLDFIELD. Of course, the Republican Party did not place a tariff on oil, and will not the next time, because the Standard Oil Co. does not want it. Now, 154,000 head of cattle were imported in 1925, and we had 64,000,000 head of cattle in America. That is 415 head of cattle to every one imported into America. Now, my friends, if a man had 415 head of cattle in his pasture and prepared to drive them to the market or ship to the market, do you think it would be wise or indicate good common sense if he should assert that if you ship that one cow to market it would decrease the price of his 415 cows?

Mr. HUDSPETH. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. HUDSPETH. During the pendency of the Underwood tariff bill, 1913–14, 1915–16, 1917–18, and 1919–20, when we had no tariff on cattle, nearly 3,000,000 were brought into Texas from Mexico, and if it had not been for the war it would seriously have disturbed the price of the cattle market in Texas——

Mr. CARTER of Oklahoma. There is one question I would like to ask the gentleman from Texas, to explain why cattle were higher under the Underwood tariff law than under the Fordney-McCumber tariff law?

Mr. HUDSPETH. That is because we were shipping beef across the seas, as my friend from Oklahoma knows, to feed our armies; and the gentleman from Oklahoma [Mr. CARTER], who asks for a tariff on oil but not on cattle and sugar, knows what effect the war, not the tariff, had; and if it had not been for the war the 3,000,000 brought from Mexico would have seriously disturbed the price of cattle.

Mr. OLDFIELD. I know the position of the gentleman from Texas thoroughly on the question of the tariff on cattle, and the gentleman from Texas also told me the other day there were very few cattle in Mexico at the present time.

Mr. HUDSPETH. That is true.

Mr. OLDFIELD. That the revolution in Mexico destroyed the cattle industry.

Mr. HUDSPETH. That is true, I will say to my friend, but they are bringing them in and restocking the range, from Colombia, from Brazil, and South America, and there may come a time when it will be a serious menace and when a tariff on cattle will greatly aid the industry in my State and the United States.

Mr. OLDFIELD. Why not wait until that time comes?

Mr. HUDSPETH. I want a tariff on cattle when that day comes.

Mr. OLDFIELD. The farmer says there is complaint in regard to the price of corn, but the trouble in the West is they have not got the cattle and hogs to feed the corn to, and everybody knows that. Why not import more cattle; why not import more sheep and import more hogs and feed them this surplus corn crop, and in that way the farmers can make something out of their corn and hay crops? It seems to me that is the reasonable thing to do.

Mr. HUDSPETH. Why import cattle when we are putting on the market the last few years, every year, fifteen to twenty millions of cattle that we produce in our own country?

Mr. OLDFIELD. You know they have not got enough cattle and hogs to feed the corn to.

Mr. HUDSPETH. We sell all the cattle we can get prices for in the Corn Belt now. But we do not get the prices the gentleman from Kansas, my friend, Mr. TINCHER, quoted in his speech the other day.

Mr. OLDFIELD. That is not going to reduce the price of cattle.

Mr. HUDSPETH. The tariff on frozen meats certainly does help us.

Mr. OLDFIELD. Oh, we exported 560,000,000 pounds of meat last year and imported only 38,000,000 pounds, including dairy products. We consumed in America all of 8,000,000,000

pounds except 500,000,000 pounds which we exported. We imported only 38,000,000 pounds into the country.

My friends, that is the objection I have to the system that we have in this country of writing tariff laws. This is the procedure of the New England high-protection Republicans when they begin writing a Fordney-McCumber tariff law. They go to the Republican Congressmen from the agricultural States and induce them to agree to make the farmers believe that a tariff on wheat will be a great boon to them, when it will not. Therefore they line up all these wheat farmers from the West through misleading and false statements and lead them to think they will be helped by a tariff on wheat, when they will not be helped, and they get the wheat farmers to stand up and permit them to write any sort of cotton schedule and any sort of steel schedule, and any sort of aluminum schedule, and any sort of wool schedule. Then they will take the cattleman who wants a duty on cattle when it can not possibly help him one-thousandth of 1 per cent. They put a duty of $2 a head on cattle and then the Republican Representative of the cattle section will help the standpat Republicans write the cotton schedule and the steel schedule and these other schedules which rob the farmers of at least $2,000,000,000 per year.

Take the tariff on sheep. It is a well-known fact that the woolen schedule has been written ever since 1867 by the wool growers and wool manufacturers, but they have never given any consideration to the American consuming public when they have gone into cahoots and written the woolen schedule. There were 39,000,000 sheep in this country when they put a tariff of $2 a head on sheep. They go to the sheepman and say that is going to help him. Fifty-three thousand sheep were imported last year. They make the men who raise sheep think they are going to be benefited. A tariff of $2 a head can not possibly benefit the sheepman, and yet in this way they get the sheepmen lined up for the cotton schedules and the other schedules.

Mr. HUDSPETH. They have not done that with the sheepmen. The sheepmen know they are not going to get any great benefit from a tariff on sheep because there are very few sheep imported into this country.

Mr. OLDFIELD. You have a tariff on wool. Why do you not take it off sheep and put it on wool? There is a tariff of $2 a head on goats, and not a single goat imported. Yet, sometimes you find a man who has two or three hundred goats, or a thousand goats, and the Republicans say, "We will put a tariff of $2 a head on goats for you if you will help us write this woolen schedule, if you will give us what we want in the cotton schedule, if you will give us the rates we want in the aluminum schedule, if you will give us what we want in the schedule. That is the way it is done.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. HUDSPETH. On the sheep and the goats——

Mr. OLDFIELD. You are just as sincere a man as there is in this House, but you do not write the tariff bills.

Mr. HUDSPETH. The duty secured on mohair by my colleague from Texas [Mr. GARNER] in the Underwood bill did aid the goat industry in this country very materially.

Mr. OLDFIELD. You ought not to have $2 a head on cattle, sheep, and goats. Will you vote with me to take it off?

Mr. HUDSPETH. No; I will not vote to take it off of cattle. As far as the tariff on sheep and goats, very few are imported and it does not make much difference. The people do not care about it. We are interested in wool and mohair.

Mr. OLDFIELD. If you and I could just get together and take this foolish and nonsensical tariff off sheep and goats I think we could come to an understanding.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. SIMMONS. Are you willing to take the tariff off wool and sheep and goats?

Mr. OLDFIELD. I would take it off all cattle, sheep, goats, and hogs.

Mr. SIMMONS. So that we could import them into this country?

Mr. OLDFIELD. Yes; and feed your corn out there in your country to these cattle and hogs.

Mr. SIMMONS. We do import them from Texas and Oklahoma.

Mr. OLDFIELD. There is no duty on that. Does the gentleman from Nebraska understand that there is a duty on cattle, sheep, hogs, and goats between Nebraska and Texas or Oklahoma?

Mr. SIMMONS. Oh, no.

Mr. HUDSPETH. I will say to my friend from Arkansas, if we did not import any cattle there would not be any competition, and it would not benefit anybody.

Mr. OLDFIELD. As the gentleman just stated, we do not import sheep and goats and yet there is a tariff on sheep and goats and there are 64,000,000 cattle here to feed.

Mr. HADLEY. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. HADLEY. The gentleman has stated that if his party had to write a tariff he would not put a tariff on zinc and wire, as was done under the Underwood law. I want to inquire of the gentleman whether, if his party should rewrite the agricultural schedule, they would propose to write it on the basis of the Underwood law?

Mr. OLDFIELD. Personally I would be glad to write it on that basis, and I would write the rates in the steel schedule and in the aluminum schedule and in the cotton schedule and the woolen schedule lower than they were in the Underwood tariff law, because in many instances they were placed at a rate above that of a competitive tariff. Will the gentleman vote to reduce the exorbitant rates in the Fordney-McCumber Act?

Mr. HADLEY. I was directing my inquiry to the agricultural schedules specifically, because it is on that that we have heard much from the gentleman from Arkansas before this and now. With respect to that schedule, I understand the gentleman to say that as the leader of his party, if he had the power he would rewrite the schedules on the basis of the Underwood law?

Mr. OLDFIELD. I would not stand here and go into it and write a schedule on the agricultural situation for the purpose of misleading the farmers of America. I know, and the gentleman knows, that this protective system that we have now, the Fordney-McCumber tariff law, does not and can not protect agricultural products. [Applause.]

Now, I yield to the gentleman from Texas.

Mr. HUDSPETH. The gentleman from Arkansas and myself might get together.

Mr. HADLEY. The gentleman will permit me to enter a disclaimer of the position in which he places me by his answer in stating that I knew the deduction he made to be true. I contest that as being true in point of fact.

Mr. OLDFIELD. Then I will just say I think you know it.

Mr. HUDSPETH. The gentleman and I might get together on writing the tariff schedules, and I am sure the gentleman would not write a schedule that would levy a duty of 300 or 400 per cent on woolens and yarns and the manufactured article and have no duty whatever on the articles that went into those manufactured products.

Mr. OLDFIELD. Under the condition of the Treasury I do not think it would be possible to do it. I would put only a competitive rate for revenue on woolen manufactures.

Mr. HUDSPETH. Does the gentleman think it would be fair? I stand for an equitable tariff.

Mr. OLDFIELD. Personally, I do not know how the Democratic side would feel about it, but I do know that under a reasonable tariff on wool and sugar, for example, we would get $200,000,000 or $300,000,000 in revenue, and we could make it a competitive tariff, such as we talk about so much here. We must have revenue. When we must raise from three and a half to four billion dollars a year we must raise some of that revenue through the customhouse. But I will tell the gentleman that I would not ever agree to putting 31 cents a pound on a clean pound of wool, and I want to submit this question to the gentleman.

Under the present Fordney-McCumber tariff law rate on wool of 31 cents per clean pound means 31 cents on the cheap wool and 31 cents on the high-class wool. That figures out in this way: The masses of the people of American who wear cheap woolen clothing will pay 31 cents per pound on the wool going into his clothing, or 150 per cent, while the people of America who wear expensive woolen clothing will pay only 20 per cent on the woolen cloth going into their clothing. You might just as well say that every house in this city should be taxed on a flat valuation of $1,000, whether the house be a shack or whether it be a mansion.

I do not believe the woolgrowers of America ought to permit their representative, Mr. Hagenbarth, from Idaho, to come here and represent them and write that sort of schedule just because the woolen manufacturers get together with them and rob all the rest of the American people. I do not think it is fair or just, do you?

Mr. HUDSPETH. Will the gentleman yield further?

Mr. OLDFIELD. Are you in favor of this 31-cent rate per pound on wool?

Mr. HUDSPETH. I am in favor of 31 cents on the merino wool, this fine wool, as was provided under the Underwood tariff act. Most of the wool produced in this country is of that type, the French merino or Rambouillet wool.

Mr. OLDFIELD. Under the Underwood Act? The gentleman is mistaken. Wool was on the free list in the Underwood Act.

Mr. HUDSPETH. That is the rate under the Fordney-McCumber Act. There is very little of the coarse wool or long wool or the Cotswold or Lincolnshire wool that comes into this country. It is mostly merino wool, which comes from New Zealand, and I am in favor of 31 cents a pound on that, because the producers of wool in this country get the benefit of that tariff. I want to state to my friend that the gentleman himself brought out from Mr. Fassett at the hearings the fact that he represented 1,250,000 farmers and that it cost in Ohio 50 cents a pound to raise wool, in Indiana 49 cents a pound, and in Iowa 45 cents, and in Texas between 42 and 43 cents. The gentleman brought that out himself.

Mr. OLDFIELD. I had hoped the gentleman and myself might get together on a reasonable wool proposition, but I see it is impossible.

Mr. Chairman, I see I am not going to be able to conclude my speech with all these interruptions and I therefore ask unanimous consent to revise and extend my remarks. [Laughter.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SIMMONS. Will the gentleman yield?

Mr. OLDFIELD. Not now.

Mr. SIMMONS. Just for two questions.

Mr. OLDFIELD. All right; I will yield.

Mr. SIMMONS. Would you take the tariff off of sugar?

Mr. OLDFIELD. I do not think it would be possible to take the tariff off of sugar. We did not do it under the Underwood tariff law.

Mr. SIMMONS. What rate would the gentleman fix?

Mr. OLDFIELD. I think we would fix it just as the Tariff Commission advised President Coolidge to fix it, at about $1.23 per hundred pounds. That is what the Tariff Commission advised your President to do. [Applause.] The President would not do that, and I think DAVE KINCHELOE told the truth here when he said that he did not do it because there were too many sugar manufacturers and sugar people connected with the last Republican campaign.

Mr. SIMMONS. Would the gentleman take the tariff off of wheat?

Mr. OLDFIELD. Certainly. It does not do the farmers any good. I would also reduce the tariff to a competitive basis on aluminum, woolen and cotton clothing. Would the gentleman join me in this?

Mr. SIMMONS. Would the gentleman take it off entirely?

Mr. OLDFIELD. Certainly. Why fool the farmers in that way? If we could ever get the farmers to understand—and they are beginning to understand it—that this tariff law is not written for their benefit but for the purpose of oppressing them, together with the laboring people of the United States, we should then at least get an honest tariff law passed through the Congress of the United States. [Applause.]

Mr. SIMMONS. If you fixed the tariff on sugar at the rate suggested, would that be on the theory it was benefiting the American producer?

Mr. OLDFIELD. Yes; they could all live that were entitled to live.

Mr. SIMMONS. Would the gentleman——

Mr. OLDFIELD. Please desist for a moment. The gentleman from New York [Mr. CROWTHER] read a letter the other day from the Hon. Leslie M. Shaw. You know I heard Champ Clark say on this floor once—and he knew a good deal about the public men of America from the beginning of the Government—that he had only seen two men in his entire life, and one of them was on the floor at the time, Mr. Fordney, who would write the tariff schedules so high that nothing could be imported into this country that could possibly be produced in the country. Mr. Fordney thought that was a compliment. He smiled and bowed. Mr. Clark then said that the other man was Leslie M. Shaw.

What did Mr. Shaw write Senator CAPPER? He said the only solution for the present condition of the farmers is for the farmers to leave the no-account farms—I believe that was his language—or those that could not produce farm products economically. I fear my Republican friends HADLEY, SIMMONS, MONTGOMERY, and CROWTHER are the same kind of protectionists that Fordney and Leslie M. Shaw are. They want our manufacturers to have no competition whatever from abroad. Then our manufacturers can get together, fix prices, limit production, and resort to other means having for their purpose the mulcting of the consuming public of four or five billions every year; and these increases of prices bear more heavily upon the farmers and laboring people than any other groups of our citizenship.

This is the way Republicans write tariff laws. Now, everybody knows that the United States Steel Corporation does not need any duty on anything it produces. They can produce their product cheaper than any other steel manufacturer in the world, but there are many steel producers who do not operate economically, who do not have the latest machinery. Hence, if you should apply the same principle to such factories as Mr. Shaw would apply to worthless farms, you would demand that they be abandoned. But not so with uneconomical factories. You give the product of such mills greater protection because they are inefficient, and so the large factories which are efficient make loads of money. That is the way you write the tariff law under Republican administrations. If you would put a provision in our tariff laws requiring that our industries must have the best machinery, must operate efficiently, then you would not have any complaint about the difference in the cost of production in this country with the countries abroad.

Now, who is benefited by the Fordney-McCumber tariff law?

The United States Steel Corporation is benefited by the exorbitant rates in the steel schedule which affects favorably the United States Steel Corporation. The American Woolen Co. is benefited by the Fordney-McCumber tariff rates. The dividends of both of these corporations have been enormous since the Fordney-McCumber tariff law was placed on the statute books. The Aluminum Co. of America has been greatly benefited by the increase of rates—from 150 to 300 per cent over the previous tariff bill. Many of the cotton mills of New England have been greatly helped by the increase of rates in the present tariff law, as evidenced by the huge cash and stock dividends that have been declared in recent years. The great packers have been helped very materially by the increase in tariff rates on beef, veal, pork, and other meat products. Whatever benefit there is derived from an increase of tariff rates on meats has gone not to the farmer but to the packing interests.

It must be clear that no producer, whether he be farmer or manufacturer, who sells his surplus in foreign markets is benefited by a protective tariff policy, but, on the contrary, he is injured by such a policy by having his own costs of production increased.

Now, who is injured? Those engaged in the following occupations are injured by the Fordney-McCumber Tariff Act, to wit: Banking; the railroads; the building trades; wholesalers and retailers; public utilities, such as light, power, telephone, and telegraph companies; hotels; newspapers; all educational institutions; hospitals; lawyers, doctors, and professional men generally; all Government employees—Federal, State, and municipal; as well as many other groups of our people. These producers and consumers are beginning to realize this injustice. The farmers of the country, about one-third of our population, are in dire distress because of the high prices they must pay for the things they must buy in a highly restricted and protected market and the low prices he receives for the things he produces for sale in an unprotected market, for the tariff rates of the Fordney-McCumber Tariff Act do not and can not protect our farmers' products for the reasons just stated. High Republican authority recently made the statement through the press that since farming implements are on the free list in the tariff law, furthermore, since wheat, corn, and other farm products are on the dutiable list, the farmers are not injured but benefited by the Fordney-McCumber Tariff Act. This same high Republican authority forgot to say in his statement that the tariff rates on wheat, corn, and other farm products are not effective and do not benefit the farmer for the reason just stated. He also forgot to tell the public that while farming implements are on the free list, yet the materials that go into making these implements—like iron, steel, wire, paint, and so forth—are highly protected and this protection is reflected in the higher price which the farmer must pay when he purchases his farm machinery.

The laboring man is not benefited by the Fordney-McCumber Tariff Act. Everything he buys in the way of clothing and shelter is increased by the rates of the Fordney-McCumber Tariff Act, but his wages are not increased thereby. To illustrate this statement by a concrete example: The cotton and woolen manufacturers are the most highly protected industries in the country, yet these same industries pay the lowest wages. The wages of labor in the automobile industry are much greater than in the woolen and cotton mills, yet the woolen and cotton mills have much greater protection under the tariff act. The

facts are that high tariff rates are not written for the purpose of benefiting labor or the farmers, but for the purpose of building up monopolies which prey upon these classes as well as all other consumers of the country.

But there is some other proof which I desire to submit. How many bank failures were there under the Wilson administration? Five hundred and seventy-eight bank failures. How many since the Harding and Coolidge administrations began—about four and three-quarter years? Up to December 1 last there were 2,322 bank failures. Why did they fail? Did they fail in that part of the United States that was helped and assisted by the prohibitive tariff law that we have on the statute books?

Mr. RAINEY. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. RAINEY. Did these failures occur in the agricultural sections?

Mr. OLDFIELD. Yes. In 1924 there were 757 bank failures in this country, or 200 more in one year than there were under the entire Wilson administration of eight years.

Now, let us see where they failed. In the Boston district—that is the New England district—there was one failure. One bank failure in 1924 in the Boston district, the New England district, which, of course, is benefited by the Fordney-McCumber tariff law. That law and the Dingley law, the Payne-Aldrich law, put millions and billions into the pockets of these protected manufacturers, drawn from the rest of the American people. There were five bank failures in New York; one in Philadelphia. Only seven in the industrial centers.

Now, let us see about the agricultural districts in the South and West. In the Richmond district there were 34 bank failures in 1924. In Atlanta there were 44. In the Chicago Federal Reserve District—that great western country where wheat is grown, cattle, hogs, and corn—there were 104 bank failures in 1924.

In the St. Louis district there were 55 bank failures in 1924. In the Minneapolis district—can any of you guess how many there were way out in the West, one of the finest and greatest sections in this Union, where the soil looks as if it might be 10 feet deep, a wonderful section, with no finer land anywhere on the globe—there were 299 bank failures in that Federal reserve district in the year 1924. There were more than half as many in the Minneapolis district of the West in that farm section as during the entire Wilson administration and the Underwood tariff law. Kansas City district had 134 failures. Dallas district had 52 failures and San Francisco 28. In other words, there were 757 failures, and all of them, except 7, in the agricultural sections of the West and South—that part of the country which my friends MONTGOMERY, of Oklahoma, SIMMONS, of Nebraska, and HADLEY, of Washington, claim are benefited by the Fordney-McCumber tariff law. I do not believe that any fair-minded man can say that the Fordney-McCumber tariff law benefits the farmers of America. [Applause on the Democratic side.] The Farm Bureau Federation—and there are no brighter men in the country—and I think a man by the name of Mooring, of Alabama, a member of the Farm Bureau Federation, made one of the best speeches on the estate-tax proposition before the Ways and Means Committee that was made. They are composed mostly of Republicans and mostly protectionists, and they say it costs the farmers of America a million dollars a day more than they get out of it.

That is not all; 2,322 bank failures since the Harding and Coolidge administrations came in, and not more than a dozen were in that section that is benefited by the Fordney-McCumber tariff law.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes more to the gentleman from Arkansas.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes. The gentleman does not deny that these banks failed out there.

Mr. SIMMONS. Oh, we know they failed. If the gentleman were writing a tariff law, would he propose putting a tariff on cattle hides?

Mr. OLDFIELD. No. Would you vote to reduce the prohibitory rates in the aluminum schedule?

Mr. SIMMONS. Would the gentleman favor putting a tariff on hides?

Mr. OLDFIELD. No; I would not.

Mr. SIMMONS. Would the gentleman oppose it?

Mr. OLDFIELD. Yes.

Mr. BLANTON. And so did Mr. SIMMONS's party oppose it.

Mr. OLDFIELD. Oh, yes; his party takes the same position on that proposition. There has been no duty on hides since the Dingley law, away back in 1897, and there will not be so long as the shoe manufacturers do not want it.

Mr. SIMMONS. I thought possibly the gentleman on that theory would help us.

Mr. OLDFIELD. No; not necessarily, as I know that none of such increase would go to the farmer, but would all go to packers, and it would also result in increasing the prices of shoes, and the gentleman should know this as well as I. I want to read some more from this Republican administration, Mr. Hoover's department. I read from page 5, census of manufactures of 1923:

The value of products (at factory) prices of manufacturing establishments in the United States in 1923 aggregated $60,555,998,000. This aggregate represents an increase of 38.7 per cent, as compared with $43,653,283,000 in 1921.

Under the Fordney-McCumber Tariff Act in 1923, after it had been on the statute books a year, the aggregate value of the products at the factories of America was $60,000,000,000, and in 1921 $43,000,000,000—$17,000,000,000 of prices added, as between the Underwood tariff law and the Fordney-McCumber tariff law. I want to be fair with Secretary Hoover and the Republicans here. There is an explanation for that, partly.

As a result of this large but indeterminate amount of duplications—

For example, in those figures were included the leather and also the shoes, and they duplicate many other articles, naturally. Now, reading further:

As a result of this large but indeterminable amount of duplication, the aggregate value of the products of all manufacturing establishments is much in excess of the aggregate value of manufactured products in the form in which they reach the ultimate consumer. A very much better measure of the actual value created by the manufacturing processes is the "value added by manufacture"; namely, the difference between the cost of the materials (including fuel, mill supplies, containers, etc.) and the factory value of the finished product. This aggregated $25,850,300,000 in 1923.

That was the amount added after the duplication was taken out. In 1921, under the Underwood tariff law, the amount was $18,332,000,000, or $7,500,000,000 was added under the Fordney-McCumber tariff law, as compared with factory prices under the Underwood law. I say to you, gentlemen, that the only inference—the only logical conclusion—is that those values were added because of high production costs caused by the Fordney-McCumber law; and who pays it?

Mr. MURPHY. Oh, that is represented in American wages.

Mr. OLDFIELD. Very well; let us see. The American wages in 1919 were higher than they were in 1923.

Mr. MURPHY. Yes; but the war brought that on, and you gentlemen are trying to bring them down again.

Mr. OLDFIELD. The wages were higher in 1919 than they were in 1923, and yet the aggregate value was much higher in 1923 than in 1919. Those are the facts.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Oh, yes; the gentleman is irrepressible.

Mr. MORGAN. The $7,000,000,000 to which the gentleman refers is still about $3,000,000,000 short, is it not, of the cost to the farmers of the $10,000,000,000 cut in his product prices, due to the deflation program of the Democratic administration?

Mr. OLDFIELD. Oh, those prices have been deflated a whole lot more since the gentleman's party came into power. I heard some one the other day charge that there were 4,000,000 men out of employment in America under the Democratic administration. There have been just as many men out of employment in this country since the Harding-Coolidge administration came into power at one time or another. And I will tell you what you have done further. The farmers of the country, while not out of employment, yet under this administration and under the policy of this administration and the tariff law, 31,000,000 of them, are working for nothing, because they are making no profits. There are $59,000,000,000 worth of farm lands and farm equipment in this country, and yet they made a return of only 2 per cent on that investment last year. The United States Steel Corporation made $165,000,000 last year on less than a billion dollars of capital, anywhere from 15 to 20 per cent. The farmers are not doing that. Oh, no; the farmers are not benefited by the tariff, but are injured by it, while the steel corporation is benefited by it, and they are getting the money from the people of America in exorbitant prices and they are making exorbitant, outrageous profits.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. WINGO. A few moments ago the gentleman was interrupted by a question propounded by the gentleman from Ohio [Mr. MORGAN], in which the latter gentleman used the expression "deflation program of the Democratic administration." That is just typical of the misrepresentation which we constantly hear. Everyone who is familiar with the facts knows that that policy was put into effect by the Federal Reserve Board after Mr. Harding was inaugurated, and the records of the Federal reserve banks show that the policy was advocated by the Republicans on this floor over the protests of the Democrats. The Democratic members of the Banking and Currency Committee protested to the board and the Republican members of that committee insisted on the policy being put into effect. I know, because I was present at the meeting with Governor Harding.

Mr. MORGAN. What date?

Mr. WINGO. In 1920.

Mr. MORGAN. That is what I thought.

Mr. WINGO. When the first urge came to put that policy into effect, the Democratic Members protested against it, and the Republican Party had a majority in both Houses of Congress at that time.

Mr. MORGAN. Put the date in the RECORD.

Mr. WINGO. It has been put in the RECORD time and again. The gentleman from Massachusetts [Mr. LUCE] made a speech on the floor of the House in favor of deflation, and accused the Democratic Party of having inflated the currency and robbed the people by doing that, and the meeting was held in the committee room, at which Governor Harding was present. The Democratic members of the committee protested against a policy which was finally put into effect by the Harding administration, and the record shows it.

Mr. OLDFIELD. Now, Mr. Chairman——

Mr. LOZIER. Will the gentleman yield for one question?

Mr. OLDFIELD. I will.

Mr. LOZIER. Is it not true the Republican national platform adopted at Chicago in 1920 called for a deflation policy? [Applause.]

Mr. OLDFIELD. Oh, yes.

Mr. WINGO. That has been put in the RECORD several times.

Mr. OLDFIELD. Mr. Chairman, I have an article I saw in the press two or three mornings ago, showing that the rates of tariff laws under Republican administrations are not written by Members of Congress in either House, but that a lobby comes here and writes these high, exorbitant rates. What could possibly be the excuse for representatives of the people giving aluminum, for example, an increase in a tariff rate of 150 to 300 per cent? Why give a tariff rate for woolen goods or the American Woolen Co. which is exorbitant? Yet that is exactly what you sanctioned.

This clipping refers to the Protective Tariff League and the American Economist. This paper represents the high protective idea of the Republican Party in America and is published in New York. Just a few days ago the secretary resigned—and gave his reasons as outlined in the following Associated Press dispatch:

14 QUIT TARIFF LEAGUE AFTER CLASH ON TICKET—W. F. WAKEMAN, SECRETARY FOR 35 YEARS, RESIGNS; SAYS LOBBY HERE CONTROLS—F. D. WICKHAM ALSO OUT

NEW YORK, January 21 (by A. P.).—Wilbur F. Wakeman, for 35 years secretary of the American Protective Tariff League, resigned to-day because of a factional dispute within the organization. Out of sympathy with Mr. Wakeman, 13 employees resigned in a body. Those resigning include J. B. Lincoln, editor of the American Economist, and Frank D. Wickham, the league's representative at Washington for 18 years.

The dispute arose over the election of five candidates to the board of managers. When a ticket sponsored by Mr. Wakeman was defeated by one indorsed by W. Warren Barbour, president of the league, Mr. Wakeman decided to retire. He was appointed secretary of the league by the late President McKinley.

After resigning Mr. Wakeman charged that the affairs of the league were being centralized "in the hands of representatives of an anonymous group of the Washington lobby" faction.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OLDFIELD. May I have two additional minutes?

Mr. BUCHANAN. I yield the gentleman two additional minutes.

Mr. OLDFIELD. These gentlemen and 14 others resigned from the management and work on the American Economist. Why did they do it? They said that they were resigning because there is an anonymous lobby in Washington that controls the writing of tariff rates, and therefore if they could not have anything to do with the writing of the tariff rates according to their principles of protection and according to the principles of what the Republican Party stands for they would resign from this organization. That is the trouble about the tariff. The Republican Party permits lobbyists, special individuals, people who make huge contributions to Republican campaign funds, to come here and write the tariff laws, and I know it is not fair to the American people, and gentlemen on both sides of this House who represent agricultural sections ought not to stand for it; ought not to permit it, and I hope they will see to it hereafter that these special interests are not aided by the representatives of the wheat grower, the corn grower, the hog grower, the cattle grower, the sheep and wool grower in giving to New England what it wants, but will do something that will help the whole 110,000,000 of American people. [Applause.]

Mr. Chairman, I desire to submit additional proof regarding the lobby which swoops down upon Washington when Republican Congresses begin the writing of tariff laws. During the debate in the Senate on the Fordney-McCumber tariff law the late Senator Nelson, Republican, of Minnesota, had the following to say with regard to such lobbying:

I had hoped, Mr. President, that protection would not run mad, as it has done. I have sat here quietly. I have voted for many schedules here that I felt were entirely unjustified, hoping against hope that there would be a modification, but every once in a while it seems that the Finance Committee meet, and they come in here with their program for an increase or a change. They get new light as a result of new hearings. I never in all my life saw such a swarm of men as were around the Finance Committee while they had this bill before them. Day after day they came there with their handbags. They swarmed in the corridors and the bill indicates that most of them got their work in well.

I appeal to the Republican Representatives of the agricultural sections of the country to help us revise downward to a competitive revenue basis the outrageously high rates of the Fordney-McCumber tariff law in the interest of all the American people, and especially in the interest of our farming population which, as you know, is in dire distress due to these high rates. [Applause on the Democratic side.]

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, the telephone and telegraph companies of the United States use nearly 5,000,000 trees annually for poles to carry their wires. The farmers of the United States must have 500,000,000 fence posts every year; 250,000,000 cubic feet are used by the cooperage industry and 125,000,000 new wood ties are used every year by the railroads; and then we must have a billion lead pencils annually, according to the Spokane Spokesman-Review. With this enormous consumption of timber in mind, every national forest becomes a matter of great importance. I have great respect and admiration for a tree; and when my good friend from New York [Mr. MAGEE] the other day criticized expenditures for national forest roads and trails I thought it might be of interest to bring before you the national forests of the United States.

This map shows the location—in green—of 159 national forests located in 34 States of the Union, covering 158,000,000 acres of land, equal in area to Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, and North Carolina. If you keep this in mind you will understand why, if we are going to undertake to protect these forests, we must spend a considerable sum on the road and trail systems in national forests. They comprise 17 per cent of the total forests of the United States and represent 25 per cent of the value thereof. Our national forests are valued at $2,000,000,000. There is as much as 300,000,000,000 feet of ripe timber standing in these forests. Now, bear in mind the tree ripens just the same as grain in the field. If it is not cut and utilized, in the course of time it begins to die at the top, becomes wind-shaken, and finally falls. Then we have not only lost that tree but it has destroyed young timber and in turn becomes an additional fire hazard.

Certainly it is a matter of economy to utilize this timber as it ripens. We are cutting at the present time about a billion feet of timber a year. I am told by the Forestry Department that we may cut seven times that much perpetually; that we might cut 7,000,000,000 feet annually without depleting our forests in the least if we but had roads that would make all of the timber accessible so it could be utilized instead of simply cutting only at the most accessible places. We are collecting $3,000,000 annually from the sale of this timber, whereas if we could utilize the timber as it ripens from year to year we could realize $18,000,000 annually.

Now, what of the future? Fires, of course, are the great menace to national forests. We have 6,000 fires annually. Forty per cent of these are due to lightning, which means that in the main they occur on the mountain tops and hill-tops and high places, because there is where the lightning usually strikes. The value of this timber on a watershed is beyond computation.

But why roads? We build roads for the development, for the utilization, and for the protection of the national forests. With the immense amount of timber that we have to protect, the great area without roads, you will understand that the Chief Forester is not very apt to locate roads at places where they are not seriously needed, as was charged by the gentleman from New York [Mr. MAGEE] in presenting this bill.

For instance, there are places in the national forests where, if a fire occurs, it requires three days on horseback or five days on foot to reach the fire after it is discovered. We all know that in the suppression of a fire success depends on the rapidity with which we reach the fire.

There are 68 townships located in four of the Western States with 73,000,000,000 feet of standing timber which have no roads or trails whatever. We are also utilizing the forests, of course, for pasturage, and for that we are receiving fees to the amount of $2,500,000 annually. The pasturage supports 2,000,000 horses and cattle and 7,500,000 sheep. This could be greatly increased if the forests were made more accessible.

There is an immense amount of water power, estimated at 16,000,000 horsepower, hidden away in these forests, which would be made more accessible by roads. This water power should be utilized to bless all the people. The national forests are paying to the States and counties about $1,500,000 annually, which goes into their road and school funds. But this is but a slight recompense for the loss of taxation. If all these lands were on the tax rolls of the various States the annual taxes would be about $14,500,000. If roads were built, instead of the logging operations being limited to the big operators, because of the necessity of expensive equipment, it would make it possible for the small millman to be a competitive bidder and to be in business. Reforestation would be facilitated by roads and trails.

I doubt if we have any comprehension of the area in national forests. For instance, in the State of California we have 19,000,000 acres; in Idaho, 19,000,000 acres. In Montana we have 16,000,000; in Colorado, 13,000,000; in Oregon, 13,000,000; and in the State of Washington, 10,000,000 acres of national forests.

Now, I thoroughly believe in economy; in fact, I graduated from a school of necessity—of economy—where President Coolidge would have been rated a spendthrift.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. COOPER of Wisconsin. Is there any system of replanting on the areas that have been cut over?

Mr. SUMMERS of Washington. Two million acres of burnt-over forests are being replanted at the rate of 10,000 or 12,000 acres annually. We should provide more funds. At this rate 200 years will be required to reforest present burns, to say nothing of future fires.

Mr. COOPER of Wisconsin. Does the gentleman know of any systematic replanting in his own State?

Mr. SUMMERS of Washington. Some replanting is being done under the law passed two years ago, but more attention is given in my State to the prevention of fires. We are making some effort to reforest, but not what it should be. That is one thing I am trying to emphasize, that roads and trails would facilitate systematic work in reforestation as the timber is cut.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. SUMMERS of Washington. I only want to add that in economizing we should have in mind the immense value of this timber and recognize that it belongs, not to these Western States [indicating on the map], but to all the States. It belongs to you gentlemen of the East; it belongs to everybody in the United States. Here is the future timber supply of this country, and we had better have a thought in regard to that when we are considering the matter of roads and trails in national forests. A raging fire destroying a national forest that has required centuries to grow and which can not be reproduced is a sad commentary on American statesmanship. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 30 minutes to my colleague [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas is recognized for 30 minutes.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BLANTON. Mr. Chairman, I intend to discuss several unrelated subjects in my time this afternoon. I first want to correct an improper press report that has been scattered broadcast throughout the Nation, which is being used in a hurtful way to the prohibition cause. Within the last month the press generally has reported that our colleague, the distinguished gentlewoman from Massachusetts [Mrs. ROGERS], has aligned herself with Colonel HILL'S wet gang and is in favor of his so-called modification legislation. I am very glad, indeed, to be able to deny this report, for I am authorized by our distinguished colleague from Massachusetts [Mrs. ROGERS] to say that that is not true. She has not so aligned herself. She is not for any such modification. She stands for the Constitution and the law of this land, with the great majority of the stalwart Republicans of this House and with the great majority of the stalwart Democrats of this House in enforcing all laws. Were I a resident of the fifth district of Massachusetts I should probably be tempted to become one of her supporters.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield there?

Mr. BLANTON. I am very sorry that I have not the time.

The CHAIRMAN. The gentleman declines to yield.

Mr. BLANTON. Now, for a few minutes I want to take up another subject discussed so much of late—that of the tariff. I can indorse practically all of the spoken speech of my distinguished colleague from Kentucky [Mr. KINCHELOE], to which we have listened to-day, and yet be absolutely consistent with the position I have maintained on that subject since I was grown. The gentleman from Arkansas [Mr. OLDFIELD], who occupies an official position in my party, to-day admits from this floor just what I have contended for, that he stands for a competitive tariff. That is what he admitted to-day here on the floor that he stands for, and that is what I stand for—a competitive tariff. He went further and said that he indorsed the Underwood tariff bill. The Underwood tariff bill brought into the Treasury through the customhouses a revenue of $375,000,000. The farmers of this country and the stockmen of this country know—and you can not fool them any longer—they know that we gentlemen on this floor are the ones who pick out the commodities on which the duties are levied. And the farmers and stockmen know that when framing the Underwood bill and selecting the particular commodities upon which to place duties that would put $375,000,000 revenue into the Treasur; the Congress gave practically all of it to the manufactured articles of New England, which all producers have to buy in a protected market, and that Congress left on the free list practically all of the products of the farms and ranches, thus forcing the farmers and stockmen to sell all of their products in a free market, competing with the peons of the whole world.

As an economic proposition, the farmers and stockmen of the country can not understand just why Congress refused to select hides as one commodity that would produce revenue at the customhouses with a duty placed on it. Congress could have selected hides as one of the commodities upon which it would place a duty, yet it refused hides. Why? Just give me one good reason why. There is not any. It costs less than half as much to raise a hide in South America and in Mexico as it does to raise one in the United States, and a competitive tariff would have required that such a duty should be placed upon all foreign hides as would equalize the cost of production in this as against every foreign country. But the framers of the Underwood bill left hides on the free list. And they came into this country from foreign countries by the hundreds of thousands, absolutely free of duty, raised by foreign peons, skinned by foreign peons, and competing with every American farmer and stockman in the United States.

And you Republicans, when framing the Fordney-McCumber bill, likewise refused to levy a competitive tariff on hides, but left same on the free list, and they are still on the free list, notwithstanding that a competitive duty would have raised plenty of revenue and would at the same time have equalized the cost of production in this as against foreign countries, and would not have placed our farmers and stockmen on the same plane and level with peons of foreign countries.

There is not a Republican in this House who can face the farmers and stockmen of the United States and give any good reason why they have left hides on the free list. And every farmer and stockman in the United States has at last waked up and realized full well that there is no good reason, but that

he was simply buffaloed both by the Underwood bill and the Fordney-McCumber bill.

Congressmen are the ones who select the commodities which are to carry duties or come free, and I will repeat what I said here the other day when my colleague from east Texas [Mr. BLACK] attempted to correct me, but no one else has attempted to do it. I repeat what my colleague from El Paso [Mr. HUDSPETH] said yesterday. We Democrats with the Republicans admit that we must collect some of our needed revenue through the customhouses and we admit that we must collect at least $375,000,000, as was done under the Underwood tariff, and then on up to as much as $500,000,000, which is done now under the Fordney-McCumber bill. Then, admitting that we must collect from $375,000,000 to $500,000,000 a year through the customhouses, upon what products are we going to levy these duties? Which are to be favored, the manufactured articles of New England, or the products of farms and ranches? That is the problem that confronts us. Are we going to favor just one, or give a square deal to both? Are we going to pick out all the manufactured articles of New England, and all the manufactured articles from other centers of the United States, and levy all of the duties on those commodities? No; not if I can have my way, because we have demonstrated to the country that upon most of the products of the farms and the ranches you can raise good revenue and place it in the Treasury for the expenses of this country, and at the same time give a square deal to the farmers and stockmen of the United States.

Mr. HUDSPETH. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HUDSPETH. And upon the products from the ranches and the farms we get the most revenue.

Mr. BLANTON. Why, of course we do.

Mr. HUDSPETH. I want to ask my colleague another question. My colleague understood me to state a while ago, when I was in a controversy with my friend from Arkansas [Mr. OLDFIELD], that I did not care anything about a tariff on live cattle.

Mr. BLANTON. But I knew when he said it that the gentleman made a mistake, because I knew the gentleman so well I knew he did not mean that.

Mr. HUDSPETH. I did not mean to state anything of that kind, because there might come a condition in Mexico when they restocked their ranches when they could import into this country 10,000,000 head of cattle.

Mr. BLANTON. Of course.

Mr. HUDSPETH. And, of course, we would want a duty on cattle to keep them from competing with our cattle here.

Mr. BLANTON. Certainly.

Mr. HUDSPETH. I thought I made myself clear in my controversy with the gentleman from Arkansas [Mr. OLDFIELD], but if I did not, I want to state now that has always been my position and is to-day.

Mr. BLANTON. Certainly; and I knew that. No free trader in this House is going to get the gentleman from El Paso [Mr. HUDSPETH] to take a stand that would be injurious to the producers of the country.

Mr. HUDSPETH. Will the gentleman again yield right there?

Mr. BLANTON. Yes; certainly, I yield to my colleague.

Mr. HUDSPETH. I simply want to place the producer on a parity with the New England manufacturer. That is what I have contended for all the time.

Mr. BLANTON. Of course. I am with my colleague in so contending.

Mr. HUDSPETH. I do not want to give the manufacturers an advantage of two or three hundred per cent higher duties on their products, and I would vote to reduce their duties to the level of the duties levied upon the products of your district and mine—that is, the products of the farms and the ranches. That has always been my attitude.

Mr. BLANTON. That is the gentleman's position, and it is the stand I have always taken. We merely want to give farmers and stockmen an equal show with the other citizens of the land.

When the gentleman from Kansas [Mr. TINCHER] began to talk about the duty on steers, I immediately called his hand and told him it was practically nil so far as benefit to the cattlemen just now is concerned. I did not say it would not be of benefit hereafter and I did not say I wanted it removed, because I do not want it removed. I want it to stay there, and I will tell you why. It amounts to practically nil now because Mexico is depleted of cattle. Her pastures are bare. There is plenty of grass and plenty of water, but the cattle are not there.

You can not ship live cattle from South America into this country. Do you know why? Not because of the tariff. That is not what keeps them out. It is the freight. You ring up the Tariff Commission down here and they will tell you they have figured out that it costs from $25 to $40 a head to ship cattle from South America to this country, and that enormous freight rate makes such shipment prohibitive. You can not ship them alive, but you can ship them dead. The packers have their plants down there, and they slaughter these cattle there and they bring that frozen meat here by the millions of pounds and also the hides into this country to compete with every farmer and every cowman in this country.

Mr. HUDSPETH. Will the gentleman yield right there?

Mr. BLANTON. In just a moment. Let me first finish this statement and then I will yield. The gentleman from El Paso [Mr. HUDSPETH] has well said that in a few years, when Mexico gets back on her feet in the cattle business and when the pastures there are well stocked again with cattle—every single year Mexico could send across that Rio Grande that you can almost wade in most places, the banks of which are about as high as these seats in many places—Mexico can send across that Rio Grande 10,000,000 head of cattle every year raised by peon labor over there to compete with the farmers and cattlemen of this country.

Mr. HUDSPETH. Will the gentleman now yield?

Mr. BLANTON. I yield.

Mr. HUDSPETH. I want to state to the gentleman that I think my record as a Democrat will compare favorably with that of any man in this House. I never scratched a ticket in all the days of my life, and I do not expect to, but in reply to the statement of the gentleman from Arkansas [Mr. OLDFIELD], when he said we got no benefit from the tariff on frozen meats, I want to call the gentleman's attention to the fact that since 1916 the supply of cattle in Brazil increased 11,000,000 head, and they can produce a beef steer down there upon that clover grass that when he is 3 years old will weigh 200 pounds more than a beef steer produced here on corn.

Mr. BLANTON. And it does not cost them half as much to raise him.

Mr. HUDSPETH. No. They bring that frozen meat in here, and when the drop came in cattle in 1920 they brought in about 150,000,000 pounds of that frozen meat and lamb and it put our meat down to almost nothing and nearly destroyed the sheep industry. I do not believe the Democrats of this House want to do that, gentlemen. I never will believe they want to destroy a great industry like that.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. BLANTON. I yield to the distinguished gentleman from Wisconsin.

Mr. COOPER of Wisconsin. I thank the gentleman for his courtesy. I only want to ask if the gentleman is in favor of a protective tariff on cattle.

Mr. BLANTON. No; not in the sense that Republicans use that term. I am in favor of a competitive tariff on cattle, which means such a rate on foreign imports as will equalize the cost of production here as against that in all foreign countries.

Mr. COOPER of Wisconsin. I thought the gentleman wanted a tariff that would protect the cattle in Texas from the incursions of cattle from Mexico, and I was about to ask what becomes then of the old Democratic principle of a tariff for revenue only without any regard to protection.

Mr. BLANTON. I will show the distinguished gentleman from Wisconsin how that works. A tariff for revenue only means such a tariff which, when levied upon foreign imports, will produce the required revenue through the customhouses into the Treasury to supply the needs of this Government expected to be derived through that particular source of revenue. [Laughter and applause.]

What is there about this term, "Tariff for revenue only," that excludes all farmers and stockmen? What is there about this term, "Tariff for revenue only" that would exclude a cowhide owned by a farmer or stockman, which they have for sale, and yet take in a cover a pair of manufactured shoes owned by a New Englander, which the farmer and stockman must buy? If hides raised by peons in foreign countries will raise revenue at the customhouses, just why are they not embraced within the term, "Tariff for revenue only"? If frozen beef and veal and mutton and lamb raised by peons in foreign countries will produce good revenue when imported through the customhouses, just why are they not embraced within the term, "Tariff for revenue only"? Just what is it about these products that exclude them? If vegetable oils produced by peons of foreign countries will raise good revenue when imported through our customhouses, just what is the

reason why they are not included in the term, "Tariff for revenue only"? If the gentleman from Arkansas [Mr. OLDFIELD] is willing to pass an Underwood bill levying duties upon products that will raise $375,000,000 in revenue, and hides and frozen beef and mutton and wool and vegetable oils raised by peons of foreign countries, when imported through the customhouses, after a competitive tariff had been levied upon them, would produce just as much good revenue to go into the Treasury of the United States as any of the manufactured articles from New England which the gentleman from Arkansas had voted to go into the Underwood bill, just why should he balk and shut out the hides and frozen meat and wool and vegetable oils of the farmers and stockmen and accept the manufactured articles? There is no excuse whatever for such action.

The farmer and the stockman is deserving of just as much consideration as is the manufacturer. The products of the farms and ranches deserve just as much consideration as the manufactured articles of the mills. The farm boys are quitting the farms. Few stay on the farms after they become 21 years of age. The stockmen are getting tired of the uneven struggle, and many of them are quitting the business. We must give them a square deal. They do not ask for treatment better than others receive. They ask merely that they be treated as well. They only want an equal show. They do not want to sell everything they make in a free market, competing with the peons of the world, when they are forced to buy everything they must buy on a protected market, with a tariff of several hundred per cent more than value placed on articles, none of which can be imported because of such prohibitive rates, and which tariff levies bring no revenue whatever into the Treasury, but merely enrich certain favorites at their expense.

Now, listen. If we decide that we need $500,000,000 a year through the customhouse, or if we decide we only need $300,000,000 levied for revenue only, would not the products of the farms and the products of the ranches be revenue producers just the same as the manufactured article? If you will give the farmers and stockmen a square deal when you fix the tariff and levy some of the rates on their products, it does not destroy the principle of a "tariff for revenue only." But the policy of the Republican Party in levying tariffs is to enrich somebody. My idea is that you should establish such tariff schedules and on such commodities as would equalize the cost of production in this country as against that in every foreign country on every raw product of the farms and ranches, and then on such manufactured articles and mine products as will maintain the American standard of living in this country up to the full amount of the revenue that we must get through the customhouses.

A MEMBER. That is the Republican platform.

Mr. BLANTON. But you Republican gentlemen have a platform that says so and so, but when you write tariff schedules you put 300 or 400 or 500 per cent on commodities none of which come through the customhouse at all and concerning which you do not produce a dollar of revenue for the Treasury. You merely enrich a favored few at the expense of the many.

Before I leave the subject of the tariff to discuss another question I must correct one of my Republican colleagues concerning an error he made and which was repeated by another on the floor when I could not get recognition to correct it.

My colleague from Ohio [Mr. MORGAN] stated here recently that before a meeting here once of the Southern Tariff Association he heard me say that I could not have been elected from my district if I had not stood for "protection." He is entirely mistaken. I have never at any time made any such statement. I have made many speeches here from this floor on the tariff during the past nine years, and you will find all of them absolutely consistent, and in none of them will you find that I have ever stood for "protection" as that term is understood by Republicans.

What the gentleman heard me say was that when I came to Congress I came on a platform which promised the farmers and stockmen of Texas that I would stand for a square deal for them and that when we picked out the products upon which we would levy a duty to raise revenue I was going to fight to have their products of the farms and ranches included and not excluded. And the gentleman from Ohio [Mr. MORGAN] heard me say in that speech that I defeated my opponent, who had stood for an Underwood bill that left those products of farms and ranches out that would produce revenue just as well as any other articles placed in the bill. No man on this floor can correct all the mistakes that in the heat of running debate others make about him.

Now, gentlemen, I have finished my remarks to-day on the tariff, and I desire to use the balance of my time on another subject.

I want to discuss a District matter. We have approximately 68,000 Government employees in Washington. Most of them ride on the street cars. Most of them are forced to ride at least one round trip a day on the street cars. When this Congress passed a law authorizing the Washington Railway & Electric Co. to be a holding company for various street-car companies and manipulate their business for them, we provided what the charters of those companies provided—that it should never charge more than a 5-cent fare.

The Supreme Court of the United States in several cases has held that this is a most valuable right, a charter to a street-car company that permits it to run a track down the middle of a main street of a city to the exclusion of all other corporations on earth. It is a valuable right which the people gave to the corporation, and the Supreme Court has held that they must comply strictly with the charter contract.

Let me show you how long that charter rate of 5 cents fare existed here. Did they raise the price during the war? No; they didn't dare to attempt it then, and all through the war up to the present time that splendid street-car system in New York City has never charged more than 5 cents. You could go underground in New York and ride all day long on the subway, miles and miles, so long as you do not come out of the gate, for 5 cents. That has been the situation there all during the inflated prices of war years and since.

Now, why is it that we have permitted them to rob the 68,000 Government clerks in Washington? Prior to October 26, 1918, just before the armistice, up to that time the street cars only charged a 5-cent fare here and they gave you six tickets for a quarter, or a 4⅙-cent car fare when you bought tickets. That was practically so up to the day of the armistice. Then, under a law that one of their friends got tacked as a rider in the Senate onto an appropriation bill in the closing hours of Congress, known as the public utilities act, they created the Public Utilities Commission, which is nothing more than the three commissioners of this District, and gave them the authority to give the street railways a higher rate than was authorized by their charters, when there was no need for it, and in face of the right of the people to have public hearings and give and let the people place their side before them so that the record could be made just for the courts to pass upon.

From October 26, 1918, to February 1, 1919, the commissioners did away with six tickets for a quarter and made the fare 5 cents straight, and it continued until November 1, 1919, a year after the armistice. Then, on November 1, 1919, the fare was raised from 5 cents to 7 cents, and the 7-cent fare continued until May 1, 1920. And then, on May 1, 1920, the commissioners again raised the fare for the railroads to 8 cents and it has been 8 cents ever since. Pretty rapid system of raising fares, wasn't it?

Mr. MORGAN. Will the gentleman yield?

Mr. BLANTON. In a minute. The fare has been 8 cents ever since 1920, although up to November 1, 1919, it was only 5 cents. If they could carry passengers in this city up to November 1, 1919, for 5 cents, they could have done it in 1920 and on up to this time. [Applause.] Have they been losing money? They have been able to show troubles only on paper. Their stock has been climbing up day by day until it is higher to-day than has ever been known in the history of their organization.

I want to show you the most ridiculous situation you ever heard of. Here are three Commissioners who are supposed to be looking out for the people of this District, who are supposed to have at heart the interest of the half million people living here, among whom are 68,000 Government workers. They raised the fare on May 1, 1920, to 8 cents for the Capital Traction Co. that runs down Pennsylvania Avenue in front of the White House, when the Capital Traction Co. did not want the fare raised. The Capital Traction Co. came before the Commissioners and said that they were making plenty of money, that a 5-cent fare was all they wanted, and that they did not want the Commissioners to raise the fare because they said it would decrease the patronage of their road, and that they were willing to carry the passengers under their charter provision of 5 cents each.

Yet those three commissioners, supposed to represent the people of this District, who are not elected by the people of the District, who are appointed by political power, forced an 8-cent fare upon the Capital Traction Co. and the people when that company did not want it. They did it because they said the other company, the Washington Railway & Electric Co., needed it, and they wanted the same fare on both roads.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In a moment. If you gentlemen will not waste all of my time in questions, I will give you some interest-

ing information. I have gone to the trouble of getting the value of the stock of this "poor" company, the Washington Railway & Electric Co.

Mr. HUDSON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In a moment.

Mr. HUDSON. I wanted the House to know who appoints this utility commission.

Mr. BLANTON. The President of the United States; and he ought to remove all three of these commissioners to-day, and I will tell you why he ought to do it. They are so busy with unimportant matters, and are so very friendly to all the utility interests of this District that they can not give the people of the District of Columbia a fair deal. Each and all of these three commissioners admitted to me that they knew nothing whatever about the street-car situation here.

In the last Congress I introduced a bill to annul their action in raising fares, and to restrict the street railways to their charter provisions, which permitted them to charge only 5 cents, and the commissioners killed my bill, as the chairman of the committee was with them and not for it. The gentleman from Wisconsin introduced a similar bill in the last Congress, and it was killed in a similar manner. The gentleman from North Carolina introduced a bill in the last Congress to abolish the Utilities Commission, and it was likewise killed by the commissioners. And in the present Congress I have reintroduced my bill to annul their action in raising fares above charter authorization and to restrict the companies to their charter, and without knowing one thing themselves about the situation the three commissioners reported "unfavorably" on my bill and are trying to kill it. They sent a long report showing that the number of passengers each year have diminished on both lines since fares were raised to 8 cents, and they give that as a reason, whereas if they reduced the fare to 5 cents, as the charters require, twice as many people would ride, and the railroads would take in 10 cents for every 8 cents they now receive with an 8-cent fare.

I went to Commissioner Rudolph about this adverse report, and he said that he know nothing about the matter, that it was prepared by Colonel Bell. I went to Commissioner Fenning, and he said the same thing—that he knew nothing personally about it; that he left it to Colonel Bell and the Secretary who had charge of public utilities. I went to Colonel Bell, and he said that he did not have time to devote to public utilities, and that he left the matter to his assistant, Major Covell, and to their secretary, Mr. Fisher. And I learned from Major Covell that he got all his facts from the street railways.

And in a hearing before a subcommittee I made Colonel Bell admit that he knew nothing about the matter at all; that he did not have time to handle this business; that he was forced to leave it to Major Covell and to Secretary Fisher; and he admitted that he took all of his law from the corporation counsel. Colonel Bell admitted that the people of the District had never been given fair treatment either before the Public Utilities Commission, which is the three commissioners, or before the courts, and that they had not been properly represented. And in a judgment from one of the courts in a collateral case, which had some bearing on fare fixing, the court recited in the judgment in three different places that concerning every issue of fact the corporation counsel had agreed with the railroads, hence his conclusions naturally following the very path into which this corporation counsel was trapped by the shrewd attorneys of the railroads.

I want to show you the value of the common stock of this "poor" railroad, the Washington Railway & Electric Co., for the last three or four years.

In February, 1922, their common stock was worth 38¼; in March it was worth 39; in April, 1922, 39¾; in May, 40¼; in June, 50¼; in September, 57¼; in October, 58; in November, 64; in December, 1922, it was worth 68⅞.

In February, 1923, it was worth 69½; in June, 70½. In January, 1924, it was worth 71; in February, 71⅞; in March, 71⅞; in April, 72; in May, 72⅞; in June, 79½; in July, 82. Just a year and a half before that time that stock was worth only 38¼. In November, 1924, it went up to 87½, and in December, 1924, it went up to 90. Now notice 1925: In January, 1925, it went up to 101; in February up to 103; in March, 108½; in April up to 109; in May, 1925, up to 123¾; and in June, 1925, up to 124⅞.

The value of the stock of this "poor" company during the last few years, since their fare has been raised up to 8 cents, more than trebled, going from 38¼ in February, 1922, to 124⅞ in June, 1925. The secretary of the Public Utilities Commission figured out for me just how much this extra 3 cents fare is costing the 68,000 Government employees a year if they ride one round trip a day. He says it is costing them $21 more than they should pay under a 5-cent fare, which the charter requires. If they take two round trips a day, it will cost them $42 a year more than they ought to pay. How much longer are we going to stand for this?

I have a bill that would annul the act of this commission that has raised the charter fares above the provision of the charter, that would put them back to the charter fare of 5 cents and hold them to it. When I submitted it to my committee it was first submitted to a subcommittee of five members. I then found out that I had been left off the subcommittee, although I had been studying this question for five years. I insisted that I be put on the subcommittee, and the subcommittee was enlarged to nine members, and I was put on it. There are now nine members on the subcommittee.

The chairman has always been against my bill, and he made himself chairman of the subcommittee. When I counted noses, which I did immediately, I found there were four for my bill and five against it, so I knew there was not a chance on God's earth of getting any favorable action, even if I went on with the hearings that was mapped out to last 30 days, and so I quit fooling with the hearings. I am now coming to you men on the floor of Congress for action. How much longer are you going to let your 68,000 Government workers pay from $21 to $42 a year more into the coffers of this street railway company than they should pay?

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. TILSON. Why does the gentleman confine his anxiety to the welfare of the 68,000 Government employees? Are we not responsible for the entire citizenship of the District in the same way?

Mr. BLANTON. Yes; certainly we are; but these Government employees come closer home than these other people. They all have friends in our districts.

Mr. TILSON. But our responsibility is the same to the others.

Mr. BLANTON. Yes; certainly it is, and I feel the responsibility keenly, but we pay more attention to the 68,000 Government employees from the States than we do to these poor people of Washington who have not any representative here in Congress.

Mr. TILSON. The gentleman may.

Mr. BLANTON. I do not; but some of us do. I think of my duty to all of them. And this is why I am making this fight, which benefits me not at all.

I want now to call attention to a practice that is going on in the District Committee, and I am not talking out of school. I like my colleagues on the District Committee. They are splendid gentlemen and I love to work with them, but we are getting too important on that committee. Note this recent printed folder showing all of our subcommittees:

SUBCOMMITTEES OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA, HOUSE OF REPRESENTATIVES, SIXTY-NINTH CONGRESS

Judiciary: Mr. McLEOD, chairman; Mr. REID; Mr. HOUSTON; Mr. BLANTON; and Mr. GILBERT.

Public utilities: Mr. ZIHLMAN, chairman; Mr. REID; Mr. LAMPERT; Mr. McLEOD; Mr. BOWMAN; Mr. GASQUE; Mr. BLANTON; Mr. HAMMER; and Mr. WHITEHEAD.

Bathing pools, playgrounds, and parks: Mr. GIBSON, chairman; Mr. KELLER; Mr. BOWMAN; Mr. GASQUE; and Mr. LITTLE.

Insurance and banking laws: Mr. UNDERHILL, chairman; Mr. BOWLES; Mr. KELLER; Mr. HAMMER; and Mr. LITTLE.

Public health, charity, and welfare laws: Mr. KELLER, chairman; Mr. STALKER; Mr. HOUSTON; Mrs. NORTON; and Mr. GILBERT.

Fiscal affairs of the District: Mr. BEERS, chairman; Mr. BOWMAN; Mr. BOWLES; Mr. BLANTON; and Mr. SULLIVAN.

Streets, highways, and traffic: Mr. STALKER, chairman; Mr. McLEOD; Mr. BEERS; Mr. BOWLES; Mr. HAMMER; Mr. GASQUE; and Mr. BLANTON.

Police and firemen: Mr. RATHBONE, chairman; Mr. GIBSON; Mr. BEERS; Mr. REID of Illinois; Mr. HAMMER; Mr. BLANTON; and Mr. WHITEHEAD.

Elective franchise: Mr. REID of Illinois, chairman; Mr. BOWMAN; Mr. LAMPERT; Mr. HAMMER; and Mrs. NORTON.

We are feeling our oats to-day. We fellows on that committee.

Is not that a new departure in this Congress? Are not our members on that committee beginning to feel their oats, and their importance? Are not our members on that committee beginning to think we are the Congress of the United States? Why, the chairman has divided that committee up into as many special committees almost as we have here in the House of Representatives.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I would like to have a few more minutes. Give me 10 minutes more, please. I am discussing a question that is very important.

Mr. BUCHANAN. I will yield to the gentleman 10 additional minutes.

Mr. BLANTON. I thank the gentleman very much.

And I am not the only one who has claimed that a subcommittee has been stacked against a proposition. When the gentleman from Michigan [Mr. McLEOD] found that the majority of the Committee on the Judiciary stood three to two against him on his bill to abolish the death penalty as a punishment for crime, he promptly went to the chairman and had him appoint two additional members, who at the first meeting thereafter announced themselves against the death penalty, so as it stands now the committee are four for abolishing the death penalty and three against the measure, before even a single witness has been heard.

And each and all of these subcommittees are proceeding to hold hearings, with an expensive stenographic reporter, with hearings to be printed, and before you know it the expenses of this one District committee are going to exceed that of the Ways and Means, the Committee on Appropriations, and the Interstate and Foreign Commerce Committee all combined.

And on this abolishing the death penalty bill this committee is proceeding to hold hearings. And a witness has been invited from Chicago. Whom do you think it is? Clarence Darrow. And another witness has been invited from New York. And could you guess who he is? Why, Dudley Field Malone. Is this Congress going to be guided by the advice of these two parties? Just why are they coming? Why, to get their propaganda in such form that it is given Government sanction and can be franked over the United States. This subcommittee ought to know that this bill has no chance to pass; that its enacting clause would be stricken out as soon as it reached this floor, and yet they are to hold hearings, create expense against the Treasury, and let these propagandists spew their unsound doctrine under Government sanction over the United States under congressional frank at the expense of the people. And just who are Clarence Darrow and Dudley Field Malone? I have secured some information concerning them. In "Who's Who," which is approved always by the subject, we find that Clarence Darrow was—

Counsel in Debs's strike case and large number of labor injunctions on piracy cases on side of labor. Counsel for McNamara brothers in Los Angeles Times dynamite case, 1911; attorney for defendants in Moyer, Haywood, and Pettibone case, for murder of ex-Governor Steunenburg, of Idaho. He was the author of Resist Not Evil in 1912, and of argument for the Communists Labor Party in criminal courts in Chicago in 1920.

Lusk Report, Volume I, page 1090, says:

On January 11 (1918) Roger Baldwin sent to Clarence Darrow, at 140 North Dearborn Street, Chicago, a copy of the report of the I. W. W. meeting in Washington on January 9, 1918.

I wrote to a splendid source for information on all subjects of this kind, and the following is what I received from Philadelphia:

(Francis Ralston Welsh, investment bonds, 20 South Fifteenth Street)
PHILADELPHIA, *January 27, 1926.*

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

DEAR MR. BLANTON:

* * * * * * *

* * * Darrow was counsel for the McNamara murderers, Leopold and Loeb, and for some of the communist murderers in Chicago.

* * * * * * *

Darrow was counsel in the Scopes trial, and I believe sneers at all religion, though I am not certain. He has contributed to red funds and is on A. C. L. U. national committee. He was on advisory board of Russian reconstruction farms, which was a communist affair in the interests of the Soviet camouflaging as philanthropic. He was legal head of the International Labor Defense, which is a communist affair. He was a founder of the League for Abolition of Capital Punishment.

Malone was the Farmer-Labor candidate for Governor of New York in 1920. He was vice president of the Friends of Freedom for India in 1919, in which the communists took over work that had been done by the German secret service in order to undermine England and India. He was a founder of the League for Abolition of Capital Punishment and was on the list of those controlling radical organizations exposed by the Department of Justice in 1921.

Founders of the League for the Abolition of Capital Punishment were Thomas Mott Osborne, who was a member of the pacifist and pro-German American neutral conference committee; Amos Pinchot; Gilson Gardner, of the American Civil Liberties Union and Committee of Forty-eight, Nonpartisan League; John Haynes Holmes; and Frank P. Walsh, one of the rottenest criminals in the United States, etc.

Darrow, I believe, had to do with the Bridgman communist trials.

In the international labor defense we find with Clarence Darrow, Roger Nash Baldwin, Andrew T. McNamara, who was a very red organizer of the communist Machinists' Union; Ralph Chaplin; Bishop William Montgomery Brown, and Upton Sinclair. It proposes to fight against criminal syndicalist laws, deportation of reds, for privileged legislation for red labor, for release of radicals, etc. James P. Cannon, an avowed communist, is executive secretary, and Andrew T. McNamara is chairman. The last is not to be confused with the McNamara murderers for whom Darrow was counsel. Their names are J. J. and J. B.

The International Labor Defense sent a check to Crouch, who was caught red-handed in his attempt to bring about mutiny in the Army, which he apparently had joined for the purpose in the interests of sovietism. The vice chairman of the International Labor Defense is E. C. Wentworth, treasurer of the communist Federated Press League. Fred W. Mann, I. W. W.; Rose Karsner, national secretary of the Friends of Soviet Russia and of the California A. C. L. U.; C. E. Ruthenberg, of the Communist Party of America, now Workers' Party Central Executive Committee; George Maurer, secretary of the Labor Defense Council; Harrison George, a radical writer; Ben Gitlow, convicted under the New York criminal syndicalist law, etc., were among those in it.

Both Darrow and Malone are mixed up with the communist and subversive crowd generally. * * * Both men can be regarded as virtual traitors to our institutions, though they talk a lot about upholding the Constitution, etc. "License," they mean when they cry "Liberty."

* * * * * * *

From an authority in New York City on subversive movements, I received this information with respect to Darrow and Malone:

NEW YORK, *January 28, 1926.*

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON:

* * * * * * *

* * * They are connected, it would appear, with certain pink movements which in turn give aid and support to both communists and socialists. They were both, as you know, attorneys for the American Civil Liberties Union in the Tennessee evolution case, this case having been inspired and financed by the A. C. L. U. I assume you know all about this organization.

Mr. Malone was paid a fee of $1,000 by Martens, the so-called soviet ambassador, which statement will be found verified in testimony before joint legislative committee on Martens. Mr. Malone was a member of the Committee of Forty-eight, which practically amalgamated into the Farmer-Labor Party.

Mr. Malone was on the original national committee of the Liberty Defense League, 1918, which organization was generally regarded as subversive. He appeared as a speaker for the recognition of Soviet Russia at a meeting held at the Lexington Theater here in New York January 7, 1923.

* * * * * * *

Clarence Darrow, of whom you no doubt know much, is said to have been one of the originators of the Intercollegiate Socialist Society. Among the other founders were Upton Sinclair and Jack London. Mrs. Florence Kelley was president of this for some time. The organization some few years ago changed its name to the League for Industrial Democracy, under which it operates to-day in the work of creating socialist centers in the schools, colleges, and churches of this country.

* * * * * * *

This is from a source in Philadelphia, and is one of the best sources on red organizations in the United States, and I will give you some more facts concerning these men who are to be brought here at the instance of a congressional committee to testify, and when they testify, it is said, their expenses would be all paid. And when they testify, their spewings will be reprinted, and hundreds of thousands of copies will be sent out under the rules of this Congress to people all over the United States.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. BLANTON. In just a moment. If you want to stand for it, I do not. I hope the gentleman will excuse me for just a moment; if he will get me more time I will be glad to answer, but I hate to be discourteous, but I have something more to say. I revert back now to the street-car situation. Gentlemen, I will tell you what you ought to do. Your steering committee ought to instruct the District of Columbia Committee that it is usurping the powers of Congress; you ought to instruct us that there is no use wasting any more time and money on this kind of a proposition. You ought to give notice that you are not going to permit us to waste any more money

on this. Now, let me go back to the street-car situation. They say this public utility bill is an act of Congress, and we must stand by it; that we authorized it.

Do you know how that law was passed? In February, 1913, when the Congress was fixing to adjourn, Major Judson, the Engineer Commissioner of the District of Columbia at that time, came to our colleague from Kentucky [Mr. JOHNSON] with his bill, all specially prepared, appointing the three commissioners as utility commissioners. Mr. JOHNSON told him—and my colleague from Kentucky will back up what I say—that they would not pass any such bill; that the commissioners did not have time to give to this service; that if they appointed a utility commission, they would appoint somebody else as utility commissioners. They turned that bill down. That bill contains 38 solid printed pages.

That man took his bill right straight over to the Senate, and on the 3d day of March, 1913, when the Congress was to adjourn sine die next day, he had a Senator to stick that bill as a rider on the appropriation bill in conference, and a Senator from Kansas, a leader over there, said, "Let us not take time to read this amendment; we will waive the reading of it." It was adopted that night, when seven different big supply bills had to be passed before Congress adjourned. The Senate adopted it without reading it, and it came over here, and that distinguished gentleman—I will tell you right now that every time I think of him I want to raise my hat to his memory as a man who was one of the most valuable men in this historic Hall—Jim Mann, of Illinois, who was ever on the watch on this floor, got up when that bill was brought up in the dying hours of that Congress and declared that there was not a man on this floor who had read it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BUCHANAN. Mr. Chairman, I yield three minutes more to the gentleman.

The CHAIRMAN. The gentleman from Texas is recognized for three minutes more.

Mr. BLANTON. With reference to this amendment of 38 printed pages creating the Public Utilities Commission, which in the closing hours of a dying Congress the Senate, without having it read, attached as a rider to an appropriation bill, I quote from the CONGRESSIONAL RECORD of March 3, 1913, what Mr. James R. Mann said about same when the House was forced to likewise accept it without reading in order to pass the supply bill before Congress adjourned sine die the next day, to wit:

> Mr. MANN. Assuming—which, I think, is a violent assumption—that some Members of the House may be familiar with the long and, I was going to say, long-winded amendment of the Senate as to the Public Utilities Commission, I shall not insist upon reading the report, although I think it is extremely bad form to pass such long measures without having them read in the House.

And then he said a minute later:

> Mr. MANN. I will venture to say that there is not a Member who has read it or who has had the time to read it. It is in fine print. Whoever may have looked at it has skipped it, but has not read it.

And the House of Representatives then passed it without a Member knowing what was in it because of the supply bill to be passed, for Congress adjourned sine die the next day.

We have a traffic director down here who, as we thought, was in charge of the traffic. But the commissioners have made a rule to the effect that he can not speak to a man in Congress, and when I asked the commissioners this morning to forego that rule so that I could see him Commissioner Fenning, who has charge of traffic, said:

> We think you ought to come to the commissioners.

We have a good woman down here in charge of the House of Detention and of the policewomen whom the newspapers are cussing all the time, and yet she is doing splendid work. That is Mrs. Mina C. Van Winkle.

One of the commissioners told me out of his own mouth that she had spent out of her own fortune $64,000 of her own money in building up that House of Detention and perfecting her woman's bureau. That is how much she is interested in it. Yet she can not come to a man in Congress about her business, and a man in Congress can not go to her for information, because the commissioners have made a rule that we have to see them about Mrs. Van Winkle's office.

I for one will vote for a bill to abolish the present board of commissioners of this city and let the people of the city elect their own commissioner to protect the people here, for whom we are responsible. I am going to their bureau chiefs whenever I get ready. We must devise ways and means here to bring that about. I get much valuable information that way.

I call on the Republican Party, now in power; I call on the distinguished Speaker of this House, who has much influence in this Nation; I call on the gentleman from Connecticut, the majority leader of this House, who is a man of splendid judgment and whose heart beats for the people; I call on him and them all to take some steps with your steering committee of the House to see to it that before you adjourn we pass a law that will make these street railway companies get back to the provisions of their charters and not charge more than 5 cents fare, as Congress provided.

Mr. MAGEE of New York. Mr. Chairman, I want to say that I know Col. James Franklin Bell, the Engineer Commissioner of the District. He is a gentleman and a scholar, and in my judgment there is no more efficient man in the public service.

I yield 20 minutes to the gentleman from New York [Mr. CROWTHER].

The CHAIRMAN. The gentleman from New York is recognized for 20 minutes.

Mr. CROWTHER. Mr. Chairman and gentlemen of the committee, rather a novel situation presents itself in the very active discussion that is going on in this Congress regarding the merits and demerits of the policy of protective tariff.

There is no longer any doubt as to its becoming a formidable factor in the coming congressional campaign. The Democrats, with a few exceptions, are venting their spleen in vitriolic attack upon the present law known as the Fordney-McCumber bill. They find themselves, however, in a very embarrassing position, because a careful perusal of the Democratic speeches made during the consideration of the Fordney-McCumber bill indicates that the dire disaster, industrial failure, and cessation of imports from foreign countries, with consequent unemployment and loss of revenue at the customhouse which they predicted, was a false prophecy.

Indeed, as predicted by its Republican supporters, the reverse condition obtains, and we have had a period of unusual prosperity; high wages have become even higher, and our exports and imports have made material gains.

OUR HEALTHY FOREIGN TRADE

Democratic argument was advanced in support of the charge that our duties were so high that we were keeping foreign nations out of our market when it was necessary for them to sell us their products to aid in discharging their war debt.

This argument is exploded by the facts. Our imports during the first 10 months of 1925 increased in value $473,083,848, and from Europe alone the increase amounted to $116,777,868. This is just what my Democratic brethren, GARNER of Texas, COLLIER of Mississippi, HULL of Tennessee, RAINEY of Illinois, and a host of other Democrats equally able but not so specifically in the limelight as those I have mentioned, all declared could not be done. [Applause.]

Our exports have also increased in value during this 10-month period as against the same period in 1924 by $342,194,553, and of this increase our exports to Europe represent $253,156,057 of that sum. So that "impoverished Europe" has absorbed nearly three-fourths of these increased exports.

A REVENUE PRODUCER

If the Democrats are really sincere in their attitude of a tariff for revenue, they certainly ought to be well pleased with the Fordney-McCumber bill, for it has been the best revenue producer at the customhouse of any tariff bill ever enacted. The value of our imports during 10 months of 1925 was $3,453,606,000, an increase over the corresponding period in 1922 of 44.5 per cent. The value of our domestic exports during the first 10 months of 1925 is $3,919,981,000, which is an increase over the same 1922 period of 29.1 per cent.

These figures are very gratifying to the proponents of the American protective tariff policy and are no doubt looked upon with kindly eye by those Democrats who are big enough and broad enough not to allow their prejudice against a policy to override their judgment.

ORGANIZED LABOR'S ATTITUDE

Constant effort is being made by my Democratic friends to put organized labor on record as against the policy of protective tariff. The latest attempt was made by the gentleman from Kentucky [Mr. KINCHELOE] to-day. Mr. Chairman, I am a friend of organized labor, in spite of the fact that they once listed me as being for legislation that they were against. On the whole, they have treated me with a degree of fairness that I appreciate.

Organized labor knows that the Democratic plan of near free trade, or low tariff, will degrade labor by a gradual reduction in wages, resulting in a desperate effort on the part of our workers to obtain the necessities of life and compelling them to give up all thought of comfort or luxury.

With the present wage scale there is not too great an opportunity for men and women to raise their families in comfort and provide for their future by liberal education, and all the free-trade argument in the world is not going to blind the people of these United States and allow Democratic policy to prevail and drag the standard of American living down to the level of poorly paid European workers. [Applause.]

Mr. Chairman, the purpose of the very frequent attacks on the tariff is manifestly evident. They are merely for political purposes, and the RECORD is being filled with speeches by Members of the Democratic side, and excerpts from those speeches will be used no doubt as campaign documents in the coming congressional elections.

The situation is rather novel in this discussion of the tariff at the present time. Heretofore the complaint has generally come from the Democratic Party, but at the present time we find a new condition existing. A very active propaganda is being engineered by the international bankers of the country and the men who have their money invested in manufacturing industries on the other side of the water; and so the moneyed interests of the country that our friends the Democrats have constantly charged the Republicans with consorting with and accepting favors from are now on the Democratic side of the question. The Democrats, whether willingly or unwillingly, find themselves in bed with the international bankers and asking for a reduction or an entire removal of the tariff.

The old saying that "politics make strange bedfellows" is richly exemplified in this instance, and it must be like gall and wormwood for Mr. HULL of Tennessee and Mr. OLDFIELD of Arkansas to try and get a good night's rest in the same bed with the various groups of men of great wealth whom they have lambasted in public and private as lobbyists and corruptionists.

The gentleman from Kentucky [Mr. KINCHELOE] this morning after reading a descriptive list, in rather a woeful voice, of the many penalties that the Fordney-McCumber bill inflicted upon the farmer, finally got down to where he said there was even a duty on toothpicks. Let me remind the gentleman that in the Cleveland administration the toiling masses of this country did not need toothpicks. They were fed on thin soup [laughter and applause], and they were told they could clean their teeth on their journey home by whistling "Over the hills to the poorhouse." That is the way they cleaned their teeth during the Cleveland administration. [Laughter.]

I know, of course, that the subject of the soup house is intensely distasteful to the Democrats. They hate to think about it, and yet the memory of it will haunt them forever. There are two or three different types of tariff experts on the Democratic side. I do not pretend to be one. I am going to talk about conditions as they exist, and after all it is the facts that the people want.

The fact stares the people sternly in the face that during the administration of Democratic tariff measures the mills shut down, resulting in unemployment, and consequently there is no distribution of pay envelopes. There exists a general condition of discouragement and industrial failure all through those periods. No pay envelopes for the toilers of the country means no market for the farmers' produce. Hard times, privation, and suffering are the outstanding features of low-tariff periods. The record will prove the statement, and let me suggest to my Democratic brethren that the American people have excellent memories and never intend to be caught again in the free-trade trap, baited with the CORDELL HULL cheese that is branded "tariff for revenue only"——

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. CROWTHER. I hope the gentleman will not interrupt me. I only have 20 minutes, and I have many things to say.

Mr. GARRETT of Tennessee. I just want to ask: The gentleman stands by that statement, does he?

Mr. CROWTHER. I do; absolutely.

Mr. GARRETT of Tennessee. In months and days?

Mr. CROWTHER. I do not quite get the drift of the gentleman's question. However, I stand by the statement. When the Fordney-McCumber tariff bill was passed, and for a considerable period of time previous to that date, there were 5,000,000 men and women walking the streets of this country without a job and no pay envelope on Saturday night.

PRE-WAR RESULTS OF FREE-TRADE POLICY

When the free traders under Woodrow Wilson took charge of affairs in 1913 the balance in the United States Treasury was $600,000,000. It was reduced to $40,000,000 in a little more than one year, and to be exact, after the Underwood law had been in operation 14 months, President Wilson asked Congress to increase the internal-revenue taxes and raise enough money to pay the ordinary running expenses of the Government. During 1914 and 1915 the volume of imports increased over 1912 and 1913, yet the customs revenue gradually declined.

More foreign goods came in to displace American production, and the low Underwood rates created a steady loss at the customhouses. So the American workers, either out of employment altogether or working part time, were informed by President Wilson, in his speech at Indianapolis on January 8, 1915, that—

> There is nothing the matter with business; it is merely a psychological state of mind.

That statement might be very satisfactory to a free trader, but it was not intensely interesting to the millions who did not know where rent and food money was to come from to supply shelter and nourishment to their families.

Perhaps it is well at this point to recall that the President, and also the distinguished Senator from Alabama, whose name the Underwood bill carries, both declared the policy of protective tariff as unconstitutional. Of course, Mr. Wilson was too clever to maintain that position, and he later on changed his mind on that subject. He realized that he could not very well sign the Underwood bill after making such a declaration.

Mr. Chairman, the gentleman from Arkansas [Mr. OLDFIELD] again to-day criticizes the presence of what he calls lobbyists during the making of a tariff bill. Now I ask the gentleman this question, Were not the same gentlemen here when you wrote the Underwood bill?

Mr. OLDFIELD. Oh, no; we do not let the lobbyists write our tariff bills; there is no question about that.

Mr. CROWTHER. Of course, the gentleman answers it in his own way, but the fact remains that the same people appeared before his committee when hearings were held on the Underwood bill.

Mr. BARKLEY. Will the gentleman yield?

Mr. CROWTHER. I just want to read you what the gentleman said, and I want to ask you gentlemen if you believe that this is a fair statement for a Member of this House to make and send out to the public. I quote from the debate on the Fordney-McCumber bill. Mr. OLDFIELD, the gentleman from Arkansas, said:

> Mr. Chairman, I have had some experience in attending these hearings before the Committee on Ways and Means, and I want to say that, if I had my way about it, I would swear every witness who goes on the stand. The witnesses keep back all that they can. They say the things that they think will show the necessity for a high-tariff rate. They ought to be placed on their oath, and that is not all. We ought to have a law on the statute books that when they do not tell the truth they should be put in jail. Of course, that would be an inconvenience for some of you gentleman, because, no doubt, a great many of your campaign contributors would get in jail.

Now, I want to know if that is a statement of fact. I wonder if the gentleman has any proof that any witness that was before him was a contributor to the Republican campaign fund. I want him to name him and state how much he gave.

Mr. OLDFIELD. The industries they were representing——

Mr. CROWTHER. Oh, I did not ask the gentleman about that. He was talking about witnesses before his committee.

Mr. OLDFIELD. I will say to the gentleman——

Mr. CROWTHER. I again ask the gentleman; who were the parties before the committee that were lobbyists and were ready to contribute money to the Republican campaign fund?

Mr. OLDFIELD. The witnesses there would say anything to get an increase of one-tenth of 1 per cent in the tariff, and you know it.

Mr. CROWTHER. The gentleman does not answer my question.

Mr. OLDFIELD. They all ought to be put under oath.

Mr. CROWTHER. And he does not intend to answer it.

Mr. OLDFIELD. Do you believe what they say when they come before that committee?

Mr. CROWTHER. I do, but you do not dare answer my question. [Applause.] You do not dare to answer it.

Mr. OLDFIELD. I will get the proof and put it in the RECORD.

Mr. CROWTHER. Yes; you have been going to put a lot of things in the RECORD, but your memory is bad. I hope the gentleman will keep his word and call it to our attention when he puts it into the RECORD.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. CROWTHER. I hope the gentleman will not interrupt, Mr. Chairman. I have only a few minutes and I decline to yield.

Mr. GARRETT of Tennessee. But will the gentleman——

The CHAIRMAN. The gentleman declines to yield.

Mr. GARRETT of Tennessee. The gentleman is speaking of a pretty important matter and I appeal to the Speaker for a verification, if the gentleman will permit.

Mr. CROWTHER. Let me say to the gentleman that verification is exactly what I am seeking. I want the gentleman from Arkansas to verify the statement he made in the RECORD as to lobbyists and corruptionists.

Mr. OLDFIELD. You did not give me an opportunity.

Mr. CROWTHER. I gave you ample opportunity.

Now, the gentleman said a little further on, along these same lines:

> The gentleman from Michigan [Mr. Fordney] tried to convince the House yesterday that these tariff taxes do not increase prices.

This is Mr. OLDFIELD speaking:

> If they did not increase prices, or if these manufacturers did not think they increased prices, they would not be hanging around the Ways and Means Committee for six or eight months at great expense.

Mr. OLDFIELD. Do you think they would?

Mr. CROWTHER. I do not yield, Mr. Chairman. I am only repeating what the gentleman said. Surely the gentleman can not object to that. [Applause.]

Again I quote from Mr. OLDFIELD:

> They would not put up $8,000,000 or $10,000,000 electing a Republican President and a Republican Congress if they did not think the tariff would increase the prices of their products to the consumers of the country.

Is that a fair statement to make—a bold statement that these gentlemen hung around six or eight months and put up eight or ten million dollars to elect a Republican President and a Republican Congress? I do not believe there is a Democrat in the gentleman's district to-day that would agree that this is a fair statement for the gentleman to make in his position. I believe the people of his district are like the citizenry in any other community, people of high ideals, and are for the principle of a square deal.

A LOBBY INVESTIGATION

While the tariff of 1913 promising prosperity was being put in shape by the free traders, President Wilson, to divert attention and gain support, charged that—

> an insidious and numerous lobby was blocking the progress of tariff reform and commercial freedom.

He caused a congressional investigation to be held, beginning in July, 1913, and extending for months, with no definite information or conclusion from the free-trade majority headed by Representative GARRETT.

The free-trade majority decided that it was proper and legitimate for individuals or associations—

> to appear in person, by agent or attorney, before a committee in behalf of or against any legislation.

The investigation revealed nothing improper and the committee devoted much of its report to an academic discussion of "What is a legitimate industry?" and "What is a lobby?"

The entire investigation amounted to nothing, and the President's charge of "insidious and numerous lobbies" fell flat in the home of his own free-trade brethren.

Now, during this discussion of the Fordney bill, Mr. MURPHY, of Ohio, said:

> There are 4,000,000 men idle now under the Underwood tariff.

Mr. OLDFIELD said:

> There will be 8,000,000 or 10,000,000 when you get this bill on the statute books.

This answer is a fair sample of Mr. OLDFIELD's feeble attempt to explain an existing condition, and the prophecy he made, of course, never came true.

Now, for a moment, Mr. Chairman, allow me to refer to a few distinguished Democrats, "orthodox" and otherwise, who attacked the Fordney bill during general debate.

Mr. COLLIER, the gentleman from Mississippi, my very able colleague, on page 3551 of the RECORD of July 11, 1921, repeated the baseless charge made by Mr. OLDFIELD. Let me read what he said:

> Mr. COLLIER. That this bill will increase the cost of living to the toiling masses they will hardly deny. That this bill is a repudiation of their party platform they will hardly deny. That this bill is a shameless surrender to the corporate interests which control the Republican Party and whose campaign contributions have placed that party in power they can not successfully deny.

Gentlemen, the reference to campaign contributors and lobbyists I have already dealt with during the debate with the gentleman from Arkansas. The remainder of Mr. COLLIER'S statement is in the nature of a "prophecy unfulfilled," for cost of living has not increased and wages have gone still higher than they were when he made this statement.

On page 8543 of the RECORD of the same date he makes this statement:

> There never was a time in the history of the American Republic when there was as little need of protection as there is to-day. This bill will not even be a revenue producer save in a limited way because in many instances the tax is so high on many articles that it will operate as a prohibition upon imports.

Now, Mr. Chairman, the time referred to by the gentleman was a period when 5,000,000 of our workmen in the United States were out of employment or on part time and the store shelves were filled with foreign merchandise. But of course no prevailing condition of industrial failure would be a proper time for protective tariff legislation in the opinion of my friend from Mississippi, because he is against the policy.

He is for tariff for revenue only, he declares, and thinks we ought to collect some money at the customhouse but does not know exactly what amount, or just exactly what commodities it might be levied on in order to produce results and at the same time leave him morally certain that he had in no section of the bill granted the slightest degree of protection to an American industry.

The second sentence in his statement refers to the probable failure of the Fordney bill as a revenue producer. The answer is that it has been the greatest revenue producer ever enacted into law; the average annual revenue received will be over $560,000,000. So, as far as the COLLIER prophecy is concerned, the incident is closed.

What did the Democratic Party ever do for the toiling masses? The Underwood bill would have developed the greatest decline in industrial activities since the Cleveland period if it had not been for the World War. The prevailing conditions in 1913 and 1914 warrant this statement. Your intentions are good but your economic policy as to tariff for revenue only is unsound and unworkable and has always brought misery and starvation to the "toiling masses" you refer to so solicitously.

THE UNDERWOOD BILL AND THE FARMER

What did the Democrats do to the farmer in the Underwood bill? The following table will show:

The Underwood bill and the farmer

	Payne (Republican)	Underwood (Democrat)	Fordney (Republican)
Wheat	25 per cent	Free	25 per cent.
Corn	15 cents per bushel	do	15 cents per bushel.
Swine	$1.50 per head	do	½ cent per pound.
Cattle	$2 per head to 27½ per cent.	do	1 cent to 1¼ cents per pound.
Sheep	75 cents per head to $1.50 per head.	do	1 cent per pound
Wools	3 cents to 36 cents per pound.	do	6 cents to 26 cents per pound.
Meats	1½ cents per pound to 25 per cent.	do	15 per cent.
Milk	2 cents per gallon	do	1 cent per gallon.
Cream	5 cents per gallon	Free	5 cents to 10 cents per gallon.
Eggs	5 cents per dozen	do	6 cents per dozen.
Broom corn	$3 per ton	do	$2 per ton.
Buckwheat	15 cents per bushel	do	30 cents per 100 pounds.
Flax	$5 to $67.20 per ton	do	$2 to $40 per ton.
Hemp	$22.50 to $45 per ton.	do	$17.50 to $30 per ton
Lard	1½ cents per pound	do	1 cent per pound.
Potatoes	25 cents per bushel	do	42 cents per 100 pounds.
Potatoes, dried	40 per cent	do	3½ cents per pound.
Rye	10 cents per bushel	do	10 cents per bushel.
Reduced duties by Democratic act of 1913:			
Horses	$30 to 25 per cent	10 per cent	$30 to 20 per cent.
Mules	do	do	Do.
Barley	20 cents per bushel	15 cents per bushel	15 cents per bushel.
Oats	15 cents per bushel	6 cents per bushel	10 cents per bushel.
Butter	6 cents per pound	2½ cents per pound	8 cents per pound.
Beans	45 cents per bushel	25 cents per bushel	½ cent to 2 cents per pound.
Beets	10 per cent to 25 per cent.	5 per cent	80 cents per ton.
Hay	$4 per ton	$2 per ton	$4 per ton.
Poultry	3 cents to 5 cents per pound.	1 cent per pound	2 cents per pound.

Wheat, corn, swine, cattle, sheep, wools, meats, milk, cream, eggs, broomcorn, buckwheat, flax, hemp, lard, potatoes, rye are all on the free list, gentlemen, and the Democrats who

wrote this bill are the very ones who are now shouting loudly about the harsh treatment the farmer gets from the Fordney bill.

FARMER ON THE FREE LIST

The Democratic Party put the farmer on the free list with all his basic products. They skinned him alive and nailed his hide to the barn door as Exhibit A.

Do not imagine for one moment that American farmers are going to submit their case to a Democratic Congress next year. Neither the removal of "economic barriers"—point 3 of President Wilson's 14, now offered by the gentleman from Tennessee [Mr. HULL]—nor the tariff for revenue only will appeal to the sound judgment of either the farmers or industrial workers.

My friend from Kentucky [Mr. KINCHELOE] said to-day that if you put a tariff on Republican bunk you could raise considerable money. Why, gentlemen, if we could put a tax on Democratic promises, with hot-air trimmings, you could raise $3,000,000,000 a year, sufficient to run the Government. [Applause.] As a party, you Democrats are long on promises and short on performances.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MAGEE of New York. Mr. Chairman, I yield the gentleman from New York 10 minutes more.

Mr. CROWTHER. Now, my friend from Wisconsin [Mr. BROWNE] complains that the high tariff on wool keeps clothing cost up. He states in the RECORD that a suit of clothes of Scotch material and made in Scotland carries a duty of $23.60 on a valuation of $40. That is correct, and the gentleman did not need a letter from the Treasury Department to verify it. Then he makes the statement that he or his friend purchased $160 worth of clothing in Washington, D. C., and that he figured it had cost him $80 because of the tariff. If he bought American goods, made in America, he paid no tariff. If he bought imported goods, he had to pay the importer's tax, and I extend him no sympathy whatever. "Made in the United States" is my motto, and I trust the sentiment for consumption of goods made by our own people will grow stronger year by year.

EFFECT OF WOOL DUTY ON CLOTHING

During the period of 1916 to 1920 clothing was much higher in price than to-day, and wool was on the free list. If a tariff on wool makes clothing costs high, then free wool, or no tariff on wool, should make clothing costs low.

But exactly the reverse took place during the free-wool period. Prices of wool are higher than in 1913 before the World War. They are higher than in 1890 under another free-wool tariff. This is as it should be, for woolgrowers should be protected as well as the growers of peanuts and tobacco and the manufacturers. There is not wool enough in a suit of clothes—3 pounds to be exact—to advance the price very materially over what it has been with wool on the free list. If the duty was added to the cost of the raw material, it could only amount to 93 cents. The rise in clothing prices is due largely to advancing labor costs.

Democratic Members have become hysterical in their denunciation of the so-called Aluminum Trust. The fact is that you can go to the department stores to-day and buy more and better aluminum utensils for less money than ever before. At one time we purchased aluminum in the jewelry stores; now they have it on the counters of the 10-cent stores.

It is very evident that the gentleman from Arkansas [Mr. OLDFIELD] is not so much concerned about the housewife's kitchen ware as he is on attacking Mr. Mellon, the Secretary of the Treasury. Let me say at this time that Mr. Mellon has rendered magnificent service to this Government. His knowledge of finance is undisputed, and he has brought order and sound fiscal policy out of the tangled mess of I. O. U.'s that the Republican administration inherited from the Wilson administration when Mr. McAdoo, the moving-picture attorney, had charge. It is due to Mr. Mellon's thorough knowledge of banking and finance that we avoided going on the rocks of a second deflation period and that our finances are in so sound a condition to-day. The people of this country honor him for his ability, his courage, and his loyalty to this administration.

Mr. Chairman, many of the industries in this country are not producing at a maximum. The rug mills in my district have for some time been running but three days a week.

Mr. GARRETT of Tennessee. What! Under this bill?

Mr. CROWTHER. Yes, sir; under this bill; and I will say to the gentleman that the reason for that condition is the fact that the Fordney-McCumber rates are not sufficiently high to prevent very large importations of oriental and Chinese rugs, which in medium grades have cut down the demand for American-made rugs. [Applause on the Republican side.] Chinese rugs are the prevailing fad. I wonder if the purchasers know that they are made by child labor under the most insanitary conditions; 138,828 square yards of European and Asiatic rugs with a foreign valuation of $1,507,514 came into this country during December, 1925.

There are many rates in the present law that should be increased, but there will be no opportunity in this session of Congress. Business generally is good throughout the country, but many industries are still suffering from the competition of low production costs in foreign lands. The flexible clause in the present law may help some of them, but the necessary investigations move slowly, so that relief is unduly delayed. The striking out by the Senate of the American valuation in determining rates of duty was a serious blunder. The adoption of this policy would have rendered unnecessary any flexible provisions and would have left the rate-making power where it rightfully belongs—in Congress.

In closing, I desire to read an excerpt from the address of President Coolidge delivered at Chicago, December 7, 1925:

BENEFITS OF HOME MARKETS

But the largest benefits accruing to the farmer come from supplying him with home markets. What the farmer raises must either be sold at home or sent abroad. Our per capita consumption of butter, sugar, meats, eggs, milk, and tobacco is far above those of foreign countries. When the depression of 1920 came and 5,000,000 of our wage earners were unemployed, their consumption of the more expensive agricultural supplies, such as animal products, fell 18 per cent below what it had been before and what it became again when employment increased. This was more than the amount of our exports.

Prosperity in our industries is of more value to the farmer than the whole export market for foodstuffs. Protection has contributed in our country to making employment plentiful with the highest wages and highest standards of living in the world, which is of inestimable benefit to both our agricultural and industrial population. General economic stability is of the utmost importance to the farmer, and a depression in industry, with the attendant unemployment, would do the farmer an incalculable injury.

Mr. Chairman, the outstanding fact is that the Democratic leaders of the antiprotection sentiment have no regard for the welfare of the American consumer and no desire to maintain the American standard of wages and living for the American producer.

As against that destructive policy I commend to the people of this country the Republican doctrine of protection to all our industries, whether of the mine, the mill, or the farm.

Mr. BUCHANAN. Mr. Chairman, I yield 25 minutes to the gentleman from North Carolina [Mr. DOUGHTON].

The CHAIRMAN. The gentleman from North Carolina is recognized for 25 minutes.

Mr. DOUGHTON. Mr. Chairman and gentlemen of the committee, my remarks to-day will be on the public building bill, which has been recently reported to the House by the Committee on Public Buildings and Grounds and which it is understood will be voted on within a few days.

This bill proposes to inaugurate an entirely new policy with respect to public buildings.

The last general public buildings bill was enacted in 1913. In that bill public buildings were authorized or provided for in all parts of the country. In any town where the postal receipts were in excess of $10,000 per annum, that town was entitled to consideration at least for a public building. In the last bill many sites for public buildings were authorized which were later purchased and to which the Government now has title. In many instances people were induced to sell property at a price that they would not have taken under ordinary conditions, in order to aid their town in securing public buildings. By the time this program was well under way the war came on, and the demand on the taxpayers was so heavy that by unanimous consent the building program was temporarily suspended, but now, seven years after the close of the war, when the condition of the Treasury warrants a heavy reduction in Federal taxes, a general demand has come again from all sections of the country for renewal of our public-building program.

We are told that word has been sent to Congress by the President that we must adopt a radically different policy, one that would take the matter entirely out of the hands of Congress and leave it to the discretion of the Treasury and Post Office Departments as to where buildings may be erected and the amounts that may be spent for same—that the matter must be left entirely to departmental determination.

So the committee has reported this bill, which if enacted into a law means that none but large towns and cities will ever

have any chance whatever of getting public buildings. It means that the State of North Carolina, for instance, which I have the honor in part to represent, where all the people will have to pay a share of the taxes necessary to carry out this program, only three or four towns, probably not that many, will have the slightest chance for favorable consideration, and there is not a line in the bill to guarantee that a single dollar of the money will ever be spent in North Carolina or any other State.

I have read very carefully both majority and minority reports on this bill. The majority report is very brief and throws little light on the subject, proceeding, I suppose, on the theory that the least said would cause the least trouble and embarrassment. The evil nature of the deed contemplated is, in my opinion, the reason why darkness rather than light is so manifest in the majority report. However, there is one part of the majority report which I quote, as follows:

> It has now been nearly 13 years since that bill became a law—
>
> Referring to the last public building bill—
>
> and the growth of the country in population and wealth, in business, and in manufacturing and industrial enterprises has been so great as to increase tremendously the demand for new and larger and better facilities for the economic and efficient transaction of public business. Every branch of Federal activity has kept pace with the progress of the age, and to-day in many of the cities of the country the public business is being conducted in such overcrowded, ill-ventilated, and insanitary buildings that as not only to reduce materially the efficiency of the employees but to seriously jeopardize their health. In many of the cities postal employees are compelled to work under artificial light both night and day. They are located, in many instances, in damp, insanitary, basement rooms, and are so crowded that in numerous buildings the space for each employee averages from 20 to 70 square feet. The best authorities agree that there should be a minimum of 100 square feet for each employee in order to secure the most efficient service, and undoubtedly human beings should not be compelled to work in buildings where the space allotted to them is less than 10 by 10, or 100 square feet.
>
> Receipts of the Post Office Department have more than doubled in the last 10 years. The increase in postal business, including parcel post, demands and must have space in which it may be efficiently and economically carried on.

What is said of the cities is equally true as to many towns. This is an accurate portrayal of the conditions now prevailing in most of the buildings used for conducting the business of second and third class post offices. The committee's diagnosis of conditions is correct, but the remedy is a fraud and a humbug, a delusion and a snare. In fact, no remedy or relief whatever is proposed only for the cities. There are dozens of towns in the State that I have the honor in part to represent and several in my own congressional district where conditions are exactly similar to those described in the majority report, and yet in this bill no relief whatever is to be hoped for.

I asked a member of the Committee on Public Buildings and Grounds a few days ago how many places in North Carolina might reasonably expect buildings under this bill, if it should become a law, and his answer was that he thought two or three places would get buildings.

I have had several Members tell me when I inquired if they were going to vote for this iniquitous legislation that they expected to have to vote for it, not even attempting to defend it in any way. Many of them have stated to me that they knew it was wrong in principle but they were afraid not to vote for it.

When Democrats who expect favors from this bill make speeches in its favor, and I feel sure that none will either speak or vote for it who do not expect favors under it, you will hear long and thunderous applause from the Republican side.

So this bill is to be rammed down the throats of the Members of Congress under a gag rule, with little or no time for debate during its consideration and no opportunity to offer amendments. Its proponents know well that if the House were given an opportunity this bill would be amended so as to give some benefits to all sections of the country.

As I understand it, it is proposed to bring the bill in under suspension rules, which will allow only 20 minutes for discussion to each side. Think of it—a bill which radically changes the policy of the Government, one which has been in operation for generations, a bill which authorizes an appropriation of $165,000,000 of the people's money, affecting every State in the Union and every congressional district, and yet the proponents of this measure are so afraid of the light and the truth that they are unwilling to give any time worthy of mention to the discussion of the bill.

The supporters of the bill may be divided into two classes—one will support it on account of the hope of reward and the other the fear of punishment, and some will be actuated by both motives. The administration lash will be freely applied and many members of the majority side will walk up and place their necks under the administration yoke, shutting their eyes, holding their noses, swallowing the bitter dose with as much apparent indifference as possible.

My colleagues, I sound a note of warning to you that in thus trying to save your political lives you are liable to lose them. You are sowing to the wind and the whirlwind will be your harvest. When the people in your districts, living in towns of four, five, six, eight, and ten thousand inhabitants, having annual postal receipts of ten, fifteen, twenty, and forty thousand dollars, find that you have sold them out and supported a policy that means in the future the door of hope of ever getting a public building has been closed and locked tight in their faces, and at the same time they will be taxed to erect a few magnificent buildings in the cities, they will rise up in righteous wrath and indignation and smite you right and left, hip and thigh.

In one breath they tell us that this is only the beginning of a building program and the next breath they tell us that none but the cities ought to have public buildings. They also tell us that it is this bill or nothing. Well, we had much better have nothing at present than have this vicious, unjust, inequitable monstrosity. You need not be alarmed about getting no legislation at all if this bill is voted down, as the demands throughout the country are too great and public sentiment is too insistent to tolerate a "do-nothing" policy any longer.

Understand me, I do not favor "pork-barrel" legislation, but the scare of pork is not going to frighten me into supporting a policy which means that Congress is to abdicate its constitutional prerogatives and responsibilities and turn them over to a lot of bureau chiefs. This is a "pork-barrel" bill, where all the people feed the swine and only a few eat the pork. Our constituents expect us to meet this responsibility like men and continue a fair, sane, equitable policy that will provide public buildings where they are so badly needed in our rapidly growing towns and cities. I wish to see all the cities have adequate facilities for conducting the Government's business, and I rejoice in their growth and their greatness, but I am not willing to see the towns denied any relief whatever. This bill should be denominated "A bill to tax and burden all the people for the benefit of those most able to help themselves." It will take the lifeblood out of the weak in order to give additional health, strength, and vigor to the strong and robust. It means the poor are to be taxed for the benefit of the rich, and the weak made to carry the burdens of the strong.

But they tell us we can trust the department chiefs to administer this law equitably and that partisanship and favoritism will not be shown. In view of what has recently taken place in the cases of Davy Lewis and Colonel Mitchell, what is there to justify any such hope? Read the able speech of Senator NORRIS, a Republican, with reference to the attempt of the President to hold a club over Lewis's head as a member of the Tariff Commission—one sentence of which I quote, as follows:

> To me the resignation asked for looks more like a club to put fear in the heart of Mr. Lewis.

And from a statement issued by Congressman REID, another Republican, in the case of Colonel Mitchell, I quote as follows:

> The sentence as revised by the President means that for the next five years the Nation will be without its foremost champion of an adequate national defense. I am informed that the record of this court-martial went to the President only to-day, yet this case, involving a great national problem, was acted upon by the Chief Executive within a few hours. Why this unseemly haste? This whole proceeding from start to finish, the preliminary investigation, the preferring of the charges, the ordering of the trial, the convening of the court, the conduct of the prosecution in court, the verdict, the sentence and the approval of the board of review, the approval of the Judge Advocate General, the approval of the Secretary of War, and now the President's quick action, shows that an invisible mind and hand have labored without ceasing for this day's verdict.

The invisible mind and hand referred to by Representative REID, so eloquently and forcibly in this statement, will doubtless be felt in the administration of this law. Oh, my colleagues, I warn you of the danger of the invisible mind and the invisible hand and that this legislation which promises nothing more than favoritism, injustice, and discrimination is doubtless good Republican politics. Yes, it is really a real Yankee brand

of Republican politics, but to those who believe in a square deal, in equity and justice, it is very dangerous legislation.

It was stated by the gentleman from Tennessee [Mr. ESLICK] in his very able speech on yesterday that $50,000,000 of this money would be spent in the District of Columbia, $15,000,000 will go to finish projects authorized in the 1913 law, leaving $100,000,000 for new projects outside of the District of Columbia.

It was further stated in the same speech that of this $100,000,000, $52,650,000 would be expended in eight cities in six States, leaving but $47,350,000 for the other 42 States. This is an injustice and an outrage that can not be justified either in law or morals.

Those who are supporting this bill doubtlessly expect to fare sumptuously on executive buckwheat cakes and sausage, but are unwilling for those of us not occupying a close relationship with the executive throne to have even a crumb of bread or a drop of water. This bill is a complete fulfillment of that statement in the Bible, which says:

> To him that hath shall be given, and he shall have an abundance, but to him that hath little shall be taken away that which he already hath.

[Applause.]

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TREADWAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8264, the Agricultural appropriation bill, and had come to no resolution thereon.

ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bill of the following title:

H. R. 7484. An act granting the consent of Congress to the State highway commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.

FARM RELIEF LEGISLATION

Mr. FUNK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the Agricultural appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FUNK. Mr. Speaker, I desire to call the attention of the House to some of the causes of the hard times now being experienced by the farmers of the Middle West, and particularly of the Corn Belt, and the very urgent necessity for some remedial legislation to remove and correct the same.

I represent a district in the very heart of the Corn Belt. Eighty per cent or more of the people of my district are engaged in or dependent on agriculture, and they are therefore looking forward with great interest to the immediate enactment by Congress of farm-relief legislation.

Two of the five counties in the United States producing the largest annual value in agricultural products, McLean and Livingston, are a part of the district which I represent. I have been engaged, on a somewhat extensive scale, all of my life in farming and in the production of corn and livestock, and I feel that I am qualified to express the views and the needs of the Corn Belt farmer.

The Corn Belt farmer is not asking for anything new or any different legislation from that already enacted for the benefit of other lines of business. He is simply asking for a square deal and that his business and the products of his labor shall receive equal consideration and be placed on an equality already accorded the products and labor of other lines of industry.

There is no question in my mind but that many groups of the people of the United States, and in fact a very large proportion of our population, have been and are now receiving direct financial benefits in their business from legislative action, and the farmer of the Corn Belt is not only asking but is demanding that his business shall receive equal consideration.

I believe it was the intention and the purpose of the founders of this Government that our people would reach the highest development and prosperity if an equal opportunity be furnished every class and kind of business. I believe that the success and perpetuity of this country will be more nearly accomplished if we have as great a diversification of business and industry as is possible to be attained. Before the World War the proportion of our people engaged in agriculture bore a satisfactory ratio to the proportion not engaged in the production of farm crops. This desirable and satisfactory diversification of the work of our people has been disturbed and thrown out of proportion. The proportion of urban to nonurban population is rapidly growing smaller, for the business of farming is on the downward path. Conditions have arisen, through no action or fault of the farmers, and largely through legislative action, which have removed the equality which long existed between that industry and other activities. Agriculture is no longer profitable. The farmers are leaving the farm by the thousands every year and seeking other means of livelihood.

There has been incorporated into the laws of our country the policy that a protective tariff directly benefits not only the owners and operators of the factories and mills turning out the products so protected, but also the people employed by these plants. The argument in favor of the protective tariff has been that it will enable the manufacturers of protected articles to pay a much higher rate of wages than is paid for similar labor in Europe, and thus the American wage earner can enjoy a very much higher standard of living.

It is a well-known fact that the result of the Esch-Cummins law, enacted by Congress, has been to stabilize railroad income and in effect guarantee an adequate and reasonable return to the owners of railroad properties. For seven years I was a commissioner on the Illinois State Public Utilities Commission; the rates established by that commission for public utilities were subject to review by the courts; and if found unreasonable or confiscatory they were set aside. The effect of this was a stabilization not only of the values of these properties but also the income and profits produced by the stabilized rates. I maintain that here is a clear case of benefits conferred upon one class of business by direct action of the representatives of the Government.

Congress has enacted restrictive immigration laws, workmen compensation laws, and various laws providing for the health and safety of employees, and thus another large group of our people has been directly benefited by legislative action. Banking laws protect the property not only of the owners of banks but the depositors as well. Navigation and marine shipping has received direct benefits from legislative action.

But when the 40,000,000 people engaged in agriculture ask for legislation which will stabilize and put their business upon an equality with other business, they are met with the objection that this would be "class legislation"; that it is "an innovation"; that it is "economically unsound"; that it would be "price fixing"; that legislation granting similar benefits to the farmer would set aside the rule of supply and demand.

The farmer of the Corn Belt rejoices that his fellow Americans under these laws receive large benefits and are therefore enabled to enjoy the very highest standards of American living, but he does insist that it is unfair, unjust, and un-American if he does not also receive equal legislative benefits. President Lincoln said that this Government can not endure "one-half slave and one-half free," and we farmers of the Middle West insist that the people of this great Government can not continue one-half protected by legislation and one-half not so protected.

That the farmers of the Middle West are in earnest in demanding relief by congressional action is shown by the resolutions unanimously adopted by the Illinois Agricultural Association, by the resolutions unanimously adopted by the Illinois General Assembly, and by the Corn Belt committee of the American Council of Agriculture at joint session held at Des Moines, Iowa, December 21 and 22, 1925, and by the conference at Des Moines on January 28 of delegates from 11 midwest States. I ask unanimous consent to print these resolutions as a part of my remarks.

A great many plans and suggestions have been offered for farm relief as a solution of the farmers' present problems. Secretary of Agriculture Jardine is reported to have said that the best way out is for the farmer to work out his own salvation—that the farmer must help himself. Mr. Speaker, the peculiar nature of the farming business absolutely prevents any such solution. There are about 40,000,000 people in this country dependent on agriculture, each one of whom is more or less isolated or detached. The farmers are not organized, and I doubt if they ever will be completely organized in any one organization. The business is individualistic. They can not organize in any way so as to control the prices for which they sell their products. On the other hand, practically every other line of business is thoroughly organized and a few men can sit around a table and establish the price for the products in which they are interested.

President Coolidge in his speech to the American Farm Bureau at Chicago, on December 7, 1925, indicated that the greatest help for the farmer would be legislation encouraging the creation of cooperative marketing associations. Mr. Speaker, as an ideal this is all right; it would be helpful; the farmers are not objecting to Congress enacting cooperative

legislation, but every practical man knows that it will take at least a generation or two before this idea can be put into effect. We can not by law force the farmers into cooperative associations, and a Federal cooperative board for the purpose of giving advice upon how to establish cooperative marketing associations is of but little value.

Many bills have been introduced here this session for farm relief. There is the McNary-Haugen idea; there is the Curtis-Aswell plan; there is the plan to extend further credits on farm products in Government licensed warehouses; an excise tax on production to be paid out as an export bounty; a farm crops corporation; there is the Noyes plan, the Pettit plan, the Dickinson bill; there is also the suggestion of Congressman COLE, of Iowa, for the repeal of the provision of the pure food act requiring all articles containing corn sugar to be branded "adulterated." Many of these suggestions, if enacted into law, will be helpful, but the greatest help will be to take such action as will restore the purchasing power of the farmer's dollar up to an equality with the purchasing power of the dollar of every other producer and business man.

In 1923 the wholesale price of all nonagricultural commodities was 57 per cent above the five-year period before the war and the average of all major food products was but 22 per cent above the pre-war average.

Mr. Speaker, I submit that the enactment of protective tariff laws accomplishes the very same result that the objectors to farm-relief legislation claim would follow if similar legislation were enacted for the farmers. Has it reached the point in the history of our country where the action taken to benefit one class of business can not also be enacted for another group of our people? Such criticisms and such refusals to aid the farmer are inconsistent and we vigorously protest against such discrimination.

Mr. Speaker, the real difficulty with the farm situation is that the present prices paid to the farmer for his products which go into domestic consumption are far below the level of the prices of other commodities to-day. This is a fact, because the so-called natural law of supply and demand has been arbitrarily set aside by legislative action and results in the establishment of prices by trusts and combinations. The tariff laws keep out the goods from other countries where the labor costs are far below that in America. In other words, the farmer buys on a protected market, but because he produces a surplus of grain in excess of domestic requirements the price he receives for this surplus establishes the price for the grain consumed in America.

It is for the best interests of all our people that a surplus of food products be produced every year in this country. We are thereby self-supporting and independent of all other countries. Contrast that well-fortified food independence with the situation in England, with only a month's supply of food on hand at any time.

The food producers of this country should not be forced to accept for food consumed in this country the world price because he produces a surplus. The production of a surplus is an insurance policy to all of our people that we will have a sufficient food supply each and every year. It is therefore unfair that domestic prices be fixed by the small portion which is sold abroad in competition with farm products produced by the peasants and peons of other countries.

The prices received by the farmers before the war were not particularly profitable or remunerative, but those prices bore a fairly satisfactory relationship with the prices of other commodities in this country at that time, but that relationship and level are not now in effect. The scale of wages paid by the farmer to-day in this country is approximately double the scale before the war. This is due largely to restrictive immigration laws, which have curtailed the supply of labor. The prices of manufactured products have also doubled because the manufacturer fixes the price at which he sells his products and can add to his manufacturing costs the increased amount of his taxes, both Federal and State; the increased cost of wages paid; and the increased cost due to advance in railroad rates. All of these are considered and included when he fixes the price at which he will sell his goods. The manufacturer, by trade agreements, combinations, understandings, and so forth, sets aside the natural law of supply and demand and arbitrarily fixes his selling price; but the farmer can not do this, because he is not organized and never will be completely organized, but the very same factors of increased costs that confront the manufacturer also confront the farmer. His taxes are double the amount they were before the war. His labor costs are more than double the average before the war and the large advance in freight rates reduces the price received by the farmer at his shipping station in an amount equal to such advances.

It has recently been stated that the protective-tariff system is a great benefit to the farmer; that on practically all of his products there is a high protective tariff. Mr. Speaker, a protective tariff does not raise the price of an article of which there is produced a great surplus over domestic consumption. If this country has an exportable surplus of 200,000,000 bushels of wheat, but little benefit will be derived from a duty on wheat. The same authority pointed out that practically everything the farmer consumes is on the free list, but the cold fact remains that the farmer is now paying double for nearly every article he consumes and the purchasing power of his dollar has not advanced with the purchasing power of the dollar of every other industry. Every farmer knows that it takes more than twice as many bushels of wheat or corn to buy a corn planter or a wagon than it did before the war, and even though farm machinery may be on the free list, the price of farm machinery has advanced so that it takes twice as much of any farm product to buy it as compared with the cost before the war.

The farmer is not so much concerned in the price he receives for his crop as he is in the exchange value of those crops, and how many bushels or pounds it will take to meet his expenses for wages, machinery, fertilizer, interest, taxes, clothing, food, and other necessities. That is the complaint of the farmer; he sees the wages of labor and the return on capital of other people bringing them satisfactory returns and enabling them to enjoy the highest standard of living, while he is caught between the upper and lower millstones and forced, by the refusal to grant him equal benefits by legislation, to accept an unequal and discriminatory return on his labor and capital.

Already many far-seeing business men of this country realize that the main difficulty with the farm situation is the depreciated purchasing power of the farmer's dollar. Recently the announcement was made by the International Harvester Co. to its agents that in the selling of farm machinery, the farmer's corn will be accepted at a value of $1 per bushel for No. 2 corn on the Chicago market. If a similar plan could be put into effect throughout the country so that the purchasing power of the farmer's dollar could be put on the basis of $1 per bushel, the condition of the American farmer would be materially benefited and business of all kinds would receive a tremendous boost.

Mr. Speaker, I hope that an export farm crops corporation will be authorized by this Congress, to be controlled by the Federal Government. To dispose of the exportable farm crop surplus to the best advantage is absolutely necessary if any considerable relief is afforded the farmer, and I am strongly in favor of that proposition, but to my mind the principal difficulty and handicap which confronts the farmer is the fact that he does not receive a fair and equitable price for his products which go into domestic consumption. Some action must be taken by Congress to raise the level of the domestic price of farm products to that of other commodities or the great business of farming in this country will be abandoned, and that splendid group of citizens which has been the backbone and the mainstay of this Republic in every crisis will take up other lines of livelihood and this country will rapidly become an industrial Nation. I do not believe that such a change in the occupation of our people is desirable. We need diversification of occupations. We should be wise enough to arrange our affairs to continue to make the business of farming attractive and fairly profitable.

The farmer is handicapped in his business because there is but one turnover in 12 months; all of his eggs for that year are placed in one basket. He must encounter the uncertainties of yield and price. He can not, as does the manufacturer when business is poor, restrict his output. He can not close down his plant. He must carry on regardless of price changes or the vicissitudes of the weather. Every man familiar with the business of farming knows that it would be impossible for the farmers as a whole to curtail and restrict production. This can be done by the manufacturer by simply shutting down his plant and dismissing his employees, but it would be foolish, as well as impractical, for the farmer to allow his fields to remain idle and not planted to some crop.

The manufacturer has to-day a very favorable outlook for his business; he is receiving the benefit of protective tariff laws; he is not yet subjected to the keen competition from European manufacturers. Europe has not recovered from the effects of the war. As a matter of fact, the people of European nations immediately after the war did not engage to any extent in manufacturing, but turned to the easiest and simplest way to sustain life—agriculture. This helped the American manufacturer by decreasing the competition of European-made goods, but it also decreased the demand for farm products from the United States, with the result that the production of agricul-

tural products in Europe to-day, not counting Russia, is very much larger than before the war. This situation will in the next year or two be very much more to the disadvantage of the American farmer, because within that time Russia will have recovered sufficiently so that it will again be producing practically as much wheat as it did before the war.

I can see no hope for any improvement in conditions of the American farmer until Congress disregards all precedents, and by setting aside the so-called laws of supply and demand, and by specific and direct legislation establishes a plan whereby the price received by the farmer for farm products consumed in the United States are raised to an equality and a level with the prices of other commodities produced in this country, which price of other commodities has been raised as a result of the action of Congress.

Resolutions adopted by the Illinois Agricultural Association

We indorse the enactment of a Federal law based on the principle of a farmer's export corporation, providing for the creation of an agency with broad powers for the purpose of so handling the surplus farm crops that the American producer may receive an American price in the domestic market, and we instruct our officers and representatives to work for the early enactment of such law, founded upon sound economic policy, and not involving Government subsidy.

Resolutions unanimously adopted by the Illinois General Assembly

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all whom these presents shall come, greeting:

I, Louis L. Emmerson, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 37 and House Joint Resolution No. 45, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 1st day of December, A. D. 1925.

[SEAL.] LOUIS L. EMMERSON,
Secretary of State.

House Joint Resolution 37

Whereas the prosperity of the American farmers, producers of the country's principal food products—wheat, corn, hogs, and cattle—is essential to the general prosperity of the people of the United States and to the development of the country's resources; and

Whereas the prices of the farmers' products have immensely depreciated in comparison with those of other industries because suitable legislation quickly enacted for the benefit of these other industries—the emergency, the Fordney-McCumber tariff law, the immigration act, and the Esch-Cummins law to maintain war-time transportation prices—raised the domestic prices of such products 40 per cent above that of the world market; and

Whereas the result of the said congressional legislation failed to give relief to the producers of said four principal foodstuff commodities, but has permitted the prices of such products to be governed by the world price; and such legislation has, on the other hand, increased or maintained prices of manufactured products, thus compelling the farmer to bear the principal share of assistance given to other groups by paying enhanced prices for the things that he is compelled to buy and by selling the said wheat, corn, hogs, and cattle at an ever-decreasing price in competition with foreign producers, so that the American farmer has been and is being crushed, so to speak, between the upper and the nether millstones; and

Whereas there is practically at all times a production of wheat, corn, hogs, and cattle, and their products, greater than our home or domestic demand for same, and as a result there is practically at all times a very considerable export from the United States of such products, and the prices of such products to the home of American producer are therefore the world price less the cost of transportation, and as a result a tariff upon such products at no time benefits or helps their producers; and

Whereas the political history of England (corn law legislation), and of France, Japan, Venezuela, and many other countries, discloses that in similar situations relief has frequently been granted in respect to products whose prices are too low in proportion to prices of other products maintained through protective tariffs—the production of such latter products being not equal to the home consumption—by providing export bounties, whereby a certain amount is paid by the Government upon all products exported, and thereby the domestic price to the producer as well as the export price would be the world price plus the bounty and less the cost of transportation; and

Whereas it is claimed by eminent authorities that an export bounty provided for all exports of wheat, corn, hogs, and cattle, and their products, almost equal to the import tariffs thereon would relieve the producers of such products of the present inequality arising through present Federal laws, increasing the home consumption price as well as the export price to the producer by the amount of the export bounties on such products; and sufficient protective duties must be maintained to prevent reexportation of products that already have received the bounty; and

Whereas the money to defray the cost of paying such export bounties may properly be obtained by the levy of a small excise tax upon all such wheat, corn, hogs, and cattle sold for domestic consumption or export, or possibly on the entire production, and such excise tax will not burden the producer appreciably, which burden, in any event, will be infinitesimal compared with the benefits derived from the increased price of all such products sold for home consumption or export due to the payment of bounties on exports of such products: Now, therefore, be it

Resolved by the House of Representatives of the Fifty-fourth General Assembly of the State of Illinois (the Senate concurring therein), That the Congress of the United States be, and it is hereby, requested at the next session of Congress to consider the subject matter of this resolution and the preambles thereof with a view to the passage of legislation embodying a scientific plan or program by which reasonable export bounties may be provided to be paid upon all exports of wheat, corn, hogs, and cattle, and their products, and by which the money to pay such bounties may be provided by the persons economically benefited, to the end that the producers' prices of such products for domestic and foreign consumption may be materially increased, thus relieving the farmer of the unequal and unfair position in which he now stands as compared with the manufacturer and others engaged in similar enterprises, and also placing the farmer on such a basis that he may conduct his business on an equal footing with others and may realize a reasonable profit from his business operations; and that a certified copy of this resolution be delivered to the Speaker of the House of Representatives and the President of the Senate of the United States, and also to each Congressman and Senator from the State of Illinois.

Adopted by the house May 20, 1925.

ROBERT CHARLES,
Speaker of the House of Representatives.
B. H. MCCANN,
Clerk of the House of Representatives.

Concurred in by the senate June 9, 1925.

FRED E. STERLING,
President of the Senate.
JAMES H. PADDOCK,
Secretary of the Senate.

Resolutions adopted by the Corn Belt committee at a joint session held at Des Moines, Iowa, December 21 and 22, 1925

The Corn Belt committee and the executive committee of the American Council of Agriculture representing the farm organizations of the Middle West and West join in making the following statement with reference to the national agricultural situation; and in this connection we repeat the declaration made at the St. Paul conference in 1924, namely, that the agricultural question is fundamentally economic rather than political. Certainly it should not become the football of partisan politics. Republicans, Democrats, and Progressives all included agricultural planks in their platforms, which promised to secure equality for agriculture.

The President of the United States, in his speech before the American Farm Bureau Federation at Chicago, declared that agriculture is substantially on a free-trade basis in respect of the things it buys. We are surprised to find one ordinarily so cautious of utterance and so little given to adventuresome reasoning accepting, apparently without criticism, a superficial analysis of so complex and involved an economic fact as the American protective system. This is a system of long development and studied influence on the economic life of America. Many factors enter into the compounding of the so-called American standard of living, of which our people are justly proud, and which it is agriculture's determination not only to support and perpetuate so long as it is left a choice in the matter, but, indeed, to extend, so that the benefits will become more general and widespread than they now are, so that the third of the population which is engaged in farming may participate equally in them and so that agriculture, which has historically been the rock and foundation of American political and economic stability, may be saved from decay. Restrictive immigration, the Adamson law, the transportation act, and many others might be cited. Protection is interwoven into the very fabric of American industrialism. Wherever one turns, except in the prices of the great staples of agriculture as they leave the hands of the farmer, the influence of that system is encountered. The farmer, consequently, while himself deriving almost none of the benefits, bears the burden and shares in adverse economic implications of protection to the full.

Accordingly we are obliged to differ from the administration not only in the President's statement at Chicago, but also in that portion of his message to Congress of December 8, in which he dealt with agriculture. We protest against such a representation of the movement for equality in which the people of the great staple-growing Empire of

America are enlisted with all their hearts. We protest against the abrupt dismissal of a petition in the formulation of which the best intelligence of agriculture has put so many years of devoted and sincere study. We protest respectfully, but none the less with every ounce of our power, that it is incumbent on anyone who comes into the agricultural forum to thwart this constructive and practical program, to have an equally constructive and practical program to suggest in its place. We submit that, in view of the pitiable conditions existing among men who have spent a lifetime in hewing a destiny from the soil, anything less is a betrayal of faith.

We do not understand the administration to argue that the staples of agriculture receive protection. We wish to call attention to this vital, economic fact. It is equally vital with the complementary fact that in almost every other economic sphere—wages of labor, taxation, rent, capitalization, products of industry, transportation, and so on—protection plays a fundamental and permeating influence on price. We once more demand equality.

We do not concede that the existing Fordney-McCumber Act is "of great benefit to agriculture as a whole." On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class—on the one hand, the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while on the other hand the price of his great surplus commodities is fixed in the world markets. The living standard of organized industry and labor is the highest and most generous any nation has ever known, while the living standard of the farmer is rapidly becoming that of the world farmer. And, therefore, what virtue has the boasted home market? At this hour this home market is offering the Corn Belt farmer 55 cents and 60 cents per bushel for his corn, when it cost him more than twice this much to produce it. Also we hope we will be pardoned for our skepticism when we refuse to become elated over reference to certain articles that are on the free list, such as farm machinery, binder twine, etc., in which lines our American manufacturers dominate the world markets and therefore control the domestic price.

If the existing tariff is such a boon to agriculture, then how can the fact be explained that, although this tariff has been in operation for five years, agriculture is at this hour staggering on the brink of complete collapse? With all due respect to the President we desire to say that the farmers of this country know the source of their difficulties—they know that on the one hand they are carrying the heavy burdens of the protective system and sustaining the generous wage scales of organized labor, while on the other hand they are meeting world competition which industry and labor refuse to meet; and in these premises we demand of the Sixty-ninth Congress that it enact legislation that will assure the same degree of equality for agriculture that industry and labor have so uncompromisingly demanded and received for themselves. If it is not unsound to fix prices on steel, textiles, and other similar commodities by protective legislation, then why is it unsound to fix them for agriculture by the same process? If it was not unsound to vouchsafe the Adamson law to organized labor, then why be so horrified at specific legislation for the Nation's great basic industry? If it was wise on the part of Congress to stabilize our banking system through the Federal reserve act and our transportation system through the Esch-Cummins Act, then why not indulge the same solicitude for the 40,000,000 people who live upon the farm and whose purchasing power is so vital to our myriad mills and factories?

Finally on this score we desire to say to Congress that the time has come when it must choose between one of two alternatives—if industry insists that it can not exist without the tariff, then Congress must take agriculture in on the deal. And failing to do this, it should not blame the farmers of the United States if they invoke the principle that self-preservation is the first law and if thus they should declare open war upon the protective system. And in saying this we will not forget the real friends of agriculture in Congress in the days to come.

In this connection we desire to remind the farmers of the South that the time has come when corn, wheat, cotton, livestock, and tobacco should make common cause and when we should fight our battles side by side. We do not ask for special privilege or subsidies—we ask only that Congress shall assure to the farmer a dollar of the same purchasing power as the dollar it has so freely granted to industry and labor.

And verily the man or set of men who deny this heartfelt plea of agriculture assume a frightful responsibility. Already hundreds of thousands of farmers have been sold out by the sheriff, while many thousands of others will suffer a similar fate before relief can possibly come. Already more than 2,000 rural banks have been forced to close their doors, while the shadow of insolvency is hovering over hundreds of other banks which only a little while ago were the pride of their communities. Therefore, let those who by plausible pretext seek to minimize the troubles of the farmer pause before it is too late—let them have a care lest their attitude not only assure the final and complete collapse of agriculture but also a condition of affairs which in the not distant future will bring distress to every great industrial center.

In this connection, and with a degree of amusement which shows that despite our tragic condition we still have a sense of humor left, we note that the new measure sponsored by Secretary Jardine is to prove a means of salvation to the farmer by supplying him with a new and expert fund of information about the mysteries of cooperative marketing. And in these premises we desire to assure the Secretary that it is not information we need but a fair price. As a matter of fact, we never had so much information in our lives; it is about all we have left. But we wonder if when the Fordney-McCumber Act was under debate in Congress some one had moved to substitute a bureau of information, whether this would have been satisfactory to industrial New England? Also, we wonder whether organized labor would have been content with mere information in lieu of the Adamson law.

Speaking for the united farm organizations of the Middle West and West, which represent not less than 1,000,000 farmers, we hereby desire to say that in the near future we will agree upon a measure which will present the export corporation idea in the simplest form compatible with effectiveness, and which will prove a stimulus to the great cooperative movement; and having agreed upon the terms of this measure, we will ask the farm organizations of the United States to join us in asking for its passage by the Sixty-ninth Congress. And until such time we ask our friends in the House and Senate to postpone consideration of the various agricultural measures which have been offered during recent days or which may be offered in the immediate future.

This conference desires to take cognizance of the enheartening action of the legislatures of 12 Western States which have lent the strength of their indorsement to the demand for a method of making the tariff effective for agriculture. The conference extends the appreciation of the millions of farmers for whom it is authorized to speak.

We commend the Governor of South Dakota in calling a conference of the mid-west governors, which has resulted in their unqualified adherence to the proposition that the protective system should be extended to include the products of agriculture, of which we produce a surplus, if the protective system is to be retained for industry. The voice of these men is the voice of the great agricultural region for which they speak. We consider that such a pronouncement can not be ignored.

ADJOURNMENT

And then on motion of Mr. MAGEE of New York (at 5 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Saturday, January 30, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

309. A letter from the Director of Public Buildings and Public Parks, Washington, D. C., transmitting a list of the properties leased by this office for the period between February 26, 1925, and June 30, 1925, in compliance with the act approved July 28, 1892 (27 Stat. pp. 321, 322); to the Committee on Public Buildings and Grounds.

310. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Commission of Fine Arts for the fiscal year ending June 30, 1926, in the amount of $1,400 (H. Doc. No. 231); to the Committee on Appropriations and ordered to be printed.

311. A communication from the President of the United States, transmitting a supplemental estimate of appropriations of the Department of Commerce for the fiscal year ending June 30, 1927, amounting in all to $119,000 (H. Doc. No. 232); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WINTER: Committee on the Public Lands. H. R. 7370. A bill to amend an act entitled "An act to authorize the sale of burnt timber on the public domain," approved March 4, 1913; without amendment (Rept. No. 160). Referred to the Committee of the Whole House on the state of the Union.

Mr. MONTGOMERY: Committee on Indian Affairs. H. R. 7083. A bill authorizing the sale and conveyance of certain lands on the Kaw Reservation in Oklahoma; without amendment (Rept. No. 162). Referred to the Committee of the Whole House on the state of the Union.

Mr. REED of New York: Committee on Education. H. R. 8466. A bill to amend section 8 of an act entitled "An act to incorporate the Howard University in the District of Colum-

bia," approved March 2, 1867; without amendment (Rept. No. 163). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WURZBACH: Committee on Military Affairs. H. R. 680. A bill for the relief of John A. Douglas; without amendment (Rept. No. 161). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8471) granting a pension to Ambrose Marion; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8324) granting a pension to Martha E. Crank; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8421) granting an increase of pension to Isabel Sholiar; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MOORE of Virginia: A bill (H. R. 8582) providing for the improvement of the Potomac River and the development of hydroelectric energy at the Great Falls; to the Committee on the District of Columbia.

By Mr. TUCKER: A bill (H. R. 8583) to authorize the acquisition of a site and the erection of a Federal building at Amherst, Va.; to the Committee on Public Buildings and Grounds.

By Mr. LETTS: A bill (H. R. 8584) authorizing the payment of claims of men of the Army and Marine Corps, while in training for commissions in the combatant branches of the Army and Marine Corps, and authorizing an appropriation therefor; to the Committee on Military Affairs.

By Mr. MORTON D. HULL: A bill (H. R. 8585) to provide for the appointment of postmasters, officers, and employees of the customs and internal revenue services and other branches of the Government service; to the Committee on the Civil Service.

By Mr. RUBEY: A bill (H. R. 8586) to prohibit the carrying by the mails of the United States of any newspapers, circulars, pamphlet, or publication containing any advertisement for the sale of any pistol or revolver, and to provide penalties; to the Committee on the Post Office and Post Roads.

By Mr. HASTINGS: A bill (H. R. 8587) for the protection of the lands and funds of restricted Indians of the Five Civilized Tribes, regulating the approval of conveyances of full-blood heirs, the approval of the leases, and the appointment of guardians, and for other purposes; to the Committee on Indian Affairs.

By Mr. SOSNOWSKI: A bill (H. R. 8588) to provide for the recognition of United States citizenship; to the Committee on Immigration and Naturalization.

By Mr. KINDRED: A bill (H. R. 8589) to amend section 601 of the World War veterans' act of 1924; to the Committee on World War Veterans' Legislation.

By Mr. ARENTZ: A bill (H. R. 8590) granting certain lands to the city of Sparks, Nev., for a dumping ground for garbage, and for other purposes; to the Committee on the Public Lands.

By Mr. MORIN: A bill (H. R. 8591) to authorize the payment of claims in admiralty arising from operation of Army Transport Service; to the Committee on Military Affairs.

Also, a bill (H. R. 8592) to further amend section 125 of the national defense act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. CONNALLY of Texas: A bill (H. R. 8593) for the purchase of a site and the erection thereon of a Federal building at Gatesville, in the State of Texas; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8594) for the purchase of a site and the erection thereon of a Federal building at Hamilton, in the State of Texas; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8595) providing for the purchase of a site for a Federal building at Mart, in the State of Texas; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8596) providing for the purchase of a site for a Federal building at Bartlett, in the State of Texas; to the Committee on Public Buildings and Grounds.

By Mr. BUTLER: A bill (H. R. 8597) to authorize the construction of an experimental metal-clad airship; to the Committee on Naval Affairs.

By Mr. WILSON of Louisiana: A bill (H. R. 8598) granting the consent of Congress to the police jury of Morehouse Parish, La., or the State Highway Commission of Louisiana, to construct a bridge across the Bayou Bartholomew at or near Point Pleasant, in Morehouse Parish; to the Committee on Interstate and Foreign Commerce.

By Mr. TREADWAY: A bill (H. R. 8599) to regulate dealers in coal in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. McFADDEN: A bill (H. R. 8600) to provide for the purchase of a site and erection of a public building thereon at Towanda, in the State of Pennsylvania; to the Committee on Public Buildings and Grounds.

By Mr. KINDRED: A bill (H. R. 8601) to establish a laboratory for the study of the abnormal classes; to the Committee on Interstate and Foreign Commerce.

By Mr. HICKEY: Joint resolution (H. J. Res. 138) providing for the observance and celebration of the one hundred and fiftieth anniversary of the entry of Thaddeus Kosciuszko into the Continental Army and establishing a commission to be known as the United States Kosciuszko Sesquicentennial Commission; to the Committee on the Library.

By Mr. SUTHERLAND: Joint resolution (H. J. Res. 139) authorizing the construction of a Government dock or wharf at Juneau, Alaska; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 8602) for the relief of Hewson L. Peeke; to the Committee on Claims.

Also, a bill (H. R. 8603) granting an increase of pension to S. Louisa Burch; to the Committee on Invalid Pensions.

By Mr. BOWLES: A bill (H. R. 8604) granting an increase of pension to Emma L. Hardendorff; to the Committee on Invalid Pensions.

By Mr. BOWMAN (by request): A bill (H. R. 8605) granting an increase of pension to Sarah J. McCulloh; to the Committee on Invalid Pensions.

By Mr. BRIGHAM: A bill (H. R. 8606) granting a pension to Martha A. Tatro; to the Committee on Invalid Pensions.

By Mr. DOMINICK: A bill (H. R. 8607) for the relief of Cecilia Rebecca Fretwell; to the Committee on Claims.

Also, a bill (H. R. 8608) for the relief of W. H. Hughs; to the Committee on Claims.

By Mr. EDWARDS: A bill (H. R. 8609) for the relief of the lawful heirs of Fanny Williams; to the Committee on War Claims.

Also, a bill (H. R. 8610) for the relief of lawful heirs of Levy E. Byck; to the Committee on War Claims.

Also, a bill (H. R. 8611) for the relief of Capt. J. Fleming Bel; to the Committee on Claims.

Also, a bill (H. R. 8612) for the relief of Samuel J. Graham; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8613) for the relief of John B. McLamb; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8614) for the relief of Willie R. Smith; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8615) for increase of compensation and to fix rating of permanent total disability for Alfred B. Schachte; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8616) for increase of compensation and to fix rating of permanent total disability for Daniel J. Sheehan; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 8617) for increase of compensation and to fix rating of permanent total disability for Richard M. Hull; to the Committee on World War Veterans' Legislation.

By Mr. FOSS: A bill (H. R. 8618) granting a pension to Nellie A. Bennett; to the Committee on Invalid Pensions.

By Mr. FULLER: A bill (H. R. 8619) granting an increase of pension to Adelaide Snively; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 8620) granting a pension to Elizabeth Forbes; to the Committee on Pensions.

By Mr. MAGEE of Pennsylvania: A bill (H. R. 8621) granting a pension to Nancye J. Baldwin; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8622) granting an increase of pension to Ann Jane Barton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8623) granting an increase of pension to Mandilla Breighner; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 8624) granting an increase of pension to Ellen E. McGuire; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 8625) for the relief of Lorenzo A. Bailey; to the Committee on Indian Affairs.

By Mr. ROMJUE: A bill (H. R. 8626) granting a pension to Leora E. Wallace; to the Committee on Invalid Pensions.

By Mr. RUBEY: A bill (H. R. 8627) granting an increase of pension to Amanda T. Riggs; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 8628) for the relief of Charles F. Reilly; to the Committee on Military Affairs.

By Mr. SPROUL of Kansas: A bill (H. R. 8629) granting a pension to David S. Toland; to the Committee on Invalid Pensions.

By Mr. STOBBS: A bill (H. R. 8630) granting an increase of pension to Elizabeth Pohle; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 8631) granting an increase of pension to Mary B. Tucker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8632) granting an increase of pension to Mary L. McBath; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8633) granting a pension to Phoeba L. Diggs; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8634) granting a pension to Mary D. Walls; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 8635) for the relief of William M. Sherman; to the Committee on Military Affairs.

Also, a bill (H. R. 8636) to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of compensation made on properly certified and approved vouchers; to the Committee on Claims.

Also, a bill (H. R. 8637) granting permission to Lieut. Col. Kyle Rucker, Judge Advocate General's Department, United States Army, to accept the decoration of the Ordre Grand-Ducal de la Couronne de Chene (Commandeur) tendered by the Grand Duchy of Luxemburg; to the Committee on Foreign Affairs.

By Mr. VINCENT of Michigan: A bill (H. R. 8638) granting a pension to Arthur Raymond; to the Committee on Pensions.

By Mr. WASON: A bill (H. R. 8639) for the relief of Ella P. Clark; to the Committee on Claims.

By Mr. WELLER: A bill (H. R. 8640) for the relief of the National Surety Co.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

518. By Mr. BRIGGS: Petition of Fort Whipple Chapter, No. 3, Disabled American Veterans of the World War, for additional World War veterans' legislation; to the Committee on World War Veterans' Legislation.

519. By Mr. CHINDBLOM: Petition of the Illinois Manufacturers' Association, relative to railroad legislation; to the Committee on Interstate and Foreign Commerce.

520. By Mr. GALLIVAN: Petition of the Massachusetts Farm Bureau Federation, urging appropriate Federal appropriation for the eradication of tuberculosis among cattle; to the Committee on Appropriations.

521. By Mr. GARBER: Memorial by prominent citizens favoring the strictest enforcement of the prohibition law; to the Committee on the Judiciary.

522. Also, resolution of the Carter Club Chapter, No. 119, Izaak Walton League of America, approving H. R. 10269; to the Committee on Interstate Commerce.

523. Also, letter of Mr. J. P. Jameson, chairman Carnegie Institution of Washington, inclosing a resolution passed by the American Historical Association at its annual meeting, Ann Arbor, Mich., December 31, 1925, favoring an act (passed March 3, 1925) to authorize the collection and editing of official papers of the Territories of the United States now in the national archives; to the Committee on the Library.

524. By Mr. GRIEST: Petition adopted by the Lancaster Woman's Temperance Union, January 21, 1926, urging strict enforcement of the Volstead Act; to the Committee on the Judiciary.

525. Also, petition of the faculty of the agricultural department, West Lampeter Vocational School, Lampeter, Lancaster County, Pa., in favor of the public-health program to banish the scourge of bovine tuberculosis; to the Committee on Agriculture.

526. By Mr. HICKEY: Petition signed by Mr. Stanley A. Kolkiewicz and other citizens of South Bend, Ind., expressing opposition to H. R. 102; to the Committee on Immigration and Naturalization.

527. By Mr. KINDRED: Petition of the board of directors of the Brooklyn Chamber of Commerce to the Congress of the United States, to enact an amendment to the immigration laws; to the Committee on Immigration and Naturalization.

528. By Mr. KING: Memorial of Col. L. W. Shepherd Post, No. 628, Department of Illinois, Grand Army of the Republic, of Quincy, Ill., urging that Congress pass a suitable pension bill to increase the pension ratings for old Civil War veterans and their widows; to the Committee on Invalid Pensions.

529. By Mr. STRONG of Kansas: Petition of Olive McMurray and 73 other citizens of Idana, requesting enactment of legislation to increase the pension of Indian War veterans, their widows, and dependents; to the Committee on Pensions.

530. By Mr. THOMPSON: Petition of comrades of Camp No. 98, United Spanish War Veterans, of Paulding, Ohio, in favor of House bill No. 98; to the Committee on Pensions.

SENATE

SATURDAY, *January 30, 1926*

(*Legislative day of Saturday, January 16, 1926*)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

PETITIONS

Mr. JOHNSON. Mr. President, I ask permission to have printed in the RECORD and referred to the Committee on Irrigation and Reclamation a telegram to me from the State senators of California of the northern district of the State asking favorable action by the Congress upon what is termed the Swing-Johnson bill for the development of the lower Colorado River. In presenting it and asking its printing and reference I wish to express my very great gratification at the fact that the telegram demonstrates not only the desirability but the necessity from the entire State's standpoint for the particular legislation and takes it from the realm of a mere local situation to one in which the entire State is interested.

There being no objection, the telegram was referred to the Committee on Irrigation and Reclamation and ordered to be printed in the RECORD, as follows:

[Postal telegram]

SAN FRANCISCO, CALIF., *January 29, 1926.*

Senator HIRAM W. JOHNSON,
Washington, D. C.

To the Congress of the United States:

A critical condition has arisen in southern California, due to lack of constructive action in the development of the Boulder Dam and the all-American canal projects. Rich agricultural areas are facing ruin through failure to receive needed water supply. Growing cities of southern California are facing acute shortage of water for domestic purposes. Onerous tax burdens are imposed on American farmers because of privileges enjoyed by Mexican participation in management of present Mexican canal. Sixty thousand Americans are exposed to constant danger of devastating flood, and the whole water-conservation question of the State whose relief exists in being able to obtain water for southern California from the Colorado River, thus abating growing demands upon northern water sources, is being held back and solution prevented. These conditions have tended to create a desperate situation in the regions affected, and because of the water-conservation question involved all California is deeply sensible that an emergency exists which requires immediate relief, and that this relief can come only through favorable action by Congress on the Swing-Johnson bill. Therefore we, the following members of the senate of California, representing northern senatorial districts, do hereby respectfully petition both Houses of Congress that they prevent needless delays in the con-

sideration of the bill; that they do not permit amendment of the measure designed to weaken its power to accomplish the remedial purposes, and that they enact it as speedily as possible.

ROY FELLOM,
HERBERT C. JONES,
WILL R. SHARKEY,
THOMAS A. MALONEY,
P. J. GRAY,
FRED C. HANDY,
M. B. HARRIS,
FRANK S. BOGGS,
TALLANT TUBBS,
HERBERT W. SLATER,
J. M. INMAN,
JOHN J. CROWLEY,
L. L. DENNETT,
J. JAS. HOLISTER,
VICTOR J. CANEPA,
DANIEL J. MURPHY,
THOS. INGRAM,
C. C. BAKER,
H. C. NELSON,
Senators.

Mr. ROBINSON of Arkansas presented a petition of the Pine Bluff (Ark.) Chamber of Commerce, praying for the passage of House Concurrent Resolution 4, to establish a joint committee on Muscle Shoals, to conduct negotiations and recommend legislation to secure operation of the nitrate and power properties of the United States at Muscle Shoals, including the quarry properties at Waco, Ala., which was referred to the Committee on Agriculture and Forestry.

REPORTS OF COMMITTEES

Mr. ROBINSON of Arkansas, from the Committee on Military Affairs, to which was referred the bill (S. 1144) authorizing the Secretary of War to acquire a tract of land for use as a landing field at the air intermediate depot, near the city of Little Rock, in the State of Arkansas, reported it with amendments and submitted a report (No. 107) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 1632) for the relief of the estate of C. C. Spiller, deceased, reported it without amendment and submitted a report (No. 108) thereon.

Mr. CAMERON, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

A bill (S. 2029) authorizing the withdrawal of certain public lands in Arizona for use as a municipal aviation field by the city of Tucson, Ariz. (Rept. No. 109); and

A bill (S. 2307) authorizing sale of certain lands to the Yuma Chamber of Commerce, Yuma, Ariz. (Rept. No. 110).

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 2854) to authorize payment of claims in admiralty arising from operation of Army transport service, reported it without amendment and submitted a report (No. 111) thereon.

He also, from the same committee, to which was referred the bill (S. 2828) to provide for forfeiture of pay of persons in the military and naval services of the United States who are absent from duty on account of the direct effects of the intemperate use of alcoholic liquor or habit-forming drugs or because of venereal disease, reported it with amendments and submitted a report (No. 112) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2656) for the relief of the estates of John Frazer, deceased; Zephaniah Kingsley, deceased; John Bunch, deceased; Jehu Underwood, deceased; and Stephen Vansandt, deceased, reported it without amendment and submitted a report (No. 113) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WELLER:

A bill (S. 2907) to authorize the general accounting officers of the United States to allow credit to Galen L. Tait, collector and disbursing agent, District of Maryland, for payments of travel and subsistence expenses made on properly certified and approved vouchers; to the Committee on Appropriations.

By Mr. MAYFIELD:

A bill (S. 2908) to amend the act approved March 3, 1911, to codify, revise, and amend the laws relating to the judiciary by limiting the duration of the administration of a corporation and its property; to the Committee on the Judiciary.

By Mr. McNARY:

A bill (S. 2909) granting a pension to Fred Breyman; to the Committee on Pensions.

A bill (S. 2910) for the relief of M. Seller & Co.; to the Committee on Claims.

By Mr. MOSES:

A bill (S. 2911) granting an increase of pension to Rosa Abbott (with accompanying papers); to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2912) to further amend section 125 of the national defense act of June 3, 1916, as amended; and

A bill (S. 2913) to authorize the Secretary of War to class as secret certain military property, and to empower him to authorize purchases thereof and award contracts in such manner as he may deem most economical and efficient; to the Committee on Military Affairs.

By Mr. HARRELD:

A bill (S. 2914) providing for the appointment of Michael McDonald (formerly a squadron sergeant major, United States Army) a warrant officer, United States Army, and to place him upon the retired list immediately thereafter; to the Committee on Military Affairs.

By Mr. COUZENS:

A bill (S. 2915) to permit common carriers to give free carriage or reduced rates to the Board of Railway Commissioners for Canada; to the Committee on Interstate Commerce.

By Mr. NORBECK:

A bill (S. 2916) for the purchase of a site and the erection of a public building thereon at Winner, S. Dak.; to the Committee on Public Buildings and Grounds.

A bill (S. 2917) to create the American Stabilizing Commission and to provide for stabilizing the price of certain farm products, by purchasing the surplus thereof; to the Committee on Agriculture and Forestry.

By Mr. CURTIS:

A bill (S. 2918) to place the agricultural industry on a sound commercial basis, to encourage agricultural cooperative associations, and for other purposes (with accompanying papers); to the Committee on Agriculture and Forestry.

By Mr. STANFIELD:

A bill (S. 2919) to amend section 10 of the act entitled "An act extending the homestead laws and providing for right of way for railroads in the District of Alaska, and for other purposes," approved May 14, 1898 (30 Stat. L. p. 409); to the Committee on Public Lands and Surveys.

A bill (S. 2920) to amend chapter 356, volume 42, of the United States Statutes at Large, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes"; to the Committee on Finance.

A bill (S. 2921) for the relief of Paul Hughes Riggs; and

A bill (S. 2922) to authorize the appointment of Helmer H. Koppang a lieutenant in the United States Navy, and for other purposes; to the Committee on Naval Affairs.

A bill (S. 2923) for the relief of the Ralph Ackley Land Co. (Inc.) and others; and

A bill (S. 2924) authorizing payment of reward due Frank J. Snow for apprehension of J. K. Giles, alias John C. Laird; to the Committee on Claims.

By Mr. METCALF:

A bill (S. 2925) to authorize the erection of a Veterans' Bureau hospital in Providence, R. I., or in a section adjacent thereto; to the Committee on Public Buildings and Grounds.

AMENDMENT TO WAR DEPARTMENT APPROPRIATION BILL

Mr. ROBINSON of Arkansas submitted an amendment proposing to appropriate $2,900 for the construction of a swimming pool for the use of patients of the Army and Navy General Hospital, Hot Springs National Park, Ark., intended to be proposed by him to the War Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENTS TO TAX REDUCTION BILL

Mr. McKELLAR submitted an amendment, Mr. COPELAND submitted two amendments, Mr. COUZENS submitted three amendments, and Mr. KING submitted four amendments intended to be proposed by them to House bill 1, the tax reduction bill, which were severally ordered to lie on the table and to be printed.

DIPLOMATIC IMMUNITY

Mr. BLEASE. Mr. President, I ask permission to have printed in the RECORD an article from yesterday's Evening Star.

Mr. HEFLIN. May I inquire what the article is about?

Mr. BLEASE. The Senator might know, Mr. President. It is about diplomatic immunity.

The VICE PRESIDENT. Without objection, leave to print is granted.

The article is as follows:

[From the Evening Star (Washington, D. C.), January 29, 1926]

DIPLOMATIC IMMUNITY

Protests have been filed with the State Department by the District Commissioners against the continued defiance of local traffic regulations on the part of attachés of foreign countries, who, depending on the so-called "diplomatic immunity," have ruthlessly and consistently violated rules laid down for the protection of the public.

Two flagrant cases were cited by the commissioners, one involving an attaché of the Belgian Embassy, and the other a member of the Ecuadorian Legation, but these constitute but a fraction of the total of traffic violations charged up to those possessing "diplomatic immunity."

Not only have regulations been defied by representatives of foreign governments, but it is not an uncommon occurrence for a Washingtonian to find himself entangled with the car of a speeding diplomat, who, on ascertaining that his machine will still operate under its own power, will politely lift his hat and proceed on his way, leaving the voteless and helpless resident of this fair city gazing ruefully at the wreckage and wondering how he can save enough from the grocery bill to pay for repairs.

It is eminently proper that the commissioners should report these matters to the State Department, and the department, in turn, should make strong representations for the elimination of this class of lawbreaker. No city can have a privilege class of motorists. It is not possible under the nation-wide traffic movement to protect life and limb, and it is not possible under all rules of decency and courtesy on the highways and byways of these United States.

No man, be he of high station or of low, can be allowed to place himself, with the consent of the Government, in the position of careless disregard of human life. Reckless operation of an automobile, coupled with defiance of the constituted authorities, can lead to only one thing in the end, the slaughter of innocent citizens.

It is a simple matter for the State Department to request the recall of an offending diplomat. There can be no better reason for a request of this kind than the menace to lives involved in the deliberately reckless operation of a motor car. "Diplomatic immunity" must not be stretched to cover willful violations of laws designed to protect life and property.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker of the House had affixed his signature to the following enrolled bill and joint resolution, and they were thereupon signed by the Vice President:

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.; and

H. J. Res. 107. A joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. McLEAN. Mr. President, before we proceed with the consideration of the bill, I want to call the attention of the Senate to a statement which I made yesterday, appearing on page 2952 of the RECORD, when we were discussing the tax on insurance companies. I said that the stock companies had to compete with the mutual companies which pay no taxes. At that time I was calling attention to some stock life-insurance companies in Connecticut, and I had particularly in mind the large tax which the stock companies pay and which the mutual companies do not pay.

But the statement which I made, as it appears in the RECORD, is that the mutual insurance companies pay no tax. That is not the fact. The Federal law which applies to insurance companies is the same with regard to the stock and mutual companies, but I am informed by the experts that my statement, though incorrect literally, is, in fact, practically true, because owing to the system of accounting of the mutual companies, with regard to which I am not an expert, they do not pay any Federal taxes of any consequence. In fact, the total Federal tax paid by the stock insurance companies is small. The tax in the States on the stock companies is very heavy.

Mr. SMOOT. Mr. President, when we took the recess last night we were on page 296 of the pending measure. The first amendment to be considered to-day is on page 296, line 20.

The VICE PRESIDENT. The Clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 296, line 20, after the words "provided in," to strike out "sections 281 and 317" and insert "section 284," so as to read:

SEC. 1112. Section 3228 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3228. (a) All claims for the refunding or crediting of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty alleged to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected must, except as provided in section 284 of the revenue act of 1926, be presented to the Commissioner of Internal Revenue within four years next after the payment of such tax, penalty, or sum."

The amendment was agreed to.

The next amendment was, on page 296, line 24, after the words "in section," to strike out "281" and insert "284," so as to read:

(b) Except as provided in section 284 of the revenue act of 1926, claims for credit or refund (other than claims in respect of taxes imposed by the revenue act of 1916, the revenue act of 1917, or the revenue act of 1918) which at the time of the enactment of the revenue act of 1921 were barred from allowance by the period of limitation then in existence, shall not be allowed.

The amendment was agreed to.

The next amendment was, under the subhead "Penalties," on page 299, after line 6, to strike out:

(c) Any person who willfully (1) aids or assists in the preparation or presentation of a false or fraudulent return, affidavit, claim, or document, authorized or required by the internal revenue laws, or (2) procures, counsels, or advises the preparation or presentation of such return, affidavit, claim, or document, shall (whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document) be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

And in lieu thereof to insert:

(c) Any person who willfully aids or assists in, or procures, counsels, or advises, the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a false or fraudulent return, affidavit, claim, or document, shall (whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document) be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer to the pending bill an amendment with reference to the limitation of time within which reassessments may be made, and ask that it may be printed and lie on the table. The matter of reassessments went over yesterday.

Mr. SMOOT. If the Senator wishes, it may be referred to the committee, because the committee is going to hold another meeting and would like to have the Senator's amendment to consider.

Mr. McKELLAR. I will see that the committee gets a copy of it, but I will ask merely that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

The reading of the bill was resumed.

The next amendment was, on page 300, after line 18, to insert:

(e) Any person in possession of property, or rights to property, subject to distraint, upon which a levy has been made, shall, upon demand by the collector or deputy collector making such levy, surrender such property or rights to such collector or deputy, unless such property or right is, at the time of such demand, subject to an attachment or execution under any judicial process. Any person who fails or refuses to so surrender any of such property or rights shall be liable in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of the taxes (including penalties and interest) for the collection of which such levy has been made, together with costs and interest from the date of such levy.

The amendment was agreed to.

The next amendment was, under the subhead "Interest on refunds and credits," on page 306, line 19, after the word "additional," to strike out "assessment, then to the date of the assessment of that amount. The term 'additional assessment' as used in this section means a further assessment for a tax of the same character previously paid in part," and insert:

assessment made under the revenue act of 1921, the revenue act of 1924, or this act, then to the date of the assessment of that amount.

(b) As used in this section—

(1) The term "additional assessment" means a further assessment for a tax of the same character previously paid in part, and includes the assessment of a deficiency under Title II or Title III of the revenue act of 1924 or of this act;

(2) The term "date of the allowance of the refund" means, in the case of any income, war-profits, or excess-profits tax, the first date on which the commissioner signs the schedule of overassessments in respect thereof.

(c) This section shall be applicable to any refund paid, and to any credit taken, on or after the date of the enactment of this act, even though such refund or credit was allowed prior to such date.

So as to make the section read:

SEC. 1116. (a) Upon the allowance of a credit or refund of any internal-revenue tax erroneously or illegally assessed or collected, or of any penalty collected without authority, or of any sum which was excessive or in any manner wrongfully collected, interest shall be allowed and paid on the amount of such credit or refund at the rate of 6 per cent per annum from the date such tax, penalty, or sum was paid to the date of the allowance of the refund, or in the case of a credit, to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment made under the revenue act of 1921, the revenue act of 1924, or this act, then to the date of the assessment of that amount.

(b) As used in this section—

Mr. McKELLAR. Mr. President, will the Senator explain that change?

Mr. SMOOT. The bill as passed by the House reenacted without change the existing law relating to the payment of interest on refunds and credits. Under existing law, in the case of a credit taken against an additional assessment the taxpayer is allowed interest from the date of his overpayment to the date of the additional assessment. In the case of taxes imposed by acts prior to the revenue act of 1921, the taxpayer pays no interest in the case of underpayment up to the date of assessment. Consequently, it frequently happens that a taxpayer who owes the Government money, upon which he is paying no interest, is collecting interest upon money which the Government owes him. This situation is remedied by allowing interest in the case of a credit under an act prior to the revenue act of 1921 only to the date on which the original tax against which the credit is taken was due.

In the case of refunds, interest is allowed "to the date of the allowance of the refund." In practice, the commissioner first signs a schedule of overassessments, which is sent to the collector, in order to determine whether the overpayment should be credited or refunded. The committee amendment proposes to fix as the date on which a refund is allowed the date on which the commissioner signs the schedule of overassessments. In other words, it does not apply until the signing of the schedule by the commission. This is only to make it more clear than it is under existing law.

Mr. SMITH. May I ask the Senator when interest is allowed on overassessments by the Government, or, in other words, when interest is allowed on refunds?

Mr. SMOOT. If it is an overassessment and a refund, under the existing law they allow the same rate of interest as upon an amount that is assessed against a taxpayer and subsequently paid. Originally there was no interest allowed to the taxpayer, but now the committee think that if the Government of the United States imposes interest upon the taxpayer in case an additional amount is found due, the Government certainly ought to pay the taxpayer interest when it is found that there was an overpayment.

Mr. McKELLAR. But that is not the law now, is it?

Mr. SMOOT. Yes; it is the law now.

Mr. McKELLAR. That interest may be allowed to a taxpayer?

Mr. SMOOT. Yes.

Mr. McKELLAR. What is the change, then?

Mr. SMOOT. The amendment is simply to clarify the existing law so that there will be no question about it. It is the practice of the department now to allow interest, and they want this amendment adopted merely to clarify the language.

Mr. SMITH. May I ask the Senator when the law was enacted enabling the Government to pay interest on an overassessment?

Mr. SMOOT. The first time was in the act of 1921.

Mr. SMITH. And the same rule as to the time when the interest would run obtains from then until now, and the committee are simply clarifying it?

Mr. SMOOT. We are just clarifying the language. The department wanted it made more clear.

Mr. SMITH. I was under the impression, from certain matters I have had before the department, that where there was an overassessment by the Government no interest was paid, but where there was a claim of the Government against the taxpayer he had to pay interest accrued from the time the deficiency was discovered.

Mr. SMOOT. Up to 1921 the taxpayer was allowed no interest at all on an overpayment. In the act of 1921 it was provided that interest should be paid to the taxpayer where he made an overpayment or paid a larger amount than was later found actually to have been due to the Government.

Mr. SMITH. As I understand the explanation, the Senator proposes to allow the same rate of interest on an overassessment that is allowed on a deficiency payment?

Mr. SMOOT. Absolutely.

Mr. SMITH. And they accrue under the same conditions?

Mr. SMOOT. Yes; under the same conditions.

Mr. GLASS. Mr. President, I have just come in the Chamber, and heard, in answer to the inquiry of the Senator from South Carolina, the Senator from Utah proposes to clarify the statute with reference to the payment of interest?

Mr. SMOOT. This is what the committee stated:

In practice the commissioner first signs a schedule of overassessments, which is sent to the collector in order to determine whether the overpayment should be credited or refunded. The committee amendment proposes to fix as the date on which a refund is allowed the date on which the commissioner signs the schedule of overassessments.

In other words, there is nothing in the law to fix the date, and this simply fixes the date and clarifies the situation.

Mr. GLASS. Mr. President, I desire to call the Senator's attention to a case that clearly reveals the whole attitude of the bureau with respect to its relations to taxpayers. I am not complaining merely of individual cases of oppression and hardship, but I am objecting to the whole spirit that is manifested by the bureau, not merely under the present administration, for that has nothing in the world to do with it. If it were a Democratic instead of a Republican administration, my complaint would be the more readily presented. The fact is, I am told, that many of the persons in the bureau who administer this oppressive system are Democrats.

Mr. SMOOT. Most of them are.

Mr. GLASS. On yesterday I referred to the fact that I had in my possession, forwarded to me by the senior Senator from Utah [Mr. SMOOT], a letter from the bureau, in which the bureau plumed itself upon having apprised a taxpayer in Virginia of the fact that the Government had collected somewhat more than $4,000 from him to which it was not entitled. Apparently the bureau was so proud of the fact that it told the taxpayer of this overassessment that it refused to allow him any interest on the money which the Government had illegally taken and held for nearly three years.

I wish to present to the Senate the brief upon which the bureau undertakes to justify an action of that sort, which conveys clearly to my mind the fact that some, at least, of the officials and employees there have no comprehension whatever, not one particle of appreciation of their proper relation to the taxpayers of the country. They do not seem to understand at all that they are public servants and that it is just as much their official duty to protect the taxpayer against oppression by the Government as it is their duty to collect money for the Government.

The Commissioner of Internal Revenue notified the Virginia taxpayer to whom I have referred that he had overpaid his taxes in the sum of $4,065, and suggested to him to put in a claim for that amount, which he immediately did. The bureau does not call that a "claim." By some sort of definition of exclusion it does not count that as a "claim," but, because the bureau has manifested the virtue of common honesty and has notified the taxpayer, much to his gratification, that the Government owes him $4,065 which it took from him, therefore the Government declines to pay him any interest on this sum which it has now held for, as I understand, a period of nearly three years.

Mr. SIMMONS. Did the bureau take that position simply because it had been honest?

Mr. GLASS. Simply because it was honest enough to tell him that it had collected $4,065 too much from him; that is all.

Mr. SMOOT. The whole question, then, resolves itself into what is a claim, I suppose, and I hope the Senator from Virginia will have the letter put into the RECORD.

Mr. GLASS. Oh, yes; I intend to do so.

Mr. SMOOT. I think the letter should go in as a whole.

Mr. GLASS. I will put the letter in as a whole, if the Senator desires me to do so, but I wish now to comment on it; I wish for a moment to analyze it and to show just what is the spirit of the bureau toward the taxpayers of the country; how it adopts refinements and relies upon assumptions to have the Government hold money to which it has no lawful right.

Now, to get back to the recital, this taxpayer did put in a claim for the return of the $4,065, and asked the Government to pay him interest on that amount for the period during which it had been held in the Treasury. This was denied him.

Mr. SIMMONS. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. Yes.

Mr. SIMMONS. Did the department make any pretense that it was under no obligation to advise the taxpayer that he had overpayed his taxes?

Mr. GLASS. The bureau stated explicitly that because of that good office, because the bureau did apprise the taxpayer that the Government had taken $4,065 too much of his money, therefore the taxpayer, neither in law nor in morals, had any right to ask for interest on the sum for the time during which the Government had use of it.

Mr. SIMMONS. Did the bureau attempt to give any excuse why it did not sooner call the taxpayer's attention to the fact that the Government had had $4,065 of his money for several years?

Mr. GLASS. Oh, no, indeed; the bureau officials felicitated themselves on the fact that they had apprised him of the transaction just before the expiration of the time when the Government might plead the statute of limitations.

Mr. SIMMONS. They attempted to make a virtue out of what was really a dereliction?

Mr. GLASS. That is what I am trying to impress on the Senate right now.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Utah?

Mr. GLASS. Certainly, I will yield.

Mr. KING. I do not suppose that in this matter anybody can charge that I am an apologist for or a defender of the Treasury, which I have been criticizing quite extensively for some time. I wish, though, to call the attention of the Senator from Virginia to the fact that during the war, and during 1917, 1918, and 1919 particularly, the number of returns which came in was enormous. The Government was anxious to secure the money; the returns were packed in the bureau by the millions, and some of them have only within the past year, or even more recently than that, been reviewed. As they go back into these old files to review them and audit them and check up they find in many instances overpayments and in many instances underpayments. So in surveying the situation we must take into account the fact that there were millions of returns which when they were filed were not audited, were not taken up for consideration, and it was a long time afterwards before they were reached in the ordinary process of working out the returns which had been filed.

Mr. GLASS. Mr. President, I supposed that the junior Senator from Utah would know that I am perfectly well aware of that fact. The return to which I am here referring, however, is not an old return, but is a return for 1923.

Mr. SMOOT. Mr. President, let me inquire is it or is it not a fact that this was a voluntary payment on the part of the taxpayer, and the Government did not know anything about it until after investigation had been made? As I understand, there was no protest on the part of the taxpayer; he paid the money, making the mistake himself as against himself.

Mr. GLASS. Yes.

Mr. SMOOT. That is what I thought.

Mr. GLASS. Yes; he overpaid the Government $4,065, and the Government took his money and used it for a period of nearly three years. Then, discovering that it had unlawfully taken the man's money, it notified him of the fact, and, in compensation to the Government for that act of common honesty, the Government denies that the taxpayer has either any legal redress or any moral right to interest on the sum. That is a fair statement of the case.

Mr. SMOOT. The only difference between the Senator and me is that the Senator insists that the money was unlawfully collected, whereas it appears that the taxpayer paid it voluntarily and he himself made the mistake. I quite agree, however, with the Senator as to the attitude taken by the Government after it discovered the mistake.

Mr. GLASS. But I have not come to the worst of it yet.

Mr. McKELLAR. Mr. President, will the Senator from Virginia yield to me before he proceeds?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Tennessee?

Mr. GLASS. Yes.

Mr. McKELLAR. I wish to say that the case to which the Senator has directed attention is directly in line with innumerable complaints which have come to me, where the Government got the taxpayers' money and declined to pay any interest. I doubt very much whether they pay any interest on any claims or have been doing so in the past.

Mr. GLASS. I am now concerned, Mr. President, with the extraordinary reasons that are here given by the Acting Commissioner of Internal Revenue for the Government's attitude in the matter. By some sort of legal refinement the bureau has reached the conclusion merely on assumption not based on the text of the law, that if interest is paid at all it should be paid not from the date when the money was collected by the Government to time of repayment, but to the date when an allowance by the bureau was made of the claim. In this lawyer's brief it is clearly stated that the ruling is made on the assumption that it might meet the approval of the Board of Tax Appeals. It is not pretended that the Board of Tax Appeals has rendered a specific opinion on that point.

The Government holds that the interest, if it should be paid at all, should be computed to the time the bureau allowed the claim. In this particular instance the bureau allowed the claim in March, 1924. The $4,065 was paid by the Government to the taxpayer in March, 1925, a year from the date of the allowance. The taxpayer, however, was given no interest whatsoever on his claim, for the reason that the Comptroller General—this gentleman who is so exacting and so exact in all of his legal definitions and contentions—contended that this Virginia taxpayer on a previous transaction owed the Government a balance; and resurrected an act exactly 50 years old, approved March 3, 1875, which prevents the payment of money by the Government to persons who are indebted to the United States. The facts disclose that the Comptroller General, after the lapse of a year, discovered that this Virginia taxpayer owed the Government on a previous transaction the enormous sum of $1.10, and that was made an excuse by the bureau for holding this concern's $4,065 for an additional year!

Let us pursue that to its logical conclusion. Suppose this claim for a refund had involved a million dollars—and there have been refunds of that amount, as the Senator knows—and the Comptroller General had taken one year to determine what was the indebtedness of this large taxpayer to the Government; here we would have the Government withholding a million dollars from a taxpayer, without interest, to enable the Comptroller General to discover that this taxpayer owed the Government on a previous transaction $1.10. Then suppose the Comptroller General pleased to take three years instead of one to discover the $1.10 counterindebtedness, would the Senator regard that as a practical or desirable, or even an honest way of transacting public business?

Mr. SMOOT. I will say to the Senator that if I were dealing with the same individual, as one individual dealing with another, I certainly never would do it.

Mr. GLASS. Why, if the Senator were to do that he would be dishonored; he would be discredited; nobody would trust him or have any business relations with him; and yet that is what is done by the bureau.

Now let me read you what it says:

> While the action of the Comptroller General in thus delaying the payment of the refund ($4,065) in an attempt to recover a more or less trivial amount ($1.10) may be made the basis of a contention for interest, or additional interest, it should be borne in mind that the Comptroller General apparently complied with the requirements of the act approved March 3, 1875, which prevents the payment of money by the Government to persons who are indebted to the United States.

Mr. President, this legal brief was prepared by a very worthy gentleman; but I contend that it would do credit to the ingenuity and casuistry of a high ranking official of Ali Baba's famous band of 40 thieves. It is a flimsy attempt to justify the bureau in one of the most disgraceful transactions that have come under my observation. It is a contention, as I have indicated, of the right of the Government to hold in its possession without interest maybe as much as a million dollars of a taxpayer's money until the Comptroller General, forsooth, may discover after an interminable examination that this taxpayer, in a previous transaction, failed to pay the Government the pitiful sum of $1.10. Grounding its action upon a refinement of that sort, the bureau, as the Senator knows—because he has read the letter—refuses to give this taxpayer relief.

I say if there is not something in the law that will clearly prohibit an immoral transaction of this description, there ought to be something in the bill to prohibit it.

Mr. SMOOT. The Senator will have the letter printed in the RECORD at this point?

Mr. GLASS. Yes, sir; I will. I ask leave to place in the RECORD this extraordinary brief in extenuation of immoral processes on the part of the bureau, to be preceded by the letter of Representative BLAND to me.

The VICE PRESIDENT. Without objection, it will be so ordered.

The matter referred to is as follows:

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., January 11, 1926.

Hon. CARTER GLASS,
United States Senate, Washington, D. C.

MY DEAR SENATOR GLASS: The Warwick Machine Co., of Newport News, Va., recently made a claim against the United States Government for $1,707.88 interest on a refund of tax as for the year 1917. The claim has been rejected.

The circumstances are that by letter written by the deputy commissioner to the Warwick Machine Co. in the latter part of March, 1923, the deputy commissioner advised the Warwick Machine Co. that their 1917 returns, which were then being audited, indicated a possible overassessment without naming the amount, but advising the Warwick Machine Co. that a claim for refund should be filed on or before April 1, 1923, to insure a full protection of their interests. The letter contained the statement that any overassessment found due will not bear interest as prescribed in section 1324, revenue act of 1921. As I read that section of that act, it did provide for interest, and this action of the department was contrary to law. The department, however, justifies its action upon the ground that the time for filing the claim for refund had almost expired, that the taxpayer was not aware that he had a claim, that the claim would not have been filed if the department had not brought to the taxpayer's attention the necessity of filing it, and that the Government, therefore, should not pay interest.

By the terms of section 1324 of the revenue act of 1921, which was in force when the claim was filed, interest was allowed (1) if the amount had been paid under a specific protest, or (2) if not paid under protest but pursuant to an additional assessment, or (3) if no protest and no additional assessment, from six months after the filing of such claim for refund. The Warwick Machine Co. filed its claim for refund March 29, 1923.

The refund was not paid until March 10, 1925, nearly two years after the claim was filed. The amount refunded was $4,065.16, and payment was made of $4,064.06, $1.10 being deducted as due the Government by the Warwick Machine Co. on another transaction.

On June 2, 1924, the revenue act of 1924 became effective, and section 1019 provided:

"Upon the allowance of a credit or refund of any internal-revenue tax erroneously or illegally assessed or collected, or of any sum which was excessive or in any manner wrongfully collected interest shall be allowed and paid on the amount of such credit or refund at the rate of 6 per cent per annum from the date such tax, penalty, or sum was paid to the date of the allowance of the refund, or in case of a credit to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment then to the date of the assessment of that amount. The term 'additional assessment' as used in this section means a further assessment for a tax of the same character previously paid in part."

As the claim of the Warwick Machine Co. had neither been allowed nor paid when the revenue act of 1924 became law, the Warwick Machine Co. claims, first, that interest is due them in accordance with that act to the date the claim was paid, making the amount of their claim $1,707.88, and second, that if not thus due then interest should be paid them under the act of 1921, whereby interest would begin to run six months after the claim was filed; that is, six months after March 29, 1923.

In both acts the date on which interest is said to stop is the date of allowance of the claim, and the Treasury Department construes this allowance to be the day the allowance was granted by the commissioner and not the day the claim was paid.

This claim was allowed April 25, 1924, before the revenue act of 1924 became effective, but it was not paid until March 10, 1925, because the comptroller claimed the Warwick Machine Co. to be indebted to the United States in the sum of $15.96. Upon checking, it was ascertained that the Warwick Machine Co. owed the United States $1.10, so that it took the comptroller nearly one year to check a claim of $15.96, in which there was finally found to be due $1.10, and in the meantime he was holding up the payment of $4,065.16 to meet a possible claim of $15.96. During all of this time the Warwick Machine Co. was deprived of the use of its money.

The Treasury Department denies all liability for interest. It denies liability under the act of 1921, because it says, first, that it will not allow interest in those cases where it calls the taxpayer's attention to an overpayment and invites a claim. It denies liability under the act of 1924, on the ground that the refund had been allowed in April, 1924, whereas the revenue act of 1924 did not become law until June 2, 1924. It is held by the Treasury Department that in each of the acts the allowance of the refund stops interest, and that allowance in the act means the day the commissioner approves the claim for refund and not the day the refund is paid.

The pending bill (H. R. 1, sec. 1116, p. 262) I identical with the revenue act of 1924. The Warwick Machine Co. thought that possibly an amendment could be inserted authorizing payment of interest, so as to cover its case and similar cases where an unreasonable time has been allowed to lapse between the allowance and the actual payment, say, three months, so that if the refund should not be paid within three months after allowance, then that interest shall run to the date of payment.

When the matter came to me the bill was actually under consideration on the floor, and we felt confident that an amendment could not be gotten into the bill on the floor. I promised the Warwick Machine Co. that I would bring the matter to your attention. If you think anything could be accomplished in the Senate, in committee or on the floor, they would appreciate it, and I should be delighted to cooperate in framing the amendment just so far as you might desire. I seriously doubt, though, that an amendment will be made. If not, then I contemplate filing a special bill for relief and referring it to the Committee on Claims.

If there is anything that can be done, or I can be of assistance, please call on me. I submit the case for your consideration and for your judgment, in which I have great confidence.

Yours very sincerely,

S. O. BLAND.

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, January 16, 1926.

Mr. JOHN E. WALKER,
Special Assistant to the Secretary of the Treasury.

Reference is made to the letter addressed to the Hon. CARTER GLASS by Representative S. O. BLAND, of the first district of Virginia, dated January 11, 1926, which your Mr. Clark left in my office. The principal point at issue, or at least that part of the complaint of the Warwick Machine Co., Newport News, Va., which is directed against rulings made by the Bureau of Internal Revenue, is answered, I think, by the following explanation:

The rule not to pay interest, under section 1324 (a) of the revenue act of 1921, upon refunds allowed after the receipt of a so-called invited claim (one filed at the instance or request of the bureau), is stated by the Solicitor of Internal Revenue in a memorandum (Sol. 10-1-2-2) dated December 7, 1922, as follows:

"An examination of the statute discloses that interest may be paid upon overpayments of internal revenue taxes repaid or credited to a taxpayer only upon the allowance of a claim for refund or of a claim for credit. * * * However, in the opinion of this office the allowance in this case can not be said properly to have been based upon either of these claims. They were filed pursuant to a letter of invitation from the bureau. * * *

"In any case where the commissioner, before the filing of a claim by a taxpayer, determines that an overpayment of income or profits taxes had been made and advises the taxpayer that such is the case, suggesting the filing of a claim, the refunding or crediting of the overpayment subsequent to the filing of such claim would not be the allowance of a claim for refund or credit within the meaning of section 1324 of the revenue act of 1921, but would rather be upon the finding of the commissioner made prior to the filing of the claim."

This rule was before the committee on appeals and review, and apparently received the indirect approval of the committee (Recommendation 4396, dated September 8, 1923). In that case the committee held that a finding by a revenue agent did not constitute a determination by the commissioner prior to the filing of a claim, but took no exception to the rule, merely holding that the claim based upon a revenue agent's report did not constitute an invited claim.

As this construction or interpretation of the law was made by the officer charged with the duty of rendering legal opinions and appeared legally sound, it has been applied, without exception, although taxpayers and their legal and accounting representatives have contended that it was not a proper application of the law.

This rule has since been applied on several occasions by the solicitor's office upon a legal review of letters to taxpayers, in which the rule was stated and the payment of interest denied in such cases, and favorably referred to other opinions.

It will be observed that the basis of the rule is that if it is determined by the commissioner that an overpayment has been made and the taxpayer is advised and requested to file a claim, and after the filing of the claim the refund is made, the allowance of the refund is predicated or based upon the finding of the commissioner and not upon the allowance of the claim.

If the equities are to be considered, particular attention is invited to the statement in the letter from Mr. BLAND that the department justifies its conclusion upon the ground that the Warwick Machine Co. did not know that the time for filing the claim or refund had almost expired and that the taxpayer was not aware that it had a claim, and that the claim would not have been filed, apparently, except at the

request of the bureau. It will thus be seen that as the result of the request of the bureau that the claim be filed it was possible to make a refund of the principal amount, and that such information having been imparted to the taxpayer in this case the statute of limitations did not intervene and prevent the payment of the principal amount of the refund.

No interest was paid on refunds of internal-revenue taxes from the beginning of the system of such taxation, and particularly on refunds made under the revenue acts of 1917 and 1918, up to the passage of the revenue act of 1921, which, for the first time in the history of the country, provided for the payment of such interest, and then only in a restricted class of cases (i. e., upon the allowance of a claim for refund or credit, and in that event from six months after the claim was filed, unless the taxes were paid pursuant to an additional assessment or under a specific protest setting forth in detail the basis of and reasons for such protest, when interest was allowed from the date of payment of tax).

It is probably true that even since the revenue act of 1921 was approved, providing for the payment of interest upon the refund of internal-revenue taxes, large amounts are paid in settlement of general claims against the Government, and no interest is paid thereon, this office not being aware of any statute providing for the payment of interest on general claims allowed against the Government. Therefore, with respect to the contention that interest should be paid for the additional period during which the refund was withheld from this taxpayer by reason of the action of the Comptroller General in endeavoring to satisfy the small claim of the Government, this taxpayer stands in a position no different from that of many hundreds, probably thousands, of others. While the action of the Comptroller General in thus delaying the payment of the refund in an attempt to recover a more or less trivial amount may be made the basis of a contention for interest, or additional interest, it should be borne in mind that the Comptroller General apparently complied with the requirements of the act approved March 3, 1875 (18 Stat. 481), which prevents the payment of money by the Government to persons who are indebted to the United States.

The rule to terminate the interest period upon the date of allowance by the commissioner has received legislative or congressional confirmation by reason of the fact that in the revenue act of 1924 provision is made for the collection by the Government of interest from taxpayers on deficiencies or additional taxes, and that such interest shall be computed to the date upon which the assessment is placed on the list—and not to the date of payment by the taxpayer or even to the date of notice and demand by the collector—in the one instance the interpretation of the law as to the payment of interest and in the other the express provision of the law as to the collection of interest, allowing for the necessary administrative action after the schedule or assessment list, showing the interest either to be paid or to be collected, has been prepared.

In 1 Comp. Gen. 411, as to allowing interest upon refunds to the date of allowance rather than to the date of payment, the Comptroller General says:

"In view of this plain provision of the law it must be held that the date of allowance of the claim for refund or credit, and not the date of actual payment is the date to which interest will accrue. To compute interest to date of actual payment in such cases would be wholly impracticable from an administrative standpoint, and I have no doubt that this phase of the matter was considered by the Congress in providing that the interest should be allowed to the date of allowance rather than to the date of payment of the claim."

C. R. NASH,
Assistant to the Commissioner.

Mr. COPELAND. Mr. President, on yesterday there was some debate on mutual life-insurance companies. I call the attention of the Senator from Pennsylvania [Mr. REED] to this statement on page 2949 of the RECORD:

Mr. REED of Pennsylvania. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. REED of Pennsylvania. The statement which I made on page 2949 was a mistake. I would have corrected it earlier except that I did not want to interrupt the Senator from Virginia. Under the present law, and the bill as reported from the committee, purely mutual benevolent life-insurance associations of a local character are wholly tax-exempt; but that is not true of these large mutual associations that do a nation-wide business, and I am very glad to correct that. For what income they receive they have to pay the same rate of taxation as the stock companies.

Mr. COPELAND. I thank the Senator for what he has said.

Mr. CUMMINS. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. I am glad to yield to the Senator.

CORN SUGAR AND LEVULOSE

Mr. CUMMINS. Mr. President, yesterday I asked for the consideration of Senate bill 481. There were Members of the Senate who wanted an opportunity to examine it, and it went over. It is a bill that has been introduced for the amelioration of some of the regulations with regard to the use of corn sugar. I am advised by those who asked that it go over that they have no objection to it, and I now ask for the present consideration of the bill.

The VICE PRESIDENT. Is there objection to the present consideration of the bill? The Chair hears none.

Mr. FESS. Mr. President, has the Senator consulted with the Senator from Connecticut?

Mr. CUMMINS. I have, and he is entirely satisfied with it.

Mr. KING. Let the bill be read.

The legislative clerk read the bill (S. 481) to amend section 8 of an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, amended August 23, 1912, March 3, 1913, and July 24, 1919; and, there being no objection, the Senate, as in Commitee of the Whole, proceeded to its consideration.

The bill has been reported from the Committee on Manufactures with an amendment, on page 2, line 4, after the word "been," to insert the words "preserved or," so as to make the bill read:

Be it enacted, etc., That the act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating the traffic therein, and for other purposes, approved June 30, 1906, amended August 23, 1912, March 3, 1913, and July 24, 1919, be amended so that section 8 thereof shall include as its last paragraph the following:

"Third. In the case of food products because of having been preserved or sweetened with an article commonly known as corn sugar."

The amendment was agreed to.

Mr. KING. Mr. President, I should like the Senator briefly to explain the purpose of this bill, and what its effect will be—just in a word.

Mr. CUMMINS. Mr. President, the bill is intended to enlarge the market for corn in the way of the product of corn known as corn sugar. The Agricultural Department in an unofficial way has indicated that corn sugar, being dextrose, is not sugar, and that if people desire to use corn sugar for the purpose of sweetening and preserving food products they must state upon the label of the can or package the fact that corn sugar has been used in sweetening or preserving it; otherwise, it would be held to be misbranded or adulterated. Corn sugar has become now a very general commercial article, and that stands in the way of its complete use.

Mr. KING. I have no objection.

The VICE PRESIDENT. Are there further amendments to be proposed?

Mr. HOWELL. Mr. President, when this measure came before the Senate yesterday I proposed to offer an amendment that would also extend the privileges proposed for corn sugar to fruit sugar, otherwise known as levulose. Since yesterday I have talked with the Senator from Iowa, and it is his wish that this amendment be not added to his bill. I have no desire to contravene his wishes in the premises, but I do feel, inasmuch as this question is being considered, that we might also consider the question of levulose at the same time.

Mr. COPELAND. Mr. President, I call the attention of the Chair to the fact that I still have the floor.

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. I yield.

Mr. HOWELL. I beg the Senator's pardon. I supposed I still had the floor.

Mr. COPELAND. I would like to ask the Senator if he is going to make extended remarks. I think, so far as this measure is concerned, we are all agreed that it ought to pass. I think it ought to have been passed several years ago.

Mr. HOWELL. My remarks will not be very extensive, but they will be in point.

Mr. COPELAND. I gladly yield.

Mr. NORRIS. Mr. President, I would like to suggest that my colleague has the floor in his own right. This bill is before the Senate and subject to amendment or debate by anybody.

The VICE PRESIDENT. The Senator from Nebraska is right about that. The Senator from New York yielded the

floor in order that the bill of the Senator from Iowa might be brought up.

Mr. HOWELL. Mr. President, when ordinary cane or beet sugar, otherwise known as sucrose, is consumed, in the first stage of digestion it is broken up into dextrose—corn sugar—and levulose—fruit sugar—in equal parts by weight, and it is in either the form of dextrose or levulose that this carbohydrate is absorbed by the human system in the process of digestion.

Dextrose has been recently called corn sugar, because it is ordinarily obtained from the treatment of cornstarch with an acid, which transforms the starch into dextrose or glucose. Dextrose, under the name of glucose, has been upon the markets of the world for a great many years in the form of a sirup, but not until recently has an efficient, practicable method been developed for the crystallization of glucose from an aqueous solution. As a consequence, as stated before, glucose was known almost entirely as a sirup.

After some very elaborate experiments, greatly to the credit of the Bureau of Standards and the sugar division of the Bureau of Standards, under the able leadership of Doctor Bates, about two years ago a practical process was developed for crystallizing glucose from an aqueous solution, so that corn sugar was rendered practicable. Although that was only accomplished two years ago, there is being produced in the United States to-day in the neighborhood of 20,000,000 pounds of corn sugar a year.

Corn sugar has important uses. It does not come directly in competition with sucrose, or cane and beet sugar, as a sweetening element, because it is only 50 to 75 per cent as sweet, but it has an osmotic pressure of 30 per cent greater than in the case of sucrose, and as a consequence for preserving purposes it permeates the fruit in a shorter time and to a greater depth, and is much more desirable for such purposes, because, pound for pound, corn sugar is equal in food value to sucrose.

It is for this reason that this measure has been offered by the Senator from Iowa [Mr. CUMMINS], that this product, a sugar pure and simple, of most valuable characteristics, may enter freely into commercial use without any discrimination against it whatever. Therefore, this bill ought to be passed.

As I stated, in the initial stage of digestion ordinary sugar is broken up into corn sugar on the one hand and fruit sugar on the other, and in these forms is directly absorbed by the human system. It is evident that fruit sugar, or levulose, is of tremendous importance; in fact, it is the sweetening principle in fruits, it is the sweetening principle in honey, and in the form of fruit, honey, and in the use of sucrose, or ordinary beet and cane sugar, the people of the United States consume about 6,000,000,000 pounds of levulose per annum.

No practicable method had ever been devised for crystallizing levulose from an aqueous solution so that it might enter the channels of commerce. As a consequence, if you went into the market to purchase levulose, if you should go into the market to-day to buy levulose, you might find half a dozen ounces, and would have to pay therefor at the rate of from $60 to $120 a pound.

Following the success with cane sugar, the Bureau of Standards succeeded in developing a practicable method of crystallizing levulose from an aqueous solution, and this fact is of tremendous importance to the people of the United States and especially to the citizens of the State of Iowa, as it is to the citizens of the State from which I come. It is of equal importance—yes; I might say of greater importance than the fact that the Bureau of Standards has succeeded in crystallizing corn sugar from an aqueous solution, for these reasons:

Levulose, as a sugar, is in quality the finest known. Corn sugar is but a half or more as sweet as ordinary sugar. Levulose is 75 per cent sweeter than ordinary sugar. Levulose is one of the most soluble sugars known. It is a desirable sugar in every form, and the only drawback it has that I know of is that it absorbs moisture more readily than sucrose or ordinary beet and cane sugar.

Immediately upon the discovery that levulose could be crystallized from an aqueous solution, the question arose as to a cheap source of levulose, and this is where the matter assumed such great importance for the Middle West region—Iowa, Nebraska; in fact, the whole United States. It was found that levulose, or fruit sugar, could be produced from dahlias and from chicory, but most important of all, from artichokes. I am not speaking of the artichoke that is found in many of our public markets, a sort of a flower which is used for salad. I am speaking of the artichoke that is native of the United States. There are more than 100 varieties of this artichoke growing wild in this country.

The artichoke belongs to the family of sunflowers, and upon the roots of this sunflower develop tubers, like potatoes, and it is this artichoke of which I am speaking. These tubers can also be found in our public markets under the name of potato tubers, and they are highly nutritious and much valued by those familiar with them as an article of human food.

The artichoke was taken to France, and there, under artificial selection, it has been so developed that it comes back to us as the mammoth French white Jerusalem artichoke. It is the most easily grown vegetable known. As I stated, the tubers grow upon the roots. The foliage or stem grows to a height of about 8 or 10 feet, and has thereon a large yellow flower, somewhat like a giant daisy. Both the tubers and the stalks form excellent stock food. For ensilage the artichoke exceeds in value the sunflower and the cornstalk. Moreover, it can be grown by machinery, just as we grow corn.

The tubers themselves are cut up like Irish potatoes and planted in rows about 4 feet apart, with about 30 or 36 inches between the plants in the row. The production runs from 10 to 20 tons to the acre. Artichokes can be cultivated like corn and laid by when the foliage shades the ground. They do not have to be cared for by hand labor, as in the case of sugar beets, the cost of which is about $25 an acre alone. The Bureau of Standards has found that these artichokes run from 11 to 12 per cent in levulose. They have never been developed for their levulose content.

When the use of the sugar beet for the production of sugar began it contained only about 6 per cent of sugar. By artificial selection and growth for that purpose, the beet has been developed so that it now contains about 15 per cent as a maximum. But the artichoke starts off not with 6 per cent but with from 11 to 12 per cent, and its production is possible all over the United States. Any sugar mill can treat artichokes by the addition of comparatively inexpensive machinery. It is estimated by the Bureau of Standards that additional plant for the treatment of artichokes would not involve the expenditure of more than $100,000. The difference in the treatment is this: In the case of beets the sugar is already present in the beets, but in the case of artichokes there is found a form of starch known as inulin. When this inulin is treated with acid, as they treat cornstarch with acid, for the production of dextrose or glucose, the result is levulose.

There is one great advantage the artichoke has. It is not injured by freezing. The crop does not have to be harvested in the fall. It can be harvested at any time when the frost is out of the ground. Artichokes can be dug in the field and left on the ground covered with 6 inches of earth, and when wanted for use they can be dug out, the frost removed by placing them in cold water, whereupon they are perfectly good for sugar making. What is the consequence? A beet-sugar mill that is now limited to a three months' campaign can, by treating artichokes, enjoy a six or seven months' campaign.

Mr. President, we are right upon the edge of this great development, in my opinion. I believe it is here just as much as corn sugar is here. I think it is important now to add to the pending bill, which is offered to the Senate by the Senator from Iowa, an amendment adding the words:

Also with an article known as fruit sugar or levulose.

But the Senator from Iowa prefers not to have the amendment offered. I think the two proposals ought to go through together, because I believe the promotion of levulose means more to the country, to the corn-growing regions, and the regions where they are raising sugar beets now and have their sugar-beet mills—that is, to the farmer—than almost anything that is now in prospect.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. SACKETT in the chair). Does the Senator from Nebraska yield to his colleague?

Mr. HOWELL. I yield.

Mr. NORRIS. What is the objection to offering the amendment and putting it on the bill?

Mr. HOWELL. I do not like to do it, sir, because the Senator from Iowa [Mr. CUMMINS] prefers it should not be done, but I am going to ask that I may have unanimous consent for the introduction of a bill which accomplishes the same purpose, and I am going to ask further unanimous consent, after the passage of the pending bill, for the consideration immediately of my bill so that the two matters may go forward together.

Mr. NORRIS. Mr. President, may I interrupt the Senator again?

Mr. HOWELL. Certainly.

Mr. NORRIS. Has the Senator's bill been reported from a committee?

Mr. HOWELL. It has not been reported.

Mr. NORRIS. Then the Senator will not get unanimous consent, I am sorry to say. I think he ought to offer his amend-

ment, unless the Senator from Iowa or somebody else can show some reason why it should not be added. I will call my colleague's attention to the fact that the only way now to get it through the Senate is to offer it as an amendment to the pending bill. He will not succeed in getting it through the Senate if he follows the course he has outlined. Why not offer it as an amendment and let the Senate vote on it? If there is any objection to it let us hear it, and if there is not let us put the amendment on the bill. It seems to me here is where it belongs.

Mr. HOWELL. I told the Senator from Iowa that I did not care to weigh down his bill with an amendment if he did not wish it.

Mr. NORRIS. Would my colleague have any objection if I offered the amendment? I want to be courteous to my colleague, too. I do not want to offer an amendment that he has prepared with reference to a subject to which he has given a great deal of attention, though I have given it some myself; but it seems to me here is the opportunity to get the amendment agreed to.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. HOWELL. I yield.

Mr. COPELAND. I hope the Senator will introduce his amendment, because, so far as I am concerned, I agree with every word the Senator from Nebraska has said. The bill would perhaps encourage the development of the levulose enterprise.

As to the bill which is presented by the Senator from Iowa, I wish I might feel that all I have been writing about pure foods for the past several years had had something to do with the Senate regarding this particular measure. There is nothing that we may now do which would be more an act of justice and more appropriate than the passing of both the original bill and the amendment. The products involved are so wholesome and so good for the human system that it is wrong entirely that they should be required by the Department of Agriculture to carry a label which really places a stigma upon the product. I have been urging upon the department action that would make possible the wider use of corn sugar and levulose. I hope the Senator from Iowa will accept the amendment of the Senator from Nebraska and include levulose as well as corn sugar in the bill which is pending.

Mr. WILLIAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. HOWELL. I yield.

Mr. WILLIAMS. I would like to inquire of the Senator from Nebraska whether there is any known plant other than artichokes from which at the present time levulose could be extracted?

Mr. HOWELL. There are two other sources that have been utilized. One is the dahlia—the dahlia that does so well in southern California. The other is chicory. Of course, levulose can be produced from honey and it could be produced from fruit, but these sources are too expensive.

Mr. WILLIAMS. I was wondering whether the Senator sought to encourage the development of artichokes as a food product for man and beast, especially for the animals, and also to get the extraction of levulose from the artichokes, and whether to that end he could not accommodate himself better to the desires of the Senator from Iowa by using the term, "levulose as developed from artichokes or as extracted from artichokes."

The purpose of the Senator from Iowa is to do something for corn and to have the stigma removed from the labels which apply to corn and its products. What the Senator from Nebraska wants is to get aid in the development of artichokes and in the extraction therefrom of the splendid food product, levulose. Both are equally worthy, though one might be inconsistent with the other only in so far as appropriate legislation at this session might be obtained.

Those who have listened to the very learned discussion of the question have been very much impressed and are impressed with the fact that the 3,000 tons of levulose which the Senator said were being produced as against, we will say, 10,000 tons of corn sugar, would show a proportion that is sufficiently strong to warrant the inclusion of the Senator's amendment.

Mr. HOWELL. I did not state that, if I may correct the Senator.

Mr. WILLIAMS. I thought the Senator said 6,000,000 pounds of levulose.

Mr. HOWELL. What I intended to convey was that in the form of ordinary sugar and in the form of fruit and in the form of honey we are to-day consuming in the United States about 6,000,000,000 pounds of levulose.

Mr. CUMMINS. Mr. President, will the Senator from Nebraska yield to me for a moment?

Mr. HOWELL. Certainly.

Mr. CUMMINS. I have been very anxious to help the corn farmers of the country by securing the passage of this bill. I have been very anxious to avoid any amendment that would give rise to opposition to the bill. It was for that reason and that reason only that I asked the junior Senator from Nebraska not to offer his amendment. But the senior Senator from Nebraska [Mr. NORRIS] seems to believe it important that the amendment be made a part of the bill. I do not object to it at all. I do not know anything about the subject. It has not been examined by any committee. However, so far as I am concerned, I have no objection to the amendment. It may defeat the bill elsewhere. I do not think it will do so here. I am perfectly willing that the Senator shall offer the amendment, have it agreed to, and let us pass the bill in order that we may proceed with the consideration of the revenue measure.

Mr. SMITH. Mr. President, will the Senator from Nebraska allow me to ask the Senator from New York a question?

Mr. HOWELL. I yield for that purpose.

Mr. SMITH. I desire to know if the Senator from New York believes, where our chemists who have charge of the operation of the pure food law find that a certain product is pure, palatable, wholesome, and nutritious, that it should not be stigmatized by having a brand on it that might prejudice it in the market. I believe that is about what he said.

Mr. COPELAND. I think that is correct.

Mr. SMITH. I am glad to hear him say that. I hope my friend from Iowa and my friend from Nebraska may be able to get the measure enacted into law and then extend that same rule to the product of a great plant in my section of the country, a product of the cotton plant known as cotton oil and butter. When I was on a committee some years ago with the late Senator Lodge, he and I and one or two other Senators constituted a subcommittee investigating the high cost of living, inquired into the question, and it is of record that Doctor Wiley, in response to a query by me as to the wholesomeness, nutrition, palatability, and general value of this cotton-oil product—margarine—said that it was equal to the very best Elgin butter.

There is no difference between butter from the cow and butter made by the machine. We might run the cottonseed through the cow and get the milk and then churn the butter, or just run the cottonseed through the machine and extract the butter directly. I would prefer the machine process, because the cow might have tuberculosis. But the 10-cent tax is an unjust discrimination against a great food product in the country in behalf of another product of the country, and I maintained then, as I maintain now, that the people ought to be given equal access to these products, without prejudice in the market place, without prejudicing one of them with the stigma of a brand or otherwise.

Mr. CUMMINS. The Senator from South Carolina does not intend to offer such an amendment to the pending bill?

Mr. SMITH. No; but I intend to give the Senator a chance to vote on it before the tax bill passes, after the Senator's bill has been disposed of. I will wait and see how the Senator gets along with his bill, and then ask a vote of the Senate to see whether we shall not discriminate against corn and artichokes, but shall discriminate against cotton.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. HOWELL. I yield.

Mr. SIMMONS. Mr. President, with the permission of the Senator from Nebraska, I wish to say that I think it ought to be stated that if we are going to take up measures of this sort and displace the tax bill, which we are all so anxious to speed and which the conditions require should be dispatched as fast as possible, we shall not get action on that bill in time to benefit the taxpayers in their 1925 income taxes. The bill of the Senator from Iowa, however, is up, and if we can within the next 5 or 10 minutes get a vote upon it I shall not make any point of order against it, but if the debate continues longer than 10 minutes more, I am going to raise the point of order.

Mr. HOWELL. I have sent to the desk an amendment to the bill, which I now offer.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 2, line 5, after the word "sugar" and before the period, it is proposed to insert the words "also with an article known as fruit sugar or levulose."

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. SMITH. Mr. President, I wish now to serve notice that later on I shall prepare and present an amendment to the law to remove the 10-cent tax on oleomargarine.

Mr. COPELAND. Mr. President, I can not resist congratulating the Senate upon the passage of the bill which has just been passed. I can not think of another bill which has gone through the Senate since I have been here which is of more value to the people than this bill will be.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. COPELAND. Mr. President, in connection with the tax reduction bill we were discussing the mutual life insurance companies. I notice the junior Senator from Pennsylvania [Mr. REED] is not in the Chamber at this moment, but on yesterday he stated that under section 231 of this bill the mutual life insurance companies are exempt. Of course they are not exempt. I call the attention of the Senator from Utah [Mr. SMOOT] to the fact that those companies have no stock, and therefore they will get no relief from the lowering of the capital-stock tax, while, on the other hand, under this bill, as it is now written, they will have to pay an increase of 1 per cent on account of the corporation tax.

Mr. SMOOT. No; the Senator from New York is mistaken as to that. Insurance companies are to pay definitely but 12½ per cent.

Mr. COPELAND. Is that fixed definitely?

Mr. SMOOT. Their tax is fixed definitely at 12½ per cent.

Mr. COPELAND. That is, they do not have their tax increased to 13½ per cent?

Mr. SMOOT. They do not.

Mr. COPELAND. Will the Senator call my attention to the point where that is provided in the pending bill?

Mr. SMOOT. I shall do so in a moment.

Mr. SIMMONS. Mr. President, if the Senator from Utah will pardon me, I wish to call the attention of the Senator from New York [Mr. COPELAND] to the fact that the Senator from Pennsylvania [Mr. REED] indicated that he would probably offer an amendment to the bill by which the insurance companies would have to pay the same rate as do other corporations. The Senator from New York will understand that when the committee voted to repeal the capital-stock tax the majority of the committee contended that the reduction in revenue thereby made would be so great that there would not be obtained sufficient income for the Government, and, in order to get additional revenue, it was decided that we should transfer, in effect, the amount that the Government would have realized on the capital-stock tax to the flat tax of corporations, thereby increasing that tax from 12½ per cent, as in the present law, to 13½ per cent. After that increase was made by the committee we agreed to exempt certain insurance companies.

Mr. SMOOT. We agreed to exempt all insurance companies.

Mr. SIMMONS. Well, we agreed to exempt all insurance companies in practical effect from the operation of that increase or, if we shall not call it an increase, that transposition of tax. Such an amendment was adopted; so that under the measure as reported by the Finance Committee of the Senate insurance companies will not pay the 13½ per cent corporation tax, but will pay the 12½ per cent tax. So the insurance companies are exempted under the bill from that additional levy.

Mr. SMOOT. Mr. President, if the Senator from North Carolina will yield to me——

Mr. SIMMONS. Pardon me; I shall be through in a second.

Mr. SMOOT. I thought the Senator had concluded.

Mr. SIMMONS. The Senator from Pennsylvania [Mr. REED], as I understand it, has indicated a purpose by amendment or by a motion to disagree to the Senate committee amendment to deny to the insurance companies the benefit of this exemption from the full rate now imposed in the bill as reported by the Senate committee; and therefore it becomes the subject of discussion.

Mr. REED of Pennsylvania. Mr. President, so far as my intention is definite up to date, I expect to stand by the action of the committee, although I think it was unwise.

Mr. SIMMONS. I congratulate the Senator upon that conclusion and I am glad he has reached it. I think that eliminates the necessity of any further discussion of the matter.

Mr. SMOOT. The Senator from New York [Mr. COPELAND] asked me where the provisions relative to the exemptions of insurance companies would be found.

Mr. COPELAND. I requested that information from the Senator from Utah.

Mr. SMOOT. If the Senator will turn to pages 101 and 102, section 243, of the bill, in paragraph 1 he will find there the amendment to the House provision in the case of a domestic life insurance company limiting the tax to 12½ per cent of its net income tax, and in paragraph 2 an amendment which includes foreign life insurance companies.

Mr. COPELAND. Mr. President, the capital-stock tax has been repealed, has it not, under the bill as reported by the committee?

Mr. SMOOT. Yes.

Mr. COPELAND. So the company which has capital stock will have actually a decrease in its taxes under the bill, will it not?

Mr. SMOOT. No.

Mr. REED of Pennsylvania. The insurance companies with capital stock, Mr. President, do not pay any capital-stock tax and never have paid such a tax since 1921.

Mr. SMOOT. They have been exempt.

Mr. COPELAND. I am perfectly satisfied if the bill as written does not mean an increase of the tax on the mutual companies and places them all on the same basis.

Mr. SIMMONS. It does that.

Mr. SMOOT. If the provisions found on pages 101 and 102 of the committee amendment affecting insurance companies shall be agreed to, both mutual and all other insurance companies will be put upon the exact basis they are to-day.

Mr. COPELAND. I thank the Senator for the explanation. As I understand, the Senator from Pennsylvania will not offer his amendment?

Mr. REED of Pennsylvania. No, Mr. President; but I did not want these provisions in regard to the taxation of insurance companies to pass without attention being called to what seemed to me to be an unfair discrimination. I feel, however, that any mass of work, such as a tax bill is, is necessarily a group of compromises, and unless we stand by the action of the committee we are going to have almost chaos in the result. That is the reason I am not going to offer any amendment now; but I wanted to state my position, because I hope that in the next Congress it will be possible to reduce the rates of corporate taxation on all companies to some extent, and at that time I think this discrimination ought to be wiped out.

Mr. COPELAND. I am satisfied with that.

Mr. SIMMONS. Mr. President, may I ask the Senator from Pennsylvania a question?

Mr. REED of Pennsylvania. I will be glad to answer the Senator, if I can.

Mr. SIMMONS. Does the Senator expect that we shall in the next few years have such a surplus in the Treasury that we will have to have another revision of the revenue law?

Mr. REED of Pennsylvania. That will depend entirely on the course of business, Mr. President; but I am not the seventh son of a seventh son and am not going to undertake to prophesy.

Mr. COPELAND. Mr. President, I know the Senator from Pennsylvania takes the same view that I do, that to the mutual insurance companies it would be a real hardship at this time to have anything which meant an increase of their taxation, because it would come out of the great mass of the people, who are themselves the owners of the mutual-insurance companies.

Mr. REED of Pennsylvania. That was the compelling reason before the committee which led it to reach its decision. They did not want to increase anybody's taxes.

Mr. COPELAND. I thank the Senator.

Mr. REED of Pennsylvania. Mr. President, if the Senator from New York has completed his remarks on that subject, I wish very briefly to bring up another one.

Mr. KING. Mr. President, before the question which has just been discussed is passed, I want to say to the Senator from New York that the position of the Senator from Pennsylvania, which he has just stated, to the effect that he will not combat the action of the committee, may not deter others from offering an amendment or, rather, moving to disagree to the committee amendment. Speaking for myself, I am opposed to the increase from 12½ per cent to 13½ per cent tax on corporations. I think the increase is wholly unnecessary. If the administration will adopt and follow a course of economy, if it will do less preaching of economy and will act

economically, there will be no necessity to increase the tax of corporations. I think it unfortunate that my Republican friends are driven to the necessity, as they conceive the situation, of imposing increased burdens upon corporations.

Senators know that to-day many corporations—and I am speaking now of corporations of limited capital and restricted activities—are earning but small returns; indeed, the records show that many have reported deficits for a number of years. My recollection is that nearly 40 per cent of the corporations in the United States have shown deficits. There are many thousands whose earnings are large and hundreds whose net earnings are enormous. Those falling within this category could afford to pay a tax of 13½ per cent. But the question is, What is fair and proper under all the circumstances?

It has been felt by many persons who have examined the question of corporate taxation that a graduated tax should be laid upon them. Although I know that it is denominated unscientific and meets with many criticisms from publicists and from statesmen of more or less repute, I think the matter is worthy of careful consideration. It seems that with propriety a classification could be made and that certain corporations, particularly public-service corporations, could be differentiated from those whose profits are stupendous and far beyond a fair return upon the investment. Corporations such as the Steel Corporation, the General Motors Co., or the Ford Motor Co. might fairly be asked to pay a higher rate than the corporations referred to whose earnings are limited by law or are of such a character that large profits are impossible.

I am not now urging this. It would be impracticable at this time to enter into a searching inquiry as to the wisdom or justice of this policy. I appreciate that there are many objections to a graduated corporate or profits tax. The question of capital investment and other cognate matters offer to some persons insuperable objections to any classification of corporations for tax purposes. And yet we do classify them and grant favors to insurance and other corporations.

But at this time I desire to relieve business, big corporations and little corporations, of tax burdens. I should be glad if we could reduce the corporate taxes from 12½ to 10 per cent. I want a genuine tax-reduction bill, and to reduce taxes not $352,600,000, as is proposed by the majority, but to reduce them at least $500,000,000.

I agree with the Senator from Pennsylvania that there is a discrimination in the case of insurance companies. As I said yesterday, Congress seems to have taken the insurance companies under its wing and made them its special favorites.

I see no reason why a fire-insurance company, organized for the purpose of making money—and many of them do make money—should be immune from the same rate of taxation as other corporations. A fire-insurance company is a business concern. It is organized not as an eleemosynary institution, or because of any charitable propensities of the stockholders. Fire-insurance companies and accident-insurance companies are organized to make profits.

I helped organize and was a stockholder in a casualty-insurance company. We expected to make profits and organized the company for that purpose. It was not to serve any particular public function. There is no reason why that company or any other corporation organized for profit should be exempt from paying the same taxes as other corporations by labeling them accident or fire insurance company or a life-insurance company.

Mr. REED of Pennsylvania. Mr. President, yesterday the Senate agreed to the committee amendment striking out a large part of section 700, the capital-stock tax. It was agreed at the beginning of the consideration of the bill that on request reconsideration might be had, and the discussion of these amendments might go over. I now ask that the action of the Senate yesterday in agreeing to the committee amendment in section 700, pages 235 and 236, may be reconsidered, and that that subject may go over for further consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it will go over.

Mr. KING. Mr. President, the Senator from Pennsylvania [Mr. REED] stated yesterday, during the discussion of some of the acts of the Internal Revenue Bureau, that great progress was being made in the settlement of tax cases which were in the bureau. That is true with respect to the taxes for later years. They are being disposed of in a fairly rapid manner, not perhaps as rapidly as they were before the Tax Appeals Board was created. There is no reason why there should be the great delay which has characterized the settlement of these cases in the past; but I call the Senator's attention to the fact that with respect to the accumulated hard-nut cases—if I may use an expression which was used before the committee, arising out of the taxes for earlier years, there does not seem to be that prompt disposal of the same as the Senator has indicated.

If the Senator will pardon me for just a minute, until I can put my hand on these figures——

Mr. REED of Pennsylvania. I wonder if the Senator will allow me to anticipate his question and to put in the RECORD a statement showing the number of uncompleted cases for each year from 1917 to 1924?

Mr. KING. They will be found in the report of the investigating committee.

Mr. REED of Pennsylvania. The Senator will find them also on page 82 of the annual report of the Secretary of the Treasury.

Mr. KING. Yes; I knew they were there.

Mr. REED of Pennsylvania. Mr. President, I ask unanimous consent to insert in the RECORD at this point a table which appears on page 82 of the annual report of the Secretary of the Treasury for the last fiscal year, desiring to have printed only the table and not any part of the text of the report.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

Return year	On hand June 30, 1923	On hand June 30, 1924	On hand June 30, 1925
1917	28,916	8,773	3,417
1918	84,323	19,364	6,002
1919	103,198	61,327	12,155
1920	458,205	166,484	90,746
1921	1,190,902	353,781	171,221
1922	1,167,000	718,812	380,045
1923		1,101,514	372,200
1924			975,298
Total	3,032,544	2,430,055	2,011,084

Mr. KING. I should like to have placed in the RECORD the statistics which have been reported by the investigating committee of which I was a member.

Mr. REED of Pennsylvania. While the Senator is looking for that, I have just been handed a statement which shows the results accomplished in the adjudication of cases during the past three months—that is, up to December 31, 1925.

On September 30, 1925, there were unadjudicated cases in the bureau numbering 1,669,293, and during the three-month period there were received additional claims numbering 12,565; so that the bureau was confronted during that quarter with pending claims numbering 1,681,858. It disposed of 485,331 cases; and on the 31st of December last there were pending in the bureau, unsettled, only 1,196,527 cases, about one-third as many as were pending and unsettled two years and a half before.

Mr. KING. May I say to the Senator that the officials of the bureau, or of this unit, before the creation of the Board of Tax Appeals were disposing of these cases, I think, with greater celerity than indicated by the report just read by the Senator. The bureau, forced by public opinion and realizing that something must be done to clear the docket, was actively pushing the settlement of tax cases in the bureau. The Board of Tax Appeals has addressed itself largely to the least important and less complicated cases. It should make great progress in disposing of the accumulated matters.

Mr. REED of Pennsylvania. Will the Senator let me answer that point? We are all of us struck, as we look over these figures, with the number of 1917 tax returns that are still open and unadjusted; and we are all of us prone to say: "Why, the bureau must be hopelessly inefficient and laggard in its work, in that it has not settled those cases." Let me show the Senate just what has happened in these last three months about those old tax cases.

On the 1st of October last there were 2,986 cases involving taxes for 1917. Two thousand four hundred and eighty cases for that year were settled in those three months; and you would at once say: "That leaves only 500. That is great progress." But while they were settling 2,400 cases, 2,262 new ones came in—claims filed by the taxpayer, or fraudulent concealments discovered; mostly proceedings initiated by the taxpayer, however. That is the reason why those 1917 figures are so large. If the taxpayer could not file any more claims, the whole business would be cleaned up in a few months.

Mr. KING. Undoubtedly; and I wanted to say yesterday, when I was speaking in the time of the Senator from Tennessee, that the situation was in part due to the fact that a taxpayer, when he learned that some other taxpayer was

getting a refund, would make an application to reopen his case; and after it had been reopened and some disposition of the same made, another application would be made for a rehearing, and so the case was still far from a final determination.

Mr. REED of Pennsylvania. The Senator has put his finger on one of the sorest points in the income tax law. Under all the old acts—1913, 1916, 1917, and so on down—that process has been possible. Some taxpayer brings a test case and wins on a close point. At once a great flock of people who think they have claims of the same sort rush in and file refund claims. One of the very best things the committee has done in the pending bill has been to put down its foot on that. The taxpayer has four years after his first installment of tax was due in which to file a claim for a refund or an application to reduce his taxes in any way; and if he does not come in in that time, it does not matter how many cases are won by other people subsequently.

Senators are going to hear a whole lot about that, and especially from these lawyers who make a practice of trying tax cases in the department. There is nothing that is "easier money," if I may use the slang phrase, than to watch these decisions, particularly those in the Supreme Court, where the bureau is reversed, and then send circulars to or make personal calls upon a great group of taxpayers who probably have claims of the same sort. You drum up a great practice, and you do it on a "sure-thing" basis, because the decision means that the refunds have to be allowed. That has been going on too long, and that is what the committee intended to stop.

Mr. GLASS and Mr. COUZENS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield, and if so to whom?

Mr. REED of Pennsylvania. I yield first to the Senator from Virginia, who asked me first to yield.

Mr. GLASS. Mr. President, do I understand that under the statute taxpayers for the year 1917 can present claims against the Government?

Mr. REED of Pennsylvania. They can present claims if there has been a deficiency adjudciation against them within five years, under the act which was in force in 1917. That period we have shortened subsequently to four years, but the limitation is five years for cases under that act.

Mr. GLASS. But it has been approximately nine years since 1917.

Mr. REED of Pennsylvania. I know it has; but with the mass of work that the Treasury had before it during the war years, it was not able to audit those cases. It was along about 1920 before it really began to make a complete audit of those old 1917 reports; and it may very well have made its final adjudication, its assessment, within five years from the present time.

Mr. KING. May I say to the Senator from Virginia that there are hundreds of applications being filed every week now for refunds, some of which go back to 1917, 1918, and 1919; and the evidence before the Finance Committee indicated that the applications to reopen cases—many of them 2, 3, 4, 5, 6, 7, and 8 years of age—are more numerous now than the adjudications.

Mr. GLASS. Mr. President, I understand from what the Senator from Pennsylvania says that that is due to the fact that the bureau itself could not get current with its cases.

Mr. KING. Exactly.

Mr. REED of Pennsylvania. Precisely; that is it; and every time the taxpayer is assessed with an additional tax and makes a payment it reopens the statute of limitations, and the period begins to run from the date of the last payment he makes.

Mr. KING. Mr. President, I have here now the figures to which I referred, and I should like to call attention to them. They are found on page 239 of the report of the investigation of the Bureau of Internal Revenue. They show that there were on March 1, 1923, 33,428 cases, the returns being five years old or older, that had not been disposed of. In March, 1924, there were 30,150 cases of the same character, and in March, 1925, 31,669. Of returns four years old there were 112,664 in March, 1923. In March, 1924, there were 93,270. I shall not take the time to read them all, but the returns of three years were 254,352.

As I stated a moment ago, there have been applications filed, since this report was made, to the extent of thousands in number, many of which relate to the years to which I have just referred—1917, 1918, 1919, 1920, 1921, 1922, and 1923, and perhaps more recently. Applications for refunds and for reopening cases which were settled years ago are coming in now very rapidly.

Unfortunately, Mr. President, many of these applications are based upon what I conceive to be a misinterpretation of the law by the Tax Unit. The Senator from Tennessee called attention to the refunds which have been made, and I want to say to him that under the interpretation of the unit, as revealed in the hearings, we will be called upon to appropriate perhaps $500,000,000 more to meet refunds.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. Let me complete this. The tax refunds amounted to $459,000,825 from July 1, 1921, to April 30, 1925. The refunds, credits, and abatements exceeding $250,000 aggregate $171,546,416.59. An analysis based upon the grounds of allowance is given in this report. This analysis shows that the two principal grounds for this allowance are, first, increased allowances for invested capital; and my position is that the department has erroneously ruled in regard to this matter, and refunds have been allowed which, in my judgment, should never have been allowed, to the extent of tens of millions of dollars.

The second principal ground under which refunds are sought is based on what the unit calls special assessments. That has been abused, in my opinion, by the department, to the disadvantage of the Government and to the unwarranted advantage of taxpayers. These two grounds account for $73,842,-115.35, or 43 per cent of all the refunds, credits, and abatements exceeding $250,000. A list of refunds, credits, and abatements exceeding $1,000,000, which aggregate $85,929,-697.99, will also be found in this report.

Now I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the question I want to ask the Senator is this: Has he any figures showing the amount of taxes collected on reassessments, and figures showing the cost of the collection of taxes on reassessments; how much per year is collected, and what the annual cost is? The Senator can easily see that if you add to the cost of collection the enormous amount of refunds that are made the chances are, just looking at it broadly, that the cost to the Government of opening all these cases, both for the Government and for the taxpayer, means a great loss.

Mr. KING. I do not recall that any figures were presented to the committee investigating the income-tax unit that would answer definitely the question suggested by the Senator; but contrary to the view of some of the officials of the tax unit, I will say to the Senator that in my opinion the Government is going to lose millions of dollars by reopening many of these cases.

Mr. SMOOT. Mr. President——

Mr. McKELLAR. If the Senator will permit me, the senior Senator from Utah has in his hand a book from which he probably can give those figures. I will ask the senior Senator from Utah to take any one year.

Mr. SMOOT. I have the annual report of the Commissioner of Internal Revenue for 1925.

Mr. McKELLAR. What does that say?

Mr. SMOOT. This says:

> As the aggregate receipts of internal revenue were $2,584,140,268.24, it will be seen that the cost of collection for the fiscal year 1925 amounted to $1.44 for each $100 collected. The cost of collection on a similar basis for the fiscal year 1924 was $1.24 for each $100 collected.

Mr. McKELLAR. That is not what I wanted. I wanted to know how much of this more than $2,000,000,000 collected by the Internal Revenue Bureau was collected from reassessments, and then figures showing the cost of the collections under the reassessments. Could the department furnish those figures to us so that we could have them before us?

Mr. SMOOT. I do not know whether they could furnish the definite cost or not.

Mr. McKELLAR. Surely they can come very near giving the figures. They ought to be able to do it.

Mr. SMOOT. They use the same force of employees for other purposes, and the same attorneys go through the different divisions. I do not know whether they could answer the Senator's question or not. I think they would have to give an approximate amount.

Mr. McKELLAR. Could the Senator get the approximate figures from the department, so that we could have them next week?

Mr. SMOOT. I will try to do so.

Mr. KING. May I say to my friend from Tennessee that I do not think it possible or practicable to get that information. There is a very large force employed, and there is no particular group allocated to any particular work.

Mr. McKELLAR. Oh, yes; there is a very large field force allocated entirely to the investigation of returns that have already been made, devoted to that purpose, and it must be very extensive.

Mr. KING. If the Senator will permit me, the field force to which the Senator refers will investigate not only a case for 1917 or 1918, but perhaps during a trip the same investigator will investigate matters for 1923, 1924, or 1925, as to which there is no particular controversy. So that it would be difficult to segregate the accounts, and determine just what part of the time devoted to the investigation of a case which called for a refund or for a reassessment should be allocated to refunds. There will be no difficulty in determining how much has been refunded by the Government; how much these investigations have resulted in increasing collections it will be difficult to determine.

Mr. McKELLAR. I will ask the senior Senator from Utah to get that information if he can.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BROOKHART in the chair). Does the junior Senator from Utah yield to the Senator from Michigan?

Mr. KING. I yield.

Mr. COUZENS. I was just going to say to the Senator from Tennessee that if he will look at section 274, under the committee amendment, he will find——.

Mr. McKELLAR. What page?

Mr. COUZENS. Page 129. He will find a provision which would prevent the reassessing and the reassessment about which the Senator complains. I think the adoption of that amendment would prevent the bureau from reassessing after having once reassessed and determined the taxpayer's tax.

Mr. McKELLAR. I am just referring to the first reassessment. The assessment is made when the taxpayer sends in his return.

Mr. COUZENS. I am talking about the reassessment. If the Senator will read the committee amendment in that section he will find that it covers the point about which he is complaining.

Mr. SMOOT. Let me understand the Senator. The first assessment is filed by the taxpayer himself.

Mr. McKELLAR. Yes.

Mr. SMOOT. The Senator has no reference whatever to that. The provision referred to by the Senator from Michigan does apply in all cases.

Mr. McKELLAR. It applies only to reassessments, after the first reassessment.

Mr. COUZENS. Yes; so that they can not continue reassessing.

Mr. McKELLAR. I think that is a very excellent amendment.

Mr. COUZENS. I think that covers the Senator's complaint.

Mr. McKELLAR. The only trouble about it is that they wait too long a time to make the first reassessment, which I hope to get before the Senate by amendment.

Mr. SMOOT. We have also limited that in this bill.

Mr. McKELLAR. That is limited to four years.

Mr. SMOOT. Yes.

Mr. McKELLAR. It is limited to four years, but with the right claimed by the tax unit, I think, without authority to make an arbitrary assessment against the taxpayer unless he waives the time limit. I do not believe we ought to allow that. I do not think the tax unit ought to possess that power or authority, and I do not think it ought to hold that penalty over a taxpayer. It is unfair and unjust, and if the Government can not learn within four years, the time fixed in the present law, or if we adopt an amendment, if it can not learn in two years, that there ought to be a first reassessment, then they should not be permitted to have a waiver.

Mr. SMOOT. Mr. President, I was talking to the Secretary of the Treasury this morning in relation to the two-year period, and he said it would be absolutely impossible to have those returns adjudicated, examined, and determined upon in two years. Not only that, but when the Senator stops to think that over 90 per cent of all complaints and requests for reconsideration of cases come from taxpayers themselves, what will he say about it?

Mr. McKELLAR. Mr. President, there ought to be some limitation upon the examination of returns. To illustrate, I know of young investigators in the departments who occasionally spend weeks examining taxpayers' returns and turn in $50 or $75. It must cost the Government five or six or maybe ten times what the tax amounts to, even if they get a double amount out of the taxpayer. It seems to me discretion ought to be used in that regard. I do not think the Treasury Department ought to have a vast army of inspectors and investigators going around investigating tax returns amounting to between $25 and $100, or even as high as $500.

Mr. SMOOT. Does the Senator know what would happen if it were generally known throughout the country that such a law as that were on the statute books? There would be thousands and tens of thousands of returns that would fall under that head, and yet without an investigation it would never be known. People would take advantage of such a law.

Mr. McKELLAR. That is not the case now.

Mr. SMOOT. Because of the fact that they know the returns will be examined.

Mr. McKELLAR. I have my doubts about that. I think the ordinary taxpayer who pays the Government between $25 and $300, or even as high as $500, does not attempt to steal from the Government.

Mr. SMOOT. I think if the Senator had had the experience in the department some have had he would change his mind in that regard.

Mr. McKELLAR. Perhaps so. I have not had that experience, of course.

Mr. COUZENS. I agree with what the Senator from Utah said.

Mr. CARAWAY. The Senator from Michigan thinks that is entirely true?

Mr. COUZENS. I think so. I think the Senator from Tennessee, not having spent any material time in the bureau, does not know as to the opportunities presented taxpayers.

Mr. McKELLAR. I understand the general situation, but I have no specific knowledge about the collection of taxes.

Mr. CARAWAY. Perhaps what the Senator is driving at might be put in this way, that there should be a very short period beyond which the Government could make no additional claim upon the taxpayer, unless it went into court and alleged either mistake or fraud, and reopened the case by a court procedure.

Mr. McKELLAR. Yes; that would be an entirely satisfactory method of correcting the evil.

Mr. CARAWAY. When the Government furnishes some one who goes around and pretends to be an expert, the taxpayer goes in and makes a disclosure of what he has earned, and the return is made, and he pays what the Government says he owes, then if the Government wants to reopen that, why should it not have the same burden resting upon it that would be cast upon an individual who seeks to reopen a settlement?

Mr. McKELLAR. And on specific charges.

Mr. CARAWAY. That would meet the contention the Senator makes, and yet not prevent the investigation which the Senator from Utah so earnestly desires.

Mr. McKELLAR. That kind of case is presented to me frequently. I have had the question raised in my own State, and my own city, where the taxpayer has given in his return, paid his taxes, and four or five years later an employee of the Government would come and make an investigation; he would find that he had not paid enough by $39.16. He would be required to report to Washington. The examiners would come here before they got through. The result would be that the office here would notify the taxpayer, and he would come here, or employ a man to come here and look after his taxes, and in nine cases out of ten he would not have to pay anything eventually. If a second investigation were ordered, the second investigator would report a very different amount from that reported by the first investigator.

Mr. SMOOT. The rule of the department is that all cases involving under $5,000 are examined in the field.

Mr. McKELLAR. They are examined in the field, of course.

Mr. SMOOT. And they are settled there.

Mr. McKELLAR. Oh, no; but they are settled there if the taxpayer allows himself to be held up.

Mr. SMOOT. I do not think there is very much objection on the part of the taxpayer from that source. I think that feature has been pretty well worked out by the department and very satisfactorily to the taxpayer. Of course, when the tax is assessed against him, no matter whether it is $5 or $10 or $39.16, as the Senator suggested, some individual taxpayer may object.

Mr. McKELLAR. Of course, everybody objects to paying taxes.

Mr. SMOOT. I know that.

Mr. McKELLAR. But no taxpayer ought to be subjected to an unsettled condition of his tax affairs during four long years. There ought to be some reasonable time fixed when a man or a woman or a corporation could understand and know that their taxes due to the Federal Government were paid and the matter ended. Under the present system the tax officials are undertaking to collect taxes back in 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, and up to this very day, clear through the entire history of our income tax law. A man is required to waive everything when he waives, and after he waives the statute of limitations, which I think the department has no right to ask, then the whole thing is opened

up and his whole tax history is gone over again. I think the law ought to fix a reasonable time so that a man could know that his taxes were paid and the matter ended.

Mr. KING. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Utah.

Mr. KING. I tried yesterday when the Senator from Tennessee had the floor to make a very brief explanation of the situation to which he is calling attention and of which he complains.

Mr. McKELLAR. I am very glad to yield to the Senator for that purpose.

Mr. KING. I will illustrate by a concrete case. I have in mind 29 corporations. They filed their returns for the year 1917, valuing their property for depletion purposes—and I have not time to stop and indicate just what the effect would be—at approximately $500,000,000. They paid a tax upon the basis which they themselves had established. Later they asked for a revaluation of their property for depletion purposes and it was revalued and a figure reached of $1,250,000,000. This increased the depletion allowances or discovery depletion value so lost between $50,000,000 and $60,000,000 for that year. A settlement in part was made upon the second valuation of about $1,250,000,000.

It must be remembered that we were then in the war. Millions of tax returns were filed every year. It was absolutely impossible for the department to examine those returns. It is only within the past two or three years that some of the returns away back in 1917 and 1918 have been examined by the auditors. When it became apparent, because of the magnitude of the task and the vast amount of work which had been piled up on the department, that they could not reach those cases within the period of the statute of limitations, the taxpayers were asked to waive the statute and willingly assented to the request. Some of them did not, and an arbitrary assessment was levied by the tax unit because it did not have time and did not have the personnel to go into the field and obtain the necessary data. For instance, let me call attention to the steel company. It took the examiners many months to examine its physical properties in order to obtain essential data in order that a fair assessment might be levied.

It was discovered in the investigation by the Couzens committee of the companies to which I have referred that the accounts were closed, but the time had not passed for reexamination, so the Couzens committee suggested that the unit reexamine those accounts, particularly where there had been a great disparity in the first valuation for depletion purposes and the second valuation, as the result of which the mining companies saved $60,000,000. I am advised that that matter is now receiving consideration.

The Couzens committee made a similar request respecting the United States Steel Co., and a reexamination was made of its property, though it opened up the accounts back in 1917 and 1918, as I now recall. There are a multitude of cases of that character. When the department gets its business current a wholly different situation will then be presented, and the kind of statute which the Senator suggests would be entirely proper. But now, if we applied it, in view of the fact that there are pending tens of thousands of applications for refunds, some of which ought to be allowed—refunds for 1917 and 1918, 1919, and perhaps even earlier years—the taxpayers would be denied relief. I make the prediction that we will yet make refunds to taxpayers of three or four hundred million dollars, so that the aggregate amount will exceed $1,000,000,000.

It is a very difficult question to deal with. That the tax unit is subject to severe criticism can not be doubted. I think there has been a condition of chaos and disorder and confusion in the tax unit that is reprehensible and which calls for condemnation. I think that the Commissioner of Internal Revenue has not exercised that full and active supervisory care that the situation demanded. Lax methods have been followed, and carelessness and inefficiency have resulted in the losses of tens of millions of dollars in taxes, and at the same time many taxpayers have paid taxes in excess of what the law required.

Mr. McKELLAR. I want to put this proposition to the Senator before he takes his seat. A change of limitation from four years to two years would not affect any case that is being investigated or on which the department has already acted, nor would it affect any of the cases to which the Senator has referred. It may be there are some of those, as the Senator's committee has pointed out, and I have no doubt they have done excellent work in the matter. But if a taxpayer has paid his taxes and does not know for two whole years that he has made a mistake—if he does not ascertain for two whole years that he paid too much—he ought to be barred from recovery, if that is the kind of a business man he is.

Let me show how that works. In 1924, as I remember—I put the figures in the RECORD about a year ago—by an examination of a report of the Secretary of the Treasury filed in the House I found many items where refunds were made that were to me inexplicable. For instance, I will take one case——

Mr. KING. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. Certainly.

Mr. KING. I agree with the Senator. I am familiar with the reports that have been made and believe he is going to call attention to the Gulf Oil Co. case.

Mr. McKELLAR. No; I am not. I am going to call attention to Libby, McNeil & Libby, Union Stock Yards, Chicago, who in 1924 had a refund of $1,988,201.49. That concern, if it has the business that those figures would indicate, surely must have competent accountants to advise it and competent lawyers to advise it as to the payment of its taxes. It ought not to be in business unless it has. I do not know what the entire tax bill was, but here is one item of a refund of over $1,900,000. Is it possible that a man in his right senses could believe that that concern made a mistake of $1,900,000 in the payment of its taxes in one year when it, no doubt, had some of the greatest experts on tax matters in the United States to advise it?

Mr. COPELAND. What was the date of that refund?

Mr. McKELLAR. 1924. Yet I find that the department, perhaps upon the valuation of some employee not an expert himself with reference to depletions and valuations, upon an ex parte claim for a refund of $1,900,000 of the Government's money, allowed that claim of one taxpayer for one mistake in one year. It does seem to me that we ought to call a halt as to the time when such enormous claim for refunds may be made.

Mr. McLEAN. Is the Senator familiar with the reason why the refund was granted?

Mr. McKELLAR. Oh, no; they are all secret and held behind closed doors, and we get no information from the department. They say that it is giving up the secrets of the taxpayers and that they can not furnish any information, and a refusal of information in regard to such matters has been had time and again.

Mr. McLEAN. Many of these large refunds are due to the fact that the first assessment was made according to a ruling of the department, which was afterwards upset by court decisions, and there was no blame then to fall upon the department, except that they made a mistake in their finding.

Mr. McKELLAR. Perhaps not, but who knows? Can the Senator say that that is correct? The Senator does not know, for the Senator has not examined these matters. If the Senator had been sitting as a chancellor in a court upon a case brought for the purpose of recovering from the Government that enormous sum, he would have known all about it. He would have insisted upon the facts being disclosed. But here is a refund made by some subordinate of the Government, perhaps by some clerk, approved in regular order by his superior, involving nearly $2,000,000 on account of a mistake made in taxes in one year by one taxpayer.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. COPELAND. If what my friend, the Senator, says, however, is exactly the case—and so it is, of course—that by reason of a court decision that particular individual or corporation was entitled to that tremendous refund, it may well be that by reason of the same court decision there may be hundreds of other American taxpayers who are entitled to the same proportionate rebate.

Mr. McKELLAR. Absolutely.

Mr. COPELAND. If the amendment of the Senator from Tennessee were to prevail, as pointed out last night by the Senator from Michigan [Mr. COUZENS], that might shut off the just claims of hundreds of taxpayers, taxpayers who are ignorant, perhaps, as yet of the fact that they are entitled to such rebates.

Mr. McKELLAR. If the Senator wishes to reach that situation, what he should do would be to vote for the publicity of tax returns, so that the taxpayers can all see what their rights are and may not be dependent upon some discharged employee or some employee who has resigned to go and tell them. We know that that is the case; we know that beginning in about 1919 or 1920 a great many clerks resigned from the department, and we know that many of them went over the country telling taxpayers, "There are certain rulings which are secret, and if you will turn your claim over to us for one-third or one-half of it, under those rulings, we will get you a large refund

of taxes." We know that millions of dollars have been paid out in just such a way. I think it is wrong; I think we ought to have full publicity about it; but surely we ought not to keep this kind of information secret from the American people.

Mr. COPELAND. Mr. President, I can not see how the publicity of the returns will accomplish in this particular matter what the Senator from Tennessee has in mind. There should be publicity of all the rules and the reasons for decisions, as pointed out by the Senator from Michigan. I think that the Senate failed to appreciate last night the significance of his statement that a rule of one sort in one case resulted in a rebate, while some other taxpayer seeking a rebate but not knowing of the decision failed to get a rebate. There should be uniformity of the rules, and then the widest publicity as regards all the rules, so that every taxpayer may know what the rule is covering and guiding every particular case.

Mr. McKELLAR. The Senator from New York wants publicity of the rules, and I agree with him entirely on that subject. In the present situation the rules by which refunds are granted are secret; of course, they are. The evidence which goes before the refunding officer is secret; of course, it is. The proceedings which are had are ex parte and secret. Who represents the Government in those transactions? Who looks after the Government's interest when an individual or corporation makes an application for a refund?

Mr. CARAWAY. Mr. President, let me ask the Senator a question. Does the Senator mean that there are rules by which the rights of people are determined and that those rules are secret and are not uniform?

Mr. McKELLAR. Absolutely. The Senator from Michigan [Mr. COUZENS] stated that yesterday on the floor of the Senate and read from the report.

Mr. CARAWAY. What is the excuse for a secret rule in the case of a rebate?

Mr. McKELLAR. I can not imagine. The idea is that they do not want all the taxpayers to know the rule. Let me take merely as an illustration the case of Libbey, McNeil & Libbey, who got a rebate of $1,900,000. The Senator from New York [Mr. COPELAND] says we ought to have publicity of rules so that any other taxpayer who happen to be in the same situation in which Libbey, McNeil & Libbey were in this particular case may come forward and get a refund.

Mr. CARAWAY. How did that company find out that there had been a ruling under which they succeeded in getting a rebate?

Mr. McKELLAR. Who knows? Who can tell? The Senator from Utah [Mr. SMOOT], familiar as he is with the affairs of the department, can not say under what rule these refunds are made. The Senator from Utah does not know, and nobody else knows except the department.

Mr. COPELAND. Mr. President, if the Senator from Tennessee will yield, I desire to suggest that the answer made by the Senator from Connecticut [Mr. MCLEAN] was that in that particular case it was a court decision.

Mr. McKELLAR. Oh, no; he did not say that. He merely said that there might be a court decision. The Senator from Connecticut is on the floor; and I am sure that he did not say that the reason of the refund of $1,988,000 in the case of Libbey, McNeill & Libbey was due to a court decision. The Senator from Connecticut said it might have been due to a court decision.

Mr. McLEAN. I am not familiar with that case, but I know the fact that a great many of the larger refunds are due to the decisions of the courts which have reversed the rulings of the Treasury Department.

Mr. McKELLAR. As a matter of plain, practical fact, where are we going? We are collecting, according to the department, a little over $2,000,000,000 from income taxes, and my recollection, from the knowledge I have gleaned of these affairs as a member of the Appropriations Committee, is that we paid out last year in refunds something like $400,000,000, or practically one-fifth of all that was collected from income and corporation taxpayers in the United States. In a large measure the enormous sums of which I have spoken were refunded to a very small group of men who came to the Treasury Department and filed their claims before subordinate officers, who acted secretly, under secret orders, under secret rules and regulations, without any publicity of any kind, without any claim being presented to any court. As I have said, that group of taxpayers received from the Government of the United States in the aggregate something like $400,000,000, or one dollar out of every five collected. I say it is wrong. It should not be tolerated for a moment by the Government.

Mr. REED of Pennsylvania. Will the Senator yield just for one remark at that point?

Mr. McKELLAR. Yes.

Mr. REED of Pennsylvania. I think the Senator's figure of $400,000,000 is very high.

Mr. McKELLAR. That is my recollection.

Mr. REED of Pennsylvania. My impression is that for the fiscal year 1923 and the fiscal year 1924 the refunds were less than $200,000,000 in each year.

Mr. McKELLAR. They have gone up steadily from $200,000,000 in 1920 to something like $400,000,000 last year.

Mr. SMOOT. For 1925 the refunds amounted to $147,000,000. I will give the figures for each year if the Senator wishes.

Mr. McKELLAR. I should be glad to have the exact figures.

Mr. KING. I put in the RECORD a few moments ago the figures as to refunds.

Mr. SMOOT. The exact figures were $147,777,034.05.

Mr. McKELLAR. In what bill was that amount provided? Does that include the amounts carried in all the bills last year?

Mr. SMOOT. That was for the fiscal year 1925

Mr. COUZENS. That covered the refunds?

Mr. SMOOT. Yes; and for the year before the amount was——

Mr. McKELLAR. O Mr. President, I think the Senator is mistaken about it.

Mr. SMOOT. That is what the report says; that is all I know.

Mr. McKELLAR. I think the Senator misinterpreted the figures.

The figures are found in the report of the Secretary of the Treasury.

Mr. KING. I put in the RECORD a few moments ago figures showing the aggregate refunds between July 1, 1921, and April 30, 1925. They were $459,090,825. I have not before me the figures showing the refunds before July 1, 1921, nor the refunds after April 30, 1925, but they amount to a considerable sum.

Mr. McKELLAR. I think they began in the year 1919 or 1920 at something like $200,000,000, and that was a large amount to pay merely for mistakes on the part of taxpayers. The refunds have constantly gone up by leaps and bounds since that time. Assuming that the Senator's last figures are correct—and I think that the appropriations made in several deficiency bills for this purpose were left out of them——

Mr. SMOOT. The figures I gave were those contained in the report of the Secretary of the Treasury.

Mr. McKELLAR. My recollection is that there is a deficiency bill before Congress now providing for refunds for last year. The refunds have amounted to enormous sums; and if we do not stop paying them out to favorites under the secret action of employees of the department, there is no telling where we are going to get the money by taxation with which to make the refunds.

Mr. SMOOT. It is easy to say that they were all arrived at in secret, but does the Senator know under what law or what provision of law these refunds were made?

Mr. McKELLAR. One is not allowed to ascertain that fact. I have written to the Secretary of the Treasury to learn the reason for refunds in a special case, but he has advised me that he is not permitted to give out that information. The Senator from Utah may be able to get the facts in a personal way, but neither the Senator from Utah nor anyone else is entitled now to have that information. Take the case which has been referred to where a refund amounting to nearly $2,000,000 was made, the Senator can not get the information from the department; he is not entitled to it under the law, and the department will not give it to him. It does not make any difference what the reason for the refund was; they have refunded it, and that is the end of it, and they have refunded it secretly. It is something that, in my opinion, ought not to be permitted by Congress. That is my position. At some time we will have to put a stop to this practice, and the best way to do it is to provide a reasonable statute of limitations.

Mr. SMOOT. Mr. President, these old cases run back to 1917 and 1918. There are more of them growing out of the returns for 1917 and 1918 than the returns for all the other years combined, many times over. As was stated yesterday——

Mr. McKELLAR. The Senator can not say that they go back to 1918.

Mr. SMOOT. Yes; that is the fact.

Mr. McKELLAR. The Senator from Utah has not a particle of information, and the Senator under the law is not entitled to the information, as to what year the refunds were for. He can ascertain, of course, in what year the refunds were paid; that is all there is about that.

Mr. SMOOT. Mr. President, if the Senator will wait a moment I will find out from the report that was made public the exact facts, so that the Senator will know.

Mr. McKELLAR. I should like to see it.

Mr. SMOOT. I will endeavor to locate it and show the Senator the report.

Mr. BLEASE. Mr. President, I should like to ask the Senator from Tennessee a question. I agree with his contention that when the Government makes an assessment upon a man and he is notified what his taxes are and he pays them and the authorized authorities of the Government give him a receipt, unless they can show fraud in the transaction, that should be a final settlement of the matter.

Mr. McKELLAR. It certainly should be; but, instead of that being the case, although the taxpayer may be absolutely devoid of any fraud and may have paid every dollar that he should have paid in perfect good faith, nevertheless one of these inspectors can follow up his return for four years and make a reassessment at any time, so that no taxpayer in the United States knows when he has finished paying taxes to the General Government.

Mr. KING. Mr. President, will the Senator yield at that point?

Mr. SMOOT. Mr. President, in answer to the Senator from South Carolina——

The PRESIDING OFFICER. Does the Senator from Tennessee yield and if so to whom?

Mr. McKELLAR. I will yield first to the chairman of the committee, and then I will yield to his colleague from Utah.

Mr. SMOOT. Mr. President, in answer to the Senator from South Carolina he is, I presume, fully aware of the fact that the receipt which the taxpayer receives when he pays his income tax is merely a receipt for the amount stated in his return. There is nothing on the receipt to show that it is final.

Mr. McKELLAR. No. That is exactly the objection to it.

Mr. SMOOT. The Senator wants to object to that, does he, and say that the taxpayer shall pay just exactly what he himself wants to pay and no one else shall question it?

Mr. KING. Mr. President——

Mr. BLEASE. I do not mean that at all.

Mr. SMOOT. That is exactly what it amounts to.

The PRESIDING OFFICER. The Senator from Tennessee has the floor. To whom does he yield?

Mr. McKELLAR. I promised to yield to the junior Senator from Utah.

Mr. BLEASE. Let me state, Mr. President, what I mean. When a taxpayer files his tax return and pays his tax under the return, unless the Government can show fraud or deceit in connection with the return, when that taxpayer is furnished a receipt from the Government that his tax has been paid, it certainly ought to be final.

Mr. SMOOT. The Government accepts the amount the taxpayer pays and never questions the amount at the time the return is made.

Mr. McKELLAR. Why not?

Mr. SMOOT. Because there is not enough help in the United States to do it. We would have to have a man for every return.

Mr. McKELLAR. If they put the traveling inspectors and agents at work investigating when the returns first come in, they would get better results and obtain more money.

Mr. McLEAN. That would not be an easy matter with 65,000,000 returns.

Mr. SMOOT. There are over 65,000,000 returns up to date.

Mr. KING. Mr. President, the Senator from Tennessee promised to yield to me.

Mr. McKELLAR. I yield to the junior Senator from Utah now.

Mr. BLEASE. Let me say, Mr. President, that if the condition is as described, then I think the United States has not any business with a law that makes liars and thieves out of all its citizens.

Mr. KING. Mr. President, I will call the attention of the Senator from South Carolina and the Senator from Tennessee to a situation which shows some of the conditions which confront the department. To illustrate, take the case of a mining company which is located in Arizona. I shall not give the name of the company, but they filed a return and assumed a value for depletion purposes of more than $29,000,000, although the property cost only $525,000. They sent their check. It passed through the department. It lay there for a number of years. They got the receipt for the tax paid. When the auditors four or five years afterwards came to investigate that account they wrote to the company: "Why do you claim so much depletible discovery value as a deduction from your tax?" Upon an investigation it was discovered that a depletible discovery value had been asked for, and in the return which had been filed by the taxpayer he himself had allowed it, as a result of which he had robbed the Government of more than $2,000,000. The Government four or five years afterwards asked him to explain that, and the Government tried to collect the amount. Would the Senator say that should be prevented?

Mr. McKELLAR. Mr. President, a two-year limitation would not interfere with that at all, because the Senator knows that the Government would have the right to go back on the taxpayer as of fraud in law, and there would be no trouble in the world about the Government making out its claim against a fraudulent return of that kind. There is not a particle of trouble about a case like that. The statute of limitations would not apply to that. It does not apply to that under this law; it does not apply to it under any law; and, of course, under those circumstances, the Government should have the right to do it.

Mr. SMOOT. Mr. President, in many, many cases it is a question of judgment in regard to the depletion. Sometimes there is only 5 per cent difference between the return and the final decision, and yet in the case of an immense amount of deduction that 5 per cent makes a great deal of difference in the amount of the tax.

Mr. McKELLAR. Why, of course.

Mr. SMOOT. The Senator would not say that that is fraud?

Mr. McKELLAR. I would say that when it is a matter of judgment, as the Senator says, and has been allowed by the Government to go on, and the Government has accepted that judgment for more than two years, it ought to be bound by it.

Mr. SMOOT. But they can not do the work of auditing it in two years. If we limit it to two years, the taxpayer himself is going to get the worst of it.

Mr. McKELLAR. Not only do you limit it to four years but you fix it so that the department, by requiring the taxpayer to waive the statute of limitations, can go back for six or eight years.

Mr. SMOOT. The only reason why that has been done is because in 1917 and 1918 everything was new, and the taxpayer did not really know how to make out his return.

Mr. McKELLAR. The Senator does not believe that ought to be continued, does he?

Mr. SMOOT. I think there ought to be a limit.

Mr. McKELLAR. I think so, too; and I am glad to hear the Senator go that far.

Mr. SMOOT. But I am saying to the Senator that two years is unreasonable, and it would not work. There is not any question at all about that.

Mr. McKELLAR. The only trouble about two years is that it is unreasonably long. The Government ought to have a way of ascertaining in two years whether a taxpayer has made a mistake in judgment. It ought to be able to do it in one year.

Mr. SMOOT. If we had an expert for every taxpayer, and he should sit down right after the return was made at the end of the year when the taxpayer paid the last 25 per cent of the tax and audit it, then we could get through within that time. I have not any doubt at all about that; but it would cost, in that event, almost as much as the tax we collect in the end.

Mr. McKELLAR. I will say to the Senator that, in my judgment, nine-tenths of the unpopularity of the income tax law is because of the provision that is in this law, and has been in the law for many years now, that gives to an investigator the right to go back and rummage through the books and accounts of the taxpayer and make reassessments and back assessments for years previously.

Mr. COUZENS. He can not do that.

Mr. McKELLAR. They do it for four years.

Mr. COUZENS. That is absurd.

Mr. McKELLAR. Why, they are doing it every day. There was a case in my office yesterday where they have gone back four years on a man, and they required him to go back and waive the statute of limitations for the last year.

Mr. SMITH. Mr. President, if the Senator will allow me, I have a case right now where they are trying to adjust the income tax of 1917 and 1918, and the reaching of an agreement is made more difficult by a change of the personnel of the corporation. They bought out another concern, and the books and records are in such a state that they can not get at the facts; and yet the bureau officials are claiming an addition to the first assessment, in spite of the fact that the taxpayer had filed a claim in abatement. The parties waived the statute of limitations without really understanding what was meant by that. They did not know that it was constructive fraud; but they waived it, and now the bureau officials have come out with an additional assessment on the 1917 return.

Mr. SMOOT. And the return may show that it was justified.

Mr. SMITH. Yes; but the point I want to make is the same that the Senator from Tennessee [Mr. McKELLAR] has made. We have no right to write a tax law so involved, as this miserable thing is, that it takes a lawyer to make out the return, and then takes an army of detectives to go around and see whether, in all the multiplicity of confusions in the tax returns, a cent or two has slipped through the fingers of the Government.

Mr. McLEAN. Mr. President, does the Senator from South Carolina know whether the claim which he has just cited arose upon a claim for refund?

Mr. SMITH. No; it was an additional assessment.

Mr. McLEAN. That may be; but did not the party who was assessed claim a refund?

Mr. SMITH. They claimed an abatement; yes.

Mr. McLEAN. Yes; and it was upon that claim that the reassessment was made?

Mr. SMITH. Yes; and let me tell the Senator what happened. The bureau said: "All right, now; you say this is an excess. We are going to investigate this. You must waive the statute of limitations." They waived it. The bureau went in and investigated, and in place of abating it they brought out an additional assessment, as I remember, equal to or exceeding the original assessment. Just last week the matter was put into the hands of a competent accountant, and my constituent has been relieved of $1,800. That has been running from 1917 up until the present time.

Mr. McKELLAR. Mr. President, will the Senator yield to me, in my own time, to ask a question of the Senator from Utah? Under what provision of law does the tax unit require a taxpayer to waive the statute of limitations?

Mr. SMOOT. If he did not do it, all they would do would be to put on an assessment.

Mr. McKELLAR. Is there a provision of law that allows the taxpayer to do it?

Mr. SMOOT. Why, the Senator can do it at any time. I can do it at any time.

Mr. COUZENS. The waiving of the statute of limitations is in the interest of the taxpayer.

Mr. McKELLAR. That may be so; but I should like to see the provision that authorizes it.

Mr. SMOOT. We could stay here and talk about individual cases, I have not any doubt, for the next three months. There is no question about that.

Mr. McKELLAR. Yes; and that will always be the case as long as our collection of taxes is done secretly, under secret rules and regulations, by secret arrangements.

Mr. SMOOT. It will be the case just as long as the taxpayers try to evade the tax; and, of course, there are other cases where they do not try to evade it, but errors have been made on both sides.

Mr. McKELLAR. Does not the Senator believe that the great body of taxpayers in this country do not try to evade their taxes?

Mr. SMOOT. Oh, yes; that is true of the great body of them.

Mr. McKELLAR. Ninety-nine per cent of them, probably, do not try to evade them. There are very few cases where they do try to evade them.

Mr. SMOOT. No doubt; because out of the 65,000,000 returns that have already been made there are not over 5 per cent about which there has been any dispute at all or that have been held up for any length of time.

Mr. SMITH. Has the Senator tables to establish that?

Mr. SMOOT. Yes; I can show the number of cases that remain unsettled.

Mr. SMITH. I certainly would like to see them. The Senator says there are not more than 5 per cent where there has been any difficulty?

Mr. SMOOT. Where there has been, after an examination by the department itself, an error found in the return that the taxpayer himself objected to.

Mr. SMITH. I should like to have those figures verified and put in the RECORD.

Mr. SMOOT. All right, Mr. President. I have not them here now, but there is not any doubt about it, because all we have now in the way of unsettled cases is about 2,000,000, as I remember. I will ask the Senator from Pennsylvania if that is not correct.

Mr. REED of Pennsylvania. Mr. President, on the 1st of this month there were 1,196,000 cases unsettled out of 68,000,000 returns that have been filed.

May I say just a word on this matter that the Senator from Tennessee has been discussing? We must be fair in apportioning the blame between ourselves and the bureau.

In 1913 Congress passed a tax law that was not much more than an outline. They did not want to draw a bill which, like the English income tax law, was filled with detailed regulations. They drew the American act on broad lines, leaving to the Internal Revenue Bureau a very wide discretion in the promulgation of regulations. Then came the war, and everything we did in the war time was hurried, necessarily. No government functions well in war time; and we had to write up this excess profits tax law. We did not realize it when we did it, but when we said that no taxpayer should earn more than 8 per cent on the fair value of his property without paying an additional tax it meant, practically, that we had to value all the property in the United States. We know what trouble there has been in valuing the railroads. By that hastily drawn war time excess profits tax law we put on this already overworked Internal Revenue Bureau the job of valuing all the mills and mines and factories of this big land. Of course, they could not do it satisfactorily. Of course, they had to take the corporation's own estimate and receive taxes according to what the corporation though was just in the valuation. That meant a tremendous amount not only of reauditing but of reexamination of all those properties.

Mr. McKELLAR. That law has been repealed for many years.

Mr. REED of Pennsylvania. Oh, yes; but wait a minute. The cases are not repealed. The law is repealed, but the cases are still pending; and that matter of valuation is still torturing the department and is responsible for these old 1917, 1918, 1919, and 1920 cases. That law brought in money, which was the one object we were seeking in war time; but it did not bring it in very fairly, and the administrative cost was terrific.

Then, when the war was over, we realized that a lot of citizens had built plants to furnish articles essential to the prosecution of the war; and we provided in the law that they might deduct from their taxable income a reasonable allowance for the amortization of those war-time facilities. That sounds simple enough; but when you try to calculate what part of a battery of coke ovens a taxpayer wanted and needed for his general business, and what part he built just to take care of war-time emergencies, and when you try to figure a comparison between what the value was at the moment they were built and what their value is in use to-day you have a problem upon which no two engineers will ever agree.

Mr. SMITH. That has all disappeared now since the war, has it not?

Mr. REED of Pennsylvania. No; it has not. That is just the point I want to make, because we all think that when we repealed those laws we abolished all the difficulties. We did draw the line in time so that future years would not be harassed by such calculations; but they are still laboring over those amortization claims and those excess-profits tax calculations just as hard as they were five years ago.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. REED of Pennsylvania. Let me finish my catalogue, and then I shall be glad to yield.

On top of all that we provide, in our income tax law, that every taxpayer can deduct from his income a reasonable allowance to take care of the depreciation of his property. Machines run down; the wear and tear ought to be charged off of the taxpayer's income; otherwise he is going to wind up with nothing. That sounds simple, but it is not, really, in practice; and we provide that the owner of an oil well or a mine who is exhausting his capital when he takes out the mineral can chalk off an allowance for depletion of his property. That sounds simple; but when we come to apply that the application is so complicated that it causes a large part of the disagreement between the taxpayers and the bureau. If Senators will think for a moment about the application of that rule to an oil well, it will be realized that the owner of the well is exhausting his capital every time he draws a barrel of oil out of the well, so part of the value of that oil is in there and part of it is a mere return of his capital. In order to calculate what part of it he can charge off to depletion the bureau has been estimating the quantity of oil in the property, which is just about as hard as estimating the quantity of air over the property. Then, on top of that estimate, they try to estimate what that oil will be worth in the market in future years, which multiplies the first uncertainty by a second uncertainty, and, of course, no two people ever agree on that.

Those things are our fault. We have put the bureau up against an impossible task, and we owe it to the bureau and we owe it to the people of the country to simplify this law by every means in our power. So, still continuing the oil-well illustration, we have taken a big step forward in this bill, in

our committee amendment, which provides that an arbitrary percentage of the gross selling value of that oil shall be deducted to allow for depletion. The owners of some of the oil wells say that we have not allowed enough, and some of the experts of the bureau say they think perhaps we have allowed a little too much. Probably we have been reasonably fair. But the whole thing is in the line of simplification, getting rid of this everlasting accounting.

I want to say just one word more, and I will be through.

Mr. McKELLAR. Mr. President, what effect will that have on the decisions already made in the department? Does the Senator think that this amendment will open up an avenue by which hundreds of claims may be made because of changes in the law? Is there any provision in this amendment he speaks of that will prevent taxpayers who may be benefited by the change in the department's rulings coming forward and making demands on the Government for refunds?

Mr. REED of Pennsylvania. That is what we wanted to avoid, and in spite of many appeals to make the legislation retroactive, changing the rulings to the benefit of this taxpayer or that taxpayer, we have refused absolutely to do it.

Mr. McKELLAR. I think the committee are very wise in that, of course.

Mr. REED of Pennsylvania. There were a few suggestions from the bureau to make the legislation retroactive. That is not fair, and in the effort to remedy one injustice we would cause a dozen others.

I want to say a word more about refunds. When we read the records of the last four years and three-quarters—that is the period about which the junior Senator from Utah meant to speak, and I think he misspoke when he said from July, 1921—the figures show that beginning July 1, 1920, and running up to April 1, 1925, there were paid out in refunds $459,000,000. That is an average of less than $100,000,000 a year.

As that is often stated, it sounds as though favored taxpayers were getting "hand-outs" from the Public Treasury. As a matter of fact, those refunds indicate the exact contrary. They indicate that those taxpayers have been compelled to pay more than their due, and that after a long delay the Government has finally restored to them their own money. The injustice is to the taxpayer and not to the Government.

Mr. COUZENS. Is that true in all cases?

Mr. REED of Pennsylvania. No; of course that is not true in all cases; but I think, by and large, the refunds are due to the fact that the Government has been overanxious to see that the Treasury got all that was coming to it. There have been some cases where I myself have suspected favoritism either to the taxpayer or to his attorneys.

Mr. COUZENS. I think the records will show very clearly that there was very much of that, and that a great deal of these refunds were made up from that source.

Mr. REED of Pennsylvania. The records of the Senator's special committee investigating the bureau show that out of that $459,000,000 of refunds $17,694,000 was compelled by the provision in our act of 1924 directing refunds to be made. We can not blame the bureau for what we ordered them to do in 1924. The records show that $148,278,000 was compelled to be made by decisions of the Federal courts or rulings of the Attorney General. We can not blame the bureau for doing what the courts ordered it to do. That leaves in those four years and nine months refunds of $293,117,000 made by the bureau as the result of the conclusions of its own investigators. It is about those that criticism has centered.

Mr. COUZENS. Is that report in error in making the date July, 1921?

Mr. REED of Pennsylvania. I think the report states it quite correctly. If the Senator will look at page 193, in the fourth line, he will find that the report correctly states, from the beginning of the fiscal year 1921 to April 30, 1925. The report is exactly correct. The junior Senator from Utah was in error in beginning the period July 1, 1921.

Mr. COUZENS. "July 1, 1921," is found on page 6 of this report.

Mr. REED of Pennsylvania. That must be a typographical mistake.

Mr. COUZENS. To April 30. The junior Senator from Utah read from that report on page 6. Would not that be the beginning of the fiscal year 1921?

Mr. REED of Pennsylvania. No; the fiscal year 1921 was the year ending June 30, 1921.

Mr. COUZENS. Beginning with July 1, 1921, this says.

Mr. SMOOT. That is the fiscal year 1922.

Mr. REED of Pennsylvania. The fiscal year ends in the middle of the calendar year that gives it its name.

Mr. COUZENS. Is this a misprint on page 6?

Mr. REED of Pennsylvania. It is a misprint. Now, just one more word about this matter of waiving the statute of limitations. The bureau was so overwhelmed with its work from the war years, so much work was carried over from the war years, and the years 1919 and 1920, that it was utterly unable to audit all the returns. The statute of limitations was coming on to run. A great many of the returns had not been completely audited. The engineers had not been able to make their valuations, all the research that had to be done was not finished, and the bureau was up against this alternative: Either it had to clap on an assessment of the highest possible amount that could by any calculation be due the Government, or else the statute of limitations would bar the Government from getting anything. One alternative was utterly unfair to the taxpayer, the other was utterly unfair to the Government. They did what seems to me to have been a reasonable thing, saying to the taxpayer, "If you will waive the statute of limitations," which is always within an individual's authority to do in tax cases, or any other kind of cases, "If you will agree to waive the statute we will agree not to clap on this maximum assessment." Most taxpayers wisely did that, but it was entirely optional with them. I think if we bear that in mind we will realize that there was no injustice done the taxpayers by that method, but the system was adopted for the taxpayer's protection, and it was a privilege which he exercised at his option and which nobody, the Government or anybody else, could compel him to exercise.

The next amendment was, under the subhead "Interest on judgments," on page 307, line 16, after the word "is," to strike out "reenacted without change, as," and insert "amended to read as"; in line 18, to insert "(a)"; and in line 21, after the word "except," to strike out "that interest may be allowed in any judgment of any court rendered after the passage of the revenue act of 1924 against the United States for any internal-revenue tax erroneously or illegally assessed or collected, or for any penalty collected without authority or any sum which was excessive or in any manner wrongfully collected, under the internal revenue laws," and insert "as provided in subdivision (b)," so as to make the section read:

SEC. 1117. Section 177 of the Judicial Code, as amended, is amended to read as follows:

"SEC. 177. (a) No interest shall be allowed on any claim up to the time of the rendition of judgment by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest, except as provided in subdivision (b)."

The amendment was agreed to.

The next amendment was, on page 321, after line 20, to insert the following additional section:

SEIZURE OUTSIDE COLLECTION DISTRICT

SEC. 1129. Section 3200 of the Revised Statutes is amended to read as follows:

"SEC. 3200. Any collector or deputy collector may, for the collection of taxes imposed upon any person and committed to him for collection, seize and sell any of the property, real or personal (except property exempt from distraint and sale, under section 3187 of the Revised Statutes), or any right or interest therein, of such person situated in any other collection district within the State in which such officer resides, notwithstanding the provisions of section 3209 of the Revised Statutes; and his proceedings in relation thereto shall have the same effect as if the same were had in his proper collection district."

The amendment was agreed to.

The next amendment was, on page 322, after line 9, to insert the following additional section:

DATE ON WHICH DISTRAINT IS BEGUN

SEC. 1130. In determining the running of any period of limitation in respect of distraint, the distraint shall be held to have been begun (a) in the case of personal property, on the date on which the levy upon such property is made, or (b) in the case of real property, on the date on which notice of the time and place of sale is given to the person whose estate it is proposed to sell.

The amendment was agreed to.

The next amendment was, under the heading "Title XII.—General provisions, repeals," on page 322, line 25, after the numerals "1925" to insert "except section 257 and sections 271 to 282, inclusive," so as to read:

SEC. 1200. (a) The following parts of the revenue act of 1924 are repealed, to take effect (except as otherwise provided in this act) upon the enactment of this act, subject to the limitations provided in subdivision (b):

Title II (called "Income tax") as of January 1, 1925, except section 257 and sections 271 to 282, inclusive;

The amendment was agreed to.

The next amendment was, at the top of page 323, to insert:

Section 257 and sections 271 to 282, inclusive (being certain administrative provisions of the income tax);

The amendment was agreed to.

Mr. COUZENS. At this point I send an amendment to the desk providing for the elimination of lines 3, 4, and 5 on page 323.

Mr. SMOOT. The Senator desires to have the amendment printed and lie on the table?

Mr. COUZENS. Yes.

Mr. SMOOT. The amendment refers to the estate tax?

Mr. COUZENS. Yes.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

The next amendment was, on page 324, line 5, after the words "provided in," to strike out "sections 280 and 316" and insert "section 283," so as to read:

(b) The parts of the revenue act of 1924 which are repealed by this act shall (except as provided in section 283 and except as otherwise specifically provided in this act) remain in force for the assessment and collection of all taxes imposed by such act, and for the assessment, imposition, and collection of all interest, penalties, or forfeitures which have accrued or may accrue in relation to any such taxes, and for the assessment and collection, to the extent provided in the revenue act of 1924, of all taxes imposed by prior income, war profits, or excess profits tax acts, and for the assessment, imposition, and collection of all interest, penalties, or forfeitures which have accrued or may accrue in relation to any such taxes. In the case of any tax imposed by any part of the revenue act of 1924 repealed by this act, if there is a tax imposed by this act in lieu thereof, the provision imposing such tax shall remain in force until the corresponding tax under this act takes effect under the provisions of this act.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Internal Revenue," on page 325, after line 10, to strike out:

(b) There is hereby created in the Bureau of Internal Revenue the office of special deputy commissioner of internal revenue. Special deputy commissioners shall be appointed by the President, by and with the advice and consent of the Senate, for terms of 10 years; but not more than six special deputy commissioners shall hold office at any one time. Each special deputy commissioner shall receive a salary at the rate of $8,000 per annum, and shall perform such duties as may be prescribed by the commissioner or required by law. Any special deputy commissioner may be removed by the President, after notice and opportunity for public hearing, for inefficiency, neglect of duty, or malfeasance in office, but for no other cause.

And in lieu thereof to insert:

(b) There is hereby created in the Bureau of Internal Revenue the office of assistant to the general counsel. Assistants to the general counsel shall be appointed by the President, by and with the advice and consent of the Senate, but not more than six assistants shall hold office at any one time. Each assistant to the general counsel shall receive a salary at the rate of $8,000 per annum and shall perform such duties as may be prescribed by the commissioner or required by law.

Mr. KING. Mr. President, I have objection to this provision, as well as to the House provision which it is to supersede. I ask that the amendment, as well as the House provision, go over.

Mr. SMOOT. In other words, does the Senator desire to offer an amendment to section 1201 (a)?

Mr. KING. My present view is to ask that we disagree to the Senate committee amendment and then strike out the House provision. My view is that we ought to strike out the whole subject-matter.

Mr. SMOOT. The Senate committee amendment, then, will go over, and when the question comes up again, the junior Senator from Utah will move to strike out section 1201 (a)?

Mr. KING. Exactly.

Mr. SMOOT. And then take up the question of (b) and (c) in connection with it?

Mr. KING. Yes. I will say frankly that I prefer the Senate committee amendment to the provision that was inserted by the House, but I think both are obnoxious, and I shall oppose both.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, on page 326, after line 12, to strike out:

JOINT COMMISSION ON TAXATION

SEC. 1203. (a) There is hereby established a commission to be known as the joint commission on taxation (hereinafter in this section referred to as the "commission") and to be composed of 15 members, as follows:

(1) Five members who shall be Members of the Senate, to be appointed by the President of the Senate;

(2) Five members who shall be Members or Members-elect of the House of Representatives, to be appointed by the Speaker of the House of Representatives; and

(3) Five members selected from the general public, to be appointed by the President.

(b) The chairman of the commission shall be designated by the President from among the members selected from the general public. Any vacancy in the commission shall be filled in the same manner as the original appointment. The members selected from the general public shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by such members in the performance of the duties vested in the commission by this section. The members who are Members of the Senate and House of Representatives shall serve without compensation in addition to that received for their services as Members of the Congress; but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by such Members in the performance of the duties vested in the commission by this section, other than expenses in connection with meetings of the commission held in the District of Columbia during such times as the Congress is in session.

(c) The commission shall have power to appoint and fix the compensation of a secretary and two investigators. The Secretary of the Treasury shall furnish the commission with such clerical and expert assistance, quarters, stationery, furniture, office equipment, and other supplies as may be necessary for the performance of the duties vested in the commission by this section. The commission may accept voluntary services.

(d) It shall be the duty of the commission to investigate and report upon the operation, effects, and administration of the Federal system of income and other internal taxes and upon any proposals or measures which in the judgment of the commission might be employed to simplify or improve the operation or administration of such system of taxes; and to make and report upon such other investigations in respect of such system of taxes as the commission may deem necessary.

(e) The expenditures of the commission shall be allowed and paid upon the presentation of itemized vouchers therefor, approved by the commission and signed by the chairman thereof. For such expenditures there is hereby authorized to be appropriated the sum of $25,000.

(f) The commission shall cease to exist on December 31, 1927.

And in lieu to insert:

JOINT CONGRESSIONAL COMMITTEE ON INTERNAL-REVENUE TAXATION

SEC. 1203. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Internal Revenue Taxation (hereinafter in this section referred to as the "joint committee"), and to be composed of 10 members as follows:

(1) Five members who are members of the Committee on Finance of the Senate, three from the majority and two from the minority party, to be chosen by such committee; and

(2) Five members who are members of the Committee on Ways and Means of the House of Representatives, three from the majority and two from the minority party, to be chosen by such committee.

(b) No person shall continue to serve as a member of the joint committee after he has ceased to be a member of the committee by which he was chosen, except that the members chosen by the Committee on Ways and Means who have been reelected to the House of Representatives may continue to serve as members of the joint committee notwithstanding the expiration of the Congress. A vacancy in the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as the original selection, except that (1) in case of a vacancy during an adjournment or recess of Congress for a period of more than two weeks, the members of the joint committee who are members of the committee entitled to fill such vacancy may designate a member of such committee to serve until his successor is chosen by such committee, and (2) in the case of a vacancy after the expiration of a Congress which would be filled by the Committee on Ways and Means, the members of such committee who are continuing to serve as members of the joint committee may designate a person who, immediately prior to such expiration, was a member of such committee and who is reelected to the House of Representatives, to serve until his successor is chosen by such committee.

(c) It shall be the duty of the joint committee to investigate the operation and effects of the Federal system of internal-revenue taxes; proposals or measures which in its judgment might be employed to simplify or improve the operation or administration of such taxes; the administration of such taxes by the Bureau of Internal Revenue or any executive department, establishment, or agency charged with their administration; to make such other investigations in respect of such system of taxes as the joint committee may deem necessary; and to report from time to time to the Committee on Finance and the Committee on Ways and Means, together with such recommendations as it may deem advisable. The joint committee may, in addition, report from time to time to the Senate or the House of Representa-

tives, or both, together with such recommendations as it may deem advisable.

(d) The joint committee shall have the same right to obtain data and to inspect returns as the Committee on Ways and Means or the Committee on Finance, and to submit any relevant or useful information thus obtained to the Senate, the House of Representatives, the Committee on Ways and Means, or the Committee on Finance. The Committee on Ways and Means or the Committee on Finance may submit such information to the House or to the Senate, or to both the House and the Senate, as the case may be.

(e) The joint committee shall meet and organize as soon as practicable after at least a majority of the members have been chosen, and shall elect a chairman and vice chairman from among its members and shall have power to appoint and fix the compensation of a clerk and such experts and clerical, stenographic, and other assistants as it deems advisable.

(f) The joint committee, or any subcommittee thereof, is authorized to hold hearings and to sit and act at such places and times, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems advisable. The cost of stenographic services shall not be in excess of 25 cents per hundred words. Subpœnas for witnesses shall be issued under the signature of the chairman.

(g) The expenses of the joint committee shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives, upon vouchers signed by the chairman or vice chairman.

Mr. COUZENS. Mr. President, on page 330, beginning with line 23, the provision reads:

The Committee on Ways and Means or the Committee on Finance may submit such information to the House or to the Senate, or to both the House and the Senate, as the case may be.

I do not object to the amendment except that it should provide that such information "shall" be submitted. I object to leaving it in the power of any committee of Congress to determine whether it shall submit any information it gets to the House or to the Senate at its discretion. I shall ask that the amendment be passed over unless that is agreed to.

Mr. SMOOT. The Senator wants to amend by striking out the word "may," in line 24, and inserting the word "shall"?

Mr. COUZENS. Yes.

Mr. SMOOT. I have no objection to that amendment to the amendment.

Mr. REED of Pennsylvania. That is not the law at the present time with regard to any committee of Congress.

Mr. SMOOT. I am perfectly aware of that.

Mr. COUZENS. I disagree with the Senator. We have submitted the records of the select committee to investigate the Internal Revenue Bureau.

Mr. SMOOT. I have no objection to the amendment to the amendment.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from Michigan proposes, on page 330, line 24, to strike out the word "may" and insert the word "shall," so that the sentence will read:

The Committee on Ways and Means or the Committee on Finance shall submit such information to the House or to the Senate, or to both the House and the Senate, as the case may be.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. FESS. Mr. President, before we pass from this amendment would it not be better to have on the committee or commission persons trained and qualified in the subject of tax revision who are not Members of the House or Senate?

Mr. SMOOT. The committee will employ whatever experts they desire, if they need any outside of the department.

Mr. FESS. It would seem to me that men of that sort sitting about the table with the Members of the House and Senate would react better in the country than to confine its membership to the legislative body.

Mr. SMOOT. I am quite sure the Senator has had experience enough to know that when the committee meets there will be not only experts whom we may employ outside, but we may call upon the Government for any expert assistance we may want. That is necessarily the case, because Senators would not have time to go into all these details, nor is it likely that we could have anyone outside of the House and Senate who could give their time especially to that matter. Further than that, they would have had no experience at all with the laws that we enact and the workings of the department. I rather think that the amendment ought to remain as it is.

Mr. FESS. If the Senator will recall, we did that in connection with the Monetary Commission and we did it in connection with the Budget Commission. It would appear to me that there is no subject more complicated than the tax-revision question. For that reason I thought, and I have been an advocate of it since the war, having introduced a resolution to that effect while in the House, that we ought to have not a joint committee but a commission similar to those we have on the monetary subject and also on the subject of the Budget.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. FESS. Certainly.

Mr. COUZENS. I think there is considerable difference in what the Senator has in mind. The Senator has in mind the establishment or organization of a new undertaking. This committee is to deal with practices under a law which has been in effect since 1913. During that period of time there have been a great many technicalities and revisions and reorganizations that have taken place which, with a layman on the committee, would mean a consumption of time in educating him and giving him to understand the situation. It would be necessary for the legislators on the committee to take up nine-tenths of the time explaining to the layman on the committee just what those acts meant and how those practices had grown up since 1913.

Mr. FESS. If the joint committee's work is to be confined simply to the consideration of tax matters and the clarification of the machinery of taxation, that certainly is true; but I thought the purpose was to revise the tax system, which is tremendously important.

Mr. SMOOT. No one knows that better than those who have been engaged in the work for years and years. We find these experts now in the department. I think that is the best place to go for experts of that kind.

Mr. FESS. I am inclined to leave it to those who have studied the subject.

Mr. SMOOT. There should be another amendment to the committee amendment. After the word "services" in line 15 on page 331, insert the words "in reporting such hearings," so that it would read:

The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per hundred words.

I will say to Senators that that is the usual rule, but we may want a stenographer there for some other purpose; and we would not want him to be held there at 25 cents per hundred words when we would be discussing matters pro and con for hours and hours, and he would not be reporting anything, and we would not want him to report anything.

Mr. KING. I want to make one observation, which is germane to the subject under consideration now, namely, the employment of stenographers. I think that some restriction ought to be applied if I understand the rule. As I understand the rule, it is not only 25 cents per hundred words which are actually reported, but 25 cents per hundred words for all documents, letters, files, or what not that are introduced into the record and which sometimes constitute by far the major part of the record. I submit that a revision of the rates ought to be made if this is the practice. I do not want to minimize the importance of stenographers, and I want them to be properly compensated.

Mr. SMOOT. Let me suggest to the Senator that the time and place to do that is at the beginning of the session of Congress when the chairmen of committees introduce the usual resolution authorizing hearings and the reporting of the same. The rate has been changed twice since I have been a Member of this body.

Mr. KING. The trouble is we sanctify that usage now and crystalize it into law, so I doubt if it could be revised except by reenacting or changing existing law.

Mr. SMOOT. We would not want to commence with this committee by making any change.

Mr. KING. No; probably not.

Mr. COUZENS. What would be the objection to revising that language so as to read that the cost of stenographic services shall not be in excess of 25 cents per hundred words, and leave it to the committee the same as all other expenses are left to the committee?

Mr. SMOOT. I think we ought to limit it as we have with reference to all committees of the House and Senate. The reason for that is that if we do not have a standard rate, one set of reporters will charge one rate and another set another rate. The practice that is in vogue now is to have them all charge the same rate, and that has been the practice for the last twenty-odd years.

Mr. REED of Pennsylvania. Mr. President, in fairness to the reporters, I think it ought to be stated that they do not make any charge for such inserted matter as that to which the junior Senator from Utah referred, nor do they get any pay for it.

Mr. FLETCHER. I suggest that the language as it is now leaves the matter with the committee. It is a limitation on the amount to be paid. It provides that they shall not be paid in excess of 25 cents per hundred words. The committee still has the power to fix the compensation.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

Mr. SMOOT. Before that can be done the vote by which the amendment as amended was agreed to will have to be reconsidered.

Mr. COUZENS. On line 17, page 331, the language is:

> Subpœnas for witnesses shall be issued under the signature of the chairman.

I think there should be added the words "or vice chairman." In other words, a vice chairman is provided for in other sections; and if the chairman were ill or absent for some reason, under this provision no one else could issue a subpœna.

Mr. SMOOT. I have no objection to that.

The VICE PRESIDENT. The question, first, is a reconsideration of the vote by which the committee amendment as amended was agreed to.

Mr. SMOOT. I move that the vote be reconsidered.

The motion to reconsider was agreed to.

The VICE PRESIDENT. The clerk will now state the amendment of the Senator from Utah to the amendment.

The CHIEF CLERK. On page 331, line 15, after the word "services," insert the words "in reporting such hearings," so it will read:

> The cost of stenographic services in reporting such hearings shall not be in excess of 25 cents per 100 words.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The clerk will now state the amendment offered by the Senator from Michigan to the amendment.

The CHIEF CLERK. On page 331, at the end of line 17, add the words "or vice chairman," so the sentence will read:

> Subpœnas shall be issued under the signature of the chairman or vice chairman.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. This completes the committee amendments, except those which were passed over. The first amendment passed over will be stated.

The CHIEF CLERK. The first amendment passed over is on page 19, striking out lines 19 to 24, inclusive.

Mr. KING. I ask that that may go over again.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bratton	George	McMaster	Sackett
Brookhart	Gooding	McNary	Sheppard
Broussard	Hale	Metcalf	Simmons
Bruce	Harris	Moses	Smith
Caraway	Howell	Neely	Smoot
Copeland	Johnson	Norbeck	Stephens
Couzens	Jones, Wash.	Norris	Tyson
Curtis	Kendrick	Nye	Warren
Ferris	Keyes	Oddie	Weller
Fess	King	Overman	
Fletcher	La Follette	Pine	
Frazier	McKellar	Reed, Pa.	

The VICE PRESIDENT. Forty-five Senators having answered to their names, a quorum is not present. The Secretary will call the names of the absent Senators.

The Secretary called the names of absent Senators, and Mr. MCLEAN, Mr. TRAMMELL, and Mr. WADSWORTH answered to their names when called.

Mr. BLEASE, Mr. BORAH, Mr. BUTLER, Mr. CAMERON, Mr. CAPPER, Mr. EDGE, Mr. ERNST, Mr. GERRY, Mr. GLASS, Mr. GOFF, Mr. MAYFIELD, Mr. SHIPSTEAD, Mr. STANFIELD, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Sixty-two Senators having answered to their names, a quorum is present.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I have been hoping that there might be a solution of the coal strike. I assure you, sir, that it is a matter of great importance to my State that some way should be found to end the present coal situation so that the poor people can get the fuel which is necessary to keep them warm and to do their cooking.

I read in the Washington Star of yesterday the following:

> There is no attempt to conceal the apprehension felt here over the continued failure to reach an agreement. Neither do officials deny that much pressure for Federal intervention has been directed at the Labor Department and the White House. One official suggested to-day that widespread reports that such a step is in prospect probably originated with those who desire intervention.
>
> The attitude of President Coolidge has been from the start of the trouble that under the law he has no authority to mediate. He also has held aloof from any informal involvement in the controversy, apparently confident that if let alone the operators and miners would solve their difficulties in a way that would not seriously impair the public interest. He has been told that substitutes for anthracite are available in plenty.
>
> If there is any change whatever in this attitude, the President and his advisers are keeping it very closely under cover.

Mr. President, during the campaign in the summer of 1924 there was one promise which the Republicans made which they have kept. They are "keeping cool with Coolidge," and likewise many others are keeping cool. That is all very well in August, but in January, with present prices of coal, that slogan is not so popular, and I am wondering why the Republican Party does not give up its emblem of the elephant and adopt the polar bear instead. [Laughter.]

I want Senators to know that this is a matter of vital importance to the people of my State and my city. I put in the RECORD yesterday, and it is printed in to-day's RECORD, a report from the health commissioner of New York City of a survey just made which involved visiting 13,000 homes. In 12,017 of those homes out of 13,000 the dwellers are depending upon kindling wood; they are going out and foraging for fuel. This is a matter of life and death to the people of this country, and I hope that some time next week, if the coal strike shall not be settled in the meantime, the Senate will take some sort of action, if it is no more than the passage of the simple resolution which I introduced here two weeks ago. The adoption of that resolution would indicate to the President that the Senators have a real interest in his intervening in the strike.

I have said repeatedly on the floor of the Senate, and I repeat now, that if the President of the United States would invite the operators and the miners to the White House and point out to them the necessity of ending this situation, the strike would be settled in two hours. It is my contention, Mr. President, that it is the clear duty of the administration to take such action, and in my judgment it is the clear duty of the Senate to back up the President in taking that step.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. MOSES. Mr. President, if I may recall the Senate to the measure before it, I invite the attention of the Senator from Utah [Mr. SMOOT] to page 2946 of the RECORD for yesterday, with reference to section 214 (a), subdivision 1, deductions allowed.

I will say to the Senator from Utah that I have been receiving communications from members of the medical profession and from organizations of the medical profession—notably from the American Medical Association and the New Hampshire Medical Society—with reference to their desire to obtain deductions for expenses incurred in taking special courses of lectures or special courses in hospitals for the development of their professional ability. I want to ask if the sentence in this paragraph which permits them to deduct "traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business" would cover the point which is raised by my correspondents?

Mr. SMOOT. Mr. President, I suppose I have received 250 letters on the same subject. The committee had this matter under consideration and gave it considerable thought. After looking over the correspondence, they decided that such expenses were not covered, and not only that, but the committee decided that it would be a very unwise thing to comply with the request and include them. If it is done with the doctors, it ought to be done with the attorneys and it ought to be done with every profession. And where will they go? Will they go to Europe, or where?

Mr. MOSES. The Senator's colleague [Mr. KING] raised that particular question, as will be seen by continuing in the same column of the RECORD, by pointing out that some of them do go to Europe; but may I say, per contra, to the Senator from Utah that if this is not to be done for the doctors and other professions, why should it be done for a trade or business? Why the distinction between a profession and a trade

or business? If a man, as it says here, in the pursuit of a trade or business may deduct from his net income the expense of traveling, meals, and lodging, why should not a professional man have the same right? And particularly, why should a member of a profession like the medical profession, who absents himself from home and from his office and suffers loss of income for the purpose of perfecting himself in his profession, be discriminated against in behalf of a man who pursues a trade or business, if I may employ the language of the statute as it stands?

Mr. SMOOT. Mr. President, if we were going to allow such a deduction, I know of no better profession to receive it than that of the physician; but if the physicians are allowed it, so should all the attorneys, and so should all of the schoolteachers who gather from one end of the country to the other.

The Senator refers to business being permitted to make this deduction. The traveling expenses that are referred to are incurred to create business, and if the concern is a corporation they are taken out of the expenses of the business, and they pay their tax upon their net income. After paying the 12½ per cent, or 13½ per cent, as it will be hereafter if this bill is passed in its present form, then, after it is distributed, there is another tax. The attorney has the same exemption as any other individual, and the committee thought it was unwise to extend this provision in the way that has been requested.

It was suggested, but not agreed to, that where the income of a physician was not more than $2,500 a certain percentage should be allowed for this purpose; but if we did that we should have to go all along the line as well, and the committee decided that it would not do it.

Another thing: In this bill we increase the exemptions, as the Senator knows, and that applies to physicians. Not only that, but we deduct 25 per cent for their earned income; and the committee thought that the amount of reduction that these professional men received was ample without allowing traveling expenses or expenses incurred on trips to conventions.

Mr. MOSES. The Senator is sufficiently voluble but hardly convincing.

Mr. SMOOT. That may be true.

Mr. MOSES. I can not see why a distinction should be made as between a trade or business and a profession, especially when a physician, for example, wishes to take a short course, let us say to be specific, at Rochester, Minn., at the Mayo Hospital, and has to separate himself wholly from his source of income, from his practice at home, and subject himself to a very considerable expense of travel and maintenance, to say nothing whatever of fees he may have to pay, all for the benefit of his profession. Why should he not, in that profession, wholly beneficial as it is in its nature, be treated with equal consideration with one who follows a trade or a business?

What I am trying to get at, Mr. President, is the reason why the committee make fish of trade or business and flesh or fowl or good red herring, or whatever it may be, of the profession.

Mr. SMOOT. Mr. President, it seems to me that the reduction in taxes that has been given is really more than could be anticipated on the income of a doctor who is earning less than five to ten thousand dollars a year. There was no reduction given in the case of a corporation doing business; and not only that——

Mr. MOSES. They get the benefit of the general reduction in the bill.

Mr. SMOOT. There is not any general reduction on corporations.

Mr. MOSES. Does the Senator mean to say that corporations are not benefited at all by this tax bill?

Mr. SMOOT. I say that the income from corporations is not benefited at all by this tax bill.

Mr. MOSES. That will come as a great shock to the officers of many corporations.

Mr. SMOOT. We are aware of that from the telegrams we have received; but that is the case, nevertheless.

Mr. McLEAN. They claim that their tax is increased.

Mr. SMOOT. In some cases it is. Wherever a corporation makes more than 10 per cent on its capital stock there is an increase in this bill. In the case of all corporations whose income is less than 10 per cent on their capital stock it is made equal by taking off the capital-stock tax and applying the 13½ per cent tax.

Mr. REED of Pennsylvania. Not equal; it is a saving to them.

Mr. SMOOT. A small saving.

Mr. MOSES. The Senator from Pennsylvania interjects, sotto voce, that they get some kind of a saving in their taxes.

Mr. REED of Pennsylvania. Why, of course they do. We repeal the capital-stock tax, and that is a saving of $1 per thousand on the par value of their capital stock. If their earnings are less than 10 per cent on the par value of their capital stock, obviously they are the gainers by the change; and all corporations gain by the simplification of the system and by cutting out half the returns and half the audits.

Mr. MOSES. There seems to be a difference of interpretation as to the effect of the law between the chairman of the committee and the junior member of the committee from Pennsylvania.

Mr. SMOOT. No; I said the same thing, only in detail.

Mr. MOSES. No; the Senator categorically told me that corporations did not benefit by tax reduction under this bill. Now, the Senator from Pennsylvania says that they do; and here we find that the trades and businesses are getting a deduction for what they may spend for travel, maintenance, and lodging in pursuit of their trade or business, but a professional man can not get it.

Mr. SMOOT. I say that wherever corporations earn more than 10 per cent they pay more tax under this bill than they are paying at the present time.

Mr. MOSES. Let us not get away on the corporation side, because doctors are not incorporated.

Mr. SMOOT. Then the doctor has had 25 per cent reduction on his earned income.

Mr. MOSES. Do not the men engaged in trade or business have anything?

Mr. SMOOT. No; not at all.

Mr. MOSES. They get no reduction under this bill?

Mr. SMOOT. Men engaged in trade or business, if the concern is a corporation, get only the amount of their expenses.

Mr. MOSES. An individual engaged in a trade or business does not benefit under this bill?

Mr. SMOOT. Why, certainly he does.

Mr. MOSES. All right. Then why does not the man in the profession benefit?

Mr. SMOOT. He does, and to a greater extent than the other man.

Mr. MOSES. Oh, no; because the man in the trade or business gets the general benefit under the bill, and he also gets this substantial deduction in addition.

Mr. SMOOT. No, Mr. President.

Mr. MOSES. Inasmuch as the committee apparently has disposed of the matter, there is only one thing left to do, and that is to offer an individual amendment when the time comes.

Mr. SMOOT. That is all right.

Mr. KING. I hope we will as effectually dispose of that in the Senate as we did when the subject was before the committee.

Mr. MOSES. Of course, Mr. President, if the two Senators from Utah have forgotten their partisan differences and are united on this measure, I know I am up against a hard proposition.

Mr. KING. I think the Senator is.

Mr. SMOOT. Mr. President, I ask Senators to refer to page 62. There is an amendment on that page that was passed over.

Mr. WADSWORTH. Mr. President, this particular amendment was passed over at my request the other day. I merely want to make an observation concerning it.

I may be wrong, but I am under the impression that the House language commencing at the end of line 12 and continuing to the end of line 19 was struck out by the committee under a misapprehension. I think some members of the committee had the impression that that language gave some distinct advantage to residents of the territorial possessions of the United States, such as a resident of Porto Rico. The tax situation, as it affects Porto Ricans and their relations with the Federal tax system, is peculiar.

When the Federal Government first embarked upon the imposition of income taxes back in 1913, I think, the Congress at that time apparently decided that in so far as the imposition of income taxes was concerned Porto Rico was to be treated as a foreign country; in other words, the income tax laws of the United States were not made to apply to residents of Porto Rico, although, as we all know, Porto Ricans are citizens of the United States. The result has been that Porto Rico has had an income tax law of its own all these years, the Federal income tax laws not reaching Porto Ricans; and, unless I am very much mistaken, the rates in the local Porto Rican law conform rather closely, if not exactly, to the proposed rates in this bill, which are to be applicable to the residents of the United States. In other words, Porto Rico has attempted to duplicate, as it were, the Federal income tax laws.

A complication arises in this connection in this way, as I understand:

Porto Rico exports nearly everything she produces. Her exports are largely tobacco and sugar and fruit, and she imports nearly everything she consumes. It is interesting to note, for example, that the people of Porto Rico do not raise upon the island their own food supplies, except in very small degree. They import codfish and canned goods from the United States. The result is that the business of the island is done largely in exporting and importing.

My impression is that if this House language is stricken out, this kind of complication will result:

An American concern dealing in articles, for example, produced in the United States, pays an income tax here. When it ships those goods, however, to Porto Rico, and sells them there, under certain sets of conditions that concern may be subjected to the Porto Rican income tax, and thus taxed twice; and, vice versa, when a Porto Rican concern dealing in articles produced in Porto Rico, such as tobacco, and storing them there for some period, is taxed on its income by the Porto Rican law, if those articles are sent to the United States and a sale of them is made here in the United States, there is some danger that they may be taxed under the United States law.

Mr. SMOOT. Mr. President, I will say to the Senator that wherever an American is taxed in Porto Rico, he is allowed whatever tax he pays there as a credit upon his tax in the United States. The whole question that is involved is, Where is the place of sale?

Mr. WADSWORTH. Yes.

Mr. SMOOT. That is the only question that is involved. The committee in its report recommends that the proposed amendment in the House bill be stricken out on the ground that the duplicate taxation of income in the case of Porto Rico and other possessions and the United States is no different than the similar taxation of income in the case of the States imposing income taxes and the United States. As I say to the Senator, it all depends upon the place where the sale takes place.

Mr. WADSWORTH. That is true.

Mr. SMOOT. If the Porto Ricans should pass a bill exactly like the one we have here, then they would be in just the same position any individual in a State of the United States would be in. But the Porto Ricans do not want to pass such legislation, and what I desire now to say to the Senator is that I would like to have this go into conference, and we will have a hearing and thrash that matter out. Their representative will be here, and the conferees will hear what he has to say in relation to this and as to why that law can not be passed. But I think it ought to go to conference.

Mr. WADSWORTH. I do not desire to contest the matter here to the point of asking for a vote on this amendment, but merely to express the opinion that I think the committee adopted the amendment under a misapprehension. As for expecting the Legislature of Porto Rico to amend their tax law so as to give up the right to place an income tax upon a transaction which they regard as originating in Porto Rico, I think we may not expect them to do that. Porto Rico has been treated in an entirely different way from the States. The Senator from Connecticut [Mr. McLEAN] asks me why that is so. I do not know why that should be. They have always been treated differently, and the Congress apparently established a policy back in 1913 that the tax system of the United States, so far as income taxes were concerned, should not extend to that island.

Mr. SMOOT. If the sales of Americans in Porto Rico and the sales of the Porto Ricans in the United States amounted to exactly the same, then there would not be any difference between them, but, of course, nearly all of the products of Porto Rico are sold in the United States.

Mr. WADSWORTH. That is true.

Mr. SMOOT. There is that difference. That is why I want this to go to conference.

Mr. WADSWORTH. I desire to express the hope that the conferees will look upon this at least with open minds, because I think the amendment is a mistake.

Mr. SIMMONS. Mr. President, I am inclined to agree with the Senator from New York.

Mr. WADSWORTH. I am very glad the Senator is.

Mr. SIMMONS. I expressed that view when the matter was before the committee. But I do agree entirely with the suggestion of the Senator from Utah that this matter requires more consideration probably than we ought to undertake to give to it now, and it would be better just to strike it out and let it go to conference, where it can be fully considered.

Mr. WADSWORTH. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 62.

The amendment was agreed to.

Mr. SMOOT. I will ask the Senate now to turn to page 224, the provision for a tax on admissions and dues. I notice that I have on my copy of the bill a notation that the Senator from Oklahoma [Mr. HARRELD] wanted to be present when that was reached. That applies to the Senator from Washington [Mr. JONES] as well.

Mr. KING. I have an amendment pending to strike that entire section out.

Mr. SMOOT. I think we should let this go over. I am told by a Senator present that the Senator from Oklahoma was informed that this would not come up until Monday.

The VICE PRESIDENT. The amendment will be passed over.

Mr. SMOOT. The next amendment passed over is found on page 230.

Mr. WADSWORTH. May I ask the Senator in charge of the bill what disposition has been made of the amendment on page 227, the so-called legitimate drama amendment?

Mr. SMOOT. That comes under the admissions provision. The whole question of admissions went over. The amendment on page 230 relates to the excise tax.

Mr. KING. I ask that that go over. I have an amendment to strike the excise-tax provision out.

Mr. SMITH. Mr. President, I have a letter here from a constituent of mine in South Carolina which I will read. It is very short, and I would like to read it and ask the Senator from Utah what has been done with reference to this matter. The letter is as follows:

SOUTH CAROLINA FEDERATION OF MUSIC CLUBS,
Greenville, S. C., January 20, 1926.

Hon. E. D. SMITH,
United States Senate, Washington, D. C.

DEAR SIR: It is with great surprise that I learned that the revised tax bill which has passed the House of Representatives takes the tax off admissions to spoken drama and opera but has not taken the tax off concert admissions. I feel that this must be an oversight, as there can be no distinction in these arts. In fact, musical concerts might be easily regarded as more refining and of a greater educational value than the other arts mentioned above.

In behalf of the work of the National Federation of Music Clubs and as president of the South Carolina federation, I am writing to urge your support of our effort to correct this seeming discrimination. I trust you may see your way clear to vote in favor of allowing the elimination of the tax on concert admissions as provided in the matter of spoken drama and opera.

Very respectfully,

MRS. ROBERT I. WOODSIDE,
President South Carolina Federation of Music Clubs.

Mr. SMOOT. That refers to the provision in the bill as it passed the House. The Senate committee has stricken out that provision with reference to the spoken drama and they are all on the same basis.

Mr. SMITH. Very well.

Mr. KING. In view of the fact that the Senator from South Carolina has called attention to a communication, I would like to call the attention of the Senate to a telegram which I received from the Utah Manufacturers' Association, signed by its president, as follows:

SALT LAKE CITY, UTAH, *January 30, 1926.*

Hon. WM. H. KING,
United States Senate, Washington, D. C.:

Referring to income tax reduction bill, we observe that bill as passed House does not provide for any reduction in surtax schedule on incomes between $10,000 and $44,000. It seems incredible that such a bill would pass either branch of Congress. Practically all of the operators and owners of small private corporations throughout the land are represented within these classes and they constitute the foundation and the backbone of our business world. We request that you do everything within your power to amend bill to take care of this discrimination and provide these classes with a tax reduction commensurate with the reduction proposed for classes with incomes above $100,000 and below $10,000.

UTAH MANUFACTURERS' ASSOCIATION,
CHARLES F. SOLOMON, *President.*

This supports the view of the Senator from North Carolina and the minority members of the Finance Committee and supports the minority view which I heretofore submitted to the Senate.

Mr. SMOOT. I do not believe the Senator has studied the bill since he received that telegram, because the telegram is hardly correct. I have an exact telegram before me, and unfortunately the report which has reached the association in Utah was not in accordance with the provisions of the bill as reported to the Senate. I intend to send them to-night a copy

of the bill, together with an explanation of all of the brackets relating to the matter spoken of in the telegram. I am quite sure that my colleague has not yet compared the statement in the telegram with the provisions of the bill, because the facts are not as reported.

Mr. KING. Mr. President, of course, my colleague is entitled to place such interpretation as he may upon the telegram and upon the bill and upon the surtax rates, but I submit there is justification for the complaint made in the telegram, and notwithstanding the positive statement of my colleague that I do not understand the character of the telegram, I assure him that I do.

Mr. SMOOT. I did not say that. I said the Senator had not examined the bill as changed since receiving the telegram. I do not think he has, because the facts in the case are not as reported in the telegram. No doubt that telegram is based upon some newspaper report, and if that is the case, the senders of the telegram took it for granted that the newspaper report was correct.

Mr. KING. This is not the only telegram which I have received, and I am sure Senators have received many telegrams from their constituents with reference to the alleged discrimination against those whose incomes are above $20,000 or $24,000 per annum and under $60,000 per annum and some under a hundred thousand.

The contention was made, when the bill emanated from the House, that there was discrimination against those who came within the surtax brackets and between the limits which I have just indicated. That there was justification for this complaint is evidenced by the fact that our Republican friends, including the chairman of the Committee on Finance, yielded in part to the recommendations which were made by the minority, and a concession was made of approximately $20,000,000 in those surtax rates between the brackets indicated, reducing the taxes to that extent. If the recommendations which had been made by the minority with respect to the surtax rates within those brackets had been accepted by the majority of the committee, there would have been a greater reduction, perhaps $20,000,000. I am familiar with the telegram, and I have read the surtax provisions of the bill since it was received, and know what the complaint referred to; and I assert that the reduction accorded to the taxpayers whose incomes are over $20,000 and under $60,000, particularly, do not bear the same ratio or as favorable a ratio as the reductions granted to taxpayers whose incomes are under the $10,000 limit, and those whose incomes are more than $100,000. But we will discuss that matter when we come to a consideration of the amendment which I shall offer.

Mr. SIMMONS. Mr. President, I think this telegram relates altogether to surtaxes.

Mr. KING. Exactly.

Mr. SIMMONS. There was practically no reduction in the surtaxes. There was a reduction, but it did not come in the surtaxes. It was in the earned-income provision, which had its effect not only within the range of $20,000, but affected the taxes in the higher brackets.

Mr. SMOOT. And the increase in the exemptions.

Mr. SIMMONS. The reductions in the House in the surtaxes up to $40,000 were absolutely negligible.

Mr. SMOOT. As far as the percentage is concerned, this is what it shows: Between $24,000 and $26,000 the provision in the present law and the provision in the bill as passed by the House and reported to the Senate are the same. Between $26,000 and $28,000, instead of 8 per cent, the rate is 7 per cent in the bill as reported to the Senate. Between $28,000 and $30,000, instead of 9 per cent, the rate is 8 per cent. Between $30,000 and $32,000, instead of 10 per cent, the rate is 8 per cent. That is a 20 per cent decrease. These are provisions relating to the surtaxes.

Mr. SIMMONS. I will state to the Senator that if he will get the amount of the taxes——

Mr. SMOOT. They will show greater amounts.

Mr. SIMMONS. They will show greater amounts. If the Senator will get the amount of the reduction as shown in dollars and cents, between $10,000 and $40,000, I think he will find that in every bracket the reduction is just $55.

Mr. SMOOT. Oh, not as high as $40,000. Take the special tax on net incomes, for instance, and the corresponding reductions made in the bill as it passed the House and the bill reported by the Senate committee. For instance, begin with $10,000. Under the act of 1924 the tax is $165. Under the bill as it passed the House the tax would be $101.25. Then, going up to $20,000, the tax under the present law is $975, and that has been reduced to $618. The tax on $24,000 under the present law is $1,435, and under the bill as reported by the committee it would be $1,036, nearly $400 less. Then, going to $32,000, under the present law the tax is $2,595, and this bill would reduce it to $2,038.75.

Mr. SIMMONS. The Senator does not understand my contention.

Mr. SMOOT. I understood the Senator to speak in relation to the surtax, and that is what I am calling attention to.

Mr. COUZENS. I think the Senator had reference to percentages rather than amounts.

Mr. SMOOT. I had read the percentages.

Mr. COUZENS. No; the Senator was giving the amounts.

Mr. SMOOT. I was just now, but before that I read the percentages. Then the Senator said he referred to the amounts, and I read the amounts. Here are the percentages: On amounts from $26,000 to $28,000, under the present law the rate is 8 per cent. Under the bill as it passed the House the rate is 8 per cent, and under the bill as reported by the committee it is 7 per cent.

Mr. COUZENS. I mean the percentages of reduction.

Mr. SMOOT. I can give the percentages of reduction.

Mr. SIMMONS. I think I can show the Senator that what I said was true. I have the table beginning at $24,000.

Mr. SMOOT. What is the amount?

Mr. SIMMONS. The amount of tax under the 1924 act is $440 and under the House bill is $385, which is a difference of $55.

Mr. SMOOT. What is the percentage?

Mr. SIMMONS. I am not talking about percentage. I am talking about the actual tax paid on $24,000.

Mr. SMOOT. The tax in 1924 on $24,000 net income——

Mr. SIMMONS. The amount of tax is $440 under the 1924 act.

Mr. SMOOT. On $24,000?

Mr. SIMMONS. Yes. I am talking about the surtax. The Senator is talking about all taxes. That is what we are discussing, just the surtax. We are not discussing the whole tax. Under the 1924 act the surtax is $440. Under the House bill it is $385. That is a difference of $55, is it not? That is what I said a little while ago. Under the 1924 act the tax on $26,000 is $580 and under the House bill is $525. That is a difference of $55, is it not?

Mr. SMOOT. Yes.

Mr. SIMMONS. Now go to the next amount, $28,000. Under the 1924 act the tax is $740. Under the House bill it is $685. That is $55 difference, is it not?

Mr. SMOOT. That is true.

Mr. SIMMONS. Now go to $30,000. Under the 1924 act the tax is $920 and under the House bill $865. That is $55 difference; is it not?

Mr. SMOOT. Yes; go on.

Mr. SIMMONS. On $32,000 the tax is $1,120 under the 1924 act. Under the House bill it is $1,065. That is $55 difference; is it not?

Mr. SMOOT. Yes.

Mr. SIMMONS. On $34,000 under the 1924 act it was $1,320 and under the House bill $1,265. That is $55 difference; is it not?

Mr. SMOOT. Yes.

Mr. SIMMONS. On $36,000 under the 1924 act it was $1,540 and under the House bill it is $1,485. That is $55 difference; is it not?

Mr. SMOOT. Yes; that is correct.

Mr. SIMMONS. On $38,000 under the 1924 act it was $1,700. Under the House bill it is $1,755.

Mr. SMOOT. Now, go ahead.

Mr. SIMMONS. That is where it stops. Going to $40,000 there is just a slight increase. It runs at $55 until we get down to $38,000, and then it goes up to $65, and then goes a little bit higher.

Mr. SMOOT. Then it goes to $45,000, where there is a difference of $75. It does not go to $60,000, as stated.

Mr. SIMMONS. But take $40,000 first. Under the 1924 act it was $2,040. Under the House bill it is $1,985, a difference of $55. Going now to $45,000, under the 1924 act the tax was $2,730 and under the House bill it is $2,665, which is a difference of $75. But what I said is true, that in the actual reduction in surtaxes that will have to be paid under the House bill, starting at $24,000—and some start at $20,000—there is practically only $55 difference in each bracket. In the last two brackets it increases $10 in one bracket and $10 more in the other bracket.

Mr. SMOOT. That is the bill as passed by the House.

Mr. SIMMONS. I am talking about the bill as passed by the House.

Mr. SMOOT. The Senate committee bill is quite different.

Mr. SIMMONS. The man who sent the telegram was talking about the House bill.

Mr. SMOOT. As it passed the House. I have not the telegram with me, but I thought it said as reported to the Senate.

Mr. SIMMONS. Yes; that is what the telegram said.

Mr. SMOOT. I said it did not apply to the Senate committee bill, and it does not apply to the Senate committee bill.

Mr. SIMMONS. I said the telegram referred to the bill as passed by the House. It does not apply to the Senate committee bill, because the Senate committee has increased the reduction.

Mr. McKELLAR. Mr. President, I desire the attention of the senior Senator from Utah [Mr. SMOOT] for just a moment. The Senator differed with me about figures in reference to tax refunds a few moments ago. I have taken the trouble to go to the clerk of the Committee on Appropriations and get the exact figures, and I want to give them to the Senate and call the attention of the Senator from Utah to them.

In the deficiency bill of 1924 there was an appropriation of $133,607. In the deficiency bill of 1925 there was an appropriation of $12,000,000, and in the second deficiency appropriation bill of 1925 there was an appropriation of $150,000,000. In all, in less than a calendar year, there was appropriated $295,607,000 for refunds, and there is a bill now before the Appropriations Committee, or an item in a bill before that committee, for refunds of taxes last year in the main, but to apply partially to this year, amounting to $149,250,000 more, a total in slightly more than a year of $444,857,000.

The figures for 1921 were, in round numbers, $8,000,000; for 1922, in round numbers, $24,000,000; for 1923, in round numbers, $480,000,000. There has been a total since the income tax law was passed in 1917 down to September 30, 1925, of $554,835,125.28, which, added to the item now before the committee of nearly $150,000,000, will bring the grand total up to $700,000,000 of refunds. It is worse than as I gave it.

Mr. SMOOT. That is not what the Senator said at all.

Mr. McKELLAR. It is very much more than I said.

Mr. SMOOT. The Senator said it was four hundred million and odd dollars in one year.

Mr. McKELLAR. According to these figures it would be, in about a calendar year, $444,857,000.

Mr. SMOOT. In order that the record may be straight I want to give the exact amounts so there will be no question about it at all. In the fiscal year 1924, beginning July 1, 1923, and ending June 30, 1924, it was $127,220,154.47; for the fiscal year ending June 30, 1925, it was $147,777,034.05; for the fiscal year 1926, which is estimated, as the year does not end until June 30, 1926, it is $157,625,000. The estimate for the fiscal year ending June 30, 1927, is $152,225,000. That is what the Treasury report states, and there was no $400,000,000 in any one year.

Mr. McKELLAR. The report is just in error, because the figures I gave are taken from the actual appropriations made by the Congress.

Mr. SMOOT. The appropriations have nothing to do with the year in which rebates are decided.

EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

ADJOURNMENT

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and the Senate (at 5 o'clock and 15 minutes p. m.) adjourned until Monday, February 1, 1926, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 30 (legislative day of January 16), 1926

EXAMINER IN CHIEF UNITED STATES PATENT OFFICE

George Russell Ide to be examiner in chief.

UNITED STATES COAST GUARD

Francis S. Van Boskerck to be captain.
John G. Berry to be temporary captain.
Philip H. Scott to be commander.
William H. Shea to be temporary commander.
Frederick A. Zeusler to be lieutenant commander.
Raymond T. McElligott to be temporary lieutenant commander.
Joseph Greenspun to be temporary lieutenant commander.
Merlin O'Neill to be lieutenant.
Norman H. Leslie to be lieutenant.
Harold G. Belford to be temporary lieutenant (junior grade).
Seth E. Barron to be temporary lieutenant (junior grade).
Raymond V. Marron to be temporary lieutenant (junior grade).

COAST AND GEODETIC SURVEY

John Mahlon Neal to be junior hydrographic and geodetic engineer.
Philip Chester Doran to be junior hydrographic and geodetic engineer.

To be aids

Ector Brooks Latham, jr.
George Riley Shelton.
John Bowie, jr.
Charles Roland Bush, jr.
Harry King Hilton.
Bennett Green Jones.

PROMOTIONS, BY TRANSFER, IN THE ARMY

John Blackwell Maynard to be major, Coast Artillery Corps.
George Bateman Peploe, Air Service, to be second lieutenant, Infantry.

PROMOTIONS IN THE ARMY

Granville Sevier to be colonel, Coast Artillery Corps.
Odiorne Hawks Sampson to be lieutenant colonel, Quartermaster Corps.
Stephen Roscoe Beard to be major, Finance Department.
George Nicoll Watson to be major, Finance Department.
Maylon Edward Scott to be captain, Field Artillery.
Lewis Burnham Rock to be captain, Infantry.
Charles Moorman Hurt to be captain, Cavalry.
John Taylor Ward to be first lieutenant, Cavalry.
John Elmer Reierson to be first lieutenant, Coast Artillery Corps.
Henry Jackson Hunt, jr., to be first lieutenant, Infantry.

RESERVE CORPS

Brice Pursell Disque to be brigadier general, reserve.

POSTMASTERS

FLORIDA

Daniel L. Thorpe, Manatee.

ILLINOIS

Oscar L. Anderson, Cobden.
David B. Troxel, De Land.
James A. Duncan, Flat Rock.
Howard L. Scott, Fox Lake.
Elmer Beck, Herrick.
Claude W. McDaniel, Martinsville.
Albert L. Weible, New Athens.
Carlysle Pemberton, Oakland.
Elmer C. Nethery, Palestine.
Albert R. Cooper, Pesotum.
John B. Dillon, Sadorus.
Rudolph Mueller, Sherrard.
Norredden Coven, Sorento.
Norman A. Jay, Steeleville.

MARYLAND

Fred R. Tucker, Forest Hill.

NEW JERSEY

LeRoy Sofield, Avon by the Sea.
George G. Titus, Belmar.
Helen Mylod, Glen Ridge.
Alvin C. Stover, Pennington.

NORTH DAKOTA

Ettephina C. W. Winkler, Montpelier.
Allan R. Rowatt, Rolette.

PENNSYLVANIA

Howard S. Crownover, Curwensville.
Ira L. Humes, Tarentum.
R. Oscar Smeal, West Decatur.

RHODE ISLAND

George W. Burgess, Pawtucket.

HOUSE OF REPRESENTATIVES

SATURDAY, *January 30, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed heavenly Father, we do hope that our confidence is in Thee; then we shall be able to triumph over our fears. While it is a great thing to have faith in God, impress us deeply that it is a much greater thing for God to have faith in us. We beseech Thee, O Lord, to make us worthier of Thy trust. Enable us to go to our labors with a willing spirit, and thus we shall stand above them rather than toil beneath them.

When silence means the pause of disappointment, when plans are overthrown, when our energies end in the defeat of our best wisdom, then, Father, take us by the hand and light and lead the way and give the heart the blessing of repose. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution."

DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. TILSON. Mr. Speaker, I am informed that the bill which has just been messaged over from the Senate is one of considerable importance to the Daughters of the American Revolution. It is really an emergency matter, as I understand, connected with the financing of some new improvements which they desire to make in the nature of adding to their building. To wait for the matter to be referred to the proper committee and reported will probably take more than two weeks' time before it can be taken up in the House. Such a delay, I am informed, might embarrass this organization in its efforts to finance the building program. In view of these facts, and also in view of the fact that it entails no expense whatsoever upon the Government, I ask unanimous consent that the bill may now be taken from the Speaker's table and put upon its passage.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to take from the Speaker's table the bill (S. 780) to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution," just messaged over from the Senate, and to consider the same. Is there objection?

Mr. GARNER of Texas. Mr. Chairman, I reserve the right to object.

Mr. TILSON. Mr. Speaker, the gentleman from Kentucky [Mr. JOHNSON] has more detailed information in respect to this bill than I have, and I should be very glad if he would answer any questions that may be asked about it. I have had only a very short time to examine it.

Mr. DYER. Mr. Speaker, let us have the bill reported.

The SPEAKER. Without objection, the Clerk will report the bill.

There was no objection, and the Clerk read as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution," approved February 20, 1896, as amended, is amended to read as follows:

"SEC. 2. That said society is authorized to hold real and personal estate in the United States, so far only as may be necessary to its lawful ends, to an amount not exceeding $5,000,000, and may adopt a constitution and make by-laws not inconsistent with law, and may adopt a seal. Said society shall have its headquarters or principal office at Washington, in the District of Columbia."

Mr. JOHNSON of Kentucky. Mr. Speaker, if the gentleman from Connecticut will yield, I would be glad to make a short statement relative to the matter.

Under the present law the holdings of the Daughters of the American Revolution are limited to $1,000,000. Their building here is too small to seat the delegates who attend the annual convention. The society has grown to be so large and has grown so rapidly that their hall is too small. All they ask is that they be permitted to own $5,000,000 worth of property instead of $1,000,000 worth of property. In other words, it is merely an enlargement in their property holdings, to enable them to build an addition to their hall which will seat the delegates of the society when they come here in annual convention.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Kentucky. Yes.

Mr. DYER. What is the necessity for immediate action? I shall not object if there is a necessity for it.

Mr. JOHNSON of Kentucky. When the society met last April, which is the annual time of their meeting, Congress was not in session. They have gone as far as they can go toward getting the money with which to build this addition. Daughters of the American Revolution and citizens all over the United States have agreed to take bonds which they propose issuing. The money with which they are going to buy these bonds is in banks held by those people, drawing no interest. They are daily awaiting the authorization of Congress in this matter to buy these bonds, so that every day the delay goes on these women are losing more and more money by holding their money ready to buy the bonds.

Mr. DYER. If this matter could be referred to the proper committee and reported back promptly—say, within a week or 10 days—would it interfere with the purposes for which this legislation is intended?

Mr. JOHNSON of Kentucky. Yes; it is just that much added to their already long delay. They anticipated that this would become a law the first week or 10 days of December, and that they would have the plans and money already on the way. If there was ever any possible reason for doubt about the matter, it was when they were authorized to hold a million dollars' worth of property; but it is immaterial to the Congress or to the American people as to whether they shall have a $5,000,000 plant or a lesser one. It will not cost the Government a penny in any event.

Mr. CRAMTON. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Kentucky. Yes.

Mr. CRAMTON. Has this matter had the attention of any committee of the House?

Mr. JOHNSON of Kentucky. It has not, and that is not deemed necessary, because, as I say, the only question is, Shall these women be allowed to use more of their own money toward providing seating capacity for their membership?

Mr. CRAMTON. My confidence in the gentleman from Kentucky is so great, as it is also in the gentleman from Connecticut, that I shall not object; but I think it ought to be observed that there is nothing to prevent reference of this in due course to the proper committee, speedy action by that committee, and then consideration under unanimous consent, as is proposed here. I think it is an extremely bad precedent that is being established.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Kentucky. Yes.

Mr. BLANTON. The bill itself affords ample safeguard and protection. It provides that the right to hold this increased amount of property shall be consistent with the purposes of the organization, and the purposes of the organization are wholly patriotic.

Mr. JOHNSON of Kentucky. Entirely so. It is nothing more than a change in the value of the property which the society may own.

Mr. GARNER of Texas. Mr. Speaker, I reserve the right to object. May I say to the gentleman from Kentucky [Mr. JOHNSON] that during the last Congress, and I think once in this Congress, I made the suggestion to the membership of the House, and especially to the organization of the Republican side, that whenever unanimous consent is asked for the consideration of a bill or resolution which is under the jurisdiction, say, of the Judiciary Committee, or any other committee of the House, the Member asking it should be able to say that he has consulted both the chairman of the particular committee and the minority ranking member of that committee.

This practice is nothing but courtesy. I think it is the proper method of conducting unanimous-consent requests that the ranking Member on this side, at least, should have an opportunity to consider the question. I ask the gentleman if he will not withhold it until Mr. SUMNERS of Texas or some one else of the Judiciary Committee can be consulted. It can be brought up again to-day. I think it is a good practice, and I wish the gentleman from Connecticut would keep that in view, so that others will not have to object. If you can say that you have consulted the chairman and the ranking Democratic member on the committee, why, that relieves the situation and relieves the Members on this side, at least, of the obligation of inquiring whether they had any notice of what was to be done. This can be called up again to-day when Mr. SUMNERS of Texas is on the floor of the House. I think it is a good practice.

Mr. JOHNSON of Kentucky. There can be no possible sort of objection to permitting these women to do what it is desired to do, and now that this matter is up I think it very——

Mr. GARNER of Texas. I wish the gentleman would let it go over until Mr. SUMNERS of Texas is here.

Mr. TILSON. Mr. Speaker, of course I could not if I would push this bill over without entire agreement, so that every Member present takes the same view of it. The circumstances under which I made the request I stated partially in my opening remarks, to the effect that in reference to financing the new building these ladies are being held up because of the delay in passing this bill. In view of the fact that it does not enlarge the scope or powers of the corporation in any way whatsoever, but simply authorizes it to hold $5,000,000 worth of property instead of $2,000,000, it seems to me that it is not a matter to which anybody in the House could object.

Mr. GARNER of Texas. Let me ask the gentleman from Connecticut a question. I do not think I did; but I did ask the gentleman from Ohio when he was floor leader, Does not the gentleman think it is good practice, where unanimous consent is asked for the consideration of a bill or resolution, to get the consent both of the chairman and ranking member of the minority?

Mr. TILSON. The gentleman is entirely correct, and it is a practice that I have endeavored to follow.

Mr. GARNER of Texas. It is merely taking this over until this afternoon, and there is not much time lost. I wish the gentleman would adhere to the practice, which I think is a good one and ought to be insisted upon on both sides of the House.

Mr. TILSON. What the gentleman proposes has been my practice. In the first place, I did not know of it until very shortly before the House convened, and in the next place it was by no means clear what committee should have it. In the Senate it had been referred to the Committee on Finance, which committee, of course, corresponds to the Committee on Ways and Means of the House, while it seemed to me the Judiciary Committee would be the proper committee to handle it. Before this matter had been cleared up it was time for the House to convene.

Mr. GARRETT of Tennessee rose.

The SPEAKER. Does the gentleman from Tennessee object?

Mr. GARRETT of Tennessee. No.

Mr. TILSON. I intend to withdraw it for the present.

Mr. JOHNSON of Kentucky. I hope the gentleman will not withdraw it because——

Mr. GARNER of Texas. If not, I will make a point of no quorum and get Mr. SUMNERS of Texas here and all the rest here and then the gentleman can ask unanimous consent. If the gentleman can not wait five hours to pass this bill, I shall make a point of no quorum and bring the membership here.

The SPEAKER. The gentleman from Connecticut withdraws his request.

Mr. BRAND of Ohio. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. BRAND of Ohio. After the beautiful tribute paid to our lovable colleague on yesterday, Major STEDMAN, of North Carolina, and with the thought singing in our hearts that the wounds of the Nation have been completely healed, I rise for a somewhat similar purpose and wish to ask you to pause for a moment to honor another gentleman who was a Member of this House for a great many years and is to-day one of the three living ex-Speakers of this House, who was a major general on the northern side during the Civil War. I refer to General Keifer, of Springfield, Ohio, in my district. [Applause.] He is 90 years old to-day. He is the first citizen in my district. His career began away back in Abraham Lincoln's time, when he volunteered in the Union Army in 1861, and so distinguished were his services during the war that in 1865 he was commissioned a major general on account of gallant services on the field of battle.

I think he is now the only living commander who was at Shiloh. After the war, in 1877, he came to this House and was here until 1885, and such was his ability as a leader and statesman that he was made Speaker of this House from 1881 to 1883.

When the United States went to war with Spain, although General Keifer was more than 60 years of age, yet he was hale and hearty, and he offered his services to his country again, and, along with Gen. Joe Wheeler of the Southland, was appointed by President McKinley as a major general of volunteers in the Spanish War and served in Cuba during the entire war. After the Spanish War was over General Keifer came back to the House, and was here from 1905 to 1912.

Now, I want to point out to the Members of the House that his service to his country is unusual in both times of peace and times of war. A major general in the Civil War in the sixties, a Speaker of this House in the eighties, a major general in the Spanish War in the nineties, and 10 years later back into this House, covering a period of over 50 years of active public service. And so I say that General Keifer is not only the first citizen of my district but also a first citizen of the Republic. [Applause.]

He is one of the three living ex-Speakers of the House. One of the others is ex-Speaker Cannon—Uncle Joe Cannon—of Illinois; and these two men were cronies and companions in the House for years, and I will say that they are keeping up their friendship by visiting each other every year. They are having a big birthday party to-night in Springfield for General Keifer, and I am sure ex-Speaker Cannon would be at that banquet to-night if it were not for his extreme age and the weather of Ohio at this time.

Mr. HUDDLESTON. Mr. Speaker, may I state to the gentleman that I served under General Keifer as a private soldier in the Spanish War, and that I hold him in the deepest affection? [Applause.]

Mr. BRAND of Ohio. Ohio has been honored only twice during the history of the country with the Speakership, once with General Keifer, and to-day with the distinguished Speaker now in the chair. [Applause.] Now, I wish to say to the Members of the House that General Keifer can not be congratulated here in person. I understand that under the rules of the House a motion would be out of order, but I think those who knew him and who served under him might well send a message to him to-day. I know he will appreciate it, and you can send it to Ohio, and I know he will receive it; but for celerity of delivery you might add Springfield. [Applause.]

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. The gentleman from Illinois asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. MADDEN. I rise, Mr. Speaker, first to say that I was delighted to hear what my friend from Ohio [Mr. BRAND] had to say, but particularly I rise for the purpose of saying that it was my privilege to have served with General Keifer in the House during the last years of his service here, and to serve on the Committee on Appropriations with him. I never knew a man in all the history of my service who was so indefatigable in his efforts to do something for his country. He was aggressive, positive, and determined to accomplish results, and that he achieved all the greatness that has just been told here is the best evidence that he was successful and did accomplish. It has come to few men anywhere to achieve the greatness that General Keifer attained in his active years. To-day he is 90 years of age, four score and ten, 20 years above the Biblical period; and yet his mind is clear, and he is as full of vigor and life as he ever was in all his life. It is true he can not run a foot race, as he used to, but he can make an argument or tell a story or expound the law and lead men in the direction in which they should go with as much ingenious ability as he did in his early military days. To become a major general in the Union Army during the Civil War was no small achievement, but to have been made a major general in another war, 30 years later, was a still greater achievement, because few men live over such an expanse of time and continue so great under the circumstances for so long a period. Men come and go; they rise, they fall, they pass away. Few men have risen and stayed at the top as General Keifer has done during all his long life. He has the confidence and respect of every man who served here with him and knew him.

We recognized in him one of the great leaders of the House. We followed him in the great national problems which he advocated and for which he stood. He was an exemplar of real American patriotism. He lived a life that we can well emulate. We are proud to have even been allowed to live in the shadow of his greatness.

I wish to express the hope that this House, through the Speaker, will send a message of congratulation to General Keifer on behalf of the Members of the House on this, his ninetieth birthday. I ask unanimous consent that the Speaker may be allowed to do that. [Applause.]

The SPEAKER. The gentleman from Illinois asks unanimous consent that the Speaker may be authorized and directed to send to General Keifer a telegram on behalf of the House, congratulating him on his ninetieth birthday. Is there objection?

There was no objection.

The SPEAKER. It is so ordered. [Applause.]

Mr. TUCKER rose.

The SPEAKER. Does the gentleman from Virginia desire to speak?

Mr. TUCKER. Yes, sir; for a moment.

I was entirely unaware that my friend from Ohio [Mr. BRAND] was to give us the benefit of his motion this morning, but I can not permit such a resolution as has been suggested by him and by the gentleman from Illinois [Mr. MADDEN] to be made in the House without rising to say a word. I have known General Keifer for 40 years. I did not serve in Congress with him, but he served here with my father. I had the honor of having him at the Jamestown Exposition on one of our great days there, when he delivered an address, and I had the pleasure of entertaining him at my own house.

I looked around to see if my colleague, Judge HARRISON, was in the House at the moment, but I see he has been detained this morning in committee. I can not permit this pretty ceremony to go on without stating one fact about General Keifer.

He was a major general in the Federal Army, and during the Civil War was stationed for a while—not very long—in the town of Winchester, my birthplace. Winchester changed hands 77 times during the Civil War. General Keifer was there—I do not know how long in command of the Federal troops, but I want to say to you that he was there long enough to enlist the admiration and esteem of the Confederate people of the city of Winchester. [Applause.] And when he came back to Congress some of the good people of Winchester, hearing of his being here, sent for him that they might show him in the hours of peace their esteem for him, for his demeanor toward them in the days of war. [Applause.] Those were trying days. War is hell! But I rise to pay my tribute to a man who in times of war never forgot to be a gentleman always. [Applause.]

AGRICULTURAL APPROPRIATION BILL

Mr. MAGEE of New York. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that further general debate under this bill be limited to four hours, one-half to be controlled by the gentleman from Texas [Mr. BUCHANAN] and one-half by myself.

The SPEAKER. The gentleman from New York asks unanimous consent that further general debate on the bill be limited to four hours, one-half to be controlled by himself and one-half by the gentleman from Texas [Mr. BUCHANAN]. Is there objection?

Mr. BUCHANAN. Mr. Speaker, reserving the right to object, I want to state the actual conditions of the debate on this side and the requests that have been made. There have been 23 gentlemen on this side requesting time under general debate. Eight of those gentlemen have been accommodated with various extensions added to their time. The balance of them still insist upon time being granted to them, ranging from 10 minutes to 30 minutes and aggregating 4 hours. I can not in good conscience refuse to agree to the unanimous-consent request of the gentleman from New York [Mr. MAGEE], because he has been kind and generous and has conceded to the minority about one hour more time than he retained for the majority side. The purpose and object of this statement is to suggest to my colleagues on this side who have requested time to defer their requests until they can get time worth while, because under this unanimous-consent request, if it goes into effect, every man on this side who has requested time will have to have the time allotted him heretofore cut in half, whether he likes it or not, and I shall take the responsibility.

Mr. LOZIER. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman from New York whether or not this time is to be consumed in debating the bill that is pending before this House or whether the Members will be given the privilege of roaming all over the earth and discussing other bills and other matters that are not germane to this bill?

Mr. MAGEE of New York. I am unable to state what subject matter gentlemen may talk upon.

Mr. LOZIER. I refer to agriculture, and I would like to inquire whether or not the time is ever coming in this House when Members who want to discuss the bill that is pending—in this case the Agricultural bill—will be permitted in general debate to discuss that bill and not be compelled to step aside to allow other Members to discuss other bills and other subjects.

Mr. MAGEE of New York. I will say to the gentleman that, so far as I am concerned, my object has been to accommodate my colleagues in the House. The debate has not been limited to the subject matter of the bill and I do not ask that. I like to please the Members of the House so far as I reasonably can.

Mr. LOZIER. Further reserving the right to object, and I shall not object further than to say I protest against the system by which men who want to debate the bill under consideration are precluded and foreclosed from doing so by Members who are given practically all the time and allowed to ramble all over the earth and discuss other questions not germane to the bill under consideration.

Mr. ALMON. Mr. Speaker, reserving the right to object, during my 11 years of service in this House I have never made a point of no quorum, I have never objected to a unanimous-consent request, and have taken up but little time of the House. At the beginning of the discussion of this bill, I went to the gentleman from Texas [Mr. BUCHANAN], who has charge of the time on this side, and told him I wanted 30 minutes in which to discuss a measure that would probably come up under suspension of the rules at an early date. I want to discuss the public buildings bill. I am next on the list. Everyone above me on the list has been given all the time that was asked, and some have been granted more time than they originally requested. I am not making any complaint about that, but I do feel I am justified at this time, however reluctant I may be to do so, in objecting, unless I can be given the 30 minutes I have asked for to discuss a very important measure which, as I say, may come up at an early date under suspension of the rules with no opportunity to discuss it. Without that assurance I feel constrained, however much I regret it, to object at this time.

Mr. GARRETT of Tennessee. If the gentleman will permit, of course, I want all gentlemen to have an opportunity to discuss measures in which they are interested, but does my friend from Alabama realize that the gentleman from New York, under the rules now, can move to close debate and can close it?

Mr. ALMON. By majority vote, of course. I realize that.

Mr. GARRETT of Tennessee. Does it get the gentleman anywhere? I would like to have all the discussion the gentleman wants. I do not care if the gentleman objects.

Mr. ALMON. Mr. Speaker, some of the gentlemen have withdrawn their requests, and the gentleman from Texas has consented to yield me 20 minutes time, and I therefore gladly withdraw my reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, the Agricultural appropriation bill, with Mr. TREADWAY in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill of which the Clerk will read the title.

The Clerk read as follows:

A bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

Mr. BUCHANAN. Mr. Chairman, I yield one minute to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I realize the scarcity of time, and so I only ask for this brief time to offer for the RECORD a letter received by myself from Secretary Hoover, of the Department of Commerce, on the rubber investigation and my reply thereto. I ask unanimous consent to extend my remarks in the RECORD by publishing those letters.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SHALLENBERGER. Mr. Chairman, under leave granted to extend my remarks I insert a letter received by myself from Secretary Hoover, of the Department of Commerce, on the rubber investigation and my reply thereto, which are as follows:

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, January 27, 1926.

The Hon. ASHTON C. SHALLENBERGER,
House of Representatives.

MY DEAR MR. SHALLENBERGER: I do not believe you wish in any way to justify the foreign governmental monopolies of our import raw materials or the unreasonable prices which they have from time to time exacted from the American people. I therefore wish to correct the misimpression which may arise from the statement in the New York World of the 26th in which you are reported to have said that the price of rubber never went to a dollar and that the customs returns on rubber imports show less total expenditure than the estimates furnished the committee hearings.

As the record has not been published, you have apparently not been able to consult the exact text of the statements made before the committee. What I have uniformly stated is in line with my first announcement on this subject on December 10, 1925:

"Our imports for 1925 will be about 860,000,000 pounds, and at normal growth our consumption will be 900,000,000 in 1926. At the price declared by the price-fixing body as 'fair' to them, our next year's supply would cost us about $324,000,000, but at the present prices of $1.10 per pound it will cost us about $990,000,000 or $660,000,000 in excess of the 'fair' price."

You will find that the same statement appears again in the records before your committee, in every case being a forecast of what would be the result to the American people from the actions of this monopoly during the past few months when projected over the next year.

The actual prices of rubber are a matter of public record in the daily press and, of course, you can not be correctly quoted in stating that the price has never gone to $1. If you will consult the press you will find that the price has on many occasions passed the dollar mark during the last six months. Obviously the rubber coming through the customs previous to this period represents purchases made at earlier dates and therefore at lower prices on an ascending market. The effect of the enormous prices of the past months will be evident in future customs returns.

You will see from the evidence put into the RECORD that the fair price declared by representatives of the British rubber committee was 36 cents, that it was maintained until about March a year ago, since which time the price of rubber has steadily ascended, and it is precisely this boost which is the whole basis of this discussion, a lift in price so enormous as to amount to as much as 300 per cent over the supposed fair price and 600 per cent above the cost of production.

I realize that your statement arises out of a misunderstanding of the facts, which, as shown above, have been accurately stated. I know your own sense of fairness will lead you to correct the misimpression which may arise out of your statements.

Yours faithfully,

HERBERT HOOVER.

JANUARY 30, 1926.

Hon. HERBERT HOOVER,
Secretary of Commerce, Washington, D. C.

MY DEAR MR. SECRETARY: I beg to acknowledge your letter of January 27, in which you comment upon an article in the New York World quoting remarks I made in the House on January 21.

I note you again state your estimate of the amount of rubber to be imported as 960,000,000 pounds, and state that at the price of $1.10 it will cost about $990,000,000.

I did not question your figures, but they are estimates only and assumptions as to what might possibly occur in the future. The thing I desired to call to the attention of the House and the country was the fact that the actual amount paid by American importers for rubber for the 11 months of 1925 was only $364,000,000 for 798,000,000 pounds of rubber. This is about one-third of the amount you estimate as the cost for 1926.

The average price actually paid by the rubber importers for the year 1925, as shown by Department of Commerce reports, was less than 50 cents per pound. The prices you quote of $1.10 or $1.21 per pound are speculators' prices, and were not paid by American tire makers for the rubber used by them in the manufacture of the tires which have been doubled in price to the American consumer.

The estimate of savings of $250,000,000 to the American consumer is also speculative. The speculators' price for rubber may have declined from $1.10 to $0.84, as stated by you, but the actual price of automobile tires has not declined to the American consumer. On the contrary, the committee had information that the consumer was about to be made the helpless victim of another price advance, but for this exposure of past price inflation.

My statements were not based upon what might possibly happen in the future, but was the showing of Department of Commerce records of what has actually occurred. What I charged in my statement to the House was that under the cloak of a speculative price for crude rubber, which they have not paid, the tire manufacturers and dealers doubled the prices of auto tires to American consumers.

I have introduced a resolution in the House asking the Federal Trade Commission to investigate the question of price fixing by rubber and coffee dealers and manufacturers.

In your testimony before the House Commerce Committee you advanced the idea that it is a proper function of government to protect our people, if possible, from unfair prices charged our nationals by controls established by citizens of other nations.

I respectfully submit it is likewise the duty of both the Government or any of its departments to protect our people from unfair price fixing or profiteering by our own manufacturers or dealers.

Respectfully yours,

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HUDSON].

Mr. HUDSON. Mr. Chairman, if it had been possible on January 16, I would have asked time to discuss for a moment the events of that day celebrated in the history of the Nation.

Since before the beginning of the Nation the liquor traffic existed, the conscience of the Nation from the beginning has been active to lessen or as far as possible eradicate the evil.

The contest took varied form. All conceivable barriers were placed about it in the attempt to stay its scourge; it was licensed by village, State, and Nation in the attempt to stop its growth or kill it.

The system of regulation and license became so notorious a failure, while the traffic, on the other hand, became so generally branded by the courts of the land as the major cause of insanity, crime, and pauperism, that the people decided the thing was an evil that must be eradicated, not controlled.

The hamlet took it up and made it an outlaw. To make it more effective and secure its benefits the township closed its doors to it. Then the county asked its withdrawal, only to find that if it was to be effective in the barriers erected it would need to be state-wide. Then again came the need of national action because of our modern interstate-commerce activities.

When the eighteenth amendment became effective two-thirds of the people living in nine-tenths of its area had prohibited the liquor traffic by State or local action.

Thus it is readily seen that the consummation was not an accident or the hysteria of the people. It was a final decision of an active national conscience.

What has it accomplished? Six years have gone by and the Nation has not gone to the bowwows entirely. Perhaps no harder period for the testing of a great new governmental policy could have been chosen than the period of reconstruction after a great World War.

Six years is not a proper period for the testing. This is recognized by any fair-minded friend or foe. It may not yet have had a sufficient time to tell whether it is the right governmental policy for the extermination of the acknowledged evil of the traffic. Sure it is that the period has not been long enough to say the policy is a failure and will not succeed. Ex-President Taft has said at least it should have 10 years' fair trial before the will of the people in the matter is changed or asked to be changed.

In addition to the period of time, so few in years, that we are considering there must be borne in mind the further fact, viz, that the enforcement of the law has not in the majority of instances perhaps been in the hands of its friends or even in many cases, even neutrals, in the issue at stake.

And yet the record is a marvelous one from any angle that you approach the question with an unprejudiced attitude of mind. So great have been the results that it is not to be wondered at that the President should say:

> The time will probably never come when the eighteenth amendment will be repealed.

Now I want to insert in the RECORD two or three things apropos to that occasion. I have a letter written by a friend of mine from East Forty-second Street, New York, as follows:

> This morning I stopped in at a delicatessen store on my way to my office about noontime and noted a young workman arranging to take out with him three gallon pails of steaming hot coffee—the substitute for the beer can of former days—and this from a Broadway store in the heart of New York City. I have seen coffee among workmen before at the noon hour in open-air work and have never seen any other beverage since 1920.

I have here a telegram from a city within a city in my district. It is a city within the city of Detroit of nearly 100,000 population, 86 per cent of which are of Polish extraction. It is as follows:

DETROIT, MICH., *January 22, 1926.*

GRANT HUDSON,
House of Representatives, Washington, D. C.:

Savings deposits in Hamtramck Bank December 10, 1917, were $953,567. In December, 1925, savings deposits were $8,143,007. School attendance increased from 2,900 in 1917 to 10,100 in 1925. Sixth year high school increased from 300 in 1917 to 2,100 in 1925.

M. R. KEYWORTH.

That is a Polish city in the heart of the great metropolis of Detroit, a metropolis of one million and a half people, and shows a remarkable advancement under prohibition.

I have here a wire from the Board of Education of Highland Park, another city of nearly 100,000 population.

DETROIT, MICH., *January 12, 1926.*

Hon. GRANT N. HUDSON,
House Office Building, Washington, D. C.:

You wire our opinion. Prohibition is directly responsible for better condition of average man. Many people who can afford to pay exorbitant prices and who should set a better example still indulge. However, the number of these cases compared with whole number of people much exaggerated. Our honest conviction is average man to whom liquor was once a menace is greatly benefited. No sane man would ever consider going back. Success to you in stand taken.

HIGHLAND PARK BOARD OF EDUCATION.

I have a telegram from the chief of police of another one of my cities, the industrial city of Pontiac, with about fifty or sixty thousand population. The chief says under a telegram dated January 13, 1926:

PONTIAC, MICH., *January 13, 1926.*

GRANT M. HUDSON,
Washington, D. C.:

The eighteenth amendment is a good thing, and can be enforced with men and money. There is no law that the United States can not enforce. Would state the condition of the working men is better since the law went into effect. In a financial way families are being better taken care of and men are working more steady. Manufacturers approve of it to the best of our knowledge. It would be practically impossible to compete with traffic if saloons were allowed again. There would be more accidents and deaths, of course. There were less machines before the law went into effect than to-day, but if saloons were tolerated again it would be unsafe for your family and others to be upon the highways and streets of this or any other city.

JNO. B. DOWNEY.

Mr. Chairman and gentlemen, I want to insert with the telegrams I have read three other telegrams from my district, and in that same connection I want to insert in the RECORD an editorial of one of our great metropolitan dailies in the State of Michigan written by A. P. Johnson, publisher of the great Grand Rapids News. It is entitled "In hoc signo vinces." I do not want to take the time to read that publication, but it is unique and will go down through the years as a great contribution. I want it in the RECORD, so that everyone in the House may have the reaction of the great editorial writer and also that it may be preserved for future reference:

LANSING, MICH., *January 13, 1926.*

Hon. GRANT M. HUDSON,
House of Representatives, Washington, D. C.:

Eighteenth amendment greatest thing ever done for workingmen. New enforcement officials are making good. Law to deport alien violators should be enacted now; this will destroy most of the traffic. As public official am not a crank on prohibition, but the Constitution is sacred; to violate my oath is little short of treason. Eighteenth amendment will last as long as Government. No matter how long the fight, decency, honesty, truth, and good citizenship will prevail.

CARL YOUNG.

LANSING, MICH., *January 13, 1926.*

Hon. GRANT M. HUDSON,
House Office Building, Washington, D. C.:

Prohibition to-day after only six years' effort is better enforced than the many local and State laws and regulations were during the license system. It was unlawful to sell to minors, but boys were taught to drink, as a new crop of drinkers was necessary to take the place of those who eventually would die off. The American people will not soon forget their experience with the licensed liquor traffic, and will not allow the greatest curse of our civilization to be thrust upon them again. No drunken nation can compete with a sober one.

R. H. SCOTT,
President Reo Motor Car Co.

EAST LANSING, MICH., *January 13, 1926.*

Hon. GRANT M. HUDSON,
Washington, D. C.:

It is difficult to generalize fairly concerning so large a subject as progress made in six years under the eighteenth amendment, but I think it can be said that prohibition has become a permanent national policy, but the achievement of better enforcement is partly a matter of continued education as a refined national morale and partly a matter of gaining a better measure of enforcement and punishment, but I believe that gradually the people will accept the challenge both to temperance and law enforcement.

KENYON L. BUTTERFIELD.

The editorial is as follows:

IN HOC SIGNO VINCES

[Written by A. P. Johnson, publisher of the Grand Rapids News, for the Michigan dry campaign committee]

We stand to-day on the threshold of a great reform. We are facing a new dawn, a new day.

That reform is the triumph of temperance. The new dawn is prohibition. The new day, sobriety.

You ask how I shall vote and why.

I shall vote for prohibition because underlying its tenets are the happiness of my fellow men, the welfare of society, the betterment of the world.

I shall vote for prohibition as a protection to everything I hold near and dear, as a safeguard to all that I love, and as an appeal to its helping hand when mine shall have withered away.

I shall vote for prohibition in Michigan as contributory to its adoption of my country. I shall hold fast to the thought that right must prevail; that drink is wrong. I shall set aside all contrary self-interests, friendships, and associations and cling firmly to the inevitable truth that the world will be better when drink is doomed.

I shall vote for prohibition in the exercise of my sacred duty as a self-governing individual, as a tribute to my enfranchisement, and as a humble offering to the Master Builder who has permitted me to share in so divine a heritage.

I shall vote for prohibition to avenge the toll that drink has exacted from its innocent victims. I shall vote for the widows, the orphans made destitute through the ravage of intoxication, and those for whom I would shed my own blood could it but ease the pain, the suffering, and the anguish it has brought them.

I shall invoke, through my vote, a law that will help the weak win their battle. I shall exercise my franchise to accomplish that which prayers and supplications have failed to do. I shall vote to stem an evil that scorns respect, shirks duty, and "takes off the rose from the fair forehead of an innocent love and sets a blister there."

I shall vote for the boys and girls, my children and their children. I shall vote for the young man who falls by the wayside—who can not say no. I shall vote for a better environment for the young woman who wants to live right and go straight but whose path is made perilous by drink.

I shall vote for industry, for thrift, and for self-respect. I shall vote for the worker, the toiler, that in time he may see the fruits of his labors and live as becomes his worth. I shall vote for better homes, better health, and longer life. I shall vote for the restoration to its rightful owners of all that drink has confiscated—for the return of happiness and human faith.

That prohibition will conquer is as fixed as are the stars in the firmament. Temperance will prevail as the survival of truth, and with it will come the economic reward which has followed right thinking since man began.

America has always recognized the right as against the wrong. We are the logical people to lead all reform conducive to betterment. Our country, your country, my country, is destined always to go right, and we are the makers of its destiny.

Turn down your glass and cut the ties.

Let your vote be a toast to a vanishing evil—a welcome to its doom.

We bear the cup no ill will. Many a time has it been raised to a noble cause and drained by noble men.

But you must go, old comrade. You have made the world no better. You have cheered, but your cheer has chilled our hearts and blurred our vision. You have given hope, but your hope was false. You have given life, but your life was a lingering death.

For thousands of years we have tried you, but not once have you stood the test. Your philosophy is as empty as were the brazen images which men forsook to worship God. The sorrows we have drowned in your shallow pool have mocked us when you were not near to deceive our mind and beguile our path.

The hopes you enkindle to-day vanish with the sordid reality of the morrow. Your sunshine has been devoid of life; there are no stars in your night. Yours is a pale, lifeless glare enveloped in eternal gloom.

When the new day is at its zenith you will be among the memories of a dark and ignorant past. You will be classed with the pagan altars upon which were sacrificed human blood and human lives. Your cheer will be as forgotten as are the fallen leaves in springtime, and the only epitaph that will mark your time will be the scars you left in our hearts. The world will forget you as you have so often forgotten those who fell beneath your blows.

Your passing will be the greatest blessing we have known since Christ. You have had your day, and we bid you ne'er return, for we have come to the parting of the ways. We bear you no hatred, for we tolerated you as a weak society truckles to a strong foe, and we welcome the day when temperance will be emblazoned before us as was the sacred cross before the ancient Constantine, and we can say one and in accord, "In hoc signo vinces."

Now, Mr. Chairman and gentlemen of the House, I want to take up one other proposition in my limited time. In the last year there has been made what is called three different surveys. The Subcommittee on Alcoholic Traffic made a survey and reported back in a pamphlet of 142 pages.

This survey was made by means of a very comprehensive questionnaire sent by the committee to all officials of the Government—Federal, State, and county—whose duties brought them in touch with the administration and enforcement of the eighteenth amendment. In addition to officials, the questionnaire was sent to social service and welfare organizations. It is as complete a survey as time and opportunity was afforded the committee.

The second so-called survey was an unofficial research bulletin issued by F. Ernest Johnson under the name of the Federal Council of the Churches of Christ of America, who says in his foreword:

Nothing in this report is to be interpreted as indicating ultimate conclusions. It is too early to form final judgments. The success of prohibition depends, in part at least, upon the degree of interest and activity that the situation here set forth may arouse in persons who have a serious concern for the outcome.

This document is a pamphlet of some 80 pages, and closes its discussion with these words:

When the darker side of the prohibition situation is faced it must be remembered that no intelligent advocate of the new régime expected it would be fully effective. * * * The fact that prohibition is far from yielding results that were hoped for from it does not warrant a widely concurrent assumption that it can not be enforced. * * * The situation presents an unprecedented challenge to the schools and the churches. A new opportunity is at hand.

A third so-called survey is a pamphlet issued by the Moderation League, entitled "A National Survey of Conditions Under Prohibition." It is a small pamphlet of some 16 pages that attempts to give a mass of figures obtained from police-court blotters in certain cities of a group of States. It is so manifestly superficial and so full of deductions drawn from figures that do not embrace all conditions that it is of practically no value in determining conditions which it is supposed to present. Unquestionably there is need for a full and comprehensive survey by some committee of Congress which has the ability and power to secure this information from Federal and State officials, institutions, and agencies.

This survey ought to be made in view of the propaganda that is being launched by those who are both for and against this great experiment in social and economic government life. There are instances of gross violations of the law no one will question, but without a shadow of a doubt in the minds of sane, thinking people the Nation is moving ahead, and, as the survey of the House committee reveals, the benefits of prohibition in these six years have meant increased comforts in home life, better opportunities in school life, better health, better food, better clothing, better homes. And two great outstanding results face us on this sixth anniversary, the elimination of saloons from country life and from city streets, which has meant practically the elimination of drunkenness. The prayer of every thinking American citizen to-day should be—

America, America,
God mend thy every flaw,
Conserve thy soul in self-control,
Thy liberty in law.

The membership of the House has received a letter signed by a group of Representatives who term themselves the committee on modification of the Volstead Act—unofficial. It is interesting to note of the 56 signatures to the letter 24 are from New York, 5 are from Pennsylvania, 3 from New Jersey, 4 from Illinois, and 5 from Wisconsin, and 4 from Maryland. Out of the 48 States represented in Congress three-fourths or more are not represented in the list of these men seeking modification. There are one or two items in their call for recruits that are perhaps worth noticing. For instance, their second paragraph refers to the bulletin of the Federal Council of Churches, from which they quote the following words:

Drinking by young people, as compared with preprohibition times, is more.

And—

The attitude toward law enforcement and respect for laws in general is worse.

Now, let us see what that bulletin referred to does state. I quote from the result of their questionnaire, which they say was sent to 2,700 members of the National Conference of Social Work and which yielded a 10 per cent return. This data, of course, you realize refers to the homes of the great middle class of the American people, the bone and sinew of our entire national life. Notice these results:

Furnishing of homes:	
Better	203
Worse	6
Sanitary and health conditions in homes:	
Better	182
Worse	5
Mental health of the homes:	
Better	152
Worse	25
Children delinquency:	
Decreasing	81
Increasing	63
Malnutrition among children:	
Decreasing	107
Increasing	25
Liquor for minors:	
Less accessible	130
More accessible	66

Now come the figures from which the unofficial committee makes their statements:

Drinking by young people:	
More	109
Less	93
No change	10

I submit that when all the figures stated above are taken into consideration, it is a far-fetched conclusion that there is more drinking by young people after six years of national prohibition than there was before prohibition. I wish to submit to this unofficial committee this pertinent question: How many men or women in preprohibition days acquired the habit of drink and the taste for liquor after they were 21 years of age? Certainly no one will call the saloon of former days a kindergarten for teaching sobriety. Nor will any establishment set up, call it by any name which you will, for furnishing of a beverage containing an alcoholic content under the plans for modification that will result in a generation free from the habit of the alcoholic drug.

In the third paragraph of this communication they refer to the privilege, so called, of home-made wine. Inasmuch as they quote from the bulletin of the Council of Churches for their first reason for modification, let us see what that bulletin says on that issue:

From the point of view of law enforcement, the home manufacture of wine, particularly in alien communities, is a serious obstacle to 100 per cent efficiency, but more and more it is becoming evident that this phase of the problem is of relatively little significance.

The plea of the modificationists is that modification is inevitable. That is a conclusion without fact. But suppose, for argument's sake, it might be true. What are we to hope from modification? Certainly not less drinking; certainly not better economic and social conditions in the home. The only result would be to legalize again the traffic in alcoholic beverages. While the limit might be placed on brewed and vinous liquors of certain alcoholic content, it would nevertheless furnish the cover for the traffic in all alcoholic beverages and would make absolutely nonenforceable any restriction against spirituous liquors.

It is well to remember that any modification contemplated by our colleagues in this circular would not eliminate the bootlegger, the highjack, or the other sources of organized opposition to the eighteenth amendment. The patrons of these unlawful agencies want hard liquor, and your modification program does not provide for such, nor will it satisfy those who to-day are violating the law and breaking down the Constitution of the Nation. There is only one remedy of that condition, and that is increased penalties and a more adequate organization for enforcement.

On the question of modification two outstanding examples as to how it will work are at our very door, as experienced by the Province of Ontario and government control in the Province of Quebec.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MAGEE of New York. I yield one additional minute to the gentleman.

Mr. HUDSON. Mr. Chairman, one minute will not do me any good, and I will have to content myself with the extension. Under my privilege of revision and extension of remarks I here insert a survey I made of these questions during the past summer.

Desirous of learning the facts concerning the operation of the 4.4 beer law in Ontario and the operation of the Government control law in Montreal and smuggling on the border, that I might report on these to the subcommittee of the Alcoholic Liquor Traffic Committee, of which I was chairman in the Sixty-eighth Congress, I invited the following persons to accompany me on a trip to Canada to get first-hand information: Wayne B. Wheeler, W. V. Waltman, Sam Fickel, and Ben H. Spence. The following places were visited: Sarnis, Forest, Parkhill, St. Marys, Stratford, Kitchener, Galt, Brantford, Hamilton, Toronto, Montreal, Beamsville, St. Catherines, Niagara Falls, Welland, Dunnville, Simcoe, Tillsonburg, Port Stanley, St. Thomas, London, Blenheim, Chatham, Essex, and Windsor.

In most instances, a meeting was arranged for and presided over by some local public official. Both friends and opponents of prohibition participated in the discussion, including

mayors, magistrates, members of parliament, chiefs of police, aldermen, and prominent business men of the community.

THE ONTARIO 4.4 BEER ACT

The situation in Canada with reference to the power to control alcoholic liquors is very different from that in the United States. The Dominion or Federal Government is the residuary of all power, except that which is delegated to the Provinces in the British North America act. In other words, the Dominion Government has all power to deal with the manufacture, importation, exportation, and interprovincial transactions in intoxicating liquors. The Provinces have control only of provincial transactions, such as sale, keeping, transportation within the Province, and, in short, all transactions relating to intoxicating liquor, which begin and end within the Province itself.

THE ONTARIO TEMPERANCE ACT

The Ontario temperance act was adopted in 1916. It prohibited the sale of all intoxicating liquors for beverage purposes with the exception of wine made from native-grown grapes. Manufacturers of such wines are permitted to sell within the Province in wholesale quantities only. The provision relating to native wines reads as follows:

(1) Subject to any regulations or restrictions which the board may impose, manufacturers of native wines, from grapes grown and produced in Ontario, may sell the same in wholesale quantities only; that is to say, in quantities of not less than 5 gallons in each cask or vessel at any one time, and when sold in bottles not less than 1 dozen bottles of at least 3 half pints each at any one time.

(2) A manufacturer of native wines who sells such wines otherwise than as permitted by this section or who allows any wine so sold or any part thereof to be drunk upon the premises of such manufacturer shall be guilty of an offense against this act.

The definition of liquors was as follows:

"Liquor" or "liquors," unless otherwise expressed, shall include alcohol and all fermented, spirituous, and malt liquors and combinations of liquors and drinks and drinkable liquids which are intoxicating, and any liquor which contains more than 2½ per cent of proof spirits shall be conclusively deemed to be intoxicating.

Following the adoption of the Ontario temperance act, and it was sustained by the voters in two referendum votes taken to sustain or repeal it. In 1924 the issue again raised, and by a majority of 33,915 the voters went on record in favor of continuing the Ontario temperance act. The premier stated that if it was sustained by the vote of the people he would strengthen and enforce the act. The majority in favor of continuing the act was not as large as former votes. The premier believing that the government could better the situation by changing the definition of liquors, advocated an amendment of that definition which makes it read as follows:

"Liquor" or "liquors," unless otherwise expressed, shall include all drinks or drinkable liquids which contain more than one-half of 1 per cent by volume at 60° F. of absolute alcohol, and alcohol and all fermented, spirituous, and malt liquors and combination of liquors, and drinks and drinkable liquids which are intoxicating, and any liquor which contains more than 2½ per cent by volume of 60° F. of absolute alcohol shall be conclusively deemed to be intoxicating.

That is what is commonly called 4.4 beer. There is nothing in the law characterizing liquor as 4.4.

WHAT THE GOVERNMENT HOPED TO ACCOMPLISH BY THE CHANGE

The Government evidently hoped to accomplish these purposes by the enactment of this amendment:

(1) Additional revenue.

(2) Satisfy those who were demanding a stronger alcoholic content in the beverage.

(3) Eliminate the bootlegger.

(4) Wean the addict of strong liquor to a milder beverage, to wit, 4.4 or 2.5 per cent alcohol by volume.

CAPITAL REVENUE

Hon. W. H. Price, provincial treasurer, estimated as revenue from the tax upon the new beer the sum of $2,200,000 for the balance of the fiscal year ending October 31. This would be for a period of five and a half months, or at the rate of $4,800,000 per year. As the provincial tax is 10 cents a gallon, it would mean the sale of 48,000,000 gallons annually. This beer contains 2½ per cent alcohol by volume, which means 1,200,000 gallons of alcohol which was to be given to the people to wean them away from stronger liquors.

The largest amount which people of Ontario consumed in 1915 under the license policy was 1,111,738 gallons of absolute alcohol in the spirituous liquors distributed at that time. That is to say, according to the government's figures the new beer would contain 88,262 gallons more of absolute alcohol than that which was contained in all the whisky, brandy, rum, or gin that was consumed in the Province of Ontario in the last year of license. Evidently the government has made a bad guess. The best estimate that we can get is that the revenue will fall short of the government's estimate perhaps one-fifth, some say one-tenth per cent, of the amount hoped for, because the people are not taking to 4.4 beer for reasons hereafter set forth.

KINDS OF PERMITS OR LICENSES ISSUED UNDER THE NEW BEER LAW IN ONTARIO

(1) Hotel permits to sell 4.4 with meals and to operate beverage rooms; 4.4 can be sold or furnished whenever a regular meal is purchased.

(2) Restaurant permits: These permits allow the sale of 4.4 beer with meals, but the purchaser must secure the liquor and drink it at a table with meals instead of standing at the bar.

(3) Shop permit: This permit may be granted to the proprietor of a shop or store and the liquor may be sold only in the unopened bottles, casks, or other containers in which the liquor was purchased by the permit holder for sale. Such liquor may be sold from or over any counter or elsewhere in the store or shop.

(4) Employees: The employees of places where liquors are sold must secure a permit to sell nonintoxicating liquors.

(5) Club permit: Liquor may be sold and kept for sale to employees and bona fide members. It can not be sold on Sundays except to bona fide members with meals in the dining or grill room.

(6) Brewer's permit to sell: While the provincial government can not control the manufacture of liquors, it does control permits to sell these liquors by the brewer within the Province.

(7) Brewer's permit to operate brewer's warehouse: A brewer may secure a permit to dispose of his liquors at a warehouse separate from the brewery to other permittees or direct to private purchaser.

(8) Permit for nonstandard hotel: Permit fee $10. More restrictions are placed around this permit.

(9) A permit to sell liquor on steamship.

(10) Home brew: Any person desiring to make home brew of any alcoholic content may do so by filing notice with a customs officer stating his intention to do so. After filing such notice he can brew beer whether the government consents or not.

(11) Native wines: Native wines may be made and distributed ad libitum, as above indicated.

Number of permits issued under this system

1. Hotel permits	1,500
2. Shop permits	1,300
3. Restaurant permits	600
4. Brewery warehouse permits	350
5. Brewery permits	28
6. Club permits	183
7. Steamboat permits	11

Liquor obtained at any of these places may be taken to the homes and given to the children or guests.

PRESCRIPTION AND DRUGGIST PERMITS

Liquor obtained at any of these places may be taken to the whisky to be filled at a dispensary.

There is no limit on the orders or prescriptions for nonbeverage purposes. He may issue on a druggist for 6 ounces of alcohol or for 20 ounces of alcohol for rubbing purposes.

HOME-BREW PERMITS

Any person may file a notice with the collector of customs that he intends to make home brew and ipso facto he becomes a brewer on his own account. The strength of the alcoholic content of home brew is not limited.

In spite of the 4.4 beer now on the market these home-brew permits or certificates of notice are increasing. It shows that beer drinkers are not satisfied with 4.4.

At the beginning of each meeting I said that the committee was not official and made a statement as follows:

The Sixty-eighth Congress appointed a subcommittee of the alcoholic liquor traffic to conduct a survey throughout the United States of the conditions relating to the enforcement of the eighteenth amendment. Hearings were held, questionnaires submitted to Federal and State officials, views secured from leaders in our industrial, commercial, and financial affairs.

The committee made a very thorough report, which was submitted to the full committee at the close of the last session.

It has been the thought of the committee to continue this investigation still further, and, with that in mind, I decided to visit your Provinces on a pleasure trip, but at the same time to inquire of your officials and your people generally relative to the working of your present liquor policy, but more especially what is known on the other side of the border as your "beer program." It has been reported to us by proponents of such a measure in the States that your policy, viz, your 4.4 beer, now manufactured and sold legally, would satisfy the desires of those who want a stronger alcoholic content of brewed

liquor than our one-half of 1 per cent; that it would eliminate bootlegging and the illicit traffic in hard liquors, and that it would have a decided tendency to reduce drunkenness and reform those addicted to the use of spirituous liquors.

I shall be very glad to hear from you, Mr. Chairman and others present, relative to this policy and have outlined three questions, which among other information which you may have regarding your present beer policy, I shall be glad to secure.

First. Has 4.4 beer satisfied those who demanded of the government a stronger alcoholic brewed liquor than your previous 2.5?

Second. Has the manufacture and sale, through your various government provisions of the 4.4, eliminated the bootlegger and the traffic in illicit liquors?

Third. Do you know of any addicts of spirituous liquors being weaned away from such liquors by the use of 4.4 beer?

Fourth. How is the present 4.4 policy received by the community as a whole?

We will be very glad to secure your reactions as indicated above or any other information that you may have in reference to the number of permits of various classes in your community, the records of your courts as to arrests for drunkenness.

The reports of the meetings follow:

SARNIA

Sarnia is a small city opposite Port Huron with a population of 15,000. On Monday, August 24, we met a small committee composed of Mr. R. Starrett, Mr. Conn, supervisor of schools, Mr. Finney, wholesale grocer, Mr. R. V. LeSeur, and one or two others whose names we did not secure, at the chamber of commerce. We talked with the clerks or bartenders of beverage rooms in Sarnia. The unanimous opinion was that 4.4 was not satisfactory to the persons who wanted a stronger drink nor to the people generally. They had recently had home week in the town and it was reported that some of the operators of these places and others wanted to have the lid off. They asked the mayor to either give them that permission or to let somebody else act as mayor during that week. He took the position that he was elected as mayor and could not properly turn the office over to some one else.

A few of the permit holders took the chance and violated the law. Cases were pending against five of these law violators when we were in Sarnia. Mr. LeSeur and others testified that the sale of 4.4 was not increasing in the beverage room. It was the universal testimony of the clerks or bartenders that 4.4 was a failure as a seller. Superintendent Conn and Mr. Finney both concurred in the statement by Mr. LeSuer. They also declared that it was a failure from the standpoint of suppressing illicit sales of liquor. One of the witnesses said that he knew of a man who had run out of industrial alcohol and in 20 minutes was able to secure a supply of liquor from a local bootlegger or illicit seller. It was the general opinion that home brew was increasing. Mr. Finney, who is a wholesale grocer, said that the demand for cream of malt used in making home brew was steadily going up. Under Canadian law you can report that you are going to make home brew and make it legally up to any alcoholic content. None of the witnesses knew of a single person who had been weaned from the stronger liquors by 4.4.

FOREST

This is a small town of about 1,000 population. We met there Mr. H. J. Pettifield, editor of the Free Press; Capt. M. Oliver, of the Salvation Army; Mr. Walker; and others. All of these persons declared that the sale was decreasing in beverage rooms and practically no one was satisfied with it. This whole county had abolished the saloon by municipal action, excepting Sarnia, and the opening of 4.4 places was in direct opposition to the sentiment and vote of the people. They declared that bootlegging exists the same as before, no bootlegger being put out of business because of 4.4, and that no one had been reformed. It was the judgment of one witness that bootlegging had increased. It was indicated that the evils of the system were more real than obvious; that the bringing back of beer places and beer drinking had a degrading effect upon the people generally; and that they were headed in the wrong direction under this system.

PARKHILL

At Parkhill we met with Mr. McPhee, operator of general store; Mr. W. R. Sibley; Mr. W. H. Bartram, druggist; Mr. Harrison, hardware dealer; one doctor; and one of the firm of White & May, dry-goods dealers. They were strongly of the opinion that no one who wanted a stronger beverage than 2.5 was satisfied with 4.4; that for a short time after the adoption of 4.4 law illicit sale was reduced for a week or two. As soon as drinkers learned of its kickless quality they went back to home brew or buying from the bootleggers. This is another community where 4.4 is sold without sanction of the people legally. The druggist at this point called attention to the fact that 30 quarts of liquor may be prescribed in a month by a doctor on a Government dispensary, and an unlimited number of prescriptions may be issued on a drug store by a doctor for 6 ounces of alcohol for internal use and 20 ounces for external use.

ST. MARYS

* * * * * * *

At this place four hotels are selling 4.4. Testimony was to the effect that 4.4 has not hurt the bootlegger's business one bit and that no one is turning from stronger liquors to beer. The mayor, C. R. Richardson, thought that the price, 10 cents a glass, had much to do with the people refusing to buy 4.4; that there was not enough difference between 2.5 and 4.4 salable at 10 cents a glass. One witness said that the Dominion Government had put a tax upon 4.4 on the theory that it came within the excise laws, but the provincial government persisted in the theory that it was nonintoxicating beer. Rev. Thomas Green, pastor of the Union Church, said that at Simcoe, where he formerly lived, the proprietor of the best ice-cream parlor in town, a Mr. Gettas, said that he would not allow 4.4 to be sold in his place because it was not desirable and would cause him to lose the best part of his trade. The consensus of opinion of those present, and part of them were strongly wet, was to the effect that alcoholic drinkers were not satisfied with 4.4; that it had not stopped illicit sales; and some said that it had increased them. Reverend Green testified that at the resorts the young people were starting and developing an alcoholic appetite. They are caught off guard by the constant misrepresentation that 4.4 is nonintoxicating and harmless. Mr. Bernhart, manager of the local bank, said that 4.4 was like a seven-day wonder. It is all over now. The meeting was held in the city hall.

STRATFORD

Population, 19,000. Acting Mayor Andrews called the meeting to order in the city hall, and Mayor Brown came in later and took charge of the meeting. * * *

At this place there were several strong advocates of the present system of distributing 4.4. Alderman Moore has a permit to distribute 4.4 in bulk and was the distributing agent for a brewer. The chief of police said there was no increase of sale in hotels; that if the alcoholic content was stronger it would further satisfy and further reduce the use of strong liquors. Seven hotels and one restaurant and three shops have permits; also four distributing agencies (warehouses) sell to individuals and retailers. The chief of police, who is strongly in favor of the present system, said that home brew had trebled since 4.4. Doctor Monteith, who is a member of Parliament, says that 4.4 has satisfied to some extent those who wanted a stronger alcoholic liquor; that the regulations placed around the distribution of 4.4 were to protect it and prevent as far as possible criticisms from the public as to the failure of its distribution. He indicated that there were about 38,000 permits for home brew on January 1, 1925, in the Province.

The chief of police thought that bootlegging had decreased. He said that some persons got illicit alcohol and used it to mix with 4.4. Mr. William Newman, a labor leader, who was present, was strongly opposed to the present system. He said that home-brew permits would continue and increase under the law because there was more alcohol in the home brew. He resented the idea of the Government requiring him to take out a prescription to secure liquors for medicinal purposes. He spoke of a trip to England, taking his young daughter with him, and their idea that father had the right to take a drink whenever he wanted it but the children up to 19 should leave it alone. He said that the stronger liquor was father's medicine. He told of advocating sobriety to labor groups, because when sober they could win their fights and when drunk they always lost them. Alderman Moore, who distributed liquor, said he knew four people who had given up stronger liquors and were now good workmen since they were able to get 4.4. J. M. Smith, inspector of schools, said he did not drink much; that 4.4 is good and 2.4 at 5 cents a glass would please more people. Mr. Newman also stated that home brew had taken the place of strong liquor in some instances but not 4.4. Alderman Stewart was strongly in favor of the Ontario temperance act in its original form. He insisted that it had not been given a fair chance. Doctor Fisher said he would not try to cure any hard liquor drinkers on 4.4. The chief of police thought that 4.4 had decreased the illicit trade. Most of the officials interviewed at this place were strongly opposed to prohibition and evidently favor 4.4 as a stepping-stone to secure stronger liquors.

KITCHENER

Twenty-five thousand population. Meeting 8 p. m. at the city hall. The mayor presided. Nine hotel permits, four restaurant permits, one brewery permit are in force here. Mr. Soulty, representing the manufacturers, said the people were not satisfied with 4.4. Mr. Kennedy said he did not see any change in labor conditions as to contentment greater than when 2.4 was legalized. Mr. Bilgen, of the public-school board, said 4.4 has not solved the problem. The secretary of the school board said one man told him he could drink a gallon and not feel it. Another said, "I do not want it. It is no good." Still another declared that you could get as much of the old liquor as before. The secretary said it does not satisfy the people but will increase the appetite for alcohol in those who drink it. There are a great many bootleggers, as before. Mr. Bain, superintendent of schools, said no one was satisfied with 4.4. Miss Good, of the woman's council, said 4.4 is not solving or improving conditions. It will make things worse.

The chief difficulty with the Ontario temperance act was that it was not strong enough. It did not prohibit the manufacture and other parts of the trade. Doctor Hansberger, of the insurance company, said:

If 4.4 only satisfied the craving of men for alcohol, there was little craving.

There were only a few in the beverage rooms even on homecoming week. When asked why men wanted whisky when 4.4 was available, they replied, "4.4 is no good." He said the effect on bootlegging was nil. He also said that in eight years of prohibition a group of young people had become sober and they did not readily take to this beer, and the old driuker was not satisfied with it. He thinks the government is disappointed. Mr. Rieder testified that drinkers told him that 4.4 was no good and too dear. Mayor Ausmossen said that 4.4 had not satisfied those who wanted real beer. Second, it has not satisfied the whisky addict or weaned him to 4.4. Third, it has not eliminated bootlegging. They are not as near a solution as in 1916. The mayor was strongly opposed to prohibition. Alderman Poglesant said 4.4 has not satisfied the people; that the Ontario temperance act was a success; that he agrees with Hansberger. Doctor Heist said 4.4 is not eliminated. Reverend Imrie said as a young man he used to handle it but never used it; that 4.4 has not satisfied the craving for drink. He gave testimony about the benefits of the Ontario temperance act. He declared that the objective is to bring back old liquor. Mothers are going to him and asking for help where liquor is ruining people in the home. He said it made it more difficult for men who were trying to sober up and easier for the bootlegger. Mr. Holman, of the Waterloo Collegiate Board, said it had not satisfied the people. Mr. H. Lockhart, of the Twin City Labor Council, said, "4.4 has not stopped the use of strong liquor. There is more of it than ever before. It has not changed the desire for strong drink. It has not eliminated the bootlegger. Some laborers are satisfied with 4.4." C. L. Morrow said 4.4 is not satisfactory and has not checked bootlegging. Drunken people have increased in numbers since 4.4 has been legalized.

GALT

A city of 13,000. The Manchester of Canada. Mayor H. A. Gardiner presided and made an address of welcome.

There are three hotel permits, two club permits, and about 800 home-brewing permits in the town and country surroundings. Mr. Brewer, a member of the council, testified that he sold 2.4 but did not take out a permit for 4.4 because there is no demand for it. He said there was no body to 4.4. Mr. Foster and members of the press present testified that 4.4 was not meeting the demands, and that it was not a success; that the decrease in the sale was because of its kickless quality and the price. Mr. Bachaman, of the hydro commission, says that 4.4 has not eliminated the bootlegger, and that violations of law have increased; that there is a large increase of arrests for violation of the law by persons driving cars while intoxicated. A. R. Goldie said it has not weaned the drinker, who got his liquor from the bootlegger. Mr. Webster, contractor, said it disappointed men who wanted strong liquor. None present knew of any alcoholic addict who had been sobered by 4.4. This town had 15 years of local-option experience before the adoption of 4.4.

BRANTFORD

Population, 31,000. Acting Mayor Freeborn presided at the meeting in the city hall. Mr. M. P. Raymond, member of Parliament, said it was a political question and that he would not like to discuss it, but that 4.4 was not satisfactory. Ex-Mayor Parker, president of the chamber of commerce, said there was some evidence that intoxication was less and home conditions better under the Ontario temperance act. He thinks that the Ontario temperance act can not be enforced strictly. He says you can go to the phone and get any kind of liquor delivered in 20 minutes, or a short time; 4.4 is not popular. The sales are small because there is little difference between it and 2.5. It does not satisfy those who wanted the stronger liquor. Frank Cockshutt, business man, said that it has not satisfied people; that it had not diminished bootlegging, but has increased it; that it was more difficult to supervise a larger number of beer places; that the home life of the people had been bettered under the Ontario temperance act. Home brew was at first reduced, then when the alcoholic thirsty tested 4.4, home-brew permits increased. He believes that enforcement will come in time to respond to public sentiment; that economic savings are greater under the prohibition and the waste less.

Reverend Oke said that 4.4 satisfied no one. He declared the Government broke its pledge in adopting the amendment for 4.4; that it dissatisfied former liquor addicts and is harder to enforce. Mrs. Schuite, of the Women's Christian Temperance Union, said that it had aroused the women of the Dominion against liquor and for the advance of the home as nothing else had done in years.

We as women are willing to support any temperance act, but there is danger to children in tampering with any beverage like 4.4 with alcohol in it.

Alderman Mahen agreed with Mr. Cockshutt about the failure of 4.4. Mr. Shepperson, a manufacturer of refrigerators, testified as to better industrial conditions under prohibition. In 1913 they required a statement about applicants drinking. Now they have no need for such pledge. Use of refrigerators, a luxury, has increased since 1913, due largely to prohibition. He told of one man who put on $7,000 getting ready for the sale of 4.4 who declared he had lost it, and that Mr. Ferguson should pay it back. Another $100 spent and it was lost, too. Anybody who would sell a license to sell 4.4, that —— stuff, ought to be put in jail. Mr. Kilmer said 4.4 was a failure. Mr. Frank, city water commissioner, said 4.4 is a farce and satisfies no one. Illicit selling is not decreased. You can get anything by telephone. Mr. Thompson, president of the Great War Veterans, said:

Four and four-tenths per cent is a dud. It is not a remedy. The cost is too high.

HAMILTON

The meeting was held in the chamber of commerce.

Mr. A. H. Lyle testified that 4.4 has not satisfied the thirst of the alcoholic drinkers. The government has hedged it about with strong regulations as though it were a dangerous drink and yet declares it to be harmless and nonintoxicating. He said the government declared it would be a great revenue producer, it would decrease bootlegging, and wean the drinker from strong liquors to light beer. Instead, however, beverage rooms are practically vacant. It increases the thirst for alcohol. It enhances the business of bootlegging. On July 31 the Hamilton press carried the statement that drunks had increased 30 per cent under 4.4; that 10 cases would come up in police court to-morrow. He told about the output of one brewery being largely to bootleggers and that shipments had been trailed from the brewery to the ports and found it going back and sold in Hamilton by bootleggers. He said the advertising that beer is harmless had a bad effect. The two press men present said that it does not satisfy any person with an alcoholic thirst. Mr. Patterson, of the Enlow Manufacturing Co., said: "You can not drink 4.4 and be as efficient as a workman." (2) That women in foreigners' homes where the husbands work at the plant realize that the buying of 4.4 beer brings no adequate equivalent for the cost. (3) Women are drinking more. (4) Home brewing is increasing. (5) No one gave up bootleg liquor for 4.4. Mr. Slater, a manufacturer, said there was no middle ground; that we would either be drinkers or abstainers; that the fight would be a real prohibition law or its repeal. The local Hamilton paper recently voiced this same sentiment in an editorial as follows:

[From the Hamilton Herald, Saturday, August 22, 1925]

MORE "MODERATION"

It is clear that the program of the Moderation League does not satisfy the antiprohibitionists of British Columbia. The sale of spirituous and malt liquors in packages by the Government, with the accompaniment of doctors' prescriptions, is what the league aims for. This system they have in British Columbia. Anyone who wants liquor out there can get it in bottles at a government store. But an agitation has been started for the sale of beer by the glass, and it appears that by municipal local option on the question of the retail sale of beer—beer by the glass.

There is no such thing as a permanent compromise on the liquor question. As prohibitionists will never be satisfied with anything less than absolute suppression of the traffic, so will the majority of those

who want liquor never be satisfied with any restrictions which prevent them from getting it where, when, and in the quantities in which they want it. If the Ontario Moderation League's program were put into effect in Ontario it would not be a finality. The agitation would continue for the sale of beer by the glass.

Mr. H. T. Veals, said he called at one home to help quiet a drunken row and the man said that he did not want any of that 4.4. It was no good. There was no kick in it. Doctor Emory said that the great danger was that boys and girls were being told that it was a harmless beverage and that they would get the hoped-for real liquor. It has a dangerous, isidious nature, it satisfies no one. As the head of an insurance department he reported that they give a lower insurance rate to abstainers, and those who drink 4.4 can not qualify. He said that it was hard to keep minors from getting liquor as the law said "Those apparently under 18." Mr. Lyle said 4.4 has aroused the people as never before and the Province will go back to stricter enforcement. Mr. Patterson said no one was satisfied with it. (2) The drinker was not getting what he expected. (3) There is more bootlegging. (4) There are more accidents. Reverend Morrow said 4.4 has not satisfied the drinker, has not stopped illicit sale but increased it. He had been a resident in Hamilton for 11 years.

TORONTO

Mr. Bradshaw said they employ 1,400 men. Four and four-tenths has not satisfied those who want stronger liquor. Doctor Moore said he had visited 73 beverage rooms outside of Toronto. In 42 there were no customers, in 11 one told him it would take 100 years to get back the expense he had incurred in getting ready for the trade. Mr. J. M. MacDonald said there were few in the beverage rooms; that 4.4 was a failure and thus was not weaning alcoholic drinkers to so-called harmless beer. Mr. Fleming said he never heard anyone say anything in its favor. The unanimous opinion of those present was that 4.4 had not decreased illicit trade; that conditions were worse, and it was not acceptable to the community at large.

We were received cordially by the chief constable, the premier, the attorney general, and the license commissioner.

The chief constable of the city of Toronto corresponds to the chief of police in our cities. Under the Ontario temperance act each city may designate an officer to enforce the act, and then the fines and penalties are paid into the city or local treasury. The chief constable of Toronto is a splendid type of officer, who has been promoted from the ranks after years of service. His records show that he and his force are confronted with many of the same problems that we have in our cities. The effect of the Ontario temperance act on arrests for drunkenness and disorderly conduct are similar to those in many of our cities. They are as follows:

Arrest for drunkenness and disorderly conduct in Toronto, years 1911–1922, inclusive

	Drunk			Disorderly		
	Male	Female	Total	Male	Female	Total
1911	10,722	995	11,717	1,851	69	1,920
1912	12,686	979	13,665	1,940	51	1,991
1913	14,192	924	15,116	2,950	70	3,020
1914	13,277	970	14,247	2,658	76	2,734
1915	10,624	608	11,232	2,345	84	2,429
1916	9,147	492	9,639	1,372	63	1,435
1917	4,263	291	4,554	996	22	1,018
1918	3,246	187	3,433	1,083	18	1,101
1919	3,703	223	3,925	1,004	45	1,049
1920	5,872	258	6,130	1,017	14	1,031
1921	4,522	205	4,727	1,040	35	1,084
1922	3,780	279	4,059	944	41	985
1923	4,427	274	4,701	836	46	882
1924	4,289	290	4,579	952	42	994

Ontario temperance act came in force September 18, 1916.

The summary of all offenses is as follows:

SUMMARY

	1923	1924
Murder	6	4
Murder, attempt	5	3
Manslaughter	16	12
Automobile thefts	1,067	1,414
Bicycle thefts	1,317	1,371
Other thefts	4,029	3,847
Burglary	3	5
House and shop breaking	652	591
Robbery	48	44
Picking pockets	6,378	6,602
Total	13,563	13,945

In reporting crime conditions the chief sets forth in his report the following:

"It must be fresh in the public mind that many of the cities and towns of this Province have suffered from the depredations of criminals, and Toronto has not been immune from this sort of thing by any means, despite the earnest endeavor of the police department to prevent it. I am of the opinion that there is altogether too much sentiment with respect to clemency extended to criminals after that, in order to protect the lives and property of the citizens and make criminals realize that they must obey the laws of this country, whipping be more generally applied in cases of persons convicted of serious crimes, particularly those of a vicious nature, or committing a crime under arms."

With reference to the Ontario temperance act the chief reports:

Breaches of the Ontario temperance act show an increase of 649 cases over the previous year. Enforcement will, however, continue to be difficult just as long as the distillers and brewers are permitted to manufacture liquor presumably for export, which in very many cases never goes outside the boundary of the Province. Violators are also becoming more cunning and cautious. The police, however, have been honestly, persistently, and courageously prosecuting offenders, but in some cases are hampered by misplaced clemency extended to offenders who could be given jail sentences instead of fines, and made to serve every minute of the sentence. It would have a very salutary effect. The imposition of fines in the last analysis is only a license to carry on an illegal business. Further, I would again emphasize that in order to greatly assist in enforcement, aliens convicted of violating the provisions of the act should be deported after serving their sentences.

This does not cover the period since May, 1925, under the 4.4 law, but the unofficial records show that drunkenness and bootlegging are substantially the same.

THE PREMIER

The premier, as leader of his party, is responsible for the policy of 4.4 beer being adopted as a governmental policy. The attorney general outlined the law in his speech before the provincial parliament. Both the premier and the attorney general have taken the position publicly that 4.4 has not had a fair chance because, neither the wets or the drys have supported it, and for the further reason that the price of 10 cents per glass and 20 cents per bottle is greater than necessary and has driven the drinker of small income away from it as a cheap, palatable drink.

LICENSE COMMISSIONERS

Mr. Hales, chairman of the board of license commissioners, gave us the following information regarding the issuing of prescriptions and government dispensaries:

	Number physicians	Percentage of all physicians	Total prescriptions	Individual average
November, 1924:				
Nonissuers	719	18.23		
Issuing 1–25 prescriptions	2,190	55.54	20,521	9.37
Issuing 26–50 prescriptions	973	24.68	39,187	40.27
Issuing 51–75 prescriptions	61	1.55	3,229	52.93
Issuing over 75 prescriptions				
Total	3,943	100.00	62,937	15.96
December, 1924:				
Nonissuers	548	13.84		
Issuing 1–25 prescriptions	1,606	40.53	17,011	10.59
Issuing 26–50 prescriptions	1,890	35.33	58,053	41.50
Issuing 51–75 prescriptions	401	10.12	21,946	54.73
Issuing over 75 prescriptions	7	.18	580	82.85
Total	3,960	100.00	97,590	24.64
January, 1925:				
Nonissuers	699	17.75		
Issuing 1–25 prescriptions	2,285	58.03	21,387	9.36
Issuing 26–50 prescriptions	918	23.31	36,391	39.64
Issuing 51–75 prescriptions	36	.91	1,870	51.94
Issuing over 75 prescriptions				
Total	3,938	100.00	59,648	15.14

The number of prescriptions for 6 ounces and 20 ounces of alcohol that may be issued to be filled by a druggist is not limited.

MEDICATED WINES IN ALCOHOLIC PREPARATIONS

The license commissioner reports the following, which indicates the difficulties they are having with medicated wines:

MEDICATED WINES

The legislature in 1924 passed important amendments which enabled this board, in conjunction with the provincial board of health, to better deal with evasive preparations. In recent years manufac-

turers of alleged medicated wines, especially in the Province of Quebec, where their preparations were ruled as liquor by the Quebec liquor commission, have been persistent in invading the Ontario market, and all over this Province, and particularly in the northern and eastern sections, these wines have been the cause of much intoxication. With the aid of amended section 126, however, this irregularity has been greatly curtailed and the evasion medicated wine business is much less flourishing than it had been.

Under the section mentioned, the provincial board of health is qualified, after careful analysis, to certify whether or not a preparation is medicated sufficiently to prevent its use as an alcoholic beverage, and its certificate is conclusive evidence thereto in court. An adverse certificate has the effect of showing that the preparation should be classed as liquor, which can be sold legally only under the restrictions imposed by the act. The following preparations have been certified against under the provision mentioned:

Doctor Comentry's Invalid Port Wine, Doctor Clark's Tonic Wine, Doctor J. O. Lambert's Elixir Tonic Wine, Doctor Winfrey's Tonic, Perfection Tonic Wine, Quinquina des Princes, Ransay's Tonic Wine, Saint John's Wine, Sanitas Tonic Wine (Vin Sanitas), 303 Invalid Port, Tonic Benedictin, Tonic Porteau, Vin Benedictin, Vin Sanito, Vin Saint George's, Vin Saint Malo, Vin Saint-Mark, Vin St. Michael, Vin Saint Paul, Vin Tonique Saint-Vivant, Walker's Malt Extract, Wilson's Invalids' Port Wine, Wilton's Tonic Wine.

It is interesting to observe from the 1924 report of the Quebec liquor commission that in that Province war is determinedly waged against evasive preparations posing as medicated wines, a list being printed of no less than 45 such preparations classed as liquor in the Province of Quebec, the list including a number which are in the Ontario list above.

The drug trade in Ontario has been circularized and a list furnished of preparations certified against, so that druggists are now informed on the subject, and they occasionally inquire of the board when preparations with new names arise.

MANUFACTURERS' PERMITS

The permits issued during the year for use of alcohol and other liquors for manufacturing purposes, under section 121 of the act, number 391. The commodity most used in manufacturing alcohol, of which the use of 858,187 gallons of standard alcohol 65 overproof was permitted. The quantity actually used as reported by permit-holders during the year was:

"In gallons of standard 65 overproof (or 165 proof), 326,692.

"In proof gallons (or 100 proof), 539,042."

All the large users manufacture in bond, the alcohol being taken out of bond and mixed for manufacturing purposes, or denatured, in the presence of an officer of the department of customs and excise of the Dominion of Canada.

These officers have far greater powers to supervise and revoke permits than do the enforcement officers in the United States. They have full discretion to grant or revoke when they believe it is for the best interests of the government.

BEAMSVILLE, ONTARIO.

Mr. Kemp, a member of the provincial parliament: He said 4.4 does not satisfy those who want a stronger drink. He thought the sale locally was greater than that of 2.5, largely because of the tourist traffic, which was at least willing to try it out once. He said it had not eliminated bootlegging, as he put it "decidedly not," but had given the bootlegger a better opportunity. The liquor addict has not been weaned from stronger liquor. He said one regular drinker told him, after buying 4.4 for the first time, that hereafter he would save his dime.

There are two distributing agencies of wine, or wineries, one in Beamsville, the other near by. The wine is sold by the case, 12 bottles in each case. People are drinking this wine locally in large quantities. They bring it to the home and all may drink it, young and old. Four and four-tenths is not satisfactory to the community.

ST. CATHERINE, ONTARIO

Population: 22,000.

Permits

Five hotels; four restaurants; two clubs; six or more shop permits.

Mayor Jacob Smith presided at the meeting.

He said 4.4 has not given satisfaction to alcoholic drinkers. These drinkers say that is a disappointment. One brewer he reported as saying that unless a change came soon he would have to quit. It is not satisfactory to the drys. It has not stopped bootlegging, but on the other hand increased it. Three drinkers of home brew told the mayor that 4.4 was of no use and they would not drink it.

Mr. Hetherington, a school-teacher, said his experience of 50 years as a teacher in dealing with youth caused him to reach the conclusion that no good came from any kind of alcoholic liquors, 4.4 or any other. He said it furnished a cover for bootleggers; that the evil was in advertising it as innocent liquor, when it creates the habit for stronger alcoholic liquors and would result in demanding legislation to legalize such liquors in the future.

Hugh M. Bell, Scotchman and a soldier, comparatively a young man, said that he was brought up with the view in mind that drinking was one of the social amenities; that the saloon was an evil and debauched the community; that its abolition was a good thing, especially the bar. He said, however, no one has any right to tell anyone else what to do. He had always seen liquor in the home; that he did not know of any officers or others who did not have it. The bar will not come back, but those who have money can get liquor. The law works in the interests of the rich against the poor.

NIAGARA, ONTARIO

Mr. Cowan, president of the chamber of commerce, presided. Mr. Cowan is also editor of the local paper.

He said that 4.4 was a profound disappointment to everybody because of not enough kick in it to satisfy the alcoholic thirst. It was to be used as an entering wedge to further weaken or repeal the Ontario temperance act; 4.4 means 7.7 under certain conditions, when the liquor continues to ferment. He said that judging by the local arrests and process reports, there was more bootlegging. Most of the bootlegging cases were for the sale of whisky. He thought that many of the wets were better satisfied with 2.5. It was cheaper and the difference in the alcoholic content was not sufficient to justify the added expense. He spoke of two hotels at Niagara. One had spent $1,500 to separate the bar by a glass partition and other requirements under the 4.4 law. The other spent $2,000. He said neither had gotten enough out of it to pay for their expenditures.

There are 10 hotel permits, about 35 restaurant permits, 2 shop permits, and 6 distributing agencies at Niagara.

He said that whisky and other intoxicating liquors marked for exportation from Canada would be cleared for that purpose, but much of it was diverted back.

Mr. Gay, a manufacturer, said he had not heard anybody speak favorably of 4.4; that the employees with whom he came in contact report that it is not good. He saw harm in it, as it furnished a place for the old drinkers to hang around a beverage room.

Mr. James said there was a restaurant in his building, but he sees practically no one using 4.4; says the men who were drinking strong liquor before are getting the same kind of liquor now. He thought it was a subterfuge to increase alcoholic appetites; that none were weaned away from stronger liquors.

Mr. William Delaney was one of the deputation who waited on Premier Ferguson opposing 4.4. He said that Mr. Ferguson had told them that 4.4 was intended to decrease permits for home brew. On the other hand, it had increased them; that his employees say that the Ferguson government has handed them a gold brick.

One man said he had a case in the cellar and it went sour. None were weaned off from the stronger liquor; bootlegging conditions were not changed for the better. They would be worse were it not for the fact that the government in its attempt to make the 4.4 policy a success had increased the penalty, making it a jail offense to be a bootlegger.

WELLAND, ONTARIO

Mr. Garner, real-estate owner, said that hard drinkers would not be weaned away from those drinks by 4.4. He was in favor of the Ontario temperance act. Said that the citizens of Ontario were responsible for these hard drinkers by permitting the sale formerly of strong liquors so that they became liquor addicts. He said the people of the Province did not vote for 4.4; it was forced upon them. Those who favored 4.4 for drinking purposes now advocate more alcohol. The Government said in the law that boys must not have it; that it is dangerous; yet they advertise it as a harmless drink. He said the Government said you could not drink it standing up, and placed many other regulations upon it. He said it had not satisfied the drinkers or the people generally; that the Ontario government would benefit from it, even if it is getting some revenue.

The chief of police, Mr. Crabb, said that there were four hotel permits, one restaurant, one or two shops, one brewery, and distributing agency near by.

Four and four-tenths has not affected bootlegging. If there is less drinking, it is due to other causes. It has not satisfied alcoholic drinkers. It is a ghastly failure. It is a stepping-stone for further weakening of the law. It has not decreased illicit sales. The Ontario temperance act, he said, can be enforced.

Old alcoholic drinkers are falling back on home brew, native wine, and bootleggers' supplies. Arrests under 4.4 are not less than former arrests for drunkenness. Hotel keepers are disappointed.

Mr. Gross, the solicitor, said:

The act is leaning too much on law and not enough on the Gospel. Four and four-tenths does not hurt the situation. The less law you have, the better. The Ontario temperance act should be modified.

Reverend Bunt agreed with the chief of police that 4.4 is a failure.

Miss Dair said that not one of the hundred women in the Women's Christian Temperance Union were satisfied with 4.4. There is some drinking in the homes. It will harm boys and girls, because it will create alcoholic appetites. It is advertised as harmless.

She spoke of the Cincinnati Malt Cream, which was being purchased in large quantities to make home brew. She thought the bars were doing less harm than home drinking. No one was weaned from stronger liquors by 4.4.

Mr. McMurry, former hotel keeper, had had experience with both sides of the question. He said that 4.4 had not lessened drinking or drunkenness or crimes and is satisfying no one. It is a failure. Young people are drinking it and it will create appetites for liquor. It is easy of access and advertised as harmless. He thinks it is intoxicating. He said there were just as many bootleggers at least, and he thought more of them, than before.

Reverend Forester works among the foreigners in this community. He said 4.4 has not helped. He said they have the same foreign bootleggers. Some of the foreigners would rather drink 4.4. It has not changed the situation in the section known as the foreign section.

The chairman thought it would not remain in its present situation, but that it would be more than 4.4 in the future or no liquor. Mr. McMurry thought the drinking habit would increase.

DUNNVILLE, ONTARIO

Population, 3,500.

Mayor Camelford presided.

He said 4.4 was not satisfactory to old liquor drinkers. No one was weaned away from stronger liquor, bootleggers were not stopped, not even 9 per cent beer by home-brew was lessened. Four and four-tenths made it more difficult to enforce the laws. More men were drinking the stronger liquors; 2.5 was better than 4.4, taking into account the cost. There was no difference in arrests or in home-brew drinking.

There are three hotel permits and two restaurant permits. None of the grocers would take out permits because women would not send their children to the groceries if they sold beer.

Mr. Payne said 4.4 was not satisfactory; bootlegging was not stopped; under eight years of prohibition the people have been educated against the barroom and drinking. This explained why in many places where the law was enforced the sale was small. They would not drink it, and the old topers did not like it. The restaurants would not take out permits to furnish beer because it alienated the best of their trade. The old alcohol drinkers in many places will go in and sit at the tables, drinking this beer, and these tables are needed to furnish customers with food.

Colonel Massey, local magistrate, said home-brew permits have increased. It has not stopped bootlegging. The local newspapers at Fort Colburn the day before gave an account of the arrest or trial of 12 bootleggers. Arrests for drunkenness have increased some because of the mandatory jail penalty just enacted into law. Fines are not a deterrent to bootleggers. He said that Frontenac beer, 11 per cent, was most popular. The export beer, supposed to go to the United States, does not always reach the United States, but is bootlegged back into Canada to supply the illicit trade. He said the law against illicit stills was well enforced because the informant gets one-half of the fine; 4.4 has not decreased hard liquor because of the availability of the stronger liquor.

Mrs. Colbeck said she saw no difference in the situation.

Reverend Wright said he saw no particular change; drinkers were disappointed. No one was weaned away from stronger liquors, but there was an increased desire for more alcohol. The mayor said the plan was to encourage hotels and to give them preference in securing permits, as tourists would want this beverage, and it would give the hotel advantage in getting custom for the hotel.

SIMCOE, ONTARIO

The meeting at Simcoe was at the home of J. A. Wallace member of the House of Parliament, Canada.

George Sherwood, second vice president of the chamber of commerce, said that 4.4 was satisfactory to a few. It was not satisfactory to the drys and was not strong enough for the others. He did not secure a license; there was not enough demand for 4.4. Others said that the permit holders had not gotten enough out of it to pay for their license fees and added expenses. It had not affected bootlegging. The drinkers saw no good reason for changing from the stronger liquors, which were available under home brew and from the wineries, to 4.4.

T. F. Wright said that some brewers were not satisfied because all could not sell 2.5 with practically no regulations.

The present beer is surrounded by many regulations. The output of the breweries is less. He said none were satisfied, but when they can get stronger liquor the bootlegger is the beneficiary. His home is on a line or road to a big bootlegging joint run by a foreigner. He sees no change in the number or character of the people going to this bootleg joint. He said there was a real danger in it to the youth, because it was advertised as a harmless drink, and told of an instance where a boy of 17 in a good home was acting strangely and on questioning admitted he had been carrying 4.4 to some parties on a hot day and it had affected him.

Mr. Wiseman thought the time for a complete test was too short, but that 4.4 was not satisfactory. He was in Windsor the first days when it was sold; later on the sales had decreased. He quoted a hotel keeper, where he had stopped, saying that bootlegging had increased under 4.4. He also told of a number of excursionists at Windsor who were drunk after drinking 4.4, or something else which they put in it. He said bootlegging had increased.

He told of a boat at Kingsville which got clearance papers for Cuba nine times, but had really never gotten there, and in most instances had never left the dock. Part of the liquor was evidently bootlegged back into Ontario.

Mr. E. C. Groves, member of Parliament, said that he was practically an abstainer. The Government tried to satisfy the moderationists, not the extremists. He thought 4.4 might divert some drinkers from the stronger alcoholic liquors, but knew of none that had been. He said it had not succeeded, because it did not have the support of anyone; that is, both the wets and drys were against it. He said the dishonest hotel man was cheating, and it was unfair to the honest hotel keeper. He thought the Dominion tax of 12 cents per gallon hindered the success of the law, because of added cost. He thought 4.4 was better than 2.5 unless the added alcohol was so great as to make more progress. He thought government control by local option would have been better; that home brew had first decreased, then later increased because of the added cost and insufficient alcoholic content of 4.4. He said the hotel men hurt 4.4 by the large price they charged and their lack of support. They did not boost 4.4 or answer the objection of the drinkers when they said it was no good. He thought they should have told these men that it was all right and was a good drink and that they would be better off using it instead of the stronger liquor.

Mr. Richardson, a member of the Lincoln County council, said 4.4 was not satisfactory to the drinkers nor the drys; that in 1919 there were only two in jail, as liquor was practically eliminated, but that the jail was now full. He spoke of Meridan as being a distributing point to the United States. He said bootlegging was on the increase. He thought it would be a better solution to go back to the law of six years ago. Home-brew permits, he thought, had increased.

George A. Muir, chief of police, said he thought 4.4 had satisfied many of the alcoholic drinkers and some of the people. Bootlegging had decreased. He did not know of any alcoholics weaned to 4.4. Home-brew permits have increased in the Province and in the locality. Most of the bootlegging is in hard liquors. He said the groceries and the restaurant people would not handle it because of the women in that community. It is a strong dry community.

Mr. Wallace said it was not satisfactory for those who wanted the stronger liquors, nor to the temperance element. A generation had arisen educated against beer and they have not yet taken to this.

Mrs. E. D. Heath told of the experience of her daughters who had seen many drunks on the street. She thought 4.4 had not made any difference for the better.

Mr. Reid, prominent lawyer in the community, said there was not much change by 4.4. The drinkers were not satisfied nor the drys. No one was weaned away from stronger liquors to 4.4, but it is a wedge to bring back full-powered beer under government control. Simcoe was better under the old Ontario temperance act.

Mr. Nellis said no one was weaned away from strong liquors by 4.4. The permit holders are greatly disappointed.

Mrs. Stewart, of Port Dover, said that the hotel keepers in her community were more arrogant and insolent now that

they had the permit to sell; that there were more bootleggers; that home brew was more prevalent. She had seen increased drunkenness. The effect on the young of selling 4.4 was bad.

TILLSONBURG, ONTARIO

A. E. Menshall said that 4.4 was not to the mind of the majority of the people locally or in the Province. It has increased bootlegging both in the Province and on the border. It had increased the drinking of the youth and on the highways. The grocers would not sell it because the people would not send their children to the groceries if they did.

There are three hotel permits.

William McGuire, postmaster and editor, has taken a prominent part in civic affairs for 24 years. He favored the Ontario temperance act. He said 4.4 is not good. It is not satisfactory to anyone; 4.4 is a cover for bootleggers, as they have a legal headquarters and can bootleg more easily from that place. Drinkers want more alcohol and will not be satisfied with a halfway act.

Others testified that no one was satisfied with 4.4, and no one weaned away from stronger liquor by it. Bootlegging had not decreased, but, on the other hand, they thought it had increased; also, home brew has increased.

The St. Thomas jail had more inmates in July than at any other time. The clerk of the town said there was as much or more liquor being sold as before the 4.4 law went into effect.

ST. THOMAS, ONTARIO

Population, 18,000.

Mr. A. McCrimmon, county attorney, said that 4.4 has not satisfied the drinkers.

Mr. McCredel and Mr. Nelson both agreed. Mr. Nelson said it was a failure. Mr. McCrimmon said he had tried 175 cases. Two claimed they had gotten intoxicated on 4.4. Bootlegging had not decreased. Home brew is about the same. No one was weaned away from stronger liquors.

Hotel permits, 7; no shop permits; restaurant permits, 1, or at least an application.

"The tendency is to get the young into drinking habits," said the county attorney. One doctor prescribed for 12 young men quarts of liquor; 4.4 has not stopped this or any other kind of illicit selling.

It was said that export beer and whisky would be billed to Cleveland and then cleared to Buffalo. A report of the illicit traffic in liquors was given in one of the local papers, as follows:

TRUCK AND TRAIN USED FOR LIQUOR—POLICE ALLEGE EXTENSIVE TRAFFIC FOR YEAR PAST—GUISE OF JUNK DEALING—DISCLOSURES EXPECTED AT SEGAL TRIAL, OPENING TO-DAY

[By Staff Reporter]

ST. THOMAS, August 24.—Information obtained by provincial police, who have been investigating in St. Thomas and district, will in all probability be divulged to-morrow at the trial of Edward Segal, of 10 Hughes Street, St. Thomas, charged with illicit transportation of liquor. Segal will appear before Magistrate Hawkshaw at London.

The presence of a liquor ring, which is said to be centered in St. Thomas, is said to have been established following more recent investigation conducted by High Constable Wharton and his deputies. From the meager information obtained indications are that of the biggest clean-up of any illicit liquor syndicate in Canada.

BIG SHIPMENTS

Evidence obtained by the provincial men is declared to show that at least three truck loads of liquor were shipped from St. Thomas every week. These shipments of liquor have been made for the last year at least without a check. The first setback the liquor ring is said to have suffered was when a truck loaded with liquor was stopped by the police at Thorold. Some time afterwards a freight car labeled from London was searched by the police and found to contain thousands of dollars' worth of liquor, which was confiscated. Apparently the tactics of the liquor ring were changed, for during the last few months several large consignments of liquor have been shipped to St. Thomas direct via railroads.

The operations of the ring are extremely intricate to those not conversant with them, according to information the police obtained. The "master mind" is in London, and the whole of the operations of the liquor ring are said to be operated under the guise of dealings in junk. The liquor is shipped into London with junk as a "covering." The report indicates that the "master mind" has many assistants, one of whom is said to have been in the London police court on many occasions.

The man at the helm takes care of the purchasing of the liquor. That's all. His assistants handle the wet goods and distribute it. There are stated to be no less than a dozen places in London from which liquor obtained from this source can be purchased.

Fred Dexing and Henry Parker, both of St. Thomas, alleged to be employees of Segal, will appear on the same charges as the latter. They were arrested when their liquor-laden car upset near Chatham a week ago yesterday.

LONDON, ONTARIO

Population, 65,000.

The local inspector, Mr. Lucas, said conditions were better than they were a year ago. Drunkenness is about the same. He reported that some say in police court they can get drunk on 4.4, but they are the same as those who got drunk on other liquor. There was a falling off of home-brew permits at first, but they are increasing more than ever.

If you file notice that you intend to brew in the home, the government can not penalize you even though it does not sanction or give permission to make home brew to those who are law violators. In other words, when notice is filed, home brewing begins regardless of the government's action. There is no revenue from making home brew. Bootlegging decreased because of the new mandatory jail penalty and the law. None were cured or weaned by 4.4. Mr. Lucas thought that there were 10 applications now to 1 before the advent of 4.4. He thinks the majority taking out permits are foreigners, but can not tell in many instances from the name.

Mr. Young, merchant, said that 4.4 does not satisfy. It does not wean from stronger liquors, but revives an old-time appetite for stronger liquors. He says some young fellows will try out few bottles of 4.4 to see what it does. He said the hotels were at first well patronized, but that the sale has fallen off. The brewery and warehouse trade was quite large with the foreign element; most, however, of the liquor in London was sold on the premises. (These last statements were made by the chief of police.)

Mr. McDermid is a manufacturer. He said 4.4 had not satisfied the drinkers; that the mandatory jail penalty had decreased bootlegging; 4.4 had not made any difference for the better. He told of the way the men in his office worked for 4.4 but were now disappointed.

Mrs. Thornley said they had 225 Woman's Christian Temperance Union organizations in Ontario. No one was satisfied, either drys or wets, except as the wets view 4.4 as a wedge to get more. Advertising it as a harmless drink and allowing it to be given away at picnics is dangerous to the youth. In one instance, she said, it was reported that the brewery furnished the liquor. The young people are hurt by it because they are forming a taste for alcoholic liquors; bootlegging is continuing; 4.4 will awaken a sleeping thirst in those that have stopped the habit but are still struggling with it, and also create a thirst in the young. She knew of no cases of liquor addicts being weaned off.

Mr. Hofferd, an educator, said that 4.4 did not satisfy. He spoke of being in a bootblack parlor where the bootblack asked him, "Have you been down to taste the new beer?" He said, "I have been there. It is not good," and hoped that beer would get better. He said this kind of beer would create a taste for it among the young. It is not safe to drink 4.4 and drive an auto. It is not weaning off the old drinkers.

Mr. Kennedy said it was advertised as a harmless drink, yet it satisfied neither wets nor drys. He told of the drunkenness and fines that they used to have at picnics and other places which occurred before the advent of the Ontario temperance act.

Professor Bowman, a professor of chemistry, testified that 4.4 had not satisfied. The sale was a disappointment to the sellers. The jail penalty has helped to decrease bootlegging. Four and four-tenths is a cover to sell stronger liquor and no one was weaned away by it from stronger liquors.

BLENHEIM, ONTARIO

Population, 1,600.

Mayor Warwick was present.

He said the police court records showed a decrease in bootlegging, but it was due to the mandatory jail penalty and to police activity. People were not satisfied with 4.4. The old-time soaks are dying off. Four and four-tenths per cent is absolutely a failure. Thrust on the people against their will. Hotel permit holders were disappointed at the decreased sale. None of the grocers would take out permits because the people would not send their children to the grocery if they did; and restaurants because customers of the lower type would take tables in restaurants and keep out the best customers. No one was weaned from stronger liquor.

Mr. Clinton Bentley, clerk of a hotel holding a permit, said it had added no trade locally, unless it were the curiosity trade from the United States. The tourist trade had doubled because of it being on a detour, the road from Windsor to

Toronto being closed. This detour had increased the traffic 40 per cent.

Charles Lowes stated that 4.4 was not a success. He is a special officer under the Ontario temperance act, but the town gets all the fines. He thinks it might create an appetite among the young.

The hotel trade there was about $9 a day, on the average. Home-brew permits had increased, especially among the Belgians in the surrounding country. Very little of 4.4 is sold direct to the homes in this community.

Mr. Fleming, of the school board, said 4.4 was unsatisfactory to those addicted to drink, also to the drys. It is set in the minds of the wets to get old liquor and to bring back the bar.

Mr. Riceborough: Four and four-tenths is a disappointment; an opening for stronger liquor. It has not decreased bootlegging.

Mr. C. L. Vangruter said the distributing points were a curse. They are supposed to ship their export liquors to Cuba, and they are back in the Province again in an hour or so, supplying their liquor to the bootleggers. The Ontario temperance act had decreased drunkenness. Now that they have prosperity, there are no real rich or real poor in the community.

Mr. J. N. Denholm, editor: 4.4 is not satisfactory. Bootlegging continues. No one has given up the stronger liquors for 4.4.

Mayor Warwick, contractor, said that he had built homes for men who could hardly pay rent until prohibition was adopted.

CHATHAM, ONTARIO

Mr. Charles Austin, ex-mayor, presided.

Alderman Baxter, in the customs department, said:

Four and four-tenths is better than two and one-half, but I don't think much of it. Home-brew privilege comes from an old English law. Four and four-tenths has satisfied a certain element in the community to some extent. There are fewer prosecutions. Illicit dealers are making moonshine, and this had decreased some.

Alderman Briscoe, a dealer in wholesale groceries: Four and four-tenths not satisfactory. A 9.0 beer would do away with the bootleggers better than 4.4. The strong—

He said—

should not attempt to tyrannize over the minority.

He thought possibly that bootlegging had decreased some. Part of the bootleg industry had increased under the export business.

Doctor Oliver had a large experience in coming in contact with the people. He said no one had given up the stronger liquors for 4.4. It has not satisfied the thirst of the alcoholic addict. He did not think that the government thought it would do this, but it was a step to the moderationists and would lead eventually to the reestablishment of the liquor traffic if not checked. He believed it increased bootlegging. He did not use prescriptions, but some people were asking doctors to write prescriptions. You could get 20 ounces of ethyl alcohol on prescription and use it to drink, although you could get it for rubbing purposes without a prescription, if it is made so as to be unfit for beverage purposes.

Doctor Hicks said that 4.4 was a fraud. Every day abuses of the liquor law are reported in the press. Bootlegging was as bad as ever. Some people are asking for prescriptions.

Mr. Thomas, a manufacturer, said 4.4 did not effect the people in his factory; that all that he knew of were disgusted with it. It leads to a desire for more alcohol. You can not monkey with alcohol without being scotched.

Mr. Smith, of the fertilizing company, said that it had not been satisfactory to the old alcoholic drinkers, had not weaned the alcoholic drinkers to 4.4, and had not decreased bootlegging.

Mr. Campbell, a manufacturer, said that Doctor Oliver had largely expressed his views of the situation; that 4.4 was not satisfactory; that employees were better off without it. Formerly he had to use checks to prevent drinking employees from spending most of their money in the saloon before they provided for their families. He thought 4.4 was a wedge to weaken the Ontario temperance act.

Mr. McClesh, of the Erie Savings Branch Bank, has watched drinking at the distributing point. Four and four-tenths has not satisfied, and he says in some places tables and glasses are for sale. It is dangerous because it creates an appetite for stronger liquor.

Mr. Hall, a boot and shoe merchant, said that drunkenness had decreased under the Ontario temperance act. Tables were empty in the 4.4 beverage rooms after the first two weeks.

Mr. James, manager of the gas company, said 4.4 had had no effect. It was not satisfactory. It would be used to get the bar and the old liquor traffic back. The Ontario temperance act had bettered labor conditions.

Mr. Cummings, an instructor in the public schools, deals with 2,000 girls and boys. He said these girls and boys did not need any artificial stimulant, even 4.4.

W. H. Weston, manufacturer, said 4.4 has not satisfied anyone. The employees who were drinking men were not satisfied. It did not decrease bootlegging, but was a worse menace to youth than the old conditions. It created or kept alive the alcoholic appetite. The thing most needed now was to strengthen the law.

ESSEX, ONTARIO

At this point all questions put together and replies state that the arrests were about the same, also the home-brew permits. Also, that 4.4 does not satisfy the drinker. It does not decrease bootlegging and does not wean the old alcoholic drinker to the lighter beverage.

WINDSOR, ONTARIO

Population, 85,000.

At this point we were quite late and only six or seven persons were present.

Mr. Frank Wilson, who is one of the chief leaders of the wets in the Dominion Parliament, made an attack upon the committee, claiming that it was dry and refused to answer the questions submitted which were presented at all the other meetings. The press clippings attached hereto make clear that Mr. Wilson is opposed to 4.4 because he wants a stronger alcoholic-content liquor and for other reasons set forth in the interviews which are attached hereto.

Mr. Watts, the director of the Moderationists League, said that they want the Quebec law in operation in Ontario; that 4.4 does not satisfy. He claimed that their representatives in Toronto were denied an opportunity to present their views, although he refused to express his when he was present, and in spite of the fact that representatives of other organizations and the Liberty League, another wet organization, had attended many of the meetings and given their viewpoint as to why they were against 4.4.

Mr. Bryan, another representative of the Moderationists League, said they did not want the bars back, that they wanted a system established so that they could get what they wanted from places under Government control.

Doctor Bryan said that 4.4 had not stopped bootlegging.

Mr. Redeker said that 4.4 is neither one or the other. It is not satisfactory. He said 4.4 is against the will of the majority in the Province. Did not see drunkenness at the advent of 4.4 but the establishment of the beverage rooms brought back the same old spirit and smell and the red-light crowd on the street. He said those who wanted a refreshing drink would use it and that many drank it and it did not affect them. He told of one man who gave him his experience. He said decreased bootlegging was due to the stronger penalty in the law and not to 4.4.

Mr. Redeker also testified that he knew of no one who had been weaned away from stronger liquor.

Mr. Rodd, the chairman, said that none were satisfied with 4.4; bootlegging had not decreased, and that the estimated amount of revenue from liquor by the Treasurer of the Government indicated that the government was planning to have the people waste their money for something that did them no good. He said Canada could ill afford to spend money for this kind of a beverage. He predicted that the Dominion Parliament would ask for greater alcoholic content in liquors at the next session. He said none had been weaned off from the use of stronger liquors.

Mr. Rodd gave me a few of the many clippings from the local press during the week, which we had spent in Ontario, showing the violations of the law locally. We append these to this report; also, a few of the large number of clippings that appeared in other papers in the Province, indicating the extent of law violations under this 4.4 beer system.

MONTREAL

Wednesday, August 26, 1925, was spent at Montreal, having left Toronto Tuesday night on the sleeper and arriving in Montreal on Wednesday morning.

Montreal is the site of the provincial government of Quebec. Here are the offices, warehouses, and bottling rooms of the Quebec Liquor Commission.

It was our purpose to spend a day and evening in the city making a first-hand study of Quebec's so-called government control of the liquor traffic. After breakfast at the Mount Royal Hotel we made our way to the court buildings. It was of interest to note that the courts were crowded with the same class of complaints as was found in the recorder's court of any city in the States in the days of the licensed barrooms.

In the first court visited the proceedings were carried on in the French language of the Province. A newspaper correspondent sitting at the press table by our side helped us to interpret some of the cases. As I stated above, they were all typical of the old day. A father, brought in by the police officer, charged with drunkenness, a parent of seven children. A Salvation Army officer interfered in his behalf, to whom the court turned the prisoner over to see what might be done for him. A boy, looking as though he was scarcely 17, charged with soliciting, was fined with costs, and the judge said $5 more if you are brought back again. A woman, evidently of the hard-working class—might have been a charwoman—fined for drunkenness; and so the cases went on.

We went to another courtroom—Judge Semple. The judge remarked that the beer sold was 14 per cent alcohol, and two bottles would make you want to climb the mountain. From there we went to the liquor commission's court, presided over by Judge Enright. The cases before the court that day were the violation of Quebec's liquor commission laws; 50 cases.

The commission maintains a force of 150 special enforcement officers, and the complaints for violations of the law, which we would term "bootlegging," averaged 150 complaints a week.

The provincial law, under government control, provides for the selling of beer, which we were told ranged all the way from 10 to 14 per cent alcoholic content, in what is known as taverns or barrooms, in restaurants and hotels with meals, and in grocery shops by case lots, not to be drunk on the premises.

Passing from the courts we noticed many of these grocery beer shops. One on a prominent corner particularly was noticeable because of the great number of cases of beer piled on the sidewalk. We entered the shop. The center of it was filled as was the walk with cases of beer. We looked around on the shelves for groceries. Less than $50 would have bought the whole stock at wholesale. We said to the man in charge, "Grocery business does not look very brisk." He replied with a grin, "There was not much grocery business in the summer time." In these grocery shops the sale of groceries must close at 7 o'clock. They put up beaver-board or wooden screens in front of their small stock of groceries and continue to sell beer through the evening, so that if a man wants to take home a loaf of bread or a can of peas or a pound of coffee to his family, he could not purchase it in these grocery shops; but he could take home a case of beer, provided he could carry it in the case or the bottle.

That evening we saw many of these grocery shops in the lower districts of the city. Colored porters were carrying back empty bottles and returning to the red-light houses with filled bottles of the beer. Near some of these grocery shops we noticed also the government liquor stores where spirituous liquors were sold. These stores are owned by the liquor commission and these liquors are sold in the original containers, not to be drank on the premises. We discovered in the first one men were bringing in empty containers and going away with liquor. Upon inquiry we found that this was wine, which could be purchased in bulk provided the patron brought his container. These liquors are wrapped in specially prepared paper with the watermark of the liquor commission in the paper, and the law provides that they must not be unwrapped or drank on the premises. We noticed, however, in each liquor store visited that the commission had conveniently placed large wire baskets, which were filled with the wrappers taken from the bottles by the patrons and thrown into these wire containers before the bottles were placed in their hip pockets, or in many cases small grips or hand bags. In the large liquor store near the Mount Royal, which was visited about 5.30 that afternoon, there were five or six bartenders waiting on trade. It was easy to distinguish the transients from the regular Montreal patrons of the store. Groups of young men could be seen consulting the price lists, conveniently placed on the walls, and after pooling their money one would go up and purchase the liquor. Sometimes two.

The law of the commission provides that only one bottle is sold at a time to a patron, but there is no provision forbidding the patron returning and purchasing a bottle as many times a day as he is able and has the money. As a matter of fact, we did see, though, in more than one liquor store, patrons come in with bottles of liquor and purchase more, and it is within the provisions of the law for a patron at one and the same time to purchase a bottle of so-called hard liquor and also a larger bottle of high-spirited wine. One can, through the mail, order a bottle from 10 to 40 ounces, the usual size being 26 ounces. In the citizens interviewed—lawyers, merchants, and general professional men—we found many expressing this opinion: That Government control does not mean Government control but Government sale, and the testimony seems to be on all hands that more strong liquor was being sold under the Government sale policy than under the old method; that it was given a veneer of respectability to the vender which proved seductive to the young men. Reliable authorities state that there were 200 blind pigs in one municipality of the Province.

We visited the Liquor Commission's plant and was very courteously shown through the building, which was an old Federal prison made over for the use of the commission. The commission has suites of finely appointed and finely equipped offices, the chairman of the commission having his own beautiful appointed reception, dining room, and conservatory. Well-equipped dining rooms for the officials and employed personnel of the commission, as well appointed first-aid hospital and nurses in attendance, are maintained. Vast stores of liquor of all kinds are in warehouses, a bonded warehouse of the Federal Government being part of the equipment. Great wine vats were shown. An extensive bottling plant is operated by the commission. The commission also buys other liquors and makes their own blend, putting it out under the label of the commission. The last room shown by the guide was the show room. There, in beautiful cases, liquors of all kinds in all kinds of bottles were displayed in the most alluring arrangement.

At the Mount Royal Hotel, though both dining rooms and coffee shop were well filled, we saw, with exception of a very few people, no one drinking the brewed liquors with their meals, either at dinner or throughout the evening. The persons so doing were so exceptional as to be readily noticeable.

We visited the places known as taverns, in which only beer by the glass can be sold. These taverns were in no wise different from the saloons of the old days in the United States, except that the bars were glassed in, as the provincial law provides that there can be no drinking at the bars. These taverns are furnished with tables, and in the places visited we found men sitting at the tables completely intoxicated, sleeping in various positions in their chairs or reclining with heads on the tables. In one place women were at the tables drinking with men. In many places a urinal would be placed along one side of the room. The boisterous, rough, obscene talk, the profanity, the general atmosphere was the atmosphere of the old saloon. We noticed a number were constructed as were the saloons of other days with a rear exit to the alleys, which in view of the fact that they must close at 10 o'clock was significant.

We stood at the intersection of two streets at the Windsor Hotel when the closing hour came, and the sight was one to dishearten any man who was looking for sobriety as the output of these so-called taverns. The evidence on all sides was so plain that it could not be mistaken by anyone that the system was an abettor and stimulant to the red-light districts and were appalled at the work of the whole system.

The liquor traffic in Quebec, except that in strong liquors sold in liquor stores, is conducted under a license system similar to that which we had before prohibition. The government store provides for the sale of whisky and strong liquors, including wine. The liquor is sold in packages, not to be consumed on the premises. Only one bottle of whisky or the stronger liquors can be purchased by any one person in one day. There is no limit on the amount of wine that may be purchased. Licenses are granted for the sale of intoxicating liquor to the following classes of persons:

1. Any person licensed in charge of a tavern may sell beer by the glass.
2. Banquet licenses for beer and wine are granted.
3. Groceries are licensed to sell beer upon order given at the store or by telephone on condition that no quantity less than one bottle be sold and the beer not consumed at the store.
4. Cafe and restaurant licenses are granted.
5. Club licenses.
6. Licenses to sell during meals at dining rooms of any establishments recognized by the commissioners as serving meals.
7. Licenses for the sale of liquor on steamboats and railway trains.
8. Brewers are licensed to make and sell beer to persons holding Government permits. Each brewer pays a $5,000 license fee and 5 per cent on the sales.

The present system is the outgrowth of brewery activity which started in 19—. At that time 92 per cent of the Province of Quebec was dry. It looked as though the Province would go dry. The opposition started a campaign for Government control for the sale of 2.5 per cent beer. They won out in the contest, but no sooner was 2.5 per cent beer legalized than they renewed their efforts with increased financial resources to

secure the sale of beer of ordinary alcoholic strength. Step by step this has increased until to-day one can purchase any amount of beer, wine, whisky, gin, brandy, or any other kind of liquor one desires in any quantity whatever. Even at the Government-control stores, which indicate that the purchaser can buy only one bottle, he is not prevented from buying a bottle at every store in the city or in the Province if he can reach it in one day. As a common practice men go into the same stores several times a day and the bartender will not recognize them as former purchasers.

The tavern is the same as the old beer saloon in the United States. They are required to have tables in them. This may be a wise precaution, as the purchaser can drink even after he is unable to stand. The law against sales to minors and drunkards and excessive drinkers is violated just as it was in the United States under the license system.

The mail-order department of the liquor commission sells liquor by mail to anyone in the dry municipalities, and government liquor shops are established in dry municipalities where they have not actually voted against the sale of liquor. In such a municipality when a protest is filed, the protestants are told that they are too late. There is no provision for a vote in the Canadian Government-control law. Liquor shops are started in this dry territory contrary to the protests of the churches, town councils, and other representatives of the municipalities. Liquor shops are started without notice being given to the people in these dry towns, and the government recently emphasized its refusal to insert a provision to require notice of such publication and to give the people a chance to show that the majority did not want liquor sold.

The government is frankly in the liquor business and is pushing the trade vigorously, although the whole system is supposed to promote temperance. The illustrated liquor-advertising pamphlets are drawn in the most enticing way. They make the mouth of an old alcoholic water and tempt even the youth.

By sending liquor by mail into dry municipalities they are undermining the dry territory and only about half of the Province is now under local prohibition. One of the strange inconsistencies of the Government-control system is the limits to which they go in pushing the sales of liquor while the health department advises in its bulletins that—

> If you want to grow up healthy and strong and avoid disease, abstain from alcoholic liquors.

Consistency is no part of the government-control plan.

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. TILSON].

Mr. TILSON. Mr. Chairman, for all time since men have gone down to the sea in ships there has been a peculiar awe attaching to the perils of the deep and to rescues at sea. During the present week this has been brought home to us by a most thrilling incident in the North Atlantic.

The United States liner *President Roosevelt* rescued the captain and entire crew of 24 men from the British freighter *Antinoe*, foundering in a raging hurricane in mid-ocean.

Twelve members of the crew were rescued Wednesday evening, January 27; the captain and 12 remaining members of the crew were rescued shortly after midnight Wednesday.

Two petty officers of the *President Roosevelt* were lost in one attempt at rescue. They were Ernest Heitman and Uno Witanan. The boat in which they were attempting rescue was capsized. Others in the boat were saved, but the raging sea swallowed these two forever.

The *President Roosevelt* received the S O S call from the *Antinoe* Sunday morning and reached the side of the foundering vessel about noon.

Six boats were lowered in the attempts at rescue. Only two of them were able to reach the side of the ill-fated vessel.

The rescues were made in a lull in the storm of snow, rain, and driving wind.

George Fried, of New York, the captain of the *President Roosevelt*, directed the rescue work. Chief Officer Robert Miller and Fourth Officer Frank Upton were in command of the volunteer crew that made the rescues.

Maritime experts say this was the first time in peace times that so many lifeboats have been lowered in rescue work, indicating the violence of the hurricane.

The *President Roosevelt* is operated by the United States Lines under the control of the United States Shipping Board.

The newspapers of England are overwhelming in their praise of the heroic rescue. King George has sent a message of thanks and praise of the heroic work of the officers and crew of the *President Roosevelt* to President Coolidge, which has been duly acknowledged by the President.

The crew of the *Antinoe* were without food for two days. The unfortunate vessel is still foundering in mid-ocean, a total loss and a possible danger to navigation.

Mr. Chairman, I now ask that in my time the Clerk may read a brief description of this rescue, which I send to the desk.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

[From the New York American, January 30, 1926]

AMERICA PROUD OF HER SEA HEROES

Our merchant marine is not very big, but it is a hero, and it has covered our flag with glory. Three times in recent memory it has brought all nations to their feet by its dauntless valor, its splendid death-defying sympathy for fellow seamen in distress.

Only a little while ago Capt. Paul Grening, of the *President Harding*, electrified the world by saving a crew which had despaired of rescue. Then Captain Fish, of the *American Trader*, duplicated the heroism of Grening and his men, and now Capt. George Fried, of the United States liner *President Roosevelt*, performs the admitted miracle of all sea history.

Amid the bitter rivalries of the world, amid the clashing of material interests, how fine it is to picture this drama of the deep—the wild tempest of the Atlantic, raging four days and nights with unabating fury. All this time the helpless crew of the British freighter *Antinoe*—25 of them—prayed and froze and hoped and despaired. And all this time, four days and nights in the indescribable chaos of the wild sea, this gallant American liner stood by to save that crew!

And the Americans saved that crew—every one of the 25—and now they ride back to England on the gallant *Roosevelt*.

There is a peculiar fitness in this rescue by this boat, which bears the name of an American dauntless in his day as was this crew.

It cost two American lives to snatch these helpless men from the devouring storm, and these two and their survivors of the lifeboats were as brave as any men who ever served on any ship in peace or war!

These gallantries of the deep fill us with the greatest pride; they remind us that we are a hardy race, a seafaring race that has written imperishable history on the waves.

There is only one thing about these epics of the sea which we would change. We would print the names of all the heroes—captains and common seamen as well—all who went forth in the lifeboats; but the names of the crew have not been given.

What a wonderful thing is the sea; what a page of ever-changing, never-ceasing interest in the book of life, and what a wonderful thing to feel that the three great thoroughbred missions of the ocean in these later days have been performed under Old Glory!

All through the four wild days and nights when Captain Fried and his gallant men waited, watching to catch death unawares, the whole world, through the marvel of the radio, viewed the classic combat between American intrepidity and nature's anger.

And now the whole world takes off its hat as our flag goes on to Southampton to be saluted by the guns and cheers and hearts of Europe!

Mr. TILSON. And, Mr. Chairman, I believe the membership of this House would take off their hats out of respect and admiration for such gallantry. [Applause.]

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. TILSON. Yes.

Mr. LAZARO. Last year I went to Europe on the *President Roosevelt*. On this ship there were Americans and foreigners who had traveled on many ships and all over the world. It was their judgment, and they said so openly, that Captain Fried and the officers and men under him were the most courteous and efficient men they had ever traveled with. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I wonder if the gentleman could not procure the names of the men who manned the lifeboats and insert them in order that they might have a little of the honor that we would bestow upon the officers and men?

Mr. TILSON. I shall be very glad to do that, but up to the present time I have been unable to get the names of the entire crew.

Mr. SUMMERS of Washington. But they could be obtained, of course.

Mr. TILSON. I hope so, and, if so, I shall be glad to insert them with my remarks.

Mr. LAGUARDIA. May I say that Captain Fried is a native New Yorker, and we are proud of him.

Mr. ELLIS. Who is the author of the article which the gentleman has read?

Mr. TILSON. The article just read is an editorial from the New York American of this morning.

The gentleman from Washington [Mr. SUMMERS] asked me to insert in the RECORD the names of other members of the

crew of the *President Roosevelt*. The Shipping Board has furnished me with a crew list, from which I have copied the names of the members of the crew in the deck department, engine department, and medical department, and under the leave granted to extend my remarks here insert them as follows:

Deck department: Robert Miller, Magnus Erickson, Thomas Sloane, Gus Gallo, Uno Witanan, Morris Jacobowitz, Otto Weadde, John Pennicke, Haus Peterson, Ernest Heitman, Alfred Well, Baselle Sagardy, John Saulit, Rudolph Pettrit, Joseph Jackson, Johannes Bauer, Sam Fisher, Peter Kuyters, Alex Fugelsang, Herman Riedel, James Kippu, Carl Pehl, Olaf Zell, Cosmo Fromelich, Herman Popekes, Henry Allen, Kirby Pfeiffer, Alex Grechavicke, Allen Page, Richard Holbert, Franz Martens, John Cunninghum, Oswald Lange, Jack Lancaster, Charles Hanselick, William Revelle, Hugh McMillan, and Eugene Monahan.

Engine department: John Turner, James Ganly, James O'Toole, Joseph Bluzen, Bernard Duffy, William Justis, Joseph Green, Jesse Jetter, F. Albert Fredrg, George McGary, Richard Wayers, Peter Babinities, John McCarthy, Edward Malley, Alfred Keenan, Otto Wilke, Thomas Dooley, Harry Schminke, John Miller, Gustav Bengston, Robert Grimer, Robert Farrell, Frank Hayes, Alex Coffey, Richard Williams, Helge Lundwall, Thomas Francis, Frank Roberts, Kai Hansen, Gustav Araneda, William McCreighton, Charles Espiseta, John Hahn, Wilbur Guerton, August Klappert, Patrick Higgins, Lee Jetel, Adolphe Albert, Charles Diaz, Edward Eggenstedt, John Delaney, James Lawson, Robert Hebrant, Jose Galan, Henry Diemers, Frank Adams, William Cream, Dewise Caldwell, Harry Landy, Otto Brecht, Frank Hamel, William Brecht, and John Marine.

Medical department: Gilbert Bolldorf, F. O'Donnell Devins, Donald Williams, William Tell, Wilson C. Beers, Kenneth Upton, Nelson Smith, and Arthur Hanson.

Mr. BUCHANAN. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman and gentlemen of the committee, one of my good friends and colleagues on the Republican side a moment ago asked me if I were going to speak about Muscle Shoals. I want to convince some of my doubting friends that I can really make a talk without mentioning Muscle Shoals, which I intend to do to-day. [Applause.]

Mr. Chairman, this great Government of ours, the richest on earth, is a tenant Government. It is to-day paying out $24,000,000 rents for buildings in which to conduct the Government's business. I am one of those who believe that the Government ought to own its buildings in which to conduct the people's business. I would like to see all of the Federal officers and employees of the Government occupying Government-owned buildings, where the business is of great importance. Such buildings would inculcate in the people of the different sections of the country a spirit of patriotic pride, which could not be measured in dollars and cents. All private business is conducted in buildings owned by individuals and corporations. Why not the Government, where there is any great amount of business?

Many people seem to think that their Congressman can introduce a bill providing for a post-office building at a designated place in his district and have it passed. It is natural that they should have this impression, as most of the laws are enacted in that way. However, this has never been done and can not be done at this time. It is true that we all introduce such bills, and about 950 have been introduced in the House at this session, but we know that such bills will not be considered or reported unless the committee decides to report a bill, and when this is done only one bill is reported in which is included all the places in the various congressional districts agreed on, designating the places and amounts to be appropriated for each. Such a bill is called an omnibus public buildings bill. The last such bill enacted by Congress was approved March 3, 1913. That was before I became a Member of this House. No Member of Congress has secured a post-office building for his district since I have been a Member.

I have asked for this time in order to discuss the public buildings bill which has been reported by the Committee on Public Buildings and Grounds, of which I am a member. It may be that this bill will be considered under a motion to suspend the rules, and if so, there will be no opportunity to offer amendments to it and only a very few minutes to discuss it. I hope it will not be considered in that way, but that it will be permitted to come up in the regular order and full opportunity be given for debate and amendments. I do not think a bill of such importance should be considered by the House in any other way, especially this one, for it proposes a radical departure from all precedents on the subject and establishes a very bad precedent.

The work of establishing public buildings, especially post-office buildings, is a legislative function, made so by the Constitution. By this bill Congress surrenders its legislative function and turns it all over to an executive department, the Secretary of the Treasury, except that he shall act jointly with another executive officer, the Postmaster General, in the selection of towns and cities in which buildings are to be constructed and the selection of sites therein. Congress has always in every public buildings bill specifically provided by legislation for the places where public buildings were to be constructed and the maximum amount which could be expended in constructing these buildings at each place designated. The last such bill was approved March 3, 1913, carrying an authorization for an appropriation of about $40,000,000. Prior to that time about every two years Congress appropriated approximately $40,000,000, or $20,000,000 a year, for such purposes.

In January, 1917, a short time before we entered the World War, the House passed an omnibus public buildings bill similar in character to those before authorizing an appropriation of about $62,000,000, but Congress adjourned soon after on the 4th of March before it could be considered by the Senate. A similar bill was reported by the Committee on Public Buildings and Grounds of the House in February, 1919, just after the war ended, but it was not considered by the House before adjournment on the 4th of March. These bills made provision for buildings in all parts of the country. Athens, Ala., in my district was included in both of these bills at my request. During the short session of the last Congress, a short time before adjournment, the House passed a similar bill to the one now on the calendar under suspension of the rules and without an opportunity for amendments, but it was not acted upon by the Senate. I opposed that bill as a member of the committee and would have voted against it had I been present, but I was unavoidably absent and had been granted a leave of absence. I trust that each Member of the House will read the minority report, which sets forth many of the objectionable features of this bill.

The Government is paying $1,000,000 as rental for buildings in the District of Columbia, and it may be that $50,000,000 should be spent during the next six years for Government buildings in the District for various departments of the Government, and if this be true, then there should be at least $150,000,000 spent in the States, which would be $25,000,000 per year for the next six years, and about what was spent prior to 1913, and that would not be sufficient to meet the needs. We can well afford to do this and at the same time reduce taxation.

When our Committee on Public Buildings and Grounds met and organized at the beginning of this session of Congress I insisted that we proceed to prepare and report an omnibus public buildings bill and designate the places and amounts to be spent, as has always been done. I was supported in this by a number of the members of the committee, but the majority of the members favored a lump-sum authorization, as has been provided in the bill which was reported by the committee.

A number of us then sought to amend the bill so as to remove some of the objectionable features as far as possible in the event it should be enacted into law. One of these amendments provided that the $100,000,000 for the States and Territories should be apportioned among the States and Territories according to population as shown by the last Federal census. Such an amendment would have apportioned this amount among the States and Territories as follows:

Name	Population	Amount
Alabama	2,348,174	$2,223,000
Arizona	334,162	316,000
Arkansas	1,752,204	1,659,000
California	3,426,861	3,245,000
Colorado	939,629	889,000
Connecticut	1,380,631	1,307,000
Delaware	223,003	211,000
Florida	968,470	917,000
Georgia	2,895,832	2,743,000
Idaho	431,866	408,000
Illinois	6,485,280	6,144,000
Indiana	2,930,390	2,775,000
Iowa	2,404,021	2,276,000
Kansas	1,769,257	1,675,000
Kentucky	2,416,630	2,288,000
Louisiana	1,798,509	1,703,000
Maine	768,014	727,000
Maryland	1,449,661	1,373,000
Massachusetts	3,852,356	3,648,000
Michigan	3,668,412	3,475,000
Minnesota	2,387,125	2,260,000
Mississippi	1,790,618	1,696,000
Missouri	3,404,055	3,223,000
Montana	548,889	519,000
Nebraska	1,296,372	1,228,000
Nevada	77,407	73,000

Name	Population	Amount
New Hampshire	443,083	$419,000
New Jersey	3,155,900	2,990,000
New Mexico	360,350	340,000
New York	10,385,227	9,841,000
North Carolina	2,559,123	2,423,000
North Dakota	646,872	612,000
Ohio	5,759,394	5,457,000
Oklahoma	2,028,283	1,920,000
Oregon	783,389	742,000
Pennsylvania	8,720,017	8,262,000
Rhode Island	604,397	572,000
South Carolina	1,683,724	1,594,000
South Dakota	636,547	602,000
Tennessee	2,337,885	2,214,000
Texas	4,663,228	4,418,000
Utah	449,396	425,000
Vermont	352,428	332,000
Virginia	2,309,187	2,186,000
Washington	1,356,621	1,285,000
West Virginia	1,463,701	1,386,000
Wisconsin	2,632,067	2,492,000
Wyoming	194,402	183,000
Alaska	55,036	52,000
Hawaii	225,912	242,000
Total		100,000,000

This amendment was defeated and then an amendment was offered requiring that at least one-half of the $100,000,000 should be spent in the various States according to population, and that was defeated, although by a very narrow margin. An amendment was then offered requiring at least $200,000 be spent in each of the States, and that was also defeated.

An effort was made by some of us to have the Secretary of the Treasury and the Postmaster General to appear before our committee and advise us as to what their policy would be in the administration of this bill if it should become a law. But they did not appear, neither did they send anyone authorized to speak for them as to what their policy would be.

I do not believe that the expenditure of so large an amount of money should be placed in the hands of any one man or any two men without some limitations and directions. [Applause.]

The House should recommit this bill to the Committee on Public Buildings and Grounds with instructions to report a public buildings bill. It would require the committee but a short time to prepare such a bill. No one Member can prepare such a bill making provision for every section of the country, but it could be done by the committee. It has been done frequently heretofore. The last bill of this kind was enacted March 3, 1913, and was prepared by a committee composed of Democrats and Republicans, and was so satisfactory that only one Member spoke against it, and less than 50 votes were cast against it. I was not a Member of the House at that time, but I have examined the record. But the chairman of the committee, the gentleman from Indiana [Mr. ELLIOTT] will no doubt tell you that such a bill would not be approved by the President. About the only expression that I recall from the President on this subject is that in the beginning of the Sixty-eighth Congress he recommended an appropriation of $50,000,000 for the District of Columbia.

It soon developed that such a measure could not be passed without provision being made for buildings in the States. Then later on and near the end of the session a bill similar to the one now on the calendar of the House was passed as heretofore stated, but did not pass the Senate. At the beginning of this session the President again recommended that $50,000,000 be appropriated for the District of Columbia and stated that no general buildings bill had been enacted since before the war, and that this matter must necessarily come up for consideration. He expressed a preference for a lump-sum appropriation rather than a bill designating the sites and amounts to be expended on each, but he did not say that he would not approve such a bill if it should be passed by Congress.

Many Presidents, both Democratic and Republican, have approved such bills heretofore and at times when there was not so great a demand and necessity for such buildings, and when the Government was not paying such enormous rents for buildings, as at present. While the President did say that he would approve a bill similar to the one which passed the House at the last session; he did not say that he would not approve such a bill if it was amended so as to apportion the amount among the States according to population or postal receipts.

Our distinguished chairman may tell you that such a bill could not be administered. However, it has been done very satisfactorily in the matter of Federal appropriation for roads, as I shall refer to later on.

About 950 bills have been introduced at this session of Congress and referred to the Committee on Public Buildings and Grounds calling for appropriations amounting to about $250,000,000. As I have stated above, about $20,000,000 a year was appropriated by Congress for this purpose up to 1913, and $20,000,000 a year since that time would amount to $250,000,000.

Considering the increase in population and business of the Post Office Department, I think Congress, after waiting 13 years, could well afford to authorize the appropriation of $250,000,000 to be expended during the next six or seven years. It is true that more rent is paid for post-office buildings in the larger cities than in the small ones; still there is just as great a demand and necessity for such buildings in the small cities as in the large ones, and the patrons in the small cities have as much right to have post-office buildings erected by the Government as those in the larger cities. I do not think that the money authorized for the post-office buildings in this bill should all be spent in the large cities where the greatest amount of rent could be saved. But if this bill is not amended, as I have suggested, we have no assurance that this will not be done. This is not and should not be a partisan question. No Republican or Democratic administration has ever so regarded it, but both majority and minority Members of Congress have always been given a voice in determining how and where such appropriations should be expended. They have both regarded it as a legislative and not an executive function of the Government, and neither party has ever enacted such legislation as is provided in this bill. I did not favor such a bill as this when my party was in power, and I would not if we were in power to-day, for it is not right in principle, un-American and repugnant to our republican form of Government, and if enacted into law it will not meet with the approval of the American people, who believe in equal rights and a square deal. [Applause.] This money is paid into the Treasury of the United States by the people of the various States, and they are entitled to some guaranty that they will receive their just proportion of the same.

The Secretary of the Treasury can spend the $100,000,000 authorized in this bill wherever he pleases after the Postmaster General agrees with him as to the places and sites. There may be several Secretaries of the Treasury and Postmaster Generals during the next seven years. They are not elected by the people, simply hold office at the pleasure of the President, and are responsible to no one but him. Such a large amount of money should not be placed in the hands of any one man or his subordinates to be spent without limitation or direction. A member of the President's Cabinet is human like the balance of us. He is a creature of environment and political influences, whether he be a Democrat or Republican.

I believe that the 435 Members of the House and the 96 Senators know more about where these buildings should be erected than two Cabinet officers or their subordinates. This bill is wrong in principle and sets a very bad and dangerous precedent. Every section of the country has been given equal rights under former bills which were made up by Republican and Democratic members of the committee and supported by both sides of the House. Such bills passed practically unanimously during both Republican and Democratic administrations.

If this bill should become a law you will find trainloads of your constituents coming to Washington to appear before these two bureaus in Washington, begging for appropriations for their respective towns or cities, which they may not secure. We should relieve them of this burden by designating the places and amounts to be expended, as has been done always heretofore by Congress. I am not prepared to believe that any fair-minded Member of this House, after careful study of this question, can come to any other conclusion but that the provisions of this bill are wrong and un-American, and will not meet with the approval of the country.

I denounce as indefensible any effort to undertake to pass a bill such as has been reported by the committee under suspension of the rules or under a rule which prohibits the offering of amendments, especially where there is so much opposition manifested. [Applause.] I dare say there is not a Member of this House who would vote for an appropriation of $100,000,000 as national aid to roads and place it all in the hands of the commissioner of agriculture to spend where he pleased. During the last 10 years there has been appropriated about $75,000,000 a year for roads and spent by the Secretary of Agriculture, but not without limitations and directions. Before making these appropriations we provided by law that the Secretary of Agriculture should spend it in the following manner: One-third in the ratio which the area of each State bears to the total area of all the States. One-third according to the ratio that the population of each State bears to the total population of all the States, according to the last Federal census; and one-third according to the ratio which the mileage

represented by the rural-delivery and star routes in each State bears to the total mileage of rural-delivery and star routes in all the States. Under this plan the administration of the law has been satisfactory to the American people. While there has been some talk about the reduction of this appropriation for roads, I trust there will not be a reduction. There should be an increase, if possible, until we shall have constructed all of the roads which have been designated by the State highway commissions of the various States in accordance with the act of Congress passed a few years ago.

Some one has referred to the lump-sum appropriations which we have been making in recent years for rivers and harbors as analogous to the lump sum authorized in this bill. There is no analogy. I favor and have voted for such appropriations, but in doing so we all know that the Chief of Engineers can not allocate and spend any part of that appropriation except on projects which have been ordered surveyed and approved by Congress; also the approval of the district, division, Chief of Engineers, and the Board of Engineers for Rivers and Harbors, composed of seven distinguished engineers who are not elected by the people, but hold office until they reach the age of retirement. Neither do we make lump-sum appropriations in any of the other departments without placing some limitations and directions as to how and where the same shall be expended. So this bill undertakes to establish an entirely new and dangerous precedent.

The fact that the Secretary of the Treasury will have to ask Congress to appropriate money from time to time to carry on the building program that he may inaugurate if this bill is enacted does not in any way remove the objections which I have made. This method is pursued in all lump-sum appropriations. The same was done in carrying out the provisions of the omnibus public building bills to which I have heretofore referred.

Mr. ELLIOTT. Will the gentleman yield?

Mr. ALMON. Certainly.

Mr. ELLIOTT. You contend that this $100,000,000 should be distributed throughout the States in accordance with the population of the States. You should remember that this is Federal money, spent for a Federal purpose. Where is the excuse for bringing the States into this at all? The States have nothing to do with carrying out this Federal purpose.

Mr. ALMON. I did not say that it should be done in that way, but I did say that if we, as Members of Congress, can not designate the places and amounts to be expended and that a lump-sum appropriation is to be made, that it would be better to apportion it in that way than to leave it all in the discretion of a Cabinet officer or his subordinates. I do not agree with the distinguished gentleman that the States have nothing to do with carrying out this function of the Federal Government. I believe the States have as much right to be protected in the proper distribution of this appropriation as that of Federal appropriations for roads.

Some of the supporters of this measure claim that it is a business proposition and this is the way it should be handled. At the same time they all admit that the amount authorized in this bill is wholly inadequate and will not halfway meet the demands. If it is a business proposition they should go at it in a businesslike way and provide a comprehensive building program for the next six years that will meet the public necessity, and not continue to pay $24,000,000 a year for the rent of buildings in which to conduct the business of the Government. [Applause.]

Mr. KINDRED. Mr. Chairman, will the gentleman yield?

Mr. ALMON. Yes.

Mr. KINDRED. The gentleman has referred to the principal averages as to the amounts that would be allotted to the States, according to population. According to the newspapers it is stated that New York will obtain on that basis just about what the gentleman said would be apportioned.

Mr. ALMON. I do not question what the gentleman says as to what has appeared in the newspapers, but if he will take the time to read the hearings in this case he will find that New York and five other States will receive more than one-half of the $100,000,000, as was fully explained by the able new Member from Tennessee [Mr. ESLICK] in a speech he made in the House about two days ago.

Some one has referred to the fact that former acts on this subject were pork-barrel legislation. Mark my prediction—that the amount of pork in former bills will not compare with the pork that will be in this bill if it becomes a law.

About the only criticism I have ever heard of the administration of the omnibus public buildings bills heretofore enacted was that too much money was spent on some of the buildings and that some of them were of a monumental character.

Mr. LARSEN. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. LARSEN. Do you think the monumental feature would be eliminated if it were turned over to a bureau to administer?

Mr. ALMON. We can prevent that by legislation and direct the kind of buildings desired. I am in favor of good, neat, substantial buildings that will serve the purpose for which they are intended and of a character that would be approved by the people in the cities in which they are erected.

This bill gives no assurance whatever that buildings will be constructed on any of the sites which have heretofore been purchased and paid for. They are given no preference, so if you have such a site in your district do not be deceived in thinking that it will be given any additional rights under this bill, for it will not.

This bill is but another effort at centralization of increased powers in the bureaus in Washington and the establishment of bureaucratic government, to which I am very strongly opposed. [Applause.]

My friends and colleagues, I have perhaps taken more time than I should. If so, it was due to the fact that I feel so keenly that this bill is not only unprecedented but so unfair and iniquitous that I felt constrained to express my views on the subject. I feel that I would be an unworthy Representative of the great and good people who sent me here if I had not done so. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. MAGEE of New York. Mr. Chairman, I promised some time ago before this bill came up in the House I would yield the gentleman some time, and, in accordance with that agreement, I yield the gentleman an additional 10 minutes.

Mr. KVALE. Mr. Chairman, I want to speak very briefly this morning on the subject of gambling.

On page 16 of the report of the subcommittee on the Agricultural appropriation bill we read the following:

GRAIN FUTURES ACT

In accordance with the Budget estimate the committee recommends an appropriation of $121,530 for the enforcement of the grain futures act. This sum is $10,000 more than the appropriation for the current fiscal year. The appropriation provides for the administration of the act which brings under the supervision of the Federal Government certain phases of the business conducted on all grain future exchanges in the United States. The act also prohibits discrimination by grain future exchanges against cooperative associations of producers who desire membership and who agree to meet the conditions, lawfully required of other members, except in respect to patronage dividends; and provides for investigation and dissemination of information concerning grain marketing.

Now, Mr. Chairman, I realize that I am treading on dangerous ground in speaking of a subject so intricate and so hard to deal with as that of gambling, as I call it, in cotton and grain. And yet I want to lift my voice against the abuse which has grown up in this country in connection with the marketing of our crops, a pernicious practice which is cheating the producer out of the products of his toil and putting them in the pockets of the gambler and the speculator.

There must, in all conscience, be some way of dealing with this evil.

We have just passed a bill claimed by its sponsors to be a help for the cooperatives. Now, I take it that we are all in favor of extending all possible help to the cooperatives. At any rate, no Member would dare to take the position that he was opposed to the cooperatives, or even indifferent to their success. Is there anything in the bill we passed a few days ago touching this gambling feature? Not that any one can notice it.

We have a future trading act, enacted in August, 1921, levying a tax of 20 cents on each transaction in the so-called "puts-and-calls" options. The major part of the act was declared unconstitutional by the Supreme Court in the case of Hill *v.* Wallace; but under its decision section 3, providing for the tax mentioned above, was not interfered with until a few days ago, when that section and its provisions was also declared unconstitutional.

And so we find, as a result, the daily papers filled with reports of renewed activity on the part of the speculators. The latest and only official bar has been removed. There now seems to be no limitation on gambling. On the contrary, they can now operate under the supervision of the Department of Agriculture, under the very protection of the Government of the United States.

We appropriated an additional $225,000 for the Department of Agriculture to assist the cooperatives. How much good will

it accomplish when within the same department there is another bureau which, according to statements of the cooperatives themselves, is working to their actual detriment. I refer to the grain futures administration.

The grain futures act was enacted in September, 1922, to amplify and improve the spirit of the future trading act and approach the problem from another angle.

This act was placed on the statute books to help the farmer. That was the avowed purpose of the act. Has its operation benefited the farmer? Or has some one else profited by it?

Whether the fault be in the act itself or in its administration, one thing is beyond question, and that is that the farmers have grown poorer by millions and billions of dollars since its enactment into law. As a matter of fact the grain and cotton exchanges of the country are not operated in the interest of the farmer but are actually run and operated in the interest of the speculator. The gamblers on the exchanges are reaping the benefit. They have made—not earned, mind you, but made—hundreds of millions every year, while the farmer has grown poorer. The "short" seller is permitted to sell fictitious wheat and fictitious cotton in competition with the farmers who grow the wheat and cotton. The speculators are selling cotton below the cost of production; they are selling grain below the cost of production. And those who are selling are getting rich, and the ones who produce the cotton and grain are growing poor. By their manipulation of the markets they beat down the price of the product while it is in the hands of the farmer, and after it has left the farm and gone into the hands of the speculator up goes the price. Is there anyone who does not know this to be a fact? By selling air, selling wheat that was never raised, selling hundreds of millions of bushels that were never produced, selling wheat that is merely paper wheat, they manipulate the market to serve their own selfish ends against the interests of the farmer. They have no grain to deliver, never expect to deliver it, and yet by their crooked manipulation they acquire a large share of the wealth which of right belongs to the farmer who produced it.

I know that the rules and regulations governing speculation on the grain and cotton exchanges are intricate. They are not easily understood by the layman. I do not pretend to analyze them in detail. But there are some things in connection with the grain gambling and speculating that a person can see even if he is not an expert. If a sleight-of-hand performer manipulating his art manages to take away from me my watch and my money, I may not be able to explain all of his movements and how he accomplishes it, but I do know at the conclusion of the operation that I am minus my watch and money. I can understand that much. [Laughter.] So here I know that the cotton farmer and the grain farmer is minus the money that should be in his possession; that by sleight-of-hand performance on the grain and cotton exchanges it has been transferred from his pocket into the pockets of the grain gamblers and the speculators.

We have police protection in the cities. We ought to have it. We pay for it and are entitled to it. If some system had been devised whereby a systematic stealing was going on and this was done under the protection of the police, would not you rise and protest against such police protection? Now, we have a Government in the United States. That is our protection. What is the Government for if it is not to protect the weak? And yet, is it not here protecting the gambler? How much is the gambler losing? Oh, a few have lost because they went too far; they wanted too much. But as a whole the grain gamblers and the cotton gamblers are growing immensely wealthy and the producers and the farmers are growing that much poorer. Is the Government impotent and unable to cope with this evil? If so, let us have some one who will administer the Government the way it was intended by its founders that it should be administered. Does the Secretary of Agriculture have the power to stop this gambling? If so, the country wants to know why he does not stop it. If he has not the power, does he want a law enacted to give him the power?

Mr. LOZIER. Will the gentleman yield?

Mr. KVALE. Yes, for a question.

Mr. LOZIER. Does the gentleman remember that the Secretary of Agriculture went to Chicago and made an address and then gave out the statement that the exchange was going to reform itself?

Mr. KVALE. I am grateful to the gentleman for calling attention to that fact. I live in the great West where the Secretary made the promise—perhaps you might call it a threat—that if the operators on the wheat exchanges would not be good boys they would soon find out that he had authority to close up their exchanges.

Let me read to you from the hearings on page 115 where the gentleman who appeared before the committee made this statement in corroboration of what the gentleman from Missouri [Mr. LOZIER] has just said:

> Mr. BRINTON. I will say since my position has been attacked, that the Secretary of Agriculture was in St. Paul last fall and he told us he did have the power to regulate the grain exchanges. He said, "I am going to make them do certain things, and blank them, if they do not do it I will put them out of business." I accepted that statement from him as the truth, that he does have the power. As I read the law, it gives him supervision over the grain exchanges.

And yet in the face of such a statement by the Secretary of Agriculture this gambling goes on and on unmolested, the farmer going bankrupt and the speculator getting wealthy.

There is something rotten, my friends, not in Denmark, but a great deal nearer home.

Oh, I know what the contention is. They ask, Where are you going to draw the line? They say that we would injure the market if we curtail their operations. We have as much right to say that it would not injure the market even if we closed all the exchanges, but we do not advocate going that far. Most assuredly, if all of them were closed, it could not possibly be any worse for the farmer than it has been during all these years.

If the heads of a large manufacturing establishment should devise a system whereby they could divert and appropriate from every pay envelope of its employees a certain amount of money, say one-fourth of the contents of the envelope, and they were doing that under the protection of the powers that were to guard the interest of the employees, what would you say? Oh, you would protest in the name of decency and justice. Yet the grain gamblers and the cotton gamblers are doing just that to the farmer, and they are doing it under the protection of the Government of the United States. We help the cooperatives in one branch of the Government, and in another branch of the same department we deal them a death blow. It is a significant fact that when the division of grain futures was created they had to go to the grain trade to secure a man to head the division. Necessarily he has the grain trade viewpoint, and I am not impugning his motives in any way.

Speaking broadly and on general principles, we claim that we are opposed to gambling in every form. There are men and women in public life who thunder against slot machines and raffles and lotteries, who have not a word to say about a form of gambling which is ten times, a hundred times worse. Thank God, there are many who oppose and fight this iniquitous practice. But there are still many, too many, who become indignant, who are filled with righteous indignation, who censure and denounce and fulminate and hurl their anathemas at the criminal who has sunk so low as to operate a slot machine, and yet have not a word of censure for the real gambler who steals his millions in cotton and wheat gambling. I am with them in opposing gambling in every form, even to urging little boys not to play marbles for keeps, because I think it is starting them on the road to the gambling dives, and to the gambling hell. I am with them in all these things. But as compared with the gambling on the stock exchange and the boards of trade, all these things are trivial. They are child's play by comparison. These gentlemen strain at the gnat and swallow the camel, hump, tail, and all.

Even the Louisiana lottery was child's play compared with the gambling that is carried on on the chambers of commerce and the boards of trade. Why not permit the Louisiana lottery the use of the United States mails once more, and encourage that State to grant another charter? The Louisiana lottery took most of its money from gamblers and people who had money to spare, or thought they had. Why shed tears over money passing from the pockets of one gambler into those of another gambler, and not say a word about this most colossal of all gambling schemes? The people affected here are not gamblers interested in get-rich-quick schemes. They are men and women, honest as any in the country, the producers of the Nation, toiling and sweating 12 to 16 hours a day, systematically robbed by the speculator of hundreds of millions of dollars every year. And this under the supervision of the Department of Agriculture. The very branch of the department intended to suppress these gamblers is being utilized by them to further their own interests.

I am not opposed to legitimate grain and cotton exchanges. But I am opposed to people selling paper and chalk marks and air when they have no grain and cotton to deliver and never expect to have, and when by such transactions they beat down the price of the actual products, and by their

sleight-of-hand performance transfer millions of dollars from the pockets of the farmer to their own.

They tell you that shortselling helps the farmer. Yes; of course, the farmer is the one to be helped, certainly. It is the same old story. The tune is so familiar. I know the refrain by heart.

When the wealthy banker wants to raise the interest rates, when he wants to lower his own taxes, and correspondingly raise the taxes of the average man, it is all done to help the farmer. Because, forsooth, it will stabilize the market, and all that.

When the millionaire-railroad owner wants a law placed on the statute books that will enable him to increase the freight rates, that same law is heralded as a great boon to the farmer, even if it takes hundreds of millions out of the pockets of the farmer every year after it has become the law.

When the manufacturer wants a high tariff on his products it is not selfishness on his part. It is not to increase his already swollen fortune. No; bless you, it is done to help the farmer.

And so with the gambling on the grain and cotton exchanges. When the speculators and all their hired minions oppose any curtailing of the iniquitous practice they do so from altruistic motives, for the good of the country, in the interest of the farmer! And the sad part of it all is, they actually get by with that hypocrisy.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. LaGUARDIA. We have such a statute in the State of New York, and yet the stock exchange operates. The New York Stock Exchange requires actual delivery, and yet there are marginal transactions.

Mr. KVALE. That is because they do not enforce the law.

Mr. LaGUARDIA. They get around it by a technical compliance.

Mr. KVALE. Is not there some way to make them comply with the law?

Mr. LaGUARDIA. Gambling can not be stopped by legislation. Were there not gamblers even in the temple of God who were thrown out?

Mr. KVALE. That is precisely what I want done here. I want these gamblers thrown out of the temple of liberty, and I say that a government that can not do this is an incompetent government, and we should have some one else administer the law.

We have bills introduced both in the Senate and in the House making short selling a felony punishable by fine and imprisonment. I am anxious to see what will be the fate of these bills in the committee and in the House. I want to see which is the stronger and more powerful force in the country to-day—my Government or these gamblers and speculators. [Applause.]

Mr. Chairman, under leave to extend my remarks, I want to append a summary of the statement made before the House Committee on Agriculture on January 14 last by Mr. J. W. Brinton, publicity and organization director of the Minnesota Wheat Growers' Cooperative Marketing Association, in which he shows clearly and concisely the effect on cooperative marketing of grain speculation. It is couched in language that any layman can understand, and he demonstrates forcibly the fact that he is one of the few men to-day that has a clear insight into this vast and intricate problem, combined with the vision to propose a sure remedy and the courage to espouse it.

I wish most earnestly that I might include the entire statement verbatim, as it appears in the hearings, published. Because it is voluminous, and because the House has expressed itself as opposing the practice, I shall summarize briefly as possible.

Mr. Brinton expresses as his sincere belief, based on 20 years' active experience in wheat marketing and careful study and observation, that the cooperatives can not succeed, can not profitably maintain themselves, until two great evils confronting them are eliminated, namely:

First. Establish grain grades on the actual value of the wheat, and not on its external appearance; and

Second. Effectively bar the short seller from the open market and thus prevent illegitimate speculation in the grain markets and in the cotton markets.

Actuated by a desire to be fair to his fellow members of the Minneapolis Chamber of Commerce, he makes the preliminary explanation that members of all boards of trade are business men associated together who carry on the business of the buyer and the seller in the grain market, whether they deal in the actual grain or contracts for future "grain," and on each transaction charge a definite commission per bushel.

I would not paint them so white, much as I respect Mr. Brinton's motives for so doing. They, even more than the actual speculators—and for that matter the brokers themselves may occasionally be found in that latter class—are the men who have builded this system for their gain at the legitimate marketers' expense, and refuse to relinquish even a part of it, when that part is admittedly unfair to everyone directly interested with the lone exception of themselves.

As stated, Mr. Brinton does not direct his remarks at the grain exchanges, but at the speculators, the public, the men who enter the exchanges, abuse the trade privileges, and interfere with the laws of supply and demand which normally regulate prices—the "short" sellers, who—

enter the market and sell fictitious wheat against us.

In other words, they supply the buyer of grain futures with a nonexistent, fictitious product in direct competition with the producer who has the actual product and who is trying to sell it.

Speculation is defined by Mr. Brinton:

There are two kinds of speculation—legitimate speculation, such as the farmer enters into when he sows his crops, such as the merchant must assume when he buys merchandise for resale to the consumer, such as the insurance company must assume when it issues an insurance policy, and the speculation which all groups must enter into in the carrying on of commercial enterprises.

Then there is the other kind of speculation which serves no useful purpose, such as a lottery, a poker game, betting on a horse race or other sport contest, or the outcome of an election. This sort of speculation is prohibited by law and recognized as illegal and immoral.

In the grain markets we have both kinds of speculation, the legitimate speculation which enters into the handling, transporting, and buying and selling of grain, and the immoral speculation, which should be made illegal, that is now carried on by those who gamble in buying and selling future grain contracts—by betting on the price of grain.

Recognizing the real need of continuing the system of selling and buying grain by future contract, he makes the point that there is no constitutional method of barring the futures buyer or the actual grain buyer from the market; any citizen has the right to purchase what he wishes at the price he wants to pay. The buyer is the "life of all commerce" and invariably adds to the demand, thereby stimulating prices. They may buy because they need the product, or because they believe they may be able to sell later at a price above the purchase price.

The same applies to the seller of actual grain. He can not be barred; he should not be barred; no one wants him barred. As for the "short" seller, already referred to, he says:

The "short" seller is the operator in the market who sells something which he does not own, possess, or control. The term "short" is used because it indicates the seller is "short" the product that he is selling.

Again:

He can be barred by commercial rules or, if necessary, by legislation under the Constitution. No man can justly complain to the courts because the law, or commercial rule, prohibits him from selling something which he does not possess, own, or control. Therefore, there is a simple remedy to put the purely speculative element out of the market. It involves just one principle, i. e., prohibiting a person from selling nonexistent products.

That is briefly and clearly and completely stated. The result would be the creation of legitimate grain exchanges where every transaction would represent actual grain, and where the speculative activity, which now so far exceeds actual activity that it dominates and controls the whole market, would disappear.

He goes on to explain the operation of the "short" seller:

The "short" seller is the man who believes the price of grain is too high. He believes the price should or will decline. He wishes he had grain to sell. He has none, however—

Note this:

He has none, however, but under the present method of conduct in the grain exchanges he is allowed to enter the market and sell any amount of grain, to be delivered at a future time. Or the "short" seller may want to secure actual grain, but he considers the price too high. He therefore sells wheat rapidly, which causes a depression in price. Then, having depressed the price, he buys orderly and slowly and thus secures the product at a lower level.

Thus the "short" seller proves to be a permanent competitor of the actual seller, adding the burden of a pseudosupply of grain, depressing the price at will, unlimited in operations by the amount of grain, limited only by his financial backing.

As a specific example, Mr. Brinton cites the manner in which the operations of the "short" sellers in Minneapolis last fall just as the seasonal crop movements began forced the price of wheat down 25 cents a bushel, then a few weeks later the same men—

bought wheat with which to fill his previously made sale contracts at 25 cents a bushel less than what he had sold the wheat for—before he owned it.

"Before he owned it." Ah, there you are.

What Mr. Brinton specifically asks, on behalf of his organization and similar organizations and all grain producers and legitimate dealers, is that the "short" seller be barred. Then only actual producers or purchasers could become sellers. The present system would not be upset, it would merely—

narrow the number of sellers and confine future trading to the law of supply and demand.

The man why buys on the market will still need the actual product, or he will still buy when he thinks he can sell at a profit.

Nor will barring the "short" seller confiscate or render useless any actual property, such as warehouses, mills, transportation agencies. They will function as completely as ever and, perhaps, a little more.

He admits that brokers' profits will be wiped out to a considerable extent. But, he says:

This certainly should not be considered or debated in discussing this question, if you are convinced that the "short" seller is an evil. The saloon keeper's profits were not considered in the prohibition law, nor his investments in physical property. When the Louisiana lottery scheme was rejected the profits of the operators were not debated. When the laws were drawn prohibiting the maintaining of public gambling houses, and when the laws were passed prohibiting immoral resorts, the profits of the operators or keepers were not discussed.

Referring to the statement sometimes made that "speculative activities are necessary to help carry the load of the market, at least at certain seasons of the year," he dismisses it by pointing out that, while it applies to speculative buyers, it has no application whatever to the "short" seller. Instead of carrying any so-called "load," the seller always unloads and adds to the existing market load. Thus his elimination, and not his retention, will help those who "carry the load."

Absence of "short" sellers in the market will in no way tend to bar actual futures. The owner of the grain can still sell it for future delivery. Buyers of actual grain would still need the same approximate amount and would bid for it on the market as always. The amount of actual grain would not be changed, the need for it would not be changed; the only change would be the absence of the disturbing element, the short sellers who depress the market, and who help no one but themselves at the expense of those who are in legitimate trade. The need of protection through futures transactions, too, would in all likelihood be materially reduced. He explains:

They (the buyers) would receive a certificate or contract covering their purchases. If they wished later to sell, there would be no restriction, because they would then be the owners or the contract holders of actual grain. Thus every transaction would represent actual supply. After the wheat passed into consumption the supply would be reduced, and then the buyers would be forced to buy from the reduced supply and seek it wherever it could be obtained.

When new wheat is produced, it would pass into the market and the purchasers would be given new certificates of ownership. At all times the price of wheat or grain and the operation of buying and selling would be confined to the actual product.

Mr. Brinton concludes his statement by submitting correspondence with J. W. Duvel, chief of the grain futures administration in the Department of Agriculture, regarding this matter of the effect of the "short" seller on the market. It discloses, in particular, the significant fact that the head of this governmental control agency over grain speculators and brokers can not, or will not, answer a question, an honest and a definite and a short and a frank question which is repeated again and again, respectfully but insistently.

Mr. Brinton, in the first letter he submits in evidence, written by him to Mr. Duvel under date of November 3, 1925, after noting that the principle of control by the Government over boards of trade and speculative transactions has been established and recognized, suggests to Mr. Duvel that the Department of Agriculture has the power to bar the transactions of the "short" seller, who is a "damage to the buyer, seller, and legitimate grain dealer."

Mr. Duvel answers at once, this—and nothing more:

DEAR MR. BRINTON: I have your letter of November 3 offering further suggestions with reference to our grain-futures market. Your letter indicates clearly that you have given much careful thought to this entire matter, and I am therefore glad to have these additional views. You indicate that you favor the elimination of all operations for purely speculative purposes. I doubt very much if it would be desirable to go that far, as to eliminate all such transactions would practically result in closing the futures markets, and from studies so far made it appears that some speculative activities are necessary to help carry the load of the market, at least at certain seasons of the year. On the other hand, I think there is ample opportunity for improvement along the line of restricting speculative transactions so that a few individuals can not buy or sell unlimited quantities without any notion of taking or making delivery. It is operations of this character that influence the market more particularly, and by the weight of their volume of trade influence prices accordingly.

Mr. Brinton hastens to reply. He points out, first in answer to the statement that "to eliminate all such transactions would practically result in closing the futures market":

I can not agree with this statement, and I hope you have misunderstood my position. I do not advocate the eliminating of all future transactions. There seems to be a general misunderstanding on this subject. Whenever the grain grower element ask for the elimination of the speculator, the grain trade, or speculative interest in the grain trade, immediately say that future transactions are necessary, and they have led a great many to believe that future transactions are all alike.

There are two kinds of future transactions, viz, the selling and buying in the future market of actual grain and the buying and selling in the future market of purely speculative options.

Let me make my position more clear. I do not ask to have the buyer restricted or eliminated. Actual demand for wheat will automatically take care of the situation in so far as the buyer is concerned; but I do contend and insist, for the benefit of the grain grower, that the seller be restricted. A buyer can not buy wheat in the future market unless there is a seller, and if the "short" seller is prohibited from operating there would be no sales of grain except where actual grain existed. It is the selling which "bears" the market or forces it down; and by allowing men to sell wheat in this future market, who have no wheat, is to increase the supply and put the actual grower who has wheat to sell in competition with the speculator who is selling "short" or selling options.

Then, following the forceful application of a definite example of what he claims, Mr. Brinton states that no valid argument with a concrete illustration thereof has ever been presented to show that the grain grower would be injured by elimination of the "short" seller. Statements to that effect have never been backed either by effective argument or by specific illustration. For that reason he asks:

If the grain futures department can give me a concrete illustration to back up its claims of the speculative crowd who control the boards of trade throughout the country, I would like to know such an illustration so that I might learn of any possible injury to the grain market or the grain grower by eliminating the "short" seller. This statement is made in all sincerity after many years' study of the subject, without any success in finding this weakness in our demands.

Mr. Duvel answers him eight days later, and his answer is in effect a repetition of the same generalities that were contained in the letter already quoted. He states that he "feels" that "to eliminate short selling entirely would eventually eliminate all speculative transactions so far as futures are concerned," and that "so many questions are involved that any movement along that line must necessarily develop through a process of evolution rather than a radical change."

Mr. Brinton then again calls his attention to the concluding paragraph of his letter to Mr. Duvel, asking for information from the department which he assumes has been overlooked. He says, again:

I can not see that the eliminating of this gambler or "short" seller should be accomplished through the process of evolution. In my opinion, he has been allowed to interfere with the grain market too long now, and he should be eliminated by a direct order or demand from the Agricultural Department without further delay.

I may be entirely wrong in my statements and conclusions, but it will be very interesting to me to receive the information from your department which I requested and which request is sincerely repeated here in the last paragraph of my letter to you of November 9.

In Mr. Duvel's reply to the repeated request he observes:

If I understand your views correctly, you believe it would be to the advantage of our grain growers to stop short selling entirely. To take this step there is a possibility of doing harm, because complete elimination of the short seller would practically destroy the futures market.

And leading out of that another dissertation on the general aspects and the intricacies of the problem and the introduction

of diverting arguments and statements in place of any attempt at answering the repeated question.

Mr. Brinton writes once again, and repeats:

In my letter to you of November 9 I gave you a concrete illustration of the damage to the grower and legitimate grain dealer by allowing the "short" seller to operate, and asked your department to furnish us with a concrete illustration of how speculation benefits those who have grain to sell. I am sorry you have overlooked giving us such evidence in support of your position. I assume that your department is in full possession of not only every argument but concrete evidence to sustain the speculative argument. I have never seen any evidence to uphold the position of those who support the gamblers. It has all been supported by a general statement, as your department has made to me, that speculation is necessary, but a general statement is not proof or evidence of the necessity.

I wish again to add to the above that to eliminate a seller is to assist the sellers that remain, and to lessen the number of sellers automatically increases the percentage of buyers in relation to the number of sellers.

The point I wish to make and the information I desire is a concrete example of how the elimination of the "short" seller will injure the grower or dealer who has actual grain in their possession to sell.

If your department has no such evidence, or has not been furnished with even a theory on the subject, we would be glad to have such information. On the other hand, if you have the evidence and the information which I seek we would appreciate it very much if you would pass it along to us, as we want to make no demand upon your department, the Department of Agriculture, or Congress if our position is wrong.

Mr. Duvel's reaction to this letter is little different from the rest. He complacently resumes his repetition of statements that "you can not eliminate short selling without at the same time doing away with the purely speculative buyer of futures," and that—

It is not my purpose to attempt a defense of the "short" seller or to indicate that such transactions are always devoid of evil. It is certain, however, that the complete elimination of the "short" seller would eventually eliminate the speculative buyer.

Can you blame Mr. Brinton for finally giving up in utter discouragement? His letter of December 22, 1925, concludes the series of interchanges. It is a long letter, and opens in the following vein:

MY DEAR MR. DUVEL: Your letter of December 19 has been received and contents noted, and I am disappointed in that you have again ignored the request for the information which I ask. I therefore must come to the conclusion that your department has no information or evidence furnished it which would show that the barring of the "short" seller in the grain markets of the country would be an injury to grain growers and grain dealers. It gives me pleasure, however, to know that our position is sound in the demands we have made to your department and through the columns of our publication.

I regret, however, that you should again repeat to me the propaganda of the speculative interests which is always given out by them in reply to those who demand the "short" seller's elimination, viz, "Is it desirable to eliminate all purely speculative transactions but buying and 'short' selling from our futures markets?" To repeat this propaganda to me after the lengthy correspondence which I have had with your office is to assume that the writer is a fool or a knave. I would have to be a fool to take such a statement seriously and a knave to make urgent demand upon your department without knowing anything about future trading or the grain business.

If your department can show me any power which it has, or which the Government can give it, under the common law, the Constitution, or anything else under the sun, to bar buying or to eliminate a buyer, I would indeed be glad to receive such information. A man with very little commercial or legal understanding knows that you can not bar a buyer from the market or prevent him from buying for future delivery grain, cattle, hogs, steel, clothing, prunes, or peanuts, if he has the desire, the money, or the credit with which to make the purchase. It is highly ridiculous to even think of passing a law or making a rule to prohibit buyers from buying in the open markets, except such products as opium, whisky, or moonshine; and I am not ignorant enough to think that there is a question in such a matter. It is an insult to my intelligence, therefore, to say to me that the question involves the eliminating of both buying and selling. I repeat that this is simply the propaganda which the speculative crowd give out for public consumption, assuming and knowing that the general public does not understand future trading in grain or anything else.

It would likewise be an insult to your department to assume that you accepted this propaganda as an honest opposition to those who wish to eliminate speculation from the grain markets. I have a right to assume that the head of the Grain Futures Department is entirely familiar with grain marketing, and, such being the case, I feel that a grain-marketing organization composed of 10,000 members is entitled to receive honest consideration and a frank and honest reply to its communications in a discussion of this kind.

Then follows a detailed discussion of operations of the "short" seller, his effect on the buyer and on all legitimate futures transactions, combined with specific illustrations. In closing he offers his compliments to Mr. Duvel:

In closing I wish to say that this association regrets very much that the United States Department of Agriculture should take the position of defending the speculators and in opposing the demands of the actual wheat growers and their cooperatives who should have the support of the Agricultural Department. As we understand it the Department of Agriculture was established to be of service to the farmer and not for the purpose of spreading false propaganda to protect those who speculate with and profit upon the product of the farm.

Yours very truly,

J. W. BRINTON.

Mr. Chairman, I repeat my question: Does the Secretary of Agriculture have the power to stop this gambling? If he does have the power, the farmers of the Nation want to know why he does not use it. If he has not the power, will he favor enacting a law that will give him the power?

Mr. MAGEE of New York. Mr. Chairman, I yield to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman, there was a great deal of publicity several months ago when the Board of Indian Commissioners was requested by the Secretary of the Interior to make a survey of conditions in Oklahoma with reference to Indian administration. The Board of Indian Commissioners is an organization created by section 4 of an act of Congress, approved April 10, 1869 (16 Stat. L. 40), which provided an appropriation of $2,000,000 to enable the President to maintain peace and promote civilization among the Indians, and authorized the President, in his discretion, to organize a board of commissioners to consist of not more than 10 persons, to be selected by him from men eminent for their intelligence and philanthropy, to serve without pecuniary compensation, to exercise joint control with the Secretary of the Interior over the disbursement of the appropriation.

The present Board of Indian Commissioners consists of George Vaux, jr., chairman, Bryn Mawr, Pa.; Warren K. Moorehead, Andover, Mass.; Samuel A. Eliot, Cambridge, Mass.; Frank Knox, Manchester, N. H.; Daniel Smiley, Mohonk Lake, N. Y.; Maj. Gen. Hugh L. Scott, Princeton, N. J.; Clement S. Ucker, Savannah, Ga.; Flora Warren Seymour, Chicago, Ill.; John J. Sullivan, Philadelphia, Pa.; secretary, Malcolm McDowell, Washington, D. C.

The report submitted in this important matter is as follows, and will be of great interest and value to the Congress and the country:

WASHINGTON, D. C., *December 30, 1925.*

DEAR MR. SECRETARY: In conformity with your request contained in your letter of July 23, 1925, addressed to Chairman George Vaux, jr., of the Board of Indian Commissioners, that the board inquire into the Indian situation in Oklahoma and formulate its views, after such inquiry, for the benefit of the administrative and legislative branches of the Government, the Board of Indian Commissioners, through a committee of four of its members, has completed such inquiry.

As a member of the committee of inquiry, I have been given the task of submitting for your information and consideration a portion of our findings, with suggested recommendations, dealing with certain allegations and statements derogatory to Mr. Charles H. Burke, Commissioner of Indian Affairs, and Mr. Shade E. Wallen, Superintendent for the Five Civilized Tribes. It is with these charges and the situation they reveal that this partial report will deal. As it has received the approval of the other members of the board, it has become a report on the subjects treated of the entire board.

Prior to the investigation conducted in Oklahoma the committee of inquiry by your orders was given unlimited access to files in both the office of the Secretary of the Interior and the Commissioner of Indian Affairs. From a study of these it became apparent that from the early part of 1924 there had been in progress in Oklahoma what approximated a concerted and organized campaign against the administration of the Indian Bureau by Commissioner Burke and the administration of the affairs of the Five Civilized Tribes by Superintendent Wallen.

Various conventions and meetings of Indians of Oklahoma, in some of which white men participated, adopted resolutions attacking both officials, and such resolutions were invariably forwarded to Washington, either to the President or to the Secretary of the Interior. These meetings gave the appearance of a sizable body of opinion which held both Mr. Burke and Mr. Wallen blameworthy, and some of the resolutions demanded their prompt removal. The culmination of these attacks upon Federal administration of Oklahoma Indian affairs was

attained when the Republican congressional committee of the second district of Oklahoma adopted resolutions directly charging Superintendent Wallen with numerous offenses, some of them criminal in their nature.

Upon arrival in Oklahoma and with hearings in progress, it early became manifest that the charges against Commissioner Burke consisted of an alleged discrimination against men of Indian blood as appointees in the Indian Service, particularly as superintendents; of a claim set up by a group of Creek Indians that he had been criminally negligent in protecting their interests in litigation affecting tribal ownership in the bed of the Arkansas River; and the charge that he had acted in collusion with others in seeking to prevent the execution of a contract between E. J. Van Court, an attorney of Eufaula, and a committee of the Creek Indians, for the prosecution of the Creek claims before the United States Court of Claims.

The first of these charges, that Mr. Burke discriminated against men of Indian blood, is puerile on the face of it. One need not go outside the limits of Oklahoma to find evidence to the exact contrary. Indeed, the rolls of the Indian Bureau clearly show its utter emptiness. The author of this charge and the admitted organizer of most of the indignation meetings of Indians which adopted resolutions containing this particular charge was Mr. O. K. Chandler, a former superintendent, of mixed blood, who was dismissed from the service for cause. This charge was never worthy of a moment's consideration by any man who had access to the facts.

Those who preferred the charges of negligence on the part of the Commissioner of Indian Affairs in dealing with the Arkansas River bed cases appeared before the committee with their charges and submitted to examination. It promptly became apparent that the sole basis of the complaint was the disposition of the commissioner at one time to compromise these river-bed cases by a settlement out of court for $175,000. Such settlement was recommended to him by the attorneys of the Department of Justice who were handling the case, but was protested by the Indians.

When the posture of the Indians, whose rights were concerned, came to the attention of the commissioner, he at once discontinued compromise negotiations and recommended that the fight be carried on in the courts. The river-bed litigation is extremely involved. No one not wholly familiar with all of its details could pass judgment on it. To give heed to the advice of the Government attorneys employed in the case was but natural. This action, however, provides scant ground for criticism, especially as the desires of the Indians themselves were met, and no settlement to which they objected was made. The case still is in litigation. The charge can be dismissed with the observation that it is largely the by-product of a very natural impatience of the Indians involved with the dilatoriness of white men's courts.

The charge against Commissioner Burke of collusion in preventing the approval of the contract made between E. J. Van Court and a representative committee of the Creek Nation, to represent the Creeks in the litigation of tribal claims against the United States through the Court of Claims, was the only charge upon which any serious effort was made to produce proof. The committee spent its entire time throughout several days searching into this matter, with the result that the entire committee was unanimously of the opinion that the charge was not true, and that the Commissioner of Indian Affairs was not guilty of any improper conduct whatever.

The sole criticism that the committee would offer in this case would be that the commissioner appears to be unduly apprehensive that he might be publicly criticized for the allowance of very large attorney fees resulting if later the Court of Claims should allow the Creek Tribe any considerable proportion of their claims, which they estimate run into hundreds of millions of dollars. The act under which the claims are to be brought, however, provides for the way in which the attorney shall be paid, which is through the action of the court itself, the fee being limited to not more than 10 per cent of the total of the claims allowed.

Obviously the responsibility for the size of the fee, under the direction of Congress, rests upon the Court of Claims and not upon the Commissioner of Indian Affairs, and under these circumstances the Indian Bureau seemed to the committee to be unduly exercised over the attorneys' possible compensation in this litigation. However, since all of the commissioner's efforts were directed to prevent an Indian tribe from being mulcted by attorneys, it would hardly seem that this could be made the basis of a charge of improper conduct.

The committee was not content with the series of hearings on this matter held in Muskogee, but, upon return to Washington from Oklahoma, took the testimony of Commissioner Burke, former Senator George R. Chamberlain, and Attorney Ralph H. Case, all of whom were involved in the testimony given in Muskogee.

The testimony of former Senator Chamberlain touching any improper conduct on the part of Commissioner Burke was direct and positive. He declared he saw nothing improper nor anything which suggested criminal collusion to defeat the Van Court contract on the part of Commissioner Burke.

The testimony of Mr. Van Court and Mr. Case did not differ in any material point, and the committee is satisfied that the inferences drawn by Mr. Van Court from his interview with Mr. Case, that the latter and Commissioner Burke were in collusion, were totally unwarranted.

In spite of the various serious charges that Mr. Van Court has brought against Commissioner Burke, the testimony developed that the Indian Bureau and Interior Department had consistently ruled in Mr. Van Court's favor upon the question of the legality of his contract, and that the sole matter in dispute at the present time was the question of compensation to be allowed. This pretty effectually disposes of Mr. Van Court's charges.

Altogether, the most serious and the most formal and tangible attack which was made in Oklahoma upon the Indian Office administration was that contained in the resolutions adopted by the Republican committee in the second congressional district of Oklahoma. These charges were directed solely at Superintendent Shade E. Wallen, superintendent for the Five Civilized Tribes. They included charges of a very serious, grave and, in some instances, criminal nature; and the committee went to Oklahoma prepared to give them the most searching investigation.

The chairman, Mr. E. L. Kirby, of the second congressional district Republican committee, and all of the members of the committee, were informed early of the approaching inquiry to be conducted into the charges the committee had made and of the hearings to be held in Muskogee. They were all urged to attend these hearings, and come prepared to substantiate the serious charges they had made against Mr. Wallen.

Despite this invitation, but one member of the faction of the committee, which voted for the resolutions, appeared; and that member, Mr. L. R. Kershaw, testified under oath that he was possessed of no proof of any character whatever, to substantiate the charges he had joined with others in making against Mr. Wallen; and that so far as his personal knowledge went, all of the charges were based upon mere rumor.

On the other hand, those members of the congressional Republican committee, who had voted against the resolutions, all appeared. Without exception they declared under oath that the charges were a part of a factional, political campaign based on mere street rumors, the purpose being to oust Wallen from his office in order that the place might be filled by a Republican of the faction making the charges.

The committee has no hesitancy in saying that not a single charge of reprehensible or criminal conduct against Mr. Wallen was in any way substantiated, although every opportunity was afforded, for those who alleged they knew of any improper action on his part, to submit proof.

After all of the witnesses whose attendance could be procured had been examined to bring out proof of the charges made against Mr. Wallen, Mr. Wallen himself was put on the witness stand and under oath provided the committee with official records from his office, which satisfied the committee that the charges of criminal misconduct were utterly unwarranted and without color of truth, and that the resolutions adopted by the Republican committee of the second district in Oklahoma consisted merely of a summary of street rumors and political gossip emanating from the sources unfriendly to that faction of the Republican Party to which Mr. Shade Wallen, before his appointment, belonged.

In the minds of the committee there is but one specific criticism of Mr. Wallen's conduct in the matters complained of to be made. In Mr. Wallen's handling of the Exie Fife divorce case he did not appear to be as alert as he might have been in detecting what subsequent evidence has revealed to have been a most reprehensible "splitting of fees" among the attorneys in that case.

The committee, as a result of its investigation, was thoroughly satisfied of Mr. Wallen's personal integrity and of his deep and genuine interest in the welfare of the Indians in his charge.

The foregoing constitutes merely a summary of the committee's findings. A detailed report on all matters covered in this summary will be a part of the final and complete report of the Oklahoma investigation. Based upon the conclusions above set forth, the committee submits the following suggested recommendations for your consideration:

1. The prompt repeal by Congress of the law which changed the office of superintendent of the Five Civilized Tribes from a civil-service status and made of it a presidential appointment, subject to confirmation by the Senate.

2. The segregation of the restricted Indians of the Five Civilized Tribes who have an annual income of $5,000 or more—we are informed there are not more than 100 such cases—from other Indians of this jurisdiction and the speedy disposition of these Indian estates by either removal of all restrictions or the creation of trusteeships for each estate by employing well-established and competent trust companies, or banking corporations, who make a business of handling estates, for this purpose. The handling of the unusually large estate of Eastman Richards in this manner provides an illustration of this method the committee has in mind.

3. The division of the superintendency of the Five Civilized Tribes into two or more jurisdictions, in the discretion of the Secretary of the

Interior, each with a superintendent appointed under civil-service rules by the Commissioner of Indian Affairs, in the same manner that such appointments are made throughout the Indian Service.

Nothing could have been made more apparent by our investigation than that the constant atmosphere of suspicion, of charge and countercharge, of rumored misconduct, of favoritism and discrimination, is almost exclusively due to the fact that the office of the superintendent has become, by virtue of the act of 1914, a part of the spoils of office, and that in Oklahoma, especially, factionalism in party affairs is rampant, with the consequence that not only is the incumbent of the superintendency subjected to constant attack by the party of opposition but it is quite as steadily subjected to criticism, for factional purposes, by a faction of the party to which he may belong, which vehemently desires to get him out in order to put a member of the faction in. For the past 12 years, no matter which of the major parties were dominant in national affairs, and without consideration of the personality of the incumbent of this office, ever since the office became a presidential office, this state of affairs has been constant.

The inevitable result of this condition upon the affairs of the Indians involved has been most injurious, as it always will be when office holding in the Indian Service is dependent upon the spoils system. The sole cure of this situation, in the opinion of this committee, is the repeal of the law of 1914 and the subdivision of the work as outlined above.

The recommendation that the richer Indians be segregated and disposition made of their estates, which will entirely relieve the Indian Service of their administration, is both sound public policy and good business. If these rich Indians, the administration of whose affairs now consumes almost all of the time of a large staff of clerical employees at the Muskogee office, were eliminated, the poorer Indians, who comprise at least 95 per cent of the restricted class, would then receive the attention they deserve and for which the Indian Service is expressly maintained. Under present conditions, they get scant, if any, attention at all, and so long as the superintendency is charged with the administration of the estates of very rich individuals, this lamentable condition will continue.

Furthermore, the very existence of these large estates, owned by restricted Indians and handled by the Indian Service, provokes much of the trouble in which this superintendency is continually involved Grafting on rich Indians has become a recognized business in eastern Oklahoma, and a considerable class of unscrupulous individuals live by this method. So common is this practice that the term "grafter" carries little opprobrium with it in Oklahoma and is the commonly used designation for those who have dealings with the Indians.

Thus, segregation of these estates and their speedy disposition by means of trusteeships, with reputable banking or trust company concerns acting as trustees, would be a very long step toward elimination of abuses which now flourish and which unavoidably involve the good name and good faith of the Federal Government and the Indian Service. No slight consideration in making such a change would be the greater security and permanence of the estates involved if they were handled by business experts and utterly removed from the quasi-political atmosphere of the Five Tribes superintendency. We thoroughly believe hundreds of thousands of dollars of Indians' money would annually be saved by the pursuit of this policy, for it would put these funds completely beyond the reach of the grafting spoilsman.

With the comparatively small number of rich Indians thus cared for and out of the picture, it is the earnest recommendation of this committee that the present superintendency be subdivided into several parts and each subdivision made a reservation in the ordinary meaning of the word, each with a superintendent appointed by the Indian Commissioner in the usual fashion, from the ranks of those who have demonstrated their fitness by actual service and who are possessed of a civil-service status.

Such a subdivision would reduce the size of the separate jurisdictions to a point where real constructive work could be done in promoting the Indian's welfare, teaching him the duties of citizenship, and instructing him in the white man's methods of self-support. Substantially no work of this sort is now carried on, due to the exactions of the administering of great estates.

There are appended herewith some exhibits pertaining to the subject matter of this report.

Respectfully submitted.

FRANK KNOX,
Member Board of Indian Commissioners.

The honorable the SECRETARY OF THE INTERIOR,
Washington, D. C.

Mr. BUCHANAN. Mr. Chairman, I yield 15 minutes to my colleague [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, in the limited time at my command I will confine my remarks to the subject of agriculture. Representing, as I do, a great agricultural district, which in intensive and diversified agriculture is probably not surpassed by any other district in the United States, and having sprung from the soil and been intimately associated all my life with the agricultural classes, and having a very modest interest in agriculture from a personal viewpoint, I avail myself of this opportunity to call to the attention of my colleagues some distressing conditions which prevail in the agricultural world, although in the limited time at my command I can only refer to one or two factors in this all-important problem.

For two or three years, in addition to his many other important duties, the President has been engaged in the ancient and honorable practice of attempting to convince the agricultural classes of the United States that they are prosperous and that they are on the highway to an unprecedented prosperity. In his first message of December, 1923, in a special message in January dealing with the agricultural problems, the President told this Congress and told the American people that the agricultural emergency had passed and that agricultural conditions were rapidly improving, and that prosperity was imminent and impending.

I have been forced to disagree with the President and to dispute his diagnosis of the agricultural situation. In numerous addresses in this body I have endeavored to demonstrate that American agriculture was still suffering from economic ills and that the emergency had not passed. About a year ago, in discussing this question, I stated that during the coming year there would probably be more foreclosures of farm mortgages, more forced and sacrificial liquidation of farm indebtedness, and more business disasters to the farmers of the Nation than ever before in any one year of our history. Those predictions have been fulfilled, and within the last 12 months the ship of agriculture has been on the rocks. The American farmers are staggering under a mortgage indebtedness of about $7,000,000,000, bearing an average interest rate of 6¾ per cent, and this mortgage indebtedness is being rapidly increased.

A few weeks ago the Associated Press carried a news item from Des Moines, Iowa, to the effect that the Iowa farmers had discharged about $23,000,000 of their indebtedness to the intermediate credit banks, and the newspapers featured this incident as evidence that the Iowa farmers were prosperous and able to pay off their mortgages. The Associated Press should also have carried the information that the liquidation of these intermediate credit bank loans was not out of the profits and earnings from the Iowa farms, but these mortgages were paid out of the proceeds of new mortgages given to secure new loans of money borrowed from the Federal land banks, joint-stock land banks, private capitalists, and the great American insurance companies. In other words, these intermediate credit bank loans were paid out of the proceeds of new loans and by increasing the mortgage indebtedness on Iowa farms.

Agriculture is one of the basic and probably the most important single industry in the United States. According to the 1920 census, the capital invested in agriculture amounted to $77,924,100,338, while the amount of capital invested in manufacturing was $44,466,593,771, or only about 60 per cent of the amount invested in agriculture. The number of farmers in the United States in 1920 was 4,008,907, while the number of manufacturing plants of less than $5,000 capital was only 196,309. The number of persons engaged in agriculture and animal husbandry was 9,869,030, while only 8,777,950 persons were engaged in manufacturing.

The value of agricultural products of all kinds in 1924 was $12,404,000,000, while the value of manufactured products was $60,555,908,000. Of course, there was included in the value of manufactured products the cost of labor, $11,009,298,000, and the cost of materials, $34,705,698,000, *or* a total production cost of $45,714,996,000, which makes the income from manufacturing $14,841,002,000 over and above the cost of labor and raw material used in these manufactured commodities.

Statistics show that in recent years the net income on the capital invested in manufacturing has been enormous, while there has been practicaly no net income on capital invested in agriculture, when cost of production, interest on capital invested, depreciation on capital investment and equipment, and overhead expense are considered. In other words, while there has been a tremendous increase in the wealth of the people of the United States in the last five years, the increase in wealth has not been fairly or equitably distributed among the vocational groups, but has been very largely appropriated by those engaged in manufacturing, commerce, and transportation, while agriculture, the mother of all gainful occupations and in the last analysis the one upon which all others depend, has not been able to balance its budget *or* sell its commodities at prices that would return the cost of production, much less afford a profit. No one will contend that this is a wholesome condition. No so-called national prosperity in which the American farmer does not participate is equitable or enduring.

A few years ago Doctor Coue, a celebrated exponent of suggestive therapeutics, came from France to teach the people of the United States how to cure themselves of bodily ills by mental suggestion. His formula was, "I am getting better and better in every way every day." Reduced to its last analysis, his theory was that by believing that we had no bodily ills, we would ipso facto get rid of all physical infirmities, a doctrine especially appealing and full of comfort to those whose ailments were of a chronic, malignant, or incurable character. On agricultural questions President Coolidge has seemingly accepted the Coue method of treatment, because he has for nearly three years, in season and out of season, told the American farmers, in substance, that every day and in every way the condition of agriculture was improving. And on some occasions he has gone so far as to state, in substance, that American agriculture had emerged from the slough of despondency and was on the high road to prosperity. The President has been giving the American farmers absent treatments. He has at no time suggested a legislative program that will materially and permanently aid the American farmer, remove the economic handicaps under which agriculture has labored so long, or afford agriculture equality of opportunity with other occupations.

Mr. Coolidge has never understood the psychology of the midwestern farmers. He has never appreciated, or perhaps, I should say, has never realized the gravity of their economic condition. Those of the President's Cabinet officers who are closest to him are the spokesmen of big business and the advocates of special privilege, and there has been a well-organized and well-executed purpose on the part of those who have his ear to keep from him full knowledge of the desperate plight of the farmers in the great Mississippi Valley. I am sure if he actually knew and realized the situation his attitude toward remedial legislation would be quickly and radically reversed.

Unfortunately the President has listened to and followed the advice of men woefully ignorant of the actual conditions which have prevailed among farmers, especially in the Midwest, for the last five years, and which have practically brought the great basic industry of agriculture dangerously close to insolvency. There was a time when President Coolidge had in his Cabinet a real, honest-to-God friend of the American farmers. I refer to Henry Wallace, the Secretary of Agriculture. He was not of my political faith, but I pause here and now long enough to pay to him, though now dead, a deserved tribute on account of his devotion to the interests of American agriculture. As a result of his long study of and practical experience in agriculture he knew actual conditions and could probably analyze and appraise suggested remedies better than any other man in the United States. But unfortunately his wise counsel and admonition to the President fell on deaf ears, the President preferring to accept and act on the advice of swivel-chair agriculturists who have only a theoretical knowledge of agricultural conditions, and who, deep down in their souls, are not in sympathy with the agricultural classes.

After the death of Mr. Wallace the President selected Mr. Jardine as Secretary of Agriculture. With all due respect to the present Secretary of Agriculture, I can not forget that in 1924, when Democratic and Republican Congressmen and Senators from the West were trying to secure the enactment of some farm relief legislation, Mr. Jardine was the most outspoken and aggressive opponent and most uncompromising foe of any and all forms of farm relief legislation.

He is an ultraconservative and a pronounced reactionary. He was not then and he is not now in harmony with the great agricultural West, and he has never supported the program of the great American farm organizations in their effort to restore the balance between agriculture and other gainful occupations. He has never spoken for the American farmers, and, no matter what his motives might have been, his attitude of hostility and opposition to farm relief legislation has worked irreparable injury to American agriculture. My memory is reasonably good, and if it now serves me right, Mr. Jardine's attitude on agricultural relief legislation was ignored and repudiated by the farmers of the Nation and by all the Members of the Kansas delegation on the floor of this House, speaking as I now recall through the honorable gentleman representing the seventh Kansas district [Mr. TINCHER].

Since Mr. Jardine became Secretary of Agriculture he has been traveling over the country making addresses to the American farmers, and the burden of his song has been that the farmers are in good financial condition and on the highway to unprecedented prosperity. Mr. Jardine is as blind as the beggar Bartimeus if he fails to see the deplorable condition of American agriculture.

But the farmers of the West understand their situation much better, may I say, than President Coolidge or Secretary Jardine. The farmers of America know that agriculture is not prospering and has not been prospering for the last five years. They also know that no prosperity can come to the American farmers until they are freed from the economic handicap under which they are now laboring; until they are able to sell their commodities at prices that will not only return the cost of production, but afford a reasonable profit; until they can balance their budget and at the end of the year show an income in excess of their expenditures; until the spread between what they receive for their commodities and what they pay for their supplies is materially reduced; until they have equality of opportunity with other vocational groups.

May I say, as I have frequently said on the floor of this House, that the American farmer asks no special favors and begs no bounty at the hands of the Government, but he does demand equal opportunity and a seat at the table around which the economic policies of this Nation are determined; he demands freedom from the discriminatory legislation that has in the past imposed on him tremendous burdens, and he does demand that the administration and Congress have and take as much interest in his welfare as the President and Congress take in men engaged in other occupations. [Applause.]

Who will claim or successfully maintain that agriculture has had an equal chance with other occupations in the race for gain? Who will claim that this Government has been as fair and as just to, and as considerate of, agriculture as of other occupations?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. LAGUARDIA. Mr. Chairman and gentlemen of the committee, now that we are discussing appropriation for the Department of Agriculture amounting to $126,770,805, I think it the proper time to discuss this bill from the consumers' side.

I do not believe anyone from the industrial centers or from the cities will begrudge any amount of money appropriated for the benefit of the farmer. In fact those of us who understand conditions are in favor and strongly in favor of giving real substantial help to the farmer. We want to protect the farmer to the fullest extent. We want to see the farmer protected against exploitation. For we realize that as the farmer is being exploited so are the consumers. The protection of the farmer means more and cheaper food for the cities. The farmer is not getting his share or even an honest fair share of the prices which we in the city pay for farm products. I have no criticism to make of the Department of Agriculture's technical work. I believe it is the finest and best department of our Government. I have so much confidence in the Department of Agriculture that I have repeatedly stated on this floor my willingness to turn over the great nitrate plant at Muscle Shoals to that department. Scientific men, the technical men, the experts and the specialists in the Department of Agriculture are all right. There are, I am sorry to say though, some fakers in that department. Men who sit on swivel chairs who never go on the farm and who try to tell the farmer all about it. For these men I have no regard. You know these fellows are like the dolled up soldiers with high rank who sit miles away and tell the boys in the trenches how it should be done, and afterwards you hear them talk about how they won the war.

Now, it is not unreasonable to expect that the Department of Agriculture should render some services to the consumers. When there is an overproduction of any crop it seems to me that the Department of Agriculture in some way should be able to see that this crop gets to the cities and the consumers obtain the advantage of low prices instead of permitting it to rot on the ground. Such a situation may seem a little far-fetched, but it happens every season. If potatoes are abundant and they are permitted to rot on the fields the poor farmer gets nothing out of it. Yet prices are kept high in the city. Does the farmer who produces the potatoes and who suffered the losses because they are so plentiful that he can not market them get the benefit of the high prices caused by permitting a portion of the crop to rot? Not at all. It is the speculator, the middleman, the food manipulator, the price fixers that get the benefit. The poor farmer is told not to market his potatoes, that he can not get the price, and he lets his potatoes rot, and he is paid a low price for what he does market. The city folks are told that the production is limited and up shoots the price. The consumer like the poor farmer suffers the loss and the people who have the least to do with it reap the profits. The same is true with many farm products and it happens every season.

A few months ago retail prices of meat in New York were jumped 10 and 12 cents a pound. Prices were really prohibitive. Steaks were retailing for about 75 cents a pound; choice roasts 75 to 85 cents a pound; cheap cuts, such as stew meat, soup meat, chuck, brisket, and so forth, were retailing for 30, 35, and 40 cents a pound. Many of the good women of my district and other districts came to me. We made a survey. Our work became known, and several organizations became interested. We found that prices were jumped; meat was so high that the average mother really did not know what to do to feed her family. The retailers informed us that they were helpless. They told us frankly that they were forced to pay high prices and offered to open their books to us. Some of the papers in New York became interested in the situation and gave us a great deal of help and encouragement. The Bronx Home News and the New York Evening Journal got right back of our fight against these exorbitant prices and gave us considerable help. Sure enough, one morning the packers, through their New York representatives, came out with a statement that meat was high, but that the packers were very sorry that they, the packers, were absolutely innocent, because they were compelled to pay such high prices to the cattle raisers. Of course the people of New York City are not easily fooled any more about what the farmer or the cattle raisers were paid. I have been preaching the story for the past 10 years, and so have many others. Well, I got in touch with our colleagues here in the House who come from cattle-raising districts. I telegraphed our colleagues Mr. HUDSPETH and Mr. MANSFIELD and Mr. CONNALLY, Mr. LANHAM, and Mr. BLACK, all of Texas, and our friends Mr. THOMAS and Mr. HASTINGS, of Oklahoma. Back came the word that the cattle raisers were not getting any increased prices, and I believe these gentlemen. Every one of them knows conditions, and we know from listening to them year after year that the cattle raiser is not getting a square deal. While we were being fleeced by the exorbitant prices in the city the cattle raisers were being squeezed by low prices. I think that every Member of the House will agree that our colleagues who represent cattle-raising districts of this country are as fine, as competent, and as reliable men as ever sat in any legislative body in any part of the world. And when they say that the cattle raiser is not getting the prices and they tell us what they are getting and when we in the city know what we are paying, we find such a large margin which compels us to complain and to seek a remedy.

While we were paying the high prices in New York last summer here are some of the prices the cattle raisers were getting. I have here in my hand an original invoice. This was sent to me by our colleague Mr. MANSFIELD, of Texas. It covers a shipment of 45 animals, 11 heads of cattle and 34 calves, having a total weight of 13,540 pounds. Now, remembering what we were paying for meat at this time in New York City, listen to these prices; the invoice is dated September 5.

Mr. COOPER of Wisconsin. What year?

Mr. LAGUARDIA. 1925; last summer, when we were fighting the high prices of meat. Now, listen, 9 calves brought 2¾ cents a pound; 16 calves brought 5 cents a pound; 7 calves, 3 cents a pound; 2 bulls, 2¾ cents; 2 bulls, 2½ cents; 3 cows brought but 1½ cents a pound; 1 heifer and 2 calves, 2¼ cents a pound; and 3 steers, 3¼ cents a pound. The total 18,540 pounds brought this raiser $580.14, out of which the railroad took $80.30 for freight, $12.35 yardage, $1 hay, and the cattle raiser had to pay 15 cents insurance and $18 commission, a total of $111.80, leaving him $468.34. And right here is the original invoice.

Now, when we were convinced, or rather when we had documentary proof that the cattle raisers were not getting it and we were paying for it, and with the statement of the packers and their refusal, or rather let us say their declaration, that they could not lower prices, I sought the aid of the Department of Agriculture. I wrote them fully in the matter. I wanted a survey of the prices. I wanted an official confirmation of the facts and data that we had ascertained, and instead of help the department sent me a bulletin. This is the help I got. I hold it here in my hand, a bulletin entitled "The Economical Use of Meat in the Home." [Laughter.] That is what we got out of our $100,000,000 Department of Agriculture. Let me tell you gentlemen that the good housewives of New York do not need any advice from the department in Washington on the economical use of meat. They have been trained in the hard school of high prices, and they know how to use meat economically. If we are spending any money to teach the women of the city on economical use of meat, let us stop it right now. Let us spend the money to investigate, to find out, who is exploiting the farmer and trimming the consumer.

Mr. SUMMERS of Washington. I think that is for the gentleman's own use.

Mr. LAGUARDIA. Then the department wanted to aid in our fight against the high prices of meat, and they sent me this pamphlet, "Lamb and Mutton and Their Uses in the Diet." Never mind the diet, say we to the department; our appetites are all right; we know all about lamb, but, as I told you the other day, 90 per cent of the people of New York City can not afford to eat lamb chops. Why, I have right here with me now—where is it? Oh, yes, here it is in my vest pocket [indicating]—30 cents' worth of lamb. Here is one lamb chop [indicating] which is sold in New York City for 30 cents, and they want to instruct us on the economical use of meat. [Laughter.] Now, let me show you a steak. Here [exhibiting] is $1.75 worth of steak. How much, I wonder, did Brother HUDSPETH's cattle raisers get for that?

Mr. TIMBERLAKE. It looks like a pretty good steak.

Mr. LAGUARDIA. It is a pretty good steak.

Mr. COOPER of Wisconsin. How much does it weigh?

Mr. LAGUARDIA. About 2 pounds and a half; it is selling at 75 and 80 cents a pound.

Now here is a roast [exhibiting], $3 worth of roast. What workingman's family can afford to pay $3 for a roast of this size? What are we coming to? I believe it is high time that this matter of price fixing be stopped and a better system of distribution created.

According to a report of an investigation made by the Department of Agriculture—and this happens to be a good report, and a useful one. If all the reports and the information were as valuable as this one, we certainly would not complain of waste of money. I have Department Bulletin 1317, issued June, 1925. Table 35 on page 65 shows us the gross margin in retail meat trade in New York City. The survey was taken in 1917. The gross margin represents the difference in the prices paid by retail butchers to the packers and the price the retail butcher gets from the consumer. This gross margin varies in accordance to the size and sales of the store from 17.02 per cent to 19.51 per cent. In other words, the margin between the price the New York retail butcher pays for the meat and sells it is under 20 per cent. For our purposes now let us assume that it is 20 per cent. The price paid to the packer by the retail butcher includes of course the freight from Chicago or other packing centers to New York City. Now let us see how much Mr. Packer pays for freight. Under date of January 15, 1926, the Interstate Commerce Commission sent me the rates as fixed in the case No. 14771, John Morrell & Co. et al. against New York Central Railroad et al., and we find the rate on fresh meat to be 87 cents per hundred pounds. So that is less than a cent a pound. Now, gentlemen it is not necessary to be a financial wizard or to have a computing machine to see that there is a big difference between the 2½, 3½, or 5½ cents a pound paid to the cattle raiser and the 75 and 80 cents paid by the consumer. Oh, yes, I anticipate what some gentleman will say, that the city does not get steer meat, but gets fed cattle. All right, let us take the highest price paid to the cattle raisers; let us assume he is paid 15 cents a pound on the hoof, that should give us meat retail in New York for 40 or 50 cents choice cuts a pound, and 12 cents for the second cuts. And 12 cents is a fancy price for cattle on the hoof. Why, we could use enormous quantities of steer meat in New York City for soup meat. Stew meats, we could use hundreds of thousands of pounds a day and if we take the price which the cattle raisers are getting, if we take the packers' own figures as to their profits, we could have meat in New York City for our purposes for 10 and 12 cents a pound. And if we take the packers' own figures the cattle raiser could get double the amount which he received on the invoice I just read.

I want to anticipate something else. It may be stated here, as the packers very often state, that the choice-cuts percentage in a steer is so small as to make the price very high. Now here are the packers' own calculations. I am reading from a pamphlet issued by Armour & Co. in October, 1924, entitled "Ten Questions About Meat." In an average live steer of 1,000 pounds there are 350 pounds of inedible parts, such as hide, hoofs, horns, blood, and viscera. The hide they admit brings in its own cost. They will not say exactly that the rest of the inedible parts is a dead loss, but they would like to leave that impression. As a matter of fact, we know that the hoofs and the horns are used and even the intestines are used for sausage casings. Why, even the blood is used. Perhaps some of you may not know, but this blood can be used for many commercial purposes, even for making buttons. There is a profit in these by-products. At least, and this is treating the packer generously, the inedible parts pay for themselves. Five hundred

pounds of this typical steer comprises chuck, round, plate, brisket, shank, heart, liver, and kidneys. These are known as the cheaper cuts, and let me tell you right now that they constitute the meat food of the greater proportion of the people of the big cities. These parts or this 500 pounds brings in a profit. Again, I repeat, if we take the packers' own figures of his profits, plus freight rate, which we have authentic, plus retail profit, we would still be able to buy meat in New York City for 40 per cent less than what we are paying for it. We are willing to divide this 40 per cent with the cattle raiser, if we only were sure that he would get it. Then there is the 150 pounds of choice cuts left in the animal, but I will not go into that any more, as I have already given you an idea of the prices.

Our friend the other day, the gentleman from Texas, suggested a tariff on hides.

Mr. HUDSPETH. The gentleman from Texas is against the tariff on hides, did the gentleman say?

Mr. LAGUARDIA. No; you want a tariff on hides.

Mr. HUDSPETH. Certainly I do, but the gentlemen on that side do not.

Mr. LAGUARDIA. Well, I was going to say, and I am glad the gentleman is here, that taking the packers' own figures again, a tariff on hides ought to reduce the price of meat, and I am willing to vote for that if it will help the cattle raisers in the gentleman's district. After all, we may be able to go barefooted, but we can not go hungry.

Mr. HUDSPETH. I will state to the gentleman, if the gentleman will permit me, that if the gentleman will vote for a tariff on hides it will reduce the price of meat because it would increase the production of beef in this country, beyond any question.

Mr. LAGUARDIA. As I said, we can go barefooted, but we can not go hungry.

Mr. HUDSPETH. I agree with the gentleman.

Mr. LAGUARDIA. I can not see the justification for the exorbitant prices for meat in my city.

Mr. HUDSPETH. Will the gentleman yield right there?

Mr. LAGUARDIA. Yes.

Mr. HUDSPETH. The gentleman certainly would not charge that up to the producers? When I market a 1,000-pound steer that nets me $40, from which you can cut 300 round steaks, selling in your city, according to your telegram to me, from 55 to 75 cents, and make that steer bring $150 to $200, the gentleman certainly would not charge that up to the producer.

Mr. LAGUARDIA. No, indeed; I am trying to speak for the cattle raiser as much as I am for the consumer, because I know they are not getting anything near the prices we are compelled to pay.

Mr. HUDSPETH. I am glad to hear the gentleman's voice raised in behalf of the cattleman, because he certainly needs it.

Mr. LAGUARDIA. I will say to the gentleman that just before he came in I read a bill of lading which was sent to me by our colleague [Mr. MANSFIELD], and I was telling the House of our communications last summer and the valuable assistance which the consumers from New York received from the gentleman from Texas [Mr. HUDSPETH].

Why, gentlemen, last summer I was on the verge of calling a meat strike in New York City. We thought that would bring results. And the best proof that the retailers were up against it at that time was that they told us that perhaps it would do some good. They said they would close their stores if the women of New York went on a meat strike. Kosher meat is from 10 to 12 cents a pound more expensive than the regular meat. That is because livestock is shipped to New York for that market. The retail kosher butchers actually showed members of our committee their books and told us that they could not stand the high prices they had to pay for meat. Now, gentlemen, I am sure that the cattle raiser did not get anything like the prices for the livestock which was paid by these retail kosher butchers on the Jersey side of the Hudson River. We consume in New York City about 850 carloads of livestock and about 500 carloads of dressed meat a week, and that does not include, of course, poultry and canned meat. What are we going to do? We simply can not bear these high prices any longer, and we simply protest when we know that the producers are not getting these prices or anything like them.

Mr. HUDSPETH. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. HUDSPETH. The man who kills his own beef charges from 15 to 20 cents a pound for what the packer would sell for 75 cents a pound.

Mr. LAGUARDIA. Oh, yes; and the packer will refer you to all sorts of statistics and figures to show you how he is only making a fraction of a cent a pound. It is all "bunk." [Laughter.]

Now, gentlemen, we simply have to eat. We have formed that habit, whether it is a good or a bad habit I need not discuss. We want the people in the city to live up to the American standard. That standard is easily definable, and it includes good and sufficient nourishment. I remember when I was a kid out in Arizona. We enjoyed an American breakfast—ham and eggs, bread and butter. Those are luxuries in New York City to-day. The American breakfast has almost disappeared. If we continue along these lines, we will not only be on the meatless diet of the Russian peasant but we will soon go on the rice diet of the Chinese coolie.

I want the consumer and the producers to get together. Let us stop this talk about the city Representatives being for the city folks only. We have everything in common. The old method of keeping the producers and the consumers apart and making them believe that their interests conflicted has resulted in the present system, which permits the middlemen, who do the least, to get the most. We realize that the producers are not getting a fair proportion of that which they are producing, while prices paid by the consumers, if it reached the producers, would solve all their troubles. I will support any measure which will bring about a better distribution of food, a more equitable system of price apportionment, and a greater supply of food to the cities. Is not it strange that we hear right on the floor of this House talk of overproduction of food, and yet prices are so exorbitant that the consumers can not buy all they need? Unless something is done, I will say that the people of New York will stop eating meat. It will be no difficulty at all to arrange a city-wide meat strike in 24 hours. Civic organizations, community councils, tenant organizations, social centers, church clubs—all would respond and cooperate. And I will say right now any time that our friends the cattle raisers want us to do it we are ready to go ahead. We want to stop this exploitation. We want a readjustment of the present system, and we want to restore the American breakfast to the children of this age. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, I desire to use the time allotted to me in a further discussion of the bill which has been introduced to take from Congress the right to determine the location and construction of Federal buildings throughout the country. To my mind this is the most vicious bill brought before Congress since I have been in Congress, and I very much hope that it will not come up under a suspension of the rules, or under any other arrangement whereby debate will be limited.

The proponents of this bill can not stand on this floor and defend it. The proponents of this bill can not stand here and let people opposed to the bill question them concerning their attitude on the bill and answer those questions in a responsive way. This bill provides for things which the people of America can not afford to stand for. The other day, while the gentleman from New York [Mr. MAGEE] was on the floor, I asked him two short questions concerning his attitude on this bill. I now wish to read the question I asked the gentleman and the answers he gave to me for the purpose of showing that he could not afford to reply to my questions and answer them. Of course, the gentleman was courteous, and in a way, talked back at me, but what I mean is he did not answer the questions which I propounded to him.

The question first asked by me, and the answer, was as follows:

Mr. LANKFORD. Mr. Chairman, reserving the right to object, I would like to ask the gentleman a question. Whom does the gentleman think best qualified to determine what is really needed at Syracuse, the gentleman himself or some one acting for the Postmaster General, or the Secretary of the Treasury?

Mr. MAGEE of New York. In my opinion the Postmaster General is the one who is best informed to determine what postal facilities he needs in the city of Syracuse to render efficient public service.

He does not say that the Postmaster General knows more about what is needed in the city of Syracuse than he knows. He does not want to make that admission. I understand why he does not want to make it. He does not want to admit that the Postmaster General knows more about the situation than he knows. He does not want to take the other side and say that he, Mr. MAGEE, knows more, for if he does the next question would be "if you know more as to what the people need than anyone else, why do you want to pass on to some one else who does not know, the right to determine this question?"

The next question I asked the gentleman the other day and the answer thereto was as follows:

Mr. LANKFORD. Does the gentleman think the Postmaster General would come to his town and look this situation over?

Mr. MAGEE of New York. I think the Postmaster General knows what the needs of his department are.

The only answer he could possibly have given to that, if he had given me an answer that was responsive to the question, would have been no, that the Postmaster General would not go there, and not only would the Postmaster General not go there, but neither would the Second, nor the Third, nor the Fourth, nor the Fifth Assistant Postmaster General. He responded by saying that he thought the Postmaster General knows what the needs of his department are. The great trouble with that is that when you pass this right on to the Postmaster General, the Postmaster General will not know. The Postmaster General of his own knowledge does not know what is going on in the Post Office Department now, and he can not know, except through the knowledge of others under him.

Mr. LAGUARDIA. The gentleman knows the needs of his own district, does he not?

Mr. LANKFORD. Yes.

Mr. LAGUARDIA. How many bills has the gentleman introduced for public buildings in his district?

Mr. LANKFORD. I have introduced several bills for public buildings in my district.

Mr. LAGUARDIA. About 24, is it not?

Mr. LANKFORD. Possibly 24. I would be glad to state my position on that. I propose that there should be some scheme worked out to construct buildings in smaller towns. I realize that whenever the Public Buildings Committee gives up all of its rights to make appropriations and then comes in here and commits suicide by giving up its rights to authorize the selection of sites and the construction of Federal buildings, that one gentle tap at their chamber door would not awaken them, nor would 25, and if they surrendered this right, that committee will be so dead and have so little jurisdiction that a hundred bills would not get any response from it.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a short question?

Mr. LANKFORD. I can not further. Are we making the mistake of coming to the point where we are going to appropriate lump sums to the Postmaster General and to the Attorney General and to all of the other departments? Are we coming to the point when the Budget will say, "We want $5,000,000,000, you have nothing to do with it, but just push it out, you can go home the next day after you are sworn in?" We are tending that way. Whether we will get there or not I do not know, but we are going along the line of taking away from the people elected by the folks back home the privilege the Constitution gives to us of legislating and passing this right on to people not elected. We say that we are willing to trust the Secretary of the Treasury. The Secretary of the Treasury could not look into those things. The man appointed by the Secretary of the Treasury will not do it, but some man five or six appointments removed from the Secretary of the Treasury will determine this question.

I would build a post-office building in towns where the postal receipts are $5,000 or over, and I would build in that town a post office about half as expensive as I would in a town where the postal receipts are $10,000. I would construct a building which could be added to as the town grows. Many of these propositions that I introduced here were for towns of $5,000 of postal receipts. I would build buildings in the smaller cities in proportion to the postal receipts.

Mr. SEARS of Florida. Doctor Work, when he was the Postmaster General, recommended that he thought it would be wise for Congress to secure a site in every growing town where there was the possibility of a post-office building in the future, and thereby save the enormous cost of buying a site at some time after it becomes valuable.

Mr. LANKFORD. That is true; and let me say to the gentleman from Florida that the suggestion of Doctor Work is good. Ofttimes, and, in fact, in most instances, in our section of the country it would be economy on the part of the Government to buy sites for these Federal buildings in advance and before the land becomes too expensive. It would also be economy on the part of the Government to build Federal buildings in the smaller cities, keeping in view, of course, at all times the needs of the town and the postal receipts of the particular town.

Mr. ELLIOTT. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. Yes.

Mr. ELLIOTT. I understand from the clerk of the committee that the gentleman has introduced up to this time 24 public building bills for his district. The clerk tells me that the gentleman introduced one the other day for a town which, according to the last census, had 172 people in it. Then the other day the gentleman followed that up with three more bills, and the total population of those three towns was about 900. I ask the gentleman as a Member of this Congress if he thinks that is exercising good business judgment?

Mr. LANKFORD. That was under a census taken years ago. Their population and postal receipts are much larger now and are growing. I would say that I introduced a good many of those bills, hoping to get a program inaugurated to build buildings in the smaller towns.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD. I can not yield further. I want to discuss the bill and my time is very limited.

Mr. BURTNESS. I just want to know whether introducing the bills is good business judgment or building the building?

Mr. LANKFORD. Yes; I hope that the committee will retain some judgment of its own, but it is trying to die so dead now that no number of bills can ever be passed on, it does not make any difference how meritorious those bills may be.

Mr. ELLIOTT. I say right now that the committee has enough business judgment not to pass favorably that sort of a proposition.

Mr. LANKFORD. Surely the gentleman does not wish to prejudge any proposition before a full hearing is had. I would expect the committee to use its judgment in passing on not only my bills but also in passing on the bills of all other Members. The thing that I am protesting is not the judgment which the committee may exercise in passing on bills of Members of Congress, but is the committee passing its right to pass on these matters on to some bureau chief or other person not elected by the people?

I have introduced a large number of bills for the construction of Federal buildings in my district. At the time I introduced the first of these bills I gave out a statement to the papers of my section that it would be impossible to get all or even a large number of these bills passed at this session. I further informed my people that if the present law, which requires a postal receipt of $10,000 before a building can be constructed, is not repealed that I could not hope for many buildings in my district in some time. I would possibly get three or four in the near future and a few more a little later.

There are two things that I am fighting for. One is for buildings in the smaller towns. The other is for Congress to retain the right to make these selections and to make these appropriations.

I very much fear that if the right to make these selections is passed on to the department heads and by them passed on to some other employees, then that day of securing buildings for the smaller towns is gone.

Why should not a city of $5,000 postal receipts have a building costing $25,000 and one with $7,500 have a building costing $37,500, if a city of $10,000 postal receipts has a building costing $50,000? All the argument in favor of one proposition is equally strong in favor of the other propositions.

The buildings should be standard and should be so constructed as to be easily added to as the city grows and as the postal business demands.

Our forefathers, by the Constitution, gave to Congress the right to legislate, and I am not willing to now pass this particular function on to a branch of the executive. I want Congress to retain this right, because it is a dangerous thing for us to be giving too much power to bureaus; and, furthermore, I believe that Congress will give the smaller cities a fairer deal than they can get elsewhere.

Some say if the old plan of giving a few buildings to each city is followed now what we each get for our districts will be pork. Well, this bill provides for pork in bulk, to be distributed no one now knows where or to whom. If we are to have pork, let us have it on the table and aboveboard, where all can see and know what is happening. Let us not have it under the table, with no one seeming to know who is to make off with the pork. Members of Congress who favor this bill are afraid to admit that they are to be taken care of under its provisions, and yet they are afraid to admit that no one knows who is to get the pork. If pork is to be divided, let us divide it fairly with all concerned present and not secretly and in the dark by some one not elected by the people. The President can not divide this pork with all the facts before him. The members of his Cabinet can not, except on the statements of some appointees of theirs. The able and efficient Supervising Architect can not do so. Then why not let Congress exercise its prerogative under the Constitution and function in the selection of these sites and in the authorization and construction of these buildings?

Mr. MAGEE of New York. Mr. Chairman, I do not agree at all with the view that under the provisions of this public building bill the legislative branch of the Government surrenders any of its power to the executive branch of the Government. As I understand, the main purpose of the bill, and practically all that the bill does, is to bring public-building items within the provisions of the Budget system. To-day all public-building items are under the provisions of the Budget system, as we know, where the expenditure in any one case for remodeling a building or repairing a building does not exceed $20,000, and the Committee on Appropriations passes upon each item of expenditure. It has been stated on the floor, as I understand, that under the provisions of this bill a lump sum will be given to an executive officer to do with as he pleases. That is not my understanding of the bill. If this bill should pass, the result would be that it would bring all public-building items, including those in excess of $20,000 in any particular case, within the provisions of the Budget system. The executive officers would submit their recommendations, I assume in the form of estimates, to the Committee on Appropriations of the House.

Mr. MADDEN. I think probably that is not the exact situation. I think what the bill proposes is that the Secretary of the Treasury shall be charged with the responsibility of recommending a particular place at which a building shall be erected at the time, and that will go to the Committee on Appropriations. Is that right?

Mr. MAGEE of New York. That is what I say. Perhaps the gentleman misunderstood me.

Mr. MADDEN. I did.

Mr. MAGEE of New York. In other words, the item comes to the Committee on Appropriations as an individual item upon which there would be hearings just as we hold hearings on every other item submitted within the provisions of the Budget system. My contention under this bill is that the Committee on Appropriations of the House would have power to accept an item, reject an item, modify an item, or even substitute an item, subject to the approval of the House.

Mr. SEARS of Florida. Will the gentleman yield?

Mr. MAGEE of New York. I will.

Mr. SEARS of Florida. Admitting the Director of the Budget should make an adverse report, as has been the case many times, would the Committee on Appropriations, regardless of that report, if one of his colleagues should convince the committee that there should be a building, go over the Director of the Budget? I found it very hard to go over him on the Key West proposition, where he recommended some future date, some future time.

Mr. MAGEE of New York. Is that in reference to the item——

Mr. SEARS of Florida. Simply a recommendation.

Mr. MAGEE of New York. For an appropriation of $10,000?

Mr. SEARS of Florida. Twenty thousand dollars. I simply call attention to the condition as it exists. That was for completing, or partially completing, the submarine basin at Key West. I am not complaining about that. My colleague here agreed to it, and it was finally gotten in the bill, regardless of the report of the director; but the point I am making is, should the Director of the Budget make an adverse report where it happens that they are clearly entitled to a building——

Mr. MAGEE of New York. No adverse report comes to the Committee on Appropriations.

Mr. SEARS of Florida. But suppose he should make an adverse report——

Mr. MAGEE of New York. The question here is whether you have confidence in the members of the Committee on Appropriations of the House to act justly and fairly in the premises.

Mr. SEARS of Florida. Will the gentleman yield again?

Mr. MAGEE of New York. Certainly.

Mr. SEARS of Florida. I have no complaint of the Committee on Appropriations. They have been very fair to me, more than kind. I am not criticizing the Committee on Appropriations, and I have absolute confidence in them; but the point I am making is, if the Director of the Budget makes an adverse report, it is practically impossible to go over him.

Mr. MAGEE of New York. That does not come to the Committee on Appropriations.

Mr. SEARS of Florida. The gentleman from Illinois [Mr. MADDEN] said, if the gentleman from Illinois will listen, that the Director of the Budget would submit a report.

Mr. MADDEN. I did not say anything about the Director of the Budget; I said the bill provides that the Secretary of the Treasury shall indicate where the buildings are to go.

Mr. MAGEE of New York. And the Committee on Appropriations would have a hearing on each item. Take this bill, the item for eradication of tuberculosis in cattle, the Budget cut the indemnity item $560,000. The committee has recommended not only the restoration of the cut, but increased the item $550,000, making $200,000 immediately available. Take another item in this bill, where there was recommended to the Committee on Appropriations an amount of $36,600 for the purchase and distribution through Members of new and rare seed, such as grim alfalfa and soy beans. The subcommittee recommends that item be cut out entirely. In other words, under the Budget system, and I am a strong believer in the Budget system, as I think it saves a great deal of money to the taxpayers annually, items come to us to act upon according to our judgment, and we take each item separately. We can reject the item, modify the item, accept the item, or substitute an item.

Mr. LANKFORD. Will the gentleman yield?

Mr. MAGEE of New York. I will.

Mr. LANKFORD. Would not the Secretary of the Treasury and Postmaster General, however, under this bill if enacted into law have a right to select a post-office site and contract for the construction of the building?

Mr. MAGEE of New York. I do not think the Postmaster General can force a site on Congress. He may recommend a place and we may approve or reject it. In other words, my contention is that all this bill does, and I think it is one of the greatest reforms that we can possibly bring about, is to bring all these major public-buildings items within the provisions of the Budget system.

Mr. LANKFORD. Would not the Committee on Appropriations be in the attitude of having to reject or approve an item submitted by the Postmaster General and the Secretary of the Treasury in selecting a site and providing for a building under authority of law? Would it not have to be determined? And if it were decided that it should not be done, you would have to turn down the appropriation?

Mr. MAGEE of New York. Oh, we are constantly turning down items now. For instance, we might receive a recommendation to appropriate $100,000 for a quarantine station somewhere. We might turn it down. We turn down these recommendations often in committee. These recommendations for public buildings would come to the Committee on Appropriations. That committee has jurisdiction of the subject matter, and the items would appear in the Treasury Department appropriation bill. You will find, I think, that the proposed program will work out equitably and satisfactorily, and I feel that you will all be pleased with the public-building program, which this bill provides for.

Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. KETCHAM].

The CHAIRMAN. The gentleman from Michigan is recognized for 15 minutes.

Mr. KETCHAM. Mr. Chairman and members of the committee, in the short time allotted me in connection with the debate on this important appropriation bill, I desire to call attention to H. R. 8118, introduced by myself, which has for its purpose the imposition of more stringent regulations upon the importation of unadapted foreign-grown alfalfa and red-clover seed.

A similar bill has been introduced in the Senate by Senator GOODING, of Idaho, and hearings are to be held before the Senate Committee on Agriculture in the near future. H. R. 8118 has been referred to the Committee on Interstate and Foreign Commerce, and assurances have been given that hearings will be held likewise by this commitee at the earliest possible date.

Briefly, the bill amends the seed importation act of 1912 by providing for the dyeing or staining of imported alfalfa and red-clover seed in such a manner as to indicate the country or region of origin. It further provides that when the Secretary of Agriculture, after public hearings have been accorded interested parties, shall determine that red-clover or alfalfa seed from any country or region is not adapted for general agricultural use in the United States, he shall publish such determination, and after three months thereafter at least 10 per cent of the seed in each bag or package of such seed shall be stained a red color in order that it may be quickly identified by the purchaser.

In order to give you a little idea of what I have in mind, I hold in my hand some samples of alfalfa and red-clover seed. If I were to take these two samples of alfalfa and pass them out, all of you would be able to recognize about 1 stained seed out of every 100 individual seeds. In this case they are colored red in order to identify the country of origin, and in this other case they are colored green to identify another country

of origin. If I were to let you examine these three samples of seeds you would find these two arranged similarly, with 1 per cent of the seed without damage to them in any way, colored red in order that the country of origin might be identified; and then likewise 1 out of every 100 colored green, so that the country of origin might be apparent.

Mr. HERSEY. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. In a moment. Another sample of seed is 10 per cent colored in accordance with the suggestion that if the Secretary of Agriculture should advise that seed was wholly unadaptable to our use here, after examination, this would indicate to the purchaser the fact that the seed was not adaptable anywhere in the United States.

Mr. HERSEY. Do I understand that the green comes from Ireland and the red from Russia and the yellow from some of the Mongolian countries?

Mr. KETCHAM. That might be true. The suggestion of green as coming from Ireland would be a very happy one.

The importance of this legislation is indicated by the fact that large importations of red-clover seed particularly reach the United States from foreign countries each year, and that a large percentage of such imported seed is unadapted to the climatic conditions that prevail in the principal clover-producing sections of the United States, and therefore the crop kills out during the first winter and causes not only a substantial loss in the money originally expended for seed but also the loss of one year's crop on the land seeded. The normal red-clover seed consumption in the United States is given at 100,000,000 pounds, or 50,000 tons. Our normal production is 85,000,000 pounds, or 42,500 tons. Our importations during the last six years—1919 to 1924 inclusive—were more than 72,000,000 pounds, or 36,000 tons, an average of 6,000 tons per year, 63 per cent of which came from France, 15½ per cent from Italy, and the remainder from England, Germany, Chile, Canada, and other countries. With reference to clover seed imported from England and Germany it is stated that the bulk of the red-clover seed imported from these two countries is not produced there, but is reshipped from some other producing section.

The principal red-clover-producing States are grouped into three classes: First, those in which red clover winter kills most readily, namely, Minnesota, Iowa, New York; second, those States in which plant disease is a more important feature than winter killing, namely, Maryland, Virginia, and Tennessee; third, the group of States where neither winter killing nor disease are extreme, namely, Wisconsin, Michigan, Ohio, Pennsylvania.

In order to determine the adaptability of foreign seed, the Department of Agriculture, together with the experiment stations throughout the Corn Belt, have been conducting a series of experiments in recent years to determine the yields of clover and alfalfa from seed from various foreign countries as affected by various local conditions, principally that of climate. These experiments have not covered a long enough period to enable definite and positive statements to be made in connection with every importation due to the fact that the seasons themselves are variable and different results naturally follow the making of these experiments in succeeding years. Some general conclusions, however, have been made reasonably clear. The first is that native-grown seed locally adapted is more resistant to winter killing than any foreign clover seed thus far tested, and it has been made clear that where severe winter conditions prevail the only safe course is to use American-grown adapted seed. Another conclusion that has been reached is that in the clover-producing sections where anthracnose is a dominant factor in the failure of the clover crop disease-resistant strains of seed should be used, if possible, and where it can not be obtained, locally adapted seed rather than that which is imported or even that which comes from sections where the plant is a hardier one should be used.

One of the most careful studies in regard to imported clover seed has been conducted by the Iowa Experiment Station. I quote from a statement recently prepared upon the subject by Prof. H. D. Hughes, chief of farm crops at the Iowa Experiment Station:

> The early tests indicated that the Italian seed was quite worthless in practically all parts of the red-clover-growing regions of the United States, while later and more intensive tests definitely established this fact. Practically the same statement can be made of seed secured from southern France.

Mr. COLTON. May I ask the gentleman if that is not also true of alfalfa?

Mr. KETCHAM. It is true of alfalfa. The same tests that have been carried on indicate the unadaptability of imported seed, particularly that coming from countries where the latitude varies from that where our alfalfa is grown.

Mr. COLTON. I understand the gentleman is using the words "red clover" and "alfalfa" as in the same class?

Mr. KETCHAM. Yes. I am doing that purposely. I intend later on to deal with the subject of alfalfa separately.

Mr. BRIGHAM. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. RUTHERFORD. Is alsike clover also imported?

Mr. KETCHAM. I do not know about the importation of alsike. But this has no bearing on that.

> It is a well-known fact that in the past by far the larger part of the red-clover seed imported into this country came from these sources, but with the publicity which has been given the results secured from the Italian seed there has been a marked decrease in the importation direct from Italy, though in seasons of seed shortage we are probably getting as great a proportion of this seed as formerly. The early tests indicated that seed from northern Europe gave fair results in many parts of this country, and we are now getting considerable quantities of seed from northern Europe. But northern Europe has no seed to export and in fact must secure considerable quantities from France. The seed from southern France and Italy has been shown to be but little better for planting in northern Europe than in the United States.

The conclusions reached after this comprehensive series of experiments are summarized as follows:

1. That the average commercial shipment of imported red-clover seed is entirely unsafe to plant in the central corn and clover belt, plantings made with such seed winter killing almost entirely when grown under conditions not injurious to domestic clover.

2. That from 30 to 40 per cent of the red clover offered in the Central States is imported seed or mixtures containing so much imported seed as to greatly reduce the value of such seed for planting.

3. That imported seed or blends of imported-domestic seed is almost always misrepresented and falsely labeled, being sold as domestic seed.

In the hearings that we hope to hold upon the bill the details of the experiments from which these conclusions were reached will be recorded at greater length; but in view of the fact that Iowa is one of the leading States in the production of clover, and also one in which loss by winter killing is the greatest, this statement as to the adaptability of most foreign-grown seed will have unusual weight.

The situation with reference to the importation of alfalfa seed is similar in many respects. In 1925 we produced 48,000,000 pounds, or 24,000 tons, of alfalfa seed, whereas our normal seed requirements are 40,000,000 pounds, or 20,000 tons. It is estimated that there will be a carry over for seed purposes of 4,000,000 pounds. The alfalfa-seed problem is different from the red-clover-seed problem in this particular, that our domestic supply is more than sufficient for our seed requirements, whereas in red clover, due to the shortage of production in 1925, importations will be necessary.

The experiment stations have likewise made numbers of experiments to determine the adaptability of alfalfa seed, and the conclusions reached are in most instances similar to those arrived at in connection with the experiments with red-clover seed. Most of the imported seed has proven very susceptible to cold, the crop dying out almost entirely during the first winter and thinning out very perceptibly as far south as the experiment station at Manhattan, Kans. Occasional lots of imported seed have been found to be as cold resistant as that adapted to the climate of Kansas. The loss of the seeding of alfalfa is a more serious one than that of the seeding of clover, because when once seeded it continues for many years if given reasonable care and attention.

A concerted movement is under way by farm organizations, seed houses, and scientific organizations to call this matter to the attention of the people of the United States particularly interested in the growing of these two crops, and, if possible, to prevent by legislation the great loss that occurs each year through a lack of understanding of the adaptability of foreign-grown seed.

The American Farm Bureau Federation, at its last meeting in Chicago, adopted a strong resolution upon the subject as follows:

> We repeat our request to Congress to enact legislation which will prevent the importation into the United States of nonadapted and worthless Italian red-clover and alfalfa seed and of Argentinian, Arabian, South African, and other alfalfa seed from regions of mild climates.
>
> We request a law which will bestow authority upon the Secretary of Agriculture, under proper regulations, to stain with some noninjurious stain, all imported red-clover and alfalfa seed, with the exception of Canadian grown, so that American farmers can definitely distinguish it from domestic seed.

Likewise, the National Grange, at its recent session in Sacramento, declared in favor of legislation that would make it possible to identify imported seed:

Resolved, That we urge Congress to pass such necessary legislation as will force all imported seed to be stained and packages marked so that they may be easily recognized as a foreign product before being allowed to enter channels of distribution in this country.

The American Society of Agronomy, which is the leading organization in the country dealing with the scientific phases of agriculture, adopted the following resolutions on the subject at its last annual meeting in December, 1925:

Whereas carefully conducted investigations by members of this society have shown that seeds from southern Europe, South America, and other foreign countries are often not adapted to use in the United States; and

Whereas the substitution of such seeds for those of other origin which are suitable for use by American farmers by unscrupulous seed dealers is now often done, thereby causing heavy financial losses to users of such seed: Therefore be it

Resolved, That the American Society of Agronomy is heartily in favor of National and State legislation which will compel the coloring or otherwise labeling of such imported seed so that it can not be substituted for other seed without the knowledge of the purchaser; and

Resolved, That the secretary of the society be requested to call this resolution to the attention of any and all appropriate commercial and legislative organizations.

The United States Department of Agriculture, under date of January 26, declares it is in sympathy with the general purposes of such legislation, and states that a favorable recommendation of the legislation will be made by the department when the hearings are held.

In addition to these representative statements the Federated Seed Service, which comprises the cooperative organization of most of the Corn Belt States engaged in the buying of seeds, is earnestly supporting this legislation.

Mr. Chairman, I trust that the importance of this legislation will be readily determined by the brief statement I have submitted and by the unqualified indorsements given it by representative farm organizations and outstanding agricultural authorities.

Illustrations of the economic importance of it are shown by the following figures, which have been furnished me by the Department of Agriculture:

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF PLANT INDUSTRY,
Washington, January 25, 1926.

Hon. JOHN C. KETCHAM,
House of Representatives.

DEAR MR. KETCHAM: There is no accurate way of estimating the losses sustained from use of Italian red-clover seed. The following assumptions are as unfavorable to Italian seed as could be justified from our present information, and accordingly may be more extreme than the actual conditions as influenced by weather factors:

The quantity of Italian red-clover seed imported in the fiscal year 1924 was----------pounds--	999,400
1. The price varied, but we may assume a wholesale price of $30 per hundred, making the total value-------	$299,820
2. We assume it was all sown at an average rate of 10 pounds per acre and would seed----------acres--	99,940
3. We assume total failure, and also that if good seed had been used 1 ton of hay at $15 would have been secured—estimated loss----------	$1,499,100
4. The fertilizing value of a good clover stubble is not known exactly, but is at least $2 per acre, mostly far in excess of this—at $2, loss is----------	$199,880

SUMMARY

Loss in value of seed----------	$299,820
Loss on value of hay----------	1,499,100
Possible fertility loss----------	199,880
Total----------	1,998,800

One year: Italian, 15 per cent of imports.

With reference to alfalfa our information is less complete than in the case of Italian clover, although it appears that clover from South Africa is generally unadapted for use in this country. Seed from this region in three-year comparisons in Kansas show this seed to rank 13 in a list of 15, and in Ohio, South African alfalfa seed ranked last in a test of 10 varieties in so far as hay production was concerned.

In the fiscal year 1924 approximately 1,328,000 pounds of South African alfalfa seed was imported. I might guess at an approximate loss of 20 per cent as compared with the use of more adapted seed; but with a long-time crop such as alfalfa losses may become progressively more severe, and accordingly I doubt the advisability of making any definite estimate of commercial loss in the case of alfalfa.

Very truly yours,

K. F. KELLERMAN,
Associate Chief of Bureau.

Mr. J. W. Nicolson, one of the leaders in the movement for identification of imported seed, makes the following interesting statement and comparison:

French and Italian red clover, Argentine and French alfalfa constitute the bulk of the imports of these varieties of seeds in recent years. Such eminent and impartial agricultural-research authorities as the University of Minnesota, University of Wisconsin, the State agricultural colleges of Iowa, Michigan, etc., have distributed results of findings which show in no uncertain terms the supreme desirability of our domestic red clover and alfalfa in preference to the foreign sources mentioned. On the other hand, our northern neighbor, Canada, has for the first time (and probably this is an exception) produced a rather large surplus of Ontario variegated alfalfa seed, a very desirable hardy type of seed, which is available at reasonable prices. So we must not unreasonably condemn all imported seeds, but when the available evidence shows conclusively the inferiority of all quantity supplies of red clover and alfalfa, except those produced in Canada and our own country, should we not have import regulations requiring identifying marks?

Commending our immigration law for the restrictions it puts up against the admission of undesirable aliens, Mr. Nicolson says:

But is worthless, weak, unadapted seed from foreign countries subject to any scrutiny or restrictive regulations? Have we any legislation that will exclude or identify seed of undesirable origin subject to winter killing and susceptible to disease? No!

* * * * * * *

The most undesirable human immigrants usually indicate by their degenerate or inferior appearance something of their true character, but most of this imported clover and alfalfa seed looks as pure, refined, and beautiful as the most desirable seed stocks in our country. So our present seed legislation is about as effective in eliminating or restricting the entrance of undesirable seed aliens as though we had a law forbidding entrance to the United States of those people who failed to wear a fairly presentable suit of clothes.

Mr. Chairman, consultation with Doctor Kellerman, of the Bureau of Plant Industry, enables me to state to the committee that should this legislation be enacted no additional funds will be required for its administration.

It can not be urged that the identification of imported seed will be harmful if the seeds are adaptable. Such identification will be a trade-mark and will make such seed even more valuable. On the other hand, those farmers who are "price buyers" would likewise benefit by this bill because it would doubtless make unadapted imported seed cheaper without changing its quality. It will enable dealers and farmers to identify the place of origin of the seed they sow.

In view of the very general growth of alfalfa in the United States and the importance of the red-clover crop in the northern sections, and in further view of the best interests of both producers and consumers of clover and alfalfa seed, I trust that this legislation will receive thoughtful and favorable consideration when it reaches the floor of the House. It can do no possible harm to any reputable seedsmen and will be a means of incalculable good to the farmers who produce these two important crops. No sectional or partisan lines can be drawn on the measure, and I am therefore hopeful that it will receive early and favorable consideration.

Mr. BUCHANAN. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. FISHER].

Mr. FISHER. Mr. Chairman, several days ago on this floor there was a strong denunciation of the conduct of several of our Government officials during the World War and some extravagant expressions were used relative to the sale of seized German patents.

I quote:

The most regrettable spectacle connected with the World War * * * not confiscation for the benefit of the Government but to satisfy the greed and avarice of certain of the unscrupulous in this country * * * it was immoral; I think it was unjust; I think it was outrageous. (CONGRESSIONAL RECORD, p. 2457.)

My thought in asking for time to speak to-day was to show not by my opinions but by judicial conclusions that the things done and so freely denounced were exactly the opposite as described by the gentleman from Missouri [Mr. NEWTON]; that the dyes and chemical industries of the United States are now forever free from an enemy's grip and also free from the danger of monopolies supplying the Nation's need with better products than we had previously imported. With it all, these industries can be converted to the needs of a chemical warfare and in this we will have a valuable asset to our national defense.

In the CONGRESSIONAL RECORD of January 20, pages 2455 to 2463, in a speech which was delivered by the gentleman from

Missouri [Mr. NEWTON] there are the statements which are severe criticisms of our country in the steps which were taken in the late war in behalf of our industries and national defense in particular as to the seizure and sale of patents, trade-marks, and copyrights which were owned by German interests. The statements made so widely differ from the facts about the Chemical Foundation and the Alien Property Custodian as I have known them to be I thought that in justice to the Government officials who had the responsibility as to the disposition of the enemy properties seized under the trading with the enemy act and its amendments which were passed by the Congress during the war, that I should state the facts as I remember them and quote from two court decisions which have been rendered about this matter and have clearly stated the real facts. The trading with the enemy act was passed by the Congress during the war in March, 1918, and was amended in November following to meet the serious situation which had developed from information from investigation about the activities of German properties in this country.

A suit was instituted in equity by the United States of America in the United States District Court of Delaware by the then Attorney General, Mr. Harry M. Daugherty. It asked for the annulment of a sale of property which had been made by the United States to the Chemical Foundation. The district court, after hearing evidence for many months, wrote his opinion deciding the case against the plaintiff, and held that the officers appointed under the trading with the enemy act had acted within the law and ordered the suit dismissed. It was appealed to the United States circuit court of appeals and that court confirmed the finding of facts by the district judge and likewise held that the sale made was a valid one. The case is now before the United States Supreme Court.

The circuit court of appeals held in regard to German industries in this country during the late war:

When the law was enacted and this announcement made there was little knowledge of German investments in the United States. They were known to be large, but they were not suspected as being hostile to American interests. But this idea was quickly dispelled. Responding to the mandate of the act, persons and corporations in the United States having enemy-owned property in their custody made 35,000 reports of such property to the custodian. These reports showed property of more than $500,000,000 in value, extending into every State in the Union and the Territories and insular possessions, affecting every industry and monopolizing same. It was the custodian's duty under the statute to take over and operate this huge aggregation of property, and it at once became apparent that he was earning large profits as manager of enemy-owned businesses. * * *

It was also quickly revealed that all enemy-owned property was not property of casual private German investors, but, on the contrary, was in large part owned by the Junker class, and no inconsiderable part was owned by the royal family and by the Kaiser himself. It also developed almost at once that a large portion of the property had definite hostile effects upon the interests of the United States. These are examples: * * *

The Bosch Magneto Co. manufactured special apparatus for airplanes. Before the entrance of the United States into the war it had made contracts (in some instances through American concerns) to supply such appliances to the Allies. In complicity with Privy Councillor Albert, the German financial representative in the United States during the early period of the war, it succeeded by a policy of deception and delay in postponing deliveries for 15 months.

Employees of the Hamburg-American Line and the Nord-Deutsche Lloyd, German-owned steamship lines, kept close watch on the maritime business of the United States and reported to the German Government every ship and its cargo leaving these shores.

The Florida Lumber Co. had acquired every advantageous place on the finest harbor in the Gulf of Mexico, the nearest harbor on American soil to the Panama Canal. Its files, instead of containing matters pertaining to the lumber business, were filled with Pan-German literature. The lumber plant was a distributing center of propaganda.

Other concerns cornered the market in coal-tar products that were convertible into explosives in order to hamper the manufacture of munitions. Their achievements in acquiring essential chemicals were regarded by the German authorities as equivalent to the destruction of a train of 400 cars loaded with explosives.

Among the industries in this country which the custodian discovered were completely owned by German enemies was the chemical industry dealing principally in medicinals and dyestuffs. As this industry is the center of the controversy here in suit, we must pause still further to inquire into its character and its relation to the United States. * * *

This position of the United States was due to a variety of circumstances: The Germans had started early in the industry and had made amazing strides; they had formed great trusts, or kartels, with the approval of their government, and with government aid they were able to enter our markets and destroy or thwart such feeble competition as from time to time arose or struggled on. By practices of "full line forcing," foreman bribery, and "dumping" they consolidated their control. But, more important than all, they applied for and obtained several thousand American patents which it was supposed blanketed the art of organic chemistry and the essentially related art of by-product coke ovens in this country. (5 Fed. (2d) 197.)

There was an embarrassing situation to our textile and chemical industries during the war because of the scarcity of dyestuffs and chemicals, which were, previously to the blockade by the English fleet, imported in large quantities from Germany. Great demand by our people for the products caused a tremendous increase in their output by our industries. In many cases the chemical and medical products made in this great activity proved to be better than those which had formerly been imported from Germany. Our dye and chemical concerns during this period of great activity founded the American Dyes Institute, which embraced the industries manufacturing 90 per cent of the dyestuffs in 1918. The Alien Property Custodian, Mr. Mitchell Palmer, under the "trading with the enemy act" and the amendments made to it by Congress, seized certain of the patents in the Patent Office which were filed by German interests and were needed by our dye-manufacturing concerns. This plan to seize and sell these German patents was first suggested by Mr. Palmer. He had discovered after the sale of the Bayer Co. at a public auction that the concern which bought it had a monopoly of valuable patents.

The Circuit Court of Appeals for the Third Circuit gave their opinion that the chemical industry is "a key industry," and that before our country entered the war Germany, holding the key, tried—

to force the United States to cause the British Government to raise the blockade in consideration of a supply of dyestuffs and medicinals to meet the public demand in this country.

There were many conferences between representatives of the dye and chemical industries with the custodian as to the disposition of the seized patents. It was Mr. Palmer's plan that the German patents should be disposed of in a way to create an American chemical industry. A definite plan was submitted for the purchase at a private sale of certain of the German patents which had been designated by a survey made by the patent attorneys of the National Aniline Co. and the Du Pont Co.

A price was agreed upon at a figure something over $250,000. Under the suggested plan there was to be a purchasing corporation organized, the capital stock to be taken by members of the Dyes Institute.

The circuit court of appeals said:

The terms and conditions of the plan were in the main dictated and in the whole decided by Mr. Palmer. Therefore, we find that the terms of the plan which ultimately resulted in the sale of the patents were not imposed by the industry but were laid down by Mr. Palmer representing the Government (5 Fed. (2d) 201.)

There was a committee called the Advisory Committee which passed on every sale before it could be made. The names and comment on the committee are taken from the opinion of the circuit court of appeals:

The members of this committee were: Hon. George D. Ingraham, former presiding justice of the appellate division of the first judicial department of the Supreme Court of the State of New York; Mr. Otto T. Bannard, president of the New York Trust Co.; Mr. Cleveland H. Dodge; Mr. B. Howell Griswold, jr., senior partner of the banking firm of Brown Bros.; and Mr. Ralph Stone, president of the Detroit Trust Co. These gentlemen were all of the highest standing, were in no way connected with the chemical industry and were serving the Government without compensation. They approved the plan and on the request of Mr. Palmer agreed to serve as trustees of the stock of the proposed purchasing corporation (5 Fed. (2d) 202.)

Mr. Palmer as custodian on February 15, 1919, made a full report of the proposed sale and its terms to the President of the United States and it received his approval. Under the amendment to the trading with the enemy act the consent of the President had to be obtained if the patents were to be sold at a private sale. On the 3d day of December, 1918, the President, on the eve of his going abroad, made an Executive order and that part of it relating to the proposed sale is as follows:

I hereby vest in Frank L. Polk all power and authority conferred upon the President by the provisions of section 12 of the said trading with the enemy act. (Woodrow Wilson, 5 Fed. (2d) 210.)

Under this order, Mr. Polk, then counsellor of the State Department, on or about February 26, 1919, authorized the

custodian to make a private sale of the patents to the Chemical Foundation, the corporation which was organized by the members of the Dyes Institute on the terms which have been stated giving the reasons for a private sale that it was in the public interest. Mr. Polk testified that he had carefully read the extract of Mr. Palmer's report and knew what he was signing under the Executive order. In order to avoid the possibility of having any question raised as to the validity of the sale the President on February 13, 1920, executed an instrument ratifying the transaction. The district judge said in regard to the need for a private sale the following:

Had those patents been sold to American citizens at public sale, instead of a private sale, and only the net proceeds of such sale paid to their former enemy owners, those owners would have suffered an almost total loss in the value of the property. * * *

Conditions of sale were that the property should be held in a fiduciary capacity for the Americanization of such industries as might be affected thereby, and for the advancement of chemical and allied science and industry in the United States; that nonexclusive licenses, only, should be granted, and that the United States should receive free licenses; and that other licenses granted should be upon reasonable and equal terms without advantage as between licensees. (294 Fed. 300.)

While there was no mention of Mr. Francis P. Garvan's name in the attack which was made by the gentleman from Missouri [Mr. NEWTON], he evidently intended the severe language he used to apply to Mr. Garvan and the part he had taken in the sale. Mr. Garvan was the Chief of the Bureau of Investigation on March 4, 1919. Mr. Palmer resigned as Alien Property Custodian on March 4, 1919, and on March 5 he became Attorney General of the United States. It was on Mr. Palmer's recommendation to the President that Mr. Garvan was appointed to succeed Mr. Palmer as Alien Property Custodian. The circuit court of appeals passed upon this phase of the case and said:

When Mr. Palmer made the contract of sale Mr. Garvan was an officer of the United States serving his Government without compensation, being one of that class generally known as "dollar-a-year men." He was not then an officer of the Chemical Foundation. When, later, he became Alien Property Custodian and also president of the Chemical Foundation, there was present the element of two official positions, and in these positions it is true he carried out the contract previously made, but there was lacking the element of a direct or indirect interest on his part in the pecuniary profits or contracts of the foundation, for he agreed to serve as its president without compensation and he has kept his agreement. He has not received from it any money for any purpose, even for his expenses. Moreover, the by-laws of the corporation provide that the president and vice president shall serve without pay. Mr. Garvan, together with Mr. McKay and Mr. Corbitt, while holding positions under the United States and at the same time acting as directors of the foundation, were not holders of the stock of the corporation other than shares placed in their names to qualify them as directors. Therefore, with respect to these three gentlemen, there is wholly lacking the element of a direct or indirect pecuniary interest in the profits or contracts of the foundation. (5 (2d) Fed. 209.)

It was the gentleman from Missouri [Mr. NEWTON] who stated that the sale was made—

To satisfy the greed and avarice of certain of the unscrupulous in this country * * * that it was immoral; I think it was unjust; I think it was outrageous and utterly without authority. (CONGRESSIONAL RECORD, p. 2457.) * * * To my mind the most regrettable spectacle connected with the World War was exhibited by him when under oath to discharge a sacred trust, he sold valuable properties worth hundreds of millions of dollars from himself, as trustee for the owners, to himself, as the head of a corporation conceived and designed to deprive the owners of these valuable properties, for a consideration so paltry as to amount to confiscation, not only because of its utter inadequacy, but also because it can not be apportioned and paid to the owners of such properties, and when the injustice had been perpetrated and its object accomplished he abandoned his position as the protector of his wards, whom he had sworn to protect, and took charge as president of the corporation which had acquired title to their properties. (CONGRESSIONAL RECORD, p. 2457.)

Evidently such conclusions were far from the minds of the two courts who have given opinions on this sale of patents.

German patents had a bad reputation. In a book published in 1917, Seward's Science and the Nation, defendant's Exhibit 50, page 18, Sir William Pope was quoted as saying, "In fact, some German patents are drawn up for the purpose of discouraging investigation by more practical methods; thus, anyone who attempted to repeat the method for manufacturing a dyestuff protected by Salzman and Krenger in the German patent would be pretty certain to kill himself during the operation." * * * For example, Doctor Holdermann, who was a member of the German firm which before their seizure owned the Haber nitrogen-fixation patents and who came from Germany to attend the trial of this case, testified that these process patents (58 in number) are worth $17,000,000, yet the learned trial judge found on evidence which we think abundantly sustains him that, because their disclosures are of doubtful adequacy even to Germans other than those specially trained under the patents, and because their disclosures are wholly inadequate to workers in the chemical art in America, these patents are without substantial affirmative value to American citizens. (5 Fed. (2d) 191.)

By authority of the act, which means by authority of Congress, the patents were sold stripped of their characteristic of monopolies and sold on conditions that the United States should have free licenses under all of them and that its citizens should have nonexclusive licenses on equal terms. These, briefly, were the conditions. What did the United States receive? It received the $250,000; it also received licenses under the patents, and it obtained the creation of an industry which stands equipped, manned, and maintained in full operation ready to be converted at once into a line of national defense in the event of war. There is no evidence of the value of the licenses which the Government received, nor, very naturally, is there evidence of the value of the national defense in chemical warfare placed in the Government's hands. Yet, we surmise these things have values and, taken together, we believe they are greater than the value of the patents at the time of their sale. We are of opinion that the price paid in the circumstances was not inadequate.

Mr. Mitchell Palmer and his successor, Mr. Francis P. Garvan, as Alien Property Custodians, carried out the purposes of the trading with the enemy act, which "was the protection of the Nation, not the benefit of the enemy." Mr. Palmer was a witness in the trial before the district judge. He was not cross-examined, nor was his evidence contradicted. He testified at length about his ideas as to the great need in our country of chemical science and industry, not only for peace time but for war purposes and national defense. He declared that his efforts were to get a plan whereby the German grip could never strangle our chemical industries; that the new American industries should be safeguarded and protected for the future need. He told of how the experiences of the Federal Trade Commission with the leasing of patents during the war brought to his mind the necessity which was put in the plan to make the new industry competitive and to prevent it from being a monopoly; that the people, as well as the Government, should be benefited. It was with these high ideals in mind which brought about the organization of the Chemical Foundation.

It is gratifying to know that a district court and a court of appeals have rendered opinions that both Mr. Palmer and Mr. Garvan, as Alien Property Custodians, with so great trust imposed upon them, had been true to their oaths of office; that no proof was shown which would sustain the charges of conspiracy and felony which were made in the bill which was filed by Mr. Daugherty.

What a striking contrast there is in the record of the administration of the Alien Property Custodian who succeeded Mr. Garvan. A change of party control in the Government brought about a change in the person who was to be the Alien Custodian under the new administration. He held the place until recently. Because of serious charges as to irregularities in his administration this custodian resigned. After an investigation of these matters by a Federal grand jury in New York City he was indicted. During this week the Federal grand jury in the same city is still investigating these same irregularities, and they called to give evidence both the ex-Attorney General, Mr. Daugherty, and his brother. The news item of the New York City daily papers give suggestions as to the proof introduced, showing a condition which is shocking. If these charges are true, it would take much stronger language than that which I have objected to to-day.

Mr. MAGEE of New York. Mr. Chairman, I yield one minute to the gentleman from Vermont [Mr. GIBSON].

Mr. GIBSON. Mr. Chairman, I do not wish to trespass upon the good nature of the gentleman from New York by asking time or upon this House by listening to a speech, but I do ask unanimous consent that I may place in the RECORD some remarks in regard to the condition of agriculture in my section of the country.

The CHAIRMAN. The gentleman from Vermont asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

NEW ENGLAND FARMING CONDITIONS

Mr. GIBSON. Mr. Chairman, we have before us the agricultural appropriation bill, affecting the welfare of the greatest business of America. Civilizations through all the ages

have risen and fallen with the rise and decline of farming. If our Nation is to rest upon a permanent basis, this business must be encouraged and protected. It is well, then, to make liberal appropriations for a department that really controls the future of the country.

We have heard of late of the decline of New England. Recently a conference was held at Worcester, Mass., to consider the situation and devise means to restore the fortunes of that portion of the country that has been our greatest storehouse. Resolutions were passed and a permanent committee formed to investigate and report.

If there has been any decline, it is due in a large measure to agricultural conditions. The Secretary of the Interior recently said in commenting on the present reclamation policy:

> In the New England States several million acres of land have reverted to pasture. Of the 3,000,000 acres in Connecticut, 497,435 acres were harvested in 1924. Vermont harvested 1,124,000 acres in 1924. Added to this were approximately 1,000,000 acres of unimproved land in this State lost to agriculture through nonuse. Its pasture lands total 2,175,000 acres. New Hampshire cropped in 1924 but 542,846 acres out of 2,262,000 acres in farms. The pasture lands in this State comprised over 1,000,000 acres. Maine, with an area of 5,164,000 acres in farms, cropped only 1,659,000 acres last year. Similar proportionate conditions exist in other States located in this section of the United States.

While it will be seen from these figures that conditions in Vermont are somewhat better than in some other New England States, nevertheless conditions there are typical. The improved acreage in Vermont has dropped from 81.5 per cent in 1890 to 58.2 per cent in 1920. In 1850, 63 per cent of our farm land was improved; in 1920 only 39 per cent. In the period between 1910 and 1920 the number of operated farms dropped from 32,709 to 29,075, a decrease of 3,634, or 11 per cent. From 1920 to 1925 there was a further decrease of 1,289 operated farms. This decrease indicates approximately the increase in the number of so-called abandoned farms. These figures present a picture of a condition that should command our earnest consideration.

The cause is not found in any lack of fertility. Our soil is as productive as that of any section of the country. Actual results tell the story. Let us examine some hard facts from the official figures of production. In 1924 the average yield of wheat per acre for the whole country was 16.5 bushels, and the average value per acre $21.40. The average yield per acre in Vermont was 21 bushels per acre and the average value per acre $32. Only five States produced more bushels per acre and only three States showed greater value per acre. In 1925 the average yield per acre for the whole country was 12.8 bushels and the average value $18.16 per acre. The average yield per acre in Vermont was 21 bushels and the average value per acre was $31.50. Only four States in that year produced more wheat per acre and only six States showed greater value per acre. In 1922 only one State showed greater value per acre from wheat, and in 1923 only three States.

In 1924 the average yield of oats per acre for the whole country was 35.6 bushels and the average value per acre $17.01. For Vermont the average yield was 38 bushels and the average value $26.22. Only eight States produced more bushels per acre and only one State showed greater value per acre. In 1925 the average yield per acre for the whole country was 33.3 bushels and the average value $12.66. The average yield for Vermont was 40 bushels and the average value $23.60 per acre. Only nine States produced more oats per acre and only five States showed greater value per acre.

In 1924 the average yield of potatoes per acre for the whole country was 127 bushels and the average value per acre was $79.46. The average yield per acre for Vermont was 160 bushels and the average value was $136 per acre. Only three States produced more bushels per acre and only five States showed greater value per acre. In 1925 the average yield for the country was 103.8 bushels and the average value $194.45. In Vermont the average yield was 125 bushels and the average value was $268.75. Only five States showed greater value per acre.

In 1924 the average yield of corn per acre for the country was 23.2 bushels and the average value was $22.46. For Vermont the average yield was 47 bushels and the average value $55.46 per acre. Only one State produced more bushels per acre and only four States showed a greater value per acre. In 1925 the average yield for the whole country was 28.5 bushels per acre and the average value $19.25 per acre. For Vermont the average yield was 48 bushels and the value $48. Only three States produced more bushels per acre and only six States showed more value per acre. In 1920 and 1921 Vermont led all the States in production per acre.

Vermont has maintained the same relative position as to production for 50 years.

These figures tell the story of a fertility of soil the equal of any in the country. We are near the centers of population, the best markets of the world. Our farms are of acreage nearly equal to the average, the average for the country being 148, and for Vermont 145 acres. The average acreage of Vermont farms is larger than of any other State east of the Mississippi River. In dairying, and in the production of maple sugar, Vermont leads all the States.

But in spite of these natural advantages there has been an increase in the number of unoccupied farms. What are the reasons for this condition?

The young men have drifted away to centers of larger opportunity. Only 2.4 per cent of our farm operators are under 25 years of age, while in the country as a whole 27 per cent are under 25 years of age. A relatively small per cent of our farmers are under 45 years of age. This condition obtains in every New England State. Thirty-eight per cent of our native-born are living outside the State. Our man power has been lost to the farms. They are the workers, the builders, and generally the leaders in other sections than their native State.

Another cause for our decline is found in the fact that our money has gone out to help build up other sections of the country. Nearly every State of the West and the South have felt the impulse of our capital. To-day Vermont people have at least $100,000,000 working in the South and West to make agriculture in those sections successful. The life blood of the business has gone out to help other States. Our man power and capital is working in too great proportion for other sections.

What can be done to remedy the condition? The Secretary of the Interior said, in the speech already referred to—

> We must begin again in the East, as did our forefathers, not to conquer the land, wreak a living from it and abandon it, but to resume it. Reclamation for a growing nation of 110,000,000 people should, from now on, include recapture and restoration of lost soil fertility. Beginning in the East, to feed the great cities it has built, and spreading west, following the necessity for it. The major portion of the untilled land in the East is susceptible to being reclaimed. Much of it only awaits the plow. Other portions need clearing of second growth. In most of these States are thinly peopled regions, the inhabitants living on soil skimmed of its cream, that with fertilizer may be made producing farms.

So as to reclamation we must adopt a new policy. The lands of the East, now unproductive, but near to the great markets must be made productive. If it is good policy to expend the hundreds of millions of the peoples' money for the development of limited areas of uncertain productivity and far from markets, then it is certainly good policy to expend some money in bringing back to certain productivity the lands of the East accessible to good markets. With proper fertilization New England can feed the great population centers of the East.

We need more farmers. There seems to be little disposition on the part of the 157,000 native-born Vermonters to return to the State. We must therefore look elsewhere. The last session of the general assembly passed the following resolution, which I commend to your consideration:

> Whereas the prosperity of our State depends largely upon the prosperity of our agricultural interests; and
>
> Whereas it is apparent that there is in Vermont a scarcity of common laborers, and especially those versed and experienced in agriculture; and
>
> Whereas the Commissioner General of Immigration of the United States, the Hon. Walter W. Husband, believes that a modification of the present immigration laws would make it possible for Vermont to secure a large number of desirable North Europeans who are versed and experienced in agriculture: Therefore be it
>
> *Resolved by the senate and house of representatives*, That we are desirous of legislation on the part of Congress which will benefit all Vermont industries, and especially our agricultural interests, and secure for its various industries an influx of desirable immigrants, and we urge our Senators and Representatives to use their influence in favor of such legislation; and be it further
>
> *Resolved*, That a copy of this resolution be forwarded to our Senators and Representatives in Congress.

Mr. Husband, now Assistant Secretary of Labor, is one of the best-informed immigration experts now living. The resolution indicates his views as to a method of repeopling our farms.

Then, too, we must encourage our people with money to loan to invest more at home and extend credit not only to the building up of agriculture but to the development of industry and natural resources. Experience, bitter experience, has demonstrated that our farm mortgages are a far safer investment than those of many other sections. Our investors have fallen under the spell of the promoters of the South and West and our money has gone forth in ever-increasing volume to put the farmers of other sections into direct competition with our own.

Vermont has everything that any State has in the way of general agricultural advantages. In addition, we have a natural beauty of scenery unmatched in all the world. We are pouring our millions into one section of the Nation now enjoying an unprecedented boom, but there the scenery has to be manufactured, and with our money in part. In the Green Mountain State it is made by the hand of the Almighty. Wherever the avenues of travel lead, along the winding streams with water as clear as crystal, pushing on complainingly to the sea or over the hills and mountains of green, melting one into another in the blue mist of the distance, you come into communion with nature and her rarest charms.

Lord Bryce, while serving as ambassador of Great Britain, once said of the Champlain Valley "that it would some day become the summer playhouse of America." But we have the substantial to offer as well, in agricultural and industrial opportunities unmatched anywhere.

In referring to our conditions, let it be understood that we are not in the least discouraged. Our natural advantages will bring prosperity. Our water powers will furnish the energy to keep our manufacturing centers the scenes of busy and prosperous industry. Our beauty of scenery will attract the travelers of the world. Our agricultural advantages understood, our soil refreshed, and some practical application made of a new policy of reclamation suggested by the Secretary of the Interior, we will do our share in feeding the millions of the East.

We extend to the people of the Nation a most cordial invitation to visit our State. Come and be refreshed at the American cradle of independence and universal liberty. You will not be met by an army of real-estate agents proclaiming our advantages, for the money there is in it, but by opportunities that are apparent to all needing no artificial boosting. We will extend to you as open and genuine hospitality as ever came from the hearts of brave and loyal men and women.

Mrs. ROGERS took the chair.

Mr. BUCHANAN. Mr. Chairman, I yield 15 minutes to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON of Louisiana. Mr. Chairman and gentlemen of the committee, the most important phase of the work of the Bureau of Entomology of the Department of Agriculture in the control of insects affecting southern field crops has been that done in connection with the cotton boll weevil. At one time it looked as though the cotton farmer was facing destruction of his industry by continued boll weevil infestation and increasing ravages of that pest.

By continued experiments it was found that while extermination of the boll weevil was not possible, a method of control that would insure fair production was found in the proper use of powdered calcium arsenate. This discovery was made and the method and machinery for its utilization were developed at the Delta Laboratory at Tallulah, La.

After it was found that powdered calcium arsenate was an effective poison the method of application became the next great problem. By several years of experimentation it was found that ground dusting machines by which this powdered calcium arsenate could be effectively distributed might be profitably used. Two types of these machines were put into wide use—the hand machines, by which it was possible to cover 8 to 10 acres per day; and a power duster operated by motor and drawn by horses or mules, making it possible to dust 70 to 80 acres per day. Usually these machines were operated at night or only in the early part of the day while dew remained upon the cotton plants, because only then would the dust adhere to the cotton plant and be effective.

In 1922 experimental dusting by airplane began, with two airplanes borrowed from the War Department. This experiment indicated practical possibilities.

In 1923 Congress made an appropriation of $40,000 for the purpose of enlarging this experimental work, and arrangements were made for cooperation between the Department of Agriculture and the Air Service of the Army. The Air Service furnished the planes and pilots, and the Department of Agriculture furnished the materials, entomologists, and directed and supervised the work under this arrangement. The experiments made have fully demonstrated that the poison could be applied more effectively and at less cost by airplane than by ground machines and that the application thus made was more thorough and effective by reason of the action of the propellor blast in forcing the dust to every part of the cotton plant.

One of the outstanding features of dusting by airplane is the speed of application; 500 to 700 acres per hour can be covered, with less waste, and with about one-half of the calcium arsenate required by ground machines, and the work done more effectively at a less cost per acre, even though the airplanes used were not adapted to this kind of work.

The object sought by this cooperation between the Department of Agriculture and the Army Air Service in developing airplane dusting was to make such demonstration as to justify private concerns in taking up the same work on a commercial basis. It was not the purpose of the Government to go further than to work out the proper methods and types of machinery for economic use in control of the boll weevil and other insects.

During the season of 1924 commercial dusting was undertaken by the Huff-Daland Aero Corporation, of Bristol, Pa. The experiment in that season was limited to the dusting of about 1,000 acres of cotton near Greenville, Miss. The result of this was so encouraging that for the season of 1925 the corporation undertook the work on a fairly large scale. About 50,000 acres of cotton were treated by the company, as well as some 200,000 peach trees. A number of pecan groves and sugar-cane fields were dusted in various States, the work extending into North Carolina, Georgia, Alabama, Mississippi, Arkansas, and Louisiana. The work was under the supervision of Dr. B. R. Coad, of the Delta Laboratory at Tallulah, and his report shows successful operations in every instance, and practically unanimous approval by the farmers receiving the service. To be more definite, he states that 98 per cent gave their unqualified approval.

The price per acre for three applications of calcium arsenate by airplane was $5.50. This included everything, the calcium arsenate, entomological service, application, and supervision. Under the contract made with the farmer applications in excess of three were made for 75 cents per acre. A greater portion of this cotton dusting was in the State of Louisiana. The work became so popular that an airplane base was provided for the Huff-Daland people near the city of Monroe, La., and many planters are making contracts for the service in 1926. The popularity of this service is in part due to the rapidity of application, which is essential to the control of the weevil, the fact that the cotton farmer is relieved of the expense of providing machinery and calcium arsenate and keeping them on hand, and is assured of treatment for large areas within one or two days. To give an example of the approval of this service, I quote from a letter to the Huff-Daland Co. by Mr. B. F. Young, of St. Joseph, La.:

> I wish to assure you of my entire and complete satisfaction with the service rendered me. Your dusting was efficient and effective. In this connection I would say that when an inspection of my property was made by your entomologist, in connection with the parish agricultural agent and myself, which inspection was thoroughly made, there was an infestation of 26 per cent over the entire property. Application of poison was made on that date, and four days apart until three applications had been made. On the 13th of July another careful test was made, which I myself supervised, and the infestation had been reduced to 4 per cent. I believe that the airplane dusting used by me last year increased the yield of my cotton fully as much as 25 to 30 per cent.

In a letter from R. F. Learned & Son, of Natchez, Miss., Mr. Learned expresses himself as follows:

> We have been dusting with calcium arsenate with mule machines for several years, and have always found it efficacious if properly applied. This season the weevil came late, when the cotton had reached a size that made it impracticable to use the mule machines without breaking down the limbs that were practically overlapping in the rows; then, too, it became necessary to get over the whole field more promptly than we could do with the machines on hand. We contracted with the Huff-Daland Co. (Inc.) for airplane dusting and were very well pleased with the results. Just how much was due to the dusting and how much to the favorable change in the weather just about the time of the dusting, it will be impossible to say. Our cotton was late, and it matured to the top. We were sufficiently well satisfied, however, that we expect to have our dusting for 1926 all done by airplane, except possibly when the plant is very young, at which time we can do it more economically by the old method. We space cotton close and figure that a saving of one boll per stalk will pay for the cost of dusting.

It has been thoroughly established that the most effective method of controlling the cotton boll weevil, as well as certain other insects affecting other field crops and orchards, is by the use of airplanes adaptable to this work, and it seems practi-

cally assured now that it can be done commercially, and that progressive business concerns are ready to enter this field of activity, and that through the assistance given the work heretofore by Congress we find agriculture the most attractive and inviting prospect for commercial aviation.

According to the information given by Lieut. Harold H. Harris, a well-known flier of wide experience, who had been granted leave of absence from the Army to take charge of the commercial airplane dusting for the Huff-Daland Corporation, he used for the season of 1925, 20 planes and 10 pilots. The 10 pilots employed were all graduates of the Army Air Service Advanced Flying School. Without this opportunity for commercial aviation it is doubtful if these men would have been kept in the line of practical experience. During the season of 1925 the pilots operating for this company were employed for 900 flying hours and applied 374,000 pounds of powdered calcium arsenate on cotton, peaches, pecans, and sugar cane with satisfactory results in each instance. The average cost for operation was $75 per hour.

It may be well to state here that the Bureau of Entomology is continually, by study and tests, improving and keeping up the standard of calcium arsenate. It will require the continued cooperation of the War Department also in furnishing pilots for this service. The important thing now needed and required is a type of airplane better adapted to these agricultural uses, and I hope the Congress can see its way clear to provide sufficient additional funds to complete this line of investigation and work out a more satisfactory type of plane.

As an evidence of the widespread interest in the question of insect control in general by airplanes, there have been during the past year representatives of seven different foreign countries in this country in conference with experts at the Bureau of Entomology, studying and observing the results obtained by the tests and experiments at the Delta Laboratory at Tallulah, La., and five of these countries are now carrying out tests for the use of airplanes for insect control based upon the information received here.

The CHAIRMAN (Mrs. ROGERS). The time of the gentleman from Louisiana has expired.

Mr. MAGEE of New York. Mr. Chairman, I yield two minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Chairman and gentlemen of the committee, I ask for two minutes to place before the House a short letter and the statement made by J. W. Harriman that appears in the American Banker of January 22, 1926. The letter is addressed to me from one of my constituents, which is short and is as follows:

STRONGHURST, ILL., *January 25, 1926.*

Mr. JOHN C. ALLEN, M. C.
Washington, D. C.

DEAR SIR: If what Mr. J. W. Harriman says is true, why does not Uncle Sam get busy?

Yours,

C. R. KAISER.

Mr. Harriman makes this statement:

J. W. HARRIMAN URGES USE OF PHILIPPINES

"While meetings of magnates, conferences, and conventions are held, and we sit around and holler like small boys over where we are to get rubber to supply our future needs the United States is in the position of a man who has a valuable asset in his safe deposit box but does not know it," says J. W. Harriman, president of the Harriman National Bank, of New York.

"The Philippines," says Mr. Harriman, "are a gold mine in territory and labor. Costly Government investigations have proven an already known fact—that rubber can be produced cheaply and efficiently in all parts of the islands. Still nothing is done about it.

"Meanwhile our rubber companies are making plans to commence production of the commodity in Liberia, Sumatra, and elsewhere. Other governments will derive substantial revenues in taxes on what our companies produce for the use of the United States, while we have just as good facilities within our own boundaries.

"In the Philippines we have 120,000 square miles of territory admirably adapted in soil and climate to the growing of rubber. Labor is plentiful among the population of 11,000,000, while cheap Chinese labor is only 50 hours away.

"Our Government knows the potentialities of this portion of our territory, but political considerations have hitherto prevented their proper development. Assurances that the islands will remain under our flag by the formulation of a definite governmental policy and the elimination of present foolish restrictions and limitations on ownership of land are necessary. Once this is effected the influx of American capital will be rapid.

"The thing to do is to get every man who owns an automobile and who is consequently interested in the future prices of rubber tires to write to Secretary Hoover and his Congressman demanding that this dilatory policy be abandoned. The problem of rubber reserves will be a problem no longer. The situation calls for concentrated and intelligent action."

Mr. MAGEE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ELLIOTT].

The CHAIRMAN (Mr. TREADWAY). The gentleman from Indiana is recognized for 10 minutes.

Mr. ELLIOTT. Mr. Chairman and gentlemen of the committee, I did not come over here this afternoon with the intention of inflicting a speech on this committee. But after I got over here I concluded that, inasmuch as several gentlemen were talking about the public-building question, that I might as well inject my remarks into the RECORD as for them to do so.

This public-building question is a difficult one to handle, owing to the fact that it is a governmental matter. If the question was one that the Standard Oil Co. or the United States Steel Corporation, or any other great business enterprise, had to handle, it would only be a question of getting the money to do the work. They would proceed to do the work along business lines and construct buildings where they were needed, and leave the places where they were not needed until after the places where they were needed were provided for. The last public building bill that Congress passed was approved March 4, 1913. As I am informed, that bill provided for about $40,000,000 to $45,000,000 worth of buildings, scattered over the United States. At that time Congress realized that the question of public buildings had gotten to the point where something had to be done, and they injected into that bill a section which provides that hereafter no town having postal receipts of less than $10,000 a year shall be eligible for a public building and that no town having postal receipts of less than $6,000 a year shall be eligible for a site. That was put into that bill at that time because the Members of Congress realized that Congress was running away with itself on the question of public buildings.

The war came on and the price of building materials and construction went up, with the result that a lot of these buildings that were authorized in the act of March 4, 1913, could not be constructed under the limit of cost fixed in that bill. There remain to-day, as a result of that, 64 buildings authorized in that bill which have not been constructed, and in the drafting of this public buildings bill in section 3 we provide an additional authorization of $15,000,000 to complete those buildings and get them out of the way. No public building act has been passed since March 4, 1913, of any kind or character. The result is that we are badly behind with our public buildings. We have before the Committee on Public Buildings and Grounds at this time over 950 public building bills, introduced by Members of this House, asking for authorizations of $250,000,000. We have before the committee statements from the Treasury and Post Office Departments showing that there are more than $110,000,000 worth of construction in the United States which might be classed as extraemergency cases, where the business of the Government is practically being conducted out of doors, for lack of proper buildings. In addition to that the President of the United States has been requesting the Congress that it authorize the construction in the District of Columbia, to take care of the Government's own business, buildings to the extent of $50,000,000. For instance, the Department of Agriculture in the city of Washington at this time is occupying space in 45 different buildings. The General Accounting Office, the business office of this Government, is occupying space in 10 to 15 buildings, and the Department of Internal Revenue, one of the most important parts of the Government, is now scattered around through 21 buildings in the city of Washington. These are conditions that the Committee on Public Buildings and Grounds had to face when they started to get out a public buildings bill. We have reported to the House a bill which provides for $15,000,000 with which to complete the buildings that were authorized under the act of March 4, 1913; $50,000,000 for public buildings in the District of Columbia; and $100,000,000 to go to the rest of the country to take care of the Government's business there. We had to do this in the light of the financial situation of the United States, as we understand it and as it is reported to us by the Treasury Department. The President of the United States has said, and so has the Secretary of the Treasury, that $25,000,000 annually is all that we can spend on public buildings unless we want to increase the taxes or issue bonds. That being the case, that was the amount of cloth out of which we had to cut our garment. Therefore we brought in this public building bill providing for the authorization of $165,000,000 to be expended in buildings, which is by far the largest public buildings bill that has ever been passed by the Congress, and providing that

no more than $25,000,000 shall be expended out of the Treasury annually for these buildings, which will make this about a seven-and-a-half-year program.

In regard to the $100,000,000, there is no limitation in the bill as to the size of the town that is to be taken care of under it. They can construct a building anywhere inside of the United States where a public building is necessary, but the first thing they must do, if it is a post-office building, is for the Secretary of the Treasury and the Postmaster General to meet and act jointly in selecting the town and the site and the character of the building, and they must also determine the amount that it is going to cost and report those things annually to the Bureau of the Budget, and then they come back to Congress to get the money to do the work.

That is the proposition that we have brought to you. It is the only kind of a proposition that would be feasible at this time, especially in the light of the Budget message of the President of the United States which he sent to the Congress at the beginning of this term.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. MAGEE of New York. Mr. Chairman, I yield the gentleman 10 minutes more, and in doing so I make this suggestion: Under the act of March 4, 1913, quite a large amount of money—I do not know how many million dollars—was appropriated, so that in carrying out this public-buildings program, as a matter of fact, there will be available not only the $165,000,000, but also the additional amount appropriated under that act. Will the gentleman explain that feature of it?

Mr. ELLIOTT. Mr. Chairman, as I understand the matter, the amount of money that was authorized for those 64 public buildings by the act of March 4, 1913, has already been appropriated, and this additional $15,000,000 which was put in this bill for that purpose is to be used to increase the limit of cost on all of those buildings and cause them to be constructed. So that this bill actually releases more than $165,000,000 on account of the fact that it releases money that is now appropriated and in the Treasury for the construction of these buildings.

Mr. HOOPER. Mr. Chairman, will the gentleman yield for a question?

Mr. ELLIOTT. Yes.

Mr. HOOPER. For the purpose of reassuring the smaller cities in the country that think they have a real need, will there be ample opportunity for the small places, as well as others, to bring the needs of their different communities to the attention of the proper authorities?

Mr. ELLIOTT. In answer to the question I desire to say that the committee has done everything they can in this bill to make it entirely fair. They can build a building anywhere when they determine an emergency exists; and after that they come back and get their appropriation from Congress.

Mr. HUDSPETH. Will the gentleman yield?

Mr. ELLIOTT. I will.

Mr. HUDSPETH. Is there any preferred list of cities now where buildings are to be built in case this bill passes?

Mr. ELLIOTT. I am glad the gentleman asks that question.

Mr. HUDSPETH. It has been rumored and stated there were, and we should like that information.

Mr. ELLIOTT. Here is what has been done. At three different times in the last four years the Postmaster General and Secretary of the Treasury have called the attention of Congress to certain places where emergencies exist. The first list came up with 140 cities in it. Then they put up another list of 19 cities, making 149 places where they said an emergency existed for the construction or remodeling or repairing of a building. Now, if you will look at the hearings which the committee held on this bill you will find a list of all of those places. Now, there is nothing in this bill that gives any place any preference over another place except the buildings that come within section 3 of the bill, the ones already authorized by Congress.

Mr. LANKFORD. Will the gentleman yield?

Mr. ELLIOTT. I will.

Mr. LANKFORD. If this bill passes with the limitation of building a post office only in towns of $10,000 postal receipts, and if a town has, say, $6,000 postal receipts, will this authorize the building of a post office of similar receipts if the Postmaster General and the Secretary of the Treasury think proper?

Mr. ELLIOTT. There is nothing in this bill that repeals any section of the law, and so far as I know it does not repeal that section of the law. Now, here was another proposition which we had to deal with as an alternative proposition. If we brought in an old-fashioned kind of bill, which some people have been so unkind as to characterize as a pork bill, here is what we were up against. If we do not take care of the emergency cases Congress would be open to criticism, and if we take care of those cases there is $110,000,000 and Congress could not afford to disregard the request of the President of the United States and cut out the $50,000,000 that the President has asked for for Government use in the District of Columbia. We had that much to start on, $160,000,000. Then we had 950 bills introduced by Members of Congress calling for $250,000,000, and the result of it would have been that by the time we got the old-fashioned bill that was big enough to suit Congress it would have caused an upset among the taxpayers of the United States, because I do not believe that the taxpayers of the United States have gotten around to the point that they wanted a $300,000,000 public buildings bill. I will now yield to the gentleman from North Carolina.

Mr. BULWINKLE. How many towns and cities of the United States have postal receipts of over $10,000?

Mr. ELLIOTT. I could not say. I have not gone over that, and I can not answer the gentleman's question.

Mr. BULWINKLE. How many have $15,000?

Mr. ELLIOTT. No, I have not gone into that feature of it.

Mr. BULWINKLE. When does the gentleman expect to bring this bill up on the floor?

Mr. ELLIOTT. Just as soon as I get an opportunity to bring it up.

Mr. LANKFORD. If the gentleman will yield further, I will say to the gentleman under the old law which authorized the construction of a building only in towns of $10,000 postal receipts, no building could be constructed in my district at present, and if you bring out a bill to build a building in each district I could only ask for some modification of that bill which will give one to a town of something less.

Mr. CANFIELD. Will the gentleman yield?

Mr. ELLIOTT. I will.

Mr. CANFIELD. Is there anything in this bill to take care of sites already purchased and build a building?

Mr. ELLIOTT. They may build a building on a site already purchased, or build in a town where they have to buy a site.

Mr. LANKFORD. If the gentleman will yield further, I had one building which was authorized under the act of 1913, but the building could not be built within the appropriation. Last year I approved of a building within the appropriation, and that building has been built and the postmaster has moved in during this month, so the building in my district has already been constructed within the appropriation.

Mr. ELLIOTT. Now, gentlemen, I hope all of you will take this building situation and face it as the committee has to face it, and you will realize that in any building-legislation proposition it necessarily will have to be along these lines. This bill will allow $100,000,000 in the next seven and a half years in buildings to go up throughout the country, and that is as fast as the Treasury Department says they should be built if we are to build them out of current revenue.

Mr. McMILLAN. Will the gentleman yield?

Mr. ELLIOTT. Yes.

Mr. McMILLAN. What provision does this bill carry during this period of seven and a half years for building these potential buildings that may show up between now and that period?

Mr. ELLIOTT. This bill does not specify any particular building at any time or place, and the places where the buildings are built will be determined by the necessity of each case as it arises during the period this law will remain in force.

Mr. McMILLAN. In other words, the gentleman is of the opinion that after a period of seven and a half years it will be necessary again to launch some other program of buildings that will be needed between now and the end of that time?

Mr. ELLIOTT. I think so, and I think this bill will be amended before that time so as to build them faster if the finances of the country warrant a greater expenditure each year.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. BUCHANAN. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. QUIN].

The CHAIRMAN. The gentleman from Mississippi is recognized for 15 minutes.

Mr. QUIN. Mr. Chairman and gentlemen, I would like to submit a few observations on the subject of agriculture. Since we have had this bill up different subjects have been discussed and every type of viewpoint has been expressed in the last few days in this House on many topics. One gentleman—I forget what State he is from—proposes to let our capitalists go over and exploit the lands in the Philippine Islands. After the United States has taken those islands and placed a military satrap in charge of them he wants our Government to permit American capitalists to go out and take possession of the fields

and raise rubber. All the resources of the United States have unwittingly been transferred from the people to the hands of a comparatively few. All of your mineral resources, your gold, silver, iron, coal, oil; every pint of gasoline that goes into a car that one must run on the streets or the country road is controlled by a great monopoly.

Every stick of timber in this great Republic, all the way from the Atlantic Ocean to the Pacific Ocean and from the Great Lakes to the Gulf of Mexico, has been transferred unwittingly from the people to the hands of a comparatively few gentlemen. These comparatively few people having obtained control of all the resources of this Republic that rightly belong to the people as a whole, these resources having been transferred to a few monopolistic gentlemen, now comes a Moses out of the wilderness, saying, "Let us go and plunder the Filipinos and take their lands and raise rubber for the benefit of some two or three magnates." That is at the expense of every man who toils and works.

But I believe that every man and every lady in this House will vote heartily for this appropriation bill. [Applause.] About $44,000,000 is appropriated for the purposes of agriculture. I am glad to see that splendid department going out and endeavoring in all parts of the United States to do away with noxious insects and do away with all animals that destroy our crops. We are doing much toward showing the farmer how to cultivate the land and how to plant his crops, and that is an admirable thing to do. We are doing much. We are building roads. This bill carries with it an appropriation of $80,000,000 for the purpose of constructing roads throughout the United States. There are some Members on the floor of this House that have advocated, and I presume still advocate, the taxing of the bonds that the farmers must issue in order to get their part of the money to construct roads throughout the different counties of this Republic.

While we have done this much for them, there are some great fundamental things that the Congress of the United States is not willing to do. I know what farmers do, because I was born on a farm and worked on a farm since I was 5 years old, and worked not six hours or eight hours but from the early dawning of the morning light until the sun went down in the west and darkness covered the face of the earth. I know the hardships which the wealth producers of this country must go through. Farming is a very hazardous undertaking. Thousands of farms have I seen; I have seen them all the way from Chicago to the Gulf of Mexico, and I have seen them all the way from the Atlantic Ocean to the Pacific Ocean, sometimes while riding on trains and at other times while riding in automobiles. I know the lands in this Republic. The land in the State of Mississippi, where I have the honor to live, is as good land and as cheap land as any other in the United States. Land down there selling at $10 an acre would bring $500 an acre in California and in Iowa. I know, even where people have cheap land and where labor has been cheap, how hard it is to make a profit in farming. What is the matter with it? It is not because they do not work. Why, some people actually begrudge the fact that a farmer rides in a Ford car. They hold that he should walk or have a little pony team if he wants to ride.

I believe that every farmer in this country deserves to ride in a Cadillac. They work hard enough to deserve it. But they can not do that. They can not have the compensation for their services which goes to organized labor. They can not get that compensation for their services which goes to men engaged in intellectual pursuits. They can not get that compensation which goes to the real-estate agent, the broker, the banker, the merchant, the railroad magnate. Why can they not? Because they are not organized in the United States. That is what is the matter.

There are four fundamental things which are necessary before the farmer can make money. He must have cheaper freight rates, he must have a better marketing system, he must have cheaper fertilizer, and the tariff that now takes his profit must be repealed. Of course, a man can go out and see thousands and thousands of cases where a farmer has a nice little cottage and 40 acres of land under cultivation, with a nice little spring at hand, and a creek running through that farm, and round the little home the vines are blooming with honeysuckle and the rose bushes are in flower, and on the side are a few beehives, where the bees work continually while other workers rest; they work until there is nothing for them to find upon which to make honey. That farmer has his milch cows, his few hogs, and his garden, plenty to eat, and he does not require much to wear. He does not care to be arrayed in broadcloth. His wife does not care to be arrayed in silk. She does not care to have diamonds bedecking her neck. She does not care for her daughters to go around as flappers. [Laughter.] But, my friends, they are the salt of this earth. That man can make a living. He can have a piano worth about $250 and an organ in his home. They generally have some good old hymn books, and they sing the songs of God, "The oldtime religion is good enough for me." [Applause.]

Therefore he makes a living; but does that farmer, working from early dawn until late in the eventide, make any money? He can not make money. The Government of the United States, through its authorized agents, through the men who make the laws, first, have fixed it so he has to pay three times what he ought to pay for his transportation. The railroad transportation in the United States and the transportation across the ocean where his product must go to find the markets of the world has eaten up the value of his products in freight rates, and what the freight does not take we have another class of gentlemen, whom I shall denominate as commercial pirates, the middlemen, who prey upon him from the time he gathers his products until they get to the tables of the consumers.

We must have in this Republic, in order for the farmer to have a fair price for his toil, a respectable freight rate. [Applause.] We must have in this Republic a better marketing system than we have to-day. True, the Congress passed one the other day, a milk-and-cider concern which simply gave a few fellow jobs. We have done fairly well heretofore, but we have not reached the proper place yet in order for the farmer to be protected in the distribution of his product.

It is not only the staple crops that must be marketed, but all the products of the fruit and vegetable farmers in the United States, and there are millions on top of hundreds of millions of dollars' worth of vegetables raised by hard work, where the man himself, his wife, and all his children, from 4 years old up to 21, are out in the fields at work, making the vegetables and preparing them in order to get them to the cities where the people must consume them. That class of perishable farm products must be in some way protected through a marketing system by the Government. Of course, our corn, cotton, wheat, our beef products and hog products are staple crops. The tobacco is a staple crop. All of that, indeed, needs some more aid from this Government in order to have a proper marketing place and in order to keep the middleman from getting too much of the farmer's products, because the farmer in the last analysis is the man who pays the freight, and he is the man who pays the middleman.

Now, what else is the matter? We need to give that farmer cheaper fertilizer. A great percentage of the land in the United States, even from the Atlantic Ocean clear down to the Gulf of Mexico, is bound to have commercial fertilizer in order for the soil to be worked and cultivated at a profit. Sodium nitrate is what most of it needs, and yet the agents of the people, the Congress of the United States, have been idle for the last six or eight years and will not pass a bill to turn over that great project at Muscle Shoals, Ala., in order that fertilizer may be made for the farms of this country.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. QUIN. I have not the time to yield.

That is easy to be done, yet it is not done. The same influences that prevent Muscle Shoals from being turned into a great nitrate factory for the purpose of making fertilizer at a cheaper price for the farms of this country are able to keep on the freight rates. The same influences that bring that condition about are what make the fourth reason why the farmers of this country can not make money farming lands under present conditions. Of course, they may make money one year out of five, but for the other fours years where are they going to be? The farm is a place where work must be done, and certain seasons of the year require very hard work with long hours; in fact, they must go out and build torches in the fields and work at night. I have seen that done. It is done all the time in the vegetable-growing section of the district which I have the honor to represent. [Applause.] The fourth reason he can not make money farming is on account of the protective tariff law, which allows him to be robbed on everything he buys. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. BUCHANAN. Mr. Chairman, I yield five minutes to my colleague, the gentleman from Florida [Mr. GREEN].

Mr. GREEN of Florida. Mr. Chairman and fellow members of the committee, much has been said relative to Federal aid in road construction in connection with the bill now pending before our committee. The gentleman from New York, I believe, recently said that the appropriation of $90,000,000 was too much, and he seems to foster the reactionary and destructive policy of the Coolidge retrenchment administration.

I differ widely from the gentleman from New York and from the administration when they say that $90,000,000 is a large appropriation for a Government so great, rich, and powerful as the United States. If I could have my way about it, I would prefer to see ten times this amount expended by the Federal Government in aid to the States of our Union in the construction of a permanent Federal highway system.

Do you gentlemen realize that the States of our Union are expending more than a billion dollars annually on highway construction? For your information I shall insert in the RECORD at this point a table showing the expenditures by the various States for the years 1923, 1924, and 1925. You will readily see thot the various State governments, most of them at least, instead of curtailing expenditures for roads are increasing the amounts, as well as increasing their road mileage:

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF PUBLIC ROADS.

TABLE F-3.—*Rural-road expenditures, 1923*

[Also estimated expenditures for 1924 and 1925]

States	1923—Highway expenditures			Estimated State and local highway expenditures	
	By or under State highway department	Under local control [1]	Total expenditures, 1923	1924	1925
Alabama	$5,116,807	$9,386,018	$14,502,825	$13,225,000	$14,656,000
Arizona	2,883,709	4,308,545	7,192,254	8,900,000	3,800,000
Arkansas	6,936,475	3,559,848	10,496,323	12,500,000	19,000,000
California	19,898,947	28,774,704	48,673,651	46,600,000	36,800,000
Colorado	5,732,597	4,934,449	10,667,046	9,175,000	5,150,000
Connecticut	6,915,092	2,425,867	9,340,959	7,640,000	12,200,000
Delaware	3,747,630	1,683,953	5,431,573	3,366,000	3,887,000
Florida	4,622,983	15,633,804	20,256,787	13,422,000	23,263,700
Georgia	5,474,852	13,342,723	18,817,575	12,000,000	17,750,000
Idaho	2,533,968	3,463,828	5,997,816	4,380,000	3,200,000
Illinois	30,993,977	24,456,760	55,450,737	49,000,000	72,175,000
Indiana	9,268,771	45,249,849	54,518,620	57,000,000	45,840,000
Iowa	17,970,000	16,858,639	34,838,358	27,590,000	39,384,000
Kansas	6,955,133	14,013,549	20,968,682	19,150,000	13,083,500
Kentucky	6,437,017	9,209,507	15,646,524	15,900,000	19,186,000
Louisiana	6,061,865	9,059,835	15,141,700	12,725,000	15,000,000
Maine	6,040,820	[1] 2,534,600	8,575,420	8,583,000	8,680,000
Maryland	7,762,371	3,005,000	10,767,371	7,760,000	9,602,200
Massachusetts	10,514,231	1,646,511	12,160,742	22,175,000	21,426,000
Michigan	17,155,115	22,105,195	39,260,310	42,700,000	53,500,000
Minnesota	10,858,265	24,473,471	35,331,736	39,800,000	24,000,000
Mississippi	2,876,436	11,270,189	14,146,655	18,500,000	14,550,000
Missouri	19,551,231	11,588,946	31,140,177	27,600,000	39,000,000
Montana	1,454,050	[1] 6,742,787	8,196,837	5,600,000	3,775,000
Nebraska	5,774,725	8,470,890	14,245,613	9,000,000	10,250,000
Nevada	2,343,456	500,098	2,843,554	3,595,000	2,255,000
New Hampshire	3,067,784	1,295,147	4,362,931	5,000,000	5,000,000
New Jersey	12,032,203	8,083,687	20,115,890	19,930,000	24,425,000
New Mexico	3,204,914	454,510	3,659,424	4,000,000	2,350,000
New York	38,157,220	22,000,000	60,157,220	46,440,000	64,000,000
North Carolina	28,148,158	[1] 18,600,000	46,748,158	43,000,000	21,500,000
North Dakota	2,262,866	4,960,266	7,223,132	4,795,000	4,700,000
Ohio	12,875,999	50,547,000	63,422,999	45,500,000	79,000,000
Oklahoma	5,730,974	8,476,678	14,207,652	19,700,000	20,000,000
Oregon	10,766,752	[1] 10,736,924	21,503,676	14,775,000	11,000,000
Pennsylvania	23,155,628	[1] 12,443,000	35,598,628	85,000,000	73,000,000
Rhode Island	2,052,114	825,951	2,878,065	2,237,000	3,850,000
South Carolina	4,521,663	4,915,578	9,437,241	9,700,000	10,100,000
South Dakota	2,610,246	7,630,250	10,240,496	10,514,000	10,327,000
Tennessee	4,691,120	10,407,403	15,098,523	18,790,770	21,200,000
Texas	16,292,687	18,813,772	35,106,459	64,000,000	41,000,000
Utah	2,647,488	[1] 1,783,399	4,430,887	4,250,000	3,483,000
Vermont	3,001,510	150,000	3,151,510	3,387,000	3,387,000
Virginia	9,848,619	[1] 6,550,000	16,398,619	18,200,000	15,378,500
Washington	7,178,350	10,070,014	17,248,364	16,970,000	19,500,000
West Virginia	15,665,417	[1] 16,072,000	31,737,417	16,000,000	19,000,000
Wisconsin	5,262,736	35,377,296	40,640,032	40,309,000	16,108,000
Wyoming	3,875,148	873,595	4,748,743	3,200,000	3,403,000
Total	442,959,556	549,775,055	992,734,611	990,683,770	1,003,194,900

[1] Approximate.

Surfaced highways in the United States as of December 31, 1924

[Arranged by States]	Miles
Alabama	12,510.0
Arizona	3,061.3
Arkansas	5,838.5
California	15,262.2
Colorado	8,749.8
Connecticut	2,410.7
Delaware	697.3
Florida	8,998.9
Georgia	19,187.2
Idaho	10,968.4
Illinois	14,172.8
Indiana	39,888.7
Iowa	4,727.5
Kansas	1,409.8
Kentucky	17,065.7
Louisiana	4,678.0
Maine	8,964.3
Maryland (includes 38 miles hard pavement in Baltimore)	4,357.2
Massachusetts	7,310.2
Michigan	20,997.2
Minnesota	22,310.1
Mississippi	9,240.9
Missouri	9,534.7
Montana	930.2
Nebraska	1,140.9
Nevada	965.0
New Hampshire	1,226.4
New Jersey	7,451.4
New Mexico	2,410.9
New York	24,539.3
North Carolina	18,149.7
North Dakota	1,054.9
Ohio	33,580.8
Oklahoma	1,668.0
Oregon	10,120.0
Pennsylvania	16,099.2
Rhode Island	650.5
South Carolina	9,080.9
South Dakota	2,014.0
Tennessee	12,333.0
Texas	19,048.9
Utah	2,953.6
Vermont	4,481.4
Virginia	7,361.6
Washington	16,525.2
West Virginia	1,677.2
Wisconsin	24,437.2
Wyoming	724.2
Total	467,905.8

I shall also at this point insert in the record a tabulation showing Federal highway projects approved for construction as of December 31, 1925, same arranged by States.

Federal highway projects approved for construction as of December 31, 1925

[Arranged by States]	Miles
Alabama	1,469.3
Arizona	813.6
Arkansas	1,655.1
California	1,323.5
Colorado	950.5
Connecticut	147.8
Delaware	152.6
Florida	405.7
Georgia	2,420.8
Idaho	847.7
Illinois	1,553.2
Indiana	972.8
Iowa	2,644.4
Kansas	1,694.8
Kentucky	972.2
Louisiana	1,139.4
Maine	365.8
Maryland	435.4
Massachusetts	406.7
Michigan	1,177.1
Minnesota	3,655.2
Mississippi	1,429.2
Missouri	2,038.0
Montana	1,286.9
Nebraska	2,811.2
Nevada	850.9
New Hampshire	255.7
New Jersey	310.6
New Mexico	1,532.6
New York	1,777.3
North Carolina	1,424.4
North Dakota	2,721.8
Ohio	1,675.0
Oklahoma	1,277.6
Oregon	1,022.9
Pennsylvania	1,618.5
Rhode Island	115.2
South Carolina	1,715.8
South Dakota	2,590.2
Tennessee	961.9
Texas	5,841.0
Utah	701.4
Vermont	157.6
Virginia	1,129.9
Washington	691.5
West Virginia	553.8
Wisconsin	1,793.5
Wyoming	1,293.6
Hawaii	6.5
Total	64,788.1

You will notice that the total is only 64,788.1 miles. I would like to call your attention that my great State—the State of Florida—has only 405.7 miles, according to this tabulation. And may I inform you that my State, according to recent authentic reports, has road-building projects now authorized, and much of it under construction, in the amount of $187,000,000, probably a world record; and I challenge any State to show authorization of greater program. And do you think that the small amount of less than $2,000,000, I believe, received by my State from the Government is the Government's share in a building program of the magnitude of $185,000,000? In my State to-day there are about 12,000 miles of good roads already constructed, said roads connecting up even the remotest sections of the great State of Florida. And what I would like to see is for the Federal Government to discontinue the penny-

wise and pound-foolish policy of retrenchment in the road-building program. And at this point I shall insert in the RECORD the figures showing the amounts as expended by the Federal Government for the past five years.

Federal disbursements for road construction, administration, etc., for the past five fiscal years are as follows:

Fiscal year ending June 30, 1921	$57,462,768.07
Fiscal year ending June 30, 1922	89,940,603.64
Fiscal year ending June 30, 1923	$71,604,708.75
Fiscal year ending June 30, 1924	80,447,823.78
Fiscal year ending June 30, 1925	97,472,506.13
Total	396,934,410.37

The average expenditure per mile for all Federal-aid projects approved from July 11, 1916, to June 30, 1925, was at the rate of $19,300 per mile, of which $8,470 was contributed by the Federal Government.

You will see how ninety million dwindles in comparison with the amounts expended by the several States of the Union.

For the fiscal years 1917 to 1927, inclusive, Congress made available for Federal highway construction the sum of $690,000,000. Of this amount $671,375,000 has been apportioned to the several States and the Territory of Hawaii.

Federal participation in highway work within the State was originally fixed in 1916 on the plan of 50 per cent of the cost being paid by the State and 50 per cent by the Federal Government, with the provision that the Federal share should not exceed the sum of $10,000 per mile, except where bridges of more than 20-foot span were involved, in which case Federal contribution could be 50 per cent of the cost of the bridge. This limitation per mile has been fixed by law at various dates at $20,000, $16,250, and $15,000 per mile, which is the limitation in force at this date.

Taking the above figures as the amount required for the construction of a mile of hard-surfaced road, then, if you will say that the United States on the average is 2,000 miles north and south and 4,000 miles east and west, then divide the 2,000 by 25, and you have 80, the number of roads running from east coast to west coast, a distance of 4,000 miles. Multiply the 4,000 by the 80 and you will have 320,000 miles; then multiply this by $20,000 per mile for construction of a mile of hard-surfaced road and you will have a total cost of $6,400,000,000. This is the amount of money it would take to make roads every 25 miles apart from Canada to Mexico, and extending from the Atlantic to the Pacific. Then multiply this by 2 and you will get the approximate amount that it would take to make a road checkerboard of the United States, giving a maximum distance of only 25 miles in any direction between Federal hard-surfaced highways. Then, if the Federal Government would furnish half of this money and the various State governments the other half, we find that in the course of about 20 years this program could be carried out, or, if you please, this program, running the roads in only one direction, could be completed with half as much money and in half the length of time.

To carry out this program the United States Government would have to furnish only about $334,000,000 annually, the amount we are by the revenue bill reducing taxes. Or, better still, I would like to see the amounts collected from our foreign debtors applied to constructions of permanent Federal hard roads.

Gentlemen of the committee, road building has brought development, progress, and prosperity to California, Illinois, New York, and all other States which have extensively built roads. This includes my great State of Florida, and her present much-warranted prosperity is brought about more than any other one thing by the development of her magnificent system of highways and her splendid network of railroads. Men of the vision of Warfield, Plant, Flagler, and other railroad builders, and men with even greater vision, who have built up our great highway system, have brought this prosperity and development.

Hard roads are the forerunners of development, the carriers of prosperity, and the torchbearers of progress. I want to see every section of every State in the Union reached by magnificent hard-surfaced highways. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I would like to ask the gentleman from New York if he can yield me 15 minutes.

Mr. MAGEE of New York. There have been some cancellations on this side and I will yield to the gentleman from Texas 15 minutes.

Mr. BUCHANAN. Mr. Chairman, I yield six minutes to the gentleman from Georgia [Mr. UPSHAW].

Mr. UPSHAW. Mr. Chairman and gentlemen, summoned yesterday by telegram to Richmond on a mission of mercy to a Georgia friend in sorrow, I was deprived of the privilege of taking some part in the beautiful and fitting birthday tribute paid to our honored colleague, Major STEDMAN of North Carolina. I would be recreant to every impulse of friendship, of keen enthusiasm for a noble and patriotic personality and gratitude for the faith and love that this grand old man has been good enough to give me, if I were to let the record go without some word of genuine appreciation.

We think of him, we speak of him, as "the one Confederate soldier in the House of Congress." It would seem, in a sense, that a kind of loneliness would gather about him as we contemplate him thus, or as he thinks of himself in the pathos of this heroic isolation, but we are glad to feel that Major STEDMAN is not lonely on his eighty-fifth birthday as being the only old Confederate soldier here, for he is sweetly conscious of the richness and the plenitude of the love of his colleagues. [Applause.]

It was a very striking picture to us—a beautiful commentary on the fellowship of our once sundered country that when General Sherwood, the one old Union soldier, was here, there was such a notable friendship between the two.

We love to remember that day when Major STEDMAN put his hand on the shoulder of General Sherwood, when we were paying a tribute to the old Union hero, and we all stood together in acknowledgment of that beautiful personal and national fellowship. Some years ago Col. John H. Seals, a brilliant Southern editor, said in his popular home paper, The Sunny South, "How striking and how pathetic it will be when the last old Confederate soldier is left, when there is only one of them as a witness to a past of loyal ideals and the South's wonderful contribution to the bravery and the achievements of this Nation!" And I have thought how beautiful it would be, when the record shows that there is but one old Confederate soldier left and but one old Union soldier left, if by joint resolution of both Houses of Congress we could have them here on this floor and see them shake hands in priceless comradeship, while we stand before them in acknowledgment of that beautiful union that is ours in the country that we love so well. [Applause.] It is an inspiring thing to think how a man has lived 85 years in the clash and the conflict of arms in war and the sharp contention of civil and political life, and now at "evening time" stands upon a pedestal of all that is brave and beautiful without a fleck upon his name. Major STEDMAN looks like a replica of his great and treasured chieftain, Robert E. Lee. Every man could not follow Robert E. Lee or Ulysses S. Grant in battling for their concepts of constitutional integrity, but this grand old man from his eminence of stainless heroism can reach down his hand to the youth of his State and Nation who, pray God, may never win their laurels in war, as he won his, and urge them to build their character upon that fundamental righteousness that exalted our Nation. God-fearing and chivalric as Major STEDMAN is, we love to think of his gray hairs as but the dawn of the morning of that life that awaits him up yonder "where the stars dazzle and the angels sing." [Applause.]

Mr. MAGEE of New York. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. STEPHENS].

Mr. STEPHENS. Mr. Chairman, I take this time to read the following clipping from the Cincinnati Times-Star, entitled "We lost two men," by Charles Ludwig, a long-time friend of mine and a newspaper reporter on that paper:

"WE LOST TWO MEN"

(By Charles Ludwig)

(We lost two men who volunteered to row a lifeboat from the *President Roosevelt* through the terrific gale, waves 60 feet high, to the sinking freighter *Antinoe*. Ernest Heitman, 28, boatswain's mate, New York, and Uno Wirtanan, master at arms, Finland, nearly reached the *Antinoe*, when a great wave engulfed them. They were seen no more. We lost four other boats, but have saved 12 famished sailors of the *Antinoe* crew.—Radio from steamer *President Roosevelt* in mid-ocean.)

There's so much work to do to-day,
And so much golf and bridge to play,
A million cars to whirl away,
We have no time to mourn or pray—
When heroes die.

A howling storm, a raging sea,
A sinking hulk upon the lee,
A slashing blizzard, roaring gale,
And shattered decks and tattered sail.

Who'll row a lifeboat through that hell
With death a-riding every swell?
Who'll risk his hide to save the tars
Still clinging vain to crashing spars?

Two dauntless sailors volunteer—
No football crowd to rise and cheer.
Through hissing waters, shrieking skies,
They fight the tempest of their lives.

They battle on, near reach the goal,
As wilder yet the billows roll;
Now sweeps a giant, angry wave,
A yawning maw—it is their grave.

"We lost two men"—terse ship report.
Thank God, in times of sheik and sport
The tribe's still true. A wreath to them,
These gallant dead—we lost two MEN!

Though there's much work to do to-day,
And so much golf and bridge to play,
A million cars to whisk away,
Let's pause a moment, just to say,
We lost two MEN.

[Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield the remainder of my time to my colleague from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR of Louisiana. Mr. Chairman and gentlemen of the committee, the Secretary of Commerce, Mr. Hoover, appeared before the Committee on Rivers and Harbors this morning and delivered an address in support of the development of our main waterways and their tributaries that should be read by every Member of Congress. I hope that that address will be made a part of the CONGRESSIONAL RECORD in order that the membership of the House and Senate may find it accessible and easily at hand. I hope it will be published, so that thoughtful students of the development of our waterways throughout the United States will have the benefit of the extraordinary and illuminating manner in which Mr. Hoover has expressed his confidence in the great ultimate results that will flow from the development of our main trunk-line waterways and their laterals.

In connection with that address, it has occurred to me that two bills were recently introduced, one by the gentleman from Nebraska [Mr. SEARS], which has for its purpose a survey of the Missouri River, and another, more comprehensive, because it embraces a study of the water resources of the United States, introduced by the gentleman from Minnesota [Mr. NEWTON]. The latter bill provides for a study of the water resources of the United States through the Director of the Geological Survey and the assistants and associates provided by the machinery mentioned in the contemplated act.

In addition to providing for a survey of the Missouri River the Sears bill requires an investigation of the rivers and lands east of the Rocky Mountains and south and west of the Missouri River to its conjunction with the Mississippi, and of the lands adjacent to those rivers, as well as the rivers and water courses crossing their territory and of the lands adjacent to them, for the purposes of flood control, irrigation water, and electric power and navigation. Such a survey would show to what extent the flood waters of this great river and its tributaries can with practical effect be placed in dams and reservoirs. Such an investigation would show to what extent the adjacent lands are arid or semiarid, what available sites there are for dams to hold flood waters, and to what extent flood waters, by the use of dams and reservoirs, can be placed upon what are now arid lands for irrigation. Such a survey would show approximately what electric power might be generated, and would establish whether or not seepage from the soil would give a continuous flow of water to the rivers should the flood waters be scientifically placed for irrigation upon the soil and arid lands adjacent to them. The sought-for investigation would determine how to prevent the soil erosion caused by floods that are carrying a cubic mile of our best earth down into the Gulf of Mexico annually. As I have indicated the Newton bill is more comprehensive and is similar in purpose and phraseology to the bill which I introduced. It is a modernization of the Newlands bill which was for years looked upon by students of waterways as the crystallization of the wisdom of the country upon this vital and far-reaching subject—the study of the water resources of the United States. I hope that both of these bills will be reported out and acted upon favorably by Congress in the interest of flood control and the navigation possibilities of these mighty rivers of our country and their laterals and tributaries.

One might wonder why a Member living in the lower reaches of the Mississippi River would have such an interest in these bills, and the address delivered by Secretary Hoover, who, in his visualization of the subject, aroused the attention and focussed the thought and imagination of the members of the Rivers and Harbors Committee on the subject in all probability as they had never before been fastened, although the subject falls within their jurisdiction. Your curiosity with respect to my devotion to the subject and my great interest in it would be gratified if you were to look at the map of the United States that is on one of the walls of your office and keep in mind that I am from that part of Louisiana nearest the Gulf. You will see that the Mississippi River in its lower reaches runs entirely through the southern portion of Louisiana, and the thought will come to you, or should come to you, that 26 States of the Union, all of the States lying between the Alleghenies and the Rockies, relentlessly pour down their waters at flood times upon the lower part of Louisiana, and we have to bear the burden of the task of getting rid of those waters. The people of that section are bold, valiant, and self-reliant; they might indeed be permitted to say that that burden is greater than they can bear. And, strange as it may appear in connection with the frightful burden and enormous task that has become ours, as the result of our geographical situation, not a drop of rain water that falls on Louisiana soil goes into the Mississippi River, but it all find its way to the Gulf of Mexico through other outlets. The temporary inconvenience relatively of floods in the upper river and tributaries has become our permanent burden and problem, and during flood season, for two months in the year, it is enough to make even the most thoughtless men feel that the National Government ought to give that section of the country a little more concern than it has manifested up to this time. I have heard it asked why do people live along the lower reaches of a river subject to annual overflow? In the first place, you might ask that same or a similar sort of question of men who live in what is considered in many sections of the country as a cold, barren, and bleak region, the North Atlantic coast. You may ask why people dwell on the slopes of Vesuvius in Italy. You might ask why people have dwelt for centuries far up Aetna that may erupt at any time. I believe it was Winston Churchill who recently said that it is utterly impossible to expect men and women to act logically, because the whole plan of human existence from the beginning has been entirely illogical. We do illogical things apparently. We refuse to live along the banks of the Caribbean Sea, where it is always blissful but enervating summer time, and prefer the cold and seemingly bleak and barren regions of the North Atlantic, just as most of our progenators did in Europe for 2,000 years before wanderlust brought them to America. Then they sought the colder climates rather than the warmer climates to develop along the lines that had been bred in the bones for centuries.

But in the second place and for the best reason on earth, and that is that lower Louisiana would have no flood problem if it were not for the enormous development of the country above which has made for a run-off of such rapidity in the springtime when your snows and ice are melting that the wonder is that we have been able to take care of the water with a levee system which can not stand any more of a strain.

But back to our subject. I would like of course to invite and nail the attention of the House of Representatives upon the Newton bill and upon the Sears bill. Mr. SEARS speaks most eloquently in private conversation of his proposed measure. I would like sometime to have the pleasure of listening to him on the floor of this House. He has an easy flow of language and felicitously expresses thought. He pictures the time when through a proper survey and remedies that would be pointed out through that survey all of the soil lying between the Rocky Mountains and the Missouri River covering a stretch of territory 500 miles wide and almost 2,000 miles long would act as a great reservoir. He describes how that the water would seep through and run into the Missouri River, and instead of coming down as a menace upon us during the two months, it would come throughout the whole year making for the stabilization of the waters and a river that would make for navigation purposes. He would make two blades of grass grow where none grow now, make a liability an asset, and by his magic turn a curse into a blessing.

It is singular, my friends, notwithstanding the civilization that we boast of and our ability to grapple with giant problems, that this great peril and at times appalling danger which confronts the people of the lower Mississippi apparently has remained unsolved. For two months in the year we are threatened with the destruction of property and the loss of lives, and for 10 other months the river for navigation purposes is almost as dry as a canyon in the Rocky Mountains. That does not speak well for the hydraulic engineering of the country. If the engineers of the country can not point out a remedy it appears to me other people ought to be drawn upon and permit civilians, who probably have great ideas upon the subject, undertake to discuss it in the hope that some concrete proposition may come from them and reach Congress. It will be solved. It is the duty of this Nation to do so and when the realization of that duty, of that sacred obligation that is due us in southern Louisiana along the banks of the Mississippi, you will discharge it by a proper performance. The people in New Orleans, the men who have given the subject matter

considerable thought, highly approve of the Newton bill. It is not long and in itself contains a world of information and the bill in my judgment is well worth reading. We are all interested and should be interested. I regret it will not answer the question to say that the few million people who live along the lower reaches of the Mississippi River should never have made that their habitat and their homes but they are there and they are our people, blood of our blood, flesh of our flesh, and bone of our bone.

It is a great, a tremendous problem. But it will be solved. Read the Sears bill, read the Newton bill, and vote for them when they come on the floor of the House for consideration. Read Hoover's great address and realize the necessity for a development of the waterways of the Mississippi Valley in order to make for the greater glory of agriculture, industry, and commerce. Read it and determine to support his splendidly expressed views so that you may have a part in promoting the welfare of our people and country. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PRINTING AND BINDING

For all printing and binding for the Department of Agriculture, including all of its bureaus, offices, institutions, and services located in Washington, D. C., and elsewhere, $738,000, including the Annual Report of the Secretary of Agriculture, as required by the act approved January 12, 1895, and in pursuance of the joint resolution No. 13, approved March 30, 1906, and also including not to exceed $250,000 for farmers' bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct, but not including work done at the field printing plants of the Weather Bureau and the Forest Service authorized by the Joint Committee on Printing, in accordance with the act approved March 1, 1919.

Mr. JONES. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment of Mr. JONES, of Texas: Page 6, line 9, after the figures, insert the following as a paragraph:

"For printing, binding, and distribution of publications entitled 'Diseases of the horse' and 'Diseases of cattle,' $200,000: *Provided*, That such publication shall be distributed one-third in the folding room of the Senate and two-thirds in the folding room of the House of Representatives, and said documents shall be distributed by Members of the Senate and House of Representatives."

Mr. MAGEE of New York. Mr. Chairman, there may be more or less discussion in reference to this amendment, and I do not care to weary the House. Therefore I move that the committee do now rise.

Mr. BUCHANAN. Let us reserve a point of order on the amendment.

Mr. JONES. Mr. Chairman, I would like to state in connection with the point of order—Mr. Chairman, I would like to be heard on the point of order. I would like to state, before the matter is ruled upon, that this same amendment was offered three years ago in a form in which it was in order. The Senate changed it so as to direct that the books should be distributed by Members of the House and Senate. Of course, it can be passed in such form that they may be distributed by the Department of Agriculture. That would clearly be in order. I think it would be much better, if the amendment passes at all, that it pass in the form of giving the Members the privilege of distributing the books rather than the Department of Agriculture. It was held in order three years ago when a similar amendment which authorized the publication of the books at that time was adopted. That is, the simple appropriation for republication was held in order.

Mr. BUCHANAN. I understand the gentleman concedes that in the form in which the amendment now is offered it is not in order?

Mr. JONES. No; I do not concede it is not in order. There may be some question about its being in order, but I will not concede it outright. The amendment providing for the republication of these books is undoubtedly in order. I think the amendment is in order as it is worded here, for the reason that under the general provision for printing the Department of Agriculture is authorized to print all kinds of publications.

There is not any question but that an amendment authorizing the republication of these books is in order, and, that kind of an amendment being in order, I can not conceive of its making the amendment out of order if you simply provide a method of distribution, which is the usual method. This is the natural form. I do not think that makes the amendment out of order. However, if necessary, I will simply offer the amendment in the form in which it has always been held to be in order.

Mr. TILSON. What is the purpose of the gentleman's amendment if it is already provided for?

Mr. JONES. It has to do with the republication, as was done three years ago, of about enough books to allot 500 or 600 copies to each Member of the House. Of course, those have been largely disposed of by this time.

Mr. TILSON. What is the effect of the provision?

Mr. JONES. We provide the same number that was furnished three years ago.

Mr. TILSON. But under the provision as to distribution will they be distributed in the same way?

Mr. JONES. I am not certain. At any rate, it was adopted without a provision for the distribution at that time. I drafted it this time in the form in which the House and the Senate finally passed it before. It will probably go over to the Senate if the simple form is made necessary by a point of order and go through the process of amendment and take up the time both of the House and of the Senate. It seems better to provide a method of distribution at the beginning.

Mr. TILSON. The gentleman realizes that if it changes the effect in any way, it must be out of order. If it is to have no effect, why put it on?

Mr. JONES. Yes, of course; but I do not know that it will make any difference. I know that it will delay matters if it is put in the original form. It can not hurt anything to provide for the distribution of the usual number. It would depend on the regulations of the department.

Mr. MAGEE of New York. Mr. Chairman, I make the point of order that the item is legislation on an appropriation bill.

The CHAIRMAN. The gentleman from New York makes the point of order that the item is legislation on an appropriation bill.

The gentleman from Texas [Mr. JONES] moves that there shall be appropriated $200,000 for printing the publication named, and further the amendment provides that the method of distribution of this publication shall be through the folding rooms of the Senate and of the House. The gentleman from Texas says in effect that he considers it would be better to designate the method of distribution in order to save time at a future period. Of course, it is not within the province of the Chair in any way to infer what may or may not be done later in another body.

The appropriation item without the proviso would undoubtedly be in order as it has been previously so held, it coming under the provision that the Department of Agriculture can issue publications for the dissemination of general information among the people. But the fact that the gentleman's amendment has a provision which is new legislation makes the entire item out of order, and therefore the Chair sustains the point of order.

Mr. JONES. Mr. Chairman, I offer an amendment and ask that it be read for information.

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Texas for information.

Mr. BRIGGS. Mr. Chairman, will the chairman of the committee withhold his motion for a question?

Mr. MAGEE of New York. Yes.

Mr. BRIGGS. Is the appropriation that is carried here for farmers' bulletins the same as that carried last year?

Mr. MAGEE of New York. Yes.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas [Mr. JONES].

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 6, line 9, after the figures insert the following as a new paragraph: "For printing, binding, and distribution of the publications entitled 'Diseases of the Horse' and 'Diseases of Cattle,' $200,000."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. JONES. Mr. Chairman, I understood the gentleman was going to make a motion to rise.

Mr. MAGEE of New York. I withheld that motion a moment ago in order that a question might be asked.

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for two minutes out of order.

Mr. JONES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES. This will not interfere with my speaking on the amendment at the proper time?

The CHAIRMAN. The gentleman from Texas will be recognized. Is he a member of the committee?

Mr. JONES. No; I am not a member of the committee.

The CHAIRMAN. The gentleman will not lose his right to speak if he desires to speak, following the gentleman from New York [Mr. FISH.]

Mr. JONES. I want to be heard on the amendment. I understood the gentleman from New York [Mr. MAGEE] was going to move that the committee rise.

Mr. MAGEE of New York. All the rights of the gentleman from Texas will be preserved.

The CHAIRMAN. The gentleman from Texas will be recognized after the gentleman from New York [Mr. FISH] has consumed two minutes.

Mr. FISH. Mr. Chairman, I have introduced a resolution providing that the thanks of the Congress of the United States shall be tendered to Capt. George Fried and the crew of the *President Roosevelt* for heroism in rescuing the captain and crew of the British steamship *Antinoe*.

My resolution will, I believe, go to the Committee on Merchant Marine and Fisheries. I am not pressing it at the present time, because I do not know whether there is any precedent for such a resolution; but I do hope that if there is such a precedent that the Congress will proceed to tender its thanks in accordance with my resolution or some other resolution, because we should, whenever we have an opportunity, place our official sanction and approval upon such an act of extraordinary heroism, which has added honor and glory to the American merchant marine and the American flag. It seems to me to be more than fitting, and I hope the committee will look up the precedents and report my resolution, or some similar resolution, and thereby encourage American sea captains in doing their duty to humanity and emphasizing that the American Nation is both grateful and proud of the captains, officers, and men of the American merchant marine, who, for efficiency and bravery, stand second to none.

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TREADWAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 8264, the Agricultural appropriation bill, had come to no resolution thereon.

DAUGHTERS OF THE AMERICAN REVOLUTION

Mr. TILSON. Mr. Speaker, I now renew my request to take from the Speaker's table Senate bill 780 and immediately consider it.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to take from the Speaker's table Senate bill 780 and give it immediate consideration. Is there objection?

Mr. SCHAFER. Mr. Speaker, reserving the right to object, what is the purpose of the bill?

Mr. TILSON. It is with regard to extending the right of the Daughters of the American Revolution to own more property in order to provide for their new building program.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution," approved February 20, 1896, as amended, is amended to read as follows:

"SEC. 2. That said society is authorized to hold real and personal estate in the United States, so far only as may be necessary to its lawful ends, to an amount not exceeding $5,000,000, and may adopt a constitution and make by-laws not inconsistent with law, and may adopt a seal. Said society shall have its headquarters or principal office at Washington, in the District of Columbia."

Mr. TILSON. Mr. Speaker, all this bill does is to increase the amount of property which the Society of the Daughters of the American Revolution may hold from $2,000,000 to $5,000,000. I wish to say, in addition, that I have conferred with members of the Judiciary Committee, to which I think the bill would be referred, if referred at all, and there is no objection to it on either side of the House.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. TILSON, a motion to reconsider the vote by which the bill was passed was laid on the table.

ENROLLED JOINT RESOLUTION SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that the committee had examined and found truly enrolled House Joint Resolution of the following title, when the Speaker signed the same:

H. J. Res. 107. Joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

ADJOURNMENT

Mr. MAGEE of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 48 minutes p. m.) the House adjourned until Monday, February 1, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

312. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1926, $60,075, and for the fiscal year ending June 30, 1927, $174,020, pertaining to the Federal Farm Loan Board; in all, $234,095 (H. Doc. No. 234); to the Committee on Appropriations and ordered to be printed.

313. A letter from the Secretary of the Navy, transmitting a proposed draft of a bill "To establish the warrant grade of pay clerk and the commissioned warrant grades of chief marine gunner, chief quartermaster clerk, and chief pay clerk in the United States Marine Corps"; to the Committee on Naval Affairs.

314. A letter from the Secretary of the Navy, transmitting a proposed draft of a bill "To permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the regular Navy, or as warrant or commissioned officers in the United States Naval Reserve Force, for the purpose of promotion to chief warrant rank"; to the Committee on Naval Affairs.

315. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Boston Harbor, Mass., with a view to the elimination of the bend to the eastward of Finns Ledge at the entrance of Broad Sound Channel; to the Committee on Rivers and Harbors.

316. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Strawberry Passage, Green Bay, Wis.; to the Committee on Rivers and Harbors.

317. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Kahului Harbor, Hawaii (H. Doc. No. 235); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

318. A letter from the president of the Capital Traction Co., transmitting report of the Capital Traction Co. for the year ending December 31, 1925; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CARPENTER: Committee on Claims. H. R. 616. A bill for the relief of Ernest F. Church; without amendment (Rept. No. 164). Referred to the Committee of the Whole House.

Mr. JOHNSON of Illinois: Committee on Claims. H. R. 962. A bill for the relief of the estate of William Fries, deceased; with an amendment (Rept. No. 165). Referred to the Committee of the Whole House.

Mr. MORROW: Committee on Claims. H. R. 1243. A bill for the relief of J. H. Toulouse; without amendment (Rept. No. 166). Referred to the Committee of the Whole House.

Mr. BOX: Committee on Claims. H. R. 1244. A bill for the relief of John H. Walker; without amendment (Rept. No. 167). Referred to the Committee of the Whole House.

Mr. APPLEBY: Committee on Claims. H. R. 1897. A bill for the relief of the heirs of the late Louis F. Meissner; without amendment (Rept. No. 168). Referred to the Committee of the Whole House.

Mr. WALTERS: Committee on Claims. H. R. 2042. A bill for the relief of Joseph L. Keresey; with an amendment (Rept. No. 169). Referred to the Committee of the Whole House.

Mr. APPLEBY: Committee on Claims. H. R. 2465. A bill for the relief of Ella E. Horner; with an amendment (Rept. No. 170). Referred to the Committee of the Whole House.

Mr. MORROW: Committee on Claims. H. R. 3659. A bill for the relief of the Custer Electric Light, Heat & Power Co., of Custer, S. Dak.; with an amendment (Rept. No. 171). Referred to the Committee of the Whole House.

Mr. BECK: Committee on Claims. H. R. 4140. A bill for the relief of John Hamill; with amendments (Rept. No. 172). Referred to the Committee of the Whole House.

Mr. UNDERHILL: Committee on Claims. H. R. 8178. A bill for the relief of Ocean Steamship Co. (Ltd.); without amendment (Rept. No. 173). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8568) granting an increase of pension to Louis Wise; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 747) for the relief of Maurice J. Keegan; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JAMES: A bill (H. R. 8641) to amend the tariff act of 1922, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes"; to the Committee on Ways and Means.

By Mr. DYER: A bill (H. R. 8642) to amend section 37 of the criminal code of the United States; to the Committee on the Judiciary.

Also, a bill (H. R. 8643) to allow bail pending the termination of appeal or writ of error; to the Committee on the Judiciary.

Also, a bill (H. R. 8644) providing the right of severance in criminal cases; to the Committee on the Judiciary.

By Mr. FREDERICKS: A bill (H. R. 8645) to provide for the payment of mileage to officers on joining their first stations when commissioned in the United States Army; to the Committee on Military Affairs.

By Mr. HADLEY: A bill (H. R. 8646) providing for a grant of land to the county of San Juan, in the State of Washington, for recreational and public-park purposes; to the Committee on the Public Lands.

By Mr. ASWELL: A bill (H. R. 8647) to place the agricultural industry on a sound commercial basis, to encourage agricultural cooperative associations, and for other purposes; to the Committee on Agriculture.

By Mr. WINTER: A bill (H. R. 8648) to provide for the erection of a public building in the city of Green River, in the State of Wyoming; to the Committee on Public Buildings and Grounds.

By Mr. MAGRADY: A bill (H. R. 8649) to provide for the purchase of a site and the erection of a public building at Bloomsburg, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. CARTER of Oklahoma: A bill (H. R. 8650) for the purchase of a site and the erection thereon of a public building at Hugo, Okla.; to the Committee on Public Buildings and Grounds.

By Mr. UNDERHILL: A bill (H. R. 8651) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; to the Committee on Claims.

By Mr. HAYDEN: A bill (H. R. 8652) to provide for the withdrawal of certain lands as a camp ground for the pupils of the Indian school at Phoenix, Ariz.; to the Committee on Indian Affairs.

By Mr. COOPER of Ohio: A bill (H. R. 8653) to divest goods, wares, and merchandise manufactured, produced, or mined by convicts or prisoners of their interstate character in certain cases; to the Committee on Labor.

By Mr. NEWTON of Minnesota: A bill (H. R. 8654) authorizing imprisonment for nonpayment of fines by persons convicted of crime and repealing section 1042, Revised Statutes of the United States, 1878; to the Committee on the Judiciary.

Also, a bill (H. R. 8655) to provide for payment to any officer, enlisted man, female nurse, or civilian employee of the American Expeditionary Forces of loss sustained on a negotiable instrument by reason of a fluctuation in the rate of exchange, and for other purposes; to the Committee on Military Affairs.

By Mr. ZIHLMAN: A bill (H. R. 8656) to vacate certain streets and alleys within the area known as the Walter Reed General Hospital, District of Columbia, and to authorize the extension and widening of Fourteenth Street and Montague Street to its southern terminus south of Dahlia Street; to the Committee on the District of Columbia.

By Mr. GRAHAM: A bill (H. R. 8657) to amend sections 226, 227, and 228 of the Judicial Code, and for other purposes; to the Committee on the Judiciary.

By Mr. OLDFIELD: A bill (H. R. 8658) permitting the withdrawal of water from White River, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. FISH: Joint resolution (H. J. Res. 141) extending the thanks of Congress to Capt. George Fried and the crew of the U. S. S. *President Roosevelt* for heroic conduct; to the Committee on the Merchant Marine and Fisheries.

Also, resolution (H. Res. 113) requesting information of the administration of the office of the Alien Property Custodian; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALDRICH: A bill (H. R. 8659) granting an increase of pension to Mary E. Sullivan; to the Committee on Invalid Pensions.

By Mr. ARNOLD: A bill (H. R. 8660) granting an increase of pension to Florence M. Legge; to the Committee on Invalid Pensions.

By Mr. BACHMANN: A bill (H. R. 8661) for the relief of Alfred D. Games; to the Committee on the Civil Service.

By Mr. BARKLEY: A bill (H. R. 8662) granting an increase of pension to Eddie Dudley; to the Committee on Pensions.

By Mr. CRUMPACKER: A bill (H. R. 8663) for the relief of Alvin H. Tinker; to the Committee on Military Affairs.

By Mr. DENISON: A bill (H. R. 8664) for the relief of Thomas L. Harris; to the Committee on Military Affairs.

By Mr. W. T. FITZGERALD: A bill (H. R. 8665) granting an increase of pension to Sarah Murphy; to the Committee on Invalid Pensions.

By Mr. FREDERICKS: A bill (H. R. 8666) for the relief of the heirs of John Buck; to the Committee on War Claims.

Also, a bill (H. R. 8667) for the relief of Laurin Gosney; to the Committee on Claims.

Also, a bill (H. R. 8668) granting a pension to Eva A. Davison; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8669) granting a pension to Catherine A. Purington; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8670) granting a pension to Amy E. Gandy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8671) granting a pension to Sarah A. Patterson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8672) granting a pension to Lowell G. Fuller; to the Committee on Pensions.

By Mr. GALLIVAN: A bill (H. R. 8673) granting a pension to Flora Ella Stevens; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H. R. 8674) granting six months' pay to Vincentia V. Irwin; to the Committee on Naval Affairs.

By Mr. GLYNN: A bill (H. R. 8675) granting an increase of pension to Celia A. Stowe; to the Committee on Invalid Pensions.

By Mr. HALL of North Dakota: A bill (H. R. 8676) granting an increase of pension to Nancy Spanton; to the Committee on Invalid Pensions.

By Mr. HAYDEN: A bill (H. R. 8677) granting a pension to Elizabeth Ristow; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 8678) granting an increase of pension to Emma E. Hill; to the Committee on Invalid Pensions.

By Mr. HUDSPETH: A bill (H. R. 8679) granting the distinguished-service cross to Capt. Hurley E. Fuller; to the Committee on Military Affairs.

By Mr. HULL of Tennessee: A bill (H. R. 8680) granting a pension to Jane Herron; to the Committee on Invalid Pensions.

By Mr. IRWIN: A bill (H. R. 8681) for the relief of Fannie B. Armstrong; to the Committee on War Claims.

By Mr. JACOBSTEIN: A bill (H. R. 8682) granting a pension to Etta Lucy Wheeler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8683) granting an increase of pension to Libbie Nalt; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 8684) for the relief of Thomas Huggins; to the Committee on Claims.

Also, a bill (H. R. 8685) for the relief of Henry S. Royce; to the Committee on Claims.

By Mr. KIEFNER: A bill (H. R. 8686) granting an increase of pension to Daniel J. Graves; to the Committee on Pensions.

By Mr. KNUTSON: A bill (H. R. 8687) granting an increase of pension to Catherine E. Grubb; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 8688) granting an increase of pension to Ellen Thompson; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8689) granting an increase of pension to Sarah M. Jacobs; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H. R. 8690) granting a pension to Elizabeth Rogers; to the Committee on Invalid Pensions.

By Mr. MILLS: A bill (H. R. 8691) granting an increase of pension to Ora Horton Wyeth; to the Committee on Pensions.

By Mr. MORROW: A bill (H. R. 8692) for the relief of Fred V. Plomteaux; to the Committee on Claims.

By Mr. REED of New York: A bill (H. R. 8693) granting an increase of pension to Louesa F. Veley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8694) granting an increase of pension to Mary A. Gibson; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 8695) for the relief of Capt. Joseph W. Loef; to the Committee on Military Affairs.

By Mr. TINCHER: A bill (H. R. 8696) granting an increase of pension to Elizabeth B. Williamson; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 8697) for the relief of the American Foreign Trade Corporation and Fils d'Aslan Fresco; to the Committee on Claims.

By Mr. UNDERHILL: A bill (H. R. 8698) for the relief of the Altantic Works; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H. R. 8699) granting a pension to Benjamin F. Collier; to the Committee on Pensions.

By Mr. WHEELER: A bill (H. R. 8700) granting an increase of pension to Nancy H. Berry; to the Committee on Invalid Pensions.

By Mr. WOOD: A bill (H. R. 8701) granting a pension to Charles Oakley; to the Committee on Pensions.

Also, a bill (H. R. 8702) granting an increase of pension to Elizabeth Gibson; to the Committee on Invalid Pensions.

By Mr. YATES: A bill (H. R. 8703) granting a pension to John W. Taylor; to the Committee on Invalid Pensions.

By Mr. JONES: Joint resolution (H. J. Res. 140) for the relief of Cyrus Eakman, former postmaster at Canyon, Randall County, Tex.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

531. Petition of the National Council of the Sons and Daughters of Liberty, favoring legislation that will provide for the registration of all aliens in the country and those seeking admission; to the Committee on Immigration and Naturalization.

532. By Mr. BURTON: Papers in support of House bill 2854, granting a pension to William Camp; to the Committee on Pensions.

533. Also, papers in support of House bill 2853, granting an increase of pension to Julia A. Mason; to the Committee on Invalid Pensions.

534. Also, papers in support of House bill 5717, granting a pension to Ella G. Knox; to the Committee on Invalid Pensions.

535. Also, papers in support of House bill 2849, for the relief of the heirs of Russell J. Norton; to the Committee on the Public Lands.

536. Also, evidence in support of a bill (H. R. 8328) for the relief of Silas McElroy; to the Committee on Claims.

537. Also, evidence in support of a bill (H. R. 8327) for the relief of Beatrice L. Manges; to the Committee on Claims.

538. By Mr. COYLE: Petition by members of the faculty of Lehigh University, Bethlehem, Pa., urging the passage of House bill 8121, a bill to amend sections 15 and 16 of the copyright law, approved March 4, 1909, so that books and pamphlets produced by the mimeographic process will be admitted to copyright; to the Committee on Patents.

539. By Mr. DRIVER: Resolution of Chamber of Commerce, Pine Bluff, Ark., approving the appointment of a committee to devise ways and means of recommending legislation to secure operation of the nitrate and power properties of the United States at Muscle Shoals, Ala.; to the Committee on Interstate and Foreign Commerce.

540. By Mr. W. T. FITZGERALD: Petition of the Ohio State Federation of Labor, favoring legislation for retirement and betterment of conditions for members of the National Federation of Federal Employees; to the Committee on the Civil Service.

541. Also, petition of Fort Whipple Chapter No. 3, Disabled Veterans of the World War, requesting the enactment of six proposed amendments to the war veterans' act of 1924; to the Committee on World War Veterans' Legislation.

542. By Mr. FREDERICKS: Petition of residents of Sawtelle, Calif., and members of the National Soldiers' Home at Sawtelle, Calif., petitioning Congress to enact legislation increasing pensions for Indian war veterans and their dependents; to the Committee on Pensions.

543. By Mr. GALLIVAN: Petition of Massachusetts Rural Letter Carriers' Association, opposing any change in the present system of rural routes in Massachusetts; also opposing the consolidation of rural routes or the letting of rural routes by contracts; to the Committee on the Post Office and Post Roads.

544. By Mr. KING: Petition of the members of Col. L. W. Shepherd Relief Corps, No. 304, Department of Illinois, Quincy, Ill., signed by Lucy Miller and 42 other members, urging the passage of the G. A. R. pension bill for the relief of feeble and helpless veterans and the aged widows; to the Committee on Invalid Pensions.

545. Also, petition of R. D. Robinson, of Galesburg, Ill., stating his views in opposing the World Court; to the Committee on Foreign Affairs.

546. By Mr. LEAVITT: Resolution of League of Women Voters of Kalispell, Mont., favoring continuance of the provisions of the Sheppard-Towner Maternity Act; to the Committee on Interstate and Foreign Commerce.

547. By Mr. O'CONNELL of New York: Petition of the Alliance of Women's Clubs of Brooklyn, N. Y., that the coal situation has become a menace to the health of our country: *Resolved*, That the President of the United States and the Congress take such action as will insure a permanent settlement; to the Committee on Interstate and Foreign Commerce.

548. Also, petition of the Drug Products Co. (Inc.), pharmaceutical manufacturers, of Long Island City, N. Y., favoring the passage of the Merritt bill (H. R. 3904); to the Committee on Interstate and Foreign Commerce.

549. By Mr. STRONG of Kansas: Petition of George Guenther, of Hanover, Kans., and 104 other citizens of Washington County, Kans., requesting enactment of legislation to increase the pensions of Indian war veterans, their widows, and dependents; to the Committee on Pensions.

550. By Mr. WHITE of Kansas: Papers in support of House bill 4981, granting a pension to Thomas S. Colburn; to the Committee on Invalid Pensions.

551. Also, evidence in support of House bill 8507, granting an increase of pension to Richard T. Basye; to the Committee on Pensions.

552. By Mr. WOOD: Petition of T. H. Grabowski and numerous other residents of the State of Indiana, praying for the defeat of bill H. R. 1020, to provide for the registration of aliens, and for other purposes; to the Committee on Immigration.

SENATE

MONDAY, *February 1, 1926*

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

O God, our heavenly Father, we approach Thee this morning with thanksgiving. Thou art the author of our being and from Thee we receive the good and perfect gifts of Thy love. As we enter upon another month, not knowing what a day or an hour may bring forth, may we ask from Thee gracious guidance and helpfulness, that we may love mercy, that we may walk in fear of Thy commandments, and so honor Thee that with high appreciation of the best and the noblest things of life, we may be conformed to Thy mind and will? Through Jesus Christ our Lord. Amen.

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Saturday, January 16, 1926, when, on request of Mr. JONES of Washington and by unanimous consent, the further reading was dispensed with and the Journal was approved.

ALUMINUM CO. OF AMERICA (S. DOC. NO. 47)

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Attorney General relative to the investigation of the Aluminum Co. of America, which the clerk will read.

The Chief Clerk read as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., January 30, 1926.

SIR: Receipt is acknowledged of a copy of Senate Resolution 110, adopted on January 6, 1926.

The preamble to this resolution recites certain correspondence passing between my predecessor and the Federal Trade Commission relative to the alleged violation by the Aluminum Co. of America of a consent decree entered against it in the year 1912 under the Sherman antitrust law. This correspondence culminated in a decision by the commission to withhold from the Department of Justice certain information obained by it from the Aluminum Co. of America, unless the Aluminum Co. should consent to a disclosure. This information had been obtained by the commission in the course of an investigation conducted pursuant to a previous resolution of the Senate (67 Cong., 2d sess., S. Res. 127) under section 6 (d) of the Federal Trade Commission Act.

The present resolution of the Senate is in these terms:

"*Resolved*, That the Attorney General be, and he is hereby, directed to advise the Senate whether, in his opinion, the objection of the Federal Trade Commission to his having access to the evidence in its possession upon which its report was founded is well sustained in law; and if, in his opinion, it is not, what steps he has taken or contemplates taking to require said commission to permit him to have access to and to take copies of the same."

The statutes creating the office and defining the duties of the Attorney General do not authorize or permit the rendering of formal opinions on points of law at the request of either House of Congress, and my predecessors have for more than a century consistently refused to render formal opinions in response to such requests. (1 Op. 335; 2 Op. 499; 5 Op. 561; 10 Op. 164; 12 Op. 544; 12 Op. 546; 14 Op. 17; 14 Op. 177; 15 Op. 138; 15 Op. 475; 17 Op. 324; 17 Op. 357; 18 Op. 87; 18 Op. 107.)

While I have, therefore, no right to express a formal opinion upon the questions of law involved in the present resolution, I feel it only proper to give to the Senate an informal expression of my views upon the matter.

The files and records of the Federal Trade Commission are not public records open to general inspection.

Section 6 (f) of the Federal Trade Commission act authorizes the commission "to make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest." This provision makes it discretionary with the commission whether information in its possession shall be disclosed, except in so far as some other provision of the act may impose on the commission the duty to divulge information. If there be any provision in the Federal Trade Commission act which takes away any part of the discretion vested in the commission by section 6 (f), it must be found in subdivisions (c), (d), and (e) of section 6 of the act, which read as follows:

"(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General, it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission.

"(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

"(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the antitrust acts, in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law."

Subdivision (c) requires the commission in certain cases to transmit to the Attorney General "a report embodying its findings and recommendations as a result of any such investigation." This section does not require a disclosure to the Attorney General of the facts or the evidence on which such findings and recommendations are based.

The language in subdivision (c) is in contrast with that in subdivision (d), which empowers the commission, upon the direction of the President or either House of Congress, to investigate and "report the facts" relating to any alleged violations of the antitrust acts. It was clearly intended that such a report should be made to the authority which directed the investigation.

Subdivision (e) merely directs the commission, upon the application of the Attorney General, to investigate and "make recommendations for the readjustment of the business of any corporation," and contains no provision requiring the commission to transmit to the Attorney General the evidence in its possession.

Ample support for this view of the meaning of the act is found in the legislative history of the act.

The Trade Commission bills originally introduced in both Houses did, in fact, contain provisions designed to render the commission subject to the control of the Attorney General and to require the commission to disclose to him evidence it collected; but these provisions were regarded as undesirable and were removed from the act before its passage.

Section 3 (g) of the Newlands bill in the Senate (63d Cong., 2d sess., S. 4160), which formed in part the basis of the Trade Commission act, provided:

"If the commission believes from its inquiries and investigations, instituted upon its own initiative or at the suggestion of the President, *the Attorney General*, or either House of Congress that any corporation, individual, association, or partnership has violated any law of the United States regulating commerce, it shall report its findings *and the evidence in relation thereto* to the Attorney General, with its recommendations." (Italics mine.)

And, in like manner, section 10 of the Covington bill in the House (63d Cong., 2d sess., H. R. 15613) provided:

"That upon the direction of the President, *the Attorney General*, or either House of Congress, the commission shall investigate and report the facts relating to any alleged violation of the antitrust acts by any corporation." (Italics mine.)

These provisions formed the basis of section 6 (d) of the act; but from that section, as finally enacted, all mention of the Attorney General was studiously eliminated.

We thus find that the bill was amended by striking out the provision that the commission in investigating violations of law should report to the Attorney General "the evidence in relations thereto" obtained by it. The bill as finally enacted only required the commission in making reports to the Attorney General to report "its findings and recommendations."

There is no reason, from the relations established by the act between the Attorney General and the commission, to imply a power in the Attorney General to require the commission to divulge to him evidence in its possession.

The Federal Trade Commission, under its organic act, was intended by Congress to aid in the enforcement of certain provisions of the antitrust laws and to supplement the work of the Department of Justice in the elaborate study and investigation which form a necessary step in every antitrust proceeding. But it is clear that Congress never intended the Commission to serve as a mere adjunct to the Department of Justice or to operate under the direct commands of the Attorney General. The commission was intended to form a coordinate administrative body and to enjoy an independent position similar to that of the Interstate Commerce Commission. As the House committee report declared:

"The dignity of the proposed commission and the respect in which its performance of its duties will be held by the people will also be largely because of its independent power and authority." (63d Cong., 2d sess., H. Rept. 532, p. 3.)

When section 3 (g) of the Newlands bill was under discussion, Senator CUMMINS, a member of the committee which reported the bill, declared:

"I have always thought that a trade commission, as the Interstate Commerce Commission is, should be an independent tribunal attached to no department of the Government, owing allegiance to no officer of the Government. I think it should be clothed with adequate power of investigation. I think that it should be free to prosecute an investigation whenever it believes that it would serve the public welfare to do so, and if in the course of the investigation a violation of the antitrust law or any other law of the United States relating to this subject is developed I think it ought to report the result of its investigation to the Attorney General, whose duty it is to prosecute offenders; but I have never thought that we should put into the law a provision that would enable either the President or the Attorney General to command its activities. * * *

"* * * The objection to the phraseology found in the subsection is that it appears to put the Trade Commission into a subordinate position; it appears to subject the tribunal to the order of the President or that of the Attorney General. I do not believe that it ought to be thus subordinate, nor do I think, as I have said before, that the advantages that might be gained by expressly declaring that the commission must act at the suggestion of the President or of the Attorney General are great enough to overcome the disadvantages which I have attempted to state." (CONGRESSIONAL RECORD, vol. 51, pt. 12, pp. 11529, 11530.)

Whatever might have been the result had section 3 (g) of the Newlands bill been enacted in its original form, it is clear that section 6 (d) of the act as it stands confers upon the Attorney General no power to compel the commission to disclose evidence in its possession.

Nor is that power conferred by section 6 (c) or 6 (e), or by any other provision of the act. The investigation in this case was not conducted upon the application of the Attorney General under either

section 6 (c) or 6 (e). And even if it had been so conducted, the duty of the commission under section 6 (c) would not have been altered. That section requires the commission to transmit to the Attorney General only "a report embodying its findings and recommendations as a result of any such investigation." In sharp contrast to section 3 (g) of the original Newlands bill it does not require the commission to report "the evidence in relation thereto."

Resort to a writ of mandamus would in this case be plainly useless. That writ lies only to compel an officer to act in accordance with some clear ministerial duty imposed upon him. Nowhere in the act can there be found any clause which imposes such a duty upon the commission. If it be assumed that the commission is under a duty to transmit to the Attorney General, under section 6 (c), "a report embodying its findings and recommendations," the fact remains that the commission has already transmitted such a report. The contents of the report are within the discretion of the commission, and mandamus could not be used to control the commission's discretion by compelling it to embody in its report any particular items of evidence.

Nor would a subpœna be available to compel disclosure of the evidence withheld by the commission. A subpœna can not be issued on behalf of the Attorney General except in a case already pending in court. No such case as yet exists.

The remedy for the situation, if it exists, is clearly not in the hands of the Attorney General. Where an investigation is carried on by the commission pursuant to the direction of the President or either House of Congress, section 6(d) of the act requires the commission to report "the facts" relating to any alleged violations of law which it discovers. Section 6(c) requires it to report to the Attorney General only "its findings and recommendations," and does not require a disclosure of the facts or the evidence upon which those findings are based. The difference in phraseology between the two sections is so marked as to suggest that the Senate may have the power by resolution to compel the commission to transmit to it the evidence, i. e., "the facts" on which its report is based. Where, as here, an investigation has been made under the authority of section 6 (d), it would seem that the proper body to require a disclosure of the facts is the body which originally ordered the investigation. It will be recognized, however, that the expression of a definite opinion on that question would be beyond the purview of Resolution 110.

Upon these grounds, therefore, I am of the opinion that the refusal of the commission to disclose the evidence in this case can not under existing law be now remedied in any proceeding brought by the Attorney General.

Respectfully,

JNO. G. SARGENT,
Attorney General.

THE PRESIDENT OF THE UNITED STATES SENATE.

Mr. CUMMINS. Mr. President, the Judiciary Committee already has this general subject under consideration, and I ask that the communication from the Attorney General may be referred to the Judiciary Committee and be printed.

The VICE PRESIDENT. Without objection the communication will be referred to the Committee on the Judiciary and printed.

STRENGTH AND COST OF THE NATIONAL GUARD (S. DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War in response to Senate Resolution 94 (submitted by Mr. MCKELLAR and agreed to December 17, 1925) relative to the strength and cost of the National Guard, which was referred to the Committee on Military Affairs and ordered to be printed.

REPORTS OF PUBLIC UTILITIES IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the annual reports, submitted pursuant to law, of public utility companies in the District of Columbia for the year ended December 31, 1925, which were referred to the Committee on the District of Columbia as follows:

Potomac Electric Power Co., Washington Railway & Electric Co., Washington Interurban Railroad Co., Georgetown & Tennallytown Railway Co., City & Surburban Railway of Washington, and The Capital Traction Co.

PETITIONS AND MEMORIALS

Mr. BRUCE presented a memorial of the Religious Liberty Association of America, signed by C. S. Longacre, general secretary, remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. WARREN presented resolutions adopted by the Natrona County Medical Society, at Casper, Wyo., favoring modification of the Volstead Act, which were referred to the Committee on the Judiciary.

Mr. KENDRICK presented resolutions adopted by the Sheridan (Wyo.) Commercial Club, favoring the making of adequate appropriations for the support of good roads, which were referred to the Committee on Post Offices and Post Roads.

Mr. ROBINSON of Arkansas presented a telegram in the nature of a memorial from W. D. Jackson, State legislative chairman of the Arkansas Brotherhood of Railway Trainmen, protesting against the adoption of a proposed amendment to the Federal employees liability act to change the venue of trials in cases of injured railroad employees under that act, which was referred to the Committee on the Judiciary.

He also presented a letter in the nature of a petition from O. L. Cooper, publisher of the Mansfield Messenger and the Scott County News, at Mansfield, Ark., favoring the passage of the so-called Kendall bill (H. R. 4478) relating to the sale of printed envelopes by the Government, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition signed by officers of Fort Whipple Chapter No. 3, Disabled American Veterans of the World War (United States Veterans' Hospital No. 50), at Whipple, Ariz., praying for the passage of further legislation for relief of disabled veterans of the World War, which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Mrs. W. D. Jackson, chairman of the legislative committee, Musical Coterie, of Little Rock, Ark., praying for the elimination from the pending tax reduction bill of the tax on concert admissions, which was referred to the Committee on Finance.

Mr. SHIPSTEAD. I present a resolution adopted by George Washington Post, No. 1, pioneer post of the American Legion, indorsing Senate Resolution No. 84. I ask unanimous consent that the resolution may be referred to the Committee on the District of Columbia and printed in the RECORD.

There being no objection, the resolution was referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, as follows:

Copy of resolution passed by George Washington Post, No. 1, pioneer post of the American Legion, unanimously indorsing Senate Resolution No. 84

Whereas a grand jury on October 5, 1925, returned to the Supreme Court of the District of Columbia a report on conditions existing in St. Elizabeths Hospital, Washington, D. C.; and

Whereas the grand jury found approximately 1,000 of the inmates were veterans of the World War; and

Whereas the grand jury found the hospital greatly overcrowded and most deplorable conditions existing as a result of this overcrowding, there being some rooms, intended to accommodate 20 single beds, containing more than 40 beds, with scarcely enough room to walk between these beds; and

Whereas the grand jury reported that the patients should either be sent to other institutions until there is a reduction of from 500 to 1,000, under the present total patient population of 4,400, or sufficient money should be appropriated to erect enough additional buildings to the end that the unfortunate veterans may at least enjoy the common decencies of life; and

Whereas if the overcrowded condition of the hospital is not remedied at an early date it is feared the per cent of inmates becoming hopelessly insane will be greater than those cured in spite of the efforts of the superintendent and his assistants; and

Whereas many stories have been in circulation in the National Capitol for a long time, and, whether true or false, they are unquestionably injuring the hospital in the estimation of the people of the city, and some steps should be taken to clear up the situation: Therefore be it

Resolved, That George Washington Post, No. 1, the pioneer post of the American Legion, in meeting assembled this 19th day of January, 1926, does hereby indorse Senate Resolution No. 84, introduced by Senator SHIPSTEAD, of Minnesota, providing for the election of a committee of the Senate to investigate all matters concerning the operation and maintenance of St. Elizabeths Hospital, and that the grand jury and its foreman, Daniel A. Edwards, be commended for facts brought out in its report to the Supreme Court of the District of Columbia.

WALLACE STREATER,
Past Commander, Chairman,
HOWARD S. FISK,
Past Commander,
LEW S. MOHLER,
Past Commander,
Resolutions Committee.

Presented by Howard S. Fisk, past commander.
Result: Unanimously adopted.

TAX REDUCTION

Mr. ROBINSON of Arkansas. Mr. President, I present a letter from H. W. Galbraith, of Amarillo, Tex., discussing in a very interesting way certain features of the pending revenue bill. I ask that the letter may lie on the table and be printed in the RECORD.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

GALBRAITH-FOXWORTH LUMBER CO.,
Amarillo, Tex., January 26, 1926.

Hon. JOE T. ROBINSON,
United States Senate, Washington, D. C.

DEAR SIR: At the suggestion of Senator EARLE B. MAYFIELD, I take the privilege of submitting to you some thoughts on the various revenue measures that are now before Congress, thinking that possibly the opinions of a plain business man, who believes that it is necessary and right that everyone should bear his just portion of the national tax burden of the country, might be interesting to you, and trust that you will pardon the length of the communication.

First. As regards the inheritance tax, should a law be enacted along the lines now under discussion, which would naturally result in a uniform rate in all the States, at a probably higher average rate than now exists, we would be confronted by, in many cases, a possibility of almost confiscatory taxes on some estates, which under certain conditions are subject to inheritance taxes of more than one State.

For instance, in my own case, almost all of my estate would consist of stock in a New Mexico corporation. Being a resident of Texas, I am told my estate would be subject to the Texas inheritance tax, and I find also it would be subject to the New Mexico inheritance tax, which at this time is only 1 per cent up to a million dollars, with the exemption of $10,000; but if they increase their rates, as they naturally would do, in line with the proposed national legislation, the result would be almost confiscatory.

While I think it is more than probable that this phase has been taken into consideration by those handling the matter, none the less I thought it wise to mention it to you.

Second. As regards the capital-stock tax, I am very much interested in the movement to eliminate same, perhaps influenced by the fact that my interests are almost all tied up in corporations. I feel that this tax is an unfair discrimination against corporations.

May I not add, however, that, should it be impossible to do away with this, it should be corrected in order to avoid what appears to me to be an unquestionable injustice to its application, which is, that in some cases it is doubled or imposed twice, as in the case of a holding corporation which pays a capital-stock tax upon its entire net worth, which covers, of course, its ownership in subsidiary and other companies. This, as the law is now applied, does not release the subsidiary company from paying the tax, thus there is a double tax actually paid on each of these subsidiaries, or on such portion of them as is owned by the parent company.

Without going into details, it would appear that in order to arrive at an equitable application of this tax the parent company should have its investment reduced for taxation purposes by the amount of its investment in subsidiaries or other corporations.

With reference to the present income tax on corporations: From my viewpoint it would appear again that the man whose holdings consist of corporation stocks bears more than his fair share of the income taxes, for the reason that corporations have to pay a flat tax of one-eighth of their earnings, and when these earnings are finally delivered to the stockholders, they are subject to surtax, so that they pay very much more tax in the long run than the individual, and in addition to this, the small stockholder does not get the benefit of the personal exemption, to which he really is entitled.

Again it frequently happens that it is necessary for a corporation to retain its earnings in its business for several years to keep pace with its growth and development, and then in cases after several years' time the profits are distributed at one time, the taxpayer has to pay a very much higher surtax than had it been applied annually as in the case of the individual taxpayer. And so any temporary advantage the taxpayer may appear to have when his holdings are in a corporation is more than offset by the fact that he pays a straight 12½ per cent income tax without any exemption, except in case of his stock being in small corporations, and that when he finally receives his profits either by way of dividend or upon sale of the stock he pays a very much heavier surtax than if he had been taxed year by year.

The only remedy I could suggest would be that there be no corporation taxes, but that each stockholder be taxed as an individual upon the earnings of the amount of stock which he owns; thus, everyone would be taxed on exactly the same basis.

Of course, to do this would entail the corporation reporting the proportion of earnings accruing to each one of its stockholders. It would be an easy matter to arrange a simple procedure whereby the Department of Internal Revenue could check up the records and see that all the stockholders reported their income; it could be easily arranged that the burden of this work would fall upon the stockholders; in other words, as an illustration, if our company's return went to Dallas, it would merely be a list of the stockholders and a statement of each one's portion of the profits, we would notify the stockholders, and they in turn would be required to send a copy of their individual returns, including the income from our corporation, to the Dallas office; they would then check it against the list we send them, and thus know whether or not all the income had been properly reported.

I have gone into detail in the preceding paragraph, because it otherwise might appear an impracticable plan. I am not at all sure that it is workable, but if it could be done, it certainly would remove lots of dissatisfaction, both on account of the stockholders feeling they are discriminated against and the popular existing sentiment that corporations are being favored. The fairness of such a measure could hardly be questioned.

Thanking you very much for any consideration you give this letter, I remain,

Very truly yours,

A. W. GALBRAITH.

INVESTIGATION OF GENERAL BANKING SITUATION

Mr. KING. Mr. President, I desire to have incorporated in the RECORD a letter which I received sometime ago from Hon. Edward Elliott, vice president of the Security Trust & Savings Bank of Los Angeles, Calif.

I have given some little attention to the McFadden bill and to our banking and currency situation. I believed that a comprehensive investigation was necessary of our currency system, including the Federal reserve act and its operations, with a view to determining what legislation was needed. When in Los Angeles several months ago I sought an interview with Mr. Elliott, because I knew him to be a man of ability and integrity and one who was familiar with the entire subject which I have just mentioned. He at one time occupied an important Federal position and now is connected with one of the largest banking institutions of our country. He has studied the questions involved and has, I think, valuable views, which the Senate should possess and with which the country should become familiar.

I asked Mr. Elliott to write me, giving some of his views in regard to an investigation which I had suggested and also make such suggestions as he thought proper with respect to needed legislation. He was kind enough to comply with my request and wrote me, as I have stated. I regard his letter as a valuable contribution to a most important question and one which the Banking and Currency Committee of the Senate is now considering and which is receiving attention at the hands of the bankers and publicists of the country.

I have exhibited his letter to two of the members of the committee and have received many requests for copies of the same. I believe the letter deserves a place in the RECORD and also believe that it should be referred to the Committee on Banking and Currency, so that they may have the views of Mr. Elliott before them when they take up currency measures now pending.

If it is printed in the RECORD, it will be given publicity. Moreover, I can better meet the requests which have been made of me for copies of this letter. I ask that the letter may be printed in the RECORD and then referred to the Committee on Banking and Currency.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SECURITY TRUST & SAVINGS BANK,
Los Angeles, October 27, 1925.

Senator WM. H. KING,
Salt Lake City, Utah.

MY DEAR SENATOR KING: When you were here earlier this month you suggested that it would be very desirable if the Senate Committee on Banking and Currency would authorize a thoroughgoing investigation into the present general banking situation. In this connection you were kind enough to say you would be glad to have my views as to the subjects which should be covered by such an investigation, with a statement touching the more important phases of the banking situation as I see it.

Some of these matters I have discussed at greater or less length with you as we have met from time to time, and I am very happy herewith to comply with your suggestions.

Before stating the points to be covered by such an investigation, let me say that in my opinion the most important legislation of the next few years is likely to be banking and financial legislation. Among the current domestic issues I see none of such consequence as this one. My reason for this view is based, in the first place, on the fact that the fate of the Federal reserve banks must be decided before many years, as their original charters were for 20 years, and that period will expire, I believe, in 1934. Admittedly the establishment of the Federal reserve system was the most important piece of financial legislation of the last quarter century, and inevitably the question of whether or not the banks shall be rechartered will arouse a great deal of discussion of the merits and demerits of the system. Out of this dis-

cussion will grow a wider interest in bank legislation as a whole, which, coupled with the present interest in bank failures, the relative growth of State and national banks, and branch banking, gives rise to the expectation that the whole field of banking and finance will be subjected to a very critical review in the course of the next half dozen years. If we are at all far-sighted, we will prepare for this discussion by laying a firm foundation in fact. This foundation can best be laid, it seems to me, through an investigation by a congressional committee, such as you suggest, or by the appointment of a commission charged with a similar task. The studies of the National Monetary Commission were of incalculable aid to a proper understanding of the financial problems which confronted us when the Federal reserve system was under discussion, and without such a study it is very doubtful if we could have achieved a Federal reserve act, certainly not as early as 1913. In the same way it seems we should now lay the proper ground work for the further legislation by Congress in the field of banking, which, as above indicated, I foresee.

For more than two years the McFadden bill has been under discussion and the utter lack of knowledge displayed by the country as a whole, as well as by some Members of Congress, on such important matters as are affected by the bill proves conclusively to my mind the need of such investigation as you have advocated.

In this connection let me say that I am in entire accord with the resolution adopted by the American Bankers' Association at its recent convention in Atlantic City calling for the rechartering of the Federal reserve banks independently of any amendments to the Federal reserve act. This seems to me to be sound, inasmuch as Congress may at any time amend the Federal reserve act and, therefore, by rechartering is not putting beyond its control any changes that it might subsequently deem wise to make. I feel there is no doubt but that the member banks as a whole favor an early rechartering of the Federal reserve banks. Of course, we must bear in mind that only about one-third of all the banks in the United States are members of the Federal reserve system. There are some 8,000 national banks, representing twenty-two billions of assets, which are compulsory members and some 1,400 State banks, representing twelve billions of assets, which are voluntary members of the Federal reserve system. I think the total number of banks in the United States is somewhat greater than 30,000, and their total assets about $60,000,000,000, so that only about one-third of the banks and one-half of our bank resources are represented in the system. Among the nonmember banks there will be some opposition to the rechartering of the Federal reserve banks.

Having in mind, then, this general viewpoint with respect to the importance of banking and financial legislation in the near future and the further fact that the object of this investigation should be the development of the facts upon which this banking and financial legislation may be predicated, I think the investigation should cover the following points:

1. The greater growth of the State banking systems in comparison with the national banking system; the causes for such greater growth, and the determination of those rights and privileges which are sound in principle and which are enjoyed by State banks but not enjoyed by national banks.

2. Bank failures in both the national systems and the State banking systems; close analysis of the causes of failure, including a survey of the economic conditions of the area of the failed banks' operations, capitalization, etc.; guaranty of deposits.

3. The extent and character of national-bank supervision and State-bank supervision in each individual State; chartering of new banks; number of banks.

4. Branch banking in the United States and in other countries. An attempt should be made to determine the economic effects of branch banking in the United States and elsewhere, with an impartial analysis of the merits and defects of branch banking and unit banking.

5. Chain banking: The ownership of stock, generally a controlling interest, in a number of banks by a single individual or a group or a corporation; the results of such an arrangement.

6. Segregation and investment of savings deposits in commercial banks, both National and State.

7. The policies of the Federal Reserve Board and their economic effects.

8. The practical operations of the Federal reserve banks for the purpose of amendments.

9. State-bank membership: Comptroller as ex officio member of Federal Reserve Board.

10. Influence of politics in appointments to Federal Reserve Board and in Federal reserve banks.

A thoroughgoing investigation of these points will lead, I believe, to the uncovering of the necessary data for an understanding of the problems confronting the country.

The developments of the past two years seem to me to indicate clearly the danger of an unseemly rivalry between the national banking system and the State banking system. Any rivalry between the banking systems of this country, based upon a lowering of sound banking standards, is much to be deplored and yet there are indications that such lowering is in danger of taking place.

I think it is undoubtedly true that a part of the very rapid growth of the State banking systems has been due in some States to smaller capitalization, fewer legal restraints upon their operations, and a less intensive examination by the supervisory authorities; yet I do not believe that these looser banking standards and requirements have been altogether or perhaps chiefly responsible for the greater growth of the State banking systems. They have grown, I think, because they have been more readily adapted to meet the needs of the community which they serve than have the national banks. In some States, at least where State laws are more restrictive than the national bank act and where State supervision is admittedly equal to national-bank supervision, we find the State banks rapidly outgrowing the national banks. Certainly I would be no advocate of a lowering of national banking standards for the sake of increasing the number or size of national banks any more than I would be willing to advocate a similar policy for any State banking system. The appeal to the public should be on the basis of sound banking.

The rivalry which has been recently growing in intensity between the national banking system and the State banking systems has led, for one thing, to a great increase in the number of banks chartered. If a charter is refused to a group seeking to organize a State bank, they turn to the comptroller, and when the comptroller refuses such a group they seek a State charter. Often the desire to foster a particular system has led to granting unnecessary charters. There should be some method of cooperation worked out between the comptroller and the various State authorities in this matter of granting charters.

One of the outstanding weaknesses of our banking laws, both State and national, is undoubtedly the very small amount of capital necessary for incorporation. In some of the States it runs as low as $10,000, and in the national banking system as low as $25,000; and once established there is no legal requirement for an increase of capital on the part of the national bank. It seems to me that it is folly to imagine that we can have a sound banking system founded upon banks with such small capitalization. The experience of the past four or five years, during which time more than 2,000 banks have failed in the United States, is certainly indicative of conditions which should be changed. I am sure that one of these conditions is in the matter of capitalization. Even if the limit in the national system should not be increased above $25,000, there should, nevertheless, be a provision requiring a progressive increase in capitalization as deposits increase.

Statistics of the bank failures during the past five years show that almost no bank with a capital of $250,000 or more has failed, but below that amount the number of failures rapidly increases as capital becomes less. The inference is very strong in favor of banks of large capitalization. If branch banking were permitted to national banks having a capital of $250,000 or more, it would be possible for a number of small banks to consolidate and retain the combining units as branches. In this way the strength of larger capital would be combined with the accessibility or convenience of the small local bank, and the depositing public would be far better protected. The accessibility, the strength, and the service which the outlying community centers of the cities are to be granted under the provisions of the McFadden bill are denied to the outlying sections of the country, which are far more in need of them.

Under such conditions the national banking system would, in my judgment, be in a position far superior to that of most of the State banking systems. These larger aggregates would be formed, no doubt, from the consolidation of both National and State banks. They would find the Federal reserve system both useful and necessary and a strengthening of the system would ensue. The competition of the State banks would no longer be a menace and more important still the safety of our banking system would be tremendously increased. It is hard for me to believe that the people are more willing to patronize weak banks than strong banks if the strong banks are equally accessible and equally capable of meeting the needs of the community. I firmly believe that in the end national banks must be given the same branch-banking rights as the State banks if the national banks are to be kept on an equal footing with their competitors.

Another of the outstanding weaknesses of our present banking structure is the number and the small size of the banks. To such a point has this folly of numbers gone that at one time in North Dakota there was one bank for about every 700 people. It is inconceivable that such institutions could be properly supported or properly managed. This unhealthy situation can be easily solved in favor of sound banking through the taking of an advanced position by the national banking people and by Congress, a position which will introduce into the national banking system those elements which will combine strength, safety, and accessibility.

It is often maintained that the unit banking system has been of inestimable advantage to our country through the opportunities it has afforded for the development of initiative and for the support of the home community—in short, through the function it has served as a pioneer in a pioneering age. Granting that this is a true picture of the service rendered in the past, the question may never-

theless be proper at this time whether we have not passed through the pioneering stage to a very large extent and are now confronted with a more settled state of affairs which demands a modification in our banking structure. Individualism in other lines of business has been gradually giving way to cooperation on the one hand and consolidation on the other. Large aggregates of capital with many units directed by a single head, as exemplified in the retail field by the chain stores, is an illustration of what I have in mind.

Bankers have always been regarded as highly conservative, and I feel that in the matter of proper revision of our banking laws this traditional conservatism may prove a serious handicap toward securing proper legislation. People are conservative in large part because they believe in what they know and do not believe in what they do not know or understand. This is one of the reasons why I feel so strongly the need of an investigation which will reveal the facts with respect to our banking structure so that the bankers themselves as well as the people at large may learn to know what is the truth. When they know it they will not fear it but will be keen to seize upon it as a step forward in behalf of their own interests.

I am daily being impressed with the need of a further development of the tendency already present in the national banking system toward departmental banking. By departmental banking I understand the doing by a single bank of the three principal kinds of banking, namely, commercial banking, savings banking, and trust business. It is well recognized that the national banks were in their origin purely commercial banks and that it was not until some 15 or 20 years ago that they began to take time and savings deposits, and only with the enactment of the Federal reserve act were national banks permitted to exercise fiduciary powers. At this time, however, the national banks have accumulated some $5,000,000,000 of savings deposits and a very large number of them are exercising fiduciary powers.

The provisions of the Federal reserve act authorizing the exercise of fiduciary powers by the national banks have recognized the exercise of these powers as something separate and distinct from the ordinary business of the bank, and under these provisions the trust business is being carried on in a separate and distinct department, legally and physically segregated from the rest of the business of the bank, and moreover the beneficiaries under this segregation of the trust business have a prior lien upon the assets of this department. If a similar departmental arrangement should be carried out for time and savings deposits in national banks, many of the difficulties which now confront the national banker would be obviated; many of his complaints of inability to compete with the State banks in this community would be removed, and altogether a far more satisfactory and far sounder situation would be developed.

Much of the discussion now going on centers about the investment by national banks of a part of their funds in real-estate mortgages. It is rather curious to see in much of this discussion the presence of the traditional notion of the national bank as a purely commercial bank in spite of the fact that somewhere from 25 to 35 per cent of the deposits of all national banks are now time and savings deposits. A clear-cut recognition of the character of these deposits as savings deposits, with corresponding provision for their investment in a separate and segregated department, is the logical solution. In such a separate savings department the deposits should be kept separate from the demand deposits, and however invested, the assets of this department should likewise be kept separate and distinct physically and legally from the investments and assets of the commercial department. Moreover the depositor in each department should be given a prior lien upon the assets of that department. Under such a departmental system there is no longer any need to raise a cry of alarm lest the national banks should become loaded up with frozen assets, nor for the equally untenable cry that the commercial banker does not know how to make mortgage loans. So far as the latter is concerned an investigation will very probably disclose the fact that the majority of national bankers have organized a State bank or a mortgage company on the side through which they are taking care of their customers for real-estate loans which can not be made in the national bank.

So far as the liquidity of the national bank is concerned, the sooner it is recognized that savings deposits are not intended to be liquid the better off the national bank will be. No savings bank is expected to keep liquid and there is no slightest reason why it should, with its ability to demand notice of withdrawal. Likewise in a segregated savings department of a national bank there would be no occasion for liquidity, since notice of withdrawal could be demanded. The depositor in such a segregated savings department in a national bank, having a first lien upon the assets of the department, would be in a far better position than he is to-day when, under certain circumstances, he may find himself in an even less favorable position than the demand depositor. The latter must be paid or the bank is forced to close its doors. Whereas notice may be now demanded of the savings depositor, and while the notice is running the bank may sacrifice the best of its assets to meet withdrawals of its demand depositors. Should it close its doors in the end, the savings depositors from whom notice has been required will find themselves, along with the remaining demand depositors, with only the poorest assets of the bank upon which to realize. This situation is such a travesty upon the protection to be afforded the savings depositors that it seems to me, in justice to themselves, the national bankers should, with an overwhelming unanimity, demand a segregation of savings deposits and the giving of a prior lien to the depositor.

An objection to segregating savings deposits and investing them in nonliquid form instead of lending them commercially, on the ground that the country was in need of commercial funds and that the general business of the country would be severely handicapped by the diversion of these time and savings deposits in national banks from commercial channels, can no longer justly be made since the establishment of the Federal reserve system has furnished a volume of potential credit in this country far beyond commercial needs.

In every commercial bank there are many collateral loans which are ineligible for rediscount with the Federal reserve bank and which yet are perfectly sound and, for the most part, can be collected at maturity by the sale of the collateral, if not otherwise. If these collaterally secured loans, where the margin is wide enough and the security readily marketable, were made in the savings department with the time and savings deposits, commercial funds would be put in a far more liquid condition than at present and would have far more the character of true commercial banking. The true commercial loan is a self-liquidating loan and collaterally secured loans of the above type are not true commercial loans, though undoubtedly a very large proportion of the loans now in our commercial banks are of this character.

In California we have, since 1909, had a very complete departmental system of banking. Not merely with segregated deposits and assets but with a segregation and an allocation of capital to each department and with very stringent laws governing the investment of savings deposits. While such segregation and allocation of capital and restriction upon the investment of savings deposits may be desirable, they are not necessary in order to furnish a large measure of protection to the savings depositor. No matter in what loans or investments savings deposits may be placed, if these loans and investments are segregated and set apart for the benefit of the savings depositor, there is a reasonable amount of protection afforded him. If savings deposits are thus segregated in a separate department, their investment in mortgages on real estate is greatly facilitated, and it may safely be left to the judgment of the banks themselves what proportion of their savings deposits under these conditions shall be loaned on real estate. This arrangement seems so simple and so logical to us who have enjoyed its operation with great success over a period of 15 years that it is surprising that there should be any hesitancy about its general adoption.

Savings deposits in California State banks now amount to nearly a billion and a half dollars, and during the past 15 years there has been no loss to a savings depositor in a California State bank through failure of the bank.

There are no great practical difficulties in the operation of a departmental bank. As you know, we have an institution with total resources of more than $220,000,000 and carry on a commercial business, a savings business, and a trust business, each in very large volume. Because of the restriction upon the loans and investments of savings deposits, it is not possible to get very far with an interchange of securities between the commercial department and the savings department to the disadvantage of either. It is of course possible to transfer from the savings department to the commercial department practically any of the investments, although there is a limit upon the amount of real-estate loans which can be carried in the commercial department. It is far more difficult to transfer from the commercial department to the savings department, since only those loans or securities may be transferred which are under the law available for the investment of savings deposits. Such a transfer from one department to another could easily be forbidden by law; and if that were done, the absence of any prescription upon the investment of savings deposits would not be so serious a matter.

In connection with the Federal reserve system and the propaganda in behalf of the national banks, it has been repeatedly asserted that the national banks, as compulsory members, are the backbone of the Federal reserve system, and that the national banks must be protected against the State banks to save the Federal reserve system. I wonder if the people who say this really believe it or, to put it another way, for I do not wish to impute insincerity to them, have they thought at all on the matter or been merely influenced by the superficial view and by the word "compulsory"? Do they not know that a national bank can quit the system more easily and more quickly than can a State bank?

The latter must give six months' notice to the Federal Reserve Board but the national bank can get out in 30 days—to be sure, at the expense of losing its national charter and becoming a State bank.

This is exactly what they say national banks in large number have been doing, only they haven't been leaving the system. Is the compulsory feature after all the "backbone" of the Federal reserve system? Are not the sound and solvent member banks, whether National or State, the real strength of the system? Wouldn't the system be better off if a lot of the weak national banks were not members? These are questions which should at least have thorough consideration and investigation to determine the facts. Compulsory membership, bitterly attacked at the inception of the system, has now come to be regarded as its mainstay. Well, this may be true but we don't know it to be true. It is in danger of being accepted because stated, not because demonstrated.

In connection with the Federal reserve system there is another point deserving of the most serious consideration and that is the ex officio membership of the comptroller in the Federal Reserve Board. By virtue of his office the comptroller can not avoid being the partisan of the national banks. He, like a father, is the author of their being; he watches over their growth; he chastises their shortcoming; he supervises their activities; he performs their obsequies. Also, like a father, he seeks to protect their interests, chiefly in the competition of the State banks. It is inevitable then that he should be a partisan, and if so, is it proper that he should be one of the governing board of the Federal reserve system, composed both of State and National banks, in which, in fact, the State banks represent 49 per cent of the total bank resources represented?

It is manifestly unfair to have such extensive State-bank interests subject to even partial control by the comptroller. Truth of the justice of this position is evidenced by the actions and words of the comptroller in recent years. See his annual reports for 1923 and 1924. From reading them you might think there were no State-bank members of the Federal reserve system—at least, none of consequence.

The story was current in Washington and has been gossip among the bankers that the comptroller by his vote prevented the Federal Reserve Board from making any recommendations for legislation to the last session of Congress, while he, as a separate official, was charged with the duty of reporting annually to Congress. Whether the story be true or not, the fact is, the Federal Reserve Board made no recommendations for legislation, while the comptroller, in his annual reports for 1923 and 1924 vigorously urged specific legislation. Subsequently he went before the House Committee on Banking and Currency on behalf of the McFadden bill, for which he claimed authorship. Just a few days ago he sent his deputy to Atlantic City to a rump convention of a few antibranch bankers to say that the comptroller stands unalterably for the McFadden bill as it passed the House. In that form it took away from certain State-bank members the right, assured them by the Federal reserve act when they became members, that they would be permitted, as members, to enjoy all their statutory and charter rights. This blow he was willing to direct at State-bank members to protect, as he thought, the national banks. The Senate committee, under the wise leadership of such men as GLASS and PEPPER, threw out this provision so urgently sought by the comptroller to hamper State-bank members.

I could cite other instances of his partisanship, but these are sufficient, it seems to me to convince any reasonable man that he should not be a member of the Federal Reserve Board. When I was a director of the Federal Reserve Bank of San Francisco there was frequent discussion of the desirability of doing away with the comptroller's office altogether, but I am not here raising that question. I am only wanting to emphasize the need of removing him as an ex officio member of the board. It seems to me that from the standpoint of a member of the Federal Reserve Board a member bank, whether National or State, is merely a member bank and as such entitled to exactly the same treatment as every other member bank. Such an impartial attitude is impossible in the comptroller because of his partisanship of the national banks.

The impression has been gaining ground that the national banking forces in Washington have launched a drive in behalf of the national banks intended to be far-reaching. In this move the McFadden bill is only a first step. The ultimate goal is to put the State banks at such a disadvantage they will be compelled to nationalize. Whether this impression is true or not remains to be seen; but it is at least true that the State banks are becoming alarmed, and if the propaganda against them continues they will soon be presenting a united front against any hostile legislation. Such a situation, it seems to me, would be most unfortunate for the rechartering of the Federal reserve banks.

This letter has far outrun my expectations of its length when I began, but the subject is so interesting to me and seems to me so important that I could write much more. In my enthusiasm I may have trespassed upon your patience. If so, please forgive me, my dear Senator, and believe me,

Very sincerely yours,

EDWARD ELLIOTT, *Vice President.*

REPORTS OF COMMITTEES

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 1462) permitting Leo Sheep Co. of Rawlins, Wyo., to convey certain lands to the United States and to select other lands in lieu thereof, in Carbon County, Wyo., for the improvement of the Medicine Bow National Forest (Rept. No. 114); and

A bill (S. 1896) for the relief of Lyn Lundquist (Rept. No. 115).

Mr. ODDIE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1876) providing for the sale and disposal of public lands within the area heretofore surveyed as Booth Lake, in the State of Wisconsin, reported it without amendment and submitted a report (No. 116) thereon.

He also, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 776) to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department, reported it without amendment.

Mr. STANFIELD, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 1093) for the relief of Nellie Kildee (Rept. No. 122); and

A bill (S. 2266) granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes (Rept. No. 117).

Mr. STANFIELD also, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

A bill (S. 1920) for the relief of the devisees of William Rusch, deceased (Rept. No. 118);

A bill (S. 1938) to issue a patent to John H. Bolton (Rept. No. 119); and

A bill (S. 2519) to enable the board of supervisors of Santa Barbara County to maintain a free public bathing beach on certain public land (Rept. No. 120).

Mr. BROOKHART, from the Committee on Military Affairs, to which was referred the bill (S. 2128) for the relief of Samuel Spaulding, reported it without amendment and submitted a report (No. 121) thereon.

Mr. FESS, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 41) providing for the filling of a proximate vacancy in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress, reported it without amendment.

TERMS OF DISTRICT COURT IN NEW HAMPSHIRE

Mr. GILLETT. From the Committee on the Judiciary I report back favorably without amendment the bill (S. 2464) to amend section 95 of the Judicial Code, as amended.

Mr. MOSES. I ask unanimous consent for the present consideration of the bill just reported by the Senator from Massachusetts.

The VICE PRESIDENT. Is there objection?

Mr. KING. I ask that the bill may be read.

The VICE PRESIDENT. The bill will be read.

The bill was read, as follows:

A bill (S. 2464) to amend section 95 of the Judicial Code, as amended

Be it enacted, etc., That the second sentence of section 95 of the Judicial Code, as amended, is amended to read as follows:

"Terms of the district court shall be held at Concord on the last Tuesday in April, the first Tuesday in September, and the second Tuesday in December; and at Littleton on the second Tuesday in October."

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

REPORTS FROM THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. KEYES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment four resolutions authorizing, respectively, the Committee on Pensions, the Committee on Public Lands and Surveys, the Committee on Manufactures, and the Committee on Education and Labor to hold public hearings. All these resolutions (S. Res. 118, S. Res. 120, S. Res. 121,

and S. Res. 122) are in the usual form. I ask unanimous consent for their immediate consideration.

The VICE PRESIDENT. In the absence of objection the resolutions will be considered.

HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

The resolution (S. Res. 121) submitted by Mr. McKINLEY on January 19, 1926, was read, considered, and agreed to, as follows:

Resolved, That the Committee on Manufactures, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON PENSIONS

The resolution (S. Res. 118) submitted by Mr. NORBECK on January 18, 1926, was read, considered, and agreed to, as follows:

Resolved, That the Committee on Pensions, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE PUBLIC LANDS COMMITTEE

The resolution (S. Res. 120) submitted by Mr. STANFIELD on January 19, 1926, was read, considered, and agreed to, as follows:

Resolved, That the Committee on Public Lands and Surveys, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

HEARINGS BEFORE THE COMMITTEE ON EDUCATION AND LABOR

The resolution (S. Res. 122) submitted by Mr. PHIPPS on January 20, 1926, was read, considered, and agreed to, as follows:

Resolved, That the Committee on Education and Labor, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH (by request):

A bill (S. 2926) to amend the act to regulate commerce, approved February 4, 1887, as amended by the act approved February 20, 1920 (41 Stats. L. p. 456); to the Committee on Interstate Commerce.

By Mr. KENDRICK:

A bill (S. 2927) for the adjustment of water-right charges on the Fort Laramie Division of the North Platte irrigation project, Nebraska-Wyoming, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. GOODING:

A bill (S. 2928) for the relief of Jacob Mull; to the Committee on Military Affairs.

A bill (S. 2929) to authorize the refunding of certain evidences of indebtedness issued by carriers in interstate commerce, and for other purposes; to the Committee on Interstate Commerce.

By Mr. McLEAN:

A bill (S. 2931) making eligible for retirement under certain conditions officers of the United States Army, Navy, or Marine Corps other than officers of the regular forces who incurred physical disability in line of duty while in the service of the United States during war; to the Committee on Military Affairs.

By Mr. WADSWORTH:

A bill (S. 2932) for the relief of the Riverside Contracting Co.; to the Committee on Claims.

By Mr. HOWELL:

A bill (S. 2933) granting a pension to Samuel C. Cooper; to the Committee on Pensions.

By Mr. BUTLER:

A bill (S. 2934) to promote the flow of foreign commerce through all ports of the United States and to prevent the maintenance of port differentials and other unwarranted rate handicaps; to the Committee on Interstate Commerce.

A bill (S. 2935) granting a pension to Francis Kelly; to the Committee on Pensions.

A bill (S. 2936) for the relief of Capt. H. Bert Knowles (with accompanying papers);

A bill (S. 2937) for the relief of the American Foreign Trade Corporation and Fils d'Aslan Fresco (with accompanying papers); and

A bill (S. 2938) for the relief of the stockholders of the First National Bank of Newton, Mass. (with an accompanying paper); to the Committee on Claims.

By Mr. WILLIAMS:

A bill (S. 2939) granting an increase of pension to Elizabeth J. Brantley (with an accompanying paper);

A bill (S. 2940) granting an increase of pension to Mary A. Fry (with an accompanying paper);

A bill (S. 2941) granting an increase of pension to Sarah C. Hall (with an accompanying paper);

A bill (S. 2942) granting an increase of pension to Salina Harriman (with accompanying papers);

A bill (S. 2943) granting an increase of pension to Salene E. Kirk (with an accompanying paper);

A bill (S. 2944) granting an increase of pension to Abbie Knapp (with accompanying papers);

A bill (S. 2945) granting an increase of pension to John B. Senecal;

A bill (S. 2946) granting an increase of pension to Robert H. Wood (with accompanying papers);

A bill (S. 2947) granting an increase of pension to Sally Wright (with an accompanying paper);

A bill (S. 2948) granting an increase of pension to Emory Wyatt (with an accompanying paper);

A bill (S. 2949) granting an increase of pension to Mary E. Sallee (with accompanying papers);

A bill (S. 2950) granting an increase of pension to Charles C. Mauch (with accompanying papers); and

A bill (S. 2951) granting an increase of pension to Sarah E. Embry; to the Committee on Pensions.

A bill (S. 2952) for the relief of Lemuel Simpson;

A bill (S. 2953) for the relief of Hubert J. Stanley, alias John H. Lash; and

A bill (S. 2954) for the relief of Robert Griffy (Griffin) (with accompanying papers); to the Committee on Military Affairs.

By Mr. GILLETT:

A bill (S. 2955) for the relief of Chaplain A. E. Stone, United States Navy; to the Committee on Naval Affairs.

By Mr. SMITH:

A bill (S. 2956) to create a commission for Muscle Shoals, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. FLETCHER:

A bill (S. 2957) to prohibit experiments upon living dogs in the District of Columbia or in any of the Territorial or insular possessions of the United States, and providing a penalty for violation thereof; to the Committee on the District of Columbia.

By Mr. NORBECK:

A bill (S. 2958) granting an increase of pension to Frank D. Brown (with accompanying papers); to the Committee on Pensions.

By Mr. JONES of Washington (by request):

A bill (S. 2959) granting the consent of Congress to Lake Washington Corporation to construct a bridge across Lake Washington in King County, State of Washington; to the Committee on Commerce.

By Mr. BRATTON:

A joint resolution (S. J. Res. 46) giving and granting consent to an amendment to the constitution of the State of New Mexico providing that the moneys derived from the lands heretofore granted or confirmed to that State by Congress may be apportioned to the several objects for which said lands were

granted or confirmed in proportion to the number of acres granted for each object, and to the enactment of such laws and regulations as may be necessary to carry the same into effect; to the Committee on Public Lands and Surveys.

KATE T. RILEY

Mr. HEFLIN submitted sundry papers to accompany the bill (S. 2674) for the relief of Kate T. Riley, heretofore introduced by him, which were referred to the Committee on Claims.

CHANGE OF REFERENCE

Mr. McKELLAR. On December 8 I introduced the bill (S. 684) providing for a report on the cost of improving and maintaining a road running up Lookout Mountain to Point Lookout, a Government reservation, and it was referred to the Committee on Post Offices and Post Roads. That reference seems to have been wrong, and the bill should have been referred to the Committee on Military Affairs. I ask unanimous consent that the bill may be properly referred to the Committee on Military Affairs.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Without objection, the request of the Senator from Tennessee will be granted. The Committee on Post Offices and Post Roads will be discharged from the further consideration of the bill, and it will be referred to the Committee on Military Affairs.

AMENDMENTS TO TAX REDUCTION BILL

Mr. McKELLAR, Mr. KING, and Mr. JONES of Washington each submitted an amendment, and Mr. COUZENS submitted two amendments, intended to be proposed by them to House bill No. 1, the tax reduction bill, which were severally ordered to lie on the table and to be printed.

AMENDMENT TO TREASURY AND POST OFFICE APPROPRIATION BILL

Mr. HOWELL submitted an amendment intended to be proposed by him to House bill 5959, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 56, line 21, immediately following the appropriation of $2,650,000 for the operation and maintenance of the airplane mail service between New York, N. Y., and San Francisco, Calif., via Chicago, Ill., and Omaha, Nebr., etc., strike out the following proviso:

"Provided, That $50,000 of this appropriation shall be available for the payment of personal services in the District of Columbia, and incidental and travel expenses in connection with such personnel."

SUPPLYING OF COAL BY GOVERNMENT FUEL YARDS IN DISTRICT

Mr. HOWELL. I offer the resolution which I send to the desk and ask to have read.

The resolution (S. Res. 132) was read, as follows:

Resolved, That the Senate Committee on the District of Columbia be, and is hereby, directed to prepare and introduce in the Senate a bill providing for the Government coal yard within the District of Columbia to supply domestic coal to the citizens of the District for cash and at a cost such as to cover the cost of the coal and the handling thereof, to the end of terminating excessive charges for fuel within the District, now and hereafter whenever an emergency arises and unduly high prices result, as has been the case due to the anthracite coal strike now in progress.

Mr. HOWELL. I ask unanimous consent for the immediate consideration of this resolution.

The VICE PRESIDENT. Is there objection?

Mr. JONES of Washington. Mr. President, this matter is being investigated by the Committee on the District of Columbia, and I will ask that the resolution lie on the table under the rule.

The VICE PRESIDENT. The resolution will go over under the rule.

HEARINGS BEFORE THE DISTRICT COMMITTEE

Mr. CAPPER submitted the following resolution (S. Res. 133), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia or any subcommittee thereof hereby is authorized to sit during the sessions or recesses of the Sixty-ninth Congress, to send for persons, books, or papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject that may be pending before said committee, and to employ such expert accountants as may be deemed necessary by the committee, the expenses thereof to be paid out of the contingent fund of the Senate.

AGREEMENT INCIDENT TO RECOGNITION OF MEXICAN GOVERNMENT

The VICE PRESIIDENT. The Chair lays before the Senate a resolution coming over from a preceding day, which will be read.

The Chief Clerk read the resolution (S. Res. 116) submitted by Mr. LA FOLLETTE January 16, 1926, as follows:

Resolved, That the Secretary of State is hereby requested, if not incompatible with the public interest, to furnish the Senate with copies of all agreements and understandings with Mexico which were precedent to or conditions of the recognition of the present Mexican Government by the Government of the United States, concerning any and all articles of the Mexican Constitution and any and all legislation enacted or to be enacted by the Mexican Government pursuant to the provisions of its constitution, and in particular copies of any agreements or understandings regarding exploitation of petroleum deposits and other natural resources or the refunding of the Mexican foreign public debt of which the Department of State has ever been made cognizant by individuals or companies of United States citizenship and all papers submitted by United States Commissioners John Barton Payne and Charles Beecher Warren, whose conference in Mexico City in the summer of 1923 preceded recognition.

Mr. LA FOLLETTE. I ask unanimous consent that the resolution may lie on the table.

The VICE PRESIDENT. Without objection, the resolution will lie on the table.

AMERICA'S ENTRY INTO THE WORLD COURT

Mr. JOHNSON. Mr. President, with the consent of the Senate, I desire to read a brief leading editorial which was published yesterday in the New York Times. I read this editorial because the New York Times has been one of the foremost advocates of internationalism, and has since the commencement of the debate upon the subject constantly insisted that we should enter the League of Nations. The editorial reads as follows:

WHAT THE WORLD THINKS OF IT

It is said that the judgment of foreigners anticipates that of posterity. To whatever truth there may be in this, it is well for Americans to give heed as they note the opinion of European statesmen, newspapers, and public organizations respecting the final decision of the United States to enter the World Court. It is not denied abroad that our action was ungracious in form. Europe can not understand the wire-drawn reservations of the Senate. But, on the whole, it is disposed to make light of them. Reference is made to the mysteries of American politics which rendered it necessary for "timid" Senators to be reassured on certain points before they could give their hand and their heart to the vote in favor of the World Court. But these things are regarded by European commentators as trivial incidents to the main decision. The latter is the thing which bulks large in their eyes.

Looking to the substance less than to the minor details of what has now been done, public opinion in Europe sees in it an act, long delayed to be sure, grudgingly performed at the end, which nevertheless indicates a great change in the American attitude. The death-knell of isolation has been sounded. Hostility to the League of Nations and all its works has been broken down. A great step in advance has been taken. Premier Briand impulsively describes it as "the first step." The more cautious Austen Chamberlain warned him not to proceed with that metaphor. It might imply that succeeding steps would take the United States in the League of Nations. Europe no doubt expects those steps finally to be taken; but it would not do to say so now, with American nerves shattered as they are. We are not a logical people like the French, so that we shall probably wait a while before "following the argument" of the World Court which leads up to the door of the creator of the court; namely, the League of Nations.

For the present it is a sufficient achievement and consolation that Americans have got over their fright at the mere mention of the league. They are at least ready to cooperate with it without a mortal dread of being contaminated by it. We have accepted the invitation to share in the disarmament conference summoned by the league. We have most reluctantly, and making wry faces about it, decided to enter the World Court established by the league. The rest may be trusted to the soothing influence of time, as well as the inexorable necessities of the case. To-day the outside world sees us headed in the right direction and greatly rejoices thereat. We may not feel flattered by the terms in which it announces this judgment, but, at any rate, we are no longer thrown into a panic by it.

THE PRESIDENT'S SPEECH ON THE BUDGET

Mr. ODDIE. I send to the desk an editorial from the New York Times of this morning bearing on the President's speech on the Budget. I ask that the editorial may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times editorial, February 1, 1926]

ROMANCE OF THE BUDGET

President Coolidge's Budget speech on Saturday, together with the accompanying remarks of General Lord, Director of the Budget Bu-

reau, may have sounded merely like dull statistics to those who listened over the radio. Others who read the full text in yesterday's Times may have thought it all very routine and uninspiring. But, if so, the trouble lies in their own lack of imagination. It is true that the President made no effort to startle anybody. It is within the power of few public men to make a speech on public finance as it used to be said that Gladstone was able to do—fascinating as a novel. But the very figures which the President presented had their own eloquence, their own suggestiveness. One closely attentive to them would see a sort of romanic bearing which they had not only upon public finance but upon business, upon industry, upon the whole complex of modern society in which Americans live. To the perceptive eye savings are at once translated into well-being. Reduction of taxes takes on the rosy glow of enlargement of opportunity for millions of our citizens. The dollars which the President enumerated may seem cold and lifeless, but they are seen, on reflection, to be vitally related to the welfare of great bodies of human beings. Therein lies their power to quicken and encourage.

In what the President said of the way in which sound finance and governmental thrift are articulated with questions of policy, domestic and foreign, there is also a kindling of thought in those who take it all in. They see retrenchment in America bound up with recovery in Europe. Savings here at home mean more capital wisely and helpfully to invest abroad. While we give we also receive. Loaning to our best customers in foreign countries means more work and profit for our people here. Nor did the President fail to point out the happy reaction of peace and stability in the world at large upon our own domestic economy. The World Court itself can be written, as it were, into the international balance sheet, and even our own by itself, as a great and tangible asset. Disarmament implies new comforts in the homes of workers, with better and inviting chances in life for their children. Surely, when we thus see public finance being the one touch that makes the whole world kin, we can not say, except heedlessly, that Budget speeches are tedious reading. Rightly interpreted, they are instinct with life and romantic conception.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I ask that Senate Joint Resolution No. 43, requesting the President to take steps to bring about an immediate resumption of anthracite coal mining be laid before the Senate.

Mr. JONES of Washington. Mr. President, is the joint resolution on the calendar?

The VICE PRESIDENT. It is on the table calendar. It takes either a motion or unanimous consent to have it laid before the Senate.

Mr. REED of Pennsylvania. I object to that, Mr. President.

The VICE PRESIDENT. Objection is made.

Mr. COPELAND. I move that the Senate proceed to the consideration of this joint resolution.

Mr. SMOOT. Mr. President, it is not 1 o'clock yet.

Mr. KING. Is that motion debatable?

Mr. WADSWORTH. It is not debatable.

The VICE PRESIDENT. No; it is out of order, because this is Calendar Monday, and the calendar, under Rule VIII, is in order.

Mr. COPELAND. Then I ask unanimous consent for the consideration of Order of Business 45, Senate Resolution 115, requesting the President to take steps to bring about an immediate resumption of anthracite coal mining.

The VICE PRESIDENT. Is there objection?

Mr. REED of Pennsylvania. I object to that.

Mr. JONES of Washington. Let us conclude the routine morning business.

The VICE PRESIDENT. Objection is made. The Secretary will state the first bill on the calendar.

Mr. SMOOT. Mr. President, I have asked unanimous consent that the consideration of the calendar be dispensed with, and that we proceed at this time with the consideration of the revenue bill.

The VICE PRESIDENT. The Senator from Utah asks unanimous consent that the consideration of the calendar be dispensed with, and that the Senate resume the consideration of the tax bill. Is there objection?

Mr. COPELAND. Mr. President, reserving the right to object——

Mr. MOSES. Mr. President, in order to save time I object now, because I insist that we should have a Calendar Monday. We have not had one for three weeks.

The VICE PRESIDENT. The Secretary will state the first bill on the calendar.

MONOPOLIES AND MONOPOLISTIC TRADE ASSOCIATIONS

Mr. KING. Mr. President, before proceeding further I desire the attention of the Senate for a few moments. On the 6th of last month I offered a resolution and asked that it remain on the table until I could have an opportunity to call the attention of the Senate to its provisions. It was my purpose when I offered it to submit a few remarks when I could obtain the floor without interfering with pressing business and then have it referred to the Committee on the Judiciary for such action as that committee deemed proper. The resolution calls attention to the growth of monopolies and trusts in the United States and the development of trade associations and to the unmistakable movements which are resulting in the growth of monopolies and combinations in restraint of trade.

The resolution directs the Committee on the Judiciary to investigate the extent to which various commodities are controlled by monopolistic combines and also requires the committee to inquire whether or not existing laws are adequate for the prevention of such monopolies and monopolistic trade associations, and if not to formulate and recommend legislative measures which shall adequately deal with monopolies and combinations in restraint of trade—combinations which have been formed to restrict competition in the production and distribution of essential commodities. In other words, I am seeking to have a thorough investigation of the extent to which monopolies and conspiracies in restraint of trade and trade associations are controlling or attempting to control commodities, not only their production but their distribution in the United States.

It must be apparent to every student of our industrial and economic conditions that capital is being massed for the purpose of destroying competition and controlling the manufacture, sale, and distribution of many of the commodities which enter into the lives of the people.

In view of the fact that the Committee on the Judiciary has been considering for some time certain phases of the Aluminum Trust and inquiring into the conduct of the Department of Justice in dealing with that corporation and in view of the fact that the question of monopoly and the monopolistic control of commodities has in various forms been brought to the attention of Congress during the past few weeks, I have reached the conclusion that there should be no further delay in having the resolution now upon the table referred to the Judiciary Committee in order that it may speedily act upon the same. If affirmative action is taken, then there need be no delay upon the part of the committee in entering upon a thorough investigation of trusts and monopolies and the conduct of those persons and corporations engaged in monopolistic efforts to affect the prices of commodities as well as all matters referred to in the resolution.

Accordingly I shall ask that the resolution be taken from the table and referred to the Judiciary Committee, and I also desire that the bill, which I shall send to the desk at the conclusion of my remarks, shall be referred to the same committee. This bill has for its object the strengthening of the Sherman antitrust law. It may not accomplish what I have in view or what I so much desire. At any rate, I believe that the entire question involved in monopoly and monopolistic control of production and distribution should be examined by the Committee on the Judiciary. If the Sherman law and the Clayton Act are inadequate to meet the situation, then either or both should be strengthened and supplemental legislation should be enacted. Undoubtedly the decision of the Supreme Court in the steel case and its recent decision in the Cement Trust case have given encouragement to organizations seeking the destruction of competition and the building up of giant monopolies for the purpose of controlling prices, restricting competition, and exploiting the people.

I concede that there has been of late a growing sentiment in favor of nullifying the Sherman and Clayton Acts and interposing no obstacles to the formation of giant organizations engaged or to engage in manufacturing and distributing practically all of the commodities and articles consumed by the people. There seems to be an indifference upon the part of many people to the predatory activities of monopolies and to the sinister and destructive conspiracies and operations of those who are trying to strangle competition. There is an amazing lack of appreciation of the evils which inevitably must follow if our industrial and economic life are to be controlled by stupendous aggregations of capital. Tariff laws have been enacted, aimed at the destruction of foreign competition, and an extensive propaganda has been carried on throughout our land to remove the opposition of the people to those movements which contemplate monopolistic control of the commodities of life and their distribution among the people.

Arguments are made in favor of great consolidations, and seductive appeals are presented in favor of what is denominated "big business." The claim is made by those whose purpose it is to secure control of production and distribution that great economies are to be effectuated as a result of

these consolidations, and commodities are to be cheapened and the consumers benefited. Everywhere the cry is heard that this is a big country with big men and big enterprises, and that its proud eminence in the world has resulted from the concentration of capital and the development of "big business." We are suffering from the malady which might be called the meglomania of giantism.

Undoubtedly the currents throughout the land, political, industrial, and economic are toward centralization of power, authority, and capital. Many of the people are caught by the glittering generalities indulged in by the advocates and propagandists of bigness and concentration. There are unmistakable evidences of radical departures from the political philosophy which lies at the base of this Republic.

This Government was organized as a protest against centralized authority, against oligarchies, either of wealth or of political power. Our fathers dreamed of a democracy, of a government of the people, and one in which there should be not only political and civil liberty, but there should be the fullest opportunity for industrial liberty and equality. They resisted the efforts of those who would have established a central government of unrestricted authority or panoplied with great power. They envisaged a land with an increasing number of states containing millions of inhabitants, enjoying liberty and freedom and prosperity under democratic institution. Local self-government they recognized as indispensable to liberty and to industrial and political freedom. They did not dream of the encroachments which had been made upon sovereign States and upon individual liberty. But I must prepermit a discussion of these questions.

Mr. President, corporations in the United States control at least two-thirds of all the property within the Republic. They control production of most of the commodities of life. Consolidations of huge organizations are daily being chronicled and the power of giant monopolies is constantly being increased. Prices of the necessities of life are maintained at high levels and profiteering exists in all parts of the land. The Sherman law is flouted, the Clayton Act is disobeyed, and trade associations are being formed—I was about to say—with the approval of the administration.

The Department of Justice, many believe, is indifferent to these menacing and destructive conditions and has proven itself incompetent to protect the people and to enforce the laws. Certain it is that monopolistic organizations have experienced but little if any fear that their predatory conduct would be interfered with. An investigation recently conducted by the Judiciary Committee with respect to the Aluminum Trust indicates how little monopolies need fear the Department of Justice. The Federal Trade Commission, for a number of years after its organization, earnestly attempted to protect the people and to prevent unfair practices by business organizations and the execution of plans which would result in the destruction of proper competition. But recently a different policy has been pursued by a majority of the commission. Its recent decisions and the conduct of a majority of the commission warrant the conclusion that the former policy, which was so beneficial to legitimate business, is to be abandoned and a different one adopted, which, to put it mildly, offers no discouragement to criminal conduct upon the part of monopolies, the purpose of which is to prevent the application of the laws of supply and demand and the maintenance of free competition in trade, commerce, and industry. It is felt by many—and this view I share—that the Federal Trade Commission as now constituted is of no benefit to the country and might with propriety be abolished.

Undoubtedly there is greater necessity now than ever before for a virile Federal Trade Commission. The practices of many trade associations and of many organizations controlling important, if not vital, industries call for a supervisory or corrective organization such as the Federal Trade Commission. But if the view of a majority of the members of this commission is that which is reflected in a number of its recent rulings, then it is manifest that it can not be relied upon to serve the people.

The President of the United States recently in a speech in New York gave the impression to the country, if I properly interpret the effect which it had upon the public mind, that the evil practices condemned by the Sherman law and the Clayton Act no longer existed; that business had purged itself of its former transgressions and was now being conducted according to the highest standards of morality and justice.

I am making no wholesale indictment of American business men. The great majority of them obey the law and conform to the highest ethical standard in all of their activities; but there are individuals and organizations which do not fall within the category just mentioned. Their business practices are ruthless. The independent business man is the object of attack, and every form of competition is sought to be suppressed.

I believe a proper interpretation of existing laws would meet the situation if vigorous efforts were made to enforce the law. But, as I have indicated, the people are becoming indifferent or dazed and view with unconcern the growing power of monopoly. They do not comprehend what the results will be.

I read in yesterday's papers that a great corporation had been formed, having a capital of $2,000,000,000. Its aim is to control the bakeries and the bread industry and affiliated industries. For weeks, if not months, the public has had notice that such an organization would be formed. Months ago it was learned that bakeries of this city, as well as of other cities throughout the United States, had been absorbed by this corporation, which, it seems, has now been launched. Protests were made against the monopoly of this essential of life, which it was apparent those who formed this corporation intended to control. Doubtless the protests aroused no interest in the Department of Justice, and the silence of this great department of the Government undoubtedly has encouraged the promoters of this stupendous organization to consummate the plan which they had made no particular attempt to conceal.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. KING. I yield to the Senator from Nebraska.

Mr. NORRIS. I am surprised that the Senator appears to be speaking rather against the formation of this big Bread Trust. Does the Senator know that the proposition is for this $2,000,000,000 organization to buy all the wheat in the United States and to sell all the bread? Just think what a wonderful thing it would be with one man the only buyer for wheat in the United States, and the same man being the only fellow who sold bread! That would eliminate overhead costs; and, besides, he proposes to establish hospitals for children, and amusement parks, so that it would relieve municipalities and taxpayers from looking after the little folks as they grow up. One of the objects of that $2,000,000,000 corporation is to see that every child gets a square deal; and if we could have one man buy all the farmers' products, and the same man sell all the food that the people would consume, does not the Senator see what a heaven we would live in right away? What a wonderfully fine time we would have, with all the children cared for and provided with playgrounds and hospitals, and we would pay for it out of bread! We would not need to pay any more taxes. We would be in heaven before we knew it. We would have one man running the whole thing. We could abolish a good share of the Government, because this man would have a monopoly of the purchase of food products, and likewise a monopoly of the sale of them. Of course, establishing hospitals and playgrounds is a demonstration that he is going to do it all for philanthropic purposes. There is no idea of making money involved in it.

Mr. KING. Mr. President, the people may well beware of the Greeks when they come bearing gifts, and there is authority for the statement that evil messengers may conceal themselves in priestly garb. Of course, these huge consolidations avow the rectitude of their course and the splendid spirit of altruism by which they are guided. Every great combination which destroys competition proclaims that its object is to benefit the people. The small business man, the independent producer, these are all to be sacrificed upon the altar of Cæsarism in business. In my opinion we are going too far in our industrial consolidations. The greatest economies are not always to be found in giant enterprises. But the massing of capital for the purpose of controlling the production or distribution of a commodity or of various commodities produces a situation which is not conducive to the welfare of the people. It is bound to come into conflict with the man of small means or with the independent producer. If these latter exist, it is through the grace of the former. These huge enterprises can crush, and do crush, any competitor when they wish. In many industries controlled by monopolies a limited number of independents are permitted to exist, to support the view that there is competition, and that the monopoly does not crush its competitors. It is a matter of common knowledge, however, that often the offending competitor is destroyed and prices are increased or maintained at exploiting levels.

I remarked a few moments ago about the tendency toward centralization. It manifests itself in our industrial life and finds expression in our political and governmental conduct and development. There is a mania for big things. There must be 50-story business blocks; huge leviathans to cross the seas; mighty locomotives to traverse the continent; banking organizations, with hundreds of millions of capital; industrial plants, whose output bewilders all beholders because of its enormous quantity; and combinations, with millions and hundreds of

millions behind them, to control industries and business enterprises.

And we seek to invest the Executive and the executive departments with vast and unrestricted power. The Chief Executive, according to the view of many, should rule the land. His policies should be supreme. He should be legislator, interpreter of the law, and the executor of the law. Only recently upon the floor of the Senate the impression was conveyed that the President was not wielding a big stick as a former Executive had done.

The disposition, generally speaking, is to aggrandize the executive department and to crown the Federal Government with an authority and power and glory incompatible with our theory of government and not in harmony with the letter and spirit of the Constitution. The legislative body, according to the view of many, should be docile, subservient to the will of the Executive, and execute his plans and policy. History is replete with examples which show that such a disposition has often been manifested as a result of which the liberties of the people were lost through the encroachment of executive power. It was Parliament, the legislative body of Great Britain, that defended the rights of the people against the encroachments of the executive, and in my opinion it is the legislative branch of our Government that will prove the strongest bulwark against the consolidating and centralizing tendency which would invest the executive branch of the Government with autocratic authority and power.

But, Mr. President, I must not detain the Senate, because the tax bill is before us and should receive consideration. I now ask that the bill which I have mentioned be referred to the Committee on the Judiciary, and that the resolution which I have heretofore offered, and which is now upon the table, may be likewise referred to the same committee.

The bill (S. 2930) to supplement the Federal antitrust laws was read twice by its title and referred to the Committee on the Judiciary.

The resolution (S. Res. 112) providing for an investigation of monopolistic control of certain imports into the United States was referred to the Committee on the Judiciary, as follows:

Whereas it is claimed that 80 per cent of the world's total production of rubber is consumed by the industries of the United States; and

Whereas the rubber consumed in the United States is entirely imported, and it is claimed that the supply of rubber available for importation is in the control of a monopoly in the Federated Malay States, which monopoly, it is alleged, has curtailed imports and by such means has forced the price of rubber to advance from a normal or reasonable price to unreasonable price levels; and

Whereas it is claimed that other foreign monopolies control the supplies of coffee, sisal, quinine, potash, and nitrates imported for use and consumption by the people of the United States; and

Whereas some of the agencies of the Government, particularly the Department of Commerce, are exhibiting great interest in the alleged foreign monopolies which it is claimed control for monopolistic purposes the foregoing commodities and are denouncing such foreign monopolies and demanding investigation of the same, but are silent as to the many monopolies and combinations in restraint of trade in the United States which have been strengthened and aided in their sinister and predatory activities by unjust tariff laws and the failure of the Government to enforce the Sherman Antitrust and Clayton Acts, and which were annually robbing the American people of many billions of dollars; and

Whereas numerous monopolistic trade associations have been formed and are being formed in the United States to control the domestic production and distribution and to fix the price in the domestic market of steel, steel manufactures, aluminum, aluminum manufactures, copper, brass, cement, brick, lumber, plumbing supplies, furniture, petroleum, anthracite coal, bituminous coal, bread, meat, packing-house products, milk, ice cream, woolen manufactures, cotton manufactures, chemicals, dyestuffs, and practically every other commodity of necessity or convenience required by the people; and

Whereas the acts of Congress providing for the prevention and punishment of de facto monopolies and combinations to restrain competition are not being enforced against such trade associations and other combinations to restrain trade and destroy competition, but, on the contrary, such trade associations and combinations are being permitted to monopolize production, control distribution, and to fix prices, with the complaisance of Government officials who otherwise protest against foreign monopolies in rubber, coffee, sisal, quinine, potash, nitrates, and dyestuffs; and

Whereas nearly all articles of consumption, of either foreign or domestic production, required for the use of the people are being distributed at prices controlled by de facto monopolies and monopolistic trade associations, which withhold supplies to stimulate competitive demand and bidding to satisfy the normal consumption, by which process profits are augmented and funds are produced for the further monopolistic engrossment and control of the production and distribution of essential commodities; and

Whereas there are no means of relieving the people from the exactions of such monopolies and monopolistic trade associations, except by the breaking up and punishment of such monopolies and monopolistic trade associations and protecting the freedom of trade and competition in commerce between the States and with foreign countries: Now therefore be it

Resolved, That the Committee on the Judiciary is hereby authorized and directed to investigate the extent to which the importation, production, and distribution of rubber, coffee, sisal, quinine, potash, nitrates, dyestuffs, steel, steel manufactures, aluminum, aluminum manufactures, copper, brass, cement, brick, lumber, plumbing supplies, furniture, petroleum, anthracite coal, bituminous coal, bread, meat, packing-house products, milk, ice cream, woolen manufactures, cotton manufactures, chemicals, dyestuffs, and other essential commodities are being controlled by either foreign or domestic monopolies or monopolistic trade associations; to inquire into the reason why such monopolies and monopolistic trade associations are not being indicted and tried for violation of the antitrust act and of the acts supplementary thereto; and further to inquire as to whether or not existing laws are adequate for the prevention of such monopolies and monopolistic trade associations; and if not, to formulate and recommend legislative measures which shall be adequate to prevent monopolies and monopolistic trade associations being formed to restrict competition in the production and distribution of essential commodities.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I move that Senate Resolution 115, Order of Business 45, be taken up at this time.

The VICE PRESIDENT. The motion is not in order. The Secretary will state the first bill on the calendar.

THE CALENDAR

The first business on the calendar was the bill (S. 1134) to authorize the settlement of the indebtedness of the Czechoslovak Republic to the United States of America.

Mr. SMOOT. Mr. President, I ask that Orders of Business 3, 4, 5, 6, 7, and 8, being debt settlement bills with foreign governments, be passed over.

The VICE PRESIDENT. They will be passed over.

CHANGE IN DATE OF INAUGURATION

The joint resolution (S. J. Res. 9) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress, was announced as next in order.

Mr. KING. Mr. President, does the Senator from Nebraska desire to have the joint resolution taken up this morning? I have an amendment that I expect to offer to it. I do not want to delay its consideration.

Mr. NORRIS. Mr. President, let me say to the Senator that I realize the importance of this joint resolution. I think it is more important than many other measures on which we spend a good deal of time; but I should like to call the attention of the Senator to the fact that we have passed this joint resolution, practically in the same language that we have it here before us, on two different occasions in two separate Congresses. It was passed in the last Congress. It was passed in the Congress preceding the last. There really is not any opposition to it. It went to the House and was considered by the House committee, and on both occasions it was favorably reported with some amendments, and on both occasions it died in the House on the calendar. So it seems to me, Mr President, the committee having reported the joint resolution now in the form in which it passed the Senate the last time, that we could well pass it now, even though it is a very important proposition. As suggested by the Senator from Utah [Mr. SMOOT], there is not a Senator here who does not know fully just what the measure is; and on a former occasion we discussed it at length and went into it in detail.

Mr. WILLIS. Mr. President——

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. WILLIS. I simply desire to say to the Senator that, as he may or may not recall, I supported his amendment, and I think I shall do so again; but I inquire of him whether it is advisable to take up so important a matter as amending the Constitution in the morning hour, when there can not be very much discussion? I am in favor of his constitutional amendment, but I think he ought to let it go over. I do not want to object to its consideration.

Mr. NORRIS. Of course, ordinarily I would concede that at once, if it had not been that this matter has been fully debated by the Senate, and, with the exception of a few Senators who are opposed to amending the Constitution on

general principles, I think it meets with approval, and it meets with the approval of the people generally. It corrects an evil that everybody concedes is an evil; and for that reason the measure having been passed by the Senate when its membership was approximately the same as to-day, it seems to me that we could pass it now without taking up much time in debating it.

Mr. WILLIS. Does the Senator say it is in exactly the same form in which we passed it before? I am entirely willing to take his word for it.

Mr. NORRIS. An amendment was reported by the Judiciary Committee which would modify the resolution just a little, but I do not think it is important, and I am not particular whether it is agreed to or not. The joint resolution as reported is in the exact words in which it passed the Senate on the last occasion.

Mr. WILLIS. I shall not object, but I do think the Senator ought to bring it up at a time when there would be more chance for discussion. I shall not object, however, and I shall vote for the joint resolution.

Mr. NORRIS. If there were any desire to discuss the joint resolution, I would not insist on having it voted on now.

Mr. EDGE. I would like to have the Senator tell me whether the vote was unanimous the last time the joint resolution was before the Senate?

Mr. NORRIS. No; there were three or four votes against it, I think, on one occasion, and on the first occasion there were seven votes against it. I think that is the largest number that was ever opposed to it. Those against it were not against it because they did not really believe in it, but they did not want to amend the Constitution. I would like to have the joint resolution taken up. I have no objection to the Senator from Utah offering an amendment or debating the joint resolution, but I have not the remotest idea that even the Senator from Utah would want to debate it at any length.

Mr. KING. The Senator is right; I have no purpose to debate it at length, but there is an amendment I want to offer, which I have not with me this morning, however, as I did not anticipate that we would take up the measure this morning. But I wish to present an amendment for the consideration of the Senate, and to take their judgment in regard to it.

Mr. ROBINSON of Arkansas. I suggest that the joint resolution go over, if Senators are not ready to take it up. We are consuming the morning hour in this way.

The VICE PRESIDENT. The joint resolution will be passed over.

PROCEDURE IN CONTEMPT CASES

The bill (S. 1035) relating to contempts was announced as next in order.

Mr. REED of Pennsylvania. Mr. President, I suggest to the Senator in charge of the bill that the wording of the first and second sections is obscure. If the Senator will look at line 3, on the first page, he will find that the bill refers to "any court of the United States either with or without interrogatories addressed to any court of any foreign country." Having mentioned two different courts the bill goes on to describe what "said courts" shall do. The words "said court" and "such court" appear to apply indiscriminately first to one court and then to another. I suggest that the bill go over, and that the Senator who has charge of it look into that question and let us have his opinion about it.

Mr. WALSH. Mr. President, I have given consideration to that matter. I do not believe that the confusion to which the Senator refers can be found. The first such expression occurs at the top of page 2.

Mr. REED of Pennsylvania. No, Mr. President; the first occurs in the last line on page 1. I take it that the words "such court" there refer to the foreign court. Then, two lines later we find the words "the said court may * * * make an order." I guess that refers to the domestic court.

Mr. WALSH. Obviously. If the Senator will follow the language he will see that it is plain enough. The first reference is in line 12, page 1, where it is provided that if any witness shall refuse to answer "any question which may be propounded to him by or under the authority of such court." The last court mentioned before that is the foreign court. So that "such court" is the foreign court to which he would be required to make answer "were he being examined before the court issuing such letters." The court issuing such letters is the last mentioned. "The said court"—that is, the court issuing the letters—"may, upon the complaint of any party aggrieved," and so forth. There is no confusion.

Mr. REED of Pennsylvania. Then the Senator interprets the reference to "said court" in line 2, page 2, to be to the domestic court?

Mr. WALSH. Obviously, because it says the court issuing the letters, and the court issuing the letters is the domestic court.

Mr. REED of Pennsylvania. I notice that in section 2 the language is, "Upon issuing such order the court may either unconditionally or upon giving security for any damages," and so forth. The Senator does not mean that the court is to give security?

Mr. WALSH. If the Senator will read on he will find it provides that "the court may either unconditionally or upon giving security for any damages he may have suffered, should the charge be dismissed," and so forth.

Mr. REED of Pennsylvania. Then the pronoun "he" refers to the witness and not to the court?

Mr. WALSH. Of course.

Mr. REED of Pennsylvania. It may be a matter of course to the Senator, but I must confess that I am dull and that those meanings did not follow. I ask that the bill may go over for the present.

Mr. WALSH. I move that the Senate proceed to the consideration of the bill.

Mr. REED of Pennsylvania. I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. REED of Pennsylvania. I ask for a division.

On a division, the motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 1035) relating to contempts, which had been reported from the Committee on the Judiciary with amendments; in section 1, page 1, line 7, to strike out the word "duly" before "notified" and insert in lieu thereof the word "personally," and to add a new section at the end of the bill, to be known as section 5, so as to make the bill read:

Be it enacted, etc., That whenever letters rogatory shall issue out of any court of the United States, either with or without interrogatories addressed to any court or any foreign country, to take the testimony of any witness, and such witness, having been personally notified by it according to the practice of such court, to appear and testify pursuant to such letters rogatory and such witness shall neglect to appear, or having appeared shall decline, refuse, or neglect to answer to any question which may be propounded to him by or under the authority of such court, to which he would be required to make answer were he being examined before the court issuing such letters, the said court may, upon the complaint of any party aggrieved, make an order returnable at a time to be fixed therein, requiring the recusing witness to appear and show cause why he should not be punished for contempt of court.

SEC. 2. Upon issuing such order the court may either unconditionally or upon giving security for any damages he may have suffered, should the charge be dismissed, direct as a part of such order that the property of the recusing witness, at any place within the United States, or so much thereof in value as the court may direct shall be levied upon and seized by the marshal of said court in the manner provided by law or the rule of the court for a levy or seizure under execution, to be held to satisfy any judgment that may be rendered against such witness in the proceeding so instituted.

SEC. 3. The marshal, having made such levy, shall thereupon cause to be published such order to show cause and for the sequestration of the property of such witness, in some newspaper of general circulation in the district within which the court issuing such order sits, once each week for four successive weeks.

SEC. 4. On the return day of such order or any later day to which the hearing may by the court be continued, proof shall be taken, and if the charge of recusancy against the witness shall be sustained the court shall adjudge him guilty of contempt, and notwithstanding any limitation upon the power of the court generally to punish for contempt, impose upon him a fine not exceeding $100,000 and direct that the amount thereof with the costs of the proceeding be satisfied, unless paid, by a sale of the property of the witness so seized or levied upon, such sale to be conducted upon the notice required and in the manner provided for sales upon execution.

SEC. 5. Any judgment rendered pursuant to this act upon service by publication only may be opened for answer within the time and in the manner provided by the statutes of the State comprising the district in which the proceedings may have been instituted.

Mr. WALSH. Mr. President, for the information of the Senate, I will state briefly that this bill has been induced by the unfortunate experience which was had in endeavoring to secure the testimony of witnesses in the case of the United States against the Mammoth Oil Co., Harry Sinclair, and others, in the district court for the district of Wyoming, known generally as the Teapot Dome case. Two witnesses who were very much desired in that case had found it convenient to be in France at the time the case came on for trial—one Blackmer and one O'Neill. Letters rogatory were issued out of the district court for the district of Wyoming to take their testi-

mony in France. They appeared before the court in France, and appearing there, declined to testify.

It appears that there is no power in the courts of the Republic of France to require a witness, so called to testify, to answer any questions that are propounded to him. It appears that under the law of France, at least so the officers of the Government are advised by counsel familiar with the law of that country, the only recourse in a case of that kind is to sue the witness for damages. In this case, of course, it would have been impossible to prove any damages, so that remedy was useless.

Some effort was made to negotiate a treaty with the Republic of France under which we should agree to do the same for them if they would enact a law by which American citizens in France could be compelled by their courts to attend and testify, but no progress has been made. So this bill provides that in a case of that kind, the party who desires to take the testimony of the witness may make complaint to the court from which the letters rogatory issued, alleging that the witness either refused to attend, or, attending, refused to testify in answer to a question which he would have been required to answer if he were actually in court testifying.

Complaint being made, an order will issue calling upon the witness to appear at a time fixed, to show cause why he should not be punished for contempt, and at the same time the court may direct that his property in this country, or so much of it as the court may order, shall be seized to await the judgment of the court, and to answer any fine that may be imposed upon him by the court for his contempt. It is provided that the order shall be published in the newspapers for four weeks, as is customary in case of publication, and at the end of that time a hearing is had, and if the facts are as averred, judgment may go against him as for contempt, and a fine may be imposed, not exceeding $100,000, to be satisfied out of the property which has been seized, to be sold as in the case of execution.

We hope that in the future witnesses so situated will not be able to treat the courts of this country with entire contempt.

Mr. REED of Pennsylvania. Mr. President, I call the attention of the Senate to the fact that the bill which they have just forced to consideration during the calendar hour is accompanied by no report whatsoever, and that the only knowledge Senators can have about the necessity for this bill is that which they gain from a reading of the bill itself. I did not know that it was the Teapot Dome case that inspired the measure. I remember something of the facts of that case, and I remember that there was a shocking evasion of the process of the court attempting to take the testimony of the absent witnesses, who seemed to me plainly to be running away to avoid testifying.

It is all right to correct that matter, and if the process of the court was flaunted in that case, as it seems to have been, I agree that that ought to be corrected. But I am not entirely persuaded that it ought to be corrected by the steamroller method of forcing a bill on which the Judiciary Committee has given us the advantage of no report, and which, when we pick it up and start to read it on the calendar, in the haste of a calendar Monday, we find a jumble of references to "such court" and "said court," meaning alternatively the court of a foreign country and the court of this country. Then we run on a phrase which indicates that the court is to be required to give bond in certain cases.

The Teapot Dome oil case was an emergency case. The interests of the United States were gravely involved. But it was not done in such a frightful hurry that we need to pass bills without a report, or that we are prohibited from stopping to look at the grammatical construction of the bills that are being whisked through the Senate. It seems to me it would have been only ordinary courtesy for the Senator to allow the bill to lie over for a week, or for even a day, so that Senators might confer at their leisure to see whether the most appropriate language has been used.

Mr. WALSH. Mr. President, will the Senator permit me——

Mr. REED of Pennsylvania. I am glad to yield to the Senator.

Mr. WALSH. This bill was reported on the 4th day of January, just about a month ago, and it has been lying here 30 days.

Mr. REED of Pennsylvania. Quite true; and bills are being reported rapidly every day; but some of us are so busy with committee work that we do not have time to read our mail, much less to go over all the bills upon this extensive calendar, and I dare say the Senator himself has not read all the other bills that are on the calendar.

Mr. MEANS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Colorado?

Mr. REED of Pennsylvania. I yield.

Mr. MEANS. I would like to say, in addition to what has been stated by the Senator from Pennsylvania, that I am on the Judiciary Committee; that I am a constant attendant of the meetings of that committee when present in the city; and that the Senator from Montana knew that I objected to this bill. I was not in the city at the time of the first meeting of the committee after the holidays, and this bill was reported from the Judiciary Committee, notwithstanding the fact that I asked for time to present my objections to it. I simply wish to state that the bill was reported by the Judiciary Committee, although I objected to it and asked for time to present my objections.

Mr. WALSH. Mr. President, I trust the chairman of the Committee on the Judiciary will be good enough to answer the suggestion of the Senator from Colorado.

Mr. CUMMINS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED of Pennsylvania. I am glad to yield to the Senator.

Mr. CUMMINS. I gave some attention to this bill. It will be remembered that the Senator from Montana, in some observations which preceded the introduction of the bill, indicated the necessity for a remedy of this character. When the bill was introduced and came before the committee, I made one objection to it. It was not provided in the bill that the witness in the foreign country should be served with personal notice for his appearance to give his deposition or his testimony. I thought that was very important. It was originally provided that notice should be given according to the customs or the laws of the country in which the deposition was to be taken. I did not think that was sufficient, and I offered the amendment that is now reported by the committee. I am utterly unable to understand the objection that is made to the bill, which, I think, is in the furtherance of justice.

The Senator from Colorado, I remember, had some doubt with regard to the constitutionality of a certain provision of the bill, and he suggested that doubt during our deliberations; but when we came to a vote as to whether the bill should be reported or not, I do not remember that there was any difference of opinion in the membership of the committee with respect to the propriety and the wisdom of the bill. I am heartily in favor of it. I can not imagine how it could do any injury whatever to any person desiring to act in a straightforward and honest way, and I think it supplies a manifest defect in our judicial procedure.

Mr. REED of Pennsylvania. Will the Senator permit me to ask him a question?

Mr. CUMMINS. Certainly.

Mr. REED of Pennsylvania. The maximum penalty for conspiracy to defraud the United States is two years' imprisonment and $10,000 fine, is it not?

Mr. CUMMINS. Yes.

Mr. REED of Pennsylvania. So that if the people who are being proceeded against in the Teapot Dome cases were held to be guilty the maximum penalty for their conspiracy would be a $10,000 fine, and yet in the form of the pending measure the Judiciary Committee would have us pass, without a report and under the five-minute rule of the Senate, a bill which would impose a fine of $100,000 upon a witness in such a case who fails to appear, and to impose it in his absence. Does the Senator think that contrasts well with the penalty that may be imposed for being guilty of a conspiracy to defraud the United States?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Pennsylvania allow me to ask him a question?

Mr. REED of Pennsylvania. Certainly.

Mr. ROBINSON of Arkansas. Under the facts stated by the Senator from Montana, and concurred in apparently by the Senator from Iowa, does the Senator from Pennsylvania imagine that a nominal fine, a fine of $500 or $1,000 would accomplish any useful purpose in such cases?

Mr. REED of Pennsylvania. It probably would not, but I am very much shocked by the fact that in the Veterans' Bureau fraud case, where the defendants were held to be guilty of defrauding the United States of millions of dollars, the utmost fine the court could impose was $10,000. If we have been so scrupulous in the limitation of these fines, are we not going at this a little recklessly——

Mr. ROBINSON of Arkansas. Will the Senator pardon another suggestion?

Mr. REED of Pennsylvania. I will at the end of my sentence. Are we not going at this a little recklessly when we propose to assess a fine of $100,000 upon an absent witness?

Mr. ROBINSON of Arkansas. Of course, in a case where millions and perhaps hundreds of millions of dollars are involved, if it is desired to compel the testimony of a witness, it is necessary to impose a very severe penalty. I suggest to the Senator that if he thinks the penalty is excessive, in view of the facts which necessarily underlie the measure, he can test out the sense of the Senate by offering an amendment to reduce the amount of the fine.

Mr. REED of Pennsylvania. But that is not the only thing we have here.

Mr. ROBINSON of Arkansas. The maximum fine under the provision of the bill is $100,000. I would think it necessary to impose a very large penalty if the penalty is to have any effect because, as every Senator knows from the discussions carried on in the Senate heretofore, the effort of these witnesses apparently is to avoid furnishing the Government proof concerning transactions which involve perhaps hundred of millions of dollars. There is no use of attempting to compel the testimoney of such witnesses by the imposition of a nominal penalty, which they or those behind them would gladly pay in order to avoid furnishing the evidence which the Government needs and to which the Government is entitled.

Mr. CUMMINS. Mr. President——

Mr. REED of Pennsylvania. I yield further to the Senator from Iowa.

Mr. CUMMINS. It must be remembered that in cases of this character it is impossible to enforce the attention of a witness and to enforce the giving of his testimony by a penalty of imprisonment. If it is done at all, it must be done through the force of a fine upon the property that he may have in his native country. It may be that the proposed fine is larger than is needed, but that is a subject for consideration. If it is believed by the Members of the Senate that the fine ought not to be so large, it is very easy to offer an amendment and have the opinion of the Senate expressed upon the question.

Mr. ROBINSON of Arkansas. The provision, of course, is for a maximum penalty, and it very properly reads, "not in excess of $100,000." I think the penalty ought to be large, particularly in view of the facts with which we are so familiar in connection with this case.

Mr. WALSH. Mr. President, with the kind indulgence of the Senator from Pennsylvania——

Mr. REED of Pennsylvania. I yield to the Senator from Montana.

Mr. WALSH. I want to say a word concerning the observation of the Senator from Colorado [Mr. MEANS], which evidently carried with it an implication that I had been guilty of at least discourtesy toward him in this matter. I do not know how the Senator from Colorado could have gained any such idea. When the matter came before the committee in the first instance, the Senator from Colorado expressed some doubt, as stated by the Senator from Iowa, concerning the constitutionality of the measure. His misgivings evidently related to the power of a court of this country to punish for acts committed outside the jurisdiction of the United States and in a foreign country. That, so far as I have knowledge, was as far as the Senator from Colorado went. A suggestion was made by the Senator from Iowa, chairman of the committee, that perhaps an amendment was desirable, and another suggestion was made by the Senator from Missouri [Mr. REED]. It was accordingly referred to a subcommittee. Before the subcommittee I adopted the suggestion made by the Senator from Iowa, as he has stated here, and I asked that the amendment be added which appears in the draft now before the Senate, to meet the views of the Senator from Missouri. In that form the subcommittee reported the bill back to the committee.

It may be true that the Senator from Colorado was not there at that time, but there was not the slightest objection on the part of the Senator from Colorado to the bill except that he questioned the constitutionality of it. I was not aware that the Senator had ever requested that the matter be deferred until he was present. I had no idea that the Senator was going to offer any objection whatever to the bill except the suggestion, which was a mere suggestion by him—he merely raised the question—as to whether the bill could constitutionally be enacted by the Congress. If the Senator had in the slightest way indicated to me his desire to be present I should, of course, have deferred to his wish.

Mr. BRUCE. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED of Pennsylvania. Certainly.

Mr. BRUCE. Has any witness in the oil cases fled beyond the jurisdiction of the court?

Mr. WALSH. Yes; three very important ones.

Mr. MEANS. Mr. President, will the Senator from Pennsylvania yield further to me?

Mr. REED of Pennsylvania. I am glad to yield to the Senator from Colorado.

Mr. MEANS. At the time the matter was brought up before the Committee on the Judiciary it bothered me, and at my suggestion action by the Judiciary Committee was deferred at that time. The question that arose in my mind was the question of the constitutionality of the bill, as the Senator from Montana has stated. We all know that when we delegate to a commissioner or a notary public in this country the power to take the deposition of a witness and that witness refuses to testify, we do not think of calling the witness before the court for contempt. We bring back the report of the commissioner or of the notary public, and then the matter is gone into as to whether or not an order shall be entered requiring his appearance or adjudging him guilty of contempt. But in the pending measure, regardless of the fact that the man may have good and sufficient reason when called as a witness for refusing to testify, because his testifying might affect his own standing or because of other conditions which would furnish a legitimate reason for not answering questions, although he might appear in response to any process of a foreign court, immediately upon that fact becoming known to the judge by reason of the complaint of the aggrieved party, under the provisions of this bill the judge here, without any hearing, may determine, for the purpose of bringing him back to this country and for no other purpose, that he is guilty of contempt and assess a fine of $100,000 against him.

It is, in my opinion, an arbitrary use of power under the doctrine of contempt which I do not believe the Senate, if it should properly understand the situation and consider it, would delegate to any court for the sole purpose, not of justice, not because the witness has been guilty of contempt of an order of our court, but merely to bring him back to avoid being assessed a fine of $100,000. That is the only purpose of the bill.

I am opposed to it not only because I believe it to be beyond the power of the Congress to delegate such authority to the court when a witness is in a foreign country, but I also believe the bill itself is unjustifiable in its terms and the purpose for which it was intended.

Mr. REED of Pennsylvania. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	McKellar	Robinson, Ind.
Bayard	Ferris	McKinley	Sackett
Bingham	Fess	McLean	Sheppard
Blease	Fletcher	McMaster	Shortridge
Borah	Frazier	McNary	Simmons
Bratton	George	Mayfield	Smith
Brookhart	Gerry	Means	Smoot
Broussard	Gillett	Metcalf	Stanfield
Bruce	Goff	Moses	Trammell
Butler	Hale	Neely	Tyson
Cameron	Harreld	Norbeck	Underwood
Capper	Harris	Norris	Wadsworth
Caraway	Harrison	Nye	Walsh
Copeland	Heflin	Oddie	Warren
Couzens	Howell	Overman	Watson
Cummins	Johnson	Pepper	Weller
Curtis	Jones, Wash.	Phipps	Wheeler
Deneen	Kendrick	Pine	Williams
Dill	Keyes	Pittman	Willis
Edge	King	Ransdell	
Edwards	La Follette	Reed, Pa.	
Ernst	Lenroot	Robinson, Ark.	

The PRESIDING OFFICER (Mr. GOFF in the chair). Eighty-five Senators have answered to their names. A quorum is present.

Mr. SHORTRIDGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SHORTRIDGE. I understand that the Senate was proceeding under Rule VIII and had reached Order of Business 22 when objection was made. Thereupon the Senator from Montana [Mr. WALSH] moved to take up the bill. That motion prevailed, and the Senate proceeded to the consideration of the bill. My inquiry is, Does the five-minute rule prevail or is the bill taken entirely out from the provisions of Rule VIII?

The PRESIDING OFFICER. The five-minute rule does not prevail in the consideration of the bill.

Mr. SHORTRIDGE. I made the inquiry because of the question which was raised by other Senators, but the Chair has ruled and I am well content.

Mr. MEANS. Mr. President, I move that the bill now under consideration, being Senate bill 1035, be recommitted to the Committee on the Judiciary.

Mr. WALSH. Question!

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado that the bill be recommitted to the Committee on the Judiciary.

Mr. KING. Mr. President, I do not know whether or not the motion is debatable, but I should like to know the reasons prompting such an extraordinary course as that suggested by the Senator from Colorado. It is conceded that there are three material witnesses in the prosecution of the case involved who are possessed of large fortunes, if not in their own right as attachés and adjuncts of corporations, whose conduct is somewhat reprehensible, who have fled the United States. To secure their depositions or their testimony is important. Is it to be conceived that the Senate of the United States will throw its shield and its mantle of protection around those men, who might be denominated criminals? I do not see much difference between a man who commits an offense and a man who has connived at the commission of it and then runs away in order to prevent giving testimony. I can not believe that the Senate of the United States will now indicate its approval of their course by voting for the motion which the Senator from Colorado has just made.

Mr. REED of Pennsylvania. Mr. President, I should like to say just a word briefly in answer to the Senator from Utah [Mr. KING]. If his reasoning is sound, then unless we approve, for instance, of the crime of murder we must not even stop to discuss the language of the statute that proposes to punish it. The Senator insists because I want this bill to lie over, or because the Senator from Colorado [Mr. MEANS] wants it recommitted, that, therefore, we are trying to throw the shield of the United States Senate around these two or three witnesses who have done this reprehensible thing.

Mr. President, has the very phrase "Teapot Dome" driven the Senate insane? Must we suspend all our judgment and pass blindly upon everything, whether it makes sense or not, no matter what it does to the law of this country for the future, merely because somebody calls out "Teapot Dome"?

If these men are guilty—and appearances seem to indicate they are guilty—of evading process, can we not stop to consider whether the law that proposes to punish them is written in good English or not? Let us remember that the committee has made no report on this bill to guide us. Let us take the first section of the bill. I ask Senators to follow me when I read this section which we are to be forbidden to consider because, forsooth, it has to do with Teapot Dome.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED of Pennsylvania. I am glad to yield to the Senator from Montana.

Mr. WALSH. Mr. President, this bill was introduced on the 10th day of December, 1925. On introducing it I stated on the floor of the Senate exactly what the bill was and exactly what the occasion for its presentation was. It has been before the Senate not only since the 4th day of January, but it has been here since the 10th day of December, with a complete explanation of what the bill is about. The only changes made are those which appear in the amendments reported by the committee, which are printed in the bill. The Senator from Pennsylvania has not been without information about the bill and about the views of the committee with respect to it, if he was present or if he read the RECORD.

Mr. REED of Pennsylvania. Mr. President, I was not present and I did not have the advantage of reading the Senator's remarks in the RECORD. I am guilty in that respect, just as I am guilty of not having read the remainder of the 3,000 bills which have been introduced in the Senate since we met in December, and guilty of not having read all that has been said on the floor of the Senate since we met early in December. I plead guilty to those things, Mr. President; but because I am guilty in those respects I am going to insist that the Senate join with me now, until 2 o'clock at least, in the consideration of what it is proposed now to pass.

I wish to preface what I have to say with the statement that I am in full accord with the desire of the Senate to punish those witnesses against whom the bill is particularly directed; that I will do everything in my power to expedite consideration of this bill; and that all I ask of the Senator from Montana is that he give us a chance to consider for a moment whether the language of the bill can not be improved and whether the provisions for its enforcement are going to defeat themselves, because of the fact that they seem at first sight to be rather un-American.

Mr. WALSH. Mr. President, the author of the bill, myself, is just exactly as desirous that the language should be perfect as is the Senator from Pennsylvania. The Senator from Pennsylvania has made some criticisms of the language of the bill and says that it is obscure. He has not undertaken to sustain anything of the kind. There is not any disposition—on my part, at least—to cut off any desire the Senator may have to criticize the language of the bill. For the purpose of showing the substance of the objection of the Senator to the language of the bill I am going to ask the Senate to pay attento it, if the Senator from Pennsylvania will pardon me for a moment——

Mr. REED of Pennsylvania. I was about to read the first section. Would the Senator prefer to do it himself or would he rather have me do it?

Mr. WALSH. Yes; I would rather do it.

Mr. REED of Pennsylvania. I shall be glad to have the Senator do it.

Mr. WALSH. The first section reads:

That whenever letters rogatory shall issue out of any court of the United States, either with or without interrogatories addressed to any court of any foreign country—

It will be observed that there are two courts to consider, the domestic court and the foreign court—

to take the testimony of any witness, and such witness, having been personally notified by it according to the practice of such court—

"Such court" refers to the last court mentioned, which is the foreign court—

to appear and testify pursuant to such letters rogatory, and such witness shall neglect to appear or, having appeared, shall decline, refuse, or neglect to answer to any question which may be propounded to him by or under the authority of such court—

"Such court" is the last-mentioned court, the foreign court—

to which he would be required to make answer were he being examined before the court issuing such letters—

That is the domestic court—

the said court may—

What court? The last-mentioned court, the domestic court—

upon the complaint of any party aggrieved make an order returnable at a time to be fixed therein requiring the recusing witness to appear and show cause why he should not be punished for contempt of court.

I wonder who is there who will stand here and assert that that is not good, plain English?

Mr. BRUCE. Mr. President, I desire to say that it is with the deepest regret that I withhold my vote from any motion made in good faith to recommit a bill, and therefore I shall vote with great reluctance in this case against the recommittal of the pending bill. The contents of the bill, however, are so free from complexity and marked to such an extent by simplicity of structure as well as of expression that I can see no good purpose to be subserved by its recommittal.

That the case for which it seeks to provide is not now covered by law seems to be undenied, and certainly it is only right and proper that if the Commonwealth can not lay its hands upon the person of a fugitive from justice it should be clothed with ample power to lay its hands upon his property. Therefore I can not see what possible occasion there should be for any considerable discussion in relation to this bill. It seems to me that certainly any member of this body who is a lawyer could in a few moments, sitting in his seat in this Chamber, make up his mind with regard to its merits just as judiciously as if he had hours for its consideration.

So far as the magnitude of the penalty, of which the Senator from Pennsylvania has complained, is concerned, it is obvious on the face of the bill that $100,000 is only the maximum penalty. The bill provides that the court may impose upon the offender a fine not exceeding $100,000. Now, suppose that some very wealthy witness has fled beyond seas; of what avail would it be to impose a fine of $10,000 or $25,000, or perhaps even $50,000, under this bill? When such a man came to balance the security of his asylum with the pecuniary terms of such a penalty, he might well choose to incur a fine of even $100,000 rather than to face a court at home.

In other words, as has been pointed out, the case contemplated by the pending bill is no common case, where some ordinary penalty will suffice. It may assume such a character that nothing but an enormous fine, a tremendous penalty, could accomplish the purpose of the pending bill. Therefore, as I have said before, while doing so with great reluctance, I feel constrained to vote against its recommittal.

Mr. MEANS. Mr. President, I desire to answer the questions propounded by the junior Senator from Utah [Mr. KING] and, if I understand aright, by the Senator who has just taken his seat.

If, in a committee of which you were one who did not neglect his duty, but attended every committee meeting and in his humble way attempted to understand the legislation and never at any time attempted to delay matters, you had raised an objection in which to your mind, as a lawyer, you believed there was force, and then, at the only time when you were not present in the committee room, the bill was passed by the committee and reported out, do you think it unusual that a Senator should ask to have the bill recommitted in order that he might present to the committee any objection he might have to the consideration of the bill?

That is what I asked when I made the motion to recommit. If it was not an intended discourtesy, as the Senator from Montana says it was not, then I think I am within my rights in asking that the bill be recommitted. Therefore, I have made the motion.

Mr. BRUCE. Mr. President, I have never said that the junior Senator from Colorado was not within his rights in making such a request; but I think that if his request is denied by the Senate, the Senate will be within its rights in denying it. As I have said, it seems to me that the Senator from Colorado could in a few moments, sitting in his seat where he is now sitting, make up his mind as to the merits of this bill just as satisfactorily for all the purposes of deliberation as if it were recommitted and he had an opportunity to take it up in the committee room.

Mr. WHEELER. All the rest of us have to do that.

Mr. BRUCE. Why, certainly. I know it has happened to me that bills have gone out of the committees of which I was a member without any intention on the part of the chairman or any other member of the committees to affront me, when I have not had an opportunity to express my views with reference to the measures.

That has happened more than once since I have been here. On several occasions I have regretted that a bill had left the committee, after I had given an intimation of my opposition to it, without my being told that it was about to leave the committee; but, being satisfied in each instance that there was no intention on the part of the chairman or any other member of the committee to be discourteous to me, or to deny me any just right to which I was entitled, I have done what so often men have to do in the course of human existence; that is, submitted without any remonstrance.

It is perfectly inconceivable to me, as a Member of the Senate, from what I know of the Judiciary Committee, that any member of that committee should possibly have intended an affront to the Senator from Colorado, or should have intended in any way to violate his just rights. Therefore, while I have no right to impose my views about this matter on the Senator, I do say that I hope that under the circumstances the Senator will let us take up this matter now and discuss it without any attempt to delay its consideration.

Mr. REED of Pennsylvania. Mr. President, I have now read the remarks of the Senator from Montana which I was guilty of not having heard or read before. I want to call to the attention of the Senate just what was said by him on December 10, at the time he introduced the bill, and show the Senate what the remarks are that the Senator from Montana thinks make an adequate substitute for a committee report on the bill.

The Senator from Montana on that date spoke as follows:

> Mr. President, it will be recalled that the affairs of the Continental Trading Co. became the subject of inquiry in the suit brought by the Government of the United States against the Sinclair company in the State of Wyoming. The testimony of certain witnesses was desired, but they found it convenient to be in Europe at the time. An effort was made to take their testimony under letters rogatory. Those witnesses appeared before a judge of the Republic of France but refused to testify. I introduce the bill, which I send to the desk, in order to meet that situation and ask that it may be read.

And that, Mr. President, those brief remarks, we are asked to accept as settling all of the questions of constitutionality that trouble the Senator from Colorado and all of the questions of criminology that have been concerning me in imposing such a fine as this for contempt of court, and all of the questions of statutory construction that are involved in reading this bill, and all of the questions of procedure as to whether the rights of the defendant are given that decent protection which every Anglo-Saxon court prides itself on giving to persons before conviction.

I submit, Mr. President, that there is still room for some report by the Committee on the Judiciary, and that the motion to recommit ought to prevail.

Mr. WILLIAMS. Mr. President, I should like to say a word with reference to the first paragraph of the pending bill.

I am heartily in favor of the general purpose of the bill. I hope it will pass. This is not a question of condonation; it is a question of a piece of general legislation, intended to cover a situation which is going to arise in the future. The situations which have arisen in the past have produced the idea for this legislation, and it is praiseworthy in all respects. It does seem to me, however, that the phraseology is just a little bit unfortunate; and if the Senator responsible for the bill will bear with me and will read line 12 on the first page of the bill and lines 1 and 2 on page 2 of the bill, he will see what seems to me to be a piece of unfortunate phraseology.

Beginning with line 5, where we have the two courts—a domestic court issuing letters rogatory and a foreign court to whom those letters go and before whom the testimony of the witness desired is being taken—beginning, then, at the end of line 5, the bill reads:

> to take the testimony of any witness, and such witness, having been personally notified by it—

That is, the foreign court—

> according to the practice of such court—

The foreign court—

> to appear and testify pursuant to such letters rogatory and such witness shall neglect to appear, or having appeared shall decline, refuse, or neglect to answer to any question which may be propounded to him by or under the authority of such court—

"Such court" meaning the foreign court?

Mr. WALSH. Obviously.

Mr. WILLIAMS. The foreign court. Now, it seems to me that the next clause—

> to which he would be required to make answer were he being examined before the court issuing such letters—

Is a parenthetical clause, and that the word "court" in the following words—

> the said court may—

As they appear in line 2 on page 2, may well refer to its antecedent, "such court" at the beginning of line 12 on page 1.

Mr. WALSH. That is contrary to the fundamental rules of grammatical construction.

Mr. WILLIAMS. If the Senator will pardon me just a moment, when I read over the bill and observed that it dealt with both a United States court and a foreign court, the words "the said court may" seemed to me to refer to the foreign court rather than to the court referred to in this parenthetical clause.

Again——

Mr. WALSH. Mr. President, will the Senator suffer an interruption?

Mr. WILLIAMS. Just a moment, please. Just let me finish the idea.

Mr. WALSH. Let me suggest to the Senator, if he thinks it is in anywise indefinite, why does he not suggest that we put the words "foreign court" in there?

Mr. WILLIAMS. I think we should have the words "foreign court" in the bill at that point.

Mr. WALSH. It is entirely unnecessary, but I should not have the slightest objection to it.

Mr. WILLIAMS. I think those words should be there.

Mr. WALSH. We will save time if we put in those words, if anybody doubts the accuracy of the language.

Mr. WILLIAMS. Proceeding just one line further:

> the said court may—

Referring now to the United States court—

> upon the complaint of any party aggrieved—

What is the occasion for the complaint of an aggrieved party? The complaint is that the return by the foreign court presumably has been made and has been received by the domestic court, and that that return showing on its face that the witness appeared and declined to testify, or declined to appear, you have a situation which gives rise in the domestic court to a proceeding as for contempt against the recusing witness. It does seem to me, if the Senator will pardon me, that there should be some phrase there to indicate what the basis is upon which the domestic court proposes to institute this hearing as for contempt.

It issues an order to show cause. What is it based on? It must be based upon the return made by the foreign court, showing what the facts were with respect to this recusing witness. It seems to me that right in there we should have something upon which to predicate the complaint of the aggrieved party.

This becomes a case of general legislation. It grows out of a particular fact. We have forgotten the particular fact as we look to the future effect of this legislation. It does seem to me that if the Senator would amend that so as to give us a basis for the contempt proceeding, that basis being presumably the return made by the foreign court of what the facts were, our courts then could proceed, and that on the mere matter of administering the law as between the domestic court and the foreign court of any state to which these letters might be sent it would be advisable to have that phrase in there for the purpose of clarification and as the basis for a proceeding which is quasi criminal, if not criminal.

Mr. PEPPER. Mr. President, the point which has just been made by the Senator from Missouri [Mr. WILLIAMS] is one which I felt impelled to call to the attention of the Senate had he not done so. It seems to me that in a contempt proceeding we ought to be very careful specifically to provide for a record upon the basis of which the contempt order shall be founded.

I take it that it is only an oversight on the part of the draftsman which has resulted in the failure to provide that the court making the contempt order, to wit, the domestic court, shall, before doing so, have before it a record disclosing the recusancy of the witness before the foreign tribunal.

This is general legislation. We are all familiar with the saying that hard cases make bad law, but it is equally true that bad cases may make hard law. These oil cases are bad cases. Our desire to reach quickly the ends of justice and to punish a great wrong sometimes makes us insensible to the danger of short cuts, and this is one of them. I think the Senate might possibly be in a different mood if this were legislation limited in its scope. But it is general in its terms, it is going to be a permanent part of our Judicial Code, and I submit that there ought to be in this measure, before we pass upon it finally, some provision for building up a foundation record to bring to the domestic court's official attention the act of the witness or the omission of the witness in the foreign jurisdiction which is to be made the basis of punishment.

I think that is fundamental, and I very much hope that the Senator from Montana, whose able draftsmanship is usually beyond all criticism, will not object to attention to that, which is not a mere matter of form but a matter of substance in all the legislation affecting contempts of court.

Mr. BORAH. May I ask the Senator from Pennsylvania what would be the record he would have in mind upon which to base the contempt proceeding?

Mr. PEPPER. I should suppose that if letters rogatory, or a commission to take testimony in a foreign jurisdiction, have been issued, and certain proceedings have been had in the foreign court which are alleged to give rise to a contempt, the domestic court, before making the contempt order, should have a return of the letters rogatory, or a certification under the great seal of the foreign country that such and such proceedings had taken place under the letters rogatory, or in response to interrogatories administered directly by the foreign court, and that the conduct of the witness had been thus and so. I think we ought to have a record.

Mr. BORAH. I can not conceive of a court issuing an order for contempt except upon a record.

Mr. PEPPER. In a case where there is superheated public opinion, and the witness is absent abroad, with all the prejudice that is aroused by a mere statement that a man is abroad, and is a fugitive from justice, and is evading process, an angry court may very well act upon the letter of the law, and the letter of this law is as follows, that if such and such thing has happened before a foreign court—

> said court may, upon the complaint of any party aggrieved, make an order returnable at a time to be fixed therein.

It might perfectly well be that a court upon receipt of a complaint sworn to by an aggrieved party concerning a statement of fact as to what had happened before the foreign tribunal, might regard itself as in possession of a jurisdictional fact, and go ahead and make the order. I think we ought to guard against any such grave invasion of private rights as that would be.

Mr. BRUCE. Mr. President, may I interrupt the Senator for a question?

Mr. PEPPER. Certainly.

Mr. BRUCE. This bill provides, first of all, for a hearing, which implies, of course, a full legal hearing.

Then it provides—

> if the charge of recusancy against the witness shall be sustained the court shall adjudge him guilty of contempt.

How could that charge of recusancy be established except by the production of the record showing that the witness had been recusant?

Mr. PEPPER. I think the Senator is now referring to the proceedings which shall take place upon the return day of the order to show cause.

Mr. BRUCE. Before the finding, the charge of recusancy must be sustained by proper proof. I ask, How could that charge of recusancy be sustained except by the production of the record showing it?

Mr. PEPPER. I should think that a fair interpretation of the statute would lead to the conclusion that the Senator from Maryland is urging. I should think that upon the hearing, if there were not produced record evidence of the kind I have in mind, the order to show cause would be discharged, and that the attachment which had been placed upon the witness's property in the meantime would be dissolved, and questions might well arise as to liability under the bond that had been filed. What I am addressing myself to is the desirability of preventing any such situation as that from arising, by requiring that the judge who issues the order to show cause shall not have jurisdiction to make that order unless at the time he makes it he has before him the return from the foreign court showing that the witness has at least prima facie put himself in contempt.

Mr. BRUCE. But if the court can not impose the fine until there has been due proof of recusancy at the final hearing, I do not see that there would be any harm done. We all know, for instance, that in many of the States of this country in condemnation proceedings there is no provision for a jury trial in the preliminary stages of the case. Yet that is immaterial if the provision is made for a jury trial at a later stage of the case.

Mr. PEPPER. Mr. President, here is a good illustration of the way the legal mind works. The Senator from Idaho [Mr. BORAH] can not conceive of any court issuing an order to show cause in such a case unless the return from the foreign court is before it. The Senator from Maryland [Mr. BRUCE] can not conceive of any sound objection against the court doing that thing upon the same state of facts.

I think there is a very good reason why the court should not be permitted to do that thing. It seems to me that it would be an abominable injustice if a witness abroad, whose testimony was desired in a case pending at home, were to be put in the position of having issued against him an order to show cause why he should not be committed for contempt and an attachment levied on his property if there was nothing before the court issuing the order in the way of a record of the proceedings in the foreign court upon which to base jurisdiction.

Mr. BRUCE. I will say to the Senator from Pennsylvania that I am rather glad that the Senator from Idaho does not agree with me, because now there are two chances that the Senator from Pennsylvania is not right in his conclusion.

Mr. PEPPER. Mr. President, if disagreement between the Senator from Maryland and the Senator from Idaho is a condition of my being wrong, I am sure that I have very little chance, because such good lawyers would usually be in agreement on a sound proposition. But at this moment they are indicating by their several positions the very best of reasons why this measure should be reconsidered by the committee. One of them says that he can not conceive that the order would be made in the absence of the return of the letters, and the other thinks that there is no necessity for the return, and that the order may very well be made in their absence.

Mr. BRUCE. Mr. President, I want to make an objection which I think is a real objection to this bill, a truly material objection. I would like to ask the Senator from Montana, who is a master in the use of words, as we all know, from what lexicon he gets this word "recusing." It may be a word of perfectly good usage, but on the other hand it may be a typographical error for "recusant." I did not know that there was such an adjective as "recusing." I ask the Senator if there is. I am always desirous of acquiring additional knowledge.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. BRUCE. Yes; but if the Senator is addressing me, I hope he will turn his face and not his back to me.

Mr. FLETCHER. I understood the Senator from Pennsylvania had the floor, and I was asking him to yield.

Mr. PEPPER. I understood I had the floor. I was about to yield it, but the Senator from Maryland requested me not to, in order that he might address an inquiry to me. I retained

the floor, and, subject to the ruling of the President, still have it.

Mr. WALSH. Mr. President, if it were not for the doubt expressed by the Senator from Maryland, I should not myself have thought this an incorrect use of the word "recusing." But his suggestion may be sound. It may be that it should be "recusant" instead of "recusing."

I see that the hour of 2 o'clock is approaching, and, of course, everybody understands that this talk is indulged in merely for the purpose of consuming the time up to that hour, and in the statement made by the junior Senator from Pennsylvania a little while ago, it was clearly intimated that this thing would be talked about until 2 o'clock.

Mr. WILLIAMS. Mr. President, if the Senator will yield, I would like to state that, for my part, I resent any such statement as that. I thought my objection to this bill was substantial, and I was in thorough agreement with the Senator from Pennsylvania as to the facts. There should be some basis made for a contempt proceedings.

Mr. WALSH. The Senator from Pennsylvania told us that he was in entire harmony with the views of the Senator from Missouri. But I want to say to the Senator from Pennsylvania that I find it difficult to appreciate any substance whatever in his objection, and, with all due respect and deference, I say the same to the Senator from Missouri.

If a plaintiff desires the attendance of a witness and secures a subpœna to compel his attendance, and the subpœna is served and the witness does not attend, the plaintiff makes a complaint to the court. The court does not take judicial notice of it at all. The court does not institute any proceedings of his own motion at all. But if a party wants a witness and is not able to get him he makes the complaint to the court alleging that he desires the witness, a subpœna is issued, it is served, and the witness does not appear. The court issues an order to show cause why the witness should not be punished for contempt. Up to that time it is not necessary for the court to consult the return of the sheriff at all; but when he comes to determine the question as to whether the witness was or was not served the plaintiff offers in evidence the return of the sheriff showing that the witness was served, and then of the clerk that the witness did not appear. That is the procedure in this country.

Mr. REED of Pensylvania. Mr. President, will the Senator yield for a question?

Mr. WALSH. I yield, of course.

Mr. REED of Pennsylvania. On the first showing, on affidavit of the plaintiff, an order is made to show cause, as the Senator says. Is it not also a fact that as a part of that order, under this bill, the court may direct the marshal to seize all or any part of the property of the witness?

Mr. WALSH. It might.

Mr. REED of Pennsylvania. And that seizure may take place before any return has been received from the foreign court showing the circumstances under which the witness is said to be recusant?

Mr. WALSH. Mr. President, that is the practice in the issuance of every order to seize. The idea that you are obliged to tell the kind of proof you are going to offer is to the ordinary practitioner just idle wind.

Mr. PEPPER. Mr. President, if the Senator will permit an interruption——

The PRESIDING OFFICER (Mr. GOFF in the chair). Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WALSH. I yield.

Mr. PEPPER. I think the Senator will, on reflection, reconsider what he has just said. We are discussing seriously a proposal to legislate permanently on the subject of contempts. I quite agree with the Senator as to what the procedure is in the ordinary cases of domestic contempt. We are now dealing with a very different matter—that is, the circumstances upon which one court is to punish contempts which have been committed in the presence of another. It is an entirely different problem, as anybody who has had any experience with the courts of more jurisdictions than one will realize, and we can not be too careful to safeguard the conditions under which citations for contempt may be issued.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. WALSH. Mr. President, I do not desire to interfere with the progress of the tax bill, but I give notice at this time that at the first opportunity during a morning hour I shall again move that the Senate proceed to the further consideration of the measure which we have been considering.

Mr. PEPPER. Mr. President, with the consent of the Senator from Utah [Mr. SMOOT], I venture to ask the Senator from Montana if he will not at his convenience reconsider the suggestions that the objections on the points which have been under consideration are idle and frivolous, and whether he will not consider the important differences that my experience has indicated to me are worth guarding against in proceedings for contempt in a single tribunal.

Mr. ROBINSON of Arkansas. Mr. President, may I suggest to the Senator from Pennsylvania and the Senator from Missouri [Mr. WILLIAMS] that at their convenience they prepare and submit to the Senate an amendment which will incorporate the thoughts they have expressed, and give the Senate an opportunity to consider a concrete proposal?

Mr. PEPPER. Speaking for myself, I shall be very glad, indeed, to collaborate with the Senator from Missouri in that matter or any other, but I am quite sure the Senator from Montana on reflection will conclude that the point is well taken and that he will be able to present a better draft of his own.

Mr. WALSH. Mr. President, it seems to me there are two answers to the Senator's suggestion, to state them briefly. In the first place, the final hearing occurs after publication for four weeks. In every probability the party who tried to get the testimony and was unable to get it will, of course, get a return from the court, if he can get such a return, in order that he may have it, as he must have it, at the final hearing of the matter. So in all probability it will be there anyway to show the court when the order to show cause is presented.

But there is another reason why that should not be done, and that is that it may be possible the foreign court will just simply incontinently say, "We will not make any return." Then what are we going to do about it? Are we going to let these people get away, or let them by some sinister or covert method induce the court over there to say, "We have nothing to do with this," and refuse to make a return? Under this suggestion the whole case rests upon the proposition of whether the foreign court will make a return or not. Why should not any kind of proof be taken that is appropriate to the case?

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. Mr. President, I would like to have the Senate turn now to page 35 of the bill. We passed over the surtax provision, section 211, and I now ask that the amendments to the surtax section be taken up for consideration.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The clerk will state the pending amendment.

The CHIEF CLERK. Under the subhead "Part II.—Individuals, surtax," on page 36, after line 9, the committee proposes to strike out:

Four hundred and forty dollars upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 7 per cent in addition of such excess.

Five hundred and eighty dollars upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 8 per cent in addition of such excess.

Seven hundred and forty dollars upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 9 per cent in addition of such excess.

Nine hundred and twenty dollars upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $34,000, 10 per cent in addition of such excess.

One thousand three hundred and twenty dollars upon net incomes of $34,000; and upon net incomes in excess of $34,000 and not in excess of $36,000, 11 per cent in addition of such excess.

One thousand five hundred and forty dollars upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 12 per cent in addition of such excess.

One thousand seven hundred and eighty dollars upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $42,000, 13 per cent in addition of such excess.

Two thousand three hundred dollars upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $46,000, 14 per cent in addition of such excess.

Two thousand eight hundred and sixty dollars upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $50,000, 15 per cent in addition of such excess.

Three thousand four hundred and sixty dollars upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $60,000, 16 per cent in addition of such excess.

Five thousand and sixty dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $70,000, 17 per cent in addition of such excess.

And in lieu thereof insert:

Four hundred and forty dollars upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $28,000, 7 per cent in addition of such excess.

Seven hundred and twenty dollars upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $32,000, 8 per cent in addition of such excess.

One thousand and forty dollars upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 9 per cent in addition of such excess.

One thousand and four hundred dollars upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $40,000, 10 per cent in addition of such excess.

One thousand and eight hundred dollars upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $44,000, 11 per cent in addition of such excess.

Two thousand two hundred and forty dollars upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $48,000, 12 per cent in addition of such excess.

Two thousand seven hundred and twenty dollars upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $52,000, 13 per cent in addition of such excess.

Three thousand two hundred and forty dollars upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of 56,000, 14 per cent in addition of such excess.

Three thousand and eight hundred dollars upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $60,000, 15 per cent in addition of such excess.

Four thousand and four hundred dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $64,000, 16 per cent in addition of such excess.

Five thousand and forty dollars upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $70,000, 17 per cent in addition of such excess.

Mr. KING. Mr. President, may I say to my colleague that I propose to offer an amendment dealing with this entire question? It has not yet been prepared. Mr. McCoy, the expert, is preparing certain figures for me, and I shall ask that the committee amendment be passed over temporarily, but I desire to submit a few remarks, and I am willing to speak now while considering the pending amendment.

Mr. EDGE. Mr. President, will the junior Senator from Utah yield to me for a moment?

Mr. KING. Certainly.

Mr. EDGE. I would like to submit a question to the senior Senator from Utah for his interpretation or his view. Will he turn to section 278, paragraphs (d) and (e)? In reading those paragraphs it occurred to me that they are somewhat confusing in relation to the matter of the statute of limitation or the right of the Government to sue. I wondered whether they changed the existing law in any way. Let me propound this question to the Senator in order to obtain his view. Would paragraphs (d) and (e) of section 278, or any other section, so far as that is concerned, as construed by the committee give the Government a right to collect taxes by distraint or suit in any case where such right is now barred under the existing law or under the revenue act of 1924?

Mr. SMOOT. The Senator asks whether the provision found in paragraphs (d) and (e) would be retroactive?

Mr. EDGE. Exactly.

Mr. SMOOT. It would not.

Mr. EDGE. In other words, in section 277 it is provided specifically that there shall be a four and five year statute of limitations.

Mr. SMOOT. That is a provision that will apply to the future as well.

Mr. EDGE. In other words, there is no additional authority given under the pending bill?

Mr. SMOOT. None whatever.

Mr. KING. The Senator from New York [Mr. COPELAND] wishes me to yield to him that he may make a brief statement, and I yield for that purpose.

THE COAL SITUATION

Mr. COPELAND. Mr. President, there is an old couplet that—

> No man e'er felt the halter draw
> With good opinion of the law.

I confess that this morning I am more out of patience with the rules of the Senate than I have ever been before. It seems a great pity that there is not some way to get before the Senate the coal situation, in order that there might be some action taken to relieve the people of the United States. My mail is flooded with letters referring to the situation. I have just this morning had a letter from a woman in my city who is paying $1.60 a hundred for coal and $1.25 for coke, or $25 a ton for coke and $32 a ton for coal. I recognize that this may be the result of profiteering.

The Senator from Nevada [Mr. ODDIE] has called our attention to a bill which he has presented, which has in it a provision proposing the creation of a fuel administrator in times like the present. I want to impress upon the Senate that we are confronted by a situation which is a direct menace to the health and lives of the people in certain sections of our country.

I am not going to take the time of the Senate at this time to discuss the matter, because I know that under the rules we can not get action now. I do not want to delay further consideration of the tax bill. But I do appeal to Senators to give us assistance in the matter so that some sort of action may be taken which will relieve the situation, a situation which is growing worse all the time. There is apparently no hope at the present time for a settlement of the anthracite strike, but there is an apparent willingness on the part of States producing bituminous coal to let the strike go on and to take no steps to give relief to the people.

Mr. President, this is a crime against humanity. It is a thing which should be considered seriously by the Senate and some constructive action taken in order that relief may be had. There are pending certain resolutions which could not come up this morning for consideration because under the rule we were not permitted to bring them to the attention of the Senate. But I appeal to the Senate and I appeal to every Senator individually to give thought to the matter during the next few hours and to work out some plan so that relief may be given the people of the country.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. KING. Mr. President, I desire to submit a few observations general in character with respect to the bill under consideration. At the conclusion of the general observations, or later during the discussion of some of the proposed amendments, I shall address myself to specific features of the bill, particularly the question of surtaxes, estate taxes, publicity, taxes upon automobiles and automobile trucks, and taxes upon admissions; also the increase, as it is proposed in the Senate bill, of the corporate tax from 12½ per cent to 13½ per cent. I may say, in passing, that if proper reductions are made, as I think they should be made, and there is any question as to the sufficiency of the revenues to be derived under the bill, I shall offer an amendment to increase the surtaxes, if the Senator from North Carolina [Mr. SIMMONS] does not do so, from 20 per cent to 25 per cent as a maximum.

Mr. President, no question is more vital to a people than that of taxation. Taxes affect the prosperity of the people to a marked degree. It is the view of publicists of high repute that if the inhabitants of a State are not burdened with heavy taxes, or oppressed by unjust laws, felicity and prosperity are inevitable. The question of taxation has engaged the attention of statesmen and publicists in every land, and varying schemes and strange devices have been employed in different countries and in different ages, for the purpose of securing revenue to maintain the State. The changing economic and industrial conditions, even if a satisfactory system in one country or one age had been established, would call for modifications more or less important. Perhaps no formula can meet every situation or be adopted in every country. A system applicable to a pastoral people would scarcely meet the situation in a country where industries have been developed and the currents of trade and commerce are powerful and at times confused and conflicting.

The character of government determines largely the nature of taxes imposed upon the people. With the rise of democracies and the increase of freedom in the world, methods of taxation are employed which bear less oppressively and with greater equality upon the people. Democracy presupposes not only political and civil equality, but it seeks to promote justice, if not equality in the industrial and economic life of the people. A democracy is not a mere formal creed. It is the inner and the worthier part of life. There may be political and civil liberty, and yet great industrial inequality and social and economic conditions utterly at variance with the spirit, meaning, and purpose of democracy.

Revenue legislation is a fairly good index of the character and nature of the government enacting it. Adam Smith, after a profound study of the question of taxation and the relation of taxation to the welfare of the people, endeavored to formulate principles which fundamentally could be applied to all states, particularly in times of peace. His four major rules for the bases for taxation, briefly stated, were quality—that is, the ability to pay—certainty, convenience, and economy.

Mr. R. Jones, a writer of considerable ability, declares that the greatest principle in all rules of taxation is economy. Even a slight knowledge of history reveals the waste and extravagance which have characterized all governments in all ages. Even in primitive times the tendency was to multiply positions in the government and to devise schemes to increase the emoluments of offices at the expense of the suffering masses. If there has been one curse which has afflicted the people, it has been that of officialdom. The wisest of rulers and the ablest of executive administrators have been powerless to meet the grinding forces of bureaucratic organization. In our own country the same malady exists, and its ravages are progressive and its deadly power becomes more effective.

In preparing tax measures the interest of the taxpayer should be an important one. The Government, which represents the community in its state organization, should perhaps receive consideration next, and lastly the community's point of view as a mass organization or an economic unit.

I restate the principles announced by Adam Smith—

> That the subject of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State. Ability is tested by revenue—that is, by incomes—and not by intellectuality or other attainments.

Unfortunately, in this Republic, as in other countries, the revenue laws have too often protected the rich and discriminated against those of moderate means, and particularly against the poor. Schemes have been and are devised to render immune from taxation the incomes and the profits of the rich and to lay the heavy hand of the Government upon the bowed backs of the toilers.

Indirect systems of taxation have universally been employed and those who have fashioned and executed them have, complacently or cynically, declared that they were effective in raising revenue wrung from the mass of the people, too often without their knowledge or understanding.

Cunning men have devised cunning schemes to exploit the people. By means of unjust tariffs, subsidies, bounties, special privileges, discriminatory tax legislation, wealth in every age has escaped contributing its proper share to the expenses of government. It is one of the characteristics of wealth, particularly if it has been obtained by devious or irregular methods, to protect itself behind the ramparts of special privilege or inequitable and discriminatory laws.

People speak of wealth and capital as if they were animate objects and belonged to a more sacred order than that in which the mass of the people are found. There is nothing sacred in property or in wealth. They are the products of human toil and of human effort. They are valuable only as they serve humanity and minister to the happiness and felicity of the people. If wealth develops class distinctions, creates chasms in the social structure, separates the people, and develops internal strife, resentment, and bitterness, then its usefulness may be questioned. Wealth must understand that it owes inescapable obligations to the state and to the people. Wealth is protected by the laws. It must make just contribution to the maintenance of the state and the increasing demand which a civilized state requires in the development of a proper social and economic condition.

I am not advocating that the Federal Government shall enact social legislation in the guise of taxation. The States do not have the same limitations respecting the taxing power that are imposed upon the Federal Government. The States have different problems from those which concern the Federal Government. Subject to whatever limitations may be found in the Federal Constitution they may, if they will, embark upon social experiments or industrial activties, whether wisely or unwisely, which the Federal Government is prohibited from doing.

The United States is now so far removed from the great World War that Congress may, in general terms, prescribe a formula to be followed in revenue legislation. It is to be observed, however, that Federal legislation upon this subject must not ignore the 48 sovereign States nor enact tax measures, no matter how productive of revenue they may be, which will injuriously affect the States. So far as possible, there should be a spirit of comity existing between the States and the Union, and the greater needs of the State should always be considered when the Federal Government is asserting its power to tax.

There are some objects of taxation which may not be open to the States, and there are sources which may yield copious streams, both to the Federal Government and to the States. So I repeat, when Congress enacts revenue laws it should duly consider the interests and welfare of the States and, of course, have always in mind the interests of the people in every part of the country.

Ultimately all taxes are borne by the individual citizens. They are in personam and not ad rem. Tax writers of eminence approve of tax measures which get away from real or specific taxes to personal taxes. There should be, as they contend, a transition from the objective to the subjective. However desirable this may be, it is not possible in the States. There a double movement is experienced—one toward specific taxes, that is, from personal to real, and the countermovement from specific to highly sensitive subjective taxation. And I may add that this countermovement is particularly observable with respect to Federal taxation.

Perhaps no logical system has been developed or one which would indicate the line of severance between personal and real property or objective and subjective taxation. The Federal Government may not tax the lands within the States. Notwithstanding the movement which seeks to emphasize personal taxes, within the States real estate and personal property will be the principal source from which State and municipal revenues will be derived. Of course, intangibles will be reached more and more and subjected to taxation by the States.

We are now far removed from the World War. We have the experiences of the past, the history of taxation over a period of thousands of years, and from these experiences we may draw valuable lessons to guide us in determining what course to pursue. And yet the subject of taxation is not so mysterious and subtle as to be cognizable only by a few persons of superhuman wisdom. It is true, however, that the effects of tax laws and the incidence of taxation are not always clearly understood. Indeed, many tax measures have operated contrary to the expectations of their authors and many tax measures have dried up the sources of revenue or seriously affected branches of trade or industry upon which they were laid.

Taxation may cripple and destroy an industry, and many tax laws have had a malign influence upon business as well as upon society. In considering revenue legislation inquiry should be made as to whether a proposed tax is inconvenient or whether the cost of collection is too great. There are many administrative difficulties encountered in enforcing a law which is apparently equitable. It is important to inquire whether there are insuperable administrative difficulties, whether the law will be workable, whether it is specially open to evasion or will permit of dishonesty. It is important that laws should not be passed which will raise political difficulties or provoke unrest.

In my opinion the principal sources from which national revenues are to be derived are personal-income taxes, corporate-profits taxes, customs duties, internal-revenue duty upon tobacco in its various forms, and for the present, perhaps for an indefinite period, the estates of decedents should be subjected to Federal taxation.

A cynical view has been expressed by some writers that the Government—

> should get its revenue where it can with as little fuss as possible.

I believe that no fairer tax could be laid than that upon incomes, and in view of the massing of property and wealth in the hands of corporations a corporate profits tax should be laid, from which will be derived a very considerable part of the revenues required by the Government.

For many years there was opposition in the United States to an income tax, but upon full consideration of the subject an amendment to the Constitution was adopted which authorized the laying of a tax upon the incomes of the people. In the most deliberate and solemn way the people have declared that the incomes of the people should be one of the principal sources of revenue for the Government. They have never favored excise taxes except in war periods.

What is income? Is rent or the use of home and furniture income? In 1912 Wisconsin affirmed that these items constituted income and taxed them; and having declared that an income tax is desirable, the question is suggested, Shall it be progressive or proportional? That question, I think, has been determined quite definitely. We are committed to a graduated income tax and to progressive rates. While Adam Smith's first canons about ability and faculty do not seem to contemplate

graduated income taxes, I think a more critical examination of his remarkable work gives countenance to the view that he approves of a graduated income tax or progressive rates. He states in one place in substance that—

It is not unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue but something more.

Progressive taxation is now almost universal. It was not approved 100 years ago. The departure from a plain proportional rate was regarded as a dangerous and socialistic plan, leading to confiscation. As late as 1861 John Stuart Mill contended for the proportional tax, saying that—

the rule of equality and fair proportion seems to me to be that people should be taxed in an equal ratio on their superfluities, necessaries being untaxed and surplus paying in all cases an equal percentage. This satisfies entirely the small amount of justice that there is in the theory of a graduated income tax, which appears to me to be otherwise an entirely unjust mode of taxation and, in fact, a graduated robbery.

Professor Newmark declared that graduation was confiscation, punishing prudence and virtue, taxing a man for being good to himself and doing good to others. Professor McCullough opposed the progressive or graduated feature of income taxation, and declared that—

when you abandon the plain principles of proportion, you were at sea without rudder and compass, and there is no amount of injustice you may not commit.

His position was that the taxpayers should be left in the same relative position after the payment of the tax as they were prior to its levy.

It has been said by students of taxation that a progressive produce tax existed in Athens six centuries before Christ and that an income tax was imposed in Egypt a thousand years earlier.

Sporadically, a progressive tax was laid in Great Britain in the fourteenth and fifteenth centuries. In France progression was designed to secure a proportional tax on the income, because the ratio of rent to income fell as the income increased. But, generally speaking, the principles of progression lacked exposition by political economists until later times. It is true that Montesquieu gave support to this principle, and Paley in 1830 gave the English view when he declared that "we should tax what can be spared." Dutch writers, perceiving the exemption of the subsistence income, gradually accepted progression with mathematical forms.

I might add, in passing, that Professor Seligman as early as 1894 examined the subject with his usual ability and clarity, and declared that the apparent stability or certainty of proportional taxation might involve greater arbitrariness than the income tax with graduated rates, and that the argument that the application of progressive rates was confiscatory was unsound.

Mr. President, I am giving some little attention to this question of progressive taxation or the graduated income tax and profits tax upon corporations, for the reason that I believe there will soon be a movement looking to a modification of the income and corporate-profits tax and effort will be made to obtain the larger part of Federal revenue from the sales tax.

There are those who, sincerely believing in the income tax, fear that if it is applied to a limited number only of the citizens of the Republic the system will be jeopardized. They regard the system as necessarily embracing most of the people, though the amounts paid by the overwhelming majority are unimportant. Their view is that the base upon which the system rests should be broad, thus enlisting the interest of many in the fiscal affairs of their Government and giving to it the general quality of universality. It is unwise to erect a pyramid upon its apex—it rests strongly upon its base—and the principle of taxation may find a parallel in the illustration which I have just suggested.

I referred a moment ago to the fact that the Federal Government should not exercise the taxing power for the purpose of promoting social legislation. That view was expressed by President Coolidge in his address before the National Conference on Inheritance Taxation in February, 1925. Professor Marshall, however, insists that taxation may be used to effect certain social advancements. He and others argue that the duty rests upon the State to make certain social adjustments and promote social reforms.

I shall not argue that question now. I will only add that, so far as the Federal Government is concerned, it is a government of limited powers; and the social reforms and the social adjustments, which might be effectuated by the application of the taxing power ought to be restricted to the States. The Federal Government is not empowered under the guise of the taxing power to distribute more equally the fortunes that may be amassed in the hands of a few. It may, however, tax the estates of decedents, though it may result in material reductions in the value of estates and the transfer of important interests in estate property to the Government. The power to tax, as we know, is an oppressive, destructive power; and our fathers limited its exercise by the Federal Government to the collection of those taxes only which were required to meet the necessary expenses of the Government.

I repeat that the Federal Government may not, in my opinion, constitutionally tax for social purposes. Our fathers were unwilling to commit to the Federal Government all authority and power, which the sovereign States may exercise. The general-welfare clause does not authorize the laying of taxes to promote social welfare, or to aid the States in the discharge of the functions with which they are invested by the people. It was never designed that the Federal Government should usurp the functions of the States, or, if the States grew so anemic and lifeless as voluntarily to abdicate their responsibilities and sovereign powers, that Congress should assume the responsibilities which they were willing to renounce, or exercise the sovereignty which they pusillanimously cast away.

I might add that the doctrine of Professor Marshall, if applied, might become a dangerous weapon. There is a menace involved in the taxing of capital in the guise of social reforms or social justice. Excessive taxes react alike to the hurt of the poor and of all other classes.

Undoubtedly there are certain elements within our country who would like to modify, if not repeal, legislation imposing personal income and corporate profits taxes, as well as taxes upon the estates of decedents. For a number of years there has been a strong agitation for a sales tax; and many have insisted upon a continuation of excise taxes as a stepping stone to the abolition of estate, corporate profits, and income taxes, and the institution of a universal sales tax laid upon the commodities entering into the lives of the people.

Professor Newmarch has opposed the income tax, contending that it offended against the sound principle of economics; and his views were stoutly maintained and forcefully presented by certain representatives of wealth in our country during the past few years. Professor Newmarch stated that there should be a tax upon expenditures, and he argued that the washerwoman with her pound of tea a week should pay taxes the same as the rich man for the pound which he consumed. He contended that the opportunity was afforded every one to determine the extent of the sacrifice which he would make, and that it was not the function of the State to "adjust the vicissitudes of private fortunes." I think that John Stuart Mill also insisted that it was desirable to tax the income spent. To me, such a system of taxation is undemocratic and tends to such injustices and inequalities as to call for general disapproval. Under this system a man who has an income, say, of a thousand dollars, and who is required to spend it for the support of himself and family, would bear as heavy burdens as one whose income was $2,000 and whose necessary expenditures were larger than those of the person with an income of $1,000.

Expenditure taxes are not progressive taxes, but regressive taxes. No system of taxation of commodities has yet succeeded in being properly progressive. It fails to do justice to personal obligations, and indeed, it does an injustice; for the more claims a man has on him by reason of a large family, the greater the tax to be paid by him. Again, it makes no discrimination between personal earnings and investment income, for if they are spent alike they are taxed alike. Then there are administrative difficulties which add to the regressive feature. But I shall not further discuss this question.

I have referred to the great massing of wealth in the hands of capitalists. One of the phenomena of our modern industrial life is the enormous growth of corporations and the stupendous amount of property which they own and control. There are approximately 400,000 corporations making returns to the Internal Revenue Bureau.

The total receipts of corporations, including tax-exempt income, reported for the calendar year 1923, reached the tremendous sum of $119,019,865,117, whereas the net income of individuals reported for the same year was less than $25,000,000,000. The corporations for 1923 earned over all expenditures interest in the sum of $3,277,625,971, and reported net profits in addition thereto in the sum of $7,634,263,443, which represents earnings upon their share and debt capital of $10,911,889,414. If these earnings be capitalized at 5 per cent, they produce aggregate corporate capital of over $200,000,000,000. In fact, the corporations of the country in 1923 earned 5 per cent on the capital value of $218,237,788,280, besides putting away depreciation reserves in the sum of

$3,116,244,428, and paying officers and officials the further sum of $2,575,875,186.

I pause here to say that if the Finance Committee were to examine the subject more fully than it has had opportunity to do, I believe it would offer an amendment that would limit the enormous salaries which are paid to shareholding officers and directors by many corporations—salaries too often unearned, undeserved, but paid for the purpose, in part, of reducing the taxes which should be paid to the Government.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield.

Mr. NORRIS. I regret to say that I was called out of the Chamber, and I may ask a question on a matter which the Senator has already gone over. If he has, I hope he will not hesitate to say so, and I will withdraw the question.

I have myself given some attention to the matter of which the Senator has just spoken, that one of the ways of reducing the tax that corporations pay to the Government, especially when they are close corporations whose stock is owned by a few people, is to pay enormous salaries. Will the Senator give us some examples of that? Has he some illustrations? Can he tell us of some of the corporations and the salaries that their officers draw?

Mr. KING. Mr. President, some months ago I examined a number of these corporations, but I have not the figures at hand. The figures which I have just given are those that were reported by the corporations themselves to the Bureau of Internal Revenue. I want to say to the Senator that many taxpayers are now making applications to the bureau for "special assessments," based upon the fact that enormous salaries have been paid to officers and employees in other corporations engaged in like undertakings, under substantially the same operating conditions. They paid smaller salaries and incurred less operating expenses, and were thus required to pay larger taxes. They were penalized for their moderation and honesty. But when they learned of the advantages obtained by those less scrupulous they invoked a provision of the law and are now seeking relief—that is, a refund—in order that they may be placed on the same footing as the favored ones. If one corporation paid $100,000 to its president and secured a deduction, other corporations insist they shall be entitled to a like deduction even though their president was paid but $10,000. In some instances, I am advised, these "special assessments" have been allowed and deductions made accordingly.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. May I suggest to the Senator from Nebraska that the law specifically says that there shall not be an unreasonable allowance by way of compensation on the part of corporations, and no matter whether there are two stockholders or more they can not pay unreasonable salaries and deduct allowances for it.

Mr. KING. I want to say to my colleague that unreasonable salaries have been allowed by the tax unit, thus reducing the taxes which should have been paid.

Mr. SMOOT. A statement of that kind may be true, but I have not found such cases, although I have asked for them. There may be such cases.

In relation to the amount of the net gains of corporations, in 1923 the gross income of corporations was $120,000,000,000, so, as far as the expense is concerned, when you take that vast amount of business into consideration, I do not think the Senator himself would say it was unreasonable. One hundred and twenty billion dollars was the gross income of corporations in 1923.

Mr. KING. I have already stated that the total receipts of corporations for 1923, including tax-exempt income, amounted to $119,019,000,000.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. How can the evils the Senator is now complaining of possibly be corrected, as long as all of these amounts are fixed in secret, without the public knowing anything about it, without even Congress knowing anything about it? How is it possible to correct the evil in that situation? Can anyone defend the granting of these great allowances in salaries or otherwise, or these great refunds, by reason of the facts the Senator has just been bringing out, as long as we have absolute secrecy in the conduct of this department of the Government?

Mr. SMOOT. It is very easy to make a statement——

Mr. KING. I do not want to yield the floor.

Mr. SMOOT. I will take my own time, and I will give the Senator from Tennessee some information in relation to the total amount of refunds, and not only that, but the amount of additional assessments collected resulting from office audits and field investigations, which is nearly six times the amount of the refunds.

Mr. McKELLAR. Will not the Senator put those figures in the RECORD?

Mr. SMOOT. I will put them in the RECORD, but I do not want to take my colleague's time to do it now.

Mr. McKELLAR. Would the junior Senator from Utah have any objection to his colleague putting those figures in the RECORD now?

Mr. KING. I have no objection.

Mr. NORRIS. Can not the senior Senator from Utah give those figures to us?

Mr. KING. I yield for that purpose.

Mr. SMOOT. I will give only the totals, but I want to go into the details further without putting this whole thing in the RECORD. Beginning with the year 1917 down to and including the year 1925 and nine months of the first quarter of this present fiscal year the total internal-revenue receipts were $30,252,653,751.44. The amount of additional assessments and collections resulting from office audits and field investigations were $2,886,733,215, and the amount of refunds of taxes illegally collected during that same period, for the full nine years and nine months, was $554,331,125.28. That is the situation.

Mr. McKELLAR. That does not include the $149,000,000 that we expected to appropriate in January?

Mr. SMOOT. The Senator gets mixed up when he talks about appropriations. The appropriation is made after the amount is determined, and this takes in the whole thing up to date. The Senator shakes his head. I know there is no appropriation made other than what is asked for, after the cases are decided.

Mr. KING. If my colleague will permit me, he is not quite accurate in the statement that no appropriations are made in advance of a determination of the amount of refunds allowed. As a matter of fact in the last appropriation bill Congress anticipated allowances for refunds of taxes, and an appropriation, as I recall, of nearly $7,000,000 was made This, as suggested, was to liquidate allowances or refunds that would be made before the next meeting of Congress and the enactment of another appropriation law.

Mr. SMOOT. This is what I intended to say, if I did not say it: That no appropriation has ever been made until there was an allowance for illegal collections. In other words, at the time those appropriations have been made, we have added more than the amount that was at that particular date due, taking into consideration an estimate of what may happen before the next appropriation bill is passed.

Mr. KING. If I understand my colleague, I still insist that he is in error, and I am sure he wants to state the facts accurately. The fact is that in the last appropriation bill passed a few days before Congress adjourned, the matter was laid before the Couzens committee, and before the Appropriations Committee, and it was made clear by the Treasury Department that there undoubtedly would be refunds of taxes aggregating tens of millions of dollars determined and ordered paid before the next appropriation bill was passed. It was also clear that the Government would have to pay 6 per cent interest upon all deferred amounts found to be due by way of refunds. It was therefore considered wise and prudent—and I approved of that view—to make an appropriation available for the Secretary of the Treasury, so that, as refunds were ordered by the administrative and judicial branches of the tax unit, they could be paid promptly, in order to stop the running of interest.

Mr. SMOOT. The Senator stated just exactly what I stated. There is no question of the correctness of my statement, that at the time the appropriation is made there has been determined an amount of refunds owing the taxpayer. I also stated that there was a larger amount appropriated than was due at the time the appropriation was made, to take care of refunds that would accumulate before the next appropriation bill was passed.

Mr. KING. They are unliquidated; they are undetermined; they are subject to be determined by the judicial branch of the Government.

Mr. SMOOT rose.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield to my colleague first.

Mr. SMOOT. That does not change my statement one particle. I ask that this statement be printed in the RECORD, following the remarks of my colleague, and then when I want to discuss it I can refer to it in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the senior Senator from Utah?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Statement showing total internal-revenue receipts, total amount of additional assessments and collections resulting from office audits and field investigations, and total amount of refunds of taxes illegally collected for fiscal years 1917 to 1925, inclusive, and first quarter, fiscal year 1926

Year	Total internal-revenue receipts	Amount of additional assessments and collections resulting from office audits and field investigations	Amount of refunds of taxes illegally collected
1917	$809,393,640.44	$16,597,255.00	$887,127.94
1918	3,698,955,820.93	29,984,655.00	2,088,565.46
1919	3,850,150,078.56	123,275,768.00	8,654,171.21
1920	5,407,580,251.81	466,889,359.00	14,127,008.00
1921	4,595,357,061.95	416,483,708.00	28,656,357.95
1922	3,197,451,083.00	266,978,873.60	48,134,127.83
1923	2,621,745,227.57	600,670,632.00	123,992,820.94
1924	2,796,179,257.06	577,710,044.00	137,006,225.65
1925	2,584,140,268.24	312,667,876.05	[1] 151,885,415.60
Total 9 years	29,560,952,689.56	2,811,258,170.00	515,431,910.58
First quarter fiscal year 1926	691,701,061.88	75,475,045.00	38,899,214.70
Total 9 years 3 months	30,252,653,751.44	2,886,733,215.00	554,331,125.28

[1] Includes $17,777,642.45 refunded taxes under provisions of section 1200 of revenue act of 1924 (25 per cent refunds of 1923 individual income taxes).

The total amount of additional assessments and collections resulting from office audits and field investigations ($312,667,876) for the fiscal year 1925 is made up as follows:

Income tax (exclusive of $144,646,531 deficiency assessments subject to provisions of section 274(d) of revenue act of 1924)		$219,877,466
Estate tax		15,159,441
Capital-stock tax		5,760,493
Sales tax		325,566
Miscellaneous tax		325,703
Accounts and collections unit:		
Deputy collectors	$58,224,340	
Special squads	12,994,867	
		71,219,207
Total fiscal year 1925		312,667,876

The total amount of additional assessments and collections resulting from office audits and field investigations ($75,475,045) for the first quarter of the fiscal year 1926 is made up as follows:

Income tax (exclusive of $17,139,581.73 deficiency assessments subject to provisions of section 274(d) of revenue act of 1924)		$49,085,238
Estate tax		5,642,504
Capital-stock tax		1,127,124
Sales tax		814,915
Miscellaneous tax		89,471
Accounts and collections unit:		
Deputy collectors	$16,201,712	
Special squads	2,514,081	
		18,715,793
Total first quarter, fiscal year 1926		75,475,045

It is interesting to note that the total amount of refunds of taxes illegally collected for the past nine years and three months, namely, $554,331,125.28, is approximately 19.2 per cent of the total amount of additional assessments and collections resulting from office audits and field investigations ($2,886,733,215) which have been made during the same period. The percentage of the total refunds made during the past nine years and three month to the total internal-revenue collections made during the same period is approximately 1.8 per cent.

Mr. KING. In view of the fact that my colleague has asked to have this tabulation inserted in the RECORD—and I have no objection—I think a brief comment is proper, namely, that it is a refutation of the vociferous contention made upon the floor that the taxpayers of the country are all so meticulously honest that their tax returns should not be investigated. The fact is that many corporations, the oil corporations particularly, and some of the copper companies, and the steel companies, and others that might be mentioned, made returns which were inaccurate, as a result of which the Government, if those returns had been accepted, would have been deprived not of millions or tens of millions but hundreds of millions of dollars that were legally due.

Mr. SMOOT. Mr. President, there is only one Senator I know of who has even suggested such a thing as that, and I immediately called attention to the fact that that never would do. Even that Senator, as I understood, the Senator from Tennessee—and if I am wrong he will correct me—wanted that only upon the small returns.

Mr. McKELLAR. Wanted what?

Mr. SMOOT. Wanted the return of the taxpayer to stand without an examination, up to a certain amount.

Mr. McKELLAR. For two years, of course——

Mr. KING. Mr. President, I acquit my colleague of having been one of those to whom I referred as having vociferously declared that the taxpayers are making accurate returns. I know my colleague agrees with me that some corporations did not make honest returns, and that that accounts in part for the large sum, over $2,000,000,000, referred to in the tabulation just submitted, which, upon audit of the reports which they submitted, was found to be due from certain taxpayers to the United States. I have no doubt that a very large percentage of that stupendous sum was due from some of the corporations to which I have referred.

May I say that, in my opinion, if the tax unit had been more diligent and had disallowed many illegal claims which were put in for refunds and for depreciation, amortization, depletion, and obsolescence the total amount collected from these corporations would have been larger by at least $500,000,000. The Couzens committee found—and it can not be refuted—that the improper allowances made, based in part upon improper returns made by certain oil companies, lost to the Government more than $37,000,000 a year in taxes.

The same investigation revealed that certain copper companies of the United States, by unjust discovery of depletion allowances which they claimed, deprived the Government of the United States during 1917, 1918, and 1919 of more than $60,000,000, and when the attention of the department was challenged by the Couzens committee to the situation the tax unit did not reopen these cases, as it should have done for the years 1918 and 1919, but the evidence was so incontrovertible with respect to 1917 that it did reopen the returns for that year and doubtless has recovered or will recover several million dollars legally due from the corporations referred to.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. In order that there may not be any doubt about the figures, there has been a total refund since the income tax law was passed in 1917, down to September 30, 1925, of $554,331,125.28.

Mr. SMOOT. I think that is the very amount I reported.

Mr. McKELLAR. To that item must be added the item now proposed by the Committee on Appropriations of between one hundred and forty-nine million and one hundred and fifty million in a deficiency bill for the taxes since September 30, 1925, up to date, which will make a grand total of a little more than $700,000,000.

Mr. KING. I may say to the Senator that before we get through, it will be over a billion dollars.

Mr. McKELLAR. I have no doubt of that.

Mr. SMOOT. It is easy to prophesy, but I am giving the Senate the figures. The amount of refunds of taxes illegally collected is $554,331,125.28.

Mr. McKELLAR. That is up to September 30 last?

Mr. SMOOT. That is just what I said, with the nine months of the present fiscal year included.

Mr. KING. Mr. President, I am not so much interested in that controversy. We have made refunds aggregating, as I stated Saturday, over $500,000,000 and——

Mr. NORRIS. Mr. President——

Mr. KING. Let me complete this sentence. We will make additional refunds—many of which, I have no doubt, ought to be made, because they are just, and the taxpayers are entitled to relief—which will aggregate from $300,000,000 to $500,000,000 more. I now yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I have no disposition whatever to dispute the figures given by the senior Senator from Utah about the refunds. I only wanted to impose upon the kindness of the junior Senator from Utah to call attention to the fact that while they are probably all correct, they are somewhat misleading, from the fact that what actually comes in the way of a refund comes after the tax has been actually paid and passed into the Treasury of the United States and we have to return.

These things, of course, are necessary. To say that there had been only $500,000,000 refunded does not give us even an intimation of the transactions that have been going on behind

closed doors in the bureau that would prevent oftentimes the payment of large sums of money as taxes, and where the action is taken before the payment is actually made and hence the refund does not come in at all.

For instance, I have before me the affidavit of a man in the bureau calling attention to the question of the assessment of the Union Trust Co. of Pittsburgh, the Mellon National Bank, and a savings bank, all of them affiliated institutions, and the question was whether they should be assessed as one institution or whether they should be assessed separately. That claim was fought out. It was decided that they should be assessed as one institution—consolidated, in other words.

Of course, I can not say whether the decision to permit them to be consolidated was right or wrong, but the fact remains that it was all done in secret and that involved in it were a great many millions of dollars in taxes. If they had been assessed as separate institutions, as is claimed by this man, who was in the bureau at that time and who makes what on the face of it seems to be a very good argument that such was the law and had been so interpreted up to that time, it would have made a difference of $91,472.37 in taxes and, as he claimed, by the erroneous assessment and the illegal permission given to consolidate them, the Government lost that amount of taxes in the case of those Mellon corporations at Pittsburgh.

The point I want to emphasize particularly is this: It looks on the face of it as though the man was right, but I can not decide that, because I have heard but the one side; but whether he is right or wrong, the adjudication in the case was going on behind closed doors. The returns of those corporations were secret. Nobody knew anything about them, and they never saw the light of day and nobody would have known anything about it if it had not been for the investigation of the Couzens committee.

It is only an illustration of what has been going on there ever since we have had an income tax law, for about nine years. I only wanted to take the opportunity of emphasizing what is going on in secret and the amount of money that is involved in which the Government of the United States is interested.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. If there is anything wrong about it, charge it up to Congress, because that is where the responsibility rests.

Mr. NORRIS. Then do it in the open light of day. Do not go behind closed doors. Congress, when we have found out that a mistake has been made, should be able to rectify the wrong.

Mr. SMOOT. It has been rectified. In the act of 1918, section 240, this is the provision referred to:

> That corporations which are affiliated within the meaning of this section shall, under regulations to be prescribed by the commissioner with the approval of the Secretary, make a consolidated return of net income and invested capital for the purposes of taxation.

In 1921 this is what Congress provided:

> That corporations which are affiliated within the meaning of this section may, for any taxable year beginning on or after January 1, 1922, make separate returns.

Mr. KING. The latter act is more favorable than the former.

Mr. SMOOT. Yes; it provided that they might make a consolidated return or separate returns. The latter act is permissible, while the former was mandatory.

Mr. REED of Pennsylvania. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. KING. I yield.

Mr. REED of Pennsylvania. It happens that I am a director of each of the three banks involved in the case mentioned by the Senator from Nebraska. I never heard that there was a tax case pending until Mr. Hickey, a discharged employee of the bureau, who I think was the Senator's informant, made the complaint that there had been some irregularity about it. I made inquiry and was told that the same rule was applied to that group of banks that had been applied in dozens of cases before. It was not a new departure from the practice of the department. It was a mere recognition of the obvious fact that those three concerns were one unit.

The truth is, and this I say of my own knowledge, that the Union Trust Co. of Pittsburgh, owned every share of the stock of the Union Savings Bank except the qualifying shares of the directors. It also owned every share of the stock of the Mellon National Bank except the qualifying shares of the directors. In every sense those corporations are one enterprise. They were exactly what Congress meant to provide for when it provided for consolidated returns. I can not imagine any justice in treating them otherwise than as consolidated. I never knew until this gentleman raised the question that anybody had ever contended that they ought to be treated in any other way than as one enterprise. As long as we are going to have a system of consolidated returns we can not get a more obvious case of unification of corporations than exists in that case.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. LENROOT in the chair). Does the Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield.

Mr. NORRIS. The fact that the Union Trust Co. owned all the stock, as I understand the contention made here, is not of itself sufficient. The corporations that they thus own in order to affiliate must be in the same line of business. That question was raised, as I understand it. I am not surprised that the Senator from Pennsylvania knew nothing about this. It happened behind closed doors, and nobody knew anything about it. It was secret.

I want to read what Mr. Hickey said. He has sworn to it in the form of an affidavit. He has detailed not only this instance, but a great many other very interesting occurrences that have been going on. I shall read only a part of what he said about it:

> Mr. J. S. Lay, then a member of the review unit of the subdivision, told me what happened there with respect to the Mellon National Bank. He was given the case to review. He first decided to look into the ruling on affiliations, and after reading the argument in Seifert's brief to the effect that the charters of the Union Trust Co. (the parent), the Mellon National Bank, and the Union Savings Bank authorized each bank to engage in kinds of business not permitted by the charters of the other banks, and that therefore the three banks should not be required to file a consolidated return—

In other words, upon an examination of their charters he discovered that they were not in the same line of business. The charters permitted them to do various kinds of business, and it was not proper that they should be affiliated—

> to file a consolidated return, regardless of stock ownership obtaining, and denied the contention.

He denied it. This man was looking into it and decided that they had to make separate returns because an examination of the charters showed that they could go into almost any line of business. In other words, as I understand his contention, it was that the law required that in order to be affiliated they had to do the same kind of business. We could not have a corporation in the shoe business affiliated with a corporation that was manufacturing automobiles, even though the stock ownership was all the same. I understand that was the contention, and this bureau employee held that, since their charters gave them opportunity to go into various lines of business, they should not be allowed to affiliate. Let me read on. After he had done that, he said, referring to Mr. J. F. Lay:

> He then took the case to Mr. T. J. Enes, principal reviewer, and told Enes of his objection to Risley's action on the question of affiliations. Mr. Enes, according to Mr. Lay, held up his finger and said, "Sh-h-h, sign on the dotted line." Mr. Lay thereupon did as Enes told him and let the case go through for assessment on the basis of the improper ruling that separate returns be permitted to be filed.

Then Mr. Lay said in the next paragraph that Enes, who did this—

> was subsequently made chief of the special assessment section.

He got his reward, according to this man. I want to say to the Senate that I am not here deciding which way that case ought to have been determined, but it seems to me that when the Senate is enacting this bill into law it ought to consider that case. Thousands of cases considered and decided in secret without any publicity, with the claim made and sworn to by one of the employees that such things are going on and that bureau representatives are told to sign on the dotted line, ought to be enough at least to cause us to open the doors and let the sunlight of publicity get into the dark recesses of that bureau.

I thank the Senator from Utah for his indulgence.

Mr. REED of Pennsylvania. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. KING. I yield to the Senator.

Mr. REED of Pennsylvania. I know so little about this case that I do not know what year is involved, but I think it is only fair to say that under the 1917 act there was no provision for consolidated returns.

Mr. NORRIS. No. The Senator is right about that. In the 1917 act there was no such provision, but as a matter of actual practice they consolidated them by construction at the bureau. They thought it was necessary, and consolidation took place then, although it admitted that there was not any law for it. They thought it was necessary, and maybe it was. I am not disputing that.

Mr REED of Pennsylvania. The act of 1921 validated the previous regulations of the department in these words:

> For the purpose of this section a corporation or partnership was affiliated with one or more corporations or partnerships (1) when such corporation or partnership owned directly or controlled through closely affiliated interests or by a nominee or nominees all or substantially all the stock of the other or others, or (2) when substantially all of the stock of two or more corporations or the business of two or more partnerships was owned by the same interest: *Provided*, That such corporations or partnerships were engaged in the same or a closely related business.

That was interpreted by the department to cover the case of a trust company which took deposits and made loans and which owned practically all of the stock of a national bank in the next block which took deposits and made loans, and the stock of a savings bank just across the street which also took deposits and made loans.

Mr. NORRIS. Mr. President, if the Senator please——

Mr. REED of Pennsylvania. Just a moment until I finish my statement. Perhaps the Senator can criticize both statements at the same time.

Mr. NORRIS. I may not have any criticism to make.

Mr. REED of Pennsylvania. The act of 1918 was the first time we passed legislation to control consolidated returns. In that act all that was required to enable consolidated returns to be filed was this:

> For the purpose of this section two or more domestic corporations shall be deemed to be affiliated (1) if one corporation owns directly or controls through closely affiliated interests or by a nominee or nominees substantially all the stock of the other or others.

It was not even required that the business should be similar. That was the law that we enacted. It was under that law that the bureau made the ruling of which the Senator complains, and the case of which he complains is exactly the same as that of dozens of others, except that Secretary Mellon happens to be interested in these companies.

Mr. NORRIS. Mr. President, will the Senator from Utah yield to me?

The PRESIDING OFFICER. Does the junior Senator from Utah yield to the Senator from Nebraska?

Mr. KING. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator from Pennsylvania assumes that because each one of these three institutions—the Union Trust Co., the Mellon National Bank, and the Union Savings Bank—makes loans and receives deposits, they have not gone any further. I have no personal knowledge that they can do anything else; but the lawyer to whom was given the case to examine whether they had a right to affiliate examined their charters and stated they had the right under their charters to do all kinds of other things that were not similar.

The Senator from Pennsylvania may be perfectly familiar with their charters, but he will not, I think, contend that the Union Trust Co. or the Mellon National Bank could do all of the things that the Union Savings Bank could do; neither will he contend that the Union Savings Bank or the Mellon National Bank could do all of the things that the Union Trust Co. could do. Mr. Hickey does not set out the differences in the charters, but he examined them and reached the conclusion from them that these institutions could not affiliate because of the divergence of business that might be transacted by each one of them.

Mr. REED of Pennsylvania. The Senator from Nebraska makes the point very clearly, but the answer to it is that the regulations did not concern themselves with what they might do but what they were actually doing.

Mr. NORRIS. All right.

Mr. REED of Pennsylvania. And the point is that they were each of them actually doing a banking business, accepting deposits and making loans.

Mr. NORRIS. I have no doubt of that; but I do not suppose the Senator will contend, if it be reduced to that proposition, that under the act any of them were actually, in all details, doing the same business. The savings bank, I presume, could do a vast number of things that the national bank had no right to do. I do not know about the Union Trust Co.; it might have had still broader rights. I have no knowledge of it, except that the man who examined it, whose duty it was to examine it as a lawyer, said that under the law these institutions could not affiliate.

Mr. McKELLAR. Mr. President, will the Senator from Utah yield to me, in order that I may ask the Senator from Nebraska a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield for a question.

Mr. McKELLAR. I ask the Senator from Nebraska does he think it is right because, for instance, three banks are closely affiliated and are owned by the same persons, that they should be taxed at a less rate than three other banks, perhaps in the same city, which are owned by different stockholders?

Mr. NORRIS. Oh, no; I do not think that.

Mr. McKELLAR. But does not this provision do that very thing?

Mr. NORRIS. Mr. Hickey says in his affidavit that as a result of what was actually done in this case the Government lost over $91,000 in taxes, and, of course, the competitors of these institutions were placed at once on a different basis. They had to pay that much more tax, and it was not fair.

Mr. McKELLAR. As the Senator from Utah [Mr. KING] said just a moment ago, does not that bring us down to the question of whether we should eliminate section 240 (a), (b), (c), (d), and (e) in reference to the making of consolidated returns?

Mr. KING. Mr. President, if I may answer the question which has just been propounded, I would say that the committee, of which I was a member, made rather a superficial examination of the question of consolidated returns, as I now recall, not because we did not appreciate the importance of the subject but for lack of time and because we were attempting to complete the investigation entered upon relating to other matters of public importance. I think it is a matter which should be investigated, and I hope that the commission created by this bill will investigate it.

I will say to my friend from Tennessee [Mr. McKELLAR], as well as to the Senator from Nebraska [Mr. NORRIS], I have an open mind upon the subject. I think that there have been and still are evils growing out of consolidated returns, and that the Government has suffered from the interpretation placed upon the law; but if I were compelled to vote now as to whether the entire provision in regard to consolidated returns should be repealed I would be inclined to vote "No," because I do not have sufficient evidence before me, and Congress having acted, presumably upon sufficient reasons, I would feel that facts should be presented to rebut that presumption before affirmative action should be taken. There were some matters brought to my attention that indicates that the law has been abused, and that some corporations have unjustly profited from such abuse.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. KING. I yield.

Mr. NORRIS. I am not saying, Mr. President, that consolidated returns should not be allowed. I do not know but what if I, myself, examined the charters of these institutions I might reach a different conclusion from what the lawyer did and say that what was actually done was all right. Senators must not forget that that is not the point I am trying to make. I have not had any opportunity to go sufficiently into the subject; no one else has had such opportunity and there is not any way to do it, for the proceedings are secret and they have been carried on for nine years behind closed doors.

Let me say that, so far as consolidated returns are concerned, it often appears that it is to the benefit of the corporations paying the taxes to be permitted to file consolidated returns, and sometimes it works the other way. If they have a loss in one corporation and offset that loss by a big gain in another corporation, it is to their benefit to file a consolidated return, while under different circumstances it may be to their benefit to pursue a different course. Several instances are cited by Mr. Hickey in his affidavit where the reverse action was taken, which he claims were also illegal and erroneous.

It is not the point, Senators, that this practice is absolutely wrong; to me it looks wrong on its face, but if I were a trial judge and had to pass on the question I would not be able to pass on it with the evidence that I now have. I admit that; the evidence is not here; but the point is that there has been no way to get the evidence; there has been no way to discover corruption, if it existed, or, if it were found out, to correct it, because the proceeding is in secret. It is as bad, it seems to me, as practices under the old Czar government of Russia. Carry it on, let it permeate all the branches of our Government and it will bring ruin in time, just as it has brought ruin throughout civilization wherever it has been permitted to continue. Much, perhaps, that appears on the surface to

be fraudulent and wrong may, upon full examination, be found to be absolutely right; but why not let the sunlight in? Why not let publicity take care of it? Why not decide these questions, in which the Government is so directly interested, in public and let everybody know what is going on?

Now, I want to make a suggestion to the Senator from Utah [Mr. KING], who is a member of the so-called Couzens committee. Because of the investigations of that committee much information with respect to this subject has leaked out, and he says—and other members of the committee have told me the same thing—that they have hardly scratched the surface; they have not gone through with it, yet by limitation imposed by action of the Senate the business of the committee is practically ended. I think the Senator from Utah, or some other member of that committee, ought not to content himself by letting the Finance Committee or letting the commission set up by the Finance Committee to go on and unearth these things that are wrong, if they are wrong, but he ought to introduce a resolution here extending the time and the power of the so-called Couzens committee so to let it continue with its good work and complete it.

Mr. COUZENS. Mr. President——

Mr. KING. I yield to the Senator from Michigan.

Mr. COUZENS. Mr. President, in connection with what the Senator from Nebraska has just said, a study of the testimony and the report itself shows the rank injustice which has been perpetrated, not because one auditor's or one engineer's views may be right or wrong but because of a lack of uniformity in dealing with these problems. So far as I know, I am not able to set myself up as a judge as to which auditor or which engineer is right or wrong, although the counsel for the committee, as a lawyer, in the testimony and the report has pointed out where he disagreed with certain decisions and rulings. It is, however, as I have said, the lack of uniformity which has caused the great injustice to many taxpayers and to the Government.

In that connection, Mr. President, I desire to send to the desk some amendments which I should like to have printed and lie on the table. I may say that one of the amendments relates to the consolidated-returns section of the bill.

The PRESIDING OFFICER. Without objection, the amendments will be received, printed, and lie on the table.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield for a question.

Mr. McKELLAR. The Senator from Utah said that in his present state of mind and with his information he would be inclined to vote against any change in the consolidated-returns feature of the bill. I should like to hear both sides of this question. Would the Senator mind giving me some of the reasons that occur to him why we should have consolidated returns?

Mr. KING. That is a subject that I have not the time now to discuss. I will, however, in a sentence or two present one view of the subject. Assume a group of individuals engaged in the same business who own stock in several corporations. The law permits them to join these corporations, or, rather, permits the corporations to unite in filing tax returns to the Government. This would permit the gains from corporations to be applied in meeting the business losses of another corporation, thus reducing the tax of the profitable corporation.

However, they must be engaged in the same character of business and owned and controlled by the same persons. Congress, I assume, believed there was no impropriety in permitting corporations thus associated, thus affiliated, to make consolidated returns. For instance, if the Senator from Tennessee and myself organized a corporation to manufacture plows, and another company to manufacture wagons, we might sustain a loss in operating the plow company and make profits in conducting the wagon business. The law permits us to file a consolidated return for the two companies—thus balancing the loss from one by the gain from the other.

Mr. NORRIS. But, Mr. President, may I interrupt the Senator there?

Mr. KING. I yield.

Mr. NORRIS. I can very clearly see the point the Senator has just made, but suppose one of the corporations to which he has referred was engaged in making plows and the other was engaged in manufacturing cotton cloth; then the reasons for permitting them to file a consolidated return would not exist, would they?

Mr. KING. I should be very much opposed to a consolidated return under such circumstances, and the law does not permit a consolidated return in a case of that character.

Mr. NORRIS. That was the question that arose in the case of the Mellon corporations in Pittsburgh, as to whether they were doing the same character of work.

Mr. KING. If consolidated returns are permitted where the businesses of the corporations are so diverse as indicated, I think it is a perversion of the law; certainly it would be most unwise to permit such a course to be pursued.

Mr. SMOOT. The corporations must be engaged in substantially the same line of business.

Mr. KING. Yes; they must be engaged in substantially the same character of business.

Mr. President, the continuity of my speech has been broken by these numerous interruptions, but doubtless it has been improved. May I say, before resuming the thread of my remarks, that I think the Senate made a mistake in not continuing the committees that formerly existed, but which acted in a perfunctory way, and requiring them to make constant investigations into all departments of the Government. We formerly had committees to investigate the accounts of the Treasury Department and the Post Office Department and the Department of Justice and other governmental departments. They did not function. Later, we dropped from the organization of the Senate the committees to which I have just referred.

If the Senate or the House had had a special permanent committee charged with the duty of examining into the work of the Treasury Department, many of the abuses which have been investigated by the Couzens committee would have been prevented. Any fair-minded person who reads the record submitted by the Couzens committee will be shocked at the laxity, the lassitude, and the incompetency of some persons in the Treasury Department; and if the commission created by the pending bill does not function properly, then I think that a further and searching investigation of the Internal Revenue Bureau of the Treasury Department should be made.

I am not impeaching the integrity of anyone when I make that observation; but we know that executive departments in democratic governments as well as in monarchical governments adopt either a policy of lassez faire or one of vigor and truculency, so as to aggrandize their power. If the former, they drift and finally fall into ruts and lose their power of resistance so necessary in a bureau of this character, when great pressure is brought by taxpayers to secure the adoption of their views. It is to the legislative branch of the Government the people must look to protect them from executive usurpation.

Mr. COUZENS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Michigan?

Mr. KING. I yield.

Mr. COUZENS. I understood the Senator to say a while ago that he would not be in favor of repealing the consolidated section of the revenue act.

Mr. KING. I said that with the limited information I now have, I would not feel like voting to repeal all of those provisions.

Mr. COUZENS. In my judgment, Mr. President, the whole section ought to be repealed. As I say, the Senator, of course, was not able to be present at all the meetings; but the testimony produced indicated the grave injustice and the wrong principle, in my opinion, of the consolidated section.

Mr. KING. Let me say to the Senator that I am rereading the whole testimony. The Senator knows that with committees sitting 6 to 10 hours daily and the Senate in daily session, it is humanly impossible for one to cover every field, particularly if that one is a member of three or four major committees. I am now trying to read the entire testimony before we complete this bill, in order that if the Senator's motion is pressed I may vote with fuller knowledge of the subject.

Mr. COUZENS. It seems to me appropriate, if the Senator will let me interject here a minute, to show the injury done by this consolidated section to some minority stockholders.

For instance, a minority stockholder went to the Bureau of Internal Revenue and protested against a consolidation. He said:

> I own only 8 per cent of the stock. It is worth $30,000. This consolidation proposes to group me with another corporation, and make my corporation pay a higher rate of tax than if I were not consolidated.

In other words, this consolidated section is resorted to when the taxpayer desires it to be resorted to, and is avoided when he does not desire to resort to it.

Mr. KING. I think the Senator is correct there.

Mr. COUZENS. I want to ask the Senator if he remembers the testimony that was presented to the committee in the case

of the Saturday Evening Post and the Philadelphia Public Ledger?

Mr. KING. I heard only a portion of that testimony.

Mr. COUZENS. In that case the Saturday Evening Post—a great, successful publication, subsidized by the Federal Government in postage alone to the amount of millions and millions of dollars, and exceedingly profitable—was allowed to consolidate with the Philadelphia Public Ledger, so that the Public Ledger—which, I understand, is run at a material loss—was allowed to offset the great gains of the Saturday Evening Post. It seems to me that there is no justice in that sort of a consolidation.

Mr. KING. I think that would be an abuse of the statute; and I recall one other corporation, which I shall not mention, which I felt at the time had obtained an advantage not contemplated by those who framed the law. I stated at the outset of my remarks that many tax laws which are enacted are rather experimental and no matter how they may be drawn the incidence and effects of the tax are not then appreciated. When they are put into operation we find that they may bear oppressively upon the people, or they may deprive the Government revenues to which they should be entitled.

Now, Mr. President I shall now return to the matter I was discussing before the numerous interruptions to which I have been subjected.

The personal income tax and the profits tax collected from corporations aggregate $1,761,000,000. Of this amount, $916,217,213 was paid by corporations. It will thus be seen that the income derived from the corporate profits tax was in excess of that paid to the Government as individual income tax. An examination of the deductions allowed corporations reveals the fact that they were most generously treated. In my opinion, billions of dollars were allowed as deductions which ought to have been denied corporations. The huge sums claimed as deductions for salaries, for interest paid upon funded indebtedness, and for depreciation, obsolescence, and amortization, in my opinion, should have been greatly reduced.

I think one of the evils that have crept into our tax laws has been the vast allowances against incomes which have been given in the form of deductions to corporations. Take the question of interest alone: They receive a deduction for the interest upon their funded indebtedness; and an examination of the deductions allowed for depreciation reveals the fact that those deductions have been treated as cash on hand, as they are, and have been paid out in dividends, or have gone to the reserve fund, or to the undistributed profits of the corporations. However, it would mean that rate for the corporate tax could be materially reduced if those allowances in part had not been permitted.

It will be argued that it is immaterial whether these deductions are allowed in full, as claimed, with an increased tax rate, or are disallowed and the tax rate decreased correspondingly, as the same amount of revenue will be raised in either case. The fact is that many corporations do not claim or receive deductions to the same extent or in the same proportion as claimed and granted to other corporations similarly situated, and this of itself is a flagrant cause of discrimination, inequality, and injustice as between the corporations themselves.

But, to repeat, the gravitation of capital into the hands of gigantic corporations presents a situation which calls for the attention of Congress, not only when tax laws are being enacted, but also when measures relating to the welfare of the country are under consideration.

Yesterday morning's press indicates the creation of another corporation, with a capital of $2,000,000,000, to take over many private concerns and similar corporations engaged in producing one of the necessities of life. May I add, in parenthesis, that this centralization of capital in the hands of corporations should arouse apprehension in the minds of the people, and should challenge the attention not only of State legislatures but of the Congress to the inevitable evils that will result.

We talk so much about billions that the massing of great wealth in the hands of a corporation, or in the hands of a few individuals, excites no comment. The school of philosophy which insists that the massing of capital in the hands of a few is no menace to the social, industrial, or political fabric, finds support among too many of the American people. It is also the philosophy which socialists accept, because they perceive that if the wealth of the country finds its way into the control of a few individuals or a few gigantic corporations, it will be more easy to transmute our present political system into one of state capitalism.

May I say that when I was in Russia two years ago, in talking with the leaders of the communist government, they stated that as they viewed historic facts the United States was destined to become a Socialistic state. The massing of capital they welcomed, because, as they reasoned, when capital is in the hands of a few individuals or corporations the transition to state capitalism is more easily effectuated; and from state capitalism, they argued, the distance to be traveled to reach a communistic state was not great.

If American capitalists were wise they would not stifle competition, as the Aluminum Co. of America has done, or try to destroy the competitive system in our economic life. They would not foster monopolies or confederate to restrain trade and commerce and force prices of commodities to excessively high levels and justly subject themselves to the charge of profiteering. If America ever becomes a communistic state, it will not be because of the acts of the Communists per se; it will be because of the injustices of capitalists. I am a friend of capital and have been called a conservative, but I want to denounce the callous attitude, the cynical attitude, of those who are seeking to control the avenues of trade and commerce and promote trusts and combinations to restrain trade and destroy competition.

It is obvious that the centralization of the great sources of production and wealth of the country in the hands of a limited number will develop a situation in which the people will demand the intervention of the Government and its assumption of control or ownership of important industries.

Socialism is promoted by the concentration of the wealth of the country in the hands of a few. Many who are opposed to socialism will prefer government control, or, if necessary, government ownership of the great industries of the country rather than the establishment of a system which permits the formation of aggregations of wealth under which individualism is crushed, the competitive system destroyed, and wages and prices fixed by such aggregations or those controlling them, the result of which inevitably is that industrial servitude would ensue and an oligarchy of wealth rule the state.

I am in favor, therefore, of the Federal Government deriving substantially all of its revenue from personal income taxes and from taxes on the profits of business, particularly corporate business. Substantially all excise taxes should be repealed. They are justifiable in time of war, but not in peace time. The House has done well in removing excise taxes upon a number of commodities. It did not, in my opinion, go far enough, nor does the bill as reported by the Finance Committee of the Senate carry repeals of these taxes to the extent required.

It is true the Finance Committee bill accepts the provision of the House removing the tax upon automobile tires, parts, and so forth, and in reducing the tax upon automobiles, aside from trucks, from $116,000,000 per annum to $69,600,000, but it refuses to allow the reduction of $3,000,000 upon trucks, which the House bill provided, and leaves an annual tax upon trucks amounting to $6,000,000 and upon automobiles of $69,900,000. The Finance Committee bill also imposes a tax of $24,000,000 upon admissions and dues. These excise taxes, I repeat, should be repealed. On January 9 I offered an amendment for the purpose of repealing these particular items in the bill under consideration.

The House indicated its purpose to lay a tax on the estates of decedents for Federal revenue. The Senate Finance Committee has boldly challenged the policy of taxing estates and has swept the entire system aside. I do not approve of the course pursued by the committee, but will recur to this matter later in my remarks, or when the Senate reaches this subject in the bill.

Undoubtedly the Government will adhere to its policy of obtaining a substantial revenue from customs receipts. I believe this view will be approved by the American people, although conditions are developing in our country which will soon call for a revision of the tariff, with a consequent change in the revenue derived from tariff duties; and in the future, no matter what party is in power, large revenues will annually be obtained from customs receipts. From 1791 to 1860, 98.6 per cent of the revenue was derived from customs duties; from 1861 to 1909, approximately 53 per cent was derived from the same source; from 1910 to 1916, 43.5 per cent; from 1917 to 1921, the Government obtained but 6.3 per cent of its revenues from customs, 66.4 per cent from income and profits taxes, and 27.3 per cent from miscellaneous internal revenue; and for the period beginning 1922 and ending 1925, 15.2 per cent of the receipts of the Government were derived from customs, 55.8 per cent from income and profits taxes, and 29 per cent from miscellaneous revenue.

For the fiscal year ending June 30, 1925, revenue from customs amounted to $547,561,226, and there is every reason to

believe that the receipts will be no less for the coming fiscal or calendar year.

In preparing a revenue bill it is not only necessary to know from what revenues will be raised but also what the expenditures of the Government will be. Unquestionably the Government will receive from personal income taxes and corporate profit taxes a larger amount than was collected for the calendar year 1925 or for the fiscal year 1926. There are signs in the industrial and business life of our country which must arouse some apprehension as to the future material prosperity of our country; nevertheless, I believe that Congress is justified in framing the bill before us upon the theory that business conditions for the present year will be as favorable as at present, and in some branches of trade and industry increased profits will be realized. We are safe, therefore, in assuming that the revenues of the Government, if there were no change in existing revenue laws, would be perhaps larger during the coming year than they will be for the fiscal year 1926. In many branches of industry conditions are satisfactory and corporate profits will be large. It follows, therefore, that similar conditions will exist with respect to the incomes of individuals.

The total ordinary receipts for the year ended June 30, 1925, aggregated $3,780,148,684, and the expenditures chargeable against such receipts were $3,529,643,446. With these receipts and disbursements there will be a surplus for the fiscal year 1926 estimated at $262,041,756, and the Treasury Department estimates that under existing law the surplus for the next fiscal year will be more than $330,000,000. The House made changes in the existing law reducing taxes $327,161,000 and the Finance Committee reported further reductions, making the total reductions $352,661,000. The majority of the committee assume that no further reductions can be made—indeed, they have recommended an additional profits tax on corporations of 1 per cent. The Finance Committee bill as reported proposes the repeal of the capital-stock tax, amounting to $93,500,000 but meets this reduction by imposing an additional profits tax which will yield nearly $90,000,000.

In my opinion the miscellaneous taxes, together with the receipts from customs dues and the income derived from corporate profits tax and tax on individual incomes, will yield a sufficient sum so that there will be no necessity for increasing the corporate profits tax. Moreover, the tax upon trucks and automobiles and upon admissions and dues can be repealed. Indeed, I have no doubt that further reductions could be made without producing a deficit. It must be remembered that the estimates of the Treasury Department have not always been accurate.

The receipts have been larger than reported, and because Congress has not appropriated as much as the President has recommended there has been a surplus for a number of years at the end of each fiscal year. I have no doubt but that if the administration will observe economy and reduce the expenses of the Government, as it should, the revenues will be adequate even though the taxes upon automobiles and admissions and dues are repealed, and the recommendation of the Finance Committee to increase the profits taxes upon corporations is not followed. I think it is unwise to increase the corporate tax, and I approve of the action of the committee in repealing the capital stock tax. Indeed, I go further. I believe that the surtaxes could be reduced below the limits fixed in the committee's bill. I refer particularly to incomes which fall within the brackets of $24,000 and $100,000. In these brackets I favor the surtaxes indicated in the third column as against those carried in the committee bill; as shown in the following tables:

Net income	1924 rates	House bill	Committee bill	King amendment
$24,000	$440	$385	$385	$365
$26,000	580	525	525	485
$28,000	740	685	665	605
$30,000	920	865	825	745
$32,000	1,120	1,065	985	885
$34,000	1,320	1,265	1,165	1,045
$36,000	1,540	1,485	1,345	1,205
$38,000	1,780	1,725	1,545	1,385
$40,000	2,040	1,985	1,745	1,565
$45,000	2,730	2,665	2,305	2,075
$50,000	3,540	3,405	2,925	2,645
$55,000	4,470	4,305	3,605	3,275
$60,000	5,480	5,005	4,345	3,975
$70,000	7,780	6,705	6,005	5,485
$80,000	10,480	8,505	7,805	7,125
$90,000	13,540	10,405	9,705	8,940
$100,000	17,020	12,305	11,605	10,765

I want to add that it may be wise to increase the surtax from 20 to 25 per cent, and I shall permit an amendment increasing the surtax from 20 to 25 per cent.

I referred to a maxim of publicists, that the first principle of taxation is economy in administration. In the report of the chairman of the Finance Committee it is stated that the present Budget requirements are over three times those prior to the war. In my opinion if the Government were economically administered, its requirements would not reach the limits indicated in the statement made by the chairman of the committee.

The Secretary of the Treasury, in his report for the fiscal year ended June 30, 1925, refers to the fact—

that there are governmental activities still inflated and burdened with superfluous clerks.

And he mentions the fact that—

the expenditures for 1925 were over $3,500,000,000, as compared with $742,000,000 in 1916, the last pre-war fiscal year, or nearly five times as great.

An examination of the Budget submitted by the President on the 7th day of December, 1925, supports the view just expressed, that greater economy is required in the executive departments of the Government. It is a notable fact that since the establishment of the Budget system, notwithstanding the panegyrics constantly pronounced by officials in the executive departments and uninformed writers and speakers, Congress has shown more economy than the executive departments and its appropriations have been below those submitted in the Budget.

For several years last past there has been a nation-wide propaganda carried on by executive officials and by the Republican press to convince the people that the President and the administration were effectuating great reforms and exercising the most rigid economy. This campaign has had its effect and has been one of the principal factors in bringing support to the administration. Reference is constantly made to the expenses of the Government during the war, and then a contrast is sought to be drawn between the diminishing of expenditures since these fateful years 1917–1919. It must not be forgotten that billions of dollars of obligations contracted during the war did not mature and were not paid until 1919, 1920, 1921, and some were not discharged until 1922–23. Obviously, there would be a reduction in the expenses of the Government as the war debts were discharged.

I submit that a dispassionate examination of the activities of the Government since 1920 will reveal that there has not been sufficient progress in returning to peace conditions in so far as expenditures of the Government are concerned. Agencies have been maintained which are unnecessary. Organizations have been continued with an exaggerated personnel, the usefulness of which has ceased, and in every department the personnel greatly outnumbers the legitimate needs of the Government.

The ordinary expenses of the Government for the next fiscal year should be at least $200,000,000 below those recommended in the Budget. I shall not pause to discuss what retrenchments and reductions should be made. I will only add that recommendations of nearly $600,000,000 for the Army and Navy can not, in my opinion, be justified at this time. And an examination of the demands made by the various departments reveal that material reductions could be made that would not in any way impair the efficiency of these Federal agencies. The fact is that the Government is top heavy; it has too many organizations, too many executive agencies which overlap, too large a personnel, too many officials who are seeking to extend the activities of their bureaus and infringe upon the prerogatives of the States.

Leading Republicans promised, when the Harding administration came into power, that a complete reorganization would be effected in all the departments of the Government, which would materially reduce expenses and more efficiently administer the affairs of the Government. These proclamations have failed; no reforms have been instituted and more bureaus and agencies and commissions are being created to further increase Federal expenses, and to swell the total of taxes wrung from the people. Executive departments write too many bills, and are too influential in the determination of the powers which they shall have, and the duties which they shall discharge.

It is worthy of note that notwithstanding the recommendations contained in the Finance Committee's bill, the President in his address on Saturday evening to the heads of departments stated, in effect, that there would be a further reduction of taxes within the next year or two. The President in his Budget message dated December 7, 1925, stated that "we have about reached the point where the legitimate business of the Govern-

ment can not be carried on with less expenditures than at the present time."

It would seem that there is some variance in these statements, and yet they can be reconciled upon the assumption that the tax bill as drafted by the Finance Committee will yield revenue in excess of the needs of the Government, even though it is not the purpose of the administration to reduce expenses, but, rather, increase them. Indeed, the Budget message referred to recommends increases of $60,000,000, compared with appropriations for the fiscal year 1926.

I submit that this remarkable statement of the President, made on Saturday evening, confirms my position that the revenues that will be derived from the pending bill will exceed the requirements of the Government and provide a surplus which will be the basis for a further tax reduction before the next presidential election. I shall not say that partisan considerations are taken into account in the formulation of these strategic policies so clearly manifest in the conduct of the party in power.

Mr. President, it is more important to reduce taxes now than to furnish partisan arguments for the continuation in power of the present administration. Moreover, it is not certain that the interests of the party in power would not better be served by reducing taxes to the lowest possible limit, a limit not contemplated in the bill under consideration. I repeat, Mr. President, that we shall not discharge our full duty if we do not strike from the bill before us the provisions taxing automobiles and trucks, and remove the provisions imposing taxes upon admissions and dues, as well as the amendment adopted by the Finance Committee, increasing the corporate tax from 12½ to 13½ per cent. Moreover, I submit that the provisions reducing the higher surtaxes should be modified, and the rates within the brackets from $24,000 to $100,000 should be reduced. The members of the minority upon the Finance Committee submitted to the committee an amendment carrying out the views which I have just expressed. As I understand the Senate will within a few minutes go into executive session, I shall therefore surrender the floor, and at another time discuss various provisions of the bill, particularly those which are challenged by amendments heretofore offered by me.

Mr. COUZENS. Mr. President, inasmuch as we are under the head of surtaxes and discussing the benefits of the surtax schedule, I would like to direct the attention of the Senate to some comments made by the senior Senator from Utah [Mr. SMOOT] when presenting the bill for consideration by the Senate. On page 2519 of the CONGRESSIONAL RECORD of January 28 the senior Senator from Utah said this, speaking of reductions in the surtax bracket:

> For comparison with these reductions I refer to the latest statistics of Internal Revenue collections, those for 1924. The total collected from personal taxes was about $689,000,000. That was divided between:
>
> | | |
> |---|---|
> | Incomes of less than $10,000 | $67,000,000 |
> | Incomes of $10,000 to $100,000 | 322,000,000 |
> | Incomes in excess of $100,000 | 300,000,000 |
>
> Accordingly it will be noted that less than $15,000,000 of revenue still will be raised from taxes on persons having incomes below $10,000. That should adequately explain why the reduction has not been greater for that class. Those persons have received such substantial benefit from previous reductions that little now remains to be done by way of relief.

I might interject at this point that I concur in that fully.

> With that target for attack removed, the critics will next say that the reduction on the incomes above $100,000 is too great and that on the incomes between $10,000 and $100,000 not large enough. The main answer to that is simply this: The largest single source of income for those having incomes in excess of $100,000 is from dividends. In 1924 dividends constituted over 42 per cent of the income of those in the $100,000 to $150,000 class; dividends constituted almost 55 per cent of the income of those having incomes in excess of $1,000,000. The tax upon corporations is, in effect, a tax upon the individual stockholders; it is merely paid at the source. The corporation tax has been left at 12½ per cent (disregarding for the moment the increase in rate which compensates for the repeal of the capital-stock tax). It is only proper that the tax on dividends should be reduced through the surtax reduction. To tax corporate earnings first at the 12½ per cent rate, whether distributed or not, and again at the 20 per cent rate, in case of distribution to a person having income in excess of $100,000, or a total tax of 32½ per cent, would seem to be going quite as far as justice and fairness can permit. A careful consideration of the situation will convince any fair-minded person that those having the very large incomes are not receiving any greater benefit than they, in fact, deserve. That such is an important consideration should be apparent from the fact that in 1924 the total amount of $641,000,000 was received as dividends by the 5,000 persons who reported income of $100,000 and over.
>
> But the reduction of the higher surtaxes is based upon a ground of sound economics that looks further than to the interest of any individual or group. The latter is a minor and unimportant consideration as compared with the real reason that is at the basis of this policy, upon which both of the great political parties now find themselves in accord.

I emphasize the word "now."

> The 5,000 individuals who enjoy the incomes in excess of $100,000 can neither eat food nor wear clothes to any great degree beyond the wants of all other human beings. They may enjoy greater security, but their capacity for expenditure is limited. As previously stated, they are largely interested in corporate enterprises. Any saving that inures to them through a tax reduction must be reinvested in the same companies.

I might interject here that of course that is a very absurd conclusion, because the stockholders can not reinvest in the same companies when there is no more stock for sale.

Mr. SMOOT. Will the Senator read the remainder of it?

Mr. COUZENS. Yes.

> in the same companies in which they are already interested, or they must find new activities for the use of their money.

I have not any objection to the fact that they might find other sources of investment, but I do object to the conclusion that they must find investment in the same companies.

Mr. SMOOT. But it reads "or."

Mr. COUZENS. But in the same companies, and they can not do both.

Mr. SMOOT. It does not say they must do both. It says "or."

Mr. COUZENS. I read further:

> Either use will mean expansion of business, the better employment of more people, and other results which can but benefit the people as a whole. With a furtherance of prosperity will come greater corporate earnings and a broadening of the base upon which the Government relies for its revenue through the tax on corporate income and the surtax on dividends. By fixing the maximum surtax at 20 per cent those 5,000 persons can ill afford to set aside the savings from taxes by investment in tax-exempt securities. Any higher rate would have invited that result.

That is what the Senator from Utah said when we began consideration of the revenue bill on last Thursday.

By resolution of the select committee of the Senate authorized to investigate the Internal Revenue Bureau the bureau was required to furnish the committee with a list of the individuals who returned incomes of $100,000 or more in 1916. We received those returns, together with the returns of the same individuals for 1917 and up to 1924, inclusive.

Remember, the individuals were not taken from groups. They were individuals who appeared in several or various groups throughout the period from 1916 to 1924. They aggregated, I may say, 4,063 individuals. Then we went through and analyzed each of those individual returns from 1916 to 1924, inclusive. An analysis of the returns, which are in the report which we are about to submit to the Senate—and I may say the reason we have not submitted it is because we have not been able to have a committee meeting to authorize its submission—indicates some very astonishing facts, and indicates very clearly the reason for the falling off in Government revenue from this class of taxpayers, due in part to governmental policy of taxation and lack of wisdom on the part of Congress.

I am not going to take the time of the Senate to go through all of these cases. For example, taking 1916, this group of individuals filed returns showing incomes of $1,278,404,000, omitting the final figures. In 1917 they returned $1,033,000,000; in 1918, $865,000,000; in 1919, $919,000,000. For the two years 1920 and 1921 the same group returned incomes of $821,000,000 in 1920 and dropped off to $673,000,000 in 1921. In 1922 they jumped again to $789,000,000; in 1923 to $784,000,000; and in 1924 to $819,000,000.

To dispel the fallacy of the high-tax brackets being responsible for investment in tax-exempt securities, I want to point out how few tax-exempt securities these individuals really held. That is demonstrated by the amount of interest they reported in their income-tax returns as deductible from gross income. There were some years when the law did not require that incomes from tax-exempt securities should be reported, so I can not give those. For instance, interest deducted by this group in 1916 and 1917 is not obtainable, because the law did

not require its return in those years. In 1918 they deducted $25,000,000 out of a gross of $890,000,000. In 1919 they deducted $42,000,000 out of a gross of $965,000,000. In 1920 they deducted $51,000,000 out of a gross of $877,000,000. In 1921, 1922, and 1923 the figures were not obtainable because the law did not require their return in the income-tax returns. In 1924 they were required again by law to include the amount they received as interest on tax-exempt securities, and that amounted to $69,000,000 out of a gross of $896,000,000 in 1924.

The largest percentage in any one of the reportable years was 7½, and yet we are told through the press and everywhere else that the curse of the surtax is in the high rates, and that if the rates were lower tax-exempt securities would be less purchased and we should get greater revenue.

Mr. President, there is not a single item anywhere under any set of figures or reports which one can examine to prove such an absurd conclusion.

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. HOWELL. May I ask the Senator if the interest reported from tax-exempt securities has not increased relatively as the surtax has been reduced?

Mr. COUZENS. That appears to be the fact, but I would not venture to say that the reduction of the surtax was responsible for it.

Mr. HOWELL. At least it is a coincidence.

Mr. COUZENS. It indicates that the reduction of the surtax, at least, has had no bearing upon the purchase of tax-exempt securities.

Mr. SMOOT. That is because of the fact that even to-day the surtax rate is 40 per cent; and the condition would be the same if it were 35 per cent; but when the rate is made so low that the difference between the interest on tax-exempt securities and on the first-class paper is material, then we will see what the result will be; and we shall not know until that happens.

Mr. COUZENS. How does the Senator account for the fact that in 1918, when the rates were extremely high, this group reported an income of $890,000,000, and from tax-exempt securities the interest was only 2.8 per cent; that in 1919 they returned income of $962,000,000, and from tax-exempt securities the interest was only 4½ per cent; that in 1920 they returned income of $872,000,000, and from tax-exempt securities the interest was only 5.9 per cent; and in 1924, when the taxes were still lower, they returned $880,000,000, and from tax-exempt securities the interest was 7.8 per cent?

Mr. SMOOT. In 1918 the highest surtax rate was 65 per cent.

Mr. COUZENS. And we had the lowest returns of tax-exempt interest for any period during that time.

Mr. SMOOT. Certainly, because up to that time investors had not put their money into tax-exempt securities. That is the reason. In 1920 the highest rate was 50 per cent, and then there was a falling off from $821,000,000 to $673,000,000. It does not make a particle of difference whether the rate is 50 per cent or 40 per cent; it is necessary to reach the point where it does not pay to purchase tax-exempt securities. Then investors will quit. I do not say that all of them will quit. Of course, men who desire to withdraw from business and to pay no further attention to business and want their investments in an absolutely secure place will buy tax-exempt securities. They are not going to take any chance of running a business if they can not make a greater profit in business than they are making on tax-exempt securities. No person wants to take a chance in a business as against a sure thing, such as tax-exempt securities, the interest on which will be paid as long as there is a Government and as long as its credit is good.

Mind you, I do not object to an individual doing that; it is perfectly right; it is lawful, and he has a perfect right to do it. I do not know but that I would do it myself, I will say to the Senator, if I wished entirely to withdraw from business and take no chances and had ample capital to live upon the interest. It would be nobody's business if I did it.

Mr. COUZENS. The Senator from Utah overlooks a fact apparently. All during this discussion which has been going on from 1920 up to 1926, and which is still going on, the Senator must assume that the 121 individuals who reported net taxable income of a million dollars and over in 1916 were so oppressed by the high surtax, and, in addition, were so stupid that they did not have sense enough to take out their investment in corporations or business and put it into tax-exempt securities.

Now, I will show the Senator how absurd is the conclusion that the surtax affected the investment of individuals. In 1920, when the tax was fairly high, these 121 individuals returned only $12,000,000 of interest or income upon tax-exempt bonds out of $154,000,000. They did not know enough to change their investment to tax-exempt securities, so they retained their original investments.

Mr. REED of Pennsylvania. Mr. President, will the Senator from Michigan permit a question?

Mr. COUZENS. Yes.

Mr. REED of Pennsylvania. How much confidence has the Senator from Michigan in the returns which were made by those individuals about their tax-exempt interest? Does he feel that those returns were fairly complete?

Mr. COUZENS. Oh, yes; I feel they were fairly complete, because we have assumed in this discussion during the last few days that all of our taxpayers are honest and that we must not continue to harass them by investigating their books.

Mr. REED of Pennsylvania. The Senator from Michigan does not catch my point.

Mr. COUZENS. Oh, yes, I do.

Mr. REED of Pennsylvania. I am willing to assume that the vast majority of American taxpayers make truthful returns of their taxable income, but I know a great number of men who say that it is beyond the constitutional power of the American Government to tax municipal bonds, and that correspondingly it is beyond the constitutional power of the Government to ask questions about them. I also know a number of men who deliberately refuse to answer the question of how many tax-exempt securities they own. I wonder if the Senator from Michigan has taken into account the possibility that the figures very much understate the amount of tax-exempt securities that may be held?

Mr. COUZENS. I do not think I have, for the reason that in 1924 the same 121 individuals—and remember they are not different individuals taken out of a particular group of taxpayers, but the same individuals, following them through the various groups in which they happen to land in the particular year for which they made their return—the same individuals in 1924 returned $155,000,000 in taxable income. Why did not they take the investments from which they secured $155,000,000 of income in one year and sell them and buy tax exempts? That is what I do not understand. It does not make any difference how much tax-exempt income they reported; if they did not report any the result would be the same. In other words, if the argument be sound that these people with incomes of $1,000,000 and over took their investments and sold them and bought tax exempts, we would not have these 121 returning an income of $155,000,000 in 1924. So, even if the tax-exempt returns are not accurate, it does not change the argument at all.

Mr. SMOOT. Mr. President, we have got to have an executive session at half past 4, and I do not wish to take the Senator's time now.

Mr. COUZENS. I do not care as to that; the Senator may interrupt me.

Mr. SMOOT. But after the Senator concludes, when the question comes up again, I want to take it up as a whole, and then show just exactly what the result is and what the picture is.

Mr. COUZENS. We have got it as a whole now. The Senator has not any figures that I have not got. He is not the only one who knows what is going on in the Treasury Department.

Mr. SMOOT. That remark was uncalled for, I will say to the Senator. I have not made any such claim.

Mr. COUZENS. I meant that the Senator indicated that I did not have the figures. I am talking about the figures as affecting everybody who had an income of over $100,000.

Mr. SMOOT. But the Senator has not made those public. I presume it is likely that he has more figures on the subject than I have, but the Senator has not, of course, made them public.

Mr. COUZENS. I said at the start they are not public, but just as soon as I can secure a committee meeting, which I have called for 10 o'clock to-morrow morning, we propose to turn them in. I have not wanted to do it on my own initiative.

Mr. SMOOT. I should like to see them published. I do not claim but that the Senator has more figures than I have. I am simply taking the reports given to me by the department, which I have no reason to doubt.

Mr. COUZENS. But I want to point out to the Senator that the department has never computed any set of statistics such as these; it has taken groups. The reason the committee went into this was because there were no statistics bearing out these

conclusions obtainable in the department anywhere; otherwise, we should not have asked for all of this information.

Mr. SMOOT. Of course, the Senator knows that there are changes every year in the amount a taxpayer pays. One year he may pay a great sum, and the next year he may pay nothing. The Senator, however, says that, as for the taxpayers for whom he has the figures, they are the identical individuals.

Mr. COUZENS. Yes; they are the identical individuals and are carried through all the years. In parenthesis, Mr. President, I wish to say that probably 800 or 900 of them have probably died during the period, so we have not the figures as to them.

Mr. SIMMONS obtained the floor.

Mr. BINGHAM. Mr. President——

Mr. SIMMONS. I yield to the Senator from Connecticut.

Mr. BINGHAM. I ask unanimous consent for the immediate consideration, out of order, of several bridge bills on the calendar, beginning with Order of Business No. 78, and including Nos. 79, 80, 87, 90, and 96.

Mr. ROBINSON of Arkansas. I suggest to the Senator from Connecticut that he take up the bills to which he refers one at a time.

Mr. SMOOT. I have no objection to the request of the Senator from Connecticut, but in the meantime I ask unanimous consent that when the Senate concludes its business to-day it take a recess until 11 o'clock to-morrow morning.

Mr. NORRIS. Mr. President, I can not consent to the request of the Senator from Utah to meet at 11 o'clock, either to-morrow or the next day, if there is anything in the tax bill coming up in which I am interested, because it is an absolute necessity that the Agriculture Committee have two hours in the morning in which to consider business before it. I have no objection, of course, to the Senate meeting at 12 o'clock.

Mr. SMOOT. I want to get through with this bill.

Mr. NORRIS. So do I, but I can not be at two places at once.

Mr. SIMMONS. Mr. President, what does the Senator from Utah propose?

Mr. SMOOT. I have asked unanimous consent that when the Senate concludes its business to-day it take a recess until 11 o'clock to-morrow morning.

Mr. COUZENS. I can not agree to that, Mr. President. The Interstate Commerce Committee is meeting every day, and we can not be here at 11 o'clock and have these things all slipped over without having a chance to consider them.

Mr. SMOOT. There has not been anything "slipped over" at all.

Mr. COUZENS. I am not charging anybody with slipping anything over; I am not charging anybody with doing anything improper; I refer to provisions being acted upon in the natural course of legislation; but we can not be here at the time indicated.

Mr. SIMMONS. Mr. President, if we can not meet at, say, 11 o'clock each day, there is very little hope, so far as I see it, of getting through with this bill at as early a date as we ought to finish to meet the conditions and requirements of the Treasury. I know we can not fix any hour for the meeting of the Senate that will not interfere with some committee or with the convenience of some Senator, but in a matter of so much importance, pressing for immediate action, it seems to me that we ought not to delay this bill because it might conflict with some Senator's convenience or some committee's convenience.

Mr. NORRIS. Mr. President, I think it can be fairly stated that nobody is trying to delay this tax bill; I am just as anxious to proceed with it as is anyone else; but I want to assure Senators that if they undertake now at this early date to start a steam-roller process here they are not going to make any headway. There are some of us who will probably know how to insist that a quorum shall be maintained. We can not, as the Senator from Michigan says, attend to other business which has got to be considered if we are required to attend the Senate at unusual hours in the morning. We have only had this bill up here four days, and already those in control of it are commencing to put the screws on. I want to tell them that so long as I can prevent it the bill is not going to be considered in that way. It is not fair; there is not any justice in it. We are all anxious to get through with this bill, but, as the Senator from Michigan has said, it does not make any difference what the intentions of Senators may be, if they are going to undertake to pass this bill in two or three hours it is going to be "slipped over." You may be perfectly honest; I admit you are and all that; but that is not the way to consider this bill, and, in my judgment, those in charge of it are not going to make any headway if they undertake to expedite it by force.

Mr. SMOOT. I told the Senator on more than one occasion——

Mr. NORRIS. This bill is brought in here——

Mr. SMOOT. Just a moment.

Mr. NORRIS. I am not quite through. This bill is brought in here and it is said that it has got to be passed by a certain date; that it must be passed by the 10th of February. Perhaps it will be; I will not delay it for a moment, but we are going to have a fair debate on the items that are in this bill, or on some of them at least, and if it does not get through by the 10th of February it can be passed later. Senators ought not to expect to pass this kind of a bill by the 10th of February; there never has been such haste before in connection with a tax measure. The bill is brought here with certain provisions which will require its early passage to carry them out and it is said, "Now we have done that, and you will have to let the bill go through."

I am not to blame, and the rest of us are not to blame, because we did not get at it earlier. We got at it a few days after the committee reported it.

EXECUTIVE SESSION

The VICE PRESIDENT. The hour of 4.30 o'clock having arrived, the Senate, under an order heretofore agreed to, will proceed to the consideration of executive business. The Sergeant at Arms will clear the galleries and close the doors.

The Senate thereupon proceeded to the consideration of executive business. After 20 minutes spent in executive session the doors were reopened.

ORDER FOR RECESS

Mr. SMOOT. I move that when the Senate concludes its business to-day it take a recess until to-morrow at noon.

The motion was agreed to.

FOX RIVER BRIDGES, ILLINOIS

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (S. 1305) granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the highway commissioner of the town of Elgin, situated in the county of Kane and State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Fox River at a point suitable to the interests of navigation, in substantially a direct line, connecting State Street on the east side of the river with Main Street on the west side of the river, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (S. 2472) to authorize the construction of a bridge across the Fox River in Kane County, Ill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Chicago & North Western Railway Co., a corporation organized and existing under the laws of the State of Illinois, and its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Fox River at a point suitable to the interests of navigation, in sections 15 and 22, township 42 north, range 8 east of the third principal meridian, in the county of Kane, in the State of Illinois, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (S. 2473) granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the highway commissioner of the town of Elgin, situated in the county of Kane and State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in substantially a direct line, connecting State Street on the east side of the river with Main Street on the west side of the river, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

LAKE MICHIGAN BRIDGE AT CHICAGO RIVER, ILL.

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (S. 2288) granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, and their successors and assigns, to construct, maintain, and operate, at a point suitable to the interests of navigation, a bridge and approaches thereto across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill., in the city of Chicago, county of Cook, and State of Illinois, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

LITTLE CALUMET RIVER BRIDGE, ILL.

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (H. R. 5379) granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River in Cook County, State of Illinois.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby given for the construction by the county of Cook, State of Illinois, of a bridge across Little Calumet River at Burnham Avenue in said county and State, which bridge is now in course of construction in accordance with plans that in the opinion of the Secretary of War and the Chief of Engineers provide suitable facilities for navigation. If said bridge be completed in a manner satisfactory to the Secretary of War and the Chief of Engineers it shall be a lawful structure, and shall be maintained and operated under and in accordance with the pertinent provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PALMER RIVER BRIDGE, MASS.

Mr. BINGHAM. I ask unanimous consent for the present consideration of the bill (H. R. 6234) to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge across Palmer River.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the department of public works, division of highways, of the Commonwealth of Massachusetts to construct a bridge and approaches thereto across Palmer River at a point suitable to the interests of navigation, in the towns of Swansea and Rehoboth, in said Commonwealth, said bridge constituting a part of the highway known as the Providence-Fall River State Highway, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

RECESS

Mr. JONES of Washington. I move that the Senate take a recess, the recess being under the previous order, until noon to-morrow.

The motion was agreed to; and (at 4 o'clock at 50 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, February 2, 1926, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 1, 1926

CHIEF JUSTICE SUPREME COURT OF HAWAII

Antonio M. Perry, of Hawaii, now associate justice, Supreme Court, Territory of Hawaii, to be Chief Justice of that court vice Emil C. Peters, resigned.

ASSOCIATE JUSTICE OF SUPREME COURT OF HAWAII

James J. Banks, of Hawaii, now third judge, circuit court, first circuit, Territory of Hawaii, to be associate justice, Supreme Court, Territory of Hawaii, vice Antonio M. Perry, nominated to be Chief Justice, Supreme Court, Territory of Hawaii.

FIRST JUDGE OF CIRCUIT COURT OF HAWAII

Frank Andrade, of Hawaii, to be first judge, circuit court, first circuit, Territory of Hawaii. (A reappointment, his term having expired.)

SECOND CIRCUIT COURT JUDGE OF HAWAII

Charles F. Parsons, of Hawaii, now United States attorney, district of Hawaii, to be second judge, circuit court, first circuit, Territory of Hawaii, vice Ray J. O'Brien, resigned.

THIRD CIRCUIT COURT JUDGE OF HAWAII

Edward Kingsley Massee, of Hawaii, to be third judge, circuit court, first circuit, Territory of Hawaii, vice James J. Banks, nominated to be associate justice, Supreme Court, Territory of Hawaii.

CIRCUIT COURT JUDGE, THIRD CIRCUIT OF HAWAII

James Wesley Thompson, of Hawaii, to be circuit judge, third circuit, Territory of Hawaii. (A reappointment, his term having expired.)

CIRCUIT COURT JUDGE, FOURTH CIRCUIT OF HAWAII

Homer L. Ross, of Hawaii, to be circuit judge, fourth circuit, Territory of Hawaii. (A reappointment, his term having expired.)

UNITED STATES ATTORNEY

Edward J. Bowman, of Michigan, to be United States attorney, western district of Michigan. (A reappointment, his term having expired.)

UNITED STATES MARSHAL

William Robert Rodman, of Rhode Island, to be United States marshal, district of Rhode Island. (A reappointment, his term having expired February 7, 1926.)

APPOINTMENT IN THE REGULAR ARMY

MEDICAL CORPS

To be first lieutenant

First Lieut. Harold Willis Kohl, Medical Corps Reserve, with rank from January 27, 1926.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONEL

Lieut. Col. Robert Frame Woods, Coast Artillery Corps, from January 26, 1926.

TO BE LIEUTENANT COLONEL

Maj. Frank Blair Kobes, Infantry, from January 26, 1926.

TO BE MAJOR

Capt. Emmet Crawford Morton, Finance Department, from January 26, 1926.

TO BE CAPTAINS

First Lieut. James Dallace Bender, Infantry, from January 22, 1926.

First Lieut. Louis Howard Thompson, Coast Artillery Corps, from January 25, 1926.

First Lieut. Ellis Bates, Infantry, from January 25, 1926.

First Lieut. George Pryor Johnson, Air Service, from January 26, 1926.

First Lieut. Clyde Virginius Fluter, Air Service, from January 27, 1926.

TO BE FIRST LIEUTENANTS

Second Lieut. George Huston Bare, Infantry, from January 19, 1926.

Second Lieut. Morris Haslett Marcus, Cavalry, from January 22, 1926.

Second Lieut. Frank Zea Pirkey, Corps of Engineers, from January 22, 1926.

Second Lieut. Karl William Hisgen, Field Artillery, from January 25, 1926.

Second Lieut. Joseph Patterson Wardlaw, Field Artillery, from January 25, 1926.

Second Lieut. James Harry Marsh, Infantry, from January 26, 1926.

Second Lieut. Francis Warren Crary, Field Artillery, from January 27, 1926.

Second Lieut. John Baylis Cooley, Cavalry, from January 27, 1926.

PROMOTION IN THE PHILIPPINE SCOUTS

TO BE FIRST LIEUTENANT

Second Lieut. Mariano Santos Sulit, Philippine Scouts, from January 19, 1926.

PROMOTIONS IN THE NAVY

MARINE CORPS

Lieut. Col. Norman G. Burton, assistant quartermaster, to be an assistant quartermaster in the Marine Corps with the rank of colonel from the 19th day of January, 1926.

Maj. Charles R. Sanderson, assistant quartermaster, to be an assistant quartermaster in the Marine Corps with the rank of lieutenant colonel from the 19th day of January, 1926.

Maj. John L. Doxey to be a major in the Marine Corps from the 24th day of June, 1924, to correct the date from which he takes rank as previously nominated and confirmed.

Capt. John A. Gray to be a major in the Marine Corps from the 17th day of July, 1924.

Capt. Paul C. Marmion to be a major in the Marine Corps from the 20th day of August, 1924.

Capt. Lowry B. Stephenson to be a major in the Marine Corps from the 16th day of January, 1925.

Capt. Benjamin A. Moeller to be a major in the Marine Corps from the 11th day of April, 1925.

Capt. Archibald Young to be a major in the Marine Corps from the 23d day of May, 1925.

Capt. Harold C. Pierce to be a major in the Marine Corps from the 15th day of July, 1925.

Capt. Harry K. Pickett to be a major in the Marine Corps from the 25th day of July, 1925.

Second Lieut. Guy B. Beatty to be a first lieutenant in the Marine Corps from the 23d day of July, 1924.

Second Lieut. John C. Clausing to be a first lieutenant in the Marine Corps from the 7th day of September, 1924.

Second Lieut. John M. Greer to be a first lieutenant in the Marine Corps from the 16th day of October, 1924.

Second Lieut. William E. Maxwell to be a first lieutenant in the Marine Corps from the 9th day of January, 1925.

Second Lieut. Clarence R. Wallace to be a first lieutenant in the Marine Corps from the 16th day of January, 1925.

Second Lieut. Ronald A. Boone to be a first lieutenant in the Marine Corps from the 2d day of February, 1925.

Second Lieut. Charles S. Finch to be a first lieutenant in the Marine Corps from the 4th day of March, 1925.

Second Lieut. Paul B. Watson to be a first lieutenant in the Marine Corps from the 26th day of March, 1925.

Second Lieut. William B. Onley to be a first lieutenant in the Marine Corps from the 3d day of April, 1925.

Second Lieut. Robert D. Foote to be a first lieutenant in the Marine Corps from the 11th day of April, 1925.

Second Lieut. James H. Strother to be a first lieutenant in the Marine Corps from the 23d day of May, 1925.

Second Lieut. Ivan W. Miller to be a first lieutenant in the Marine Corps from the 3d day of June, 1925.

Second Lieut. Joe N. Smith to be a first lieutenant in the Marine Corps from the 26th day of June, 1925.

Second Lieut. Louis E. Marie, jr., to be a first lieutenant in the Marine Corps from the 15th day of July, 1925.

Second Lieut. Arthur J. Burke to be a first lieutenant in the Marine Corps from the 25th day of July, 1925.

Second Lieut. James S. Monahan to be a first lieutenant in the Marine Corps from the 28th day of July, 1925.

Second Lieut. John A. Bemis to be a first lieutenant in the Marine Corps from the 7th day of August, 1925.

Second Lieut. John C. McQueen to be a first lieutenant in the Marine Corps from the 7th day of August, 1925.

Second Lieut. Howard N. Kenyon to be a first lieutenant in the Marine Corps from the 11th day of August, 1925.

Second Lieut. William N. McKelvy, jr., to be a first lieutenant in the Marine Corps from the 7th day of September, 1925.

Second Lieut. Andre V. Cherbonnier to be a first lieutenant in the Marine Corps from the 14th day of September, 1925.

Second Lieut. William W. Davies to be a first lieutenant in the Marine Corps from the 15th day of September, 1925.

POSTMASTERS

ALABAMA

Thomas W. Naugher to be postmaster at Chase, Ala., in place of T. W. Naugher. Incumbent's commission expires February 3, 1926.

George W. Graves to be postmaster at Russellville, Ala., in place of G. W. Graves. Incumbent's commission expires February 3, 1926.

James B. Washington to be postmaster at Tuskegee Institute, Ala., in place of J. B. Washington. Incumbent's commission expires February 3, 1926.

ARKANSAS

Samuel C. Scott to be postmaster at Wheetley, Ark., in place of S. C. Scott. Incumbent's commission expires February 3, 1926.

CONNECTICUT

John L. Eliot to be postmaster at Clinton, Conn., in place of J. L. Eliot. Incumbent's commission expires February 3, 1926.

ILLINOIS

Otto W. J. Henrich to be postmaster at Des Plaines, Ill., in place of William Lewerenz, resigned.

Bruce C. Krugh to be postmaster at Homer, Ill., in place of B. C. Krugh. Incumbent's commission expires February 3, 1926.

John W. Miller to be postmaster at Okawville, Ill., in place of J. W. Miller. Incumbent's commission expires February 3, 1926.

Robert Murphy to be postmaster at Tilden, Ill., in place of Robert Murphy. Incumbent's commission expires February 3, 1926.

INDIANA

John W. Rudolph to be postmaster at Montgomery, Ind., in place of J. W. Rudolph. Incumbent's commission expires February 3, 1926.

IOWA

Benjamin A. Brown to be postmaster at Colfax, Iowa, in place of B. A. Brown. Incumbent's commission expires February 3, 1926.

Rufus W. McKnight to be postmaster at Marengo, Iowa, in place of R. W. McKnight. Incumbent's commission expires February 3, 1926.

KANSAS

Maggie Dowell to be postmaster at Gaylord, Kans., in place of Maggie Dowell. Incumbent's commission expires February 3, 1926.

KENTUCKY

Joseph R. Kimmel to be postmaster at Drakesboro, Ky., in place of J. R. Kimmel. Incumbent's commission expires February 3, 1926.

LOUISIANA

Margaret Berger to be postmaster at McDonoghville, La., in place of Margaret Berger. Incumbent's commission expires February 3, 1926.

MARYLAND

Clayton C. Wilson to be postmaster at Cordova, Md., in place of C. C. Wilson. Incumbent's commission expired January 24, 1926.

Martin M. Wright to be postmaster at Easton, Md., in place of M. M. Wright. Incumbent's commission expired January 17, 1926.

MASSACHUSETTS

Webster L. Kendrick to be postmaster at West Brookfield, Mass., in place of W. L. Kendrick. Incumbent's commission expired August 5, 1925.

MINNESOTA

Lewis Garden to be postmaster at Gary, Minn., in place of A. E. Rishof, removed.

MISSOURI

Luther P. Dove to be postmaster at Cabool, Mo., in place of L. P. Dove. Incumbent's commission expires February 2, 1926.

Jackson G. Short to be postmaster at Galena, Mo., in place of J. G. Short. Incumbent's commission expires February 2, 1926.

Robert R. White to be postmaster at Greenville, Mo., in place of R. R. White. Incumbent's commission expires February 2, 1926.

Lawrence R. Quick to be postmaster at Hallsville, Mo., in place of L. R. Quick. Incumbent's commission expires February 2, 1926.

Herman E. Christrup to be postmaster at Laddonia, Mo., in place of H. E. Christrup. Incumbent's commission expires February 2, 1926.

David L. Blanchfield to be postmaster at Martinsburg, Mo., in place of D. L. Blanchfield. Incumbent's commission expires February 2, 1926.

Henry W. Werges to be postmaster at New Haven, Mo., in place of H. W. Werges. Incumbent's commission expires February 2, 1926.

Grace E. Kirkbride to be postmaster at Ravenwood, Mo., in place of G. E. Kirkbride. Incumbent's commission expires February 2, 1926.

John H. Fisher to be postmaster at Sullivan, Mo., in place of J. H. Fisher. Incumbent's commission expires February 2, 1926.

Ben J. Drymon to be postmaster at Willow Springs, Mo., in place of B. J. Drymon. Incumbent's commission expires February 2, 1926.

Henry A. Seemel to be postmaster at De Soto, Mo., in place of William Vogel, resigned.

NEBRASKA

Alfred G. Taylor to be postmaster at Chappell, Nebr., in place of A. G. Taylor. Incumbent's commission expires February 3, 1926.

NEW YORK

Richard Bullwinkle to be postmaster at Central Valley, N. Y., in place of Richard Bullwinkle. Incumbent's commission expires February 2, 1926.

Frederick M. Avery to be postmaster at Cold Water, N. Y., in place of F. M. Avery. Incumbent's commission expired January 5, 1926.

George W. Mohlfeld to be postmaster at Cutchogue, N. Y., in place of M. E. Corey, resigned.

William R. Crawford to be postmaster at Warsaw, N. Y., in place of W. R. Crawford. Incumbent's commission expired January 5, 1926.

William F. Raynor to be postmaster at West Hampton Beach, N. Y., in place of W. F. Raynor. Incumbent's commission expired December 22, 1925.

NORTH CAROLINA

Sam L. Franks to be postmaster at Franklin, N. C., in place of S. L. Franks. Incumbent's commission expires February 3, 1926.

Albert Z. Jarman to be postmaster at Richlands, N. C., in place of A. Z. Jarman. Incumbent's commission expired January 5, 1926.

OHIO

French Crow to be postmaster at Marion, Ohio, in place of French Crow. Incumbent's commission expires February 2, 1926.

Earl Augustine to be postmaster at Montpelier, Ohio, in place of Earl Augustine. Incumbent's commission expires February 2, 1926.

Florence Mutchler to be postmaster at Rutland, Ohio, in place of Florence Mutchler. Incumbent's commission expired December 15, 1925.

George W. Hurless to be postmaster at Waterville, Ohio, in place of G. W. Hurless. Incumbent's commission expires February 3, 1926.

William G. Hoffer to be postmaster at Willshire, Ohio, in place of W. G. Hoffer. Incumbent's commission expires February 3, 1926.

OREGON

William G. Smith to be postmaster at Mill City, Oreg., in place of W. G. Smith. Incumbent's commission expires February 2, 1926.

Reber G. Allen to be postmaster at Silverton, Oreg., in place of R. G. Allen. Incumbent's commission expires February 2, 1926.

PENNSYLVANIA

John L. Chapman to be postmaster at Blue Ridge Summit, Pa., in place of J. L. Chapman. Incumbent's commission expires February 2, 1926.

Rufus H. Ingraham to be postmaster at Genesee, Pa., in place of R. H. Ingraham. Incumbent's commission expires February 2, 1926.

Benjamin F. Evans to be postmaster at Hopewell, Pa., in place of B. F. Evans. Incumbent's commission expired January 30, 1926.

Alfred L. Evans to be postmaster at Kane, Pa., in place of A. L. Evans. Incumbent's commission expires February 2, 1926.

Frederick W. Kiefhaber to be postmaster at McVeytown, Pa., in place of F. W. Kiefhaber. Incumbent's commission expires February 2, 1926.

Wilberforce Schweyen to be postmaster at Mifflintown, Pa., in place of Wilberforce Schweyen. Incumbent's commission expires February 2, 1926.

William L. Swarm to be postmaster at Millheim, Pa., in place of W. L. Swarm. Incumbent's commission expires February 2, 1926.

Benjamin L. Ross to be postmaster at Monongahela, Pa., in place of B. L. Ross. Incumbent's commission expires February 2, 1926.

Harry H. Carey to be postmaster at Plymouth, Pa., in place of H. H. Carey. Incumbent's commission expires February 2, 1926.

Gilbert C. McIntyre to be postmaster at Six Mile Run, Pa., in place of G. C. McIntyre. Incumbent's commission expired January 30, 1926.

Albert E. Franklin to be postmaster at Sutersville, Pa., in place of A. E. Franklin. Incumbent's commission expires February 2, 1926.

Julia C. Gleason to be postmaster at Villanova, Pa., in place of J. C. Gleason. Incumbent's commission expires February 2, 1926.

SOUTH CAROLINA

John S. McCall to be postmaster at Society Hill, S. C. Office became presidential October 1, 1920.

SOUTH DAKOTA

Lyman J. Bates to be postmaster at Lake Preston, S. Dak., in place of L. J. Bates. Incumbent's commission expires February 2, 1926.

TENNESSEE

James S. Braswell to be postmaster at Murfreesboro, Tenn., in place of R. W. Vickers, resigned.

TEXAS

William C. Kenyon to be postmaster at Amarillo, Tex., in place of W. C. Kenyon. Incumbent's commission expires February 3, 1926.

John W. Ward to be postmaster at Big Springs, Tex., in place of J. W. Ward. Incumbent's commission expires February 3, 1926.

Hugh B. Eades to be postmaster at Blossom, Tex., in place of H. B. Eades. Incumbent's commission expires February 3, 1926.

Joseph N. Johnson to be postmaster at Dalhart, Tex., in place of J. N. Johnson. Incumbent's commission expires February 3, 1926.

Charles E. Bradford to be postmaster at Decatur, Tex., in place of C. E. Bradford. Incumbent's commission expires February 3, 1926.

Oscar Yeager to be postmaster at Ringgold, Tex., in place of Oscar Yeager. Incumbent's commission expires February 3, 1926.

Peter G. Lucas to be postmaster at San Antonio, Tex., in place of P. G. Lucas. Incumbent's commission expires February 3, 1926.

WEST VIRGINIA

Madge M. Adkins to be postmaster at Hamlin, W. Va., in place of M. M. Adkins. Incumbent's commission expires February 3, 1926.

Clay A. Wilcox to be postmaster at Piedmont, W. Va., in place of C. A. Wilcox. Incumbent's commission expired January 30, 1926.

WISCONSIN

Hartvig J. Elstad to be postmaster at Whitehall, Wis., in place of H. J. Elstad. Incumbent's commission expired January 18, 1926.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 1, 1926

POSTMASTERS

IDAHO

Pearl Lewis, Carey.
Christian Schwendiman, Sugar.

KENTUCKY

Walter L. Prince, Benton.
Ella Cheif, Bradfordsville.

MASSACHUSETTS

Frederick A. Shepard, Amherst.
Wilmur B. Brown, Harvard.
William F. Runnells, Newburyport.
Charlotte L. Parker, Osterville.

PENNSYLVANIA

Charles E. Pass, Harrisburg.

TEXAS

Don Parker, Liberty.
Jennie W. Reynolds, Mason.
Fred W. Hines, Wiergate.

HOUSE OF REPRESENTATIVES

MONDAY, *February 1, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, who dwellest in the beauty and glory of infinite holiness, we draw nigh to Thee as our heavenly Father. So regard us that our minds may be awake with good desire. Be Thou with us that we may cultivate the heavenly graces of charity and forgiveness. If any hearts are heavy, if the yoke hurts, restrain and sanctify these experiences. Bless our whole country. May our entire citizenship stand together in compelling purpose for those principles that enrich and ennoble our Republic. Give bread and shelter to the homeless; give comfort to those who are in affliction; give wisdom to any who may be in perplexity. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday last was read and approved.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that this day they presented to the President of the United States, for his approval, the following joint resolution and bill:

H. J. Res. 107. To provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

H. R. 7484. Granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River, near Fulton, Ark.

EXTENSION OF REMARKS

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent that I be permitted to extend my remarks in the RECORD by printing a speech by the Hon. Ed. T. Frank, of the commerce board of education, on the question of vocational education. I think it contains so much of valuable information that Members ought to have it.

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BLACK of Texas. Mr. Speaker, reserving the right to object, the gentleman was, perhaps, not in the House the other day when I gave notice that I was going to object to any newspaper articles, magazine articles, or speeches delivered other than by Members of Congress. If the gentleman wants to insert his own remarks I will not object, but I do object to this.

The SPEAKER. The gentleman from Texas objects, and the Clerk will call the Consent Calendar.

COMPLETION OF MEMORIAL TO UNKNOWN SOLDIER

The first business on the Consent Calendar was the joint resolution (H. J. Res. 83) to authorize the completion of the Memorial to the Unknown Soldier.

The SPEAKER. Is there objection to the consideration of the House joint resolution?

Mr. TILSON. Mr. Speaker, as we all know the circumstances under which our colleague, Mr. LUCE, was called to his home, and as this bill was reported by him, and also another bill, No. 27 on the calendar, I ask unanimous consent that the two bills may remain on the calendar without prejudice?

The SPEAKER. The gentleman from Connecticut asks unanimous consent that House Joint Resolution 83, No. 5 on the calendar, and No. 27 on the calendar, be passed without prejudice to-day. Is there objection?

There was no objection.

DIXIE HIGHWAY

The next business on the Consent Calendar was the bill (S. 1478) to authorize the transfer of the title to and jurisdiction over the right of way of the new Dixie Highway to the State of Kentucky.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask the gentleman a question? The Dixie Highway, as designated by the automobile organization, extends throughout the State. I have driven over the Dixie Highway frequently. Does the part to which the gentleman refers go through Camp Knox only or through the entire State?

Mr. VINSON of Kentucky. The part that the bill refers to goes through Camp Knox.

Mr. GARRETT of Tennessee. Does the bill say so in so many words?

Mr. VINSON of Kentucky. It says through Camp Knox Military Reservation. I might say to the gentleman that the old road was discontinued in 1918, and the present Dixie Highway was constructed across this reservation and is the only part affected.

Mr. GARRETT of Tennessee. I want to say to my friend that I am not quite sure. If it merely refers to what has been a military reservation, and turns it over to the State there is no objection, but if it goes beyond that—let me ask the gentleman, is there a State law recognizing the Dixie Highway beyond Camp Knox?

Mr. VINSON of Kentucky. Yes; on the other side. In 1919 the old Dixie Highway came out on the West Point side, and the road was in so close proximity to the target range that the War Department closed the old Dixie Highway and built this road, which we know and have known since 1918 as the Dixie Highway. There was an informal agreement between Hardin County and the Federal Government that the old road would be turned over to the Federal Government and then this road turned over to the State.

The Government spent a million two hundred thousand dollars building the new road which is now known as the Dixie Highway. The Governor of Kentucky, who is ex officio chairman of the board of highways, desires this road to be turned over to the State because of the fact that the State highway commission can not use any of the State's money in making repairs on this road, and it is serious.

Mr. GARRETT of Tennessee. The designation of Dixie Highway runs far beyond Camp Knox; it runs down through Bowling Green, all down through that part of the country.

Mr. VINSON of Kentucky. This bill only applies, as I read it, to that portion of the Dixie Highway that runs through Camp Knox Military Reservation, 50 feet wide, where the highway is now located.

Mr. GARRETT of Tennessee. I am not going to object to the gentleman's bill, but there are questions that might be looked into beyond that.

Mr. RANKIN. The Dixie Highway runs down through Nashville, and if this is passed it will expedite the improvement of the highway down to the Tennessee line.

Mr. VINSON of Kentucky. Yes.

Mr. RANKIN. I hope it will.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is authorized, after the easement for the right of way for the new Dixie Highway is acquired from the property owners, to convey the same to the State of Kentucky or to the proper county or other subdivision of the said State, together with an easement 50 feet wide across the Camp Knox Military Reservation where the highway is now located and constructed, when the proper authorities of the said State or subdivision thereof shall vacate the old Dixie Highway within Camp Knox and accept or take possession of the new Dixie Highway: *Provided*, That upon the conveyance to the State of Kentucky or to the proper legal subdivision thereof of the easement for the right of way for the new highway across Camp Knox and upon acceptance or entry into possession by the said State or subdivision thereof of such right of way political jurisdiction and control thereover shall vest in the State of Kentucky: *Provided further*, That in the event of the discontinuance or abandonment of the said new Dixie Highway, or any part thereof where the same extends across the reservation, the title to and jurisdiction of the State over such highway shall at once revert to the United States.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. VINSON of Kentucky, a motion to reconsider the vote whereby the bill was passed was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed the bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 481. An act to amend section 8 of an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, amended August 23, 1912; March 3, 1913; and July 24, 1919.

SENATE BILL 481 REFERRED

Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 481. An act to amend section 8 of an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906; amended August 23, 1912; March 3, 1913; and July 24, 1919; to the Committee on Interstate and Foreign Commerce.

BRIDGE ACROSS SUSQUEHANNA RIVER

The next business on the Consent Calendar was the bill (H. R. 3794) granting the consent of Congress to the counties of Lancaster and York, in the State of Pennsylvania, to jointly construct a bridge across the Susquehanna River between the borough of Wrightsville, in York County, Pa., and the borough of Columbia, in Lancaster County, Pa.

Mr. WYANT. Mr. Speaker, the gentleman from Pennsylvania [Mr. PHILLIPS] is unavoidably absent, and he has requested me to ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the bill be passed over without prejudice. Is there objection?

There was no objection.

SALE OF SURPLUS WAR DEPARTMENT REAL PROPERTY

The next business on the Consent Calendar was the bill (S. 1129) authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property, and authorizing the sale of certain military reservations, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLACK of Texas. Mr. Speaker, I object.

Mr. HILL of Maryland. Mr. Speaker, will the gentleman reserve his objection?

Mr. BLACK of Texas. Yes.

Mr. HILL of Maryland. Since this matter came up last I have been over it with every gentleman who has any amendment to suggest. We have taken all of those amendments and they have been gone over by the War Department, and the Appropriations Committee has suggested an amendment. The bill is now in such condition that I think there would be no objection to it.

Mr. BLACK of Texas. This bill would involve the expenditure of a good many million dollars, and it is such a bill that I do not think ought to be taken up and considered under unanimous consent.

Mr. HILL of Maryland. The Budget has approved it.

Mr. BLACK of Texas. The gentleman understands that my objection is based upon the fact that no bill involving an expenditure of many millions of dollars ought to be passed under unanimous consent.

Mr. HILL of Maryland. I agree entirely with the gentleman generally; but this bill does not, with the proposed committee amendments, authorize the expenditure of anything. It only authorizes the sale of this property, and the amendment suggested by the Committee on Appropriations specifically provides that no money can be expended until Congress appropriates it.

Mr. BLACK of Texas. I understand that, but the gentleman does admit that it involves the sale of property valued at many millions of dollars.

Mr. HILL of Maryland. Oh, yes.

Mr. BLACK of Texas. And the setting up of a special fund to be known as the Army post fund.

Mr. HILL of Maryland. But the money can not be expended until Congress specifically appropriates it.

Mr. BLACK of Texas. I agree to all of that; but it would be setting up in the Treasury Department a separate fund.

Mr. HILL of Maryland. Yes; it would be tagged as a separate fund.

Mr. BLACK of Texas. I think the House ought to have more time in which to consider such a measure, and I object.

The SPEAKER. The gentleman from Texas objects, and the bill is stricken from the calendar.

REMOVING RESTRICTIONS FROM KAW INDIANS IN OKLAHOMA

The next business on the Consent Calendar was the bill (H. R. 6727) to authorize the Secretary of the Interior to issue certificates of competency removing the restrictions against alienation on the inherited lands of the Kansas or Kaw Indians of Oklahoma.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. EDWARDS. Mr. Speaker, reserving the right to object, I would like to have some information with respect to it.

Mr. HASTINGS. Mr. Speaker, inasmuch as I reported this bill for the Committee on Indian Affairs, I shall undertake to give the gentleman the information. As the bill indicates, it merely authorizes the Secretary of the Interior to declare competent the Indians who are heirs of the Kaw Indian allottees and permits estates to be settled up. The Secretary of the Interior now has the authority to issue certificates of competency to the Kaw Indian allottees, and they then thereafter may sell and dispose of their allotments as they may see fit, but that does not apply to the heirs of Kaw Indian allottees, and this bill merely authorizes the Secretary of the Interior to declare the heirs competent, the same as he now under the law has the right to declare allottees competent. The bill is clearly in the interest of members of the tribe in order that it may permit the settlement of estates of Kaw allottees.

Mr. EDWARDS. Mr. Speaker, I withdraw the reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized, in his discretion, to issue certificates of competency removing the restrictions against alienation covering all or any part of the inherited lands of the Kansas or Kaw Indians in Oklahoma, upon the request therefor of the legal heirs to the estates of the deceased allottees: *Provided*, That these certificates shall be of the same form and legal effect as those issued to members of that tribe for their original homesteads and surplus land allotments, under section 10 of the act of Congress of July 1, 1902 (32 Stat. L. p. 636-639).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was ordered to lie on the table.

RELIEF OF EMPLOYEES OF BETHLEHEM STEEL CO.

The next business on the Consent Calendar was the bill (H. R. 7732) amending the act of March 4, 1925, for the relief of employees of the Bethlehem Steel Co., Bethlehem, Pa.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLACK of Texas. Mr. Speaker, reserving the right to object, will the gentleman from Massachusetts [Mr. UNDERHILL] agree that this bill go over without prejudice?

Mr. UNDERHILL. Unless I can convince the gentleman that there is no reason for having that done.

Mr. BLACK of Texas. I would have to have more time in which to study it.

Mr. UNDERHILL. This bill is merely to carry out the provisions of a law which Congress passed at the last session. The Comptroller General held that according to the terms of that act he could not pay the amounts awarded to employees of the Bethlehem Steel Co. who took service in that company after a certain date. The consequence is that those who were entitled to this money would under that ruling be deprived of it, and the whole amount instead of being divided among several thousand employees would be divided among comparatively few. Consequently it is necessary that we make this absolutely clear before these men who are entitled to amounts awarded them might receive them.

Mr. BLACK of Texas. How much is involved?

Mr. UNDERHILL. Oh, there is over a million dollars involved.

Mr. BLACK of Texas. I hope the gentleman will agree that it may go over without prejudice. I want to look into it a little further.

Mr. UNDERHILL. The money has already been appropriated.

Mr. BLACK of Texas. Very well, it will not lose its place on the calendar. I shall have to object unless the gentleman agrees to that.

Mr. UNDERHILL. Very well.

Mr. BLACK of Texas. Then, Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

BRIDGE ACROSS SNAKE RIVER, OREG.

The next business on the Consent Calendar was the bill (S. 1779) granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. RANKIN. Mr. Speaker, reserving the right to object, I notice this bill provides Congress gives the right to construct and operate the bridge. Is this to be a toll bridge or free bridge?

Mr. SINNOTT. The report states it is going to be a free bridge.

Mr. RANKIN. If it is a free bridge then I have no objection.

The SPEAKER. The Chair hears no objection. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the States of Oregon and Idaho, through their State highway commissions or departments, be, and they are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto over the Snake River at a point suitable to the interests of navigation, at or near a point known as Ballards Landing, the same being approximately 3 miles northeasterly from the town of Homestead, in the State of Oregon, and all in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter or amend this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS THE RIO GRANDE

The next business on the Consent Calendar was the bill (H. R. 4084) granting consent of Congress to Texas-Coahuila Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress be, and is hereby, granted to the Texas-Coahuila Bridge Co., a corporation organized under the laws of Texas, to construct, maintain, and operate a bridge and approaches thereto at a point suitable to the interests of navigation across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906: *Provided*, That the consent of the proper authorities of the Republic of Mexico to the construction, maintenance, and operation of the bridge shall also be obtained.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS THE RIO GRANDE

The next business on the Consent Calendar was the bill (H. R. 6515) granting the consent of Congress to the Gateway Bridge Co. for construction of a bridge across the Rio Grande between Brownsville, Tex., and Matamoras, Mexico.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress be, and is hereby, granted to the Gateway Bridge Co., a corporation organized under the laws of Delaware, to construct, maintain, and operate a bridge and approaches thereto at a point suitable to the interests of navigation across the Rio Grande between Brownsville, Tex., and Matamoras, Mexico, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906: *Provided*, That the consent of the proper authorities of the Republic of Mexico to the construction, maintenance, and operation of the bridge shall also be obtained.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The committee amendment was read as follows:

Page 1, line 8, strike out "Matamoras" and insert in lieu thereof "Matamoros," and on page 2 amend the title.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS THE RIO GRANDE

The next business on the Consent Calendar was the bill (H. R. 6733) granting the consent of Congress to the construction of a bridge across the Rio Grande.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, to whom does this consent go, if the gentleman knows?

Mr. HUDSPETH. It goes to P. D. Anderson and H. E. Dupuy, two citizens down there.

Mr. LAGUARDIA. Is there any provision in regard to reversion to the State at any time?

Mr. HUDSPETH. That is taken care of in the bill, where it says that such construction is to be made in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," and only to be made with the consent and approval of the Republic of Mexico.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to P. D. Anderson and H. E. Dupuy, their successors and assigns, to construct, maintain, and operate a bridge, and approaches thereto, across the Rio Grande, at a point suitable to the interests of navigation at or near the point known as Presidio, Tex., on the American side of the river, opposite the point known as Ojinaga, Republic of Mexico, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, such construction to be made only with the consent and approval of the Republic of Mexico.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The committee amendment was read, as follows:

Page 1, line 7, strike out the word "at," and insert the word "as."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS THE TUG FORK OF THE BIG SANDY RIVER

The next business on the Consent Calendar was the bill (H. R. 6740) to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about two miles and a half east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none.

The Clerk read as follows:

Be it enacted, etc., That the Norfolk & Western Railway Co., a corporation organized under the laws of the State of Virginia and authorized to do business in the State of West Virginia and operate railways in Kentucky, its successors and assigns, be, and they are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Tug Fork of Big Sandy River at a point suitable to the interests of navigation at or near a point about two miles and a half east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch, in Mingo County, W. Va., where the said Tug Fork forms the boundary line between the States of West Virginia and Kentucky, in accordance with the provisions of the act to regulate the construction of bridges over navigable waters, approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The committee amendment was read, as follows:

Page 1, line 3, after the word "that," insert "the consent of Congress is hereby granted to," and in line 7 strike out the words "be, and they are hereby, authorized," and amend the title.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended.

EXCHANGE OF LANDS IN SAN MIGUEL, MORA, AND TAOS COUNTIES, N. MEX.

The next business on the Consent Calendar was the bill (H. R. 6355) providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, and Taos Counties, N. Mex., within the Mora grant, and adjoining one or more national forests, by exchanging therefor lands or timber within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized in his discretion to accept on behalf of the United States title to all or any part of privately owned lands, situated within the Mora grant, as described in the patent issued by the United States, located in the counties of San Miguel, Mora, and Taos, in the State of New Mexico, and adjoining one or more national forests, if in the opinion of the Secretary of Agriculture public interests will be benefited thereby, and the lands are chiefly valuable for national forest purposes, and in exchange therefor to patent not to exceed an equal value of national forest land in that State or the State of Arizona, or the Secretary of Agriculture may authorize grantor to cut and remove an equal value of timber within the national forests of the State of New Mexico or of the State of Arizona, the values in each case to be determined by the Secretary of Agriculture and acceptable to the grantor as a fair compensation. Timber given in exchange shall be cut and removed under the laws and regulations relating to the national forests, and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture: *Provided*, That the consent and approval of the Governor of Arizona shall have first been secured before any timber is given in exchange in the State of Arizona under this act.

SEC. 2. Lands offered for exchange hereunder and not covered by public land surveys or identified by surveys of the United States shall be identified by metes and bounds surveys, and that such surveys and the plats and field notes thereof may be made by employees of the United States Forest Service and approved by the United States Surveyor General.

SEC. 3. Any lands conveyed to the United States under the provisions of this act shall, upon acceptance of the conveyance thereof, become and be a part of the Carson National Forest or of the Santa Fe National Forest, as the Secretary of Agriculture may determine.

SEC. 4. Before any such exchange is effected notice of the contemplated exchange reciting the lands involved shall be published once each week for four successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands to be accepted, and in some like newspaper published in any county in which may be situated any lands or timber to be given in such exchange.

The committee amendment was read as follows:

Page 2, line 1, strike out the word "and" and after the word "Taos" insert the words "and Colfax," and amend the title.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended.

BRIDGE ACROSS THE FOX RIVER

The next business on the Consent Calendar was the bill (S. 1810) granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, at a point suitable to the interests of navigation, in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of brides over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next bill.

BRIDGE ACROSS THE FOX RIVER

The next business on the Consent Calendar was the bill (S. 1811) granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, at a point suitable to the interests of navigation, in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. The question is on the third reading of the bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next one.

SCHOOL LANDS IN CASCADE COUNTY, MONT.

The next business on the Consent Calendar was the bill (H. R. 187) making a grant of land for school purposes, Fort Shaw Division, Sun River project, Montana.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to issue patent conveying lots 14 and 15, section 2, and lots 11 and 12, section 11, township 20 north, range 2 west, containing 30.76 acres, to school district No. 82, Cascade County, State of Montana, for school purposes: *Provided*, That this grant is made upon the payment of $1.25 per acre: *Provided further*, That said patent shall be issued upon the express condition that the said school district shall use said tract of land for public school purposes: *Provided further*, That whenever said land shall cease to be used by said school district for school purposes or attempted to be sold or conveyed, then, and in that event, title to such land and the whole thereof shall revert to the United States: *Provided further*, That such patent shall contain a reservation to the United States of all gas, oil, coal, and other mineral deposits as may be found in such land and the right to the use of the land for extracting and removing the same.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

AMENDMENT OF THE INDIAN WAR PENSION ACT

The next business on the Consent Calendar was the bill (H. R. 306) to amend the second section of the act entitled "An act to pension the survivors of certain Indian wars from January 1, 1859, to January, 1891, inclusive, and for other purposes," approved March 4, 1917, as amended.

The title of the bill was read.

The SPEAKER. Is there objection to the consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to pension the survivors of certain Indian wars from January 1, 1859, to January, 1891, inclusive, and for other purposes," approved March 4, 1917, as amended is amended to read as follows:

"SEC. 2. The period of service performed by beneficiaries under this act shall be determined: First, by reports from the records of the War Department, where there are such records; second, by reports from the records of the General Accounting Office showing payment by the United States, where there is no record of regular enlistment or muster into the United States military service; and, third, when there is no record of service or payment for same in the War Department or the General Accounting Office by satisfactory evidence from muster rolls on file in the several State or Territorial archives; fourth, where no record of service has been made in the War Department or General Accounting Office and there is no muster roll or pay roll on file in the several State or Territorial archives showing service of the applicant, or where the same has been destroyed by fire or otherwise lost, or where there are muster rolls or pay rolls on file in the several State or Territorial archives but the applicant's name does not appear thereon, the applicant may make proof of service by furnishing evidence satisfactory to the Commissioner of Pensions: *Provided*, That the want of a certificate of discharge shall not deprive any applicant of the benefits of this act."

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next bill.

COMPLETION OF ROAD FROM TAHOLAH TO MOCLIPS, WASH.

The next business on the Consent Calendar was the bill (H. R. 97) authorizing an appropriation of $50,000 from the tribal funds of the Indians of the Quinaielt Reservation, Wash., for the completion of the road from Taholah to Moclips, on said reservation.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That there is hereby authorized an appropriation of $50,000 from the tribal funds of the Indians of the Quinaielt Reservation, Wash., for the completion of the road on said reservation from Taholah to Moclips, under such rules and regulations as may be prescribed by the Secretary of the Interior.

With committee amendments, as follows:

Page 1, line 8, strike out the words "an appropriation" and insert "to be expended the sum"; and, in line 5, after the word "the," insert "improvement and"; and, in line 8, after the word "Interior," insert "and to be available until expended: *Provided*, That Indian labor shall be employed as far as practicable."

Amend the title.

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the amendment of the title.

The title was amended.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. The Clerk will report the next bill.

SIOUX CLAIMS FOR LOSS OF HORSES

The next business on the Consent Calendar was the bill (H. R. 5850) authorizing an appropriation for the payment of certain claims due certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. EDWARDS. Reserving the right to object, Mr. Speaker, can the gentleman from South Dakota [Mr. WILLIAMSON] give us some information about this?

Mr. WILLIAMSON. This bill simply authorizes an appropriation of the necessary amount of money to cover a claim which has already been passed upon and approved by the Department of the Interior. Under a bill that passed this Congress several years ago a commission was created in the Interior Department that was to pass upon the particular claims here involved.

Mr. EDWARDS. Were the horses destroyed?

Mr. WILLIAMSON. Yes; 465 head of horses.

Mr. EDWARDS. How were they destroyed?

Mr. WILLIAMSON. They were shot by order of the Interior Department upon the theory that they were afflicted with glanders, but it turned out that they were not. The original inspection was made by one Doctor Elliott, employed by the Indian Bureau, but who made a wrong diagnosis. The Indians protested the killing of the horses, claiming they were not suffering from glanders. Later an inspection of these horses was made by a veterinarian of the War Department and one from the Department of Agriculture. They both applied scientific tests and found that the horses killed had not been glandered.

Mr. EDWARDS. How much of an appropriation does it carry?

Mr. WILLIAMSON. The appropriation may amount to about $15,000 all told. It only amounts to from $30 to $35 a head for the horses killed. At any rate, it is a very small amount.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. LAGUARDIA. Did I understand the gentleman to say that these horses were inspected by a veterinarian from the Army and one from the Department of Agriculture?

Mr. WILLIAMSON. They were inspected by them after the killing; yes.

Mr. LAGUARDIA. After the killing?

Mr. WILLIAMSON. Yes.

Mr. LAGUARDIA. Were they slaughtered on an order to kill without inspection?

Mr. WILLIAMSON. No; they were inspected in the first instance by a veterinarian from Aberdeen, S. Dak., selected by the Indian Bureau. He went out there and inspected these horses and condemned them as having glanders. The Indians protested that they did not have glanders.

Mr. LAGUARDIA. The Indians knew what they were talking about, then.

Mr. WILLIAMSON. Yes; the first veterinarian was dead wrong. They did not have glanders at all, and finally so much protest arose from the Indians and the whites out there that they sent out new inspectors from the Department of Agriculture and the War Department.

Mr. LAGUARDIA. Is there any provision of law in the gentleman's State whereby a gentleman who has a license to practice veterinary surgery may be removed from the rolls if he is so ignorant or careless as to order a wholesale destruction of horses in this way and then have the American people pay for them? It seems to me a man like that should not be permitted to run around with such a diploma in his pocket.

Mr. WILLIAMSON. So far as that particular veterinarian is concerned, he was never called on again by the department. A veterinarian in our State can, of course, be removed for incompetency. I do not know what action, if any, was taken against the veterinarian in question.

Mr. LAGUARDIA. It was certainly a costly experience.

Mr. WILLIAMSON. Yes, I quite agree with the gentleman.

Mr. EDWARDS. Further reserving the right to object, Mr. Speaker, how much does the gentleman say this appropriation would be?

Mr. WILLIAMSON. I have not the bill before me, but $15,345 is the total amount.

Mr. EDWARDS. Has this matter ever been submitted to the Court of Claims?

Mr. WILLIAMSON. No; it has not been submitted to the Court of Claims. These claims were made by people who lost one, two, or, in some cases, three horses apiece. For them to prosecute their cases in the Court of Claims would be too expensive for the individual Indian, and so, in order that the matter might be disposed of and finally settled up, we passed a law here two years ago authorizing the Department of the Interior to appoint a commission to pass upon these claims. They have done that and have made a final report to Congress.

Mr. EDWARDS. So the commission reported and recommended that these amounts be paid?

Mr. WILLIAMSON. Yes.

Mr. EDWARDS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $15,345, to be expended by the Secretary of the Interior in payment of the several amounts ascertained and determined by the Secretary of the Interior to be due as established by his report to the Congress, which report was made in conformity with the act of Congress dated June 7, 1924, Public, 211, Sixty-eighth Congress, entitled "An act authorizing the Secretary of the Interior to investigate and report to Congress the facts in regard to the claims of certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

REPEALING ACT PROVIDING FOR CHANGE OF ENTRY

The next business on the Consent Calendar was the bill (H. R. 5242) to repeal the act approved January 27, 1922, providing for change of entry, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Oregon a question. I have not a copy of the statute before me which the gentleman is seeking to repeal. Is this one of the general statutes with reference to homestead entries or is it a matter of particular application to the western situation?

Mr. SINNOTT. It relates more particularly to the western situation. I introduced this bill at the request of the Secretary of the Interior. The act desired to be repealed is a remedial act, and the Secretary finds it has been abused. Most of the cases which the act was intended to cover have been taken care of. The Assistant Secretary, Judge Finney, tells me that attorneys have been searching and gleaning over the records and resurrecting a lot of old stale claims, claims that were canceled 15 or 25 or 30 years ago, claims that the act was not designed to cover at all, and for this reason the Secretary feels that the act is being greatly abused.

Mr. BANKHEAD. What are the essential features of the act which the gentleman is seeking to repeal?

Mr. SINNOTT. The essential features of the act are these: There is an old act of Congress which provided that unless within two years after the issuance of a receiver's certificate for the land there is a contest or protest pending, then the entryman having made satisfactory final proof is entitled to receive his patent. In a number of those old cases protests were filed, but adverse proceedings were not commenced in the two-year period by serving notice. The two years' time had elapsed. Now, the old ruling was that they could serve notice after the two years. A case was taken to the Supreme Court of the United States, and the court held that after the two years had elapsed, unless adverse proceedings were commenced and notice served upon the entryman, the entryman was entitled to receive his patent. By virtue of the old ruling, a number of entries were canceled. Then the courts held that the original entryman could sue the second entryman and have him declared trustee for the original entryman; so in order to meet that situation this act was passed that we are about to repeal, this provides that if the land of the original entryman had been disposed of he could file a claim for a new piece of land instead of suing the second entryman. It was really to take care of the first entryman, so that he could take another piece of land. Now, all the cases designed to be relieved have really been relieved in the department. The Secretary of the Interior in his letter indicates that parties are gleaning over the records and resurrecting a lot of old, stale claims and really using this act as a sort of scrip act.

Mr. BANKHEAD. I will say to the gentleman that his explanation is very lucid. My only purpose in making inquiry is that my State is still a public-land State, although we have very few acres open to homestead, and I wanted to know if it, in effect, changed the general provisions of law with reference to homestead entries.

Mr. SINNOTT. No. This is a specific act.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of Congress approved January 27, 1922, entitled "An act to amend section 2372 of the Revised Statutes," be, and the same is hereby, repealed: *Provided*, That any applications heretofore filed under the provisions of this act, or any claim of which notice is filed within 60 days from the approval of this act, upon which applications are presented within one year from the date of approval of this act, may be perfected and patents issue therefor the same as if this act had not been passed: *Provided further*, That when the selection in exchange fails for no fault on the part of the selector another selection in exchange may be made if filed within one year from notice to the selector of the rejection of the selection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote whereby the bill was passed laid on the table.

BRIDGE ACROSS THE FOX RIVER NEAR DUNDEE, ILL.

The next business on the Consent Calendar was the bill (H. R. 5240) to authorize the construction of a bridge across the Fox River in Dundee Township, Kane County, Ill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Chicago & North Western Railway Co., a corporation organized and existing under the laws of the State of Illinois, and its successors and assigns, to construct, maintain, and operate a bridge across the Fox River at a point suitable to the interests of navigation in sections 15 and 22, township 42 north, range 8 east of the third principal meridian, the same being in Dundee Township, Kane County, Ill., in accordance with the act of Congress entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

BRIDGE ACROSS THE FOX RIVER, COUNTY OF M'HENRY, STATE OF ILLINOIS

The next business on the Consent Calendar was the bill (H. R. 6090) granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, at a point suitable to the interest of navigation, in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the construction of the bridge authorized by this act be commenced within three years and completed within five years from the date of the passage of this act.

SEC. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 2, strike out lines 3, 4, and 5.

Page 2, line 6, strike out "3" and insert "2" in lieu thereof.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the bill was passed was laid on the table.

BRIDGE ACROSS A PORTION OF LAKE MICHIGAN

The next business on the Consent Calendar was the bill (H. R. 7187) granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. DENISON. Mr. Speaker, reserving the right to object, and I shall not object, the calendar shows that the report in this case was filed by the gentleman from Michigan [Mr. MAPES]. That is a mistake. I think it occurred by reason of an oversight of the clerk of the committee. The usual procedure is for the chairman to assign the bill for making report to the Member from the State in which the bridge is located. In this case the report was assigned to me, but by a mistake on the part of the clerk the RECORD shows that the report was made by the gentleman from Michigan [Mr. MAPES]. As a matter of fact, I made the report, and I am making this statement to correct the RECORD. In fact, the gentleman from Michigan [Mr. MAPES] had objections to the bill, which he withdrew reluctantly.

Mr. MAPES. Mr. Speaker, further reserving the right to object, as the gentleman from Illinois has said, my name appears erroneously as having made the report of the committee on this bill. I did not make the report. The State of Michigan is intensely interested in the level of the lake, and that level is affected by the Chicago River and the Chicago Drainage Canal. When this bill was called up in committee by the gentleman from Illinois [Mr. DENISON], I asked to have it go over until I had had an opportunity to consult the Chief of Engineers and others about it, with the view especially of ascertaining whether or not it would in any way affect the lake level. After consulting with the Chief of Engineers and others and being assured by them that it would in no way affect the level of the lake, I withdrew my objection to the bill. I did not, however, make the report.

Mr. BRITTEN. Mr. Speaker, a like bill has been presented in the Senate by Senator MCKINLEY, of Illinois. This bridge will link the outer-drive systems of Grant Park and Lincoln Park and should have been erected a long time ago. The way to improve traffic congestion in the loop district of Chicago is to remove as much of it as possible just as quickly as possible, and this outer drive between the north and south sides will do more to absolutely remove congestion than anything else I know of. Downtown congestion with its vexatious delays is now costing the citizens of Chicago millions of dollars a year, and I hope that there will be no delay in the passage of my bill by the House.

Mr. Speaker, the bridge contemplated in this bill will cost about $8,000,000, which amount must first be authorized by the voters in an election to be held next April. The matter is really of much greater importance than the ordinary bridge bill usually acted upon by the House.

The urgent need of Chicago is for more and more avenues of transportation, and of these perhaps none is so necessary as a route to parallel Michigan Avenue north and south and so relieve the congestion on the eastern edge of the downtown district. The outer drives of the two park systems are planned to fulfill exactly that function, but they are worthless as they now stand without the connecting bridge.

The outer-drive bridge is vitally necessary to Chicago, and I sincerely hope that no gentleman on the floor will raise even a temporary objection to the passage of my bill to-day.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, and their successors and assigns, to construct, maintain, and operate, at a point suitable to the interests of navigation, a bridge and approaches thereto across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill., in the city of Chicago, county of Cook, and State of Illinois, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DENISON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

DEFINING TRESPASS ON COAL LAND OF THE UNITED STATES

The next business on the Consent Calendar was the bill (H. R. 7371) to define trespass on coal land of the United States and to provide a penalty therefor.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Reserving the right to object, is this the bill of the gentleman from California?

Mr. SWING. No. It is a department bill.

Mr. BANKHEAD. I would like to ask whether or not there is any statute that seeks to protect coal land of this kind from trespass.

Mr. SWING. No. The department says there is no express provision on the subject at all.

Mr. BANKHEAD. I want to say that I live in a section of the country where we have land of this character. In my home county and other counties in my district there are a number of coal mines, and the Government still owns public land in which the mineral rights are reserved. In a few instances they still own property there in fee simple. I recently had occasion for a constituent of mine to have this very question up with the Commissioner of the General Land Office, where the constituent apparently owned the legal title to this property by the records on file in the land office in Montgomery, Ala. He had mined coal from the land in large quantities. The Government claimed that he had no title to the land. It was afterwards decided by the Land Office that he did have equitable title to the land. Under this bill, if he had been prosecuted before the last decision of the Land Office, he would have had no legal or equitable defense against an indictment.

I think if we pass this bill in the language in which it is drawn that an innocent trespasser, a man who under a bona fide claim of right, an honest belief that he had the right to mine coal from property of this sort, would be guilty of the violation of the statute. Under the phraseology of the statute you make it a prima facie case of guilt if he merely mines coal from any of the lands described as belonging to or being reserved to the Government. It seems to me there ought to be some limitation on the right of prosecution. It ought to appear in the law that if the trespass is wrongfully or willfully committed, with knowledge that the offender does not own the property, then he would be guilty. Otherwise I think an opportunity ought to be offered in the statute for an innocent trespasser to show that he was prosecuting his claim under a bona fide contention of right. I state very frankly to the gentleman that unless an amendment of that sort is incorporated in the bill I shall object to its consideration.

Mr. SWING. Mr. Speaker, I am willing to have the gentleman from Alabama offer such an amendment, but I think that every criminal act is a joint union of action and intent; and if we make the offense contingent upon what a man has in his mind, the State will never be able to prove a case, because every man that might be accused would state that he thought he was doing what he had a right to do.

Mr. BANKHEAD. The gentleman is a lawyer, and he knows that in many jurisdictions, in charges of larceny, breach of trust, conversion, and so forth, the offense must be affirmatively alleged to have been committed with wrongful intent upon the part of the person charged. Under the phraseology of this bill it is provided that it shall be unlawful to mine and remove coal of any description. If a man occupying the status that I have suggested, believing himself entitled to the privilege of going upon this land and mining coal, removes 1 ton of coal, however honestly he may have carried out his operation in the belief that he was entitled to do it, then there is no defense, and the Government would be entitled to the affirmative general charge against him in the trial of a case for a violation of this statute.

Mr. SWING. The language in the bill parallels language relating to removing timber from Government forests, and I have not heard any criticism that its interpretation and application worked hardship on innocent persons. I do not believe this would.

Mr. BANKHEAD. I ask the gentleman to point out any language in this bill by which an innocent person could claim immunity, however much he acted in good faith.

Mr. SWING. I suggest that the gentleman offer such an amendment.

Mr. BANKHEAD. After the word "intent," in line 6, I suggest that the word "wrongfully" be inserted.

Mr. SWING. I am willing to have the gentleman offer that amendment.

Mr. BANKHEAD. I think that would cover it and give a man an opportunity to make an explanation.

Mr. SINNOTT. That would be satisfactory.

Mr. BANKHEAD. Will the gentleman offer such an amendment?

Mr. SWING. I suggest that the gentleman from Alabama offer it.

Mr. BANKHEAD. Very well. With that understanding I withdraw the reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That it shall be unlawful to mine and remove coal of any character, whether anthracite, bituminous, or lignite, from beds or deposits in lands of the United States, or in deposits or beds reserved to the United States, with the intent to appropriate, sell, or dispose of the same, and every person who shall violate any of the provisions of this act shall be deemed guilty of misdemeanor and fined not more than $1,000 or imprisoned not more than one year, or both.

SEC. 2. Nothing in this act, however, shall interfere with any right or privilege conferred by existing laws of the United States.

Mr. BANKHEAD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 1, line 6, after the word "intent," insert the word "wrongfully."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

GRANTING CERTAIN LAND TO STOCKTON, CALIF.

The next business on the Consent Calendar was the bill (H. R. 5961) granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That lots 3 and 8, section 17, the southeast quarter of the northeast quarter section 18, township 3 north, range 11 east, and the west half of the southwest quarter section 21, township 4 north, range 11 east, Mount Diablo meridian, California, be, and the same are hereby, granted to the city of Stockton, Calif., for flood-control purposes, upon condition that the city shall make payment for the land at the rate of $1.25 per acre within six months after the approval of this act: *Provided*, That there shall be reserved to the United States all oil, coal, or other mineral deposits found at any time in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may provide: *Provided further*, That the grant herein is made subject to any valid existing claim or easements, and that the lands hereby granted shall be used by the city of Stockton, Calif, only for flood control or incidental purposes, and if the said land or any part thereof shall be abandoned for such use said land or such part shall revert to the United States; and the Secretary of the Interior is hereby authorized and empowered to declare such a forfeiture of the grant and to restore said premises to the public domain if at any time he shall determine that the city has for more than one year abandoned the land for the uses herein indicated, and such order of the Secretary shall be final and conclusive, and thereupon and thereby said premises shall be restored to the public domain and freed from the operations of this grant.

Mr. CURRY. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CURRY: Page 1, line 8, after the word "flood-control" insert the words "water supply and incidental."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURRY. Mr. Speaker, also the following amendment.

The Clerk read as follows:

Amendment offered by Mr. CURRY: Page 2, line 8, after the word "flood-control" insert the words "water supply."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

SIOUX INDIAN BATTLE MONUMENT

Mr. LEAVITT. Mr. Speaker, I ask unanimous consent to return to Calendar No. 27, a bill (H. R. 185) authorizing the Secretary of the Interior to acquire land and erect a monument on the site of the battle with the Sioux Indians in which the commands of Major Reno and Major Benteen were engaged.

The SPEAKER. The gentleman from Montana asks unanimous consent to return to Calendar 27. Is there objection?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to acquire, by condemnation or otherwise, such land as may be deemed appropriate, not exceeding 160 acres, on the site of the battle with the Sioux Indians in which the commands of Maj. Marcus A. Reno and Maj. Frederick W. Benteen were engaged, and to erect thereon a suitable monument and historical tablet.

SEC. 2. That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,500, or so much thereof as may be necessary, to carry out the provisions of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The SPEAKER. This concludes the Consent Calendar.

AGRICULTURAL APPROPRIATION BILL

Mr. MAGEE of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the Agricultural appropriation bill, with Mr. TREADWAY in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8264, the Agricultural appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes.

The CHAIRMAN. When the committee rose on Saturday there was an amendment pending offered by the gentleman from Texas [Mr. JONES]. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 6, line 9, after the figures, insert the following as a new paragraph:

"For printing, binding, and distribution of the publications 'Diseases of the Horse' and 'Diseases of Cattle,' $200,000."

Mr. JONES. Mr. Chairman and gentlemen of the committee, the last time an appropriation was made for the publication of those two books was in 1923—three years ago—and the same amendment which is offered, and provided in this amendment if it should be passed, was carried in the appropriation bill for that year and a reprint of the books was provided at that time. A number of Members have told me that their supply is exhausted. The universal story of those who represent agricultural districts is that they are the most valuable publications issued by the Government.

Mr. HUDSPETH. Will the gentleman yield for a short question?

Mr. JONES. I will.

Mr. HUDSPETH. Do I understand unless my colleague's amendment is adopted our supply will be cut off this year and no books will be furnished?

Mr. JONES. Absolutely; and there is no provision for the publication of those books or any of them unless the amendment is adopted. There were not any last year or the year before.

Mr. JOHNSON of Texas. That was what I wanted to ask the gentleman, how many years has it been since they were printed?

Mr. JONES. Three years ago—a similar provision was adopted by the House and the republication was had—that being the last publication.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BLACK of Texas. Does my colleague know how many thousands of these books are down now in the basement not used?

Mr. JONES. There are some 50,000, but they are mostly to the credit of city Members.

Mr. BLACK of Texas. I understand over 100,000.

Mr. JONES. I will say there may be some Members who have not used them. I know this, there were 350,000 published three years ago. Member after Member has come to me and stated that their supply was exhausted, and that they can not supply the numerous requests that they have. I will state further that it takes nearly a year to publish these books, and those 100,000 down there just now, if they are disposed of at the same rate the other 300,000 were disposed of; that is, 100,000 a year, there will be just about enough to last until the new printing will have been made.

Mr. HUDSPETH. I would like to state to my colleague that I would like to have about 5,000.

Mr. MANLOVE. Will the gentleman yield?

Mr. JONES. I will.

Mr. MANLOVE. On this proposition which Mr. JONES, of Texas, speaks about, the printing is the vintage of 1907 and 1916, and they are very valuable books, and I have requests for 1,000 of the diseases of the horse and the diseases of cattle from my district in Missouri at the present time.

Mr. JONES. I thank the gentleman. I want to say this in that connection. I think my experience has been that of many other Members. I get other publications which I send out. I sent out notices that I have them, but I do not do that with the horse and cattle books, because if I did I would be swamped.

Mr. BLACK of Texas. Well, I will state to the gentleman that I have 90 per cent of my quota right in my office now for the simple reason I do not have requests for them.

Mr. JONES. I would like to have them, and if the gentleman would offer to present them to anyone desiring them I think Members would rise like receiving the benediction.

Mr. BUSBY. I have received a great many requests from students in the agricultural high schools for these books. I believe 100 or 200 of my quota have been sent out as textbooks to students of the agricultural high schools who are studying animal industry.

Mr. JONES. I thank the gentleman. There are a number of schools in which they use them in connection with the high schools—teaching the children in connection with this character of work.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES. May I have five minutes?

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MANLOVE. I would like to ask the gentleman from Texas if he does not think it would be much better to eliminate some statistical information in the Department of Agriculture and apply that money to the publication of the diseases of horses and cattle?

Mr. JONES. I think so, undoubtedly. As a matter of fact, I think there are a number of places where we could dispense with items not only in that department but in other departments. I am in favor of the most rigid economy, and nearly all of my votes have been cast for reductions of appropriations. This, however, I feel will be money well spent.

The President recently made a speech in which he said that economy did not consist simply in reducing the dollars and cents appropriation. In talking to the department heads the other day he said he wants constructive economy. He wants to utilize and get the full value of the money spent in the different ways in which it is expended by the Government.

I believe there are some people who have had the experience of my colleague, but I believe that in 75 per cent of the cases the Members will testify that if they send out a general notice to be published in the newspapers they will get more requests than were authorized by the last appropriation. These requests will be made by people who do not often ask things of the Government, people who live out in the country, who come in touch with the Government mainly on taxpaying day and in times of great emergency, when the strong arm of the Government reaches out to ask them for service, and they always loyally comply. Information is the source of knowledge, and these publications take it out to the country districts, where the information is needed and where it is useful, and it enables a man to help himself. A great many efforts have been made and much discussion has gone the rounds relative to serving the people engaged in agriculture. I do not believe that $200,000 can be better expended than in this direction.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. JOHNSON of Texas. I want to corroborate what my colleague from Texas has said about the demand for these books, and also what other gentlemen have said about the demand for educational literature. I know of three cases where I have had requests and have had to refuse to supply them because I did not have a sufficient number, although I got some later from my colleagues and sent them out.

Mr. JONES. The schools are just beginning to realize all over this country that we need a more practical education which aids the young in the more practical affairs of life, and it is a fine omen when the teachers of this country are calling for books that are useful and which furnish useful information.

Mr. TILLMAN. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. TILLMAN. When was the last year prior to 1923 that these books were issued?

Mr. JONES. I think it was in 1916.

Mr. TILLMAN. Does the gentleman know how many of these books were furnished to each Member in 1923?

Mr. JONES. About 299 to each.

Mr. TILLMAN. Each year we receive of the Agricultural Year Book about 600 or 700 copies, and they are nothing like as popular with the farmers as these cattle-disease books. I understand they are issued only at intervals of about 12 years.

Mr. JONES. Yes. I will trade two year books at any time for one cattle book, and I believe nearly every other Member will do the same thing.

Mr. TYDINGS. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. TYDINGS. The total printing bill, according to the Budget, runs to about $11,000,000, and the Secretary of Commerce asked for an increase of $1,000,000 in his printing bill.

Mr. JONES. He probably wants to give out more interviews.

Mr. TYDINGS. That amounts to more than the combined salaries of Senators and Representatives and the Capitol police and the people employed in the Capitol heating plant. It takes 40 cents from every dollar to pay the printing bill of the Government now.

Mr. JONES. Yes; I think that is true. I think that instead of giving the Secretary of Commerce a million dollars to further the business interests of the country—in view of the discussions we have had as to the unbalanced relations of agriculture to other industries—and does not the gentleman also think that we ought to take $200,000 of that and print more cattle books? Does not the gentleman think that is true?

Mr. TYDINGS. Yes.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MAGEE of New York. Mr. Chairman, I am strongly opposed to this amendment. I think it would be a waste of public funds. No estimate for this item came to the Committee on Appropriations. The attention of the committee has not been called to it, and no hearings have been held thereon.

I would like to give the Members of the House a brief history of these publications. I gathered the information from the superintendent of the folding room. The first publication of books on Diseases of the Horse was in 1890, a print of 70,000 for distribution by Members of the House. In 1896 there was a print of 50,000, and a reprint in 1896 of 50,000 more. In 1903 there was a print of 138,000.

These figures apply entirely to the House. They have no application to the Senate, because, as I understand, the distribution made was one-third to the Senate and two-thirds to the House.

In 1907 there was a print of 75,000; in 1911, 70,000; in 1923, 132,457; making a total on Diseases of the Horse of 745,457.

There still remain to the credit of the Members of the House—I am giving the approximate figures, but I am sure they are approximately correct—for the publication in 1916 of 7,000, and for 1923, 50,000.

My information as to the publication of the book on Diseases of Cattle begins in 1908, when there was a print of 60,000 for Members of the House; in 1912, 70,000; in 1916, 70,000; and in 1923, 133,000; making a total of 333,000.

These are standard books, and the cost of publication of each is about the same. The cost is estimated, outside of the plates, at $1 each. As I understand, they sell at $1.50.

These books on Diseases of Cattle, which now remain to the credit of Members of the House from the publication of 1916, number 4,000, and from the publication of 1923, 55,000. There now exist to the credit of Members of the House from the publication of 1916 horse and cattle books an aggregate of 12,000, and from 1923 an aggregate of 105,000.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. WILLIAMSON. I find in my district there is practically no demand whatever for the publication Diseases of

the Horse, and if this amendment were limited to the book Diseases of Cattle, I think it would be worth while. The publication Diseases of the Horse is no longer important in this country. The trouble with these books is that they are assigned to Members of the House equally throughout the Nation. In many districts there is no demand for these books at all, and I apprehend that most of those on credit in the folding room now belong to Members representing districts that have no cattle or horses and where the books can not be used. I know that in my own case I do not have a sufficient number to take care of the demands of my district. This is particularly true of Diseases of Cattle. In my judgment there should be at least three times as many books on diseases of cattle as on horses.

Mr. MAGEE of New York. I was going to touch on that suggestion.

Mr. SUMMERS of Washington. I hope the gentleman from New York will tell us how we can get some of those publications that are down there.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MAGEE of New York. I ask, Mr. Chairman, for an additional five minutes, so that I can explain the facts about this matter to the Members.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MAGEE of New York. If you will go down in the folding room, as I did this morning, you will find these books piled up everywhere.

Mr. FULMER. Will the gentleman yield?

Mr. MAGEE of New York. In just a moment. I want to express my views upon this matter, and then I shall be pleased to yield.

My notion is, if you should go down and get these horse and cattle books from the folding room and pile them up here in the pit, nobody in the House could see the Speaker, the pile would be so high. There are 117,000 of them.

These books, in my opinion, ought to be distributed. So far as I am concerned, when I have been requested by a colleague of the House, I have transferred some of my books in compliance with the request, and it does not seem to me that a Member of the House ought to have much difficulty in getting these books out of the folding room. I think the Members of the House will be reasonable in complying with requests of Members who have exhausted their supply. For instance, a Representative of a city district, as suggested by my friend the gentleman from South Dakota [Mr. WILLIAMSON], probably would not have as much need for these books as a Member representing one of the country districts.

The first amendment that was offered here, upon which I raised a point of order, which was sustained by the distinguished Chairman, provided that one-third should go to the Senate and two-thirds be distributed to Members of the House. That was legislation. Then the gentleman from Texas offered a further amendment leaving out the part of the original amendment that was stricken out on the point of order, and, as I understand it now, the amendment is simply to appropriate $200,000 for the publication and distribution of these books. As I take it, under such an amendment as that, if adopted, they would simply be distributed or perhaps sold by the Department of Agriculture.

Mr. JONES. Will the gentleman yield?

Mr. MAGEE of New York. In just a moment. When I have given my views, then I will be glad to yield.

My notion is that if you are going to distribute these books as they have been distributed heretofore, you need legislation, or possibly a concurrent resolution to be passed by the House and by the Senate. In other words, it is a matter of legislation, and I assume, if the amendment of the gentleman should prevail here, as soon as the bill gets over to the Senate, a movement will be started to put the legislation on at that end of the Capitol.

I have always been against legislation of any character on an appropriation bill. The Committee on Appropriations is an appropriating committee, and so far as I am concerned, I am not going to consent to legislation being put on an appropriation bill of which I have charge. If you want to continue to print more of these books, get the legislative authority for it, and get it from the proper committee, or as I have said, perhaps you can accomplish the same thing through a concurrent resolution. I think there is precedent for that. I am giving you simply my information. I am strongly opposed to this appropriation of $200,000 for these purposes, with 117,000 of these books piled up in the cellar of the folding room. I will now yield to any gentleman who desires to ask me any questions.

Mr. FULMER. I would like to state to the gentleman, if the gentleman will investigate a little further, the gentleman will find those 117,000 copies are now in the hands of Members representing largely city districts, and I know of a great many Members who have requested those Members to turn the books over to them so that they might send them out and distribute them throughout their districts.

Mr. MAGEE of New York. I think such requests would be complied with, generally.

Mr. FULMER. In a great many instances they have refused to comply with such requests.

Mr. MAGEE of New York. I will make this further observation in reference to the suggestion of the gentleman. If Members who have exhausted their supply, upon making request of Members who have not distributed these books, should meet with refusal, my notion is—and I think there is precedent for it—that you can pass a resolution declaring credits to Members of publications of this kind obsolete where they have not been distributed within a reasonable period, say, of four or five years. The point I make is that at least we ought not to make a large appropriation for the further publication of these books until we get the 117,000 out of the cellar of the folding room. I do not think we could justify such a course as that.

Mr. GARRETT of Texas. Will the gentleman yield?

Mr. MAGEE of New York. Yes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GARRETT of Texas. I ask that the gentleman may have five minutes more, or such time as he wants.

Mr. MAGEE of New York. I only wish to accommodate the members of the committee.

Mr. GARRETT of Texas. In view of the statement the gentleman has made here that the last publication of these books was in 1923, and it is now 1926, does not the gentleman think it would be well, if his committee wants to save this money, for somebody to introduce a resolution declaring these credits for these publications obsolete now, where the Members have not sent them out, and then let others have these books. Why should a Member representing a city district hold up a publication of this kind published in 1923 until 1926, when other Members want to get these publications and send them out to their districts?

Mr. MAGEE of New York. I think there is a great deal of force in the gentleman's suggestion.

Mr. BUCHANAN. Mr. Chairman, this is a very peculiar attitude that Congress is placed in. We have a system for the distribution of publications. We have made the system and we alone are responsible for that system to the country, and we are responsible for the waste consequent under it. It seems ridiculous for this House to be deliberating this morning upon an appropriation of $200,000 to print a book, when we have over 130,000 on hand, and have had them on hand since 1923 undistributed. What the House ought to do is to bring in a resolution or bill governing the distribution of such publications, so that this waste will not be inflicted on the country.

Now, some Members want the books because they are in demand in their districts. Other gentlemen do not want them because there is no demand, and yet we sit here and permit the passage of such an appropriation to add books to those allotments to Members of the House that never will be used, so that other Members who do want them may get an additional 299 for their district. This $200,000 appropriation, if it is made, will get 299 on the disease of the horse and 299 books on the disease of cattle for each Member. Those districts who do not need the books will get the same amount, while there is 130,000 now in the storage place of the folding room.

Mr. HUDSPETH. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. HUDSPETH. The gentleman speaks about these books in the hands of gentlemen who do not want them. I understand they make no effort to find out whether they are wanted.

Mr. BUCHANAN. The gentleman from Texas is as much responsible for the law relating to this distribution as any other Member. There should be a resolution introduced, so that this waste will not occur.

Mr. HUDSPETH. I do not know how we can force Members to distribute these books. The gentleman may have $150,000, but I can not get it, or any part of it.

Mr. BUCHANAN. Yes; but the gentleman from Texas had nothing to do with creating the law by which I accumulated it, but the gentleman is responsible to the taxpayer for the waste that occurs in the distribution of these books.

Mr. JONES. Does not the same objection the gentleman makes apply to all publications and all documents and everything else published by the Government?

Mr. BUCHANAN. Absolutely; and that is why I am making this suggestion that Congress ought to pass some law by which this waste will not be thrown upon the taxpayers of the country.

Mr. BUSBY. If the gentleman will yield, I want to say in explanation of the books that are to my credit most of mine are in the folding room. I am not sending them out to people who do not want them; I am going to keep a good supply until I see some prospect of further addition. I have had some of my colleagues come and try to beg them away from me, but I say, "No; I will give you one or two, but I am going to keep a stock on hand."

Mr. BARKLEY. I suppose that in some instances gentlemen do not know whether there is a horse now is his district. [Laughter.]

Mr. BUSBY. That may be true.

Mr. BUCHANAN. What I am saying is that Congress ought not to make any more appropriations for these reference books before we adopt some system by which this eternal waste will not occur.

Mr. HUDSPETH. Does the gentleman think that a bill would ever get through forcing Congressmen who have these books to distribute them?

Mr. BUCHANAN. Yes; not only that but Congressmen who do not need them should not get them.

Mr. HASTINGS. The gentleman from Texas is the greatest optimist that I ever heard of. [Laughter.]

Mr. TYDINGS. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. TYDINGS. I notice in the Budget that there is an item of $738,000 for printing and binding and in the bill $250,000 for farm bulletins. I would like to inquire if the $250,000 is shown anywhere in the Budget.

Mr. BUCHANAN. Yes.

Mr. TYDINGS. There are $738,000 in the Budget and in addition there is $250,000 for farm bulletins. Why was not that included in the printing and binding?

Mr. BUCHANAN. Because that appropriation is taken care of in another way.

Mr. TYDINGS. I could not find it in the Budget under the heading of the Department of Agriculture.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The question was taken; and on a division (demanded by Mr. JONES) there were 53 ayes and 55 noes.

Mr. JONES. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. JONES and Mr. MAGEE of New York as tellers.

The committee again divided; and the tellers reported that there were 94 ayes and 77 noes.

So the amendment was agreed to.

The Clerk read as follows:

OFFICE OF EXPERIMENT STATIONS

Salaries: For chief of office and other personal services in the District of Columbia in accordance with the classification act of 1923, $35,386.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for five minutes out of order.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to speak for five minutes out of order. Is there objection?

There was no objection.

Mr. CONNALLY of Texas. Mr. Chairman, when the tax reduction bill was before this House a demand was made upon the Texas Members to vote for the repeal of the Federal inheritance tax. They declined to submit to that demand and voted for the bill as it passed the House.

A bitter and envenomed attack, an organized and well-financed attack, is being made throughout Texas upon Members of Congress from our State for failure to vote to repeal the inheritance tax. A so-called "legislative committee," composed of State Senators R. A. Stuart, of Fort Worth, and John Davis, of Dallas, and Representative George C. Kemble, of Fort Worth, has published in the Texas press a so-called "Report to the Texas Legislature," in which it is charged that among some of the Members of Congress from Texas this committee found "a communistic and socialistic tendency," and an attack is made upon all Members, in which they are denounced for violating State sovereignty because they refused to change their views upon the demand of the American Bankers' League and the Texas Tax Clubs, which these gentlemen brought to Washington.

These gentlemen pretend to believe that a Federal inheritance tax is a new, strange, alien doctrine. They allege it is undemocratic, and indict it for high and hellish crimes, both of an economic and political character. The enemies of inheritance taxes are making a determined drive against Texas Members of Congress in the district and out of them. Are these infuriated gentlemen with inflamed imaginations ignorant of the Democratic income-tax provisions of the act of 1894—more than 30 years ago—passed by a Democratic Congress during Cleveland's administration? Are they ignorant of that act, or are they so maddened by passion that they are willing to ignore facts? Section 28 of that act provided:

> That in estimating the gains, profits, and income of any person, there shall be included * * * money, and the value of all personal property acquired by gift or inheritance.

It passed the House of Representatives on February 1, 1894, and the record of the vote appears on page 1796 of volume 26, part 2, of the CONGRESSIONAL RECORD for the second session of the Fifty-third Congress.

Who were the Democratic Members of Congress from Texas and how did they vote? Was there any question raised then as to a Federal inheritance tax being an invasion of State rights? Every one voted for a Federal inheritance tax.

Let us call the roll; the first to answer "aye" was Jo Abbott, of Hillsboro, a Confederate soldier and a State rights Democrat. Then there followed Joseph W. Bailey, of Gainesville, afterwards a United States Senator; C. K. Bell, formerly of Hamilton County and later of Fort Worth, and afterwards attorney general of Texas; J. V. Cockrell, of Abilene; S. B. Cooper, of Beaumont; William H. Crain, of Cuero; David B. Culberson, a Confederate soldier and the father of Senator Charles A. Culberson; Walter Gresham, of Galveston; J. C. Hutcheson, of Houston; Buck Kilgore, famous for his militant Democracy; Thomas M. Paschal, of San Antonio; George C. Pendleton, of Bell County, a Confederate soldier and a fighting Democrat; and Joseph D. Sayers, a Confederate soldier, and afterwards Governor of Texas.

In the Senate on July 5, 1894, the vote appears on page 7136 of volume 26, part 7, of the CONGRESSIONAL RECORD.

Who represented Texas in the Senate at that time, and how did they vote? Roger Q. Mills, of Corsicana, a Confederate soldier, at one time chairman of the Democratic Ways and Means Committee of the House and the leader of Texas Democrats, was there and voted "aye." Richard Coke, of Waco, a former Governor of Texas, who ousted the Republican governor, E. J. Davis, was there and voted for the inheritance tax.

The House on August 13, 1894, voted to agree to Senate amendments. The vote was the same as on original passage, except Hutcheson was paired in favor of the bill; Abbott and Gresham are recorded as not voting, the presumption being that they were absent.

That bill levied a tax of 2 per cent on gifts and inheritances of personal property above a $4,000 exemption. The bill now pending provides an exemption of $50,000. Under the act of 1894 the tax on a $100,000 personal estate in Texas would have been $1,920. Under the bill now pending as it passed the House the tax would be only $500. If the $100,000 personal estate were community property, under the act of 1894 it would pay an inheritance tax of $920. Under the bill now pending the same estate would pay nothing. The income tax was afterwards held to be unconstitutional by a divided court, but not because of the inheritance tax provision, whose principle has been upheld since 1797. The fate of the act in the courts had nothing to do with the policy of those who voted for it.

Would the "legislative committee," consisting of two State senators and one representative, and the agitators against inheritance taxes indict these distinguished Texas Democrats as of socialistic and communistic tendencies because they voted for an inheritance tax in 1894? Were Roger Q. Mills and Richard Coke, were David B. Culberson and Joseph W. Bailey, were C. K. Bell and George C. Pendleton, were Joseph D. Sayers and J. C. Hutcheson, were Walter Gresham and Thomas Paschal and the other honored and trusted Texas Democrats voting for a socialistic or communistic doctrine when they voted for an inheritance tax? Were these bright names, several of whom had offered their lives on the field of battle in defense of State rights, doing violence to that principle by their votes? Were they voting to "confiscate property" or for a "capital levy"? I leave their votes and records as Democrats to answer the attacks being made upon the inheritance tax as a socialistic measure. [Applause.]

Mr. GREEN of Florida. Mr. Chairman, I ask unanimous consent to proceed for five minutes out of order.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to speak for five minutes out of order. Is there objection?

Mr. MAGEE of New York. Mr. Chairman, I reserve the right to object. The gentleman from Texas [Mr. CONNALLY] asked me if I would object if he spoke out of order, and I said I would not. We have had four days of general debate upon this bill. I want to accommodate my colleagues in the House so far as I reasonably can, but debate can not go on indefinitely.

Mr. GREEN of Florida. But this is a very important issue to my State.

Mr. MAGEE of New York. Mr. Chairman, I feel constrained to object.

The CHAIRMAN. Objection is heard, and the Clerk will read.

The Clerk read down to line 7, page 13.

The CHAIRMAN. Without objection, the Clerk will correct the spelling of the word "Caribbean" in line 19, page 11.

There was no objection.

The Clerk read as follows:

For necessary expenses outside of the city of Washington incident to collecting and disseminating meteorological, climatological, and marine information, and for investigations in meteorology, climatology, seismology, evaporation, and aerology, $1,741,000: *Provided*, That not to exceed $38,000 of this amount shall be immediately available for the erection of a building at East Lansing, Mich., for the use of the Weather Bureau, as authorized by the act of Congress approved March 2, 1925.

Mr. MAGEE of New York. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAGEE of New York: Page 13, line 24, after the word "aerology," strike out "$1,741,000" and insert in lieu thereof "$1,773,723."

Mr. MAGEE of New York. Mr. Chairman, I offer this amendment to complete the recommendations of the committee. The Bureau of the Budget recommended the discontinuance of 13 weather bureau stations. The committee did not think that was wise. We were unanimous in our views that the Weather Bureau Service is a most important service, not only for the convenience of the people but as affecting their lives as well, and we supposed that we had restored the cut. Later on the gentleman from Washington [Mr. JOHNSON] called my attention to the fact, and I think the attention of other members of the committee was called to the fact, that we had not restored the cut. Many Members of the House have been interested in this matter, and in order that their minds may be entirely relieved, I ask the Clerk to read the following communication in my time from the Chief of the Weather Bureau.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

DEPARTMENT OF AGRICULTURE,
Washington, January 27, 1926.

Hon. WALTER W. MAGEE,
Chairman Subcommittee of
House Committee on Appropriations,
Washington, D. C.

DEAR MR. MAGEE: Referring to our telephonic conversation of this date, in which you asked the exact amount which would be necessary to add to the appropriation for out-of-Washington expenses of the Weather Bureau in order not to curtail existing field stations during 1927, you are advised that to maintain the field stations now conducted by the Weather Bureau without impairment thereof would require the restoration to the out-of-Washington appropriation of the sum of $32,723, which is a decrease in the amount of the funds as reported for the maintenance of Weather Bureau field stations.

Respectfully,

C. F. MARVIN,
Chief of Weather Bureau.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. MAPES. I take it from the gentleman's statement and from the letter from the Chief of the Weather Bureau that if the amendment which the gentleman has offered is adopted that there will be no curtailment in the work of the field stations, including the one at Grand Haven, Mich., spoken of in the hearings before the gentleman's committee on pages 120, 121, and 122.

Mr. MAGEE of New York. That is my understanding.

Mr. MAPES. And that those stations will continue their work in the coming year the same as they have been doing.

Mr. MAGEE of New York. That is the assurance that I get from the communication from the Chief of the Weather Bureau.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. MOORE of Virginia. How many of these stations did the bureau propose to eliminate?

Mr. MAGEE of New York. As I recall, 13.

Mr. MOORE of Virginia. Does my friend know the reasons that impelled the bureau to make that recommendation?

Mr. MAGEE of New York. No; I can not give the reasons, but the cut did not meet with the judgment of the committee.

Mr. MOORE of Virginia. Will the gentleman in connection with his remarks furnish a list for the record of the stations that the bureau proposed to cut out?

Mr. MAGEE of New York. They are all in the hearings.

Mr. HASTINGS. And this restores them all, as I understand it?

Mr. MAGEE of New York. As I understand, in accordance with the communication from Doctor Marvin, this increase in the appropriation will prevent any impairment in the existing service.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word. I hope the amendment of the gentleman from New York will prevail and I say this advisedly, because I am one of the few Members of Congress who ever went entirely through the Weather Bureau. I am prepared to say that for the amount of money expended on that bureau the American people derive more benefit from it than from any other bureau connected with this Government. I live about 1,000 miles from the Capital and 15 years' survey shows that the Weather Bureau has been 88 per cent accurate even in the forecast of rainfall in that locality. One reason that I ask this time is that three years ago, apparently without rhyme or reason, the Budget Bureau cut off certain appropriations asked for by the Weather Bureau. While we were spending hundreds of millions of dollars on other bureaus, this bureau, which costs only about $2,500,000, was pared to the last dollar, and they were stopped in some of the research work that they were doing in tracing air currents and developing other information that would not only have been of benefit to agricultural interests of the country but also to the shipping interests of the country, to the radio interests of the country, and would have helped in every way from the saving of life at sea on down to aiding a farmer in determining when to sow his grain, when to reap, or when to go into any adventure that involved the weather. I sincerely trust that from now on the membership of this House, when it comes to the Budget Bureau cutting down the money asked for by the Weather Bureau, will remember that the American people get better service and more accurate service for the amount of money expended by this bureau than they do from any other bureau connected with this Government.

Mr. JOHNSON of Washington. Mr. Chairman, I am very glad to hear the statement of the gentleman from Mississippi, and I think that we are all interested in the fact that the Committee on Appropriations, after learning the facts, has expressed itself as being desirous that that bureau be not trimmed. By that expression the Committee on Appropriations has performed a service to the House of Representatives and to the country.

Mr. RANKIN. Yes, sir; and I want to congratulate the committee. We can not overestimate the value of this great bureau, and I, for one, am tired of seeing it passed over by some of those in authority as of little importance to the American people. I hope from now on the Committee on Appropriations will see that this bureau gets sufficient funds to carry on its work and to conduct such research experiments as the head of that bureau may deem necessary, in order to render the most efficient and most valuable service to the American people.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The question was taken, and the amendment was agreed to

Mr. MAGEE of New York. While I have it in mind I ask that the Clerk of the House be authorized to make any changes in the amounts made by the committee while the bill is under consideration.

The CHAIRMAN. Upon the statement of the gentleman from New York [Mr. MAGEE] it is so ordered.

The Clerk read as follows:

For investigating the disease of hog cholera, and for its control or eradication by such means as may be necessary, including demonstrations, the formation of organizations, and other methods, either independently or in cooperation with farmers' associations, State or county authorities, $428,268: *Provided*, That of said sum $235,905 shall be available for expenditure in carrying out the provisions of the act approved March 4, 1913, regulating the preparation, sale, barter, ex-

change, or shipment of any virus, serum, toxin, or analogous product manufactured in the United States and the importation of such products intended for use in the treatment of domestic animals: *Provided further*, That of said sum $25,820 shall be available for researches concerning the cause, modes of spread, and methods of treatment and prevention of this disease.

Mr. ARENTZ. Mr. Chairman, I move to strike out the last word for the purpose of asking a question of the chairman of the subcommittee. I spent two weeks in the Elgin, Ill., agricultural district this past summer, and I find a great number of complaints regarding the regulation of tubercular cattle. It appears that Elgin is the center of a tremendous milk-production area and that the inspectors of tubercular cattle are making inroads on herds of dairy cattle of that district. Men whom I have no reason to doubt have told me that the inspectors divided the milch cows into three subdivisions. Those that are strongly infected with tuberculosis are killed on the spot, buried or burned; second, cattle that are infected sufficiently so they go into the tanks and slaughter houses and are made into fertilizer; third, cattle that are not too far gone but so they can be used for meat, and yet cattle condemned as unfit for milk purposes are used, according to the statement of men of influence in this district, claiming these cattle which are not fit for milk production are shipped to the Chicago market and used for meat and sold to the public. I wonder if the gentleman has heard anything of these complaints?

Mr. MAGEE of New York. I have no knowledge.

Mr. ARENTZ. It seems to me certainly a cow that is unfit for production of milk, whether the milk is used for any purpose whatsoever, for canning as condensed milk or for human consumption and being chilled, should not be used for meat production, but I am assured that such is the fact.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. ARENTZ. Yes, sir.

Mr. SHALLENBERGER. The infection of a beef animal with tuberculosis varies tremendously. Some cases are what are called generalized infections. In such cases the animal is condemned and sent to the tank. Localized infection may be in the small glands of the neck or any other of the small glands of the body, and after the animal is slaughtered it receives a microscopic inspection, done by the Government inspectors in the packing houses where they are slaughtered, and the infected portion is removed and the balance of the animal is just as healthful as one that is not infected.

Mr. ARENTZ. Has the gentleman heard of cows valued at $150 being condemned on the spot, getting about $75 apiece? They went on the block on account of a small taint of tuberculosis, such as those of which the gentleman spoke. Now, it seems to me a man who has built up a herd of milch cows over a long term of years is entitled to some consideration. The matter was brought to my attention, but I do not think the regulations of this department is treating the producers of milk in the right way unless the same reimbursement be made a dairyman for a condemned animal, no matter in which class it may fall.

Mr. SHALLENBERGER. There was never perhaps such a lack of accurate information as in regard to this matter of the condemnation, slaughter, and sale of the meat of animals infected with tuberculosis. The animal is slaughtered, subject to inspection; and if the meat is passed as fit for food, that is because it had very slight infection, completely localized, and the owner of the animal does not lose its beef value. I have had cattle slaughtered subject to inspection, found slightly infected, and when the animal was sold I received full pay for the animal, exactly as though not sold subject to the test.

The instance where the cattle owner would be subject to loss would be under the condition which the gentleman from Nevada refers to. That is where a dairy cow that is in poor beef condition, proving a reactor, is slaughtered. But the loss in that case to the owner would be greater than the loss in the case of a beef animal condemned, because he would lose the milk value of the animal.

The CHAIRMAN. The time of the gentleman from Nevada has expired.

Mr. SHALLENBERGER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SHALLENBERGER. I have had considerable experience in the cattle business, and I want to refer to one point in regard to tubercular inspection and testing, and that is when the animal reacts there is no way known to science yet to determine how completely that animal is infected by tuberculosis.

Mr. ARENTZ. Is it not a fact that some animals react and some do not, according to circumstances? The big raisers of milch cows in Elgin tell me that is a fact.

Mr. SHALLENBERGER. No. That is the opinion that many men assert when they first are subjected to loss from testing of their cattle. The animal in the dairy herd must be slaughtered, because there is no way known to science by which we can tell whether or not the cow has only a local infection, or it may extend to the udder. It may be generalized infection, and therefore the milk would be highly dangerous to the human family.

In order to protect the public we must destroy these animals that are producing milk for human consumption, and there is often a greater loss to the dairyman than to the beef raisers in such cases; but it is necessary to stamp out tuberculosis.

In the beginning of these tests the owners of both dairy herds and beef herds resisted it. I recall that in the State of Nebraska, as governor, I established an embargo on the sale of cattle in public markets unless they were tested and declared free from tuberculosis. Many dairymen thought they were subjected to unfair treatment on the part of the inspection service in Nebraska, but as time went on we found out that this tuberculosis testing was working a wonderful benefit to the whole cattle industry. It is freeing the dairy industry from tuberculosis; it is driving it out of the beef industry. Among all the activities of the Department of Agriculture which it carries on for the benefit of the livestock industry I do not think there is anything more important than this Federal testing for the eradication of tuberculosis. Before the Federal Government took charge of the matter we found sometimes that veterinarians were dishonest. Sometimes fraudulent certificates were given in one State and infected cattle were sold to citizens in another State. Then, later, the Federal bureau began to inspect the cattle, and after a few years' supervision by the Federal inspectors we are steadily driving out the disease; and I think that cattlemen generally are becoming very much in favor of tuberculosis eradication.

Mr. ARENTZ. The gentleman from Nebraska has made a much better speech than I could have made myself, and I thank him. I think the public should know the important facts discussed during these few minutes allowed.

The CHAIRMAN. The time of the gentleman from Nevada has again expired.

Mr. SHALLENBERGER. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Nebraska moves to strike out the last two words.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. LOZIER. Is it not true that the value of any tubercular test depends on the time at which it is taken? Is not the reaction very different if taken a little time before five hours, I believe, and a little while after?

Mr. SHALLENBERGER. I will say to the gentleman that there are three well-known and definite methods of testing for tuberculosis. The original test was the temperature test. The tubercular fluid was injected into the animal, and in a number of hours the temperature began to rise. The state of the animal's health and the feed and the hour of the day, all had an effect on the test. But now we have what is called an intradermal test, which is used almost entirely in the inspection of large herds. The tuberculin is injected between the layers of skin and is usually injected in what is called the caudal fold, at the root of the tail. With the temperature test it required much more time and labor to test a herd of cattle. By the dermal test they can be quickly treated and turned out and not be confined as when being tested under the older system. Then after 48 hours or 60 hours the animals are driven through the chute and examined rapidly by the touch of the hand. The veterinarian can quickly determine the reaction, and this is now considered the most practical method of testing. Now whole counties are cleaned up rapidly. The reliability of the test is, of course, the essential thing.

I will say to the gentleman from Nevada, who brought up the matter of testing for tuberculosis, that if it were possible by the test to know just how badly the animal was infected, that would be a great protection to the cattle owner against loss, because many of these animals that are slaughtered, having only a slight infection, would still be valuable so far as their breeding qualities are concerned. They could be used for breeding purposes for many years yet; but inasmuch as there is no way to know how badly the animal is infected we must slaughter it to stop the possibility of spreading the infection. The result has been that we are steadily improving

the health of our herds. When first I put an embargo upon the sale of cattle in Nebraska unless tested for tuberculosis I sent a shipment of cattle to South Omaha myself. The cattle were purebreds and they were in beautiful condition. I sold them subject to the test. I had not tested them before. Then the Government inspectors tested them. I lost $2,200 worth of cattle on my own test. A number of the best cattle in the sale reacted after they were sold and had to go to immediate slaughter. There was no indemnity paid in those days.

I then sent a Government inspector and a State inspector out to my herd in western Nebraska, and they tested those cattle. All of them looked perfectly healthy, but I had 14 head of high-priced purebred cattle react, and again I suffered a loss of several thousands of dollars. But I did not put my herd under Government supervision, as we do now under this bill, I kept on selling every year, because for 27 years I have made it a practice to sell my cattle to the public at auction, and I sold them subject to test. I would test the cattle to be sold, but because I had not "cleaned up my herd," as the saying is, I sustained losses every time I made a public sale. I would sell, say, 50 head of cattle, and upon testing them for tuberculosis some of them would react.

When the Federal Government began the present plan of Federal supervision and accrediting herds when found free from tuberculosis, I made up my mind I was going to come under the Government regulations provided for in this bill. So they sent a Government inspector and a State inspector out to my ranch and they tested all of my cattle. The first time they were tested federally only two reacted. Six months later the cattle were all tested again. Under the accredited herd plan you surrender the control of your cattle to the Federal Government and they take charge of the herd and test it. The second time they found only 1 in my herd of 130 or 140 that reacted. The best young bull I ever bred went down. It was a bull that I could have sold for more money than any bull I had ever bred.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. SHALLENBERGER. Mr. Chairman, I ask for five additional minutes, and then I shall conclude.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SHALLENBERGER. It seemed as though I experienced quite a severe loss when that $2,700 bull had to be slaughtered and I received only $50 for him as beef, and that is exactly what happened. But I was cleaning up an entire herd of purebred cattle. For five years now that herd has been accredited and supervised by the Federal Government. They are tested every year, and I no longer have reactors. I lost thousands of dollars because of tuberculosis, and so did other breeders of purebred cattle. So did men who handled large dairy herds near the cities. The point about this testing that is so valuable, not only to the cattle industry but to the public, is that we have now found a method whereby you can clean up our herds, and, having once gotten your beef or your dairy herd cleaned up, you can keep it clean; and therefore it is a great thing for the cattle industry and a wonderful thing for humanity.

Mr. ARENTZ. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. ARENTZ. It seems to me as though some of the States have a peculiar method of testing under State supervision, and the Government testers do not seem to be able to cooperate to the extent they or the public would like to see.

Mr. SHALLENBERGER. That is quite true.

Mr. ARENTZ. For instance, I go to California and buy a herd of dairy cattle, the State inspector gives me a clean bill of health, and I bring them to Nevada and then find that half of them are tubercular. If I sell the cattle off a ranch in Nevada the Federal inspector will make the test in cooperation with the State inspector and a similar result does not ensue. The State of California inspector will make an inspection when they leave and will not find any tuberculosis among those cattle, so that in some cases the buying and selling of cattle between States reacts splendidly for one State but just the opposite for the other State.

Mr. SHALLENBERGER. Of course, if a man is trying to sell something that is infected as something that is not infected this law does not help him, but if a man is trying to deal in honest wares and wants to protect himself and the public, I have found out that the Government has a way whereby it can be done.

Mr. ADKINS. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. ADKINS. I would like to ask the gentleman if it is not a fact in his experience that when you sell cattle for delivery over in Illinois you have to sell them subject to test or retest within 60 days?

Mr. SHALLENBERGER. Yes, that is very true.

Mr. ADKINS. We will not receive them unless they are tested within 60 days after you sell them.

Mr. SHALLENBERGER. Yes. This matter has been worked out by the Government in conjunction with the State until the industry is very well protected, and I want to call the attention of the chairman of the subcommittee to the fact that I observe from the hearings that the original Budget estimate was something less than $3,000,000 for this purpose, but the subcommittee has raised that amount to over $4,000,000.

Mr. MAGEE of New York. For the eradication of tuberculosis among cattle?

Mr. SHALLENBERGER. Yes.

Mr. MAGEE of New York. The Bureau of the Budget cut the indemnity item $560,000. The committee restored that item and added an increase of $550,000 for the fiscal year 1927, making $200,000 thereof immediately available.

Mr. SHALLENBERGER. So your subcommittee has taken care of this great work to the satisfaction of the Bureau of Animal Industry and the Department of Agriculture.

Mr. MAGEE of New York. The committee felt no backward step should be taken in this important work.

Mr. SHALLENBERGER. I want to compliment and congratulate the chairman of this subcommittee and the committee because they have seen fit to grant this money to this industry. I am satisfied, gentlemen, there is not anything that the people of the Nation can be more interested in than keeping healthy the cattle that furnish the milk so necessary to feed healthy babies, and therefore this is a good place to spend money. It has demonstrated, I think, to the satisfaction of everyone that has had any connection with the business, that the Federal Government is the one power that should have charge of this work, and as a cattleman who has been in that business all my life and have about everything I have wrapped up in that business, I will say that we want the Federal Government in charge of this work, because we have found that this is the one place where we get honest treatment and efficient service.

Mr. McLAUGHLIN of Michigan. Will the gentleman from Nebraska yield to me?

Mr. SHALLENBERGER. Yes.

Mr. McLAUGHLIN of Michigan. Is it not true that the Government officials refuse to have anything to do with the work in a State unless the State authorities will cooperate with them or yield entirely to the direction of the Federal authorities?

Mr. SHALLENBERGER. Yes; that is very true. If the State tries to conduct any sort of testing that the Federal Government does not agree to and consider efficient, they will not have anything to do with it.

Mr. McLAUGHLIN of Michigan. If the gentleman will yield further, I thought possibly the gentleman from Nebraska would reply to the statement made by the gentleman from Nevada [Mr. ARENTZ] in regard to the amount of money that would be paid for the cattle that were sent to the slaughterhouse. My understanding is that a valuation is put upon the cattle.

Mr. SHALLENBERGER. Yes.

Mr. McLAUGHLIN of Michigan. Representing the value of them?

Mr. SHALLENBERGER. Yes; I am glad the gentleman called my attention to that.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I will ask for five minutes, although I do not care to speak except to state my question and receive an answer from the gentleman from Nebraska, which I know will be helpful, coming from him.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McLAUGHLIN of Michigan. The valuation is put upon the cow or steer at the time it is branded as affected with tuberculosis, and the Federal Government is bound to pay a certain amount of money depending on that valuation.

Almost every State in the Union pays something for slaughtered cattle. When the steer or cow goes to the slaughterhouse the owner of it is entitled to all that is realized from the sale or the use of it, and something in addition from the Federal Government and from the State; so that this cent and a half a pound that the gentleman says the owner of the cow got in Illinois is misinformation.

Mr. SHALLENBERGER. The gentleman is correct. I will give an illustration that shows the working of it. I recall hav-

ing bought a milch cow. Later she reacted. She was appraised at $100. Of course, she was not worth $100 for beef, but in the opinion of the appraisers that was a fair value for the cow. When the cow was sold for slaughter I received her beef price that was deducted from the $100 appraisal. I got two-thirds of the remainder. The Federal Government paid one-third, the State paid one-third, and I, as the owner, lost one-third. So my actual loss on the cow was only about $20, whereas her beef value was only about $40, and without the Government indemnity I stood to lose about $60 on the cow.

Mr. McLAUGHLIN of Michigan. Wisconsin pays the highest amount, I believe—I think $200.

Mr. SHALLENBERGER. Nebraska makes the maximum appraised value of a purebred animal, $150.

Mr. HOLADAY. Mr. Chairman, I move to strike out the last word. In view of some remarks, that were rather startling and yet interesting, made on the floor last Saturday by the gentleman from New York [Mr. LAGUARDIA] with reference to the price of beef at retail in New York City, also with reference to the price charged by Chicago packers, I would like to call the attention of the House to the situation that exists in Illinois in the territory 100 or 150 miles from Chicago, where we produce millions upon millions of pounds of pork and cattle.

In the retail butcher shops throughout that locality where the steers and hogs are produced probably 80 per cent of the meat sold at retail is slaughtered by the packing houses in Chicago. In other words, the retail butchers have found that they can go into the Chicago market and purchase meat cheaper than they can go to the farmer and buy the animal and slaughter it themselves. We may wonder why that is. There are two explanations offered. The first is the retail butcher in buying animals on foot soon becomes overloaded with certain cuts of meat for which he can not find a market. The other reason offered is that the packers by utilizing the by-products, which go to waste when the cattle and hogs are slaughtered by the retail butcher, are able to buy and slaughter these animals and sell the meat back to the retail butcher cheaper than the butcher can slaughter them himself. Within the territory of 150 or 200 miles from Chicago we have this situation. We take our hogs and cattle in and ship them to Chicago, the Chicago packer slaughters them, sends them back to our retail butchers, and we go into the shops and buy our own hogs and cattle. I thought this might be interesting to the gentleman from New York, who is making a study of the excessive prices of meat in the city of New York.

Mr. ADKINS. Mr. Chairman, I move to strike out the last line.

Mr. MAGEE of New York. Mr. Chairman, I think we should be getting on with the bill and not have Members talking on subjects that are not related to the bill. I move that all debate on this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from New York moves that all debate on the paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. ADKINS. Mr. Chairman, I happen to know something about this matter. When I was at the head of the department of agriculture in my State it was my duty to conduct the work in cooperation with the department. We had a working understanding. The question has been raised as to how this amount is paid. The cattle we found as reactors were shipped into the market and slaughtered. We kept an inspector there, and the reactors and even the suspects were slaughtered. If the meat is infected, unfit for food, it goes into the tank, and you get what the tankage is worth, hide, and offal. If it is found suitable for meat, the shipper or owner can get the appraised amount, whatever it sells for, and whatever it lacks to pay for the animal is apportioned between the State and the Federal Government. In our State the owner loses one-third, the Government one-third, and the State one-third. I think the gentleman from Nebraska gave a very clear exposition of that. I have met with some losses in this matter. Two animals I sold for $1,100, reacted, were shipped to Chicago, and sold for $185 on the Chicago market. They were slaughtered and the meat was inspected. It was found to be as good as any meat that was on the market. There was just a small lesion which interfered with their health. We were all willing to take our share of the loss. The dairymen in the northern part of Illinois and the southern part of Michigan and in Wisconsin can not ship milk into Chicago unless the cows have been tuberculin tested, and if these appropriations are not provided for it means the ruination of a lot of dairymen in those sections. That is in the interest of all the people. The dairyman or beef raiser should not have his property destroyed in the interest of public health without the public standing part of the loss.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman from New York yield?

Mr. MAGEE of New York. Yes.

Mr. MOORE of Virginia. I think the gentleman has already stated it, but is it not a fact that the total amount that this bill carries under the heading of the Bureau of Animal Industry exceeds very largely the estimate of the Bureau of the Budget?

Mr. MAGEE of New York. It is. With reference to the tuberculosis item. The Bureau of the Budget cut the item of indemnity $560,000. We restored that cut and then added an increase of $550,000 more for the fiscal year 1927, making $200,000 immediately available.

Mr. MOORE of Virginia. Making a total increase over the estimate of the Bureau of the Budget of about how much?

Mr. MAGEE of New York. Seven hundred and sixty thousand dollars.

Mr. MOORE of Virginia. I find that the subcommittee has found it necessary to increase nearly every estimate of any importance made by the Bureau of the Budget. What I have said and what the gentleman has stated applies not only to this particular part of the bill, but to other portions of the bill. Is there any explanation of that? I am not here to criticize the Bureau of the Budget, but is it not possible that there is no one connected with that bureau who is in sympathy with the Department of Agriculture and its work, or perhaps no one who really knows anything about the activities of the department?

Mr. MAGEE of New York. I have not any criticism to make of anyone. The position of the committee as I view it, at least my position, is that we should take the responsibility for writing a bill and bringing it into the House as we deem in the interest of agriculture.

Mr. MOORE of Virginia. I think the gentleman is exactly right, and I am altogether with him, but this bill strikes me as curious in comparison with other appropriation bills that we have been dealing with in that the estimates of the bureau were too inadequate.

Mr. MAGEE of New York. I may say that I think every man on the subcommittee that drafted this bill wants to do everything within his power that he reasonably can in cooperation with the Department of Agriculture and in the interest of agriculture.

Mr. MOORE of Virginia. And my wonder is why that is not also the attitude of the Bureau of the Budget.

Mr. MAGEE of New York. I do not say that it is not their attitude. We have no criticism to make of anyone nor any complaint against anyone. We take full responsibility for this bill, and we have done the best we could in accordance with our judgment.

Mr. SHALLENBERGER. Mr. Chairman, I move to strike out the last word, in order to refer once more to the matter of tuberculosis. Some of the other Members want me to call the attention of the House to a further benefit coming from this testing by the Government, and that is that the packers will pay 10 cents a hundred pounds more for hogs coming from any county that is certified to be healthy in this respect and to a State like the State of Iowa, which is now complaining of the tremendous number of hogs they have, that is a big item. So that this thing reaches out further than Members generally think who have not studied the question. It not only affects the handling, but also the value of the hogs.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, will the gentleman from New York yield?

Mr. MAGEE of New York. Yes.

Mr. McLAUGHLIN of Nebraska. With reference to the statement made concerning the increase in this appropriation for the Bureau of Animal Industry, I wish to commend the gentlemen on the committee for making this increase. I am convinced that there is no place where the money is needed more than here. I especially commend the committee for the increase made for the purpose of stamping out tuberculosis. The gentleman from Michigan, who is my senior here and who is a member of the McLaughlin family, introduced the original bill for this purpose, and my predecessor in Congress, Hon. Charles H. Sloan, was very much interested in this program. Coming from an agricultural district, I simply want to express my appreciation of the work done by the committee, and I believe as long as appropriations of this kind are in the hands of men like those who are now upon that committee the interests in question will be provided for and safeguarded.

Mr. ADKINS. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. ADKINS. Does the gentleman not think that the gentleman's committee had more of the needs for this increased

appropriation presented to it than perhaps the Bureau of the Budget had?

Mr. MAGEE of New York. Every member of that committee is very greatly interested in this important work. All that I have to say is that we have done the best we could.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. MAGEE of New York. Yes.

Mr. KETCHAM. I was quite interested in the discussion which I read with reference to the attitude of the Director of the Budget in recommending to various departments a certain flat percentage of decrease. I am wondering if, in connection with the gentleman's experience on this committee, he found any occasion to determine that the Director of the Budget had rather taken a pot shot at some of these appropriations with the idea that the whole reduction should amount practically to a 2 per cent reduction.

Mr. MAGEE of New York. I think the Director of the Budget has done very great work since he has held that office. I think the Budget system saves millions of dollars to the taxpayers of the country every year. I am not going to make any criticism of the Bureau of the Budget. This committee wants to cooperate with that bureau and with the Department of Agriculture, and when it comes to making appropriations for a specific purpose the committee take the full responsibility for what we recommend to the House.

Mr. MOORE of Virginia. The gentleman must not think I am criticizing the Bureau of the Budget. I am a friend of the Budget system, but I am rather impressed by the fact that the "pot shots," to use the language of the gentleman from Michigan, have so much direct reference to the Agricultural bill, or rather more reference to the Agricultural bill than the other appropriation bills. I discover that the committee has found it necessary to exceed the estimates of the bureau to the extent of $1,954,297, which is rather extraordinary when viewed in the light of the other appropriations. I have been wondering how that happened.

Mr. KETCHAM. Mr. Chairman, I rise in opposition to the amendment. May I say the question I directed to the chairman of the subcommittee was not intended to reflect unduly upon the Budget commissioner. In common with most Members I heartily approve of the Budget and believe it has wonderful possibilities. Notwithstanding this, I believe there is some point in the criticism I directed in that the Director of the Budget with all his splendid force faces some limitations in forming judgments as to the relative importance of appropriations on so technical a bill as this. Having in mind the fact that the dairy interests of the country are receiving the generous appropriation which the committee has reported, I hope the Director of the Budget and the distinguished gentlemen who serve under him will read the CONGRESSIONAL RECORD of this day's proceedings and note that on this particular item and some other important items that it is not well to take a pot shot at an appropriation bill and say that here is a place where we can reduce regardless of the merits of the proposition.

Mr. MAGEE of New York. I will say in this connection you will find that the committee sat for days and days and held hearings upon each particular item.

Mr. KETCHAM. I want to join with other members of the committee in commending the subcommittee for its splendid work, and my remarks were intended to give just a little point to the thought that here is one appropriation where the Budget, sharing with us the responsibility for paring down, ought to be careful before making recommendations to reduce the amount appropriated.

Mr. McLAUGHLIN of Nebraska. Has it occurred to the gentleman notwithstanding the fact that the Budget system has been approved if the Budget system was infallible in every particular we would not have much to do in Congress?

Mr. KETCHAM. That is the point exactly. I yield back the balance of my time.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

BUREAU OF DAIRY INDUSTRY

SALARIES

For chief of bureau and other personal services in the District of Columbia in accordance with the classification act of 1923, and for personal services in the field, $74,250.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, few people have stopped to consider that agriculture is a greater business and has a larger capital investment than manufacturing, railroading, mines and quarries combined. According to the 1920 census, speaking in round numbers, $78,000,000,000 were invested in agriculture, while the investment in manufacturing was $45,000,000,000, mines and quarries $7,000,000,000, and railroads $21,000,000,000, or a total of $73,000,000,000 in those three great industries combined, which is $5,000,000,000 less than the investment in agriculture alone.

But in the last five years the $73,000,000,000 invested in manufacturing, railroads, mines and quarries have yielded large dividends, while practically no profit has accrued from the $78,000,000,000 invested in agriculture. Some of you will be surprised when I call your attention to the fact that, according to the census, the value of livestock on American farms in 1919 was $8,827,894,000, while the total capital invested in the manufacturing of iron and steel and their products in 1919 was $8,711,843,000, which was less than the amount invested in livestock on farms, and which is only about one-ninth of the total amount invested in farming.

According to the National Bureau of Economic Research, the total income of all the people in the United States from all sources was $74,158,000,000 in 1920, and only $62,736,000,000 in 1921. This represents a shrinkage in our national income in one year of nearly $11,500,000,000, or 15 per cent. In this connection may I add that under the Taft administration the national income increased from $27,100,000,000 in 1909 to $30,600,000,000 in 1912, an increase of $3,500,000,000, or about 13 per cent. In the eight years of President Wilson's administration the national income increased from $32,000,000,000 in 1913 to $74,158,000,000 in 1920, a gain of $42,158,000,000, or 131 per cent in the eight years, and in the first year of the Harding administration, as I have just stated, there was a shrinkage in our national income of practically $11,500,000,000. Undoubtedly a very large proportion of this shrinkage in the income of the American people resulted from greatly reduced earnings of those engaged in agriculture.

I concede that in 1921 and 1922 there was a fall in the prices of all commodities, but the nation-wide agricultural depression since 1921 did not result from the fall in general prices but was due to the fact that the prices of farm commodities declined more rapidly and to much lower levels than did the prices of commodities the farmer bought. The prices of manufactured commodities did not remain low but rapidly recovered, and many passed to new high levels, while the prices of farm products did not recover but have remained at comparatively low levels since 1921, and which prices do not return the cost of production.

Consequently, between 1920 and 1925, there has been an amazing decrease in the value of livestock on farms in the United States. Horses, mules, cattle, and sheep constitute the farmer's equipment or stock in trade with which he carries on his farming operations and without which profitable farming is impossible. I submit a table showing the tremendous depreciation in the value of livestock on farms between 1920 and 1925:

Value of livestock on farms in the United States, 1920–1925

	Horses	Mules	Cattle	Sheep
1920	$1,907,646,000	$805,495,000	$1,875,043,000	$1,131,674,000
1925	1,117,248,000	436,122,000	970,117,000	669,402,000
Falling off	800,398,000	369,373,000	904,926,000	462,272,000

In other words, between 1920 and 1925 the value of livestock on farms decreased as follows: Horses, 40 per cent; mules, 45 per cent; cattle, 50 per cent; sheep, 40 per cent. And the total depreciation in value of these classes of livestock on farms in five years was $2,536,969,000. Anyone familiar with farming knows that a material reduction in the number and value of livestock on farms means greatly reduced earnings. Between 1920 and 1925 the falling off in the number of animals on American farms was as follows: Horses, 3,231,402; swine, 7,503,981; cattle, 5,080,807.

Moreover, between 1920 and 1925 the value of milch cows in the United States declined from $2,036,750,000 to $1,278,714,000, or a falling off of $758,036,000. It is a well-known fact that the production of milk and butter is one of the most profitable and most essential of farm activities. This tremendous falling off in the number and value of dairy cows means an enormous loss to the American farmers.

By reference to the Federal census of 1920 and the Federal farm census of 1925 it will be observed that there has been a very great depreciation in the value of farm lands, especially in the great agricultural Middle West. In 1920 the value of all farm property in the United States, including farm lands, buildings, implements, machinery, and livestock, was $77,924,100,338, while in 1925 the value of all farm property in the United States was only $59,000,000,000, a shrinkage of nearly

$19,000,000,000, or 24 per cent. No other industry sustained such a tremendous deflation and shrinkage in values.

While the value of farm property has declined rapidly in the past five years, the amount of the indebtedness of the American farmers has been increasing by leaps and bounds. In 1920 the farms in the United States were mortgaged for $7,857,700,000, while at the present time the American farmers owe on their farm mortgages and on other farm indebtedness approximately $12,500,000,000. These statistics show that in 1920 all the farm lands in Missouri were of the value of $2,594,193,271, while the valuation of these same lands in 1925 was only $1,572,508,247. This represents a depreciation in five years of $1,021,685,024, or approximately 40 per cent. In the same period the value of farm buildings decreased $27,716,929. The depreciation of farm lands and farm buildings combined in that five-year period was $1,049,401,953, or an average per farm of $3,916. What other basic industry can lose such a large proportion of its assets in such a short period and survive? The same Government statistics show that in 1925 there were 192,066 fewer horses, 335,651 fewer cattle, and 304,278 fewer hogs on Missouri farms than in 1920. This represents a reduced equipment, impaired working capital, and, obviously, correspondingly reduced profits.

Moreover, the production of grain crops in Missouri has fallen off amazingly, because the production of grain, meats, and other foodstuffs is less profitable than in former years. There is very little incentive for farmers to produce large crops of grain and large supplies of meats when such production spells a loss. It is therefore not surprising that in 1924 the Missouri farmers produced 17,580,778 fewer bushels of corn than in 1919, 16,290,429 fewer bushels of oats than in 1919, and 46,035,574 fewer bushels of wheat than in 1919. No one will contend that they did not work as hard or manage as well in 1924 as in 1919, but discouraging economic conditions resulted in reduced production and subjected them to a handicap and burden that has bankrupted countless numbers and driven all dangerously close to financial disaster.

Lands constitute the principal assets and working capital of the farmer. It is just as essential for the farmer to have ample working capital as it is for the manufacturer or merchant to have capital on which to carry on his business operations. A radical reduction in the value of farm lands hurts the farmer as badly as a radical reduction of the capital stocks or assets of a manufacturer or merchant. In either case such reduction means a corresponding reduction in the earning capacity of the farmer, manufacturer, or merchant.

Between 1920 and 1925 there was an unprecedented decline in the value of all farm property, especially farm lands. This loss was not confined to any one farming section, but was especially acute in the great agricultural States of the Mississippi Valley. I desire to give this House a concrete illustration of the tremendous shrinkage in the value of farm lands in the second congressional district of Missouri between 1920 and 1925, which is shown by the following table:

Decline in value of farm lands in the second congressional district of Missouri between 1920 and 1925

Counties	Value, 1920	Value, 1925	Depreciation in 5 years
Carroll	$50,497,297	$28,039,756	$22,457,541
Chariton	44,063,745	28,344,214	15,719,531
Grundy	32,609,727	14,340,210	18,269,517
Linn	42,145,411	21,656,906	20,488,505
Livingston	30,190,424	19,647,870	10,542,554
Monroe	29,163,070	16,418,051	12,745,019
Randolph	22,391,899	12,666,912	9,724,987
Sullivan	37,466,419	19,938,793	17,527,626
Total in 1920	268,527,994		
Total in 1925		161,052,712	
Depreciation in 5 years			127,475,280

Or to state the facts in another way: In the five-year period from 1920 to 1925 the depreciation in the value of farm lands in the eight counties in my district was as follows: Carroll, $22,457,541, or 45 per cent; Chariton, $15,719,531, or 35 per cent; Grundy, $18,269,517, or 55 per cent; Linn, $20,488,505, or 48 per cent; Livingston, $10,542,554, or 33 per cent; Monroe, $12,745,019, or 43 per cent; Randolph, $9,724,987, or 42 per cent; Sullivan, $17,527,626, or 46 per cent; or an aggregate of $127,475,298, or 46 per cent.

In view of this tremendous shrinkage in land values, who will claim that the farmers of my district are prosperous? Moreover, their condition is but typical of the economic distress of farmers throughout the United States, as revealed by the farm census taken by the present administration and recently promulgated by the Census Bureau.

No other vocational group has suffered such staggering losses as the agricultural classes. Those engaged in manufacturing, transportation, commerce, and other occupations sustained only slight deflations, with practically no impairment of their working capital and assets, and the losses of these other vocational groups were only temporary and were quickly recouped. The deflation is ancient history to the industrial and commercial classes, while the farmer, beset on every hand by adverse economic conditions, has been bled white and practically crushed between the two millstones of ever-declining prices of farm commodities and ever-increasing cost of the farmer's supplies.

Touching elbows constantly with real dirt farmers, familiar with their problems, and well knowing their condition, I am utterly disgusted by the daily prattle of the great metropolitan papers to the effect that the agricultural emergency has passed and that the farming classes are now on the high road to prosperity. The President and his advisers should not be deceived any longer by this propaganda. On the other hand, the other vocational groups ought to realize that the prosperity they are now enjoying can not be enduring unless American agriculture is rehabilitated and the farmers permitted to share in the rapid increase of our national wealth. In short, the balance between agriculture and other occupations must be restored to the end that national prosperity may not be enjoyed by a few vocational groups to the exclusion of the agricultural classes.

In 1925 the farmers in my district owned 19,523 fewer horses, 34,255 fewer cattle, and 31,437 fewer hogs than in 1920.

In 1924 the farmers of my district produced 7,049,335 fewer bushels of corn, 3,081,760 fewer bushels of wheat, and 1,573,298 fewer bushels of oats than in 1919. The falling off in the corn crop represented a loss of approximately $7,000,000, while the falling off in the wheat and oat crops, respectively, represented a loss of $4,000,000 and $900,000. I am calling these figures to your attention in order to rebut the false propaganda that is being circulated extensively to the effect that the farmers are prosperous.

If time would permit, I would like to call your attention to the decline in the value of produce, poultry, and other farm products. In the last analysis the farmer has not been able for several years to balance his budget or to bring his income to a point where it would exceed his annual outlay. I am pleading for a more sympathetic consideration of the problems of the American farmer, and I am demanding for him the same equality of opportunity that other vocational groups enjoy. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FIELD STATION, WOODWARD, OKLA.

For the maintenance in connection with the Woodward (Okla.) Field Station of a livestock department, through which experiments and demonstrations in livestock breeding, growing, and feeding, including both beef and dairy animals, may be made, $8,000.

Mr. WHITE of Kansas. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Kansas moves to strike out the last word.

Mr. WHITE of Kansas. I do so, Mr. Chairman, for this purpose, to call the attention of this committee to the general situation existing in our section of the country. If I have interpreted the same correctly, I do not feel that there is very great necessity for this appropriation. However, I unqualifiedly commend the purpose of the paragraph. I recognize its great importance, and if it were an activity of this Government seeking to introduce this work into the United States, I would favor it very enthusiastically. I do not oppose it, Mr. Chairman; but I seriously say to the gentlemen of this committee that I have doubts if there is any great necessity for this paragraph. I do not know; the chairman can probably tell us if there are similar paragraphs in the bill. I have seen none. I have been away from the city for a day or two.

I want to call your attention to the situation in Kansas and Oklahoma and adjoining States. I think it may interest you if I tell you that in my district, comprising 22 counties in the northwestern part of the State of Kansas, without any statistics in my hand, I personally know that there are many more than 200 different persons engaged in the propagation and breeding of registered cattle. I shall not go into the domain of dairy cattle, because I am not an expert in that, nor have I laid any claim to being an expert in beef cattle, although I have

handled them for 50 years; but I believe I can say modestly that I know a genuine white-face from the hand-painted white-face. I have attended in my time the American Royal, at Kansas City, and also the great shows held annually at Chicago. I was at the San Francisco Exposition some years ago, during the war, an exposition held under very trying and unusual circumstances. I have not visited this station mentioned in the paragraph, but I have seen the best cattle at the American Royal, at Kansas City, from the herds of Kansas, from the individual herds, that I have seen at any time or at any place in my life. I am not assailing this paragraph, but I do not remember that I have ever seen a single animal from this station.

Did I say to you a moment ago that I have in my district from my personal knowledge more than two or three hundred men engaged in that business? Will you allow me to say to you that in Ellis County, in Kansas, there is the fourth largest herd of registered cattle in the world? One of my constituents, a farmer and stockman, has to-day more than 2,000 head of registered cattle. He is selling them throughout that country—in Missouri, in Texas, in Colorado, and in Oklahoma.

I repeat, I have no doubt of the good purpose of this activity which is provided for in this bill, but it seems to me that the meager sum of $8,000 is a mere pittance if the Bureau of Animal Industry in the Department of Agriculture is to conduct this business successfully, competing with men of large and long experience, to bring up the thoroughbred cattle of this country to a higher standard of excellence. I have no amendment to offer in this regard. I am in favor of the further prosecution of the work that is contemplated here.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. WHITE of Kansas. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to proceed for two minutes more. Is there objection?

There was no objection.

Mr. WHITE of Kansas. It has been to me a grave question whether this Government is doing anything practical for the livestock industry of this country in carrying this appropriation from year to year. I wish the chairman might be able in a brief moment to say to the committee here to-day what information there may be in the hearings, if any, on this subject, and what they are doing.

Mr. MAGEE of New York. I will say to the gentleman that we held hearings on this item, and I saw here a moment ago the gentleman from Oklahoma [Mr. GARBER], in whose district this station is located, and I think he can speak for himself.

Mr. MADDEN. I think I can tell the gentleman what he wishes to know about that. I can say to the gentleman from Kansas that that is all the money that is needed for this purpose. The people interested say it is all they need.

Mr. WHITE of Kansas. I thank the gentleman.

As I said, I have seen in the American Royal at Kansas City better cattle than any I have ever seen at any time in the State fairs of this country, and there has been marvelous advance made in the last 25 years in the improvement of our breeds of thoroughbred animals. I repeat, there is grave doubt in my mind as to its usefulness. However, I withdraw my amendment. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

For studying and testing commercial seeds, including the testing of samples of seeds of grasses, clover, or alfalfa, and lawn-grass seeds secured in the open market, and where such samples are found to be adulterated or misbranded the results of the tests shall be published, together with the names of the persons by whom the seeds were offered for sale, and for carrying out the provisions of the act approved August 24, 1912, entitled "An act to regulate foreign commerce by prohibiting the admission into the United States of certain adulterated grain and seeds unfit for seeding purposes" (37 Stat. L. p. 506), $57,298: *Provided*, That not to exceed $250 of this amount may be used for meeting the share of the United States in the expenses of the International Seed Testing Congress in carrying out plans for correlating the work of the various adhering governments on problems relating to seed analysis or other subjects which the congress may determine to be necessary in the interest of international seed trade;

Mr. ARENTZ. Mr. Chairman, I have a great deal of respect for the scientists and investigators employed by the Department of Agriculture. I think it is necessary for them to study and analyze the seeds coming into this country and the seeds produced in this country.

During the last congressional distribution of seeds I met with a number of complaints from the recipients of the congressional seeds, so that last summer or spring I took some of the seeds that were left over from the distribution and planted in my garden some turnip seeds over an area of 6 feet wide and about 200 feet long in order to satisfy myself that either I was wrong, the Government scientists were wrong, or the recipients, the farmers who received the Government seeds, planted them in good faith, tilled the soil, and went to a great deal of trouble in order to raise a crop from Government seed, were right.

I found that these turnip seeds gave the most wonderful crop of wild mustard I ever saw in my life. I could hardly believe my eyes. I could hardly believe that the scientists of the United States Government could have thoroughly examined the seeds that were sold to the Government by contractors. When I arrived here in Washington, I began at once to try to find out from the Government bureaus in the Department of Agriculture who was responsible for foisting upon the American people something which was a harmful seed rather than a beneficial one. After being unable to determine who was the responsible party, I cut a package of the seed under discussion in half, and attached it to a letter addressed to the Chief of the Seed-testing Bureau of the United States Department of Agriculture, and by return mail I was advised that a contractor had made a price upon the delivery of a certain amount of turnip seed, that the samples were received and tested. I could not see how they could have been tested and at the same time prove to be good turnip seed, but according to the regulations of the department the sample seeds are received, are thoroughly tested, and on receipt of the bulk shipments samples are again taken and tests made; but surely in this case tests were not made.

As I have said, I believe in the scientists and in the men employed by the Department of Agriculture to investigate these things, but I feel these men should exercise a great deal more care than they do, and I hope that this may be an isolated case and that this may be one case where a mistake was made, where there were 10,000 cases where mistakes were not made.

I am merely bringing this to the attention of the Congress, with the hope it may reach the eyes of the department chiefs, of the scientists in the Department of Agriculture, to the end that nothing will be left undone looking toward the most careful investigation of such things, whether seeds, insects, or other matters, detrimental to agriculture in all its branches. Because of the seeds that were delivered to the constituents of this House during the Sixty-seventh Congress, 1,666 acres were planted during that congressional term to wild mustard, which is a noxious weed, and very likely tens or hundreds of thousands of acres of ground is now in wild mustard from this small amount sent out by us.

Mr. BURTNESS. Will the gentleman yield?

Mr. ARENTZ. Yes.

Mr. BURTNESS. I hope the gentleman is not making his speech for the purpose of going back to the distribution of garden seed by the Congress.

Mr. ARENTZ. I will say to the gentleman that in the Sixty-seventh Congress I voted against the free distribution of seeds in that manner, and if the question comes before the House again I shall again vote against it.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For the investigation and improvement of cereals, including corn, and methods of cereal production, and for the study and control of cereal diseases, including barberry eradication, and for the investigation of the cultivation and breeding of flax for seed purposes, including a study of flax diseases, and for the investigation and improvement of broomcorn and methods of broomcorn production, $699,340: *Provided*, That $375,000 shall be set aside for the location of and destruction of the barberry bushes and other vegetation from which rust spores originate: *Provided further*, That $75,000 of this amount shall be available for expenditure only when an equal amount shall have been appropriated, subscribed, or contributed by States, counties, or local authorities, or by individuals or organizations, for the accomplishment of such purposes.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word.

I would like to ask the chairman of the subcommittee a question, Mr. Chairman. At the top of page 28 the proviso is that $375,000 is set aside for the location and destruction of barberry bushes and other vegetation from which rust spores originate. I want to ask the gentleman how this compares with the appropriation in the bill of last year?

Mr. MAGEE of New York. I understand it is the same amount. The Bureau of the Budget recommended a cut of $75,000. Mr. Anderson, of Minnesota, former chairman of the

subcommittee, appeared before the committee and stated that this rust affected 11 of the northwestern wheat-growing States, and stated to the committee the great benefits that had resulted from the eradication of these barberry bushes. We concluded that the work should not stop and restored the cut.

Mr. COOPER of Wisconsin. Mr. Chairman, I commend the committee for its action on this proposition. The commissioner of agriculture of our State, Mr. John D. Jones, jr., a very able man, wrote and telegraphed to Members of the House urging that there be no reduction in the amount appropriated last year. I do not know whether Mr. Jones knew what Mr. Anderson was going to testify or not, but he said in his communications to us in substance exactly what Mr. Anderson said to the committee, that the retention of this appropriation is of vital importance.

Mr. BURTNESS. Mr. Chairman, I move to strike out the last two words.

I do this for the purpose of getting the attention of the chairman in charge of the bill as to whether the language of the proviso which is found here is new language. I refer to the proviso that $75,000 of this amount shall be available only in the event an equal amount is contributed by the States.

Mr. MAGEE of New York. I understand this proviso has been carried in the appropriation bill for several years.

Mr. BURTNESS. This proviso has been carried in former appropriation bills?

Mr. MAGEE of New York. That is my understanding.

The pro forma amendments were withdrawn.

The Clerk read as follows:

For cooperation with the War Department in the maintenance and operation of an airplane patrol to prevent and suppress forest fires on national forests and adjacent lands, $50,000: *Provided*, That no part of this appropriation shall be used for the purchase of land or airplanes.

Mr. BANKHEAD. Mr. Chairman, is the bill being read by paragraphs or sections? I wish to reserve a point of order on this paragraph.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BANKHEAD. My point of order is based on the proposition that this is legislation. I would like to inquire of the chairman whether there is any authority at law or precedent for the cooperation between the Department of Agriculture and the War Department for the maintenance and operation of airplane control?

Mr. MAGEE of New York. I am not prepared to state to the gentleman whether there is any express authority, but it has been carried for several years in appropriation bills.

Mr. BANKHEAD. It seems to me it is rather an unusual provision.

Mr. MAGEE of New York. It is not an unusual provision, as it has been carried for several years.

Mr. BANKHEAD. That was not the basis of my objection. While it may have been carried quite a number of years, as an original proposition it seems to me that unless there is some authority of law it is subject to inquiry, because it is providing for cooperation of the War Department, or any other department of the Government, with the Department of Agriculture, which is an entirely different proposition. I am not objecting to the appropriation, provided there is any authority for it. The gentleman from New York stated the other day that he did not believe in legislation on an appropriation bill.

Mr. MAGEE of New York. And I say that now, but this appropriation serves a useful purpose. The gentleman asked me if there was any authority existing for the provisions. I would be glad to look it up and give the gentleman the results of my investigation, but I am unable to tell offhand whether there is authority or not.

Mr. BANKHEAD. The gentleman puts me in this attitude: If I do not press the point of order at this time, it would be waived; and if it is legislation, it ought not to be in the bill, as the gentleman concedes.

Mr. MAGEE of New York. The gentleman can request that it be laid aside temporarily, and I will not object to that.

Mr. BANKHEAD. Well, Mr. Chairman, I ask unanimous consent that this particular item be passed over, and the chairman of the subcommittee can determine whether there is any authority in law for it.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that the paragraph be passed over in order that he may receive a statement from the subcommittee. Is there objection?

Mr. TILSON. Reserving the right to object, may I ask the gentleman from Alabama whether, if it should be ascertained that there is no specific authorization of law for the cooperation between the two Departments of War and Agriculture, but that it had been found to be an economical and convenient arrangement for the War Department, which has airplanes at certain posts and Army officers willing to fly, and by agreement with the Department of Agriculture they fly over the forests and look out for fires, he would then insist upon his point of order?

Mr. BANKHEAD. The gentleman asks me an embarrassing question. I am one of those Members of the House who believe in preserving the integrity of the legislative committee.

The CHAIRMAN. If the Chair can furnish a precedent, would the gentleman from Alabama care to have the paragraph go over?

Mr. BANKHEAD. No, Mr. Chairman, if there is any authority of law.

The CHAIRMAN. On January 24, 1921, the same item, I think in the exact phraseology, came before the committee. It was to enable the Secretary of Agriculture to cooperate with the War Department in the maintenance of an air patrol for fire prevention and suppression on the national forests of the Pacific coast and the Rocky Mountain regions. The gentleman from Iowa [Mr. HAUGEN] made a point of order against the item, and the Chair, in the ruling, stated as follows:

The Chair feels that in the matter of fire precaution every means should be taken by the Department of Agriculture to prevent fire, and that it was the intention of the organic law cited above to take every precaution in this respect in our national forest reserves. Surely there can be no higher prerogative of government than to protect itself and its property. The Chair feels that these provisions of the law are sufficiently broad to authorize the establishment of a fire patrol, as indicated in this bill; and, therefore, the Chair overrules the point of order.

That was the ruling of Chairman Hicks on January 24, 1921.

Mr. BANKHEAD. I will state, Mr. Chairman, that that is entirely satisfactory to me. My only anxiety was to assist the Appropriations Committee to see to it that neither wittingly nor unwittingly did they violate the jurisdiction of the legislative committee.

The CHAIRMAN. The Chair will state that in view of that precedent he would be compelled to uphold this item in the present bill. The Chair understands the gentleman from Alabama withdraws his point of order.

Mr. BANKHEAD. I do.

The Clerk read as follows:

For investigations of methods for wood distillation and for the preservative treatment of timber, for timber testing, and the testing of such woods as may require test to ascertain if they be suitable for making paper, for investigations and tests within the United States of foreign woods of commercial importance to industries in the United States, and for other investigations and experiments to promote economy in the use of forest and fiber products, and for commercial demonstrations of improved methods or processes, in cooperation with individuals and companies, $383,264: *Provided*, That not to exceed $15,000 of this amount may be used for the investigation by the Forest Products Laboratory of the United States Department of Agriculture of flax straw as a source of supply for the manufacture of pulp and paper.

Mr. LEAVITT. Mr. Chairman, I move to strike out the last word. I notice in this item that the amount appropriated is $15,000 above the Budget estimates. I wish, like others, to congratulate the committee on that increase. I wondered if the report made as a result of the national conference on the utilization of forest products, called together by the President of the United States in November of 1924, was considered by the committee and whether their program, which would call for an expenditure of $205,500 more than this item, was before the committee.

Mr. MAGEE of New York. The committee did not consider that. We restored the cut.

Mr. LEAVITT. I make this statement in order that the gist of that report may be made available to the Members. The national conference I refer to was called by the President in November of 1924 to consider that very important feature of the conservation of our forest resources which arises from a closer utilization of forest products. As a result of that meeting, which was held here in Washington, a committee was appointed that has made a study of ways by which a closer utilization of forest products may be brought about. The report indicates that there will be a saving of $568,000,000 now wasted each year if certain things proposed can be carried out. There is estimated that the loss through improper and wasteful utilization and other losses, much of which could be prevented, amounts to something like $1,300,000,000 per annum, an item which, if it could be prevented, or even a small percentage of it, would be of great importance and value to the Nation. This report by the Committee on the National Forestry Program has in mind 31 different studies that might be carried on at the forest-products laboratory at Madison and at other

places in the industry, and I ask unanimous consent to insert in the RECORD at this point their program. It shows the funds now made available and the total estimated funds necessary if their program is carried out.

The CHAIRMAN. The gentleman from Montana asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The matter referred to is as follows:

Estimated necessary Federal appropriations for specific forest products investigations and fundamental research, 1926–27

[Made by National Forestry Program Committee]

Project No.	Name	Funds available, 1925–26	Total estimated necessary funds, 1926–27	Estimated necessary increase, 1926–27
1	Outlets for white fir, etc	$15,280	$27,280	$12,000
2	Ready-cut stock	11,680	21,680	10,000
3	Kinds and sizes of logs	5,040	15,040	10,000
4	Second growth	5,750	10,750	5,000
5	Knotty material		5,000	5,000
6	Blighted chestnut	1,700	16,700	15,000
7	Molded products	3,000	8,000	5,000
8	Short lengths	500	8,000	7,500
9	Properties and uses	9,476	24,476	15,000
10	Grades for fabrication		6,000	6,000
11	Steam bending	9,000	15,000	6,000
12	Woods for chem. app		3,000	3,000
13	Joints and fastenings		7,500	7,500
14	Containers	21,300	31,300	10,000
15	Bluestain	2,400	14,400	12,000
16	Treated millwork and retail	2,000	8,000	6,000
17	Redwood and cedar stain		3,000	3,000
18	Brownstain	2,500	5,500	3,000
19	Paint	6,000	12,000	6,000
20	Finishing	3,000	6,000	3,000
21	Service records	4,500	7,500	3,000
22	Drying S. pine	753	5,753	5,000
23	Drying D. fir	753	5,753	5,000
24	Drying S. hardwoods	1,506	6,506	5,000
25	Drying dimension	3,000	6,000	3,000
26	Antishrinkage treatments	2,000	9,500	7,500
27	Green and dry construction		6,000	6,000
28	Decay of pulp	2,000	9,500	7,500
29	Pulping mill wastes	3,000	8,000	5,000
30	White pulp from pines	6,250	11,250	5,000
31	Turpentining	4,000	7,500	3,500
	Total for specific investigations of great commercial importance	126,388	331,888	205,500
	Total appropriation necessary for fundamental and other investigations now reasonably well financed	256,876	256,876	
	Grand total forest products appropriations	383,264	588,764	205,500

The Clerk read as follows:

For the construction and maintenance of roads, trails, bridges, fire lanes, telephone lines, cabins, fences, and other improvements necessary for the proper and economical administration, protection, and development of the national forests, $426,900: *Provided*, That where, in the opinion of the Secretary of Agriculture, direct purchase will be more economical than construction, telephone lines, cabins, fences, and other improvements may be purchased: *Provided, further*, That not to exceed $50,000 may be expended for the construction and maintenance of boundary and range division fences, counting corrals, stock driveways and bridges, the development of stock watering places, and the eradication of poisonous plants on the national forests: *Provided further*, That $5,000 of the appropriation for this purpose for the fiscal year 1926 allotted for the construction of a dam at Cass Lake, Minn., shall continue available during the fiscal year 1927.

Mr. DOWELL. Mr. Chairman, I reserve a point of order on the paragraph. May I inquire if this appropriation of $426,900 is the entire appropriation for roads during the year for the Forest Service?

Mr. MAGEE of New York. No. The gentleman will find that item toward the end of the bill.

Mr. DOWELL. I understand that is another paragraph.

Mr. MAGEE of New York. On page 76.

Mr. DOWELL. This covers the same purpose, does it not? In other words, the appropriation in this paragraph is used in the same manner as in the paragraph at the last of the bill?

Mr. MAGEE of New York. I do not understand that. This is for trails, telephone lines, and so forth.

Mr. DOWELL. But it provides for the construction and maintenance of roads, and any part of this $426,000 can be used for that.

Mr. MAGEE of New York. I understand that it has no connection with the item of forest roads and trails on page 76.

Mr. DOWELL. May I inquire if under this language the $426,900 could not be used for the construction and maintenance of roads in the same manner provided in the last paragraph providing for Federal aid to highways.

Mr. MAGEE of New York. It might be that they could use it for that, but I understand they do not.

Mr. DOWELL. May I make another inquiry? In line 11 the proviso is:

Provided, That where, in the opinion of the Secretary of Agriculture, direct purchase will be more economical than construction, telephone lines, cables, fences, and other improvements may be purchased.

As I understand it, this is full authority to purchase telephone lines. Is there any provision in the law that authorizes the appropriation for the purchase of telephone lines by the Forestry Division?

Mr. MAGEE of New York. I can not say to the gentleman that there is authority for that provision. Of course, it is a very economical provision, where he could purchase a line at much less price than he could construct it for.

Mr. DOWELL. That is just what I want to get at. In the language it states if it is found to be more economical. However, I notice, beginning at line 15, that not to exceed $50,000 may be expended for the construction and maintenance of boundary and range division fences. There appears to be no limitation whatever upon the purchase of telephones and telephone lines. A telephone line may be purchased here, as I read this, without limitation. It is not covered even in the $426,000 item.

Mr. MAGEE of New York. Oh, I think so.

Mr. DOWELL. I do not read it in that way.

Mr. MAGEE of New York. I think the proviso is within the limit of appropriation.

Mr. DOWELL. But this language follows the appropriation of $426,900:

Provided, That where, in the opinion of the Secretary of Agriculture, direct purchase will be more economical than construction, etc.

It is full authority to purchase telephone lines without limitation. The committee has been very careful to limit it to $50,000 on the other part of the expenditure, but there is no limitation as I read this language on the expenditure for telephone lines.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DOWELL. Yes.

Mr. McLAUGHLIN of Michigan. I think the gentleman is right in saying that the entire $426,900 may be used for the purchase of telephone lines, but it certainly could not go beyond that, because in the first part of this section, line 7, there is construction provided for.

Then when the Secretary of Agriculture finds that construction can be done away with economically he has only the money for purchase he would have for construction, which is $426,900.

Mr. DOWELL. I appreciate what the gentleman states, except for the fact that this is a separate proviso that does not refer to these items and appears to be a mere proviso without a limitation.

Mr. MAGEE of New York. I do not agree with the gentleman.

Mr. DOWELL. I want to submit another question. What is the meaning of the words "other improvements" in this paragraph?

Mr. MAGEE of New York. You can not specify every item. We have to have confidence in the Secretary.

Mr. DOWELL. I have the same confidence; but the language should be in such a way that——

Mr. MAGEE of New York. Oh, it has been carried here for years. You have to give some small latitude to the Secretary.

Mr. DOWELL. Mr. Chairman, while I think the point of order is good, I do not make it. I withdraw my reservation of the point of order.

The CHAIRMAN. Without objection the point of order is withdrawn. The Chair's attention has been drawn to the fact that the comma after the word "provided" in line 14 should be stricken out, and without objection it will be deleted.

There was no objection.

The Clerk read as follows:

For the investigation and development of methods for the manufacture of table sirup and sugar and of methods for the manufacture of sweet sirups by the utilization of new agricultural sources, $28,000.

Mr. BRAND of Ohio. Mr. Chairman, I move to strike out the last word. I rise for the purpose of getting privilege to insert in the RECORD a letter from the Bureau of Standards,

which reads like a fairy story to me, relative to the production of sugar from corn and artichokes. They have been making sugar from corn for a great many years in the form of glucose. The manufacturers of the country need it in another form. Glucose is a liquid form, and they needed sugar from corn like granulated sugar in a crystallized form. For 40 years experiments have been made trying to perfect that process, and last year the Bureau of Standards was able to find a way of crystallizing dextrose from corn. They took their experiments to the Corn Products Co. of the United States, and that company at once took up the matter, and they developed one factory that is now producing 600,000 pounds of corn sugar a day in a crystallized form, a factory that uses about 20,000 bushels of corn a day. Another factory is now being built at Cedar Rapids, Iowa, to do that much more——

Mr. COLE. If the gentleman will allow me to correct him, I will say that the factory at Cedar Rapids is now producing 50,000 pounds a day, and they are going to enlarge the production. I desire also to correct the date this sugar was perfected by the Bureau of Standards. It was September, 1923, and since that time they have been manufacturing this crystallized corn sugar, and there is an amendment to the food and drugs act now pending, which Senator CUMMINS introduced in the Senate and I did in the House, and which has already passed the Senate without any opposition. What it does is to remove the discrimination in corn sugar as to labeling.

Mr. BRAND of Ohio. Further, in Europe there are factories being built in Germany and in England for the same purpose. There are, all told, completed, or in process of completion, 23 plants for making granulated sugar out of corn. Each basket of corn produces 27 pounds of sugar, 27 pounds of feed, and 1 pound of valuable oil. All this means a great demand for corn for sugar purposes, which will prove of great interest and benefit to the American farmer.

Now that is not all of this letter that I am going to insert in the RECORD, availing of the privilege given me by the House, because the Bureau of Standards brings out the prospect of making sugar from a weed called the artichoke, with which you are all familiar, growing in various parts of the United States. It grows everywhere in the United States, whether it is on poor land or good land. They find that the tuber at the base of the artichoke contains as much sugar as the beet in percentage, and it is one and three-quarters times as sweet as the sugar from the beet; and, further, it can be grown with only half of the labor required in raising the beet.

Now this brings to our minds the opportunity that we have of producing the sugar needed in the United States. It is a sort of magic story, if this artichoke turns out the way it is predicted by the Bureau of Standards; and the practical point in connection with it is its effect on the agriculture conditions in the United States. We are importing $400,000,000 worth of sugar every year.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. RANKIN. Does the gentleman know whether or not the Bureau of Standards has reported on the feasibility of making sugar out of sweet potatoes?

Mr. BRAND of Ohio. I do not know that they have.

Mr. RANKIN. The information we had a few years ago was to the effect that the sweet potato was the most valuable vegetable product we had for the production of sugar, except sugar cane and beets. Possibly the gentleman is referring to motion-picture sugar, used to allay the mental suffering of the farmers of the West just at this time.

Mr. BRAND of Ohio. I will say to the gentleman that there has been no moving picture of it produced as yet, but it looks now like we would supply ourselves with sugar made from corn and artichokes.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Ohio. Yes.

Mr. MOORE of Virginia. This is a very interesting discussion. The subject which the gentleman has just alluded to is the debate that was had in the Senate last Saturday. It seems to be admitted that the article he names furnishes a good material for the manufacture of sugar.

Mr. BRAND of Ohio. Yes; and the only part of the experiments with the production of sugar from artichokes yet to be accomplished is the physical problem of crushing the tubers and extracting the sugar in a commercially paying manner.

I was saying when I was interrupted that this matter of producing our sugar supply is very important to agriculture. We are producing so much of some agricultural products in the United States that we exceed the domestic demand and have to seek a foreign market for the balance, which causes us to accept European prices, and the amount exported, in turn, establishes the price here of our domestic supply. This is the real agricultural problem before us, and if we can produce $400,000,000 worth of sugar annually that we are now buying abroad, we will use many thousand acres of lands in the United States for this purpose, which is now being used in the production of exportable surplus products. We only export about $200,000,000 worth of wheat, and I venture to say that we would reduce our wheat acreage to such an extent by producing $400,000,000 worth of sugar a year that we would have no surplus wheat as a problem and that the tariff duty would then apply without question.

We are using about 92 per cent of all our agricultural products here at home and shipping abroad only about 8 per cent, and at the same time we are importing about the same amount of agricultural products that we are exporting, including, of course, the sugar.

To make ourselves self-supporting in the matter of sugar will help to make American prices for other farm products instead of having the farmers compete with the world on surplus production.

I submit the letter from the Bureau of Standards for the RECORD.

DEPARTMENT OF COMMERCE,
BUREAU OF STANDARDS,
Washington, January 30, 1926.

Hon. CHAS. BRAND,
House of Representatives, Washington, D. C.

Subject: Dextrose (corn sugar) and levulose.

DEAR CONGRESSMAN: In accordance with your request of January 29 we are pleased to indorse herewith memorandum on the production of dextrose (corn sugar) and on levulose from artichokes.

Respectfully,

GEORGE K. BURGESS, *Director.*

(Inclosure: Memorandum.)

JANUARY 30, 1926.

Memorandum on the production of dextrose (corn sugar) and levulose

1. In response to your request for data on dextrose (corn sugar) and on the production of levulose from artichokes, we are pleased to make the following statement:

2. In the present stage of our development there are three carbohydrates of vital importance as food, namely, dextrose (corn sugar), sucrose (ordinary sugar), and levulose. All have about equal food value. There is, however, a difference of fundamental importance between them. Dextrose has a low sweetening power, whereas levulose has a very high sweetening power. If all three sugars should therefore cost the same to produce, there could be no economic excuse for the manufacture of sucrose as food.

3. Any sugar, to be economically marketed, must be crystallized by a method which permits of its being produced from water solution. The Bureau of Standards began by producing the sugar, mannite, on a considerable scale for the first time from water solution for the Field Medical Hospital Service of the United States Army during the World War. Our previous supply of this indispensable sugar had come from Germany.

4. Inasmuch as the world had long waited for a carbohydrate of high food value, great purity, low cost, and low sweetening power, the Bureau of Standards' resources were next turned to a solution of this problem. An exhaustive study of the crystallization of dextrose from water solution was carried out and has resulted in the establishment of a new industry which is already of large proportions. Continuous efforts to solve this problem had been made by the dextrose industry for over 40 years. Some millions of dollars were spent in efforts to produce pure crystalline dextrose.

5. In 1919, after having furnished the research department of the Corn Products Refining Co. with theoretical information on the subject for several years, and no successful commercial production had resulted, this bureau sent one of its associate chemists from the carbohydrate laboratory to the Edgewater, N. J., plant of the Corn Products Refining Co., where he immediately threw down 4,000 pounds of crystalline dextrose, thus demonstrating to that company and to the world that it was perfectly feasible to produce chemically pure dextrose at a low cost on a large manufacturing scale. The bureau continued the experimental work on a commercial scale, sending the above mentioned associate chemist to the Edgewater plant where the experiments were made. So successful were the results obtained that in a short time the Corn Products Refining Co. offered this man a large salary and within 30 days thereafter he was permitted to resign from the sugar staff of the Bureau of Standards. That company immediately began working on a large factory in connection with its Argo, Ill., plant and it was put in successful operation within a short time.

6. As a result of the Bureau of Standards' discovery one factory of the Corn Products Refining Co., costing over a million dollars, is now making about 600,000 pounds of this material per day, and other corn products refining companies, such as Penick & Ford (Ltd.), Cedar Rapids, Iowa, are already in production or about to go into

production. For over a year, large as has been the increase in the output of dextrose, the demand has far exceeded the supply. Dextrose had been vitally needed as an adjunct to the use of ordinary sugar. Satisfactory production in some large-scale industries could not be made because of the lack of such a product. It was needed as the perfect "filler." It is also needed in the wine industries of Europe, and the Corn Products Refining Co. now has a large factory in Germany, and we are informed has been requested by the British Government to erect a factory in England. All this means a great increase in the consumption of American corn, and with the present market prices of that commodity approximately 50 cents per bushel and one of the largest crops in history harvested in 1925, it is difficult to estimate the value of the new industry to the American farmer. Inevitably the dextrose industry will provide one of the most dependable outlets for our surplus corn. In appearance dextrose can not be distinguished from ordinary granulated sugar and is on the market in three sizes of grain, namely, coarse, fine, and standard granulated.

7. A bushel of corn—60 pounds—produces 27 pounds of dextrose, 5 pounds of hydrol—molasses—1 pound of oil, and 27 pounds of feed.

8. Dextrose or corn sugar, while originally developed by the Bureau of Standards for its low sweetening power, has received a greatly increased rating in relative sweetening power since it has been produced in the form of granulated sugar. The latest scientific data give the following relative sweetness: Dextrose, 74.3; sucrose, 100; levulose, 173.3.

9. Dextrose crystallizes in two forms, the anhydrous and the hydrate. It is the latter form which is now used in the commercial product. The sugar is apparently perfectly stable with excellent keeping qualities. Our best information indicates that it has an osmotic pressure higher than that of sucrose and should therefore exert a greater preserving action.

10. No information is at hand giving current market quotations on dextrose. It is believed that it can probably be purchased at a lower cost per pound than ordinary sugar. It is believed that as production increases the price eventually should be considerably lower than that of ordinary sugar.

11. After the remarkable results on dextrose had been obtained and a new industry created the Bureau of Standards felt justified in turning its resources to an experimental study of the last of the three sugars mentioned above, namely, levulose. The economic and commercial possibilities of levulose, could it be successfully crystallized from water solution, have long been given serious attention in Europe as well as in America. It should be borne in mind that the scientific interest in this problem is scarcely less than the commercial and public interest. The bureau's first publication on this subject was a strictly scientific paper presented before the Ithaca, N. Y., meeting of the American Chemical Society the week of September 8, 1924, and carried the announcement that the Bureau of Standards had developed a laboratory method for the successful crystallization of levulose from water solution. It is perhaps permissible to state that no development has occurred in many years which has such possibilities for profoundly influencing man's food supply. The production of sugar is one of the world's largest industries. A new industry which threatens to even modify this production is a thing of first importance to mankind. The Bureau of Standards is considering not merely the question of modification, but the possibility, to a great extent, of replacement of ordinary sugar—sucrose—by levulose.

12. Levulose is the finest of all the sugars. It has long been scientifically the most fascinating and elusive. The human race consumes large quantities of it in honey and in sirup. Physiologically it is probably the most easily assimilable of the sugars. Its sweetness is one and three-fourths times that of ordinary sugar. For many years experimenters in all parts of the world have attempted to crystallize this sugar from water solution, but have never succeeded. It has long been considered uncrystallizable. Exceedingly small amounts have been made by special chemical companies—by the use of alcohol—for scientific purposes, and also, where the patient was rich enough, for diabetics.

When ordinary sugar is eaten it breaks up immediately into dextrose and levulose. The price of levulose ranges from $30 per pound for a poor product to $110 per pound for the crystalline material corresponding in purity to that of ordinary sugar. The bureau has succeeded in throwing down pure crystalline levulose from water solution. In appearance levulose can not be distinguished from ordinary granulated sugar. It has a very much higher solubility than other sugars. The Bureau of Standards is making it from the tubers of the Jerusalem artichoke, a weed which has overcome all of its enemies, grows equally well anywhere in the United States, and produces from 10 to 20 tons to the acre. The bureau hopes to carry on experiments on a semifactory scale this winter and to make a considerable quantity of levulose. Through the philanthropy of the Hon. Joseph C. Sibley, former Member of Congress from Pennsylvania, the bureau has had made available 1,000 bushels of Mammoth French White Jerusalem artichoke tubers. The value of this material is not less than $5,000 at the current market prices. The artichoke is being grown extensively, not only because of the tubers, but because of the preference of animals for the tops, which are generally siloed, over hay. There is no agricultural problem connected with the artichoke. It is cultivated about the same as corn is cultivated in the Middle West—three times with the cultivator, if possible. Approximately one-half the cost of the production of sugar from beets is in the agriculture, a large amount of hand labor being required at certain seasons of the year. In addition, it has always been necessary to import from Europe each year practically all the beet seed used in America.

13. The great problem, so far as the world's sugar industry is concerned, has always been the utilization of factory equipment for a period longer than three months in the year. The perishable nature of both canes and beets is their most unfortunate attribute. There are indications that the artichoke can be used to lengthen the season to eight months in the year or longer. The artichoke is stored in the ground. Freezing does not seem to hurt the tuber. The demand for levulose for all purposes, including confectionery, would be enormous were it available at any price within reason. While data suitable for estimating cost of production per pound is not yet available, the surface indications are that levulose can be produced at a cost equal to and perhaps less than ordinary sugar from beets. The process of manufacture is in most respects very much the same as that now used in our domestic beet-sugar industry. The additional machinery needed would probably not run over $80,000 per factory. The bureau is now proceeding with an experimental study of a diffusion method of juice extraction. It is impossible to say at this time whether or not it is feasible to use rollers for crushing, as is now done in the cane industry. We have been unable as yet to carry out experimental work on this phase of the problem.

The process of manufacture of levulose thus far developed by the Bureau of Standards consists of juice extraction, combined conversion and defecation, lime precipitation, and crystallization, in which the most expensive reagent required is the ordinary grade of sugar-house lime. It is hoped to next obtain the approximate cost of manufacture and to determine to what extent cane and beet mills can be adapted to the manufacture of levulose, and thus extend their campaign through the greater portion of the idle season. It is perhaps unnecessary to point out that a possible levulose industry is of great importance to the American farmer, as well as the American people in general.

14. A large number of varieties of artichokes have been found native to North America. Many of these, including some cultured varieties, were grown experimentally at the Arlington Experimental Farm in Washington, D. C., during the season of 1925. The analytical results of these tubers showed a levulose content ranging from 12 to 16 per cent and the average size of the tuber ranging from 36 to 66 grams.

15. The Bureau of Standards has published but one article to date on the subject of the production of levulose from artichokes, which is a brief description of the technical process, entitled, "A Method for the Manufacture of Levulose," by R. F. Jackson, C. G. Silsbee, and M. J. Profitt. This article has appeared in the following journals: Industrial and Engineering Chemistry, volume 16, page 1250 (1924); Facts About Sugar, volume 19, page 586 (1924); The Planter and Sugar Manufacturer, volume 73, page 469 (1924); Sugar, volume 27, page 9 (1925). A more detailed article on this subject is now in press and is expected to be released for distribution within a short time.

Respectfully,

GEORGE K. BURGESS, *Director.*

The CHAIRMAN. The time of the gentleman has expired.

Mr. BUCHANAN. Mr. Chairman, I will say to the gentleman that in regard to the possibility of profitably producing sugar from artichokes it has been known for a great many years as possessing the content of sugar, and several governments have been trying to evolve means by which the liquid sugar content could be crystallized, but all failed up to a few months ago, when the Bureau of Standards succeeded in evolving that process. The Bureau of Standards has now 10 tons of Japan artichokes to demonstrate that it is practicable and feasible commercially to manufacture artichokes into sugar and by reason of the greater quantity of sugar contents and intense sweetness thereof, the hardihood of the artichoke plant, and its immunity from disease we expect great results from it. The subcommittee on deficiencies has just approved a recommendation to provide for the completion of this experiment.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PREVENTION OF SPREAD OF EUROPEAN CORN BORER

To enable the Secretary of Agriculture to meet the emergency caused by the spread of the European corn borer, and to provide means for the investigation, control, and prevention of spread of this insect throughout the United States, in cooperation with the States concerned, including, when necessary, cooperation with the Federal Horticultural Board in establishing, maintaining, and enforcing quarantines promulgated under the plant quarantine act of August 20, 1912, as amended, including the employment of persons and means in the city of Washington and elsewhere, and all other necessary expense, $485,000: *Provided*, That in the discretion of the Secretary of Agriculture $100,000 of this amount

shall be available for expenditure only when an equal amount shall have been appropriated, subscribed, or contributed by States, counties, or local authorities, or by individuals or organizations, for the accomplishment of such purposes.

Mr. KETCHAM. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Michigan moves to strike out the last word.

Mr. KETCHAM. I do this, Mr. Chairman, for the purpose of directing the attention of the chairman of the subcommittee to this important paragraph. I would like to ask him how this amount compares with that carried in the appropriation bill for the present fiscal year?

Mr. MAGEE of New York. We increased the amount very materially. This bill carries $101,000 in excess of the amount appropriated for this current fiscal year.

Mr. KETCHAM. Does the gentleman recall whether that seems to meet completely the needs of the department so far as the Federal expenditures are concerned?

Mr. MAGEE of New York. I understand that the department needs that amount. The committee has taken the judgment of the department. The matter was considered so important that we did not feel that we could take the responsibility of reducing the estimate of the department. The committee felt justified in giving the department all it stated it needed.

Mr. KETCHAM. If I judge correctly, considerable amounts are required to be expended by the States themselves?

Mr. MAGEE of New York. Yes; they cooperate.

Mr. KETCHAM. They cooperate and therefore practically double the $100,000 that is actually expended cooperatively in fighting the corn borer, as provided here. The same amount comes from the States.

Mr. MAGEE of New York. The committee thought that nothing more important came from the department. We felt we should do all in our power to keep this pest from going into the great corn-producing States of Iowa, Kansas, Nebraska, and adjoining States. We gave the department all they stated they needed in the premises.

Mr. KETCHAM. I hope the subcommittee will continue to watch this item very carefully, and will see that the Budget Bureau, in its anxiety to trim, does not reduce this item. The danger of this corn borer is one of the most serious ones in the country.

Mr. MAGEE of New York. I understand we have given all that the department recommended.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. KETCHAM. Yes.

Mr. McLAUGHLIN of Nebraska. As to the appropriation that the gentleman asked about, the Secretary of Agriculture has recommended that it be allowed to spend $485,000. Of this amount to meet the ravages of the corn borer only $100,000 is to be matched by the States.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. KETCHAM. Mr. Chairman, I will yield the floor with this statement, that the remarks I made with reference to cooperative work between the Federal Government and the States had to do with the $100,000 appropriation, rather than with the total of $485,000 which the paragraph carries.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I rise in opposition to the pro forma amendment.

I was interested in the statement of the chairman of the subcommittee when he spoke of the immense importance of this particular appropriation to prevent, if possible, the spread of the corn borer to the great corn-growing sections of the country. This is important. I wonder how much attention is given to the fact that nearly every one of these pests, causing so much trouble, inflicting so much loss and imposing upon us these immense—in the course of years they are immense—appropriations might have been avoided and the coming of these pests and diseases to this country might have been prevented altogether if we had had on the books a few years earlier the law approved August 20, 1912, an act to regulate importation of nursery stocks and other plants and plant products, and so forth. A well-informed person could tell you. I can not enumerate the different diseases and pests that have come in during very recent years and which could easily have been stopped if we had had a horticultural board or if we had had the organization we have now functioning under the act of August 20, 1912.

During the summer of 1925 many of us read in the newspapers of a campaign made against this board because it had established a quarantine or embargo against the importation of some dangerous stock of flowers or bulbs from some foreign country. I received letters from more than one of these importers and from others who wished to import that kind of stuff railing against the action of the Horticultural Board, protesting against the quarantine and asking me to lend my aid in securing a law that would clip the wings of this board, tie its hands, so it would be unable to establish these quarantines for the protection of the country.

I am not disposed to take more time; in fact, I do not know that I can give further information to the committee at this time; but those within the sound of my voice ought to take notice of the fact that 90 per cent of all the loss suffered as a result of the importation of pests and diseases of one kind and another could have been prevented. And it is only necessary for you to use your thinking apparatus a little bit to realize or have some conception of the losses we have suffered by their coming. Yes; many, almost every one, of these pests might have been kept out of the country if we had had proper laws on the books and if they had been enforced with the wisdom and vigor with which the present law is enforced.

It became my duty a number of years ago to present to this House the first bill that was ever presented here relating to the line of work provided by the act of August 20, 1912. The Congress was not ready for it and the bill was defeated. It was vigorously opposed in the Committee on Agriculture, of which I was a member at that time. Nurserymen came here from all over the country objecting to it. They developed a sentiment here that led to the defeat of the bill. Nurserymen were objecting for a selfish purpose. I remember one incident which happened in the committee. The entomologist from the State of West Virginia, I think, came before the committee and testified to the need of help and the need of scientific investigation of these matters, such help as could be rendered by such a board as we proposed by the bill to organize. He stated:

> Only a short time ago there came into my State, the State of West Virginia, a shipment of nursery stock. I saw in it some bugs or flies that were strange to me, and I called in our State entomologist, who made an investigation. He found that shipment of nursery stock literally alive with brown-tail moth.

One member of the committee asked him where it came from. He did not wish to tell, but we insisted he tell us where it came from. He said it came from such-and-such a nursery, one of the best-known nurseries in the United States. A member of the company, a representative of that nursery, was at that very time in the committee room protesting vigorously against favorable action on that bill by the committee.

It was just such opposition that defeated that bill and postponed the enactment of this very wise and helpful law until August 20, 1912.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MAGEE of New York. Mr. Chairman, I ask that the gentleman may have two more minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McLAUGHLIN of Michigan. I was about to conclude by asking that the chairman and the other members of the subcommittee on the Agriculture appropriation bill give earnest and sympathetic attention to suggestions coming from the Horticultural Board and that liberal appropriations be provided for its work. It is very important work and it is in exceptionally good hands. We have few, if any, more capable, trustworthy, conscientious officials than Doctor Marlatt, who is at the head of this service.

Mr. MAGEE of New York. I was going to say to the gentleman, appreciating the force of his argument, that we have increased the appropriations for the enforcement of this act.

Mr. McLAUGHLIN of Michigan. I notice there is some increase but not very much. How does it compare with what Doctor Marlatt asked? I remember last year he asked for a great deal more than he received.

Mr. MAGEE of New York. I am unable to state that exactly, but I know we provide for additional inspectors and increased appropriations.

The CHAIRMAN. The Chair will call the attention of the gentleman from New York [Mr. MAGEE] to the fact that in line 12 the word "expense" is used, whereas in all the other paragraphs the Chair finds the word "expenses" is used. Does the gentleman desire that changed as a typographical error?

Mr. MAGEE of New York. Yes.

The CHAIRMAN. Without objection, the correction will be made.

There was no objection.

The Clerk read as follows:

UPPER MISSISSIPPI RIVER REFUGE

For the acquisition of areas of land or land and water, pursuant to the act entitled "An act to establish the Upperu Mississippi River Wild Life and Fish Refuge," approved June 7, 1924, and amendment thereto approved March 4, 1925, and for all necessary expenses incident thereto, including the employment of persons and means in the city of Washington and elsewhere, $5,000, being part of the sum of $1,500,000 authorized to be appropriated for such purpose by section 10 of said act; and for all necessary expenses of the Secretary of Agriculture authorized by section 9 of said act, $20,000; in all, $25,000, which shall be available until expended: *Provided*, That the Secretary of Agriculture may incur obligations and enter into contracts for the acquisition of additional areas to an amount which, inclusive of the amounts heretofore and herein appropriated, shall not exceed a total of $1,500,000, and such contracts shall be deemed contractual obligations of the Federal Government.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. How much has been acquired under the provisions of this act?

Mr. MAGEE of New York. They are only getting well started. They have entered into some contracts, but I do not understand that a large amount of land has yet been acquired.

Mr. BRIGGS. I notice the bill does not carry a large appropriation.

Mr. MAGEE of New York. We carry all that they asked for.

Mr. BRIGGS. As much as can be utilized, in view of the preliminary service, and so forth?

Mr. MAGEE of New York. Yes.

Mr. BRIGGS. I withdraw the pro forma amendment.

The Clerk read as follows:

For collecting, publishing, and distributing, by telegraph, mail, or otherwise, timely information on the market supply and demand, commercial movement, location, disposition, quality, condition, and market prices of livestock, meats, fish, and animal products, dairy and poultry products, fruits and vegetables, peanuts and their products, grain, hay, feeds, and seeds, and other agricultural products, independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, and persons engaged in the production, transportation, marketing, and distribution of farm and food products, $765,150.

Mr. MAGEE of New York. Mr. Chairman, I rise to correct a statement I made in my opening remarks, according to the ideas of Mr. Tenney, who appeared before the committee. The statement I made in the House in presenting the bill was as follows:

The second purpose for which the remainder of the increase is recommended is to provide for the extension of the leased-wire service. It is proposed that the sum of $27,402, together with such other sums as may be obtained by reorganization of the work by the Bureau of Agricultural Economics, be expended to provide Ames, Iowa, Oklahoma City, Indianapolis, Cincinnati, Cleveland, Pittsburgh, and Buffalo with initial leased-wire market news service. This sum is sufficient to extend the leased wire, provide for operators, etc., but does not take into consideration the incidental expenses, such as office rent, telephone, or clerical expenses.

Mr. Tenney suggests that the words "leased wire" ought to be omitted, and that the only extension of leased-wire service contemplated is from Omaha to Ames, Iowa, and in connecting Oklahoma City to the wire which now runs into Fort Worth, Tex.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, I move to strike out the last word. I do this for the purpose of stating that the people of Nebraska, Kansas, and Colorado are greatly interested in the market service sent out from the radio station at Hastings, Nebr. Hastings was a thousand-watt station, which is one of the strongest in the West. The gentleman from Nebraska [Mr. SHALLENBERGER] wanted to ask a question at this juncture, but he was temporarily called from the floor to answer the telephone.

My colleague was going to raise the question as to whether or not the market service would be extended to Hastings. I called on Mr. Tenney, Chief of the Bureau of Economics, and he informed me that they had a test arrangement for 90 days with the Hastings station with the idea of putting in a permanent service if the demand justified it. They conducted the experiment and concluded to install the service permanently, for they found it would benefit the farmers in that section of the country.

Mr. TILSON. Will the gentleman yield?

Mr. McLAUGHLIN of Nebraska. With pleasure.

Mr. TILSON. Has the gentleman found from observation or information which he has had that the market reports from radio stations are really of great value to the people?

Mr. McLAUGHLIN of Nebraska. I can not say exactly as to what value the market reports are. But I do know that the farmers all through the Middle West having radios, as the majority now have, are particularly watchful and are listening in at the hour at which the reports are announced. They really seem to take more interest in the market reports than they do in the concerts.

Mr. TILSON. It seems to me that it might be made a service of great value, and I was wondering whether the farmers generally had tuned in on the market reports rather than on the concerts.

Mr. McLAUGHLIN of Nebraska. I was very much surprised in going over my district this summer to see the large number of farmers that had aerials, which, of course, means that they are enjoying the radio service.

Mr. KETCHAM. Will the gentleman yield?

Mr. McLAUGHLIN of Nebraska. Yes.

Mr. KETCHAM. The gentleman is aware of the fact that for a number of years earnest efforts have been made in certain sections to broaden the service to include several more important market centers.

Among the market centers in which our people are interested particularly is that of Buffalo. Do I understand that the appropriation now cares for the market news service that our people have desired in connection with Buffalo?

Mr. MAGEE of New York. Buffalo is included, and I understand from those who are demanding this increased service that they are now all happy.

Mr. KETCHAM. Again I want to express my gratification at the action of the subcommittee.

The Clerk read as follows:

ENFORCEMENT OF THE STANDARD CONTAINER ACT

To enable the Secretary of Agriculture to carry into effect the act entitled "An act to fix standards for Climax baskets for grapes and other fruits and vegetables, and to fix standards for baskets and other containers for small fruits, berries, and vegetables, and for other purposes," approved August 31, 1916, including the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere, $5,000.

Mr. WATSON. Mr. Chairman, I move to strike out the last word. Is $5,000 the only amount that is appropriated for the enforcement of the standard container act?

Mr. MAGEE of New York. That is the amount carried in this appropriation bill.

Mr. WATSON. It seems to me that that is a very small amount. We appropriate $598,000 for the enforcement of the United States grain standards act.

Mr. MAGEE of New York. There is not much work here, and that is all they use and all they ask for.

Mr. WATSON. To enforce the act in all of the States and the District of Columbia?

Mr. MAGEE of New York. Under this act they test containers, such as Climax baskets for grapes, berry baskets, and so forth. It is not a large sum. It is all they ask for.

Mr. WATSON. Probably the act is not enforced, else a larger sum would have been appropriated.

Mr. JONES. Mr. Chairman, I move to strike out the last word for the purpose of making a little correction upon the figures given on the horse and cattle book amendment passed upon by the committee earlier this afternoon. Under the provision carried three years ago there were 353,224 copies of these two publications printed. Of that number 88,306 were sent to the Senate folding room and 264,918 sent to the House folding room. That makes 132,429 of each publication that was allotted to the House, or 299 of each publication to each Member.

I withdraw the pro forma amendment.

The Clerk concluded the reading of the bill.

Mr. MAGEE of New York. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TREADWAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8264, the Agricultural appropriation bill, and had directed him to report the same back to the House with sundry amend-

ments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. MAGEE of New York. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

DEFICIENCY APPROPRIATION BILL

Mr. MADDEN, by direction of the Committee on Appropriations, reported the bill (H. R. 8722; Rept. No. 175) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent, supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes, which was read a first and second time and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered printed.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. BLANTON, for two days, on account of the death of his brother, at the request of Mr. BLACK of Texas.

SHIPPING POINT INSPECTION OF PERISHABLE FARM PRODUCTS

Mr. SUMMERS of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon Federal inspection of shipping points.

The SPEAKER. Is there objection?

There was no objection.

Mr. SUMMERS of Washington. Mr. Speaker, the growers and shippers of perishable farm products in my State came to me a few years ago with frequent complaints that perishable farm products loaded into refrigerator cars near the point of production in good condition and of standard grade and sold on that basis were often refused when they reached the purchaser in some distant part of the United States.

Delay or improper icing in transit wherein the railroad company was at fault may occasionally have given the purchaser just cause for complaint.

Much more frequently it was noted that complaint was made by the purchaser when the price of that particular commodity had declined sharply while the car was in transit.

In any event a three-cornered controversy arose between shipper, purchaser, and the transportation company. No matter who was at fault in every case the shipper was at a distinct disadvantage. His perishable products were on a siding in a city two or three thousand miles away. What happened? After the exchange of a few wires the shipper found it expedient to accept the reduced offer of the distant purchaser rather than pay demurrage and take the risk of greater losses.

Reliable shippers in the Yakima Valley inform me that they were compelled in this way to discount about 50 per cent of their shipments and that their discounts on apples amounted to 5 to 20 cents a box on a general average. Necessarily this loss was passed on to the grower. Suppose the loss were 5 cents a box on 700 boxes to the car; then the producer would have to absorb a loss of $35 per car.

To remedy this condition, in 1922 I wrote and secured the adoption of an amendment to the Federal inspection law which at that time operated in receiving or terminal markets only. This amendment provided for Federal inspection of perishable farm products at shipping point when requested by the shipper or purchaser, but not otherwise, the shipping-point certificate to stand without question in any court in the United States, whereas a State certificate had no legal weight outside the State in which it was issued.

The practical application of this law has resulted in a cooperative agreement between the several States having inspection laws and the Federal Government whereby the shipper receives a joint State and Federal certificate at a cost of only 25 or 50 cents more per car than the State certificate was costing.

A purchaser may upon the payment of a fee of $12 request and secure the reinspection of a car in a terminal market, in which case two Federal inspectors are usually assigned.

The following table prepared by the United States Bureau of Markets shows during the last six months of the year just ended 108,286 shipping-point inspections, with only 80 reversed, or one reversal out of every 1,353 cars inspected, a most remarkable record:

RECORD OF APPEAL INSPECTIONS BY THE GOVERNMENT INSPECTION SERVICE

Since Federal authority to inspect fruits and vegetables was extended to shipping points in July, 1922, the following numbers of inspections have been made largely in cooperation with the various States:

	July 1, 1922, to June 30, 1923	July 1, 1923, to June 30, 1924	July 1, 1924, to June 30, 1925	July 1, 1925, to Jan. 1, 1926
Inspections	72,466	130,969	131,087	108,286
Appeal inspections	61	239	258	140
Original sustained	27	129	113	60
Original reversed	34	110	145	80

This table also shows the numbers of appeals from the findings of shipping-point inspectors and the numbers of the original certificates which were sustained and the number reversed. The last column deals with the last six months.

Reversals in receiving markets are made only after most thorough inspections and indicate the incorrectness of the shipping-point certificates. Two inspectors are assigned to make such inspections, except in cases where the dispute involves size, marking, brands, or other factors which can be determined accurately by count, weight, or physical measurements. An appeal inspection will be undertaken only if all parts of the lot are accessible. At least double the usual number of samples must be examined. An appeal inspection will not be made if the lot in question has passed out of the hands of the carrier or a public agency such as a cold-storage company. It should be remembered also that appeal inspections are made only on those factors of quality which do not change in transit.

The reversals in receiving markets of certificates issued at shipping points are due either to the element of chance in sampling or to the failure of the inspector to properly perform his work. It is assumed, of course, that the same lot is examined in the receiving market, as was certified at shipping point. A few cases of substitutions after the shipping-point inspection have been reported.

The element of chance in selecting samples is of little importance in lots of uniform quality, but becomes highly important in lots in which the samples show considerable variation. A majority of samples of the lower quality may throw the average below the tolerance, while a majority of the better ones may give an average which will place the lot in grade. Inspectors are directed to examine extra samples in all lots which show such variation, but notwithstanding this precaution the inevitable variation in samples will occasionally result in reversals.

The records on a majority of the reversals recorded above indicate that this element of chance was the most important factor in the different results of inspections at the two ends of the line.

The failure of an occasional inspector properly to perform his work, which accounts for some reversals, has resulted in some prompt dismissals. In every case of reversal the errors of the first inspector are reported in full to his supervisor so that they may not be repeated. No one need expect infallibility in this service. We hope to approach it as closely as the weaknesses of human nature will permit. The efficiency of this service should be judged by the volume of successful service rendered and by the percentage of error.

It is perfectly natural for a party who has had a certificate reversed on a car, which was sold on the basis of Government inspection, to make vehement protest to the public, which never hears of the 1,199 cars inspected at shipping points which passed through the usual channels of trade without protests serious enough to justify requests for appeal inspections.

Users of the shipping-point inspection service, in requesting inspections, should recognize the possibilities of reversals, slight as they are, as one of the risks of the business, and shippers and receivers alike should recognize that when a contract provides for Government inspection any financially interested party has a right to request appeal inspection, as provided by the rules and regulations of the Secretary of Agriculture governing the service, and that the appeal certificate is recognized by the Government as the correct certificate on the lot in question.

So far as the Government is concerned, this service is almost wholly self-supporting. It works no hardship on anyone.

It promotes honest dealing and is of immeasurable benefit to the farmer.

The very fact that this service is available no doubt causes the benefits to flow to all shipments whether inspected or not inspected. Based on figures furnished from my own State it would appear that the farmers of the country derive a direct benefit of about $5,000,000 annually from the operation of this measure, to say nothing of indirect benefits.

Inspection also gives the greatest possible protection to the consumer. The law applies to apples, pears, peaches, grapes, potatoes, berries, vegetables, and numerous other perishable farm products.

Numerous indorsements of this inspection at shipping point law have been received from Yakima, Wenatchee, Walla Walla, Kennewick, and many other big fruit and vegetable shipping points in the State of Washington. I suggest you bring it to the attention of your shippers everywhere.

Daniel C. Rogers, marketing expert of Missouri, says of this law:

Nothing within the last 15 years has been offered, and I prophecy that nothing within the next 10 years will be offered, that will prove so helpful in placing the production of crops upon efficient, profitable, businesslike, and permanent basis.

ORDER OF BUSINESS

Mr. MADDEN. Mr. Speaker, before the House adjourns, I give notice that we will call up for consideration to-morrow, immediately after the reading of the Journal and the disposition of the pending bill, the deficiency bill just reported.

ADJOURNMENT

Mr. MAGEE of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until to-morrow, Tuesday, February 2, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

319. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Two Rivers Harbor, Wis.; to the Committee on Rivers and Harbors.

320. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Flint River, Ga.; to the Committee on Rivers and Harbors.

321. A letter from the president of the Washington Railway & Electric Co., transmitting report of the Washington Railway & Electric Co. for the year ended December 31, 1925; to the Committee on the District of Columbia.

322. A letter from the president of the City & Suburban Railway of Washington, transmitting report of the City & Suburban Railway of Washington for the year ended December 31, 1925; to the Committee on the District of Columbia.

323. A letter from the president of the Georgetown & Tennallytown Railway Co., transmitting report of the Georgetown & Tennallytown Railway Co. for the year ended December 31, 1925; to the Committee on the District of Columbia.

324. A letter from the president of the Washington Interurban Railroad Co., transmitting report of the Washington Interurban Railroad Co. for the year ended December 31, 1925; to the Committee on the District of Columbia.

325. A letter from the president of the Potomac Electric Power Co., transmitting report of the Potomac Electric Power Co. for the year ended December 31, 1925; to the Committee on the District of Columbia.

326. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Department of Justice for the fiscal year ending June 30, 1926, in the sum of $19,000 (H. Doc. No. 236); to the Committee on Appropriations and ordered to be printed.

327. A communication from the President of the United States, transmitting a supplemental estimate of appropriation under the legislative establishment, Library of Congress, for the fiscal year 1927, in the sum of $1,920 (H. Doc. No. 237); to the Committee on Appropriations and ordered to be printed.

328. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the United States Veterans' Bureau for the fiscal year ending June 30, 1926, amounting to $38,250,000 (H. Doc. No. 238); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LAMPERT: Committee on the Territories. H. R. 7820. A bill to amend an act entitled "An act providing for the election of a Delegate to the House of Representatives from the Territory of Alaska," approved May 7, 1906; without amendment (Rept. No. 174). Referred to the House Calendar.

Mr. MADDEN: Committee on Appropriations. H. R. 8722. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes; without amendment (Rept. No. 175). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CURRY: Committee on the Territories. H. J. Res. 99. A joint resolution for the relief of special disbursing agents of the Alaskan Engineering Commission or of the Alaska Railroad; with amendments (Rept. No. 176). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EDWARDS: A bill (H. R. 8704) to foster and instill patriotism by furnishing United States flags to public schools and other educational institutions in America; to the Committee on Education.

By Mr. GARBER: A bill (H. R. 8705) to provide for the acquisition by the city of Alva, Okla., of lot 19, block 41, original town site of Alva, Okla., known as the "Government acre"; to the Committee on Public Buildings and Grounds.

By Mr. LYON: A bill (H. R. 8706) to provide for an additional Federal district for North Carolina; to the Committee on the Judiciary.

By Mr. CARTER of Oklahoma: A bill (H. R. 8707) to authorize aid and assistance in the building of warehouses for the orderly marketing of agricultural products; to the Committee on Banking and Currency.

By Mr. MERRITT: A bill (H. R. 8708) to authorize the refunding of evidences of indebtedness heretofore issued by carrier in interstate commerce under the provisions of an act to provide for the operation of transportation systems while under Federal control for the just compensation of their owners, and for other purposes, approved March 21, 1918, as amended by an act approved March 2, 1919, or under the provisions of section 207 of the transportation act, 1920, or of section 210 of said act as amended by an act approved June 5, 1920, and the reduction and fixing of the rate of interest to be paid by such carriers upon said notes or other evidences of indebtedness; to the Committee on Interstate and Foreign Commerce.

By Mr. ARENTZ: A bill (H. R. 8709) for the construction of an irrigation dam on Walker River, Nev.; to the Committee on Irrigation and Reclamation.

By Mr. ZIHLMAN: A bill (H. R. 8710) to amend section 553 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 8711) to amend the act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; to the Committee on the District of Columbia.

Also, a bill (H. R. 8712) to provide for the conveyance of certain land owned by the District of Columbia near the corner of Thirteenth and Upshur Streets NW., and the acquisition of certain land by the District of Columbia in exchange for said part to be conveyed, and for other purposes; to the Committee on the District of Columbia.

By Mr. JAMES: A bill (H. R. 8713) to vacate and close certain streets and alleys within the area known as the Walter Reed General Hospital, District of Columbia; to the Committee on Military Affairs.

By Mr. DRANE: A bill (H. R. 8714) authorizing the Secretary of the Interior to equitably adjust disputes and claims of settlers and others against the United States and between each other, arising from incomplete or faulty surveys in Township 19 south, range 26 east, Tallahassee meridian, Lake County, in the State of Florida; to the Committee on the Public Lands.

By Mr. LEAVITT: A bill (H. R. 8715) to authorize the Secretary of Agriculture to extend and renew for the term of 10 years a lease to the Chicago, Milwaukee & St. Paul Railway Co. of a tract of land in the United States Department of Agriculture range livestock experiment station, in the State of Montana, and for a right of way to said tract, for the removal of gravel and ballast material, executed under the authority of the act of Congress approved June 28, 1916; to the Committee on Agriculture.

By Mr. FRENCH: A bill (H. R. 8716) for the adjustment of water-right charges on reclamation projects, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. ABERNETHY: A bill (H. R. 8717) to provide for the admission to the mails as second-class matter bulletins and periodical publications issued by State boards and departments having jurisdiction over or engaged in promoting the conservation and development of natural resources; to the Committee on the Post Office and Post Roads.

By Mr. DYER: A bill (H. R. 8718) to amend section 503 of the tariff act of 1922; to the Committee on Ways and Means.

By Mr. ELLIOTT: A bill (H. R. 8719) to repeal section 11 of the act of June 25, 1910 (36 Stat. 694); to the Committee on Public Buildings and Grounds.

By Mr. WELSH: A bill (H. R. 8720) making an appropriation for the National Sesquicentennial Exposition Commission; to the Committee on Appropriations.

By Mr. PRALL: A bill (H. R. 8721) granting increased gratuity pay and pensions to the widows or beneficiaries of officers and enlisted men who are killed or disabled in time of peace while engaged in hazardous occupations; to the Committee on Pensions.

By Mr. MADDEN: A bill (H. R. 8722) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes; to the Committee on the Whole House on the state of the Union and ordered to be printed.

By Mr. BUTLER: A bill (H. R. 8723) to authorize certain officers of the United States Navy and Marine Corps to accept certain decorations conferred upon them by the Government of Greece; to the Committee on Foreign Affairs.

By Mr. STEPHENS: A bill (H. R. 8724) to permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the Regular Navy, or as warrant or commissioned officers in the United States Naval Reserve Force, for purpose of promotion to chief warrant rank; to the Committee on Naval Affairs.

By Mr. COYLE: A bill (H. R. 8725) to establish the warrant grade of pay clerk and the commissioned warrant grades of chief marine gunner, chief quartermaster clerk, and chief pay clerk in the United States Marine Corps; to the Committee on Naval Affairs.

By Mr. CURRY: Joint resolution (H. J. Res. 142) authorizing the President to commission and place on the retired list of the United States Army in specified rank and grade persons of given qualifications; to the Committee on Military Affairs.

By Mr. EVANS: Joint resolution (H. J. Res. 143) exempting from tariff duty all articles imported from foreign countries which are exchanged for American farm products for exportation; to the Committee on Ways and Means.

By Mr. WELSH: Joint resolution (H. J. Res. 144) providing for the participation of the United States of America in the sesquicentennial celebration in the city of Philadelphia, Pa., and authorizing an appropriation therefor, and for other purposes; to the Committee on Industrial Arts and Expositions.

By Mr. BERGER: Joint resolution (H. J. Res. 145) providing for the immediate return of all property seized by the United States under authority of the act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. LaGUARDIA: Resolution (H. Res. 114) requesting the Attorney General to furnish to the House of Representatives certain information regarding combinations in the mills and baking industries in restraint of trade; to the Committee on the Judiciary.

Also, resolution (H. Res. 115) requesting the Federal Trade Commission to furnish to the House of Representatives certain information regarding combinations in the mills and baking industries in restraint of trade; to the Committee on Interstate and Foreign Commerce.

By Mr. HULL of Tennessee: Resolution (H. Res. 116) in support of general tariff revision; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H. R. 8726) granting a pension to Nathaniel Junipher; to the Committee on Pensions.

By Mr. BOWMAN: A bill (H. R. 8727) for the relief of Adah Lee Mapel; to the Committee on War Claims.

Also, a bill (H. R. 8728) granting a pension to Abraham Nestor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8729) granting an increase of pension to Mary E. Everitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8730) granting an increase of pension to Rebecca E. Pepper; to the Committee on Invalid Pensions.

By Mr. BRITTEN: A bill (H. R. 8731) to remit the duty on a carillon of 42 bells imported for St. Chrysostom's (Episcopal) Church, Chicago, Ill.; to the Committee on Ways and Means.

By Mr. BROWNE: A bill (H. R. 8732) granting an increase of pension to Louis F. Shoemaker, guardian of Orin Brewster; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 8733) granting a pension to Mary A. Raymond; to the Committee on Invalid Pensions.

By Mr. DEMPSEY: A bill (H. R. 8734) granting an increase of pension to John S. Ormsby; to the Committee on Pensions.

By Mr. DICKINSON of Missouri: A bill (H. R. 8735) granting an increase of pension to Mary Dunaway; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 8736) granting an increase of pension to Mary Seely; to the Committee on Invalid Pensions.

By Mr. ELLIOTT: A bill (H. R. 8737) granting an increase of pension to Mary J. Funk; to the Committee on Invalid Pensions.

By Mr. FULLER: A bill (H. R. 8738) granting an increase of pension to Emer J. Whittleton; to the Committee on Invalid Pensions.

By Mr. GALLIVAN: A bill (H. R. 8739) for the relief of Lim Toy, of the city of Boston, Mass; to the Committee on Claims.

By Mr. GARDNER of Indiana: A bill (H. R. 8740) granting a pension to Nancy Ellen Bloomfelter; to the Committee on Invalid Pensions.

Also a bill (H. R. 8741) granting an increase of pension to Mary E. Thomas; to the Committee on Invalid Pensions.

By Mr. GREEN of Florida: A bill (H. R. 8742) to require the Secretary of War to cause to be made a preliminary examination and survey for a barge canal from Cumberland Sound to or near the mouth of the Mississippi River, and to make full and complete report to Congress of the most feasible route and cost of construction; to the Committee on Rivers and Harbors.

By Mr. HUDSON: A bill (H. R. 8743) granting a pension to Alice M. Thomas; to the Committee on Invalid Pensions.

By Mr. HUDSPETH: A bill (H. R. 8744) for the relief of William L. Black; to the Committee on Claims.

By Mr. KING: A bill (H. R. 8745) granting a pension to Benjamin F. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8746) granting a pension to Weltha M. Benson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8747) granting a pension to James Hart; to the Committee on Invalid Pensions.

By Mr. LYON: A bill (H. R. 8748) for the relief of E. C. West; to the Committee on Claims.

By Mr. McLAUGHLIN of Nebraska: A bill (H. R. 8749) granting a pension to Lucinda C. Abbott; to the Committee on Pensions.

Also, a bill (H. R. 8750) granting a pension to Emily Silvernail; to the Committee on Pensions.

Also, a bill (H. R. 8751) granting an increase of pension to Julia Gabriel; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8752) granting an increase of pension to Anna M. Schlund; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8753) granting an increase of pension to Laura V. Croll; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 8754) granting an increase of pension to Emma J. Deiters; to the Committee on Invalid Pensions.

By Mr. PATTERSON: A bill (H. R. 8755) granting an increase of pension to Mary A. Walton; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 8756) granting an increase of pension to Catherine May; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 8757) granting an increase of pension to America C. Gayhart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8758) granting an increase of pension to Amanda J. Farrow; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8759) granting a pension to James N. McNew; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 8760) for the benefit of the Security National Bank of Lawton, Okla.; to the Committee on Claims.

By Mr. TILSON: A bill (H. R. 8761) granting an increase of pension to Elizabeth Smith; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 8762) granting a pension to Caroline Bartz; to the Committee on Invalid Pensions.

By Mr. WARREN: A bill (H. R. 8763) to provide for an examination and survey of the channel from Albemarle Sound to Point Harbor, N. C.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 8764) to provide for an examination and survey of Far Creek at Engelhard, N. C., to Pamlico Sound; to the Committee on Rivers and Harbors.

By Mr. WASON: A bill (H. R. 8765) for the relief of Ella P. Clark; to the Committee on Claims.

By Mr. WATRES: A bill (H. R. 8766) for the relief of Edward J. Boyle; to the Committee on Military Affairs.

By Mr. WOOD: A bill (H. R. 8767) granting an increase of pension to Rebecca A. Strong; to the Committee on Invalid Pensions.

By Mr. WYANT (by request): A bill (H. R. 8768) for the relief of Scheindel Morris, Zechari and Frieda Clateman; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

553. By Mr. BRIGGS: Letter of Louis Halpen Post, No. 379, American Legion, Legion, Tex., for amendments to the World War veterans act; to the Committee on World War Veterans' Legislation.

554. By Mr. GALLIVAN: Petition of Raphael P. Boruchoff, president Associated Y. M. & Y. W. H. A., 47 Mount Vernon Street, Boston, Mass., recommending favorable consideration of bills now before the Committee on Immigration and Naturalization; to the Committee on Immigration and Naturalization.

555. By Mr. KELLY: Petition of citizens of Turtle Creek, Pa., protesting against weakening of prohibition laws; to the Committee on the Judiciary.

556. By Mr. LEAVITT: Resolutions of Woman's Clubs, at Moore, Virginia City, Cut Bank, Bole, and Harlowton, Mont.; the West Side Shakespeare Club of Butte, Mont.; and the North Boulder Club of Cardwell, Mont., favoring extension of the life of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

557. By Mr. O'CONNELL of New York: Petition of the David Belais (Inc.), of New York City, favoring the passage resale price bill (H. R. 11); to the Committee on Interstate and Foreign Commerce.

558. By Mr. THOMPSON: Resolution of the Ohio State Federation of Labor, indorsing the National Federation of Federal Employees in its efforts to secure the passage of certain legislation effecting them; to the Committee on the Civil Service.

SENATE

TUESDAY, *February 2, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed without amendment the following bills of the Senate:

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution";

S. 1478. An act to authorize the transfer of the title to and jurisdiction over the right of way of the new Dixie Highway to the State of Kentucky;

S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing;

S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the County of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian; and

S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 97. An act authorizing an appropriation of $50,000 from the tribal funds of the Indians of the Quinaielt Reservation, Wash., for the completion of the road from Taholah to Moclips, on said reservation;

H. R. 185. An act authorizing the Secretary of the Interior to acquire land and erect a monument on the site of the battle with the Sioux Indians in which the commands of Major Reno and Major Benteen were engaged;

H. R. 187. An act making a grant of land for school purposes, Fort Shaw division, Sun River project, Montana;

H. R. 306. An act to amend the second section of the act entitled "An act to pension the survivors of certain Indian wars from January 1, 1859, to January, 1891, inclusive, and for other purposes," approved March 4, 1917, as amended;

H. R. 4034. An act granting consent of Congress to Texas-Coahuila Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico;

H. R. 5240. An act to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill.;

H. R. 5242. An act to repeal the act approved January 27, 1922, providing for change of entry, and for other purposes;

H. R. 5850. An act authorizing an appropriation for the payment of certain claims due certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses;

H. R. 5961. An act granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes;

H. R. 6090. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian;

H. R. 6355. An act providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, Taos, and Colfax Counties, N. Mex., within the Mora grant, and adjoining one or more national forests, by exchanging therefor lands or timber within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona;

H. R. 6515. An act granting the consent of Congress to the Gateway Bridge Co. for construction of a bridge across the Rio Grande between Brownsville, Tex., and Matamoros, Mexico;

H. R. 6727. An act to authorize the Secretary of the Interior to issue certificates of competency removing the restrictions against alienation on the inherited lands of the Kansas or Kaw Indians in Oklahoma;

H. R. 6733. An act granting the consent of Congress to the construction of a bridge across the Rio Grande;

H. R. 6740. An act to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about 2½ miles east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch;

H. R. 7187. An act granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; and

H. R. 7371. An act to define trespass on coal land of the United States and to provide a penalty therefor.

REPORTS OF THE GEORGETOWN AND WASHINGTON GAS LIGHT COS.

The VICE PRESIDENT laid before the Senate, pursuant to law, the annual reports of the Georgetown Gas Light Co. and the Washington Gas Light Co. for the year ended December 31, 1925, which were referred to the Committee on the District of Columbia.

FOX RIVER BRIDGE, ILLINOIS

Mr. BINGHAM. Mr. President, I move to reconsider the votes by which the bill (S. 2473) granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River, was ordered to a third reading and passed.

Mr. ROBINSON of Arkansas. It is one of the bridge bills we passed yesterday?

Mr. BINGHAM. It is. Due to an error, the bill was called up and passed when a similar bill (S. 1305) had previously passed the Senate.

The motion to reconsider was agreed to.

Mr. BINGHAM. I move that the bill be indefinitely postponed.

The motion was agreed to.

AGRICULTURAL CONFERENCES AND MIDDLE WEST FARM CONDITIONS

Mr. BROOKHART. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Des Moines

Register of Saturday, January 30, 1926, with respect to the agricultural conferences recently held in the Middle West, and also the American Cooperative Commission weekly news statement.

There being no objection, the editorial and news statement were ordered to be printed in the RECORD, as follows:

[From the Des Moines Register, Saturday morning, January 30, 1926]

THURSDAY'S MEETING

Thursday's meeting of the 11 corn States was the most important meeting ever held in the Mississippi Valley.

There were incidental reasons for this superlative importance. The meeting was more representative of the 11 States than any previous meeting. The men who attended the meeting were all of them men of big view and of thorough training. The meeting was directed to sane ends.

But wisely directed meetings have been held before that adopted sensible programs. The reason why this meeting stands out is because of its promises of continuing leadership.

If we mention Governor Lowden it does not in any way minimize the importance of other men who will in the next 10 years give the movement an impetus no other like movement has ever had. Governor Lowden is outstanding to-day in the United States.

He is a man of commanding position, of sound judgment, of influence. For four years he has been convinced that agriculture must have a new rating—not a good crop year, nor a flash crop price—but a new rating. He has preached this gospel in places where no other spokesman of agriculture could get a hearing.

Because of a continuing leadership Thursday's meeting was merely the beginning. Because of this continuing leadership it is a movement that will grow. It will be bigger and more dominating next year than it is now. Ten years from now the leaders of the movement will have bigger influence than they have to-day.

This meeting is the first at which cotton and corn were spoken of in a way to hint a coming together in a real way. Perhaps it is Governor Lowden's double representation, he being both a cotton planter in Arizona and dairy farmer in Illinois. In any event he knows both cotton and corn, and the natural suggestion is a new geographical alignment if the division between north and south is to keep the forces of agriculture divided before an organized industrial and commercial opposition. There was tremendous enthusiasm when a union of West and South was suggested.

There was no hint of temporary expedients. The farm must be made a commercial proposition or the brains and energy of the next generation is not going to be put on the farm. The first fertility of the soil is gone in the Mississippi Valley, the pioneer period is past, speculation in land is done. The farm is to be measured to-day by the rewards it will bring for labor and capital, precisely as banking or railroading or any of the industries or businesses are measured. Unless the farm is attractive to young men and young women as a bidder against the industries and businesses the farm will not hold even.

It is idle to say that schools and roads and automobiles and radio sets are not for the farm. If they are not then the farm is done as a competitor for the brains and energy of the next generation. Why should not the farm pay for roads and schools and automobiles and for anything else that puts it in even competition with the industrial centers?

This meeting was a challenge to those who say the farm can not be kept even with the industries, that inevitably the farm gravitates down to the levels of peasant life. The campaign to follow it will be a challenge. The movement is on to convince America that the world is neglecting its most vital concern when it neglects agriculture, that agriculture instead of being a peasant occupation should be the aristocrat of employments. To-day the threat at Europe is overdeveloped industrialism, and undermaintained agriculture. That will be the threat at America within two generations if the present tendencies are not changed.

The Mississippi Valley has a selfish interest in this movement, the Missouri Valley an even more selfish interest. There are no other great natural resources in the two valleys but fertile lands; no timber, no oil, no minerals. Some of the eastern corn States are more favorably situated. But from central Illinois west there is farm land and but little else.

Why should the Mississippi Valley consent that farming be put down in this new period of great wealth amassing in the United States, and the industries and public services up?

Nobody knows what may come of Thursday's meeting. The business leaders of the Nation will not be wise if they ignore it or try to minimize it. The political leaders will not be wise if they try to ignore it or minimize it. The movement is vital, it has a continuing leadership, and it will grow. The farm has got to be taken into account not as a poor relative to the industries and to commerce but as chief of the invited guests.

CLEVELAND, OHIO, *January 25, 1926.*

FARMERS' INSURANCE CUTS OUT PROFITS

Although many of the huge fortunes of America are founded on private-profit insurance business, no millionaires will ever be created by the cooperative Parkers Prairie (Minn.) Mutual Insurance Co., organized to cut the profit out of farmers' insurance. It has policies of $2,500,000 in force and reports a flourishing business.

BANNER YEAR FOR LABOR BANKS

1926 promises to be the biggest year in history for labor banking and financial enterprises, asserts the All American Cooperative Commission, the fountain head of labor banking in this country. Outstanding developments already include:

1. The New York Amalgamated Clothing Workers Bank moves into its own building on Union Square—formerly the Tiffany Building—where it occupies 15,000 feet of banking space, the third largest in the metropolis. Opened three years ago on the second floor of an ancient building with deposits of $500,000, it now boasts 13,000 depositors and resources of $7,000,000. A bronze tablet on the walls of the new building bear the words: "Dedicated to the service and advancement of the labor movement."

2. The Chicago bank of the same union has just announced a 6 per cent annual dividend. In the last year it gained the deposits of 34 additional Chicago unions.

3. The Train Dispatchers' Union has organized an investment company to handle the savings of its members in their own interests, rather than for the private aggrandizement of the banking crowd. Capital is $2,500,000, with control vested in the union.

4. The Federation Bank of New York City has expanded to include trust-company business. The rapid growth of this new institution, owned by the American Federation of Labor unions, is shown in the annual statement of resources—1923, $3,580,000; 1924, $8,500,000; 1925, $15,000,000.

By the end of 1926 the officers aim for resources of $25,000,000. The city of New York has deposited $350,000, including a quarter million taken out last fall for political reasons.

5. The immense finance structure of the Brotherhood of Locomotive Engineers remains the towering giant among labor financial enterprises. With the Cleveland home bank alone enjoying resources around $30,000,000, the nation-wide chain of brotherhood banks, trust companies, and investment firms controls resources approximating $150,000,000.

PRAIRIE FARMERS OUTLINE WINTER PROGRAM

The Saskatchewan Grain Growers' Cooperative, one of the biggest on earth, is not concerned solely with saving millions for its members through the economies of cooperative marketing. Man shall not live by the income from wheat alone, seems to be this co-op's conception in outlining an ambitious winter program for locals.

"The only guaranty of permanent progress is an intelligent, educated people," says the co-op's program leaflet, which continues: "It is hoped that our locals will engage in a systematic study of the philosophy and principles of cooperation in order that when the testing time comes (as it inevitably will) and attacks are made from without and within, our cooperative enterprises may be able to withstand all such attacks."

Among the programs, for which the central headquarters has prepared materials, are the following for successive meeting nights:

Peace evening.
Amalgamation of Saskatchewan cooperatives.
Membership campaign tactics.
Cooperation *v.* Competition.
Cooperation rather than socialism as the producer's hope.
Politics and cooperation.
Medical facilities for the people.

HELP HARD-COAL MINERS

Finnish Cooperative Trading Association, of Brooklyn, N. Y., has given $200 to the hard-pressed anthracite miners of Pennsylvania, on strike now for five months. Other cooperatives are considering similar measures.

MOTHERS OF THE WORLD UNITE

European toilers have long rallied around the cry of "Workers of the world, unite." The International Committee of Cooperative Women has coined a similar slogan for the millions of womenfolk who are patiently building up the great cooperative movement of all countries. "Mothers of the world, unite," is their inspiring summons, printed in English, French, and German on a beautiful colored post card widely used in Europe for correspondence purposes.

Small figures of working women in France, Norway, Sweden, Scotland, England, Holland, Ireland, and other European lands, each wearing her national garb, adorn the post card. The three cardinal aims of women in the cooperative movement are described as "Cooperation, peace, and life."

WORKERS CONTROL BIG FACTORY

A learned American college professor recently wrote a treatise to prove that a factory could never be run by "workers' control." The Kettering Clothing Cooperative Society is the emphatic answer of English workers to this pessimism, for it has been in successful operation since 1895. Starting in a very small way 31 years ago by each worker putting up $25, to-day this big cooperative employs 1,300 owner-employees, and branches are being established in neighboring communities.

Last year the Kettering workers were paid 28 per cent above the standard wage, and $200,000 was distributed to workers and members of the society as a cooperative dividend. Substantial contributions were also made to the insurance, sick and benefit, and educational funds.

Some of the worst bogeys in the lives of working men are nonexisting at Kettering Co-op. A slump does not mean a layoff and subsequent tragedy. In slack time workers are put on stock work, a testimonial to the firm's security, since only the most efficient and stable firms can employ their workers in depression. Employees are dismissed only for really bad work or misbehavior, but since they are working for their own advantage there is naturally very little need for drastic discipline.

Then the terror of dying and leaving a destitute family is removed by an insurance scheme through which dependents receive $1,000. Workers 60 years of age get a pension, while sick workers are nursed by the factory's own health corps.

Morale at Kettering is consequently unusually high. There is a spirit of pride and security little known outside the walls of a cooperative workshop. The workers have nothing to fear; they are well paid and enjoy a high standard of livelihood. They are also well educated and trained. Lectures are provided in the evening for all grades and ages, and, for the lighter side, dances are held on the factory roof.

And what about the product of this factory? The clothing is the equal of the best displayed in the exclusive shops, but the prices are 20 per cent lower. The finish of the garments is excellent, due to the use of the latest machinery.

There is no secret to the success of producers' cooperation in England, declares the All American Cooperative Commission. Intelligence, persevering faith in one's fellow man, and a fervent desire to cut out the evils of private profit taking are the recipe for the success of an American enterprise similar to Kettering. That the effort pays richly in human happiness is attested by the comfort and security of the workers' lives, by the satisfaction of consumers who get superior goods at an honest price, and by the elimination of a wealthy class that fattens off the toil of the community.

THE COOPERATIVE LEAGUE,
New York, January 28, 1926.

HOW THE UNITED STATES TREASURY DEPARTMENT LOOKS AT COOPERATION

Early this year the male chorus of the Franklin Cooperative Creamery Association, Minneapolis, gave a concert in one of the largest theaters in town. As this chorus is well known throughout the Twin Cities and very popular, the milk-wagon drivers, who compose its membership, hoped to at least cover their expenses, and perhaps raise something to assist the educational work carried on by the cooperative. Therefore, they applied to the Treasury Department of the Government for exemption from a tax on admissions.

In flatly turning down the application, the collector for the district of Minnesota ruled, "That the teaching of the truths of cooperation is not regarded as educational within the meaning of the law. It is considered as being definitely propaganda."

But suppose those workers had been interested in teaching the doctrine of the sacredness of private property or the economic soundness of the profit system. Wouldn't they have gotten their exemption in a hurry?

GIANT POWER UNDER COOPERATIVE CONTROL

A vast project having as its purpose the control of the forces of the River Rhone, in France, from its source in Switzerland to the sea is now under way. It will take 15 years to develop this great water-power project. But neither the Government nor a capitalist corporation is in charge of the development. A special society has been organized, having as its members the consumers of electricity, the state, the provinces, the cities, the chambers of commerce, and the industries. Dividends are to be strictly limited and profits tabooed. Control is entirely in the hands of the users of the power generated, who are also the shareholders.

A similar organization is developing the potash mines of Alsace and another is manufacturing synthetic ammonia in Tolouse. Again the financing and control is in the hands of the consumers of these products, the local governments—the provinces, and the agricultural syndicates, each of whom appoints representatives to sit on the governing body. No profits are permitted and the interest on capital is strictly limited to the current minimum rate.

Which is another demonstration of the possibilities of the cooperative movement.

HOW COOPERATORS SAVE ON COAL

There has been another royal commission sitting in England, and this time it is to study the prices of coal. One of the findings of this commission is that the cooperative societies handle coal more economically than the private dealers, and thus bring fuel to the consumers at a lower net price.

In 1924 the ministry of mines showed that the average cost for managerial overhead of the private firms was 4 shillings 1 penny per ton, while for the cooperatives it was 1 shilling 8 pence, barely two-fifths as much. This is all gain for the cooperators, who own the business and get the benefits of any economies.

THE PROSPERITY OF A FARMERS' COOPERATIVE WHOLESALE

The Farmers' Union State Exchange, cooperative wholesale for the stores of Nebraska, jumped its total business in 1925 to a total of $1,521,811, an increase of more than 12½ per cent over that of the year previous. The net profit of $36,633 is an increase of more than 100 per cent over that of 1924.

One of the problems of these farmers is the opposition of the salt combine, which now has become so hostile to the cooperative that it refuses to allow them a jobber's commission on salt sales and tries by means of special concessions to the local stores to win the salt business away from the exchange. That is the reason for a recent meeting of cooperators at Kansas City, where exchanges and farmers' buying agencies from seven of the central agricultural States will discuss combined action to procure direct connection with the sources of salt supply.

The exchange is not only selling to local cooperative stores and to groups of farmers throughout the State; it is also operating a few stores directly under the control of the exchange itself. The headquarters store did a business last year of $99,000.

In contrast with the shaky financial condition of the business four years ago, when notes payable totaled $216,000, the current liabilities are now reduced to a figure which is only one-eighth of the current assets. There are few cooperatives in the country that can show as sound a financial condition as that.

GET-RICH-QUICK COOPERATORS

The more cautious farmers of the country have long watched with considerable misgivings the splurging of some of the huge banker-befriended associations of growers of tobacco and other commodities—especially when these concerns are promoted by high-salaried lawyers and stock salesmen of the flashy type.

A recent investigation of the Tri-State Tobacco Growers Cooperative Association of Virginia, North Carolina, and South Carolina confirms some of the worst misgivings. Twenty-seven officials were found to be deriving large profits from the sale of cooperative products to concerns in which they had an interest. The general manager and the head of the warehouse department of the cooperative, already receiving $30,000 and $7,000, respectively, for their services, made an extra profit in one year of $82,000, which they split between them. Similar profits were made other years. In fact, nearly half of the crop for three successive years was dried in plants in which these and other officials had a financial interest.

These farmers better go slow and watch their step.

DEVELOPMENT OF COLORADO RIVER

Mr. CAMERON. Mr. President, I ask unanimous consent that the plan of development of the Colorado River submitted by the Arizona delegation to the California and Nevada delegations, December 14, 1925, may be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD as follows:

PROPOSAL SUBMITTED BY THE ARIZONA DELEGATION DECEMBER 14, 1925, TO THE DELEGATES REPRESENTING THE STATES OF CALIFORNIA AND NEVADA IN REFERENCE TO THE DEVELOPMENT OF THE COLORADO RIVER

Arizona delegation: Cleve W. Van Dyke, of Miami, chairman; H. S. McCluskey, of Phoenix, secretary; Thomas Maddock, of Phoenix; F. A. Reid, of Phoenix; A. G. McGregor, of Warren.

California: Senator Ralph E. Swing, of San Bernardino, chairman.

Nevada; Charles P. Squires, of Las Vegas, chairman.

COUNTERPROPOSAL OF THE ARIZONA COMMITTEE ON THE ALLOCATION OF THE BENEFITS OF THE COLORADO RIVER TO THE COMMITTEES OF CALIFORNIA AND NEVADA WHICH WAS SUBMITTED TO ARIZONA DECEMBER 1, 1925

The States of Arizona, California, and Nevada have appointed representatives for the purpose of negotiating an agreement among said States in reference to the waters of the Colorado River, who, after negotiations, have agreed upon the following articles:

ARTICLE I

It is recognized by the parties hereto that the unregulated normal flow of the Colorado River is insufficient to properly irrigate the lands already under cultivation by irrigation from the waters of said river; that the benefits of the storage of the flood waters of said river within the United States belong wholly to the citizens of the respective States; that without disparagement of the treaty-making power of the United States Government the States party hereto and Congress of the United

States in consenting to this agreement shall be understood as declaring: That it is their purpose to utilize within the borders of such States all of the waters of the normal flow of the Colorado River heretofore appropriated and put to beneficial use in accordance with the laws of the States in which the same are being put to beneficial use, and all of the flood waters of the Colorado River capable of being utilized within the borders of the United States for any purpose by the construction of storage dams within the United States, and particularly that the Republic of Mexico and the citizens thereof shall take notice that they can not acquire any moral or equitable claim to the waters of the Colorado River temporarily made available for use in said Republic of Mexico by the regulatory effect of any dam or dams constructed in pursuance of this agreement, as it is the intention and purpose of the States party hereto and the United States to ultimately utilize all of such waters within their own borders. Any express or implied acknowledgment of rights to the Republic of Mexico to the waters of the Colorado River by any instrument, agreement, or compact signed prior to this agreement which is inconsistent with the declarations of this paragraph, if there be any such inconsistent acknowledgment or declaration, is hereby withdrawn and shall not be renewed or reasserted without the consent of the States party hereto.

ARTICLE II

The States of Arizona, California, and Nevada hereby agree that the waters of the Colorado River and its tributaries in said States shall be divided, allotted, and appropriated as follows:

(a) All of the waters of the tributaries of the Colorado River which flow into said river below Lee Ferry, Ariz., are hereby allotted and appropriated exclusively in perpetuity to the States in which such tributaries are located, and may be stored in and diverted from said tributaries or the main channel of the Colorado River for use in said States.

(b) There is hereby allotted and appropriated to the State of Nevada for use in said State that portion of the total amount of water of the main Colorado River as measured at Lee Ferry, which can be beneficially used for agricultural and domestic purposes, not exceeding 300,000 acre-feet per annum.

There is hereby allotted and appropriated for agricultural and domestic use to each of the States of Arizona and California from the remainder of the water available as measured at Lee Ferry one-half of the waters of the Colorado River.

(c) Any diminution of the amount of water allotted to each State between the point of measurement and the point of delivery, caused by evaporation and seepage in storage or in transit, shall be borne by each State from its original allotment.

(d) The States of Arizona, California, and Nevada hereby agree to limit and control future appropriations and beneficial use of water in said respective States to such an amount and in such manner as will insure that present perfected rights in each said State will be fully protected and supplied out of waters hereby allotted to said State.

ARTICLE III

The following rules shall apply to the use and storage of water under this agreement:

(a) The use of water for irrigation and domestic purposes allotted in Article II hereof shall be superior to any right of storage for power purposes or navigation, and any of said States may divert from the river the water allotted to it at any point on the river, provided that if any State shall take any water so allotted to it out of the main channel of the Colorado River at a higher elevation than the highest elevation of the bed of said river in said State the works constructed for such purpose shall not interfere with a beneficial development in the State entitled to develop such fall of the river, and the State or States taking out water at such higher elevation shall fully compensate the other States affected thereby for the loss of power caused thereby to such States.

(b) The prior construction of any dam or reservoir for power purposes shall not give any prior or superior right to such dam or reservoir to the regulation of the flow of the river for the benefit of such dam or reservoir, but the rights of all dams and reservoirs constructed under this agreement for power purposes shall be on an equality regardless of the date of construction thereof subject to the following:

(1) Yearly and seasonal stored water shall be held at as high elevations on the river as possible in order to reduce evaporation losses and provide regulation for power as well as for irrigation, domestic, and flood-control purposes.

(2) Reregulation storage for seasonal and daily variations in demand shall be located as close to the land to be irrigated as possible, and water for irrigation and domestic purposes shall be supplied first from the nearest reservoir above the point of diversion of such waters.

ARTICLE IV

The territory of no State shall be entered upon for the purpose of construction or maintaining works utilizing the water of the Colorado River except with the consent, and subject to the laws, of such State.

ARTICLE V

The necessity for flood protection and development of the Colorado River as herein provided for is hereby recognized and established. All private or public lands in Arizona, California, and Nevada that are necessary for the construction and operation of works for the control and utilization of the Colorado River for flood protection, irrigation, and domestic uses of water and the construction of dams for power purposes in pursuance of the provisions of this agreement shall be subject to the right of eminent domain of the State wherein such lands are located unless they have already been put to a more necessary public use.

ARTICLE VI

Each of the States party hereto, and the United States, recognize the acute necessity for flood and drought protection for lands now in cultivation by irrigation from the waters of the Colorado River, and hereby pledge their good faith to grant the necessary permits and licenses for such construction; also rights of way to any district or agency that may be created in pursuance of the terms of this agreement for the immediate construction of a reservoir in the main channel of the Colorado River at such point as may be determined upon by the Federal Government, if it be a Government project, or by the majority of the States party to this agreement, if by some other agency. Such permits, licenses, and rights of way shall include those necessary for the construction of the dam and reservoir and appurtenant works, including hydroelectric power plants and transmission lines: *Provided*, That no dam or other works shall be built in the bed of the Colorado River at any point in the river which when constructed will back up the water of the river so as to limit or interfere with the construction of a dam selected by any of the States for the diversion of water for irrigation or domestic purposes in that State.

ARTICLE VII

Any State in which reservoir sites exist in the Colorado River or its tributaries, directly or through any district or agency created in pursuance of and hereafter authorized by the laws of said State, may build dams, hydroelectric power plants, and appurtenant works in such State and operate or lease the same. Where the reservoir is situated in two or more States such dams, power plants, and appurtenant works may be built, operated, or leased jointly by the two or more States, or by any district or agency that may be created in pursuance of the laws of such States. Such State or States may sell or lease the power produced by such dams or power plants, and may impose taxation on such dams, power plants, transmission lines, and other property incident thereto, and may collect royalties on the power produced by such dams or power plants, or any of them, or impose a tax on such power, or provide for both such tax and royalties on such power. Where development works are constructed in two or more States the entire hydroelectric plant, including dams, reservoirs, power houses, or appurtenant works, shall be considered a unit in all matters relating to the financing of construction, the operation, lease, collection of royalties, and taxation, regardless of the location of the power plants with reference to State boundaries. The cost of the construction of all such development works shall be borne by the respective States, districts, or agencies created in pursuance of the laws of such States, and all power and revenue from the sale or lease of power, or royalties on the same, or taxation of such power or works, shall be divided among the States in direct proportion to the present amount of fall which the river makes in each State between the dam and the elevation of the bed of the stream reached by the backwater when the reservoir is filled. Where the river forms the boundary between two States each State shall be allotted one-half of the fall which occurs in the present river bed on such joint boundary for the purpose of computing the relative proportions allotted to each State.

ARTICLE VIII

The use of power developed by such dams and works shall never vest in perpetuity in any private person or corporation, but the States and citizens of States in which such power is developed shall have preferred rights to its use whenever the need for it may arise: *Provided*, That leases for the use of power for terms not exceeding 50 years may be made by any such State or States, or any district or agency hereafter created in pursuance of law, when approved in such manner as may be provided by the laws of such State or States in which the power sites are situated: *Provided further*, That any State party hereto shall have the right to grant in perpetuity to any political subdivision or municipal corporation of such State the share of the power to which such State is entitled under the provisions of Article VII hereof.

ARTICLE IX

In the construction and operation of all dams and power plants for the utilization of the waters of the Colorado River, undertaken in pursuance of the terms of this agreement, the following rules shall apply:

Where such dams and power plants are located wholly in one State the laws of that State shall govern such construction and operation. Where such dams and power plants are located in more than one State, the States affected shall agree upon the plans and rules and regulations for such construction and operation and upon the agency to be adopted

for such joint construction and operation: *Provided*, That in the event two States are affected and they shall be unable to agree upon any such matter each of said States shall appoint a competent person as arbitrator, and the two arbitrators so appointed shall agree upon a third arbitrator, and the three arbitrators so appointed shall determine all such matters not agreed upon by said States.

ARTICLE X

Whenever the construction of a reservoir in two or more States shall be determined upon, the States in which the same is situated shall agree upon the royalties and taxes to be collected on the power to be produced by such reservoir and the works connected therewith, and make any agreement that may be necessary to the taxation of such reservoir and works, provided said States shall be unable to agree or it shall be found impracticable to carry out a satisfactory agreement because of restrictions in the constitutions of said States or any of them, said States shall have allotted to them for their several use, benefit, and disposition their proportionate share (as determined by Article VII) of the power produced by such reservoir and works.

ARTICLE XI

In the event the United States shall undertake the construction, financing, and operation of any development on the Colorado River, for flood control, irrigation, or power purposes, and requires the repayment of funds advanced for such purposes, such repayment to the Government shall be made in accordance with the United States reclamation act and amendments thereto. Each State shall assume an obligation in proportion to the allotment of water and power as provided in this agreement, and assure the Government the repayment of all construction costs together with any interest charged for the full amount so advanced.

The allocation of water and power, as in this agreement provided, shall inure to the benefits of the States party hereto. Operations and administration of the same shall be under such State agencies as are created in accordance with the irrigation laws of the respective States. After all obligations to the Government have been met, the entire benefits shall become the property of the States interested, as provided in article 7 of this agreement. The contract with the United States to construct works in the States shall provide for dams, power plants, irrigation works, canals, and pumping plants which will enable each of the respective States to irrigate in each State an amount of land proportionately equal to the allotment of water of such State. Any irrigation development where there is a cost for pumping shall be the beneficiary of the revenues derived from the sale of any portion of the power which is allotted to the respective States. Contracts for the sale of power shall be made agreeable to the respective States within which the power is developed.

ARTICLE XII

This agreement shall not become effective until it is approved by the legislatures and governors of the States of Arizona, California, and Nevada, and by the Congress of the United States.

Submitted by the Arizona committee.

PETITIONS AND MEMORIALS

Mr. KENDRICK presented resolutions of the Shoshoni (Wyo.) Commercial Club, protesting against the action of the Secretary of the Interior in recommending an appropriation of only $50,000 for the Riverton project, Wyoming, while at the same time recommending the continuance of others and institution of new projects before the completion of ones upon which the reclamation funds have been heavily expended, which were referred to the Committee on Irrigation and Reclamation.

He also presented resolutions adopted at a meeting of the Wyoming Engineering Society, at Casper, Wyo., favoring the passage of House bill 6358, the so-called water resources inventory bill, which were referred to the Committee on Irrigation and Reclamation.

Mr. WILLIS presented a resolution adopted by officers and members of Dayton Post, No. 5, American Legion, of Dayton, Ohio, favoring the passage of Senate bill 98, granting increased pensions to veterans of the war with Spain, the Philippine insurrection, and the Chinese expedition, which was referred to the Committee on Pensions.

He also presented a resolution adopted by the annual convention of the Ohio Brotherhood of Threshermen, favoring the passage of legislation amending the existing food and drug act, so as to make provision for the use of corn in the manufacture of sugar, which was referred to the Committee on Agriculture and Forestry.

Mr. WADSWORTH presented a petition of members of the faculty of Syracuse University, of Syracuse, N. Y., praying an amendment of the existing copyright law, so as to permit the protection by copyright of mimeographed reproductions, which was referred to the Committee on Patents.

Mr. CAPPER presented a memorial numerously signed by sundry citizens of Chase County, Kans., remonstrating against any modification of the provisions of the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. BAYARD. Mr. President, I ask that certain resolutions adopted by the Business and Professional Women's Club of Wilmington, Del., on January 29, 1926, touching the proposed amendment to the Constitution offered by the senior Senator from California [Mr. JOHNSON] may be printed in the RECORD and referred to the Judiciary Committee.

There being no objection, the resolutions were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

THE BUSINESS AND PROFESSIONAL WOMEN'S CLUB,
Wilmington, Del., February 2, 1926.

Senator THOMAS F. BAYARD,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The following resolution was passed at the meeting of the Business and Professional Women's Club of Wilmington, Del., on January 29, 1926, and ordered to be sent to you:

"Whereas Senator JOHNSON has publicly announced his intention of introducing a measure, an amendment to the Constitution of the United States, for the purpose of validating minimum wage laws for women and children; and

"Whereas such an amendment would be in direct opposition to the principles of equality of rights and opportunities and equal freedom of contract for men and women which the National Federation of Business and Professional Women have already adopted in 1920; and

"Whereas the Business and Professional Women's Clubs of Senator JOHNSON's own State, California, have already passed resolutions against the proposed resolution: Therefore be it

"*Resolved*, That the Business and Professional Women's Club of Wilmington, Del., protest against the passage of said proposed amendment and write our Senators to defeat it; and be it further

"*Resolved*, That copies of these resolutions be sent to Senators BAYARD, DU PONT, and JOHNSON, with the request that they be read into the CONGRESSIONAL RECORD."

Respectfully yours,

MINNIE FINEMAN, *Secretary.*

ITALIAN DEBT SETTLEMENT

Mr. ROBINSON of Arkansas subsequently said:

Mr. President, a delegation of gentlemen representing the Order of the Sons of Italy in America, a fraternal organization composed of persons of Italian birth or descent, waited on me to-day and requested that I receive and present to the Senate a series of resolutions adopted by that organization relating to the Italian debt settlement. This is not an opportune time or an appropriate occasion to discuss that subject. Expressing no opinion concerning the merits of the settlement, I take pleasure in complying with the request and ask now, out of order, to lay before the Senate the resolutions to which I have referred in order that they may lie on the table and be considered by the Senate when the subject matter is before this body.

The VICE PRESIDENT. Without objection, it is so ordered.

REPORTS OF COMMITTEES

Mr. BINGHAM, from the Committee on Commerce, to which was referred the bill (S. 2586) granting the consent of Congress to the J. R. Buckwalter Lumber Co. to construct a bridge across Pearl River in the State of Mississippi, reported it without amendment and submitted a report (No. 123) thereon.

Mr. FERRIS, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 1360) for the relief of the estate of William P. Nisbett, sr., deceased, reported it without amendment and submitted a report (No. 124) thereon.

Mr. STANFIELD, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1250) to amend an act entitled "An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts," approved July 2, 1862, as amended by the act approved March 3, 1883, reported it without amendment and submitted a report (No. 125) thereon.

INVESTIGATION OF INTERNAL REVENUE BUREAU (REPT. 27, PT. 2)

Mr. COUZENS. Mr. President, on behalf of the select committee of the Senate appointed to investigate the Internal Revenue Bureau, I desire to present the final report, with the exception of a brief report on prohibition enforcement. I ask that the report may be printed with the illustrations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Indiana:

A bill (S. 2960) granting a pension to Reynaldo D. Peachee (with accompanying papers); to the Committee on Pensions.

A bill (S. 2961) for the relief of Charles E. Reyburn (with accompanying papers); to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 2962) granting an increase of pension to Josephine Peck; to the Committee on Pensions.

By Mr. McKINLEY:

A bill (S. 2963) to provide for the purchase of a site and for the erection of a public building thereon at East Moline, Ill.; to the Committee on Public Buildings and Grounds.

A bill (S. 2964) to place broom corn upon the dutiable list; to the Committee on Finance.

By Mr. CAPPER:

A bill (S. 2965) to prevent discrimination against farmers' cooperative associations by boards of trade and similar organizations, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 2966) for the relief of G. W. Rogers (with accompanying papers); to the Committee on Claims.

By Mr. HARRELD (by request):

A bill (S. 2967) to authorize the Secretary of the Interior to sell certain lands within the Port Madison Indian Reservation, in the State of Washington, heretofore set apart for school or administrative purposes; and

A bill (S. 2968) to provide for the permanent withdrawal of certain described lands in the State of Nevada for the use and benefit of the Indians of the Walker River Reservation; to the Committee on Indian Affairs.

By Mr. LA FOLLETTE:

A bill (S. 2969) to amend the act entitled "An act relative to the naturalization and citizenship of married women," approved September 22, 1922, and for other purposes; to the Committee on Immigration.

CHANGE OF REFERENCE

On motion of Mr. DALE, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 1959) granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War, and the bill was referred to the Committee on Pensions.

AMENDMENTS TO TAX REDUCTION BILL

Mr. SHIPSTEAD and Mr. HOWELL each submitted an amendment intended to be proposed to House bill 1, the tax reduction bill, which were ordered to lie on the table and to be printed.

AMENDMENT TO MUSCLE SHOALS RESOLUTION

Mr. RANSDELL submitted an amendment intended to be proposed by him to the concurrent resolution (H. Con. Res. 4) providing for a joint committee to conduct negotiations for leasing Muscle Shoals, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

AMENDMENT TO NAVAL APPROPRIATION BILL

Mr. SHORTRIDGE submitted an amendment intended to be proposed by him to House bill 7554, the naval appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place, insert the following:

"Naval Base, San Diego, Calif., water-front development (limit cost, $1,010,000), $100,000."

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

The VICE PRESIDENT. The pending question is the amendment of the Committee on Finance, on page 36.

Mr. SMOOT. Mr. President, I do not want any advantage taken of any Senator, so I suggest the absence of a quorum in order that Senators may be here and know what we are going to vote on.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Hale	McMaster
Bayard	Deneen	Harreld	McNary
Bingham	Dill	Harris	Mayfield
Blease	Edge	Harrison	Metcalf
Borah	Edwards	Heflin	Moses
Bratton	Ernst	Howell	Norbeck
Brookhart	Fernald	Jones, Wash.	Norris
Broussard	Ferris	Kendrick	Nye
Bruce	Fess	Keyes	Oddie
Butler	Fletcher	King	Overman
Cameron	Frazier	La Follette	Pepper
Capper	George	Lenroot	Phipps
Caraway	Gerry	McKellar	Pine
Couzens	Gillett	McKinley	Pittman
Cummins	Goff	McLean	Ransdell
Reed, Pa.	Shipstead	Trammell	Watson
Robinson, Ark.	Simmons	Tyson	Wheeler
Robinson, Ind.	Smith	Underwood	Williams
Sackett	Smoot	Wadsworth	Willis
Schall	Stanfield	Walsh	
Sheppard	Stephens	Warren	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

The question is on the amendment of the Committee on Finance.

Mr. WADSWORTH. May we have the amendment stated?

The VICE PRESIDENT. The clerk will state the pending amendment.

The CHIEF CLERK. On page 36, strike out lines 10 to 24, both inclusive, and on page 37, lines 1 to 18, both inclusive, relating to surtaxes, and insert from line 19 on page 37 to line 3 on page 39.

Mr. KING. Mr. President, I had expected to have my amendment relating to the section under consideration ready for presenting this morning, but unfortunately other matters intervened and prevented me from doing so. If the Senator having the amendment of the committee in charge will pass it over for a half an hour or an hour I shall be glad then to return to it.

Mr. SMOOT. I have no objection to that course.

The VICE PRESIDENT. The amendment will be passed over temporarily and the next amendment which was passed over will be stated.

Mr. SMOOT. Mr. President, I ask that we may turn next to the amendment on page 82, the tax on corporations.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The next amendment of the Committee on Finance passed over is under the subhead "Part III.—Corporations, tax on corporations," page 82, line 13, after the words "tax of" to strike out "12½ per cent" and insert "13½ per cent," so as to read:

SEC. 230. In lieu of the tax imposed by section 230 of the revenue act of 1924 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13½ per cent of the amount of the net income in excess of the credits provided in sections 236 and 263.

Mr. HARRISON. On this proposition I ask for the yeas and nays.

Mr. SMOOT. Mr. President, the pending amendment proposes to change the tax on corporations from 12½ per cent, as under the existing law, to 13½ per cent. The committee reported the amendment providing an increase of 1 per cent in the tax on corporations, and it also reported favorably the repeal of the provision for a tax of $1 per thousand dollars of capital stock, which results exactly the same to the corporation unless the corporation's net income is more than 10 per cent. Even in that case there is very little difference in the real result of the taxation on corporations.

I may add that by this change in the law it relieves the corporations of the country from making a separate return every year. It will relieve the department of the investigations necessary in order to determine the amount and value of the stock, and it will also obviate many other questions which have arisen in the past. It will also relieve those corporations which have no capital stock, no voting stock where the corporation itself pays the 13½ per cent tax.

I am sure that the corporations, even though they make 10 per cent and over, would prefer to pay this tax rather than incur the expense of making the extra return and have the investigations that must follow. It seems to me that it is only a logical conclusion at which the committee has arrived. I will again state that if this proposition shall be adopted we shall desire that the capital-stock tax shall be entirely removed.

Mr. SMITH. Mr. President, may I ask the Senator from Utah a question?

Mr. NORRIS. Mr. President, may I ask the Senator——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. SMOOT. I do.

Mr. SMITH. I merely desire to know if the committee has worked out what would be the difference in the amount which the corporations will have to pay by eliminating, if it shall be eliminated as the Senator states, the capital-stock tax and by increasing the corporation tax by 1 per cent? About what would the difference in actual taxes amount to?

Mr. SMOOT. There would be a difference of $93,500,000 on account of the repeal of the capital-stock tax.

Mr. SMITH. Would there be an ultimate increase to the corporations or a decrease compared to the tax they now pay?

Mr. SMOOT. There may be a little increase in the case of the corporations that earn profits of more than 10 per cent, but to all earning less than that there would not be any increase whatever.

I will say to the Senator that the corporations themselves would prefer the plan proposed by the committee rather than have to make two reports on different dates, even though it should cost them a little more.

Mr. CARAWAY. Mr. President, do I understand the Senator from Utah to say that the plan proposed will realize to the Government $93,000,000?

Mr. SMOOT. It will realize $93,500,000.

Mr. CARAWAY. In other words, the corporations will pay that much more than they now pay?

Mr. SMOOT. No; not more than they now pay.

Mr. CARAWAY. That is the information I desire to get.

Mr. SMOOT. We propose to relieve them of the payment of $93,500,000 capital stock tax, and then we increase the tax on corporations so that it amounts to about the same thing.

Mr. SMITH. So it is about a stand-off?

Mr. SMOOT. It is practically a stand-off.

Mr. CARAWAY. Those who have written to me about it contend that while individuals will get a reduction in their taxes no reduction will come to corporations.

Mr. SMOOT. That is true, Mr. President.

Mr. CARAWAY. So that they get no reduction?

Mr. SMOOT. The corporations get no reduction.

Mr. CARAWAY. Does a corporation pay more taxes than an individual engaged in like business?

Mr. SMOOT. Does the Senator mean partnerships and individuals?

Mr. CARAWAY. Yes.

Mr. SMOOT. No; I do not think they do. In fact, the criticism in the past has been that corporations have paid less.

Mr. CARAWAY. I should like to know if that criticism is just.

Mr. SMOOT. In many cases I think that is true.

Mr. CARAWAY. Can the Senator say that a corporation pays no more on its earnings, considering all of its taxes, than an individual pays if he has the same earnings?

Mr. SMOOT. I do not think the corporation pays a penny more.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I yield.

Mr. SIMMONS. Let us see just what we are considering. Am I to understand that we are considering the amendment to abolish the capital-stock tax?

Mr. SMOOT. No; we are considering the amendment proposing to increase the tax on corporations from 12½ to 13½ per cent.

Mr. SIMMONS. Why does not the Senator from Utah first take up the amendment with reference to the capital-stock tax?

Mr. SMOOT. Of course, Mr. President, I have taken the amendments up in the order which we passed them over. If the Senator from North Carolina wants to vote upon the capital-stock tax first, I have not any objection.

Mr. REED of Pennsylvania. But I have, Mr. President. I do not think that the capital-stock tax ought to be repealed, because the Treasury can not stand it unless it is compensated for partially by an increase in the corporation income tax.

Mr. SMOOT. The committee took the position that the repeal of the capital-stock tax will make no difference whatever providing the corporation tax rate shall be increased; and, of course, this body is not going to take such action as will——

Mr. SIMMONS. Mr. President, I have the floor, and I should like to direct the attention of the Senator to this point: I am heartily in favor of the repeal of the capital-stock tax. The majority of the committee are in favor, as a method of compensating for the loss in the repeal of the capital-stock tax, of imposing an additional tax on corporations.

In considering the arrangement which the committee has made as to when the repeal of the capital-stock tax shall take effect and when the proposed additional tax imposed upon corporations in order to recoup that loss shall take effect very serious questions will arise. It is those questions that I desire to discuss. I do not particularly desire at this time to discuss the question of the justice of the addition proposed by the committee to the corporation tax, although I shall later discuss that; but I do desire to discuss the question of the time the committee has provided for the taking effect of the repeal of the capital-stock tax and the time the committee has provided in its amendment for putting into effect the additional levy upon corporations. To my mind, that is a very important question. It was for that reason that I suggested to the Senator that we should take up first the repeal of the capital-stock tax.

The objection I am going to make now and which I want to discuss is as to the arrangement which the committee has provided in the two amendments for the time when the respective provisions shall take effect. It brings about a most anomalous situation, in my judgment, and I think when the attention of the Senate shall be directed to what is proposed to be accomplished and to the result of this adjustment of the time when these two amendments shall go into effect it will agree with me that the amendments need some revision.

Mr. SMOOT. I think I know to what the Senator has reference, and perhaps we had better decide——

Mr. SIMMONS. If the Senator wants me to state what I have reference to, it is this: The capital-stock tax was recommended to be repealed by the committee. The majority members of the committee said, "For the purpose of recouping the Treasury for the loss which will be sustained in revenue by the repeal of the capital-stock tax it is necessary for us, from our standpoint, to increase the tax on corporations." So far so good, admitting the correctness of that principle—which I do not. The idea was to balance the loss and the increase, so that the final result would be that the Treasury would get the same amount of revenue. I think Senators will agree with me that that was the idea, but as the majority of the committee have arranged the provisions with reference to the time of taking effect of these two amendments, they have thrown them altogether out of balance, and, to my mind, they have worked a very gross injustice to the corporations of this country.

Mr. SMOOT. Mr. President——

Mr. SIMMONS. If the Senator will pardon me, I will explain what I mean. The capital-stock tax is paid in advance. The capital-stock tax for 1925 has already been paid up to the 30th day of June of this year, 1926. That is true, is it not?

Mr. SMOOT. Yes.

Mr. SIMMONS. The majority of the committee want to levy a tax to compensate for that loss, and they say an increase of 1 per cent in the flat tax on corporations will compensate for it; but, Mr. President, they provide that the repeal of the capital-stock tax shall not take effect until June 30, 1926, that tax having been paid for the whole calendar year 1925, and having already been paid and covered into the Treasury for one-half of the year 1926.

Mr. SMOOT. The Senator means the fiscal year, not the calendar year.

Mr. SIMMONS. I said it was paid for the calendar year; it was paid on the basis of the fiscal year, but all that was due for 1925 has been paid, and all that will become due up to the 30th day of June of this year has also been paid.

The bill undertakes to impose an additional tax upon corporations, and provides that the tax so imposed shall take effect from the 1st day of January, 1925—that is the effect of the retroactive provision—while the repeal of the capital-stock tax does not take effect until the 30th day of June, 1926, one and one-half years later. The result of that will be that every corporation in this country will have to pay a tax on its income of 1925 at the rate of 13½ per cent instead of 12½ per cent, while for that year and up to June 30, 1926, the capital-stock tax has already been paid. The tax the repeal of which they are going to offset by an increase in the corporation tax has been paid for the year 1925 and half of the year 1926. I contend that if we are going to offset one species of tax against the other, then both provisions ought to go into effect at the same time.

Mr. CARAWAY. Mr. President, let me ask the Senator a question. The corporations object to this provision, do they not?

Mr. SIMMONS. Yes; and to the arrangement of that amendment, particularly. Of course they have got a right to object to the increase upon broad grounds, but they have a special right to object to the increase ostensibly for the purpose of compensating the loss of the capital-stock tax during the year 1925, when the corporation capital-stock taxes have already been paid into the Treasury for all of that year and up to next July of this year.

Mr. CARAWAY. Does not this bill make corporations pay more than a partnership or an individual on the same earnings?

Mr. SIMMONS. That is a mooted question; I do not know whether it does or not; I can not answer the Senator as to that.

Mr. SMOOT. Mr. President, if the amendment of the Senator from North Carolina shall prevail we will have to refund from the Treasury and pay back to the corporations what

they have paid in advance as a capital-stock tax for the first six months of this year. That is exactly what we will have to do.

Mr. SIMMONS. No. We will only have to provide that the increase in the corporation tax shall go into effect on the 1st day of January, 1926, instead of the 1st day of January, 1925. Then it would overlap slightly, but not to the same extent as under the bill as it now stands.

Mr. SMOOT. If we did that the Government would be $93,500,000 short and would have to refund to the corporations the taxes they have paid from the 1st day of January up to June 30 of this year.

Mr. SIMMONS. There is no necessity for this increased corporation tax operating upon the incomes of 1925, because it is to take the place of the capital-stock tax that has already been paid.

Mr. FLETCHER. There is no provision in the bill to refund the taxes collected under the capital-stock tax provision of existing law?

Mr. SIMMONS. None in the world. I wish to read to the Senate a very enlightening statement upon this question by a gentleman who has given it very great study.

He says:

(1) The administration's avowed purpose in asking the present Congress to amend the revenue act of 1924 was to bring about a reduction in taxes, the announced objective being to lessen the tax burden upon the individual and upon business. The country voiced its approval.

(2) As the revenue bill now stands, the purpose avowed has been accomplished as respects the individual, but the burden of a business conducted in corporate form has been materially increased.

(3) More than half of the income taxes collected in the fiscal year 1925 were collected from corporations. They paid $916,232,697.02; individuals paid $845,426,352.49; total, $1,761,659,049.51.

(4) Figures will not permit of the corporate taxpayer being misled by the repeal of the capital-stock tax. That tax has already been paid for the calendar year 1925 (when the proposed 13½ per cent on income applies) and to June 30, 1926 (six months of the first year when the proposed 13½ per cent rate is to apply). So, having already paid the capital-stock tax for 1925 and for one-half of 1926, the corporation is called upon to pay an additional income tax of one-half of 1 per cent for 1925 and an additional 1 per cent for 1926 and thereafter.

(5) For the fiscal year ended June 30, 1925, the capital-stock tax yielded $90,002,594.56. Income tax at 12½ per cent on corporate income yielded $916,232,697.02. I am informed that the country's corporate income is increasing at the rate of approximately 15 per cent per annum. If true, the income tax at the present rate of 12½ per cent will yield $137,434,904.55 more for the fiscal year 1926 than it yielded for the fiscal year 1925. This is $47,432,309.99 more than the capital-stock tax yielded for the fiscal year ended June 30, 1926.

(6) It is believed that the increase in income tax will more than offset any revenue reduction brought about by a repeal of the capital-stock tax. That would seem to be no more than a safe assumption of fact. Therefore we find ourselves facing the proposition that the Government can repeal the capital-stock tax and retain the 12½ per cent income-tax rate, not only without loss of revenue but with an increase of revenue in the natural course of events. This, too, in the face of a statement from the Treasury that further tax reduction may reasonably be expected within the relatively near future. If the bill as reported to the Senate by the Finance Committee becomes law the reduction for corporations will have to begin with a revenue act of some future year.

(7) The capital-stock tax should be repealed.

I agree with that.

If that form of business—the corporate form—which is now paying more than one-half of the Government's income taxes—and certainly its fair share of all other business taxes—is to obtain relief, have its taxes reduced, it would seem that it will have to be through a repeal of the capital-stock tax.

(8) In my humble opinion there is no justification, economic or political, for increasing the tax burden on corporate business. It is entitled, it would seem, to the small reduction that a repeal of the capital-stock tax will afford, and, in fulfillment of the promise made, the income-tax rate should for the present remain at 12½ per cent. Books for 1925 have been kept on the theory that no increase would be made, and while listening-in on a solo melody on tax reduction, supported by a tuneful chorus of sufficient voices to make it unanimous, the corporation set up reserves to meet future tax obligations, believing that its ears heard aright. But this morning there is a rumbling just down in front of us to the effect that the 1925 income-tax rate should be 13½ per cent. A reduction of the tax burden, indeed!

(9) I respectfully submit that the income-tax rate of 12½ per cent should not be increased, and that the capital-stock tax should be repealed, thereby affording the corporate taxpayer relief to that extent, limited though it be. It will at least be a reduction and not an increase at a time when increased taxation would seem to be unwarranted, and at a time when neither political party can plead justification.

Mr. WATSON. Mr. President, may I ask the Senator a question?

Mr. SIMMONS. Yes.

Mr. WATSON. Does the Senator believe that the corporation income of the country has so increased that we can repeal the capital-stock tax, amounting to $93,000,000, and derive as much revenue from the 12½ per cent as we previously got from the corporation tax plus the capital-stock tax?

Mr. SIMMONS. I have no question, if we can rely upon the data that has been furnished the Congress and that can be obtained from the reports of the Department of Commerce as to the enormous increase in the earnings of all corporations during the year 1925, as compared with 1924, that the additional amount which will be realized by the Government as the result of that increased income will be amply sufficient to offset, and more than offset, the repeal of the capital-stock tax. That, however, is not what I am discussing at this moment. I am pointing out that you repeal a tax and then you propose to provide so as to recoup the money lost, but you do it in a way that imposes a double tax on corporations for a period of about 18 months—a tax that is not justified by the repeal.

I am insisting that if you are to repeal the capital-stock tax and then provide money to offset that repeal the bill should be so drawn that the money that is realized shall not be money that is obtained by the process of a retroactive imposition upon corporations which will compel them to pay the increase at the same time that the capital-stock tax is being paid. In other words, the result of this manipulation as to the time when these two amendments shall go into effect will be that for one year the Government will be collecting both the capital-stock tax and the increased corporation tax to make up for the loss of the capital-stock tax.

Mr. SMOOT. For six months, Mr. President.

Mr. SIMMONS. No; it is not for six months; it is for a year and six months. That very process will be going on. You repeal the capital-stock tax, relieving the corporation to that extent after a certain time, but then you provide that for the first 18 months preceding that repeal the corporation shall pay the capital-stock tax and pay also the increased income-tax rate that you put on it ostensibly to offset the loss from repealing the capital-stock tax. The Government is collecting from corporations during that 18 months not only the capital-stock tax but the increased income tax which it claims to be imposing to offset the loss of the capital-stock tax.

Now, Mr. President, I want to make that clearer. I have another statement here. The argument contained in the document I just read was addressed largely to the contention that the increase in the earnings of corporations during the year 1925 was so great that the additional income of the Government from that tax would raise an amount more than sufficient to offset the repeal of the capital-stock tax. Now, I want to argue the matter from the standpoint of double taxation, and I want to read to the Senate another document which addresses itself to my contention in that respect. I am quite sure, Mr. President, that if the Finance Committee can see this matter from the proper angle, the committee itself will remedy this situation. It grows entirely out of the respective dates when these two amendments are to take effect.

With a collection under that tax—

That is, the capital-stock tax—

amounting to between $90,000,000 and $94,000,000 at the rate of $1 per thousand above exemptions, indicating a total capital value of $90,000,000,000 to $94,000,000,000 above exemptions, and with exemptions swelling the capital affected to possibly $100,000,000,000, which is almost one-third of the $330,000,000,000 of estimated total national wealth, a great many people had felt, and so expressed themselves, that in this year of tax reduction certainly this important part of the capital of the country should be taken into consideration. And the fact that the $100,000,000,000 of capital affected by this tax is the most active and productive part of the capital of the country would seem to emphasize the propriety of a measure of relief for that part of the country along with other contemplated reductions affecting more directly, but possibly not more effectively, those falling into other classifications in the country's life.

The countermove made by the opposition in your committee by way of recouping to the Government the benefits which your amendment would secure to so large and important a group seems so ill founded that we are very hopeful of seeing it fail to get the support that would be necessary to enact it into the law, but it is with a view to emphasizing before you, from the point of view of business people, the

iniquity of this countermove, that we are taking the liberty of writing you, despite the fact that we know you have the full view of all phases of the situation constantly in mind.

Of course we realize that in working out the increase in the corporate income-tax rate the sponsors thereof were possibly working from the angle of how much money the Government would actually receive during the year 1926, and not from the angle of how much the taxpayers would be called upon to assume as an additional burden. The fact that the tax which is eliminated—the capital-stock tax—is payable in advance as well as payable upon the fiscal year basis, while the tax which is increased—the income tax—is payable in arrears and upon the calendar-year basis, makes the reduction, which the committee proposes through elimination of the capital-stock tax, work out into a peculiar situation when an attempt is made to recoup this reduction of a tax payable in advance through increase in the rate of a tax payable in arrears.

The corporations of the country went through the year 1925 without any suggestion of the possibility of an increase in their income taxes. They therefore set up their reserves for taxes on the basis of 12½ per cent. There seemed to be no prospect whatever of an increase in this rate, and, on the other hand, the air was charged with the idea that the next tax bill would make all of its changes through reductions and eliminations, and none through increases. After concluding the business of the year 1925, paying their capital-stock taxes, providing for their income taxes, closing their books, and issuing their financial statements for the year 1925, they are now confronted with the suggested amendment of which there was no way to get any warning during the year 1925, but under which, if adopted, every corporation with a taxable income would have to go back into the year 1925, reopen its books, change its reserves for income taxes, adjust its balance sheet for the end of the year, and correct the figures which it has already published as representing the status of its business at the end of the year 1925. And all of this because the share which the corporations of the country are to have in the proposed tax reductions is decreed to be not a reduction but an increase—and not an increase alone, but an increase made retroactive for more than one year before the date upon which it was suggested.

Of course, the suggested increase is proposed by way of recouping a loss of tax on the part of the Government through the proposed elimination of the capital-stock tax. But the irony of the situation appears clearly when it is remembered that under the proposal to which I refer the capital-stock tax elimination becomes effective July 1, 1926, while the recoupment provision becomes effective 18 months theretofore, and in becoming effective thus retroactively heaps upon the corporations a burden and an inconvenience that could hardly have been made more unfortunate. To receive the benefit of a reduction in one tax which is to be bought and paid for through an increase in another tax is at best a doubtful method of enjoying a tax reduction, but when one is called upon to buy and pay for the reduction through a period beginning 18 months prior to the beginning of the period in which the reduction is effective the picture becomes that much more gloomy. And at that I am leaving out of account the grievous inconvenience referred to above as arising through the retroactivity of the tax.

It is unbelievable to me that the Congress will adopt an increased income-tax rate with the retroactive feature now under discussion. But I don't believe that the people realize that the new rate is effective for taxes payable within the year 1926, on the income of 1925, instead of for taxes accruing within the year 1926. I have talked to many substantial and important business men at one place and another within the last few days who have thought that the bill made the new rates effective only against income accruing after January 1, 1926. As soon as they realize what is about to happen, I feel sure there will be an enormous reaction against the proposal.

Surely the Congress does not, in a year which has been filled with prophecies of tax reductions, intend to give this important part of the country's business a stone for the promised bread—a retroactive tax increase by way of purchasing a tax decrease which will not become effective until 18 months after the increase becomes effective.

Mr. President, that is the point at issue. If the committee feel that the Treasury can not stand the loss involved in the repeal of the capital-stock tax and are determined to make up the loss by increasing the corporate income tax, they may succeed in doing so; but surely they have no right to increase it in such a way that during the period of 18 months the corporate taxpayer will have to pay both of these taxes, the tax repealed and the increased income tax. That is so utterly inconsistent with the professed idea of recoupment, offsetting the one against the other, that I do not think the Congress of the United States, understanding that, will sanction it for a minute.

When this repeal of the capital-stock tax takes effect then perhaps from the majority's viewpoint it may be all right to make the increase; but you are proposing to make it 18 months before the repeal of the capital-stock tax goes into effect. You are adding this additional tax in a way that makes the increase payable for 18 months before loss in revenue, by reason of the repeal of the capital-stock tax, takes effect.

That is my contention. I am not making it in a controversial spirit; far from it. I am making it more in the way of a suggestion to the committee, and I am appealing to the committee to take this situation into consideration, believing confidently that if they will do so they will see its gross injustice and its failure fairly to accomplish the very purpose which they profess to have in view. I hope the committee will give some consideration to the matter, and I would be very glad to have this matter go over in the hope that the committee will give it consideration. Of course, if they will not, then we will have to vote on it.

Mr. SMOOT. Mr. President, I appreciate the sentiments expressed by different Senators in regard to the wonderful prosperity now existing and that prophesied for the future.

Mr. SIMMONS. Mr. President, I hope the Senator will pardon me for saying that I would have to acquiesce in the committee's having its way, if it has the votes, if it will adjust these things so that the decrease and the increase will take effect practically at the same time. If that is not done, I shall feel compelled with all my vigor to antagonize the whole amendment. I am not saying that in the way of a threat, but so that the Senator may see how deeply I feel about this matter, and I think many other Senators who understand it feel as deeply about it. I think it presents a situation which ought to appeal to the fairness of the committee.

Mr. SMOOT. Mr. President, in all of the estimates of the Treasury Department made by Mr. McCoy there has been taken into consideration an increase over the 1925 actual receipts and the receipts estimated for 1926, under the existing law, of $118,340,951. Mr. McCoy states that, in his judgment, there will be an increase in the taxes on incomes for 1926 of $118,340,951. That is an increase in tax of that amount, and the rates we have fixed in the bill are based upon the Government receiving that amount of increase in taxation for the coming year.

If we do what the Senator from North Carolina wants us to do, we will fall short by sixty-odd million dollars. The committee believes that the Treasury of the United States is not in any position to stand that decrease, in addition to the decreases which would occur if the bill as reported to the Senate were enacted into law, namely, $352,000,000.

I want to say to the Senate also that this 1 per cent on the earnings of corporations would not produce as much revenue as the 1 per cent on the capital stock. The 1 per cent on the capital stock would raise $93,500,000 per year. The 1 per cent on the incomes of $8,600,000,000—the highest estimate ever given for corporations—would raise $86,000,000.

If we change this provision, as I have said, there will be over $60,000,000 cut out at once. As far as I am personally concerned, I do not approve any amendment the effect of which will be to decrease taxation to such a point that we will not receive enough to meet the expenses of the Government. If I were to be the judge, I would prefer that we should collect a little more than we need rather than a little less. I want to be perfectly sure that the Government of the United States will have sufficient revenue to pay all its obligations. I think a business man running any kind of a business would take the same position, and if he did not, there would be trouble ahead. I do not mean by that that the Government of the United States would suffer if we fell short $50,000,000 or $100,000,000 of paying expenses, but the Congress of the United States never should put the Government in such a position. Mr. McCoy and other officials of the Government report that the decreases carried by this bill are as far as it is safe for the Government to go at this time.

I know it is easy to stand here and say, "I am in favor of reducing all the admission taxes. I am in favor of reducing all the other nuisance taxes, the tax on automobiles, the tax on trucks, and the tax on incomes." It is easy enough to say that. I have said time and time again, in the press and upon the platform, that I hoped to see the day come when all of the nuisance taxes of every name and nature would be repealed. I would like to see them repealed. But we can not repeal them now and raise enough to pay the expenses of the Government.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. COUZENS. I was wondering if a good deal of this difficulty could not be overcome and the views of the Senator from North Carolina met if we amended section 286, on page 170, by making the effective date January 1, 1926, instead of January 1, 1925.

Mr. SIMMONS. Does the Senator mean the increase in corporation taxes?

Mr. COUZENS. No; that is with respect to the retroactive feature of the income and other taxes. It seems to me that would take care of all of the objections of the Senator from Utah and would do away with the objectionable features of the bill which deal with the retroactive provision.

Mr. SMOOT. That would be true if it would raise the necessary money, but it would not relieve the individual income-tax payer at all.

Mr. REED of Pennsylvania. Mr. President, will the Senator from Utah yield to me to submit an answer to that question?

Mr. COUZENS. It is quite true that it is estimated in the report that income-tax payers for the year 1925 would be relieved to the extent of $219,000,000. But I submit in the interest of justice, if there is any injustice done, as explained by the Senator from North Carolina, that it could be adjusted by eliminating the retroactive feature of the bill.

Mr. SIMMONS. No; it could not be done in that way. It is not a desirable way in which to do it. But it would meet my objection if the increase in the tax on corporations were made to become effective January 1, 1926.

Mr. SMOOT. Then, too, we lose all of the money.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield to the Senator from Pennsylvania.

Mr. SIMMONS. Let me finish my statement first. What I started to say was that by making the corporation income tax take effect the 1st day of January, 1926, both taxes—the one which is repealed and the one which we increased—would take effect at the same time and be effective contemporaneously. That is what I mean.

Mr. REED of Pennsylvania. Mr. President, will the Senator now yield to me a moment?

Mr. COUZENS. I yield to the Senator from Pennsylvania.

Mr. REED of Pennsylvania. I feel that I am to be congratulated. I have been trying for an hour and five minutes to get a chance to say what I am now about to say.

The whole trouble comes from the fact that the Senator from North Carolina has been talking about the overlapping of the periods which are used as the basis for the calculation of the tax, and he has disregarded the fact that there is no overlapping of the periods provided for the payments of the tax. To make that a little more clear, the corporation income tax is payable in 1926.

Mr. COUZENS. But for the period of 1925.

Mr. REED of Pennsylvania. Yes; I was about to point that out.

Mr. COUZENS. I beg the Senator's pardon.

Mr. REED of Pennsylvania. In order to calculate what tax shall be paid by a corporation in the calendar year 1925, necessarily we are driven to base it on the income of the previous year, because we can not know what the income is during the current year. Thus it will be seen that it actually is a tax on the company for the year 1926, but the basis of the calculation is the previous year. The corporation capital-stock tax is a property tax based on the estimated fair value of the capital stock, and it is payable every year. It is a sort of license tax for doing business. When it was originally adopted it was stated that it was payable annually in advance; so that the capital-stock tax payable in the year 1925 was nominally a license to do business until January 1, 1926, but as a matter of outgo for the corporation income and for the Government it was a 1925 transaction.

That brings me to my conclusion, and then I shall yield the floor to the Senator who has it in his own right. Is it not clear that the Government has got to consider its income in each of those years? All of the capital-stock tax for the fiscal year in which we are now living was paid or should have been paid on July 1 of last year. It was 1925 income to the Government. Nearly all of it was paid, as a matter of fact. There is about $20,000,000 unpaid now——

Mr. SMOOT. $18,000,000.

Mr. REED of Pennsylvania. To be exact $18,000,000 out of $93,000,000 that fell due on the 1st of last July, and if that $18,000,000 is not paid now it is not the Government's fault, because it ought to have been paid and it ought to have been counted in with our receipts for the calendar year 1925.

Now, then, the income tax for the coming year is really a 1926 tax, because it is all going to be paid in during the calendar year 1926. So when we came to consolidate the corporation tax—and every corporation official realizes the wisdom of doing it—we had to consider the revenue from the standpoint of the period during which it came in and not the theoretical period on which it was based. It is true that one period is prospective and the other period is retrospective, and there is an apparent overlapping; but there is not an overlapping in any sense in the actual cash which the Government gets and which the corporations give up.

Mr. COUZENS. I think the Senator has made an excellent argument for the viewpoint of the Senator from North Carolina, because the Senator said that the capital-stock tax was a tax paid in advance and was supposed for the year 1925 to have been paid the first of the year 1925, and therefore was a charge against the corporation for 1925. When we come to collect on the profits tax we make the computation based on the earnings of 1925. Therefore the actual charge against the corporation's business for 1925 includes both the computations for the profits tax and the computations for the capital-stock tax, and it all goes against the business as a charge for the year 1925 and, as the Senator said, it is an absolute duplication.

Mr. SMOOT. But the capital-stock tax is not paid for the calendar year nor assessed for the calendar year. It is assessed for the fiscal year beginning July 1 and ending June 30.

Mr. SIMMONS. The vice of the whole argument of the Senator from Pennsylvania lies in the fact that the capital-stock tax is not an income tax. It is not a tax on income at all.

Mr. REED of Pennsylvania. The Senator does not listen to what I say or he could not possibly have gathered that view. I said it was a property tax, an excise tax. When I get the floor in my own right, which I hope I shall be able to do soon, I would like to explain why it is that the amendment was adopted by the committee and wherein lies the justice and the propriety of it. I think I have a right to do that, because I was the one who offered the amendment.

Mr. SIMMONS. I want to say in reference to the suggestion about the amendment being adopted by the committee that when the committee considered the capital-stock-tax amendment, I do not remember that there was anything said about when it was to go into effect. I know when the committee considered the question of reducing the corporation tax 1 per cent there was no suggestion as to the time when it should go into effect. That was left to be adjusted by a vote in the Senate.

Mr. REED of Pennsylvania. Surely the Senator will remember that the committee first fixed the tax payable in 1926 at 13 per cent and not 13½ per cent, because of the explanation generally made and, we thought, generally understood that the half year had been paid for by the corporation; and it was only when the Treasury figures came to us, showing that the income during the half year would be only $18,000,000 to $20,000,000, that we realized that we had to make it 13½ per cent for 1926 also.

Mr. SIMMONS. But the Senator can not escape the point that if those adjustments with reference to the time when the amendments are to go into effect are permitted, the Government would get the tax out of the corporations on their capital stock for the year 1925 and it would get the increased tax out of the corporations upon their income for the year 1925.

Mr. REED of Pennsylvania. That is simply a way of speaking. I do not agree that there is any overlapping.

Mr. SIMMONS. It is an unanswerable statement that for the year 1925 the Government will get both of those taxes, the repealed tax and the tax which the Senator asks us to impose in order to recoup for the loss on the other tax.

Mr. COUZENS. Mr. President, as to whether or not the tax is paid by calendar or fiscal year, as long as it is paid in advance, as the Senator from Pennsylvania said, it is a tax upon the business for the particular year in which it is paid, and the retroactive feature of the corporation tax is a tax upon the same year.

In the whole bill there is much very careless language used. There always has been careless language in the revenue acts. There has been language in every revenue act that has been the subject of all kinds of interpretations, interpretation in one way in the interest of one taxpayer and another interpretation in another way for another taxpayer, as is clearly evidenced by the testimony taken before the select committee investigating the Internal Revenue Bureau.

I submit that the haste to get the bill through is all for the purpose of making its provisions retroactive. There would not be this haste and there would be no necessity for using loose and ambiguous language if we had time to properly study the bill, and we would have the time if it were not to become effective until January 1, 1926. Not only would the Treasury on March 15, 1926, get all the money that they had planned, but they would get more. Not only would they have plenty of opportunity to draft their forms and send them out to the collectors, but they would have time to do the whole business in an orderly fashion. But because of the unseemly haste, ambiguous and careless language is used in the bill, which no Sen-

ator has had an opportunity properly to study, and there has been no inclination on the part of either committee, so far as I have been able to learn—and I say this without reflection on any individual—to straighten out the language of the various acts so that the Bureau of Internal Revenue might with intelligence interpret their language.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. SMOOT. The Senator will note that all through the bill there have been amendments proposed for the purpose of clarifying the language of the former acts. I will say to the Senator that for that very purpose we have had four of the experts from the department all of the time and Mr. Gregg part of the time during the consideration of the bill. The amendments that have been passed over or agreed to in the administrative features and the wording of the bill generally have been based on the recommendations of the men who have in charge the administration of the law.

Mr. COUZENS. One of the faults I have to find is that the administrators of the law have not appealed to the committees in Congress to clarify the various acts. A simple study of the testimony that was taken before our committee will show that ambiguities in the language continued not only through the act of 1918 but in the act of 1921 and in the act of 1924, and those ambiguities are still retained in the pending bill, leaving the department in such condition that they could rule almost anything in any way to suit any taxpayer.

Mr. SMOOT. The bill provides that the joint committee can take up that matter if the joint committee is established.

Mr. COUZENS. I understand, and that is one of the reasons why I went before the Finance Committee and asked them to do this. I submit that the provision does not take care of the present situation, because the committee in itself could not do anything except report to the succeeding session of Congress or until a new revenue bill is before the Congress for consideration.

Mr. LENROOT. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. LENROOT. Will the Senator explain how, in his opinion, this language will cost the corporations, as a whole, more money this year than if the capital-stock tax had been retained and the old rate of the corporation income tax had been retained?

Mr. COUZENS. As the Senator from Pennsylvania [Mr. REED] has explained, the capital-stock tax has been paid; it has been paid in advance; but this bill proposes to make the increase on the profits tax from 12½ per cent to 13½ per cent retroactive to January 1, 1925.

Mr. LENROOT. Yes; but does the Senator claim that the Treasury will receive more money year by year by reason of that fact?

Mr. COUZENS. That is not the point; the point is not what the Treasury receives; the point is whether it is doing equity to the taxpayers.

Mr. LENROOT. But the amount the Treasury receives will be measured by the amount the corporations pay; and if they do not pay any more year after year, where is the injustice?

Mr. COUZENS. The corporations will not pay any more in the future, but, as the Senator from Pennsylvania has pointed out, they will for the year 1925, because they will not only have paid the capital-stock tax in advance but they will be required to pay 1 per cent more on their profits; for the repeal of the capital-stock tax does not take effect retroactively to January 1, 1925, because it has already been paid.

Mr. LENROOT. Then, the Treasury gets more money?

Mr. COUZENS. Absolutely it gets more money.

Mr. SIMMONS. Mr. President, I think the Senator is probably correct in his contention that if the amendments proposed by the committee took effect contemporaneously they would probably not so very materially affect the amount of revenue which the Government would receive in future years, but the contention is that the capital-stock tax, being a property tax not based upon income, must be paid in advance, and the capital-stock tax for 1925 has been paid. If, when we repeal the capital-stock tax we increase the income tax of corporations, and make that increase apply to the incomes of 1925, then the Government would get for the year 1925 not only the capital-stock tax but it would get the income tax increased by 1 per cent.

Mr. LENROOT. That might be true theoretically, but I want to ask the Senator whether the corporations will pay any more this calendar year and every year thereafter?

Mr. SIMMONS. I do not think they will pay any more, but probably they will pay as much in subsequent years.

Mr. LENROOT. Then where is the injustice?

Mr. SIMMONS. But during the year 1925 the corporations will pay just 1 per cent more than they are now paying under the present law.

Mr. COUZENS. That is perfectly plain. Take the case of a concern, for example, which pays a thousand dollars on January 1, 1925, for its capital-stock tax for the the year of 1925.

Mr. REED of Pennsylvania. If the Senator will yield, I desire to say that the capital-stock tax is payable on July 1, and is payable for the fiscal year, not the calendar year.

Mr. COUZENS. It is true, then, so far as half the year is concerned, is it not?

Mr. REED of Pennsylvania. Mr. President, the payments of income tax in the year 1925 have been made, and they amounted to about $900,000,000 from all the corporations of the country. Now the year is over, and we can not increase that, because that is all past history; the amount which is paid is fixed. In the year 1926—not the fiscal year, but the year of our Lord 1926—we are going to take about $975,000,000 from the corporations, and that is the question that the Treasury is concerned with. It is just a trick of words to say that the tax is "for" such and such a period. The important thing is when the tax is paid. That is what the corporation is interested in.

Mr. COUZENS. I think the important thing is when it is contracted and not when it is paid. It can not be said because the money is paid in 1926 that it is a 1926 tax, when it is plainly computed on the 1925 earnings. Just because it happens to be paid in March, 1926, does not nullify the fact that it is taken from the earnings of 1925.

Mr. REED of Pennsylvania. But the Senator will concede that the important thing to the Treasury of the United States is the amount of money that it obtains in any particular year?

Mr. COUZENS. Yes.

Mr. REED of Pennsylvania. And that that is the important thing in the last analysis to the corporation. If we do not take it in this way, we have got to take it in some other way. What we are actually doing is slightly to decrease the total amount that we take from the corporations in each calendar year, and we have cut the accounting in half. Any other description of the action of the committee is a mere play on words.

Mr. COUZENS. I agree to the repeal of the capital stock tax, but I disagree with the statement that there is any play upon words, because the tax certainly comes out of the earnings for 1925 on which the corporation has paid the capital stock tax. Now, so far as the Treasury is concerned——

Mr. REED of Pennsylvania. Suppose the Senator's point were conceded; suppose we give into him and say, "You have expressed it quite right; we will not put that additional amount on the taxes payable this calendar year." In that event we would have a deficit of $93,000,000. That would be the practical result.

Mr. COUZENS. That is just the point I rose to address myself to. The Senator has come right to the point. I propose to make the provision effective January 1, 1926, and obviate all the deficit and shortage in the Treasury. That is a very simple procedure. There is no reason why we should assess the corporations retroactively to January 1, 1925. We are making fish of one and fowl of the other. In the one case it is proposed to make the reduction in taxes retroactive to January 1, 1925, for the benefit of the individual taxpayer, while in the case of the corporation it is proposed to make an additional tax retroactive to 1925. When the corporation was going through the season of 1925 it assumed that its tax would be 12½ per cent. Now, it is proposed to say, "Your assumption is all wrong; 15 months after you have started your year's business we are going to raise your tax 1 per cent." We might just as well say 5 per cent; it would be just as equitable.

Mr. REED of Pennsylvania. Did not the corporation also assume that on July 1, 1926, it was going to have to pay a capital-stock tax? If it was doing any assuming, it must have assumed that it was going to pay each of those taxes.

Mr. COUZENS. No; because in the meantime the law might have been changed so as to repeal the tax in the future.

I am talking about the viciousness of the retroactive feature of the measure. Every time we get into trouble, every time the bureau gets into trouble, it is caused by making laws retroactive. It is a very simple procedure to make this act effective as of January 1, 1926, and obviate all the discussion and do absolute justice as between all taxpayers.

Mr. HARRELD obtained the floor.

Mr. REED of Pennsylvania. Mr. President——

Mr. HARRELD. I will yield to the Senator in a few moments.

Mr. President, of course we all appreciate the difficulties the Finance Committee has in determining how to raise money enough in order to meet the expenses of the Government. At the same time we do not believe that they want to do an injustice to a class of taxpayers, and I am afraid that this increase of 1 per cent from 12½ per cent to 13½ per cent does do an injustice to small corporations.

I have a great many letters from corporations in my State taking that view of it. As a sample of it, I want to read from one which I have, and I want the Senator from Pennsylvania, who expects to speak, to answer for me, if he can, the question suggested. The letter is from a corporation known as the Griffin Grocery Co., of Muskogee, Okla. I will just read an excerpt from the letter. It says:

> Referring to the general tax bill, we learn from press reports that the plan is to raise the corporation tax from 12½ to 13½ per cent and do away with the capital-stock tax.
>
> That, we believe, would be a fine thing for large corporations, especially those of large earning power, but will work disastrously for the moderate-size corporations, which are in a large majority in this State and over the Nation.

Now follows the important part:

> Chartered accountants have just completed auditing our books for last year, and on an average invested capital of about $850,000 we made a little less than $100,000 profits. If we are called on to pay 1 per cent more tax than at present, you can readily see it would cost us $1,000 against the capital-stock tax of $425.

In other words, the actual operation of this proposed law in this one individual case means that they will be relieved from the payment of $425 tax as a capital-stock tax, but will have a tax of $1,000 to pay instead of it.

Mr. SMOOT. If the figures the Senator read are correct, the company has been cheating the Government out of about $375 a year.

Mr. REED of Pennsylvania. The fallacy of the statement in the letter lies in the fact that the capital-stock tax is understated. If the invested property of the concern represents the fair value of its stock, then its capital-stock tax ought to be $800 instead of $425.

Mr. HARRELD. The writer of the letter does not say that the capital is $850,000. He says on a capital that was used in his business of about $850,000.

Mr. SMOOT. There are many concerns that do not have any capital stock at all; but, on the statement made, the concern in the case referred to by the Senator from Oklahoma ought to have paid a tax of $800.

Mr. HARRELD. A part of the amount might have been borrowed capital. They may have been capitalized for $500,000, and the remainder may have been represented by borrowed capital.

Mr. SMOOT. If it was borrowed capital, the interest could be deducted from the income, and they would not have to pay 12½ per cent on the interest so paid.

Mr. HARRELD. He does not say what his actual capital was. However, that is the tenor of something like 50 letters which I have received from small corporations of my State.

Mr. SMOOT. If it were a small corporation, it had a $2,000 exemption to begin with. There is not a letter written, even the one which was written to the Senator from North Carolina, but that if you will investigate you will find that the writers are making more than 10 per cent on their capital stock. In the case to which the Senator from Oklahoma has referred, if the statement is true, the company is making 25 per cent.

Mr. HARRELD. I do not think that conclusion can be drawn from the letter at all.

Mr. REED of Pennsylvania and Mr. HARRISON addressed the Chair.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Oklahoma yield; and if so, to whom?

Mr. HARRELD. I promised to yield to the Senator from Pennsylvania.

Mr. REED of Pennsylvania. Mr. President, I should like to explain very briefly just what impelled the committee to make this change. The United States Government has been taxing corporations by two different methods applicable to the same corporation. In the first place, it has imposed a corporation income tax of 12½ per cent payable throughout one year, but based on the earnings of the corporation during the previous year. In addition to that, it has imposed what is known as the capital-stock tax, which is an excise tax, a charge on the privilege of doing business, and calculated at a rate of $1 for each $1,000 of fair value of the capital stock of the corporation. It is not calculated on the par value; it is not calculated on the amount of the invested capital, but on what the act calls the "fair value" of the outstanding capital stock of the company. That tax is calculated and is payable on July 1 of each year.

For both of those taxes the corporation has had to make returns. Each corporation prior to March 15, if its fiscal year is the calendar year, has had to make a sworn return showing its income. That is like the individual return that we all make; and that tax is assessed in March. It is one of these self-assessed taxes. The corporation begins its payment on March 15, and ordinarily the fiscal year with which that tax concerns itself begins on the 1st of January and ends on the 31st of December. That means an accounting by auditors for that fiscal year, and a report for it; and when it gets to the bureau it means that the Bureau of Internal Revenue studies that return, makes its investigation of the taxpayer's books, and generally goes through all of the examination and auditing and reauditing that is familiar to us.

In addition to that, on the 1st of July the corporation must file another return for a totally different fiscal year, July 1 to June 30. It has to run the two fiscal years contemporaneously, one of them expiring six months later than the other, always. Then on July 1 it makes this return for the purpose of the capital-stock tax, and it has to strike off a balance sheet to show not only its earnings but the estimated value of all its property and the estimated value of its stock from time to time during the previous year; and on that basis the Government, with another set of auditors and another set of examiners, in a different division in the bureau, calculates the estimated fair value of the capital stock of that company, and assesses the capital-stock tax. Each corporation goes through just twice as much accounting and the Government itself goes through twice as much accounting as is necessary to get the tax for that year out of that corporation.

There is this difference between those taxes: The income tax is based on a very definite past fact—namely, how much money, net, did that company earn in the previous year? The capital-stock tax is based on somebody's estimate of the fair value of all the outstanding stock on July 1, and of course no two people ever agree on what the fair value of any particular corporation is at any particular moment. One has a definite, fixed standard; the other has a standard that somebody on one side or the other is going to say is unfair.

It seemed to us that those conditions cried to high Heaven for a consolidation of those two taxes. It seemed to us that the average corporation would be very glad to get rid of half that accounting and half that reporting and half that auditing and pay all its taxes in one lump. There were other corporations, however, that were not average corporations. There were the unlucky ones, those whose earnings were very low, or nil, corporations that had a deficit for the year. Their situation was quite different.

If a corporation for any reason had a deficit last year, 1925, obviously it would have no income tax to pay, but just the same its stock was worth something. It represented its physical property and it represented its hopes for the future, and they had to estimate what that was worth and then they were taxed in their year of misfortune on the estimated value of their capital stock. It was plainly a tax that came out of their capital, because they had no earnings from which it could come; and that was true of 40 per cent of all the corporations that made reports to the Internal Revenue Bureau.

In other words, by this consolidation of the two taxes that we have done we have treated with ordinary justice 40 per cent of the corporations of the country, and many of them are small ones of the type that the Senator from Oklahoma [Mr. HARRELD] spoke about, that ought not to have been taxed. If you figure it out arithmetically it comes to this: This consolidation of the two taxes is an advantage to any corporation which is earning less than 10 per cent on the fair value of its outstanding capital stock, and it is an increase in tax payment by any corporation that is earning more than 10 per cent on the fair value of its outstanding capital stock. On the whole, on the average it means a slight reduction of from five to eight million dollars a year paid by all the corporations of the country and received by the Government from them. The Government's receipts from corporations, if the committee plan prevails, will be from five to eight million dollars less than they would be if Congress should negative the committee plan of consolidating the taxes.

Most of the corporations of the country, even those whose tax is increased, are greeting the change with marked approval when they understand it; but the impression has become general that in some way we are increasing corporation taxes.

Of course there is the compensating increase of the one to take care of the extinguishment of the other, but the net result for the average corporation is a decrease; and for the poorer and smaller and unsuccessful corporations, which have the advantage of the income-tax exemption but got an exemption of only $5 on the capital-stock tax, this change is a godsend.

Mr. KING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED of Pennsylvania. I am glad to yield.

Mr. KING. Nevertheless, if I understand the effect of the amendment, it will slightly increase the taxes which are paid by corporations in 1925.

Mr. REED of Pennsylvania. The Senator means 1926, does he not?

Mr. KING. They will pay their profits tax upon the 1925 business on the basis of this amendment, which will impose an increase of 1 per cent profits tax.

Mr. REED of Pennsylvania. That is right.

Mr. KING. They get a diminution by reason of the capital-stock tax, but they get an increase of 1 per cent upon their net earnings subject to taxation for the calendar year 1925.

Mr. REED of Pennsylvania. That is exactly correct. They will pay in 1926 1 per cent additional income tax, and they will pay in 1926 no capital-stock tax.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Washington?

Mr. REED of Pennsylvania. I am glad to yield to the Senator from Washington.

Mr. DILL. The Senator speaks of this proposed change reducing the tax of the average corporation. Is not this the result: In taking off the capital-stock tax you take it off of the great corporations, such as the railroads, that are not making more than 10 per cent, and you saddle it on the moderate-sized corporations that are making good profits and have their business capitalized as it should be capitalized and not greatly watered?

Mr. REED of Pennsylvania. It does not matter what they are capitalized at; the question is what their stock is fairly worth. They may have a capital stock of $100, but if it is fairly worth $10,000 that is what the capital-stock tax is based on.

Mr. DILL. The Senator dodges the question I am trying to get at.

Mr. REED of Pennsylvania. Indeed, I do not dodge. I am going to give the Senator an illustration that will disprove that, I think.

Mr. DILL. I will wait, then.

Mr. REED of Pennsylvania. All right. We have figured this out on the United States Steel Corporation. I imagine that the Senator from Washington does not lie awake nights worrying about their fate.

Mr. DILL. I think they ought to be treated fairly, as well as other corporations.

Mr. REED of Pennsylvania. So do I; but they are not, always. However, we have applied this change to their situation. We find that in the calendar year 1926 they will pay in taxes to the United States Government $1,000,000 more than if this change is not made. Curious to see how that would strike them, I inquired of the chief accounting officer of the corporation what his reaction to that was, and got back from him a reply that it was worth it in the absence of the additional audits and the additional reports. I also tried it on some of the smaller corporations in my part of Pennsylvania to see how it struck them, and most of them at first wrote back that they did not like it; that we were increasing their taxes. I asked them to sit down and figure it out, and every one of them has come back with the statement that they did not know it would work that way and that they are glad to see the change made. It not only simplifies accounting but it saves them money; and those were all little corporations to which I applied.

Mr. DILL. I suppose $1,000,000 does not mean very much to a great corporation like the Steel Corporation; but I return to this view: You are taking the tax off this body of corporations that are not paying any tax because their profits are not 10 per cent. You are saddling it to a large extent on the corporations of moderate size which are making large profits upon their investments; and to that extent you are saddling it on what I consider the most legitimate business and the most legitimate corporations of the country.

Mr. REED of Pennsylvania. The best answer to that is that we are relieving 40 per cent of all the corporations of the United States.

Just one word more, and I am through.

I do not believe that we ought to support the repeal of the capital-stock tax unless this change is made in the income tax first. It is for that reason that I have asked to have these amendments considered in their order—the income tax first, and the capital-stock tax last—because, for myself, although this is the second Congress in which I have offered this amendment to abolish the capital-stock tax, I shall vote against abolishing the capital-stock tax unless the compensating increase in income tax can be made.

Mr. SMOOT. In other words, it must be done.

Mr. REED of Pennsylvania. It must be done.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED of Pennsylvania. I am glad to yield to the Senator.

Mr. McKELLAR. Last year, when there was a tax reduction, it will be recalled that there was no reduction at all on corporations. Here comes a second reduction; and, as I understand the net result of the bill, instead of being a reduction as to corporations there is a very slight increase.

Mr. REED of Pennsylvania. No, Mr. President; it is just the opposite. There is a slight decrease, about $8,000,000, in money payments.

Mr. McKELLAR. $8,000,000 spread out among all the corporations of the country?

Mr. REED of Pennsylvania. That is right.

Mr. McKELLAR. That is certainly a very small decrease, hardly worthy of the name of a decrease. Really, I understood that it would probably work out as an increase instead of a decrease. Many of the corporations that have communicated with me have felt that it would be an actual increase. It certainly would be an increase on many corporations.

Mr. REED of Pennsylvania. It will be an increase on those that are prosperous; yes.

Mr. McKELLAR. I imagine that the majority or about 60 per cent of the corporations will actually have to stand an increase, whereas the smaller body of corporations—and that includes the larger corporations, such as the railroads and others—will be benefited to some extent by a decrease. It seems to me that when we are decreasing taxes we ought to decrease them in equal steps as far as possible, and it seems to me that corporations which are engaged primarily in business should have the benefit of some reduction at this session of Congress. We passed them over before, and we ought not to pass them over again, in my judgment.

Mr. REED of Pennsylvania. Mr. President, in 1924, when the tax bill was before Congress, the Finance Committee adopted an amendment similar to this for a repeal of the capital-stock tax, and at that time we fixed the corporation income tax at 14 per cent, which met with very little criticism in the Senate. Unhappily, it went out because of a provision which was adopted on the floor of the Senate establishing a sliding scale of income taxation for corporations. That knocked out all of the Finance Committee amendments on that subject.

Let me summarize, in conclusion, just the effect of this provision on corporations. Forty per cent of them which now pay a capital-stock tax will be relieved; they are earning nothing, or are making a deficit. Of the remaining 60 per cent, all of them will find their taxes slightly reduced by this change, except the extremely prosperous ones, which are making more than 10 per cent on the fair value of their stock. That, in a nutshell, would be the effect of the change suggested by the committee.

Mr. HARRISON. Mr. President, I want to say, first, that the threat of the junior Senator from Pennsylvania [Mr. REED] and his colleague on the committee, the chairman of the Finance Committee [Mr. SMOOT], that if this increase to 13½ per cent on corporations does not carry they will support an amendment to keep the capital-stock tax in the bill does not frighten me one iota. If the policy of the majority in the Senate is to increase the corporation tax, or to leave it at even 12½ per cent, and to maintain the law as it is to-day covering capital-stock tax, then they can go their way and exert their power so far as I am concerned.

I believe that the capital-stock tax is a very offensive, unnecessary tax. I think the corporations of the country would very much like to have it repealed. I think it is more offensive than a straight, flat corporation tax. I should like to see it eliminated. I shall vote for its elimination; and if the majority of the Senate should adopt the 13½ per cent, of course, I shall then vote for the elimination of the capital-stock tax; and if they vote to keep it at 12½ per cent, I shall, of course, still vote to eliminate the capital-stock tax.

The argument of the junior Senator from Pennsylvania is the argument of a very able, adroit lawyer. It is the kind of argument that is always employed by able advocates who have a very bad cause and who desire to divert public attention to some minor issue. In order to carry the point of maintaining 13½ per cent on corporations, as recommended by the Finance Committee, he tries to mystify by a dissertation on the overlapping of the capital-stock tax and the corporation tax and the intermingling of the two, trying in a hazy, vague, and indefinite way to create the impression among the people that it can not be done.

It is merely a matter of bookkeeping, and it is said that we have in the Government service the very best bookkeepers to be found in the United States. There is no one in the Government service or outside of the Government service who, so far as concerns the manipulation of figures or arriving at correct conclusions when figures are employed, can compare with the actuaries of the Treasury Department. Even my good friend the senior Senator from Utah [Mr. SMOOT] will accept the actuary's figures when he will accept those of nobody else. Indeed, he will accept them in preference to his own at times, and that is going pretty far.

Mr. EDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New Jersey?

Mr. HARRISON. I yield.

Mr. EDGE. I have been trying to catch the thread of the Senator's argument. Is he contending that the elimination of the capital-stock tax will not in any way bring about a deficit, or——

Mr. HARRISON. If the Senator will just bide his time with patience, I will make it so plain to him that I think even he for once will get on the side of the people and vote with us on this proposition.

Mr. EDGE. If the Senator will permit me to conclude my question; does he contend that it is unnecessary to offer any substitute to take the place of the capital-stock tax?

Mr. HARRISON. That is exactly what I am going to discuss.

Mr. EDGE. I apologize to the Senator for not recognizing his introduction.

Mr. HARRISON. I spoke as I did at the beginning so as to remove from the minds of those who are not on the Finance Committee any impression that might be created by the speech of the Senator from Pennsylvania. There is nothing complicated in this matter at all. The point is that the majority seeks to eliminate the capital-stock tax, which they say will reduce by $93,000,000 the taxes every year, and in order to do it, they say that they want to increase the corporation tax from the present rate of 12½ per cent to 13½ per cent. The minority is against that, of course, because, first, it is a delusion; it is a snare; it is the worst piece of hypocrisy that was ever attempted in this body.

The President of the United States has been going over the country making speeches to farm organizations and to chambers of commerce, exploiting his views in those fine phrases which he alone can weave, seeking to bring the people to his ideas of government, and to win approval of his administrative policies. He has not made a single speech, from that uttered before the chamber of commerce in New York in November, to that one delivered at the end of his fly-by-night journey to Chicago, when he addressed the farmers of the great Northwest, offering to them condolence, not a panacea for their troubles, and which expression of sympathy was rejected by that great section of the country. If there ever has been in the White House an adroit politician, a man who in smooth and apparently secretive ways can win over to his side men in his own party, it has been the present occupant of the White House. Indeed, when he persuaded some gentlemen on the other side of the aisle recently to change their views with respect to international peace in the world, he performed the eighth wonder of the world. It is a tribute to his Italian hand. It is a compliment to his almost matchless political ingenuity.

Yet, notwithstanding all of this, which the country knows—and we who have to combat it here daily know it better, perhaps, than the country—this morning at the White House he called in the newspaper correspondents and made a startling statement to them, a statement that has no counterpart in the history of any occupant of the White House. Indeed, none has been so courageous before as to make such a pronouncement. He told all the correspondents of the press there assembled to warn the country against speeches in the country, and especially in Congress, as having political bearing.

Ah, Mr. President, using the mighty power of his great office, wielding the exceptional influence he now commands, the President tries to focus the attention of the country and have the people believe there is a great conspiracy on foot in this country, and that the speeches here and elsewhere to be uttered this year nothing but politics is to be played. They are part of the great political conspiracy.

The minority party, both in the House and in the Senate, has played less politics since December than at any other time in the history of the American Congress. The distinguished leader in the House from Texas [Mr. GARNER], the ranking Democratic Representative upon the Ways and Means Committee, brought down upon his head criticism not only of some of the Democratic press of the country, but he did not win much favor from even a Republican press, when he tried to cooperate in the other House to give to the people some tax relief in this day and at this session of Congress.

The minority party has played no politics in the House. We have played no politics here. If we had been playing politics, we would have told some truths about the majority party. We have tried to cooperate with the majority members of the Finance Committee in bringing out this bill.

They made certain concessions to us which we were delighted to have, because they were in the interest of the people. They eliminated the capital-stock tax because they were forced to the conclusion that it was unjust, that it was almost offensive, that it was a nuisance tax, and wrong. Yet I suppose if the President has his way and the country is to accept his warnings, every time we rise here to speak or to oppose anything offered by the majority Members of the Senate the country is to believe that we are playing politics.

It is unworthy of a President of the United States, it does not become an occupant of the White House to have the newspapers through their correspondents warn the country that all speeches made in Congress are to be of a political tinge and caste during this year. There are going to be some political speeches made, not only here, but in the country. It has been true throughout the history of this Government that political speeches are made in political years, and we invite the President to make his political speeches, whether they are to the farmers in the West, to delude them, or to chambers of commerce up in the city of New York.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Arkansas?

Mr. HARRISON. I yield.

Mr. ROBINSON of Arkansas. Of course, there is no politics in the habit and practice of the majority in so adjusting or seeking to adjust tax rates and to make tax reductions as to have a bill every year just before the congressional election. We not only have a tax reduction now, but we are told that it will probably be necessary and advisable to have another soon following this one, and it is expected to come in time to influence the next congressional election.

The last time there was a rebate to a large number of taxpayers it was transmitted by the collectors of internal revenue to the taxpayers in such terms and in such language as to make it appear that it was a bonus or gratuity conferred upon the taxpayer through the activity of the President. Of course, there was no politics in that, and, of course, there is no politics in attempting to adjust the rates in this bill in such a way as to make necessary another tax reduction before the next election.

Mr. HARRISON. The Senator is eminently correct.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. I yield.

Mr. COUZENS. Of course, all of those evils of which the Senator speaks could not exist if there were not a conference of leaders or older Senators on both sides of the Chamber.

Mr. HARRISON. It is unfortunate for the country that the Senator from Michigan did not arrive here sooner, that he might have won favor with the steering committee on the other side and have been placed upon the Finance Committee, so that he could have brought about all these great and wonderful reforms. There are pretty good men in the Treasury Department, and they have made some very wise recommendations to the committee; and, so far as I have looked into the matter of reforms in the administration of the Treasury Department, those men have not acted in a partisan way at all. The committee of which the distinguished Senator from Michigan is the chairman went to the bottom of many iniquities. The Senator has made some splendid recommendations, and it was through the work of his committee, and their recommendations, in many instances, that great reforms have been wrought in this bill.

Mr. CARAWAY. Mr. President, and it was against the opposition of the administration that he found even those facts.

Mr. HARRISON. Yes; that is true.

Mr. SHIPSTEAD. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Minnesota?

Mr. HARRISON. I yield.

Mr. SHIPSTEAD. I am asking this to get a bit of information.

Mr. HARRISON. The Senator is coming to the right source now.

Mr. SHIPSTEAD. I realize that. As I understand it, the committee is unanimous in abolishing the capital-stock tax on corporations?

Mr. HARRISON. Every member of the committee voted to abolish the capital-stock tax.

Mr. SHIPSTEAD. There is one point that comes to my mind. I find in the report of the Treasury on page 78 a table of corporations and their incomes and their taxes paid or their deficits. I find there were 165,000 corporations who reported no net income, but I find that they paid dividends in cash to the amount of $348,000,000 and they issued stock dividends in the amount of $104,000,000, but made no return of net income, and therefore paid no tax, if I understand the report of the Treasury correctly. Now, they must have paid a capital-stock tax. If we abolish the capital-stock tax they would pay no tax at all, if I read the report of the Treasury correctly.

Mr. HARRISON. Of course if a corporation made no profit it did not have to pay any 12½ per cent corporation tax. All corporations have to pay the capital-stock tax, but if we eliminate that, they will pay no stock tax.

Mr. SHIPSTEAD. If this basis of earnings shall continue these 165,000 corporations, which paid approximately $500,000,000 in cash and stock dividends, would pay no taxes at all.

Mr. HARRISON. I can not say as to that, because I do not know about the Senator's figures.

Mr. SMOOT. The only way it could be done would be that they took the dividends out of prior earnings, because it could not have happened in any other way if they did not make any profits at all.

Mr. HARRISON. Now, Mr. President, let me proceed. I will be through in five minutes if I may do so.

I made the statement a few moments ago that this operation that is being performed by the legislative surgeons from Pennsylvania and from Utah is a delusion and a snare and is the worst piece of hypocrisy that has been attempted on the floor of the Senate in some time, in view of the speeches of the President and his warning of this morning about political speeches being made and the action here now being taken.

The Senator from Arkansas [Mr. ROBINSON] pointed out that what is wanted is a tax-reduction bill just before the next national election. There is no question about that. That is what Senators on the other side of the aisle are playing for. It is good politics for them to play for that proposition. If they can give the people a tax-reduction law just on the eve of every national election, it will help them along. It has helped them in the past. It will help them very much to buy votes in that way, and sometimes they even go so far as to associate with the crowd from whom they buy the votes.

But the President in his speech the other night over the radio, I think it was, practically said there would be a surplus two years from now and that he hoped there would be. The Senator from Utah hopes there will be.

All those Senators on the other side of the Chamber who come up for reelection, and those of them who want to see Lowden put in the White House or Borah put in the White House or the senior Senator from Utah put in the White House or the present occupant kept in the White House, want the same thing. That is what they are playing for. But here is the nigger in the woodpile, right here in this game of the "little pea under the shells" that they are trying to put over to fool somebody with. They are trying to take off the capital-stock tax, which amounts to $93,000,000, and increase the corporation tax to 13½ per cent.

The Senator from North Carolina [Mr. SIMMONS], as well as myself, the other day paid tribute to the Republican Party in a way for considering the high profits that are being made at this time by the corporations of the country, trying to drive home the argument that there would come to the Treasury at this time from corporation taxes many millions of dollars more than came last year, because of the prosperity of the corporations at this particular time. Of course, it does not make any difference to some Republicans that the corporations are prosperous while the farmers out yonder are not prosperous. It is because under their peculiar system of government at the customhouses and elsewhere our Republican friends frame these bills to take from the farmers of the country an equal amount in another way.

I shall not be diverted from that argument, but it is true that while one class in the country is prosperous the other languishes, and all through the iniquitous system that the Republicans have foisted upon the people.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. HARRISON. Yes; I yield.

Mr. NORRIS. The Senator, when he said the other class is prosperous, had reference to the corporations?

Mr. HARRISON. I say the manufacturers of the country are showing tremendous prosperity, as the figures which were produced here the other day showed.

Mr. NORRIS. Yes; I agree with that, but those manufacturers are mostly corporations. The question before us now is whether we shall reduce the taxes of those corporations.

Mr. HARRISON. I understand it is.

Mr. NORRIS. I understand that the Senator is in favor of reducing the taxes?

Mr. HARRISON. I certainly am.

Mr. NORRIS. And removing the capital-stock tax entirely?

Mr. HARRISON. Absolutely; yes. The difference between the Senator from Nebraska and myself is that I believe in giving equality of reduction to everybody in the country.

Mr. NORRIS. So do I.

Mr. HARRISON. It was under the lash of the minority in the Senate, aided by the distinguished Senator from Nebraska and some of his compatriots here, that we kept the reduction in surtaxes from going down at too precipitous a gait and too quickly in 1921.

Mr. NORRIS. I would like to do that now.

Mr. HARRISON. No; the Senator now would retain, if he could, 52 per cent maximum surtaxes upon corporations.

Mr. NORRIS. The Senator is stating that without authority. The Senator has not any right to make that statement.

Mr. HARRISON. I have that opinion.

Mr. NORRIS. I have not said anything to that effect. On the other hand, I am in favor of reducing it, but not as far as this coalition government would reduce it—down to 20 per cent—and I have a right to that opinion.

Mr. HARRISON. Oh, yes; that is perfectly true.

Mr. NORRIS. I have a right to believe also, notwithstanding the partisan speech that the Senator is trying to make to camouflage his position that he wants to help the farmer, but at the same time wants to reduce the taxes on the rich. That is one way to do it. He can get away with it, and probably will get away with it, but notwithstanding that, I have a right to believe that the method of taxing the corporations heretofore has not been just either to the Government or to the corporations themselves. It seems to me that the explanation that has been made here or the change in the method of taxing them by increasing in the one case and eliminating in the other, so as to require them to make only one return, necessarily assuming that the rate is right, is the fair and economical thing to do for everybody, and the only question I have in mind is whether there is a double tax. I do not want that.

Mr. HARRISON. The Senator from Nebraska has expressed his opinion, and I hope he is through now.

Mr. NORRIS. Yes; I am through.

Mr. HARRISON. The Senator and myself differ about the proposition; that is all.

I said it was a piece of hypocrisy. When the majority eliminate the capital-stock tax they reduce the Federal taxes by $93,000,000. From whom are we going to get the facts? Are we to go to the Senator from Pennsylvania [Mr. REED]? Are we to go to the Senator from Utah [Mr. SMOOT] to get the figures? The best place to go is to the actuaries. Let us go to Mr. McCoy, who has been in his position for a long time. No one ever controverts his figures? What are his figures? He said that last year the corporation tax for 1925—and the Senator from Utah can correct me if I do not state the facts—was $916,000,000. He estimates that by maintaining the figure at 12½ per cent for the corporation tax, the same as it is to-day, we would receive for the year 1926 $1,040,000,000.

Mr. SMOOT. I agree with that, and I will say to the Senator that I have already stated not only the amount of the difference there, but I take Mr. McCoy's figures for the total of $118,340,951.

Mr. HARRISON. The Senator has agreed with me that far.

Mr. SMOOT. That is all estimated for. We have to have prosperity in order to reach that amount.

Mr. HARRISON. I hope the Senator is not filibustering against the tax bill. [Laughter.]

Mr. SMOOT. Oh, no, not in the least.

Mr. HARRISON. Mr. President, there is a difference between $916,000,000 and $1,040,000,000 this year of $124,000,000. In other words, if we eliminate the capital-stock tax and keep 12½ per cent corporation tax as it is to-day, we eliminate the increased profits tax on corporations in the country during the last year, and we will still have $124,000,000 excess, or approximately that.

Mr. SMOOT and Mr. SHIPSTEAD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I reduce that by $7,000,000 due to the transfer of the capital-stock tax. I yield first to the Senator from Utah.

Mr. SMOOT. No; the Senator is wrong. It is true that the change will be made.

Mr. HARRISON. I am glad the Senator admits at least that much.

Mr. SMOOT. But the Senator said we will have that amount. That is not the case, because we have already made reductions in the bill to take care of all of that and more, too.

Mr. HARRISON. There the Senator is again trying to mystify us by that overlapping proposition.

Mr. SMOOT. Not in the least.

Mr. SHIPSTEAD. Mr. President, may I ask the Senator from Mississippi a question?

Mr. HARRISON. Certainly; I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Senator mentioned an actuary in the Treasury Department. He said his name was McCoy, I believe?

Mr. HARRISON. Yes.

Mr. SHIPSTEAD. I am wondering if he is the same actuary who gave us the estimate of a great deficit in the Treasury provided we passed the soldiers' bonus bill?

Mr. HARRISON. I could not say as to that.

Mr. SHIPSTEAD. The name sounds very familiar.

Mr. HARRISON. I can say to the Senator from Minnesota that in my opinion Mr. McCoy is about the most efficient man in the whole Government service.

Mr. McCoy said further that while we will have $124,000,000 eliminated by the proposition which the Senator from Utah wants to bring in, yet, if we increase the corporation tax from 12½ per cent to 13½ per cent, we will have $85,000,000 more.

Mr. SMOOT. It would be $86,000,000 instead of $85,000,000.

Mr. HARRISON. In other words, we will have $124,000,000 and $86,000,000, or $210,000,000 increase by this corporation tax, and we are eliminating $93,000,000 of capital stock tax.

Mr. SMOOT. And we are reducing altogether by $352,000,000.

Mr. HARRISON. Yes; we are reducing, but the Senator started out in the argument by saying that the reason for the increase of the corporation tax from 12½ to 13½ per cent was because he eliminated the capital stock tax. Now, the Senator is driven to the position that the $350,000,000 by which he is reducing taxes must be taken care of somewhere, and he wants to take care of it by the increased corporation tax. If he wants to do that, let him go ahead and do it and vote it in. If he wants to keep the capital stock tax, well and good. Senators on the other side of the aisle will work themselves into destruction and defeat in November, no matter how they work the situation out now.

Mr. NORRIS. Mr. President, I think the Senator from Mississippi has failed to show the iniquity that he said he would point out and which he said was worse than anything that had ever been attempted in the Senate. I do not believe that a Senator who wants to be fair can reach any other conclusion than that our method provided by law for the taxation of corporations has not been economical. It has not been efficient. It has been fair neither to the Government nor to the corporation. The corporation pays an income tax. It also pays a capital-stock tax. The committee have undertaken to provide for the payment of one tax only. Regardless of whether we agree with them as to the rate they have provided, we ought to commend them for that act. It seems to me that anybody who wants to collect the revenues of the Government as economically as possible and at as little expense and as little trouble to the taxpayer as possible ought to commend the committee for trying to solve that problem.

I have not been in agreement with the committee. I am going to disagree with them very severely on a great many things in the bill. But when they do something that appeals to me as being just, or when they have attempted to eliminate a large overhead expense both to the Government and to the taxpayer, I want to commend them for it.

Why should the Government be required to go over the country with its experts and employees and compel corporations to make two returns every year, one for the capital-stock tax and the other for the income tax? Why should we go to the expense of keeping the books and having the overhead expense of the Government carried on which is necessary to provide for those two methods of taxation of the same taxpayer? It is a useless expense, and it ought to be avoided, if we can do so.

Then, turn to the other side and look at the picture from the other angle. Why should we require the taxpayers, who in this case are corporations, to make two returns every year, to keep their books audited, and to go to the expense and the consumption of time necessary to make a return to the Government on the 1st of January providing for the payment of their income taxes, and then, on the 1st of July, go through all the trouble again, with an extra set of employees and auditors and accountants, in order to make a return as to their capital-stock tax? It seems to me that anyone who tries to alleviate that situation is performing a patriotic service both for the country and for the taxpayers.

That effort, however, is without reference to any rate. We may disagree when we come to the question of rates. The committee has proposed to increase the income-tax rate from 12½ per cent to 13½ per cent. We may not agree as to that; I do not care so much at the present moment whether we agree to it or not; but I am concerned with the method of recouping the loss that will come from the repeal of the capital-stock tax, for which the committee provides by an amendment at a different place in the bill. If the committee's plan shall go through, we shall have relieved the Government and the taxpayer of this double and extra work which is made necessary by requiring the making of two returns by every corporation in the United States.

Mr. SIMMONS. Mr. President——

Mr. NORRIS. I yield to the Senator from North Carolina.

Mr. SIMMONS. I do not consider that phase of the matter as being so important as is the fact that for the first year, according to the scheme of the bill, the corporations will have to pay both a capital-stock tax and an income tax.

Mr. NORRIS. I have not forgotten that. I think that is very important, and I am leading up to it.

So far, as it seems to me, anybody who wants to get a fair tax from corporations at as little expense as possible can not disagree with anything I have said. You can not camouflage it by making a partisan political speech; you can not camouflage it by trying to drag politics in here on this question, when, so far as I can see, there has not been any drawn in before, except, perhaps, we might believe that between the leaders of the two great political parties there has up to this time in the consideration of this bill been a coalition, though now it appears as if there had been a sort of falling out. It looks as if the coalition were going to pieces temporarily, and that the Senator from North Carolina [Mr. SIMMONS] and the Senator from Utah [Mr. SMOOT] are going to disagree. I do not care anything about that either. Sometimes I think it is a good sign when they do disagree and that it is not without its good effects. However, so far we have reached a conclusion as to the desirability of lessening the expense both of the Government and of the taxpayers.

It happens that the income tax of corporations commences to run on the 1st of January of the calendar year, just as in the case of individual income taxes. It happens, however, in the case of corporations that the capital-stock tax runs with the fiscal year, which begins on the 1st of July and runs until the following 30th of June.

I think there is another difference, and if I am wrong about this I want to be corrected. It is that the capital-stock tax is paid in advance. Is that right?

Mr. SIMMONS. Yes.

Mr. NORRIS. The income tax is not paid in advance.

Now we strike the real difficulty in trying to carry out this reform which everybody ought to favor, no matter on which side of the aisle he sits or what his political faith may be. Let us settle the difficulty by business methods rather than to get into partisan politics and try to make political capital out of it. I think it can be settled; it ought to be settled. Perhaps it will be somewhat difficult to settle it; but I do not want to provide by law for any double tax on any taxpayer.

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. CARAWAY. Why could not a corporation be given credit on its income tax for the capital-stock tax paid by it?

Mr. NORRIS. I was going to suggest that, and was going to draw an amendment on that very point.

Mr. CARAWAY. I beg the Senator's pardon.

Mr. NORRIS. It seems to me that one way to settle it, if there is double taxation, would be when a corporation comes to pay its income tax to give it credit for everything that it has paid by way of a capital-stock tax. Perhaps that would not meet the difficulty entirely. I am inclined to think, I will say to the Senator from Arkansas, after drafting the amendment, that there might be some corporation that would pay no income tax because it had earned no income, and yet it would have to pay a capital-stock tax; in fact, it has already paid a capital-stock tax that ought to be refunded.

Mr. HARRISON. Mr. President——

Mr. NORRIS. I yield to the Senator from Mississippi.

Mr. HARRISON. May I suggest to the Senator that, from the letters which I have received from individuals and corporations who have written about the capital-stock tax, it is not so much the amount of the capital-stock tax to which they object as it is that it keeps them in doubt and in an uncertain condition, because Government agents and experts go around investigating and sometimes find that the capital stock of a given company is quite different from what it appears to be from the books. Such questions are being constantly raised.

Mr. NORRIS. There is no doubt that that very thing happens.

Mr. HARRISON. That is the great objection.

Mr. NORRIS. That is the thing I want to get away from. That very thing has cost the Government of the United States millions of dollars and has cost the taxpayers a great deal of money. It is an annoyance; it ought not to be, and if we solve this question now as the committee has proposed it shall be solved, even though we may make some change as to rates, we will eliminate that difficulty. Why should we not do it? Why is not that good business?

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. I yield.

Mr. BROOKHART. If the difficulty is to be solved by crediting the capital-stock tax on the amount of income tax paid, will not the expense and trouble of making two returns still be necessary, for both forms of tax will have to be computed and paid?

Mr. NORRIS. I do not think so.

Mr. BROOKHART. How can the amount of the credit be measured unless the capital-stock tax has first been levied and paid?

Mr. NORRIS. Under the present law it is done twice every year. A corporation files its return under the income-tax provision according to the calendar year. That return is subject to examination and investigation by the department, through its employees, and then, when the 1st of July comes, the corporation makes a return under the capital-stock tax provision. That return is likewise subjected to the same scrutiny and involves the same difficulty, the same expense, and the same annoyance. That occurs twice every year, when once should certainly be sufficient.

Mr. BROOKHART. I was directing my inquiry to the question of solving this difficulty by crediting the capital-stock tax on the income tax paid. If we are going to credit the capital-stock tax on the income tax of the corporation, it will be necessary that the capital-stock tax be levied and paid in order to determine the amount which shall be credited. And that would involve the same method which is pursued now.

Mr. NORRIS. The Senator does not get the idea, I think, or, if he does, I do not get his. The capital-stock tax, the objection to which will be taken care of if we confine our levy to an income tax, is a tax that has already been paid.

As I said a while ago in answer to the Senator from Arkansas, to provide for a credit of the capital stock on the income tax would hardly be fair, because there are some corporations that may have a deficit instead of a gain, and, therefore, have no income tax to pay. Of course, having already paid the capital-stock tax, they would not get that tax back.

Mr. McLEAN. The capital-stock tax is deducted from the gross revenue.

Mr. NORRIS. I presume that is so when the corporations make out their returns.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. From the nature of the case, an excise tax involves double taxation. That is one reason why I think we ought, wherever possible, to repeal excise taxes, but I am inclined not to vote for the repeal of a tax if we have got to supply the deficiency by putting a tax on something else. It seems to me that the capital-stock tax should remain where it is until the Treasury shall be in such shape that it will not be necessary to levy an additional tax on corporations.

Mr. NORRIS. I am not impressed with the argument advanced that we have got to levy this tax because the Government has got to have the money. I am not impressed with the argument that we have got to let this double taxation stand because the Government needs the money. That does not appeal to me. I am not in favor of raising taxes from any of our citizens or any of our corporations by any system of double taxation. If when we do this we do not have money enough, let us raise the money by additional levies but not by a double levy. That additional levy may be on the corporations themselves. I think we could raise is very easily if we were to raise the brackets on the income tax and surtaxes. There would be no difficulty about that; but to me it is obnoxious to say we are going to tax one class of our people twice, and then say we have got to do it because the Government needs the money.

There could be only one excuse for that, Mr. President, namely, if there was no other way on earth by which to secure the increased revenue and it were necessary in order to save the very life of the Government itself. Such taxation might be defended temporarily on that ground, but we are presented with no such condition. There are hundreds of places in this bill where rates can be raised without hurting anybody. This bill provides for the repeal of the inheritance tax. It makes the repeal to a great extent retroactive. Save the inheritance tax in this bill, for it is the easiest tax on earth to be collected, and eliminate this question of double taxation.

Mr. CARAWAY. Mr. President, let me ask the Senator a question.

Mr. NORRIS. Yes.

Mr. CARAWAY. Is not an estate or inheritance tax double taxation, because the man who made the money paid his taxes and then, without any increase in it at all, you levy a flat tax on him because he has the misfortune to die?

Mr. NORRIS. I do not think so, and when the time comes I think I will demonstrate that.

Mr. CARAWAY. A corporation which does not die never does pay an estate tax; it escapes it always and the individual bears the burden. Now, when the Senator is appealing for some redress against a double tax, how can he justify, after a man has paid every dollar that he owes the Government, the idea of taxing him just because he has the misfortune to die?

Mr. NORRIS. So far as I know, every economist of any note in the world agrees to the proposition that one of the fairest and most inexpensive and least burdensome taxes ever invented by the mind of man is the inheritance tax.

Mr. CARAWAY. The least burdensome?

Mr. NORRIS. Yes.

Mr. CARAWAY. It is not any burden to the man who is dead, of course.

Mr. NORRIS. It is not any burden to the man who is dead, and it is not any burden to the man who gets the inheritance, because he does not pay anything to get it. It is like getting it out of thin air.

Mr. CARAWAY. His widow, who lives and tries to subsist, feels the burden of it, however.

Mr. NORRIS. Yes; I was very much grieved the other day to hear one of the Senators over here commiserating what would happen to Mrs. Ford if Henry Ford died. He had her in the poorhouse. The poor woman was going to suffer all kinds of agonies, troubles, and difficulties because an inheritance tax was going to be taken from Ford's large estate.

Mr. CARAWAY. If it does not offend the Senator because people are going to be left with something, then why weep about a double taxation at all?—because the corporation will not have a double tax unless it earns something.

Mr. NORRIS. Yes; it will have a double tax.

Mr. CARAWAY. No; it will not.

Mr. NORRIS. If you are going to act on the theory that the man who has an income or the corporation that has an income should pay a tax, then you must absolutely repeal the corporation stock tax, because they will have to pay that whether they make an income or not.

Mr. CARAWAY. The Senator is talking about a double tax. A corporation can not have a double tax unless it earns an income.

Mr. NORRIS. Yes; technically that is true.

Mr. CARAWAY. But the Senator is perfectly willing to double tax the man who dies if he lost a hundred thousand

dollars the year he died. He will be taxed just because, under the necessity of nature that all die, he died. I do not see the consistency of the Senator's position.

Mr. NORRIS. Of course, we are not discussing the inheritance-tax provision now. I used that as an illustration of a place where we could raise some more money. At the same time, since the question has been raised, I want to reassert the fact that in my judgment it is the most just, the easiest collected, the least burdensome of any tax in this bill or any tax in any other bill or in any other law; and it is a universal form of taxation all over the civilized world. If, however, the Senator objects to increasing the revenue from inheritance taxes, then if we have to raise some more revenue on account of eliminating double taxation somewhere, instead of lowering from 40 to 20 per cent the tax on the very large incomes, let it go down only to 30 per cent. You will bring into the Treasury by that kind of a provision a great deal more money than you will lose by eliminating the double taxation.

I was trying to talk about the fundamental principle that is involved. I do not see how anybody can defend taxing the same man twice in the same bill for the same year. It does not seem to me to be right; and that eliminates what I have said before about the extra cost. That is laying aside the argument that it is inefficient in itself. It is not economical. It is expensive. It is doubly expensive. It costs twice to collect these taxes when it ought to cost only once. It costs twice to the Government of the United States. It doubles the burden of the taxpayer.

I should like to have settled the question that the Senator from North Carolina [Mr. SIMMONS] raises. I do not want to vote for the motion to increase this tax if the capital-stock tax is not going to be eliminated. I do not want to take any action, either, that will bring about double taxation, and as far as I have been able to listen to the argument here on the other side that has not been explained away. It seems to me there is a double tax here, but I do think the committee could easily bring in an amendment to prevent that or to provide for a refund. They could add to this section a provision that all corporations that paid a capital-stock tax after the date the other law goes into effect could have it refunded; or, if they paid it in advance, they would be entitled to have it credited on what they have to pay, if they have something to pay, and to get it back if they do not have any tax to pay.

It seems to me, Mr. President, that the method with which the committee has started out here is the correct one. As to the details of carrying it out, I am not sure. I think an amendment could be easily prepared and added here that would prevent the double taxation; but it seems to me that the committee is entitled to commendation for its attempt to relieve this situation of a very inefficient method that we have had in our law before, and I should like in good faith to help the committee carry it out. I should like to do what I can to help it make the reform effective, but I do not want to do it by a double taxation on any set of taxpayers.

Mr. UNDERWOOD. Mr. President, I desire to say only a few words in regard to this situation.

I am very glad that the committee proposed a reduction of taxation all along the line, and I recognize the fact that the capital-stock tax, the way it is levied, is more of a nuisance than a benefit. I do not think, however, that in the repeal of the capital-stock tax other people should be selected to pay the price of removing that nuisance.

I think, as stated here, that we can both repeal the capital-stock tax and not increase the corporation tax; but I think it is much fairer to a vast number of owners of small corporations to leave the capital-stock tax where it is, rather than increase the burden of a vast number of small people who are engaged in business under a corporate name.

The capital-stock tax does not amount to much to the man who has $5,000 or $10,000, or $50,000 invested in his business. It does amount to a good deal to a great corporation with a vast deal of stock. The man in a little business can not be content with making 5 or 6 per cent net earnings, as a great corporation can. He has his family to support; he has his business to carry on and develop; his wear and tear are usually very much greater than in the case of a big corporation; and, more than that, he does not know how to keep books as a rule and charge off for wear and tear and obsolescence and other things that a great corporation, with its experts, can charge off before it arrives at its net income.

The vast majority of corporations in this country are the little corporations, the little men who for one reason or another find it convenient to do business under a corporate name; and in order to cut off a capital-stock tax, that might run from $5 to $50 for them, and take it off of the great corporations, where it might amount to $30,000 or $40,000 a year, we are going to raise the tax on the little corporations, the little man whose principal asset in his business is his individuality, selling his own time to his corporation to make a living. We are going to raise the tax on him 1 per cent in order that we may be generous to the other fellow.

That is just exactly what this proposal is. I do not propose to trade for it in that way, so far as my vote is concerned. I intend to leave the corporation income tax where it is and to vote that it shall not be increased, and then I shall vote to eliminate the capital-stock tax, and hope that it can be demonstrated in conference that the bill can go through without its imposition. I believe from what I have heard on the floor here that we can do that without jeopardizing this bill. If, however, we can not, it can be corrected in conference and the capital-stock tax can remain in force until such time as it is more judicious and propitious to repeal it; but I certainly am not going by my vote to remove this tax and make somebody else pay the price of its removal, especially when it falls on men who are compelled in their everyday lives to toil in order that they may make their little corporations successful.

Mr. REED of Pennsylvania. Mr. President, just a word in reply to what the Senator from Alabama has said, so that he and the country at large may understand what his proposition means.

Forty per cent of all the corporations of this country pay no income tax, because their earnings are zero or they have a deficit.

Mr. UNDERWOOD. Those are the big corporations, though, in capital stock. They are not the little ones.

Mr. REED of Pennsylvania. Forty per cent of the corporations of the United States incur a deficit.

Mr. UNDERWOOD. To be sure; but they are the ones with big capital stocks, not the little ones. When the little one gets to that point it fails and goes off the map. It is the big corporation that is not making a net revenue that stays in business. When the little one does not make a net revenue it goes off the map.

Mr. REED of Pennsylvania. The Senator and I disagree about that. The people of the country probably know better than either of us.

Now I want to call attention to the fact that the policy which the Senator from Alabama has just proclaimed means that he will vote to continue a tax on that 40 per cent of the corporations of the country that are least able to pay a tax. He votes for a tax on their misfortune, which must come out of their capital, because they have no earnings to pay it. Instead of that, the committee recommends that the tax be paid by the most prosperous of corporations and not by the least prosperous. That is what the Senator's proposition means.

Mr. UNDERWOOD. That is a captious argument in my opinion, Mr. President. Of course, I know and everybody else knows that the corporations that pay this capital-stock tax and do not show a net income are the great railroads of Americh, as a rule.

Mr. SIMMONS. The public utilities.

Mr. UNDERWOOD. They are the great public utilities of America.

Mr. SMOOT. There can not be very many of them. The Senator said there were 40 per cent of them that did not have net incomes.

Mr. UNDERWOOD. There are a great many of them that do not show a net income.

They have issued their bonds; they are going concerns; they put their money in betterments, improving the roads. Let it be understood that I am not saying this in criticism of them. But it is that class of corporations that is not showing a net income, and yet they have to pay the increased tax. I am not averse to repealing the corporation tax, but I say that this committee has no right to penalize a lot of small people in order to open the door for the repeal of this tax.

Mr. SMOOT. Mr. President, I want to say to the Senator that the railroads are very few in number, and this relates to 40 per cent of all the corporations in the country. If the railroads use a part of their earnings for development of their roads they have to pay a tax upon that, because it is a profit. They do not escape the tax on that.

Mr. UNDERWOOD. There is bookkeeping and bookkeeping, and there are vast numbers of betterments they do not pay a tax on and do not figure in net income, which the Senator knows as well as I do.

Mr. SMOOT. It is not applied to making improvements on the railroad.

Mr. UNDERWOOD. Of course, if the Senator refers to a new installation, I grant he is right; but if it is a matter of

improving the maintenance. If it is a betterment, then it comes out of their net income. That is bookkeeping.

I know, and the Senator knows, that if the little corporations of which I have been speaking fail to make a net income, they go out of business, because their daily bread is taken away. When a big corporation, with its vast resources, its bonds, its organization, fails to make a net income, the salaries go on, that class of profits goes on. It may be going into betterments or something else.

I am not criticizing the Senator's committee for repealing the tax on corporate stock. I think it is ill advisedly maintained. All I am saying is this, that I am not willing that that tax should be repealed at the cost of levying a penalty on an innocent person. As between the two, I would much prefer to allow the tax that all the little fellows pay remain as it is. If we have to select, I shall vote to keep the income tax on corporations as it is and repeal the other tax, and I only wish we could work out an economy by abolishing a number of the useless bureaus in our Government, which would enable us to reduce taxes very much more all along the line.

Mr. MOSES. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	McLean	Shipstead
Bayard	Fess	McMaster	Shortridge
Bingham	Fletcher	McNary	Simmons
Blease	Frazier	Mayfield	Smith
Borah	George	Means	Smoot
Bratton	Gerry	Metcalf	Stanfield
Brookhart	Gillett	Moses	Stephens
Broussard	Goff	Norris	Trammell
Bruce	Hale	Nye	Tyson
Butler	Harris	Oddie	Underwood
Cameron	Harrison	Overman	Wadsworth
Capper	Heflin	Pepper	Walsh
Caraway	Howell	Phipps	Warren
Couzens	Jones, Wash.	Pittman	Watson
Cummins	Kendrick	Ransdell	Weller
Deneen	Keyes	Reed, Pa.	Wheeler
Dill	King	Robinson, Ark.	Williams
Edge	La Follette	Robinson, Ind.	Willis
Edwards	Lenroot	Sackett	
Ernst	McKellar	Schall	
Fernald	McKinley	Sheppard	

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment proposed by the committee on page 82, line 13, to strike out "12½ per cent" and to insert in lieu thereof "13½ per cent," so as to read:

SEC. 230. In lieu of the tax imposed by section 230 of the revenue act of 1924 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13½ per cent of the amount of the net income in excess of the credits provided in sections 236 and 263.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES of Washington (when Mr. CURTIS's name was called). I desire to announce that the senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. He is paired with the senior Senator from Missouri [Mr. REED].

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. I transfer that pair to the junior Senator from Idaho [Mr. GOODING] and vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. In his absence I withhold my vote.

Mr. JONES of Washington (when Mr. GREENE's name was called). The senior Senator from Vermont [Mr. GREENE] is necessarily absent on account of illness. He is paired with the senior Senator from Virginia [Mr. SWANSON]. If present, the Senator from Vermont would vote "yea."

Mr. McLEAN (when his name was called). I have a pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. McKELLAR (when Mr. NEELY's name was called). The senior Senator from West Virginia [Mr. NEELY] is necessarily detained from the Senate. He is paired with the senior Senator from New York [Mr. WADSWORTH]. If the senior Senator from West Virginia were present, he would vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. HARRELD]. I do not see that Senator present, and not being able to obtain a transfer, I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. WADSWORTH. On this matter I am paired with the Senator from West Virginia [Mr. NEELY]. I transfer that pair to the junior Senator from Vermont [Mr. DALE] and vote "yea."

The roll call was concluded.

Mr. BROOKHART (after having voted in the affirmative). I failed to observe when my name was called that I have a pair with the junior Senator from New York [Mr. COPELAND]. That Senator is absent and I withdraw my vote.

The result was announced—yeas 42, nays 35, as follows:

YEAS—42

Bingham	Fernald	Means	Sheppard
Borah	Gillett	Metcalf	Shipstead
Bruce	Goff	Norris	Shortridge
Butler	Hale	Nye	Smoot
Cameron	Howell	Oddie	Wadsworth
Capper	Jones, Wash.	Pepper	Warren
Couzens	Kendrick	Phipps	Watson
Cummins	Keyes	Reed, Pa.	Williams
Deneen	La Follette	Robinson, Ind.	Willis
Edge	Lenroot	Sackett	
Ernst	McKinley	Schall	

NAYS—35

Ashurst	Fess	McMaster	Stanfield
Bayard	Frazier	McNary	Stephens
Blease	George	Mayfield	Trammell
Bratton	Gerry	Moses	Tyson
Broussard	Harris	Overman	Underwood
Caraway	Harrison	Pittman	Walsh
Dill	Heflin	Ransdell	Weller
Edwards	King	Robinson, Ark.	Wheeler
Ferris	McKellar	Smith	

NOT VOTING—19

Brookhart	Fletcher	Johnson	Pine
Copeland	Glass	Jones, N. Mex.	Reed, Mo.
Curtis	Gooding	McLean	Simmons
Dale	Greene	Neely	Swanson
du Pont	Harreld	Norbeck	

So the amendment of the committee was agreed to.

Mr. SMOOT. Mr. President, I now ask that the Senate turn to page 235, section 700, which eliminates the capital-stock tax. As it has been discussed thoroughly, I ask for the yeas and nays. The amendment is to strike out section 700, which eliminates the capital-stock tax.

The amendment was, on page 235, under "Title VII—Special taxes, capital-stock tax," in line 3, after the words "section 700," to strike out to and including line 3 on page 236, in the following words:

(a) On and after July 1, 1926, in lieu of the tax imposed by section 700 of the revenue act of 1924—

(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business, equivalent to $1 for each $1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of $5,000. In estimating the value of capital stock the surplus and undivided profits shall be included.

(2) Every foreign corporation shall pay annually a special excise tax with respect to carrying on or doing business in the United States, equivalent to $1 for each $1,000 of the average amount of capital employed in the transaction of its business in the United States during the preceding year ending June 30.

(b) The taxes imposed by this section shall not apply in any year to any corporation which was not engaged in business (or, in the case of a foreign corporation, not engaged in business in the United States) during the preceding year ending June 30, nor to any corporation enumerated in section 231, nor to any insurance company subject to the tax imposed by section 243 or 246.

(c) Section 257 shall apply to all returns filed with the commissioner for purposes of the tax imposed by this section.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES of Washington (when Mr. CURTIS's name was called). I desire to announce that the senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. He is paired with the senior Senator from Missouri [Mr. REED]. If present, the Senator from Kansas would vote "yea." I will let this announcement with reference to his absence and pair stand for the day.

Mr. FERNALD (when his name was called). Making the same announcement as before, I vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. I am informed that on this question he would vote as I intend to vote. So I am at liberty to vote, and I vote "yea."

Mr. JONES of Washington (when Mr. GREENE's name was called). The senior Senator from Vermont [Mr. GREENE] is necessarily absent on account of illness. He is paired with the

senior Senator from Virginia [Mr. SWANSON]. If those Senators were present, they would both vote "yea."

Mr. McLEAN (when his name was called). Making the same announcement as before, I withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. McKELLAR (when Mr. NEELY'S name was called). As before stated, the senior Senator from West Virginia [Mr. NEELY] is necessarily absent on important business. If present, he would vote "yea."

Mr. SIMMONS (when his name was called). I transfer my general pair with the Senator from Oklahoma [Mr. HARREL] to the Senator from New York [Mr. COPELAND] and vote "yea."

Mr. WADSWORTH (when his name was called). Making the same announcement as to my pair and its transfer, I vote "yea."

The roll call was concluded.

Mr. BROOKHART. I have a pair with the junior Senator from New York [Mr. COPELAND]. The Senator from North Carolina [Mr. SIMMONS] has transferred his pair to that Senator, which leaves me free to vote. I vote "yea."

The result was announced—yeas 75, nays 4, as follows:

YEAS—75

Bayard	Fernald	McKellar	Schall
Bingham	Ferris	McKinley	Sheppard
Blease	Fletcher	McNary	Shortridge
Borah	Frazier	Mayfield	Simmons
Bratton	George	Means	Smith
Brookhart	Gerry	Metcalf	Smoot
Broussard	Gillett	Moses	Stanfield
Bruce	Goff	Norris	Stephens
Butler	Hale	Nye	Trammell
Cameron	Harris	Oddie	Tyson
Capper	Harrison	Overman	Underwood
Caraway	Heflin	Pepper	Wadsworth
Couzens	Howell	Phipps	Walsh
Cummins	Jones, Wash.	Pittman	Warren
Deneen	Kendrick	Ransdell	Watson
Dill	Keyes	Reed, Pa.	Weller
Edge	King	Robinson, Ark.	Williams
Edwards	La Follette	Robinson, Ind.	Willis
Ernst	Lenroot	Sackett	

NAYS—4

Fess	McMaster	Shipstead	Wheeler

NOT VOTING—17

Ashurst	Glass	Jones, N. Mex.	Reed, Mo.
Copeland	Gooding	McLean	Swanson
Curtis	Greene	Neely	
Dale	Harreld	Norbeck	
du Pont	Johnson	Pine	

So the amendment of the committee was agreed to.

Mr. SMOOT. Mr. President, there is another amendment on the same subject, applying to foreign corporations. In other words, we must treat the foreign corporations the same as we do the domestic corporations. The amendment will be found on page 94 of the bill. It simply makes 13½ per cent apply to foreign corporations the same as it does to domestic corporations.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. Under the subhead "Payment of corporation income tax at source," on page 94, line 4, after the word "thereof" the committee propose to insert "in respect of all payments of income made before the enactment of this act, and equal to 13½ per cent thereof in respect of all payments of income made after the enactment of this act," so as to make the section read:

SEC. 237. In the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 221 a tax equal to 12½ per cent thereof in respect of all payments of income made before the enactment of this act, and equal to 13½ per cent thereof in respect of all payments of income made after the enactment of this act, and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section: *Provided*, That in the case of interest described in subdivision (b) of that section the deduction and withholding shall be at the rate of 2 per cent.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Committee on Finance.

The amendment was agreed to.

Mr. SMOOT. Now I would like to recur to section 211, the surtax section, on page 35.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. Under the subhead "Surtax," on page 36, after line 9, the committee propose to strike out:

Four hundred and forty dollars upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 7 per cent in addition of such excess.

Five hundred and eighty dollars upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 8 per cent in addition of such excess.

Seven hundred and forty dollars upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 9 per cent in addition of such excess.

Nine hundred and twenty dollars upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $34,000, 10 per cent in addition of such excess.

One thousand three hundred and twenty dollars upon net incomes of $34,000; and upon net incomes in excess of $34,000 and not in excess of $36,000, 11 per cent in addition of such excess.

One thousand five hundred and forty dollars upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 12 per cent in addition of such excess.

One thousand seven hundred and eighty dollars upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $42,000, 13 per cent in addition of such excess.

Two thousand three hundred dollars upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $46,000, 14 per cent in addition of such excess.

Two thousand eight hundred and sixty dollars upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $50,000, 15 per cent in addition of such excess.

Three thousand four hundred and sixty dollars upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $60,000, 16 per cent in addition of such excess.

Five thousand and sixty dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $70,000, 17 per cent in addition of such excess.

And in lieu thereof to insert:

Four hundred and forty dollars upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $28,000, 7 per cent in addition of such excess.

Seven hundred and twenty dollars upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $32,000, 8 per cent in addition of such excess.

One thousand and forty dollars upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 9 per cent in addition of such excess.

One thousand four hundred dollars upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $40,000, 10 per cent in addition of such excess.

One thousand eight hundred dollars upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $44,000, 11 per cent in addition of such excess.

Two thousand two hundred and forty dollars upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $48,000, 12 per cent in addition of such excess.

Two thousand seven hundred and twenty dollars upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $52,000, 13 per cent in addition of such excess.

Three thousand two hundred and forty dollars upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $56,000, 14 per cent in addition of such excess.

Three thousand eight hundred dollars upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $60,000, 15 per cent in addition of such excess.

Four thousand four hundred dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $64,000, 16 per cent in addition of such excess.

Five thousand and forty dollars upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $70,000, 17 per cent in addition of such excess.

Mr. KING. Mr. President, I desire to offer an amendment to the committee amendment. I send the amendment to the desk and ask that it may be read.

The VICE PRESIDENT. The amendment submitted by the Senator from Utah will be read.

The CHIEF CLERK. The Senator from Utah proposes to strike out the part proposed to be inserted by the committee and to insert——

Mr. KING. I think that is not quite accurate. My amendment begins at the bracket in line 4 on page 36. May I say to the chairman of the committee that my amendment goes further than the committee amendment and includes the brackets found in lines 4, 5, 6, 7, 8, and 9. Technically I would not be permitted under the agreement to include those brackets.

Mr. SMOOT. I ask unanimous consent that the junior Senator from Utah be permitted to submit his amendment en bloc, which will include lines 4 to 9, on page 36.

Mr. KING. That will save the segregation of the amendment.

The VICE PRESIDENT. Without objection, permission is granted and the amendment will be stated.

The CHIEF CLERK. The junior Senator from Utah proposes to strike out lines 4 to 9, inclusive, on page 36, and in lieu thereof and in lieu of the committee amendment to insert the following:

On page 36, line 4, strike out the matter down to and including line 12, on page 39, and insert in lieu thereof the following:

Two hundred and twenty dollars upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $24,000, 5 per cent in addition of such excess.

Four hundred and forty dollars upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $28,000, 6 per cent in addition of such excess.

Six hundred and eighty dollars upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $32,000, 7 per cent in addition of such excess.

Nine hundred and sixty dollars upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 8 per cent in addition of such excess.

One thousand two hundred and eighty dollars upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $40,000, 9 per cent in addition of such excess.

One thousand six hundred and forty dollars upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $44,000, 10 per cent in addition of such excess.

Two thousand and forty dollars upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $48,000, 11 per cent in addition of such excess.

Two thousand four hundred and eighty dollars upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $52,000, 12 per cent in addition of such excess.

Two thousand nine hundred and sixty dollars upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $56,000, 13 per cent in addition of such excess.

Three thousand four hundred and eighty dollars upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $60,000, 14 per cent in addition of such excess.

Four thousand and forty dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $68,000, 15 per cent in addition of such excess.

Five thousand two hundred and forty dollars upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $76,000, 16 per cent in addition of such excess.

Six thousand five hundred and twenty dollars upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $84,000, 17 per cent in addition of such excess.

Seven thousand eight hundred and eighty dollars upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $92,000, 18 per cent in addition of such excess.

Nine thousand three hundred and twenty dollars upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $100,000, 19 per cent in addition of such excess.

Ten thousand eight hundred and forty dollars upon net incomes of $100,000; and upon net incomes in excess of $100,000, in addition, 20 per cent of such excess.

The VICE PRESIDENT. The question is on the amendment in the nature of a substitute offered by the junior Senator from Utah.

Mr. KING. Mr. President, I shall detain the Senate but a moment in making a brief explanation of the amendment.

Mr. NORRIS. May I ask the Senator has his amendment been printed?

Mr. KING. No; the amendment has not been printed.

I think the provisions of the amendment just read are clear and free from ambiguity. Senators will recall that while this bill was before the Committee on Finance something was said in the Senate respecting the surtax rates in the brackets between $20,000 and $60,000, particularly, and, generally speaking, $100,000, and the claim made by some that the reductions within these limits were not fair or in harmony with the reductions granted in the brackets below $20,000 and below $60,000. Complaints came from taxpayers to a number of Senators to the effect that the surtax rates between these brackets were discriminatory and resulted in imposing unjust taxes upon a large group of taxpayers who were contributing so much to the development of the country. Attention was directed to the reductions below $20,000 and above $60,000, and particularly above $1,000,000. And upon the per cent of reduction so appraised, the contention was made that there were no proper progressive rates adopted, but rates which were not fairly graduated, thus unfairly and unjustly dealing with thousands of citizens whose incomes were employed in the development of industries and the building up of the country.

The minority members of the committee agreed upon a schedule of rates affecting the individuals whose incomes fell within the brackets from $20,000 to $100,000, which it was believed met, in part at least, legitimate complaints and granted some relief to the taxpayers whose incomes brought them above the $20,000 bracket and under the $80,000 bracket. The relief granted, however, extended principally to the incomes between the $20,000 bracket and the $40,000 bracket. This proposition of the minority was submitted to the Senate by the ranking minority member of the committee [Senator SIMMONS], and the attention of the Senate was called to the schedule prepared, and which it was indicated would be offered as an amendment to the bill then under consideration in the Finance Committee.

Thereafter, when the surtax rates were being considered by the committee, a compromise was agreed upon between the majority members of the committee and some of the minority members, under the terms of which reductions were provided affecting the incomes between $24,000 and $100,000, and principally between $24,000 and $60,000.

The original proposal of the Democratic minority called for reduction in surtaxes between the brackets of $20,000 and $100,000 of approximately $40,000. The compromise which was reported in the Senate bill reduced the House figures between the brackets just referred to to approximately $20,000,000.

The bill therefore, as reported to the Senate, carries reductions in the surtaxes of approximately $20,000,000, the reduction being upon incomes between the $24,000 bracket and the $100,000 bracket.

The amendment which has just been read embodies the rates contained in the minority members' proposition as submitted to the Senate and to the Finance Committee. The amendment, if adopted, will reduce the surtaxes on incomes between $20,000 and $100,000, approximately $40,000,000 below the House bill and approximately $20,000,000 below the bill as it has been reported from the Finance Committee. Those reductions occur principally in the brackets between $20,000 incomes and $40,000 incomes.

There have been complaints from professional and business men with incomes between $20,000 and $40,000 that they did not receive the same treatment by way of reduction of surtaxes that was accorded to those whose incomes were below $10,000 and those whose incomes were above $70,000, and especially above $100,000. I shall not go into the percentage of reduction in the rates. Suffice it to say that an examination of the rates of reduction from the initial income subject to surtax up to the income of a million dollars shows that there is in the House bill a marked discrimination in the surtax reductions accorded those whose incomes are above $20,000 and under $70,000. Of course, that discrimination is not so marked in the bill as reported by the Finance Committee, because the members of the Finance Committee taking cognizance of this discrimination agreed to a reduction of the surtaxes in the brackets between $24,000 and $100,000 of, as I have stated, approximately $20,000,000.

So I want the Senate to understand that if the amendment which I have just offered shall be adopted, we shall reduce the revenue by approximately $20,000,000 below that which would be obtained by the Government if the surtax rates recommended by the Finance Committee should be accepted.

Mr. President, the business men and professional men—and they come largely within the limits of the brackets covered by my amendment—are the ones who have been discriminated against. We have been exceedingly solicitous, and properly so, for the welfare of those whose incomes are less than $10,000, and the rate reduction accorded to those have been great, but when we come to the lawyers, the doctors, and the business men whose incomes range from $20,000 up to $60,000 the surtax reductions run from 9 to 21 per cent, whereas the reductions in the surtaxes on incomes of from $60,000 to $100,000 run from 21 to 32 per cent.

There is also solicitude exhibited in behalf of those whose incomes are above the $100,000 mark, and a great reduction in the tax upon their incomes is approved. The present surtax is 40 per cent in the highest bracket, but the bill before us reduces it to 20 per cent. So I repeat the minority members of the Finance Committee felt that an injustice was being done to the taxpayers whose incomes were above $20,000 and under $60,000 and, indeed, under $80,000.

In my opinion, these persons who are accomplishing much in the material development of our country are found in business and who are doing much to develop the industries in the ranks of those whose incomes are between $20,000 and $50,000. They are the men who are engaged in our towns and cities in what might be called small business in contradistinction to the great corporations which have millions and hundreds of millions of dollars invested. They put all their earnings back into

business. They are the ones upon whom the surtax rates in this bill will bear discriminatingly, and they are the ones who have received the least consideration in the reduction of surtaxes. The amendment which I have tendered ought to commend itself to both sides of the Chamber, as it seeks to rectify a conceded injustice.

Coming now to the question, Can the Treasury sustain this loss without having a deficit in the coming year, I called attention yesterday, Mr. President, to the amount of revenue which would be obtained by the Treasury Department under existing law and the amount that will be collected under the proposed bill as amended by the Finance Committee.

I made the statement, and I think it can not be successfully challenged, that with strict economy upon the part of the Government we can make the reduction which I have just indicated. The capital-stock tax can be repealed, and the amendment which increases the profits tax from 12½ to 13½ per cent can be defeated, and all excise taxes upon automobiles and admissions can be repealed, and there will then be a surplus. In other words, the situation is such that great reductions can be made, reductions much greater than contemplated by the Finance Committee's bill, and no deficit will ensue.

The President, who is cognizant of the condition of the Treasury and the nature of the pending measure, stated on Saturday last that there would be another tax reduction bill within the near future. It is obvious, if we may judge the future by the past, that those in charge of the Treasury Department and the party in power are providing a bill that will not only meet the legitimate demands of the Government but will afford a surplus, so that before the next presidential election another tax reduction bill may be passed to support the campaign cry that the Republican Party is the party of economy and has wisely and prudently administered the affairs of the Government. Undoubtedly a tax reduction bill on the eve of a presidential election would be of great advantage to the party in power. I make no complaint because of this partisan strategy, and this well-conceived partisan plan. It may be clever politics, but it is bad statesmanship and is injurious to the country.

No party should utilize a tax bill to secure partisan advantage. It is a serious matter to take by the strong arm of the law the property of the people. A tax law always accomplishes that result. Not one dollar should be taken from the people under the guise of taxation that is not absolutely required to meet the necessities of the Government. There has been too much abuse of the taxing power of governments and too little concern in the welfare of the people.

I repeat a critical examination of the needs of the Government, and of the bill under consideration will furnish convincing proof that important reductions can be made, which will reduce by many millions the figures furnished by the majority of the Finance Committee.

Of course, a deficit is not to be considered, but it were better to have a lean Treasury than to have a large surplus in the Treasury to be dissipated by profligate expenditures, and to arouse, I shall not say a spirit of cupidity, but a desire upon the part of many, including some of the States, to have the Federal Government engage in activities and assume responsibilities which belong to the States.

Mr. President, without going into details, I repeat that with the reductions which I have heretofore insisted should be made there will be no deficit. Indeed, I feel sanguine that there will be a surplus. The income from the profits tax, under a levy of 12½ per cent, will be greater for the year 1925 and also for 1926 than for the preceding two years; and there is every indication, from the information now available that the income and profits revenues for 1925 will be greatly in excess of those of any preceding year.

The great activity in corporate stocks and bonds, the development of corporations, and the enormous volume of business done by them during the last calendar year establish beyond controversy that their earnings have been unparalleled and their taxes will be correspondingly increased.

Mr. WATSON. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. WATSON. The Senator is aware of the fact, is he not, that whenever there is a surplus in the Treasury that can be so utilized, Secretary Mellon at once purchases bonds and retires them?

Mr. KING. Mr. President, I know that a large part of the surplus has been devoted to that purpose, and of such policy I have no complaint.

Mr. WATSON. And from the beginning up to the present time that has been his policy.

Mr. KING. Since the World War ended the officials of the Treasury have applied most of the surplus receipts to the payment of the obligations of the Government. The present Secretary of the Treasury has followed the course of his predecessors.

Mr. WATSON. And he has constantly utilized any surplus in the Treasury for that purpose.

Mr. KING. The Senator is aware of the fact that there was a large fund—if I may use that expression—carried as a balance in the Treasury from year to year, and when Mr. Mellon came into office he applied most of the fund to the discharge of war obligations. I approve that course, because it has retired bonds upon which the Government of the United States was required to pay large interest charges, and by retiring them the Government has been relieved pro tanto from the payment of accruing annual interest.

Mr. WATSON. Precisely; so that the surplus has not been a very serious menace.

Mr. KING. I agree with the Senator; but the Senator knows that a full Treasury is an invitation to predatory raids upon the Treasury. The Senator knows that now there are organizations actively seeking to obtain millions and hundreds of millions of dollars from the Treasury for enterprises and activities of a private nature or which relate to matters within the province of the States alone.

Mr. SHORTRIDGE. Mr. President——

Mr. KING. I yield to the Senator from California.

Mr. SHORTRIDGE. I assume that the Senator agrees with General Grant that it is much easier to deal with a surplus than it is to deal with a deficit. Now, if I understand the argument of the scholarly and industrious Senator from Utah, it is that if we pass the bill as it is reported by the Finance Committee it will be possible within the next year or two further to reduce taxes. If that be so, should we not all rejoice?

Mr. KING. There is one qualification which the Senator should add to that generalization, namely, that the administration shall practice economy, and that Congress shall not yield to the importunities of organizations and propagandists and even States themselves, and appropriate for purposes not national in character and not indispensably necessary to meet the Government's needs. I might say to the Senator that a deficit is not to be desired, but a profligate and illegal use of money wrung from the people by the exercise of the taxing power may be a greater evil than a deficit would be.

Mr. SHORTRIDGE. The Senator may be well assured that this administration will continue to practice wise economy.

Mr. KING. If the Senator wants to make that speech in his own time, I have no complaint; but I do not like to see my speech marred by the observation just made by the able Senator from California.

Mr. WATSON. Mr. President——

Mr. KING. I yield to the Senator.

Mr. WATSON. Of course, the fact always must be borne in mind, in making expenditures as well as in levying taxes, that there may be a great slump in business any year, in which event we would have a deficit unless we are fully assured of the amount necessary to pay the expenses of the Government. That is why, personally, I objected to the proposition voted on just a little while ago, because undoubtedly it would have tended to create a deficit, which the Senator, of course, would not advocate. Therefore it is not wise to make these great reductions, and it is always wise that there should be some surplus, so that if business reverses come there will still be sufficient amounts in the Treasury to meet the expenses of the Government, which always should be economically administered.

Mr. KING. Mr. President, I think the observations just made will not be contested by any Senator. It would be unwise, of course, to make appropriations and fail to provide sufficient revenue to meet them. The Government should be careful of its credit and should conduct its fiscal affairs as a prudent business man would conduct his. Neither should permit a deficit, and it is our duty to balance the Budget, to scrutinize all expenditures, force the most rigid economy, and then enact a wise and just tax bill which will produce the revenues needed by the Government. I am sure, however—and I repeat the suggestion I made a moment ago—that the Senator from Indiana, with his practical experience, knows that whenever there is a surplus in the Treasury there are hungry mouths howling at the doors of the Capitol, demanding that they be fed from the public crib.

The surplus is regarded as an invitation for all cranks and visionaries, as well as many cunning and crafty individuals, to infest Washington and besiege the Capitol and seek legislation socialistic, paternalistic, absurd, and grotesque in order that

the surplus may be dissipated. We ought first to determine what the expenses of the Government will be if it is economically administered and then collect the needed revenue and moneys.

An examination of the Budget, which has been presented with the indorsement and recommendation of the President, will, in my opinion, reveal the fact that the appropriations sought and recommended are entirely too large. Take the appropriations recommended for the Army and the Navy, aggregating approximately $600,000,000. This amount can not be defended. At least one hundred to one hundred and fifty million dollars should be reduced from this recommended sum.

Congress upon a number of occasions has ignored the recommendations of the Budget and made appropriations far below the demands submitted. I believe it can be truthfully said that notwithstanding the panegyrics which have been bestowed upon the Budget system, Congress has been more economical than the President's recommendations would indicate, and has been more economical than the executive departments.

There is scarcely a department where Congress has not cut appropriations below the recommendations of the Budget and below the recommendations of the President; and while the Senator from California [Mr. SHORTRIDGE] is eulogizing the President of the United States because of his economy—and I am glad to say that the President upon numerous occasions has indicated a thrift, a desire for economy entirely worthy of commendation—I believe that Congress has been more economical than the President and more economical than the executive departments. It has compelled economies and retrenchment; it has guarded the Treasury more carefully than the executive agencies of the Government.

I am not criticizing the President. He is in the vortex of these great departments, and he is compelled to battle with the departments and their army of chiefs and executives and to oppose demands which would, if granted, increase the burdens of the people and augment the power and authority of organizations in all executive departments. I am glad to say that the President has often resisted the importunities of executive departments, and has made recommendations below their demands. But conceding the desire of the President to promote economy and the efficiency of his efforts, still, in my opinion, there has not been the application of these principles and practices of Spartan economy, rigid economy that the situation of the country demanded.

I call attention to a statement in the report of the Secretary of the Treasury, Mr. Mellon, for the year 1924, in which he refers to the fact of a "superfluity of personnel in the departments," and to the apparent difficulty in reducing the Federal personnel. There are now sixty-odd thousand Federal employees in the District of Columbia, as against less than 40,000 in 1916.

So I repeat, Mr. President, without taking up the time of the Senate, that we can, in my opinion, reduce the Budget recommendations at least $200,000,000. If we do that, and adopt the amendments which I have suggested, there will still be a surplus. The President of the United States has indicated that there will be a surplus, and his speech to the Budget organization two days ago is equivalent to a promise that there will be so much of a surplus that another tax reduction bill will be enacted within the near future.

Mr. SMOOT. If economy is practiced.

Mr. KING. I am assuming that the administration will practice what it is so constantly preaching. There has been a constant stream of talk by the administration and its supporters and administration newspapers for three years about the great savings and economies resulting from the work of the executive departments of the Government. Much of this campaign has been pure partisan talk. If time permitted, I could show how far from the facts are many of these extravagant and colored statements.

Mr. SHIPSTEAD. Mr. President——

Mr. KING. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. When the Senator speaks about a further reduction of taxes, of course he means a reduction in the direct taxes on incomes and profits?

Mr. KING. Oh, absolutely. I am not referring to indirect taxes.

Mr. SHIPSTEAD. The Senator does not mean any reduction in the great burden of taxes that are paid indirectly—for instance, in the high cost of living?

Mr. KING. I think it is only fair to state that in my judgment a reduction in direct taxes will have some effect upon the cost of living, or at least it ought to produce, if it does not, a reduction in the cost of living.

There is, however, one factor of importance which will affect any reduction in taxes. The administration is oblivious to the monopolistic organizations which are controlling commodities and prices. These combinations are restraining trade and commerce and are exploiting the consumer, notwithstanding there should be some reduction in the cost of living by reason of the diminution in taxes, it will be absorbed by these corporations and trusts, and the people will not get the advantage of the reduction of taxes except as reflected in income taxes, which we seek to give through the passage of this bill.

Mr. SHIPSTEAD. The Senator raised a very interesting question, and I shall give it a little time when the Senator is through.

Mr. KING. Mr. President, I commend to the Senate the amendment which I have offered. I think we should give some greater relief than is promised by this bill to the lawyers and the doctors and the business men whose incomes are over $20,000 and under $50,000 or $60,000.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. KING. I yield.

Mr. SHORTRIDGE. I understood the Senator to say—and I am sure he said it with perfect sincerity and believed in the accuracy of the statement—that his contentions had not been challenged, nor could they be successfully challenged, as to the effect of his amendment if adopted. In the interest of the RECORD, I have been given to understand that the Secretary of the Treasury has challenged, and many think successfully challenged, the statement made by the Senator from Utah. Am I not correct in that particular?

Mr. KING. I have not seen the challenge of the Secretary of the Treasury. I have no doubt that Mr. Mellon, in the recommendations which he made to the Finance Committee and to the Committee on Ways and Means, indicated that it would not be safe to go below a certain datum line which he prescribed in the bill to which he gave his support.

Mr. SHORTRIDGE. It is true, then, that there was a challenge of the Senator's contentions.

Mr. KING. I do not concede that. I counter by saying to my friend that it is most remarkable, if the Secretary of the Treasury says that there can be repeals of taxes amounting to $330,000,000, that the President of the United States, within a few days thereafter, should indicate that there would be another tax reduction bill within a short time, under the same schedules, under the same bill, which the President anticipated would be passed and which the Secretary anticipated would be passed.

There is some discrepancy between the statements of the Secretary of the Treasury, if it shall be assumed that he takes the position that we may not go below the limits indicated, and the statement made by the President that there soon will be another tax reduction bill.

I prefer to believe the President in that respect than Mr. Mellon, for the reason, among others, that the estimates submitted by the Treasury Department—and I am not challenging the good faith of its officials; indeed, I congratulate them upon supplying of dates so nearly accurate—have oftentimes proven inaccurate.

Mr. SHIPSTEAD. Mr. President, the Senator is aware, I suppose, that the Secretary of the Treasury missed his guess on the last revenue bill by about $500,000,000.

Mr. KING. No; not so much.

Mr. SHIPSTEAD. I think the figures will show that it was that much.

Mr. KING. I may differ from the Secretary of the Treasury and his policies in many respects, but the estimates which he submits are not drawn by himself, or prepared by him. They are prepared by the actuaries of the Treasury. They have before them the receipts of preceding years, and the collections. They try to get an understanding of business conditions, and upon all of the data submitted, the actuaries and the other experts of the Treasury Department supply estimates to the Ways and Means Committee as the basis of tax legislation, and of course the same estimates are submitted to the Committee on Finance of the Senate. But the actuaries, and those who furnish the Secretary of the Treasury with the data and with the information and with the estimates, have made mistakes. For instance, the amount received from customs duties was in excess of what they had anticipated. The corporate profits taxes were greater than had been anticipated by the actuaries. Miscellaneous receipts may be increased, or they may be diminished. So that there is considerable room for difference between the estimates and the actual receipts, as well as the actual disbursements.

Mr. SHIPSTEAD. I am aware that there is always a chance for variation; no estimate can be absolutely correct. But I find a statement on page 25 of the report of the Secretary of the Treasury dated November 20, 1924, which bears out my contention. Nearly six months after the President signed the revenue bill passed in 1924, Secretary Mellon officially told the

country that the revenue act of 1924 would reduce tax receipts over $450,000,000 annually. I think the receipts will show how far that estimate was out of the way. It may not be important, but the Senator is continually referring to estimates of the Treasury. We had experience of the estimates of the Treasury predicting a great deficit if we passed the soldiers' bonus bill. We are confronted with this matter whenever we have a revenue bill before us, but subsequent history shows that the Senate has been more nearly right in its estimates than has the Treasury Department.

Mr. KING. Mr. President, I was about to say when I was interrupted—and I have no complaint to make of the Senator from Minnesota for interrupting me—that the estimates which have been supplied to Congress by the Treasury Department have often been inaccurate. The Treasury Department has been inaccurate; the revenues were greater than predicted by the Treasury Department, and I have every reason to believe that the revenues for the coming year, and for perhaps the year following, will be in excess of the estimates which have been submitted.

Mr. SHIPSTEAD. Mr. President, I did not mean to infer that the estimates we have had from the Treasury have not been made in good faith.

Mr. KING. I understood that.

Mr. SHIPSTEAD. I do not doubt but that they have been made in good faith.

Mr. KING. Of course.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. My colleague will remember that the Finance Committee asked that the figures be given showing the estimates of actual receipts from specific sources in the fiscal years 1922 to 1925. That data was submitted to the committee and will be found in the hearings, beginning with page 27 and going down to and including page 30. So that there may be no mistake about these estimates and the great difference between the estimates and the actual receipts, I think it proper to put in the RECORD the actual figures as furnished by the Treasury Department not only of the estimates but of the actual receipts. Then we can see what they are. If the Senator has no objection, I ask that these tables be printed in the RECORD at this particular time.

Mr. KING. I have no objection.

The VICE PRESIDENT. Is there objection?

There being no objection, the tables referred to were ordered to be printed in the RECORD, as follows:

Estimates of receipts and expenditures and actual receipts and expenditures for each fiscal year from 1922 to 1925, inclusive, appearing in annual reports of the Secretary of the Treasury for the fiscal years 1920 to 1924

[Figures given below are in even thousands]

	Fiscal year 1922			Fiscal year 1923			Fiscal year 1924			Fiscal year 1925		
	Estimates in annual report of—		Actual, 1922	Estimates in annual report of—		Actual, 1923	Estimates in annual report of—		Actual, 1924	Estimates in annual report of—		Actual, 1925
	1920	1921		1921	1922		1922	1923		1923	1924	
Customs	$350,000	$275,000	$356,443	$330,000	$450,000	$561,920	$425,000	$570,000	$545,638	$493,000	$550,000	$547,561
Internal revenue:												
Income tax	2,625,000	2,110,000	2,068,128	1,715,000	1,500,000	1,678,607	1,500,000	1,850,000	1,842,144	1,800,000	1,660,000	1,760,538
Miscellaneous internal revenue	1,375,000	1,104,500	1,145,125	896,000	900,000	945,865	925,000	933,585	953,012	927,585	826,325	828,638
Miscellaneous receipts	509,530	478,953	539,408	404,182	579,863	655,525	511,812	541,092	671,250	473,177	565,643	643,411
Total	4,859,530	3,968,453	4,109,104	3,345,182	3,429,863	3,841,926	3,361,812	3,894,677	4,012,044	3,693,762	3,601,968	3,780,148
Ordinary expenditures	3,897,419	3,604,980	3,372,608	3,268,415	3,373,713	3,129,418	2,835,746	3,053,070	3,048,678	2,815,802	3,062,277	3,063,105
Public-debt retirements chargeable against ordinary receipts	325,855	387,942	422,694	369,339	330,089	402,851	345,097	511,968	457,999	482,278	471,807	466,538
Total	4,223,274	3,992,922	3,795,302	3,637,754	3,703,802	3,532,269	3,180,843	3,565,038	3,506,677	3,298,080	3,534,084	3,529,643
Surplus	636,256		313,802			309,657	180,969	329,639	505,367	395,682	67,884	250,505
Deficit		24,469		292,572	273,939							

Estimates and actual receipts from specified sources in fiscal years 1922 to 1925

[In millions of dollars]

	Fiscal year 1922			Fiscal year 1923			Fiscal year 1924			Fiscal year 1925		
	In annual report of—		Actual, 1922	In annual report of—		Actual, 1923	In annual report of—		Actual, 1924	In annual report of—		Actual, 1925
	1920	1921		1921	1922		1922	1923		1923	1924	
Railroads		[1] 338	139		[1] 211	[1] 15	[1] 40	[1] 50	59	29	88	137
War Finance Corporation		[1] 94			125	109	60	60	53		39	43
Sales of war supplies	185	141	90	101	82	83	27	31	45	16	18	17
Net receipts	185		135	101		177	47	32	157	45	136	197
Net expenditures		197			4							

[1] Excess of expenditure—deduct.

Estimates of receipts and expenditures and actual receipts and expenditures for each fiscal year from 1919 to 1921, inclusive, appearing in annual reports of the Secretary of the Treasury for the fiscal years 1917 to 1920

[Figures given below are in even thousands]

	Fiscal year 1919			Fiscal year 1920			Fiscal year 1921		
	In annual reports of—		Actual, 1919	In annual reports of—		Actual, 1920	In annual reports of—		Actual, 1921
	1917	1918		1918	1919		1919	1920	
Customs	$230,000	$190,000	$184,456	$220,000	$275,000	$322,903	$325,000	$360,000	$308,565
Internal revenue:									
Income and profits tax	2,427,000	5,000,000	3,018,784	3,000,000	3,750,000	3,944,949	3,000,000	3,200,000	3,206,046
Miscellaneous internal revenue	908,000	1,100,000	1,206,501	1,000,000	1,240,000	1,400,082	1,190,000	1,500,000	1,390,391
Miscellaneous receipts	442,715	563,900	652,514	722,000	842,450	966,631	905,000	689,565	719,941
	4,097,715	6,853,900	5,152,257	4,942,000	6,107,450	6,694,565	5,420,000	5,739,565	5,624,933
Ordinary expenditures	12,724,839	25,177,504	18,514,880	6,280,452	6,812,523	6,403,344	3,535,998	4,851,299	5,115,928
Public-debt retirements chargeable against ordinary receipts			8,015			78,746			422,281
Total	12,724,839	25,177,504	18,522,895	6,280,452	6,812,523	6,482,090	3,535,998	4,851,299	5,538,209
Surplus						212,475	1,884,002	888,266	86,724
Deficit	8,627,124	18,323,604	13,370,638	1,338,452	705,073				

Special items of receipts and expenditures, fiscal years 1919 to 1921
[In millions of dollars]

	Fiscal year 1919			Fiscal year 1920			Fiscal year 1921		
	In annual reports of—		Actual, 1919	In annual reports of—		Actual, 1920	In annual reports of—		Actual, 1921
	1917	1918		1918	1919		1919	1920	
Railroads	----------	[1] $350,000	[1] $358,795	----------	[1] $751,000	[1] $1,036,672	----------	[1] $1,078,000	[1] $730,711
War Finance Corporation	----------	[1] 445,000	[1] 302,622	----------	[1] 150,000	228,472	----------	----------	22,028
Sale of war supplies	----------	----------	17,712	----------	628,000	314,314	$263,000	299,000	184,720
Net expenditures	----------	795,000	643,705	----------	273,000	493,886	----------	779,000	523,963
Net receipts	----------	----------	----------	----------	----------	----------	263,000	----------	----------

[1] Excess of expenditures—deduct.

Mr. KING. Mr. Prsident, I did not intend to take more than a moment of the Senate's time. I repeat, the estimates of the Treasury Department, if we may judge the future by the past, may not be relied upon definitely as a basis for tax reduction. In my opinion, with the proper economies, with the increase in revenue, we could reduce taxes $500,000,000 without producing a deficit. We will not do so, I regret to say, but we ought to do it, and grant relief to the people from the grinding burdens of taxation, particularly in view of the fact that the States and municipalities are increasing their taxes. The taxes which will be taken from the people by reason of impositions by the States and municipalities will reach this year more than $5,000,000,000. We ought to reduce the Federal taxes at least $500,000,000, and can do so without impairing at all the credit of the country.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. KING. I yield.

Mr. GEORGE. I wanted to ask the Senator from Utah, before he concluded, whether his amendment is the original proposal made by the minority?

Mr. KING. It is.

Mr. GEORGE. I so understood it to be, but I was not sure about it.

Mr. KING. I adopted in toto the amendment which was agreed upon by the minority members of the Finance Committee.

Mr. GEORGE. And which was submitted to the whole committee?

Mr. KING. Which was submitted to the whole committee.

Mr. GEORGE. But not the amendment to which the minority finally agreed?

Mr. KING. No. As I stated, there was a compromise, under the terms of which there was a further reduction from the figures in the bill as it passed the House of approximately $20,000,000. The Democratic minority had agreed upon a reduction of approximately $40,000,000, and I am seeking to restore to the bill the provision which the Democratic members agreed to.

Mr. McKELLAR. Mr. President, I want to ask the Senator this question: As I understand it, the bill as it passed the House reduced practically very little, hardly at all, the taxes on incomes between $20,000 and $50,000. Does the amendment of the Senator undertake to correct that?

Mr. KING. It balances it and makes the curve from zero up to $100,000 much more regular and uniform.

Mr. WALSH. Mr. President, I should like to inquire of the Senator if he could tell us about what percentage of decrease within these brackets the taxpayers would get under the amendment of the committee and what percentage of decrease they would get under the amendment proposed by the Senator from Utah.

Mr. KING. I thought I had those figures with me, prepared by Mr. McCoy, but I find I have not. As I recall, the reduction in the surtaxes between $20,000 and $30,000 or $40,000 was 2¾ to 9 per cent under the bill as it passed the House, whereas below $20,000, and then in the higher brackets, over $100,000, it went as high as 28 per cent.

Mr. WALSH. That is not the question. What I want to find out is the difference in the percentages of decrease as between the amendment proposed by the committee and the amendment proposed by the Senator from Utah.

Mr. KING. I can not give the percentages of decrease. I can merely say it was graduated and uniform, so as to produce a reduction of $20,000,000, and that $20,000,000 falls largely between the brackets $20,000 and $50,000 or $60,000.

Mr. WALSH. The schedules proposed by the committee afford a reduction of how much, in the aggregate, within those brackets between $20,000 and $60,000?

Mr. KING. Between $24,000 and $100,000 it is $20,000,000; but the greater portion of it between $24,000 and $50,000. My amendment begins at a lower bracket, starting at $20,000.

Mr. SIMMONS. Mr. President, the Senator is mistaken about that. The reduction made in the committee bill would be about $23,000,000. The reductions which would have been made if the original proposition had been adopted would have been, as the Senator has said, about $40,000.

Mr. KING. I stated, or I thought I stated, that the reduction in those brackets in the Senate bill as reported was approximately $20,000,000.

Mr. SIMMONS. Between $23,000,000 and $24,000,000.

Mr. KING. Mr. McCoy said approximately $20,000,000. I think it is a little more.

Mr. SIMMONS. Mr. President, I do not desire at this time to enter into a discussion of the surtax amendment proposed to the bill as it passed the House by the Senate Finance Committee. Later, after the opponents of the committee amendment have developed their line of attack, I shall be glad to give my views upon the subject. For the present I rise only for the purpose of making a statement to the Senate.

When the bill came over from the House, upon a careful and special examination of it by the minority members of the Finance Committee, it was discovered that, while the House bill provided a reduction of 25 per cent on all incomes below $20,000 and for a reduction of practically 50 per cent on all incomes above $100,000, it only provided for a reduction of 9 per cent upon the incomes of taxpayers between $20,000 and $64,000. That seemed to be such a glaring case of inequality in the benefits of the proposed reduction that the minority members of the Finance Committee felt constrained, after due deliberation, to propose an amendment which, in their opinion, while it did not altogether remedy the inequality, in large measure would have that effect. The man with an income between $20,000 and $64,000, and to a lesser extent up to $100,000, was the neglected man; and it was with a view of doing justice, if not fully, then as far as the exigencies of the situation would permit, that we made our minority proposals. I presented those proposals to the committee, and I want now to recur to it, so there may be a full understanding as to what was the original proposition of the minority members of the Finance Committee.

We thought that the incomes between the two points which I have mentioned, $20,000 and $64,000, ought to be given a very much larger reduction than they were given in the House bill. The duty was imposed upon me by the minority of providing a method by which that purpose might be accomplished. That method I presented to the Senate in making my statement as to what the original proposition of the minority was. In effect, the reduction we proposed was accomplished by the very simple process of rearranging the brackets of the House bill. The House bill imposed income taxes upon the basis of an addition of 1 per cent for each additional bracket, starting with a tax of 1 per cent at $10,000. No income under $10,000 paid any surtax.

I conceived the idea that if those brackets beginning at $20,000 were changed so as to provide a spread of $4,000 in each bracket instead of $2,000, as provided in the House bill, that what we desired would substantially be accomplished. Having rearranged the schedules and readjusted them in that way, the plan was submitted to the experts of the Treasury for the purpose of ascertaining the effect as compared with the reductions as proposed in the House bill. It was ascertained that as proposed in the House bill within those brackets—and that spread in each bracket in our proposition ran

only between incomes of $20,000 and $64,000—the average rate of reduction in the House bill would be about 9 per cent up to $100,000 and I think about 6 per cent between the particular brackets which I am discussing.

The change we proposed, as we were advised by the actuary, would probably increase the average reduction from 9 per cent, as provided in the House bill, to 24 per cent on incomes going up to $100,000. That was quite a substantial increase, and the minority, while not satisfied that we had gotten all that the taxpayers within those brackets were entitled to, thought it would be about as far as we might hope to go in the existing circumstances.

A situation developed with respect to the tax bill which greatly endangered our ability to secure action upon the measure in time to give the taxpayers the benefit of the reduction upon their incomes for 1925 as the minority were anxious to do. It looked very much as if we might be confronted with a double filibuster coming from two sources, one upon the bill itself and one upon another matter then pending before the Senate. For that and other reasons it was believed that if harmony might be restored and the bill assured of passage, a reasonable proposition would be entertained from the majority looking to a settlement of the matters in difference with reference to the tax schedule.

A proposition was made which involved this provision, and this alone. We began under our proposals to make the larger bracket spreads at incomes of $20,000. The majority proposed to settle the controversy with us upon terms providing that instead of beginning the larger spreads at $20,000 we should begin at $24,000, and we accepted the proposition. The effect of the compromise was, as I was advised by the Actuary of the Treasury, to reduce the taxes within the brackets dealt with in these spreads about one-third below what they would have been under the original proposition. I think it reduced it a little more than one-third. I think under our original proposals we would have gotten something near $40,000,000 additional reduction in those brackets affected. We estimated it at $44,000,000, but we never would have gotten that much. We would have gotten something nearer $40,000,000.

Under the compromise arrangement we made a further reduction from the House rate within these brackets of more than $20,000,000. We helped the taxpayers having incomes between $20,000 and $64,000 and on up to $100,00—the neglected man under the House bill—to that extent, which was not as much as we wished to help him and not as much as he was entitled to, but we thought it was a fair proposition and a fair arrangement of the differences and the best that could be secured under the circumstances. In addition the compromise made it absolately certain that the bill would be passed in time for the taxpayers to get the benefit of the reductions in taxes on their 1925 incomes, and we therefore made the arrangement.

I trust very much that the Senate will adopt and carry out that compromise arrangement. That compromise is written in the amendments of the committee in the bill. The bill as reported carries the additional reductions straight through, beginning at $24,00 and up to $64,000, which is the basis of our original proposition. It continues the $2,000 bracket spread of the House bill between $20,000 and $24,000. What the junior Senator from Utah [Mr. KING] now desires is to substitute the original proposition made by the minority for the proposition involved in the bill. I trust that the amendment of the Senator from Utah will be voted down, and I trust that the Senate will adopt the compromise arrangement.

I want to say in addition, and that is all I will say, that at the time the proposition was presented by the minority in the signed statement which I read to the Senate and which appeared in the RECORD and sent to the country, the statement was made that if these reductions were agreed upon by the Senate we would accept the maximum surtax rate of 20 per cent provided for in the House bill. The junior Senator from Utah now proposes to introduce the original proposition of the minority and to raise the maximum surtaxes from 20 per cent to 25 per cent. The members of the Finance Committee representing this side of the Chamber feel that they discharged their duty in the public service in getting as much as they succeeded in getting from the majority members of the committee, and we confidently hope that the Senate will sustain that understanding reached between the minority and the majority members of the Finance Committee.

Mr. NORRIS obtained the floor.

Mr. SIMMONS. Mr. President, will the Senator from Nebraska yield to me for just a brief additional statement?

Mr. NORRIS. Certainly.

Mr. SIMMONS. Mr. President, I failed to make a statement which in justice I ought to have made. All the members of the minority of the Committee on Finance, with the exception of the junior Senator from Utah [Mr. KING], who is a member of the committee, agreed to this compromise proposition. The Senator from Utah did not agree to it, and gave notice that he would pursue the course that he is now pursuing, which I do not criticize in the slightest.

Mr. NORRIS. Mr. President, it has been announced many times in the newspapers that this bill, agreed upon by the majority and minority of the Committee on Finance, was in reality a nonpartisan measure. If I construe the situation rightly—and I put my construction on it without any criticism whatever of the remarks which the Senator from North Carolina has just made—it absolutely refutes that idea. It is not a nonpartisan measure, but a sort of bipartisan measure. The remarks of the Senator from North Carolina in reality are a plea to the Democrats to stand by this bill because an agreement between Democrats and Republicans has been made in the committee. If it is a nonpartisan bill, and if we are going to consider it in a nonpartisan way, then no Member on the other side of the Chamber is bound on a party basis to support anything or to oppose anything which is in the bill because it happens to be proposed by a Democrat, and the same freedom lies over here. I think even the President has been congratulating the country that we were having a nonpartisan consideration, a business consideration, but it seems to me now that there is going to be an attempt made to line Senators up on each side of this proposition along party lines. The remarks of the Senator from North Carolina are rather an intimation to Democrats that he would be very glad to have the Democratic Senators stand by the Democrats of the Committee on Finance in making this agreement with the Republican members of the committee.

I hope, Mr. President, not only in this bill but in every other measure that can come before the Senate, every Member of the Senate will feel perfectly free to vote either way, according to the dictates of his own conscience, and not because his party is calling on him for party service. The newspapers, when this coalition was formed between Democrats and Republicans, congratulated the country on the fact that on such an important matter politics should have been laid aside. It has occurred to me, if politics should be laid aside on this bill, it ought to be laid aside on every other bill; I agree to that proposition; and that, because of party affiliations, no man ought to have a halter around his neck or a clamp upon his lips or any coercion upon his conscience when he comes to perform an official act here.

Mr. President, I was glad of the announcement that we were going to have a nonpartisan consideration of the bill, and I am surprised now that there should even be an indirect attempt made to line Senators up according to party affiliation. The representatives of your party on the committee have made an agreement, and the good party man will stand by it now and respond to the call, "Help us, stay with us, stand by this coalition, this bipartisan agreement that was made in the secret chambers of the Committee on Finance, carry it out here," where every man has pledged his himself by his solemn oath that he will do his duty as he understands it. Of course, if he understands it from a party point of view, if he thinks that the party ought to do this, it will be perfectly proper for him to follow that course. I do not criticize the man who thinks in that way; but I do criticize the idea that we should send out to the people of this country a statement that here we have a nonpartisan consideration of the pending bill, when we find after all a biparty agreement made to put the bill across. Neither do I criticize the man who thinks this bill is holy writ, but considers that this bipartisan agreement stops when the income reaches $100,000.

The bill provides that a man who has an income of $500,000 shall pay at the same rate as the man who has an income of only $100,000. There are not very many men in the country who have incomes in excess of $100,000, but what few there are can well afford to pay at a higher rate than can the man who has an income of only $100,000.

Mr. WALSH. Mr. President——

Mr. NORRIS. I yield to the Senator from Montana.

Mr. WALSH. I have been interested in the feature of the bill to which the Senator from Nebraska has just now adverted. I had supposed that the people of this country were committed to the idea of a graduated income tax; that is to say, a tax imposed upon the principle that the man who was best able to pay should pay the most.

Mr. NORRIS. Yes.

Mr. WALSH. I observe that when the revenue act was passed in 1918 taxes were graduated up to incomes of $1,000,000, and I supposed it stopped there upon the assumption that there was no use going higher because probably no one had any income more than that amount; but I observe that in the

act of 1921 the highest bracket dropped down to $200,000, and there the graduation stopped, apparently upon the principle that it did not operate any higher than that or else that there were no incomes in excess of $200,000, although, of course, the official returns refuted the idea. Then, apparently, in 1924 the Congress conceived that it had made a mistake about that and it graduated the tax up to incomes of $500,000, and after that there was a flat rate. Now it is proposed to put the rate back to $100,000, and I should like to ask the chairman of the committee or the ranking Democratic member of the committee upon just what principle this variation is based?

Mr. NORRIS. Mr. President, I do not care to yield the time now for the Senators indicated to make the explanation. Besides, it will take some time for the Senator from Utah [Mr. SMOOT] and the Senator from North Carolina [Mr. SIMMONS] properly to answer that question. Perhaps they will want some time to meditate upon it; they will want to dream about it to-night.

Mr. SMOOT. I have already answered it.

Mr. NORRIS. They will want to consult about it, so that I think it would be well for me to continue with the question unanswered and give those Senators ample time to give it due deliberation and consideration before they answer the question which is propounded by the Senator from Montana, which was really the object of the few remarks which I intended to make.

Mr. President, a man with an income of a million dollars under this bill will pay the same rate of tax as will be paid by the man with an income of $100,000.

Mr. WALSH. Mr. President, will the Senator suffer another interruption?

Mr. NORRIS. Yes.

Mr. WALSH. I have not seen the figures lately, but two years ago I had them showing that in this country there were four men who had incomes of $45,600,000 in the aggregate. That is an average income for the four of $11,500,000. Under the pending bill a graduated income tax does not apply to the man who has an income of $11,500,000, except so far as a hundred thousand dollars of his income is concerned.

Mr. NORRIS. Mr. President, there have been many speeches made thus far by those advocating this bill telling how it proposes to reduce taxation, but they have not yet told us why the taxes are reduced on those who have the largest incomes, incomes above $100,000. They have been silent about that. We have not yet had it explained to us why Henry Ford should have his income tax reduced more, perhaps, than any other man in the country, unless it may be Mr. Mellon. Those who have the large incomes, those who have the great combinations of wealth, secure a greater reduction of their taxation under the terms of this bill than any other class of people. The man who has an income of a million dollars, as I have said, is put in the class with the man who has an income of $100,000. Does anybody think that is fair if our theory of taxation is right? There are men who think there ought to be no brackets; that we ought to say that everyone shall pay at such a rate of per cent of his income and let it apply to rich and poor alike, to big and little; but that has not been our theory; that has not been the way we have built any of our income tax laws since or during the war.

We have gone on the theory that the man with a very large income could afford to pay a higher rate per cent than the man with a small income; but this bill has abrogated that entirely, with the exception of incomes of $100,000 and less. How much reduction do you suppose, Mr. President, Secretary Mellon will get in his tax? Has anybody computed that? Can anybody tell us how much of a reduction Henry Ford will get, or any man in that class? After all, there are quite a number of men in the United States who have incomes in excess of $100,000. Every one of them has had his tax reduced; in fact, almost obliterated. The amount such men will pay will be small under this measure compared to what they would have paid under any other bill that the Congress has ever passed.

Mr. President, there is one thing that I think will impress itself upon us all. We know that in political campaigns a vast amount of money is raised. Sometimes it is easy to raise it and sometimes it is difficult. Sometimes it is easy for one party to raise, and it is difficult for the other, but in the next campaign when it comes to raising money there will not be any difference between the two parties, because this coalition will be able to demonstrate to those with the long purses that they stood for the same thing in a nonpartisan and bipartisan way. The men who have incomes above $100,000 are the ones who can best afford to pay contributions to the campaign fund. It will be easy for the representatives of the two great political parties to go out among those men and say to them, "By our combination, by our coalition, we have saved you, Mr. A, perhaps a million dollars." If his income were large enough, that would probably not be an overstatement. Or they can say, "We have saved you, perhaps, $200,000, and you can afford to pay 50 per cent of that." He will immediately see the point, knowing the probabilities are that before the next election another tax bill will be passed through Congress, and he will see where his bread is buttered and will know better than to drop his bread upon the floor buttered side down. He will divide up; he will contribute to both sides in the campaign, and we will have the biggest sham battle that has ever taken place. That is what this bill is going to bring about; that is what we are coming to now; that is what it means when we say we are going to exempt from taxation those who have the very large incomes.

The pot can not call the kettle black, either. No party is going to be able to go before the country and claim that it had a cinch on this wonderful, beneficent gift to the millionaire income. It is a game that two sides will play at, and they will both play it successfully to a finish and to a draw.

It seems queer to me, Mr. President, that in this wonderful piece of legislation that is proposed to us neither side of the committee, with its eagle eyes, has ever discovered that it is releasing the fellows who can pay big income taxes easier than anybody else from the payment of those taxes. It is queer that their brains and their minds and their souls and their hearts were completely taken possession of by the idea that they must look after the party in the next campaign and let the country go to the devil.

Mr. President, now comes the junior Senator from Utah [Mr. KING] and offers this amendment. I am sorry that I can not intelligently consider it, because it has not been printed, and it is very long, and from the reading of the amendment by the Secretary I could not get all that it proposed. I want to ask the junior Senator from Utah, however, whether his amendment levies any tax on incomes above $100,000 greater than on those of $100,000?

Mr. KING. Mr. President——

Mr. NORRIS. I yield to the Senator.

Mr. KING. I prepared the amendment originally so that it would graduate the tax beyond $100,000 with a maximum of 25 per cent.

I am not betraying any confidence when I say that several Senators stated to me that they would feel constrained to vote against the amendment offered in the form in which I was about to tender it, because they proposed to support the committee with respect to the rates below $100,000, but that if I would divide the amendment and offer a separate one dealing with surtaxes above $100,000 I might command additional support. Knowing how lonely I was with respect to the first part of my amendment, as disclosed by the position taken by my leader, the Senator from North Carolina [Mr. SIMMONS], when he conjured all Democrats to vote against me, and hoping that I might get a little support on the other side if not on this side, I agreed to divide the proposed amendment, which I have done; and to-morrow I shall offer the residue of the amendment.

Mr. NORRIS. What will the residue be?

Mr. KING. The residue will be, commencing at $100,000, 20 per cent, and graduating from there up to 25 per cent at $500,000. I am not quite satisfied with that; I should have preferred to have it go to $1,000,000; but I am frank in stating that that is the form in which it is now submitted. Upon reconsideration, it is possible I may change the proposed amendment.

Mr. NORRIS. Of course, as the Senator from Montana well said a while ago in interrupting me, in one of the bills we graduate the tax up to incomes of $1,000,000, and we stop there, on the theory, I presume, as he said, that that would take in practically all the incomes, although it did not always do it. Another time we stopped at $500,000.

There would not be so many incomes above $500,000; but we have never yet stopped at $100,000. Everybody knows that there are many incomes above $100,000, and that the recipients of those incomes could well afford to pay at a larger rate above that figure than at that figure and below it.

As I understand the amendment of the Senator which is now pending—if we have to vote on it before we adjourn to-night, it will be without being able to get a clear conception of it—the amendment graduates the tax up to 25 per cent on incomes of $100,000 and over. Does that go up to 25 per cent?

Mr. KING. No.

Mr. NORRIS. It stops at 20 per cent?

Mr. KING. It stops at 20 per cent at $100,000.

Mr. NORRIS. Then it does not go any higher than the committee amendment?

Mr. KING. No.

Mr. SIMMONS. The Senator has just adopted the House figures.

Mr. KING. Yes; I stop at $100,000 with my amendment. The rate is 20 per cent up to $100,000. Then, as a supplement or sequel, if I may be permitted that expression, to the amendment which I have now offered, and commencing at $100,000, the rate will progressively increase to 25 per cent.

Mr. NORRIS. What virtue has the Senator's amendment in it that is not possessed by the committee amendment, then?

Mr. KING. May I say that the virtue of the amendment which is before the Senate lies in this fact, as I interpret it: It provides that the tax on those whose incomes are over $20,000 and under $100,000, but principally between $20,000 and $50,000, shall be reduced approximately $20,000,000 below the tax provided in the brackets reported by the Finance Committee.

Mr. NORRIS. What does it do with the incomes above that, up to $100,000?

Mr. KING. There is a slight reduction up to, I think, $80,000, and then it is the same up to $100,000. May I say that I had in mind caring for those whose incomes were from $20,000 to $40,000. They are the ones upon whom I think the surtaxes bear discriminatingly. We have been more careful to lower the taxes upon those whose incomes were below $20,000 and above $60,000 than in the case of those whose incomes were between $20,000 and $60,000. The percentage of decrease in the surtaxes below $20,000 is greater, and the percentage of decrease is greater above $80,000 and $100,000 than between $20,000 and $40,000 and $50,000; and the virtue of my amendment is to equalize and make the curve of advancement more uniform from the bottom up to $100,000.

Mr. EDGE. Mr. President, will the Senator permit me to ask a question to clarify that matter?

Mr. NORRIS. I yield to the Senator.

Mr. EDGE. Will the net result from the income, as figured out by the Senator, be greater or less than that provided by the committee?

Mr. NORRIS. It will be less, I take it.

Mr. KING. The net income, does the Senator say?

Mr. EDGE. Yes; will it be greater or less?

Mr. KING. Not taking into account the sequel to my present amendment, which would increase the surtaxes above $100,000, it would decrease the taxes approximately $20,000,000.

Mr. EDGE. That is what I thought.

Mr. KING. And that reduction would benefit those whose incomes are largely between $20,000 and $24,000 and $25,000.

Mr. EDGE. But the net result of the operation of the Senator's amendment would be a loss of approximately $20,000,000 from the imposition of surtaxes?

Mr. KING. Yes; and I also argued, if the Senator will pardon me, that in my opinion the Treasury would not be at all embarrassed by that reduction.

Mr. NORRIS. The offering of what the Senator has called the sequel, the other amendment, when this is disposed of, providing for an increased tax on incomes above $100,000, will not depend upon the adoption of the Senator's amendment here?

Mr. KING. No.

Mr. NORRIS. I thought the Senator's amendment went up as high as 25 per cent. I think it ought to go that high before it reaches $100,000.

I want to say, Mr. President, that before this debate is ended the Senate will have an opportunity to vote upon an amendment or amendments that will tax incomes at a progressive rate above $100,000, and thus correct what I believe to be one of the great evils of this bill.

Now, I want to say just a few words on the general proposition of accumulating a surplus.

Everybody, of course, wants his taxes reduced. I should be glad, Mr. President, if we could reduce everybody's taxes to a minimum and eliminate them entirely if it were possible. It is not an agreeable task to be charged with the responsibility of levying a tax upon your fellow men.

It is always burdensome, and I confess that I do not enjoy it. I hate to feel that it is my duty to vote for a high tax upon anybody or upon anything, because it is always hard and mean. Except in the case of those taxes that come from very large incomes or very large estates, it is always a burden. It is disagreeable. Everybody would like to relieve his fellow men from it if he could. But, Mr. President, we have the debt to pay. We have gone through the war and piled up an enormous debt. Somebody must pay it. The longer we postpone it, the more interest we will have to pay on it.

I am not afraid of a surplus. I do not think we ought to be frightened with the phantom idea that we may have a surplus of a few million dollars at the end of a fiscal year. The ordinary business man in business life who has a large debt to pay and who works year after year to pay it is delighted if he has been able by his toil and his labor to make a little more than he calculated he would make, in order to lessen the debt that some time he must pay. We can not escape this debt. Our people can not escape this burden. It is going to fall upon the shoulders of those who live to-day, as well as upon the shoulders of coming generations. It will be many, many years before it is paid off; and I think it is a mistake to run any risk of shaving too closely. Let the doubt always be in favor of getting too much money by taxation, as long as we have this debt to pay.

If we did not have the debt, it would be an entirely different proposition. Remember also, Senators, that if we pay this debt now, especially if we levy a high percentage rate upon large incomes, we shall be getting a large proportion of it from those who made their money out of the war itself. Unless we do that now or soon, those who made money in that way will escape forever. I am not finding fault with anybody who made his money under the law. I am not complaining of it in any sense; but, as a matter of common, ordinary justice and business, the men who made the most money on account of the difficulties that brought on the debt can not complain if we levy more heavily upon them to help pay the debt.

Remember also, Senators, that the amount of money that we apply on our debt now is paid by a 67-cent dollar, or something in that neighborhood. Ten or fifteen or twenty years from now it is going to be harder to pay this debt than it is now. If we get back to what we call normalcy again—and everybody expects that we will some time—it is going to take more toil, it is going to take more labor, it is going to take more sacrifice to raise a dollar than it does now, because the dollar will be more valuable.

Our debt in denomination remains the same, but the money we can accumulate now to pay it is easier to get than it will be when our dollar has 100 cents in it. So it seems to me, again getting back to a common, ordinary business basis, that it is good business for us to pay as much as we possibly can while we can pay it more easily.

In addition to that, the more we pay each year the less interest we will have to pay, and it is just as hard for our people to raise the money to pay the interest as it is to raise money to pay on the principal. Every year that we postpone it, every time we defer the payment of part of our debt, we are only increasing the interest burden.

I know it is a disputed question as to how much we should pay now, how much we should set aside each year. Men will disagree on that, and we have to decide on it. I am not finding fault with that. But I am, in a very friendly spirit, finding fault with those who, with the very best of motives, are trying to see how close they can hew to the line in order not to have a surplus.

It may be if we hew too closely to the line that we shall get a deficit. No man can positively tell what will be in store for us a year from now, but it seems to me we should act as good business men would act, we should take no chance of hewing too close to the line. There is danger on the other side. There is no danger if we have a surplus, because we can take that surplus and buy bonds, cancel them, and thus eliminate not only so much of the debt but avoid the payment of interest not only for ourselves but for our children. So I will not be worried if we get too much money. I would be glad if we could. I would be glad if the expectations of those who have been making estimates were erroneous, and we would get more money than any of them have admitted we are going to get. It would be a good thing for us and would be a good thing for those to follow, and it seems to me it would be good business.

Mr. COUZENS. Mr. President, yesterday, as appears on page 3098 of the RECORD, speaking to the Senator from Utah [Mr. KING], I made this comment:

> I want to ask the Senator if he remembers the testimony that was presented to the committee in the case of the Saturday Evening Post and the Philadelphia Public Ledger?

The Senator replied that he did not recall it. Then I said:

> In that case the Saturday Evening Post—a great, successful publication, subsidized by the Federal Government in postage alone to the amount of millions and millions of dollars, and exceedingly profitable—was allowed to consolidate with the Philadelphia Public Ledger, so that the Public Ledger—which, I understand, is run at a material loss—was allowed to offset the great gains of the Saturday Evening Post. It seems to me that there is no justice in that sort of a consolidation.

I have read the testimony before the committee. I find that I made an error, and I desire to correct it in the RECORD, because it was not a consolidation, in fact. The effect was the

same as though it had been a consolidation of returns; but what actually happened was that Mr. Curtis transferred a lot of his stock in the Saturday Evening Post to the Public Ledger and offset the deficit in the Public Ledger, and reduced his personal taxes by receiving less dividends on the stock than he would have received if he had not made the transfer.

I thought it proper to make that correction. I thought it was a consolidated case, but I find I was mistaken, in reading over the testimony, which had been taken some months previous. Although the effect was the same, it was not exactly a consolidation.

Mr. SMOOT. Let me ask the Senator this question: In transferring that stock in the Saturday Evening Post——

Mr. COUZENS. From himself.

Mr. SMOOT. His stock?

Mr. COUZENS. Yes.

Mr. SMOOT. After he transferred the stock which he owned in the Saturday Evening Post to his name as a stockholder in the Public Ledger did the Public Ledger itself, as a corporation, receive the dividends on the stock so transferred which would have gone to Mr. Curtis if he had held the stock in the Saturday Evening Post?

Mr. COUZENS. Yes.

Mr. SMOOT. That is the transaction?

Mr. COUZENS. It is.

Now I want to make just a brief statement. In the question just raised by the Senator from Nebraska something was said about the small number of taxpayers above the $100,000 bracket. To get it clear before the Senators who still remain in the Chamber, I wish to point out that this group is not so small as many think. As I pointed out yesterday, our committee got a record of most of the cases. We did not get them all, but we got the names of 4,063 individuals who reported incomes of $100,000 and over for 1916, and we carried them through each year up to and including 1924. Of that 4,063, there were 121 who had incomes of over $1,000,000. There were 257 who had incomes between $500,000 and $1,000,000. There were 155 individuals who had incomes between $400,000 and $500,000.

Mr. SMOOT. To what year is the Senator referring?

Mr. COUZENS. Over the period from 1916 to 1924.

Mr. KING. Mr. President, will the Senator pardon an interruption?

Mr. COUZENS. Yes.

Mr. KING. My recollection is that the report shows the data for 1923; that is, it was for the business of 1923.

Mr. COUZENS. I am covering all years from 1916 to 1924, inclusive, the same taxpayers.

Mr. KING. As I understand the Senator, he is following the same individuals?

Mr. COUZENS. Yes.

Mr. KING. And there was this number who had incomes over a certain figure in all those years?

Mr. COUZENS. Yes. There are no available statistics in the Bureau of Internal Revenue to aid us in determining that fact.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. COUZENS. Let me finish this schedule. There were 315 individuals who had incomes between $300,000 and $400,000. There were 703 individuals who had incomes between $200,000 and $300,000. There were 2,512 individuals who had incomes from $100,000 to $200,000.

Mr. NORRIS. Mr. President, I wanted to ask the Senator a question in reference to those particular figures, so that I may get the right understanding of it. The Senator does not contend that in any of those years, at least after the first years, there were not others with incomes above $100,000 whose names he did not get?

Mr. COUZENS. Oh, no.

Mr. NORRIS. That is not a complete list, then?

Mr. SMOOT. That is the greater part of the list.

Mr. NORRIS. That may be the greater part, but, as a matter of fact, the Senator took those with incomes above $100,000 in the first year and followed those men through all the years. In the meantime, the very next year and the following years, others might come in whom the Senator did not consider.

Mr. COUZENS. That is true. These individuals to whom I have referred, who paid income taxes in excess of $100,000 in 1916, over 4,063 of them, had incomes in excess of that amount for the years 1916 to 1924, inclusive. In 1917, 1918, and 1919 there may have been a great many men who got into the same brackets.

Mr. NORRIS. Exactly. I thought I understood it. I only wanted to have it made clear that there is no telling how many more came in after the first year.

Mr. COUZENS. There may have been more; I do not know. They changed, perhaps. But these 4,063 did not change.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH. I want to inquire of the Senator if those accretions from year to year could not be ascertained? Could the Senator tell us, for instance, about what the aggregate number was, we will say, during the year 1924, two years ago, with incomes above $1,000,000, and then with incomes above $500,000?

Mr. COUZENS. No; because we only followed through the same individuals whose returns we secured for 1916.

Mr. WALSH. My understanding is that the Treasury has been giving out statistics along that line.

Mr. SMOOT. Such statistics are given out.

Mr. WALSH. Perhaps the Senator from Utah can furnish the information?

Mr. SMOOT. For what year?

Mr. WALSH. What is the last year for which the Senator has information?

Mr. SMOOT. 1924.

Mr. WALSH. Let us have the number whose incomes were in excess of $1,000,000 in 1924.

Mr. SMOOT. It begins with 1918 and takes it up to the year 1924. In 1918 there were 67. In 1919 there were 65. In 1920 there were 33. In 1921 there were 21. In 1922 there were 67. In 1923 there were 74. In 1924 there were 74.

Mr. NORRIS. That is, with incomes of over a million?

Mr. SMOOT. Yes.

Mr. NORRIS. Do they go any higher than a million?

Mr. SMOOT. Yes.

Mr. NORRIS. Let us have the higher incomes.

Mr. SMOOT. That refers to those with incomes of a million and over.

Mr. NORRIS. I understand, but do they give any figures showing those with incomes of $2,000,000?

Mr. SMOOT. No.

Mr. NORRIS. They do not analyze it any further?

Mr. SMOOT. No; no further than $1,000,000.

Mr. NORRIS. How many were there in 1924?

Mr. SMOOT. Seventy-four.

Mr. WALSH. How many in 1918?

Mr. SMOOT. In 1918 there were 67; in 1919 there were 65; in 1920 there were 33; in 1921 there were 21; in 1922 there were 67; in 1923 there were 74; and in 1924 there were 74.

Mr. WALSH. The number declined from the war period to the period of depression, in 1921 and 1922, and then, as the business of the country has improved, apparently it now is on the ascending scale.

Mr. SMOOT. Yes; but for 1916, for instance—that is, when the income tax law went into effect—there were 206.

Mr. WALSH. With incomes above a million?

Mr. SMOOT. Above a million.

Mr. WALSH. Of course, that was the war period.

Mr. SMOOT. Just before we went into the war.

Mr. WALSH. But the European war period.

Mr. SMOOT. Yes; the Epuropean war was on.

Mr. COUZENS. The point I had in mind was that there seemed to be an impression in the mind of the Senator from Nebraska, and perhaps in the minds of others, that the number was very limited of those with incomes in excess of $100,000, and I desired, by pointing out these figures, to show that the number is not as limited as some seem to think. For example, the number of those with incomes in excess of $1,000,000 is very limited, but of those with incomes between $100,000 and $1,000,000 there is a very large number.

I want to point out the inequities of these reductions we are proposing in the present bill, and some inequities that occurred to me in regard to the provisions in the 1924 tax law. For example, in the act of 1918 the average percentage paid by those with incomes of $100,000 was 35 per cent. The next jump was to $150,000, and the percentage went to 44 per cent. The next jump was to $200,000, and the percentage went to 50 per cent. The next jump was to $250,000, and the percentage went to 54 per cent. I am not using the decimals. The next was to $500,000, and the percentage was 64 per cent. Then it went to $1,000,000, and the percentage was 70.30 per cent. In other words, between $100,000 and $1,000,000 all of those who had intermediate incomes had a jump from 35 per cent to 70 per cent; in other words, a 100 per cent increase. That was in 1918. Just compare that with the bill now before us. In this bill those with incomes of $100,000 will pay 16 and

a fraction per cent. That will be the percentage of their income they will pay if they have an income of $100,000.

Mr. McLEAN. Mr. President, may I interrupt the Senator?

Mr. COUZENS. Certainly.

Mr. McLEAN. Referring to the number of incomes above $100,000 in 1924, did I understand the Senator to say that the number was very large?

Mr. COUZENS. I did not go into the 1924 incomes. I would prefer, if I may, to complete my statement. I do not want to get mixed up in the continuity of my statement.

Mr. SHIPSTEAD. To what year is the Senator referring?

Mr. COUZENS. I have just referred to the taxes under the 1918 act. I point out that under the proposed bill people with incomes of $100,000 pay about 16⅓ per cent of their income in taxes. Going from $100,000 to $1,000,000 incomes, where there is a large number of taxpayers, the increase is only up to 24.176 per cent, or, in other words, it is only a 25 per cent increase under the proposed bill against 100 per cent increase in the 1918 act.

Mr. WADSWORTH. Did I understand the Senator to say that the maximum on incomes of $1,000,000 under the proposed bill would be 24 per cent?

Mr. COUZENS. Yes.

Mr. WADSWORTH. That would be an increase of 50 per cent from 16 per cent. The Senator said an increase of 25 per cent.

Mr. COUZENS. Yes; that is correct. The figures carried through to $150,000 are 19 per cent; 20 per cent on $200,000; 21¾ per cent on $250,000; 23⅓ per cent on $500,000; and 24.176 per cent on $1,000,000. It increases, as the Senator from New York said, not quite 50 per cent.

What I am trying to point out are the inequities in the reduction, because there are no brackets above $100,000, and I think it is a rank injustice to have no brackets above $100,000. For example, in 1924 those who had an increase of $100,000 paid an average of 22.62 per cent of their income. When the income reached $1,000,000 they paid 42.96 per cent of their whole income, an increase of nearly 100 per cent, which again demonstrates that the reduction is much greater in the pending bill, because of the absence of those brackets, than it was in the 1924 act.

In the 1921 act, for example, those who had an income of $100,000 paid 30 per cent and those who had $1,000,000 income paid 55 per cent, an increase of not quite 100 per cent in that case. Again I point out that in other acts brackets have been provided in excess of $100,000, which I think was perfectly justified, but in the present bill everything above $100,000 is grouped under the same rate. In other words, everyone who has a single dollar of income in excess of $100,000, no matter how much it is, pays identically the same rate of surtax. I do not see the justice of having the same surtax rate for the man with $10,000 above a $100,000 income as for the man with $9,900,000 above the $100,000 income.

Mr. NORRIS. Mr. President, I want to put some figures in the RECORD in that connection which I have obtained from one of the experts connected with the committee.

The number of persons in 1916 who had incomes exceeding $100,000 was 6,633. The number of persons having incomes of $100,000 or more in 1917 was 6,664. In 1918 the number was 4,499. In 1919 the number was 5,526. In 1920 it dropped to 3,649. In 1921 it dropped still lower to 2,352. In 1922 it went up to 3,031. In 1923 it went up again to 4,182. In 1924, the last year for which the records are available, the number of personal returns showing incomes of $100,000 or more was 5,694.

Mr. SHIPSTEAD. Mr. President, I want to say a word in regard to the pending amendment. In a pamphlet issued by the Secretary of the Treasury, Internal Revenue Bureau, called "Statistics of Income from Returns of Net Income for 1923," on page 9, we find a table showing the sources of incomes. We find a very remarkable showing in relation to all incomes up to $100,000. The statistics show that the source of incomes was mainly from wages and salaries and business concerns. When we get above the $100,000 income we find an immediate lowering of the percentage of earned incomes and an increase in the unearned income or increment income. For instance, in the $100,000 income we find that 10 per cent of the income comes from capital net gain from the sale of assets held for more than two years. When we come to the $300,000 to $500,000 income, the unearned percentage or percentage of unearned increment rises to 21 per cent.

On incomes of $1,000,000 or over the unearned increment or income received through capital net gain from sale of assets held for more than two years rose to 40 per cent. It seems to me that is the part of a man's income that ought to be taxed the most heavily. Here is a tremendous source of income that is not earned. It is not due to the labor of the individual who receives it. He does not receive it through wages. He does not receive it through a going business concern. He receives this tremendous income as a net gain and as capital resulting from the sale of assets held for more than two years, whatever they may be. The chances are it is a speculative matter. If any income should be taxed heavily, that kind of income should certainly be taxed more heavily than incomes of $100,000 or less.

The war debt is still to be paid. We said a great deal during the war about the large incomes having to pay their share. Ever since the war we have been cutting down the taxes on the large incomes. It seems to me we are not keeping the faith with the country in this kind of a tax bill.

I would like to know if the Senator from Utah still intends to continue in session until 6 o'clock. I want to make a few observations on the bill if he intends to do so.

Mr. SMOOT. Yes; I would like to do so.

Mr. SHIPSTEAD. Very well. Since the Senator from Virginia [Mr. SWANSON] gave us an illustration of floor leadership in the Senate on questions of foreign policy, and since the Senator from Utah [Mr. SMOOT] holds the whip handle on domestic questions, we have been keeping such long hours that it is difficult to get the time to go home or to our offices and study some of these important questions. We are called from the floor in the midst of arguments and debates, and it is hard to keep track of the measures as they come before the Senate.

Let us see whose taxes will be reduced by this bill and who will benefit.

I find that on June 2, 1924, when the President signed the 1924 revenue act, he said:

> The remedy is such a reduction in the peak of the surtaxes as will attract capital to new enterprises and prevent a continual diminution of taxable incomes in the higher brackets. In this way alone can the high living costs, the indirect tax paid by all the people, be reduced and the productivity of a graduated income tax maintained.

I desire at this time to look into the reasons that have been given by the Treasury and by the proponents of the bill and others for reducing the taxes upon the large incomes of the country. This is a bill reducing the taxes of the rich. The reasons given are that such action would reduce the cost of living and would release new capital to develop industry, and that more money would go into industry. The inference has been that there is a scarcity of capital for industry, and that if we further reduce the taxes more industries will be started and more people will be employed and prosperity will increase.

I find that the Federated American Engineering Society estimated in 1921 that the industries of the country were entirely overdeveloped as the result of the pressure brought on by the war, showing by their statistics and their figures that at the present time there is more money invested in industry than the consumption of the country can take care of. There has been no call for money from any industry that has not been met. We are not only financing the industries in this country, we have not only financed them to a higher capacity than the people of America are able to consume, but we are also financing the industries of Europe, and every flotation of bonds that has been presented to the public has been taken up almost upon the day of offering.

But I desire to quote some figures presented by the Federated American Engineering Society in 1921 showing the excess capacity of some of the industries for production over the capacity of the country to absorb. For instance, men's clothing factories had a capacity for production 30 per cent larger than our capacity for consumption.

The printing trade had a 50 per cent overproduction or had a capacity for producing 50 per cent more than the American people could consume. Boot and shoe factories had a 40 per cent capacity for overproduction; the metal trades, 40 per cent; and the United States Department of Commerce estimated the excess number of woolen spindles at 28 per cent. There was an excess capacity of shipbuilding plants of 60 per cent; of carpet and rug factories, 40 per cent in excess of the capacity of the country to absorb. The production capacity of copper and brass foundaries was estimated at 35 per cent in excess of the capacity of the country to absorb; blast furnaces, 40 per cent; lumber mills, 67 per cent; brick yards, 20 per cent; cement plants, 25 per cent. One can go on almost indefinitely and show the excess of money overinvested in productive enterprises.

> Since 1870, the product per unit of man labor appears to have doubled. The course of events since the beginning of the World War has appeared to intensify the tendency to economize labor rather than land.

So we find there is also an excess of capital invested in land, because, according to the report of the engineering society,

30 per cent more of agricultural commodities could be produced if necessary on land that is at present under cultivation.

As to the other argument that it will reduce the cost of living, I want to read the statement again, for I want to be sure that I get it correct—

> The remedy is such a reduction in the peak of the surtaxes as will attract capital to new enterprises and prevent a continual diminution of the taxable incomes in the higher brackets. In this way alone can the high living costs, the indirect tax paid by all the people, be reduced and the productivity of a graduated income tax maintained.

Let us look into this and learn if it is true.

In 1921 there was a great cry in this country against the high cost of living. Congress was asked to reduce the high cost of living by reducing the high taxes, and Congress responded. Congress abolished the excess-profits tax on the corporations; it reduced the income tax. There was a reduction in the amount of income and profits taxes collected as reported by the Treasury Department, as follows: For 1922 there was a reduction from the preceding year. In 1921, the year before, there was collected $3,228,137,000. In the following year, in 1922, there was a collection of $2,086,918,000. In 1922, therefore, there was a reduction in this kind of taxes collected of over $1,000,000,000. In 1923 the income and profits tax collections were only $1,691,089,000, making, therefore, a two-year reduction of over $2,500,000,000 in this kind of taxes collected. That was a tremendous reduction in taxes upon the large incomes and the profits of the country. How much did the cost of living and the cost of commodities produced by the basic industries of the country go down in price as a result of that tax reduction? As a matter of fact they were not reduced at all. Instead of coming down the cost of living went up.

The price of coal, oil, lumber, iron, and steel, the raw materials out of which the necessities of life are made, was actually boosted after the profits-tax repeal and after the huge cut made in the income-tax volume.

I want to quote a few figures from the Government's own statement to show how the prices of these necessities of life actually rose from 25 to 30 per cent after there had been a 40 per cent reduction in taxes.

The figures of the Department of Commerce, for instance, show the increase in the price of pig iron, on which iron and steel prices are based. Prices are reported by this Government department in relative numbers, and the price in 1913 is taken as the basic comparative price and called "100." Computing in this way, in 1921 the monthly average price for the United States was 198, as compared to the 1913 base price of 100. In 1922 it rose to 164 and in 1923 to 175. The comparative price increases are given by the Department of Commerce on steel billets, structural steel beams, and the general steel and iron industry. There are fluctuations and variations on steel manganates, which may govern to suit trade ends, but the general price scale rises upward with the pig-iron index above recorded. And what do we find? When income and profits taxes were reduced by $1,000,000,000 in 1922 the pig-iron index rose 16 points, and when taxes dropped $1,500,000,000 further in 1923 up rose the price index 11 points higher.

Thus in two years of income-tax reduction and profits-tax repeal, when the volume of taxation was cut by $2,500,000,000, or over 40 per cent, the iron and steel price index rose 27 points over the entire country.

Take likewise the case of coal. There are very few articles used by the American people but what the price of coal has something to do with the price of those articles which are bought by the people. How much did the Coal Trust cut prices after the tax reductions in 1921 and 1922? Coal was immediately boosted in price and has been going higher ever since. Here are the figures from the Department of Commerce of relative prices on bituminous coal, anthracite, and coke. In 1921 anthracite coal in New York retailed at 190, as compared with 100 in 1913, taking the 1913 price as the base price for comparison. In 1922 the monthly average of anthracite was 200, and in 1923 it rose to 205.

How much did soft coal go up in price to the American people after the income taxes were reduced and excess profits were abolished? In 1921 soft coal in Chicago averaged in price 178 as compared to 100 in 1913. In 1922 it went up to 198 and in 1923 it went back to 192.

Coke at Connellsville in 1921 stood at 148, as compared to 100 in 1913. In 1922 it went up to 290 and in 1923 it stood at 224.

Lumber prices traveled upward on the following scale, as is shown by the relative figures. For flooring—156 in 1921, 197 in 1922, and 207 in 1923. No. 1 common fir went upward at the rate of 129 for 1921, 166 for 1922, and 211 for 1923.

Practically all building materials soared upward in harmony, common red brick rising from $15.25 in 1921 to $17.36 in 1922 and then to $19.81 in 1923—a boost of 30 per cent in price along with a 40 per cent cut in taxes.

The reason why prices of industrial products do not come down as promised is because in the large basic industries of the country there is a monopoly control of prices, and when we reduce their taxes they do not pass the reduction on to the public. As a matter of fact, the Government's own figures show that by reducing the taxes upon the large incomes of the country and abolishing the excess-profit tax the corporations instead of the American people secured the benefit. They raised the price of the basic products of the country about 30 per cent after a 40 per cent reduction in taxes. This tax reduction bill reduces the taxes on incomes and profits, but the farmers' high taxes and high cost of living is not reduced. The benefit of this bill will go to the rich.

Mr. KING. Mr. President, in view of the statement made by the senior Senator from North Carolina [Mr. SIMMONS] I shall submit a very few observations. I regret that I should feel constrained to differ with the position taken by the minority leader upon the Finance Committee, and also to differ so radically with the members of the committee as indicated by the statement made by the senior Senator from North Carolina. His long experience in this body and his service to his party and the country upon the Finance Committee during many years' time qualify him to speak with authority, and I should be glad to associate myself with him in his position with respect to this bill if I could bring my judgment so to do.

I am not satisfied, Mr. President, with this bill and with many of its features. I am not satisfied with the provisions in regard to the income tax, and I feel quite sure that I betray no confidence when I say that the Senator from North Carolina is not entirely satisfied with some of the provisions of this bill.

Mr. SIMMONS. Mr. President, I take it that goes without saying. I am not, and I regret the fact.

Mr. KING. And I think I betray no confidence when I say that the Senator from North Carolina would have favored and would have been glad to have supported a proposition which carried higher surtaxes on incomes above $100,000.

Mr. SIMMONS. I stated to the Senate a little while ago that when I presented the minority proposal the statement was made at that time that if the reductions which we proposed were made so as to take care of the man covered by the intermediate brackets, the neglected taxpayer, I would, and the minority would, stand for the 20 per cent reduction, but if that defect was not corrected I, myself, personally would not stand for it.

Mr. KING. Mr. President, perhaps I should not expect my colleagues upon this side of the Chamber to support my position upon the pending amendment when it is opposed by the Senator from North Carolina. He has stated with more or less emphasis that he hopes the Democrats will vote down the amendment which I have offered.

Mr. SIMMONS. Mr. President——

Mr. KING. I yield.

Mr. SIMMONS. I did not make any appeal to the Democrats. I said I hoped the Senate would accept the compromise measure with reference to surtaxes.

Mr. KING. I qualify, then, Mr. President, my statement; but, be that as it may, the influence and prestige of the Senator from North Carolina will undoubtedly lead the minority to accept the advice which he has given; and no such advice is needed upon the other side of the Chamber, because, of course, the Members of the majority party will follow that course.

Mr. DILL. Mr. President——

Mr. KING. I yield.

Mr. DILL. Can the Senator tell me why the increase in the surtax was stopped at incomes of $100,000? What was the moving cause to stop it at incomes of $100,000 rather than at a million dollars?

Mr. SIMMONS. The House bill did that.

Mr. DILL. But the Senate committee amended the House bill in other respects.

Mr. KING. I am not certain, Mr. President, why $100,000 is a sacred number or is a line beyond which we can not go. Probably that is the ne plus ultra with respect to the rise in the brackets and beyond that we must accept the limit which is fixed for incomes of $100,000 and less.

There is nothing, of course, in logic or in the principles of taxation as we derive them from a study of economics that justifies the fixation of that line as the basis. As a matter of fact, as was indicated by the Senator from Montana a few moments ago, the Democratic Party is committed, not to a proportional income tax, but to a progressive, graduated income tax. John Stuart Mill, as late as 1864, insisted that a

graduated progressive income tax was so arbitrary as not to be defensible. He and others supported what they denominated a proportional income tax, and they felt that the ratio of taxes which should be paid should be the same upon large incomes as upon small ones. We have departed from that, however, as we have departed, as civilization and democracy have grown, from those archaic views that belonged to autocracy; and we have said that incomes should be graduated, and the higher the income, the greater should be the tax paid. It is merely putting into practice the true spirit and reason and philosophy underlying a just and democratic tax system.

Mr. DILL and Mr. SMITH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Washington. Then I will yield to the Senator from South Carolina.

Mr. DILL. Mr. President, if an increase in the surtaxes is justified, and I think it is, as we pass from $10,000 to $100,000—justified in the need of the Government to pay the war debt and the other expenditures necessary because of the war—then certainly it is justified that we should continue to increase these rates above $100,000 and raise additional money above the $100,000 as a result of this increase of rates, rather than taking it out of the pockets of business by the tax on business that this bill retains in it.

Mr. KING. I think the statement of the Senator is a logical one, if we are to accept the theory of progressive, graduated income tax.

Mr. DILL. We do accept it up to $100,000.

Mr. KING. I accept it beyond the $100,000 sacred line.

Mr. DILL. I do, too.

Mr. SMITH. Mr. President——

Mr. KING. I yield to the Senator from South Carolina.

Mr. SMITH. I rose to ask the Senator if he had made any calculation, upon the basis of what he said this afternoon we would have as a supplemental amendment, starting at $100,000 and going on up to perhaps $1,000,000, as to what amount such an additional tax would raise and what effect that would have if properly applied retroactively in reducing the brackets of those that have smaller incomes?

To put it concretely, my point is, if from $100,000 on to a million dollars, inclusive, we were to raise the surtaxes, say, 5 or 10 per cent, and graduate them to a million dollars, the number of those who pay that tax and the volume coming in from it would supplement the total amount of the tax in such a way as to reduce the taxes that are now laid on the lower brackets.

Mr. KING. A computation made as to the increase in revenue which would be derived from the moderate rates which I have suggested in the amendment which has not yet been read, increasing the surtaxes from 20 per cent to 25 per cent on all amounts over $100,000 and up to $500,000, and with the latter rate as to all incomes above $500,000, shows that approximately $15,000,000 additional revenue would be obtained. Of course, if the brackets were more numerous and the rates higher between $100,000 and $500,000, the amount would be increased. And if the graduation were continued to $1,000,000, the revenue would be from $25,000,000 to $40,000,000; and if were continued further, of course, the revenue would be still greater.

Mr. SMITH. And just in proportion as you increase the rate from $100,000 on up to $1,000,000 or above——

Mr. KING. To that extent you could lower the rate below $100,000.

Mr. SMITH. Between $100,000 and the first of those that pay the surtax, the whole line of brackets of the lower surtaxes could be reduced, from $100,000 backward.

Mr. KING. Undoubtedly. I did not, however, offer an amendment which conformed entirely to my views. It is necessary to be practical in dealing with these practical questions. I hoped that by fixing these moderate rates, running the brackets from 20 to 25 per cent, and stopping at $500,000, I could command considerable support, whereas if I increased the surtaxes, and extended the limits beyond $500,000, I was afraid I might lose some support which I hoped to obtain by the more moderate rates suggested.

Mr. SMITH. Mr. President, without having studied the matter as thoroughly as I hope I may do before this bill shall pass, I desire to state that I think those who have $100,000 incomes and above are better able to pay 25 per cent and graduating on up to 30 per cent than those below that income can pay from 8 to 9 and 10 per cent.

Mr. SMOOT. If you can collect it.

Mr. SMITH. It will be up to us whether we can collect it or not.

Mr. SMOOT. No; it will not; it will be up to the taxpayer.

Mr. KING. We must take into consideration the fact that we are far removed from the war period, and taxes which were justified then are not justified now. There should be a reduction, and, of course, that reduction should apply to incomes over $100,000 as well as to those below $100,000.

Mr. SMITH. To be sure.

Mr. KING. But I believe that a dispassionate examination of the rates which have been introduced into this bill, carried progressively forward, shows that they are not scientific and will not meet the demands of the progressive, graduated income tax as it should be applied.

Mr. SMITH. How high did we go in the last tax bill?

Mr. KING. The maximum was 40 per cent, and I think there should be a reduction below 40 per cent; that is too high under present conditions.

Mr. SMITH. Under the last tax bill, as I understand, we went as high as 40 per cent, up to $500,000; did we not?

Mr. KING. I do not recall as to that. I think the figure was $1,000,000.

Mr. SMITH. The Senator from Tennessee [Mr. TYSON] says the rate was 40 per cent up to $500,000.

Mr. KING. Yes; and in excess of $500,000.

Mr. SMITH. Now, of course, none of us could contend that in the reduction there should not be a reduction even in those high brackets; but let the graduation be scientific, as the Senator has said, or at least equitable, so that we will not abandon that field entirely, but let the rates be graduated in the same per cent of reduction as in the case of incomes below $100,000.

Mr. SIMMONS. Mr. President——

Mr. KING. I yield.

Mr. SIMMONS. A man who has an income of $100,000 pays a maximum surtax of 20 per cent under this bill; but that tax is upon the last bracket, and only upon the last bracket. On the first $10,000 of his income of $100,000 he pays no surtax at all; on the next $4,000 he pays only 1 per cent; on the next $4,000, 2 per cent; and so on. He gets the benefit of all of those lower brackets; so that instead of having to pay a maximum surtax of 20 per cent on the $100,000 he pays a surtax of very much below 20 per cent, because part of his income is subject to the small brackets, and he pays accordingly.

Mr. SMITH. Does not that apply to the man who has an income of $200,000 also?

Mr. SIMMONS. That applies to the man who has an income of $200,000, upon his first $100,000; but upon his second $100,000 he has to pay a flat rate of 20 per cent, without getting any benefit of these lower brackets.

Mr. SMITH. So that the real exemption from any further reduction is at $200,000 rather than $100,000?

Mr. SIMMONS. No; the real exemption from further reduction is at the $100,000 mark. He has his benefits from the reductions on the lower brackets on $100,000. If he has another $100,000, he has to pay the flat tax on it.

Mr. SMITH. And from that on up to $500,000, or even $1,000,000, he pays the flat 20 per cent?

Mr. SIMMONS. Yes.

Mr. SMITH. That is really a matter that is negligible. The point I was making was that it seemed to me that from $100,000 to $500,000 there should have been a proportionate graduation, and a greater amount paid by those that had a greater income.

Mr. WALSH. Mr. President——

Mr. KING. I yield.

Mr. WALSH. I should like to inquire of either of the Senators from Utah or of the Senator from North Carolina if a table has been prepared showing by brackets the percentage of reduction inuring to the taxpayers, from those paying, say, on incomes of $1,000,000 down to those paying on incomes of $10,000?

Mr. SMOOT. If the Senator will get a copy of the report of the Finance Committee submitted January 16—calendar day of January 22—he will find those tables included in the report that I submitted upon that day.

Mr. WALSH. Will the Senator refer to that, and tell us what per cent of reduction the man with an income of $1,000,000 has?

Mr. SIMMONS. I can give that information to the Senator. A man with an income of $1,000,000 under this bill would pay a tax of $241,000.

Mr. WALSH. As against what under the act of 1924?

Mr. SIMMONS. Under the act of 1924 he would pay a tax of $429,000.

Mr. WALSH. So it is about 50 per cent reduction?

Mr. SMOOT. It is from 40 per cent down to 20 per cent, which is 50 per cent reduction, on incomes of $500,000 and over, under the existing law.

Mr. WALSH. Now, let us take a man with an income of $30,000. What is the percentage of his reduction?

Mr. SIMMONS. A man with an income of $30,000 under the committee bill would pay a tax of $1,778, as against $2,275 under the act of 1924.

Mr. WALSH. That is a reduction of $500?

Mr. SIMMONS. It would be about $500.

Mr. WALSH. He gets a reduction of about 22 per cent, while a man with an income of $1,000,000 gets a reduction of 50 per cent.

Mr. SMOOT. Mr. President, I suppose time will permit, and I might just as well put in the RECORD at this time the percentage under each of the brackets.

Mr. WALSH. It would be very helpful to us.

Mr. SMOOT. In fact, I will state what they are.

On a net income of $5,000—I will take up each step of $5,000—the reduction under the bill as reported would be 90.1 per cent. On $10,000 it would be 87.8 per cent. On $15,000 it would be 81.4 per cent. On $20,000 it would be 76.5 per cent. On $25,000 it would be 68.9 per cent. On $30,000 it would be 63.9 per cent. On $35,000 it would be 59.8 per cent. On $40,000 it would be 58.6 per cent.

Mr. WALSH. One moment. There is some confusion here. There is a reduction of 60 per cent, the Senator says, on an income of $30,000?

Mr. SMOOT. This is the amount of the actual payment, the percentages as worked out by the department.

Mr. WALSH. That is not the table that was requested at all.

Mr. SMOOT. The Senator asked for the percentage of reduction, did he not?

Mr. WALSH. The percentage of reduction. The Senator tells us there is a reduction of $500 in the case of a man with an income of $30,000, having paid $2,200 under the present law. Where does the Senator get any 60 per cent reduction?

Mr. SMOOT. These are the reductions from the 1918 taxes.

Mr. WALSH. That is a different matter.

Mr. SMOOT. We will take 1921 or 1924. Which did the Senator want?

Mr. WALSH. We want to find out what benefit a man gets from this proposed law over what he pays under the law as it is.

Mr. SMOOT. Over the 1924 act?

Mr. McLEAN. I think I have the information here, if the Senator will pardon me. On incomes not in excess of $5,000 the reduction will be 54.52 per cent. On incomes from $10,000 to $20,000 the percentage of reduction will be 36.68 per cent. On incomes between $50,000 and $100,000 the reduction will be 17.81 per cent. On incomes from $100,000 to $250,000 the reduction will be 33.24 per cent. On incomes from $250,000 to $300,000 the reduction will be 33.11 per cent. On incomes from $500,000 to $1,000,000 the reduction will be 33.08 per cent. On incomes in excess of $1,000,000 the reduction will be 38.85 per cent.

Mr. WALSH. Then, generally, it might be said that the higher the income the greater the reduction.

Mr. McLEAN. With the exception of the very low brackets.

Mr. WALSH. With the exception of the very low brackets, the higher the income the greater the percentage of reduction.

Mr. SMOOT. And that comes about not because of this bill but because of the discrepancies that occurred in the law of 1918 and the law of 1921. These figures are based on the law of 1924. If we go back to the law of 1918, we find an altogether different proposition. There were changes and decreases in the brackets named in the act of 1921, making a greater discrepancy at that time in these very brackets, which fall lower now.

Mr. WALSH. I was simply trying to find out what benefit the various classes of people will get by the enactment of the pending bill as against the provisions of the present law.

Mr. SMOOT. Those percentages are greater.

Mr. DILL. If we had adopted the Mellon plan last year, which we did not, then we would not have the situation now existing, I take it from the Senator's statement.

Mr. SMOOT. I could not say offhand.

Mr. DILL. That is the difficulty; we did not adopt the Mellon plan last year, and so we are going to drag in what would have been the condition had we adopted the Mellon plan last year.

Mr. SMOOT. I could not agree even with that, because the intermediate brackets were changed a great deal more than the Mellon plan proposed. Therefore I could not say "yes" or "no" to it. But I would say, as far as the higher brackets are concerned, that there would be a reduction from 25 to 20 per cent.

I want the Senator from Montana to take the report submitted by me on January 22, on page 6 of which, beginning with the $3,000 class and running up to the million-dollar class and over, he will find the amount of taxes paid under the act of 1924, and what would be paid under the bill as it passed the House, and under the bill as reported to the Senate by the Finance Committee. Every bracket is covered in this report, showing not only the percentages, but the amount to be paid under each bracket under the bill as it passed the House and under the Senate committee bill and what is paid under the present law. There is also a comparison between the act of 1924 and the bill as it passed the House and the Senate committee bill.

Mr. WALSH. I thank the Senator. I will consult the table. If the Senator from Connecticut will supplement the important information which he gave us——

Mr. McLEAN. This statement I have was prepared, I assume, by the same expert who prepared the statement referred to by the Senator from Utah.

Mr. WALSH. I presume it is expressed in another way. But I would like to ask the Senator from Connecticut if he will give us the point at which, in the lower brackets, the percentage of increase commences?

Mr. McLEAN. That is what I was about to do. As I have already stated, the percentage of decrease on incomes not in excess of $5,000 is 54.52. From $5,000 to $10,000 it is 29.71. From $10,000 to $20,000 it increases to 36.68 per cent, almost as high, the Senator will note, as the reduction on incomes in excess of a million. On incomes from $20,000 to $50,000 the percentage goes down to 18.06.

Mr. WALSH. So the change comes about the $30,000 point? It begins to diminish at about $30,000?

Mr. McLEAN. I think so.

Mr. WILLIS. I offer an amendment to the pending bill. I ask that it be printed in the RECORD, and that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered. The amendment is as follows:

Amendment intended to be proposed by Mr. WILLIS to H. R. 1, as an addition to subsection 1 of section 219.

In determining the individual income-tax liability of the donor or donors of a revocable trust there shall be permitted as a deduction for the years 1919 to 1923, inclusive, losses affecting the corpus of the trust, to the extent that such losses for such years exceed gains and other income taxable to the trust as a separate entity, and any taxes assessed against such donor or donors by reason of the exclusion of such losses as a deduction shall be abated, credited, or refunded, subject to the statutory period of limitations applicable thereto.

Such losses and gains shall be computed and determined as though the property deposited in trust had been at all times theretofore owned by the donor or donors.

The benefits of this section shall be extended only to such donors who affirmatively agree to permit assessment of tax against them individually upon income from the excess of capital gains over capital losses of such trusts, similarly computed, for all such years 1919 to 1923, inclusive, regardless of the period of limitations otherwise provided by law for the assessment and collection of taxes.

Mr. LENROOT. I send to the desk a proposed amendment to the pending bill, which I ask may be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

RELIEF OF CIVIL GOVERNMENT OF AMERICA SAMOA (H. DOC. NO. 241)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting copies of letters of the Secretary of the Navy and the Director of the Bureau of the Budget recommending the authorization of an appropriation to afford relief to the civil government of American Samoa on account of damages resulting from a hurricane in the islands on January 1, 1926, in the amount of $11,000, which, with the accompanying papers, was referred to the Committee on Appropriations.

HOUSE BILLS REFERRED

The following bills were severally read twice by title and referred as indicated below:

H. R. 185. An act authorizing the Secretary of the Interior to acquire land and erect a monument on the site of the battle with the Sioux Indians in which the commands of Major Reno and Major Benteen were engaged; to the Committee on the Library.

H. R. 306. An act to amend the second section of the act entitled "An act to pension the survivors of certain Indian wars from January 1, 1859, to January, 1891, inclusive, and for other purposes," approved March 4, 1917, as amended; to the Committee on Pensions.

H. R. 187. An act making a grant of land for school purposes, Fort Shaw division, Sun River project, Montana;

H. R. 5242. An act to repeal the act approved January 27, 1922, providing for change of entry, and for other purposes;

H. R. 5961. An act granting certain public lands to the city of Stockton, Calif., for flood control, and for other purposes;

H. R. 6355. An act providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, Taos, and Colfax Counties, N. Mex., within the Mora grant, and adjoining one or more national forests, by exchanging therefor lands or timber within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona; and

H. R. 7371. An act to define trespass on coal land of the United States and to provide a penalty therefor; to the Committee on Public Lands and Surveys.

H. R. 97. An act authorizing an appropriation of $50,000 from the tribal funds of the Indians of the Quinault Reservation, Wash., for the completion of the road from Taholah to Moclips on said reservation;

H. R. 5850. An act authorizing an appropriation for the payment of certain claims due certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses; and

H. R. 6727. An act to authorize the Secretary of the Interior to issue certificates of competency removing the restrictions against alienation on the inherited lands of the Kansas or Kaw Indians in Oklahoma; to the Committee on Indian Affairs.

H. R. 4034. An act granting consent of Congress to Texas-Coahuila Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mex.;

H. R. 5240. An act to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill.;

H. R. 6090. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian;

H. R. 6515. An act granting the consent of Congress to the Gateway Bridge Co. for construction of a bridge across the Rio Grande between Brownsville, Tex., and Matamoros, Mex.;

H. R. 6733. An act granting the consent of Congress to the construction of a bridge across the Rio Grande; and

H. R. 7187. An act granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; to the Committee on Commerce.

H. R. 6740. An act to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of Big Sandy River at or near a point about 2½ miles east of Williamson, Mingo County, W. Va., and near the mouth of Lick Branch; to the calendar.

RECESS

Mr. SMOOT. The Finance Committee will have a meeting at 10.30 to-morrow morning for the consideration of all the amendments which have been offered and are on the table, together with some proposed amendments which have come in by letter. I therefore move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, February 3, 1926, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, *February 2, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our God and our Father, teach us from our hearts to say, "Thy will be done." Renew our strength for this day, and may our wills blend with Thine. We praise Thee; we acknowledge Thee to be the Lord of all the earth and our Father everlasting. Send forth Thy light and minister to the countless needs of Thy children. Instruct, reclaim, and save the wayward and the unwise and make righteousness and wisdom to rule over the multitudes of earth. Make joy, confidence, and love to spring up anew in every life. We praise Thee, O God, for that royal soul, Cardinal Mercier, who in the ravages and tumult of war, was a pillar tall and mighty, richly adorned with a weight of fadeless honor. By such devotion inspire us and keep us faithful and true to every trust until the breaking of eternal day. We pray in the name of the world's Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

POINT OF NO QUORUM

Mr. VESTAL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Will the gentleman withhold that in order that the House may receive a message from the Senate?

Mr. VESTAL. Certainly.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had passed, without amendments, bills of the following titles:

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River, in Cook County, State of Illinois;

H. R. 6234. An act to authorize the department of public works division of highways of the Commonwealth of Massachusetts to construct a bridge across Palmer River.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 1305. An act granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River;

S. 2288. An act granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.;

S. 2464. An act to amend section 95 of the Judicial Code, as amended; and

S. 2472. An act to authorize the construction of a bridge across the Fox River in Kane County, Ill.

CALL OF THE HOUSE

The SPEAKER. The gentleman from Indiana makes the point of order there is no quorum present. It is evident there is no quorum present.

Mr. TILSON. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 23]

Abernethy	Drewry	Lanham	Reed, Ark.
Aswell	Driver	Lea, Calif.	Reed, N. Y.
Auf der Heide	Esterly	Lee, Ga.	Rouse
Bacon	Fairchild	Lindsay	Schneider
Beedy	Flaherty	Lineberger	Seger
Blanton	Frear	Luce	Somers, N. Y.
Bowles	Fredericks	McDuffie	Spearing
Britten	Fuller	Magee, Pa.	Stalker
Burdick	Funk	Michaelson	Strong, Kans.
Butler	Gallivan	Mills	Strong, Pa.
Carew	Gilbert	Montague	Sullivan
Carss	Graham	Mooney	Swoope
Carter, Calif.	Griffin	Moore, Ohio	Taylor, W. Va.
Celler	Hale	Morin	Temple
Clague	Harrison	Nelson, Me.	Thayer
Collins	Hastings	Nelson, Wis.	Tincher
Corning	Hersey	Oliver, N. Y.	Walters
Cullen	Hull, Tenn.	Peery	Weller
Darrow	Jacobstein	Phillips	White, Me.
Deal	Johnson, Ind.	Porter	Whitehead
Dickinson, Iowa	Kahn	Quayle	Wyant
Dickstein	Kindred	Rayburn	Zihlman

The SPEAKER. Three hundred and forty-five Members have answered "Present," a quorum.

Mr. TILSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

AGRICULTURAL APPROPRIATION BILL

The SPEAKER. The unfinished business before the House is the Agricultural appropriation bill, upon which, with all amendments thereto, the previous question has been ordered. The question now is, Is there a separate vote demanded upon any amendment?

Mr. MAGEE of New York. Mr. Speaker, I ask for a separate vote upon the amendment of the gentleman from Texas [Mr. JONES] providing $200,000 for a reprint of the publications of The Diseases of the Horse and Diseases of Cattle.

The SPEAKER. Is a separate vote demanded upon any other amendment? If not, the Chair will put the other amendments in gross.

The other amendments were agreed to.

The SPEAKER. Without objection, the Clerk will report the amendment upon which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 6, line 9, after the figures, insert the following as a new paragraph:

"For printing, binding, and distribution of the publications entitled The Diseases of the Horse and Diseases of Cattle, $200,000."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken.

The SPEAKER. The Chair is in doubt.

The House again divided; and there were—ayes 152, nays 140.

Mr. MADDEN. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. Evidently a sufficient number, and the yeas and nays are ordered.

The question was taken; and there were—yeas 188, nays 147, answered "present" 1, not voting 95, as follows:

[Roll No. 24]

YEAS—188

Adkins	Doyle	Kurtz	Sabath
Allgood	Drane	Kvale	Sanders, Tex.
Almon	Edwards	LaGuardia	Sandlin
Andresen	Eslick	Lankford	Schafer
Arentz	Esterly	Larsen	Sears, Fla.
Arnold	Evans	Lazaro	Sears, Nebr.
Bankhead	Faust	Leatherwood	Shallenberger
Barkley	Fisher	Letts	Sinclair
Beck	Fitzgerald, Roy G.	Linthicum	Swithwick
Beers	Fletcher	Little	Speaks
Bell	Frear	Lowrey	Sproul, Kans.
Berger	Free	Lozier	Steagall
Black, N. Y.	Fulmer	Lyon	Stedman
Bland	Gambrill	McClintic	Stevenson
Bloom	Garber	McDuffie	Strother
Boies	Gardner, Ind.	McKeown	Sumners, Tex.
Bowling	Garner, Tex.	McMillan	Swank
Bowman	Gasque	McReynolds	Swartz
Boylan	Goodwin	McSwain	Swing
Brand, Ga.	Green, Fla.	Major	Taylor, Colo.
Brand, Ohio	Greenwood	Mansfield	Taylor, Tenn.
Briggs	Hall, Ind.	Mead	Thomas
Browne	Hammer	Menges	Thompson
Browning	Hare	Milligan	Thurston
Brumm	Harrison	Montgomery	Tillman
Bulwinkle	Hawes	Moore, Ky.	Tucker
Busby	Hayden	Moore, Va.	Underwood
Campbell	Hill, Ala.	Morehead	Updike
Canfield	Hill, Md.	Morgan	Upshaw
Cannon	Hill, Wash.	Morrow	Vinson, Ga.
Carter, Okla.	Howard	Nelson, Mo.	Vinson, Ky.
Chalmers	Huddleston	Norton	Voigt
Chapman	Hudspeth	O'Connell, R. I.	Warren
Cleary	Irwin	Oldfield	Weaver
Collier	Jeffers	Oliver, Ala.	Wheeler
Connally, Tex.	Johnson, Ill.	Quin	White, Kans.
Connery	Johnson, Ky.	Ragon	Whittington
Cooper, Wis.	Johnson, S. Dak.	Rainey	Williams, Tex.
Cox	Johnson, Tex.	Rankin	Wilson, La.
Crisp	Jones	Rayburn	Wilson, Miss.
Crosser	Kearns	Reece	Wingo
Davis	Kemp	Robinson, Iowa	Winter
Dickinson, Mo.	Kerr	Robsion, Ky.	Wolverton
Dominick	Kincheloe	Romjue	Woodruff
Doughton	King	Rowbottom	Woodrum
Douglass	Kopp	Rubey	Wright
Dowell	Kunz	Rutherford	Zihlman

NAYS—147

Ackerman	Ellis	Kendall	Rogers
Aldrich	Fenn	Ketcham	Sanders, N. Y.
Allen	Fitzgerald, W. T.	Kiefner	Scott
Andrew	Fort	Kiess	Sinnott
Appleby	Foss	Knutson	Snell
Ayres	Freeman	Leavitt	Sosnowski
Bacharach	French	Lehlbach	Sproul, Ill.
Bachmann	Frothingham	McFadden	Stephens
Bailey	Garrett, Tenn.	McLaughlin, Mich.	Stobbs
Barbour	Garrett, Tex.	McLaughlin, Nebr.	Summers, Wash.
Bixler	Gibson	McLeod	Sweet
Black, Tex.	Gifford	McSweeney	Swoope
Box	Glynn	MacGregor	Taber
Brigham	Gorman	Madden	Taylor, N. J.
Buchanan	Green, Iowa	Magee, N. Y.	Thatcher
Burtness	Griest	Magrady	Thayer
Burton	Hadley	Mapes	Tilson
Byrns	Hall, N. Dak.	Martin, Mass.	Timberlake
Carpenter	Hardy	Merritt	Tinkham
Chindblom	Haugen	Michener	Tolley
Christopherson	Hawley	Miller	Treadway
Cole	Hersey	Murphy	Tydings
Colton	Hickey	Newton, Minn.	Underhill
Connolly, Pa.	Hoch	Newton, Mo.	Vaile
Cooper, Ohio	Hogg	O'Connell, N. Y.	Vare
Coyle	Holaday	O'Connor, La.	Vestal
Cramton	Hooper	O'Connor, N. Y.	Vincent, Mich.
Crowther	Houston	Parker	Wainwright
Crumpacker	Hudson	Parks	Walters
Curry	Hull, Morton D.	Patterson	Wason
Davenport	Hull, William E.	Perkins	Watres
Davey	Jacobstein	Perlman	Watson
Dempsey	James	Prall	Welsh
Denison	Jenkins	Pratt	Williams, Ill.
Dyer	Johnson, Wash.	Purnell	Williamson
Eaton	Keller	Ramseyer	Yates
Elliott	Kelly	Ransley	

ANSWERED "PRESENT"—1

Martin, La.

NOT VOTING—95

Abernethy	Auf der Heide	Begg	Britten
Anthony	Bacon	Blanton	Burdick
Aswell	Beedy	Bowles	Butler
Carew	Gallivan	Michaelson	Seger
Carss	Gilbert	Mills	Shreve
Carter, Calif.	Golder	Montague	Simmons
Celler	Goldsborough	Mooney	Smith
Clague	Graham	Moore, Ohio	Somers, N. Y.
Collins	Griffin	Morin	Spearing
Corning	Hale	Nelson, Me.	Stalker
Cullen	Hastings	Nelson, Wis.	Strong, Kans.
Darrow	Hull, Tenn.	Oliver, N. Y.	Strong, Pa.
Deal	Johnson, Ind.	Peavey	Sullivan
Dickinson, Iowa	Kahn	Peery	Taylor, W. Va.
Dickstein	Kindred	Phillips	Temple
Drewry	Lampert	Porter	Tincher
Driver	Lanham	Pou	Wefald
Fairchild	Lea, Calif.	Quayle	Weller
Fish	Lee, Ga.	Rathbone	White, Me.
Flaherty	Lindsay	Reed, Ark.	Whitehead
Fredericks	Lineberger	Reed, N. Y.	Wood
Fuller	Luce	Reid, Ill.	Wurzbach
Funk	Magee, Pa.	Rouse	Wyant
Furlow	Manlove	Schneider	

So the amendment was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. Martin of Louisiana (for) with Mr. Hale (against).
Mr. Wurzbach (for) with Mr. Shreve (against).
Mr. Lampert (for) with Mr. Bacon (against).
Mr. Aswell (for) with Mr. Butler (against).
Mr. Driver (for) with Mr. Luce (against).
Mr. Hastings (for) with Mr. Stalker (against).
Mr. Lee of Georgia (for) with Mr. Reid of Illinois (against).
Mr. Lanham (for) with Mr. Graham (against).
Mr. Reed of Arkansas (for) with Mr. Mills (against).

Until further notice:

Mr. Porter with Mr. Drewry.
Mr. Manlove with Mr. Gallivan.
Mr. Temple with Mr. Hull of Tennessee.
Mr. Begg with Mr. Montague.
Mr. Moore of Ohio with Mr. Abernethy.
Mr. Burdick with Mr. Blanton.
Mr. Wood with Mr. Carew.
Mr. Phillips with Mr. Peery.
Mr. Flaherty with Mr. Corning.
Mr. Reed of New York with Mr. Taylor of West Virginia.
Mr. Seger with Mr. Kindred.
Mr. Golder with Mr. Lindsay.
Mr. Funk with Mr. Collins.
Mr. Anthony with Mr. Deal.
Mr. Wyant with Mr. Spearing.
Mr. Magee of Pennsylvania with Mr. Whitehead.
Mr. Morin with Mr. Cullen.
Mr. Rathbone with Mr. Mooney.
Mr. Smith with Mr. Oliver of New York.
Mr. Fuller with Mr. Carss.
Mr. Darrow with Mr. Goldsborough.
Mr. Strong of Pennsylvania with Mr. Sullivan.
Mr. Britten with Mr. Lea of California.
Mr. Tincher with Mr. Dickstein.
Mr. White of Maine with Mr. Auf der Heide.
Mr. Strong of Kansas with Mr. Somers of New York.
Mr. Carter of California with Mr. Gilbert.
Mr. Dickinson of Iowa with Mr. Celler.
Mr. Fredericks with Mr. Griffin.
Mr. Lineberger with Mr. Weller.
Mr. Fairchild with Mr. Wefald.
Mr. Clague with Mr. Quayle.
Mr. Simmons with Mr. Nelson of Wisconsin.
Mr. Michaelson with Mr. Peavey.
Mr. Beedy with Mr. Schneider.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. MAGEE of New York, a motion to reconsider the vote by which the bill was passed was laid on the table.

PERMISSION TO A COMMITTEE TO SIT DURING SESSIONS

Mr. COLTON. Mr. Speaker, I ask unanimous consent that the Committee on Elections No. 1 be permitted to sit during the session of the House at least to-day and to-morrow.

The SPEAKER. The gentleman from Utah asks unanimous consent that the Committee on Elections No. 1 may have the privilege of sitting during the sessions of the House this afternoon and to-morrow. Is there objection?

There was no objection.

REREFERENCE OF A BILL

Mr. JAMES. Mr. Speaker, I ask unanimous consent that Senate bill 1129, introduced by Senator WADSWORTH, of New York, be rereferred to the Committee on Military Affairs.

The SPEAKER. The gentleman from Michigan asks unanimous consent that Senate bill 1129 be rereferred to the Committee on Military Affairs. Is there objection?

Mr. O'CONNOR of Louisiana. Reserving the right to object, Mr. Speaker, may I ask the gentleman if he proposes to hold hearings on that bill after it has been recommitted?

Mr. JAMES. We would be glad to hear anybody who may suggest any amendment.

Mr. O'CONNOR of Louisiana. When it first came over from the Senate and was referred to the Committee on Military Af-

fairs it was reported out in 24 hours without anybody being given an opportunity to be heard on the bill or any part of it. That practice is not conducive to good legislation.

The SPEAKER. Is there objection?

There was no objection.

URGENT DEFICIENCY BILL, 1926

Mr. MADDEN. I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8722) making appropriations to supply urgent deficiencies for the fiscal year ending June 30, 1926, and prior years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes. Pending action on that motion, I want to ask the gentleman from Tennessee [Mr. BYRNS], if I may, whether we can agree on time for general debate.

Mr. BYRNS. I have requests, aside from the time that I want to take myself, for about three hours. Perhaps some of those who have requested time will not care to take it, but I would like to agree with the gentleman to three hours to a side. If it is not used, of course, it will be saved.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the general debate be limited to six hours, one-half to be controlled by the gentleman from Tennessee [Mr. BYRNS] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The gentleman from Illinois moves that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8722, the urgent deficiency bill. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Illinois [Mr. CHINDBLOM] will kindly take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8722, the urgent deficiency bill, with Mr. CHINDBLOM in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8722, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8722) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

The CHAIRMAN. Under the rules of the House general debate is limited to six hours, one half of the time in the control of the gentleman from Illinois [Mr. MADDEN] and the other half in the control of the gentleman from Tennessee [Mr. BYRNS]. The Chair recognizes the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I shall be very happy if the Members of the House will be kind enough to give me a hearing. We have been doing a lot of hard work in the preparation of these bills, and I hope the committee will consider them of sufficient importance to listen to the presentation of the facts.

This bill carries $381,236,254.74, and that sum is $536,328.86 less than was recommended to the committee for consideration. It may be well enough at the outset for me to say that the principal sum of this aggregate is made up of four or five large items, and these large items are items that really, large though they may be, are not subject to any criticism, and they are only deficiencies, if they are deficiencies at all, because of legislation enacted by the last Congress in some cases, while in other cases they are appropriations to meet authorized obligations that are urgent.

There is in this bill $1,470,833.33 due to legislation increasing the compensation of the Members of the House and the Senate, for which no appropriation was made at the time the law was enacted.

Then we have $11,963.34 in the bill to pay the expenses of the President's Aircraft Board. You will recall that at the suggestion of the President there was an Aircraft Board appointed to consider the problems about which the country was agitated in connection with aviation. Some persons in the Army and Navy and some people outside of both continued to complain that the air services were being starved, that the consideration was not being given to them that their importance justified. Certain charges were made to the effect that aviation was being conducted by men in the Army and Navy who were not in full sympathy with it. I think these charges were largely disproved by the testimony before the board. The total cost of the board's service over a period of 10 weeks was $11,963.34.

There were two Members of the House and one Senator on this board. No part of this money was expended or will be expended to meet any obligation created by either the Members or the Senator. They paid their own expenses; all of their own expenses. There was no compensation paid to any man for service on the board or connected with it, except one. This was a technical expert who was called in from the Massachusetts Institute of Technology to give some advice to the board. He was paid, or will be paid, $600. All of the other expenses were incurred for printing, for stenographic services, for travel allowance to members, and per diem expenses in connection with their service here. It is the most economical bill that has ever been presented by any board that ever sat during my experience here.

I think they got some information, too. It was said by many that aviation in both the Army and the Navy was being starved. They said that if they had more money they could do greater things. So they blamed the Congress for the failure to supply the money to meet the needs. Congress was not in session. I was invited to appear before the board on behalf of Congress. I think I proved beyond any doubt that the charge against Congress was unjustified. I showed the board that during the war period there had been placed at the disposition of the Army and the Navy for strictly aircraft work $1,977,000,000, and that we took away from the Army before the end of the period $490,500,000 of that amount, and from the Navy about $97,000,000. This indicated they were not short of money, even if they were short of brains. [Laughter and applause.] At any rate, they did not accomplish much with the money they got.

Then it was said that since the war closed no money was being supplied to meet aviation needs. I showed the committee that they had had $433,000,000 appropriated for these purposes during the five-year period, or $86,676,000 a year.

It was said in the public prints that Japan is superior in the air. Well, if Japan is superior in the air, there is something wrong with the men who are managing the money that this Congress appropriates for aviation, because we have been appropriating an average of $86,676,000 a year, and Japan's budget for 1924–25 had $10,500,000. They said that France is supreme in the air. Well, there again, if that is true, there is something the matter. France was spending only $55,600,000 a year for military aviation, when we were spending $86,676,000. France was spending in addition to that amount $10,000,000 for commercial aviation, making a total of $65,600,000 for that purpose. If she is supreme in the air with that smaller expenditure, then we ought to have a new method of purchase, a new method of organization, a new method of management, but certainly not any method that would put the Air Service by itself and make it independent of the Army or the Navy. I am not in favor of that, but within the Army and the Navy there should be the greatest care in the expenditure of funds placed at their disposal, and at the same time the greatest care to see that they get value for the money they are authorized to spend.

Mr. LINTHICUM. Would the gentleman object to an interruption at this point?

Mr. MADDEN. Not at all.

Mr. LINTHICUM. Has the gentleman made any comparison as to the cost of production in Japan and in this country?

Mr. MADDEN. Oh, yes; surely. I realize there is a difference, and, of course, everybody knows that, and I do not have to argue it, but there is a vast difference in the amount of money allotted for this purpose—$10,500,000 in Japan and $86,676,000 in this country. That is some difference.

Then we have an item for the Board of Tax Appeals. This is an institution created to accommodate the taxpayers of the country by establishing an intermediary to which they can appeal between the Treasury Department and the courts. Shortly after this board was created only 123 cases were pending, and they made estimates for their financial needs below their actual needs because to date there have been 10,530 filed and 4,500 disposed of. The board now receives about 250 new cases each week. It has an excellent organization. It is functioning in a very efficient manner. It has been giving, what the evidence disclosed to be, very satis-

factory service to the taxpayers. I think in the long run it will expedite the work of adjusting cases in dispute between the Treasury and the taxpayers without taking them into court.

Then we have an item of $140,000 for the underpinning of the temporary war-time office buildings. They are in a bad condition. We recommend that this $140,000 be placed at the disposal of the Director of Public Buildings and Public Parks in order that he may be able to keep these buildings safe and habitable.

The sum of $8,000,000 is recommended for hospital construction, pursuant to authorization heretofore granted, in the Veterans' Bureau. Of this sum $3,000,000 represents the final appropriation under the act of June 5, 1924, and the contract authorization thereunder in the deficiency act of December 5, 1924. The amount will be used for the erection of a 1,000-bed neuropsychiatric hospital at Northport, Long Island. A site of 551 acres at a cost of $193,000 has been obtained and the title is now being searched. This hospital will care for that class of patients from the States of New York, Connecticut, and New Jersey. A survey of the needs of the hospital indicates that there were on a recent date 760 of this class of patients from the three States in Government hospitals and 1,123 in contract hospitals.

The remainder of the $8,000,000, namely, $5,000,000, is the first appropriation under the authorization of $10,000,000 contained in the act approved March 3, 1925. A number of projects are in contemplation under the $10,000,000 program and are set forth in the hearings on the bill. With the $5,000,000 which is carried in the bill, four major projects are in immediate contemplation, as follows: A 400-bed hospital at Fort Snelling, Minn., composed of 160 general beds, 200 tubercular, and 60 neuropsychiatric, to cost $1,600,000; the site has been selected, the plans have been made, and construction is under advertisement. The sum of $1,182,000 for the purchase of a 479-bed tubercular, modern fireproof hospital at Legion, Tex., erected by the State of Texas and the Legion at a cost of approximately $1,600,000. The hospital is now under lease to the Government at an annual rental of $67,500. The sum of $1,350,000 for a 300-bed general hospital at Portland, Oreg., to replace two leased hospitals—one at Tacoma and one at Portland—the annual rental of which aggregates $47,000. The site for the hospital has been donated by the University of Oregon. The use of the remainder of the $5,000,000 appropriation is undetermined between a 250-bed tubercular hospital at Tucson, Ariz., to cost $875,000, and a 300-bed neuropsychiatric hospital at Boston, Mass., to cost $1,500,000.

The purpose of the construction of new buildings for hospitalization of men who fought in the World War now is to take those who are in contract hospitals out of them and put them in Government-owned hospitals. It is expected that within a year or two there will be sufficient hospital facilities to take every one of the contract-hospital patients out of those hospitals and provide facilities for them in Government owned and operated hospitals, except in cases of serious danger on account of removal, where it will not be thought wise to remove the patient from one hospital to another. This policy is required by law.

The sum of $70,000,000 is recommended for an addition to the adjusted service certificate fund. Two appropriations have been made for this fund since the enactment of the World War adjusted compensation act. The sum of $100,000,000 was placed in the fund for the year 1925, and $50,000,000 was appropriated for the year 1926. At the time the estimate for 1926 was prepared, in the fall of 1924, it was believed that that amount would be sufficient to keep the fund up to the requirement based on the experience had at that time. The situation has exceeded the expectation. To January 1, 1926, the number of applications filed had reached 3,106,045. Cash payments had been made in 100,768 cases, aggregating $3,306,000. Payments have been made to dependents in 36,657 cases, aggregating $13,708,000.

The certificates issued to date number 2,901,616, with a face value or maturity value of $2,996,060,276, and an average value of $1,033. Two more years remain before the time for filing expires. It is estimated that 200,000 certificates will be issued during 1926 and 100,000 additional during 1927. Based on the experience so far had of 2,901,000 certificates issued and the death losses charged against the fund, and estimating the certificates to be issued during 1926 and 1927, and estimating the death losses for 1926, it is stated by the responsible authorities that there should be in the fund at the end of the year 1926 the sum of $195,000,000. To reach this amount will require the appropriation of $70,000,000 carried in the bill to be placed in the fund by March 1, 1926. A definite actuarial calculation of the amount required to be in the fund from year to year until the end of the 20-year period can not be reached until the time for filing expires on January 1, 1928. For the years 1926 and 1927, therefore, the sum placed in the fund must be based on the best data obtainable as the filing of applications proceeds and death losses occur.

It may be well enough here to say that each one of these certificates has a loan value after the third year. Money can be borrowed on certificates from banks. The borrower must give a note and place his certificate with the bank as collateral security, and on the note he is required to pay 6 per cent interest. If he fails to pay the note when due, the Government is required to pay it, and then the Government takes the certificate and becomes the beneficiary and the ex-service man who borrowed the money and to whom the certificate was originally issued, is required, before he can regain the certificate, to pay the note and the interest on it up to date. After that he is free to go on his way.

Now, this situation is one about which there is a good deal of uncertainty. In the estimate made as to the amount of money required for the fund to meet obligations at the end of the 20-year period, there was no calculation made as to the number of certificates that might be hypothecated and the number of certificates once hypothecated, which might not be redeemed and which might have to be held by the Government. So we can only tell by experience as time goes on how much more money we will need from year to year to meet the obligations as the result of that uncertainty.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LaGUARDIA. As time goes on and the certificates become more valuable it will increase this uncertainty, will it not?

Mr. MADDEN. It is liable to; but we will have to meet it when we come to it.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JACOBSTEIN. How many certificates have been issued?

Mr. MADDEN. Two million nine hundred thousand; and it is estimated that 300,000 more will be issued. The date of filing applications closes on the 1st of January, 1928, unless Congress opens the question up and extends the time.

Mr. JACOBSTEIN. Does it look as if 80 or 90 per cent will have made application?

Mr. MADDEN. It looks like a total of nearly 3,500,000 applications.

Now, in the Department of Agriculture the sum of $168,312 is recommended to enable the Secretary of Agriculture to adjust the telegraph rates between the Weather Bureau and the telegraph company for messages and use of wires in handling the Weather Bureau business during the fiscal year 1926.

I wish to say that some years ago a new contract was made between the telegraph company and the Government, increasing the rates when costs became higher, and that applied to everything except that part of the Agricultural Department covering the Weather Bureau.

The Agricultural Department thought that this was service that ought to be rendered at a nominal sum, and it was continued at that nominal sum, but finally the telegraph companies insisted upon a higher rate, and the department says it is very well justified; but even now at the new rate, to cover which this appropriation is proposed to be made, it does not come up to the rate that is charged for other Government service.

This bill carries $22,900,000 for Federal road aid in the construction of rural post roads. The balance on hand on January 1 was $8,622,000. The expenditures for the last six months of the fiscal year are estimated at approximately $30,000,000, so that the sum on hand plus the amount carried in the bill will be sufficient to pay maturing contracts with the States under authorizations heretofore made and within the amounts fixed by law which will be presented between now and June 30.

The sum of $3,775,000 is granted for work on forest roads and trails in forest reserves in 29 States. The sum of $7,500,000 was authorized for the fiscal year 1926 and authority granted to the Secretary of Agriculture to apportion the amount and to enter into contracts for the full sum. No appropriation has been made thus far to apply on this authorization. Obligations incurred to date aggregate $4,360,000 and the amount carried in the bill is sufficient to pay such of these obligations as will mature before June 30 next. It is not the policy of this committee to carry anything in a deficiency bill that ought to go into a regular annual appropriation bill.

The District of Columbia is making advance preparations for the pavement and resurfacing of a large number of streets. They want to begin their work early, so that they can complete it early. If we give them the money they ask for, it will give them the opportunity to begin their work and complete it before the construction season ends. Therefore we have

provided for an appropriation of $1,734,678 for the District needs in this bill. It is an urgent matter; it is a matter that ought to be given early consideration. It would economize in the expenditure of money if we give them the money in time, and it will enable them to get better work and to give it better supervision.

The Department of Labor has some very serious problems. They involve, among other things, a lot of cases for deportation of aliens. They have deported a good many people during the last year. There are 5,000 aliens located in various parts of the country now subject and ready for deportation. The average cost of a deportation case is $87. It is believed that the sum recommended for this purpose in this bill will enable the deportation work to continue to the end of the fiscal year at a reasonably rapid rate. Most of the people who are subject to deportation are confined in penal institutions, jails, and so forth, and it is said that at least 100,000 people came into the United States illegally in the last two years. They are subject to deportation, if they can be found. We are anxious to facilitate the work as much as possible, and hence we are recommending here $600,000 for the Bureau of Immigration, $150,000 of which is allotted to the border-patrol work to prevent smuggling of aliens, and $450,000, it is estimated, will be spent in the work of deportation.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LAZARO. Has the gentleman any information as to how long these aliens who are to be deported have been in this country?

Mr. MADDEN. I have not that information, I am sorry to say.

We had two or three items from the Interior Department that aroused the interest of the committee, and about which we would like to tell you. There was an estimate before the committee on appropriations for $422,939.01 for the payment to the Chippewa Indians in Minnesota in connection with a settlement for the Minnesota National Forest, which we have not reported for appropriation. In 1908 Congress enacted a law turning 190,000 acres of land in Minnesota over to the national forest reserves. This land belonged to the Chippewa Indians. The act provided that the land should be paid for at the rate of $1.25 per acre. The act also provided that there should be a commission appointed to ascertain the value of the property that the Government took from the Indians. The commission was required under the act to report within 10 days. Of course, that was manifestly impossible. In order to obviate the appointment of the commission and yet be able to do the work and live within the law, I understand the Interior Department selected a man from the Forest Service of the Agricultural Department, another man from the Indian Service of the Interior Department, and a representative of the Indians in Minnesota to act as a commission. This commission did not report until 1923. They were not appointed as a commission under the 1908 act until 10 days before they made their report. They were acting unofficially, as a preliminary body, in order to come within the law. When they did report they found that the land at $1.25 an acre, which was the sum fixed in the act, and the value of the forests contained on the land amounted to $1,490,000. That report was adopted and approved by the President of the United States, and the money was paid to the Chippewa Indians, or put into their fund. On the amount that was put into the fund there is interest at 5 per cent paid by the Government under the treaty between the Government and the Indians.

Mr. MORTON D. HULL. How much per acre did this amount to?

Mr. MADDEN. The sum fixed was $1.25 an acre for 190,000 acres, but there was a lot of timber besides.

Mr. MORTON D. HULL. That $1.25 an acre did not cover the value of the forest?

Mr. MADDEN. No. The forest was one thing and the land another.

Mr. MORTON D. HULL. The forest was reserved in the sale?

Mr. MADDEN. It was not sold. It was taken over by the Government and made a national forest.

The value of this land was fixed at $1.25 an acre in the act, but the timber had no value placed upon it. The purpose of the commission was to ascertain what the value of the timber on the land was in addition to the value of the land. They did not ascertain this until 1922 and did not report until 1923, and reported a value in 1922, including the land, at $1.25 an acre, aggregating $1,490,000. Then it was suggested by the Indian representatives during the consideration of the case that there ought to be consideration given to the question of the value of the land and the timber at the time of the enactment of the law in 1908. As far as the evidence shows there was no special investigation made as to the value of either at the time the law was enacted, but for the purpose of some sort of a calculation they estimated the value to be in 1908, $885,000. Then, to bring that value up current, they estimated that there ought to be 5 per cent interest paid from 1908 to 1922, 14 years, which would be 70 per cent of the $885,000, or $620,000 more, or an aggregate of $1,505,000. That would be an indirect ascertainment of the value in 1908 with interest added for 14 years. It was stated that the ascertainment was not official and that it did not relate to the obligation imposed upon the commission that had been appointed, and that whatever they did outside of the obligation imposed upon them was extra territorial, if I may say so, or obiter dictum, and if $1,490,000 was the amount that should be paid in the way they ascertained under their authority it was fair to compare $1,505,000 with $1,490,000, and to see which one was the correct amount. So if we took the last, the Government owed the Indians $15,000. There was another $20,000 for some other timber valuations. Then there was another item of several acres of land, about $183, that was not in the original consideration that might be added to the $15,000 and $20,000, which makes $35,183.

Our committee believes that if the Government owes the Indians in Minnesota anything on this item it was $35,183. We did not want to do the Indians an injustice and were not going to allow an injustice to be done to the Treasury of the United States, so we are investigating further to see what ought to be done about it. We are of the opinion that it is $1,190,000, but many do not agree with us. We have not foreclosed the adjustment of this case, but we merely postpone it, but I think it is the duty of the committee to give you such information as it is that you may be able to add further to our knowledge if you have any facts you may be able to present to us.

Mr. JACOBSTEIN. Will the gentleman yield for a question?

Mr. MADDEN. I will.

Mr. JACOBSTEIN. This appropriation you have reduced $422,939. Does that represent merely a postponement?

Mr. MADDEN. It is a postponement, and I have just explained why.

We have an item here for the completion of the repair and fitting out pier at the Puget Sound (Wash.) Navy Yard, the sum of $540,000. There was an act passed authorizing the construction of this pier with a limit of cost of $1,190,000, of which $650,000 had been previously appropriated, and the amount of the bill completes work under the present contract and limit of cost. Work under the contract will be completed in June, and the amount is now needed to enable progress payments to be made to the contractor as they are due.

We have another item of $340,000 for the Bureau of Aeronautics of the Navy Department to provide for the purchase of training planes to furnish aviation training for 400 graduates of the Naval Academy who will finish their academy course in June. They will be given preliminary training in groups at Hampton Roads and San Diego, and the final training of those who qualify will take place at Pensacola.

The reason why we carry this item in this bill is that if we allow the graduates to complete their courses and have them distributed throughout the country at the different seaports and points without the preliminary training they would all have to come back to those places and Pensacola, or wherever they might be sent, to get their preliminary training. Now, the purpose of assigning them to duty for preliminary training at San Diego and Hampton Roads is to sift out those who can not qualify for aviation and to send only those who do qualify to the field at Pensacola for final training. Now, at the Naval Academy every midshipman is required to take aviation. The only aviation he can get at the academy is ground work; they are taught the theory and mechanics of aviation, the machinery in the plane, taught the mechanics of handling a machine on the ground, but they are not permitted to fly until after graduation, and after graduation they are then required to take a flying course. Everyone can not qualify for aviation, and it is said not more than 5 per cent of those who may graduate, although they have taken ground work, will qualify eventually as aviators.

Mr. LAZARO. Does not the gentleman think that there ought to be some way of testing these young men, because if there is only about 5 per cent that finally qualify it must be a waste of time for the others?

Mr. MADDEN. This is for the purpose of testing them. We do not send them to Pensacola, where the intense training takes place, until they have qualified in the tests.

Mr. LAZARO. But at the academy they have to take the course?

Mr. MADDEN. Yes; a course in mechanics.

Mr. JACOBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JACOBSTEIN. Are they all required to take it?

Mr. MADDEN. Yes; they are all required to take it.

Mr. LAZARO. If they are required to take it and only 5 per cent finally qualify, and there is no way of testing them beforehand, it is a great waste.

Mr. MADDEN. I think the mechanics of it is of infinite value, not only to the men themselves, but to the Navy and the country. It is valuable for the men to know the subject, even if they can not fly. For example, it may be very easy for a man to learn how to run a machine, but if he does not know what the machine is for, what it will do, and when it will do it, and just what happens when it does not do it, he falls short of knowing what he should know. All those things are important for the man to know.

Mr. LAZARO. But whatever time and money are expended on the 95 per cent who do not qualify is wasted.

Mr. MADDEN. It does not take anything away from their value as sailors to be able to fly an airplane. It gives them an education that they otherwise would not get, and does not destroy the other education, which is largely theory and dress parade.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. LAGUARDIA. This provision is very useful, and the fact that we give 409 graduates of the academy training in the Air Service is very valuable. What I want to call attention to is that there is here a provision of $340,000 for planes.

Mr. MADDEN. Yes.

Mr. LAGUARDIA. And it brings us back to the same old question after these boys have completed their preliminary course we shall have a perfect preliminary school in good working order that will go to waste.

Mr. MADDEN. No; we will send other people there.

Mr. LAGUARDIA. Not for a year.

Mr. MADDEN. We train aviators. It is not only for commissioned officers. It is not new. We have it now.

Mr. LAGUARDIA. Should we not concentrate all this preliminary training so that the Army and Navy could train together in preliminary training?

Mr. MADDEN. I wish we could do a lot of things that we do not do. I am not in accord with most of the methods that are in use, but we must meet the situation as best we can. Nobody seems to want to cooperate.

Mr. LAGUARDIA. But you do hope the time will come when they will cooperate?

Mr. MADDEN. Yes. To one thing I have made up my mind, and so far as I am able to shape things it will be to see that the people in command of the Army and Navy select enlisted men to the extent that is possible to use them as aviators instead of having them all commissioned officers. You can not run an army or a navy with nobody but commissioned officers.

Mr. LAGUARDIA. As aviation develops further that will be much easier.

Mr. MADDEN. They are very much opposed to it. They do not want to associate with the man who has not a university education. That is the story. You might as well tell the truth about it. They played that game when they fixed the regulations during the war. I fought that to the end, and got it to the point where a man could become an aviator if he had the necessary knowledge and experience. That is not what they want. They want an aristocracy——

Mr. LAGUARDIA. Of the air?

Mr. MADDEN. Yes; of the air, in the air, or in the water, or under the water.

Mr. LAGUARDIA. If you could hold back appropriations for a while, you would soon get these officers of the Army and Navy to use some common sense and get together.

Mr. MADDEN. I have not had my way in all these matters.

Mr. LAGUARDIA. But you have a lot of power behind you.

Mr. MADDEN. Now, the recommendation for the Postal Service is $100,789,584.50. Practically all of it is on account of salary increases voted by you gentleman last year. Of course we did not appropriate any money at that time for this purpose.

Mr. JACOBSTEIN. How does that $100,000,000 compare with the figure that was given to the Congress at the time the bill was passed?

Mr. MADDEN. This is for 18 months. I will explain it all. The act of February 28, 1925, increased the pay and allowances of officers and employees of the Postal Service and provided that the increase should be retroactive to January 1, 1925. No appropriations have been made thus far on account of the new law. The appropriations for the fiscal year 1926 were made on the basis of pay rates in effect before the act of February 28. By the deficiency of March 4, 1925, Congress made the 1926 appropriations available to pay the postal salaries and allowances at the new rates so that funds have been available to pay the new rates commencing with January 1, 1925. The total cost of the salary increases for the period from January 1, 1925, to June 30, 1926, is $103,266,549.79; of this amount it has been possible to absorb $6,000,727.95 from unobligated funds in the 1925 and 1926 appropriations, leaving $97,265,821.84 the amount to be appropriated in this bill.

On account of increased postal business additional sums are recommended for clerks at first and second class post offices and carriers for the city delivery service. The amount of $1,302,675 will provide approximately 1,740 additional clerks, distributed over various periods of the year, and the sum of $1,552,679 will provide approximately 1,994 carriers. Of the amount for carriers $258,779 will represent that part of the appropriation due to the new salary law, and of the amount for clerks the sum of $217,112 is due to that cause. These two amounts aggregating $475,891, added to the salary increase figures for men already in the service, $103,266,549.79 brings the total increase for the new salary law to $103,742,440.79 for the 18-month period. I think that answers the gentleman's question.

Mr. JACOBSTEIN. Yes.

Mr. MADDEN. Of this sum $33,419,810.81 is for the 6 months of the fiscal year 1925, and $70,322,629.98 is for the 12-month period of the fiscal year 1926, and seems to be about $2,000,000 more than what was estimated; $68,000,000 was the estimate made at that time.

The sum of $210,000 is recommended to enable the Air Mail Service to purchase 15 additional planes. The purpose is to purchase planes with greater carrying capacity to meet the heavier loads it is anticipated will be required to be hauled when the contract air-mail lines are in full swing. They will be bringing mail into the main route and taking it away from the main route. There would have been enough money in the fund to build these planes out of the general appropriation had it not been for the fact that on the 1st of July, the beginning of this fiscal year, there was a new night-flying route between New York and Chicago opened, the cost of which is about one-third of the total of the transcontinental line. The revenues from the Air Mail Service are about $900,000 a year, and the expense is nearly $3,000,000 a year.

Mr. LAGUARDIA. Will the gentleman yield for a question there?

Mr. MADDEN. Yes.

Mr. LAGUARDIA. Under Colonel Henderson's administration of the Air Mail Service the Government got more from the small appropriations given to the Post Office Department for an air service than it got from any other department, and if the present administration is as efficient as Colonel Henderson's administration, that service is doing more for the development of aviation in this country than the Army and the Navy put together.

Mr. MADDEN. I am sure Colonel Henderson will be gratified to know of the statement made by the gentleman from New York [Mr. LAGUARDIA], who is so familiar with aviation and for whose judgment he has great admiration. In view of the fact that only $10,000,000 so far all told has been expended on aviation in the Post Office Department, it is marvelous to see the progress that has been made, the development that has occurred, and the information on the question of the possibilities of aviation that has been furnished to the world. However, we have entered upon a new era.

Under the recent law we have provided that the Postmaster General may let contracts for the movement of air mail and that the contractor shall receive not to exceed four-fifths of the postage received, and in view of the fact that the receipts from the existing air mail service are now about $1 for every $4 spent and the contractors seem to be willing to take the work over, I should suggest the wisdom of having the Government get out of the aviation business as a commercial enterprise as soon as these contractors are equipped to do the work and take over the present Government activities. The Government has done a wonderful job of pioneering. It has proved the possibilities of aviation, safe flying in all kinds of weather and in all kinds of altitudes, over the mountains and over the plains, and it has established a record of efficient experimental service that I think the people of the United States have reason to be proud of.

One of the important items in the bill is $149,250,000 to be used to refund taxes illegally collected. From 1917 up to September, 1925, we have expended for the return of moneys collected illegally from the taxpayers of the country about $554,000,000, but during that time we collected $30,250,000,000, and it is not to be wondered that many mistakes were made. But this is not all on account of mistakes. In a good many instances the law has been liberalized, and in addition to that new constructions have been placed on the various revenue laws by the courts. A good deal of this amount, $156,000,000, is due to court decisions. However, while we have been paying back $554,000,000 we have collected $2,886,000,000 on underpaid schedules, and that does not come to the House for consideration. We only see the dark side of things. They come to us when they want money. They do not come to us to tell us the story of their achievement. They have collected $2,886,000,000 on underpaid schedules while they have been paying back on overpaid schedules $554,000,000 out of a total collected of $30,250,000,000 since 1917. So we seem to be rather fortunate in the fact that for every dollar we pay back on overpaid schedules we are collecting about $5.50 on underpaid schedules.

Mr. JACOBSTEIN. Will the gentleman yield for a question?

Mr. MADDEN. Yes.

Mr. JACOBSTEIN. Is there any way of estimating how much more is likely to be paid back on account of the claims pending?

Mr. MADDEN. Nobody can tell. It depends on what the audits disclose.

Mr. JACOBSTEIN. There is no limit set as to time?

Mr. MADDEN. Oh, yes; the statute of limitations runs, of course.

Mr. JACOBSTEIN. I mean with respect to the claims now pending.

Mr. MADDEN. No. We have the statute of limitations, of course, but every time the statute of limitations is about to run, Congress opens up the cases so that the taxpayer may make a new application.

Mr. JACOBSTEIN. May I ask a further question?

Mr. MADDEN. Yes, of course.

Mr. JACOBSTEIN. Will the distinguished gentleman who is chairman of the Committee on Appropriations enlighten those of us on this committee who are not on the inside——

Mr. MADDEN. There is nobody on the inside.

Mr. JACOBSTEIN. We are a little bit more on the outside. Will the gentleman inform us to what extent your committee investigates the merits of these claims?

Mr. MADDEN. We do not investigate the merits of the claims at all. What we do is to provide the means by which payments can be made after they are investigated.

Mr. JACOBSTEIN. Does the Budget Bureau that recommends them to you investigate?

Mr. MADDEN. No; the Budget Bureau does not. I think I had better go into this and tell you about it a little more in detail. I am anxious to give all the information I can.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JACOBSTEIN. The radio talk on Saturday night in which the Budget was discussed seems to claim all the savings and thereby detracts from Congress.

Mr. MADDEN. Oh, yes; it is inspiring to send out delightful messages, and people like to hear them. We are content to be the dray horses and do not look for any flowers or encomiums.

Mr. MENGES. I think the chairman of the Appropriations Committee ought to state over the radio some day what we really do.

Mr. MADDEN. I will say that since the war the Congress has refused $4,250,000,000 of administrative requests for appropriations, and since the Budget was enacted we have refused $345,000,000; that is, the appropriations have been $345,000,000 less than the recommendations of the Budget.

Mr. LAZARO. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LAZARO. Why is there so much complaint coming from taxpayers as to the long time it takes the Government to refund the money, which actually interferes with their business?

Mr. MADDEN. Well, it is a hard problem; so many things go into the process of auditing—study, reconsideration—they are adjusted, sent back, and when the courts do not interfere Congress does, and that keeps them in the air and unsettled in many cases for three or four years, when they should be settled sooner.

Mr. BRIGHAM. Does the Government pay interest?

Mr. MADDEN. It does.

Mr. BRIGHAM. How much?

Mr. MADDEN. Six per cent. Now, on December 31, 1924, the number of unaudited cases was 1,358,416, and on December 31, 1925, the number was 1,196,125. Of the amount of refund during the 1925 period, $554,000,000, it is estimated that $156,000,000 has been due to the decisions of the court, and more than $60,000,000 is due to interest paid under the law. The average refund over the recent period has been slightly in excess of $600 per case. Of the sum of $149,250,000 carried in the bill it is estimated that $41,500,000 will be due to interest. The interest, mind you, is not a regulation of the Treasury Department; it is under a law requiring it to be paid.

The CHAIRMAN. The gentleman from Illinois has occupied one hour.

Mr. MADDEN. I will yield myself 30 minutes more.

The average monthly expenditure under this appropriation is estimated at $11,535,000 against an average monthly expenditure during the previous 16-month period of $12,500,000, a decrease in the monthly rate of approximately $1,000,000.

The average monthly expenditure depends on the number of audits they are able to make. Take, for example, a consolidated return, which would be a return, say, like the United States Steel Corporation, with holding companies and subsidiary companies reporting to a parent concern. I think they have an old case pending from somewhere way back at the beginning of the war where the audit has not yet been completed. It takes a carload of papers for a single return, and there are many questions involved in that audit—the question of depreciation, depletion of land and mines, the question of interest allowed, whether it ought to be allowed, and so many questions involved that have to be adjudicated that it is a wonder that we ever have any adjudication at all. There were no audits made until about three years after the war.

It all had to be taken up from the beginning and straightened out, and the returns were piled up, millions upon millions of them. The Appropriations Committee figured out one day with the department that we ought to be able to collect five or six hundred million dollars a year if we could expedite the audit, and so we gave them $10,000,000 for that purpose. We collected $545,000,000 the first year. We collect now through the special agent's efforts about $5,000,000 a month, $60,000,000 a year, by searching out people who have not filed schedules that ought to have filed them and make them come in under the law. Everything is being done to put every safeguard around the work of the auditing and to protect the public interests and at the same time give justice to the taxpayer. He is entitled to that.

This appropriation of money in advance is made on the theory that if the audit has authorized on an average $10,500,000 or $11,500,000 a month in payments thus far, it is fair to assume that the audit will yield that much for payments, and the money is there to pay it when the audit is made.

Mr. LAGUARDIA. With the board of appeals functioning and establishing fixed rules, it is hoped that in four or five years it will be able to catch up with the work.

Mr. MADDEN. Yes. This will stop cases going to court in many instances, but there ought to be something done in respect to the board of appeals. They have had to sit on one case that involved a matter of 99 cents. Manifestly, it is unfair to have such a claim submitted to the board of appeals. The revenue bill that is pending in the Senate fixes a $10 filing charge, and it is fair to expect that in the future a $10 filing charge will not be paid when the case involves only 99 cents.

The Coast Guard is granted the sum of $7,674,491.96. I see the gentleman from New York [Mr. LAGUARDIA] smiling at that. All of this is due to the increased and onerous duties which have been placed upon the service in connection with the prevention of the smuggling of liquor and combating the activities of the "rum runner."

In 1924 additional vessels and personnel were granted the service to engage in the work on a larger scale than had theretofore been possible with the fleet that the Coast Guard had operated for many years in discharge of its normal functions. But the range of the vessels that were smuggling contraband goods into the United States, instead of being at the 3-mile limit, went to the 12-mile limit, and when they were sought there, they went farther out and came in under cover sometimes, and it takes more vessels to protect the interests of the Government where the smuggling takes on a wider cruising range, and that is why we are appropriating this money, because it is the determination of the Government, as far as I can see, that, cost what it will, the law must be enforced. That is one thing. If you do not like the law, repeal it, but while the law stands, every man and woman in

America should be a law observer, and as far as I am concerned it would not make any difference what it costs to enforce the law, I would enforce it if I were charged with the responsibility of enforcing it, and then let those who have the power to repeal it repeal it, if they did not like it.

Mr. LaGUARDIA. Has the gentleman's committee any estimates from the Coast Guard Service as to how much it would cost to prevent liquor coming into the country from abroad?

Mr. MADDEN. I do not think they know, and I do not think anybody could make an estimate.

Mr. LaGUARDIA. They do not presume that they are preventing liquor from coming into the country now, do they?

Mr. MADDEN. They do presume it, to a large extent. That is, they have restricted it materially.

Mr. LaGUARDIA. They have restricted it about one-half of 1 per cent.

Mr. MADDEN. I do not know whether it is one-half of 1 per cent or not, but does the gentleman mean that they have restricted the alcoholic content to that? [Laughter.]

Mr. LaGUARDIA. I am speaking of the restriction in the quantity. With all they are spending and all the efforts that are being made, liquor is coming into the country, and I think we ought to know officially just how much is coming in and how much it would cost to enforce the law.

Mr. MADDEN. I should be very much pleased if I had the information and knowledge and experience that would enable me to tell the gentleman that. I would then be a very valuable acquisition to the Government agency.

Mr. LaGUARDIA. I belong to the Alcoholic Liquor Traffic Committee, but I can not get that committee to function.

Mr. MADDEN. The gentleman will function wisely and well, I know, when he does function.

Mr. LaGUARDIA. Would the gentleman help me to get that committee to come to life?

Mr. MADDEN. I should be very happy if I had the instrumentality to do it.

We have next the customs service, and there we are appropriating $462,800 to keep the present force going. More money has been collected through the customs service during the last six months than any similar period in the Government's history, and they are doing the best job that has ever been done and are looking forward to the collection of $585,000,000 from the customs service during this fiscal year, which will be a record.

The act of March 4, 1925, authorized the expenditure of $2,000,000 at Walter Reed General Hospital to replace the present temporary buildings with permanent construction. The bill carries $1,050,000 of direct appropriation and contract authorization of $950,000. In addition to the $2,000,000 the sum of $900,000 has been allotted by the Veterans' Bureau and $150,000 will be expended by the Red Cross for its building, making the total of the completed facilities $3,050,000. When completed the hospital will have a capacity of 920 beds.

Mr. SOMERS of New York. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. SOMERS of New York. The gentleman brushed over the Customs Service so quickly that I did not have a chance to ask him whether the $462,000 took into consideration——

Mr. MADDEN. It is not for increased pay, if that is what the gentleman has in mind.

Mr. SOMERS of New York. That is a point that I wanted to ascertain.

Mr. MADDEN. It is to pay those already employed there. It represents pay already fixed.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. LAZARO. The gentleman will remember that some time back there was a fire at Walter Reed Hospital and that there was considerable criticism in the press as to the buildings being fire traps. Has anything been done to relieve that situation?

Mr. MADDEN. When they have completed these permanent buildings they will have facilities in fireproof buildings for 920 beds, of which 800 will be provided by the present appropriation and authorization.

There is very little, if anything, more to say about this bill. It is composed of items relating to almost every department of the Government and is an interesting bill. If anyone desires to ask any questions I should be very glad to answer them, if I can.

Mr. BRIGHAM. Is it not true that the eighteenth amendment has thrown very heavy expense on the Customs Service also?

Mr. MADDEN. Oh, yes. A great part of their force is engaged in preventing smuggling of all kinds, including liquor. They are required to confiscate boats which they capture and also automobiles that carry illicit, contraband goods for smuggling purposes.

But they have been doing a marvelous job, and the courts have made their job still harder than it would be even from the fact that after they capture a boat now the owner of the boat may go to court and file a bond and take the boat out. There may be five or six captures of this same boat before the case is tried, because the courts are collecting evidence in reference to law violations in connection with prohibition.

Mr. BERGER. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. BERGER. Can the gentleman give an estimate of how much it costs to enforce the eighteenth amendment, just about?

Mr. MADDEN. I should say over $30,000,000.

Mr. BERGER. All told?

Mr. MADDEN. Yes, sir.

Mr. BERGER. Could the gentleman give us an estimate of how much it cost to enforce all of the eighteen or nineteen amendments?

Mr. MADDEN. Of course, taking all the amendments we have and the Constitution, including all laws we enforce, the total cost is $3,600,000,000 a year.

Mr. BERGER. I beg the gentleman's pardon, it is not.

Mr. MADDEN. Including the Army and Navy.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. LaGUARDIA. On page 41 of the report the gentleman did not enumerate the item of $1,000,000 for removing the testing and experimental plant. I call the gentleman's attention to the fact that there is no authority of law for that expenditure, and in all likelihood the point of order will be raised on the appropriation when it comes before the House.

Mr. MADDEN. I will say no point of order was reserved, and no point of order is in order on that account on this bill. I think otherwise it might be subject to the point of order.

Mr. LaGUARDIA. When the Army appropriation bill comes in containing that item it is subject to the point of order.

Mr. MADDEN. I will not discuss that question now, because I may have to discuss it later.

Mr. WEFALD. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. WEFALD. I would like to know if the gentleman can tell us whether this liquor smuggled in is shipped in foreign ships?

Mr. MADDEN. As far as I am able to ascertain in most cases it is, but there are some American coastwise ships engaged in that work.

Mr. WEFALD. It seems as if it is smuggled in foreign vessels we would be able to stop it.

Mr. MADDEN. It seems to me that way, too.

Mr. BERGER. Will the gentleman yield further?

Mr. MADDEN. I always yield to the gentleman.

Mr. BERGER. The gentleman said it cost about $3,000,000,000 to enforce all the amendments?

Mr. MADDEN. All the laws.

Mr. BERGER. All right. How much is used to enforce the thirteenth, fourteenth, and fifteenth amendments?

Mr. MADDEN. It is expended to enforce all the laws of the United States.

Mr. BERGER. How much is spent for the enforcement of the thirteenth, fourteenth, and fifteenth amendments?

Mr. MADDEN. I must agree with the gentleman no part is expended, because there is no attempt to enforce. Of course, if I had my way they would all be enforced. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-three gentlemen are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following members failed to answer to their name:

[Roll No. 25]

Abernethy	Colton	Fenn	Hawley
Andrew	Cooper, Ohio	Flaherty	Holaday
Anthony	Corning	Frear	Houston
Aswell	Coyle	Freeman	Hudspeth
Auf der Heide	Cullen	Fuller	Johnson, Ind.
Bacon	Darrow	Gallivan	Johnson, Wash.
Begg	Deal	Gambrill	Kahn
Blanton	Dickinson, Iowa	Gilbert	Keller
Bowles	Dickstein	Glynn	Kiess
Burdick	Dominick	Golder	Kindred
Butler	Douglass	Goldsborough	Kunz
Carew	Drane	Goodwin	Lampert
Carss	Drewry	Graham	Lanham
Carter, Calif.	Driver	Griffin	Lea, Calif.
Celler	Edwards	Hale	Lee, Ga.
Chapman	Ellick	Hastings	Letts
Cleary	Fairchild	Hawes	Lindsay

Lineberger	Patterson	Schneider	Tincher
Luce	Peery	Scott	Tucker
McKeown	Perlman	Shreve	Underhill
Magee, Pa.	Phillips	Spearing	Updike
Martin, La.	Pou	Stalker	Vinson, Ga.
Michaelson	Purnell	Strong, Kans.	Voigt
Mills	Quayle	Strong, Pa.	Weller
Montague	Ramseyer	Sullivan	White, Me.
Montgomery	Rathbone	Swartz	Whitehead
Mooney	Reed, Ark.	Swoope	Winter
Moore, Ohio	Reed, N. Y.	Taber	Woodrum
Morin	Reid, Ill.	Taylor, Colo.	Wurzbach
O'Connor, La.	Robinson, Iowa	Taylor, W. Va.	Wyant
Oliver, Ala.	Rouse	Temple	Yates
Oliver, N. Y.	Sabath	Thayer	

The committee rose; and the Speaker having resumed the chair, Mr. CHINDBLOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 8722, finding itself without a quorum, under the rule he caused the roll to be called, whereupon 305 Members answered to their names, a quorum, and he presented a list of the absentees for insertion in the Journal.

The SPEAKER. The committee will resume its sitting.

The CHAIRMAN. The gentleman from Tennessee [Mr. BYRNS]. [Applause.]

Mr. BYRNS. Mr. Chairman, the gentleman from Illinois [Mr. MADDEN] made a very clear statement as to the appropriations carried in the pending deficiency bill, which is one of the largest deficiency bills that has been reported to the House in many years, and possibly any time since the war. It is not my purpose to discuss the pending bill at the present time, although I may refer to some features of it later if I have the time.

I read with a great deal of interest the speeches made by the President of the United States and the Director of the Budget at the semiannual business meeting of the Government employees last Saturday. I hold these gentlemen in the highest esteem. These meetings I understand are held semiannually and were first instituted by the first Director of the Budget, General Dawes, now Vice President of the United States. I understand that at that time these meetings were held in order to permit Government employees to assemble at least twice a year for the purpose of participating in a conference looking to economies to be effected and further savings to be made in their respective departments and bureaus.

But after reading the speeches of last Saturday I came to the conclusion that this meeting was more a meeting of self-congratulation than anything else; a meeting in which the employees, although present, had no opportunity to participate. Their function seemed to be to listen to what was said. I was very much surprised at some of the statements made, and that is partially the reason for my addressing myself to what was said upon that occasion. The speeches of the two distinguished gentlemen seemed to me to be a brief for the defense rather than a plain statement of economies and savings which could not be questioned.

The President of the United States spent most of his time not in discussing the appropriations and economies but in referring to matters which were outside the announced object of the meeting, although he did deliver a very strong injunction upon those present to practice economy. In discussing the postwar conditions and the situation existing in this country immediately following the war he referred to the fact that trade and industry were almost prostrated; that labor was unemployed; that agriculture was suffering; and then he congratulated the country upon the fact that those conditions had been relieved, and by inference, at least, assumed some credit to the administration for the fact that the country is now in a prosperous condition; for, after speaking of those matters, he said:

> The action of the Government was prompt and effective. It is for us to see that it remains sustained.

We all know, of course, that after the war all the great countries—in fact, all the countries which participated in that war—found themselves in a more or less serious financial condition. The tax burden of the people was heavier than ever before; expenses of government throughout the world were vastly greater than had ever been dreamed of. In our own country the people found themselves burdened with governmental expenditures not before thought of, and with taxes which, as I have said on previous occasions, were proving a serious handicap to business and to industry.

Fortunately, our country was the quickest to recover, and we have been enjoying a prosperity of which we are proud and upon which we congratulate ourselves. But I am convinced that when the history of this period is written credit will not be given to this administration or the Congress for this prosperity, but credit will rather be given to the great recuperative power of the splendid citizenship of our country and our magnificient resources. [Applause.]

I said I was surprised at some of the statements made by the President and the Director of the Budget upon that occasion. And let me say that in making these observations there is no intention of personal criticism. I hold the President of the United States in the very highest regard, both officially and personally. I respect the high office and I respect the man who holds that office, and I have a peculiarly warm affection and regard for the splendid Director of the Budget, Gen. Herbert M. Lord. No one has ever heard me question either his very great ability or the sincerity which prompts him in the performance of the duties of his office. But I am not unmindful of the fact that General Lord as Director of the Budget is the direct and personal appointee of the President of the United States; that he does not dictate the policies of the administration; that he is not responsible for any new activities that may be created; that he, as the appointee of the President, is charged solely with the duty of investigating and making recommendations to the President of the amounts of money that may be needed to run the Government in the way of its present activities, and also to take care of any new policies which the President may determine upon.

The President of the United States asserted that we have greatly reduced the expenditures of the Government since 1921. You know we hardly ever have a speech made on the part of the majority party referring to expenditures and appropriations in which they do not undertake to compare appropriations and expenditures of the present day with those made in 1921.

The President of the United States said that in 1926 we would spend $1,919,000,000 less than was spent in 1921. That is true. But I have often said, my friends, it is unfair, it is not giving a true picture of the economies being effected at the present time, to compare the expenditures of the present day with the expenditures made in the fiscal year just immediately following the war, before the Army and the Navy had been fully demobilized from their former war strength, and while many of the war agencies were still in full operation. The President said, in speaking on this subject:

> Federal expenditures, which then amounted to $5,538,000,000 for that fiscal year, 1921, it is now estimated will be cut down to $3,619,000,000 for this fiscal year. That is a saving of $1,919,000,000.

It would have been fairer and more informative if the President had compared the expenditures of the present fiscal year 1926 with those of 1925, the previous fiscal year, because we can only judge of the real economies effected in one year by a comparison with the expenditures made in the preceding year. We can only tell whether or not there has been any real reduction in the expenditures of the Government in one year by comparing the expenditures of that year with those made in the preceding fiscal year. It might have been embarrassing to the President of the United States to have made that comparison, because had he done so it would have been shown that the expenditures for the fiscal year 1926 will be $89,000,000 more than the actual expenditures for the fiscal year 1925.

But, my friends, we should be frank in these matters, even though it may be embarrassing, politically and personally.

If he was going back five years to 1921 for a comparison, it is pertinent to inquire why he did not go back to 1919, when a Democratic administration reduced expenses $12,000,000,000. No one has even claimed any credit for the Democratic administration in that reduction, for we were getting back from a war basis to a peace time basis, and certainly by the same reasoning it can not be contended that the present or previous Harding administration is entitled to any credit for the reduction in 1921, as I will show.

But let us adopt the method of comparison made by the President of the United States. Let us see just where these reductions occur and of just what they consist. In 1921, as I have said, we had not yet fully demobilized the Army and the Navy from their former war strength. We spent on the Army in 1921, $1,101,615,000—and let me say to you gentlemen, I take these figures which I am giving you from the report made by the then Director of the Budget, Mr. Dawes, for 1921, and the report made by the present Director of the Budget, both of which are on the table before me, and if anyone doubts the accuracy of the figures which I will give you I shall be pleased to have him come forward and verify them for himself. We spent on the Navy in 1921, $650,373,000. In other words, we spent a total upon the Army and the Navy in 1921 of $1,751,988,000. In the present year it is estimated that the total cost of both the Army and the Navy will be $689,594,000, or a reduction of $1,062,394,000.

In 1921, as you know, the railroads had not yet recovered from the effects of having been taken over during the war as a war necessity and it was necessary for the Government to continue its aid and support of the railroads until they could fully recover from that action, and there was expended on railroad administration in 1921, $730,711,000, whereas in the present fiscal year, 1926, there will be spent only $7,209,000, a difference of $723,502,000.

In 1921 we had the United States Grain Corporation, a corporation organized as a war necessity for the purpose of stabilizing the price of wheat, and for other purposes, and there was spent upon the grain corporation in 1921, $90,353,000, and nothing is being spent for that purpose during the year 1926.

In 1921 the interest on the public debt was $1,000,000,000, whereas in the present year there will be expended by way of interest on the public debt $820,000,000, a difference of $180,000,000.

In 1921 there was expended upon Civil War pensions $260,611,000. In the present year the cost of Civil War pensions will be $210,056,000, or a difference of $50,555,000.

In 1921 the Emergency Fleet Corporation, a war agency, cost the Government $130,723,000. In 1926, the present fiscal year, it will cost $39,690,000, a difference of $91,033,000.

These six items amount to $2,197,847,000, or $278,000,000 more than the $1,919,000,000 reduction in which the President takes such great pride, and which he credits to "constructive economy." Will anyone contend for a moment that either the administration or the Congress is entitled to the least credit for these reductions?

The question naturally arises, if it be true that such great economies have been effected; if it be true that there have been such great savings upon the part of the present administration, why is there not a greater difference between the expenditures for the present year and those made in 1921?

I said a while ago that it was unfair; that it was not being entirely frank and candid with the people to compare the present year 1926 with the year 1921. When you come to examine the facts and when you eliminate from the expenditures of 1921 those things which directly grew out of the war and which do not exist now, it will be seen that there ought to be a greater difference in the expenditures for the respective years than that shown by the President of the United States, if these economies had been effected.

And while we are examining the difference in expenditures between 1926 and 1921, which Mr. Dawes listed in his report on the Budget under the head of "Ordinary expenditures for operation of the routine business of government generally, subject to Executive control," it is interesting to note the expenses of the Executive Office for those two years.

In 1921, at the close of the Democratic administration, the cost of the Executive Office, which includes the salary of the personnel employed by the President in the office, the cost was $197,000. In 1926, the present year, the estimated cost of the Executive Office is $483,000, or an increase of 150 per cent. In 1923, in the beginning of which fiscal year the present Chief Executive assumed office, the cost of the Executive Office was $349,000, showing an increase in three years under the present Chief Executive of $134,000, or nearly 40 per cent. [Applause.]

Mr. MADDEN. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. MADDEN. I wonder if the gentleman included in the cost of the Executive Office the extensive repairs that had to be made to keep the building from falling down?

Mr. BYRNS. Yes; but I take it there are repairs being made upon the White House every year. There is not a year when there are not appropriations made for such repairs, and I will say to the gentleman from Illinois that those repairs continue year after year, and let us see just what the cost of the Executive Office has been during the several years that the present Chief Executive has occupied the office.

I have told you that for the present year they are $483,000. Last year they were $411,898, and for the next year, 1927, after these repairs to which the gentleman from Illinois refers will have been completed, they are estimated to be $431,000, which is an increase of more than 100 per cent over what it cost under a Democratic administration during its last year [applause] and a very great increase over what it was when the present Chief Executive became the head of our Government.

The Director of the Budget, my friends, boasted of his 2 per cent club, a club which he said was composed of departments and independent establishments of the Government which had promised and which had actually carried out the promise of reducing their expenditures 2 per cent. [Laughter.] He criticized very harshly some of the departments, one of them in particular, for having promised and having become a full-fledged member of this club and then having violated its promise and exceeded its declaration as to the economies it would bring about. He criticized another department which had not joined the club, but which he said had spent $17,000,000 more than it was supposed to have spent. It is significant that he did not refer to the Executive Office as being a member of that club.

I would respectfully suggest to the Director of the Budget that he send a blank application for membership to the White House. [Laughter.] It is all very fine, gentlemen, to talk to Government employees and plead economy. I am calling your attention to the figures which show that the Executive Office itself has in four years increased its expenditures 150 per cent. Under the present Chief Executive, dating from the beginning of his term of office, the cost of the Executive Offices has increased 40 per cent over what they were when the lamented Harding died. Would it not be more effective to inculcate economy by example rather than by precept?

So I repeat, gentlemen, there is very little comfort to be gained by the President or those speaking for him in comparing appropriations for expenditures for 1926 with those which were made in 1921, a year almost directly following the war and at which time the people were burdened with the expense of the Railroad Administration, with the expense of the Army and the Navy, which had not been fully demobilized, and the expense of war agencies which were running, some of them at full blast.

I wish to repeat that I have a very warm personal affection for General Lord, the Director of the Budget—I think he is a splendid man and doing all he can to bring about economy—but he seems to have taken umbrage at somebody who has been making some criticism of the claim of economy and savings which have been "propaganded" throughout the country from time to time, for he says this:

> Statements that we have effected few or no economies of importance must fall with strange and mocking sound upon the ears of the people in the Federal service who have been under the economy rod these latter years. If there have been no savings then the heads of great departments and important bureaus are suffering under a strange hallucination.

I do not know of anyone who has claimed that there have not been economies effected in certain departments. There have been economies, but the trouble is, my friends, that when economy in one place has been brought about then, by recommendation of the President in a number of instances and by action of Congress in others, additional burdens far outweighing the economies effected are placed upon the shoulders of the people.

That reminds me of a letter that I received the other day from a gentleman which I think clearly illustrates some of these economies which in former speeches have been broadcasted over the country. This letter was received from a gentleman who dated it at Springfield, Ill. I do not know the gentleman and never heard of him before, and so I am not going to use his name. This letter is addressed to me and was sent to me shortly after I had made some remarks relative to the Budget on December 19. He writes:

> DEAR SIR: I have read your speech and your criticism in regard to the so-called Coolidge economy. You are a Democrat. I am and always have been an ardent Republican, but I do not propose to let you get away with any such criticism as that. Surely you must know something of the thousands of dollars that have been saved by this administration in lead pencils, drinking cups, and towels.
>
> Yours very truly,
>
> ——— ———.

[Laughter.]

Now, the Director of the Budget, gentlemen, asserted that there has been, and I quote his language—

> a marked decrease in the cost of Federal administration.

Let us see. The actual figures, I imagine, taken from the President's own Budget report is the very best evidence on that subject. You know they say that figures will not lie. I think they can sometimes be juggled, but here are the plain figures contained in this report I have before me, and what do they show? They may, and I think they do, explain the reason why these gentlemen do not undertake to compare the present year with the one preceding, because, as I said awhile ago, it would prove a little embarrassing both personally and officially.

Now, what are the expenditures? In 1924 they were $3,506,677,715.34. Those were the actual expenses, exclusive of the Postal Service. In 1925 they were $3,529,643,446.09, an excess of $23,000,000. In 1926 it is estimated that they will be $3,618,675,186, or an increase of $89,000,000 over the last fiscal year.

The director attempts to explain the increase over 1924 by a reference to the adjusted compensation, tax refunds, and postal deficits, which he says amount to $134,000,000, but he makes no effort to explain the big increase in 1926 over 1925. He refers to the fact that in 1925 the Government paid $59,000,000 less in interest, but he does not give any credit for that in this $134,000,000 to which I have referred. He entirely overlooks or fails to state or to say anything about the savings which have been made in those years on pensions, the Emergency Fleet Corporation, railroad administration, loans to railroads, war finance, intermediate credit banks, and interest on the public debt. Let us see what they were. Savings on pensions. In 1925 the expenditure was less by $10,000,000 than it was in 1924, and in 1926 the expenditures will be $10,000,000 less than in 1925.

What about the Emergency Fleet Corporation? In 1925 the expenditures were $55,187,000 less than in 1924.

Railroad administration. Expenditures in 1925 were $15,500,000 less than in 1924.

Loans to railroads. The Government loaned the railroads in 1924 $13,000,000, which was counted in as a part of the 1924 expenditures. It loaned nothing in 1925.

War finance. There was a reduction in the expenditures of $10,000,000 in war finance in 1925 over 1924, and $22,000,000 in 1926 over 1925. As to the intermediate credit banks, in 1924 the Government subscribed $12,000,000 for stock in those banks, and that amount was charged to the expenditures for 1924, in order to make up the aggregate sum. The Government subscribed nothing in 1925 and nothing in 1926.

Interest on the public debt. As I have heretofore stated, $59,000,000 less was paid by way of interest on the public debt in 1925 than was expended in 1924, and $61,000,000 less in 1926 than in 1925. Certainly no one will claim that these reductions are due to any economies, or to any so-called saving, or that these reductions are the result of the "constructive economy" of which the President boasts.

Certainly no one on either side of the Chamber will insist that the administration or the Congress is entitled to credit for these reductions which were inevitable, coming as they do, some of them by cessation of war activities and other by reason of payments on the public debt, and other causes; and so, when you come to add the amounts of these reductions of expenditures in 1925 and compare them with the expenditures in 1924 you will see that they amount to $40,000,000 more than the $134,000,000 for which the director takes credit in the way of tax refunds and adjusted compensation and postal deficits, which he says is an explanation of the increase of 1925 expenditures over 1924. By his own argument the expenditures for 1925 should have been $40,000,000 less instead of $23,000,000 greater.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. TILSON. In the gentleman's computations does he figure the post-office receipts and expenditures?

Mr. BYRNS. No; I do not.

Mr. TILSON. And that is left out entirely.

Mr. BYRNS. Entirely; except the postal deficits.

Mr. TILSON. All post-office receipts and expenditures?

Mr. BYRNS. Absolutely. I am taking these figures as they are submitted, exclusive of the Postal Service. As the gentleman knows, I have complained on numerous occasions because the President, in his report to Congress, always gives the aggregate sum of appropriations requested and expenditures made, excluding the Postal Service because they do not present a full and complete picture. I have followed exactly the method followed by the Budget in the figures that I have given. I am giving its figures—they are not mine.

Mr. TILSON. The gentleman, then, does not take into account the increase made in the salaries of the postal employees?

Mr. BYRNS. Oh, no. The expenditures for this year, exclusive of the Postal Service, will be $3,618,000,000; and if you add the $707,000,000 which will be expended for the Postal Service, you will find that the total expenditure of the Government for the fiscal year 1926 will be $4,325,000,000.

Mr. KINCHELOE. Neither the President nor the Director of the Budget took into consideration the Post Office expenditure?

Mr. BYRNS. No; and I have always insisted that that is an improper practice and not according to the intent of the Budget law. The Budget law was enacted for the purpose of giving not only the Congress but the people of the United States complete and accurate information as to expenditures being made from the Treasury, and I have always contended that the only fair thing to do is to include in the reports made the total expenditures of the Government, because we know that while we receive in receipts from the Postal Service every year nearly enough to cover its actual expenses, those receipts go into the Treasury of the United States and they have to be appropriated out of the Treasury by an appropriation bill just as the appropriations necessary to carry on every other department of the Government.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. TILSON. The gentleman spoke of executive expenses. Did the gentleman take into account the transfer of the police from Public Buildings and Grounds to the Executive? Has there not been a change in the accounting there? It is my impression that there is something like $85,000 increase in the expense of the Executive Office on account of this transfer.

Mr. BYRNS. Eighty-five thousand dollars goes to make up a part of the $483,000. The gentleman is correct about that. Special White House police were first provided in 1923.

Very well. Deduct the $85,000 and you still have $400,000 as compared with $197,000 five years ago. [Applause on the Democratic side.] You still have more than 100 per cent increase if you deduct that. As I have said heretofore, we ought to have less economy propaganda and a little more real, actual practice of economy.

I am not at this time discussing the question of whether or not greater economy could be shown. Although I have in mind some economies which could be effected, and some of them may possibly come before you gentlemen within a very short time in the way of abolishing commissions and bureaus which are unnecessary and which are costing the people many hundreds of thousands of dollars every year.

Mr. MADDEN. Will the gentleman yield for one question?

Mr. BYRNS. I am always glad to yield to the gentleman.

Mr. MADDEN. I would like to say for the Executive that a very critical engineering survey of the White House shows that there was serious danger of the roof falling in, and a very serious trouble in the construction, and the survey shows the cost of rehabilitating the White House would be over $500,000; and if it had not been for the economy of the President $500,000 would have been expended on it, but we only authorized the amount necessary to maintain the structure in a safe condition.

Mr. BYRNS. Fifty thousand dollars.

Mr. MADDEN. It was over that, but I can not remember the figures; but whatever it was was the difference between that and $500,000.

Mr. BYRNS. If the President will reduce the expenditures for this purpose to what they were a few years ago it will not take many years to save $500,000 and put the White House in the condition to which the gentleman refers.

Mr. MADDEN. I will not assume to challenge the figures the gentleman states, but I think I will make a little examination and tell exactly what the expenses were under the Democratic administration and tell the House about them a little later. [Applause.]

Mr. BYRNS. Does the gentleman dispute the record which I hold in my hand prepared by General Dawes, who was then Director of the Budget and now Vice President of the United States? If the gentleman doubts the figures which I have given as the actual expenditure for the White House in the fiscal year 1921, I would be delighted to have the gentleman take this record and see for himself.

Mr. MADDEN. I do not doubt what the gentleman states as his basis, but I do not know what his basis is.

Mr. BYRNS. The basis is the figures given by the Director of the Budget. The gentleman has raised the question. It will be recalled that President Harding took office in March, 1921, just within three months of the close of the fiscal year 1921. The Director of the Budget [General Dawes] in his report shows that the actual expenses of the White House for 1921 were $197,341.68. Now, what happened? In 1922 there was a slight increase in the expenses estimated at that time, $206,926. Expenditures in 1923, $349,380.15, and in 1924, $450,952.65. In 1925 the expenses amounted to $411,898.27, and in 1926, the present year, they are estimated at $483,007.

Mr. DAVIS. Will the gentleman yield?

Mr. BYRNS. I will.

Mr. DAVIS. Will the gentleman state if he includes in the Executive expenses the President's salary?

Mr. BYRNS. That is included in these statements and also the salary of the Vice President.

Mr. DAVIS. And the cost of maintaining the President's yacht, the *Mayflower*, is that included?

Mr. BYRNS. No.

Mr. DAVIS. Will the gentleman state how much it was last year?

Mr. BYRNS. $341,599.50.

Mr. BARKLEY. The gentleman wants to be fair to the President?

Mr. BYRNS. I certainly do, and I have no disposition to be otherwise.

Mr. BARKLEY. Has the gentleman taken into consideration any of the increased activities in the equestrian line affecting the White House in the last year or two?

Mr BYRNS. Any what?

Mr. BARKLEY. The equestrian activities on the part of the President?

Mr. BYRNS. I am very glad the gentleman, in a spirit of the utmost fairness, has referred to that, because it may explain some of the increases.

Mr. ALLGOOD. And possibly may account for the condition of the White House in being broken down?

Mr. BYRNS. It may.

Mr. MADDEN. Does the gentleman object to the President's walking?

Mr. BARKLEY. I certainly do not. I would like to give him his walking papers at any time. [Laughter.]

Mr. MADDEN. Everybody knows that; but the gentleman will not be able to do it. [Applause.]

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield for a question?

Mr. BYRNS. Yes.

Mr. KINCHELOE. I want to ask it for information, because I have heard it said that in the $25,000 appropriation heretofore made to the President of the United States for traveling expenses, in the first appropriation bill that was passed after Mr. Harding became President of the United States——

Mr. MADDEN. I would like to ask the gentleman to ask that question more clearly and loudly so that the House can hear it.

Mr. KINCHELOE. I will try to let the gentleman from Illinois hear, because I am saying this partly for his benefit. I understand that when the appropriation of $25,000 was first made to the President for traveling expenses on the first appropriation bill that came into this House after Mr. Harding became President, when it got to that item of $25,000 for traveling expenses, the words "and for official entertainments" were added. Is that true?

Mr. BYRNS. That is true. The appropriation was originally made for traveling expenses at the time the salary of the President was $50,000. It was made because it was realized that the President was subjected to very great expense if he traveled all over the country, and, of course, we all realize that it is to the interest of the people and to the interest of the President that he should meet the people from time to time, and that he should visit the various sections of the country. Under the Constitution it was impossible during the administration of President Roosevelt to increase the salary of the President during his term of office, and therefore the Congress made an appropriation of $25,000 to cover the traveling expenses.

Mr. MADDEN. I think it was not for that reason. The gentleman knows that the railroad companies always furnished the President with transportation and furnished the train. President Roosevelt refused to accept the train, and that appropriation was made to cover the expenses of traveling.

Mr. BYRNS. I accept the statement of the gentleman. I was not here at that time, but if I had been here I would have voted for it. I am not criticizing it. What I am saying concerning it is simply giving the history of that appropriation. In the closing days of President Roosevelt's administration and before President Taft became President the salary of the incoming President was raised to $75,000, and it has been at that sum ever since.

The $25,000 was continued as an appropriation to cover traveling expenses. It remained that way during all the term of President Taft, four years, and I think he traveled possibly more than any other President ever traveled during his term of office, and the people were glad that he did. It remained that way during the eight years of President Wilson's administration. The first year after the succeeding administration came in the language of the appropriation was changed by the addition of the words which the gentleman from Kentucky [Mr. KINCHELOE] suggests, "and official entertainments," and it has been carried that way ever since. Therefore the salary of the President to-day is $75,000 and $25,000 for traveling expenses and official entertainments. Of course, he does not have to make an accounting of the $25,000. I did not intend to refer to that.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. McSWAIN. The gentleman from Illinois referred to the fact that certain distinguished architects had called attention to the defect in the roof of the White House. Does not the gentleman now occupying the floor think that we can get both parties to agree to have this defect repaired without charging it to either side particularly, because gentlemen on this side want a sound roof above that house after the 4th of March, 1929? [Applause.]

Mr. BYRNS. Yes. Therefore I hope the proper steps will be taken, as suggested.

Now, gentlemen, I have given you the facts. I will not detain you any longer. I have said what I have simply because I feel that it is time that we should be fair and frank in the discussion of the question of appropriations and expenditures.

I do not charge any gentleman with a deliberate effort to deceive the people or to mislead the people, but what I do say is that under the present practice there is necessarily the effect of deceiving and misleading the people as to the amount of money that is actually required to run this Government. There has been, as I said before, a propaganda all over this country to the effect that great economies have been effected in the ordinary routine operations of the Government; that the Federal Government's cost was decreasing. I have said it before, and I repeat, that since 1924 the cost of the Federal Government has been steadily increasing, despite all claims to the contrary.

I said at the outset that the President had assumed, or at least that inference can be taken from what he said, some credit for the restoration of this country to prosperity immediately after the war. He referred to the fact that credit had been extended to the agricultural classes through the War Finance Corporation, forgetting for the time being, possibly, that the War Finance Corporation, just as was the case with many other great constructive measures, was inherited from the Democratic administration. He referred to the fact that taxes had been reduced, and that is true. We have had two reductions in taxes. Another is now on the way. But, as we all know those reductions, great as they may be, are reductions from the high tax level, which was necessary during the war; and even the tax bill now pending in the Senate proposes to retain on the statute books some so-called nuisance taxes, which were levied during the war for the sole purpose of carrying on the war, with the expectation at the time they were enacted that after the war ended those taxes would be promptly repealed and the people relieved of them.

When I read the statement of the President I made an effort to recall some outstanding legislation that had been enacted for the relief of the people of this country under the Harding and Coolidge administrations. I recalled the Fordney-McCumber tariff bill, which gives special relief to the great manufacturing interests of the country, but I have not been able to think of any real constructive and beneficial legislation passed in the interests of the agricultural classes. I have not been able to think of any legislation passed in the interest of the laboring classes. The only relief for the agricultural classes to which the President points is the fact that credit was extended through the War Finance Corporation.

Gentlemen, the time has come, I repeat, when we should do less talking about economy and a little more by way of practicing economy. [Applause.] The people are becoming more and more alive every day to just what is going on here in Washington.

Mr. BARKLEY. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. BARKLEY. I have heard it stated a number of times that the number of employees on the Federal pay roll at this time as compared with one year or two years ago showed an increase of 15,000 or 20,000. Can the gentleman inform me whether that is correct or substantially correct?

Mr. BYRNS. Yes; I am glad the gentleman referred to that. The Director of the Budget, in his statement last Saturday, took pride in the fact that during the year 1925 there was a reduction of something over 5,000 employees here in the District of Columbia. The Civil Service Commission informs me that there was a reduction of 4,570 during the calendar year 1925. Gentlemen will recall that in the calendar year 1924 there were placed upon the Government rolls more than 15,307 new employees. Now, it may be claimed by some that this was caused by the fact that Congress passed the adjusted compensation law and that more employees were needed than otherwise would have been needed in order to carry out the provisions of that law, but the facts are that only about 3,668 were required as temporary employees. So it remains that in the calendar year 1924, 11,669 permanent employees were placed

upon the Government rolls whose salaries must be paid by the people of the United States.

Mr. MADDEN. That includes postal employees, does it not?

Mr. BYRNS. I think so, and I believe it will be found when you come to analyze the statement made by the Director of the Budget to the effect that 5,000 employees were let out in 1925, that more than one-half of them were temporary employees who were employed for the specific purpose of carrying out a particular law, and their work has been finished.

Mr. BROWNING. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman.

Mr. BROWNING. The gentleman will remember in that same sentence the Director of the Budget explained that these 5,000 employees were placed in other departments of the Government and not turned out in the cold.

Mr. BYRNS. Yes; and I think the President said something to the same effect, as I recall his statement.

Mr. BROWNING. Yes.

Mr. BYRNS. As I recall, the President stated that an effort was always made to find places for them in other departments of the Government.

Now, gentlemen, I have said about all I care to say on the subject. I have simply tried to show that some of these constructive economies have not resulted in the way the propaganda being circulated in this country has sought to impress the people.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LAGUARDIA. I have been very much impressed with what the gentleman has said, but if his side of the House would vote in accordance with the way the gentleman talks and not bring out so many bipartisan bills we might get some constructive legislation this session.

Mr. BYRNS. I hope we will have some constructive legislation that will result in benefiting the people. As I said a while ago, if we had less talk and a little more positive action on behalf of the people of this country, both as to economy and as to real legislation, planned and passed for the purpose of benefiting the masses of the people, we would be a whole lot better off than we are.

Mr. LAGUARDIA. And less 50-50 legislation.

Mr. TILSON. Will the gentleman yield for one final question?

Mr. BYRNS. Yes.

Mr. TILSON. Does not the gentleman think the action which the House took a little while ago in adding $200,000 to the agricultural appropriation bill is just another step in the direction of putting on more employees and adding to the expenses of the Government?

Mr. BYRNS. That may be true, but I want to say to the gentleman I voted against the proposition, so I can not be accused of being inconsistent in what I have said.

Mr. TILSON. I do not include the gentleman, but a large number of the Members of the House on the gentleman's side voted for that additional expense.

Mr. BYRNS. And on your side also. I will say to the gentleman that his party is in control of the House of Representatives. There are 183 Democrats, as I recall, which gives a majority of more than 60, I am reminded, to the Republican Party in this House, and necessarily your party should be held responsible for appropriations made and also for legislation enacted, and I do not think it is any answer to say that gentlemen upon the other side voted this way or that way.

Mr. TILSON. As a matter of fact, do they not usually vote on the gentleman's side very largely to add these tremendous sums to appropriation bills and then find fault with the Republicans because they were put on?

Mr. BYRNS. Oh, I think that is a charge that can not be sustained by the record or by the facts.

Mr. KINCHELOE. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. KINCHELOE. I presume the amendment which the Republican majority leader has reference to is the $200,000 item for the printing of more books by the Department of Agriculture on diseases of horses and cattle for the benefit of the farmers of this country. I will ask the gentleman if that is not the only item the gentleman knows of passed at this session of Congress under a Republican administration that will be of any benefit to the farmer at all? [Applause.]

Mr. BYRNS. If the Congress has done anything else at this session on behalf of the farmer, except talk, I have not heard of it.

Mr. WINGO. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WINGO. I know the gentleman wants to be fair. The gentleman has overlooked that bill which authorizes an expenditure of $225,000 worth of advice which was passed here the other day.

Mr. BYRNS. Oh, yes. I am glad the gentleman referred to that, because, of course, that is important. You know I heard a gentleman on the Democratic side of the House say in talking about this Haugen bill, which was passed the other day, "Do you know, so far as any relief to the farmers or to the country is concerned, we might as well strike out all after the enacting clause and insert, 'We are in favor of the farmer.'" [Laughter.]

I said that would be all right and would possibly satisfy the powers that be if we added an appropriation of $225,000 for employees. [Laughter.]

Mr. BARKLEY. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BARKLEY. I think the gentleman ought to call attention, in addition to the republication of the Horse Book, that this session of Congress has provided for another Muscle Shoals Commission in behalf of the farmer. [Laughter.]

Mr. LAGUARDIA. Oh, the gentleman ought to say that the Democratic forces joined with the Republican forces in an attempt to give Muscle Shoals away.

Mr. BYRNS. It is always a favorite device to appoint a commission to investigate and report upon something that may be done for the farmer, rather than to attempt to give him immediate relief. We remember that two or three years ago we had an investigation made under the leadership of the gentleman from Minnesota, Mr. Anderson, an investigation that cost a lot of money and consumed weeks and weeks of time, and the hearings covered several volumes, and much good advice in regard to constructive legislation that might be enacted for the benefit of the agricultural classes. That report was made and sent to a committee, but I do not think that even a bill was ever reported carrying into effect any of the recommendations made by that committee.

Mr. WEFALD. Will the gentleman yield?

Mr. BYRNS. I will yield to the gentleman.

Mr. WEFALD. As one Member of this House who is neither a Democrat nor a Republican, but has always tried to vote right, can the gentleman tell us what further economy we can expect when the Democratic Party comes into power?

Mr. BYRNS. I just said that I was not making an economy speech; I was endeavoring to point out the unfairness of the claim made in the way of economy and saving, but I will say to the gentleman as I said a while ago, that the gentleman himself will have the opportunity in the course of a few days to vote to reduce some of these expenditures, and, in my opinion, some of these commissions that are being appointed from day to day should be abolished, and many now on the statute books. We are coming to the point where government is in the hands of expensive commissions. I would reduce the number of employees instead of passing laws increasing them. But of course the gentleman knows that can not be done without the aid and cooperation of a friendly administration.

Mr. WEFALD. I am going to be with you.

I think the gentleman should not close this fine and very illuminating speech unless he tells the country what the Democratic Party intends to do when they come into power.

Mr. BYRNS. I can not speak for the Democratic Party. I have never presumed to speak for the party, I only speak for myself. I said to the gentleman, and I repeat, that there are many expensive commissions that could be abolished and we could stop appropriating money at this time for unnecessary things, such as building a memorial bridge, which will cost twenty-five or thirty million dollars before it is completed. We ought to postpone some of these expenses until a more favorable time.

Mr. MADDEN. The estimated cost of the Memorial Bridge is $14,000,000.

Mr. BYRNS. It is estimated that it will cost $15,000,000.

Mr. MADDEN. Fourteen million dollars.

Mr. BYRNS. Well, say $14,000,000. The statement has been made by high authority that by the time the bridge is built and by the time all the approaches are built and all the land secured to complete that bridge it will cost $25,000,000 or $30,000,000. I prophesy they are nearer correct than the gentleman from Illinois.

Mr. ALLGOOD. Did not President Coolidge send a letter to Congress authorizing and recommending the building of this bridge?

Mr. BYRNS. Yes.

Mr. ALLGOOD. And possibly the bill would not have been passed if he had not sent it.

Mr. WINGO. It seems to me there was a commission some time ago for investigating the coal question. How much did that cost?

A MEMBER. Six hundred thousand dollars.

Mr. WINGO. What benefit did we get out of it and what became of it?

Mr. BYRNS. The gentleman knows more about that than I do. I do not think anyone will claim that any benefit was derived from it.

Mr. WINGO. Did the slogan "Keeping cool with Coolidge" emanate from that report?

Mr. BYRNS. Perhaps so. If the gentleman can find any benefit from these commissions that have been appointed and which have cost the Treasury so much money, he can do more than I can.

Mr. LAGUARDIA. I want to say to the gentleman that I had a letter from one of my constituents saying they could not get any coal, and I sent them that coal commission's report and they cooked breakfast with it. It contained 5,000 pages. [Laughter.]

Mr. BYRNS. I thank the House for its attention. [Loud applause on the Democratic side.]

Mr. MADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from South Dakota [Mr. WILLIAMSON]. Mr. WILLIAMSON is going to talk about predatory animals and I am sure that must include Democrats. I hope gentlemen on the Democratic side will be kind enough to give as respectful hearing to this as we on this side have given to the remarks of the gentleman from Tennessee [Mr. BYRNS].

Mr. CONNALLY of Texas. I think the gentleman from Illinois ought to wait until we get through congratulating the gentleman from Tennessee upon his masterly effort. Before the gentleman from South Dakota begins, may I ask him whether his remarks on predatory animals are to be made in reply to the gentleman from Tennessee [Mr. BYRNS], as the gentleman from Illinois [Mr. MADDEN] has indicated?

Mr. WILLIAMSON. It is a reply to the gentleman from Tennessee in part, at least, because my understanding has always been that many predatory animals have their abiding places on the Democratic side of this House. [Laughter.]

The CHAIRMAN. The gentleman from South Dakota is recognized for 20 minutes.

Mr. WILLIAMSON. Mr. Chairman, few of those who live in old-settled communities realize the terrible havoc wrought by predatory animals on the farms and ranches of the great West. The value of the average annual destruction of livestock by a wolf or mountain lion is estimated at $1,000; of a coyote, $100; and of a bobcat, $50. In many individual cases it runs far above these figures. The total loss to the Nation from this source alone is probably not less than $25,000,000 a year. The loss in my State, based upon such figures as are available, is close to $1,000,000 annually. Scores of horses and cattle and hundreds of sheep are killed every month upon our western ranges.

CUSTER WOLF

The destruction by some of these animals is appalling and almost unbelievable by those who do not have first-hand information. The Custer Wolf for many years was a notorious outlaw. For a long period a price of $500 hung over his head. He was persistently hunted, but his cunning and sagacity outwitted the ranchers, local sportsmen, and trappers. He would eat nothing except from his own kill and hence it was impossible to poison him. Traps were repeatedly set and several times he stepped into their jaws, but always got away. Finally, in response to urgent appeals, the Biological Survey sent Mr. H. P. Williams, one of its best hunters, to Custer with instructions to trail the wolf to its death, no matter how much time and effort it might take. Williams arrived at Custer, S. Dak., in the early part of March, 1920, and at once began to pit his cunning against that of the wolf. Through old-timers he soon located the trail of the killer. It is a well-known fact that a wolf will follow approximately the same run or trail year after year in hunting. Williams scented up the trail and set his traps. The wolf on his next visit covered the entire scent, but eluded the traps. All summer long the game of hide and seek continued between the hunter and the wolf. Once or twice the wolf had an unpleasant encounter with the traps, but escaped with little more than a good scare. In the meantime he continued his killing of cattle and smaller animals. It was not until October 11, 1920, that Williams succeeded in getting his quarry. That morning the wolf stepped squarely into one of the big traps. He broke the chain and made off. Finally a well-directed shot got him.

For nine years the Custer Wolf had eluded every effort at capture. Though often sighted, no marksman had been able to bring him down. His mate had been killed; his coyote companions had been shot. He alone seemed to lead a charmed life, but Uncle Sam got him at last. During his career he had destroyed over $25,000 worth of livestock, and no one knows how many deer or how much other wild game.

THREE TOES

Three Toes, the Harding County, S. Dak., wolf, had an even more remarkable career as a killer. For 13 years he roamed the ranges, leaving devastation and death behind him. He killed for the sheer love of killing. Often a large number of sheep would be mowed down with no indication that he had tarried for a meal. During his career he was known to have destroyed over $50,000 worth of livestock. Over 150 men had camped on his trail from time to time without result. Several organized drives proved equally futile. Last July, Junior Inspector Clyde F. Briggs, of the Biological Survey, was finally put on his trail. This proved the beginning of the end of this notorious marauder, but let Briggs himself tell the story:

THE BRIGGS LETTER

The 5th and 6th of July were spent en route to Harding County for the purpose of taking the noted Harding County wolf, known to the citizens of that county as "Three Toes." On the evening of the 6th I found the sign of him and spent some time in studying him in an effort to determine the facts of various reports which had been circulated in regard to his habits and ranging. From the 7th to the 23d were spent in investigating the wolf situation and in the setting of traps for his capture.

During this time I put much careful study to this particular wolf. The more I studied him the more I found that he was a very typical wolf in all his habits, regardless of the various reports. I found that this wolf had been a very noted killer for no less than 13 years. Some parties even stated they had known him for 14 years. During these years he had killed very extensively, and to undertake to estimate his entire killings would be impossible. From what data and estimates that have been taken his killings could not be less than $50,000.

At one of his killings he was known to have killed 34 registered Rambouillet bucks for one man in a single night; on another occasion 17 head were killed in one night for another ranchman, while for still another rancher he killed 28 head in one night. All three of these kills were registered animals. In these three nights alone it will be seen that his kill was close to $3,000. It was reported to me that on several occasions he had killed around 50 head of range sheep in a single night. On an average these range sheep are considered as worth $7 per head. During the earlier part of his career he had killed many grown cattle and horses. For the past one or two years he had preyed almost entirely upon sheep, as the sheep industry has increased in the past few years throughout his section, and it appears that he had learned through years of experience that sheep were by far the easiest victims. He seldom killed only enough for food, but almost invariably would kill from 10 to 30 head upon each visit, having made several such kills this spring.

Upon visiting my traps on the morning of July 23 I found the wolf trapped on the extreme west end of the line. About a week previous to this he had left the section which I had trapped and taken up quarters on the west side of the Little Missouri River, and when trapped was returning to his summer range. He was caught in the first trap he came to on his return. The sign showed plainly as to how everything had taken place, as he was caught a few hours after a very heavy rain. The sign indicated that he had fought desperately for some hours in an effort to free himself, but by the time I arrived it seemed that he had given it all up, as he was lying down at the time I came in sight and never stood up again. I tried in vain to get him on his feet in order to obtain a photograph in that position. After taking several photos of him I attempted to reach Buffalo, S. Dak., with him alive, but after carefully tying and handling him I had driven only 3 or 4 miles in my car when he died.

* * * * * * * *

The wolf was captured by the natural wolf-scent method, having secured the scent myself during my work after wolves in Missouri. During the time I was after the wolf I took three coyotes in my wolf sets. The bait having worked equally as well on coyotes. These were all old coyotes and one of them had been trapped before and lost two toes.

INSPECTOR KNOWLES'S REPORT

Inspector Knowles, in reporting on the capture, adds:

"The history of Three Toes is a difficult one to trace. His killing career is known to have begun in 1912, 18 years ago. Legend has him killing at a still earlier time. Mr. Briggs states that the animal is an old one and he is certain that he was 15 years old and believes him to have been nearly 20 years of age. One of the greatest difficulties encountered in tracing the history of this wolf is the complete change in the livestock industry of the county in which he ranged that took place during his time. At the beginning of his career it was a cow country with cattle handled under old range conditions and with range horses having a selling value equal to or greater than

that of cattle. Small sheep outfits had just gotten firmly established. In a few years after Three Toes began killing, sheep growing increased and now constitutes more than half of the livestock industry there. The cattle industry that remains is largely handled by the pasture method with horses about as numerous as ever but of no great value. The men who were in the cattle business at the beginning of Three Toes's advent as a killer are mostly gone, and but few remember the numbers of his killings in those years. He seems to have begun killing sheep very early in his career, but did not develop into a really notorious killer of this class of livestock until some eight years ago. Since that time he has destroyed several thousand head of them, as well as what in an ordinary wolf would be a large number of cattle. Horses during this latter period have not been counted against him, as but few of them had any great value. His range was roughly the western half of Harding County and northwestern Butte County, in South Dakota, southwestern Bowman County, N. Dak., and southeastern Carter County, Mont.

"The region is historic in frontier history and romance. General Custer passed through it on his expedition from Fort Yates to the Black Hills in 1874, and during the same year General Ludlow fought a battle here with the Sioux. The last of the great northern herd of buffalo were killed by market and robe hunters on the very ground where Mr. Briggs trapped Three Toes. Theodore Roosevelt staged most of his hunting expeditions over the same ground during the years that he led the life of a ranchman on the Little Missouri River, and just over the western sky line in Montana Dr. A. K. Fisher, in charge of the economic division of the Biological Survey, began his warfare against predatory animals by poisoning several of Three Toe's progenitors.

"With the stockmen of this wolf's early days mostly gone, a reckoning of his depredations of those years, beyond the fact that he was even then notorious, can not be made. In 1923 the Harding County Sheep and Wool Growers' Association and the banks at Buffalo, S. Dak., gathered information of his killings, and at that time they advised me that the known value of his kills equaled fully $50,000. During six weeks of May and June of this year, 1925, he killed sheep to the value of $2,000 belonging to Devitt Bros. It was near the Devitt Bros.' range that he was taken. His largest kill this year on an individual range was for these men. He killed for other men during the spring of 1925, but I have not yet been furnished with the numbers or value of these killings. In total they exceeded Devitt Bros.' losses, so that his known depredations in 1925 alone amount to more than $4,000. His largest kill in numbers of sheep for Devitt Bros. was made in two nights during May, when 64 sheep were destroyed. They were valued at $380 and were a mixed bunch of ewes and lambs.

"The sheepmen of Harding County go largely to well-bred stock, and one of Three Toes's specialties was killing in the woven-wire-inclosed pastures maintained at nearly all of the ranch headquarters. The buck herds are kept in these pastures during summer months. Three Toes seemed to single out these pastures and systematically kill in them. At the Latha ranch in the summer of 1922, 34 registered Rambouillet bucks were purchased at a cost of $35 each at a railroad point 75 miles distant. The wolf killed all of them in less than a month after their arrival at the ranch. His kill of registered breeding sheep in that summer alone was valued at $3,465. The following year, 1923, his kill at the Latha, Sletton, and Henry sheep ranches alone was valued at $6,700. They were: Latha, $2,700; Sletton, $2,200; and Henry, $1,800. His total known killing that year was valued at $12,000 worth of sheep and cattle. This was, no doubt, his banner year. It was during this year, while on a trip through Harding County, that he staged the killing of a milch cow and her calf at the Latha ranch on the night I stayed there. The largest kill in numbers of animals that he is known to have made was 50 head of range sheep that included some 20 breeding ewes and their lambs, with the balance of the 50 said to have been yearlings that were being kept to add to the breeding band the following season. One of his last kills of cattle of any importance was in a small bunch owned by O. E. Halvals, one of our South Dakota State hunters. On this occasion four head were killed, and they were valued at $200. As much data covering the depredations of this wolf as it will be possible to secure will be worked up later when information that has been gathered by the Harding County banks and stockmen can be secured.

"Legend has it that this wolf came to Harding County from Montana, but his actual birthplace seems to have been in or close to the horse pastures of Mr. Charles Wilson, located in the bluffs on the east side of the Little Missouri River some 8 or 10 miles northeast of Camp Crook, S. Dak.

"The story of attempts to capture Three Toes is as interesting as is the history of his depredations. More than 150 men have tried for him besides the men engaged in several big drives that were made by stockmen. No one seems to have had even the remotest chance of taking him aside from the traps that pinched off his toes, and these were no doubt set for coyotes and the happenings no doubt occurred in the early days of his career. Failing to trap this wolf, hunts were put on for him and individuals attempted to run him down. On a night following one of the hunts or drives made for him he killed one of the best saddle horses of the region. On another occasion when a hunter was attempting to run him down and had a relay of some seven top saddle horses the wolf stopped during the afternoon at a sheep corral and killed 15 sheep. The stories of his adventures with various hunters and groups of stockmen are interesting, and one soon comes to believe that Three Toes was much better versed in human lore than were his hunters versed in wolfology, as Mr. Briggs puts it. Mr. Briggs's taking this wolf in 15 days' work was an achievement that men who knew the animal consider the greatest event in the annals of wolf hunting. I was stationed on the Harney National Forest during all but the last two weeks of the career of the Custer Wolf and know the history, written and unwritten, both of his depredations and his capture, and from this intimate acquaintance of both animals, the Custer Wolf was not even in this Harding County wolf's class."

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. COOPER of Wisconsin. How could the gentleman tell that it was this particular wolf that did this damage?

Mr. WILLIAMSON. Early in Three Toes's career he was caught in a trap and in that trap lost two toes on one of his front feet, so that he had only three toes left on one front foot. Therefore he could readily be followed anywhere he went under ordinary conditions.

KILLINGS BY COYOTES

While coyotes are not as destructive as the big gray wolves, their killings during the winter season are very heavy. A single pair breeding and foraging on the ranch of Charles Gibson near Ree Heights, S. Dak., killed 475 head of sheep and lambs, many small pigs, and hundreds of turkeys and chickens. The total loss sustained by this rancher alone from this pair was estimated at $4,000. Marvin Haugs, a Government hunter, finally killed the pair with their 10 pups in the spring of 1924.

During winters of heavy snow hundreds of deer in the national forest reserves in South Dakota are killed by coyotes and bobcats. Government men in a survey of about two townships during the winter of 1919–20 found the carcasses of 119 deer partially eaten by these animals.

Coyotes multiply very rapidly. It is known that the average productive span of a female coyote is about 10 years. Their litters run from 5 to 10 and will average about 7. During one season in Harding County, in my district, hunters killed 21 coyote mothers and their offspring of 159 pups.

South Dakota has for years carried on an active campaign against these predatory animals. Substantial sums have been appropriated by the State for expenditure under the supervision of Inspector Louis Knowles, of the Biological Survey, stationed at Rapid City. Counties have also made contributions, as well as stock associations and individuals.

PUBLIC LANDS AND RESERVATIONS

The most serious problem that confronts us in my congressional district is the large acreage of national forest, Indian reservation, and public lands, which serves as breeding grounds for wolves, coyotes, and bobcats. This acreage is as follows, according to a statement furnished me by Commissioner William Spry, of the General Land Office:

Statement showing area of public and other lands in the third congressional district, South Dakota, on June 30, 1925

	Acres
1. Total area of public lands	262,541
2. Area of public lands within the area known as the "Bad Lands" is not known for the reason that such information is compiled by counties only, and the Bad Lands cover parts of several counties.	
3. Area of lands within national forests	1,267,257
4. Area of lands within Indian reservations unallotted and unreserved on June 30, 1920 (latest compiled data)	363,580
5. Area of national park (Wind Cave)	10,899
6. Area of national monument (Fossil Cycad)	320
	1,904,597

The allotment from the predatory-animal fund for the destruction of these animals in South Dakota is pitifully small, something less than $8,000, I am informed. The result is that the State and counties are compelled to fight predatory animals bred on Government holdings. At the present time the State is maintaining four hunters on Indian reservations and national forest lands to protect stockmen from Government-bred coyotes.

A considerable part of the public lands remaining in South Dakota is embraced in what is known as the Bad Lands. In these rugged and all but inaccessible fastnesses coyotes breed in great numbers. A year ago last summer, in company with a number of friends, I had occasion to visit the locality known as the Pinnacles. Here the flat prairie suddenly drops off into deep canyons and barren ridges of the most fantastic character. As we came to a sudden stop at the edge of the prairie we saw

not less than seven coyotes scrambling to get out of a great gully. The Bad Lands harbor large numbers of these animals. Their eradication is difficult and can never be accomplished except by the most expert and persistent effort.

It would be economy to expend a much larger sum annually. The present plan merely contemplates holding them in check and unless prosecuted with greater vigor will be interminable. Extermination is the only solution, and for this purpose a more liberal provision is indispensable. It is a case where parsimony is not economy; a case where sufficient funds should be provided to insure a vigorous campaign till the last wolf, coyote, and bobcat is dead. [Applause.]

Mr. Chairman, let me say in this connection that it is believed that we have succeeded in killing the last gray wolf in the State of South Dakota. Three Toes is believed to be the last, and if this is the case that fact alone will mean a saving of thousands of dollars every year in cattle and sheep. The Custer Wolf for nine years continued to kill in the southern hills, while the Harding County wolf, Three Toes, continued to kill in the northern hills. Together they destroyed at least $75,000 worth of stock during their careers. I do not believe that gentlemen here appreciate the tremendous importance of getting rid of these predatory animals in the great West. As I said at the beginning, the loss from this source alone in this country annually is more than $25,000,000, and I am told that the Biological Survey places the loss at a higher figure than that. We are appropriating only half a million dollars for that part of the work of the Biological Survey, dealing with the destruction of predatory animals. I do not know how that money is expended, but I do know that a very small proportion of it finds it way to the State of South Dakota. We have one of the worst States, so far as predatory animals are concerned in the Middle West, at least that portion of the State covered by my congressional district. The Black Hills section is a very rugged country. We have over a million acres of land in national forests, and a large area of bad lands which are very much infested with these animals. This necessitates the use of expert hunters. A novice is of little value and can do little toward destroying these animals. The Government ought to do its share and clear its own land. [Applause.]

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. BYRNS. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. CRISP].

Mr. CRISP. Mr. Chairman, last summer, in company with 10 other Members of this House, I had the privilege of visiting Japan. While we were there we were shown every courtesy and consideration by Japanese officials. The president of the Japanese Senate, Prince Tokugawa, gave a luncheon to the 11 Members of this House, and there were present at the luncheon 150 members of the Japanese Congress, who came from all over the island to attend, and no one else was present except a few high officals of the Japanese and American Governments. At the luncheon, Prince Tokugawa, who is one of the leading statesmen of Japan, delivered an address of welcome, which was, of course, brief. In the address he breathed nothing but friendship and good will to the American people. On the day of our arrival our ambassador, Mr. Bancroft, died. In the address of Prince Tokugawa at this luncheon he expressed the sympathy of his Government on account of the loss of our ambassador and requested that we convey to the President, to the American Congress, and to the American people the condolence and sympathy of the Japanese nation over Mr. Bancroft's death, who was much beloved in Japan.

I ask unanimous consent to extend my remarks in the RECORD by printing therein that short address, because I know of no better way of executing the commission and of getting the sentiment of this Japanese statesman before the people of our country.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. CRISP. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I ins t an address of welcome delivered by Prince Tokugawa to Members of this House who made a visit to Japan last summer.

The remarks of Prince Tokugawa follow:

We are gathered here to-day to welcome our honored guests from the United States and to pay tribute to the memory of the late American ambassador, the Hon. Edgar A. Bancroft. On behalf of the members of the House of Peers, I am very happy to extend our most cordial welcome to you, distinguished members of the Congress of the United States, who represent the people of seven sovereign States of the Union. It is also our wish that through you we may be permitted to express our sincerest greetings of friendship to your Congress and to the people of your great Republic.

We are sorry, however, that your stay in our country is so short and that the lack of accommodations, due to the great earthquake, has prevented us from entertaining you in the manner we desire. Besides, we were obliged to change our program at the news of the sudden death of the American ambassador, which has shocked our entire country. I sincerely hope that you will carry away with you our deep feeling of regard and friendship for the people of the United States.

For 70 years since the opening of Japan to American trade Japan has been a most loyal and sincere friend of the United States. When the great catastrophe befell our country in September, 1923, your people responded so quickly to the call of President Coolidge to aid our earthquake sufferers, and your generous sympathy shown us in the moment of our distress will always be remembered by our people with gratitude. To-day, when the Pacific Ocean has become the arena of international trade and diplomacy, it is the common duty of America and Japan to cooperate with each other for the maintenance of the peace of the Pacific and to keep the great ocean ever true to its name.

UNDERSTANDING IS NECESSARY

In order to maintain the peaceful relations between our two nations it is essential that our two peoples should understand each other's aims, aspirations, and ideals, for their understanding will create mutual respect and confidence. I believe that the frequent exchange of visits by the legislators of the two countries will bring beneficial results in the friendly relations between the United States and Japan.

In 1920 we were happy to welcome a party of the Members of your Congress who stayed in our country for more than two weeks. We regret that your stay is very short; we hope that you will visit us again in the near future. It is with fondest pleasure that I remember my pleasant experience on my visit to Washington during the conference for the limitation of armaments in 1921-22. During my stay in Washington I received the courtesies of the American Government and people, and had the pleasure of meeting many of the distinguished statesmen and leaders of America whom I am happy to-day to count among my most precious friends.

From the landing of the Pilgrim Fathers at Plymouth your people have been the vanguard of liberty, freedom, and justice. We know well how bravely your forefathers fought at Bunker Hill and Valley Forge for the independence of your country. We know also how those farsighted statesmen and master minds who assembled at the historic Constitutional Convention in Philadelphia in 1787 gave birth to the American Constitution, that great document which is, in the words of Mr. Gladstone, "the greatest work ever struck off at any time by the mind and purpose of man." For more than a century and a quarter since the First Congress of 1789 your Congress has had an illustrious record as the defender of democracy and champion of representative government.

JAPAN'S CONSTITUTION LATER

With us our history long antedates the founding of the Roman Empire, and we had our splendid art and culture during the Dark Ages in Europe. And yet the introduction of the representative form of government is more recent. On the 12th of October, 1881, the Emperor Meiji issued the imperial rescript promising that the Imperial Diet should be convened in 1890. On the 11th of February, 1889, the constitution of the empire was promulgated, and in the autumn of the following year the Imperial Diet was convened, as had been promised by the late Emperor nine years before. For 35 years since the first convocation of the Imperial Diet we have been making rapid strides in the constitutional government in our country. Although the form of our government may be somewhat different from yours, and yet the popular control of the government is same as yours, with universal manhood suffrage law, which was passed in the last session of the Diet.

I am happy to think that I can speak to you in perfect candor and frankness as friends and fellow legislators. It is unfortunate that our detractors have been constantly agitating against Japan, alleging Japan is making preparations for war of retaliation against America. I suppose that you have discovered with your own eyes during your stay here that such allegations are baseless and preposterous. Our dominant policy is friendly cooperation with the United States for the maintenance of the peace in the region of the Pacific Ocean. It is patent that there are no issues between the United States and Japan awaiting settlement by arms. It can further be said that there can be no situation in the future which can not be adjusted by free and frank exchange of views in a friendly manner between the two Governments. I sincerely hope that your Congress and our Imperial Diet will cooperate with each other for the furtherance of friendship between the two nations.

Before concluding, may I express our deepest feeling of grief and sorrow at the sudden death of the late American ambassador, Mr. Bancroft. His death shocked those of us who knew him intimately, and is lamented by the entire Japanese nation. He was the noble repre-

sentative of the Government of the United States; true always to the highest American ideals; and he was a true friend of Japan with the sympathetic understanding of our people. He won universal respect by the clearness of his mind and by his steadfast purpose. He gave his life and soul to the cause of Pacific friendship. He often said: "Japan's cause is America's; and what hurts Japan, hurts America also." Again, those words he delivered at the banquet of the America-Japan Society in this very hall soon after his arrival to his post are still ringing in our ears. He said: "Have faith in Japan, have faith in America, and have faith in President Coolidge!"

In his death, America lost her faithful servant and Japan her loyal friend. We mourn the death of the late ambassador who died in the service of his country, and sacrificed his life for the cause of friendship between our two nations. In the name of the House of Peers and of the House of Representatives of the Imperial Diet of Japan, I wish to express to you our profoundest feeling of sadness. Will you please convey our condolences to your President, Congress, and to the people of the United States? May the memory of the late Ambassador Bancroft inspire us to carry on the work of promoting the friendly relations between the United States and Japan.

Mr. BYRNS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK of Texas. Mr. Chairman, in the time which has been yielded me I want to talk a little on the subject of economy, and undertake to point out one practical way by which I think certain savings of public money can be accomplished. Our old friend economy has more friends in debate on the floor of this House and less on roll calls than any other gentleman I know. [Applause.] Now I do not mean to include my good friend JOE BYRNS in the classification of those who debate economy and vote the other way, because I think if anyone in the House is worthy of tribute as a true economist it is the gentleman from Tennessee [Mr. BYRNS]. He made an able speech this afternoon in dealing with certain statements recently made by General Lord, Director of the Bureau of the Budget, and I am sure he did not mean, and I know his remarks did not imply, that the Democratic side of this House are opposed to the creation of the Bureau of the Budget. Personally I think the most forward looking step that has been taken toward effecting economies in Government expenditures was the law that created the Bureau of the Budget. And I will tell you why I think so.

The Director of the Budget and his staff of assistants have the whole year to survey these Government departments and look into their details and study their operation, and are able to effect economies and do effect economies that Congress could not possibly do in the short time that its committees have to devote to hearings upon these bills. Congress frequently reduces the appropriations even below the estimates of the Bureau of the Budget and in that way accomplishes still further economies. That is all well and good, and I am glad to claim credit for all we are entitled to claim. But at the same time I do want to emphasize that the Bureau of the Budget is a great aid to Government economy, and the present Director of the Budget, General Lord, is an exceptionally able public servant and deserves the highest praise from Congress and the country. If we are to continue to hold down the expenses of the Federal Government and keep them from getting beyond all reasonable bounds, there must be the closest sort of cooperation between Congress and the Bureau of the Budget.

The gentleman from Tennessee pointed out, if no further increases are made over estimates which have been submitted, that we will spend $89,000,000 more in 1927 than we did in 1926. Is that correct?

Mr. BYRNS. This year, 1926?

Mr. BLACK of Texas. Eighty-nine million dollars more. Will the gentleman from Tennessee give information as to what the 1927 estimates are over 1926?

Mr. BYRNS. I will say to the gentleman I do not recall what the estimated expenditures are, but the estimates for appropriations for 1927 exceed the original appropriation made for 1926 by over $50,000,000, exclusive of postal receipts.

Mr. BLACK of Texas. Yes. I understand postal revenues and expenditures were not taken into consideration. The main reason I have risen to emphasize this ascending scale of appropriations which we face is to point out how important it is to heed the recommendations of the Director of the Budget and not go beyond them. In 1923—I believe it was—the Bureau of the Budget submitted an estimate of $36,000,000 for river and harbor improvement for the following fiscal year, and an amendment was offered to increase it to $55,000,000, and it was adopted. Who was it that adopted that? Upon whose shoulders rested the responsibility for that increase? Why, the shoulders of Congress. Now, I voted against it; and I recall not very long after the vote I got a letter from one of the ablest business men in my district, and he inclosed me a printed sheet he had received from the Mississippi Valley River Association—I believe that is the name of it.

Mr. WILSON of Louisiana. Leave out the "river."

Mr. BLACK of Texas. It was headed, "How did your Congressman vote upon the rivers and harbors appropriation bill?" And my name was down as one who voted against it. No mention was made of the fact that I voted in favor of the amount which had been recommended by the Bureau of the Budget, and that what I had really voted against was the amendment which overrode the recommendation of the Budget and increased the appropriation $19,000,000. This constituent of mine wrote me and said he did not understand exactly why it was that I was opposed to improvements upon rivers and harbors. Well, I wrote back and said, "I recall that when we had up the bill to create a Budget Bureau that you were one who wrote me and urged me to vote for it," and I said, "Do you know that the Bureau of the Budget estimated for only $36,000,000 for this river and harbor improvement, and I stood for that and supported it, but an amendment was offered, which I opposed, that increased that appropriation by $19,000,000?" And now I said, "My friend, how long do you think that the Bureau of the Budget will stand up if Congress overrides it many times to the extent of $19,000,000?" And he wrote back, "You voted right; keep it up." I now yield to the gentleman from Texas.

Mr. GARNER of Texas. The gentleman spoke in the beginning of his remarks in reference to rivers and harbors that the estimate of the Budget had been increased $10,000,000?

Mr. BLACK of Texas. I understand a proposition is under way to increase it $10,000,000.

Mr. GARNER of Texas. May I say to my colleague that the Bureau of the Budget sent in an original estimate of $40,000,000. Now they want to increase that by $10,000,000. If you want to follow the Bureau of the Budget you will follow it up to $50,000,000.

Mr. BLACK of Texas. Perhaps I will, and if the Bureau of the Budget submits it, it will be very persuasive to me, but not conclusive.

Mr. GARNER of Texas. They have done that to-day.

Mr. BLACK of Texas. I think, of course, that there are cases when the Congress of the United States ought to override the recommendations of the Bureau of the Budget and vote appropriations which it has not recommended and refuse to vote others which it has recommended. But I will say that the occasion ought to be very urgent before we increase the appropriations beyond the amount recommended by the Budget, more urgent than to print $200,000 worth of horse and cattle books, as the House has ordered to-day, in addition to those that are already down in the basement of the House Office Building to the number of about 120,000.

I do not care to conduct a post mortem on that vote, and the only reason why I have mentioned it now is that when the statement was made here yesterday by the gentleman from New York [Mr. MAGEE], chairman of the subcommittee, that there were about 120,000 copies in the House Office Building basement unused, I thought I would make a little investigation and find out a little about this Government document situation. I thought I would make a little investigation and find out how many there really are of different documents on hand, so I went to the superintendent of the folding room, and he gave me an inventory of books, pamphlets, and maps in the folding room on October 1, 1923.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Will the gentleman yield me five minutes more?

Mr. BYRNS. I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Texas is recognized for five minutes more.

Mr. BLACK of Texas. I have the list here. Of course I am not going to put it in the CONGRESSIONAL RECORD, because it would be too long; but I had my clerk to take an adding machine and add up how many of these documents and maps and publications there are, and the total is 1,987,210. These figures are of 1923. That is the latest inventory which has been taken. No doubt the number has been considerably increased since then.

Mr. MADDEN. There are over 2,000,000 documents that are not used. Yet we to-day put on an additional appropriation of $200,000.

Mr. EDWARDS. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. EDWARDS. How many horse books were there?

Mr. BLACK of Texas. About 120,000 horse and cattle books.

Mr. EDWARDS. Can the gentleman tell me, if he knows, how I can get some of those maps and horse and cattle books? I have not been able to get any.

Mr. BLACK of Texas. The most of these documents are to credit of either Members who have left Congress or others who do not care to distribute them. We should either stop piling up these documents or provide a better method of distribution.

Let me read you from these figures of the 1923 inventory. There were of Agricultural Yearbooks then on hand 582,193. There are a great many more now on hand, I dare say. Now, those Yearbooks cost quite a sum to print. I called up the Superintendent of Documents to-day and he told me that the 1924 Yearbook is listed at $1.50. So I suppose the 1924 Yearbook cost about $1.50 each to print. Therefore, the number now in storage in the basement of the House Office Building represents an expenditure of several hundred thousand dollars.

I am complaining of the system of distribution, the useless waste which it brings about. Let me call your attention to the fact that the Department of Agriculture prints only 20,000 copies for its own use, and states that it has calls for twice as many as it has. But Congress in the legislative appropriation bill appropriates for the printing of about 300,000 copies, and they are distributed to city Members just the same as to Members who represent agricultural districts. For instance, the delegation from the city of New York get their quota of Agricultural Yearbooks just the same as Members from agricultural districts in Texas and Nebraska.

In this 1924 Year Book there are printed more than 600 pages of statistics. There are 1,252 pages in the whole book, and only 658 of the pages are reading matter. Do Members think the farmers of their district care for those 600 pages and more of statistics?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. May I have five minutes more?

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. BLACK of Texas. I will tell the Members what I am going to do. I am going to the Committee on Appropriations, which has charge of this appropriation, and I am going to ask that, if we are to distribute these Year Books, let us distribute the reading matter contained in them and cut out the 600 pages of statistics and reduce the cost of the book by at least one-half.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. GARNER of Texas. My colleague does not mean to say he would stop the publication of them?

Mr. BLACK of Texas. Oh, no.

Mr. GARNER of Texas. His criticism is as to the method of making up the book and as to its contents?

Mr. BLACK of Texas. Yes.

Mr. GARNER of Texas. He would not want to deprive the farmers of the information that is in them?

Mr. BLACK of Texas. No. They contain matter that is interesting and useful. But I do say that the 600 pages of statistics are of no practical value to the farmer and are rarely ever read; and, if the Department of Agriculture wants to print some of them with those statistics for library use, no one would complain. But, as to those sent out under our congressional appropriation, we should eliminate those 600 pages of statistics and cut down the cost by one-half.

Then, in addition to cutting down the cost, a better method of distribution should be adopted. A law should be passed that where they are not sent out by the Member to whom they have been allotted within a certain length of time, say not more than four years, then they should be given to any Members who do care to send them out.

Mr. EDWARDS. Do you not think that would be too long a time? Do you not think they would become obsolete in four years?

Mr. BLACK of Texas. Yes; probably two years would be enough.

Mr. EDWARDS. It seems to me that one year would be better because if they are not used within a year then they are not current publications.

Mr. BLACK of Texas. Anyway, I am making these remarks to call attention to a situation that does exist and ought to be corrected. It is a very prosaic subject that I am talking about, but waste anywhere is indefensible, and certainly there is plenty of waste going on in the printing of useless public documents.

My friend, the gentleman from Tennessee [Mr. BYRNS], referred to a commission we had in 1923, the Agricultural Inquiry Commission. They printed a report, I believe, of four volumes, and there are in the rooms here or were when these figures were compiled, 64,000 copies of that report. There were geological irrigation papers numbering 30,729. There were income-tax regulations for 1913, numbering 59,000. There were President's messages numbering 273,825, and I should not neglect to call attention to the fact that there were of the Chaplain's prayers 4,200 copies. I am sure the Members of Congress should see that they are distributed—probably among themselves. [Laughter.]

Mr. Chairman, I do not care to take up any further time of the House except to suggest that this is a situation that demands correction.

Mr. MADDEN. I think there is a law that takes away these publications from those who do not send them out within a given period; but what they do with them after they take them away I do not know.

Mr. BLACK of Texas. Aside from a better method of distribution, the other thing we ought to do is to stop printing such large quantities of many of these publications that are stored down there because some of them, if you send them out to your constituent, you do him a disservice when you send them. I do not mean to say the Government Printing Office is at fault. It prints them well, so far as the printing art is concerned, but a great many of these publications contain statistics and technical information which are not wanted by the general public, and we could save a great deal of money if we would largely curtail their publication. [Applause.] The Public Printer, Hon. George H. Carter, calls attention to this overplus of Government documents in his annual report for 1925. On page 26 of his report he says:

> During the year the Superintendent of Documents received and stored 55,138,327 copies of the products of the Government Printing Office. Not all of the copies printed annually ever reach the public. During the year 2,645,531 obsolete and useless copies which had been ordered by the departments in former years had to be disposed of as waste paper. Millions more of Government publications will have to be consigned to the scrap heap year after year if the present excess printing for free distribution continues and no additional space is provided for their storage.

Here is an economy task for the Bureau of the Budget and the Committee on Appropriations. Let them get to it, and I bid them Godspeed.

Mr. BYRNS. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. TILLMAN]. [Applause.]

Mr. TILLMAN. Mr. Chairman, on January 5 last the colloquy following occurred between the gentleman from Missouri [Mr. MANLOVE] and myself:

> Mr. MANLOVE. Mr. Chairman, will the gentleman yield?
>
> Mr. TILLMAN. Yes.
>
> Mr. MANLOVE. I would like to ask the gentleman from Arkansas if we did not receive in southwestern Missouri and Arkansas and neighboring localities a better price for apples and small fruits and strawberries than we ever before received in our lives?
>
> Mr. TILLMAN. We certainly did not. Nor did your blessed Fordney-McCumber bill help us in the least with these crops, but injured your people and mine because it compels them to pay exorbitant prices for everything they purchase in the way of highly protected articles.

Yesterday I received the letter below, which furnishes proof in support of the position I took that the fruit people in my section are neither happy nor prosperous under the conditions, political and economical, now existing:

FAYETTEVILLE, ARK., *January 28, 1926.*

Mr. JOHN N. TILLMAN,
Congressman, Washington, D. C.

MY DEAR MR. TILLMAN: I have read with a great deal of interest your speech before the House on Tuesday, January 5, 1926. The particular part that I was interested in was your discussion with Mr. MANLOVE regarding prices received by fruit growers for their apples during the year just passed. I notice that your answer to Mr. MANLOVE was that the farmers did not receive more for their apples in 1925 than they did during the years just passed. I certainly am pleased to know that you are so well informed on what the apple growers actually received. I do not think that Mr. MANLOVE's question was intended to be misleading. I count Mr. MANLOVE as one of my very best friends.

* * * * * * * *

As to what the fruit growers received for apples during the past four years, the figures that I am quoting below are taken from reports of United States Department of Agriculture records. I hope that you will have occasion to use these figures to very good advantage

in assisting us in getting the Interstate Commerce Commission to see the condition of the apple growers in Arkansas, and I am sure that conditions in southwest Missouri, Mr. MANLOVE'S district, do not materially differ from our own, and I feel that Mr. MANLOVE will render any assistance possible to you in your effort in our behalf.

The figures that I am quoting have been given to the Interstate Commerce Commission; in fact, they were given to the commission in a hearing of Docket 17000, a general investigation of agriculture under the Hoch-Smith resolution. This hearing closed at Kansas City, Mo., Tuesday of this week.

Production, price, and value of apples produced in Arkansas, 1921 to 1925, inclusive

Year	Production (bushels)	Price per bushel	Total value
1921	120,000	$2.00	$240,000
1922	2,400,000	1.02	2,448,000
1923	3,025,000	1.10	3,327,000
1924	3,630,000	1.12	4,065,000
1925	4,070,000	0.95	3,866,000

Source: For 1921 to 1924, inclusive, yearbooks and statistical abstracts. For 1925 crops and markets, monthly supplement, December, 1925. United States Department of Agriculture

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. BYRNS. Mr. Chairman, I yield to the gentleman two additional minutes.

Mr. TILLMAN (reading)—

The United States Department of Agriculture's figures show that the average yield of Arkansas apples per acre was 76.3 bushels. Multiplying this by 95, we find that the average return per acre to the grower for 1925 was $72.48. An investigation made by the University of Arkansas college of agriculture shows that the average cost of producing an acre of apples was for the year 1925, $72.77. These figures were made at the direction of the United States Department of Agriculture and will be published soon in a bulletin by the United States Department of Agriculture as their figures. These figures also show that apple orchards averaged a loss of 29 cents per acre in 1925. I am allowing a detailed statement of these cost figures to accompany this letter. I think that all will agree that the cost figures are conservative.

Please understand that I am not attempting in any way to censure Mr. MANLOVE. I am simply trying to show him our condition. The figures that I show are the absolute truth with reference to our condition, based upon the United States Department of Agriculture records.

I do not know whether or not this material is worth anything to you. It may be possible that you already have it, but as you know I am representing the fruit growers in a traffic way in this section and I am anxious to render any assistance possible and I believe that your assistance is worth a great deal to our apple growers and I know, without asking, that you are willing to lend every effort to assist them.

Yours very truly,

ARKANSAS PACKING CORPORATION,
W. A. CAIN, *Traffic Manager.*

[Applause.]

Cost of producing bulk apples in northwest Arkansas, acre basis

Labor costs:	
Pruning and brushing	$5.60
Cultivating	5.75
Spraying	6.35
Picking	4.90
Sorting	2.67
Hauling to market	4.20
Miscellaneous	2.75
Total labor	32.22
Materials:	
Fertilizer	5.00
Spray materials	7.00
Total materials	12.00
Other costs:	
Implement and machinery charge	5.80
Insurance (hail included)	3.25
Upkeep of real estate	1.50
Taxes	1.50
Miscellaneous	1.50
Total other cost	13.55
Total operating cost	57.77
Six per cent interest on investment of $250 per acre	15.00
Total cost per acre	72.77

[Applause.]

Mr. BYRNS. Mr. Chairman, I yield 25 minutes to the gentleman from South Carolina [Mr. FULMER]. [Applause.]

Mr. FULMER. Mr. Chairman and gentlemen of the committee, I think it right appropriate I should make my speech this afternoon on the subject I expect to consider, especially after listening to the gentleman from Tennessee. I want to say that despite the fact we see almost daily under glaring headlines in the papers of this country articles about prosperity under the Coolidge administration, I intend to show this afternoon, as far as agriculture is concerned, they are in the hands of certain combinations and financial organizations and are very much like the negro who was lynched in Georgia on one occasion—in a hell of a fix. [Laughter.]

For the past seven years the Congress of the United States has been dealing with the Muscle Shoals project as would the average schoolboy with a football.

The serious question being asked by the American people, especially the agricultural interest of this country—which, by the way, seems to be the least in the minds of Members of Congress, except to talk about—is, What is holding up this wonderful proposition which could be used in taking the American farmer out of the hands of the Fertilizer Trust, which controls imports of Chilean nitrates so badly needed to lick the boll weevil and to improve the fertility of depleted farming lands of America?

Doubtless some one may immediately challenge the statement as to this giant combination of fertilizer men, composed partly of and otherwise largely under the control of the eastern bankers; but I have the evidence satisfactory to me and to those who have to buy much-needed fertilizer materials, and will put into the RECORD figures proving my contention.

The method of sidetracking the demands of an unorganized interest which is pleading daily with the Government for assistance in helping work out its financial condition is carried on by those who would defeat the manufacture of nitrates by shouting in the Congress and through the press, "Give us power much needed to turn the wheels of industry that can be developed at Muscle Shoals."

This hue and cry for power reminds me of the great hue and cry arising from those great financial interests to-day who are piling up more millions while thousands of farmers are "going broke," while it clamors "reduce income and surtaxes so that money, much-needed money, may be released for the development and expansion of business." As a matter of fact, we have more money in the money centers of the United States to-day than we know what to do with. Interest rates are very low, speculation is running rampant, millions are being loaned to foreign countries, and millions invested in bonds, both domestic and foreign.

Getting back to my subject, Muscle Shoals, the football of the Congress. By all of this sidetracking propaganda the public has been led to believe that Muscle Shoals is a great power project. I am informed by those who know that Muscle Shoals, as it stands to-day, is not a commercial proposition as a power project. We are told that it would take 35 Muscle Shoals to equal one Niagara Falls for power. We are also told that it would take 250 Wilson Dams (Dam No. 2 at Muscle Shoals) to equal the undeveloped water power now worth developing in the United States. The power equipment developed by the great Dam No. 2, which will cost, when complete, the enormous sum of $50,000,000, has an actual available primary horsepower of but 45,000. The reason for this state of affairs is that the flow of the Tennessee River varies from a minimum of about 45,000 horsepower to a maximum flood of about 3,300,000 horsepower and a normal maximum of 1,100,000 horsepower.

Until such time as storage reservoirs are built farther up the river to control and hold these flood waters, there will be but the minimum available at Muscle Shoals for primary power. This is a condition not met with at Niagara, where all of the power taken from the falls is primary. If I have been correctly informed, the Muscle Shoals power project is only worth developing by some company already having a power plant that can tie it into the lines for peak-load periods. Doubtless the Alabama Power Co. could use this project to advantage in connection with its power plant along this line. In fact it has tried, and is still trying, to secure it, but in every instance it has disregarded the purposes for which the project was conceived and has eliminated the manufacture of nitrates altogether from its calculations.

As a cotton farmer using quite a quantity of nitrates, as well as a seller of nitrates to other farmers, I am in a position to know the deplorable plight we are in under the present fertilizer combination, for we are not only waging a fight against the boll weevil but we are also endeavoring to restore the fertility of the soil of the South.

Although the Congress appropriates annually thousands of dollars to be used by the departments and Government agents

in fighting the boll weevil, in addition to which millions are being spent annually by the producers of cotton for boll-weevil poison and labor incident to its application, yet for the past seven years the great American Congress, or a majority of the Members thereof, have allowed prejudice and selfish propaganda to hold up a proposition which would not only help solve the boll-weevil menace, but would also go a long way toward restoring agriculture and yielding millions in revenue for the Treasury because of the increased prosperity of a "now broke" industry. Not only that, my friends, but some years ago when we had before this Congress a resolution to create a revolving fund of ten millions to be used in importing nitrates from Chile which were to be sold direct to the producers without cost to the Government, what happened? This resolution was pigeonholed and died the death of quite a lot of other farm-relief legislation. Why, it was argued that such a resolution would be putting the Government into business in competition with legitimate business, an old cry on the part of those who have a monopoly on the importation of nitrates.

The importation of Chilean nitrates is now under the control of about three or four large importers, most of whom are well established in other lines. Therefore, the question is, Will the Congress continue to take dictation from big concerns, or will it come to the rescue of agriculture before it is too late? It is well right here that the Congress be informed who controls the imports of this much-needed farm-relief fertilizer material. The importation and sale of nitrate of soda for United States consumption is handled by four different companies, three of which have offices in New York, and one of which has headquarters in Wilmington, Del. Two of these importers are owners and charterers of steamers and use the nitrate tonnage to provide return cargoes for the vessels which they send to Chile with merchandise. One of the importers is a manufacturer of explosives. The fourth importer represents a London banker, who has banking and commercial interests in Chile. Two of the importers own oficinas, but they are not permitted by United States law to belong to the association.

The nitrate importers are: Dupont Nitrate Co.; Wessel, Duval & Co.; W. R. Grace & Co. The Guggenheims have already bought large areas of nitrate lands and have recently organized a company known as the Anglo-Chilian Consolidated Nitrate Corporation. This company was authorized by the Chilean Government on May 16, 1925. In naming the interests controlling importation of nitrates and fixing prices to the various agents in the States who, in turn make prices to the farmers, enough should be said. Nevertheless, after considering the manipulations of these few importers, we are yet at a loss to understand why the Muscle Shoals project is still being kicked about as a football by the Congress. The last kick given this project by the House about a month ago landed it in the Senate. God only knows when that bunch will attempt to make a touchdown, but when it does will it be on the side of those eastern bankers or on the side of agriculture?

In order to prevent the United States from becoming a desert and unable to support the population before many years have gone by, there must be large quantities of fertilizer placed in the soil to replace what has been taken away in plant food. Egypt and many parts of the Far East were once fertile countries, until the soil could no longer sustain life. Parts of Connecticut are just desert to-day, and our western yield per acre is shrinking constantly. The farmers keep putting on better and more machinery and increasing the acreage under cultivation in an effort to keep up the production. There is a limit to this in labor cost and in area available. What the farmer really needs is greater production on smaller acreage to reduce his costs, and everyone in the United States is vitally interested in the reduction of food cost.

As an illustration, Germany uses 150 pounds of fertilizer to the cultivated acre and raises 35 bushels of wheat per acre, while the United States uses but 28 pounds per acre and raises but 15 bushels of wheat to the acre. We are the lowest in fertilizer consumption per cultivated acre of any of the civilized countries except Russia, and their robbing the soil is, of course, not as yet so extensive as in this country.

With as little fertilizer as we use, the United States' bill for fertilizer in 1920 was $326,399,600; and it is estimated that in 1930 it will reach $807,000,000 for the year. South Carolina, my State, used in 1920 over $52,000,000 worth of fertilizer.

Practically all of the nitrates used in this country for fertilizer are imported from Chile, and we paid to the Chilean Government in 1924 the sum of $12,362,196, and for freight, insurance, and this export duty the sum of $21,705,376, or $22 per ton on the imported nitrates.

Chilean nitrates average about 16 per cent nitrogen. In a 4–8–4 fertilizer mixture there are 160 pounds of pure nitrogen, so that the nitrogen content in the fertilizer is costing the farmer $10.88 to get it into the United States from Chile. In other words, his nitrogen costs him $10.88 more per ton of fertilizer than it would if it were made in this country instead of being imported from Chile.

It is well to take note of another thing, namely: The total fertilizer used in the United States for 1910 was 5,759,555 tons, costing $114,882,541, and in 1920, 7,639,239 tons, costing $326,399,800. This shows an average increase in the cost in those 10 years of $22.80 per ton, or 124 per cent. It seems, therefore, that the more we use the higher the cost per ton, and the cost is so high now that the average farmer either buys none at all or uses less of it than the soil really requires for good results. Some of our big farming States like North and South Dakota use but 1,000 to 3,000 tons per year, whereas North and South Carolina and Georgia use an average in excess of 1,000,000 tons per year. The average price for fertilizer in this country for 1920 was $42.28 per ton, of which $10.88 went to the Chilean Government and $13.12 went to the Chilean mine operators.

Germany is now manufacturing nitrates, using coal and not water power, at such a cost that they can compete with Chile, and if the Germans can do it we most certainly can; and Muscle Shoals is by all means the place to begin. When Muscle Shoals has demonstrated that we can produce fertilizer bases cheaply there is no reason why the same thing can not be repeated in many parts of the United States, and thereby lower the cost of food products all over the farming country and bringing a benefit to the whole population.

Mr. BOYLAN. Will the gentleman yield?

Mr. FULMER. I will.

Mr. BOYLAN. Does the Government levy any duty on nitrates?

Mr. FULMER. The Chilean Government? Yes; $10.80.

Mr. BOYLAN. Does the American Government levy any duty?

Mr. FULMER. I do not think so, because they have to have it.

Mr. SNELL. Will the gentleman yield?

Mr. FULMER. I yield to the gentleman from New York.

Mr. SNELL. How do the nitrate people control the importation of nitrates?

Mr. FULMER. As I have said, there are only four concerns that have connection with the Nitrate Association of Chile.

Mr. SNELL. Only four people that import the nitrate?

Mr. FULMER. That is true.

If we could have manufactured the nitrogen in this country during 1925, when we used an estimate of 12,000,000 tons, we could have saved the farmers the sum of $130,560,000 paid to the Chilean Government alone.

The nitrogen in the Chilean nitrates is costing us $300 per ton, whereas it can be manufactured here in the form of ammonium sulphate at $140 per ton of nitrogen, or $0.07 per pound, as against $0.15 per pound. This would make the nitrogen in 1 ton of fertilizer cost:

Imported nitrates	$24.00
Manufactured here	11.20
Saving per ton of fertilizer	12.80

Plant No. 2 at Muscle Shoals has an estimated capacity of 40,000 tons of pure nitrogen per year, so that with a saving of $12.80 per ton we would have a total saving of $51,200,000 per year to the farmers. It is hoped to increase the capacity of this plant to 80,000 tons, and this would result in an annual saving of $102,400,000.

This would be the result in using the Muscle Shoals equipment primarily for nitrates and only distribute such power from there as was not needed in their manufacture.

At this point I wish to give a little history of Chilean nitrates, the owners of the mines, and later on some interesting figures. Nitrate of soda is a crystalline salt extracted from sedimentary rocks and gravels. The only deposit of commercial value in the world is found in the narrow valley lying between the low Coastal Range and the Andes, in northern Chile. Nitrate of soda was discovered in Chile as early as 1809, but was not prepared in commercial form until 1825. Since then a total of more than 65,000,000 tons has been manufactured. It has been estimated that in the zone of nitrate-bearing grounds so far examined by the Chilean Government there is sufficient nitrate to supply the world's requirements for a hundred years. The unexplored area in Chile is considerably larger than the examined area and is believed to contain requirements for an additional hundred years.

Nitrate deposits in Chile form the principal source of revenue for the Chilean Government. At present there are approximately 150 producing works, with about 80 different owners. Their total capacity is in excess of 3,000,000 tons a year. According to the United States Department of Agriculture's investigation, the nationalities of the ownership of the oficinas from a producing standpoint are about as follows: Chilean, 61½ per cent; British, 36 per cent; United States, 2½ per cent.

In a letter received from Mr. William S. Myers, D. Sc., F. C. S. (whatever such title may mean), who is a director for the United States and Cuba, and a delegate of the Association of Nitrate Producers in Chile, with offices in New York City, he informed me that it is his duty to disseminate information in the United States concerning the agricultural use of nitrates by demonstrating to farmers how it may be employed to the best advantage. He further stated that any curtailment of consumption due to unreasonable or extortionate prices is promptly reported to Chile by him.

The reason for this information, he still further stated, was to stabilize the price at the lowest figure that would cover the cost of production and the exhaustion of the mines and at the same time keep the entire industry under protection. This should be enough said. But I want it to soak into you Members who talk "milk and honey" to your farmers while at home, and then when in Congress vote to sustain du Pont, Guggenheims, and the Association of Nitrate Producers. In other words, no kick coming from the representative of this association, located next door to these importers in New York City, as to how much is proposed to make the American farmers pay for nitrates absolutely under their control as long as the Congress refuses to operate Muscle Shoals, and there is no concerted kick from producers as to the price they have to pay.

Quoting from figures received from W. R. Grace Agency, Atlanta, Ga., September 10, 1925, on Chilean nitrate soda, as follows:

January, 1926, shipment f. o. b. Charleston, S. C., or Savannah, Ga	$53.60
February, 1926, shipment f. o. b. Charleston, S. C., or Savannah, Ga	54.00
March, or later, shipment f. o. b. Charleston, S. C., or Savannah, Ga	54.10

I have quotations from other agencies whose prices on September 11, 1925, were identical with the above. Quoting further from agency, January 21, 1926:

January delivery	$54.40
February delivery	54.80
March–June delivery	55.00

F. o. b. Charleston, S. C., or Savannah, Ga., freight to be added to point of delivery.

I now want to quote from a price list issued by fertilizer manufacturing concerns of South Carolina, Georgia, and other cotton-producing States, which concerns in some instances are owned by local capital but in most instances are controlled by eastern bankers. In every instance everyone of these concerns have the same figures, identical even to the cent:

Spring season, 1925 (January 1)

[Time prices f. o. b. cars at Charleston, Savannah, and Jacksonville]

Grade			Prices		
Phosphoric acid	Ammonia	Potash	Consumers' retail	Consumers' carload	Dealers' carload
4 per cent	7½ per cent	2½ per cent	$45.45	$43.18	$40.90
8 per cent	4 per cent	4 per cent	36.05	34.25	32.45
Do	3 per cent	3 per cent	31.17	29.61	28.06
Do	2 per cent	2 per cent	26.35	25.03	23.71
10 per cent	None	4 per cent	21.75	20.66	19.57
16 per cent	do	None	17.53	16.65	15.78
Kainit (12 per cent)			17.53	16.65	15.78
Nitrate of soda (Chilean)			77.92	74.02	70.13
Muriate of potash			51.95	49.35	46.75

All shipments to be made order notify. Note, with bill of lading attached, to be sent to bank. Note to be signed when bill of lading is received by buyer.

Interest at 8 per cent to be added from April 10 to average date of September 15, 1925.

If cash is paid by April 10, deduct 10 per cent from contract prices. If cash is paid by May 10, deduct 9 per cent from contract prices.

For less carload prices (single shipments) add $1 plus 50 cents per ton drayage.

All previous prices withdrawn.

In the above prices you will observe that the word "dealer" means the local dealer who sells direct to the farmer. Fertilizer companies do not sell direct to farmers. Consumers' carload prices mean 12 tons or more; consumers' retail prices mean prices to the farmer—the small farmer who buys less than carload lots. You will also observe that there is to be added to such prices 8 per cent interest after April 10 on time purchases running until fall—September to October 15.

Thousands of dealers as well as thousands of farmers who neither have the cash nor are they able to borrow it buy and pay this extra 10 and 8 per cent, at the same time mortgage their crops, stocks, personal property, and in some instances their real estate in order to buy this much-needed fertilizer to keep their farms going and sufficiently productive to pay these outrageous prices and keep soul and body together.

I now quote from another price list issued by these fertilizer companies designated as "net cash prices" for the spring of 1925, as follows:

Spring season, January 1, 1925

[Net cash prices free on board cars at Charleston, Savannah, and Jacksonville. Add actual freight from nearest port for delivered prices]

Grade			Prices		
Phosphoric acid	Amonia	Potash	Consumers' retail	Consumers' carload	Dealers' carload
4 per cent	7½ per cent	2½ per cent	$39.54	$37.27	$35.00
8 per cent	4 per cent	4 per cent	31.36	29.56	27.76
Do	3 per cent	3 per cent	27.12	25.56	24.00
Do	2 per cent	2 per cent	22.92	21.61	20.29
10 per cent	None	4 per cent	18.92	17.83	16.75
16 per cent	do	None	15.25	14.37	13.50
Kainit (12 per cent)			15.25	14.37	13.50
Nitrate of soda (Chilian)			67.80	63.90	60.00
Muriate of potash			45.20	42.60	40.00

Now, my friends, if it is a fact that every fertilizer company issues price lists to dealers, making prices, terms, and conditions identical in every respect—and I defy contradiction from any fertilizer company doing business in the cotton States, especially the old-line companies—then what better proof would you want than this to show that these companies have the best organized and best regulated combination in the United States? These facts are borne out in the contracts that dealers and agents are required to sign in buying and selling these fertilizers.

I want to quote just a few sections from an actual contract that I hold here in my hands which has been filled in and is ready for signature necessary to the purchase of 1925 fertilizer by a South Carolina dealer:

SEC. 9. Agent's compensation: In consideration of your selling the goods consigned hereunder at prices not less than those set forth above, and carrying out all provisions of the contract, we agree to allow you at settlement time as full compensation for all services rendered a trade discount of 10 per cent of the delivered consumer's prices shown above.

SEC. 10. If advisable, the agent may allow a carload buyer a carload discount of 5 per cent, to be deducted from the agent's compensation. Agents are not in any other manner to pay, either directly or indirectly, to any purchaser of goods any part of their compensation as an inducement to purchase goods, or for any other reason.

SEC. 11. It is permissible to sell at prices higher than those shown on price list. On such sales the average will be allowed you in addition to the selling compensation above provided.

Now, is not this a hold-up game? In other words, you can not cut these prices; yet, if the customer will stand for it, you can soak it to him and have all you can get out of it, provided it does not come out of the fertilizer companies.

Now, I am reading from one or two sections of the contract to show you that if an agent fails to carry out its conditions in sections just read, he is liable to be "no more" in so far as selling additional fertilizer under said contract is concerned.

SECTIONS 1 and 2. We will from time to time designate in writing the prices and terms that shall be in force under this agreement, and all prices and terms designated by us, hereunder, shall be subject to change from time to time on written notice from us. You agree to sell all fertilizer consigned to you hereunder at prices not less than those designated from time to time by us, and in force at the time you make a sale, and that all sales made by you hereunder shall be specifically made subject to all the terms and conditions of this agreement. It is of the essence of this contract that your commission shall be an amount satisfactory to us, as to yourself failing which we reserve the right to withhold shipments.

In other words, my friends, this combination must be carried on down even to the consumer through you, as our agent, or you will be put out, for we will withhold further shipments to you and will put in somebody else who will carry our rulings out.

You who think the agricultural interest so prosperous under the present administration, as noted by glaring headlines in the daily press, let us take the price offered by W. R. Grace & Co. on nitrates, which although $5 higher than the spring 1925, is the best 1926 price that we have, other prices quoted by fertilizer companies being for spring 1925. Dealers able to make contract with Grace and the other three manipulators of all Chilean imports can buy at $54 spot cash, freight to be added. Other dealers who buy from the fertilizer manufacturers pay $60 spot cash. The consumer buying from this dealer pays $67.80 spot cash for less than carload lots. Therefore he pays $13.80 per ton in excess of Grace & Co.'s price, freight to be added, to say nothing about the duty and freights, insurance paid the Chilian Government, and for transportation, which amounts to about $22 per ton.

What about the thousands of farmers who to-day can not borrow money with which to pay cash for fertilizers and nitrates and the thousands of dealers who are in the selfsame fix? For example, we will take 8-3-3 fertilizer, which is a good cotton fertilizer. According to the price list sent out by fertilizer companies to dealers, those who are able to buy for cash pay $24 per ton, but dealers who have to buy on time (credit) pay $28.06, plus 8 per cent interest per annum for six months, from April 10 to October 10, which amounts to $1.12; total cost per ton to time dealers is $29.18, representing a profit and interest for fertilizer companies for six months at the rate of 21½ per cent.

Now, let us see about the real producers of cotton, the fellows who are feeding and clothing the world, those who, according to the great dailies, are so prosperous under the present administration, which claims to be the "big brother" to the farmers. On this same cotton fertilizer the manufacturer's price is $24. If the consumer buys on time (credit) he pays $31.17 per ton less than car lots (car lots 12 tons), plus 8 per cent interest from April 10 to October 10, $1.24; total cost per ton $32.41, representing a profit, including interest, of $8.41 per ton, or more than 35 per cent for six months' time.

Let us see what this Congress is forcing farmers to pay for nitrates because of its failure to turn Muscle Shoals into a nitrate plant. According to the price list of Grace & Co.'s prices that I have inserted in the RECORD, nitrates can be bought for, spot cash, $54 per ton, freight to be added. If the farmer has to buy on time, he has to pay $77.92 per ton, plus 8 per cent interest from April 10 to October 10, $3.12; total cost per ton $81.04, or 50 per cent profit, including interest, for six months' time.

In view of the prices named in the foregoing by Grace & Co., which will paralyze any farmer now producing cotton under boll-weevil conditions, to say nothing about the price which he is to-day receiving for his cotton, a price far below the cost of production, let me ask you what about the prices farmers have to pay for fertilizers and nitrates on time, unable to pay cash, therefore just have to stand "hitched and sweat blood" or move off of the farm?

If the great press of the country, which is owned and controlled by big business, which appear to be running Congress as well as paralyzing agriculture, would stuff its pages full of propaganda of the nature above referred to, which conveys facts, instead of flashing daily great headlines about prosperity under the Coolidge administration, a prosperity existing only in the East, I do not believe that the people of the East, enriched by monopoly, tariffs, and so forth, could longer stand still and see women and children labor in many cotton and corn fields of America, living in drudgery, poverty, and ignorance because of their financial condition.

Like Patrick Henry, who on one occasion in defending the cause of liberty against the oppression of England, made the memorable utterance, "Give me liberty or give me death," I wish to say that before I would vote down great relief measures against the great masses and vote up vicious legislation, especially in the interest of the few, I would resign my seat in Congress and go back to the cotton fields of South Carolina, there to live and die among my people.

I want to quote you some interesting figures just issued by the United States Department of Commerce relating to my State and the six counties comprising the seventh congressional district, South Carolina. These figures portray how property values are sinking in my State, how farms are being deserted there, and despite the fact that 1,000,000 bales of cotton were produced there in 1925 against 807,000 bales in 1924, South Carolina farmers are having to accept less for the 1925 crop than for the 1924 crop.

These statements will show for South Carolina alone farm acreage has been reduced from 1920 to 1925 about 2,000,000 acres.

They will also show that in 1925 we had 19,932 fewer farmers on the farms than we had in 1920, these farmers having moved to cities and elsewhere in order to better their condition. Property values, real estate, and buildings in 1920, $813,484,200; in 1925, $458,443,411, a decrease in value of $355,040,789, are also shown in these statements.

Every first Monday (12 months in the year) we, who want to be helpful, are compelled to stand by and see these farm lands forced on the market under foreclosure of mortgages, there to be centralized in the hands of those who are able to hold them until they can be disposed of at tremendous profits at some future date.

1925 VALUE OF PRINCIPAL CROPS AND FRUITS IN SOUTH CAROLINA IS ESTIMATED AT $147,183,000

Based on prices reported on December 1, the estimated value of the principal crops and fruits grown in South Carolina during 1925 amounts to $147,183,000, compared with $155,614,000 in 1924—a decrease of over $8,000,000, or about 6 per cent, according to a report released by Frank Black, agricultural statistician for the United States Department of Agriculture. Due to lower prices for some products and smaller production in others, decreases in total value are noted in cotton, corn, wheat, oats, peanuts, Irish potatoes, hay, sorghum for sirup, sugar cane, apples, and pears, while increases are shown in tobacco, sweet potatoes, rye, watermelons, rice, and peaches. Due principally to a larger production, the greatest increase is shown by tobacco, with a total value of over $12,000,000, compared with $7,750,000 in 1924.

The average value per acre of all crops was $27.74 in 1925, compared with $30.26 in 1924.

The eastern and southern sections of the State, with good tobacco and cotton, together with fair to good yields of other crops, constitute the area of greatest production for 1925, whereas a severe drought during the growing season caused relatively low yields in a large part of the Piedmont area. This situation was reversed in 1924, however, when excessive rainfall in the south and east caused low yields and the Piedmont had good crops. The following table gives figures for each crop, which are preliminary, however, and subject to further revision:

Crop	Year	Acreage	Production	Price Dec. 1	Total value	Value per acre
Cotton (500-pound bales)	1925	2,746,000	875,000	$0.19	$79,468,000	$26.94
	1924	2,404,000	807,000	.22	84,864,000	35.30
Cottonseed (tons)	1925	----------	388,000	32.00	12,416,000	4.25
	1924	----------	358,000	40.00	14,320,000	5.96
Corn (bushels)	1925	1,584,000	19,483,000	1.10	21,431,000	13.53
	1924	1,650,000	19,800,000	1.23	23,354,000	14.67
Wheat (bushels harvested)	1925	46,000	806,000	1.85	936,000	20.35
	1924	360,000	7,020,000	.97	6,809,000	18.92
Oats (bushels harvested)	1925	378,000	7,182,000	.90	6,464,000	17.10
	1924	57,000	875,000	1.70	1,066,000	18.70
Rye (bushels harvested)	1925	7,000	74,000	2.10	155,000	22.05
	1924	7,000	77,000	1.90	146,000	20.90
Peanuts (pounds harvested)	1925	14,000	6,020,000	.038	229,000	16.34
	1924	22,000	14,300,000	.05	715,000	32.50
Tobacco (pounds)	1925	96,000	71,040,000	.17	12,077,000	125.80
	1924	94,000	45,590,000	.17	7,750,000	82.45
Sweet potatoes (bushels)	1925	52,000	2,860,000	1.47	4,204,000	80.85
	1924	50,000	3,400,000	1.04	3,536,000	70.72
Irish potatoes (bushels)	1925	25,000	2,175,000	2.10	4,568,000	182.70
	1924	30,000	2,330,000	1.45	4,829,000	160.95
Hay (all) (tons)	1925	250,000	63,000	20.00	1,260,000	5.00
	1924	359,000	168,000	22.00	3,696,000	10.34
Sorghum sirup (gallons)	1925	20,000	780,000	.92	718,000	35.88
	1924	21,000	1,302,000	.80	1,042,000	49.60
Sugar cane (gallons sirup)	1925	9,000	810,000	1.00	810,000	90.00
	1924	10,000	1,250,000	.87	1,088,000	108.75
Rice (bushels)	1925	5,000	80,000	1.25	100,000	20.00
	1924	5,000	70,000	1.40	98,000	19.60
Watermelons (cars, Com.)	1925	9,710	3,740	150.00	561,000	57.77
	1924	11,550	4,972	83.00	413,000	35.75
Peaches (bushels)	1925	----------	740,000	1.35	999,000	----------
	1924	----------	800,000	1.16	928,000	----------
Apples (bushels)	1925	----------	386,000	1.70	656,000	----------
	1924	----------	600,000	1.33	798,000	----------
Pears (bushels)	1925	----------	87,000	1.50	131,000	----------
	1924	----------	114,000	1.42	162,000	----------
Total	1925	5,241,710	----------	----------	147,183,000	27.74
	1924	5,080,550	----------	----------	155,614,000	30.26

FARM CENSUS, 1925

[Preliminary announcement: Calhoun County, S. C.]

WASHINGTON, D. C., July 20, 1925.—The following statement gives some of the results of the 1925 farm census for Calhoun County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	1,494	2,901
Operated by:		
White farmers	595	709
Colored farmers	899	2,192
Owners	464	768
Managers	2	23
Tenants	1,028	2,110
FARM ACREAGE		
All land in farms	115,631	166,172
Crop land, 1924	68,680	----------
Harvested	62,839	----------
Crop failure	335	----------
Fallow or idle	5,506	----------
Pasture, 1924	9,181	----------
Plowable	1,884	----------
Woodland	6,427	----------
Other	870	----------
Woodland not pastured	30,911	----------
All other land	6,859	----------
FARM VALUES		
Land and buildings	$4,446,421	$12,328,350
Land alone	$3,351,521	$10,001,782
Buildings	$1,094,900	$2,326,568
LIVESTOCK ON FARMS		
Horses	740	1,219
Mules	2,356	3,526
Cattle, total	2,668	4,329
Beef cows [1]	566	645
Other beef cattle	379	754
Dairy cows [1]	1,123	2,003
Other dairy cattle	600	927
Swine, total	12,802	16,962
Breeding sows [2]	1,626	2,158

[1] Cows and heifers 2 years old and older.
[2] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	24,361	31,828
Bushels	382,308	584,373
Oats:		
Acres	4,758	3,226
Bushels	108,554	78,565
Cotton:		
Acres	25,605	51,479
Bales	9,194	35,396
Peaches:		
Trees of all ages	2,843	3,538
Bushels	1,006	3,910
Pecans:		
Young trees	1,472	479
Trees of bearing age	2,379	1,027

FARM CENSUS, 1925

[Preliminary announcement: Lee County, S. C.]

WASHINGTON, D. C., July 13, 1925.—The following statement gives some of the results of the 1925 farm census for Lee County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	3,509	4,217
Operated by:		
White farmers	1,200	1,324
Colored farmers	2,309	2,893
Owners	744	858
Managers	16	16
Tenants	2,749	3,343
FARM ACREAGE		
All land in farms	153,921	196,779
Crop land, 1924	101,141	----------
Harvested	99,325	----------
Crop failure	608	----------
Fallow or idle	1,213	----------
Pasture, 1924	6,729	----------
Plowable	677	----------
Woodland	5,051	----------
Other	991	----------
Woodland not pastured	27,575	----------
All other land	18,476	----------
FARM VALUES		
Land and buildings	$9,936,007	$22,748,644
Land alone	$7,962,947	$18,529,553
Buildings	$1,973,060	$4,219,091
LIVESTOCK ON FARMS		
Horses	960	1,825
Mules	4,611	4,392
Cattle, total [1]	3,931	4,869
Beef cows [2]	1,330	315
Other beef cattle	850	494
Dairy cows [2]	1,194	2,426
Other dairy cattle	557	1,634
Swine, total	10,238	17,151
Breeding sows [3]	1,459	1,536

[1] Cattle are of general purpose type, classification as beef or dairy depending largely on individual judgment; 403 "beef" cows were milked in 1924.
[2] Cows and heifers 2 years old and older.
[3] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	29,657	32,567
Bushels	377,243	652,745
Oats:		
Acres	1,532	5,109
Bushels	48,059	132,153
Sweet potatoes:		
Acres	565	727
Bushels	45,327	90,231
Tobacco:		
Acres	586	1,715
Pounds	300,050	1,013,082
Cotton:		
Acres	57,134	69,907
Bales	21,147	45,214

FARM CENSUS, 1925

[Preliminary announcement: Lexington County, S. C.]

WASHINGTON, D. C., July 13, 1925.—The following statement gives some of the results of the 1925 farm census for Lexington County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	4,055	4,816
Operated by:		
White farmers	2,961	3,350
Colored farmers	1,094	1,466
Owners	2,337	2,583
Managers	4	
Tenants	1,714	2,237
FARM ACREAGE		
All land in farms	339,307	378,680
Crop land, 1924	124,373	----------
Harvested	107,472	----------
Crop failure	1,690	----------
Fallow or idle	15,211	----------
Pasture, 1924	38,561	----------
Plowable	4,457	----------
Woodland	30,148	----------
Other	3,956	----------
Woodland not pastured	129,926	----------
All other land	46,447	----------
FARM VALUES		
Land and buildings	$10,528,196	$20,741,155
Land alone	$7,593,244	$15,424,654
Buildings	$2,934,952	$5,316,501
LIVESTOCK ON FARMS		
Horses	981	1,480
Mules	4,932	5,506
Cattle, total	7,264	9,010
Beef cows [1]	274	265
Other beef cattle	854	1,016
Dairy cows [1]	3,859	4,296
Other dairy cattle	2,277	3,433
Swine, total	13,677	21,469
Breeding sows [2]	1,896	2,340

[1] Cows and heifers 2 years old and older.
[2] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	44,973	46,448
Bushels	520,611	607,820
Wheat:		
Acres	6,543	9,055
Bushels	52,748	68,156
Hay:		
Acres	10,289	17,382
Tons	4,912	13,156
Sweet potatoes:		
Acres	1,143	1,938
Bushels	109,204	165,461
Cotton:		
Acres	39,677	54,262
Bales	17,386	29,468

FARM CENSUS, 1925

[Preliminary announcement: Orangeburg County, S. C.]

WASHINGTON, D. C., August 12, 1925.—The following statement gives some of the results of the 1925 farm census for Orangeburg County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	7,103	8,558
Operated by:		
White farmers	2,758	2,774
Colored farmers	4,345	5,784
Owners	2,503	2,867
Managers	6	47
Tenants	4,594	5,644
FARM ACREAGE		
All land in farms	423,202	496,306
Crop land, 1924	238,738	
Harvested	224,272	
Crop failure	3,908	
Fallow or idle	10,558	
Pasture, 1924	32,187	
Plowable	4,671	
Woodland	19,067	
Other	8,429	
Woodland not pastured	87,556	
All other land	64,721	
FARM VALUES		
Land and buildings	$19,020,446	$38,436,374
Land alone	$14,376,942	$31,134,832
Buildings	$4,643,504	$7,301,542
LIVESTOCK ON FARMS		
Horses	2,986	5,124
Mules	7,802	9,905
Cattle, total [1]	13,176	16,405
Beef cows [2]	2,544	2,017
Other beef cattle	3,554	2,884
Dairy cows [2]	4,669	6,442
Other dairy cattle	2,409	5,062
Swine, total	43,203	56,838
Breeding sows [3]	4,839	9,452

[1] Cattle are of general purpose type, classification as beef or dairy, depending largely on individual judgment; 1,442 "beef" cows were milked in 1924.
[2] Cows and heifers 2 years old and older.
[3] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	82,884	84,548
Bushels	1,121,819	1,460,318
Oats:		
Acres	6,139	10,734
Bushels	142,472	212,283
Hay:		
Acres	13,122	23,713
Tons	7,132	17,786
Cotton:		
Acres	105,539	139,831
Bales	38,161	85,445
Pecans:		
Young trees	22,118	10,905
Trees of bearing age	14,553	11,042

FARM CENSUS, 1925

[Preliminary announcement: Richland County, S. C.]

WASHINGTON, D. C., July 24, 1925.—The following statement gives some of the results of the 1925 farm census for Richland County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	3,190	3,889
Operated by:		
White farmers	1,189	1,368
Colored farmers	2,001	2,521
Owners	1,192	1,365
Managers	10	30
Tenants	1,988	2,494
FARM ACREAGE		
All land in farms	198,039	277,192
Crop land, 1924	91,078	
Harvested	74,550	
Crop failure	3,173	
Fallow or idle	13,355	
Pasture, 1924	26,795	
Plowable	7,469	
Woodland	15,535	
Other	3,791	
Woodland not pastured	68,959	
All other land	11,207	
FARM VALUES		
Land and buildings	$8,183,383	$18,438,982
Land alone	$6,257,167	$14,999,883
Buildings	$1,926,216	$3,439,099
LIVESTOCK ON FARMS		
Horses	1,173	1,654
Mules	3,845	4,644
Cattle, total	6,995	8,974
Beef cows [1]	957	522
Other beef cattle	1,239	1,419
Dairy cows [1]	3,375	4,037
Other dairy cattle	1,424	2,996
Swine, total	10,925	18,563
Breeding sows [2]	2,423	3,196

[1] Cows and heifers 2 years old and older.
[2] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	28,096	36,804
Bushels	280,839	349,791
Oats:		
Acres	1,442	4,026
Bushels	31,811	66,345
Wheat:		
Acres	892	2,217
Bushels	7,252	15,661
Sweet potatoes:		
Acres	441	1,429
Bushels	27,693	151,195
Cotton:		
Acres	31,832	46,910
Bales	9,278	26,690

FARM CENSUS, 1925

[Preliminary announcement: Sumter County, S. C.]

WASHINGTON, D. C., July 17, 1925.—The following statement gives some of the results of the 1925 farm census for Sumter County, S. C., with comparative data for 1920. The 1925 figures are preliminary and subject to correction.

	Jan. 1, 1925	Jan. 1, 1920
NUMBER OF FARMS		
Total	4,210	4,897
Operated by:		
White farmers	1,090	1,125
Colored farmers	3,120	3,772
Owners	1,171	1,497
Managers	49	55
Tenants	2,990	3,345
FARM ACREAGE		
All land in farms	217,908	265,759
Crop land, 1924	134,707	
Harvested	122,080	
Crop failure	5,676	
Fallow or idle	6,951	
Pasture, 1924	15,133	
Plowable	1,739	
Woodland	10,675	
Other	3,319	
Woodland not pastured	40,685	
All other land	27,443	

	Jan. 1, 1925	Jan. 1, 1920
FARM VALUES		
Land and buildings	$11,727,006	$25,428,357
Land alone	$8,882,338	$20,865,143
Buildings	$2,844,668	$4,563,214
LIVESTOCK ON FARMS		
Horses	1,859	2,477
Mules	4,776	5,621
Cattle, total [1]	8,409	8,870
Beef cows [2]	1,750	697
Other beef cattle	1,666	1,257
Dairy cows [3]	2,895	3,992
Other dairy cattle	2,098	2,924
Swine, total	21,797	30,034
Breeding sows [4]	3,629	5,349

[1] Cattle are of general purpose type, classification as beef or dairy depending largely on individual judgment; 1,412 "beef" cows were milked in 1924.
[2] Cows and heifers 2 years old and older.
[3] Sows and gilts for breeding purposes 6 months old and over.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	44,079	46,460
Bushels	502,502	912,597
Hay:		
Acres	29,707	20,637
Tons	9,338	16,351
Sweet potatoes:		
Acres	864	1,445
Bushels	64,482	150,792
Tobacco:		
Acres	2,465	3,499
Pounds	1,240,417	2,364,663
Cotton:		
Acres	53,905	78,180
Bales	16,000	47,521

STATE TOTALS OF SOUTH CAROLINA

FARM CENSUS 1925

[Preliminary announcement: South Carolina (State totals)]

WASHINGTON, D. C., October 31, 1925.—The following statement gives some of the most important figures from the 1925 farm census for the State of South Carolina, with comparative data for 1920. Summaries have already been issued for each of the counties of the State. The figures for 1925 are preliminary and subject to correction.

	1925	1920
NUMBER OF FARMS		
Total	172,761	192,693
Operated by:		
White farmers	82,183	83,683
Colored farmers	90,578	109,010
Owners	59,965	67,724
Managers	366	738
Tenants	112,430	124,231
Per cent operated by tenants	65.1	64.5
FARM ACREAGE		
All land in farms	10,644,126	[1] 12,426,675
Crop land, 1924	5,009,737	
Harvested	4,268,117	
Crop failure	92,450	
Fallow or idle	649,170	
Pasture, 1924	1,637,431	
Plowable	810,566	
Woodland	1,008,359	
Other	818,506	
Woodland, not pastured	2,584,006	
All other land	1,412,962	
Average acreage per farm	61.6	64.5
FARM VALUES		
Land and buildings	$458,443,411	$813,494,266
Land alone	$347,617,684	$647,157,209
Buildings	$110,825,727	$166,336,991
Average value of land and buildings:		
Per farm	$2,654	$4,222
Per acre	$43.07	$65.46
LIVESTOCK ON FARMS		
Horses	49,259	77,517
Mules	199,283	220,164
Cattle, total [2]	340,151	434,097

[1] Comprising 6,184,159 acres of improved land, 5,302,575 acres of woodland, and 939,941 acres of other unimproved land.
[2] In many counties the classification of cattle as beef or dairy depends largely on individual judgment; the total number of cows milked in 1924 was 193,616, including 36,640 "beef" cows.

	1925	1920
LIVESTOCK ON FARMS—continued		
Cattle, total—Continued.		
Beef cows [1]	60,391	
Other beef cattle	58,338	
Dairy cows [2]	145,982	
Other dairy cattle	75,240	
Swine, total	545,157	844,981
Breeding sows [4]	75,406	129,154

[1] Cows and heifers 2 years old and over.
[4] Sows and gilts for breeding purposes, 6 months old and over.

NOTE.—Similar statements for other States will be issued as soon as the figures are available.

Principal crops in 1924 and 1919

Principal crops	1924	1919
Corn:		
Acres	1,546,374	1,753,813
Bushels	18,631,657	27,472,013
Oats:		
Acres	62,635	196,056
Bushels	1,184,813	3,597,835
Wheat:		
Acres	52,896	84,621
Bushels	525,946	630,911
Hay:		
Acres	329,785	333,801
Tons	168,242	274,816
White potatoes:		
Acres	21,428	13,402
Bushels	2,543,736	1,077,936
Sweet potatoes:		
Acres	34,911	60,325
Bushels	2,365,681	5,360,611
Tobacco:		
Acres	79,886	103,495
Pounds	38,859,373	71,193,072
Cotton:		
Acres	1,961,332	2,631,719
Bales	810,953	1,476,645
Apples:		
Young trees	263,587	181,101
Trees of bearing age	388,830	377,557
Bushels	569,243	215,659
Peaches:		
Trees of all ages	1,432,144	1,207,575
Bushels	738,809	389,734
Pecans:		
Young trees	110,729	90,025
Trees of bearing age	87,995	38,035

In conclusion, my friends, I want to say that South Carolina has never sent a delegation to appear before the great Agricultural Committee of the House since I have been a Member for the purpose of asking the passage of all kinds of agricultural relief legislation. She well knows that along with other Southern States we have practically a monopoly on growing cotton, that one farm commodity that furnishes the balance of trade for America with Europe. If this great Government would be fair to our people in many ways and in many instances in which you, my friends, could be of service to us, it would not be long before the new South would be able to compete with any section of the United States. I note with a great deal of interest the unrest in the West and the determination on the part of its people, who have not been allowed to put their feet under the table where prosperity has been planned for other sections and for special interests, to throw off the yoke of bondage. I hope that the time has come when we of the South and you of the West will join hands in a common interest in behalf of the common people of America and before it is too late stop this centralizing of power, special privileges, and wealth in one section of the United States against the best interest of the future of America.

Mr. MADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. SNELL, having taken the chair as Speaker pro tempore, Mr. CHINDBLOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8722, the first deficiency appropriation bill for the fiscal year 1926, and had come to no resolution thereon.

GROVE L. JOHNSON

Mr. CURRY. Mr. Speaker, it is with personal sorrow and great regret that I announce to the House the death of one of my predecessors in the House of Representatives, the Hon. Grove L. Johnson, who passed away at his home in Sacramento at 3 o'clock yesterday afternoon. He was born in Syracuse, N. Y., March 27, 1841, and served in this Congress during the Fifty-fourth Congress. He was an able lawyer, a

brilliant orator, and a patriotic American citizen. He served his country not only on the floor of the House but for many years in the legislature of the State, in the assembly and in the State senate. He was the father of the Hon. HIRAM W. JOHNSON, Senator from California.

SENATE BILLS REFERRED

Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2464. An act to amend section 95 of the Judicial Code as amended; to the Committee on the Judiciary.

S. 1305. An act granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River; to the Committee on Interstate and Foreign Commerce.

LEAVE OF ABSENCE

Mr. LANHAM, by unanimous consent, was granted leave of absence for an indefinite period on account of illness.

ADJOURNMENT

Mr. MADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 6 minutes p. m.) the House adjourned until to-morrow, Wednesday, February 3, 1926, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

329. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Caloosahatchee River, Fla.; to the Committee on Rivers and Harbors.

330. A letter from the president of the Washington Gas Light Co., transmitting a detailed statement of the business of the Washington Gas Light Co., with a list of its stockholders, for the year ending December 31, 1925; to the Committee on the District of Columbia.

331. A letter from the Secretary of War, transmitting a draft of a bill for the payment of claims for damages to and loss of property, personal injuries, and for other purposes incident to the operation of the Army; to the Committee on War Claims.

332. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1926, for the War Department for the restoration of Fort McHenry, Md., $28,522.35 (H. Doc. No. 239); to the Committee on Appropriations and ordered to be printed.

333. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of State for the fiscal year ending June 30, 1926, to remain available until June 30, 1927, for expenses of the preparatory commission to consider questions of reduction and limitation of armaments, $50,000 (H. Doc. No. 240); to the Committee on Appropriations and ordered to be printed.

334. A communication from the President of the United States, transmitting copy of a letter of the Secretary of the Navy of January 27, 1926, and a copy of a letter of the Director of the Bureau of the Budget of February 1, 1926, concerning the requirement of an appropriation to afford relief to the civil government of American Samoa on account of damages resulting from hurricane in said islands January 1, 1926 (H. Doc. No. 241); to the Committee on Naval Affairs and ordered to be printed.

335. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1927, for the War Department for maintenance and improvement of existing river and harbor works, $10,000,000 (H. Doc. No. 242); to the Committee on Appropriations and ordered to be printed.

336. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on preliminary examination of Gotts Island Channel, Me.; to the Committee on Rivers and Harbors.

337. A letter from the Secretary of War, transmitting with a letter from the Chief of Engineers, report on preliminary examination of Gay Head, Marthas Vineyard, Mass.; to the Committee on Rivers and Harbors.

338. A letter from the vice chairman of the national legislative committee of the American Legion, transmitting the proceedings of the seventh national convention of the American Legion, held at Omaha, Nebr., October 5 to 9, 1925 (H. Doc. No. 243); to the Committee on World War Veterans' Legislation and ordered to be printed, with illustrations.

339. A letter from the president of the Georgetown Gas Light Co., transmitting a detailed statement of the business of the Georgetown Gas Light Co., together with a list of stockholders, for the year ended December 31, 1925; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SANDERS of Texas: Committee on Naval Affairs. H. R. 8183. A bill to authorize the discharge of any person under 21 years of age enlisting in the Naval Service or Marine Corps without the written consent of the parent or guardian; with an amendment (Rept. No. 177). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOOPER: Committee on the Public Lands. H. R. 7482. A bill to provide for conveyance of certain lands in the State of Michigan for State park purposes; with an amendment (Rept. No. 178). Referred to the Committee of the Whole House on the state of the Union.

Mr. WRIGHT: Committee on Military Affairs. S. 1493. An act to provide for the inspection of the battle fields and surrender grounds in and around old Appomattox Court House, Va.; without amendment (Rept. No. 179). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOLADAY: A bill (H. R. 8769) in relation to the construction, maintenance, and regulation within and by the United States of America of a nation-wide system of durable hard-surfaced post roads and the provision of means for the payment of the cost thereof; to the Committee on Ways and Means.

By Mr. BLAND: A bill (H. R. 8770) to establish a national military park at the battle field of Yorktown; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H. R. 8771) to extend the time of commencing and completing the construction of a bridge across Detroit River within or near the city limits of Detroit, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. HUDSPETH: A bill (H. R. 8772) for additional construction and for improvements at Fort Bliss, Tex.; to the Committee on Military Affairs.

By Mr. CARTER: A bill (H. R. 8773) to authorize the appropriation of certain moneys to aid in the construction of bridges across Red River in the State of Oklahoma; to the Committee on Roads.

By Mr. BRAND of Georgia: A bill (H. R. 8774) to construct a public building for a post office at the city of Eatonton, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8775) for the erection of a public building at Hartwell, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. PARKER: A bill (H. R. 8776) to authorize the Secretary of Commerce to dispose of certain lighthouse reservations and to increase the efficiency of the Lighthouse Service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McCLINTIC: A bill (H. R. 8777) directing the Secretary of the Interior to make payments of oil royalties; to the Committee on the Public Lands.

By Mr. SEARS of Nebraska: A bill (H. R. 8778) providing for the patenting of certain lands in Esmeraida County, Nev., and Inyo County, Calif., parts of the public domain, to the Chrysil Rubber Corporation, of Omaha, Douglas County, Nebr., under certain conditions and for the purpose of aiding the production of rubber thereon, and of the rubber industry; to the Committee on the Public Lands.

By Mr. NEWTON of Minnesota: A bill (H. R. 8779) to amend paragraph A of section 4 of the act approved June 25, 1910; to the Committee on the Judiciary.

By Mr. EATON: Joint resolution (H. J. Res. 147) authorizing and requesting the President to extend invitations to foreign governments to be represented by delegates at the international conference of soil science to be held in the United States in 1927; to the Committee on Foreign Affairs.

By Mr. ALMON: Resolution (H. Res. 117) providing for the printing of 2,000 copies of the soil survey of Lauderdale County, Ala.; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEERS: A bill (H. R. 8780) granting an increase of pension to Annie M. Stains; to the Committee on Invalid Pensions.

By Mr. BLACK of Texas: A bill (H. R. 8781) for the relief of R. E. Swartz, W. J. Collier, and others; to the Committee on Claims.

By Mr. BROWNE: A bill (H. R. 8782) granting an increase of pension to Orin Brewster; to the Committee on Invalid Pensions.

By Mr. BURTON: A bill (H. R. 8783) for the relief of Frederick G. Barker; to the Committee on Claims.

By Mr. DOUGLASS: A bill (H. R. 8784) for the relief of Bertha M. Leville; to the Committee on Naval Affairs.

By Mr. HOOPER: A bill (H. R. 8785) to provide for the payment, under certain conditions, to Lester P. Barlow of royalties accruing to him by reason of the use of certain inventions by the United States; to the Committee on War Claims.

By Mr. KEARNS: A bill (H. R. 8786) granting an increase of pension to Effie Nelson; to the Committee on Invalid Pensions.

By Mr. KETCHAM: A bill (H. R. 8787) granting a pension to Mary Travis; to the Committee on Invalid Pensions.

By Mr. KIEFNER: A bill (H. R. 8788) granting a pension to Joseph Bey; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 8789) for the relief of Dobson Lumber Co.; to the Committee on Claims.

By Mr. MacGREGOR: A bill (H. R. 8790) granting an increase of pension to Wilhelmina E. Hagen; to the Committee on Invalid Pensions.

By Mr. MAJOR: A bill (H. R. 8791) granting an increase of pension to Hattie Gideon; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8792) granting an increase of pension to Abbigail Himes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8793) granting an increase of pension to Hannah R. Welsh; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 8794) to credit the accounts of W. W. House, special disbursing agent, Department of Labor; to the Committee on Claims.

By Mr. O'CONNOR of New York: A bill (H. R. 8795) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. PARKER: A bill (H. R. 8796) granting an increase of pension to Irena Palmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8797) granting an increase of pension to Mary C. Macomber; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8798) granting an increase of pension to Nancy Cilley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8799) granting an increase of pension to Julia A. Bugbee; to the Committee on Invalid Pensions.

By Mr. SEARS of Florida: A bill (H. R. 8800) granting an increase of pension to Mattie M. Schoonmaker; to the Committee on Invalid Pensions.

By Mr. SIMMONS: A bill (H. R. 8801) granting an increase of pension to Cynthia Spicknall; to the Committee on Invalid Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 8802) granting a pension to Sarah E. Wolf; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8803) granting a pension to Susan A. Linnabary; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 8804) granting a pension to Mary Addie Viers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8805) granting an increase of pension to Mary J. Keene; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 8806) granting an increase of pension to Edna L. Terry; to the Committee on Invalid Pensions.

By Mr. UPDIKE: A bill (H. R. 8807) for the relief of Seth Seaton Ward; to the Committee on Military Affairs.

Also, a bill (H. R. 8808) for the relief of Homer J. Williamson; to the Committee on Claims.

Also, a bill (H. R. 8809) granting a pension to Nellie Sherril; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8810) granting a pension to Lulie Emmert; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8811) granting an increase of pension to Nancy J. Hicklin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8812) granting an increase of pension to Clyde W. Duvall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8813) granting an increase of pension to Sarah E. Edwards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8814) granting an increase of pension to Harry W. McCallie; to the Committee on Pensions.

By Mr. KINDRED: Joint resolution (H. J. Res. 146) to admit August H. Hinsch to the character and privileges of a citizen of the United States; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

559. By Mr. CULLEN: Resolutions of The Alliance of Womens' Clubs of Brooklyn, urging the Congress to take such action as will insure a permanent settlement of the coal situation; to the Committee on Interstate and Foreign Commerce.

560. By Mr. W. T. FITZGERALD: Petition of members of Lodge No. 200, Brotherhood of Railway Trainmen, Lima, Ohio, protesting against amendments to the employers' liability act proposed in Senate bills 1999 and 1162, and House bills 4019 and 5693; to the Committee on Interstate Commerce.

561. By Mr. GALLIVAN: Petition of Samuel H. Hudson, 1112 Lawyers' Building, Boston, Mass., recommending early and favorable consideration of House bill 5097, providing for the adjustment of pay of officers retired prior to July 1, 1922; to the Committee on Military Affairs.

562. By Mr. MacGREGOR: Petition of Fort Whipple Chapter, No. 50, Disabled American Veterans of the World War, calling for amendments to the veterans' acts; to the Committee on World War Veterans' Legislation.

563. By Mr. O'CONNELL of New York: Petition of the Child Welfare Committee of America, favoring the passage of House bill 7069, a bill known as the mothers' pension bill; to the Committee on Pensions.

564. Also, petition of the Seabury & Johnson Co., of New York, unreservedly opposed to the passage of House bill 3904, the "misbranding bill"; to the Committee on Interstate and Foreign Commerce.

565. By Mr. O'CONNELL of Rhode Island: Petition of the Polish American Citizens' Club, of Central Falls, R. I., for revision of the immigration act; to the Committee on Immigration and Naturalization.

SENATE

WEDNESDAY, *February 3, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed the bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, in which it requested the concurrence of the Senate.

TAXES PAID BY ANTHRACITE COAL CORPORATIONS (S. DOC. NO. 48)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, in response to Senate Resolution 99 (submitted by Mr. LA FOLLETTE, and agreed to January 5, 1926), data relative to corporations engaged in the mining of anthracite coal, the amount of capital stock, the amount of net income, the amount charged to depletion and depreciation accounts, and the amount of Federal tax paid by each such corporation, which was ordered to lie on the table and to be printed.

PETITION AND MEMORIAL

Mr. REED of Pennsylvania presented a memorial of the Latrobe (Pa.) Ministerial Association, remonstrating against the modification of the so-called Volstead Act by permitting the manufacture and sale of light wines and beers, etc., which was referred to the Committee on the Judiciary.

Mr. WARREN presented a resolution adopted by the Lions Club, of Evanston, Wyo., expressing the interest of that club in any extension of the Yellowstone National Park and requesting earnest consideration thereof, which was referred to the Committee on Public Lands and Surveys.

SALT RIVER VALLEY NATIONAL FARM LOAN ASSOCIATION

Mr. CAMERON. Mr. President, I present a report to the stockholders of the Salt River Valley National Farm Loan Association, which gives some very illuminating suggestions as to needed legislation to remedy the present administration

of this credit unit. I ask that it be referred to the Committee on Banking and Currency and printed in the RECORD.

There being no objection, the report was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SALT RIVER VALLEY NATIONAL FARM LOAN ASSOCIATION,
Phoenix, Ariz. January 12, 1926.

To the Stockholders of the Salt River Valley National Farm Loan Association:

Your committee appointed at the last annual meeting of the association, on the 13th day of January, 1925, for the purpose of inquiring into the nonpayment of dividends upon the stock held by members of this association in the Berkeley Federal Land Bank, would respectfully report as follows:

The records of this association show that no dividends upon the stock held by the members of this association have been paid by the Federal Land Bank of Berkeley, with a single exception below noted, for the now past 18 months, namely, the semiannual dividend for the periods due January 1, 1925, July 1, 1925, and January 1, 1926, with the exception that there was received in June, 1925, a sum declared and payable as a semiannual of 2 per cent. Reasonably understood to be for the semiannual period ending January 1, 1925, no further payments have been made to and including the present date.

We understand that the law governing the Federal land banks does not require them to declare and pay dividends, even if earned at any time, but that, on the contrary, the provision as to the payment of dividends is only one of permission, and that the permission is limited to a "reasonable" and to an amount "earned." We also understand that the word "earned" applies to the net earnings of the bank, and not to the payments of any single member or association. In other words, we understand the law to hold each stockholder of the bank financially liable for the deficiency, if any, of every other stockholder. However, a recent publication, herewith attached, of the Berkeley bank states: "The borrower is not liable for the obligations of all the members of the association." Your committee is not in position to prove our understanding of the law nor to disprove the statement of the bank, therefore admit ourselves at a disadvantage and somewhat at a loss as to the true situation.

January 1, 1926, the members of this association had borrowed by mortgage on their farm land, of and through the Federal Land Bank of Berkeley, Calif., money in the following aggregate amounts:

"Three hundred and fifty-five thousand five hundred and fifty dollars at 6 per cent per annum interest, stock invested on same being $17,777.50, which alone at 6 per cent interest called for a payment of $1,066.65."

The members also had borrowed at the date named:

"One million five hundred and forty thousand seven hundred and fifty dollars at 5½ per cent per annum interest, 5 per cent stock invested on same being $77,037.50, which alone at 5½ per cent interest called for a payment of $4,237.06."

Being on the part of the members of this association an aggregate stock interest in the Federal Land Bank of Berkeley, Calif., of $94,815, upon which we, the owners, pay to the bank a yearly interest of $5,303.71, or for a period of 18 months the sum of $7,955.56.

Our stock earns that sum because we ourselves pay it.

Your committee believes it to be within reason and good business judgment that the interest payments made by each member upon stock should by law accrue to the benefit of that paying member.

All Federal land-bank loans are secured, first, by mortgage given by borrower upon land at one-half its appraised value, with limit of maximum valuation; second, by 5 per cent stock taken in the capital stock of the land bank; third, by the amount of the reserve of each association; and fourth, by the amount of reserve plus all other property of the land bank itself.

To all appearances there can be no loss or failure of income to the holder of land-bank bonds.

But your committee takes notice that under a law designed to provide the producing farmer with capital at a low rate of interest that the administering boards and directors first provide themselves with high and extravagant salaries, abundance of clerical assistance, unlimited expense accounts, a constant and ready reason for travel and inspection, purchase land and erect at will commodious and costly banking quarters. All of these various items, amounting to many thousands of dollars, come out of and are produced by the labor of the borrowing stockholder, who at no stage in all that program is given an opportunity to protest, advise, or object.

Under the apparent circumstances of operation your committee concludes with the following recommendations:

First. That the salaries of officers, directors, and managers of land boards and banks be reduced and limited to a degree commensurate with the situation of the farmer and in conformity with the economical purpose of the land bank law.

Second. That the law be made more explicit, limiting all expense operations of every character to the 1 per cent difference between the purchase and loaning figure of bond proceeds.

Third. That the law provide that the books and records of Federal land banks shall be open to inspection and audit by an authorized representative of any association when selected for that purpose by the members themselves or their board of directors.

Fourth. That by law the requirement be laid upon all land banks to pay to the association in cash or to credit to the individual member upon the principal of his or her note such amount semiannually as that member may have paid to the land bank during the same semiannual period as interest upon the stock investment of said member.

Respectfully submitted.

J. W. LATIMER,
C. E. NEWCOMER,
H. A. THOMPSON,
Committee.

REPORTS OF COMMITTEES

Mr. HEFLIN, from the Committee on Agriculture and Forestry, to which was referred the concurrent resolution (H. Con. Res. 4) providing for a joint committee to conduct negotiations for leasing Muscle Shoals, reported it without amendment.

Mr. MAYFIELD, from the Committee on Claims, to which was referred the bill (S. 2197) for the relief of Paul B. Belding, reported it with amendments and submitted a report (No. 126) thereon.

Mr. BAYARD, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 104) to carry out the decree of the United States District Court for the Eastern District of Pennsylvania in the case of United States of America, owner of the steam dredge *Delaware*, against the steamship *A. A. Raven*, American Transportation Co., claimant, and to pay the amount decreed to be due said company (Rept. No. 127);

A bill (S. 545) for the payment of damages to certain citizens of New Mexico caused by reason of artificial obstructions to the flow of the Rio Grande by an agency of the United States (Rept. No. 128);

A bill (S. 1425) for the relief of the legal representatives of the estate of Haller Nutt, deceased (Rept. No. 129); and

A bill (S. 1646) for the relief of William Zeiss, administrator of William B. Reaney, survivor of Thomas Reaney and Samuel Archbold (Rept. No. 130).

Mr. BAYARD also, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

A bill (S. 521) for the relief of August Michalchuk (Rept. No. 131); and

A bill (S. 835) for the relief of Charles M. Rodefer (Rept. No. 132).

Mr. TYSON, from the Committee on Claims, to which was referred the bill (S. 726) for the relief of Hilbert Edison and Ralph R. Walton, reported it without amendment and submitted a report (No. 133) thereon.

He also, from the same committee, to which was referred the bill (S. 2336) to reimburse Commander Walter H. Allen, civil engineer, United States Navy, for losses sustained while carrying out his duties, submitted an adverse report thereon (Rept. No. 134).

Mr. CARAWAY, from the Committee on Claims, to which the bill (S. 2173) for the relief of employees of the Bureau of Printing and Engraving who were removed by Executive order of the President, dated March 31, 1922, reported it without amendment.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (S. 590) for the relief of Emily L. Hoffbauer, reported it with an amendment and submitted a report (No. 135) thereon.

ENROLLED BILLS PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that on to-day that committee presented to the President of the United States the following enrolled bills:

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution";

S. 1478. An act to authorize the transfer of the title to and jurisdiction over the right of way of the new Dixie Highway to the State of Kentucky;

S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing;

S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of La

Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian; and

S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 2970) granting an increase of pension to Mary T. Southard (with accompanying papers); and

A bill (S. 2971) granting an increase of pension to Sarah A. Bachelder (with accompanying papers); to the Committee on Pensions.

By Mr. ERNST:

A bill (S. 2972) to fix the salaries of certain judges of the United States; to the Committee on the Judiciary.

By Mr. McKELLAR:

A bill (S. 2973) to provide for the acquisition of a site and the erection thereon of a public building at Trenton, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. WILLIAMS:

A bill (S. 2974) granting the consent of Congress to the county of Barry, State of Missouri, to construct a bridge across the White River; and

A bill (S. 2975) granting the consent of Congress to the county of Barry, State of Missouri, to construct a bridge across the White River; to the Committee on Commerce.

By Mr. WILLIS:

A bill (S. 2976) restricting the issuance of passport visas in certain cases; to the Committee on Immigration.

By Mr. BLEASE:

A bill (S. 2977) to prohibit the intermarriage of certain races; and

A bill (S. 2978) to divide the eastern district of South Carolina into four divisions and the western district of South Carolina into four divisions; to the Committee on the Judiciary.

A bill (S. 2979) requiring separate accommodations for white and colored passengers on street cars in the District of Columbia; to the Committee on the District of Columbia.

By Mr. CAPPER:

A bill (S. 2980) to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia";

A bill (S. 2981) to amend section 553 of the Code of Law for the District of Columbia;

A bill (S. 2982) to provide for the conveyance of certain land owned by the District of Columbia near the corner of Thirteenth and Upshur Streets NW., and the acquisition of certain land by the District of Columbia in exchange for said part to be conveyed, and for other purposes; and

A bill (S. 2983) to provide a complete code of insurance law for the District of Columbia (excepting marine insurance as now provided for by the act of March 4, 1922, and fraternal and benevolent insurance associations or orders as provided for by the act of March 3, 1901), and for other purposes; to the Committee on the District of Columbia.

Mr. CARAWAY. I introduce two bills and ask that they be referred to the Committee on the District of Columbia. One seeks to require the street railway companies to abide by the rates and charges in respect of passenger transportation provided for in their charters, and unless they do this then the commissioners are authorized and directed to grant a franchise to any applicant desiring to establish a bus line within the District to parallel any part or all of such street railway lines. The other proposes to abolish the positions of the District of Columbia Commissioners and appoint a city manager.

By Mr. CARAWAY:

A bill (S. 2984) to abolish the positions of the Commissioners of the District of Columbia and to create that of city manager for the District of Columbia; and

A bill (S. 2985) regulating street railroad companies in the District of Columbia; to the Committee on the District of Columbia.

By Mr. JONES of Washington:

A bill (S. 2986) for the relief of Stillwell Bros. (Inc.); to the Committee on Claims.

By Mr. WILLIS:

A bill (S. 2987) for the relief of Robert W. Caldwell (with an accompanying paper); to the Committee on Military Affairs.

A bill (S. 2988) granting an increase of pension to Elizabeth P. Aiken (with an accompanying paper);

A bill (S. 2989) granting an increase of pension to Mary C. Wood (with an accompanying paper);

A bill (S. 2990) granting an increase of pension to Martha J. Purdon (with accompanying papers); and

A bill (S. 2991) granting an increase of pension to Samuel Riley (with accompanying papers); to the Committee on Pensions.

HOUSE BILL REFERRED

The bill (H. R. 8264) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1927, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENT TO PUBLIC BUILDINGS BILL

Mr. UNDERWOOD submitted an amendment intended to be proposed by him to the bill (S. 2007) for the construction of certain public buildings, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENTS TO TAX REDUCTION BILL

Mr. KING submitted two amendments intended to be proposed by him to House bill 1, the tax reduction bill, which were ordered to lie on the table and to be printed.

HEARINGS BEFORE DISTRICT OF COLUMBIA COMMITTEE

Mr. CAPPER submitted the following resolution (S. Res. 136), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INVESTIGATION OF THE COAL SITUATION IN THE DISTRICT

Mr. CAPPER submitted the following resolution (S. Res. 137), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized to investigate all conditions and matters relating to the coal situation in said District, including the prices paid for coal and substitutes therefor by dealers in fuel in the District, cost of fuel at points of origin, transportation costs and rates, drayage and all other expenses of delivery to the ultimate consumer, and prices charged by said dealers for fuel in the District of Columbia. For these purposes said committee, or any subcommittee thereof, may in their discretion employ such accountants and auditors as shall be necessary for examining and auditing books, accounts, and records of such dealers aforesaid, all costs of such investigation to be paid out of the contingent fund of the Senate.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker of the House had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution";

S. 1478. An act to authorize the transfer of the title to and jurisdiction over the right of way of the new Dixie Highway to the State of Kentucky;

S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing;

S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian;

S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian;

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River, in Cook County, State of Illinois; and

H. R. 6234. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts to construct a bridge across Palmer River.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT obtained the floor.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I was going to suggest the absence of a quorum, but if the Senator from New York wants to proceed I will withhold the suggestion.

Mr. COPELAND. No; I prefer to have a quorum present when I speak.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	Lenroot	Sackett
Bayard	Fess	McKellar	Schall
Bingham	Fletcher	McKinley	Sheppard
Blease	Frazier	McLean	Shipstead
Borah	George	McMaster	Shortridge
Bratton	Gerry	McNary	Simmons
Brookhart	Gillett	Mayfield	Smith
Broussard	Glass	Means	Smoot
Bruce	Goff	Metcalf	Stanfield
Butler	Gooding	Moses	Stephens
Cameron	Hale	Norbeck	Swanson
Capper	Harreld	Norris	Trammell
Caraway	Harris	Nye	Tyson
Copeland	Harrison	Oddie	Walsh
Couzens	Heflin	Overman	Warren
Dale	Howell	Phipps	Watson
Deneen	Jones, Wash.	Pine	Weller
Dill	Kendrick	Ransdell	Wheeler
Edge	Keyes	Reed, Pa.	Williams
Edwards	King	Robinson, Ark.	Willis
Ernst	La Follette	Robinson, Ind.	

Mr. MEANS. I desire to announce that the senior Senator from Iowa [Mr. CUMMINS] is engaged in a hearing before the Committee on the Judiciary.

Mr. JONES of Washington. I wish to announce that the senior Senator from Kansas [Mr. CURTIS] is detained from the Senate on account of illness.

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I send to the desk a resolution and ask that it may be read.

The VICE PRESIDENT. The resolution may be read.

The Chief Clerk read the resolution (S. Res. 134), as follows:

Resolved, That the President be requested to invite to the White House the committee of operators and miners in order that he may urge upon them the national importance of an immediate settlement of the anthracite coal strike.

Mr. COPELAND. I ask for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. JONES of Washington. I think the resolution ought to go over.

The VICE PRESIDENT. The resolution will go over.

Mr. COPELAND. Mr. President, I returned from my State this morning. We have 10 or 12 inches of snow in some sections of the State and snow everywhere. In the cities the streets are sloppy, and it is practically impossible to deliver coal. This morning we read that the committees involved in the anthracite strike have failed to adjust the strike. I would like to have read at the desk a telegram which I have just received from Scranton, Pa.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read as follows:

SCRANTON, PA., *February 3, 1926.*

Senator COPELAND,
Washington, D. C.:

For God's sake work them up on the anthracite situation. Our Senators seem to be dead. Conditions terrible. Expect to hear from you to-day in the Senate.

CLERKS' WELFARE ASSOCIATION.

Mr. COPELAND. Mr. President, I did not need the encouragement of this telegram. It is not my business to look after the State of Pennsylvania. But I can not understand why the Senate should hesitate for one moment to ask the President to invite to the White House the committees which have been in session three or four times in different parts of the country and to urge upon them the national importance of settling the strike.

My view is the common one held by the public. Wherever I go I hear the same story. It so happened that last night I was at a dinner attended by representatives from various sections of the country. I sat next to the Governor of New Jersey, who said to me, "Why in Heaven's name does not Congress take action in the coal situation?"

Mr. President, is it possible that Senators sit here day after day and week after week and fail to realize what is going on? I can not understand it. Is it because there are great bituminous coal mines in the States of Pennsylvania, West Virginia, Virginia, Kentucky, Tennessee, Ohio, Indiana, and Illinois? Is it because the States producing soft coal and the States producing coke, substitutes for anthracite, are so well satisfied with the situation that they are willing to have the strike continue indefinitely?

It is perhaps not a matter of as much concern to the Southern States, where the sun smiles upon them the year round. I am glad to hear one Senator sitting near me from a Southern State say that they are interested in humanity. I know they are, but I sometimes wonder, if a majority of the Republicans, who control this body, are not more interested in property than in humanity. But I hope there are other Senators here who are interested in humanity.

Here is a strike which continues apparently with no other thought in mind than breaking a union. I can see no other reason for the anthracite operators to permit the strike to continue. If the anthracite business were not interlocked with the soft-coal industry, the anthracite operators would take warning that in another year the people of the country will make provision for burning substitutes. The anthracite industry is doomed if the operators persist in this matter. But I do not think the owners care. If they lose money from the right-hand pocket by the closing of the anthracite mines, they get money in the left-hand pocket by the prosperity of the soft-coal mines. So they do not care.

Do the Members of this body realize the hazards of coal mining? I do not wonder that the men are striving to get more money. Do Senators know that when six men go out in the morning to take up their duties in the coal mines, one out of the six will go home on a shutter? Do Senators know that two men are killed every day in the anthracite mines of Pennsylvania? Six hundred men per year die there. All of the other accidents in the State of Pennsylvania in all of the other industries combined do not equal the accidents in the coal mines of Pennsylvania. One can not wonder that these men want more money.

Mr. President, it is the determined effort of the anthracite operators to defeat these miners in order that they may crush the union. To defeat the miners and crush the union they are willing to have disease stalk abroad in all of the cities of New Jersey, of New York, and of New England.

This morning I find that the temperature at Concord, N. H., is at zero, and at Northampton, Mass., it is 10 degrees below zero. How the people suffer in those places and everywhere that anthracite is burned under normal conditions!

There is ample coal in the White House; there is ample coal in the houses of the rich. But, Mr. President, there are over 3,000 families, representing 15,000 or 20,000 persons, in the city of New York who are foraging every day for kindling wood and broken boxes in order that there may be heat in their homes. In other homes the children come in with wet feet and shiver around a little oil burner, trying to keep warm.

Senators, are you not willing that the President of the United States should invite this committee to the White House in order that he may urge upon them the national importance of settling this strike? I can not believe that the Senate is so heartless or so indifferent to human suffering that it is unwilling to take action.

Mr. President, I make an appeal to the Senator from Washington [Mr. JONES], who objected to the immediate consideration of this resolution, that he withdraw his objection and let the resolution go to a vote of the Senate. Then, if the Senate does not care to agree to the resolution, it will have expressed itself to the country; but I appeal to the Senator from Washington that he will withdraw his objection.

Mr. JONES of Washington. Mr. President, let me say to the Senator from New York that I thought the resolution of such importance that it should lie on the table. At any rate, I think if there is anything to be done Congress ought to do it, and that we ought not to be trying, to use a common expression, to "pass the buck" to the President. I am satisfied that the President will take such action as he feels he may properly take. If we wish to take any action, let us take it in a legislative way, and give the President authority to do something that we think he ought to do, if he has not authority already. If he had such authority, I am satisfied the Presi-

dent would act, but if he has not, nobody can give it to him but Congress.

Mr. COPELAND. Mr. President, I remember two other Republican Presidents who did not hesitate to act in such a crisis, but the present President hesitates. Why does he hesitate? He does not need to be uncomfortable. I find that last year for "coal and other solids" in the White House $8,400 was expended. I do not know what is meant by "other solids." I would not think any ice was needed there. [Laughter.]

Mr. BRUCE. Mr. President, let me interrupt the Senator from New York for a moment. Does the Senator find any item about liquids?

Mr. COPELAND. I do not find anything about liquids, but, of course, we can all understand that the President would be very hesitant about having that in the record.

However, Mr. President, why can we not take this simple action? The President will not be bound by it; he will not have to act should he not desire to do so.

If there were pending some matter involving the exclusion of Japanese, there would not be any trouble to get the Senators from the Pacific coast to be active in that matter. If there were a matter involving the extermination of the boll weevil, there would not be any trouble to get representatives from the Southern States busy. If it were a question involving the tariff, there would not be any trouble to get representatives from New England excited. But when it comes to a matter of life and death and plain, ordinary humanity, involving the poor of the cities, who never vote the Republican ticket, there is not any danger at all of Congress getting excited.

I say it is an outrage, it is a crime against humanity, to think that this situation is permitted to continue and that Senators on the other side are satisfied to let it continue. I hope, Mr. President, when the genial Vice President of the United States becomes a candidate for the Presidency he will refuse to take any money from the coal barons, and then he will make an appeal to the poor of the country which will make certain his election.

I have in my hand a long letter from the Sacred Heart Rectory, of Wilkes-Barre, Pa., signed by the priest of the parish, telling about the suffering up there. I can not understand why the Senators from Pennsylvania are not concerned about the suffering in the homes of 150,000 miners in Pennsylvania.

Mr. REED of Pennsylvania. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I will yield to the Senator from Pennsylvania with pleasure.

Mr. REED of Pennsylvania. The Senator from New York will recall that it was the junior Senator from Pennsylvania who first mentioned the fact that the only place in the United States where there is any suffering because of the coal strike is in the mining region.

Mr. COPELAND. Mr. President, I am glad the Senator from Pennsylvania had priority in something. I do not see that he has priority, however, in any effort to end the strike. I will give him credit——

Mr. REED of Pennsylvania. Will the Senator yield again?

Mr. COPELAND. With the greatest pleasure.

Mr. REED of Pennsylvania. The Senator, of course, understands that all efforts to end the strike are not limited to speeches made in the Senate.

Mr. COPELAND. I am well aware that that is the fact; but I have not seen any evidence on the part of Republican Senators or the Republican President to end the strike. The only efforts that I know of have been efforts made over in this corner of the Senate Chamber to try to get a realization of the gravity of the situation by the Congress of the United States, and in those concerned to take action in this matter.

Mr. REED of Pennsylvania. Does the Senator consider it an effort to end the strike to introduce a resolution asking the President of the United States to do something, or another resolution asking him to invite people to the White House? Does the Senator consider those proposals efforts to end the strike?

Mr. COPELAND. I think, Mr. President, that, if it is taken, in all probability this particular effort will fail. But I know that when Theodore Roosevelt was President of the United States his effort to end the strike did end it; and if the present President of the United States would use the same methods he would settle the strike before to-morrow night.

Now, Mr. President, I ask the Senator from Pennsylvania, who was first in his efforts to call attention to the suffering among the miners of Pennsylvania, to join with me in a request to the President of the United States to call that committee down to Washington in order that he, representing the public opinion of this country, may urge upon the committee the necessity of the immediate settlement of this strike, a settlement needed for the good of the country.

Mr. REED of Pennsylvania. Mr. President, does not the Senator know that the miners and operators have been in almost continuous session since last July; that they have been called together by the Governor of Pennsylvania and by other officials in the effort to bring them to an agreement; and does not the Senator know that only yesterday their conference broke up because they could not reach an agreement? Now, if the Senator wants the President to do something, Congress will have to give the President power to do something. He has no power to-day.

Mr. COPELAND. Mr. President, I am well aware that there have been conferences going on for several months, for six months at least. The last one has failed as they have failed in the past. The only knowledge we have of successful conferences are as to those which were held through the efforts of Theodore Roosevelt and of President Harding. I am asking the Senate to request the President to have another conference exactly like two preceding ones which succeeded.

Of course, I realize that the Senator from Pennsylvania is tremendously committed to the relief of the suffering among the miners, and I congratulate him that he has by his enthusiasm and his cooperation and his every effort contributed so largely to the ending of the strike! I want to commend him to the people living up in that district. I think that telegram must be wrong which says "Our Senators seem to be dead," for here we have evidence that one Senator from Pennsylvania is thoroughly alive to the suffering of the people of Pennsylvania. He does not know what in Heaven's name to do about it; he has not any definite proposal as to how this suffering should be ended; but, Mr. President, through you, sir, I want to send word to the suffering miners of Pennsylvania that the junior Senator from Pennsylvania is suffering intensely because of his sorrow over the misery of the miners in Pennsylvania, in his State.

In the meantime, however, Mr. President, friends of the Senator in Pittsburgh, remote acquaintances, perhaps, are not suffering. A correspondent tells me that coke can be bought from the ovens of the Carnegie Steel Co. and delivered at the door of the consumer in Pittsburgh for $6 a ton; but when the people of New York want to buy that same coke they pay $13, plus the freight there; so that the cheapest for which coke is sold in my State is $20 a ton.

Ah, Mr. President, let us be frank about it. If the Republicans are afraid of the issue, if they are indifferent to the suffering of the people of the country, let them go on in their policy of indifference; but, so far as I am concerned, if it is the last thing I shall ever say, I demand of the Senate that some action be taken seeking to bring about an adjustment of affairs so that the poor who are suffering in the cities of America may be given some relief.

Mr. COPELAND subsequently submitted the following letter, which was ordered to be printed in the RECORD:

RICHMONDVILLE FEED & COAL CO. (INC.),
Richmondville, N. Y., February 1, 1926.

Hon. Senator COPELAND,
The Senate, Washington, D. C.

MY DEAR SENATOR: We have received this morning a copy of the CONGRESSIONAL RECORD of January 15, wherein you expose a letter written by S. G. Shafer, of this town.

In this letter Mr. Shafer states that soft coal is being retailed at $17 a ton. As we are the only distributor of coal in this village, the article must, of necessity, apply to us.

We have to say that we have not this winter received more that $8.40 at yard and $8.80 delivered per ton for any soft coal. We have called Mr. Shafer's attention to this erroneous statement and he has said that he intended to imply that coke was selling for $17, which is approximately correct; to be exact, $16 at yard, $16.40 delivered in ton lots; he has also said he would write you a correction.

Senator COPELAND, we regret deeply that this erroneous statement about us has been filed in the CONGRESSIONAL RECORD, and thereby spread broadcast by certain papers, such as the Buffalo Morning Express and others. We regret it, not so much because it might affect our standing in our own community, because people who are our patrons know better, but because of the injustice such a statement does to the great body of retail coal merchants who, with few exceptions, are laboring hard and honestly to tide the public over this crisis. Conditions are bad enough without coloring, and when great Senators are led to write such statements as these into public records where they must stand regardless of their veracity we wonder what is coming next.

We do not know what the future has in store for us, but so far we have been able to take care of the public here without suffering, and

could, of course, give them all the coke or soft coal that they required. We hope when this question of anthracite coal is settled it will be settled permanently.

Thanking you for courtesies, we are,

Very truly,

V. M. TERPENING, *Secretary.*

SALE OF VESSELS TO FORD MOTOR CO.

Mr. BRUCE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Maryland?

Mr. SMOOT. Yes.

Mr. BRUCE. If there is no objection, Mr. President, I should like to introduce a resolution authorizing the Senate Committee on the Judiciary to investigate the circumstances surrounding the sale by the United States Shipping Board to the Henry Ford Motor Co. of 200 laid-up steel vessels.

The VICE PRESIDENT. Is there objection?

Mr. JONES of Washington. Mr. President, I do not understand that the Senator asks for the consideration of the resolution now.

Mr. BRUCE. No; I meant for reference to the committee.

Mr. FLETCHER. It should go to the Committee on Commerce, Mr. President.

Mr. BRUCE. Mr. President, the resolution itself asks that the Committee on the Judiciary be authorized to conduct this investigation. I would rather have it go to the Committee on the Judiciary unless the Committee on Commerce is particularly anxious to take it over. I think that the former committee would be a more impartial committee to handle this particular matter.

I press that point, Mr. President. I think the Committee on the Judiciary is in a position to give a more unbiased consideration to this investigation than the Committee on Commerce.

Mr. SMOOT. Mr. President, if the resolution is going to lead to any discussion, I must object to its being presented to-day.

Mr. BRUCE. I do not ask that it be considered to-day. I asked that it be referred to the Committee on the Judiciary.

Mr. SMOOT. There was objection to that.

Mr. JONES of Washington. Yes.

Mr. BRUCE. Was there? I did not hear it.

Mr. JONES of Washington. It should go to the Commerce Committee.

Mr. SMOOT. The Commerce Committee has that whole subject matter in hand; and probably, of course, under the rules, it ought to go to that committee.

Mr. BRUCE. What does the Senator from Utah mean by saying that the Committee on Commerce has that whole matter in hand? So far as I know, the matter raised by this resolution is not in any way connected with any pending investigation of any sort, or with any pending matter of any sort now under consideration by the Committee on Commerce.

Mr. SMOOT. I meant the business of the Shipping Board.

Mr. BRUCE. Is the question debatable as to whether this resolution shall be referred to the Committee on the Judiciary or to the Committee on Commerce?

Mr. SMOOT. Mr. President, I yielded for the purpose of presenting the resolution. I must object if it is going to lead to any discussion.

The VICE PRESIDENT. The resolution will be debatable when it is before the Senate as the regular order.

Mr. BRUCE. Now, Mr. President, I desire, as I have said, to urge the point that I have made. I have uncommon confidence in investigations conducted by the Committee on the Judiciary; though, of course, I do not mean to say that I lack general confidence in investigations conducted by the Committee on Commerce. I have no right to say that; but I do know enough about the personnel of those two committees, about the relations that they have respectively sustained to such subject matters as that contained in this resolution, to prefer deliberately a reference to the Committee on the Judiciary The proponents of this resolution believe that they can make out a case, and a case of highly accusatory significance, aginst the United States Shipping Board.

Mr. SMOOT. Mr. President, I have no objection at all to the resolution, but I gave consent merely that the Senator might present it. I am going to object to any discussion of the resolution at this time.

Mr. BRUCE. The Senator from Michigan [Mr. COUZENS] suggests that I have reflected on the Committee on Commerce. How have I reflected on it? Has it come to that, that it is any reflection for me to institute a contrast between the comparative fitness of these respective committees to deal with this particular task? The members of the Committee on Commerce have, of course, been associated with everything that relates to the workings of the Shipping Board and the workings of the Emergency Fleet Corporation. It is perfectly natural that they might have contracted a bias one way or the other from this fact that the Committee on the Judiciary has had no opportunity to contract.

I have no disposition to reflect on the Senator from Michigan. Perhaps he has fallen so much into the habit recently of instituting and prosecuting investigations that he does not feel disposed quickly to give up an opportunity to conduct another investigation. I assure him that I have not the slightest disposition to cast any reflection on him. As the Senator well knows, I entertain the highest respect for him.

The VICE PRESIDENT. Objection having been made, the resolution will go over under the rule.

Mr. BRUCE's resolution (S. Res. 135) is as follows:

Whereas by contract executed as of the 16th day of August, 1923, the United States Shipping Board, purporting to act in pursuance of authority granted it by law, sold to the Ford Motor Co. 200 laid-up steel vessels for dismantling and scrapping; and

Whereas the validity of said sale to the said Ford Motor Co. by the United States Shipping Board has been questioned; and

Whereas the matter is of such great public importance that the facts and circumstances surrounding said sale should be fully ascertained and known to the public and the validity of said sale and of said contract determined: Now, therefore, be it

Resolved, That the Committee on the Judiciary, or a duly authorized subcommitee thereof, is authorized to make a complete investigation and to ascertain all of the facts and circumstances relating to said sale, with a view to determine whether or not the United States Shipping Board in making said sale and in entering into said contract acted in accordance with law. For the purpose of this resolution such committee or subcommittee is authorized to hold hearings, to sit and act at such times and places within the United States, and to employ such clerical and stenographic assistants as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The committee or subcommittee is further authorized to send for persons and papers, to administer oaths, and to take testimony, and the expense attendant upon the work of the committee or subcommittee shall be paid from the contingent fund of the Senate. The committee or subcommittee, through the committee, shall report its findings to the Senate, together with its recommendations, as to further action in the case the said committee or subcommittee should determine that said sale was not in accordance with law.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. WHEELER. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. Yes; if it leads to no discussion.

Mr. WHEELER. I desire to discuss a matter for about 5 or 10 minutes.

Mr. SMOOT. The Senator has that right, as far as that is concerned.

FORMER ATTORNEY GENERAL HARRY M. DAUGHERTY

Mr. WHEELER. Mr. President, my attention has been called to an article appearing in one of the newspapers this morning wherein the President of the United States denounces Congress for attempting to delude the public.

I want to say at the outset that by referring to what I intend to refer to in a moment I am not seeking in any way to delude the public. My understanding is that at a conference with newspaper men yesterday the President threw aside the usual questions and started in on a denunciation of the Congress of the United States by reason of certain speeches that had been made upon the floors of Congress.

I am not surprised at that, because, Mr. President, when about two years ago the Congress of the United States started in to instigate certain investigations, the same President of the United States sent a message to Congress stating, in substance, that these investigations should not go on, and saying that he would see that all of the guilty were brought to justice.

At that time, Mr. President, I was one of the members of a committee that was investigating the Department of Justice, which was then headed by Mr. Daugherty, the Attorney General of the United States. For the purpose of informing the Senate, I desire to read an article from the New York American dated on Wednesday, January 27.

It will be remembered that when I offered a resolution in the Senate asking for the investigation of Mr. Daugherty one of the Members on the other side got up and stated that Mr. Daugherty was "as clean as a hound's tooth." It will also be remembered that many of the Republican newspapers throughout this country denounced the investigation, and said that the

reason why we were seeking to get rid of Mr. Daugherty was because of his attitude toward labor, and because of the fact that he had obtained an injunction against the railroad brotherhoods, and that there was not any merit at all in the investigation. It will also be remembered that during the investigation Mr. Daugherty continually issued statements through the press of this country in which he stated that he wanted an opportunity to be heard before the committee; and it was also stated by his brother, Mal Daugherty, that he wanted an opportunity to testify before the committee. As the committee proceeded and evidence was taken before the same, and we got to the place where we desired to call Mr. Daugherty, he refused to come before the committee to give his testimony. Then, when we subpœnaed his brother, Mal Daugherty, he refused to answer the subpœna.

We asked him to bring his books before the committee, and he said that he could not do it because of the fact that it would disrupt the business of his bank. Then it was that the Senator from Iowa [Mr. BROOKHART], the chairman of the committee, and I made a trip to the little town of Washington Court House, Ohio. We issued a subpœna asking that the president of the bank, Mr. Mal Daugherty, and his cashier and his assistants to bring the books of the bank, or one or two of them, over to the room in the hotel, and present them to the committee. They refused to do it and refused to come and testify. They went into court and got out an injunction before a probate judge in this little town to stop a committee of the United States Senate from interfering with the business of this bank.

Mr. President, we then came back to Washington, and we asked that the Senate of the United States issue a citation, citing Mr. Mal Daugherty for contempt of the Senate. Then, Mr. President, they got out an injunction in the Federal court before one of the judges down in Ohio, Judge Cochran. An injunction was granted by him to prevent the Senate from looking at these records.

That matter was appealed to the Supreme Court of the United States and it has been pending there for something over one year. Meanwhile, the only investigations that have been going on in the United States by the Department of Justice, up until just recently, were the investigations of those Members of the United States Senate who sought to investigate both the oil frauds and the Department of Justice.

But now, Mr. President, we read in the headlines of the New York American:

Forty thousand dollars bonds traced to Daugherty.

Let me say in this connection that when we were refused permission to go into the records of the bank we appealed to the Comptroller of the Currency of the United States of America and asked him if he, under the authority that was granted to him for the examination of banks, would not send somebody down there to investigate the bank, because the committee at that time had in their possession evidence which they thought would warrant them in looking at the books of the bank; and they felt that if they could have gotten the records of that bank they would have secured evidence of colossal frauds perpetuated against the people of the United States by the Attorney General, Harry Daugherty, by Mal Daugherty, by Jesse Smith, and the rest of the Ohio gang, that would have shocked the American people. Let me say, in all fairness to the Comptroller of the Currency, that he stated that he was not able to do it, or he had been advised that he was not able to do it under the law, a view with which some of the members of the committee disagreed.

This account goes on to state:

Securities alleged to be part of $441,000 paid by American Metal to regain property.

Investigators fail to show, however, that ex-Attorney General knew about plot.

They have failed to show, Mr. President, this article says, although $40,000 was placed to his credit in the bank, that he had actual knowledge of the plot! I wonder if the Department of Justice can conceive of the ex-Attorney General receiving $40,000 in Liberty bonds not knowing where it came from.

Mr. CARAWAY. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WHEELER. I yield.

Mr. CARAWAY. If the ex-Attorney General were not richer than he pretended to be when he came to Washington, $40,000 would have seemed quite a little sum, would it not?

Mr. WHEELER. The Senator is correct. Let me say, in that connection, that when we examined the records at Washington Court House we found a sworn statement there to the effect that Harry Daugherty's liabilities were greater than his assets, and that as a matter of fact he owed something like two or three thousand dollars more than he had. That was a statement sworn to by Mr. Daugherty himself the year prior to his coming into office as Attorney General. But only a short time after he came into that office a deputy bank examiner found that Liberty bonds and certificates of deposit had been credited to Mr. Daugherty to the extent of something like $75,000 on one occasion, besides the $40,000 just referred to.

Mr. CARAWAY. I presume he did not even know where he got that, did he?

Mr. WHEELER. No. The Department of Justice, I am sure, under the present Attorney General, does not know yet whether he ever got it. I continue the reading:

The Department of Justice has traced $40,000 alleged proceeds from sale of Liberty bonds, once owned by German stockholders of the American Metal Co., into the bank account of Harry M. Daugherty, former Attorney General of the United States, it was learned from an authoritative source to-day.

The bonds from which this money is alleged to have been realized were part of the $441,000 alleged to have been split among Col. Thomas W. Miller, former Alien Property Custodian; John T. King, former Republican national committeeman from Connecticut, and Jesse Smith, intimate friend and confidant of Harry Daugherty.

Jesse Smith died in Mr. Daugherty's apartment while Mr. Daugherty was staying, that particular night, at the White House.

This vast sum, according to admissions made by Mr. King, was paid by German stockholders in the American Metal Co. to facilitate the return of approximately $7,000,000 then held in the United States Treasury to the credit of the Alien Property Custodian.

This financial transaction, in so far as it relates to Harry M. Daugherty, is the center of a Federal grand jury investigation in progress in New York City under the direction of Federal Attorney Buckner.

Let me call attention to the fact that when they first started this investigation, something like six months ago, or perhaps less than that, they placed the case in the hands of one of Mr. Daugherty's appointees to do the investigating. They secured at that time an indictment against Tom Miller, but I think it is to the credit of Mr. Buckner that he was dissatisfied with that investigation, and apparently, from the newspaper reports at least, he is now going to the bottom of the thing.

Mal Daugherty, head of the Midland National Bank, Washington Court House, Ohio, where some of the funds were deposited, and brother of the former Attorney General, was again a witness before the New York Federal grand jury to-day. His appearance there followed four days' interrogation last week.

On Friday Harry Daugherty refused to answer questions before the same grand jury on the ground that his testimony might incriminate him.

Not only did he say that it might incriminate him, but he said that because of the fact that he was attorney for Warren Harding while the latter was Senator, because of the fact that he was attorney for Warren Harding while President, and because of the fact that he was attorney for Mrs. Harding, and, I think, for Tom Miller, if he gave any testimony it might incriminate him. I ask the Members of the Senate what he meant by saying that, because of the fact that he was attorney for Mr. Harding, it might incriminate him if he should testify? Was it because of the fact that he was trying to hide behind Mr. Harding, the late President, that he made that statement? That is the statement he gave out to the public in New York.

Mr. HEFLIN. Mr. President, if the Senator will permit——

Mr. WHEELER. Certainly.

Mr. HEFLIN. On January 30, the Washington Post published this:

District Attorney Buckner said Mal Daugherty has been excused from further attendance upon the grand jury.

Mr. WHEELER. This article continues:

Although it has been definitely established that Harry M. Daugherty received $40,000 in funds obtained from bonds alleged to have been turned over by Richard Merton, one of the German stockholders, to Jesse Smith, the Department of Justice has not been able to ascertain positively that Harry M. Daugherty had knowledge of the origin of the money.

In other words, Jesse Smith turned it over to him and had it placed in his account, but the Department of Justice has not yet determined that Harry Daugherty actually knew where

the money came from. I imagine, Mr. President, that Harry Daugherty did not know either where the money came from which, it was testified before the committee, was turned over to Jesse Smith from the bootleggers.

While the settlement of the American Metals case was approved by Special Assistant Attorney General A. R. Johnson, jr., and allowed by GUY D. GOFF, assistant to the Attorney General, now United States Senator from West Virginia, it has not been developed by the Department of Justice that Harry M. Daugherty took any part in the settlement or had personal knowledge of it.

Universal Service is now able to disclose how, by a curious irony of fate, an investigation started by the Department of Justice without Harry Daugherty's knowledge in 1923, while he was still Attorney General, finally enmeshed him in its toils.

This article states that the investigation started in 1923 was initiated by Mr. Daugherty. Let me say that it was not started by Mr. Daugherty or by Republicans on the other side of the aisle. It was started by some of us Democrats upon this side of the Senate. I read further:

The $40,000 traced to Harry M. Daugherty's bank account is alleged to be the proceeds from the disposal of four $10,000 Liberty bonds, which formed a part of $112,000 paid to Jesse Smith in bonds as his share for negotiating the settlement of the American Metals claim.

The transfer of these funds occurred approximately 10 months after the settlement and before Smith's tragic suicide in Daugherty's apartments in Washington.

The remainder of Smith's share later came to Harry and Mal Daugherty as executors of Smith's estate.

It should be borne in mind that when Mr. Smith died he made Mr. Mal Daugherty and Mr. Harry Daugherty his executors, without bond, and left them $25,000 each. I read:

According to admissions made by John T. King, who conceived the alleged conspiracy, Jesse Smith received his $112,000 at a meeting of the alleged conspirators in an elaborate suite at the Waldorf Astoria Hotel, New York, where $391,000 in Liberty bonds lay piled high on a bed.

This extraordinary meeting was held October 1, 1921, King said, 10 days after the $7,000,000 in American Metals Co. assets had been ordered turned back to the German claimants.

Entering the reception hall of the suite, King said, he was met by Jesse Smith, who had a package in his hands.

It contained King's share of the bonds, which was $112,000, the same as Smith kept for himself. Through a partly opened door, King said, he saw a huge pile of bonds on a bed.

Smith, it is alleged, told King at the time:

"We met extra expenses in Washington amounting to $55,000, so that $112,000 is an honest third of the whole fee."

King says he left the room and the interview ended. He did not know whether there was anyone else in the suite.

Last August Universal Service revealed that the bonds had been traced to King, Colonel Miller, and Smith. King's story of the affair, as told to Universal Service, greatly aided the Department of Justice in getting indictments.

The tracing of the bonds stands out as one of the most elaborate and exhaustive investigations ever conducted by the Department of Justice.

The investigation was not started by the Department of Justice. The investigation was started by the special committee of the Senate of which the Senator from Iowa [Mr. BROOKHART] was chairman. We spent a considerable length of time upon this American Metals case and disclosed some extremely suspicious circumstances which led us to believe that were it possible for us to get into the bank to Mal Daugherty's accounts we would be able to uncover these bonds and trace them.

Jack Wheeler, who investigated the case against Gaston Means for the department, first stumbled on some of the coupons from the bonds in 1923.

When examining Means's accounts in 20 different banks in the East Wheeler found coupons listed in bank records at the same time deposits were being made for Means's personal accounts.

Let it be remembered that Gaston Means was the friend and confidant of Harry Daugherty and William J. Burns. Some Republicans criticized members of the committee for having called Gaston Means. They criticized us, if you please, for calling, as they said, "jail birds" and people of loose character before the committee. But let me say to the Senate of the United States that these people were not friends of the committee. We did not call friends of the committee. We went out to find what Daugherty had been doing, and in order to do it we went out among his friends, and we found them in the slums and in the jails in the United States. They were not the friends of the committee, but they were the friends of Daugherty. Gaston Means is an example of the kind and the character of men who were associated with the last administration and with the Attorney General. I read further from the article:

Wheeler reported his findings to the Assistant Attorney General in charge of the criminal division, John W. H. Crim.

In 1924 when the Means case was brought to trial by Hiram C. Todd, Special Assistant Attorney General, some of the bonds had been traced to King and Miller.

Prior to this time the Wheeler-Brookhart Senate investigating committee had been looking into the American Metals award, but found no evidence of the passage of money or bonds.

In 1925 the case was placed under the direction of Todd by Attorney General Stone, now Associate Justice of the United States Supreme Court.

That was after the matter had been called to Mr. Stone's attention. Then it was that Mr. Stone appointed Hiram Todd, a Daugherty appointee, to investigate Harry Daugherty, and he investigated it for a time and finally called a grand jury investigation, but apparently could not find any evidence of guilt against his old boss and associate, Harry Daugherty.

I read:

Meantime Universal Service developed evidence showing bonds had reached Smith, King, and Miller, and obtained King's story of the transaction.

The bonds traced to Smith, which are now the center of attention, were disposed of in various ways. At first coupons from the bonds were cashed in New York and at the Riggs National Bank in Washington.

Later some bonds were pledged as security in Smith's brokerage account.

Still later money derived from their sale reached Smith's account. Some of this was transferred to Mal Daugherty's account, and the $40,000 now found credited to Harry M. Daugherty was alleged to have been connected with the proceeds of the sale of Smith's bonds by deposit slips and checks.

Diligent effort was made by Universal Service to find Harry M. Daugherty and obtain his side of the story to-night, but without success.

Max Steuer, Daugherty's New York attorney, insisted he did not know how to reach his client on short notice. He added:

"I know nothing of the evidence collected by the Department of Justice concerning Daugherty."

I read now from a clipping from the New York Times of January 23, as follows:

Daugherty forced by court to reply. Former Attorney General cited for his refusal to testify before United States grand jury. Denies having bank record. M. S. Daugherty, in American Metals case, said brother burned ledger sheets.

We were denied by the court the right to get those books, and that matter, as I said a moment ago, has been pending for over a year in the Supreme Court. In the meantime, it now appears that part of the records, at least, which we sought to get were by Mal Daugherty turned over to his brother, Harry Daugherty, and that Harry Daugherty burned the records. I continue the reading:

Cited for contempt of court yesterday because he refused to reply to questions before the Federal grand jury in the American Metals Co. case, Harry M. Daugherty, Attorney General during the Harding administration, was compelled by Federal Judge Thomas D. Thatcher to answer. Mr. Daugherty appeared before the grand jury yesterday morning on a subpœna to testify regarding the alleged action of the Alien Property Custodian in returning securities of the American Metals Co. to German owners. The first question was whether he had brought with him, as required by the subpœna, certain ledger sheets of the Midland National Bank, of Washington Court House, Ohio, of which his brother, Mal S. Daugherty, is president.

REFUSES TO TESTIFY

Mr. Daugherty wrote and then read the following refusal to answer: "Having been personal attorney for Warren G. Harding before he was Senator from Ohio and while he was Senator, and thereafter until his death, and for Mrs. Harding for a period of several years, and before her husband was elected President and after his death, and having been attorney for the Midland National Bank, of Washington Court House, Ohio, and for my brother, M. S. Daugherty, and having been Attorney General of the United States during the time that President Harding served as President, and also for a time after President Harding's death under President Coolidge, and with all of those named as attorney, personal friend, and Attorney General, my relations were of the most confidential character as well as professional, I refuse to testify and answer questions put to me because the answer I might give or make and the testimony I might give might tend to incriminate me."

Mr. CARAWAY. There is but one inference, and that is that he would want the country to think that his relations with the President had involved some criminal transaction.

Mr. WHEELER. I can not put any other construction on it.

Mr. CARAWAY. That is an unthinkable thing.

Mr. WHEELER. I think the Senator is entirely right.

The witness returned the same answer to other questions. United States Attorney Emory R. Buckner asked Mr. Daugherty to leave the grand jury room, which he did. On Mr. Buckner's advice the grand jury then cited Mr. Daugherty for "punishment for contempt" or "instruction by the court that he comply with the subpœna." Mr. Daugherty telephoned his attorney, Max D. Steuer, who arrived as Mr. Daugherty was being taken before Judge Thacher. After a brief argument between Mr. Buckner and Mr. Steuer, Judge Thacher directed the former Attorney General to answer all the questions that had been put to him before the grand jury. Mr. Daugherty then returned to the grand jury room. He admitted receiving the records from his brother, but said he no longer had them. An hour later he left and the grand jury adjourned for the week. It was learned yesterday that Mal S. Daugherty testified before the grand jury last Monday, but that the fact of his appearance was kept from the public at the time. He said that he had turned over certain ledger sheets covering the period from January 1, 1921, to December 31, 1924, to Harry M. Daugherty, and that he understood his brother had burned them. "I gave them to him in the early part of 1925, the old sheets of the ledger back to 1916," said Mal S. Daugherty. "Why did you do that?" he was asked. "Oh, he wanted to look over certain matters—mostly politics—and see where he stood."

SHEETS SHOWED VARIOUS ACCOUNTS

Some of the ledger sheets in question contained the accounts of the late Jesse W. Smith, who occupied a desk in the Attorney General's office at Washington and committed suicide; Harry M. Daugherty; Mal S. Daugherty; and A. G. Daugherty. Other records wanted were "any account in the name of Brady" and "any account with the Alien Property Custodian." Mal S. Daugherty produced the record of the A. G. Daugherty account, saying that it did not amount to much, being merely his son's personal account. Investigation of the American Metals Co. case resulted some time ago in the indictment of Col. Thomas W. Miller, Alien Property Custodian, and others. It was charged that $391,000 in Liberty bonds had changed hands in consideration of the return of the company's securities, following a conference participated in by Miller, Smith, and John T. King, former Republican national committeeman from Connecticut.

Let me state that while the investigator was at Washington Court House going through the bank for a few hours one day, before he was stopped by Mal Daugherty, he discovered an account in the name of "Gray," which was a very suspicious thing. Large sums of money had been deposited to that account. No one in Washington Court House and no one in the near-by community had ever heard of this man Gray, and it led the committee to believe that there was not any doubt in the world but what the man Gray was a fictitious person and that large sums of money had been deposited in the bank to the "Gray" account in order to cover up the incident.

The article goes on to say:

Forty-nine per cent of the stock of the American Metals Co. owned by a German bank was seized by A. Mitchell Palmer, then Alien Property Custodian, in 1918. In 1921 Colonel Miller turned over the stock with interest and dividends, amounting to a total of more than $7,000,000 to a Swiss corporation, which asserted it had bought the stock before the war.

Mind you, the Swiss corporation did not make any such claim until after Mr. Daugherty went into office, and then it was that they made the claim that the properties had been bought by them before the war, and that they should not have been taken over by the Alien Property Custodian. Upon the payment of something over $300,000, the Department of Justice found that the Swiss owners were entitled to have the property back.

The article concludes:

The grand jury will make a further investigation of the missing accounts.

The American Metals Co. matter, I might say, was only one of many transactions investigated by the committee which bore similiar earmarks. On numerous occasions witnesses were called before the committee who showed beyond question of a doubt that bootleggers and other persons seeking favors at the hands of the Government were paying money to Jesse Smith, the man who had an office in the Department of Justice, but who was not on the pay roll, the man who ate and slept with Daugherty, and who went with Daugherty wherever Daugherty went. I am glad to see that Mr. Buckner is taking up some of the cases which were investigated by the committee.

I want to ask Senators on the other side of the Chamber, and particularly the Senator who rose in his place at the time and said that Harry Daugherty was "as clean as a hound's tooth," what becomes of that statement in view of these disclosures? I want to ask the Members of the Senate on the other side of the aisle and the Republican press of the country what becomes of the arguments that were used to the effect that the committee which was investigating Mr. Daugherty was doing it simply at the instance of the laboring men of the country who wanted to get even with him.

I for one never had met Mr. Daugherty; I never had seen him and never heard of him except as Attorney General of the United States; but when I came to Washington I received information which convinced me beyond the question of a doubt that the great Department of Justice of the United States was in the hands of a corrupt group of individuals, who were using it not for the purpose of prosecuting criminals, but for the purpose of making money for themselves.

I say to the Members of the Senate that while the investigation which we carried on cost the Government a considerable amount of money, while it is true that we did call some people of not the highest character, we did it, as I said before, because of the fact that they were the friends and associates of Harry Daugherty, and when you want to find out what a man of that type is doing you have to go among his friends. We went among his friends, and we found them in the slums and among the detective agencies and in the jails of the United States of America.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

The VICE PRESIDENT. The question is on the amendment submitted by the junior Senator from Utah [Mr. KING] to the amendment of the committee.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	Lenroot	Sheppard
Bayard	Ferris	McKellar	Shipstead
Bingham	Fess	McKinley	Shortridge
Blease	Fletcher	McLean	Simmons
Borah	Frazier	McNary	Smith
Bratton	George	Mayfield	Smoot
Brookhart	Gerry	Means	Stanfield
Broussard	Glass	Metcalf	Stephens
Bruce	Goff	Moses	Swanson
Butler	Gooding	Norris	Trammell
Cameron	Hale	Nye	Tyson
Capper	Harreld	Oddie	Underwood
Caraway	Harris	Overman	Wadsworth
Copeland	Harrison	Phipps	Walsh
Couzens	Heflin	Pine	Warren
Dale	Howell	Ransdell	Watson
Deneen	Jones, Wash.	Reed, Pa.	Weller
Dill	Kendrick	Robinson, Ark.	Wheeler
Edge	Keyes	Robinson, Ind.	Williams
Edwards	King	Sackett	Willis
Ernst	La Follette	Schall	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment offered by the junior Senator from Utah [Mr. KING] to the committee amendment.

Mr. SIMMONS. Mr. President, before the question shall be voted upon, I desire very briefly to discuss it. I think there has grown up a very misleading impression with reference to the effect the reductions proposed by the committee amendment will have on the amount of taxes which will have to be paid by different classes of taxpayers. In acting upon a matter of this importance, I think we ought to have more than mere superficial information. I think the tax which it is sought to impose is so important to the taxpayers of the country that the effect of the amendment should be analyzed and brought down to an equation by which the taxpayer will understand, in concrete terms, what rates are to be paid by the respective classes.

The idea seems to prevail that a man with an income of $100,000 will pay the same surtax rate that the man with an income of $1,000,000 will pay. The assertion is made that each will pay surtax at a rate of 20 per cent upon his income. That impression, I can understand, could easily be gathered from a mere statement of the rate of surtax imposed upon an income of $100,000, as compared with the rate of surtax imposed upon an income of $1,000,000, but if one will analyze the effect of the various rates that are prescribed in

the bill, it will be seen that such a conclusion is absolutely unwarranted. By reason of the very great reductions that have been made, first, by the House of Representatives and then by the additional cuts proposed in the committee amendment upon that part of the income which is covered by the graduated scale, it will be discovered that the real surtax which the taxpayer pays in the total, if his income be within the graduated scale, is far below 20 per cent.

Let us, for illustration, take the surtax under the Senate committee amendment upon an income of $50,000. I have the tables here, and I discover that upon a $50,000 income the total surtax provided in the Senate committee bill, under the rates in the brackets applying to such income, will be $2,925—not quite $3,000—or about 6 per cent of $50,000, so that under the Senate committee amendment a taxpayer with an income of $50,000 will pay only a surtax rate of 6 per cent upon that income, as against a total surtax of $191,000 imposed by the Senate committee amendment on a $1,000,000 income. The sum of $191,000 is over 19 per cent upon the income of $100,000,000; so that the taxpayer with an income of $50,000 will pay in surtax but 6 per cent upon his income while the taxpayer with a $1,000,000 income will pay 19 per cent upon his $1,000,000, or more than three times as high a rate as is paid by the taxpayer with an income of $50,000.

Senators may ask how that can be. It is brought about by the fact of the very large reductions that were made in the House of Representatives eliminating practically 2,500,000 people from the payment of any tax at all, and by raising from $10,000 to $20,000 the amount of income to which the 25 per cent flat earned income deduction is arbitrarily to be applied, thereby giving an additional 25 per cent reduction to all incomes between $10,000 and $20,000. Under these provisions it will be found that the man with an income of $20,000 will pay in surtax only about $101.

For the same reason on an income of $25,000 the surtax will be very little increased; so that on account of the reductions made by the House of Representatives and the increased deduction in the earned-income provision of the bill, with the added reductions which the Senate committee makes, the surtax upon the first $25,000 of a $50,000 income will be almost negligible, reducing the surtax of the man who has a $50,000 income to 6 per cent upon his income.

Mr. President, carrying this calculation on up to the $100,000 income, which is the end of the graduated scale, it will be seen that at $100,000 the taxpayer pays, to be absolutely accurate, $11,605; and $11,605 is about 11½ per cent upon an income of $100,000.

Mr. SWANSON. Mr. President, may I ask the Senator a question?

Mr. SIMMONS. Will not the Senator from Virginia wait a moment until I may couple together the figures as to incomes of various sizes?

Mr. SWANSON. Certainly.

Mr. SIMMONS. So 11½ per cent is the amount of surtax which the taxpayer will pay under this bill on an income of $100,000. That is about $7,000 less than would be paid under the act of 1924.

Now, let us see what the taxpayer with an income of $1,000,000 will pay in total surtax under the Senate committee bill. Such a taxpayer will pay $191,605, which is within a fraction of 20 per cent upon his income. So we have this situation: By reason of the reductions in the surtax covered by the graduated scale provided by the House and the Senate committee in this bill, we have a taxpayer with $50,000 income paying a 6 per cent surtax, a man with $100,000 income paying practically 11 per cent tax, and a man with $1,000,000 income paying a tax of practically 20 per cent.

Mr. REED of Pennsylvania. Will the Senator yield for a question?

Mr. SIMMONS. I yield.

Mr. REED of Pennsylvania. The Senator is speaking only of the surtax, is he not?

Mr. SIMMONS. I am referring only to the surtax; that is what we are now discussing.

Mr. REED of Pennsylvania. But if the normal tax be added, the contrast would be just as marked, would it not?

Mr. SIMMONS. It would absolutely be just as marked.

Mr. SWANSON. Mr. President, may I interrupt the Senator there?

Mr. SIMMONS. I yield.

Mr. SWANSON. I have examined the tables, and I reach the conclusion that, including both the surtax and the normal tax, on a $50,000 income the rate would be about 9½ per cent.

Mr. SIMMONS. I have not added the normal tax in the figures I have given.

Mr. SWANSON. Is it not about right that the rate would be between 9 and 10 per cent?

Mr. SIMMONS. I think it would be about 9½ per cent.

Mr. SWANSON. If I understand correctly, under the committee amendment, as recommended, both the normal and the surtax on a $1,000,000 income would represent a tax of about 24 per cent or 25 per cent?

Mr. SIMMONS. Taken altogether, it would be about 24 per cent.

Mr. SWANSON. That is not quite three times as much as is paid on the income of $50,000. That is the amendment which we are asked to support, is it not?

Mr. SIMMONS. Yes. I am, of course, discussing the surtax now, and I have just stated that a man with an income of $50,000 would pay just about one-third the rate of tax on his income as would be paid by the man with an income of a million dollars.

Mr. SWANSON. The comparison ought to be made including both the normal and the surtax, and, if the figures are as the Senator states, it seems to me that the rates have been graduated very well.

Mr. SIMMONS. Mr. President, there is no appreciable change from what I have stated as to the relative amount of tax paid if we consider the normal tax along with the surtax. I am discussing the surtax simply because it is the question in controversy before the Senate. I was about to say, when the Senator interrupted us, that we have this situation:

Under this bill the taxpayer with $50,000 income will pay a total surtax at the rate of 6 per cent. The taxpayer with $100,000 income will pay at the rate of a little over 11 per cent. The taxpayer with $1,000,000 income will pay at the rate of about 20 per cent upon his income.

Mr. President, I have been comparing these rates with the rates under the 1924 act. Making the same comparison there, I find that under the 1924 act the man with $100,000 income paid a total surtax at the rate of 17 per cent. The man with $1,000,000 income paid at the rate of 37 per cent. That is a fraction over twice as much. That is, the big man, the man with $1,000,000 income, paid a rate of surtax about twice as much in the total as the man with $100,000 income. Under this bill the man with $100,000 income pays 11 per cent, and the man with $1,000,000 income pays 20 per cent, within a fraction of twice as much. If you reduce it down absolutely to what it means under the present bill, it is one and three-fourths times as much. I say that under the act of 1924—I want to make that clear—the taxpayer who has an income of $1,000,000 would pay a rate a little over twice as high as the man who has an income of $100,000. Under this bill the man with an income of $1,000,000 would pay one and three-fourths times the rate that is paid by the man with $100,000 income.

That is the practical difference in the adjustment of rates between the low man and the high man under these measures. If the proposition which I originally propounded in behalf of the minority had been adopted, retaining the 20 per cent provision, under this bill the taxpayer with $1,000,000 income would have paid twice the rate of tax paid by the man with $100,000 income, just as under the act of 1924 the man with $1,000,000 income paid twice as high a rate as the man with $100,000 income. The compromise reduced that by the fraction that I have just mentioned.

Mr. SWANSON. Do I understand, then, that the reductions on high incomes and lower incomes have been proportionate to that extent?

Mr. SIMMONS. Proportionate; yes. I have not acted hastily about this matter. I did not make my original proposition for the minority until I had investigated the subject and compared the two acts. I was trying to keep up the proportion as best I could, and I did keep it up. When I made this compromise I had that matter in mind. I wanted to adjust the rates as between these different classes upon practically the same basis as in the act of 1924, and I failed to accomplish that in full because I had to compromise slightly with the reductions which I proposed.

Mr. GLASS. And the compromise involved a very material reduction to those taxpayers coming within the intermediate brackets?

Mr. SIMMONS. Yes; a very material reduction. The truth is, Mr. President, we have been cutting down at the very base. It is clear to one who has studied this system at all that the rate of tax from $1,000 to $100,000 is greatly affected by the rate of tax upon the lower brackets, and these reductions have practically eliminated the surtax upon the first $25,000 of income, and have not imposed a very heavy tax upon the balance of that income.

Senators may say, How is it that you base the rate of the $100,000 man at 20 per cent? The $100,000 man is burdened

with that 20 per cent tax only upon one-half of a bracket; that is all. He gets the benefit of every reduction made in every bracket below him. He gets the full benefit of the absolute exemption from surtaxes of $10,000 and then the almost absolute elimination of surtaxes as to the next $10,000.

It is true that the man who has a million-dollar income will get the full benefit of those reductions in rate that the man with $100,000 income gets upon $100,000 of his $1,000,000 income. He will have to pay upon $100,000 of his million-dollar income only 11½ per cent, just what the man with $100,000 income would have to pay; but upon the other $900,000 of that million-dollar income he will have to pay a flat tax of 20 per cent.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. SIMMONS. Yes.

Mr. LENROOT. And he will get a reduction of 50 per cent over the present law?

Mr. SIMMONS. And the reduction that he gets, as I have just shown, is in almost exact proportion with the reduction which the $100,000 man gets. The comparative rates of reductions here are within a fraction of the proportion of the rates carried in the 1924 act as between the $1,000,000 man and the $100,000 man, thus maintaining the parity of reduction. So that under the 1924 act, as I have stated, the man with $1,000,000 income paid twice as heavy a rate as the man with $100,000 income, and under this bill the man with $1,000,000 income will pay one and three-fourths times as high a rate as the man with the $100,000 income. That is the exact situation.

In the distribution of the tax reductions as between the low man and the high man, the attempt to make it appear that the low man with $100,000 income is being taxed at as high a rate as the high man with $1,000,000 income is altogether erroneous. The farther you get in the scale of income the more pronounced is this advantage in the interest of the low man, for the reason that all of the income in the higher brackets except $100,000 has to pay a flat tax.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. SIMMONS. Yes; I yield.

Mr. LENROOT. Perhaps I misunderstood the Senator, but I did understand him to say that under this bill the $100,000 man gets the same percentage of reduction over the 1924 act that the $1,000,000 man gets.

Mr. SIMMONS. I said that under this bill he pays 11 per cent and the $1,000,000 man pays 20 per cent. That is one and two-thirds times more than the rate paid by the low man. I said that under the 1924 act the $1,000,000 man paid twice as much as the $100,000 man in the rate of taxation imposed upon him.

Mr. LENROOT. Will the Senator concede that under the 1924 act the $100,000 man had a total tax to pay of 22½ per cent, while under the present bill it will be sixteen and a fraction per cent, and under the 1924 act the $1,000,000 man had nearly 43 per cent to pay, as against only 24 per cent under the present bill?

Mr. SIMMONS. I was speaking of the surtax; but if the whole tax is computed it will not be very materially different. If the Senator desires, I can give him the exact figures with reference to the total tax.

Mr. EDGE. Mr. President, will the Senator yield for a question?

Mr. SIMMONS. Yes.

Mr. EDGE. The inference has been clearly stated—and I am not sure but that the assertion has been made—that the failure to increase the surtax on the citizen with an income over $100,000 will mean a very considerable loss of income to the Government. The Senator, of course, is a prominent member of the Finance Committee. Has it not been pretty clearly established in the committee—not being a member of it I am not familiar with the details—that continuing the ratio of increase as the existing act does would, in the final analysis, tend to mean a loss in income to the Government, as compared to continuing the 20 per cent surtax and thus encouraging other uses of large incomes?

Mr. SIMMONS. Mr. President, I have not been looking at that phase of the question. I was not myself greatly concerned about the Government's losing a little income. What I was concerned about was doing justice, and equal justice, to every class of taxpayers. The gentlemen representing the majority of the committee seem to have been more concerned about the effect upon the revenues of the Government. I have not considered very carefully what the effect upon the revenues might be. I maintain that it is infinitely more important that there be justice in the distribution of this tax than that the Government get a little more or a little less revenue.

Mr. EDGE. Does the Senator—if I may put the question that way—from his very careful study of the situation believe that the Government would receive materially more if the surtax on incomes over $100,000 were increased above 20 per cent?

Mr. SIMMONS. I will answer the Senator's question. The Senator will recall that in the act of 1924 the Senate and the House finally adopted the schedule of income taxes prepared by myself and presented on behalf of the minority. It was said by the Treasury Department that if that schedule were adopted there would be a deficit in the Treasury; that the revenue of the Government was not able to sustain such a reduction; that the loss in revenue would be—I do not know how much they estimate it at—something near $100,000,000, probably; but it was very heavy.

I maintained then that the reductions we had made by adopting that schedule of rates would probably bring to the Government more money than the higher rates of the former act; and, if I am not greatly mistaken, the fact that we have here a surplus of $300,000,000 instead of a deficit, which Mr. Mellon contended would be produced if that rate of taxation were allowed to remain in the bill, confirms the prediction I then made that the reductions would result in a larger revenue. That might have been, and probably was, largely influenced by the fact that the incomes on the basis of 1924 profits were greater than were anticipated; but that did not account for the whole of it.

Mr. EDGE. We did go through, of course, very prosperous years.

Mr. SIMMONS. We did. Mr. President, this bill makes additional decreases and divides those decreases equitably among the different classes of taxpayers, and I would not have favored it if that had not been the case. I favored it because I found by analysis and comparison that we were reducing taxes in this bill in the same proportion as among the several classes that they were reduced in the bill enacted in 1924, with all the cuts going deeper, of course. If I had not thought that, I would not have favored it. It is not quite satisfactory to me. I wish earnestly that the committee had accepted my original proposition and made the parity absolute; but it did not quite do that. My opinion is that this bill as now framed will produce to the Government, based on the 1925 income, more revenue, a very considerable sum more, than the present law produces.

Mr. EDGE. Mr. President, that answers my question entirely.

Mr. GLASS. Will not the Senator say that the uniform experience of the Treasury has been that a lower and more reasonable rate brings in a greater amount of revenue than an excessive rate? That has been the uniform experience of the Treasury.

Mr. EDGE. In other words, the policy as recommended by the committee accomplishes two purposes; it will bring in a higher revenue and also establish a more equitable system of surtax.

Mr. SIMMONS. Will not the Senator permit me to say this, that as long as there are surpluses piled up in the Treasury the taxpayers of the United States have a right to demand that the Government shall reduce the taxes which have resulted in taking out of their pockets more money than is necessary to maintain the Government?

Mr. EDGE. I agree with the Senator entirely.

Mr. SIMMONS. As long as those surpluses are piled up we have to make these reductions if we are going to deal fairly with the American taxpayers. When we came to 1924 we had a basis of reduction of three hundred and odd millions. We have just as broad a basis of reduction this year, and all I am interested in, and all I have been interested in, is to keep the parity of distribution of the burdens of surtaxes in their proper proportion between the low man and the high man. In making this further reduction I was willing to go very far, because I anticipated that if we did not we would have to make another reduction very soon. In determining whether I would support the 20 per cent maximum, I went to the present law and made a comparison of the rates of reduction as between the low and the high man and tried to frame the reductions in this bill on the same basis as best I could. If my proposition had been accepted in full, as I said before, the parity would have been absolutely maintained.

Mr. McLEAN. Mr. President, I want to call attention to the fact that in 1916, with a surtax not in excess of 10 per cent, we collected $81,000,000. Under the 1921 law, with a maximum of 65 per cent, we collected only $84,000,000.

Mr. SIMMONS. I think the Senator will realize that these differences are very largely influenced by the greatly increased profits that have been made. Europe was at war in 1916, and

war profits, even before our own entrance into the war, mounted very high.

Mr. McLEAN. That is true, but it would account only in a small measure for that distinction. In 1864, when the debts of the Government, in proportion to its assets, were as large as they are now, Congress never exceeded the 10 per cent maximum in surtaxes.

Mr. SIMMONS. Probably the revenue conditions of that time did not require it, and it is only because the revenue conditions of these times permit of very great reductions that we are making them. My own judgment is, after a very careful investigation of the incomes of 1925, as compared with 1924, showing, with reference to corporations, an increase in profits of something like 20 per cent, and assuming that the other businesses of the country have been just as prosperous as the corporations have been, we can very fairly assume that the incomes based on 1925 profits will be at least 20 per cent greater than they were in 1924. If they are 20 per cent greater, of course, we may properly make our reductions much greater than we would if we did not take into consideration that great increase.

Looking at the matter from that angle and taking into consideration this vast increase in the productive industries of the United States, this tremendous increase in the earnings of the industries of the country, the prospects that this increase will continue, and probably go during this year to a much higher level, it seemed to me, upon the very threshold of the consideration of this matter, that instead of reducing taxes to the extent of $325,000,000, as recommended by the Secretary of the Treasury as a deadline, we might very well and very safely have reduced them to the extent of $500,000,000. With the repeal of the capital-stock tax, with the reduction made by the Senate committee in surtaxes over the bill as it passed the House, raising the limit of exemptions on admissions, we have made reductions which amount to about $467,000,000. It is true, by a process that I do not think is justified at all, which I do not think is necessary, the majority, taking their cue from Mr. Mellon, relying upon his infallibility, as they did the last time, when he said there was going to be a deficit this year, when it has been proven there is a three hundred million dollar surplus—relying upon his statement, they insisted upon recouping the loss in revenue entailed by the $467,000,000 reduction and proceeded to levy by additional taxes upon the people to the extent of approximately $102,000,000.

I felt while the bill was in the Finance Committee as I feel now, as I expressed myself yesterday, that the increase in the income tax upon corporations was absolutely unwarranted and that we marred a bill dedicated to a reduction of taxes in behalf of all the people of the country by increasing the taxes upon a part of the people of the country, increasing the taxes upon corporations, who since the repeal of the excess-profits tax have never had a reduction up to this time from the high peak of war taxation. I will say to the Senator from Ohio [Mr. FESS], who is giving me his close attention, instead of permitting corporations to participate in this reduction, even to the limited extent of our repeal of the capital-stock tax, their taxes have actually been raised. The majority have imposed upon the corporate business of the United States, which represents one-half of our entire industrial activities, that half which probably is the most productive of wealth, an increased rate of income tax in a bill which everybody understood was projected and designed for a general and liberal reduction of the tax burdens. This increase constitutes the outstanding defect and injustice of this measure, and I am much mistaken if those responsible for this gross injustice do not have ample reason hereafter to regret their action.

Mr. FESS. Mr. President, I think we approach this question of the surtax from two different angles. I have never thought that reducing from the high brackets to the lower was in the interest of tax reduction, but rather, in the long run, by the persuasion of capital that otherwise would not go into productive industry, to enter productive industry, that we would increase the business of the country, and therefore receive a larger amount of revenue. In other words, it seems a paradox that in a reduction of the rate we would increase the amount. But I think that is demonstrable. It has been certainly uniform in what we did in 1916, later on in the tax bills in which the surtax was made as high as 65 per cent, and later where it was made as low as 50 per cent, and then finally as low as 40 per cent.

I took occasion in the other body as early as 1919 to urge the reduction of the high surtax bracket from 65 per cent to as low as 25 per cent, and in August of that year, when the bill was up for consideration, I argued that with this high rate the income must be so high when you take out all of the taxes that must be paid—Federal, State, and municipal—that a tax exemption of 5½ per cent would be much more profitable than an investment in industry, where this heavy taxation would lie.

So I have approached the surtax problem from the very beginning, not as a tax-reduction item, but as a tax-revision item, contending that we should revise the taxing system so that, so far as possible, we should remove the incumbrances on business, and stimulate, if possible, greater productive industry.

For that reason I think that this particular provision is, in a way, in the interest of revenue, as well as in the interest of tax revision.

I wanted to say that much in explanation of my vote on the question of the surtax.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. WELLER in the chair). Does the Senator from Ohio yield to the Senator from Utah?

Mr. FESS. I yield.

Mr. KING. Does the Senator think that the conclusion which he has announced, in view of the great increase in corporate activity and in the aggregate volume of corporate business, is entirely accurate? As I understand the Senator, his conclusions from the situation are that business has increased, and the investment of capital has been increased, because of the reduction in taxes, and he assumes that in the event of high taxes there will be but little business activity. Does not the Senator know that during the past two or three years the growth of corporations has been unparalleled; that investments in corporate business and securities have been unparalleled, even under a system of taxation which, if I understand the Senator, has placed heavy burdens upon business?

Mr. FESS. With the surtax as high as 40 per cent. But let me make this statement to my friend from Utah. It seems to me perfectly apparent, and as not admitting of controversy, that if a business man has the choice of investing in an industry where his profit, in order to make the 5½ per cent he could make in tax-exempt securities, would have to be something over 10 per cent, or, under the 65-cent rate, would have to be 21 per cent, when all the taxes are paid—when he has the choice between going into a business of that sort and of buying tax-exempt securities it does not take very much persuasion to induce him to buy the tax exempts rather than to go into productive industry. I can not see why he would not choose that line.

Mr. KING. The difficulty with the Senator's argument is that an examination of the facts does not warrant the conclusion which the Senator reaches. It has been established beyond peradventure of a doubt that the greater part of the tax-exempt securities do not find their way into the vaults of the rich or those whose savings are enormous. The bulk of tax-exempt securities are found either in insurance companies or in corporations that are required to have reserves—and the tax-exempt securities meet the requirements of the law—or in the hands of a multitude of persons whose incomes are below the limits which call for Federal tax income payments.

Mr. FESS. The position I take, may I say to the Senator, is borne out by the experience under the various tax measures we have produced since 1916.

Mr. KING. I was about to observe, and it is a repetition of what I stated a moment ago, that the evidence shows that business investments in 1922, 1923, 1924, and 1925 have not been retarded or prevented by the tax laws of the Federal Government, notwithstanding the surtaxes and the normal taxes have been regarded by persons engaged in business activities as very high. The Senator knows that corporations, no matter how high the surtaxes, pass on to the ultimate consumer all taxes paid by them.

Mr. FESS. As a rule that is true.

Mr. KING. Undoubtedly they do, whether it be a mining company or a manufacturing company or a retail company. Whatever taxes they pay to the Government are added to the prices of the commodities which they dispose of to the people, and the ultimate consumers have to meet them, not the corporations who pay the taxes in the first instance.

Mr. FESS. That would be a conclusive argument to me for reduction of the rates of taxation——

Mr. KING. Oh, undoubtedly.

Mr. FESS. That they are passed on to the ultimate consumer.

Mr. KING. I do not mean the conclusion or the fact which I have just stated is an argument against the maintenance of high taxes. I believe that it is the duty of the Federal Government to reduce to a minimum the taxes which are imposed upon the people. We must be Spartan in our simplicity; we must be drastic in our retrenchments and sincere in our econo-

mies, and impose only those taxes indispensably necessary to run the Government.

Mr. FESS. I should like to say to the Senator and to the Senate that after four and one-half years of the world convulsion, during which time we were not producing much but were consuming at war speed, our production had very much lagged, and immediately following the war the work of readjustment had to take place, which required considerable time. When it was properly reorganized on a real financial basis, we started upon the very remarkable progress of industrial prosperity in the midst of which we still are, and I should like to state to my friend that if there is no interruption of the integrity of American business we can look forward not only to the continuance of it, but probably to a greater increase. This legislation is in the interest of that purpose and object, as I think.

Mr. KING. The Senator must understand that in what he has just stated I acquiesce. The Senator knows that I have been in favor of reducing taxes below the basis proposed by my Republican friends upon the other side of the Chamber. In the Committee on Finance I offered amendments reducing the taxes from $150,000,000 to $200,000 below limits supported by my Republican friends. I would go lower in the matter of tax reductions than my friends on the other side of the Chamber.

Mr. FESS. I remind my friend from Utah that he stated the other day that he was not satisfied with the tax reductions of the party in power. I recall that the first tax-reduction bill provided a reduction of about $825,000,000. The next tax-reduction bill provided a reduction of $400,000,000, making a total of $1,235,000,000. Then the last tax-reduction bill provided something nearly like the last figure. It seems to me that is a very fine progressive campaign in tax reduction, without interrupting or interfering with the business integrity of the country. It seems to me it is a very good program of success.

Mr. LENROOT. Mr. President, if I understood the Senator from Utah, he made the statement that all income taxes are shifted to the consumer.

Mr. KING. No, Mr. President; I said the taxes of the corporations.

Mr. LENROOT. Then I misunderstood the Senator.

Mr. FLETCHER. Mr. President, I think the committee has reported a very excellent bill, and I think we ought to proceed with it just as rapidly as we can. The country is waiting for the legislation. I do not propose to take up any time going into any detail about it, but there is one thing I would like to have the chairman of the Committee on Finance or the Senator from North Carolina make clear to me.

I notice on page 6 of the report, under the heading of "surtax payable on specified net incomes" ($20,000 earned income), the reduction where the net income is $24,000 is 12½ per cent. Where the net income is $20,000 the percentage of reduction is only 9. Where the net income is $28,000 the percentage of reduction is only 10, and on up to $36,000 before it gets above 12 per cent.

Mr. KING. May I say to the Senator that I think there must be an error. On $28,000 the reduction below the 1924 act is 7 per cent.

Mr. FLETCHER. No; 10 per cent according to the report of the committee.

Mr. SMOOT. The Senator from Utah is quoting from the bill as it passed the House, while the Senator from Florida is quoting from the Senate committee bill. That is where the misunderstanding comes.

Mr. KING. Yes; the Senator is correct.

Mr. FLETCHER. I am referring to the Senate committee bill and to the report of the committee on page 6. The percentage of reduction on $24,000 net income is 12½ per cent, and from there on it is less on incomes up to $36,000, when it goes to 13 per cent. Why should there not be a greater reduction on incomes from $26,000 up to $36,000?

Mr. SMOOT. This only applies to the surtaxes. When we take into consideration that there is an increase of the exemption of a single person from $1,000 to $1,500 and for a married man from $2,500 to $3,500, and that the first $20,000 is considered as earned income, then if the Senator will figure out the surtax and the normal tax and the changes made he will find that the tax is very, very low.

Mr. FLETCHER. I wanted to get some explanation of it, because I could not quite see why the percentage was not greater.

Mr. NORRIS obtained the floor.

Mr. WALSH. Mr. President, if the Senator will pardon me, before we pass from the matter we have been discussing I should like to address a question to the Senator from North Carolina.

Mr. NORRIS. I yield to the Senator for that purpose.

Mr. WALSH. I tried to follow the exposition of the rates given a short while ago by the Senator from North Carolina. I am not sure that I got its full import. I have been making some figures myself which to my mind help to illustrate the situation here, and I should like to direct the attention of the Senator from North Carolina to them.

By the table appearing at page 6 of the report of the majority of the committee I find that in the case of a man with an income of $100,000 he paid a tax under the act of 1924 amounting to $22,575. Under the present bill, if it should become a law with the rate fixed as reported by the committee, he would pay $16,058. He would get a reduction of $6,517, which is twenty-nine and a fraction per cent reduction to him. That includes everything. The bill gives him a reduction upon the present tax of twenty-nine and a fraction per cent.

Now, let us take the case of a man with an income of $1,000,000.

Mr. SIMMONS. I think the Senator is a little incorrect. The tax under the Senate committee bill, normal and otherwise, would give him a tax payment of $16,058. Is that what the Senator said?

Mr. NORRIS. Is that the income of $100,000?

Mr. WALSH. Yes; on an income of $100,000 he pays a tax of $16,058, giving him a reduction under the 1924 act of $6,517, which is 29 and a fraction per cent reduction to him.

Mr. SIMMONS. I have the figures of the Actuary of the Treasury. The Senator refers to the House reduction?

Mr. WALSH. No; I am referring to the table in the report of the Senate committee.

Mr. SIMMONS. The actuary estimates that it would be about 30 per cent.

Mr. WALSH. Twenty-nine and a fraction per cent, as I figure it. Now let us take the man with a $1,000,000 income. He pays under the existing law $429,575. Under the bill as reported by the Finance Committee he would pay $221,058. He gets a reduction of $188,517, which is a 44 per cent reduction for him. That is to say, the $100,000 man gets a reduction of 29 per cent while the $1,000,000 man gets a reduction of 44 per cent.

Now let me give a few more figures. Take the ordinary business man running a small business, who makes a net income of $25,000. Twenty-five thousand dollars is not given in the table, but $24,000 is, so I take $24,000 for the purpose of computation. The man with a $24,000 income pays under the existing law $1,435. Under the committee bill he would pay $1,038.75, which is a reduction to him of $396.25, and which is a reduction of 27 per cent. The $25,000 man gets a less proportionate reduction than the $100,000 man, and he only gets about two-thirds the reduction that the $1,000,000 man gets.

Now take ourselves with an income of $10,000, assuming that a Senator has not any additional income. He pays under the present law $165 tax, and under the committee proposal would pay $101.25, a saving to him of $63.75, or a 39 per cent reduction. He does not get within 5 per cent of the reduction that the million-dollar man gets. If these figures are wrong in any respect, I should be very glad to be corrected.

Mr. SIMMONS. I do not think the Senator's figures are wrong. We have always said in every statement of the matter that if we reduce the maximum rate from 40 to 20 per cent we would reduce it about 50 per cent. Nobody has ever denied that.

Mr. WALSH. But the Senator was calling attention to the fact that as a matter of fact he did not pay 40 per cent under the old law and he does not pay 20 per cent under the proposed bill. He gets credit for the reduced rate between nothing and $100,000.

Mr. SIMMONS. The amount of tax under the Senate committee bill that the taxpayer will pay is not determined at all by the amount of reduction he gets. The question is, How much tax after the reduction each class of taxpayers will have to pay under the bill? We must keep things in proportion in order to bring about a proper equilibrium. We must keep the proportion equal as between the amounts that we have to pay, and not so much the amounts of reduction. It has never been contended by anybody that a man with $50,000 income or $100,000 income got as large a percentage of reduction under the bill as the man with a million-dollar income. It has never been contended that, under this bill, a man with an income of $50,000 got as great a reduction as a man with an income of $100,000, but when the effect of the reductions made all along the line is considered it will be found that those having incomes between $10,000 and $100,000 have their taxes actually

reduced just about in the same proportion as do those whose incomes range from $100,000 to $1,000,000.

Mr. WALSH. That is the difficulty; that is what I can not quite comprehend.

Mr. SMOOT. The figures show that conclusively, I will say to the Senator, and I can repeat the figures for him if he was not here when they were given.

Mr. WALSH. I was here.

Mr. SMOOT. Then the Senator heard the figures.

Mr. WALSH. But I confess that I was not able to follow the line of argument, and so I referred to the table which seemed to me conclusive. Now, Mr. President, I wish to say this——

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I said that I was during all the time comparing this reduction with the reduction which was made in 1924. The vice, if there is any, is in the act of 1924. We did not give as broad a reduction in that act as we should have given, and we may not be giving as broad reductions here as we should give; but it works out so that under this bill the actual tax which the taxpayer with an income of $100,000 will have to pay—and that is the thing in which he is interested—compared with the tax which will have to be paid on an income of $1,000,000 is in practically the same proportion as the taxes which would have to be paid on similar incomes under the act of 1924.

Mr. GLASS. Mr. President, may I ask the senior Senator from Utah, the chairman of the Committee on Finance, what was the percentage of reduction of taxes on incomes of $50,000 or less in the act of 1924, and what was the percentage of reduction of taxes on incomes of $100,000 or more in the same act?

Mr. SMOOT. I have not those figures.

Mr. HARRISON. I have those figures, I will say to the Senator.

Mr. SMOOT. I have not those figures, but the figures I have here now I wish the Senator from Montana [Mr. WALSH] to follow.

As I stated last night, in the brackets where there was a less percentage of reduction in the act of 1924, as compared with the act of 1918, is where the great discrepancy occurs. For instance, in the act of 1918, on an income of $10,000—I will take the very figures to which the Senator referred—the tax under the act of 1918 was $830. As compared to that the bill as reported from the Senate Committee on Finance makes a reduction of 87.8 per cent.

On an income of $25,000 there is a reduction in the pending bill of 68.9 per cent, as compared to the tax imposed in the act of 1918. Now, take an income of $40,000, which the Senator from Montana mentioned.

Mr. NORRIS. No.

Mr. SMOOT. That is a figure I have marked.

Mr. NORRIS. The Senator from Montana did not refer to an income of $40,000. He referred to an income of $24,000, and from that he went to $100,000.

Mr. SMOOT. Then I will give the steps. I have not figures for the $24,000 income, because the bill did not specifically mention an income of $24,000, but did mention incomes of $25,000. In other words, the brackets run $2,000 each; but it makes no difference, because an income $1,000 less than the maximum of the bracket would fall in the same percentage. For the $40,000 income the decrease is 58.6 per cent; for the $70,000 income it is 53.2 per cent; for the $100,000 income it is 53.1 per cent; and when we get to an income of $200,000 it is 59.3 per cent.

Mr. NORRIS. What is the reduction on a $1,000,000 income?

Mr. SMOOT. On a $1,000,000 income it is 65.7 per cent. That is the percentage of reduction from the 1918 act as compared with the bill now before the Senate.

Mr. NORRIS. Why does not the Senator compare the figures in the pending bill with the figures of the law which now exist instead of going back to a prior law?

Mr. WALSH. That is what I arose to ask the Senator. Why make the comparison between the pending bill and the law of 1918? The law of 1918 concerns nobody now; it does not interest the taxpayer; and, as it seems to me, it does not interest us. Will the Senator explain why he makes a comparison with the law of 1918?

Mr. SMOOT. The exemptions were less under the act of 1918. The exemption on the normal tax then was $2,500, while under the pending bill it is $3,500. Therefore the reductions under the bill as reported are greater.

Mr. NORRIS. But the law of 1918 is not in force; we have a different law on the statute books now. What is the necessity of comparing this bill with a law that is not now in existence and has not been for some time?

Mr. SMOOT. As I said to the Senator from Montana—I do not know whether the Senator was in the Chamber at the time—because of the discrepancies between the bill that was passed in 1921 and the act of 1918 as to the percentages in the low brackets, the pending bill in those brackets shows a greater percentage of decrease. For instance, on a $10,000 income the decrease is 87.8 per cent.

Mr. NORRIS. Yes; but what differences does that make when we are considering this bill? The Senator is comparing this bill with something that is not now on the statute books, and the reductions in this bill must be considered in reference to existing law.

Mr. GLASS. Ought they not to be considered with reference to the reductions in the respective brackets heretofore made if we want to get at the equity of the thing? In other words, what I was trying to draw from the chairman of the committee a while ago was this: Is not the difference in percentages of reduction in this bill accounted for by the fact that in previous measures the reduction in the lower brackets was so much greater in percentage than the reductions in the higher brackets?

Mr. SMOOT. That is just what I said to the Senator from Montana.

Mr. SIMMONS. I suppose the real point the Senator from Utah makes, as I understand him, is that if we start from the beginning the reductions that we have made have been more favorable to the man with a small income than they have been to the man with a large income.

Mr. SMOOT. There is no question about that at all.

Mr. SIMMONS. I have not looked into that, but I do know this fact——

Mr. KING. Will the Senator yield?

Mr. SIMMONS. If the Senator will bear with me for a moment, I will take pleasure in yielding. I do know this fact, that whenever the revenue legislation has been up for revision there has been a very much more persistent attempt to relieve the man with a small income than there has been to relieve the man with a large income. What has been the general effect of all these reductions taken together I do not know; I have not investigated that; but I know what the effect of this reduction is compared with the 1924 act.

Mr. SMOOT. These are Mr. McCoy's figures that I have just quoted.

Mr. KING. Mr. President, I believe that irrelevant issues have been introduced into the discussion of the question now before us, and we are not considering the fundamental principle involved upon which personal income is based. Of course, no rates can be laid upon personal incomes which will be absolutely just and will be perfectly progressive. No line can be drawn from the lowest to the highest rate that does not have some irregularities and deviations. There will be some approximation with respect to some brackets, but the subject is susceptible of being dealt with in a manner that will do substantial justice to the taxpayers.

The fundamenal principle is ability to pay, and the laying of the tax in such a manner that all taxpayers will make contribution to the Government in proportion to their respective incomes. The principle of progressive taxation as applied to income is not departed from by the granting or allowing of reasonable deductions to those who have families and to those whose incomes are inconsiderable. In the continental countries, where the income tax is applied, reasonable reductions are provided by reason of dependents, and in Germany by reason of sickness or physical disabilities or conditions which appeal for consideration. Undoubtedly, liberal exemptions result in a large reduction measured by per cent in the lower brackets and with respect to the incomes of individuals whose earnings are less than $3,500.

I repeat, the theory of the income tax and its application progressively is not vitiated or impaired because of reasonable exemptions. A person with a family to support whose income is $2,500 stands in a different relation to the Government than an individual whose income is $10,000 and whose requirements for the support of his family are no greater than those of the individual whose income is but $2,500.

I do not understand that the application of the theory of the progressive income tax compels an absolutely fixed ratio to be applied to the incomes of the taxpayers. There is bound to be more or less of arbitrariness in the fixing of the rates as the incomes increase, but it must be conceded that an income of a million dollars or $5,000,000 calls for a different rate than an income of $100,000 or $50,000. Back of the income tax is the proposition that a fair and just tax shall be paid by all persons who derive benefits from the Government. A proportional income tax has not been considered satisfactory, notwithstanding the strong arguments in support of that view.

In the tax bills which have been passed since and including 1918 by Congress there have been undoubtedly departures from a perfectly logical progressive rate, and in reductions which have been made in the various tax measures there has not been a perfectly consistent or logical course pursued. The incomes in various brackets have in some bills been subjected to too high tax rates, measured by the rates applied to incomes falling within other brackets. And we may make a mistake in fixing the rates in this bill if they are based entirely upon the rates provided in former acts. It is important to maintain the spirit as well as the letter involved in the theory of a progressive graduated income tax. This does not mean that the rates shall continue indefinitely to meet extremely large incomes.

There is some point where under the progressive system the tax proceed no farther. In war times higher rates are justified and irregularities may be introduced in the graduated scheme to meet situations which the war produces. Persons who are making enormous profit out of the war and whose incomes are prodigious may be called upon to pay 60 or 70 per cent of their income in the higher brackets. When peace comes and the normal conditions of life are resumed, material reduction should be made, but even then the principle of the graduated income tax should be applied and the incomes which are represented by six or more figures should be placed in higher brackets than those found within the ranges of from $10,000 to $100,000. I am sure if there is a disposition to apply the principle of the graduated income tax in a logical, just, and equitable manner there will be no cause for complaint and the men of great wealth, whose incomes are enormous, will be called upon to make no greater contribution than justice and equity require.

Mr. NORRIS. Mr. President, when I had the floor and was interrupted, I started to say something in regard to what the Senator from Ohio [Mr. FESS] had said. The interruption has brought up another subject, which is very interesting and, perhaps, of more value than what I wanted to bring out.

In answer, or at least referring to the argument made by the Senator from Ohio, let me say that the Senator from Ohio is in favor of these reductions on the large incomes because, in his judgment, they will release money which will go into business. The theory is that if we do not tax a man who has a large income, instead of paying the Government the income he will put it into business, and that will do some good. To what extent that is true is, of course, largely problematical, but that there is some foundation for it I do not attempt to deny. The same proposition, however, applies to every tax on earth. The same argument can be used as to any tax, however low. If we levied no taxes, the business men of this country would have a lot more money to put into business. That is true. Why are we so determined to release the rich man in order to enable him to put his money into business? Why are we determined in this bill to make a bigger reduction on the man who has a fabulous income, who can not possibly spend it or use it as far as his living or his family is concerned, even though they live in the greatest of luxury? It is said that we must save him from paying taxes in order that he may put his money into business. We forget the fact that we must get the money somewhere; and the theory of our act so far has been that we should take it from the man who can afford to pay it with the least burden, to make it as light as possible.

Everybody knows, it can not be disputed, that a man who has a net income of a million dollars can afford to pay $100,000 in taxes easier than the man with $5,000 net income can afford to pay 25 cents. He would feel it less. He would never know that it had been paid if in some way it could be collected secretly, without his knowledge. He would not miss it. It would not be burdensome. I do not want to take it from him just because he is rich; that is not the theory; but I want to take it from him because it does not hurt him to take it from him, and the Government must have it, and if it does not get it from him it must get it from somebody else.

Mr. EDGE. Mr. President, will the Senator yield at that point?

Mr. NORRIS. Yes.

Mr. EDGE. Does the Senator believe that we will take it from him through the process of increasing the surtaxes on incomes over $100,000 in any ratio that the Senator might suggest?

Mr. NORRIS. Yes, I do. I will answer that question frankly.

Mr. EDGE. Does not the Senator know that that has not been the result of previous experiences?

Mr. NORRIS. No; I do not know that. I know that that has been the result.

Mr. EDGE. Let me read the Senator, if he will permit me, a few figures that I have looked up since I propounded a question along similar lines a short time ago.

The Representative from New York [Mr. MILLS], in his speech in the other House, in discussing this very point, makes this observation, which I think answers the Senator:

> Considered from the standpoint of tax yield, incomes of $1,000,000 and over actually contributed $20,000,000 more in 1916 at 13 per cent than they did in 1921 at 73 per cent; and they actually contributed $5,000,000 more at 13 per cent in 1916 than they did at 46 per cent in 1924.

In other words, emphasizing the point I have made, which seems to be in direct opposition to the theory propounded by the Senator, the less the surtax the more the income. I ask the Senator the question, without attempting in any way to relieve the very wealthy man, how, through this system of taxation, does he expect to change the results that we already have?

Mr. NORRIS. Of course, in order to answer that question it would be necessary to take into consideration quite a number of other things which I have not at hand. That might be true and might not be true if all the conditions were the same. I want to say to the Senator, however, that unless we should make the tax away beyond what anybody proposes, in my judgment it is positively foolish for us to argue that reducing the tax on big incomes from 40 per cent down to 20 per cent, and letting the last bracket be $100,000, will bring in more money than if we increase it.

There is not a man or an institution that has tried to influence Congress in connection with this bill with an income of over $100,000 but that is trying to get his or its tax reduced. They are trying their best to get it reduced. All of them are attempting to get it reduced. Do they do that because they want to pay more taxes? Is that their idea? Does the Senator think that if we put down the rate to 1 per cent we would get more taxes? Is it because these men cover up their incomes? Why, if having a higher rate of taxation will produce less money, certainly we would have everybody in the United States jumping on this committee and saying: "For God's sake, increase my rate; I want my tax increased!"

Mr. EDGE. Of course, the Senator knows that there is a point of differentiation where that principle does apply?

Mr. NORRIS. Where is that point?

Mr. EDGE. It is a disputed point. Apparently, from the studies of the Treasury Department and the Finance Committee, it is in the neighborhood of 20 per cent. I grant that economic conditions, prosperity or lack of prosperity, enter into these tax returns. There is no question about that. I might, however, draw the Senator's attention, while he is so courteous as to allow me to interrupt him, to the statement in the same speech that the dividends reported to the Treasury Department in 1916 in the case of incomes of $100,000 or more amounted to approximately $944,000,000, and in 1922 only to $462,000,000, practically one-half. That does not help the argument that the increased prosperity should have produced in the ordinary way a greater return. It had just the opposite effect, according to this statement.

Mr. NORRIS. The Senator from Michigan [Mr. COUZENS], from the statistics he had, referred to some of the years since we have had an income tax when the incomes were greatly reduced. The people were not so prosperous. They came back again, however, regardless of the fact that the rate of taxation on big incomes has been continually lowered from year to year. Of course, that would make a great deal of difference in the amount of money the tax produced.

Mr. EDGE. I am not disputing the Senator's desire to reach large fortunes, but I am convinced, through the experience that we have gone through—and the experience of other nations has been similar, I believe—that we do not reach them by having high surtaxes. Some other method must be devised.

Mr. NORRIS. Ought we to put them back to, say, 5 per cent? Would the Senator advocate doing that?

Mr. EDGE. I have already answered that question, Mr. President. I said that apparently the lack of resistance on the part of the wealthy man is somewhere in the neighborhood of 20 per cent. The Treasury Department, I believe, suggested 15 per cent.

Mr. GLASS. And the lack of evasion of the tax.

Mr. EDGE. And the lack of evasion—exactly; the lack of resistance I termed it.

Mr. GLASS. Mr. President, if the Senator will permit me, I should like to give the Senator from Nebraska a concrete instance of the working in my State of the theory which he is pleased to characterize as utterly foolish.

Mr. NORRIS. Very well; go ahead.

Mr. GLASS. It will take only a moment.

In Virginia we had a tax of $1.50 a hundred against bank balances as of the date of the 1st of February, which was the beginning of our tax year. Conceiving that money was the representative of property, and the local rate on property being $1.50, we had a tax of $1.50 on bank balances, from which we collected less than $40,000 a year. We reduced the rate to 20 cents a hundred, and are collecting now over half a million dollars a year.

Mr. NORRIS. What was the rate before?

Mr. GLASS. A dollar and a half per hundred. We reduced the rate to 20 cents a hundred. In the first instance we collected less than $40,000 a year, because thousands of taxpayers having a balance in bank a few days before the 1st of February would check it out until after the 1st of February. We reduced the rate to 20 cents, and we collected over half a million dollars.

Mr. HOWELL and Mr. REED of Pennsylvania addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. Wait until I answer the Senator from Virginia. I yielded once under just such circumstances and never got the floor back.

With all due respect to the Senator from Virginia—and I have almost unbounded respect not only for his ability but for his judgment—I do not think the illustration he gives has anything to do with this matter, any more than the flowers that bloom in the springtime. For instance, the question of taxation of intangible assets has from the very beginning of civilization been a controverted matter. Men with money or notes in their pockets can deceive the authorities and escape taxation.

Mr. GLASS. But the Senator does not think that——

Mr. NORRIS. Will the Senator let me talk just a little, now, and answer one question before he asks another one? Then I will yield again.

Mr. GLASS. Yes.

Mr. NORRIS. I have always believed, and I think history shows, that if you levy a high tax upon that kind of property you will not get as great a return as though you levy a low tax; or, at least, a tax that is much lower. I think the State of Pennsylvania has tried it. My State is trying it now by making a specially low rate on bank balances, on money and on notes that the taxpayer holds, because it is so easy to deceive the assessor in regard to them.

When we come to making an income-tax return, however, will the man who has an income of $500,000 escape making the return? Why, there are so few of them that they are known in advance. They have to make a return in writing. They have to swear to it. The representatives of the department can call on them and examine them in regard to it. There is not the opportunity to escape taxation that there is in the case of the man who has $100, and takes it out of the bank, as he probably did in Virginia, sticks it in his pocket, carries it until the next day, and puts it back.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. NORRIS. I agreed to yield first to my colleague [Mr. HOWELL], and I should like to take the Senators in order if I can. I will yield to him first.

Mr. HOWELL. Mr. President, the argument has been so often made that increase in the surtax has resulted in a decrease of return, and that it will be more profitable for our Government to lower taxes so far as returns are concerned than to maintain them, that I have taken some pains to go into this matter, and I desire at this point to read a statement:

> The year 1916, as you know, was the peak year of profits in this country, owing to the immense amount of war material and supplies of all kinds we were selling to Europe. Fortunes were made overnight, and it was not uncommon for a man having a million dollars capital to make $500,000 on it, or more. This accounts for the large number of these incomes returned in 1916. In 1917 an excess-profits tax was imposed on the profits of corporations, copartnerships, and individuals which ran as high as 60 per cent, depending upon the amount of the profit, and which was deducted before the incomes of individuals were computed. Naturally, this made a great reduction in the individual incomes, for an enormous amount was collected under the excess-profits tax which otherwise would have been taxable to individuals. In 1919 (February 24) the excess-profits tax was graduated up to 80 per cent. The war also had then ceased, and profits from war contracts had begun to fall off. They had already fallen off to some extent in 1918. This excess-profits tax was imposed only on corporations, but every one knows that the large incomes are produced from that source. This tax was levied on the incomes of 1918, and, of course, caused them to fall off greatly. In 1919 the number of these incomes rose slightly, owing to the fact that a business boom ensued after the war; but in 1920 there was a very decided falling off in business, and in 1921 the bottom of the depression was reached, and, of course, the smallest number of these incomes shown in the lists were returned.
>
> The act of 1921 did not lower the maximum surtax for that year, but for the year 1922 it was reduced from 65 per cent to 50 per cent. The number of returns of large incomes increased, not because of the reduction in the surtaxes but because business commenced to revive. In 1919 the national income was estimated at $66,000,000,000, in 1921 at $50,000,000,000, 1922 at $58,000,000,000, 1923 at $67,000,000,000, 1924 over $70,000,000,000, and now probably closely approaches $80,000,000,000. The figures for 1919 to 1923, inclusive, are taken from the report of the National Industrial Conference Board. I think that this effectually demonstrates that the changes in the rates of surtaxes has had nothing to do with the number of these returns.

Mr. President, this is an extract from a letter from Chairman GREEN, of the House Committee on Ways and Means, one of the ablest authorities in Congress and in this country upon this subject.

Mr. NORRIS. Mr. President, the Senator from Ohio, in his address, spoke of the prosperity increasing and business getting better, until at present we are in the midst of wonderful prosperity. I judge from what he said that we are in a very satisfactory business condition, and still he wants us to cut in two the taxes of those who have big incomes.

Mr. FESS. Mr. President——

Mr. NORRIS. He wants to reduce the taxes from a maximum of 40 per cent down to a maximum of 20 per cent. If we are doing so well, and if everybody is in the very midst of the greatest kind of prosperity, why not let the present tax law stand and let us go on and continue with that law? I yield to the Senator.

Mr. FESS. The answer to that last question would be that we are collecting approximately $325,000,000 more than we did last year.

Mr. NORRIS. I will answer that——

Mr. FESS. If the Senator will yield further——

Mr. NORRIS. I will yield again to the Senator, but I am going to take his statements up one at a time, and not have half a dozen to answer at the same time. The Senator says the answer is that we are getting too much money in the Treasury. We owe over $20,000,000,000. Is there a business man anywhere on earth, who is a graduate of even an ordinary business college, and who is in debt $1,000, who will complain because his income is increased $500 and he can apply something to what he owes? If he has the first element of business in him he will be glad to have his income increased a little and apply a little more on his debt. It will not hurt us if we get too much money. Let us pay off what we owe and reduce the burden of the future unborn generations of paying interest during all their lives.

Mr. FESS. I am glad to say that if the Senator would take that view of it, that the surplus should be applied to the payment of the debts, I would join him.

Mr. NORRIS. Let us do that. Let the Senator join me right now.

Mr. LENROOT. That is what is being done.

Mr. NORRIS. Let us do that. Let the law stand just as it is now, and let us say, "We are going to have a surplus, Mr. Coolidge. Let us pay off the debt. Everybody is so prosperous that the tax does not hurt any way. The people are all happier than they have ever been in the history of the world. They are making too much money. They are living in luxury." The Senator from Ohio has said so, and his word is good. Let us say, "Why, Mr. Coolidge, instead of trying to save the expenditure of a little money by doing away with some drinking cups, or something of that kind, let it accumulate and pay off some of these billions of dollars of debt that we are saddling upon our children and their children."

Mr. FESS. Will the Senator yield?

Mr. NORRIS. Yes. Let us join, and do that.

Mr. FESS. The largest item of annual expenditure is interest on the public debt, which this year, I understand, is $970,000,000, or somewhere near that, to say nothing about the sinking fund that must be provided.

Mr. NORRIS. Yes.

Mr. FESS. And that will continue until we pay the debt. But, unfortunately, there is a movement here, and I thought the Senator had joined it, to spread the payment of the public debt over a longer period.

Mr. NORRIS. No; the Senator from Nebraska has not joined it, and there is no such movement here. It would not

make any difference whether there was or not. If you get too much money, you can go into the market and buy United States bonds. You can do that to-morrow. If we had a hundred million dollars too much, the Secretary of the Treasury could buy a hundred million dollars of United States bonds to-morrow and burn them up, and we would save in the payment of interest. That is what I want to save. We have to pay it. We must pay the principal, and we must pay the interest. We are not going to get through with it in our lifetime. If fortune is good to us, if happiness comes, and if prosperity dumps itself into our laps, as the Senator says it is doing at the most wonderful rate in the history of civilization; let us accept it; let us not repeal the law, or change it, for fear we will get in the dumps, and may drive away that prosperity. Let it come, and let it continue to come.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. NORRIS. Yes; I yield again.

Mr. FESS. I should like to have the Senator's interpretation of these figures. When the surtax was 65 per cent, and, if we had the 8 per cent normal, 73 per cent, an income of $500,000 invested in tax-exempt securities paying 5¾ per cent would bring the investor $28,750. That would be the income, without any risk whatever, because it is tax exempt. But the Government would not get any revenue in the form of taxation at all, because the security would be tax exempt. Now, taking a business man in New York State, on a commercial investment he would have to meet taxation of three kinds; first, the Federal tax of 73 per cent, then the State tax—and at this period I do not know just what that would be—and then the municipal tax of the city of New York, and he would have to make $110,000 and a fraction to have left, after he had paid those three taxes, $28,750.

If my friend the Senator from Nebraska were receiving an income on $500,000, and lived in the city of New York, and had the two ways open, the one to make $28,750 sure, with no risk, and the other an investment that would require a profit of $110,000 before he could make that amount, he certainly would not take the latter, because he would know that he could not make a profit of $110,000. He would go into tax-exempt channels, and thus deprive the Government of any tax whatever. Is not that an apparent situation, that will cause the high incomes, with the high brackets, to go into tax exempts, and stay out of productive industry? That is what I tried to say a while ago.

Mr. NORRIS. The Senator has been so long saying it that I have forgotten a lot of what he said, but I will answer it in the negative, and I am going to cite the testimony of a witness whom the Senator can not dispute. I am going to put the Senator himself on the witness stand and take the words out of his mouth. "At present we are in the midst of the most wonderful prosperity in the history of the world." That is the substance of what the Senator said, if it is not verbatim.

Mr. FESS. Is not that true?

Mr. NORRIS. I am taking it as true. I would not dare dispute anything my friend from Ohio says as a fact. That would not be courteous; and I would not do it anyway, even if it were courteous. I would not dispute the Senator. I am taking his own argument. I am answering his other argument, namely, that all this money goes into tax-exempt securities. Then I put him on the stand again. He said that, unfortunately, under these brackets that I am proposing, under this rate that such men as I are trying to have enacted into law, we were getting too much money, and he wants to cut the surtax down to 20 per cent, so that we will not have a surplus. Where does that get the Senator? In the first place, he says if you leave the rate where it is now you will drive the investments into tax-exempt securities. Second, you are getting too much money now, and he says he is in favor of reducing the taxes. How are you going to put those two statements together and not say that one or the other of them must be wrong? You get too much money with the present rate. We are getting a surplus, and the Senator says we must therefore reduce the rate of taxation. Take that as true. Then he says——

Mr. FESS. The Senator was here when I spoke——

Mr. NORRIS. Then he says that if you tax those who have incomes above $100,000 at a greater rate than 20 per cent you will not get as much money as you get now. Which horn of the dilemma will the Senator take?

Mr. FESS. The Senator was in the Chamber when I spoke a moment ago, and I said that the surtax was not reduced in the interest of a reduction of taxes but in the interest of revision of taxation; that a lower rate in the higher bracket would produce more revenue than a higher rate.

Mr. NORRIS. That is the argument of all the Senators who have been interrupting me—the Senator from New Jersey [Mr. EDGE], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. SMOOT], and other Senators——

Mr. WATSON. The Senator would not——

Mr. NORRIS. I include the Senator from Indiana. He has not interrupted me, but I will put him in, because he will joyfully go into that class. "If you increase these taxes on incomes of more than $100,000 above 20 per cent—that is as high as this bill goes—you will not get as much money as you get now." They were trying to cite specific cases to prove it.

Mr. EDGE. And did.

Mr. NORRIS. And did. Then I will let the Senator from New Jersey and the Senator from Ohio have a joint debate on this question. They are both on the same side; they are going to vote in the same way. One is going to vote against increasing the rate on these big incomes, because it will not bring in as much money as though we tax them at a lower rate, and the other is going to vote for the decrease, because under the present law we are getting too much money and we want to reduce the income of the United States Government. You can put them together and vote as you please.

Mr. EDGE. I can not speak for the Senator from Ohio, but from my recollection of what he said I do not think the Senator from Nebraska——

Mr. NORRIS. If the Senator is about to speak for the Senator from Ohio, let him not try to answer for him, but let that Senator answer for himself.

Mr. EDGE. The Senator from Ohio made it quite clear, I think, that he felt that a revision or lowering of the surtaxes in the brackets above $100,000 would be in the interest of development in the country, but I did not hear him say that it would in any way decrease the income of the Government.

Mr. NORRIS. The Senator from Michigan the other day showed the fallacy of that argument. Under the present law, with a maximum rate of 40 per cent, the Senator from Michigan has demonstrated as clearly as any mathematical problem has ever been demonstrated——

Mr. FESS. Mr. President, the difficulty with the argument of the Senator from Nebraska is that as you go down in the rate of the high surtaxes certainly there will be less investment in tax-exempt securities. It would not be as much now as it was when the rate was 65 per cent.

Mr. COUZENS. More.

Mr. NORRIS. It is more now than when it was 65 per cent, as is shown by the statistics.

Mr. COUZENS. The statistics show that.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. NORRIS. I yield to the Senator.

Mr. WATSON. Is it or not true that a reduction of the surtax from its highest rate under the law of 1917 to what it is now has produced additional revenue for the Treasury?

Mr. NORRIS. No.

Mr. WATSON. Is it true, or is it not?

Mr. NORRIS. It is not; and as far as this argument is concerned, I do not care whether it is or not. The high rate is 40 per cent now. The committee proposes to reduce it to 20.

Mr. WATSON. Yes.

Mr. NORRIS. The committee proposes to tax a man with a million-dollar income at exactly the same rate that it taxes a man with $100,000 income, which, it seems to me, can not be justified. I do not think that is fair. As far as money going into tax-exempt securities is concerned, if it is feared that increasing the big fellow's tax above 20 per cent when his income gets above $100,000, then running up to 25 per cent when it gets to $500,000, will drive him into tax-exempt securities, there is no foundation for the fear, because if that argument were sound the money would be in tax-exempt securities now, as the rate is 40 per cent at this time.

I wish Senators would consider this matter on a business basis. It can not be true that the present rate is bringing in too much money, and at the same time we should cut the rate in order to lower taxes. It can not be true that we can both lower taxation and increase taxation at the same time, at the same rate, with the same taxpayers. That is a physical impossibility. Yet one Senator argues that we will get more money at 20 per cent than we will at 40 per cent, because the big fellows will hide their incomes. If I were one of those fellows I would be insulted if it were said that I was that kind of a rascal, that if the Government made me pay a little out of a million-dollar income, made me pay at a little higher rate than the fellow with $100,000 income, I would sneak around the corner and hide my income and lie and perjure myself and deceive my country. I would not like to have men in the Senate telling the country that I was that kind of a man. I do not believe

they like it. I think it is an insult to a man. It is a denial of his patriotism.

He says, "Here, if you tax me on my income of a million dollars at any higher rate than you tax my neighbor who has only a hundred thousand dollar income, I promise you now that I will perjure myself and cheat my country out of that additional tax." I would not like that, and yet in reality that is a part of the argument that is being made in order to reduce the taxes on incomes.

Mr. McKELLAR. Mr. President——

Mr. NORRIS. I yield to the Senator from Tennessee.

Mr. McKELLAR. It is argued that when we pass this bill reducing surtaxes to a maximum of 20 per cent it is going to stop the buying of tax-exempt securities. Can anybody for a minute predict that investors are going to stop buying tax-exempt securities because of a reduction in their taxes? I think there will be quite as many and even more tax-exempt securities purchased after the reduction than there are under the present law.

Mr. NORRIS. Mr. President, tax-exempt securities do not bother me a particle, even if the arguments were true. We will always have tax-exempt securities that the Federal Government can not tax. State bonds, county bonds, and municipal bonds are exempt from our power of taxation except through the means of an inheritance tax. We can not tax incomes from such bonds. It is fair to say, and I think there is no dispute about it, that the States and counties and municipalities get a benefit from the situation. They are enabled to float their bonds at less rates.

But in addition to that it is demonstrated from the figures and demonstrated from the evidence produced here through an examination that was perhaps as thorough as any ever made in the history of the country, which was conducted by the Senator from Michigan [Mr. COUZENS], that this bugaboo about investing these great incomes in tax-exempt securities is all "bunk."

Mr. COUZENS. Mr. President, will the Senator yield a moment?

Mr. NORRIS. Certainly.

Mr. COUZENS. The strangeness of the argument is the proposition that if we keep the high rates on large incomes we will drive those who possess large incomes to the purchase of tax-exempt securities. The same committee which reached that conclusion now propose to deny the Government the right to tax them under the inheritance tax.

Mr. NORRIS. Exactly.

Mr. COUZENS. The only way we can get the man with the tax-exempt securities who pays no income tax on them is through the inheritance tax, and it ought to be 40 per cent; and yet Senators want to take it off of him entirely so as to let him off both ways, not only in the matter of income, but in the matter of inheritance tax.

Mr. NORRIS. Not only to give him relief while he is alive, but to relieve him after he is dead when he does not care whether he is relieved or not. That is true. That is just what the committee has done, but that is not all. It has a retroactive clause under which there will be paid back to those men money that they have already paid to the Federal Government. Moreover some one said—I think probably the Senator from Ohio [Mr. FESS]—that these income taxes are passed on.

Mr. FESS. No; I did not say that.

Mr. NORRIS. Then I will not say what I was going to say about the Senator, if he did not say it. That argument sometimes is made, and yet we find in the pending bill that it is going to take effect on the 1st day of January, 1925. The men who are saving up their incomes, if there is anything in passing on the tax, have held out, knowing that they are going to pass it on, and then it is proposed to give it back to them under this bill after they have added it to the cost to the consumer, and the consumer is not going to be relieved in the matter at all.

Briefly stated, Mr. President, the bill reduces the taxes of a man who makes $1,000,000 to the extent of 44 per cent. It reduces the taxes of the man who only makes $100,000, 29 per cent. If the Government can use the money, why should it do that? Why grant this favor to those who do not need it? Why grant this favor to those who ought not to have it? Why grant this great favor to those who can pay it without the blinking of an eye unless they happen to be pretty stingy and even unpatriotic? If we could devise an amendment by which we could collect it from them without letting them know it, they never would find it out. Their income is so great that it would make no difference to them. Why grant it to them when the taxpayers of the country are bending down in toil under a $20,000,000,000 debt, upon which we have to pay interest amounting to almost a billion dollars a year?

Mr. HARRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. I yield.

Mr. HARRIS. We hear remarks frequently about tax-exempt securities, as if the money invested in such securities had gone out of the country. Suppose a man invests, say $1,000,000 in city bonds; what becomes of that money? It goes into labor, it goes to municipal and county laborers, it goes to mechanics, merchants, and manufacturers, who make out of it, and they pay the Government income taxes on their earnings.

Mr. NORRIS. Mr. President, I do not care to delay the Senate further on this particular amendment. The remarks I have made have been general and apply to the theory of surtaxes in general. I am not in favor of the amendment that is pending. I think it is worse than the committee amendment. I simply rose to say that in the reduction that is taking place the big reduction goes to those who do not need it. As far as I know, they are not asking for it. It seems to me if I had $1,000,000 income, perhaps made as a result of the war, perhaps made as a result of the bonds that have been saddled upon the backs of the American people, I would not be asking for a reduction. Many of those bonds have undoubtedly come about on account of the war or something that the war brought about. Why should we now, when we are overburdened with taxation and want to reduce our taxes, give the biggest reductions to the men who have the biggest incomes? Why should we give the biggest reductions to the men who can pay their taxes with the least burden and with the least annoyance?

If we did not do that, we could relieve the country of all the so-called nuisance taxes that come everywhere, into every home and into every community. We could wipe them all off the statute books. They are burdensome. I voted for most of them myself. I knew they would be burdensome when I did so. I realized that we all had to stand these burdens. But now that we are getting now to the point where we can reduce our taxes, why not relieve us of the burdensome taxes by wiping them off the statute books? Let us continue them not so high as under the existing law, but reduced by one-fourth, if Senators want to go that far. Then let us raise the money from those who can so well afford to pay the taxes. No one has proposed yet that we should let the tax on the big incomes remain as it is now.

The amendment I am going to offer later, unless some one else offers it, only goes up to 30 per cent, and reaches 30 per cent only when the income is $1,000,000. Thirty per cent as against the existing rate of 40 per cent is a very material reduction, it seems to me.

If we would do something of that kind, one of two things could be done: We could pay off more bonds or we could reduce some other forms of taxes that are so burdensome. We could take the taxes off of the automobile, something that is in every family, and in a good many places where there is no family but where there is a contemplated family there has to be an automobile. There is no exception to it. We could reduce the taxes on hundreds of other little things that are more annoying, perhaps, than they are burdensome in some instances.

Why do we not do it? Why not consider the question like business men would in their ordinary business relations? Why are we going to be moved by partisan or political considerations to act this way or that way because we are told to come this way or go that way by a party leader? Why throw ourselves open to the charge that we are bidding to the immensely wealthy man, that we are making a bid for campaign contributions in the next campaign? We relieve them of millions of dollars that they ought to pay in taxes in order that they may pay hundreds of thousands of dollars into our campaign treasury. Why not consider it like we would our own private business, and reduce our bonds, reduce our indebtedness, get rid of the nuisance taxes, get rid of the little annoying things, and leave the burden of taxation where it will not be felt and where it will not be burdensome.

Mr. HOWELL obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Brookhart	Capper	Deneen
Bayard	Broussard	Caraway	Edge
Bingham	Bruce	Copeland	Edwards
Blease	Butler	Couzens	Ernst
Bratton	Cameron	Dale	Ferris

Fess	Keyes	Overman	Stephens
Fletcher	King	Phipps	Swanson
Frazier	La Follette	Pine	Trammell
George	Lenroot	Ransdell	Tyson
Gerry	McKellar	Reed, Pa.	Underwood
Glass	McKinley	Robinson, Ark.	Wadsworth
Goff	McMaster	Robinson, Ind.	Walsh
Gooding	McNary	Sackett	Warren
Hale	Mayfield	Sheppard	Watson
Harris	Metcalf	Shipstead	Weller
Harrison	Moses	Shortridge	Wheeler
Heflin	Norbeck	Simmons	Williams
Howell	Norris	Smith	Willis
Jones, Wash.	Nye	Smoot	
Kendrick	Oddie	Stanfield	

Mr. OVERMAN. I was requested to announce that the senior Senator from Iowa [Mr. CUMMINS] and the junior Senator from Colorado [Mr. MEANS] are detained from the Senate on official business.

Mr. GOFF. I have been requested to announce that the junior Senator from Minnesota [Mr. SCHALL] is absent from the Senate in attendance upon the Committee on Privileges and Elections.

The VICE PRESIDENT. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. SMOOT. Mr. President, I am going to ask Senators to remain here to-night until the question of surtaxes shall have been disposed of.

Mr. HOWELL. Mr. President, I have submitted an amendment to the pending tax bill partially replacing the surtaxes which it is proposed to repeal, and at the conclusion of my remarks I propose to offer it as a substitute for the amendment proposed by the junior Senator from Utah [Mr. KING].

Mr. President, the time to pay debts is when one has the money, and it is especially the part of wisdom to pay debts when one can do so with a 66-cent dollar. The American people have a tremendous war liability, and yet we are remarkably prosperous. The money is obtainable with which to pay debts and the 66-cent dollar is still with us. Therefore, this is the time to meet these great war liabilities, not some time in the future, when this country may be confronted with another emergency which we can not now foresee.

Notwithstanding these facts it is proposed to continue further the reduction of direct taxes, and especially those levied upon large incomes and great estates. During the World War we very wisely adopted the principle of the imposition of heavy taxes upon those who were best able to pay them. In view of our situation why should we desert that principle now? True, armies are no longer destroying each other upon the battle fields of France and the treaty of Versailles is a fact. However, so far as the payment of debts is concerned and other war liabilities, the war is not over; we are just in the midst of it, and the end is far off.

For the four years following June 30, 1921, the average payment made by this Government on account of direct war liabilities, consisting of the sinking fund upon our national debt, interest upon our national debt, the amounts required by the Veterans' Bureau and for other veteran relief, and for adjusted compensation, amounted to $1,682,000,000. That was the average for the last four years; and, Mr. President, for last year the expenditure was but $4,000,000 less than that average. Therefore it must be evident that this is a measure of the tremendous burden that the people must carry for years to come on account of the Great War.

Mr. President, the cost of these direct war liabilities last year, $1,670,000,000, was twice the total cost of Government in 1914, excluding the receipts of the Post Office Department, and amounted to nearly $15 for every man, woman, and child in the United States. Indeed, the war is not over so far as war expenses are concerned; yet, notwithstanding these facts, the tax bill reported by the Finance Committee proposes to reduce the maximum surtax on great incomes from 40 per cent to 20 per cent. If enacted into law it would relieve an income of $500,000 of more than $82,000 a year in taxes; it would relieve an income of $1,000,000 of taxes amounting to $187,000 a year; it would relieve an income of $3,000,000 of taxes amounting to more than $607,000 a year, and it would relieve an income of $5,000,000 of taxes in excess of $1,027,000 annually. The total reduction in personal income taxes under the provisions of this bill, according to the statement of the chairman of the Finance Committee, would be $219,000,000.

Dividing the taxpayers of the United States into two classes, namely, those paying taxes on incomes of $100,000 and more, and those paying taxes upon incomes of less than $100,000, we find that there are in the first class 5,694 taxpayers, and in the second class 7,293,000 taxpayers. Of the total reduction proposed in personal income taxes $120,000,000 goes to the 5,694 class and $98,500,000 goes to the other class, embracing 7,293,000 taxpayers.

Mr. President, this bill also proposes to repeal the estate tax. By the estate tax I am referring, of course, to that tax which was initiated in 1917 and which has been in effect since, requiring all estates of decedents of over $50,000 value to pay taxes to the Federal Government. Last year the income from that tax—and when I say "income" I mean the amount charged on the books of the Treasury—is estimated at $150,000,000. Should the bill be passed as reported, that tax will be absolutely repealed.

By reference to the 1923 tax returns it will be found that under the 1921 law over 50 per cent of the taxes derived from estates came from the 5,694 class, to which I have referred—that is, who in life enjoyed incomes of $100,000 or more; but inasmuch as the tax was increased by the 1924 law, about 60 per cent of this $150,000,000 will come from the estates of those who enjoyed incomes of $100,000 or more per annum. In other words, in repealing this estate tax the Senate still further favors this 5,694 class by decreasing the amount that will be payable by the estates of this class $90,000,000 a year.

This, however, is not all. The Senate bill provides that all estates taxed under the 1924 law shall be reestimated on the basis of the 1921 law and refunds granted or cancellations of the deferred payments made; and the Treasury Department estimates that these refunds and cancellations will amount to about $100,000,000, and of this $60,000,000 will be for the account of the estates of the 5,694 class.

Nor is this all. The 1924 law provided for a gift tax to discourage the evasion of the estate tax, and this is also repealed. During the last year the Government collected some $7,500,000 on this account. Approximately 60 per cent of the gift tax eliminated will inure to the benefit of the 5,694 class.

So what are the results? We find that the 5,694 class will receive reductions in personal income taxes of $120,500,000; on account of estate-tax reductions, $90,000,000; on account of rebates of estate taxes levied under the 1924 law, $60,000,000; saving on account of gift-tax repeal, $4,500,000; total, $275,000,000. Thus the 5,694 class of taxpayers next year will be relieved of taxes amounting to $275,000,000, but the remaining 7,293,000 taxpayers filing incomes last year will be relieved of only $201,500,000.

Mr. President, this tax bill will go down in history as the millionaire tax bill.

Mr. SMOOT. Mr. President, the 2,350,000 taxpayers who do not pay a single, solitary cent will not think that it is very much of a millionaire tax bill.

Mr. HOWELL. Mr. President, subtract 2,350,000 taxpayers from the 7,293,000, and what have you left? You have about 5,000,000 taxpayers left.

Mr. SMOOT. No; you have only two-thirds of the taxpayers that are paying anything at all as compared with what they are paying to-day. In other words, a third of the whole number of taxpayers in the United States who have been paying taxes in the past are entirely relieved by this bill from any tax whatever.

Mr. WATSON. Mr. President——

Mr. HOWELL. Just a moment, Mr. President. May I ask the chairman of the Finance Committee of the Senate how many income-tax payers there are in the United States to-day?

Mr. WATSON. Four million and ninety thousand, of which we take off 2,300,000.

Mr. HOWELL. All right. Now, Mr. President, I should like to ask how many taxpayers it is estimated there will be under the bill as reported by the Finance Committee to the Senate?

Mr. WATSON. The difference between 4,090,000 and 2,300,000.

Mr. SMOOT. So there would be less than 2,000,000 taxpayers.

Mr. HOWELL. I should like to have the number exactly.

Mr. WATSON. I can not give it to the Senator to the individual, but I can come pretty close to it—1,790,000.

Mr. HOWELL. Very well, Mr. President. I quoted the 1925 tax returns. I will accept the statement that there will be 1,790,000 taxpayers under the present tax bill. Then upon that assumption I want to call your attention to the fact that 5,000 of those taxpayers will receive the benefit of a reduction in taxes next year of $275,000,000, and the remaining 1,785,000 taxpayers will receive a reduction amounting to only $201,500,000. That is bad enough. It still makes this a millionaire tax bill, though 1,785,000 is not the number in this second class.

Mr. President, in view of the prosperous condition of this country and the tremendous war liabilities confronting the Government, I can not conceive a justification for such a reduction in income and estate taxes, now levied upon large incomes and great estates, inasmuch as our expenditures on

account of such liabilities last year, amounting to $1,678,000,000, were but $4,000,000 less than the average of such expenditures for the past four years.

The conscription of wealth in the case of another war has been advocated upon all sides. The idea has been approved by President Coolidge. Why wait until another war? Why should we not continue to conscript great wealth to the extent that such conscription has been in effect under the provisions of the 1924 tax law? For, indeed, the war is still on so far as the payment of our war liabilities is concerned, not only with respect to the payment of our war liabilities, but also of such portion of the war liabilities of the European nations as are represented by the loans made to Europe by this Government.

Mr. President, our debt commission has refunded the debts of 11 nations thus far; and provision has been made for the cancellation of every debt, and it is probable that every other debt also will be canceled. Therefore the American people must pay not only their own war expenses but the war expenses of European nations so far as represented by the loans we made them. I realize that this is a startling statement, and therefore I propose to demonstrate the fact beyond the question of a doubt, because in connection with this tax bill our citizens should understand the full meaning of these debt settlements; and for the further reason that in justice to the people of the United States the people of the debtor nations should know, should clearly understand, that provision has been made for the ultimate cancellation of all their great obligations.

The foreign debts of the United States were not unliquidated accounts. Each was represented by definite notes or other obligations upon which the agreed interest was 5 per cent per annum. The justice of this rate of interest is evident from the fact that the money borrowed by the debtor nations was also borrowed by the people of the United States upon which they have been and are continuing to pay interest.

From the reports of the Treasury Department for the past four years it appears that the amounts of money paid in interest upon our interest-bearing debt have averaged above 4.4 per cent per annum. Therefore 5 per cent was a reasonable rate in the circumstances, and so held by the Treasury Department. In fact, it is stated that "on October 31, 1918, the Treasury advised representatives of each foreign government which had received cash advances that the matter of the rate of interest on their obligations had received the careful consideration of the Secretary of the Treasury, and in view of the tax-exemption features of the United States bonds, which had been issued providing the money to loan to the allied governments and other costs attendant upon the raising of this money, the conclusion had been reached that, taken as an entirety, the cost of this money to the United States was approximately 5 per cent."

It also should be kept clearly in mind that the agreed interest payments upon loans is as much an integral part of the debts as the principal in each case, and peculiarly so respecting these loans, because of the fact, as previously intimated, that the Government of the United States did not have the money to loan to the debtor nations. In order to accommodate them, it was necessary for the Government to borrow the money on long-time securities, upon which the Government must pay interest.

Therefore disregard of the obligation to pay interest by debtor nations would place the whole burden of the costs of their loans upon the American taxpayers. However, in the deductions that follow it has been assumed that an adjustment in the interest rate in each case would be acceptable to the American people provided the debtor nations paid at least 4¼ per cent interest, inasmuch as some $13,500,000,000 Liberty and other bonds have been issued by the Government bearing 4¼ per cent interest, from the proceeds of which these great foreign loans were made.

Up to the present time our Foreign Debt Commission has refunded the obligations of 11 nations involving debts totaling nearly $8,000,000,000, only 60 per cent of which were war loans, the remaining 40 per cent having been loaned after the war had terminated. The terms resulting from the commission's refunding operations, so far as the American people are concerned, are discouraging, if not disheartening.

Mr. KING. Mr. President, will the Senator permit an interruption?

Mr. HOWELL. Certainly.

Mr. KING. Is it not a fact that a considerable part of the 40 per cent just alluded to by the Senator, which he states are postwar loans, were made pursuant to contracts reached prior to the termination of the war and in extinguishment of obligations, which had been incurred by the debtor nations, most of them in the United States, upon the promise of the United States to complete the loans?

Mr. HOWELL. Mr. President, I am not familiar with all the considerations that affected the Treasury Department in making these loans following the war, but I do feel that there was remissness in not protecting the United States Government when these arrangements were made for loans, respecting any moneys that might be demanded after the war was over.

Mr. KING. If the Senator will pardon a further interruption, I am not combating any of the positions taken by the Senator. It is not now the time to discuss that. I have felt, however, that those in charge of the Treasury Department of the Government during the war, and immediately thereafter, pursued a course which they thought, and which the public thought, was necessary to be pursued in order to have the Allies strengthened in the performance of the great task of defeating the common enemy. The Senator will recall that in 1917, when we entered the war, we were not in a position to furnish men. Representatives of France and Great Britain and the other allied nations came here and begged that we send some men, because they had been holding the line there, and they had been bled white. We said, "We probably will not be able to send you any men until 1918." We had taken their securities.

They had been purchasing supplies from us—I will not say at extortionate prices, but at very high prices—until we bled them of all of their liquid assets. We were their allies in the war. They were holding the battle front until we could get our boys over there, and we did not get many of them over there until the spring of 1918. They said, "We have to buy your corn, and your wheat, and your potatoes, and your other food supplies, your powder, and so on," and we sold large quantities of goods at enhanced prices and extended them credit. We promised them the credits along in 1917 and 1918, and relying upon those credits which we extended—and we wrote them out on the books of the Treasury Department—they contracted obligations in the United States as well as in Europe which they did not fully discharge until a later date.

We should take all those matters into account when making settlements with these nations and in determining whether or not, to use the Senator's expression, there was a "remissness" upon the part of the Treasury Department in negotiating these loans and in taking the kind of security which we did take.

Mr. HOWELL. Mr. President, in discussing these foreign debts it is not my purpose to reflect upon or criticize at this time officials in the performance of their duty at the time this money was loaned. Nor is it my purpose or intention to criticize the Debt Commission for what they have done. I am merely stating certain facts. I am trying to make it plain that the people of this country have tremendous war liabilities, and that in addition thereto through the cancellation of these debts, they have assumed other tremendous liabilities from which they supposed they would be freed; and hence that this is not the time to relieve the great estates and the huge fortunes from the payment of taxes which ultimately, by the adoption of the policy indicated in this bill, may be loaded upon the shoulders of the great masses of the people of this country in the form of indirect taxes.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. HARRISON in the chair). Does the Senator from Nebraska yield to his colleague?

Mr. HOWELL. I yield.

Mr. NORRIS. I did not want the observation of the Senator from Utah to pass unnoticed. I have not the law before me under which these foreign loans were made, but I have never had any doubt, whatever might have been the intention of our officials under two different administrations, because some of them were made, as I remember it, under President Harding's administration, quite a long while after the war was over——

Mr. WILLIS. Mr. President, does the Senator state that some of these loans were made during the administration of President Harding?

Mr. NORRIS. At least we passed a resolution validating one after President Harding was in the White House.

Mr. WILLIS. I submit that no such loans were made during the administration of President Harding. At least I never heard of any.

Mr. SMOOT. The Senator from Nebraska is wrong in his statement.

Mr. NORRIS. Am I wrong?

Mr. SMOOT. Yes; the Senator is wrong.

Mr. NORRIS. What administration was it during which we passed a resolution through the Senate approving a loan that was to be made to that little Republic over in Africa?

Mr. KING. Liberia?

Mr. NORRIS. Yes; Liberia.

Mr. SHORTRIDGE. That was the time when many of us wanted a loan to be made, which this Nation was morally obligated to make.

Mr. NORRIS. Yes.

Mr. SHORTRIDGE. But which it did not make, largely due, I think, to the speech made by the Senator from Nebraska.

Mr. NORRIS. We passed a resolution through the Senate authorizing the making of the loan.

Mr. SHORTRIDGE. It should have been made, in my humble judgment.

Mr. NORRIS. Of course it should not have been made, Mr. President.

Mr. SMOOT. It was not.

Mr. NORRIS. It was not, because of the defense of our country by the Senators who are now criticizing me that it was not made. They were standing here trying to have it made.

Mr. SHORTRIDGE. Precisely.

Mr. NORRIS. A great deal of money was loaned long after the war, in my judgment illegally, absolutely contrary to the law. I am not saying that those making them thought we should not have made them, or anything of that kind. I am not attacking anybody's intention or motives. But the law specifically provided the conditions under which those loans could be made, and the effect of one of the provisions was that we should loan only to those engaged with us in the war against Germany. When the war ended there were no such nations engaged, and we paid many millions of dollars after that. It was done, in my humble opinion, without any authority of law whatever.

Mr. SHORTRIDGE. I never contended that our Government was legally obligated to loan $5,000,000 to that struggling Republic of Liberia, but I did contend, and I should contend to-day, that we were morally obligated to do so because of the promises that were extended to that little Republic by a really great and patriotic President, President Woodrow Wilson. I thought so then, I think so now, and upon an appropriate occasion I propose to suggest that the debt of that little nation, which, I believe, is some $26,000, shall be canceled—that we shall cancel that debt entirely.

Mr. NORRIS. We will not need to take any action to cancel it. It is canceled now. Nobody expects they will ever pay any of it. That does not do away with the fact that the very object of that law, providing for the loaning of public money, which they had to borrow from our taxpayers, who are toiling now to pay the interest, was to enable us to fight the war, was to give it to somebody who was to help fight the war, to give it to those who were engaged in fighting the war. Somebody may want to loan some money to them yet, and they may be right, but there is no law authorizing it, and there was no law authorizing the lending of any money after the war was over, as I understand the law. I am not criticizing a man who thinks we ought to forgive all the debts, or that we ought to lend more money to-day and then forgive it afterwards. That is a different proposition. But we are at the moment discussing the legal question involved.

It is no defense, either, in my judgment, to say that we ought to lend this money because somebody who had not any authority said we would. We are going to have that very matter brought up in connection with the Italian debt settlement. It is going to be said, "Why, the commission has approved it, the President has approved it, and the Italian Government has borrowed some money on the strength of that approval, and there is nothing for you to do except to sign on the dotted line." Nobody had any authority to bind us, and if we are going to permit ourselves to be bound by officials, however high, or however great, without authority, then we might just as well adjourn and go home, and have a Mussolini government here to begin with. We must at some time or other put our foot down on the proposition that Congress can be bound hand and foot before we have an opportunity to act, where our action is necessary to make an action legal. That is what is done with some of these debts.

Mr. SMOOT. The Senator does not claim for a minute, does he, that the Debt Commission has taken the position that Congress does not have to approve the settlement?

Mr. NORRIS. No; the Senator protests too quickly. I do not take any such position. The Debt Commission has no authority to bind us, and, so far as I know, they have never attempted to bind us.

Mr. SMOOT. Never.

Mr. NORRIS. Nevertheless, they made this agreement, and when it was made, Wall Street made a loan for quite a good many million dollars, which they would not have made on any other theory except that the settlement with the United States had been agreed to. They assumed that we were going to approve the action of the Debt Commission.

That was hinted in the strongest kind of terms in the circular that was sent over this country in an effort to sell those Italian bonds, and we are going to be confronted with the propaganda when the matter comes before the Senate. It is going to be said, "There are millions and millions of dollars in the shape of Italian bonds scattered all over the country, owned by American citizens, who bought them through the instrumentality of J. P. Morgan & Co., and you are jeopardizing those bonds if you insist that Italy shall pay the debt she owes to the Government of the United States." We are going to be confronted with that when the debt settlement comes up. That will be one of the principal arguments. Of course, nobody had any authority to bind us as a matter of law, but there is going to be an attempt made to tie us hand and foot and say that we are morally bound to do this, and that now we must do it. The same argument was made in the case of Liberia, and the same with some of the other matters. Somebody promised to lend money who had no authority to make any such promise. It is said, "We have promised, and we must lend it."

If Liberia had won the war, if they had done something to win the war, there might be something of a moral obligation. But I know and you know, Mr. President, and God knows, that they did not do anything to win the war. It was easy enough for any set of men to go out and organize a new government, like that of the Hedjaz. Nobody knows where they were when they formed it, or just what they had, but they organized a new government and declared war against Germany, and then they came to the United States Federal Treasury and got nearly all the money they wanted. Money was as cheap then as though every thousand-dollar bond was a dry leaf and our forests were filled with dry leaves, and all we had to do was to pick them.

Anybody could borrow money from the United States if he would declare war against Germany. He did not have to do anything against Germany. I presume Germany has not found out yet that Liberia declared war against her, and never will find it out, but Liberia got a little money, and now Senators are weeping and wailing because she did not get more from the toiling masses of the United States who have to pay the taxes after all.

Mr. HOWELL. Mr. President, the terms resulting from the commission's refunding operations so far as the American people are concerned are indeed discouraging, if not disheartening. One of the most favorable adjustments was that made with Great Britain. The amount due on account of this debt, according to the Treasury statement, as of the date of the refunding, December 15, 1922, was $4,715,311,000. In this settlement it was agreed that certain variable payments should be made annually over a period of 62 years. In order to analyze and determine the full meaning of this accommodation it is necessary to reduce those payments, as it were, to a common denominator; that is, to determine the equivalent in equal annual installments for the whole period on the basis of 4¼ per cent. As a consequence, it appears that the total payments of Great Britain of every kind and nature on account of this debt during the 62 years are equivalent to 62 annual payments of $174,468,000, or 3.7 per cent per year upon the debt. Remember that the rate of payment only will continue for 62 years, leaving nothing to apply upon the principal; and at the end of the sixty-second year the debt is automatically canceled and Great Britain's obligation then terminates.

But this is not all of the story. The interest at 4¼ per cent upon the British debt, or the rate which the American people are now paying and will continue to pay upon a major portion of their war bonds outstanding, is $200,225,000 per annum, or about $26,000,000 more per year than the British will pay in these equal annual installments. In other words, under the terms of the settlement the British Government fails to pay the annual interest that the American people must pay upon their 4½ per cent bonds, representing the British debt, by about $26,000,000 a year. Hence this deficit in interest must be paid every year by the American people, and then at the end of the sixty-second year the British payments terminate and the debt is canceled. The American people, after paying all this deficiency in interest, must also pay the British debt, inasmuch as the debt is canceled.

Again, let us assume that the Government of the United States will not only pay the annual deficit in interest during the 62 years, but enough additional to amortize the British debt at the end of that period. Under such circumstances the deficit above Great Britain's total payment would be about $42,500,000 annually.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Nebraska yield to the Senator from Utah?

Mr. HOWELL. Certainly.

Mr. SMOOT. I do not want to discuss the British debt or any other debt at this time, but I think the Senator certainly does not understand the British debt settlement, or else the figures he is quoting are out of all proportion to what the real truth is. Does the Senator know that Great Britain will pay to the United States from the beginning to the end about $12,000,000,000?

Mr. HOWELL. Well, Mr. President——

Mr. SMOOT. Does the Senator know that?

Mr. HOWELL. I trust the Senator will allow me to answer the question as I see fit. I have surmised that the meaning of the debt settlement was not understood by our Debt Commission.

Mr. SMOOT. Then I have no further statement to make, because the Senator evidently thinks I do not know anything about it.

Mr. HOWELL. I have surmised that the debt settlement was not understood by the United States Debt Commission, and now the Senator from Utah, a member of that commission, is denying these figures, which in truth can not be denied. They are based upon Treasury statements; and I want to say to the Senator that his denial renders me more confident that my surmise is correct, but I do not propose to criticize the Debt Commission at this time.

Mr. SMOOT. All I want to say is this, and this is the picture, and it is a true picture: The British Government settled with the United States by paying a certain amount of the principal of the debt and the interest at 4¼ per cent up to December 15, 1922. Beginning with December 15, 1922, she pays a certain amount of the principal and 3 per cent interest upon all of the unpaid principal for 10 years. Beginning with the eleventh year after December 15, 1922, she is to pay annually to the end of the sixty-second year 3½ per cent interest as well as annual payments on the principal. At the end of the 62 years, instead of having paid, as the Senator said or as I understood him, approximately only the amount of the principal, or $4,600,000, the British Government will have paid to us over $11,000,000. In other words, they will have paid over $6,000,000,000 in interest alone. That is the truth of the matter.

Mr. HOWELL. Mr. President, my surmise in the premises is further confirmed. The Senator knows that a debt of $100 due in one year bearing 4¼ per cent interest produces interest thereon of only $4.25, a relatively negligible amount. But $100 due in 16 years at 4¼ per cent produces $100 in interest. The interest on $100 due in 27 years at 4¼ per cent is $200. The interest on $100 due in 43 years at 4¼ per cent is $500. When we get to $100 due in 62 years at 4¼ per cent we find that though the principal remains $100, the interest becomes $1,200.

No one understood this fact better than the European representatives who were sent here to negotiate the debt settlements. They knew that the whole question they had to deal with was interest, not principal. It is evident that our commissioners talked about principal altogether, and finally the British representatives said, "We will concede the proposition that the principal shall be paid, but now reduce the interest." Does the Senator not see what they were worrying and hence talking about?

Mr. SMOOT. They were talking about the interest, of course.

Mr. HOWELL. What they had in mind was getting concessions in the matter of interest, which was the big thing. They were saving at the bunghole while our commission evidently was saving at the spigot. I am delighted that the Senator has brought the matter up, because I have given no little consideration to the debt question, and it seems to me I understand how all this came about, so I am not surprised that the Senator from Utah is amazed at the figures I am quoting.

Mr. SMOOT. I am not amazed at the figure. I am amazed at the statement the Senator is making. That is all I am amazed at. Does the Senator say the statement I made is incorrect?

Mr. HOWELL. Mr. President——

Mr. SMOOT. Does the Senator say the statement I made is incorrect?

Mr. HOWELL. Mr. President, I have made a statement of just exactly what Great Britain will have paid. I ask the Senator if he denies the correctness of my figures.

Mr. SMOOT. I have not followed the Senator's figures except toward the last, when I heard him say that we would not receive any payment on the principal of the British debt, but that that would be forgiven and they would only pay the interest on the debt. I deny that.

Mr. HOWELL. Very well. The Senator from Utah has denied the proposition, and when it is proven to be correct it will further prove that he did not realize what he was doing when he was on the Debt Commission.

Mr. SMOOT. I have here a copy of the agreement that was signed by the United States and the British Government. In the agreement are shown the payments to be made year by year for the 62 years, and this is what it shows: The first year they pay on the principal $23,000,000 and in interest $138,000,000.

Mr. HOWELL. How much do they pay as a total the first year?

Mr. SMOOT. They pay a total the first year of $161,000,000, being $138,000,000 of interest and $23,000,000 on the principal. The next year they pay $137,000,000 interest. The difference in the interest paid is because of the interest they do not have to pay upon the $23,000,000 which they have paid upon the principal and which, of course, does not then bear any interest.

But here, Mr. President, are the figures that they pay year by year on the principal. The payments on the principal begin with $23,000,000 and then run $23,000,000, $24,000,000, $25,000,000, $25,000,000, $27,000,000, $27,000,000, $28,000,000, and so on. Those payments are all on the principal. Then the payments on the principal increase until in the sixty-second year they pay on the principal $175,000,000 and only $6,125,000 in interest. In other words, instead of paying only $4,600,000,000 during the whole time, as the Senator has stated, they pay a total of $6,505,955,000 of interest and they pay the original principal of $4,600,000,000, which will make a total, as I said before, of principal and interest amounting to $11,105,965,000.

There is the agreement signed by England and the United States; and, I do not care what figures the Senator quotes here on his theory of it, that is what Great Britain will pay.

Mr. HOWELL. Mr. President, I have a statement furnished by the Treasury Department of what Great Britain will pay. I will ask the Senator from Utah if it is not a fact that the interest upon the British debt at 4¼ per cent is $200,000,000 per annum?

Mr. SMOOT. Mr. President, I have stated what the interest was—3 per cent for the first 10 years and 3½ per cent thereafter; and they paid 4¼ per cent from the time the obligation was created down to and including December 15, 1922. After that the agreement was to pay $4,600,000,000. That was the principal, including the interest up to December 15, 1922. For the 10 years after that Great Britain pays 3 per cent, and for the 52 years following she is to pay 3½ per cent interest. There is no question but that the payment by Great Britain of an interest of 4½ per cent would pay the debt more quickly than the payment of 3 per cent, but the figures which the Senator from Nebraska has been giving here are on the basis of no payment of the principal. On that theory what he states is true as to how soon Great Britain would pay the amount, but Great Britain pays, beginning with the first year, $23,000,000, and ends with a payment on the principal of $175,000,000. Great Britain starts by paying the first year an interest of $38,000,000, and she winds up by paying $6,125,000.

Mr. HOWELL. Mr. President, I should like to have Senators mark these facts: The total amount paid by Great Britain for the first year is $161,000,000.

Mr. SMOOT. That is exactly what I said.

Mr. HOWELL. The interest upon the British debt at 4¼ per cent is $200,000,000. Did Great Britain pay anything on the principal for that year?

Mr. SMOOT. Oh, Mr. President, I do not see what the Senator from Nebraska is driving at. I have stated time and again that the settlement provides for the payment of interest at the rate of 3 per cent for 10 years. That is what it was. If the Senator from Nebraska wishes to figure as to what the difference would be between paying 3 per cent and 4¼ per cent and show what was lost by not paying 4¼ per cent, that is another question, but the Debt Commission made the settlement upon the basis of ability to pay, and there is not a country yet that has been able to pay what England has paid in settlement.

Mr. HOWELL. Does the Senator mean to say that this is the best settlement and that no other country paid as much as Great Britain did?

Mr. SMOOT. Yes; it is the best settlement.

Mr. HOWELL. Does the Senator mean to say that these settlements were made on the basis of ability to pay?

Mr. SMOOT. Mr. President, that was the basis of all of our settlements of foreign debts.

Mr. HOWELL. Very well. I want to ask the Senator this question: Great Britain pays 3.7 per cent upon her debt, and her debt is canceled. Poland pays 3.7 per cent upon her debt, and her debt is canceled. Did the Debt Commission settle Poland's debt according to her ability to pay or did they settle the debt of Great Britain according to her ability to pay? They both pay the same amount.

Mr. SMOOT. Oh, no; they do not do any such thing.

Mr. HOWELL. That shows that the Senator from Utah does not know what these settlements were.

Mr. SMOOT. Of course not. All I rely upon, Mr. President, is the settlements that were signed by the different countries. Poland was given an advantage over England in the first year's payment. I do not know whether the Senator has noticed it or not, but that is a fact; it is the truth; but the settlements are not the same.

Mr. HOWELL. They are identically the same settlements.

Mr. SMOOT. Very well.

Mr. HOWELL. I do not mean to say that the same amounts were paid in the same years or the same relative amounts, but I mean to say that as to the worth of the settlement Poland pays as much as does Great Britain; and to say that Poland is as able to bear her debt as Great Britain is to bear her debt, I think proves that the question of ability to pay was not followed out, because—and let me tell the Senator another thing here—all that Rumania pays is 3.4 per cent per annum for 62 years upon her debt, and then the debt is canceled. Rumania is a country with 17,000,000 of people, and I am informed, or it has been stated in the newspapers openly, that the representative of Rumania, the minister of Rumania in this country, desired that his country should pay that debt in full now because they were able to do so.

Mr. SMOOT. Mr. President, the Debt Commission were even compelled to give Rumania more favorable terms for making payment the first year than were given to Poland. The idea of saying that we would not allow her to pay the same as Great Britain is preposterous.

Mr. HOWELL. Mr. President——

Mr. SMOOT. I think we had better proceed with the discussion of surtaxes again.

Mr. HOWELL. I realize that the Senator from Utah would like to get on the subject of taxes again.

Mr. SMOOT. That is what is before the Senate.

Mr. HOWELL. This subject has a marked bearing on the question of taxes. These debts have been canceled. We have outstanding about $13,500,000,000 of bonds bearing 4¼ per cent interest upon which the people must pay the interest every year. The obligations of the foreign nations were all 5 per cent obligations, but I have assumed, for the purpose of making these calculations, that the people of the United States would be satisfied if the 5 per cent rate were reduced to 4¼ per cent, because that is what our people are now paying on account of the money they have loaned to foreign nations.

Mr. SMOOT. The Congress of the United States and the President, who signed the bills, were perfectly satisfied with the settlements that were made. Why does not the Senator from Nebraska take 6 per cent? That rate will show a great deal worse state of affairs than he has presented. It will show that we have not only canceled all the debts of foreign nations, but that we are in addition giving them a large amount of money.

Mr. HOWELL. Mr. President, I am taking 4¼ per cent for the reason that during the last four years the average rate of interest paid upon the interest-bearing debt of this country has been about 4$\frac{15}{16}$ per cent. However, I have not used 4$\frac{15}{16}$ per cent in my calculations. I merely have utilized the 4¼ per cent rate that we must pay upon our outstanding taxable bonds for years to come. I have assumed that the people of the United States would be willing to reduce the 5 per cent interest these nations agreed to pay to 4¼ per cent, and I have based my calculations upon that rate.

I wish to state again that upon that basis Great Britain pays 3.7 per cent for 62 years, and then her debt is canceled, and, in addition, Mr. President, although we cancel that debt, eve: - year on account of the Liberty bonds representing it the American people must pay about $26,000,000 because of a deficit in interest. This deficit in interest must be paid every year by the American people, and then at the end of the 62-year period the British payments terminate and the debt is canceled—that is, the American people, after paying all the deficiency in interest must also pay the British debt, inasmuch as the debt is canceled.

Again, let us assume that the Government will not only pay this annual deficit in interest during 62 years but enough additional to amortize the British debt at the end of that period. Under such circumstances the deficit above Great Britain's total payments would be about $42,500,000 annually. The total of such deficits for 62 years, without interest, would amount to $2,630,000,000, and with interest at 4¼ per cent the total loss to the American people would reach $12,183,000,000; that is our loss due to the settlement of the debt of Great Britain.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to his colleague?

Mr. HOWELL. I yield.

Mr. NORRIS. So that I may have a clear understanding of the Senator's contention, I should like to ask him a question. As I understand, the taxes that our people must pay on the debt they owe on account of money borrowed, which was originally loaned to Great Britain, at 4¼ per cent for the 62 years that Great Britain has in which to pay the debt will amount to over $12,000,000,000 more than they will get from Great Britain in a cancellation of the debt?

Mr. HOWELL. No; Mr. President, they will pay during the 62 years in interest deficits $2,150,000,000. Then the debt will be canceled, which amounts to $4,700,000,000.

Mr. NORRIS. What I wanted to get at was this: Assuming now that we have to continue paying 4¼ per cent interest and England pays us 3 per cent for 10 years and then 3½ per cent, we will have to pay on account of the British debt how many billion dollars more than she will pay back to us on that debt? How much will we pay in excess of what we will get back?

Mr. HOWELL. I have not those figures at hand.

Mr. NORRIS. Of course, it would be a vast sum of money; everybody must see that. If we have to pay 4¼ per cent interest for money and loan it out at 3 per cent and 3½ per cent over a period of 62 years, we will lose a great deal of money by the operation.

Mr. SMOOT. There is no doubt about that.

Mr. HOWELL. Mr. President, to return to the British debt, I want to call the attention of the Senate to the fact that the interest upon the British debt amounts to $200,225,000 annually at 4¼ per cent; that in no year of the 62 years does Great Britain pay that amount of this interest. The least payment is about $159,000,000, as compared with the interest of $200,225,000. The maximum payment is about $185,000,000, as compared with the $200,225,000. How, then, does England pay anything upon the principal? You need no calculations to answer this question. All you need to do is simply to inspect the total annual payments by Great Britain, and you will find that they fall short of 4¼ per cent interest upon that debt by from $15,000,000 to $40,000,000 per year. The lowest deficit is $15,000,000; the greatest is about $40,000,000. Do you need any further proof to show that the principal of that great debt has been canceled? Furthermore, Mr. President, as I have made clear, the total payments to be made on an equal annual basis of payment are not sufficient to pay the annual interest on this debt, lacking about $26,000,000 per year.

Again, Mr. President, the most unfavorable settlement from our point of view is that proposed with Italy. Her debt, including unpaid interest, totals, according to Treasury statements, $2,150,151,000. All payments of every kind and nature to be made by Italy over 62 years are equivalent, on a 4¼ per cent basis, to 62 equal annual installments of $24,306,000; but the annual interest that the American people must pay upon their outstanding 4¼ per cent bonds representing Italy's indebtedness is $91,373,000, or about $67,000,000 per year more than Italy's equivalent equal annual payments.

In short, for 62 years Italy pays only 1.1 per cent upon her debt, and then the debt is canceled; but in the meantime the American people must pay every year, on account of their 4¼ per cent bonds outstanding, an interest deficit on Italy's debt of approximately $67,000,000.

Assuming, as in the case of the British debt, that in addition to the interest deficit of $67,000,000 the United States Government adds enough more to amortize Italy's debt by the end of the sixty-second year, then the annual deficit over and above Italy's yearly payment of $24,306,000 will amount, without interest, to $4,625,000,000 for the 62-year period. With interest at 4¼ per cent, the loss to the people of the United States totals $21,422,000,000.

Mr. President, without going further into the details of the various settlements approved and pending, I will merely call the roll of the nations whose debts thus far have been refunded, with the result in each case.

Great Britain pays 3.7 per cent; the entire debt is canceled at the end of the sixty-second year; the annual deficit in interest that must be paid by the United States is $25,747,000.

Esthonia's debt is $14,143,000. She pays 3.7 per cent interest and no principal, the debt being canceled. The annual deficit in interest that the people of the United States must pay for 62 years is $77,000.

Finland pays 3.7 per cent; the debt is canceled; the deficit in interest is $49,000 annually.

Hungary pays 3.7 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $11,000.

Latvia pays 3.7 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $31,000.

Lithuania pays 3.7 per cent; no principal; the debt is canceled; the annual deficit in interest is $36,000.

Poland pays 3.7 per cent; no principal; the debt is canceled; the annual deficit in interest is $994,000.

Rumania pays 3.4 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $377,000.

Czechoslovakia pays 3.4 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $1,034,000.

Belgium pays 2.1 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $10,194,000.

Italy pays 1.1 per cent interest; no principal; the debt is canceled; the annual deficit in interest is $67,067,000.

Total: All these 11 countries pay a consolidated weighted average of 2.9 per cent per annum upon their debts; no principal; all debts are canceled; and the annual deficit that must be met by the people of the United States for 62 years is $105,617,000.

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Will the Senator permit the Chair to ask a question?

Mr. HOWELL. Certainly.

The PRESIDING OFFICER. What does the Senator mean by saying that they pay no principal?

Mr. HOWELL. I mean to say that if all the payments the debtor nations make are applied on interest, the interest rates that I have stated constitute all that such payments will carry in connection with the debts; and as the debtor nations make no other payments, therefore there are no payments on principal, and hence the debt is canceled at the end of 62 years.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. HOWELL. I yield.

Mr. COUZENS. Has the Senator prepared a table showing what result would be obtained if we got our money at 2 per cent after the outstanding Liberty loan bonds are due? Has the Senator figured out what we would lose if we got our money at 2 per cent?

Mr. HOWELL. No, Mr. President; I have not. A great deal has been said about nontaxable bonds. Our 3½ per cent nontaxable bonds are now below par. It is not probable that we will be able to market any taxable bonds which we issue in the future at a much better rate than 4¼ per cent. Of course, if we relieve future bonds of all taxation, these debts may be refunded on a lower basis, but when we do so we merely save interest and lose equivalent taxes.

Let me call the Senator's attention to this fact: In England all Government bonds are subject to taxation, and every one of the bonds that are provided for under these refunding agreements, if issued and sold to the citizens of the debtor nation, would be taxable—for instance, in Great Britain. So in this connection I wish to state that inasmuch as for the past four years this Government has been paying on an average of about 4.4 per cent for its money—I am talking about what it has paid on its interest-bearing debt—and we are now paying 4¼ per cent upon $13,500,000,000 of bonds, and will be doing so for years to come; and as each one of these debts was a liquidated account, and the agreed interest 5 per cent, in my opinion for the 62 years we should have had at least 4¼ per cent interest, even if we canceled all the principal.

Mr. SMOOT. The Senator made the statement that the 3½ per cent Liberty bonds were below par.

Mr. HOWELL. They have been below par within the last 60 days. I have not noticed quotations recently.

Mr. SMOOT. I think yesterday they sold at a figure lower than at any time, and they were yesterday selling at 100.4.

Mr. HOWELL. They were below par the last time I happened to note the quotations.

Mr. COUZENS. Mr. President, may I ask the Senator just why, in his calculation, he figures that we will have to pay 4¼ per cent for 62 years? Assuming that we pay these debts up when they are due, along in 1950 or 1954, then for the balance of some 30 or 40 years we would not have this interest to pay, would we, and the amounts would not be the same?

Mr. HOWELL. Mr. President, I would have considered such a suggestion as having merit in connection with the settlement—not that it does not have merit in the sense of a question asked—provided the United States was not estopped from demanding 4¼ per cent while we have to pay the present rate of interest. The Secretary of the Treasury has stated that, as to ability to pay, it was merely a matter of judgment, and that it was very difficult to anticipate so far in the future. But we are estopped from ever rejudging these cases. They are settled for all time. The debts in the cases where settlements have been approved are canceled, and the rates stated are the rates of interest we will receive, assuming money worth 4¼ per cent.

At this time I ask that this table be inserted in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DISPOSITION OF FOREIGN DEBTS THUS FAR REFUNDED BY THE UNITED STATES FOREIGN DEBT COMMISSION

(1) The foreign debts were not unliquidated accounts, but all were represented by definite notes and obligations upon which the agreed interest was at the rate of 5 per cent per annum.

(2) The amount of interest paid upon the interest-bearing national debt during the last four years has averaged above 4.4 per cent; however, the results afforded herewith and the calculations leading thereto are based upon the assumption that money is worth 4¼ per cent per annum, or the rate of interest the Government is paying on $13,593,554,000 of Liberty and other bonds.

(3) The amounts set forth in column B represent the total debts, including unpaid interest, of the debtor nations enumerated to the nearest thousand dollars, as per statements of the Treasury Department.

(4) The rate of interest set forth in column C in each case is the calculated uniform rate of interest the debtor nation will pay on its debt for 62 years, provided that its total payments of every kind and nature are applied on account of interest only.

(5) The amount set forth in column E represents the additional sum that the Government must pay annually in each case to make up the difference between the rate of interest that will be paid by the debtor nation and the 4¼ per cent interest that must be paid upon outstanding Liberty and other bonds issued to make these loans.

A Country	B Debts refunded	C Interest rate on debts	D Amount of debts canceled[1]	E Annual deficit in interest that must be paid by United States
		Per cent		
Great Britain	$4,715,311,000	3.7		$25,747,000
Esthonia	14,143,000	3.7		77,000
Finland	9,191,000	3.7		49,000
Hungary	1,985,000	3.7		11,000
Latvia	5,894,000	3.7		31,000
Lithuania	6,217,000	3.7		36,000
Poland	182,325,000	3.7		994,000
Rumania	46,945,000	3.4		377,000
Czechoslovakia	123,855,000	3.4		1,034,000
Belgium	483,426,000	2.1		10,194,000
Italy	2,150,151,000	1.1		67,067,000
	7,739,443,000	2.9	$7,739,443,000	105,617,000

[1]All canceled.

(7) The deficit in interest payments for the 62 years totals, without interest, $6,548,234,000. This total deficit added to the canceled debts, renders apparent the loss to the American people on account of these transactions, as $14,287,697,000. Adding interest at 3½ per cent compounded annually, the loss becomes $30,188,336,000.

(8) Should the Government not only pay the deficit in interest, but in addition enough more each year to amortize these debts, in 43 years the loss without interest would be reduced by a little more than half, while the loss with 3½ per cent interest would be $31,315,843,000.

(9) The above noted losses resulting from the inclusion of 3½ per cent compound interest is not merely of academic interest. Many life insurance companies throughout the country, some with assets increasing above $200,000,000 per annum, write insurance and annuity contracts guaranteeing results based upon their ability to earn upon their funds, continuously 3½ per cent compound interest.

(10) The total payments of every kind and nature to be made by Great Britain during the 62 years if divided by 62 equals $179,195,000, or 3.8 per cent upon her debt. Thus merely upon the basis of this simple, unweighted computation it is evident that for 62 years Great Britain will pay 3.8 per cent upon her debt and no principal, hence the debt will be canceled.

(11) A like simple, unweighted computation applied to the 11 refunded debts indicates that, together, the 11 debtor nations will pay but 3.2 per cent for 62 years, no principal—the debts being canceled.

Mr. HOWELL. Mr. President, thus it is not only evident that provision has been made for the cancellation of every one of these debts, but, in addition thereto, the American people must pay an annual interest deficit of $105,607,000 for 62 years, unless the Government sees fit to amortize an amount of 4¼ per cent bonds equal to the debt canceled before that time. The total of these interest deficits for the 62 years, without interest, is $6,548,000,000; with interest, plus the canceled debts, it is $38,068,441,000.

Mr. WHEELER. Mr. President, that is in accordance with the economy program of the administration, is it not?

Mr. HOWELL. As I stated before, I have not cited these debt cancellations with any intention of criticizing the Debt Commission. I simply have cited them as facts, to show that the people of this country have tremendous responsibilities and financial liabilities ahead of them, and that this is no time to relieve 5,694 taxpayers of some $275,000,000 of taxes. We ought to collect this money as we collected it in 1924. We ought to continue to collect this money and pay it on these great debts. If we do not, ultimately these great obligations will be paid by the masses of the people of this country through indirect taxes. If there were reasons to levy these taxes in 1924, there certainly is reason to levy them now.

Mr. President, we provided for taxes at that time at the rates fixed, because it was deemed necessary. We believed that we ought to collect large sums to meet our obligations. But now, as a result of a tremendous propaganda that has reached this body, many Senators have been constrained to believe that the people of this country are demanding that we shall reduce the taxes upon these 5,694 taxpayers $275,000,000, on account of personal income, estate and gift taxes alone.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. HOWELL. I yield.

Mr. WHEELER. The Senator has been speaking of propaganda, and I desire to call his attention to a telegram that was sent to the State board of equalization in Montana from New York City. It reads as follows:

STATE BOARD OF EQUALIZATION,
Helena, Mont.:

In view of the elimination of Federal estate tax by the Senate Finance Committee in reporting revenue bill to Senate, which is in accord, I understand, with the desires of tax commissioners and State tax authorities that such source of revenue be left to the State, and as the American Bankers' Association favors the elimination for like reasons, we respectfully beg leave to suggest that the time is now opportune for urging Members of Senate to support such elimination and asking Members of House to request their conferees when appointed to consent to elimination.

THOMAS B. PATON,
General Counsel American Bankers' Association.

Mr. HOWELL. Mr. President, the United States Chamber of Commerce is a very important body, and it is unnecessary to say that its membership consists largely of the representatives of the great interests of this country.

Mr. WHEELER. This was from the American Bankers' Association.

Mr. HOWELL. I understand. I am now referring to the United States Chamber of Commerce. The United States Chamber of Commerce believes in this tax bill. Their members have been propagating the idea that it is for the benefit of the people of the United States. The United States Chamber of Commerce not only urges a reduction in these taxes, but having discovered that I might not approve of the Italian debt settlement one of the trade bodies of my State received therefrom a communication with the request that it urge me to support the Italian debt settlement. In other words, this body, advocating on one hand the repeal of these taxes upon great incomes and the huge estates, begs your people on the other to urge you to vote in the Senate in favor of the Italian debt cancellation, involving the loss of billions.

Mr. BRUCE. Mr. President, I suppose the Senator from Nebraska is aware of the fact that there is a very considerable popular sentiment in some parts of the country in favor of the total cancellation of these foreign debts; is he not?

Mr. HOWELL. I am quite aware that there has been an apparent sentiment for the cancellation of these debts, but I have come in contact with the men on the hustings. I know what our people are thinking—the man on the street, not the man in the banking house, not the man in the great mercantile establishment.

Mr. BRUCE. Mr. President, the man on the street is the very one to whom I am referring. I know that in the community in which I live, that is to say, the city of Baltimore, the total cancellation of the foreign debts due to us is advocated, not simply by individuals connected with banking institutions or financial institutions of any kind, but it is advocated by some of the leading professional men and business men of the city, whose views on the subject could not possibly be attributed to any selfish motive whatever. For instance, one of the leading lawyers of the town in which I live, Mr. William L. Marbury, one of our most distinguished citizens, has, in a very strong communication to the press, advocated the total cancellation of the debts. The same thing is true of a distinguished former member of the supreme bench in Baltimore city, Judge Alfred S. Niles. I merely mention those as typical. They have no connection with any financial institution of any kind, but are very distinguished lawyers in the community, and citizens of very high standing. Of course, the Senator has not forgotten the fact that Great Britain has intimated in the very strongest terms that if we would cancel the debts due us by foreign nations, she would cancel all that are due to her.

Mr. SMOOT. Great Britain made a better settlement with Italy than we made.

Mr. HOWELL. I realize that Great Britain said, "You cancel the debt that we owe you, and all other debts, and we will cancel all the debts due us. Of course, and Uncle Sam would have held the bag. That is what Britain urged. It was a beautiful proposition! After the trading was over, we would have had nothing but the opportunity to pay our debt without any aid from Europe, that is all—the British having gotten rid of their good obligation to us by parting with a few ships and whetstones.

I am not questioning what may be the sentiment in the State of the Senator from Maryland, but I do know something of the sentiment of the man on the street in my own State, because I have always felt strongly about these debts. I talked about them in my 1922 campaign, and I found scarcely an audience that did not wish the United States to treat these debts as if they were due from solvent private debtors. There was no real sentiment for cancellation that I could discover.

Mr. President, so far as paying debts and other liabilities of the war is concerned, the war is not over; it is still with us; we are in the midst of it. Hence, this is no time to reduce the taxes on large incomes and great estates.

War may end at the peace table, but taxes go on. The ancients used to picture war as the unleashing of three ravenous creatures, Famine, the Sword, and Fire. They should have added a fourth, Taxes. At the peace table we may leash or partially stay the first three of these scourges, but taxes go ravaging on, ultimately feeding upon millions yet unborn. If we repeal these taxes as proposed, what we will do ultimately is to transform them into indirect taxes and perpetuate the agony of payment, involving future generations. Yes, all our talk about the conscription of wealth in time of war will be stamped as insincerity, because if it is proper to conscript wealth for the next war, as this war is not yet over, why should we now release wealth from such conscription as wealth has heretofore borne, not five years ago, but last year?

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). The question is on the amendment proposed by the junior Senator from Utah [Mr. KING] to the amendment of the committee.

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	McKinley	Sheppard
Bayard	Fess	McLean	Shipstead
Bingham	Fletcher	McMaster	Shortridge
Blease	Frazier	McNary	Simmons
Borah	George	Mayfield	Smith
Bratton	Gerry	Means	Smoot
Brookhart	Glass	Metcalf	Stanfield
Broussard	Goff	Moses	Stephens
Bruce	Gooding	Norbeck	Swanson
Butler	Hale	Norris	Trammell
Cameron	Harreld	Nye	Tyson
Capper	Harris	Oddie	Wadsworth
Caraway	Harrison	Overman	Walsh
Copeland	Heflin	Pepper	Warren
Couzens	Howell	Phipps	Watson
Cummins	Jones, Wash.	Pine	Weller
Dale	Kendrick	Ransdell	Wheeler
Deneen	Keyes	Reed, Pa.	Williams
Dill	King	Robinson, Ark.	Willis
Edge	La Follette	Robinson, Ind.	
Ernst	Lenroot	Sackett	
Fernald	McKellar	Schall	

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

Mr. HOWELL. Mr. President, I offer an amendment in the nature of a substitute for the amendment offered by the junior Senator from Utah to the amendment of the committee.

The VICE PRESIDENT. The substitute will be stated.

The CHIEF CLERK. On page 38, beginning with line 22, strike out to line 12 on page 39, and insert in lieu thereof the following:

Four thousand four hundred dollars upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 16 per cent in addition of such excess.

Four thousand seven hundred and twenty dollars upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 17 per cent in addition of such excess.

Five thousand and sixty dollars upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 18 per cent in addition of such excess.

Five thousand four hundred and twenty dollars upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 19 per cent in addition of such excess.

Five thousand eight hundred dollars upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 20 per cent in addition of such excess.

Six thousand two hundred dollars upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 21 per cent in addition of such excess.

Six thousand six hundred and twenty dollars upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 22 per cent in addition of such excess.

Seven thousand and sixty dollars upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 23 per cent in addition of such excess.

Seven thousand five hundred and twenty dollars upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 24 per cent in addition of such excess.

Eight thousand dollars upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 25 per cent in addition of such excess.

Eight thousand five hundred dollars upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 26 per cent in addition of such excess.

Nine thousand and twenty dollars upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 27 per cent in addition of such excess.

Nine thousand five hundred and sixty dollars upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 28 per cent in addition of such excess.

Ten thousand one hundred and twenty dollars upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 29 per cent in addition of such excess.

Ten thousand seven hundred dollars upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 30 per cent in addition of such excess.

Eleven thousand three hundred dollars upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 31 per cent in addition of such excess.

Eleven thousand nine hundred and twenty dollars upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 32 per cent in addition of such excess.

Twelve thousand five hundred and sixty dollars upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 33 per cent in addition of such excess.

Thirteen thousand two hundred and twenty dollars upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 34 per cent in addition of such excess.

Thirteen thousand nine hundred dollars upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 35 per cent in addition of such excess.

Fourteen thousand six hundred dollars upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $200,000, 36 per cent in addition of such excess.

Fifty thousand six hundred dollars upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 37 per cent in addition of such excess.

Eighty-seven thousand six hundred dollars upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 38 per cent in addition of such excess.

One hundred and twenty-five thousand six hundred dollars upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 39 per cent in addition of such excess.

One hundred and sixty-four thousand six hundred dollars upon net incomes of $500,000; and upon net incomes in excess of $500,000, in addition 40 per cent of such excess.

Mr. SMOOT. Mr. President, I suggest to the Senator from Nebraska that he withdraw his substitute now and let us vote upon the King amendment. After we vote upon the King amendment, he can reoffer his amendment to the amendment of the committee.

Mr. HOWELL. I have no objection to that course.

The VICE PRESIDENT. The question, then, is on agreeing to the amendment proposed by the junior Senator from Utah [Mr. KING] to the amendment of the committee.

Mr. KING. Mr. President, just a word. There has been so much debate since the amendment was offered that some Senators may have lost sight of its importance, its virtues, and its merits. It is to reduce approximately $20,000,000 the surtaxes upon incomes which fall within the brackets to $20,000, and particularly from there up to $40,000 and $60,000. It does not touch the rates at all above $100,000. That is to be cared for by another amendment. Those who are in favor of equalizing taxes and seeing that greater justice is done to those of smaller incomes within the brackets just indicated will vote for the amendment. It is one which I am sure ought to commend itself to every Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Utah to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. HOWELL. Mr. President, I now offer as an amendment to the amendment of the committee the amendment which was read just a moment ago.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. HOWELL] to the amendment of the committee.

Mr. HOWELL. Mr. President, I think a brief statement should be made as to the meaning of the amendment which I have proposed to the committee amendment.

In the first bracket covered, $60,000 to $62,000, the rate is 16 per cent, the same as in the bill reported by the committee. In the next bracket, $62,000 to $64,000, instead of 16 per cent it is 17 per cent. In the next bracket, from $64,000 to $66,000, it is 18 per cent instead of 17 per cent. In the next bracket, from $66,000 to $68,000, it is 19 per cent instead of 17 per cent. In the next bracket, from $68,000 to $70,000, it is 20 per cent instead of 17 per cent.

The next bracket does not correspond, but is from $70,000 to $72,000 and bears 21 per cent, whereas the bracket in the present bill bears 17 per cent. The next bracket, $72,000 to $74,000, is 22 per cent, as against 18 per cent in the bill reported by the committee. In the next bracket it is 23 per cent instead of 18 per cent. In the following bracket it is 24 per cent instead of 18 per cent as in the committee bill. In the bracket from $78,000 to $80,000 it is 25 per cent instead of 18 per cent. In the next bracket, from $80,000 to $82,000, it is 26 per cent instead of 19 per cent as in the committee bill.

In the next bracket it is 27 per cent instead of 19 per cent. In the bracket from $84,000 and $86,000 it is 28 per cent, as against 19 per cent under the committee bill.

In the next bracket it is 29 per cent, as compared with 19 per cent under the committee bill and 31 per cent under the present law.

In the next bracket it is 30 per cent, as compared with the 19 per cent under the committee bill and 32 per cent under the present law.

In the next bracket, from $90,000 to $92,000, it is 31 per cent, as against 19 per cent under the committee bill and 33 per cent under the present law.

In the next bracket, from $92,000 to $94,000, it is 32 per cent, instead of 19 per cent under the committee bill and 34 per cent under the present law.

In the next bracket, from $94,000 to $96,000, it is 33 per cent, as against 19 per cent under the committee bill and 35 per cent under the present law.

In the bracket from $98,000 to $100,000 it is 35 per cent, instead of 19 per cent in the committee bill and 36 per cent under the present law.

In the next bracket, from $100,000 to $200,000, it is 36 per cent, as against 20 per cent under the committee bill and 37 per cent under the present law.

In the bracket from $200,000 to $300,000 it is 37 per cent, as against 20 per cent under the committee bill and 38 per cent under the present law.

In the bracket from $300,000 to $400,000 it is 38 per cent, as against 20 per cent in the committee bill and 38 per cent under the present law.

In the bracket from $400,000 to $500,000 it is 39 per cent, as against 20 per cent in the committee bill and 39 per cent under the present law.

On net incomes of $500,000 or more it is 40 per cent, as against 30 per cent in the committee bill, and 40 per cent under the present law.

SEVERAL SENATORS. Question!

Mr. HARRISON. I ask for the yeas and nays.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska [Mr. HOWELL] to the amendment reported by the committee, on which the yeas and nays are demanded.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES of Washington (when the name of Mr. CURTIS was called). The senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. He is paired with the senior Senator from Missouri [Mr. REED].

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT], who is absent on account of illness. I understand if present the Senator from Delaware would vote as I shall vote. Therefore I am at liberty to vote, and vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the Senator from Oklahoma [Mr. HARRELD]. I transfer that pair to the Senator from New Jersey [Mr. EDWARDS] and vote "nay."

Mr. WADSWORTH (when his name was called). On this question I am paired with the Senator from West Virginia [Mr. NEELY], but I transfer that pair to the senior Senator from Vermont [Mr. GREENE], and vote "nay."

The roll call was concluded.

Mr. FERNALD. I have a general pair with the senior Senator from New Mexico [Mr. JONES], but on this question I understand that if present he would vote as I am about to vote. I therefore am at liberty to vote. I vote "nay."

Mr. GERRY. I desire to announce that the junior Senator from New Jersey [Mr. EDWARDS] is necessarily absent. If present he would vote "nay."

The result was announced—yeas 15, nays 70, as follows:

YEAS—15

Ashurst	Couzens	La Follette	Nye
Blease	Dill	McMaster	Shipstead
Borah	Frazier	Norbeck	Wheeler
Brookhart	Howell	Norris	

NAYS—70

Bayard	Fletcher	McLean	Shortridge
Bingham	George	McNary	Simmons
Bratton	Gerry	Mayfield	Smith
Broussard	Glass	Means	Smoot
Bruce	Goff	Metcalf	Stanfield
Butler	Gooding	Moses	Stephens
Cameron	Hale	Oddie	Swanson
Capper	Harreld	Overman	Trammell
Caraway	Harris	Pepper	Tyson
Copeland	Harrison	Phipps	Wadsworth
Cummins	Heflin	Pine	Walsh
Dale	Jones, Wash.	Ransdell	Warren
Deneen	Kendrick	Reed, Pa.	Watson
Edge	Keyes	Robinson, Ark.	Weller
Ernst	King	Robinson, Ind.	Williams
Fernald	Lenroot	Sackett	Willis
Ferris	McKellar	Schall	
Fess	McKinley	Sheppard	

NOT VOTING—11

Curtis	Gillett	Jones, N. Mex.	Reed, Mo.
du Pont	Greene	Neely	Underwood
Edwards	Johnson	Pittman	

So Mr. HOWELL's amendment to the amendment of the committee was rejected.

Mr. NORRIS. Mr. President, I offer an amendment to the committee amendment which I send to the desk, to be added at the end of the committee amendment on page 39.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska to the committee amendment will be stated.

The CHIEF CLERK. At the end of the committee amendment, on page 39, it is proposed to add the following:

Eleven thousand six hundred and sixty dollars upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 20 per cent in addition of such excess.

Twenty-one thousand six hundred and sixty dollars upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 21 per cent in addition of such excess.

Thirty-two thousand one hundred and sixty dollars upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $250,000, 22 per cent in addition of such excess.

Forty-three thousand one hundred and sixty dollars upon net incomes of $250,000; and upon net incomes in excess of $250,000 and not in excess of $300,000, 23 per cent in addition of such excess.

Fifty-four thousand six hundred and sixty dollars upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $350,000, 24 per cent in addition of such excess.

Sixty-six thousand six hundred and sixty dollars upon net incomes of $350,000; and upon net incomes in excess of $350,000 and not in excess of $400,000, 25 per cent in addition of such excess.

Seventy-nine thousand one hundred and sixty dollars upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 26 per cent in addition of such excess.

One hundred and five thousand one hundred and sixty dollars upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $600,000, 27 per cent in addition of such excess.

One hundred and thirty-two thousand one hundred and sixty dollars upon net incomes of $600,000; and upon net incomes in excess of $600,000 and not in excess of $750,000, 28 per cent in addition of such excess.

One hundred and seventy-four thousand one hundred and sixty dollars upon net incomes of $750,000; and upon net incomes in excess of $750,000 and not in excess of $1,000,000, 29 per cent in addition of such excess.

Two hundred and forty-six thousand six hundred and sixty dollars upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, in addition 30 per cent of such excess.

Mr. NORRIS. Mr. President——

Mr. WALSH. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WALSH. The Senator from Nebraska, as I understood him, stated that his amendment was to follow the amendment of the committee?

Mr. NORRIS. Yes.

Mr. WALSH. But it will be observed that there are three brackets at that point, one bracket commencing with $70,000, another with $80,000, and a third with $100,000.

Mr. NORRIS. To what page of the bill is the Senator from Montana referring?

Mr. WALSH. Page 39.

Mr. NORRIS. Perhaps the amendment does lap over.

Mr. SMOOT. The Senator from Montana [Mr. WALSH] is correct. There are three brackets at that point where there is a lap over. Under the rules, of course, we could not consider the amendment of the Senator from Nebraska to the committee amendment at this time, but I ask unanimous consent——

Mr. NORRIS. I think the amendment to the amendment is in order, Mr. President.

Mr. SMOOT. Mr. President——

Mr. NORRIS. Let me first get the idea the Senator from Montana has. On page 39, on line 10, is the last of the committee amendment, is it not?

Mr. WALSH. No; the committee amendment ends in line 3.

Mr. NORRIS. I see that I was mistaken.

Mr. WALSH. Let me also state to the Senator from Nebraska that it seems to me the appropriate place to have his amendment inserted would be immediately after line 12.

Mr. NORRIS. I agree with the Senator from Montana.

Mr. WALSH. But in that case lines 10, 11, and 12 are a duplicate of the amendment proposed by the Senator from Nebraska.

Mr. NORRIS. It will be necessary, then, to ask unanimous consent, because the amendment proposes to strike out a part of the bill that the committee does not propose to amend.

Mr. WALSH. The amendment is proposed to be added at a place which the committee does not propose to amend.

Mr. LENROOT. Mr. President——

Mr. NORRIS. I yield.

Mr. LENROOT. I suggest that if the Secretary will take this language: On page 39, strike out all of line 10 after the figures "$100,000," and all of lines 11 and 12, and insert——

Mr. NORRIS. Yes; that will cover it.

Mr. SMOOT. Mr. President, I ask unanimous consent that this amendment be considered at this time.

The VICE PRESIDENT. Without objection, it will be so ordered.

Mr. NORRIS. Mr. President, I shall detain the Senate only a short time in explanation of this amendment.

Mr. WALSH. Mr. President, does the Senator from Nebraska accept the suggestion of the Senator from Wisconsin?

Mr. NORRIS. Yes.

Mr. WALSH. And his proposal is amended accordingly?

Mr. NORRIS. Yes.

Mr. President, this amendment was prepared at my request by Mr. McCoy, carrying out the same form that the committee amendment does, except that it goes, as you will observe, up to $1,000,000. I have discussed the proposition several times when there were only a few Senators here, and I want just briefly to tell the Senate what it does.

It changes no income tax on any amount below $100,000. It leaves that just as the committee has it. Senators will

observe that the committee amendment stops at $100,000 incomes, reaching at that point a maximum of 20 per cent—20 per cent of every income in excess of $100,000—so that it is quite apparent that all incomes over $100,000 are taxed at the same rate at which incomes of $100,000 are taxed.

I think it is perfectly apparent that that is not a fair adjustment of our method of progressive income taxes. In other words, under the committee amendment the man with a net income of $1,000,000 pays at the same rate that the man having a net income of $100,000 pays. All that my amendment does is to start in at $100,000, leaving everything below that just as the committee has it, and then, by progressive steps—most of the time of $50,000 each—adding 1 per cent until it reaches an income of $1,000,000, where it assesses a tax of 30 per cent, which is, as you know, 10 per cent lower than the present law.

If it should be adopted, the highest tax levied on an income would be 30 per cent, and that would be levied on a net income of $1,000,000 and over.

With this explanation, Mr. President, and what has been said in a general way about the matter I think that is all I care to say about it.

I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. McKINLEY. Mr. President, may I ask the Senator whether there is not a 5 per cent tax in addition to the 30 per cent?

Mr. NORRIS. No; there is not any 5 per cent tax in addition.

Mr. McKINLEY. There is the normal tax, is there not?

Mr. NORRIS. There is the normal tax; yes.

Mr. McKINLEY. Making a total of 35 per cent.

Mr. KING. Mr. President, I should like to ask the Senator a question, if he will yield.

Mr. NORRIS. I yield.

Mr. KING. Has the Senator had Mr. McCoy compute, or has he computed, the aggregate amount in dollars and cents which would be paid upon an income of $1,000,000?

Mr. NORRIS. The amendment very nearly states it.

Mr. KING. I think not.

Mr. NORRIS. How much additional revenue would be derived?

Mr. KING. No.

Mr. NORRIS. I think I understand what the Senator means. If he will take the amendment itself, it will show.

Mr. KING. I do not think that states it.

Mr. NORRIS. Oh, yes.

Mr. KING. How much is it?

Mr. NORRIS. The last bracket will practically answer the Senator's question. On a net income of $1,000,000 it would be $246,660.

Mr. KING. That is the surtax?

Mr. NORRIS. That is the surtax.

Mr. KING. Very well.

Mr. ASHURST. Mr. President, I want to take just a minute. I have here a letter from the Governor of Arizona upon the subject of taxation. I ask that it be read at this time. It is only a short letter.

The VICE PRESIDENT. In the absence of objection, the letter will be read.

The Chief Clerk read as follows:

EXECUTIVE OFFICE, STATE HOUSE,
Phoenix, Ariz., December 21, 1925.

MY DEAR SENATOR ASHURST: That portion of the House revenue measure dealing with the subject of inheritance taxes seems to me to warrant close scrutiny and consideration.

I know that you gentlemen are as familiar as I am with the subject of Federal control over large areas of our State and of all Western States, and that you know the blighting effect this control has had upon our livestock and mining industries.

I am a thorough believer in the doctrine of State rights. I believe it to be the only fundamentally sound policy that can retain for the people of these United States the best type of government yet conceived by man. The States do not need and do not want to foster the hand of bureaucracy. Scarcely a question of large public import arises these days when some one does not stand up in his place and pass the thing up to the President of the United States to find a solution; and that applies whether it be to questions of public policy or to questions affecting private industry.

We find it illustrated and typified in the question of the Colorado River controversy and in the coal strike. What is going to become of the self-reliance and creative spirit of the American people if that is to become the basic policy of our Government?

That provision of the revenue bill which proposes that the Federal Government shall collect an inheritance tax and return 80 per cent of it to the States, irrespective of the States' wishes in the matter, is, to my mind, fundamentally wrong. It is asserted that that provision is adopted partly because of the action of the State of Florida in providing for the elimination of the inheritance tax.

Why should Florida be compelled to levy an inheritance tax if she does not wish it? Why should not the people be permitted to live in Florida and maintain their residence there if they so desire? Citizenship carries with it many privileges and responsibilities; and if a man, in order to avoid inheritance tax, takes up his residence in Florida, it seems to me that he runs the risk of a policy being adopted by the State in which his property is located which may dissipate his wealth and ruin his enterprises. But, even if that were not so, I do not believe that the Federal Government should undertake to arrange taxation questions for the States. I am advised that a program is under way to urge Congress to pass a uniform law taxing gasoline, based upon the same theories as those underlying the inheritance taxation.

If this policy is followed out to its logical conclusion, State governments will be rendered impotent. I thoroughly believe that the sooner the Federal Government is eliminated, as far as possible, from the control over the affairs and areas of the various States, the better it is going to be for the people of the United States and the longer they are going to retain their liberties. If a few State governments set up machinery to aid tax dodgers, I believe there is enough ingenuity still left in the American people to resort to measures adopted t rough their various State governments to conserve and protect the welfare of their citizens.

I give you these views for what they may be worth in connection with the pending legislation.

Very sincerely yours,

GEO. W. P. HUNT, *Governor.*

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.

Mr. WALSH. Mr. President, I desire to say just a word before a vote is taken upon the amendment proposed by the Senator from Nebraska [Mr. NORRIS].

The bill before us proceeds upon the principle that the graduated income tax is a sound system of taxation. It falters, however, when the income of $100,000 is reached. Up to that time it is asserted that that is the very sound principle upon which our system of taxation ought to be built. I believe that that is the opinion of the great majority of our people, that the rate ought to increase as the size of the income increases; but when we get to $100,000 the committee seem afraid of the principle, and they abandon it and go to the principle of a level rate from that time on.

I am not sure that the graduated rates proposed by the Senator from Nebraska for incomes in excess of $100,000 are correct. I do not know that the rates he fixes are right; but I have yet to hear some one explain the reason why the principle that is applied to incomes less than $100,000 is not equally applicable to incomes of over $100,000.

I shall vote for the amendment, not because I believe in the rates but because it expresses the principle which I believe is sound, namely, that the principle of the graduated income tax ought to apply to all taxpayers.

Mr. GLASS. Mr. President, may I ask the Senator why it should stop at $1,000,000?

Mr. WALSH. It should not stop at $1,000,000. It must stop somewhere, however. It should stop at such a point as will leave no considerable number of taxpayers above.

Mr. COUZENS. Mr. President, I hoped that the Senator from Utah [Mr. SMOOT] would respond to the suggestion of the Senator from Montana as to the reason for discontinuing the theory of a graduated tax after $100,000. No one yet upon the floor of the Senate, in all of this debate, has once attempted to defend any such theory of taxation.

I turned in as a part of the committee's report yesterday some statistics which show, over a number of years, the number of people that would be affected by the amendment offered by the Senator from Nebraska. I doubt if anyone has read these statistics. They are not long; and while I have no desire to detain the Senate, I do want to emphasize, before this vote is taken, the number of people and incomes that are affected by this amendment.

For example, in 1916 there were 6,633 people who returned incomes of $100,000 and over, and the total income in that year was $2,188,861,355.

In 1917 the same group aggregated 6,664 individuals, with a gross income of $1,709,366,038.

In 1918 there were 4,499 individuals, with a total income of $1,188,884,175.

In 1919 there were 5,526 individuals, with a gross income of $1,438,775,854.

In 1920, during the depression, the number of individuals dropped to 3,649, with a gross income of, roughly, $966,000,000.

In 1921 the depression was still going on, and the number dropped to 2,352, with a gross income of $625,000,000.

In 1922 business started to improve, so that there were 4,031 individuals, with a gross income of $1,092,000,000.

In 1923 the number went up again to 4,182, with a gross income of $1,127,000,000.

In 1924 the number jumped again to 5,694, with a gross income of $1,444,000,000.

And in 1925, which was one of the greatest and most prosperous years we have had, it undoubtedly will come up again.

So it seems to me that not to take into account a graduated tax with respect to that large number of taxpayers is not a sound principle.

The VICE PRESIDENT. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS], as modified, to the amendment of the committee, on which the yeas and nays have been ordered. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. WADSWORTH (when his name was called). Making the same announcement as before with respect to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. GERRY. I desire to announce that the Senator from New Jersey [Mr. EDWARDS] is necessarily absent, and that if present he would vote "nay."

The result was announced—yeas 29, nays 54, as follows:

YEAS—29

Ashurst	Dill	Lenroot	Shipstead
Blease	Ferris	McMaster	Smith
Borah	Frazier	McNary	Tyson
Bratton	Harris	Mayfield	Walsh
Brookhart	Howell	Norbeck	Wheeler
Capper	Jones, Wash.	Norris	
Copeland	King	Nye	
Couzens	La Follette	Sheppard	

NAYS—54

Bayard	Gerry	Metcalf	Simmons
Bingham	Glass	Moses	Smoot
Broussard	Goff	Oddie	Stanfield
Bruce	Gooding	Overman	Stephens
Butler	Hale	Pepper	Swanson
Cameron	Harreld	Phipps	Trammell
Caraway	Harrison	Pine	Wadsworth
Dale	Heflin	Ransdell	Warren
Deneen	Kendrick	Reed, Pa.	Watson
Edge	Keyes	Robinson, Ark.	Weller
Ernst	McKellar	Robinson, Ind.	Williams
Fernald	McKinley	Sackett	Willis
Fess	McLean	Schall	
George	Means	Shortridge	

NOT VOTING—13

Cummins	Fletcher	Jones, N. Mex.	Underwood
Curtis	Gillett	Neely	
du Pont	Greene	Pittman	
Edwards	Johnson	Reed, Mo.	

So Mr. NORRIS's amendment to the amendment of the committee was rejected.

Mr. LENROOT. Mr. President, I ask unanimous consent that I may offer the amendment that I send to the desk at this time. It does not in any way conflict with the committee amendment, but it deals with this subject.

Mr. SMOOT. I hope unanimous consent will be granted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the Secretary will read the amendment.

The CHIEF CLERK. The Senator from Wisconsin moves, on page 39, to strike out all of line 10 after the figures $100,000 and all of lines 11 and 12 and to insert:

And upon net incomes in excess of $100,000 and not in excess of $150,000, 20 per cent in addition of such excess.

Twenty-one thousand six hundred and sixty dollars upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 21 per cent in addition of such excess.

Thirty-two thousand one hundred and sixty dollars upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 22 per cent in addition of such excess.

Fifty-four thousand one hundred and sixty dollars upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 23 per cent in addition of such excess.

Seventy-seven thousand one hundred and sixty dollars upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 24 per cent in addition of such excess.

One hundred and one thousand one hundred and sixty dollars upon net incomes of $500,000; and upon net incomes in excess of $500,000, in addition 25 per cent of such excess.

Mr. SMOOT. I understand that this is the last amendment that will be offered to section 211 of the bill, and, while it is out of order, I have agreed to the unanimous consent asked by the Senator to take it up out of order. I am not in favor of the rates proposed, of course.

Mr. LENROOT. Mr. President, I know the hour is late, but I ask the Senate to indulge me for just two or three minutes on this amendment. I have not discussed this question at any time during the long debate.

The amendment I have now proposed will add five new brackets to the bill, carrying the maximum rate of 20 per cent on incomes in excess of $100,000 to 25 per cent on incomes over $500,000, each bracket increasing by 1 per cent up to 25 per cent. No Senator on this floor has attempted to defend the proposition contained in the pending bill that a man having an income of $100,000 can as well afford to pay 16 per cent of that $100,000 as a man having an income of $1,000,000 can afford to pay 24 per cent of that $1,000,000, which is the committee proposition, including the normal and surtaxes.

Upon the principle that is accepted everywhere, that taxation should be based upon ability to pay, the committee bill can not be defended unless one other factor be taken into consideration; that is, that 20 per cent is the maximum whereby the best return can be had to the Government in the imposition of a tax.

On that subject I want to remind the Senate that two years ago the Secretary of the Treasury made certain recommendations to Congress with reference to a maximum surtax, and at that time he recommended a maximum of 25 per cent, which I propose in the amendment which is now before the Senate. While I was ill at the time and did not participate in the debate in 1924, I remember how on the other side of the aisle Senators boasted that they had defeated the Mellon plan and had compelled the Senate to adopt the 40 per cent rate.

What do we find here? We find Senators on the other side of the aisle, as well as some Senators on this side of the aisle, now out-Melloning Mellon. They are this afternoon voting for a lower surtax than Mr. Mellon himself proposed two years ago.

Mr. HARRELD. Mr. President, does the Senator know how many persons pay a tax on incomes over $500,000?

Mr. LENROOT. Between two and three hundred, I believe.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. LENROOT. I yield.

Mr. GLASS. I desire to ask the Senator from Wisconsin if he is going to vote for that portion of the committee's bill which materially reduces the intermediate surtaxes?

Mr. LENROOT. Yes.

Mr. GLASS. Mr. Mellon was opposed to that. If the Senator intends to follow Mr. Mellon in this particular, why does he not follow him altogether?

Mr. LENROOT. I am not following Mr. Mellon at all; but Senators on the other side of the aisle two years ago boasted of the fact that they had defeated Mr. Mellon's recommendation when he then proposed a 25 per cent rate, and they said they forced the Senate to take a 40 per cent rate.

Mr. GLASS. As a matter of fact, I voted for Mr. Mellon's suggestion, and I regret that we waited two years to adopt it.

Mr. LENROOT. I am well aware of the fact that the Senator from Virginia was one of a very small minority on the other side with reference to this question. I want to say further to the Senator that he has been entirely consistent from the time he was Secretary of the Treasury with reference to this proposition, and he has been in accord with Mr. Mellon's ideas with reference to a maximum surtax.

Mr. BRUCE. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. BRUCE. I am sure the Senator from Wisconsin will bear witness to the fact that at the last session of Congress there was at least one Democratic Senator on this side of the Chamber who was a "Mellonite."

Mr. LENROOT. I know there were a few on the other side. But the Senator will agree with me that he found himself pretty lonesome over there, did he not?

Mr. BRUCE. Never!

Mr. GLASS. I object to being called a "Mellonite." Mr. Mellon repeated a suggestion I had made before he made it.

Mr LENROOT. That is correct.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield?

Mr. LENROOT. I yield.

Mr. REED of Pennsylvania. Is it not a fact that Mr. Mellon in his recommendations, as well as previous Secretaries of the Treasury, including the distinguished Senator from Virginia, have said that the maximum should be 25 per cent?

Mr. LENROOT. That is what they recommended, and that is what I am proposing now.

Mr. REED of Pennsylvania. Then the Senator wants to get the utmost farthing from this class of taxpayers?

Mr. LENROOT. I do. I want to get every dollar——

Mr. REED of Pennsylvania. Does not the Senator——

Mr. LENROOT. Just a moment. I want to get every dollar that a man having an income of $500,000 can be made to pay, realizing, of course, as I do, and as as I started to discuss a moment ago, that we can not go much above 25 per cent and still get the revenue.

Mr. REED of Pennsylvania. Then the Senator forgets that this bill takes actually over 24 per cent of the incomes amounting to a million dollars or more?

Mr. LENROOT. Yes; and I say that a man who has an income of a million dollars or over will make very much less sacrifice paying 24 per cent than the man with an income of $100,000 paying 16 per cent. Does the Senator deny that?

Mr. REED of Pennsylvania. The Senator, then, is thinking of punishment to those who have large incomes rather than the maximum of revenue to the United States Government?

Mr. LENROOT. No; not punishment at all. I think the Senator will agree with me that the generally accepted basis of taxation has always been, or at least has been for more than two years, the ability of the taxpayers to pay.

Mr. REED of Pennsylvania. I grant the Senator his last premise; but has not the Senator had it proven to him over and over again that the largest yield comes from moderate rates?

Mr. LENROOT. I am coming to that in a moment.

Mr. KING. Twenty-five per cent is a moderate rate.

Mr. LENROOT. Yes; 25 per cent is a moderate rate.

Mr. WALSH. Mr. President, I rise for the purpose of getting information. Will the Senator tell us when and under what circumstances the predecessors of Mr. Mellon recommended 25 per cent as the highest surtax?

Mr. LENROOT. My recollection was that the Senator from Virginia when Secretary of the Treasury made such a recommendation. He will correct me if I am mistaken.

Mr. WALSH. I can not conceive that, because at that time the maximum rate was 60 per cent.

Mr. GLASS. Neither I nor any of Mr. Mellon's predecessors made the suggestion of 25 per cent as the maximum tax.

Mr. LENROOT. Then I stand corrected.

Mr. GLASS. I very earnestly inveighed against excessive surtaxes, upon the theory that an excessive surtax would bring less revenue into the United States Treasury than a reasonable surtax. The uniform experience of the country attests that to be a fact.

Let me ask the Senator, while I am on my feet, what particular virtue there is in stopping at incomes of $500,000? Why not carry the proposition to its logical conclusion and confiscate the entire income of people receiving above $500,000 and appropriate it to the use of the Government?

Mr. LENROOT. I will tell the Senator that I am presenting my amendment because I am assuming that 25 per cent is the limit beyond which we can not go without risking the revenue. I believe that with that rate there will be no loss, but instead an increase in revenue.

Mr. GLASS. I agree with the Senator, and therefore I agree to his proposition in that particular.

Mr. LENROOT. I will state in this connection that the actuary who prepared these brackets for me, Mr. McCoy, stated that the amendment which I have proposed and which is now pending would increase the revenues of the Government $10,000,000. If the amendment shall be adopted, it will afford an opportunity to make revision in other parts of the bill by which $10,000,000 more than is now proposed by the committee can be obtained.

Mr. WALSH. Mr. President——

Mr. LENROOT. I yield to the Senator from Montana.

Mr. WALSH. Inasmuch as the views of the predecessors of Mr. Mellon have been expressed with respect to this matter, or I think they have been expressed, I would like to inquire for information if any of the predecessors of Mr. Mellon ever expressed any protest whatever to the 60 per cent maximum which the act of 1918 carried, or whether any of them urged a reduction to 25 per cent upon the theory that more revenue would be produced under the 25 per cent rate than under the 60 per cent rate?

Mr. GLASS. I can answer that by saying that both his predecessors did so.

Mr. WALSH. What rate did they recommend?

Mr. GLASS. They recommended no particular rate, but protested against the prevailing rate and urged that it be reduced.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LENROOT. Certainly.

Mr. NORRIS. I want to call the Senator's attention to the fact that the object of the bill is to reduce revenue, but I suppose if other Senators are correct, then the Senator from Wisconsin is making a mistake if he is arguing that it will increase revenue.

Mr. LENROOT. Oh, no; I do not claim that my amendment would increase revenue over the existing law. It would increase it $10,000,000 over the bill as proposed by the committee.

Mr. NORRIS. It will increase the revenue without any doubt over the amount the committee expects to raise?

Mr. LENROOT. Oh, yes.

Mr. NORRIS. Yet it is contended all the time that the way to increase revenue is to lower the rates; so that if Senators are serious, the Senator's amendment will bring in less revenue than though we charged a lower rate on the larger incomes.

Mr. MOSES. Mr. President, may I ask the Senator a question?

Mr. LENROOT. Certainly.

Mr. MOSES. Did I understand the Senator just now to say that we could not go beyond 25 per cent?

Mr. LENROOT. No; I said I thought, from all the evidence, that 25 per cent is the maximum where we may hope for the greatest revenue.

Mr. MOSES. That is not the reason why the Senator just voted for the amendment proposed by the Senator from Nebraska [Mr. NORRIS] to make the maximum rate 35 per cent?

Mr. LENROOT. No; the amendment of the Senator from Nebraska was the same as that now proposed by me up to $500,000. The Senator from Nebraska will correct me if I am wrong.

Mr. NORRIS. That is correct.

Mr. LENROOT. I want to say very frankly there is another principle involved when we get to incomes of a million dollars or more. I am not particularly concerned about the few men having incomes of a million dollars and over in the country freeing their money for the purpose of putting it into industry. I would rather the incomes of the country going into industry would be gathered from the $100,000 men and have it as greatly diversified as possible. I do not believe there is any benefit to the country by the increased concentration of control of industry in a few hands.

Now getting back to Mr. Mellon, two years ago, as I said, he made a recommendation of a maximum surtax of 25 per cent, and a normal tax of 6 per cent, making a total of 31 per cent, which is 1 per cent higher than is proposed in the amendment now pending. Senators have read Mr. Mellon's book upon the subject of Taxation: The People's Business, and I want to read just two paragraphs from it now. After discussing the general principle of surtaxes he said:

> The Treasury had accordingly recommended that a maximum surtax of 25 per cent plus 6 per cent normal tax be imposed in lieu of the 58 per cent tax now levied on the largest incomes. Such a reduction is necessary in order to attract the large fortunes back into productive enterprise.

And on the next page he said:

> Everyone at all active in business is acquainted with many instances where new projects have not been consummated on account of high surtaxes. With the proposed maximum rate of 6 per cent normal tax plus 25 per cent surtax, an investment yielding 6½ per cent would be the equivalent of a 4½ per cent tax-exempt bond. Businesses with reasonable assurance of such a return can be found, with the speculative probability of greater return. The investor, with the chance of making more, will go into business and reject the tax-exempt security. As a consequence, he will have a taxable income in which the Government will share instead of income yielding no revenue whatever to the Government.

That was Secretary Mellon's view only two years ago. Now what change has taken place since that time? Oh, I know it is said that money is cheaper now than it was two years ago, and therefore the same attractive return of investment can not be secured. But, Mr. President, when they admit that they admit their entire case away with reference to surtaxes, because if money is so cheap and so plentiful now, it would seem to be conclusive evidence that the high surtax has not prevented money from flowing into business enterprises.

Mr. KING. Mr. President——

Mr. LENROOT. I yield to the Senator from Utah.

Mr. KING. If I may interrupt the Senator, he knows that the corporate increases have never been greater than during the past year, and that investments in corporate enterprises and business enterprises have been unparalleled.

Mr. LENROOT. That is true, and yet I want to be candid with the Senate. I do think that the present rate of 40 per

cent does have one effect. I do not take very much stock in the tax-exempt-investment theory, because I think that is pretty conclusively proven to have very little indeed to do with the situation. But I do think the situation does exist that the corporations are piling up surpluses and not distributing in the way of dividends, because they are controlled by wealthy men whose incomes are very great, and because of the 40 per cent maximum surtax rate dividends are not declared in many cases and the surpluses are not distributed to stockholders, whereas with a reasonable rate, with a 25 per cent rate, they would be distributed, which is not now the case. I think that has very much more to do with the situation than the question of tax-exempt securities.

In closing I want to remind my friends across the aisle that in 1921, in the consideration of the tax bill in which I participated, we on this side of the aisle proposed a maximum surtax rate of 50 per cent, and it was incorporated in the act of 1921. But Senators on the other side of the aisle only 5 years ago refused to accept a 50 per cent maximum, and the leader on that side of the Chamber offered an amendment increasing the maximum to 65 per cent, as the law of 1918 provided. There are only two Members of the Senate on the other side of the aisle who are here to-day who voted against that 65 per cent proposition. I am not going to read the roll call, although I have it in front of me at this time.

Mr. HARRISON. Mr. President, this is a rather important amendment. The Senator from Wisconsin [Mr. LENROOT] has called attention to past bills and commented on how the Democrats voted in 1921 and 1924. I want to remind the Senator from Wisconsin and to recall to my colleagues on this side of the aisle that in 1921 and in 1924 the reason why we did not accept the Mellon suggestion was because we sought to give greater relief to the small income taxpayer.

I want merely for the RECORD to show that if we take the collections from the peak of all income taxes up until the present time it will be found that on incomes of $8,000 the taxes have been reduced 94 per cent. We stood for big reductions to the men of smaller incomes, and it was due to the Democratic minority in the Senate who made the fight which the Senator from Wisconsin now recalls that the 94 per cent reduction was given to those people.

If we take the $10,000 incomes, we find that from the peak to the present time the reduction was 88 per cent. When we come to consider the $20,000 incomes, we find that from the peak to the present time there was a reduction of 76 per cent. When we consider $40,000 incomes from the peak to the present time, we find the reduction was 57 per cent. On $50,000 incomes from the peak to the present the reduction was 56 per cent. And so on down the line they go, but I shall not read any more of them.

We relieved millions and millions of people with smaller incomes by the minority fight in connection with the acts of 1921 and 1924. The reason why we did not provide for a reduction of surtaxes from 65 per cent to 25 per cent was because we thought that such a reduction should come about gradually, and that in the meantime we would give to the smaller income taxpayers in large numbers the great benefits which they have been receiving for five years and which the larger income taxpayer has been denied.

We on the Democratic side of the aisle are not now writing the tax bill. We are not in control in either the House or the Senate of the United States. We are merely a minority upon the Finance Committee. We try to represent the minority party as best we can. We try to do it in a practical way. There are some on our side of the aisle who, in the matter of these reductions, would rather follow the distinguished Senator from Nebraska [Mr. NORRIS], who would place a 30 per cent maximum surtax upon the taxpayer, or follow the junior Senator from Nebraska [Mr. HOWELL], who wants a 40 per cent maximum surtax, or who now want to follow the distinguished senior Senator from Wisconsin [Mr. LENROOT], who comes up for reelection in Wisconsin this year.

But, for my part, I want to follow the distinguished Senator from North Carolina [Mr. SIMMONS], who has made history for the Democratic Party as the ranking Democrat member of the Finance Committee. It was he who fought the battles of the Democratic Party in tariff legislation. It was he who led the hosts on the Democratic side of the Chamber in 1921 and in 1924. It is he who has emblazoned his name upon the pages of the financial history of our country. He has done the best he could for the minority in the consideration of the present tax bill.

In the writing of the present tax bill we could not have our way. We would have preferred to write a complete new schedule of rates, a schedule which would have been different from the schedule presented in the pending bill, and which would have been helpful to the income taxpayers with incomes between $20,000 and $100,000, who are the ones who have received the least reduction of taxes from the peak to the present day. But we could not do it.

When we saw that we were up against opposition that was adamant, we realized that we could merely hope to do our best under the circumstances; and yet someone inquires, "Why did you not do it the last time when the Simmons plan was adopted?" Senators, do not forget we considered that bill in April and May, and it was not enacted into law until June. Now, however, we have got to act hastily. Income-tax returns have to be made by the 15th of March, and, furthermore, the House of Representatives must be considered.

May I say in that connection that the amendment offered in the House of Representatives by Mr. LAGUARDIA to make the maximum surtax 30 per cent received only 24 votes out of the membership of the House of Representatives, and that the amendment offered in the House proposing to make the surtax 25 per cent was defeated by 120 majority? So if we should adopt the proposition here and it should go to conference and the legislation should die, the American taxpayer would get no relief. We took those things into consideration.

The distinguished leader of the Democrats on the Finance Committee went to the majority leaders of that committee and persuaded them to make a greater reduction in the smaller income taxes, notably, those between $24,000 or $26,000 and $100,000. It was through his persuasive arguments and his influence that we got a $32,000,000 reduction for the smaller income-tax payers of America. It was then that we did not make a fight for higher maximum surtaxes. It would have been a futile fight. We have done the best we could with the majority against us, and it seems to me the Democrats should follow the leadership of this man who the people know is their friend and who has made fights for them in the past. That is all I desire to say.

Mr. LENROOT. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. Yes.

Mr. LENROOT. The Senator from Mississippi said it would be "a futile fight." If he really thinks the amendment is right, why should not he and his colleagues, who he intimates believe it is right, vote for it and let us see if it is a futile fight?

Mr. HARRISON. For the simple reason that the House has already voted on the proposition, casting 120 majority against it; there would be a disagreement between the Houses; the bill would fail; and there would be no tax relief at this time.

Mr. LENROOT. The Senator from Mississippi does not believe that for a moment.

Mr. HARRISON. Well, then, I do not believe it, according to the Senator's opinion.

Mr. REED of Pennsylvania. Mr. President, the Senator from Wisconsin [Mr. LENROOT] has undertaken to quote Secretary Mellon's recommendation that the surtax be reduced to 25 per cent. It is true that Secretary Mellon did say so in 1924. The Senator from Wisconsin has undertaken to quote from Secretary Mellon's book as if the 25 per cent rate were sacred and expressed the exact scientific figures for the surtax which should be adopted in an ideal bill; but the Senator has not been fair to Mr. Mellon; and I want to place in the RECORD now, in connection with his remarks, what else Mr. Mellon said in those very recommendations which he made in 1924. It will only take two or three minutes to do it. On page 17 of this book Mr. Mellon states:

> What rates will bring in the largest revenue to the Government experience has not yet developed, but it is estimated that by cutting the surtaxes in half—

And the surtaxes then were 50 per cent—

> the Government, when the full effect of the reduction is felt, will receive more revenue from the owners of large incomes at the lower rates of tax than it would have received at the higher rates.

On page 81 Mr. Mellon further states:

> What the proper figure is between these extremes is not determinable with absolute accuracy. It is the opinion of some authorities on taxation that this figure is below 15 per cent.

Mr. WHEELER. Mr. President, answering the distinguished Senator from Mississippi [Mr. HARRISON] with reference to following some Members on the Republican side, I should like to say that I would very much like to follow the Democratic leader on this side, but the trouble in this instance is we are not asked to follow the distinguished Democratic leader, but we are asked to follow the Republican leader in this matter. The trouble is, Mr. President, that the Democratic leader has simply turned the bill over to the Republican side, and the

Democrats are now asked to follow the Republican leader. I do not know what the Senator from Mississippi may think about it, but, so far as I am concerned, I should much prefer to follow the Senator from Nebraska rather than the senior Senator from the State of Utah [Mr. SMOOT] in this case.

Mr. HARRISON. May I say the Senator does not surprise me at all in that statement?

Mr. WHEELER. No; I know that.

SEVERAL SENATORS. Vote!

Mr. KING. Mr. President, the Senate is anxious to vote, as the hour is late, and I shall detain it but for a moment. The Senator from Mississippi [Mr. HARRISON] has just indicated that he will not follow the Senator from Wisconsin [Mr. LENROOT] and eulogizes the Senator from North Carolina [Mr. SIMMONS], and urges that all Democrats vote as the latter votes upon the pending amendment. Mr. President, I shall not be deterred by anything which the Senator from Mississippi has said from voting as my judgment dictates, nor shall I be bludgeoned by what may be said or done in departing from a course which I think is right and proper.

The amendment now before us is not new. I offered substantially the same amendment several days ago and declared yesterday, when discussing another amendment which I had offered reducing the surtaxes found within the brackets between $20,000 and $100,000, that I would offer another amendment dealing with incomes above $100,000. I stated that I had originally prepared an amendment to the pending bill which dealt with all incomes above $20,000, no matter how large they might be. And I further stated that I had been led to divide my original motion because there were some Senators who announced a willingness to support an amendment to increase the surtaxes upon incomes above $100,000 to a maximum of 25 per cent who were not willing to support my proposition reducing the taxes upon incomes between $20,000 and under $100,000.

So, Mr. President, in voting for the amendment now before us I am not, and Senators are not, following in the sense implied by the Senator from Mississippi the senior Senator from Wisconsin [Mr. LENROOT]. But whether the amendment originated with him or with others is wholly immaterial. If it is right, it should be supported regardless of the source of its origin. If the principle involved in the pending amendment is erroneous, then it should be defeated.

Loyalty to party does not require a sacrifice of one's judgment or conviction upon economic or other questions. Loyalty to one's self and to one's convictions should be paramount. And appeals to party loyalty are without merit in the consideration of the bill before us, for the reason that in the House there seemed to be no partisanship and no issue or principle which was regarded as of sufficient importance to lead to divisions along party lines.

And it must be confessed that in the consideration of this revenue bill in the Senate there have been no attempts to draw party lines or to raise party issues. I am not so sure that the interests of the country would not have been better served if there had been an effort made by the minority to formulate a tax bill more in harmony with the spirit of Jeffersonian Democracy. But the bill before us is an improvement, generally speaking, over existing laws. It has a number of provisions which to me are obnoxious, and from which I radically dissent. But it must be said that members of the minority in the Finance Committee raised no captious objections nor sought any party advantage, but addressed themselves with earnestness to the relief of the people from tax burdens. I was not in accord with my colleagues upon a number of occasions, and believed that neither they nor the members of the majority party went far enough in tax reductions. But I repeat there is nothing in the situation before us that demands that Democrats shall not support the motion to increase the surtaxes upon incomes in excess of $100,000 above the rates fixed by the Finance Committee. There was no action taken by the Democratic Party in the Senate with respect to the provisions of the tax bill or which committed members of the party to a plan of opposition to the application of the principles involved in a progressive graduated income-tax plan. Nor is there any disloyalty to the Senator from North Carolina [Mr. SIMMONS] because Democrats may not agree with him when he opposes the amendment now before us.

I agree with the Senator from Mississippi that the Senator from North Carolina has rendered valuable service to his party and to the country. He has labored with zeal and ability to improve the pending bill. He has taken a most prominent part in past tariff and revenue legislation, and I am glad to pay tribute to his ability, to his integrity, and to his patriotism. But having said this much, I must follow my own judgment upon questions which come before us for consideration. It has given me great pleasure to support the Senator from North Carolina in many contests. Not long ago it was my pleasure to support him as leader of the minority.

Revenue legislation is always important to the people. Party lines are often drawn, and sharply drawn, when tax measures are under consideration. The Democratic Party has seldom agreed with Republicans upon revenue measures. I have believed that the Republican Party has often discriminated against the masses and in favor of the rich, that its revenue legislation has often ignored the masses of the people and discriminated to the advantage of corporations and men of wealth. If the Democratic Party has a mission, it is to secure justice, preserve the rights of the people, defend the weak against the strong, and crystallize into law the aphorism, "Equal rights for all and special privileges for none." It is not opposed to wealth but it is more concerned in human rights and social progress, in personal liberty, than it is in the cold, inanimate things which we call property. The Democratic Party is committed to the principle of the progressive, graduated income tax. It battled for years to amend the Constitution of the United States in order that the Government might obtain revenues from the incomes of the people, and the income tax may not be destroyed or the basis upon which it rests undermined by denying the application of the progressive and graduated feature which, indeed, is the very life and spirit of the principle itself.

I shall vote for the amendment offered by the Senator from Wisconsin. It is substantially the one which I have offered. It is in line with Democratic professions and Democratic principles. The defeat of the amendment would, in my opinion, be most unfortunate, and if that defeat should be accomplished by Democrats, it would be, as I see the matter, a misfortune and a mistake, the effects of which would react upon the Democratic Party.

Mr. SIMMONS. Mr. President, the Senator from Wisconsin wants to increase the surtax rate to 25 per cent for the purpose of getting $10,000,000 more out of the large taxpayers of this country. In the arrangement and adjustment which the minority members of the Finance Committee entered into with the majority members we succeeded in having $24,000,000 in taxes taken off the smaller taxpayers of this country, and, in consideration of that, we consented to make a reasonable reduction, as we thought, upon the larger and higher incomes.

Mr. SMOOT. The House provision was accepted.

Mr. SIMMONS. We accepted the House provision.

Mr. BLEASE. Mr. President, I do not see why anybody on this side, in view of the events of the past few days, should gag at something proposed by the Senator from Wisconsin [Mr. LENROOT].

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Wisconsin.

Mr. SMOOT, Mr. REED of Pennsylvania, and Mr. COUZENS asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as before with reference to my pair, I withhold my vote.

Mr. JONES of Washington (when Mr. HOWELL's name was called). The junior Senator from Nebraska [Mr. HOWELL] has been necessarily called from the Chamber. He is paired with the junior Senator from New Jersey [Mr. EDWARDS]. If the Senator from Nebraska were present, he would vote "yea."

Mr. WADSWORTH (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. McKELLAR. I desire to announce that the Senator from West Virginia [Mr. NEELY] is absent on important business, and that if present on this amendment he would vote "yea."

The result was announced—yeas 25, nays 55, as follows:

YEAS—25

Blease	Harris	McNary	Smith
Bratton	Jones, Wash.	Mayfield	Tyson
Brookhart	King	Norbeck	Walsh
Capper	La Follette	Norris	Wheeler
Couzens	Lenroot	Nye	
Dill	McKellar	Sheppard	
Frazier	McMaster	Shipstead	

NAYS—55

Bayard	Dale	Gerry	Kendrick
Bingham	Deneen	Glass	Keyes
Broussard	Edge	Goff	McKinley
Bruce	Ernst	Gooding	McLean
Butler	Fernald	Hale	Means
Cameron	Ferris	Harreld	Metcalf
Caraway	Fess	Harrison	Moses
Copeland	George	Heflin	Oddie

Overman	Robinson, Ark.	Smoot	Warren
Pepper	Robinson, Ind.	Stanfield	Watson
Phipps	Sackett	Stephens	Weller
Pine	Schall	Swanson	Williams
Ransdell	Shortridge	Trammell	Willis
Reed, Pa.	Simmons	Wadsworth	

NOT VOTING—16

Ashurst	du Pont	Greene	Neely
Borah	Edwards	Howell	Pittman
Cummins	Fletcher	Johnson	Reed, Mo.
Curtis	Gillett	Jones, N. Mex.	Underwood

So Mr. LENROOT's amendment was rejected.

The VICE PRESIDENT. The question is upon agreeing to the amendment of the committee.

The amendment was agreed to.

INVESTIGATION OF WARD FOOD PRODUCTS CORPORATION

Mr. LA FOLLETTE submitted the following resolution (S. Res. 138):

Whereas William B. Ward and his associates upon January 31, 1926, incorporated in the State of Maryland a holding company known as the Ward Food Products Corporation, with nominal capital of $2,000,000,000, for the avowed purpose of securing control of corporations engaged in the production and distribution of all kinds of foods and by-products of food: and

Whereas it is the announced purpose of this food trust to control all stages of the production and distribution of food from the farm to the consumers' table; and

Whereas the inevitable result of such a combination is to create a monopoly in the prime necessities of life; and

Whereas such a combination would control the domestic markets, and thus be in a position to dictate the price of farm products; and

Whereas this combination is in addition to the former mergers created in the baking industry by William B. Ward and his associates, namely, the Ward Baking Corporation and the General Baking Corporation of Maryland; and

Whereas the National Food Products Corporation, with a potential capitalization of $200,000,000, has been incorporated in the State of Maryland to engage in and carry on the business or businesses of producing, manufacturing, preparing, purchasing, selling, and dealing in milk, milk products, meats, meat products, fish, fish products, food, food products, breads, biscuits, cakes, extracts, canned goods, sauces, condiments, teas, coffees, candies, confectioneries, groceries, and all other articles of commerce suitable for consumption and to conduct each and every of such businesses as wholesalers or retailers: Therefore be it

Resolved, That the Committee on Manufactures, or any subcommittee thereof, be, and it is hereby, authorized and directed to investigate the Ward Food Products Corporation, its subsidiaries and affiliated companies, and all other corporations directly or indirectly controlled by William B. Ward or his associates, and the National Food Products Corporation, its subsidiaries and affiliated companies, and to report its findings and recommendations to the Senate.

Resolved further, That for the purpose of this investigation the Committee on Manufactures, or any subcommittee thereof, is authorized to sit during the sessions or recesses of Congress in the District of Columbia or elsewhere, to send for persons, books, and papers, to administer oaths, to summon and compel the attendance of witnesses, and to employ such personal services and incur such expenses as may be necessary to carry out the purposes of this resolution; such expenditure shall be paid from the contingent funds of the Senate, upon vouchers authorized by the committee and signed by the chairman thereof.

The VICE PRESIDENT. The resolution will go over under the rule.

RECESS

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate take a recess until 11 o'clock to-morrow.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah?

There being no objection, the Senate (at 6 o'clock and 30 minutes p. m.) took a recess until to-morrow, Thursday, February 4, 1926, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

WEDNESDAY, *February 3, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

To our bountiful Father in heaven we offer our tributes of praise, for we are kept and blessed with His infinite love. We ascribe, O Lord, unto Thy dominion honor and glory. Throughout our country, heavenly Father, do Thou defeat the causes of crime, vice, and poverty. Dispel forbidding clouds of folly and presumption, and teach men that righteousness, justice, and obedience to law exalteth a nation. Help us to use all of our forces for noble effects and uplifting influences. Let not the din of desire or the pressure of affairs be able to drown our souls' appeal, which is to know God, whom to know is life everlasting. Amen.

The Journal of the proceedings of yesterday was read and approved.

INLAND WATERWAY TRANSPORTATION

Mr. FISHER. Mr. Speaker, I ask unanimous consent for one minute in which to read something that I know is of interest to every Member of the House.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISHER. Mr. Speaker, the following is taken from the News Scimitar, a newspaper published in Memphis, Tenn., the issue being that of February 1, 1926:

TOWBOATS DOT RIVER FRONT

Not in 15 years have there been as many towboats in the port of Memphis as there were Sunday and part of to-day. Each brought in a cargo of freight.

The *A. O. Ackard* had three barges loaded with 3,000 tons of steel and wire. The *Sailor* arrived from Pittsburgh with 17 barges of steel and piping for the Jones & Laughlin Co. The *Transporter* is in with 10 barges of piping and steel.

The Federal barge liner *Baton Rouge*, towing six barges, passed to New Orleans. The *Natchez*, with five barges, passed up to Cairo. The steamer *Iowa* of the Goltra Line passed up to-day from New Orleans to St. Louis with three loaded barges.

In addition to the towboats the United States lighthouse tender *Oleander* arrived en route from St. Louis to New Orleans.

CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday, and the Clerk will call the committee having the right of way.

The Clerk called the Committee on Banking and Currency.

NATIONAL BANK ACT—BRANCH BANKING

Mr. McFADDEN. Mr. Speaker, I call up the bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes.

The SPEAKER. The gentleman from Pennsylvania calls up H. R. 2, an amendment to the national bank act. The bill is on the Union Calendar. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union, and the gentleman from Michigan [Mr. MICHENER] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 2, with Mr. MICHENER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The time for general debate having expired, the Clerk will read the bill for consideration under the five-minute rule.

The Clerk read as follows:

Be it enacted, etc., That the act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918, be amended by adding at the end thereof a new section to read as follows:

"SEC. 3. That any bank incorporated under the laws of any State, or any bank incorporated in the District of Columbia, may be consolidated with a national banking association located in the same county, city, town, or village under the charter of such national banking association on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each association or bank proposing to consolidate, and which agreement shall be ratified and confirmed by the affirmative vote of the shareholders of each such association or bank owning at least two-thirds of its capital stock outstanding, or by a greater proportion of such capital stock in the case of such State bank if the laws of the State where the same is organized so require, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper of general circulation published in the place where the said association or bank is located, and if no newspaper is published in the place, then in a paper of general circulation published nearest thereto, unless such notice of meeting is waived in writing by all stockholders of any such association or bank, and after sending such notice to each shareholder of record by registered mail at least 10 days prior to said meeting, but any additional notice shall be given to the shareholder of such State bank which may

be required by the laws of the State where the same is organized: *Provided*, That the capital stock of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located; and all the rights, franchises, and interests of such State bank so consolidated with a national banking association in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by such State bank so consolidated with such national banking association: *And provided further*, That when such consolidation shall have been effected and approved by the comptroller any shareholder of either the association or of the State bank so consolidated, who has not voted for such consolidation, may give notice to the directors of the consolidated association within 20 days from the date of the certificate of approval of the comptroller that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors of the consolidated association, and the third by the two so chosen; and in case the value so fixed shall not be satisfactory to such shareholder he may within five days after being notified of the appraisal appeal to the Comptroller of the Currency, who shall cause a reappraisal to be made, which shall be final and binding; and the consolidated association shall pay the expenses of reappraisal, and the value as ascertained by such appraisal or reappraisal shall be deemed to be a debt due and shall be forthwith paid to said shareholder by said consolidated association, and the shares so paid for shall be surrendered and, after due notice, sold at public auction within 30 days after the final appraisement provided for in this act; and if the shares so sold at public auction shall be sold at a price greater than the final appraised value, the excess in such sale price shall be paid to the said shareholder; and the consolidated association shall have the right to purchase such shares at public auction, if it is the highest bidder therefor, for the purpose of reselling such shares within 30 days thereafter to such person or persons and at such price as its board of directors by resolution may determine: *And provided further*, That the liquidation of such shares of stock in any State bank shall be determined in the manner prescribed by the law of the State in such cases if such provision is made in the State law; otherwise as hereinbefore provided: *And provided further*, That no such consolidation shall be in contravention of the law of the State under which such bank is incorporated: *And provided further*, That, except as to branches in foreign countries or dependencies or insular possessions of the United States, it shall be unlawful for any such consolidated association to retain in operation any branches of such State bank which may have been established beyond the corporate limits of the city, town, or village in which such consolidated association is located, and it shall be unlawful for any such consolidated association to retain in operation any branches which may have been established subsequent to the approval of this act within the corporate limits of the city, town, or village in which such consolidated association is located, in any State which at the time of the approval of this act did not permit State banks created by or existing under the laws of such State to have such branches."

Mr. HOUSTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOUSTON: Page 5, line 10, after the word "established" insert "subsequent to the approval of this act."

Mr. HOUSTON. Mr. Chairman, the purpose of this amendment is to provide that banks may become consolidated and retain the branches which they have at the time of the approval of the act. In other words, a State bank may become a national bank and retain the branch banks it has outside of the municipality in which it has its home office. In my own State of Delaware the oldest banking institution is the Farmers' Bank, established in 1813. A rather unusual situation presents itself in this instance because the State of Delaware owns a majority of the stock in the bank. By the charter the parent bank is in Dover, the capitol of our State, with branches in the other two counties at the county seats. Under the provisions of this bill, if the Farmers' Bank wishes to become a national bank, it could not without sacrificing these two coordinate branches in the other parts of the State.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. HOUSTON. In a moment. Under the provisions of this act a national bank having branches may still continue to have those branches outside the city. The Federal reserve banking act is an invitation to all the banks of the United States to become members of that great system; but if you prevent a State bank which now has branches outside of the city in which it has its home office from becoming consolidated as a national bank or prevent it from going into the Federal reserve system, under the provisions of this bill you would absolutely forever shut the door in its face. You invite competition upon the part of State banks. By the provisions of this bill you are not going to take from the States the right to grant charters to banks which may establish branches. It seems nothing but fair and right that we should permit State banks now existing, which may become consolidated as national banks under the provisions of this act, and be within the provisions of it as now presented to retain all their present branches. Thus you would hold open the door so that at any time in the future these institutions which are established and which are strong going institutions may have an opportunity to come in, provided they do not establish any branches after the approval of this act.

Mr. McFADDEN. Mr. Chairman, I call the gentleman's attention to the fact that in order to cover the situation he suggests it would be necessary to amend the bill in addition to page 5, line 10, as he suggests, further, on page 11, line 17, and on page 14, line 21. In order to get this proposition clearly before the House—and it has not been considered by the committee—let me explain to the Members what the effect of the amendment might be.

The first amendment suggested by the gentleman from Delaware [Mr. HOUSTON] would permit a national bank to consolidate with a State bank, and the consolidated bank would be permitted to retain the branches of the State bank both inside and outside the city of the parent bank established at the time this bill becomes a law. The other amendment, if this amendment should prevail, to which I have referred, would permit the State bank to convert itself into a national bank and retain all of the branches of the State bank both inside and outside of the city, but no outside branches could be brought in which had been established after the bill becomes a law. The third amendment would permit a State bank to become a member of the Federal reserve system and retain all of its branches both inside and outside of the city, except that branches established outside of the city after the bill becomes a law would have to be relinquished.

These amendments are in accordance with the recommendations which the Comptroller of the Currency made. After the consideration which the committee gave to the matter, it was thought best not to put that provision in the bill. These amendments are in harmony, however, with the general principles embodied in the bill—that is, to maintain the present status quo—and I do not believe the effect of these amendments would encourage State-wide branch banking, but, on the contrary, would discourage it, because it would in effect say to the banks now doing a State-wide business, "If hereafter you organize branches, you forever withhold your opportunity to become a member of the Federal reserve system."

So that in this respect the amendment would be restrictive, and, as I said previously, it probably is in keeping with the general tenor of the bill to permit of status quo, so far as branch banking is concerned. I can see, however, the weight of the gentleman's contention. To be perfectly frank with the House, and in all fairness to the proposal, such an amendment, I would say, would not encourage State-wide branch banking, but would, on the contrary, discourage it, because any bank which after the passage of this act established any new branches outside the city limits could not consolidate with a national bank, could not convert into a national bank, or could not become a member of the Federal reserve system without giving up such branches established outside of the city limits. I will say further to the House, the committee has not seen fit to pass on this proposition, and under the circumstances, that being so, I could not be for the amendment.

Mr. WINGO. Mr. Chairman, I move to strike out the last word. The amendment just offered and the arguments made in support of it clearly indicate that the gentlemen offering it did not comprehend the branch bank evil or else they think that the best way to check an evil is to embrace it. My position is pretty clear on the bill. I have objections to several features of the bill, several features which I have said I would never vote for, but I am in sympathy with the professed intent of the authors of the bill to try and put some stop upon the evil of branch banking. Suppose we do as is demanded—still leave open a loophole whereby if a national bank wishes to engage in state-wide or county-wide branch banking all on earth it has to do is to set up a dummy State bank or go and buy out some State bank that has already branches, and then convert it into a national bank; and then, what happens? You have only increased the evil of branch banking, and I am proceeding now on the assumption that

all of us except one of the Members of the House consider branch banking as an evil that should not be encouraged, and we should not encourage its spread. What does the gentleman's amendment do? It gives to some national banks in the system a privilege that is not enjoyed by the other national banks of the system, and if there is one thing upon which all of us have been able to agree, even though we may differ as to whether the process sought to be pursued in this bill is a correct one or not, to check the evil—all of us agree that so far as the national banking system is concerned that this feature of branch banking has crept in under that old subterfuge of permitting a national bank to retain branches that belong to a State bank which is absorbed or with which it is consolidated.

Mr. HOUSTON. Will the gentleman yield?

Mr. WINGO. I will.

Mr. HOUSTON. Does not this act permit that very thing at the present time—section 7?

Mr. WINGO. It seeks to check it in the bill.

Mr. HOUSTON. But does not it permit a national bank now having branch banks to come in and continue to hold these branch banks?

Mr. WINGO. If that be true, why does the gentleman offer his amendment; his whole argument falls.

Mr. HOUSTON. It simply goes to the extent that——

Mr. WINGO. The gentleman now is against branch banking?

Mr. HOUSTON. Why, yes; personally, from my experience I am opposed to further establishment of branch banks.

Mr. WINGO. But the gentleman wants to check branch banking?

Mr. HOUSTON. Exactly.

Mr. WINGO. Do not think I am impugning the gentleman's motive. It is a technical subject, on which I can see that men honestly may not agree, and yet both object to branch banking. But I do not think this is the proper way. I will say this much. I really have grave doubts about whether we will be able to keep in this bill all the checks that have been sought to be put on it. I think the bill is going to pass; I know it will in the House. I am not going to vote for it, but, as a practical man, I want to try to keep everything in it I can to check this evil of branch banking. I do that with a good deal of hopelessness; but I have said to the committee, and, I think, previously upon the floor once before, that I am fearful this evil is going to spread over the country. I realize that there are certain forces in this Nation like economic law that are far superior either to the stupidity or the wisdom of Congress.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. WINGO. I will say this and not further trespass upon the time at this particular moment.

I will say this: Those of us who really are opposed to granting any privilege to a national bank now to have branches, and who are in favor of taking away the privileges they have already got, think that we have got into this bill all the checks that we shall be able to maintain, so that the gentleman can see that our position is that we are going to resist anything that will break down what little check you have got on branch banking in this bill.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. HOUSTON. The gentleman will probably recall that a week ago, when this bill was under consideration before, I directed certain questions to the chairman of the Committee on Banking and Currency, who was presenting the bill, and I was told—and I think the information came from your side of the House—that the banks in Delaware now having branches could come in before the approval of this bill.

Mr. WINGO. You mean come into what?

Mr. HOUSTON. Into the Federal reserve system, to which my question was directed.

Mr. WINGO. That is a different proposition from what we are considering now. I think possibly the gentleman is confused. The provision that we are dealing with now, if I mistake not, is first with reference to the consolidation of State banks according to that old process. It is a different proposition, coming into the national banking system by a State bank. It surrenders its State charter and then that other question is solved later on by section 9, and that is as to coming into the Federal reserve system and yet retaining its State-bank charter. The statement the gentleman suggests made reference to a limitation on the State bank coming into the Federal reserve system. There is where the gentleman was possibly misled.

Mr. HOUSTON. I was seeking to provide that the door might be left open, just as it is now and just as it will be if this act is approved; just as it will be during the time it is under consideration and over in the Senate. Now, is there a hardship involved in the retaining of the status quo? For instance, as to those banks that could come in before the approval of this bill, why not say, "You can come in if you do not increase the branches"?

Mr. WINGO. It is so easy in the case of a bank such as the gentleman mentions. The reason why they do not surrender their State-bank charter and take out a national-bank charter in many of these cases is that they want to retain branches which neither the present law nor the proposed bill would authorize a national bank to have. Does the gentleman think that is right?

Mr. HOUSTON. No.

Mr. WINGO. If the State bank wishes its stockholders to come in and get a national charter is it anything but fair that all national banks should stand upon the same footing and that all should have the same privileges, and that above all they should be subjected to the same restriction? Is not that fair?

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. STEVENSON. Mr. Chairman, I want to get the lay of the land here. We are endeavoring to put all national banks on an equality. This proposition is proposing to inject here into this consolidation clause a provision which will enable any national bank that gets State banks to consolidate with it to effect such consolidation, and all it has to do is to buy a majority of the stock in order to consolidate under this provision. You bring into the national banking system a new creation, a consolidated bank with branches scattered all over the State in which it exists. That is what this amendment proposes.

Mr. HOUSTON and Mr. ABERNETHY rose.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. HOUSTON. A national bank now having branches outside of its domicile is still a national bank, is it not, if it has been consolidated prior to this act?

Mr. STEVENSON. There has been no consolidation prior to the approval of this act. The only thing that they have done is to acquire a State bank and have it nationalized.

Mr. HOUSTON. It is still a branch, is it not?

Mr. STEVENSON. They can have branches; but I will say to the gentleman that there are none of them, or very few of them, that have branches outside of their city limits.

Mr. HOUSTON. The banks acquiring the right by consolidation may retain those branches.

Mr. STEVENSON. What is the use of passing a bill that will not accomplish anything? What we want to accomplish is to put all national banks on an equal footing, and stop this practice of having some allowed the privilege of maintaining branches while others have not. We want to lay down a rule here that will make them all conform to one rule hereafter.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I will yield to the gentleman from North Carolina.

Mr. ABERNETHY. Does not the gentleman think it fair to the State systems that now have established branch banks that they can go in and consolidate, provided they do not go out and establish other branches? And if they come in with a national charter they must have the approval of the comptroller. Why do you want to take this national instrument here and force solid national banks that are now in existence out of business?

Mr. STEVENSON. We do nothing of the kind. The gentleman is all wrong about that. They have opportunity now—certainly before this act becomes effective—to come into the system and bring in all their branches if the Federal board allows them to do so. The national banks are not being deprived of anything except the privilege of going out and gobbling up hereafter the little banks that are scattered all over the State. The State banks are not being dealt with in this instance at all.

Mr. HOUSTON. Not after the approval of this act?

Mr. STEVENSON. Surely not. That is why we want to stop that sort of thing.

Mr. HOUSTON. The practical effect of this provision to my mind is this, that——

Mr. STEVENSON. If the gentleman will proceed and make his speech, then I will get a little more time and make mine. I submit that in making a five-minute speech the gentleman from Delaware [Mr. HOUSTON] can not do all the talking.

Mr. HOUSTON. The gentleman can have his time extended.

Mr. STEVENSON. Then I suggest that the gentleman go ahead now and get through, and then I will talk.

Mr. HOUSTON. Is not the practical effect, as the bill now stands, to say to State banks that hereafter they can not consolidate and come into the national banking system. Is not that the practical effect?

Mr. STEVENSON. No, sir.

Mr. HOUSTON. And thereby keep the banks out?

Mr. STEVENSON. No, sir; not at all.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Chairman, I ask for five minutes more to speak in my own right.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEVENSON. Now, gentlemen, what is the proposition here? We have this provision for the consolidation of national and State banks. It is merely giving them an additional privilege to what they already have. A national bank can go out and acquire a State bank or a State bank and a national bank can get together, and the national bank can liquidate and the State bank liquidate and form a consolidated corporation, which is somewhat troublesome, and in this way establish a national bank. When they do so they can bring in any branches that the State bank has. That is the law now and that will be the law until this bill is passed.

This bill provides they can consolidate without the trouble of liquidation; that they can go into a consolidation just as two State banks can consolidate or two national banks can consolidate. They can go into such a consolidation and avoid all the trouble of liquidation and nationalizing again. The proposition, however, is laid down that when they do that they can not interpolate into the national system a lot of branches which the State bank with which they are consolidated has already acquired and has scattered all around. When this law is passed it means that all national banks have got to stand on the same footing, and we are going to stop their bringing into the system a State bank with a lot of branches.

Mr. HOUSTON. Will the gentleman yield?

Mr. STEVENSON. I can not yield to the gentleman. The gentleman will understand, I trust.

They can not bring in, in that way, a lot of branches scattered all over a State. We have written and considered this bill very carefully, and it ought to be passed like it is.

This being the case, then from the passage of this act on, every national bank is going to have to be on an equality with every other, in so far as what happens thereafter is concerned. We can not tear up all the arrangements which they have already made, but the proposition is that we do not propose to allow them to extend any pernicious practices which have gone on heretofore, and the adoption of this amendment is just the first one in a series which will emasculate and destroy the main purpose of this bill, and the main purpose of the proposed legislation.

This is healthy legislation, and I have stood for it. I have stood for it here against many of my colleagues on this side of the House, and I stand for it because I believe it is in the interest of honest, economical, and proper banking methods in this country and against anything which will tend toward monopoly of credits or toward jeopardizing the mercantile interests of this country by concentrating too much power in the hands of any one bank.

Mr. STEAGALL. Mr. Chairman, I offer an amendment, which I ask to have read.

The CHAIRMAN. There is an amendment pending.

Mr. STEAGALL. This is really an amendment to the amendment, and I ask that it may be read.

The CHAIRMAN. The amendment will be read for information.

The Clerk read as follows:

Amendment proposed by Mr. STEAGALL: On page 5, line 9, after the word "bank," insert a period and strike out all down to line 20.

Mr. STEAGALL. Mr. Chairman, this section deals with the consolidation of national banks with State banks having branches, which is one of the methods by which a national bank is now permitted to engage in branch banking. The section as written in this bill will not disturb any national bank in the operation of any branches now in existence, but it does provide that in future any consolidated bank shall not bring in any branches operated outside of cities, as set forth, the minimum population being 25,000.

Mr. STEVENSON. Where located.

Mr. STEAGALL. Yes; where located, which in effect carries the limitation that applies to all national banks in the operation of branches, namely, that national banks may have branches—one in cities of between 25,000 and 50,000 population, two in cities of between 50,000 and 100,000 population, and an unlimited number in cities above 100,000 population.

The amendment offered by the gentleman from Delaware [Mr. HOUSTON] simply provides that this limitation shall apply only to branch banks that may be established in the future, and which effort is made to carry into the national system by reason of consolidation, and thereby into the Federal reserve system. That is what the gentleman's amendment would accomplish.

Well, I am just a little amused at the developments that have taken place this morning in the discussion of this bill. Gentlemen who heard the discussion on the last day the bill was under consideration will remember that the opponents of the bill warned the House repeatedly that this bill was simply an entering wedge for branch banking, an entering wedge by which to permit national banks in this country to engage in branch banking, and we warned the House that when this step was taken it would be used as a precedent and as a basis for further extension of branch banking in the future. We made bold to say that the limitations carried in this bill would not be binding upon future Congresses, that they would not abide by them in the years to come, but the limitations would be swept aside to meet the exigencies of future developments in the banking world.

But I did not venture to predict and no gentleman in speaking in opposition to this bill ventured to predict that the proponents of this bill would back off and offer to enlarge the branch banking privileges before even this measure could be passed. But this morning we find the chairman of the committee, the gentleman who sponsors this bill, which the gentleman says is designed to limit branch banking in this country——

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Will the gentleman yield right there?

Mr. STEAGALL. Yes. If I misunderstood the gentleman's position I am glad to know it. Do I understand the gentleman is opposed to the amendment of the gentleman from Delaware [Mr. HOUSTON]?

Mr. McFADDEN. I so stated to the House.

Mr. STEAGALL. I did not catch that. I was in private conversation.

Mr. McFADDEN. I was attempting to give the House, frankly and fully, the benefit of my opinion as to just what the gentleman's amendment proposes.

Mr. STEAGALL. I now understand the gentleman. I did not before, and I am glad to be set right. I am glad the gentleman from Pennsylvania [Mr. McFADDEN] is at least going to stand hitched on the question of branch banking until we get through with the first section of this bill, if no further. I thought he and the gentleman from South Carolina were about to part company on the first loop.

Mr. CELLER. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman from New York.

Mr. CELLER. Does the gentleman by his amendment provide that the consolidated banks shall give up its branches within the cities?

Mr. STEAGALL. The amendment that is offered does so provide. The amendment of the gentleman from Delaware does not so provide nor does the present provisions of the bill.

Mr. CELLER. The gentleman in his amendment goes further.

Mr. STEAGALL. My amendment goes further. Now I will address myself to the amendment I have offered. Of course, I can not support the amendment of the gentleman from Delaware, and I am glad to find myself in such genial company as the gentleman from Pennsylvania [Mr. McFADDEN], the chairman of the committee. I have offered an amendment to this effect: That wherever a national bank and a State bank consolidate the consolidated institution shall not be permitted to bring in any branches. Of course, as all know, all national banks are members of the Federal reserve system by operation of law, so that a consolidated bank would become a member of the Federal reserve system.

Mr. HOUSTON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. HOUSTON. Is not the effect of such a provision to forbid the very thing you want to do?

Mr. STEAGALL. It will forbid the very thing that I want to forbid, and will forbid what the gentleman wants to do.

Mr. HOUSTON. Is not the whole effect to induce the State banks to become national banks?

Mr. STEAGALL. No; that is an instance of the very evil that I attempted to point out in my discussion of this bill in general debate. When we take one false step it always leads to another. One of the main arguments offered by the gentleman from South Carolina and what the gentleman who is now advocating in extending of the privilege of branch banks in the cities is because they say we have now inside the Federal system something like 100 national banks that have branches.

They got those branches under the national bank act, which gave them permission to consolidate with State banks or to convert State banks into national banks. So they say a great evil has grown up, and we have a large number of national banks operating branches, and in order that other national banks may be treated with a high degree of fairness, we propose to extend the privilege to all national banks in those cities where they are located—none to be established in cities of less than 25,000 population.

I have offered the amendment now before the House to draw the issue, to present this thing to the House in a way that will compel Members to take one side or the other. I call on those gentlemen who say they want to limit branch banking to join with me in the support of this amendment, which will take away the privilege they now have of bringing branches into the Federal reserve system by consolidating with State banks and through the conversion of the State banks into national banks.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEAGALL. If gentlemen are sincere, and will follow up sincerity with consistency, the thing to do is to put a stop to the evil practice upon which they predicate the appeal for the privilege of branch banking for all national banks and cure the evil. That is what the amendment before the House will do. It follows up the consistent policy of those who oppose branch banking. Where you say you limit the number of branches to cities above 25,000 population, we answer we can not go with you, because you are carrying the evil into centers of population and wealth, where the danger of monopoly is greatest, extending the privilege to cities that control 40 per cent of the banking resources of the country.

Mr. BLACK of Texas. The section we have under consideration does limit the branch banks.

Mr. STEAGALL. It is a limitation upon the right of banks to bring branches into the Federal reserve system by restricting the privilege to cities, but you can not divide a principle by a municipal line, and there is no greater reason why you should have monopoly banks in cities than country banks. The fact is the danger of monopoly banking is much greater in the large cities than when confined to small towns and rural communities. Of course, later on we shall be called on to extend the evil to small communities and we can not consistently refuse. We are surrendering sound principles for expediency, and, of course, we can not stop once we start out on that policy. [Applause.]

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment. I desire to call attention to the fact that the proposal of the gentleman from Alabama would repeal section 5154 and section 5155 of the Revised Statutes, which was passed back in 1864. The House must understand the gentleman from Alabama has stated that he is unequivocally opposed to the passage of this legislation. The introduction of this amendment is in accordance with his avowed opposition to the bill, and I sincerely hope that the House is not now going to vote for an amendment of that kind which provides for the repeal of existing law that is not being considered in connection with this measure.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LaGUARDIA. Is it permissible to use every parliamentary means to defeat the bill?

Mr. McFADDEN. Certainly it is.

Mr. WILLIAMSON and Mr. ABERNETHY rose.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota [Mr. WILLIAMSON], a member of the committee.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WILLIAMSON. Mr. Chairman, I want to say a few words with reference to the amendment offered by the gentleman from Delaware [Mr. HOUSTON], in which he seeks to insert the words in the tenth line on page 5, "established subsequent to the approval of this act." Members of the House should know what they are voting on when voting for this amendment; and as some Members have come in since the discussion took place, it is perhaps important to restate the effect of the amendment. Those opposed to further extending the privilege of branch banking should vote against the amendment. Should this amendment become a part of the law, it will permit all State banks now having branches to come into the Federal reserve system with such branches after the passage of the act. I have supported this bill upon the theory that we are enacting it for the purpose of restricting branch banking, and not for the purpose of extending it. If I thought this bill had the effect of extending branch banking I should be against it. A little later I want to discuss this feature in connection with sections 7, 8, and 9. As the bill is written, no State bank in the future can come into the Federal reserve system and take with it its branches unless those branches are located within the municipality in which the parent bank is situated. Under the amendment proposed they would be able to take into the system branches, although they may be scattered over an entire State. If we want to curtail branch banking, we ought to vote against this amendment.

Mr. ABERNETHY. Mr. Chairman and gentlemen of the committee, the effect of this legislation, as I see it, is to shut the door to any State bank that has branches from coming into the Federal reserve system.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. STEVENSON. That is not the case at all. Any State bank that has branches under this bill will be shut out from bringing in branches after the bill is passed.

Mr. ABERNETHY. That is what I said. It shuts them out.

Mr. STEVENSON. That is, outside of the city where they exist.

Mr. ABERNETHY. Outside of the city. In other words, instead of strengthening the banking of this country, you shut out the very thing that you say is an evil from Federal supervision. You do not allow them to come in under the Federal reserve system so that they may be strengthened. I think the amendment of the gentleman from Delaware [Mr. HOUSTON] is a proper amendment if you pass this bill. It will allow the present branch banks now in existence that are approved by the States and will be approved by the Federal Reserve Board to come in, and it puts them on an equal footing and starts all anew. I think the House ought to adopt the amendment. Take our State, for instance. Our corporation commission, that has the supervision of State banks, say that they are opposed to this legislation because it undertakes to centralize all the banking in the larger towns and absolutely prevents small country banks from coming into the Federal reserve system if they happen to be branch banks. Instead of strengthening banking in the country you weaken them by this legislation. If the proponents of this legislation want to cure what you say is an evil, you ought to adopt the amendment of the gentleman from Delaware and in that way you will at least be fair to the banks now in existence and you would start anew from this time on. I think the amendment ought to be adopted. You can sugar coat this legislation all you please, but, after all, it means that you allow banks in large cities to have branches and put the little banks out, subject to every breeze that comes along, and they can not get in under the Federal reserve system.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. Yes.

Mr. WINGO. Is the gentleman in favor of branch banking?

Mr. ABERNETHY. It depends.

Mr. WINGO. Depends on what?

Mr. ABERNETHY. On the proper regulation. In my country we have branch banks that are doing well. We have a proper regulation, and where you have them already in existence I understand that the Federal Reserve Board recommends the very amendment proposed by the gentleman from Delaware. I oppose the legislation in its present form. If you are forcing its passage through at this time, the amendment of the gentleman from Delaware should prevail.

Mr. LaGUARDIA. Mr. Chairman, we have exactly the same situation this year we had last year when the McFadden bill was before the House. It is a very peculiar situation. Both the opponents and the proponents of the bill use the same argument. The proponents argue that there are too many branch banks now, hence the necessity of a bill to curb branch banks. The opponents say there are too many branch

banks and they are opposed to branch banking entirely, and therefore they are opposed to the bill. Now, I have heard no argument this year or last year that could justify the necessity of this bill. It simply legalizes what is being done to-day in my city. There is no gentleman on the floor of this House, if he is familiar with conditions, but knows permits are given for teller windows in New York City. My colleague [Mr. CELLER] gave a list last Wednesday when the bill was before the House. Year after year the number of teller windows are increased in the cities. They are not teller windows in any sense of the word. They are real complete banking establishments. The law is being violated every time the comptroller gives a certificate for one of these teller windows. It is even an attempt to get around the law; it is a crude and outright violation of the law. Monumental buildings, with a vice president in charge, with complete banking departments are instituted under the guise of teller windows.

Mr. WILLIAMSON. Does not the gentleman's State of New York permit branch banking by law?

Mr. LAGUARDIA. State banks. We have a Federal board, and they could indirectly get after the State banking system if they wanted to. We could establish right here the principle against branch banking, and public opinion would soon crystallize in the various States.

Mr. McFADDEN. Will the gentleman yield?

Mr. LAGUARDIA. I will.

Mr. McFADDEN. Do I understand the gentleman's position to be that he would legislate these additional offices in the State of New York out of business?

Mr. LAGUARDIA. I would stop branch banking, because I would say to the gentleman a small bank—I do not mean a bank of $25,000 but I mean a bank of a half million dollars—must meet competition with the large banks and simply can not survive if the present system continues.

Mr. McFADDEN. May I point out to the gentleman if his argument is correct these additional offices or branches—I do not know what difference—if this law is passed they will go out of business?

Mr. LAGUARDIA. They ought to go out of business. They have no right to exist. Let us be frank about this. The comptroller gives a permit under the guise of a teller window, and they establish a complete bank. Instead of bringing in a bill to legalize them the committee ought to bring in a bill, as one gentleman suggests, for abolishing and stopping the present practice.

Mr. JOHNSON of Texas. If this bill is adopted, will not Congress be asked to pass further bills?

Mr. LAGUARDIA. It is only the entering wedge. This same bill passed the House and was stopped on the other side. They exercise good judgment over on that side sometimes. The proponents of this bill justify their stand by pretending to be against branch banking, and if it is not a branch banking bill, I do not know what is. So anyone opposed to the present system of branch banking—the way to stop it for the present, at least, is to vote against this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CELLER. Mr. Chairman and members of the committee, I do not want to have my position in the discussion of this bill misconstrued in any respect. I pointed out last week the illegal procedure in granting these teller windows to New York national banks. I recognize, however, the necessity of establishing these branch banks, and my only quarrel with the comptroller was that he had no right to issue them without direct warrant of law. It is necessary for national banks to have branches. I am one of those who admit the branch bank is here to stay. No matter what we do, we can not obliterate the branch bank; but banking should be properly regulated.

Furthermore, branch banking is not only essential and necessary, but it has done great good to the country, because, as I pointed out in my remarks a week ago, it is the small-unit bank that is constantly failing, while the branch banks, with their large capital, have only in rare instances gone to the wall.

Now, addressing myself to the amendment offered by the gentleman from Alabama [Mr. STEAGALL], I think the passage of that amendment would be most unfortunate. It would mean the unscrambling of all the branches everywhere of consolidated national banks. In New York City the Chatham-Phenix National Bank & Trust Co. would have to be divided into 13 separate units; the East River National Bank in 11 units; the Mechanics & Metals National Bank into 12; the American Express Pacific National Bank into 6; and the Chemical National Bank into 12. There would be confusion worse confounded produced if the amendment offered by the gentleman from Alabama were to pass this committee, and I ask gentlemen to vote it down, because you would not only have a situation like that in New York City but also in every other large city in the country except in Chicago, where branches are prohibited absolutely.

I think the amendment offered by the gentleman from Delaware [Mr. HOUSTON] should pass, and for this reason: We have 24 States which allow branches outside municipal limits, and you are going to militate against every one of those States; and as the names of the States are read off to you, with the number of such branch banks, as I propose to do right now, I want gentlemen from those States to prick up their ears and take notice how their States would be affected: Arizona, 4; Alabama, 4; Arkansas, 2; California, 50; Delaware, 12; Florida, 1; Louisiana, 21; Georgia, 10; Indiana, 1; Maine 20; Louisiana, 21; Maryland, 15; Mississippi, 8; Massachusetts, 6; Michigan, 3; North Carolina, 34; New Jersey, 4; Ohio, 8; Pennsylvania, 9; Tennessee, 14; Virginia, 18; New Hampshire, 2; Washington, 3; Rhode Island, 2.

What is going to happen unless you adopt the amendment offered by the gentleman from Delaware? You are going to have all the large banks of those States refusing at any time to come into the Federal reserve system, and instead of strengthening that system, as we ought to do, we will weaken it.

Of all the banking resources of the country—and there is something over $50,000,000,000 in banking resources in the country—the Federal reserve system has only $20,000,000,000, and $30,000,000,000 of banking resources are outside of the Federal reserve system—I give these figures from memory; and you are going to militate against that very system that you seek to set up and strengthen at all times, and have done so by previous acts, and very likely will do so by future acts of this Congress.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

Mr. JOHNSON of Texas. I understand the gentleman's position is that the law is violated in New York City by the issuance of these teller privileges?

Mr. CELLER. Yes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McKEOWN. Mr. Chairman and gentlemen of the committee, this entire matter requires a lot of technical information. It deals with a specific line of business. I do not pretend to be able to give you light on these amendments, and shall not pretend to do so. I am simply here voicing a protest against making legal the practice of banks engaging in lines of business not authorized. In other words, Congress should not condone liberal practices under the law. I believe that the banking business ought to be so conducted that the rights of the public will be safeguarded. The public has a greater interest in this banking legislation than has either the State bankers or the national bankers. The public as a whole is the party that is entitled to consideration here rather than groups of business.

You talk about branch banks. What about chain banks? What about the interlocking directorates of chain banks? You can go into the banking business under the guise of ownership of chain banks. If one bank breaks in the chain, then the entire structure is involved.

Why no legislation here to prevent that? Is there any legislation contemplated to prevent that?

Mr. McFADDEN. I agree with the gentleman's suggestion. Chain banking is an evil. Our committee has considered it in one form and another at various times in discussing banking measures pending before the committee, but we have not been able yet to frame any language to reach that situation. If the gentleman from Oklahoma has any suggestion to make, it will be very welcome.

Mr. McKEOWN. Now, gentlemen, of course the States that have branch banking and which permit branch banking no doubt will continue to permit branch banking. I am not here to say that the national banks should not have an equal opportunity with the State banks, but I do not think competition ought to be created here between the Federal banks and the State banks to try to see which one can get more liberal powers. If the national banks move up a notch and get a special grant, then the State banks go before the legislatures and get special grants, and then Congress proceeds to meet the competition of the State banks by giving a further privilege to the national banks.

One thing that I want to emphasize, which is needed both in State and national banking in this country, is the fact that financial ability ought not to be alone the qualification of a man to go into the banking business. I want to say to you that the mere fact that a man has lots of money ought not to be considered the sole qualification whereby he is enabled to go into

the banking business and get a bank charter. His honesty and fair dealing in the past ought to be one of the guides by which to measure and to establish his qualifications for entering into the banking business. It may sound a little funny to you, but when you go out into the States and look these depositors in the face—these depositors who have lost money through the failure of banks in the last few years, who have put their money into institutions authorized by the National Government—lots of those people who see the words "national bank" on the window think the whole United States Government is behind that bank then you will agree with me.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. The question is on the amendment offered by the gentleman from Delaware [Mr. HOUSTON].

Mr. WINGO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WINGO. I may be in error, but I was under the impression that the amendment of the gentleman from Alabama is really a substitute.

The CHAIRMAN. The amendment of the gentleman from Alabama was offered for information. The Chair finds upon investigation that it is not a substitute; neither is it an amendment to the amendment.

Mr. WINGO. I hesitate to differ with the Chair, but I call attention to the two substantial features of the amendment. First, let us consider the language of the bill. The bill undertakes to limit the right of a State bank, consolidated into a national bank, to retain any branches outside of the city whenever formed. The amendment offered by the gentleman from Delaware limits that restriction to those formed after the passage of this law. The gentleman from Alabama goes further than the basic restriction and makes them surrender all branches. It all deals with the same proposition. The amendment of the gentleman from Alabama is all-inclusive and is a substitute for the text of the bill and for the amendment of the gentleman from Delaware, and I think the orderly way would be to treat it as a substitute, because it is plainly intended as a substitute.

The CHAIRMAN. The Chair finds that the amendment offered by the gentleman from Alabama attempts to strike out more language than the language covered by the amendment of the gentleman from Delaware. Therefore the amendment of the gentleman from Delaware is a perfecting amendment, and the text should be perfected before it is interfered with by other proposed amendments.

Mr. WINGO. The Chair overlooks, and so does the parliamentarian, the plain intent of the language. The Chair mistakes the shadow for the substance. Whatever may be the verbiage, all will agree that I have stated what the effect of the text is. I repeat it does not make any difference about the language. The language that the gentleman from Alabama seeks to strike out here is not involved substantially in the language of the amendment of the gentleman from Delaware, because the gentleman from Delaware attempts to fix the time when the restrictions apply. The bill fixes a restriction as to area. The amendment of the gentleman from Alabama puts an absolute bar both of time and of area and covers both. Of course, it does not make any difference what the language is.

The CHAIRMAN. Notwithstanding the argument of the gentleman, the Chair adheres to its former ruling, and the question comes on the amendment of the gentleman from Delaware [Mr. HOUSTON].

The question was taken, and the amendment was rejected.

The CHAIRMAN. Now, does the gentleman from Alabama desire to offer his amendment?

Mr. STEAGALL. Yes.

The CHAIRMAN. Without objection, we will then vote on the amendment of the gentleman from Alabama.

There was no objection.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 2. (a) Section 5136 of the Revised Statutes of the United States, subsection "second" thereof as amended, be amended to read as follows:

"Second. To have succession from the date of the approval of this act, or from the date of its organization if organized after such date of approval until such time as it be dissolved by the act of its shareholders owning two-thirds of its stock, or until its franchise becomes forfeited by reason of violation of law, or until terminated by either a general or a special act of Congress or until its affairs be placed in the hands of a receiver and finally wound up by him."

(b) That section 5136 of the Revised Statutes of the United States, subsection "seventh" thereof, be further amended by adding at the end of the first paragraph thereof the following:

"*Provided*, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes, debentures, and the like, commonly known as investment securities, under such further definition of the term 'investment securities' as may by regulation be prescribed by the Comptroller of the Currency, and the total amount of such investment securities of any one obligor or maker held by such association shall at no time exceed 25 per cent of the amount of the capital stock of such association actually paid in and unimpaired and 25 per cent of its unimpaired surplus fund, but this limitation as to total amount shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal farm loan act: *And provided further*, That in carrying on the business commonly known as the safe-deposit business no such association shall invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business located on or adjacent to the premises of such association, in an amount in excess of 15 per cent of the capital stock of such association actually paid in and unimpaired and 15 per cent of its unimpaired surplus," so that the subsection as amended shall read as follows:

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title: *Provided*, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes, debentures and the like, commonly known as investment securities, under such further definition of the term 'investment securities' as may by regulation be prescribed by the Comptroller of the Currency, and the total amount of such investment securities of any one obligor or maker held by such association shall at no time exceed 25 per cent of the amount of the capital stock of such association actually paid in and unimpaired and 25 per cent of its unimpaired surplus fund, but this limitation as to total amount shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal farm loan act: *And provided further*, That in carrying on the business commonly known as the safe deposit business no such association shall invest in the capital stock of a corporation organized under the law of any State to conduct a safe deposit business located on or adjacent to the premises of such association, in an amount in excess of 15 per cent of the capital stock of such association actually paid in and unimpaired and 15 per cent of its unimpaired surplus.

"But no association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence the business of banking."

With the following committee amendments:

On page 6, line 15, after the word "notes," strike out the comma and insert the words "and/or"; and in line 15, after the word "debentures," strike out the words "and the like."

On page 7, line 24, after the word "notes," strike out the comma and insert the words "and/or"; and in line 25, after the word "debentures," strike out the words "and the like."

The committee amendments were agreed to.

Mr. BLACK of Texas. Mr. Chairman, I offer an amendment, on page 7, line 7, strike out the words "located on or adjacent to the premises of such association"; and on page 8, line 16, after the word "business," strike out the words "located on or adjacent to the premises of such association."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 7, line 7, strike out the words "located on or adjacent to the premises of such association"; page 8, line 16, after the word "business," strike out the words "located on or adjacent to the premises of such association."

Mr. BLACK of Texas. Mr. Chairman, I have conferred with the chairman of the committee, Mr. MCFADDEN, about this amendment, and also with the gentlemen on this side of the House, and it seems to be agreed that inasmuch as this is a limitation this language ought to go out, because the language as written in the bill would really restrict the limitation, which it is not desired to do.

Mr. McFADDEN. I think the gentleman is quite correct.

Mr. CELLER. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. CELLER. Does that mean that a safe-deposit business can be conducted a block away or a mile away from a national banking association?

Mr. McFADDEN. It removes the limitations which might be very embarrassing to an institution.

Mr. WINGO. May I suggest to the gentleman that probably the gentleman has not caught the force of the amendment. The amendment strikes out words which would put a 15 per cent limitation on their investment in the safe-deposit business and leaves the sky the limit on those that are conducted elsewhere.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLACK].

The amendment was agreed to.

Mr. WAINWRIGHT. Mr. Chairman, I move to strike out the last word of this section simply for the purpose of asking a question. I would like to ask the chairman of the committee about this limitation, which seems to be new, of 25 per cent of capital and surplus to be invested in any one security. How does it affect the limitation of 10 per cent provided in section 5200 of the Revised Statutes of the amount of any loan to any one interest or any one maker?

Mr. McFADDEN. This is an investment section and attempts to legalize that which the banks are doing now without authority of law. It does put a limitation on the amount of money they can use for investment purposes, such as underwritings, and we felt that there should be this limitation. I do not think it has any application to the question the gentleman raises provided for in section 5200 of the Revised Statutes.

Mr. WAINWRIGHT. Let me ask the gentleman whether commercial paper, as generally understood and accepted, is regarded as investment security.

Mr. McFADDEN. No; it is not. Commercial paper comes under the limitation of section 5200 in the Revised Statutes. I never have known of commercial paper being construed as investment securities.

The Clerk read as follows:

SEC. 6. Section 5150 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5150. The president of the bank shall be a member of the board and shall be the chairman thereof, but the board may designate a director in lieu of the president to be chairman of the board, who shall perform such duties as may be designated by the board."

Mr. WILLIAMSON. Mr. Chairman, I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. WILLIAMSON. Mr. Chairman, the chief bone of contention in the bill now under consideration by the committee seems to be section 8, regulating branch banking by national banks and curtailing branch banking by State banks in those States where branch banking is permitted.

The Congress of the United States can not regulate branch banking in the several States except so far as it may affect the Federal reserve system. It is within the purview of the powers granted to Congress by the Federal Constitution to prescribe the conditions under which a State bank may enter the Federal reserve system. This is about as far as we can go. It has been contended that the bill that we are now considering will give aid and encouragement to the extension of branch banking. In place of giving aid and encouragement to branch banking it does exactly the contrary. It is an effort to restrict, to curtail, and to suppress the rapid development of branch banking throughout the country and to give aid and protection to those who are engaged in operating individual and independent banks. It is also an effort to place national banks upon approximately the same plane of opportunity as is now enjoyed by State banks within the Federal reserve system.

It is perfectly clear that in those States permitting branch banking national banks are greatly handicapped. Under existing law State banks that are members of the Federal reserve system can surround a national bank with branches in such a way as to freeze out the national bank and either compel its liquidation or consolidation with State banks, and this has occurred in a great many cases. The whole Federal reserve system is based upon the prosperity, solidity, and permanence of the national banks of the country. They are the pillars upon which the system rests, and to the extent that they are forced to liquidate or consolidate with State banks the Federal reserve system is weakened. While it is true that many of our larger State banks are members of the Federal reserve system, they are purely voluntary members and can withdraw at any time. If the Federal reserve system were to depend upon these for its continuance it could be easily wrecked in a time of crisis, the very time when it is most essential that its stability and strength should be insured. As to banks already in the Federal reserve system the bill leaves matters in statu quo.

Under section 8 of the McFadden bill national banks are permitted to establish branches within the corporate limits of the municipality within which they are located in those States now permitting branch banking. No branches are permitted in cities of less than 25,000. Only one branch is permitted in cities having a population of from 25,000 to 50,000, and not more than two branches can be established in a city having a population of 100,000. The number of branches that may be established in a city of more than 100,000 is within the discretion of the comptroller. If subsequent to the passage of this act a State now permitting branches should enact a law prohibiting branch banking, this would automatically compel those banks within the Federal reserve system having branches within the State to liquidate or consolidate their existing branches with the parent bank. If passed in its present form the bill will also put an end to the establishment of teller windows, offices, and agencies, that is now being done all over the country by national banks even in those States prohibiting branch banking. No bank, State or national, having branches can come into the Federal reserve system without relinquishing any and all branches that it may have outside of the municipality in which the parent bank is located. That will mean that, so far as branch banking within the Federal reserve system is concerned, in the future it will be limited to the municipality in which the parent bank is located.

The whole intent and purpose of the law is to restrict and control branch banking, so far as this can be done by Congress. I can see no possible basis for the argument that it is in effect a branch banking law. Its purpose and intent is exactly the contrary. Under existing law it is possible for national banks to extend branches all over a State permitting branch banking and to establish teller windows and offices in those States where branch banking is prohibited. We are not only putting a stop to this, but we are curtailing branch banking by State banks that are or desire to become members of the Federal reserve system in those States where branch banking is now permitted.

In order to secure correct data with reference to the present activities of national banks in establishing and maintaining branches, and such other facts as might be helpful in the consideration of this bill, I wrote the Comptroller of the Currency some days ago outlining the matters upon which I desired information. In reply to this communication, the Deputy Comptroller of the Currency, Charles W. Collins, submitted some very interesting facts which I think should be given to the House. It appears that there are at the present time 111 national banks that are operating 256 additional offices or agencies; 36 national banks are operating 103 statutory branches, 66 by consolidated national banks and 37 by national banks which were originally State banks. All of these statutory branches have been brought into the system by State banks which acquired them under State laws.

The six national banks having the largest number of statutory branches are:

	Branches
Chatham and Phenix National Bank, New York, N. Y.	13
Chase National Bank, New York, N. Y.	7
Mechanics & Metals National Bank, New York, N. Y.	12
Calcasieu National Bank, Lake Charles, La.	8
Grand Rapids National, Grand Rapids, Mich.	9
First National Bank, Boston, Mass.	7

The First National Bank in Detroit has 20 additional offices, the Public National Bank in New York has 19 additional offices, and the Commercial National Trust & Savings Bank of Los Angeles has 16 additional offices. In each of these places, however, there are a number of State banks with larger numbers of branches.

The following 17 States expressly prohibit branch banking by law: Alabama, Arkansas, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Minnesota, Missouri, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wisconsin.

In addition, the following 11 States do not permit branch banking, although the law is silent: Iowa, Kansas, Montana, New Hampshire, North Dakota, Oklahoma, South Dakota, Vermont, West Virginia, Nebraska, and New Jersey.

The following 17 States authorize branch banking in some form by statutory enactment: Arizona, California, Delaware, Georgia, Louisiana, Maine, Massachusetts, Mississippi, Nevada, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and Wyoming.

In addition, the three States of Kentucky, Maryland, and Michigan permit branch banking under opinions of the Attorney General or court decisions.

Only eight States permit state-wide branch banking, namely, Arizona, California, Delaware, Georgia, North Carolina, South Carolina, Rhode Island, and Virginia, and three States, Louisiana, Maine, and Tennessee, permit county-wide branch banking.

The six State banks having the largest number of branches are the Corn Exchange Bank, of New York City, with over 58 branches; the Cleveland Trust Co., of Cleveland, with 55 branches; the Bank of Italy, of San Francisco, with 100 branches; the Pacific Southwest Trust & Savings Bank, of Los Angeles, with 91 branches; the Mercantile Trust Co., of San Francisco, with 58 branches; and the Security Trust & Savings Bank, of Los Angeles, with 44 branches. Each of these six banks are members of the Federal reserve system.

Two hundred State banks engaged in branch banking are members of the Federal reserve system. These operate about 1,150 branches, 850 of which are home-city branches and about 300 are branches outside of the city in which the parent bank is located.

It has been contended on this floor that there is no necessity for granting relief to national banking associations in order to enable them to compete successfully with State banking institutions in those States permitting branch banking. In this connection it is interesting to note that from February 1, 1923, to January 31, 1926, 242 national banks have gone into voluntary liquidation and the business acquired by State banks. That is to say, these national banks went into the State systems. Their total capital was about $53,000,000.

For the two years ending October 17, 1925, 166 national banks left the national system to do business under State charter. These carried with them total resources of $566,600,000. (See comptroller's report for 1925, p. 3.) While these banks were lost to the Federal reserve system as compulsory members, most of them retained their membership in the Federal reserve system as voluntary members.

During the three-year period, February 1, 1923, to February 1, 1926, 571 national banks were chartered, with capital aggregating $81,662,000. After deducting the number of national banks going out, this leaves the increase of new capital in the national system at $28,662,000, or an increase of $9,554,000 per year. This is far below what should be the normal new capital increase of the national bank system.

Figures for the capital increase of the State banks are not available, but they are much greater than that of the national system. While it is true, therefore, that the national banking system is slowly growing, as compared with the State system, as a whole it is on a relative decline.

The normal development of the national bank system certainly ought to keep pace with the development of our State banks. The reason that this has not been realized in recent years is because our national banking laws have become inadequate and unduly curtail the activities of national banks under modern business requirements. In this bill we have made an effort to liberalize the national banking laws in a number of particulars, which will enable them to enter such activities as are consistent with good banking, and which will enable them to maintain themselves against the competition of State banks.

The Committee on Banking and Currency has given a great deal of attention and study to the matters covered in the bill, and I believe that, as now drawn, it will place national banks upon a substantial equality with State banks under normal competitive conditions. This is very much to be desired and is necessary in order to harmonize and equalize our State and national banking systems.

I am submitting herewith for the information of the House a table which will throw some light upon the development of the two classes of banks. It is not intended to be complete, but it does show a condition which is not particularly favorable to the national banks.

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, after section 8 is read I shall offer an amendment to have it stricken out, but I rise at this time to answer the argument made by my colleague on the committee. The proponents of this bill are insisting, and have been able to convince the membership of the House very largely, that this bill is an antibranch banking bill. Now, as a matter of fact, it is a branch banking bill out-and-out. Of course, in section 1 there is an apparent restriction in so far as consolidations are concerned, but that only affects a very few institutions. In section 7 there is also another apparent restriction affecting State banks, nationalizing and bringing their branches into the Federal reserve system, but in section 8 the door is thrown wide open, not to any small number of banks which may be affected by the consolidating proposition, but the door is thrown wide open to every national bank in the United States, in any State which permits branch banking, to establish an unlimited number of branches in every city where the inhabitants number over 100,000.

Therefore I say this is a branch banking bill out-and-out, because it grants the privilege of unlimited branch banking to between one-third and one-half, or about 40 per cent, of all the banking power in the United States. It throws the door wide open in New York, Massachusetts, Pennsylvania, Maryland, and Delaware; it throws it wide open in the great cities of the East, where the banking power is concentrated. Therefore whatever is done in the other sections of this bill, as far as section 8 is concerned, it constitutes an opening up to 40 per cent of the banking power of this country of the unrestricted right to engage in branch banking.

It is not worth while to say, as the gentleman from Texas said the other day, that this can only be done with the consent and approval of the Comptroller of the Currency.

Mr. KING. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. KING. The gentleman does not want to do away with the control of the Comptroller of the Currency.

Mr. GOLDSBOROUGH. The Comptroller of the Currency occupies the same position that the President of the United States occupies when he is asked to raise the tariff under the elastic provisions of the tariff law. There is nobody there to protest, and he does it as a matter of course.

Mr. KING. The gentleman does not agree with that sort of control in the tariff law, and he would not leave it wide open with the Comptroller of the Currency. Without that law we would have no control whatever, poor as it may be.

Mr. GOLDSBOROUGH. The Comptroller of the Currency in my opinion—there are other members of the committee who are perhaps better lawyers than I am—and it is their opinion as well as mine that the Comptroller of the Currency's permission is now illegally granted. I would control that.

One of the reasons why the passage of section 8 is desired is to ratify, to make legal, what possibly has been done illegally in the past.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. MOORE of Virginia. Upon what theory does this bill permit unlimited branch banking in cities of over 100,000 population, whereas there is a limitation so far as cities of a less population are concerned? It seems to me that the danger which the gentleman has pointed out of allowing branch banking is very much greater in the large cities than in the small cities. I would like to know the theory upon which the bill is constructed in that respect.

Mr. GOLDSBOROUGH. I am unable to tell the gentleman the theory. I can tell the gentleman the purpose, not of the committee, but of the large financial interests, and that is to allow the right to unlimited branch banking in the great financial centers, which is just where they want it.

Mr. MOORE of Virginia. It is entirely conceivable, if the bill as drawn is enacted into law, that in the course of a few years all of the banking in cities like New York may possibly get into one group, and so also with San Francisco and other great cities, and those groups will be able to dominate the banking interests of the entire United States.

Mr. GOLDSBOROUGH. That has been the experience wherever branch banking has been resorted to.

Mr. NELSON of Wisconsin. Is it not the theory of gentlemen that branch banking is a great evil, and they want to keep it down so far as the smaller banks are concerned and only permit it so far as the large banks are concerned.

Mr. GOLDSBOROUGH. That is the effect of it.

Mr. JACOBSTEIN. Is there anything in our economic or banking system which would prevent those State banking interests from getting their claws into the State banks?

The CHAIRMAN. The time of the gentleman from Maryland has again expired.

Mr. TILSON. Mr. Chairman, I ask unanimous consent that his time be extended for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JACOBSTEIN. I am interested in the gentleman's argument that the big financial interests may control the whole situation. Is there anything in our present economic system, including the banking system, which would prevent the financiers from getting their claws into our State bank system? Why does the gentleman think that the financial interests that want to get control would keep their hands off other financial institutions, even though not organized?

Mr. GOLDSBOROUGH. I do not think that.

Mr. JACOBSTEIN. Then what becomes of the gentleman's argument that it is only through the national banks that they would get control?

Mr. GOLDSBOROUGH. That is not my argument. My theory is that if we will notify the banks of this country that the American Congress is not going to permit the national banks to have anything to do with branch banking, and if the national banks convince themselves that they are not, then the national banks which still hold the balance of power in the East will get together with the independent State banks and go to the legislatures and stop branch banking within the States just where it is.

Mr. JACOBSTEIN. How does the gentleman know that they will stop State branch banking?

Mr. GOLDSBOROUGH. Because they have the power to do it; they have the political influence and prestige to do it.

Mr. JACOBSTEIN. The fact is that the State bank branches are actually growing in number.

Mr. GOLDSBOROUGH. I know; but State legislation could stop it.

Mr. JACOBSTEIN. What is it that prevents these eastern bankers from pushing their financial control through other organizations than national banks? Why will not they get control of the State institutions just the same?

Mr. GOLDSBOROUGH. There is not anything to prevent their doing it, but the gentleman's argument is like the arguments of other proponents of this bill. It is an argument of expediency. The gentleman says, or I suppose he does as others do, that because State banks are doing something which you say is unwise and uneconomic, we should grant the right to the national banks to do the same thing in order to enable them to compete.

Mr. JACOBSTEIN. I have a national bank in my district that wants the same privilege that our many State banks have.

Mr. GOLDSBOROUGH. I will say so.

Mr. JACOBSTEIN. And what is going to be my answer? To wait until the State branches are crushed?

Mr. GOLDSBOROUGH. I do not know what the gentleman's answer is, but I know what mine is.

Mr. JACOBSTEIN. What is it?

Mr. GOLDSBOROUGH. Mine is going to be that branch banking is a monopolistic institution which is undemocratic, that I know that it is absolutely opposed to the theory of American institutions, and that I am opposed to it, regardless of what happens to me. [Applause.]

Mr. HILL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. HILL of Maryland. Along that line let me ask the gentleman if under the laws of the State of Maryland there is not practically unlimited branch banking permitted.

Mr. GOLDSBOROUGH. The law permits it in Maryland.

Mr. HILL of Maryland. And is it not true that under the law of Maryland branch banking is increasing enormously from year to year?

Mr. GOLDSBOROUGH. Yes.

Mr. HILL of Maryland. Is it not true that in the past two years branch banking has increased 98 per cent throughout the State of Maryland?

Mr. GOLDSBOROUGH. I would not say throughout the State. It has in Baltimore City.

Mr. HILL of Maryland. Has it not through the Eastern Shore of Maryland?

Mr. GOLDSBOROUGH. Not in the last two years.

Mr. HILL of Maryland. In the last five years it has increased 45 per cent.

Mr. GOLDSBOROUGH. There is only one country trust branch-banking institution, the Eastern Shore Trust Co., and it has established only two branches within the last few years. Branch banking is increasing more in Baltimore City than in any other part of the State.

Mr. HILL of Maryland. And also in the southern and western parts of the State?

Mr. GOLDSBOROUGH. Yes.

Mr. STEAGALL. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. STEAGALL. Supplementing what the gentleman said a moment ago, is not this true, that in States or cities where branch banking is allowed State banks, no matter what monopolistic control such State banks may attempt to effectuate, national banks will be held in a competitive system so that when they wish to set up competition with State banks where State banks have branches they are going to set up independent national banks, thereby preserving the competitive system, and is not the only way a competitive system can be maintained where State banks have been authorized to operate branches?

The CHAIRMAN. The time of the gentleman has expired.

Mr. O'CONNOR of New York. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR of New York: Page 11, line 5, insert a new section, to be known as section 6a, to read as follows:

"SEC. 6a. Section 5153 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5153. All national banking associations and all banks which shall be members of the Federal reserve system, designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties as depositaries of public money and financial agents of the Government as may be required of them. The Secretary of the Treasury shall require the associations and banks thus designated to give satisfactory security, by the deposit of United States bonds and otherwise, for the safe-keeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents of the Government: *Provided*, That the Secretary shall, on or before the 1st of January of each year, make a public statement of the securities required during that year for such deposits. And every association and bank so designated as receiver or depositary of the public money shall take and receive at par all of the national currency bills, by whatever association or bank issued, which have been paid into the Government for internal revenue or for loans or stocks: *Provided*, That the Secretary of the Treasury shall distribute the deposits herein provided for, as far as practicable, equitably between the different States and sections."

Mr. McFADDEN. Mr. Chairman, I desire to make a point of order against the amendment.

Mr. O'CONNOR of New York. Will the gentleman reserve the point of order?

Mr. McFADDEN. I will reserve the point of order, and I ask unanimous consent that all time for debate on this section close in six minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. O'CONNOR of New York. Mr. Chairman, the amendment which I have just offered is along the line of another amendment which I shall offer later at the proper place, the amendment which has been much mooted here, an amendment fathered by the National Association of Supervisors of State Banks, but this amendment I have offered does one thing by the use of four words. It allows the deposit of public funds in banks which are members of the Federal reserve system as well as in national banks. Now, somewhere, gentlemen, we have got to eliminate this discrimination between national banks and Federal reserve banks. We invite State banks into the Federal system, and if they do not come in we make every effort to get them in. We claim it is not only for their own benefit but for the benefit of the country. But when they do come in there is a discrimination between them and the national banks. There is no reason under the sun why public moneys should be deposited only in national banks and not in banks which are also members of the Federal reserve system.

Mr. McFADDEN. If the gentleman will permit, I am sure the gentleman will be pleased, and I think the House will, on this subject to know that there is pending in the Committee on Banking and Currency a bill which has not been considered by the committee to do the very thing the gentleman proposes. I do not think it would be a good thing to insert the amendment such as the gentleman proposes without its consideration by the committee, and I will say it is the purpose of the chairman of the committee at an early date to call up this matter.

Mr. O'CONNOR of New York. That such a bill was pending in the gentleman's committee I learned for the first time from the distinguished chairman this morning. Just the few words of my amendment will do it. Why not do it now when you bring a blanket measure in here to amend the national bank act and the Federal reserve act? Why not meet the situation to-day and permit the deposit of public moneys in Federal reserve banks as well as in national banks?

Mr. McFADDEN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN (Mr. HAWLEY). Does the gentleman from New York desire to be heard on the point of order?

Mr. O'CONNOR of New York. No.

The CHAIRMAN. The point of order is sustained. The Clerk will read.

The Clerk read as follows:

SEC. 7. Section 5155 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5155. It shall be lawful for any bank or banking association organized under State laws and having branches to become a national banking association in conformity with existing laws, and to retain its branches, or such one or more of them as it may elect to retain: *Provided*, That it shall be unlawful for any such State bank having branches in operation outside of the corporate limits or other such boundaries of the city, town, or village in which such State bank is located, but not including any branch established in a foreign country or dependency or insular possession of the United States, to retain such branches, upon conversion into a national banking association: *And provided further*, That it shall be lawful for any national banking association having, prior to the approval of this act, acquired branches by virtue of having elected to retain such branches after having been converted from a State bank with branches into a national banking association, or through consolidation with such an association having such branches, to continue to operate any such branches, but it shall be unlawful for any national banking association having been converted into such association under the provisions of section 5154 of the Revised Statutes to retain in operation any branch, wherever located, which may have been established subsequent to the approval of this act, in any State which did not at the time of the approval of this act, permit State banks or trust companies created by or existing under the laws of such State to have branches."

Mr. KING. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. KING. Mr. Chairman, a short time ago the State of Illinois voted against branch banking on a popular vote. By an overwhelming majority the people of that State are in principle opposed to the theory of branch banking. Therefore it has been my greatest concern to find out whether or not this bill that we are considering here was an antibranch banking bill or a branch-banking bill. It has been called both. I do not believe there is any man in the House that can satisfactorily solve that question to-day as to which it is. But we are entitled to receive, and we do receive, some light on matters of this kind from our constituents, and I have a letter here from the Chicago and Cook County Bankers' Association upon this bill and directly upon this point. I know they are vitally concerned in this issue, and I know that they are genuinely opposed to branch banking, and therefore I am confident that their position on this question may help us solve any doubt on the subject which Members of the House may have, and especially with Members from the State of Illinois. I ask unanimous consent to have that letter read.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

CHICAGO AND COOK COUNTY BANKERS' ASSOCIATION,
Chicago, January 18, 1926.

Hon. EDWARD J. KING,
House of Representatives, United States,
Washington, D. C.

DEAR CONGRESSMAN: I have your letter of January 14 and am pleased to note that the McFadden bill has passed the committee and that the prospects for its passage are good in the House.

The members of this association have been particularly anxious about the matter of branch banking for a number of years. The city of Chicago lends itself especially well to monopolization of banking, for it is spread over a good deal of territory. The very large banks could easily get a foothold in establishing branches.

A few years ago we hoped to introduce a bill, and had it prepared, that would outlaw branch banking in all of the States. For this measure we could not get the support of the American Bankers' Association, and we found that it would be met with opposition on the grounds of interfering with States rights. Therefore we came to the conclusion a few years ago that the best possible remedy against branch banking is contained in sections 8 and 9 of the McFadden bill, which will effectively stop branch banking at the point where it is now grounded.

Lines 14, 15, and 16, on page 12, reading: "But it shall be unlawful for any such association to establish a branch in any State which does not at the time of the approval of this act permit banks," etc.; we consider "at the time of the approval of this act" very important language in this bill. We reason that the Federal reserve banks will all oppose, after the passage of this law, the enactment of State laws permitting branch banking, inasmuch as Federal reserve banks would not be accorded the privilege of establishing branches, even though a State did pass a law hereafter permitting branches.

I honestly think, Congressman KING, that this law is the best possible piece of legislation the independent bankers can hope to secure, but it can be easily tampered with in such a way that it will leave the door open, as you say, to legalizing branch banking under the national banking system. It is, therefore, very important that sections 8 and 9 be enacted exactly as passed by your committee. The Illinois Senators will favor the bill.

If you think of anything we can do in this association to safeguard the passage of the McFadden bill, I hope that you will let me know.

Yours very truly,

WM. J. RATHJE,
Vice President.

Mr. STEAGALL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Strike out all of section 7 and insert in lieu of the matter stricken out the following:

"SEC. 7. That section 5155 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5155. It shall be lawful for any bank or banking association organized under State laws and having branches to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches located in foreign countries of any dependency or insular possession of the United States, but shall not retain any such branches located in the United States: *And provided*, That it shall be lawful for any national banking association having, prior to the approval of this act, acquired branches by virtue of having elected to retain such branches after having been converted from a State bank with branches into a national banking association, or through consolidation with such an association having such branches, to continue to operate any such branches."

Mr. STEAGALL. Mr. Chairman, this amendment is in conformity with the amendment that I offered to the first section of the bill, and in conformity with the views and the contention of those who are opposed to this bill in so far as it extends the privilege of branch banking.

Again we are drawing the issue by this amendment. We want to say to the gentlemen who proclaim their intention to restrict branch banking, "We are ready to join hands with you in this matter." The amendment deals with evils of branch banking involved in the consolidation of national banks with State banks that have branches and in cases of the conversion of State banks having branches into national banks; that is one of the evils which nobody defends, so far as I have heard in this argument, and which gentlemen themselves profess to wish to remedy. It is one of the excuses offered for section 8 of this bill, which grants the privilege of branch banking to national banks without limit in cities above 100,000 population, and with a limitation in the smaller cities down to 25,000 population. We have in the Federal reserve system over 100 banks that have branches by reason of conversion of State banks into national banks or by reason of consolidation of national banks with State banks, and they are now permitted to operate those branches, and such consolidations and conversions may be had in the future, whereby such branches may be brought into the Federal reserve system.

Now, if you want to stop that kind of thing, here is an amendment which provides that that practice can not be resorted to in the future. If my amendment is adopted, a State bank which is converted into a national bank and attempts to bring branch banks into the Federal system will find that it can not be done. No national bank can go out and consolidate with a State bank having branches and thereby bring branch banks into the Federal system. Before coming into the Federal reserve system all such branches would have to be surrendered.

Will you join us in the effort to stop this evil? Will you help us close this one gate that admits branch banks into the Federal reserve system, or insist on keeping it open and by section 8 open another floodgate? [Applause.]

Mr. STEVENSON. Mr. Chairman, it is rather peculiar that the gentleman wants to set the colter so deep here this afternoon. A week ago to-day we discussed this bill, and the two gentlemen who are bearing the brunt of the fight against it on account of the horrors of branch banking need, both of them, to expurgate themselves, one for his conduct and the other for his confession. The distinguished gentleman from Maryland [Mr. GOLDSBOROUGH] confessed and admitted that to-day he is perpetrating branch banking all over the Eastern Shore of Maryland by being a director of a bank that has 20 branches; and then he comes here and sheds tears like a crocodile over the fact that we are trying to limit branch banking and give the privilege of branch banking only to the banks in a few

large cities. Then the gentleman from Alabama [Mr. STEAGALL] paid his respects to me—for which I thank him. He did not say anything unkind about me, but he made some confessions to which I want to direct his attention in order to find out which time I am to follow him. He says:

I know there are certain qualifications, as pointed out by the gentleman from South Carolina, but the surrender of branches by State banks applying for membership was not laid down as one of those qualifications, and for 10 years State banks with branches were admitted into the Federal reserve system without question in that regard.

He also says:

I would not take away any of the charter rights or powers of the State bank as a condition upon which to admit them to membership in the Federal reserve system. The Federal reserve act was passed with the distinct understanding and express provision that State banks should be eligible for membership and should be permitted to come into the system with all the rights given them under their charters.

The gentleman takes the position, flat-footedly and unequivocally, that he is going to stand for striking out of this bill the provision that prohibits a State bank from coming in and bringing its branches with it after the passage of this act. That was the gentleman's position. It is stated right here.

Mr. STEAGALL. Will the gentleman allow me to interrupt him?

Mr. STEVENSON. To be sure.

Mr. STEAGALL. The provisions of the bill will not prevent a State bank from coming in with its branches.

Mr. STEVENSON. Then why is the gentleman crying out that we are trying to take away from the State banks their charter rights?

Mr. STEAGALL. You give it to the State banks in the big cities just like you do the national banks in the big cities, but you do not close the door of the Federal reserve system against all branch banks.

Mr. STEVENSON. Let us see about that. What does the gentleman himself say:

So far as I am concerned, I would continue to permit State banks to join the Federal reserve system, but just as they were permitted to do in the beginning and which there is nothing now to prevent them from doing, except a regulation of the Federal Reserve Board, which the Federal reserve act does not authorize.

And the gentleman contends that they ought to be allowed to come into the Federal reserve system and bring all the branches they want to, and the gentleman from Maryland, from the Eastern Shore, would have a right to bring in his bank with the 20 branches which it now has in existence and which he is helping to maintain. The gentleman is exceedingly virtuous on the subject of national banks, and yet we find him here advocating the position that we ought not to deprive a State bank of the right to come in and take part in the management of the great Federal reserve system, to enjoy its benefits, to be given access to its wonderful reservoir of credit, and we ought not to require them to submit to any conditions as a consequence of having all these privileges granted to them.

Now, gentlemen, I will leave it to you who is standing up against this flooding of the Federal reserve system, the only thing we have a right to regulate, with branch banking, whether it is the gentleman who is conducting a bank with 20 branches or the gentleman who is advocating allowing the State banks to come in with all their branches, and who are going to vote against our limitation here upon that right, or those of us who are attempting here and now to limit it. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. STEAGALL].

The amendment was rejected.

The Clerk read as follows:

SEC. 8. Section 5190 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5190. The general business of each national banking association shall be transacted in the place specified in its organization certificate, but it shall be unlawful for any such association to establish a branch in any State which does not at the time of the approval of this act permit banks created by or existing under the laws of such State to establish branches, or to establish in any State a branch beyond the corporate limits of the municipality wherein such association is located, but any such association in any State which at the time of the approval of this act permits banks created by or existing under the laws of such State to establish branches may, upon application to the Comptroller of the Currency and upon approval by him, be permitted to establish a branch or branches within the corporate limits of the municipality wherein such association is located: *Provided*, That it shall be unlawful for any such association to maintain in operation a branch within the corporate limits of such a municipality where the population by the last decennial census is less than 25,000 or to maintain more than one branch where such population is not less than 25,000 and not more than 50,000, or to maintain more than two branches where such population is more than 50,000 and not more than 100,000, but these restrictions as to number shall not be construed to require the relinquishment of any branches acquired prior to the approval of this act: *And provided further*, That all branches of such associations shall be subject to the general supervisory powers of the Comptroller of the Currency and shall operate under such regulations as he may prescribe: *And provided further*, That it shall be unlawful for any such association to establish a branch in any State subsequent to the enactment hereafter by such State of a statute which shall deny to all banks created by or existing under the laws of such State the right to establish branches within the corporate limits of the municipality wherein such banks are located: *And provided further*, That no provision of this section shall be construed to modify or repeal any provision of section 5155, Revised Statutes, or of the act of November 7, 1918, as respectively amended by this act.

"The term 'branch' or 'branches' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned.

"This section shall not be construed to amend or repeal section 25 of the Federal reserve act, as amended, authorizing the establishment by national banking associations of branches in foreign countries or dependencies or insular possessions of the United States."

Mr. GOLDSBOROUGH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 12, line 10, strike out all of section 8.

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, this is the section of the bill which affirmatively permits branch banking on the part of a national bank, and it is the first time that any national banking legislation has recognized the right of a national bank, in the first instance, to engage in any sort of branch banking.

My colleague, the gentleman from South Carolina [Mr. STEVENSON], referred last Wednesday to the fact that I am a director in a branch-banking system. When the gentleman referred to it at that time, I presumed he did so facetiously, but the gentleman has referred to it twice again to-day. I have no reason I know of to make any apology for being a director in a branch-banking system in a State which by its laws permits branch banking; and when I act as a director of that institution, as a private citizen in my State, I do not understand what that has to do with my views about a matter of general legislation, and I will say to my brother from South Carolina that if it could have anything to do with my views on a matter of general legislation, then I am not fit to be here.

Mr. KING. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. KING. I think the gentleman from Maryland ought not to take that matter too seriously.

Mr. GOLDSBOROUGH. I do not.

Mr. KING. I think it is to the gentleman's credit that he can take a position at one time in his personal capacity and at another in his capacity of a legislator. We had a celebrated mayor in our State once, the mayor of Elgin, who used to drink considerably, but he swore that he never got full in his legislative capacity, only in his personal capacity. [Laughter.]

Mr. HILL of Maryland. If the gentleman will permit, I would like to say that is a very interesting and pertinent illustration. [Laughter.]

Mr. GOLDSBOROUGH. Now that I have got that out of my system, I want to discuss, probably for the last time, a matter that, to my mind is so fundamental, so far reaching, that I have found it absolutely impossible to go along with the majority of the committee, even in spite of the fact I am from a branch-banking State. All of us, when we can go along with our colleagues, realize that we have to give and take. We realize that all life, in a sense, is a matter of compromise, but sometimes there comes a time in a man's life when he can not do it, when his vision is too clear, when his understanding of the secondary reaction in a matter of legislation is so keen that he absolutely has to stop and say that under no circumstances can he cross that line, and I have reached that point in so far as this legislation is concerned.

Do you know what the total banking deposits, State and national, of the United States amount to? On June 30 they amounted to $51,982,000,000.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I ask for five additional minutes.

Mr. KVALE. Mr. Chairman, I ask that the gentleman may be given 10 additional minutes.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent that the gentleman be given 10 additional minutes. Is there objection?

There was no objection.

Mr. GOLDSBOROUGH. The total deposits of the banks of New York City alone are $13,946,000,000, as of June 30. In other words, the banking power of New York City alone is more than one-fourth of the total banking power of the United States by actual figures. This letter, containing these figures, is dated January 22, 1926, and comes from the Comptroller of the Currency.

Not only New York City, but, as I pointed out the other day, other cities in New York State, six cities in Massachusetts, two in Pennsylvania, all the great cities on the Atlantic seaboard are given the right on the part of its bankers to engage in unlimited branch banking, subject to the control of the Comptroller of the Currency, which is given as a matter of course. So, by this section 8 approximately one-half of the banking power of the United States is given the right to engage in branch banking to an unlimited extent.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. BLACK of Texas. The gentleman in giving the figures consolidates the State bank resources with the national bank resources?

Mr. GOLDSBOROUGH. I do.

Mr. BLACK of Texas. The gentleman knows that in the city of New York the State banks have a right to establish branches and do establish them, and have established them, and now have them in operation.

Mr. GOLDSBOROUGH. That is absolutely correct, but my statement is that with the passage of this law one-half of the banking power in the United States will then have the right to engage in branch banking to an unlimited extent, and the American Congress by the passage of this section will be placing its sanction on such a proposition.

Mr. BLACK of Texas. When the gentleman says "establish branch banks to an unlimited extent," he should qualify that with the statement that the branches must be located within the city, the domicile of the bank, and in a State that allows branch banking by its own laws.

Mr. GOLDSBOROUGH. I mean what I say, that branch banking in the cities that will have a right to engage in it applies to half of the banking power of the United States, and I say that statement can not be contradicted and will not be contradicted.

Now, why do I say, Why am I afraid of this monopoly; why am I afraid of that concentration of power? It is because branch banking is bound to lead to monopoly.

In an enlightening article in the American Economic Review of September, 1924, Prof. Howard H. Preston, of the University of Washington, Seattle, says:

> The chief objection to city branches is the danger of unnecessary multiplication of banking offices. Detroit has more banking institutions than Chicago, with nearly three times the population. Los Angeles has more banking offices than present conditions warrant. The Canadian Bank of Commerce alone has 37 branches in Toronto, a city of about 525,000 population. It does not generally prove feasible to avoid duplication and wasteful competition. Where city branches are permitted, banks which would prefer to restrict themselves to a limited number of strategically located branches are confronted with the actual condition of losing deposits to the bank with conveniently located branches. * * * The fact that 25 out of 33 cities with a population of over 200,000 in the United States have a greater or less number of city branches indicates that this type of branch banking is strongly intrenched.

That is the first reaction. There is an editorial which was published the other day in The American Banker, a New York publication, which gives the second reaction.

> In the United States, wherever branch banking is in vogue, we perceive the same forces at work. The first effect of branch banking is an intensive period of competition, accompanied by frequent mergers, and that stage in banking development is very noticeable both in New York and California at the present time. If branch banking continues without check both these localities will have in a relatively short time just a few mammoth banks.

Now, my friends, there are Members here who feel just like my colleague who asked me a few minutes ago what answer he could give to the bankers in his district. There may be men from cities where branch banking is engaged in by State banks who feel that they have to support section 8. That is a matter they have to decide for themselves. I have nothing to say about it; but I say this, that there are enough Members here and to spare from States that do not permit State branch banking to kill this section if they will vote against it. The States of Alabama, Arizona, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Minnesota, Missouri, Nevada, New Mexico, Tennessee, Texas, Utah, Washington, and Wisconsin prohibit branch banking by statute, and then, by administrative policy, Iowa, Kansas, Montana, New Hampshire, North Dakota, Oklahoma, South Dakota, Vermont, and West Virginia.

There is no reason why the Members from those States should not adopt a strictly judicial attitude and stop this thing which has recently, within the last five or six years, injected itself into American life and which tends to municipalize not only the banking system but the political system of the United States.

Mr. BLACK of Texas. Mr. Chairman, the gentleman from Maryland [Mr. GOLDSBOROUGH] speaks as if there is no branch banking on the part of national banks in the city of New York. Evidently he has failed to read the comptroller's report, because if he will read that report, I think he will find that the national banks of the city of New York now have about all of the branches that they would likely establish, even if this bill becomes a law. The Chatham-Phoenix National Bank & Trust Co. of New York, with a capital of $13,500,000, now has 13 branches in the city of New York, with a capital of $100,000 assigned to each. The Public National Bank of New York, with a capital of $4,000,000, has five branches in the city of New York, with a capital of $100,000 assigned to each.

Mr. CELLER. The gentleman is in error. That bank has more than that. There are only five branches in the nature of teller-window extensions.

Mr. BLACK of Texas. I am giving the figures taken from page 15 of the comptroller's report.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. WINGO. How does the gentleman figure that they are legal branches?

Mr. BLACK of Texas. They were established under section 5155, or else under the act of November 7, 1918. They are not teller-window banks; they are legal banks.

Mr. WINGO. Are they the same kind of branches that the Riggs National Bank has established all over this city?

Mr. BLACK of Texas. No. If the gentleman will permit, I shall read from the comptroller's report to show him what kind they are. The report, on page 14, says:

> Under the authority of section 5155 of the Revised Statutes of the United States the following national banks, formerly State banks, continue to operate the branches indicated.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes. I am always glad to yield to the gentleman from Alabama.

Mr. STEAGALL. It is true, is it not, that those are banks that have come into the national system, and therefore into the Federal reserve system, in the way of consolidation of national banks with State banks, or of State banks that have been converted into national banks?

Mr. BLACK of Texas. They were State banks that came in and took out a national bank charter under section 5155.

Mr. STEAGALL. Converted into a national bank?

Mr. BLACK of Texas. Yes.

Mr. STEAGALL. Let me ask another question. The amendment which the committee a few moments ago voted down would have made it impossible for that to happen in the future?

Mr. BLACK of Texas. Yes.

Mr. STEAGALL. And the gentlemen back of this bill killed that amendment.

Mr. BLACK of Texas. A little later on in my remarks I shall explain as best I can exactly what sections 7, 8, and 9 do. The comptroller in his report also says that under the consolidation act of November 7, 1918, the converted State banks having branches were consolidated with the following banks and the branches continued. Let us confine ourselves for information on this point to the city of New York. I shall not read all of the figures as to the other cities, and I am doing this for the benefit of my colleague from Maryland [Mr. GOLDSBOROUGH]. The American Exchange Pacific National Bank, of New York City, has a capital of $7,500,000, with six branches in the city of New York. The Chase National Bank, of New York City, with a capital of $20,000,000, has seven branch banks in

the city of New York, with a capital of $100,000 assigned to each. The East River National Bank, of the city of New York, has a capital of $2,500,000 and two branches in the city of New York, with a capital of $100,000 assigned to each. The Mechanics Metal National Bank, of New York City, has a capital of $2,500,000 and two branches in the city of New York, with a capital of $100,000 assigned to each. The National City Bank, of New York, has a capital of $50,000,000 and has three branches in the city of New York, with a capital of $100,000 assigned to each.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection.

There was no objection.

Mr. BLACK of Texas. I want now to briefly refer to the three sections, 7, 8, and 9 of the pending bill, about which the controversy has ranged, and see what they do. Under the present national banking act section 5155 permits State banks to take out national-bank charters and bring in all their branches, whether they are located in the city of the bank's domicile or located anywhere else in the State. It is under that section 5155 that a large number of these branch banks in the city of New York have been established. Section 7 of this bill amends section 5155 in a restrictive manner, and provides that hereafter no State bank can take out a national-bank charter and bring in branches except those that are located within the city of the domicile of the bank, and even then only in States that by their present law permits branch banking. So much for section 7. Now to the next section. Section 8 is a permissive statute, I admit. It permits national banks in States which now permit State banks to establish branches within the municipal boundaries of the city where the bank is located, and nowhere else.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. HUDSPETH. Is there any provision in the bill which permits national banks to establish branch banks in a State where State branch banking is prohibited?

Mr. BLACK of Texas. No; that is prohibited. For example, in our State of Texas, where branch banking is prohibited to State banks, it will continue to be prohibited to national banks. Section 9 is a restrictive section. It provides that hereafter when State banks come into the Federal reserve system they can bring in only such branches as they may have within the city of their domicile. In other words, if they are not willing to surrender all branches except those that are located within the city of their domicile, they can not become members of the Federal reserve system.

Now the purpose of those three sections, 7, 8, and 9, is to bring about a rule of uniformity where much confusion now exists and put national banks upon an equality with the State banks. Now what situation do we have out in California. Gentlemen opposing this bill say they are opposed to branch banking. What happened out there? In the last two years 25 national banks with a capital of $136,000,000 have surrendered their charters and gone into the State banking system in order that they might establish branches throughout the State of California if they so desired. On the other hand, in those same two years only eight State banks have taken out national bank charters with a capital of only $1,400,000, and therefore there has been lost to the national banking system in the State of California more than $130,000,000 of capital in the last two years.

Mr. BRAND of Georgia. Is it not a fact that only one national bank is left in the State of California?

Mr. BLACK of Texas. The gentleman is in error about that, I am sure he is. The national banking has lost ground in California, but it has not lost ground to that extent.

Mr. MOORE of Virginia. Will the gentleman yield for information?

Mr. BLACK of Texas. I will.

Mr. MOORE of Virginia. In reference to the question I put a while ago to another member of the committee, and that is, whether this bill proposes that the large cities of the country over 100,000 shall have the unlimited right to establish branch banks?

Mr. BLACK of Texas. It does not permit that, it provides that branches shall only be established after the consent and approval of the Comptroller of the Currency has been obtained.

Mr. MOORE of Virginia. Yes; but he consents to teller window banks and all sorts of things.

Mr. BLACK of Texas. I will say to the gentleman without going into that question, for I do not have the time, I do not approve of the teller window proposition, and this bill prohibits any further exercise of that power. That is one of the good features of the bill.

Mr. STEAGALL. Mr. Chairman, this motion goes to the heart of this bill. Section 8 is the core and kernel of this legislation. The gentleman from South Carolina [Mr. STEVENSON] referred to my remarks in the general debate, in which I discussed this bill, and read some of the things I had to say with reference to the provisions of this measure touching State banks and their connection with the Federal reserve system. I want to reiterate all I said on that occasion. I stand by it. The Federal reserve bill was passed with the understanding that State banks should be admitted to membership in the Federal reserve system, and it was not contemplated that in extending that right we would attempt to legislate regarding the details of State banking. I stand on the original provisions of the Federal reserve act.

The gentleman himself said last Wednesday that Congress had no constitutional power to stop branch banking under State law, and that is true. And I would not attempt to restrict the membership of the Federal reserve system by regulating the methods of the various States in dealing with State banks. The Federal reserve system was intended to deal with other things connected with the banking situation in America; to create a great reservoir of credit that would stand as a Gibraltar in times of stress and storm; to support the commercial and industrial and agricultural interests of this Nation. Approach to that system of credit was to be afforded to all the banks of the country, State banks as well as national banks. It is important to increase membership in the Federal reserve system to extend its usefulness and to enlarge its resources. It would be much wiser to try to build up that great system than to reduce its membership and cut down its benefits.

But the gentleman has not attempted, no advocate of this bill has attempted, to amend the law in a way that will deny State banks having branches the right to come into the Federal reserve system. They have built up one little limitation here which is a man of straw, like every other limitation on branch banking that is embodied in this bill. It is provided that State banks can not come into the Federal reserve system with branches outside of cities, the minimum population being 25,000. That is the only limitation there is; and when we consider that in its practical effect, it is not a limitation, because under existing law the Federal Reserve Board is now, by regulation, denying membership in the Federal reserve system to State banks that have branches. So that when we come to the practical effect of it, even that limitation in the bill which the gentleman sponsors falls to the ground and is really an authorization, because if the Federal Reserve Board has any respect for the enactments of Congress, they will be bound to permit State banks in cities, at least, to come into the Federal reserve system with their branches.

We offered to go along with the gentlemen who say they want to restrict the evil of branch banking. We said, "When you offer to consolidate national banks and State banks, we will provide that no such consolidated bank may keep its branches and bring them into the Federal reserve system." But the gentlemen who say they want to stop branch banking killed that amendment, and yet the limitation in that regard with reference to consolidated banks or banks that have converted into national banks whereby they may have branches or acquire branches only in cities, 25,000 being the minimum population requirement, even that limitation in this bill is a man of straw in practical effect.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to proceed for five minutes more, and then I shall conclude.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEAGALL. That is another man of straw in practical effect, and here is the reason: Every national bank in this country that has found it desirable to absorb a State bank in order to acquire branches and bring them into the Federal reserve system has already gone and got its branches and brought them in. The same is true of State banks that want to convert into national banks and bring branches into the Federal reserve system. All the State banks that want to do that have already converted. If there are any left that have not, of course they will do so as soon as they see this bill is going to pass.

As I said the other day, there are only a limited number, something like 125, of the banks that have converted or consolidated, and only 1,500 State banks have come into the Federal reserve system up to the time the Federal Reserve Board began to put on their restrictions and to exclude them, and I will add only a very few have applied for membership

since that time. We are locking the door of the stable after the horse is gone. That is what we are doing with respect to all the pretended limitations in this bill. It is claimed we are making limitations because we provide branch banks can not be established in cities below 25,000 in population. Well, as the law stands now, none can be established. It is claimed that we are making limitations because we provide that only one branch will be allowed in cities between 25,000 and 50,000 of population. But as the law stands now no branch can be allowed in such cities. It is claimed we are making limitations because we provide that only two branches shall be allowed in cities between 50,000 and 100,000 of population. But under existing law no branch is permitted in such cities. Wherever there is any sort of limitation the opponents of the bill are glad to vote for it. We offer to do that, and then we want to strike out section 8, which is a direct authorization of branch banking by national banks, and which will be sure to bring in hundreds of branches.

Mr. MOORE of Virginia. May I ask the gentleman a question?

Mr. STEAGALL. Yes.

Mr. MOORE of Virginia. As I understand—and I am speaking subject to correction by the gentleman if I am in error—this is the first time that the Congress has set out to expressly recognize the right of branch banking by the national banks?

Mr. STEAGALL. Absolutely; with this qualification, that the original banking law did provide that a national bank, where it absorbed a State bank with branches, could bring in the branches and operate them.

Mr. MOORE of Virginia. I understand that exception.

Mr. STEAGALL. And we offered to stop that evil. We offered an amendment to-day that would stop that evil, and the gentlemen who say they want to stop branch banking voted it down. They vote down every limitation and every effort made to stop branch banking in this country, and yet they look the membership of this House in the face and tell us that the purpose of this bill is to stop branch banking.

Mr. MOORE of Virginia. If the gentleman will permit one further question, is it not pretty easy to forecast that if this legislation, which is really the first legislation of this character, is enacted, it will be followed by other legislation that will expand branch banking?

Mr. STEAGALL. The best answer I can give the gentleman to that question is that the one main reason offered for extending this evil now without limit in the larger cities of the country, embodying something like one-half the banking resources of the Nation, the reason they give to support this legislation now is because of the evil in the original national banking law passed 60 years ago, which allows national banks to bring branch banking into the national banking system of the country.

Of course, they will do that. The only reason they are not going further now is because it is not strategic, it is not expedient, it is not politic, it is not wise. Such indefensible changes in a matter so vastly important must be undertaken by gradual processes.

This move is in utter violation of the principles and purposes of the Federal reserve law, which was intended to destroy the monopoly of credit and currency.

This bill gives this monopolistic privilege to the great financial centers of the country, where it is most dangerous to place it, because they are able to make their voice heard in the councils that now control the destinies of this Republic. [Applause.]

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, the gentleman from Maryland [Mr. GOLDSBOROUGH] has moved to strike out all of section 8.

Section 8 is as follows:

SEC. 8. Section 5190 of the Revised Statutes of the United States be amended to read as follows:

"SEC. 5190. The general business of each national banking association shall be transacted in the place specified in its organization certificate, but it shall be unlawful for any such association to establish a branch in any State which does not at the time of the approval of this act permit banks created by or existing under the laws of such State to establish branches, or to establish in any State a branch beyond the corporate limits of the municipality wherein such association is located, but any such association in any State which at the time of the approval of this act permits banks created by or existing under the laws of such State to establish branches may, upon application to the Comptroller of the Currency and upon approval by him, be permitted to establish a branch or branches within the corporate limits of the municipality wherein such association is located: *Provided*, That it shall be unlawful for any such association to maintain in operation a branch within the corporate limits of such a municipality where the population by the last decennial census is less than 25,000 or to maintain more than one branch where such population is not less than 25,000 and not more than 50,000, or to maintain more than two branches where such population is more than 50,000 and not more than 100,000, but these restrictions as to number shall not be construed to require the relinquishment of any branches acquired prior to the approval of this act: *And provided further*, That all branches of such associations shall be subject to the general supervisory powers of the Comptroller of the Currency and shall operate under such regulations as he may prescribe: *And provided further*, That it shall be unlawful for any such association to establish a branch in any State subsequent to the enactment hereafter by such State of a statute which shall deny to all banks created by or existing under the laws of such State the right to establish branches within the corporate limits of the municipality wherein such banks are located: *And provided further*, That no provision of this section shall be construed to modify or repeal any provision of section 5155, Revised Statutes, or of the act of November 7, 1918, as respectively amended by this act.

"The term 'branch' or 'branches' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned."

"This section shall not be construed to amend or repeal section 25 of the Federal reserve act, as amended, authorizing the establishment by national banking associations of branches in foreign countries or dependencies or insular possessions of the United States."

Section 8, as the gentleman who preceded me said, is the heart of the bill. I am against striking out that section because it would kill the bill; but I want to ask the chairman of the committee in reference to a matter contained in this section which was discussed very fully on the floor of the House here on January 13 of last year, when this bill was under discussion, in reference to the portion of the bill on page 12, lines 14 to 20—

but it shall be unlawful for any such association to establish a branch in any State which does not at the time of the approval of this act permit banks created by or existing under the laws of such State to establish branches or to establish in any State a branch beyond the corporate limits of the municipality wherein such association is located.

And then, also, the portion of this section on page 13, from lines 16 to 22:

And provided further, That it shall be unlawful for any such association to establish a branch in any State subsequent to the enactment hereafter by such State of a statute which shall deny to all banks created by or existing under the laws of such State the right to establish branches within the corporate limits of the municipality wherein such banks are located.

I note from the report of the committee on section 8 that their view of the meaning of this section is as follows:

This section recognizes the right of national banks to establish branches within those cities in which State banks have that privilege at the time of the passage of the bill. Should a nonbranch-banking State in the future change its policy and permit the State banks to have branches, the national banks would be prohibited from exercising similar powers. This section also, as a practical matter, limits the branch-banking activities of national banks to cities having a population in excess of 100,000.

I want to ask the chairman with reference to this word "prohibit." Last year when this discussion came up on the Hull amendment the following discussion took place:

Mr. HILL of Maryland. Under this Hull amendment No. 1, if a State at the present time does not permit State banks and trust companies to have branches, could such a State later on pass a law which would permit consolidation? Does not this require that the law must be in effect at the time of the approval of this act, and does not that mean that the States which do not have those things now would have some of their local institutions on an entirely different basis from other local institutions? Is not that the effect of this amendment?

Mr. MCFADDEN. I do not so understand it.

Mr. WATKINS. Will the gentleman yield?

Mr. MCFADDEN. I can not yield further. I want to say, gentlemen, that the amendment which is proposed by the Representative from Illinois [Mr. MORTON D. HULL] is an amendment which was agreed to by the Anti-Branch Bankers' Association; it has their entire approval, and it is the basis of an understanding among the bankers of the country on the question of branch banking, which has been a matter of controversy for some 10 or 12 years. They believe that those States which now do not prohibit branch banking should have the right to maintain a statu quo, and if they should hereafter change their laws they want the additional safeguard that the national banks must get

legislation from the National Congress before they can operate branches in a State which has changed its laws to permit branch banking within its borders. And in such cases I would call your attention to the fact that unless the State law conformed to the provisions of this bill which limits branch banking in the cities in which the parent bank is located, State banks not members of the Federal reserve system would have the right to do a state-wide branch-banking business.

As the gentleman from Illinois [Mr. MORTON D. HULL] has said, it does away with the possibility of the big national banks in the big cities getting together with the big State banks in those cities and going to the State legislature and having an act passed authorizing branch banking in that State.

Mr. HILL of Maryland. Why should they not do that? Why should it be confined to the States that now authorize branch banking? If branch banking in the cities, under proper limitations, is proper, why should a State be deprived of that benefit simply because it does not have the necessary legislation at the date of the approval of this act?

Mr. MCFADDEN. As I have said, this matter of branch banking is largely a service matter, and I believe the people at home in their own States should have the right to settle that question. This act does not interfere with the States' own rights at all.

Mr. HILL of Maryland. This takes that right away from them. I am only asking for information, but as I see it this takes away from them that right.

Mr. MCFADDEN. The gentleman would not have State laws regulating the national banks.

Mr. HILL of Maryland. That is exactly what this does.

Mr. MCFADDEN. No; I disagree with the gentleman entirely.

Mr. HILL of Maryland. The amendment says "in any State which at the time of the approval of this act did not by law or regulation permit State banks or trust companies, and so forth, to have such branches." It absolutely takes away the right of a State to have such branch banks unless they have a law permitting them at the time of the approval of the act.

Mr. MCFADDEN. I think the gentleman is mistaken in that respect. The legislature of any State can pass a law to permit branch banking any time subsequent to the passage of this act.

Mr. BEEDY. May I say that the gentleman from Maryland is absolutely correct.

Now, I want to ask the chairman of the committee, with reference to lines 14 to 20, on page 12, if that situation still exists? In other words, under the provisions of section 8 States will have latitude to admit or prohibit branch national banks in accordance with the local situation. There was uncertainty about that, as is shown by discussion during the last session.

Mr. McFADDEN. I will say that that is a pretty long question, but I will endeavor to answer it.

Mr. STEVENSON. I would like to ask the gentleman if it is a dry one or a wet one? [Laughter.]

Mr. McFADDEN. I asked the gentleman from Maryland and he said it dealt with liquid assets. [Laughter.]

Mr. HILL of Maryland. I want to see whether these liquid assets come under the doctrine of State rights or not.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. HILL of Maryland. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. I will state that the section the gentleman has quoted in the report that was filed reporting out the bill covers the situation quite thoroughly. He is correct when he refers to the so-called Hull amendment. The Hull amendments were the outcome of a discussion which affected certain Members opposing branch banking; they wanted to do everything they could to prevent the State legislatures passing a bill which would permit branch banking in their State. So the Hull amendments were agreed to. This is what it does: It says that after the passage of this act any State that does not now permit branch banking or authorize branch banking to its own State banks that national banks would not be affected by it, but in order to come in any national bank would have to come to Congress and get permission before they could establish branches under the terms of this bill.

Mr. HILL of Maryland. And that remains as it was under the bill last year.

Mr. McFADDEN. Yes.

Mr. HILL of Maryland. On page 13 it states that we do permit it here, and it would not be precluded.

Mr. McFADDEN. No.

Mr. HILL of Maryland. I am in favor of equalization of the rights of national and State banks to render service in their local spheres of influence.

I am in favor of the general plan of this measure. In Maryland, we permit branch banking by State banks or trust companies.

This bill passed the House last year, and we fully discussed these Hull amendments. The theory of the bill is to permit branch banking. The theory of the Hull amendments is against branch banking. Last year I spoke and voted against the Hull amendments, which are in abrogation of the local financial powers of the States. It is wrong to limit the States to what their present laws provide and to create a system of branch banking based on the present laws of the States, prohibiting the States to obtain the benefits of this law by later legislation.

Last year the Hull amendments were voted into the bill by this committee. This year they appear in the bill itself, as a compromise.

If these provisions are not stricken out of the bill by the amendment of the gentleman from New York [Mr. MILLS], I shall offer the following amendment:

Page 12, line 16, after the word act insert "or at any time thereafter."

I hope this amendment will be adopted, but if it is not I shall probably vote for the bill on the theory that, in certain respects, it is a step in the direction of proper banking. I can not vote to strike out all of section 8, as the gentleman from Maryland [Mr. GOLDSBOROUGH] proposes. He opposes extending to the national banks the privilege now enjoyed by the State banks and trust companies. While we need in every way to protect the State banks, we must remember that after all the national banks are just as much State servants as are the national banks owned by local capital, and the same balance of opportunity for service should be accorded them both since they both equally serve the public. [Applause.]

Mr. STEVENSON. Mr. Chairman, I do not want to take too much time, and therefore I hope this is the last time I shall speak, but I am not going to give bond to that.

The statement has been made here time and again that we are providing for national banks to have branches in the great cities where there is a great deal of capital, and thereby concentrate in a few hands capital by allowing branches in the great cities. Gentlemen have not considered the problem about the country as it has been ever since the extension of branch banks. The evil does not arise from the establishment of branches in large cities, but arises where a large bank in a large city, where there is plenty of capital, goes out into the country and sets down a branch beside a small country bank that is serving the local community. They make an appeal to the people who are there who do a large business and say, "If you do business with us we may loan you all the money that you need," while the small bank is not able to do that, and you will have to have three accounts in order to do business. What is the result? The result immediately is that in a short time all the best customers of the country bank leave that bank, and there is such a curtailing of business that the country bank has to sell out to the large city bank or let the branch do the business.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I can not yield now. That goes on until they cover the whole territory. Thereby they concentrate their loaning power in the city bank, because there is not strong competition in the country districts to compete with them and to hold the business. That is what we are trying to guard against, but when you come to a city such as New York or Baltimore, or any other of the large cities, there is capital in abundance there. If some one undertakes to make a monopoly in banking, there is always plenty more capital there to set up in competition with it, and there are more institutions there that can supply the demands of the large borrowers and there is not the vice growing out of it, because of the abundance of capital in the large cities which will always counteract the proposal of any one crowd to concentrate all of the banking capital in one hand. That seems to be the last cry of the gentlemen who are so anxious that the country be saved from this bill. They say that we are going to concentrate all of the branches in the cities. We say to confine them to the cities, to confine them to where they will have competition, and where they will have competition that amounts to something. Do not let them spread all over the country and run the local banks out of business and destroy them, so that a man will have to go 100 miles in order to get a loan, and then have to look into the face of some one whom he does not know, who is as cold-blooded as this piece of marble on this table, and who will not let him have anything unless he gets down on his knees. We propose to break that up by restricting the branch

banking privileges to the cities of this country, and that is why we say to the State banks, "You can not come in and be members of the Federal reserve system unless you stop spreading your branches all over the country." We will not permit that sort of thing which builds up a monopoly in country districts, where the people are absolutely helpless and where they do not know the man to whom they must apply for a loan.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. LOZIER. Will not the abuse and evil to which the gentleman has called attention exist to the same degree and extent where a big bank in a big city goes into an outlying suburban part of the city and establishes a branch bank in competition with a community bank in that suburb?

Mr. STEVENSON. I do not know that you can make anything perfect—it has never been done yet—but I guarantee to the gentleman that if that bank which is in the suburb has a growing business and if it appeals to the depositors and the business interests, there will be plenty of people to put money into it to make it as big as the fellow that tries to drive it out of business.

Mr. CELLER. Mr. Chairman, I offer the following perfecting amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. CELLER: Page 13, line 22, after the word "located," insert:

"*And provided further*, That all such branches of such associations shall be established, maintained, and operated subject to the same rules and regulations, if any, prescribed in pursuance of section 9 of the Federal reserve act by the Federal Reserve Board for the establishment, maintenance, and operation of branches by State banks and trust companies, which may be members of the Federal reserve system."

Mr. CELLER. Mr. Chairman, I offer this amendment because, as the bill now reads, as it was reported from the committee, it would not put the State member banks seeking to establish branches upon a parity with national banks seeking to establish branches. We hear much about this bill with reference to its putting State and National banks on a par. Under the present conditions, if a national bank seeks to open a branch, all it has to do is to go to the Comptroller of the Currency and get his consent for the establishment and maintenance of that branch. Under the present system, if a State member bank of the Federal reserve system wants to establish a branch, that bank must go to the supervisor or superintendent of banks of its State and then must subscribe wholly to conditions laid down by the Federal Reserve Board in a pamphlet of conditions published by them, known as "Regulations H."

That system remains unchanged with the passage of this bill unamended.

Mr. STEVENSON. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. STEVENSON. Does the gentleman mean by his amendment to say that State banks getting the consent of the State control shall have the right to come into the Federal reserve system?

Mr. CELLER. No, indeed.

Mr. STEVENSON. Regardless of any regulation by the Federal Reserve Board?

Mr. CELLER. The gentleman entirely misunderstands my amendment. I say that a national bank seeking to open a branch should have to go to the Federal Reserve Board for its consent, just as a State member bank does. If that Federal Reserve Board lays down any conditions that might be operative against a State member bank opening its branch, those conditions should likewise be operative as to national banks. Under this bill, if we pass it without this amendment, a national bank would have to get the consent of the comptroller only, but a State bank would have to get the consent of the Federal Reserve Board. We have seen what the Comptroller of the Currency has done with reference to wholesale granting of teller-window applications to banks in the city of New York and in the city of Washington. We must circumscribe the powers of opening branch banks; but if you are going to fix any powers, see to it that they shall apply equally to national banks as well as State member banks. These regulations laid down by the Federal reserve system against State banks provide that the bank shall maintain for itself in such branches or additional offices an adequate ratio of capital to total liabilities and an adequate percentage of its total investments in the form of paper or securities eligible for discount or purchase by the Federal reserve bank. I have hunted and find nowhere any conditions like those which are now operative against national banks opening branches. There is nothing in the law to-day which provides, for example, that the Comptroller of the Currency shall see to it that there shall be an adequate ratio of capital to total liabilities and other conditions of Regulations H in the case of national banks. If you are going to do the right thing and are going to put all of these banks on a parity, then if the Federal Reserve Board lays down certain rules against State member banks, those same rules should be operative against the national banks when they open their branches. That is the purport of my amendment. It has the approval of Vice Governor Platt of the board. Last year it had the approval of Mr. James, a member of the board, as well as the approval of Mr. Wyatt, general counsel of the board.

Unless you do that I, who am otherwise in favor of this bill in its entirety, will vote against it, because I feel the bill will be so tinctured with wrong and inequality as to vitiate all the other advantage of the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BRAND of Georgia. Mr. Chairman——

The CHAIRMAN. Does the gentleman desire to speak on the perfecting amendment?

Mr. BRAND of Georgia. No. I ask unanimous consent to be allowed to speak for 10 minutes on the bill.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BRAND of Georgia. Mr. Chairman, this is the first time I have undertaken to say anything about this important and scientific measure, and I do not propose now to discuss the various provisions of the bill but will confine my remarks to two phases of the same. The first question which I want to deal with at the present time is the opposition, the character of the opposition, and the author of the chief opposition to the enactment of this bill. What is the origin, and who is the author of the opposition outside of the Members of the House to this proposed legislation? What is the purpose behind it? This is one of the material questions which I think ought to be considered by the members of the committee. The gentleman from Florida [Mr. GREEN] introduced in the RECORD the other day a telegram from some person requesting that he vote for what is known as the Sims amendment, which is the sum and substance of the opposition to the passage of this bill. It is the essence of all opposition to it outside of this House as I understand. This is the language of the Sims amendment:

The Federal Reserve Board, subject to the provisions of this act, and to such conditions as it may prescribe pursuant thereto, may permit the applying bank to become a stockholder of such Federal reserve banks: *Provided, however*, That such conditions or rules or regulations prescribed shall not limit or impair the charter or statutory rights and powers of such banks, nor shall the Federal reserve board impose any conditions of restrictions other than those under which national banks shall operate.

It is fundamental, as we all know, that Congress can pass no Federal legislation interfering with the rights of State banks and their chartered powers and authority so long as they are not members of the Federal reserve system. It is also fundamental that the lawmaking assemblies of the various States in passing legislation providing for State banks and authorizing the formation of branches have no right to dictate to Congress or the Federal Reserve Board what rules and regulations they may prescribe in regard to State banks applying for admission as member banks of the Federal reserve system. It follows that Congress can not impair or nullify State laws providing for branch banking when not members of the Federal reserve system. Nor have the States any right to dictate the conditions of membership of State banks in the Federal reserve system. There was a provision placed in the Federal reserve act when it was first passed, which has been kept in it intact ever since and will remain in it, in my judgment, as long as the Federal reserve system remains in existence, which authorizes the Federal Reserve Board to adopt rules and regulations as to conditions upon which nonmember banks may become members of the Federal reserve system. The provision in the act is as follows:

Banks becoming members of the Federal reserve system under authority of this section (sec. 9) shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, and shall not be subject to examination under the provisions of the first two paragraphs of section 5240 of the Revised Statutes as amended by section 21 of this act.

The Federal reserve act further provides, as follows:

Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks.

Pursuant to the authority granted in section 9 of the Federal reserve act the Federal Reserve Board adopted certain conditions of membership which should apply in all cases to banks which file an application with the board to become members of the Federal reserve system. Among other conditions the following have been distinctly prescribed:

(1) Except with the permission of the Federal Reserve Board, such bank or trust company shall not cause or permit any change to be made in the general character of its assets or in the scope of the functions exercised by it at the time of admission to membership, such as will tend to affect materially the standard maintained at the time of its admission to the Federal reserve system and required as a condition of membership.

(2) Such bank or trust company shall at all times conduct it business and exercise its powers with due regard to the safety of its customers.

(3) Such bank or trust company shall not reduce its capital stock except with the permission of the Federal Reserve Board.

(4) Such bank or trust company shall not, except after applying for and receiving the permission of the Federal Reserve Board, establish any branch, agency, or additional office.

Each bank or trust company applying for membership hereafter will be required to agree to the above conditions and any other conditions which the board may prescribe prior to the admission of such bank or trust company to the Federal reserve system.

It is distinctly laid down that no State banks established under State laws can become a member of the Federal reserve system without subjecting itself to the rules and regulations thus prescribed by the Federal Reserve Board.

Mr. GREEN of Florida. Will the gentleman yield for a correction?

Mr. BRAND of Georgia. I will.

Mr. GREEN of Florida. The gentleman stated I introduced the Sims amendment. The gentleman preceding introduced that amendment, and I introduced a telegram from the comptroller of my State in reference to approving the Sims amendment. I approve it.

Mr. BRAND of Georgia. I am opposed to it. Who is Sims, anyhow? He is unknown to fame as far as I am concerned. I asked a man who did know him and knew his business, and I was informed that he is back of all this propaganda. I requested this gentleman to advise me what information he had of Sims and the business he was engaged in, because I did not want to misrepresent him.

He is the vice president of the Hibernia Bank of New Orleans, which is a branch-banking institution. He is not a State-bank supervisor and has not been for years, but he acts as secretary for the National Association of State Bank Supervisors. Through this connection he is trying to stir up all of the State-bank supervisors in the United States against this bank bill.

This man Sims is a branch banker and is opposed to section 9, which restricts branches of State member banks to the city limits.

But the amendment which he proposes does not say anything about branch banking. He knows he would not get anywhere with any Member of this House with an amendment favoring State-wide branch banking, but he is attempting to accomplish the defeat of this bill by stirring up the State banks against the national banks. He wants to create the impression that this bill authorizes the Federal Reserve Board to discriminate against State member banks, when he knows there is nothing of the kind in the bill. The amendment which he says he wants would amend the Federal reserve act and take away the discretionary authority of the Federal Reserve Board. It would hamstring the board in dealing with State member banks. He can get no support for this proposition either from the Federal Reserve Board or from the Banking and Currency Committee. There is no merit in his proposition, and all he is trying to do is to muddy the waters and confuse the issues. He is asking Members to vote against this bill when he knows that the State-bank division, itself of the American Bankers' Association, has approved this bill in toto and urged its passage.

He wants to change the theory of the Federal reserve act. These telegrams that are coming in here from the State-bank supervisors are being sent under a misapprehension of the facts. They do not know what Sims is talking about, and they do not know what they are asking for. The only opposition to this bill at all is to the branch-banking provisions, and in that the extreme branch bankers and the extreme antibranch bankers have joined hands.

Against this Sims amendment and the propaganda Sims has inaugurated against the passage of this bill I want to call your attention to the fact that this bill has been approved and its passage at the present session of Congress urged by the American Bankers' Association, the national-banking section of the American Bankers' Association, the State-bank division of the American Bankers' Association, the executive council of the State-bank division, the State bankers' associations of such States as New York, Illinois, Missouri, Kansas, and Texas, the National Association of Credit Men, the National Grange, and the Investment Bankers' Association.

I want to name a few other witnesses against the judgment of this man Sims and the "Sims amendment." There is a man down here in the Treasury building by the name of J. W. McIntosh, who for the present is holding the high and responsible office of Comptroller of the Currency. He has given his hearty indorsement to this bill. Everyone who has had any official dealings with him knows he is a man of exalted character, firm in his convictions of right and wrong, and a man of personal and official integrity. I have faith in his judgment, and I believe he is acting from a sincere and a high motive in advocating the passage of this bill. I likewise have faith in all of his coworkers, Messrs. Collins, Stearns, Pogue, and Garrett, all of whom are backing this legislation, being officers of ability and honor and standing high in the councils of the Nation. There is another man down there who remains in office whether the Republicans or Democrats are in control of the destinies of this Republic. He does not come and go with the ebb and flow of the tide of politics, but he stays on under both Democratic and Republican administrations. I refer to Mr. Pole, chief examiner of banks, one of the finest characters in the Treasury Department and an expert in his line of work and duty, who is likewise championing this legislation.

I have the utmost faith in all these officials; and if I did not know anything about the bill myself, I would be guided by their judgment and wisdom and give it my support.

Mr. Sims wants to put the State banks in the position where they could walk up to the doors of the Federal reserve system and say, "We want to become a member on our own terms without regard to any rules and regulations that you have adopted on this subject." Why should we tie up the Federal Reserve Board in its relations with the State banks? What right has he to demand that the rules and regulations of the Federal Reserve Board be vacated? What right has Sims to be telegraphing to Congressmen asking that they vote to nullify the rules of the board when that question is not relevant to the purposes of the bill?

The whole question comes back to what I first said, that the sole object on the part of the Sims amendment, and the amendment of my brother from New York [Mr. CELLER] is practically the same thing, is to destroy the rules and regulations passed by the board 13 years ago as to terms of admission by State banks into the Federal system. It is to change the Federal reserve act and vacate the rules adopted under that act by the Federal Reserve Board, which prescribe certain conditions of admission of State banks in the Federal reserve system. Gentlemen, you and I know that some of these branch banks deal in fire insurance and in life insurance, and some of them actually deal in sawmills. Yet, certain of these gentlemen who have the brain storm on the subject want Congress to amend the Federal reserve act and repeal the power vested by it in the Federal Reserve Board and allow State banks to come in the system and exercise all its privileges granted under State laws and get all the benefit as member banks of the system and function as such without being required—as all other member banks are required—to be governed by any rules of the Federal reserve system. Such proposition is simply ridiculous.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BRAND of Georgia. Mr. Chairman, may I have five minutes more?

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BRAND of Georgia. Some of you Democrats are going to vote against this bill. If you do, you will make a mistake, and I will tell you why. Probably some of the Georgia delegation will vote against it, but I want to call your attention to a provision of this bill that you may have overlooked. It is section 16 of the bill.

I live in a city where there is a national bank and two State banks. Under the laws of most of the States State banks can loan money on city real estate for five years. Under the national bank law you can only loan for one year. This discrimination against national banks excludes borrowers and many good applicants from obtaining loans because one year's indulgence would do them no good. Section 16 provides that the same

privilege be granted to the national banks now enjoyed by State banks as to the five-year period of making loans on city real estate.

At the present time national banks can make loans upon first mortgages on city property only for one year. This section increases this period to five years. This is a wise provision because, first, it is very beneficial to the banks by reason of the fact that a five-year loan on real estate can be sold more easily than a one-year loan. As a rule loans are limited to the savings deposits, which is a further benefit to the banks, because, as every one knows, the banks pay interest on this character of deposits. Third, it is likewise a benefit to the savings depositors, because they will probably receive a greater rate of interest. In the next place, it is beneficial to the borrowers, because State banks, as a rule, can not supply the demand, and it makes the depositors independent of the insurance companies who loan money, charging high commissions, besides the legal rate of interest. It makes borrowers to some extent independent of local lenders whose agents have to be paid high commissions.

This section of the bill would enable people of moderate means to buy and pay for a home, and other people to establish a business. Its the only provision of the bill which touches the rank and file of the people and which is of any substantial benefit to the working people. If there was not anything else in this bill, I would vote for it.

Mr. MANLOVE. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. MANLOVE. Is it not the practice of the large banks when a man borrows money from them to require him to leave at least 20 per cent of the amount borrowed on deposit in the bank?

Mr. BRAND of Georgia. No; I never heard of such practice in my State in case of a loan by the bank.

This provision takes care of the laboring people who have to rely upon other people for help and assistance to get along in this life, without whose assistance, in many cases, they could never own a home. I think it is time for Congress to give special consideration to some character of legislation which may be beneficial to the interests of the laboring people and people of moderate means and the poor people generally. I know you all feel an interest in them and sympathy for them, but they can not live on that. This amendment to the present law opens the door of hope to many a poor man, woman, and child. [Applause.]

Mr. LOZIER rose.

The CHAIRMAN. For what purpose does the gentleman from Missouri rise?

Mr. LOZIER. To support the amendment offered by the gentleman from Maryland.

The CHAIRMAN. There is a perfecting amendment pending. If nobody desires to speak on the perfecting amendment, the Chair will put the question on the amendment. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. MILLS. Mr. Chairman, I offer an amendment and move its adoption.

The CHAIRMAN. The gentleman from New York offers a perfecting amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MILLS: Strike out all of line 14, on page 12, beginning with the word "but," and lines 15, 16, 17, and 18 to and including the word "branches."

Mr. MILLS. Mr. Chairman, the language sought to be stricken from the bill is what is generally known as one of the Hull amendments. The general purpose of this bill is obvious enough. It is to strengthen our national banking system by permitting national banks in those States which permit branch banking to establish branch banks within the municipalities in accordance with the terms of this bill. With the general purpose of the bill, then, I am in full sympathy, because I realize that these provisions are very necessary to-day.

In my own city of New York in the course of the last four years national banks with gross assets of some $470,000,000 have converted or consolidated with State institutions and lost their national-banking charters. In the great city of Buffalo to-day there are only three small national banks, with aggregate resources of only $16,000,000, and only last month, I am told, a national bank with resources of $62,000,000 in that same city gave up its national-bank charter and consolidated with a State institution. This, I understand, is taking place in Cleveland, in California, and there is a general restlessness prevading the national banking system, which tends to weaken it.

With the general purposes of the bill, then, I am in full sympathy, but I can not understand the logic of the gentlemen who have reported this bill when they say in order to strengthen the national banking system we are going to permit national banks with branches in municipalities in those States which permit branch banking to-day——

Mr. BEEDY. May I interrupt the gentleman?

Mr. MILLS. One moment, please. Let me finish my sentence. But if in the course of the next month the people of a State permit branch banking, it will not apply to the national banks of that particular State.

Mr. BEEDY. Now, will the gentleman permit me to say there are some members of the committee who claim there is no logic in inserting into the provisions of this bill the Hull amendments, which are, in fact, a controversion of the original purpose for which the bill was offered.

Mr. MILLS. I am very glad to know that. It seems to me there can only be one real purpose back of this amendment, and that is if in any State it is suggested that the State itself permit its own creatures, its own State banks, to provide branch banking, that then the power of the national banks of that State, the political power, shall be used in order to beat that legislation. In other words, we have here an example of what goes on almost daily in the Congress; an attempt indirectly to use the Federal power in order to coerce the people of the several States to do not what they think is right in the government of their own concerns, but to do what this Congress may think right.

I do not pretend to know what are the economic and banking conditions of the State of Iowa or South Carolina or California. If the people of South Carolina want branch banks, who am I to say that they shall not have them; and if the people of the sovereign State of New York believe that their condition is such as to be favored by a branch-banking system, by virtue of what authority do the Representatives of the State of South Carolina or any other State in this Congress say to the people of New York, "You shall not have branch banking."

Mr. STEAGALL. Will the gentleman permit an interruption?

Mr. MILLS. Yes.

Mr. STEAGALL. I am in hearty accord with the logic of the gentleman, but let me say to him he has not kept track of this legislation. What the advocates of this bill are proposing to do now is to go as far as it is possible for them to go politically and strategically. The step the gentleman contemplates will be taken a few years later.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MILLS. Mr. Chairman, I ask unanimous consent to proceed for three more minutes.

The CHAIRMAN. Is there objection,

There was no objection.

Mr. MILLS. I am not complaining that this bill does not go far enough. I am not going into the question of whether branch banking be wise or unwise, but I contend that the only reason for this provision is because some Members of this House do not believe in branch banking, and they propose to say to the people of a sovereign State, "We are going to use this indirect means to enforce our economic views on you irrespective of what your local views may be."

Mr. WINGO. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. WINGO. I have compared the gentleman's amendment at the desk with the text of the law, and I find the gentleman proposes to take out that provision of the bill which absolutely enables the State legislatures to determine what shall be the rights of a national bank. I have protested against that.

Mr. MILLS. Oh, the gentleman knows very well you forbid national banks to introduce branches in States which subsequently want to adopt the branch banking system, because you want their political power to beat the bill in the State legislatures.

Mr. WINGO. No; we do not want the political power to be used the other way. We do not want to offer a bribe to them. That is the reason.

Mr. MILLS. That is the real purpose of it.

Mr. WINGO. Just the reverse.

Mr. MILLS. Let us pursue the matter further. Suppose the people of the State, in spite of your attempt to coerce them and block their sovereign will, disregard the advice of the gentleman of the Congress and establish a State banking system. What will be your position then? In some States you will permit your national banks to have branches because, forsooth, in the year 1926 their States permitted branch banking, and in other States national banks can not have

branch banks because their people did not act until 1927; and you want to call that a national banking system.

I say to you gentlemen from the standpoint of the true authority and jurisdiction of the Congress that provision is improper, and from the standpoint of all logic and consistency it can not be justified, and, irrespective of your belief on the subject of branch banking, those words, at least, should be stricken from this bill. [Applause.]

Mr. STEVENSON. Mr. Chairman, there is a good deal to be said on the side of the gentleman who has just spoken, but there is this to be said also. This is a practical matter. A very great President of the United States once said to a very great railroad man, "We are practical men," and something very practical came out of it. This is a practical matter. Are you going to pass this bill or are you not? There is a tremendous influence in this House that does not believe it ought to be passed without this provision in it, and we do not hesitate to say that we would rather have it passed with this provision in it than without it.

Mr. BEEDY. The gentleman means that he rather have it passed with it in than not to pass it at all?

Mr. STEVENSON. Yes. I accept the correction. Gentlemen say that we are proposing to put the power of the Federal banks against the legislation contemplated in the State. Not at all. We are retaining the right of the Congress to fix the policy of the national banks. We are denying the right of a legislature to say, any day it changes its mind on the question in any State, that they can change the policy of the national banks and say, "You have not had the right to have a branch heretofore, and we are going to give you the right now, regardless of whether Congress wants it or not." It is a question of the retention of the control of national banks in Congress, and we refuse to delegate it to the State legislatures.

Now, gentlemen say it is proposed to use the power of the national banks to coerce the State. Oh, no; the gentleman does not know the combination that would be made if this went through with the amendment. What would you have? In less than 60 days you would have a combination of the national bank and State bank in every State where there is no branch banking law, working shoulder to shoulder, hand to hand, interlocked in a powerful combination to get legislation to extend the branch banking act to every institution, both national and State. That is what you would have; the political power of the national bank would be exercised not to defeat branch banking but it would be exercised under the gentleman's amendment for the purpose of forcing branch banking on every State in the United States.

That is the reason why we put it in, the reason why we are going to vote to keep it in. There is no reason in the world to apprehend any great discrimination of national banks by States where they had the privilege subsequent to the passage of the act, where there is great injustice done the national bank. Here in Congress is the place where they get the charter of liberty, where they get the power, and I do not think this Congress will submit to any great hardship or injustice that may be inflicted upon the national banks, and therefore I say let us retain in our hands the power to say when and where they shall have branch banks. [Applause.]

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 15 minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this section and all amendments thereto close in 15 minutes. Is there objection?

There was no objection.

Mr. JACOBSTEIN. Mr. Chairman, I can not understand the great timidity on the part of the membership of this House in its refusal to recognize an economic fact. I notice those who are going to vote for the bill say that they do it reluctantly, because it may encourage branch banking; and, then, those opposed to the bill do so because they are opposed to branch banking. And yet I have a feeling that there are a good many of you who really do recognize the economy and soundness of branch banking within a municipality. It has been challenged by those who are opposed to branch banking, but I for one want to say that I recognize the economy and the economic soundness of branch banking within a municipality. The quicker we recognize that fact and then throw safeguards around it we will strengthen the national bank system in this country.

Now, all I want to say is that you can not stop an economic law by the passage of a governmental law. Branch banking is here, it is in our State, and in my city of Rochester. You and I have seen national banks go out of existence in great industrial communities while State banks are extending their power and influence. You can not stop an economic law from developing. Why not recognize it and work with it and throw safeguards around branch banking so as to protect the stockholders, protect the depositors, and protect those who wish and will borrow money. I think a study of the branch-banking situation all over the world shows the consistency and the economy of the system.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. JACOBSTEIN. Yes; although I only have five minutes.

Mr. COOPER of Wisconsin. Does the gentleman think that branch banking tends to concentrate the control of credit?

Mr. JACOBSTEIN. I think so when it is not guarded. Just as to-day without branch banking it has been stated by the opponents of branch banking that the great banking interests of the country are now concentrated in the hands of a few groups. The report of the Pujo investigation committee a number of years ago demonstrated then that concentrated control is not confined to the national banks. I say that you do not solve the question of credit control by telling a national bank that it can not establish branches within a municipality. It will convert itself into a State bank or absorb a State bank and do the same thing.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JACOBSTEIN. Yes.

Mr. COOPER of Wisconsin. Does the gentleman believe that one banking institution in a municipality taking up all of the other banks and controlling the credit of the municipality is a good or a bad thing?

Mr. JACOBSTEIN. I would say if that were a fact that it would be a bad thing, but I do not think that happens under branch banking any more than when branch banking is not permitted.

Mr. COOPER of Wisconsin. The gentleman refers to the Pujo investigation. I heard a good deal of the testimony before that investigation. I heard Mr. George F. Baker, president of the Pierpont Morgan Bank in New York City, admit, under cross-examination by Mr. Untermyer, that at that time nothing involving an expenditure of more than $10,000,000 could be financed between the Atlantic and Pacific Oceans and the Canadian border and the Gulf of Mexico without the consent of the Pierpont Morgan Bank, of the Rockefeller City National Bank, of Kuhn, Loeb & Co., of Lee, Higginson & Co., and I think the Bankers' Trust. Then Mr. George M. Reynolds, president of the largest bank in Chicago, the next day said that such concentration of control as then existed in the United States constituted a menace.

Mr. JACOBSTEIN. Very well. I say even if that is so you have but stated this fact, that there was concentration and banking control even before you had branch banking in the different municipalities.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JACOBSTEIN. I do not know whether the rules permit it, but because this is the first time I have talked on this banking bill I am going to ask permission to continue for a few minutes.

The CHAIRMAN. The time has been fixed by unanimous consent.

Mr. MONTAGUE. Mr. Chairman, in view of the very interesting speech made by the gentleman from Wisconsin [Mr. COOPER] in the time of the gentleman from New York, I ask that the gentleman from New York be permitted to speak for five minutes more.

Mr. STEVENSON. Mr. Chairman, the time has been fixed by unanimous consent.

The CHAIRMAN. The time has been fixed.

Mr. JACOBSTEIN. I ask unanimous consent to proceed for another five minutes.

The CHAIRMAN. Is there objection?

Mr. LOZIER. Mr. Chairman, reserving the right to object, if this be granted, will those five minutes be deducted from the remaining 10 minutes under the unanimous-consent agreement?

The CHAIRMAN. The ruling of the Chair is that it would be.

Mr. LOZIER. Then I am constrained to object, much as I regret to do so, because the 15 minutes were fixed with a view of permitting the gentleman from New York [Mr. JACOBSTEIN], the gentleman from Illinois [Mr. MORTON D. HULL], and myself to address the committee.

Mr. JACOBSTEIN. I recognize the justice of that, Mr. Chairman, and certainly do not wish to use time belonging to another Member. I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MORTON D. HULL. Mr. Chairman and gentlemen of the House, the provisions of the bill proposed to be stricken out by the amendment of the gentleman from New York [Mr. MILLS] were put into the bill last year at my request. Candidly, they were put there because of my fear of branch-banking extension, and I am willing to say that anywhere. I am willing to go just so far, and no further, as is necessary to put our national banks on an even basis of competition with the State banks in cities where they have branch banking at the present time. I believe that this provision, and the provision in the succeeding section with reference to member banks and their right to have branch banks in cities, should be retained in the bill. I think they will exercise a stabilizing influence and keep the situation just as it is to-day by removing the motive from the powerful banks in the cities for having branch banks. The gentleman from New York [Mr. MILLS] can say that it is a proposal to permit a national bank to coerce the State legislatures, if he wants to. I do not care how he puts it. The same motive is offered with reference to State banks, which are members of the Federal reserve system, in the succeeding section. Their motive for going to the legislature for the purpose of getting branch-banking privileges will be removed by this provision, and I believe it will help stabilize the situation as it is, and that the hypothetical situation which has been suggested of States afterwards passing laws permitting branch banking to their State banks and leaving the national bank in those particular States at a disadvantage would not likely arise. I hope the amendment offered by the gentleman from New York will not prevail.

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, the time will not permit a detailed discussion of this bill and these amendments. In the Sixty-eighth Congress my views on branch banking and in opposition to branch banking were expressed in detail and as clearly as I was able to express them. I am opposed to this bill and to branch banking in every form in which it may be presented. It is an evil with which you can not compromise without suffering irreparable injury. Those who are sponsoring this bill admit that branch banking is an evil. The author of this bill and the committee that reported it say branch banking is an evil and ought not to be tolerated, but instead of opposing the evil they are compromising with it and proposing to legalize it by legislative enactment.

This bill introduces a greater evil than the one it seeks to correct.

We have in the United States at the present time a unique and very efficient dual banking system. The national banks perform a very useful function, as do the State banks. It is a matter of history that the early development of this Nation was by State banks. It is the State banks that go into the little and undeveloped communities, that go on the far-flung frontier line, and help subdue the wilderness and desert. It is the State banks that first undertake the development of sparsely settled rural communities. The national bank comes along later and performs a very useful function by carrying forward this development in harmonious cooperation with State banks. Now, under our present arrangement those two systems of banking are getting along splendidly, each supplementing the other, no destructive warfare, no profit-destroying competition, and no effort on the part of either to put the other out of business. Everything is now moving along smoothly, but this bill introduces a dangerous element into our banking and financial world. The bill commits the Federal Government to the branch banking system, and the authority conferred by this measure is the opening wedge that will destroy the balance and harmony that now exists between the two systems and inevitably result in a cleavage between the national banks and the State banks.

This bill will initiate a contest and a struggle between those two different forms of banking which ultimately will result in the substantial impairment or destruction of one of those systems of banking. Who can foresee the result of that contest? In my opinion such a conflict will inevitably result in the destruction of the State banking system or at least reduce it to a state of subserviency and impotence, because the national banks will have a tremendous advantage, by reason of their being the creatures of the Federal Government, by reason of the Federal reserve system being very largely predicated upon the national banking system. Congress should not enact any law the effect of which will be to enable national banks to ultimately destroy the State banking system. If State laws give State banks an advantage over national banks, those abuses should be remedied by amending State laws, not by introducing the same abuses into our national banking system. This bill is but the beginning of a comprehensive plan to foist unlimited branch banking on the Nation. This bill will be followed by others, each enlarging and extending the branch-banking privilege until national banks will be permitted to have branches anywhere. We will then no longer have a dual system of banking, but a unified and concentrated system of banking, with branch banks scattered all over the Nation destroying the little community banks and ultimately we will have nothing but national banks, with branches, a system like or very similar to the vicious, monopolistic branch banking system of Canada.

Now, I believe in national banks; I am a friend of national banks; I believe in State banks, and I am a friend of State banks. Who developed the suburban districts of New York, Philadelphia, and Chicago, and every other great city? Not the great banks that have millions and hundreds of millions of dollars of capital, but it is the little local or community banks established by merchants, business men who were pioneers in these suburban districts. The big banks never go into new suburban districts until the constructive work in the new communities has been financed and promoted by small local or community banks, but under the branch banking system the big banks look around and see a community that a little local bank has nursed along and made prosperous, and these big banks go out in the suburbs and establish a branch bank just across the street from the local bank and proceed to put the local bank out of business. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. BEEDY. Was not some time yielded back? I would like to have the time of the gentleman from Missouri extended long enough to ask the gentleman if he is against the bill?

Mr. LOZIER. I hope that I may be permitted to answer the gentleman. If he had listened, he would have heard what I said and understood that I am opposed to this bill and every other bill that sanctions branch banking.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I recognize that there is a good bit of truth in what has been stated this afternoon in regard to the proposed amendment. But, as the gentleman from South Carolina has stated, this is a practical proposition. This is a compromise measure; and if this amendment by the gentleman from New York prevails, it presents a possibility of defeating this legislation, and therefore I am opposed to the amendment, and I hope the members will sustain the committee.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the perfecting amendment offered by the gentleman from New York [Mr. MILLS].

Mr. ARENTZ. I ask that the amendment be again reported.

The CHAIRMAN. Without objection, the amendment will be again reported for information.

The amendment was again reported.

Mr. WINGO. Mr. Chairman, I ask unanimous consent that the Clerk now read that section as it would read if that language were stricken out, so as to see what the effect is.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that the Clerk proceed to read the section as it would read if the Mills language was eliminated. Is there objection?

Mr. TILSON. Mr. Chairman, it is a long paragraph——

Mr. WINGO. No; the Clerk will only have to read five lines.

Mr. TILSON. I have no objection.

Mr. WINGO. The gentleman's amendment starts in line 14. Then it cuts out all of line 14 on page 12, starting with the word "but" and all the rest of that down to and including the word "branches" in line 18. I want to have the Clerk read lines 12 and 13 and that part of line 14 that is left, and lines 18 and 19 that is left.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 5190. The general business of each national banking association shall be transacted in the place specified in its organization certificate, but it shall be unlawful for any such association to establish in any State a branch beyond the corporate limits, etc.

Mr. MILLS. Mr. Chairman, I have consulted the chairman of the committee as to whether the amendment as drawn would accomplish my purpose. He said, "Yes," but that there was a slight error in the language. I ask unanimous consent to amend the amendment.

Mr. WINGO. Evidently there was an error in drafting the amendment. What amendment does the gentleman suggest?

Mr. MILLS. I suggest that instead of beginning with the word "but," on line 14, we strike out all of the language beginning with the word "to," on line 15, down to and including the word "to," on line 18. I think that will do it.

Mr. WINGO. I think that will do what the gentleman wants. The gentleman should ask unanimous consent to modify his amendment as suggested.

Mr. MILLS. Mr. Chairman, I ask unanimous consent to modify my amendment as suggested.

The CHAIRMAN. Is there objection to the modification of the amendment by the gentleman from New York?

There was no objection.

The CHAIRMAN. It is so ordered. The vote now is on the Mills amendment.

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. MILLS. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 23, noes 115.

So the amendment was rejected.

Mr. HILL of Maryland. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Maryland offers a perfecting amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HILL of Maryland: Page 12, line 16, after the word "act" insert "or at any time thereafter."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

Mr. HILL of Maryland. Mr. Chairman, I shall not demand a division.

The CHAIRMAN. The question now comes on the Goldsborough amendment.

Mr. GOLDSBOROUGH. Mr. Chairman, may we have that amendment again reported?

The CHAIRMAN. The gentleman from Maryland asks that the amendment be again reported. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Maryland [Mr. GOLDSBOROUGH].

The Clerk read as follows:

Amendment offered by Mr. GOLDSBOROUGH: Page 12, beginning with line 10, strike out all of section 8.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 9. That the first paragraph of section 9 of the Federal reserve act be amended by adding at the end thereof two provisions and a new paragraph to read as follows:

"*Provided*, That on and after the approval of this act it shall be unlawful for any such applying bank to become a stockholder of such Federal reserve bank except upon condition that such applying bank relinquish any branches which it may have in operation beyond the corporate limits of the municipality in which the parent bank is located, and it shall be unlawful for any such applying bank in any State which does not, at the time of the approval of this act, permit State banks created by or existing under the laws of such State, to have branches within the limits of municipalities in such State, to become such a stockholder of such Federal reserve bank except upon condition that such applying bank relinquish any branches which it may have established subsequent to the approval of this act: *Provided further*, That it shall be unlawful for any member bank to establish a branch in any State which does not, at the time of the approval of this act, permit banks created by or existing under the laws of such State to establish branches or to establish in any State, after the approval of this act, a branch beyond the corporate limits of the municipality in which such bank is located: *And provided further*, That it shall be unlawful for any such member bank to maintain in operation any branch within the corporate limits of such a municipality where the population by the last decennial census is less than 25,000, or to maintain more than one branch where such population is not less than 25,000 and not more than 50,000, or to maintain more than two branches where such population is more than 50,000 and not more than 100,000, but these restrictions as to number shall not be construed to require the relinquishment of any branches acquired prior to the approval of this act: *And provided further*, That the establishment of any branch by a member bank shall not require the approval of the Federal Reserve Board.

"The term 'branch or branches' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned, but shall not include any branch established in a foreign country or dependency or insular possession of the United States."

With a committee amendment, as follows:

On page 15, beginning with line 22, strike out the colon after the word "act" and the following language: "*And provided further*, That the establishment of any branch by a member bank shall not require the approval of the Federal Reserve Board."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HOUSTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Delaware offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOUSTON: On page 14, line 21, after the word "locate," strike out the comma and insert "which it may have established subsequent to the approval of this act."

Mr. HOUSTON. Mr. Chairman, according to the provision of section 9, as reported by the committee, no State bank may join the Federal reserve system unless it relinquish branches outside of the municipality or the domicile of the parent bank.

Now, this amendment simply permits, after the approval of this act, what may be permitted now under the present act and before the approval of this act, that State banks having branches outside of their domicile may come into the Federal bank system after the approval of this act, provided they have not increased the number of branches after the approval of this act.

It seems to me it is nothing but fair that the State banks that may now join the Federal bank system at the present time, under existing law, should have the same privilege to have branches outside of their domicile as within their domicile. You are saying to the State banks that have branches outside of their domicile, "You can not become a member of the Federal reserve system unless you relinquish branch banks" which have been established in good faith and sometimes under the provisions of the law. This amendment simply extends the provision of the present law to continue in the future. In other words, State banks may, after the approval of this act, come into the Federal bank system with branches that they have now but not with branches that they may establish after the approval of this act.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Delaware.

The question was taken, and the amendment was rejected.

Mr. CANFIELD. Mr. Chairman and gentlemen of the committee, I had not intended to talk on this bill, but in the general debate a few days ago the statement was made by one of the members of the committee that he stood almost all alone against the bill, as a majority of the members of the committee have enlisted in its support, or words to that effect, and that they were all, with the exception of three, for the bill.

The chairman of the committee and most of the Democratic members of the committee will bear me out when I say that I have always been for this bill, and I am frank to say that nothing has been brought to bear on me to make me change my position on the bill.

Last year when this bill was brought on the floor of the House it was not my privilege to be here, as I was sick at that time, but had I been able to be on the floor I would have supported the bill as I am doing now.

The facts of the matter are: I see no reason why this bill should not pass and I feel that the arguments that have been made against the bill have failed to convince any one that the bill should not pass.

As has been stated before, this bill has been approved by the national banking sections of the American Banking Association, the State Bank Division of the American Banking Association, and the State Bankers' Association of a number of States. In addition to this, the National Association of Credit Men, the Investment Bankers' Association, the Association of Federal Reserve Governors, the Association of Federal Reserve Agents, the Federal Reserve Board, the Federal Advisory Council, the Comptroller of the Currency, the National Grange, and the Secretary of the Treasury have approved this bill as a whole, with the exception of branch banking, and on this I understand that some of the bodies mentioned took no action.

Gentlemen, there has, as you well know, existed for a number of years a need for certain amendments to the national banking laws, and the Banking and Currency Committee, after having held public hearings on this bill and giving every part of this bill very careful study, I believe all, with the exception of three, feel that this bill should pass.

I have talked with a number of the leading bankers in my State and not a single one of them has asked me to vote against this bill, and every one of them that have taken the

time to give the bill any study have all said that they felt this bill would liberalize the national banking laws and put our national banks in position to compete with State banks in States where the national banks are very much handicapped at the present time.

Our State banking laws in a number of our leading States have been amended in many ways in the last few years, and to-day our State banks are in position to give better service in many ways than our national banks in the same State, and thereby are in position to increase their business while the national banks in the same States are being held back because our national banking laws have not been liberalized as they should have been along with the State laws.

Personally, I am against branch banking, but the fact that I do not believe in it or that some other Members of the House do not believe in it will not keep us from having branch banks in States that have already passed laws permitting branch banks. As I understand it, we have something like 20 States that permit branch banking under State laws, and while it has been stated here on the floor that this bill, if made a law, will increase or extend branch banking, the purpose of the bill is to curb branch banking, and, personally, I think it will do it.

To-day in a number of States we have, first, State member banks in States that allow branches, and they are in the Federal reserve system with all of their branches; second, you have banks that are now national banks which were once State banks that come into the Federal reserve system with all their branches; and, third, you have national banks which have branches that they have acquired by absorbing and consolidating with State bank that had branches, and every one of these banks can have branches all over the State, and some of them, I understand, have branches outside of their own State and are members of the Federal reserve system.

Under this bill we provide that no member bank of the Federal reserve system shall have a branch beyond the corporate limits of the city in which it is located and then only in States where branch banking is permitted by State law, and in addition to this there can be no branch banks in cities of less than 25,000—one branch in cities of from 25,000 to 50,000; two branches in cities of 50,000 to 100,000, and above 100,000 as many as the comptroller may feel is justifiable.

By this, gentlemen, you can see that instead of extending branch banking we are proposing to curb branch banking by limiting it to the corporate limits of the city in which the bank is located.

As it is now, we have three kinds of branch banking in the Federal reserve system. Under this bill we propose to limit it to one kind, and that it shall be limited to the cities in which the bank is located.

The purpose of section 9 of the bill is to put a stop to the extension of branch banking by State banks outside of city limits, not only in a few States but in every State in the United States, so that branch banking will be confined to cities only.

This is the only section of the bill to which there seems to be much objection, and this objection, as I find it, comes from a very influential group of State member banks that are now doing state-wide banking and who want to continue to do so, and if possible would prefer to stay in the Federal reserve system and also want to keep national banks from doing branch banking.

Outside of these few banks who are objecting to this bill, we find the opinion of the bankers throughout the United States in almost unanimous support of this bill.

Section 8 of this bill puts the same restrictions on national banks that section 9 does on State banks, and the combined effect of sections 8 and 9 will prevent any form of branch banking within the Federal reserve system by either State or National banks in States that do not permit branch banking and to restrict within the Federal reserve system all branch banking in what are now branch-banking States to large cities.

Section 9 is the section that says to State member banks, "You shall not establish or acquire any more branches outside of the city in which you are located"; and to the nonmember State banks "You shall not be permitted to enter the Federal reserve system unless you relinquish all branches which you have beyond the limits of the city in which you are located."

The economic development in all lines of business in the United States has startled the entire world, and this great progress and development has been made possible by the independent local banks throughout the country, where credit facilities have been extended in each community by men who as directors of their community banks have been interested in the development of the town or city in which they live.

Our banking system in this country has made this possible, and the thing we want to do at this time is to curb branch banking before it gets the hold in this country that it now has in Canada.

Canada, we are told, has 11 central banks in Montreal, Toronto, and Quebec, with 4,500 branches throughout the Dominion.

Canada, with 3,000,000 square miles of territory and 9,000,000 population, is in the hands of 11 banking institutions, and this is the reason given by many as why Canada has not progressed along with the United States.

The 4,500 branch banks in Canada have no capital of their own, no president of their own, and no board of directors of their own that are interested in the welfare of the city or town in which they are located as do our country and small city and town banks in this country. Neither do they distribute the profits locally where they are made as do the local banking units in this country.

It has been said by some one that—

> The great objection to the Canadian banking system is that it concentrates the banking profits in the large cities of Montreal, Toronto, and Quebec.

And that will be what we may expect in this country if branch banking is not curbed at this time, so the question we are interested in at this time and the question we must decide is, Do we want state-wide branch banking by national banks the same as State banks in States where it is permitted, or do we want to keep our branch banking confined to the cities in which the bank is located and preserve the equality between the national and State banks within the Federal reserve system?

The Federal reserve system is by far the greatest piece of bank legislation ever passed in this or any other country. Under this law banks that are a part of the Federal reserve system have performed a great service to our country. Under this law we financed the great World War and came out of it the creditor nation of the world as well as the financial center of the universe.

The Federal reserve system has stabilized our banking system for the industrial, commercial, and agricultural interests of our country, and nothing must be done at this time to weaken it in any way and, as I have stated before and as has been stated by others on this floor, this bill has the indorsement of almost every banking association in the country, the Comptroller of the Currency, and all but three members of the Banking and Currency Committee, and I feel, by all means, should be passed.

Mr. CANNON. Mr. Chairman, this bill has been introduced for the ostensible purpose of providing a check against the extension of branch banking. As a matter of fact it is calculated to produce just the opposite effect. It recognizes and admits for the first time in three-quarters of a century both the principle and the practice of national branch banking. While it confines that practice for the present to the larger cities, and to States now permitting branch banks, it fastens irrevocably upon our banking system a practice which will eventually give the banking trust a death grip on every country bank in America. It is the camel's nose beneath the tent. It is the entering wedge, and once it is driven home the powerful financial interests which are here seeking to legalize branch banking will be in a position to extend the practice State by State until within a few years they will have a strangle hold upon the credit facilities of the entire country.

This bill if passed nullifies the notable victory won by the State of Missouri in 1923 in the Supreme Court of the United States and permits in various States of the Union the establishment of branch banks denied by the decision of the highest tribunal of the Nation. It overrules the decision of the Supreme Court and effects by force of political manipulation what was denied by judicial decision in the highest court in the land. It legalizes a banking practice denounced by resolution of the last Missouri Legislature, opposed by the Bankers' Association of Missouri, and defeated through the efforts of the attorney general of Missouri in one of the most notable legal contests in the history of the Federal courts.

The tendency of the times is toward centralization. Everywhere men are advocating the centralization of government in bureaus and executives here in Washington, the centralization of wealth and power in business combinations in the large cities, the domination by outside influences and agencies of the financial, political, social, and commercial life of every rural community in the Nation.

No legislation considered in this House within the last decade leads so directly and so inevitably to centralization of power and government as the legislation proposed in this bill. No

device of modern business is so destructive of local self-government or encroaches so insiduously upon the autonomy and independence of the country town as the branch bank. Controlled from distant cities, backed by unlimited capital, it can afford to run for years at a loss in order to strangle competition. Interest rates on loans are reduced, interest rates on time deposits are increased, expert investment service is provided without charge, and generous credit facilities are extended. The local bank unable to meet competition operating below cost, is eventually forced out of business, and the branch bank, exercising despotic control over local credit and business, soon recoups its losses.

If need be, the branch bank resorts to still more drastic methods.

The following excerpt from the hearings before the Committee on Banking and Currency illustrates its method of disposing of its more stubborn competitors. Mr. Whipple, a witness before the committee, testified:

The most flagrant case of coercion on the part of a California branch bank occurred at Santa Maria. That case was thrashed out before the Federal Reserve Board on September 12, 1923. * * * Santa Maria is a small town in a territory devoted to raising beans and barley. The depression in the barley and bean crop in 1921 was very great.

* * * Although the town has only about 5,000 or 6,000 inhabitants, the Bank of Santa Maria had about $5,000,000 in deposits. * * * It therefore became quite attractive bait. One large branch-banking system, which desired that deposit liability, in order, I think, to swell its own totals, approached the Bank of Santa Maria and desired that it sell out to them. The Bank of Santa Maria declined to do so. At that time when the Bank of Santa Maria was put under pressure by this other organization the president of the bank was ill in the hospital, and the cashier, owing to demands due to the depression which were made upon him and being one of those men who are quite common in country banking, who sometimes sit up nights with a customer, was driven almost to distraction by the demands made upon him; the bank incidentally had borrowed and rediscounted with its correspondents and the Federal Reserve Bank about $1,000,000. Its customers were unable to sell their beans and barley. At that time, in order to coerce this institution into selling out, this large branch banking organization——

Mr. DRUM. Why don't you give the name?

Mr. WHIPPLE. Very well; I will be glad to make it a part of the record—the coercive institution was the Bank of Italy. At that time the Bank of Italy sent a man into the country soliciting the business of the Bank of Santa Maria. It even went so far as to buy up between $60,000 and $80,000 savings deposits, held them three months, and presented them all at one time, about the middle of July, 1921, a time when there was the greatest demand for money in the community.

* * * * * * *

They presented them to the Bank of Santa Maria for payment. The bank, fortunately, was able to meet the demand and paid with a smile. But shortly after that, three or four days, the vice president, Mr. McDonald, of the Bank of Italy, came around and asked the cashier of the institution, "How did you like the crack we gave you? We are going to give you another one." The heads of the institution in desperation went down to the Pacific-Southwest in Los Angeles and saw Mr. Stern, the former superintendent of banks and now the executive vice president of the Pacific-Southwest, and sold the Bank of Santa Maria to the Pacific-Southwest at its own price and on its own terms.

This incident is indicative of what may be expected in any town in the country when Federal branch banking is legalized and the money trusts start in to build up their transcontinental systems of dependent banks.

The principle of branch banking when allowed to develop unhampered establishes a monopoly. It creates a gigantic banking octupus, with branches extending like tentacles from the larger cities out through the smaller towns, throttling local banks and sucking out of the country and into the city the deposits and resources which should be available for local enterprises.

In Canada where the branch-banking system has been in use for many years all independent banks have been driven out and the banking business of the Dominion is handled by a few great chains of banks extending from coast to coast and managed from Montreal and Toronto. If a local farmer or business man needs a loan he makes application to the manager of the branch bank, who requires him to file a statement of his assets and liabilities. This statement is then forwarded to the parent bank in Montreal or Toronto, and the customer must wait until a report is received from the head bank even if the general manager finally decides to make the loan.

There are few businesses in which the personal element enters so strongly as in the banking business. The bulk of country loans, and especially agricultural loans, are made not so much on a basis of the borrower's assets as upon his personal ability and merit. There are men in every small town in the country who can go into the home bank and borrow money because the cashier knows and has confidence in them, who if required to submit a statement of their financial condition to be passed upon in St. Louis, Chicago, or New York would never be able to borrow a dollar. Much of the business in the smaller communities is financed by loans from the local bank to men whose application for any amount, however small, would be refused by a city banker passing on a statement of the borrower's assets and liabilities. Just such loans enable young men to make a start in life, and just such loans keep business moving and contribute to the prosperity of the average small town. And just such loans a banker or board of directors sitting in a distant city would under the branch-banking system be compelled to refuse.

In the same class is the loan to the farmer or country merchant who through some misfortune or unexpected combination of circumstances finds himself unable to meet his note on the day of maturity. He explains the situation to the cashier of the local bank, who has grown up in the community and knows him and understands the situation, and time is given him to get back on his feet and pay out. But when such applications are forwarded from a branch bank to the head bank of a chain system, no appraisal of the personal equation can be made and nothing remains but to sell the collateral at heavy loss both to the borrower and the bank. The town experiences the unwholesome effects always produced by a failure and loses a business which with proper banking facilities would have for many years contributed to the wealth and prosperity of the entire community.

There can be no comparison of the relative merits of the branch bank and the home-owned bank in their influence upon a community and its prosperity. The home bank, owned by local business men, has at heart the interest of the town and seeks to build up the community and contribute to its prosperity. The branch bank is owned by outsiders, who have no pride in local affairs and who seek only profits and dividends. The home bank pays its taxes at home and contributes to home institutions and enterprises and its stockholders spend their earnings at home. The branch bank pays the bulk of its taxes in other States and municipalities. It makes little or no contribution for local purposes, and its dividends are drawn from the town in which they are made and spent in distant cities. The home bank is controlled and managed by local boards of directors, the purest form of local self-government, while the branch banks are controlled by professional financiers, with little understanding and less sympathy for the needs and problems of their customers, and is, in short, a species of carpetbag government. The home bank means home control, independent and cooperative. The branch bank typifies the overlordship of great money monopolies centered in alien territory, to which the patrons of every branch bank pay tribute as truly as the countrymen of the Nazarene paid tribute to Cæsar in the golden age of the Roman Empire.

Stripped of all incidental considerations, branch banking is monopoly in its worst and most dangerous form. Its introduction means the ultimate extinction of every independently owned bank and eventually the control of the finances of the entire country by two or three gigantic banking combinations. Through teller windows in every small town in the country they take in deposits, the bulk of which are promptly transferred to the head bank. Through them they make only such loans as are approved by an unseen board of directors acting on statements of assets and liabilities submitted by applicants and made only when the statements show unmistakable assets vastly in excess of the loan applied for.

The branch bank is in effect a banking pipe line, reaching out into the country for the purpose of sucking all available money into the large cities and thence to the East, where it is used in controlling the price of commodities sold by the manufacturing centers to the country, and in juggling the markets to force down the price of agricultural products sold by the country in the manufacturing centers.

The real function of a bank is to serve the community in which it lives and from which it receives its deposits. The practical effect of the branch-banking system is to drain money from the rural community to distant centers to be used for speculative purposes instead of retaining it at home for the development of local enterprise. It creates a system under which it is possible to borrow millions in St. Louis, Chicago, and New York to rig the market, and under which it is impossible to borrow hundreds in the agricultural districts to finance country merchants and supply fertilizer, feed, and equipment for the farm.

But the menace of the branch bank is not confined to its influence over the financial affairs of the Nation. It also involves the political control of the Nation. A great banking concern extending across the continent, with the power to make or refuse loans to newspapers and public men and to mold public opinion through its widely distributed agents, is in a position to control elections and dictate legislation. It has done so.

The United States Bank, with branches in every city, exerted such an overwhelming political influence in the early history of the Republic that President Andrew Jackson vetoed the bill to renew its charter. The head of the bank visited the President and told him that unless he signed the bill the bank with its branches would defeat him for reelection. A less resolute man would have been intimidated. But Jackson said:

If your bank has the power you say it has, it has more power than anything in a free country ought to have, and by the living eternal it shall be destroyed.

In the memorable contest which followed Andrew Jackson won his greatest political victory and ended for the time the practice of national branch banking in the United States. This bill seeks to nullify that victory and to repudiate the policy of Jackson. Let us consider well before we take such a momentus step.

If this bill is enacted the branch bank has come to stay. Nothing short of a political and financial revolution can then eliminate it. Furthermore, its extension is inevitable. Under such a system it is easy to visualize the situation a few years hence when less than a dozen gigantic banking corporations traversing North America east and west, north and south, will center the financial destinies of the Nation in the hands of three or four general managers with offices in Wall Street, and with as much interest and as large investments in Europe and Asia as in the States which border the Gulf or the Great Lakes.

Local self-government is the foundation stone upon which our Government rests, and the political and financial independence of our rural communities has been the pride of the American people since Yorktown. This bill strikes directly at both It concentrates political and financial power in the hands of a few. It renders the country tributary to Wall Street. It is contrary to sound economic principle. It is un-Democratic and un-American.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

Mr. McFADDEN. Mr. Chairman, I would like to expedite the consideration of this section. How much time does the gentleman want?

Mr. McKEOWN. I just want to talk five minutes, and I do not want to talk any longer than that.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in five minutes.

Mr. CELLER. Reserving the right to object, Mr. Chairman, will the gentleman make that seven minutes? I want a minute to explain another amendment I have to offer.

Mr. McFADDEN. I then modify my request and will make it seven minutes, Mr. Chairman.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this section and all amendments thereto close in seven minutes. Is there objection?

There was no objection.

Mr. McKEOWN. Mr. Chairman and gentlemen: I want to say to the committee I appreciate the courtesy with which the chairman of the Committee on Banking and Currency has conducted his side of this affair. What I have to say touches the action of the Federal Reserve Board in dealing with banks. Here is what takes place. A small bank gets into some difficulty. The Federal reserve bank has discounted or rediscounted the very cream of its paper. Instead of the Federal reserve bank showing them some sort of consideration, they come right in and sit down at the table, and although the depositors of the bank agree to surrender 25 per cent of their deposits in order that that bank may reorganize and get on its feet, the Federal reserve bank sits there on the lid and absolutely demands the last pound. If I thought this legislation would help that situation, I would be only too glad to support it.

I think myself some liberalization of the law should be granted the banks. I am not criticizing the gentlemen who propose this legislation because it comes from one of the most diligent committees in the House and one which contains some of the very ablest men in the Congress on either side.

I have here an excerpt from a letter sent out by the Federal Reserve Board in 1921 from Dallas, Tex., which stated at the outset that wherever agricultural products or merchandise were being held off of the market for the purpose of procuring a fixed price, such paper could be no longer discounted at the Federal reserve bank.

In the State of Oklahoma in the last two years a number of small banks found themselves in a close place. The stockholders came to the rescue of the banks. [Applause.]

The depositors offered, in some instances, to relinquish 25 per cent of their deposits if the banks could be reorganized, but the Federal reserve bank turned a deaf ear to all entreaties.

The most indefensible action of the Federal reserve banks since their creation was the forcing of the sales of Liberty bonds hypothecated for loans when they were far below par.

Now, if you think there is a good taste in the mouth of a large majority of the people for the Federal reserve banks, you will be rudely awakened some day when you least expect it.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CELLAR: Page 15, line 25, after the word "Board." insert:

"*And provided further*, The Federal Reserve Board, subject to the provisions of this act and to such conditions as it may prescribe pursuant thereto, may permit the applying bank to become a stockholder of such Federal reserve bank: *Provided, however*, That such conditions or rules or regulations prescribed shall not limit or impair the charter or statutory rights and powers of such banks, nor shall the Federal Reserve Board impose any conditions or restrictions other than those under which national banks shall operate.

[Cries of "Vote!" "Vote!"]

Mr. CELLER. Mr. Chairman and gentlemen of the committee, I will only keep you a few seconds to explain that this amendment has been suggested by the National Association of Supervisors of Banks and is very similar to the amendment I offered previously in the debate. It seeks to put the national banks and State banks upon a parity with reference to regulations which might be prescribed for the opening of branches by the Federal Reserve Board, and for that reason I offer it and urge its adoption.

Mr. BRAND of Georgia. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. BRAND of Georgia. Is not this what is known as the Sims amendment?

Mr. CELLER. That is correct.

Mr. McFADDEN. Mr. Chairman, I think there is a little time remaining, and I want to say to the Members of the House that this is a proposition which the Federal Reserve Board very strenuously oppose. It would take all discretionary power away from the Federal Reserve Board, and in my opinion the amendment should not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was rejected.

Mr. MILLS. Mr. Chairman, I move to strike out all of section 9.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by by Mr. MILLS: Page 14, beginning with line 12, strike out all of section 9.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MILLS].

The amendment was rejected.

The Clerk read as follows:

SEC. 10. That the first paragraph of section 9 of the Federal reserve act be amended so as to read as follows:

"SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal reserve system, may make application to the Federal Reserve Board, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to such conditions as it may prescribe, may permit the applying bank to become a stockholder of such Federal reserve bank: *Provided, however*, That the Federal Reserve Board shall not prescribe any condition of mem-

bership which will prevent the applying bank from competing with national banks on a basis of substantial equality or which will subject the applying bank to any greater limitations or restrictions than those under which national banks shall operate."

With the following committee amendment:

Page 16, line 9, strike out all of section 10.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 11. That section 5200 of the Revised Statutes of the United States, as amended, be amended to read as follows:

"SEC. 5200. The total obligations to any national banking association of any person, copartnership, association, or corporation shall at no time exceed 10 per cent of the amount of the capital stock of such association actually paid in and unimpaired and 10 per cent of its unimpaired surplus fund. The term 'obligations' shall mean the direct liability of the maker or acceptor of paper discounted with or sold to such association and the liability of the indorser, drawer, or guarantor who obtains a loan from or discount paper with or sells paper under his guaranty to such association and shall include in the case of obligations of a copartnership or association the obligations of the several members thereof. Such limitation of 10 per cent shall be subject to the following exceptions:

"(1) Obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values shall not be subject under this section to any limitation based upon such capital and surplus.

"(2) Obligations arising out of the discount of commercial or business paper actually owned by the person, copartnership, association, or corporation negotiating the same shall not be subject under this section to any limitation based upon such capital and surplus.

"(3) Obligations drawn in good faith against actually existing values and secured by goods or commodities in process of shipment shall not be subject under this section to any limitation based upon such capital and surplus.

"(4) Obligations as indorser or guarantor of notes, other than commercial or business paper excepted under (2) hereof, having a maturity of not more than six months, and owned by the person, corporation, association, or copartnership indorsing and negotiating the same, shall be subject under this section to a limitation of 15 per cent of such capital and surplus in addition to such 10 per cent of such capital and surplus.

"(5) Obligations in the form of banker's acceptances of other banks of the kind described in section 13 of the Federal reserve act shall not be subject under this section to any limitation based upon such capital and surplus.

"(6) Obligations of any person, copartnership, association, or corporation, in the form of notes or drafts secured by shipping documents, warehouse receipts, or other such documents transferring or securing title covering readily marketable nonperishable staples when such property is fully covered by insurance, if it is customary to insure such staples, shall be subject under this section to a limitation of 15 per cent of such capital and surplus in addition to such 10 per cent of such capital and surplus when the market value of such staples securing such obligation is not at any time less than 115 per cent of the face amount of such obligation, and to an additional increase of limitation of 5 per cent of such capital and surplus in addition to such 25 per cent of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 120 per cent of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per cent of such capital and surplus in addition to such 30 per cent of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 125 per cent of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per cent of such capital and surplus in addition to such 35 per cent of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 130 per cent of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per cent of such capital and surplus in addition to such 40 per cent of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 135 per cent of the face amount of such additional obligation, and to a further additional increase of limitation of 5 per cent of such capital and surplus in addition to such 45 per cent of such capital and surplus when the market value of such staples securing such additional obligation is not at any time less than 140 per cent of the face amount of such additional obligation, but this exception shall not apply to obligations of any one person, copartnership, association, or corporation arising from the same transactions and secured upon the identical staples for more than 10 months.

"(7) Obligations of any person, copartnership, association, or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock when the market value of the livestock securing the obligation is not at any time less than 115 per cent of the face amount of the notes covered by such documents shall be subject under this section to a limitation of 15 per cent of such capital and surplus in addition to such 10 per cent of such capital and surplus.

"(8) Obligations of any person, copartnership, association, or corporation in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, shall (except to the extent permitted by rules and regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury) be subject under this section to a limitation of 15 per cent of such capital and surplus in addition to such 10 per cent of such capital and surplus."

With the following committee amendments:

On page 17, line 5, after the abbreviated word "Sec.," strike out "11" and insert "10."

On page 19, line 2, after the word "insurance," insert a comma and the words "if it is customary to insure such staples,".

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 12. That section 5202 of the Revised Statutes of the United States, as amended, be amended by adding at the end thereof a new paragraph, to read as follows:

"Eighth. Liabilities incurred under the provisions of section 202 of Title II of the Federal farm loan act, approved July 17, 1916, as amended by the agricultural credits act of 1923."

With the following committee amendment:

On page 21, line 9, after the abbreviated word "Sec.," strike out "12" and insert "11."

The committee amendment was agreed to.

Mr. HOCH. Mr. Chairman, I move to strike out the last word. I would like to ask the chairman if paragraph 7, page 20, is intended to apply to ordinary cattle loans, and whether in any way it liberalizes the present provision of the law?

Mr. McFADDEN. It does not change the existing law.

Mr. HOCH. The limit to a cattle loan is now 10 per cent of the capital and surplus, is it not?

Mr. WINGO. The last amendment was the provision that is in here, and this is to arrange, clarify, and remove the conflict between two different sets of language, one interpreted one way and one the other.

Mr. HOCH. My understanding is that you can not make a cattle loan to one person of more than 10 per cent of the capital and surplus. Is that the present law?

Mr. WINGO. The present law is as stated in the paragraph.

Mr. HOCH. All that I am asking is whether it liberalizes it.

Mr. WINGO. It does liberalize it from the gentleman's standpoint. My impression is that the amendment has been made heretofore.

Mr. HOCH. The question is of great importance in my country.

The Clerk read as follows:

SEC. 13. That section 5208 of the Revised Statutes of the United State, as amended, be amended by striking out the words "or who shall certify a check before the amount thereof shall have been regularly entered to the credit of the drawer upon the books of the bank," and in lieu thereof inserting the following: "or who shall certify a check before the amount thereof shall have been regularly deposited in the bank by the drawer thereof," so that the section as amended shall read as follows:

"SEC. 5208. It shall be unlawful for any officer, director, agent, or employee of any Federal reserve bank, or any member bank as defined in the act of December 23, 1913, known as the Federal reserve act, to certify any check drawn upon such Federal reserve bank or member bank unless the person, firm, or corporation drawing the check has on deposit with such Federal reserve bank or member bank, at the time such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Federal reserve bank or member bank; but the act of any officer, director, agent, or employee of any such Federal reserve bank or member bank in violation of this section shall, in the discretion of the Federal Reserve Board, subject such Federal reserve bank to the penalties imposed by section 11, subsection (h) of the Federal reserve act, and shall subject such member bank, if a national bank, to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section 5234, Revised Statutes, and shall, in the discretion of the Federal Reserve Board, subject any other member bank to the penalties imposed by section 9 of said Federal reserve act for the

violation of any of the provisions of said act. Any officer, director, agent, or employee of any Federal reserve bank or member bank who shall willfully violate the provisions of this section, or who shall resort to any device, or receive any fictitious obligation, directly or collaterally, in order to evade the provisions thereof, or who shall certify a check before the amount thereof shall have been regularly deposited in the bank by the drawer thereof, shall be deemed guilty of a misdemeanor and shall, on conviction thereof in any district court of the United States, be fined not more than $5,000, or shall be imprisoned for not more than five years, or both, in the discretion of the court."

With the following committee amendment:

On page 21, line 16, after the abbreviated word "Sec.," strike out "13" and insert "12."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 14. Section 5211 of the Revised Statutes of the United States, as amended, be amended to read as follows:

"SEC. 5211. Every association shall make to the Comptroller of the Currency not less than three reports during each year, according to the form which may be prescribed by him, verified by the oath or affirmation of the president, or of the cashier, or of a vice president, or of an assistant cashier of the association designated by its board of directors to verify such reports in the absence of the president and cashier, taken before a notary public properly authorized and commissioned by the State in which such notary resides and the association is located, or any other officer having an official seal, authorized in such State to administer oaths, and attested by the signature of at least three of the directors. Each such report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day by him specified, and shall be transmitted to the comptroller within five days after the receipt of a request or requisition therefor from him; and the statement of resources and liabilities, together with acknowledgment and attestation in the same form in which it is made to the comptroller, shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at the expense of the association; and such proof of publication shall be furnished as may be required by the comptroller. The comptroller shall also have power to call for special reports from any particular association whenever in his judgment the same are necessary in order to obtain a full and complete knowledge of its condition."

The following committee amendment was agreed to:

On page 23, line 11, after the abbreviated word "Sec.," strike out "14" and insert "13."

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. In lines 8, 9, and 10, page 23, does the gentleman from Pennsylvania think that a fine of "not more than $5,000" and may be only $50, is ample punishment for the character of the offense described in that section—a willful violation by an officer of the bank? Under this he may be fined $50 and nothing else. The imprisonment is in the alternative. He might be fined $50 or imprisoned five or six days. Does the gentleman think that a bank officer who violates the statute of such vast importance should be punished by a fine of not more than $50 by a friendly judge?

Mr. McFADDEN. The gentleman has answered his own question. I am not a lawyer, but I suppose we followed the precedents in this respect.

Mr. COOPER of Wisconsin. The gentleman does not have to be a lawyer; he is an able business man; and anybody out of the primary class would know that that is a ridiculous proposition.

Mr. McFADDEN. I suggest to the gentleman that we can rely upon our judges and courts in handling these matters.

Mr. COOPER of Wisconsin. But we can not rely upon them.

Mr. HILL of Maryland. Mr. Chairman, on that point let me suggest to the gentleman that the old law fixed a minimum of five years, and in a certain case in the United States court of the district of Maryland a jury acquitted a bank president because they did not want to give him five years. If you change that, you will allow people of that sort to escape.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. I ask this, Mr. Chairman, in order to reply to the gentleman from Maryland [Mr. HILL], who instances the acquittal of a guilty man because the minimum was five years imprisonment. Permit me to suggest that there is a very great latitude between five years' imprisonment and a fine of $5 in the discretion of the judge. That could be made imprisonment for six months or one year. It is imprisonment that these crooked bank officials fear and not a fine of $50 when they may have stolen $5,000. Anybody can see that the enactment of this particular provision is farcical.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired. The Clerk will read.

The Clerk read as follows:

SEC. 15. That the fourth paragraph of section 13 of the Federal reserve act be amended to read as follows:

"No Federal reserve bank shall discount for any member bank notes, drafts, or bills of exchange of any one borrower in an amount greater than may be borrowed lawfully from any national banking association under the terms of section 5200 of the Revised Statutes as amended: *Provided, however,* That nothing in this paragraph shall be construed to change the character or classes of paper now eligible for discount by Federal reserve banks."

With the following committee amendment:

Page 24, line 18, strike out the figures "15" and insert the figures "14."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 16. That section 22 of the Federal reserve act, subsection (a), paragraph 2 thereof, be amended to read as follows:

"(a) No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year, or fined not more than $5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given.

"Any examiner or assistant examiner who shall accept a loan or gratuity from any bank examined by him, or from an officer, director, or employee thereof, or who shall steal, or unlawfully take, or unlawfully conceal any money, note, draft, bond, or security or any other property of value in the possession of any member bank or from any safe-deposit box in or adjacent to the premises of such bank, shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any district court of the United States, be imprisoned for not exceeding one year, or fined not more than $5,000, or both, and may be fined a further sum equal to the money so loaned, gratuity given, or property stolen, and shall forever thereafter be disqualified from holding office as a national bank examiner."

With the following committee amendment:

Page 25, line 3, strike out the figures "16" and insert in lieu thereof the figures "15."

The CHAIRMAN. The question is on agreeing to the committee amendment

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 17. That section 24 of the Federal reserve act be amended to read as follows:

"SEC. 24. Any national banking association may make loans secured by first lien upon improved real estate, including improved farm land, situated within its Federal reserve district or within a radius of 100 miles of the place in which such bank is located, irrespective of district lines. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument upon real estate when the entire amount of such obligation or obligations is made or is sold to such association. The amount of any such loan shall not exceed 50 per cent of the actual value of the real estate offered for security, but no such loan upon such security shall be made for a longer term than five years. Any such bank may make such loans in an aggregate sum, including in such aggregate any such loans on which it is liable as indorser or guarantor or otherwise equal to 25 per cent of the amount of the capital stock of such association actually paid in and unimpaired and 25 per cent of its unimpaired surplus fund, or to one-half of its savings deposits, at the election of the association, subject to the general limitation contained in section 5200 of the Revised Statutes of the United States. Such banks may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such banks may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized to be paid upon such deposits by State banks or trust companies organized under the laws of the State wherein such national banking association is located."

With the following committee amendment:

Page 26, line 3, strike out "17" and insert "16."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BLOOM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLOOM: Page 26, line 12, after the word "by," insert "bond and"; and, in line 16, after the word "the," where it occurs the first time, strike out the word "actual" and insert "appraised."

Mr. BLOOM. Mr. Chairman, just a moment. I want to explain that the word "actual" in respect to value in loaning on real estate is a very dangerous proposition. I call your attention to the savings-bank law of the State of New York, section 239, subdivision 6, and seek to insert the word "appraised" instead of the word "actual," so as to secure a real value of property where a loan is to be made.

Mr. STEVENSON. Appraised by whom?

Mr. BLOOM. By the appraisers of the bank or the appraisers of the city or State.

Mr. STEVENSON. But we have not any in my country.

Mr. BLOOM. Then the bank will have to have the value of the property appraised, so as to loan on it. If you leave it in the bill this way, anyone can say what the actual value of a piece of property is and loan on it.

Mr. McFADDEN. Could not the same thing exist in respect to the word "appraised"?

Mr. BLOOM. Not at all.

Mr. McFADDEN. The question involved is who is going to decide this question—an appraisal company or a committee of the board?

Mr. BLOOM. A committee of the board may appraise it. If you put the appraised value on a piece of property, that means that you are appraising the property for a loan; and if you put the actual value, you can say any value that you want.

Mr. McFADDEN. Might they not appraise it for the actual value?

Mr. BLOOM. They might appraise it for the actual value, but if you put the actual value in there, there is no real appraised value of the property that you are dealing with at the time. There is no loaning institution, no savings bank, that is allowed to loan money on the actual value of property; it is on the appraised value of the property. I have the section here, section 239, subsection 6, of the savings bank law of the State of New York. That reads as follows:

Bonds and mortgages on unencumbered real property situated in this State to the extent of 60 per cent of the appraised value thereof. Not more than 70 per cent of the whole amount of deposits and guaranty fund shall be so loaned or invested. If the loan is on unimproved and unproductive real property, the amount loaned thereon shall not be more than 40 per cent of its appraised value. No investment in any bonds and mortgages shall be made by any savings bank except upon the report of a committee of its trustees charged with the duty of investigating the same, who shall certify to the value of the premises mortgaged or to be mortgaged, according to their judgment, and such report shall be filed and preserved among the records of the corporation. For the purposes of this subdivision real property on which there is a building in process of construction, which when completed will constitute a permanent improvement, shall be considered improved and productive real property.

That is the law and rule I would like to see carried out.

There is a great difference between the appraised value and the actual value.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BRAND of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows;

Amendment of Mr. BRAND of Georgia: On page 27, after the word "located," in line 9, and at the end of section 16, add a new section, as follows:

"SEC. 17. That section 5209 of the Revised Statutes of the United States be amended by adding at the end thereof the following paragraph to read as follows:

"Whoever maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false report concerning any national banking association which imputes, or tends to impute, insolvency or unsound financial condition or financial embarrassment, or which may tend to cause or provoke or aid in causing or provoking a general withdrawal of deposits from such bank, or which may otherwise injure or tend to injure the business or good will of such bank, shall be fined not more than $5,000 or imprisoned for not more than five years, or both."

Mr. McFADDEN. Mr. Chairman, I have no objection to that amendment.

Mr. KING. Does not that interfere with the Bill of Rights, the right of freedom of speech? Who else is protected from slander except through the courts?

Mr. BRAND of Georgia. This is through the courts.

Mr. BEEDY. The chairman of the committee does not mean that is the opinion of the committee. I suppose he is speaking for himself and not the House.

Mr. WINGO. Certainly the House will not adopt that amendment.

Mr. BRAND of Georgia. I want to say a word or two in regard to my amendment.

Mr. McFADDEN. May I fix the time for debate? The hour is late; how much time does the gentleman wish?

Mr. BRAND of Georgia. Not long, but I want this amendment considered and passed. I will stop inside of five minutes.

Mr. McFADDEN. I ask unanimous consent that debate on this amendment close in five minutes.

Mr. WINGO. I want to oppose this proposition. I am afraid you might pass the thing.

Mr. BRAND of Georgia. This section is the identical one originally included in the first McFadden bill, and I therefore assume that it had the approval of everybody connected with the Comptroller of the Currency's office, including not only the approval of Colonel McIntosh himself but that of his deputies; I likewise assume it met with the approval of the Federal Reserve Board.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. BRAND of Georgia. Not now. It was stricken out by the Banking and Currency Committee when the bill was being considered by it. When the bill reached the House, I submitted the amendment to the Committee of the Whole House, then considering the bill, and was then rejected along with several other penal amendments embodied in the bill. When the bill reached the Senate the Senate Finance Committee put this amendment in the bill and when the bill was reported to the Senate it contained the amendment.

There is nothing in it to hurt anybody. No innocent man will ever suffer from it if enacted into law. It protects every stockholder and depositor of national banks. It is the only thing in this bill which protects the interest of stockholders and depositors of national banks against one who utters and circulates false reports concerning their solvency. The amendment is carefully worded, and no one can be convicted under its terms unless in uttering the words set forth there he does so maliciously or with intent to deceive and unless it is proven that they are false. It says, "Whoever maliciously or with intent to deceive makes, publishes, utters, repeats, or circulates any false reports concerning any national banking association, and so forth." That is to say, the Government must prove under an indictment for violating this amendment that the words uttered or published were not only used maliciously or with intent to deceive but must go further and prove that the words so uttered were false. Whenever these elements of crime are proven and the case is otherwise made out and in consequence thereof a bank fails, the guilty party should be put in the penitentiary. This is my opinion, notwithstanding the judgment of the ranking member of the minority. There is no law on the subject to protect a national bank against such infamous conduct as this amendment intends to reach. It is true we have all sorts of penal statutes in the 48 States of the Union, but none which embrace the elements of crime against national banks such as this amendment carries. It was to protect the national banks against such malicious and false reports being made, when the original McFadden bill was introduced, that caused the amendment to be then inserted in the bill, and it should be restored to it. That is my honest opinion about it. The chairman of our committee is in favor of it, and nobody is strenuously opposing it on our side that I know of, except the distinguished gentleman from Arkansas.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the chairman announced that the noes appeared to have it.

Mr. BRAND of Georgia. A division, Mr. Chairman.

The committee divided; and there were—ayes 17, noes 92.

So the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the amend-

ments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MICHENER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. McFADDEN. No.

The SPEAKER. If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. WINGO. Mr. Speaker, as I understand it, a motion to recommit can be made after the third reading of the bill?

The SPEAKER. Yes.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WINGO. Mr. Speaker, I understand our agreement was to adjourn at this point, and the motion to recommit would come in the morning.

The SPEAKER. That will come up the first thing.

Mr. TILSON. That will be the unfinished business tomorrow.

BULLETIN CONCERNING COMMITTEE HEARINGS

Mr. TILSON. Mr. Speaker, I wish to make an announcement to the House. A number of Members have called me up frequently to ask what hearings were going on before various committees. It seemed to me this is a matter of sufficient interest, so that I set my clerks to work to gather this information together, and with the help of the superintendent of the press gallery we have prepared a bulletin of the hearings before the committees, and I hope to have such a bulletin every afternoon to post on the bulletin board, so that Members can know what hearings are to be held before committees the next morning. [Applause.]

ENROLLED BILLS SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that the committee had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River, in Cook County, State of Illinois;

H. R. 6234. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts, to construct a bridge across Palmer River;

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the national society of the Daughters of the American Revolution";

S. 1478. An act to authorize the transfer of the title to and jurisdiction over the right of way of the new Dixie Highway to the State of Kentucky;

S. 1779. An act granting the consent of Congress to the States of Oregon and Idaho to construct, maintain, and operate a bridge and approaches across the Snake River at a point known as Ballards Landing;

S. 1810. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of La Salle, State of Illinois, in section 1, township 33 north, range 3 east of the third principal meridian; and

S. 1811. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of Kendall, State of Illinois, in section 32, township 37 north, range 7 east of the third principal meridian.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. CAMPBELL, from the Committee on Enrolled Bills, report that this day they presented to the President of the United States, for his approval, the following bills:

H. R. 5379. An act granting the consent of Congress to the county of Cook, State of Illinois, to construct a bridge across the Little Calumet River in Cook County, State of Illinois; and

H. R. 6234. An act to authorize the department of public works, division of highways, of the Commonwealth of Massachusetts to construct a bridge across Palmer River.

PORT DIFFERENTIAL—CHANGING GEOGRAPHY BY ACT OF CONGRESS—INTERSTATE COMMERCE COMMISSION

Mr. HILL of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks on Senate bill No. 2934.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. HILL of Maryland. Mr. Speaker, the Interstate Commerce Commission was created to perform the functions of a court in the matter of freight rates. In the last Congress an attempt was made to take away from the Interstate Commerce Commission this function and to make of Congress a rate-making body. We defeated that attempt. On February 1, 1926, this attempt was renewed. On that date there was introduced in the Senate S. 2934, which is as follows:

A bill (S. 2934) to promote the flow of foreign commerce through all ports of the United States and to prevent the maintenance of port differentials and other unwarranted rate handicaps.

Be it enacted, etc., That it is hereby declared to be the policy of Congress to promote, encourage, and develop ports and port facilities and to coordinate rail and water transportation; to insure the free flow of the Nation's foreign commerce through the several ports of the United States without discrimination, to the end that reasonable development of the said ports shall not be handicapped by unwarranted differences in rail and ocean transportation rates and charges, and to provide as many routes as practicable for the movement of the Nation's export and import commerce.

SEC. 2. On and after June 1, 1926, it shall be the duty of common carriers by railroad to establish and maintain for the transportation of export and import freight between points in the United States and ports on the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, respectively, rates that shall be the same as between ports on the same seaboard upon the respective classes or kinds of property: *Provided*, That the Interstate Commerce Commission may define the territory tributary to any port or ports, including ports in adjacent foreign countries, from and to which the rates and charges applicable to such export and import traffic may be lower than the corresponding rates and charges to and from other port or ports on the same seaboard.

On and after June 1, 1926, it shall be unlawful for any common carrier by railroad to maintain or apply, to or from any port in the United States from and to points located in territory not found by the said commission to be tributary to such port, any rate or charge for the transportation of export or import freight which is higher than the corresponding rate contemporaneously maintained to or from any other port on the same seaboard, or to prefer any port by the maintenance of port differentials or other differences in rates.

SEC. 3. On and after June 1, 1926, it shall be unlawful for any common carrier by railroad to maintain, apply, or participate in, between any port in an adjacent foreign country and any point in the United States not determined to be tributary to such foreign port, lower export or import rates than are contemporaneously maintained or participated in by it between any United States port on the same seaboard and the same point in the United States.

SEC. 4. Any steamship line or vessel serving any port of the United States shall be permitted, in its discretion, to establish and maintain to and from such port ocean rates as low as those maintained by any other steamship line or vessel between any other port in the United States or adjacent foreign country and the same foreign port, and any contract or agreement to the contrary is hereby declared to be unlawful.

SEC. 5. Authority is hereby vested in the Interstate Commerce Commission to enforce the provisions of this act, and all powers conferred by law upon the Interstate Commerce Commission may be employed and exercised by them in the administration and enforcement of the provisions hereof.

Concerning this bill the Baltimore Evening Sun remarked editorially yesterday afternoon, February 2, that—

Senator BUTLER, of Massachusetts, considers it merely a matter of passing a law to shift Boston as near to Chicago as Baltimore is—at least so far as freight rates are concerned—and so he has reintroduced his bill to kill off Baltimore's differential.

* * * * * * *

The Interstate Commerce Commission, taking into consideration the fact that Baltimore is much nearer to the West and Southwest than Boston, and the haul much shorter, has very sensibly made the rates somewhat less. The Butler-Garber bill is not only a dangerous and unwarranted interference with the decisions of the Interstate Commerce Commission, but it shows an entire absence of a sense of justice, sportsmanship, and fair play on the part of the New England merchants and politicians.

Boston is some 500 miles nearer Europe than Baltimore. If its go-getters want to bolster up the waning commerce of that port, we suggest that they show a little service and get an ocean freight differential from the steamship companies in accordance with its geographical situation and quit whining to Congress for special favors at the expense of other cities more advantageously located.

This morning the Baltimore American very properly observed editorially that—

Senator BUTLER, of Massachusetts, renews his effort to change geographic facts to the extent of giving Boston and New York the same rail freight rates on export and import traffic that would apply to Baltimore and other ports closer to the country's great interior markets and sources of production.

His new bill * * * differs only slightly in its terms from that which he offered in vain last year.

It provides, as did the other, that the rate from, say, Pittsburgh, shall be equal through Baltimore, Boston, and Jacksonville, and would make it unlawful for any common carrier to maintain port differentials in ocean-going freight.

The essential folly and iniquity of the former measure is preserved, though somewhat vague powers of application are bestowed upon the Interstate Commerce Commission.

Baltimore rallied promptly last year to protect its natural right, based on proximity to the Middle West. It called to its aid the six other differential ports and set up an organization which still exists. Robert Ramsay, chairman of the Baltimore committee, has passed away, but the fight must go on.

Senator BUTLER will do everything in his power to push his bill through. Boston wants what it provides, having fought for it in the courts and before the Interstate Commerce Commission for more than three decades. BUTLER'S political chances depend in part on the measure of his success.

The bill has a high-sounding preamble about promoting, encouraging, and developing ports. It actually refers to the port of Boston, anxious for rehabilitation, and the port of New York, jealous of its would-be monopoly.

Baltimore has and is determined to keep whatever natural advantage it has, so that it may continue to serve the Nation's commerce profitably to itself and the country.

I discussed quite fully the former bill on February 14, 1925, in the House. I feel that in view of the reintroduction of the Butler bill that I may properly repeat some of the things I said to you then, which were—

On January 16, 1925, there was introduced in the House a bill (H. R. 11704) entitled:

"To promote the flow of foreign commerce through all ports of the United States and to prevent the maintenance of port differentials and other unwarranted handicaps."

No bill could have a more plausible title than this measure, which was introduced both in the House and the Senate and which is known as the Butler-Garber bill. This bill, however, although purporting to create equality, was and is intended to do away with equality and to create an artificial alleged equality, contrary alike to nature and to the invariable decisions of the Interstate Commerce Commission extending over a period of 40 years. Congress many years ago wisely created the Interstate Commerce Commission for the purpose of handling the intricate matters of freight rates and differentials, but the above legislation proposed and still proposes to substitute for the Interstate Commerce Commission the Congress itself as a rate-making body. In other words, the Butler-Garber bill proposes that Congress itself shall make freight rates and not the Interstate Commerce Commission, to which the Congress had wisely delegated this intricate duty.

We have been discussing all afternoon the relation of the Federal Government to commerce, when he had under consideration the sale to the Port of New York Authority of the Hoboken Manufacturers Railroad, and a number of interesting statements have been made concerning commerce. I think, therefore, that this is an appropriate time for certain remarks in connection with the Butler-Garber bill, especially since the Interstate Commerce Commission has to-day rendered a decision that should end any serious attempts to seek enactment of the Butler-Garber bill.

The proponents, however, of this measure may, and probably will, continue their advocacy of this measure and will try to obtain by legislation what they have to-day, for the seventh time, been denied by the tribunal that Congress created to handle matters of this sort. I therefore deem it advisable to call special attention of all the Members of Congress, and especially of those whose local communities are especially affected, to the decision to-day handed down by the Interstate Commerce Commission in Case No. 13548, Maritime Association of Boston Chamber of Commerce et al. v. Ann Arbor Railroad Co. et al.

This decision makes final judicial disposal of cases instituted May 23, 1923, and should dispose also of the Butler-Garber bill. The decision is so important that I would like to print it in full in my remarks, but it begins at page 539 of the current interstate commerce report and terminates at page 592, and is therefore too long to be printed here in full. I will, however, give enough of the decision to advise in a measure those interested in interstate commerce of its findings of law and fact, since the decision is virtually an adverse report, after full consideration of the Butler-Garber bill.

The complaints of the three complainants are the same, and were filed February 28, 1922, against 67 eastern carriers and the Illinois Central as defendants. In the words of the commission (page 540), all three complaints allege that—

"the all-rail, lake-and-rail, and rail-lake-and-rail class and commodity rates on export and import traffic between Boston and differential territory are unjust, unreasonable, unduly prejudicial, and unduly preferential as compared with similar rates to and from the following ports: Montreal, St. John, and Halifax, in the Dominion of Canada; Philadelphia, Pa.; Baltimore, Md.; Norfolk and Newport News, Va.; Wilmington, N. C.; Charleston, S. C.; Savannah, Ga.; Jacksonville and Pensacola, Fla.; Mobile, Ala.; and New Orleans, La. The allegations as to undue preference of Philadelphia and Baltimore are made in the main complaint, in which complainants also assail the relationship between the export rates on ex-lake grain and its products other than flour from Buffalo, N. Y., to Boston and the like rates to Philadelphia and Baltimore. The allegations as to the Canadian ports are made in sub No. 1 and as to the South Atlantic and Gulf ports in sub No. 2, which is confined to export rates. We are asked to establish rates not in excess of those contemporaneously maintained to and from the several ports named in the respective complaints."

By the term "differential territory," used above, is meant west of the Buffalo-Pittsburgh line, on and north of the Ohio River, on and east of the Mississippi River, and south of a line drawn through from Dubuque, Iowa; Chicago, Ill.; and south of the Great Lakes.

Freight rates in a large territory and affecting many inland as well as coast cities are therefore made by to-day's decision, and it is precisely to-day's decision that is meant to be recalled and revoked by the Butler-Garber bill. It is therefore necessary to examine the exact terms of this measure at this point. H. R. 11704 is as follows:

"*Be it enacted, etc.*, That it is hereby declared to be the policy of Congress to promote, encourage, and develop ports and port facilities and to coordinate rail and water transportation; to insure the free flow of the Nation's foreign commerce through the several ports of the United States without discrimination, to the end that reasonable development of the said ports shall not be handicapped by unwarranted differences in transportation rates and charges, and to provide as many routes as practicable for the movement of the Nation's export and import commerce.

"SEC. 2. On and after June 1, 1925, it shall be the duty of common carriers by railroad to establish and maintain for the transportation between United States ports on the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, respectively, of all property exported to or imported from any nonadjacent foreign country rates that shall be the same as between ports on the same seaboard upon the respective classes or kinds of property: *Provided*, That the Interstate Commerce Commission may define the territory tributary to any port or group of ports from and to which the rates and charges applicable to such export and import traffic may be lower than the corresponding rates and charges to and from other port or ports on the same seaboard.

"On and after June 1, 1925, it shall be unlawful for any common carrier by railroad to maintain or apply to or from any port in the United States from and to nontributary territory any rate or charge for the transportation of property for export to or imported from a foreign country not adjacent to the United States which is higher than the corresponding rate contemporaneously maintained to or from any other port on the same seaboard, or to prefer any port by the maintenance of port differentials or other differences in rates.

"It is hereby made the duty of common carriers by water in foreign commerce, other than tramp vessels, to maintain and apply for the transportation of property imported into or exported from the United States to or from foreign countries not adjacent thereto rates that shall be the same for transportation from and to all United States ports on the Atlantic seaboard, the Pacific seaboard, and the Gulf of Mexico, respectively.

"On and after June 1, 1925, it shall be unlawful for any common carrier by water in foreign commerce to maintain or apply to or from any port of the United States to or from foreign countries not adjacent thereto any rate applicable to the transportation of property imported into or exported from the United States that shall be higher than the

corresponding rate contemporaneously maintained to or from any other port on the same seaboard or to prefer any port by the maintenance of port differentials or other differences in rates.

"SEC. 3. Any steamship line or vessel serving any port of the United States shall be permitted, in its discretion, to establish and maintain to and from such port ocean rates as low as those maintained by any other steamship line or vessel between any other port in the United States and the same foreign port, and any contract or agreement to the contrary is hereby declared to be unlawful."

The latter part of the above bill deals with ocean rates, while the first part deals with what are known as port differentials. Although the first two sections are couched in the strain of the Declaration of Independence, they mean just one thing, and that is the complaint contained in the above extract from to-day's decision of the Interstate Commerce Commission. The Butler-Garber bill is merely the complaint of the Maritime Association of Boston Chamber of Commerce heavily camouflaged. I shall not attempt to go fully into the decision of the Interstate Commerce Commission, but I call your attention especially to the fact that as to land freight rates its decision is coextensive with the Butler-Garber bill.

The arguments which would be advanced in support of the Butler-Garber bill are well summarized by the Interstate Commerce Commission, at page 544, as follows:

"Complainants say that the port differentials had their origin in an endeavor to compose rate wars and controversies between the carriers under by-gone conditions, are arbitrary, were not intended to reflect, and do not reflect, transportation conditions. A detailed history is given in Appendix B. Complainants assert that arbiters in the past, and we ourselves, have recognized these differentials as temporary expedients to be modified or abolished when they should prejudicially affect the natural flow of commerce to the ports. They contend that, notwithstanding efforts of those interested in the welfare of Boston to maintain and develop it as a port, the differentials have been a bar to its development, have reduced export and import traffic between differential territory and Boston almost to the vanishing point, and have prevented the securing of bulk or dead-weight cargo, such as grain and grain products, the lack of which accounts for the absence of satisfactory trans-Atlantic steamship service from and to Boston.

"Prior to the entry of the United States Shipping Board Emergency Fleet Corporation into ocean carriage the effect of the differentials is said to have been offset and nullified by shrinkage of ocean rates in corresponding amounts. Thus the rates between inland points of the United States and foreign ports were equalized through the north Atlantic ports. Upon this record the policy of the United States Shipping Board is to make the ocean rates to and from the north Atlantic ports uniform. This equalization of the ocean rates to and from the ports complainants offer as a reason for like equalization of the rail rates to and from the same ports.

"In 1910 commercial bodies of Boston, Philadelphia, Baltimore, and New York, together with interested carriers, applied to us for advice as to the adjustment of import rates from the several ports. We found that temporarily import rates from Boston, Philadelphia, and Baltimore should be lower than from New York. (In the Matter of import rates, 24 I. C. C. 78; ibid, 678; 27 I. C. C. 245.) Shortly thereafter the Chamber of Commerce of the State of New York filed with us a complaint alleging that the import and export rates from and to New York were unreasonable and unjustly discriminatory. In Chamber of Commerce of New York v. New York Central & Hudson River Railroad Co. (24 I. C. C. 55), as modified by the supplemental report (24 I. C. C. 674), we found that the import and export rates from and to Boston should not be lower than the corresponding New York rates, and that the differentials of Philadelphia and Baltimore under New York should not exceed amounts which were the same as the differentials now in effect, with the exception that on ex-lake grain the maximum differentials were fixed at 0.2 cent per bushel of barley or oats and 0.3 cent per bushel of wheat, corn, or rye.

"Complainants take the view that we did not approve the differentials but merely found them not unduly prejudicial under the law then in force and the circumstances and conditions then existing. They contend that there have since been material changes both in the law and in the circumstances and conditions. For changes in the law, they refer to the power granted us in 1920 to establish minimum rates, the provision that the rate structure shall be so adjusted as to enable railroads to earn a fair return upon their property held for and used in the service of transportation, the provision for consolidation of the railroads into a limited number of systems, and the policy of Congress as expressed in section 500 of the transportation act, 1920, to foster and preserve in full vigor both rail and water transportation. Their thought seems to be that the railroads are now regarded by the law not only as independent entities but also as parts of a national transportation system, and that by the power to fix minimum rates we are now able to control relationships of rates which could not previously be reached under the undue preference and prejudice provisions. They also refer to the merchant marine act, 1920, providing for the development of a national merchant marine and declaring the policy of Congress to promote, encourage, and develop water transportation in connection with the commerce of the United States. For changes in circumstances and conditions, they refer particularly to the policy of the United States Shipping Board to equalize the ocean rates to and from the north Atlantic ports, the decline in recent years of the commerce of Boston, the increase in the terminal facilities at Boston, the equalization by the Director General of Railroads of export class rates from portions of differential territory to the south Atlantic and Gulf ports, and the changes in volume and movement of grain and grain products."

It will be noted, therefore, that the water-transportation rates dealt with by the Butler-Garber bill were fully discussed before the Interstate Commerce Commission in connection with the land rates. After full hearings and argument the commission decided—

"Upon the issues presented and the record made we find that the rates assailed are not unjust, unreasonable, or unduly prejudicial to the New England ports or unduly preferential of the other ports, as alleged."

This decision should dispose of the Butler-Garber bill as well as of the three cases before the Interstate Commerce Commission. The matter, however, is so important to differential territory, that is, to all that territory west of the Buffalo-Pittsburgh line, on and north of the Ohio River, on and east of the Mississippi River, and south of a line drawn through from Dubuque, Iowa, Chicago, Ill., and south of the Great Lakes, that I call special attention of the Representatives of this territory to the decision. It is also of vital interest to those of us who represent the States in which are located Philadelphia, Pa.; Baltimore, Md.; Camden and Trenton, N. J.; Wilmington, Del.; Norfolk and Newport News, Va.; Wilmington, N. C.; Charleston, S. C.; Savannah, Ga.; Jacksonville and Pensacola, Fla.; Mobile, Ala.; New Orleans, La.; and many other places. I call especial attention, therefore, to to-day's decision in connection with the Butler-Garber bill. [Applause.]

The Butler bill of to-day is substantially the Butler bill of 1925. It means an attempt to substitute Congress for the Interstate Commerce Commission.

We had this principle up for decision on February 27, 1925, on the question of the Pullman surcharge amendment. We decided against the hamstringing of the Interstate Commerce Commission on that occasion. I discussed the theory of the creation of the Interstate Commerce Commission and I desire to call these considerations to the attention of the House in connection with the new Butler bill.

On February 27, 1925, I said in this House:

The Senate has added to the bill making appropriations for the executive offices for the fiscal year ending June 30, 1926, an amendment which would have been out of order if it had been offered in the House. This amendment proposes to make of the Congress of the United States a court of appeals for those who have tried their cases and submitted their claims before the Interstate Commerce Commission and gotten licked. This amendment proposes to establish Congress as a rate-making body and to substitute Congress itself for the Interstate Commerce Commission, which it created to handle the difficult, intricate, and vital problems of rate making. I am absolutely against such a proposal.

If the Interstate Commerce Commission is inefficient or unfair, correct the Interstate Commerce Commission. If it is not performing the functions for which it was created, abolish it; but while it exists, do not overrule its decisions by acts of Congress. Personally I consider the Interstate Commerce Commission a very fair and impartial court; but let us not mistake the meaning of the Senate amendment. The commission heard, considered, and decided the question raised by the Senate amendment, and this is an attempt to override and overrule the judicial act by legislative act. I am glad that there has been full discussion to-day and that in the main this discussion has been on the subject, "Shall Congress supersede the Interstate Commerce Commission as the rate-making body?" That is the real question, and the merits or demerits of the Pullman surcharge are quite secondary.

The proposed amendment is as follows:

"That paragraph (4) of section 1 of the interstate commerce act, as amended, is hereby amended by adding at the end thereof a new sentence, to read as follows:

"'It shall be unlawful for any such carrier to demand, charge, or collect from any person for transportation, subject to the provisions of this act, in any parlor car or sleeping car, any fare in addition to that demanded, charged, or collected for transportation in a day coach, but this shall not prevent just and reasonable charges for the use of accommodations in parlor cars or sleeping cars by companies owning such cars.'"

Let us look at the law to which this radical and vitiating change is made. The act to regulate commerce, passed by the Forty-ninth Congress, was approved February 4, 1887. It has been amended many times, but its fundamental conception has never been changed. It created the Interstate Commerce Commission, a judicial body, and put it in a position, independent of the executive departments of the Government, on the same status as a Federal court. Its creation was hailed as a great reform in the interest of fair treatment of the public

by the railroads. The Senate amendment strikes out the foundation of the Interstate Commerce Commission. It seeks to amend paragraph (4) of section 1 of the interstate commerce act, the paragraph of the act that declares the purpose of the act.

We are considering fundamentals to-day. Let us, therefore, look at the exact wording of the paragraph we are asked to overrule. It is as follows:

"All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, or for the receiving, delivering, storage, or handling of such property, shall be reasonable and just; and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful."

Here the Congress of the United States stated the governing rule as to rates. It placed regulation of rates with the Interstate Commerce Commission. If you agree with the Senate amendment, you will be besieged, and properly so, by all those who lose their cases before the Interstate Commerce Commission. Recently certain maritime interests tried to destroy the so-called port differentials, but after voluminous hearings the commission adhered to the rulings and the rates of the past 50 years. What happens? To-day there is pending a Senate bill the purpose of which is to make Congress overrule and override the decision of the commission. Just as some Member of the Senate, by the pending amendment, attempted to overrule the decision of the commission on the Pullman surcharge, so another Senator is trying now to overrule the decision of the commission on the port differentials. As an illustration of what we may expect if we adopt the pending Senate amendment and take over the Interstate Commerce Commission's duties, look at Senate bill 3927, introduced January 5, 1925, which is as follows:

"A bill to promote the flow of foreign commerce through all ports of the United States and to prevent the maintenance of port differentials and other unwarranted rate handicaps."

I then quoted the text of the Butler-Garber bill, but I have quoted it above as H. R. 11704, and I shall not add to the expenses of government by needlessly again repeating it. It should be available, however, at this time for comparison with S. 2934 of this Congress.

I then said that if we agreed to the pending Senate amendment on Pullman surcharges we would do away with the rate-making power of the Interstate Commerce Commission. I said that we would then be inundated by all sorts of attempts to override the commission and to consider in Congress all sorts of rates.

The House killed this attack on the power of the Interstate Commerce Commission and refused to adopt the plan of altering geography by act of Congress.

Now, the attempt is renewed. On Wednesday next, February 10, at 10.15 a. m., in the caucus room of the House of Representatives, there will be a meeting of those Representatives and Senators who oppose what really means abolition of the Interstate Commerce Commission. They will meet with the representatives of the ports of Baltimore, Philadelphia, Wilmington, Camden, Newport News, Norfolk, and other ports whose geographical location is threatened by legal fiction.

I hope many Members who stand for orderly government will be present. We must not substitute legal, nonpolitical, judicial determination by the Interstate Commerce Commission for rate making by Congress. We will not.

THE OLD SOCIAL QUESTION—STILL NEW

Mr. BERGER. Mr. Speaker, I ask unanimous consent to extend my remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BERGER. Mr. Speaker, the bill before us is a measure that will authorize national banks to establish branches in their own cities if State banks are to have that privilege.

Under the present law national banks may open additional offices in the city of their location, but their transactions at such places are limited to the receipt of deposits and to the paying out of funds. The function of discounting—which is most important—is confined to the main bank. The subsidiary offices are not, therefore, real branches.

This naturally acted as a severe handicap to the national banks. As a matter of fact the greater privilege of these State banks of having the right to establish branches almost drove the national banks out of existence in a number of important towns. In Detroit, for instance, there were 14 State banks with about 200 branches, while only 3 national banks remained. There are only 3 national banks left in Cleveland and only 1 in New Orleans.

MIDDLE-CLASS OPPOSITION TO CAPITALIZATION

The object, however, that prompted this sort of legislation in favor of the State banks and against national banks was, of course, opposition of the small country banks to the big capitalistic institutions. And that aim was not reached at all by this opposition to the national banks.

What really happened was this: The big capitalists simply went into the business of State banks instead of national banks, and the mortality among the small banks was even greater than ever before.

The first McFadden bill was plainly a middle-class measure, trying to protect the small country bank against the competition of the big capitalists; but such legislation being against the economic evolution of the capitalist system, necessarily failed. It will always fail.

In this respect the middle class is very much in the same boat as the working class, the proletariat.

The labor question, the social question, is at the bottom of all. The ills that are ailing the middle class—not only the small banker—can only be remedied as the entire social question is remedied. The middle class, including the farmers, are up "against it."

THE KERNEL OF THE QUESTION

And the real issue in every modern civilized country is this:

Under the present system, which we call in political economy the capitalist system, the workingman's labor has become a mere ware in the market.

And since the man's labor can not be separated from the man, the workingman himself has become a commodity, whose time is bought and sold. The workingman, or rather his labor power, is subject to the same conditions as every other ware, especially to the conditions of supply and demand and to competition.

The workingman's labor—that is, his time—is bought now in the open market by the highest bidder on the one hand, from the lowest seller on the other.

And the employers—who are really the master class—care only to buy the workingman's time when he is young, strong, and healthy. When he is sick or when he gets old the employer has no use for him.

NOT IN BUSINESS FOR CHARITY

The employer is not in business for the sake of charity. He is in business in order to make profits—to make money.

And because of this we can see that our so-called free workers are sometimes worse off—from the purely economic point of view—than the blacks were under slavery before the Civil War.

The negro was property and represented about a thousand dollars in value—sometimes more, sometimes less. He was property which the master owned. Therefore, the master, if he had any sense, took good care of his human chattel. The master was eager to have the slave as long and in as good condition as possible. When he became sick, or when he died, the master lost money.

The case is entirely different with the white workingman, the so-called free workingman. When the white man is sick, or when he dies, the employers usually lose nothing.

WORST EMPLOYER SETS THE PACE

And high tariff, or a tariff for revenue only, or free trade, or banking legislation "have nothing to do with the case."

In most cases the employment is absolutely impersonal. The employer does not know his employee by name or even by number. This is invariably the case with a stock company, where the shareholders are scattered all over a city, a State, or all over the country, sometimes over Europe.

Nor can any individual capitalist or employer, no matter how charitably inclined he may be, change anything in these conditions. A business or corporation that should try to run its plant on a charity basis would not last long.

It is simply a matter of competition.

COMPETITION AND LABOR

And competition has come to have a fearful meaning to the working class.

On the one hand it compels the employers to get their labor as cheaply as possible; on the other hand it compels the workingmen to compete with one another for jobs. Competition among the workers has become, therefore, a cutthroat competition. It is a question as to who is to live and who is to starve. It is often a question as to whether a man is to stay with his family or to become a tramp.

And the tariff has nothing to do with that question either.

There is always free trade in labor.

WOMAN AND CHILD LABOR

In many cases now the workman is compelled to disrupt his family and send his wife and children to the shop or factory.

For this is the great curse of machinery—or rather of the individual monopoly of machinery—that capital can be coined out of women, and even out of infancy. Thus not alone are men turned into wares, governed by demand and supply, but

they are also made to scramble for a precarious living with their wives, sisters, and children.

The evil of child labor is especially glaring down South, where my Democratic friends rule absolutely.

IT IS ALL A MATTER OF INDUSTRIAL EVOLUTION

How this came about? It is a matter of industrial evolution.

The following is the theory of Marx and Engels, German economists and philosophers, who spent most of their lives in England studying the workings of the present economic system.

In the Middle Ages a system of small industries prevailed.

This system rested on the private ownership by the workman himself of the means of production. The instruments of labor were then paltry, dwarfish, and cheap; and for that very reason, as a rule, they belonged to the producers themselves.

Since the fifteenth century, and especially since the power of steam was utilized, these limited implements of production have been gradually enlarged, united, and improved, until the common tool of the Middle Ages, and even some of the instruments that were common 50 years ago and later, have been transformed into the machines of to-day.

In place of the hand loom, the spinning wheel, and the smith's hammer there appeared the mechanical loom, the spinning machine, and the steam hammer. Instead of the single workshop there appeared the factory that combines the united labor of hundreds and of thousands.

At the same time production was transformed from a series of isolated, individual acts into a series of social and combined acts.

THE COMMON HAND TOOL BECAME THE MODERN MACHINE

The yarn, the cloth, the metal articles which now come out of the factory are the joint product of the many people through whose hands they had to go successively before being ready.

No single person can say of them: "This I have made." Yet these social tools and social products are treated in the same way as they were at the time when the tool was an individual tool and when the product was created by the individual.

Thus the present new mode of production remains subject to the old form of appropriation, although the new form of production does away with the very conditions on which the old form was based.

In times of old the owner of the simple tool appropriated or took for his own use his own product, while now—and it is important to grasp this fact fully—the owner of the tool, of the machine, appropriates the work of others. He appropriates this work without a jury and without a verdict.

PRIVATE OWNERSHIP OF THE MACHINE MEANS THE EXPLOITATION OF THE WORKER

And so we see plainly that the private ownership of the means of production, which was formerly the means of securing the product to the producer, has now become the means of exploitation, and, consequently, of servitude.

The development of the tool into the machine separates the workman from his product.

In this way a comparatively small number of capitalists obtain a monopoly of the means of production.

WHY WORKINGMEN RESIST INTRODUCTION OF MACHINERY

We are often inclined to deprecate the resistance of the workingmen to the introduction of machinery.

But these victories of the human intellect over the forces of nature which naturally should be a benefit to all—an unlimited source of blessing to the human race—have often become a means of torture to the toilers.

How many wage earners has the introduction of machinery thrown out of employment? How many lives have thereby been destroyed?

ADVANTAGE OF INVENTIONS TO ONE CLASS

Most of the advantage of all the new inventions, machines, and improvements now goes mainly to the small class of capitalists, while, on the other hand, these new inventions, machines, improvements, and labor devices displace human labor and steadily increase the army of the unemployed, who, starved and frantic, are ever ready to take the places of those who have work, thereby still further depressing the labor market.

It is from this army that the capitalist class recruit their special police, their deputy sheriffs, their detectives, and some of their minor politicians.

EFFECTS OF COMPETITION ON SMALL BUSINESS MEN

But the wageworkers are by no means the only sufferers. The small employers, the small merchants, and the small bankers are also feeling the sting of an unequal competition.

For every one of these men of business lives at war with all his brethren. The hand of the one is against the other, and no foe is more terrible to him than the one who is running a neck-to-neck race with him every day.

THE DEVIL GETS THE HINDMOST

Therefore in the factory as well as in the store the wages must be cut constantly, and the sales must be ever enlarged.

The latest improvements, the best labor-saving machinery, must be used, and as little wages must be paid as possible. The race is for life or death, and "the devil gets the hindmost."

The fierce competition lessens the profit on each article, and this must be compensated for by a greater number of articles being produced and sold; that is, the cheaper the goods the more capital is required to carry on the business.

THE DANGER TO THE MIDDLE CLASS

Precisely, then, for the same reason that the mechanic with his own shop and working on his own account has nearly disappeared in the struggle between handwork and machine work—for precisely the same reason the small manufacturers, with their little machinery, their small capital, and their little stock of goods, are now being driven from the field.

And the same is the case with the little store that must compete with the department store or the mail-order house, and with the small bank competing with the big bank.

MIDDLE CLASS IS ANTITRUST

It is that middle class that is yelling most loudly against the corporations, the railroads, and the trusts.

It is that class that wants the Sherman law to be made "more effective." It is that class that would like to turn the wheel of economic evolution backward.

However, we can not destroy the trusts without destroying our civilization.

WE DO NOT WANT TO DESTROY THE TRUSTS

Moreover, we do not want to destroy them. The trusts bring some system into the industrial chaos. They are the forerunners of a new social order. They have put the first effective check upon the disastrous evils of competition.

While competition grows more intense among the workers, and while it still prevails among the small traders and small manufacturers, the trusts have abolished competition in the realm of "big business."

The trusts are undoubtedly a milestone in the industrial evolution of the race.

The trusts spell progress and are a tremendous benefit. So far, however, they are mainly a benefit to their owners.

LET THE NATION OWN THE TRUSTS

What we must do, therefore, is to extend the benefits of this ownership to the entire Nation.

The national ownership of the trusts must be our next great step in evolution. The Sherman law ought to be repealed and a law enacted to nationalize every industry where the output and the prices are controlled by a trust or a privately owned monopoly.

On the other hand, the trusts by their very magnitude have made the viciousness of the capitalist system clear to everyone.

We see that the purely individualist theory of private ownership of "property," which our competitive wage system has made the foundation of society, has resulted in practically abolishing the possibility of private ownership for the great majority of the people.

DISTRIBUTION OF WEALTH IN THE UNITED STATES

The most reliable figures as to the distribution of wealth we have are from the United States Commission on Industrial Relations in 1915. Then it was as follows:

The "rich," 2 per cent of the people, own 60 per cent of the wealth.

The "middle class," 33 per cent of the people, own 35 per cent of the wealth.

The "poor," 65 per cent of the people, own 5 per cent of the wealth.

These figures surely have not changed to the disadvantage of the very rich since 1915, especially in view of the war and the war profits, which, according to Government figures, created 23,000 new millionaires, and the statement that 2 per cent of the people own 60 per cent of the wealth hardly holds good to-day, for the 2 per cent undoubtedly own more than 60 per cent.

One must remember that the large majority of the salaried men and of the average workingmen own nothing at all.

AS TO "INCOMES" IN THE UNITED STATES

According to the National Bureau of Economic Research, which gets its financial support chiefly from the Carnegie Corporation and similar sources, and whose board of directors is made up mainly of men known to be conservatives, the national income in 1918 amounted to $61,000,000,000. There are about 21,000,000 families in the country, and therefore the national

income in 1918, if equally distributed, would mean for each family an income of about $2,900.

The same source reports that the richest 1 per cent received 14 per cent of all the income in 1918—a year of abnormally high wages. Even in 1918, the year of war wages, however, the poorest 10 per cent received 2½ per cent of all the income.

But even in 1918 we find that those who earned less than $1,600 comprised 78 per cent of all the people of the United States. And those who earned more than $1,600 made up only 22 per cent.

SOME OFFICIAL INCOME-TAX STATISTICS

Conditions have changed for the worse, and the abyss between rich and poor has become wider and more glaring since 1918.

According to the statistics of the Commissioner of Internal Revenue for 1924 there were 213 people in the United States whose incomes were over $500,000 a year. The number of men whose incomes are $300,000 and over has increased by 231 persons in the last year.

In its report of 1921 the National Bureau of Economic Research states that there were 521 persons in the United States having incomes of over $500,000 each, aggregating $536,439,618.

These 521 super-rich had as much income as 2,000,000 American citizens who are at the bottom of the income-tax scale.

YOU DO NOT SEE THIS IN THE DAILY PAPERS

The other side of the medal:

Sixty thousand Americans died of starvation in 1925, Edward M. East, of Harvard University, told a well-fed Cleveland audience recently.

The daily papers did not say much about that, because 1925 was the year that the Corn Belt farmers nearly froze and went naked because they raised too much corn and the big banks and industrial corporations nearly choked to death on profits.

WEALTH THE ONLY SOCIAL POWER TO-DAY

The centralization of the control of property is increasing with a rapidity that threatens the integrity of the Nation. The average of wages, the certainty of employment, the social privileges and independence of the wage-earning and agricultural population, when compared with the increase of the wealth and social production, are steadily and rapidly decreasing.

And the very worst of the social temptations is that wealth has become the greatest, one might say the only, social power. All human worth is estimated in terms of wealth—in dollars and cents.

Things can not go on like this indefinitely. White men will not always stand for it. We are by our present circumstances and their consequences creating a race of "white people" in our midst, compared with which the Vandals of the fourth century were humane beings.

SOWING THE SEEDS OF A VIOLENT REVOLUTION

Within a short time, with present tendencies unchecked, we shall have two nations in this country, both of native growth. One will be very large in number, semicivilized, half starved, and degenerated through misery; the other will be small in number, overfed, overcivilized, and degenerated through luxury.

What will be the outcome?

Some day there will be a volcanic eruption. A fearful retribution will be enacted on the capitalist class as a class, and the innocent will suffer with the guilty.

Such a revolution would throw humanity back into semibarbarism and cause even a temporary retrogression of civilization.

We have a fair example in Russia. And we Socialists want no Russian solution of American questions.

THE SOCIALIST VIEW OF THE QUESTION

Therefore we say the wage system was a step in the evolution of freedom. But it was only a step.

Without trades-unionism, labor associations, and cooperative societies, the wage system would produce a social state lower than that of feudalism.

Social freedom, complete justice, can be accomplished only by the collective ownership and democratic management of the social means of production and distribution.

We realize that all this can not be brought about by a single stroke—by a one day's revolution. We realize that as long as we are in the minority we have no right to force our opinions upon the majority. Still we know that all legislation, in order to be really progressive and wholesome, must move in that direction—must be in accordance with the modern economic progress.

SOCIALISM IS NOT COMMUNISM

We are opposed to communism, of course.

Both socialism and communism have the same origin—and both are opposed to the present anarchistic method of production—and both combat the exploitation of the masses for the benefit of a few individuals.

There is a wide difference between socialism and communism, however, both in theory and practice.

Socialism simply demands the collective ownership and democratic management of the social means of production. Under socialism, the consumption is always to remain individual and only the social means of production can not be owned by individuals.

Communism, on the other hand, denies the individual ownership of all property. Moreover, the communists want not only to produce but also to consume in common.

Until the advent of the bolsheviki, there were very few conscious communists in civilized countries. Communism had often been tried by utopian schemers, but apart from a few religious communities it had always failed.

The bolsheviki are holding on to their power in Russia by having given up in practice most of their communistic theories.

SOCIALISTS AGAINST ALL-POWERFUL GOVERNMENT

The socialists are opposed to making any government supremely powerful by adding economic functions to its political power, as has been done in Russia.

We want no all-powerful bureaucracy by any name—no supergovernment, no "etatism," no "Staats all macht." We experienced its workings during the Wilson administration.

We are also opposed to any dictatorship of the proletariat. In the end, this always means either the dictatorship of a committee, or some commission, or the dictatorship of the mob. It also means violence.

We shall always resist the abuse of even the democratic majority rule, and always insist on sufficient guaranties for the rights of minorities. It is usually the minority that has made human progress possible in the world's history.

As a matter of course, therefore, Social Democrats are in favor of absolute free speech, in favor of a free press, and for unlimited freedom of association of any kind.

Such is our conception of a social democracy.

OUR PROGRAM IN A NUTSHELL

Now to make a long story short:

We believe that everything that is necessary for the life of the Nation, for the enjoyment of everybody within the Nation, the Nation is to own and manage. Therefore we shall take over the trusts, railroads, mines, telegraphs, and other monopolies of national scope.

Everything that is necessary for the life and development of the State the State is to own and manage. There are certain business functions that the State will have to take care of, like interurban lines, for instance.

Everything that is necessary for the life and development of a city the city is to own and manage, like, for instance, not only street cars and light and heating plants but also abattoirs, public bake shops, the distribution of pure milk, and so forth.

Everything that the individual can own and manage best the individual is to own and manage.

That is simple enough.

AIMS OF THE SOCIALIST PARTY

As I said before:

The Socialist Party endeavors to bring about the collective ownership and democratic management of all of the social means of production and distribution.

We will start with the national ownership of the country's natural resources, such as mines, oil wells, forests, and so forth.

With this must be combined the national ownership of the means of transportation and communication—railroads, telegraphs, telephones. Furthermore, we must stand everywhere for the principle of public ownership of public utilities.

Our country has made a good start in the reserving of some national forests, only the start came somewhat late.

Our aim is finally to get hold of all of the trusts. The national ownership and democratic management of the trusts is the end of the road for a long time to come.

Future generations will have to take care of future conditions.

ADJOURNMENT

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, February 4, 1926, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. FROTHINGHAM: Committee on Military Affairs. H. R. 7019. A bill to provide four condemned 12-pounder bronze guns for the Grant Memorial Bridge at Point Pleasant, Ohio; without amendment (Rept. No. 180). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLTON: Committee on the Public Lands. H. R. 6239. A bill to authorize acting registers of United States land offices to administer oaths at any time in public-land matters; without amendment (Rept. No. 181). Referred to the House Calendar.

Mr. HAWLEY: Committee on Ways and Means. H. R. 7966. A bill to provide the name by which the Board of General Appraisers and members thereof shall hereafter be known; without amendment (Rept. No. 184). Referred to the House Calendar.

Mr. WURZBACH: Committee on Military Affairs. H. R. 3996. A bill authorizing the Secretary of War to convey certain portions of the military reservation of Fort Sam Houston, Tex., to the city of San Antonio, Bexar County, Tex., for street purposes; with an amendment (Rept. No. 185). Referred to the Committee of the Whole House on the state of the Union.

Mr. SPEAKS: Committee on Military Affairs. H. R. 5840. A bill to equalize the pay of retired officers of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service; without amendment (Rept. No. 186). Referred to the Committee of the Whole House on the state of the Union.

Mr. REECE: Committee on Military Affairs. H. R. 7841. A bill for the relief of soldiers who were discharged from the Army during the World War because of misrepresentation of age; with an amendment (Rept. No. 187). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. H. R. 6241. A bill to authorize the Secretary of Agriculture to inspect and certify as free from disease and insect pests certain plant products offered for export, and for other purposes; without amendment (Rept. No. 188). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. H. R. 292. A bill to authorize the Secretary of Agriculture to acquire and maintain dams in the Minnesota National Forest needed for the proper administration of the Government land and timber; with an amendment (Rept. No. 189). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KELLER: Committee on Claims. H. R. 2009. A bill for the relief of C. M. Rodefer; with amendments (Rept. No. 182). Referred to the Committee of the Whole House.

Mr. FULLER: Committee on Invalid Pensions. H. R. 8815. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; without amendment (Rept. No. 183). Referred to the Committee of the Whole House.

Mr. REECE: Committee on Military Affairs. H. R. 2324. A bill for the relief of Joe F. Jenkins; without amendment (Rept. No. 190). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6952) granting a pension to Christina E. Haws; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6953) granting a pension to Leroy Lively; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FULLER: A bill (H. R. 8815) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; committed to the Committee of the Whole House and ordered to be printed.

By Mr. DRANE: A bill (H. R. 8816) to provide for a site and public building at Bradenton, Fla.; to the Committee on Public Buildings and Grounds.

By Mr. HAWLEY: A bill (H. R. 8817) reserving certain described lands in Coos County, Oreg., as public parks and camp sites; to the Committee on the Public Lands.

By Mr. HICKEY: A bill (H. R. 8818) granting jurisdiction to the Court of Claims of the United States; to the Committee on the Judiciary.

By Mr. JAMES: A bill (H. R. 8819) to increase the efficiency of the Air Service of the United States Army, and for other purposes; to the Committee on Military Affairs.

By Mr. ROMJUE: A bill (H. R. 8820) providing for the erection of a public building at Unionville, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. SWING: A bill (H. R. 8821) providing that funds appropriated for the care and relief of Indians of California under the direction of the Secretary of the Interior shall be expended through certain public agencies of the State of California; to the Committee on Indian Affairs.

By Mr. GALLIVAN: A bill (H. R. 8822) to amend the national defense act; to the Committee on Military Affairs.

By Mr. FREAR: A bill (H. R. 8823) to provide for the leasing of allotted lands of Indians held in trust by the United States; to the Committee on Indian Affairs.

Also, a bill (H. R. 8824) regulating Indian allotments disposed of by will; to the Committee on Indian Affairs.

By Mr. LEAVITT: A bill (H. R. 8825) to amend the postal salary act of 1925 as it affects the salaries of rural carriers serving triweekly routes; to the Committee on the Post Office and Post Roads.

By Mr. TUCKER (by request): A bill (H. R. 8826) to amend section 62 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901; to the Committee on the Judiciary.

Also (by request), a bill (H. R. 8827) amending section 67 of the act approved March 3, 1911, to codify, revise, and amend the laws relating to the judiciary; to the Committee on the Judiciary.

Also (by request), a bill (H. R. 8828) amending section 67 of the act approved March 3, 1911, to codify, revise, and amend the laws relating to the judiciary; to the Committee on the Judiciary.

By Mr. FREAR: A bill (H. R. 8829) to amend the act of February 26, 1925 (43 Stat. L. 994), authorizing the construction of a bridge across the Colorado River near Lee Ferry, Ariz.; to the Committee on Indian Affairs.

By Mr. GIBSON: A bill (H. R. 8830) amending the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital," approved June 6, 1924; to the Committee on the District of Columbia.

By Mr. KNUTSON: A bill (H. R. 8831) to establish a fish-cultural station in Lake of the Woods County, Minn.; to the Committee on the Merchant Marine and Fisheries.

By Mr. CAMPBELL: A bill (H. R. 8832) to place criers and bailiffs of the United States district courts on a salary basis; to the Committee on the Judiciary.

By Mr. McSWAIN: A bill (H. R. 8833) to provide for further appointments to the United States Naval Academy; to the Committee on Naval Affairs.

By Mr. MILLER: A bill (H. R. 8834) to authorize the Secretary of the Interior to sell certain lands within the Port Madison Indian Reservation, in the State of Washington, heretofore set apart for school or administrative purposes; to the Committee on Indian Affairs.

By Mr. GRAHAM: A bill (H. R. 8835) to amend section 1112 of the Code of Law for the District of Columbia; to the Committee on the Judiciary.

By Mr. LOWREY: A bill (H. R. 8836) for the erection of a public building in the town of Charleston, Miss.; to the Committee on Public Buildings and Grounds.

By Mr. HUDSON: A bill (H. R. 8837) to establish a border patrol for the more efficient enforcement of laws applicable to the international and maritime borders of the United States; to the Committee on the Judiciary.

By Mr. WURZBACH: Joint resolution (H. J. Res. 148) extending the time during which cattle which have crossed the boundary line into foreign countries may be returned duty free; to the Committee on Ways and Means.

By Mr. PORTER: Joint resolution (H. J. Res. 149) to provide for membership of the United States in the Central Bureau of the International Map of the World; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 150) to provide for the participation of the United States in a congress to be held in the city of Panama, June, 1926, in commemoration of the centennial of the Pan American Congress, which was held in the city of Panama in 1826; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. O'CONNELL of New York: Memorial of the House of Representatives of the State of Florida, favoring Government schools or training camps for the purpose of training and equipping aviators for aerial service in the United States Army to be placed at the fields of Dorr and Carlstrom, located near Arcadia, in De Soto County, Fla.; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALMON: A bill (H. R. 8838) to provide for the retirement of Mack Harris as a first sergeant in the United States Army; to the Committee on Military Affairs.

By Mr. BEERS: A bill (H. R. 8839) granting an increase of pension to George D. Jones; to the Committee on Invalid Pensions.

By Mr. BIXLER: A bill (H. R. 8840) granting an increase of pension to Mary J. Lyon; to the Committee on Invalid Pensions.

By Mr. BOWMAN (by request): A bill (H. R. 8841) granting an increase of pension to Olive J. Ebert; to the Committee on Invalid Pensions.

By Mr. BROWNING: A bill (H. R. 8842) granting a pension to John P. Gray; to the Committee on Pensions.

By Mr. BURDICK: A bill (H. R. 8843) granting an increase of pension to Hannah Cook; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 8844) granting a pension to Homer N. Horine; to the Committee on Pensions.

By Mr. CONNOLLY of Pennsylvania: A bill (H. R. 8845) for the relief of John Highley; to the Committee on Military Affairs.

By Mr. CROWTHER: A bill (H. R. 8846) for the relief of Cyrus Durey; to the Committee on Claims.

By Mr. DAVENPORT: A bill (H. R. 8847) granting an increase of pension to Lois M. Croft; to the Committee on Invalid Pensions.

By Mr. EDWARDS: A bill (H. R. 8848) for the relief of Plezzie M. Wilson; to the Committee on World War Veterans' Legislation.

By Mr. ELLIS: A bill (H. R. 8849) granting an increase of pension to Emma M. Lane; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 8850) for the relief of Michael J. Fraher; to the Committee on Military Affairs.

By Mr. GARRETT of Tennessee: A bill (H. R. 8851) for the relief of Jacob D. Nelson; to the Committee on Claims.

By Mr. GIFFORD: A bill (H. R. 8852) for the relief of Thomas Maley; to the Committee on Naval Affairs.

By Mr. HALL of Indiana: A bill (H. R. 8853) granting a pension to Elizabeth Jane Pearson; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 8854) for the relief of W. J. Warner; to the Committee on Claims.

Also, a bill (H. R. 8855) granting a pension to Etta A. Perkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8856) granting an increase of pension to Margaret A. Brock; to the Committee on Invalid Pensions.

By Mr. HERSEY: A bill (H. R. 8857) granting a pension to Sarah H. Bigelow; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 8858) granting a pension to William F. Pohl; to the Committee on Pensions.

By Mr. LITTLE: A bill (H. R. 8859) granting an increase of pension to Eliza C. Baldridge; to the Committee on Invalid Pensions.

By Mr. McSWAIN: A bill (H. R. 8860) granting an increase of pension to James W. Gray; to the Committee on Pensions.

By Mr. McCLINTIC: A bill (H. R. 8861) for the relief of William G. Phelps; to the Committee on Military Affairs.

By Mr. MAJOR: A bill (H. R. 8862) for the relief of J. H. Campbell; to the Committee on Claims.

By Mr. MENGES: A bill (H. R. 8863) granting an increase of pension to Catherine Diehl; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8864) granting an increase of pension to Emelina Grim; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8865) granting an increase of pension to Euphemia Spangler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8866) granting an increase of pension to Mercy K. Monroe; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 8867) granting an increase of pension to Elsie Jane Robinson; to the Committee on Invalid Pensions.

By Mr. MOORE of Kentucky: A bill (H. R. 8868) granting a pension to Thomas C. Tinsley; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 8869) granting a pension to Emma Florence Garretson; to the Committee on Pensions.

By Mr. NEWTON of Minnesota: A bill (H. R. 8870) granting a pension to Minnie Woodworth; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 8871) granting an increase of pension to Julia Deridder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8872) granting an increase of pension to Hannah McGuyer; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 8873) granting a pension to Ida May Allen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8874) granting a pension to Emma B. Chenoweth; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8875) granting a pension to George L. Crawford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8876) granting a pension to Jessie Grace Farmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8877) granting a pension to Edwin Fears; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8878) granting a pension to Emma J. Cole; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8879) granting an increase of pension to Mattie J. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8880) granting an increase of pension to Mary E. Morris; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8881) granting an increase of pension to Emma Coonrad; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8882) granting an increase of pension to Sarepta C. Blair; to the Committee on Invalid Pensions.

By Mr. RANKIN: A bill (H. R. 8883) granting a distinguished-service cross to Dr. Richard M. Boyd; to the Committee on Military Affairs.

By Mr. SHREVE: A bill (H. R. 8884) granting a pension to Jacob J. Waltz; to the Committee on Pensions.

Also, a bill (H. R. 8885) granting a pension to John D. Weidle; to the Committee on Pensions.

By Mr. SIMMONS: A bill (H. R. 8886) for the relief of James Colton; to the Committee on Claims.

Also, a bill (H. R. 8887) for the relief of George W. McAnulty; to the Committee on Claims.

Also, a bill (H. R. 8888) for the relief of M. W. Ryan; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H. R. 8889) for the relief of Margaret Constable; to the Committee on Claims.

Also, a bill (H. R. 8890) granting an increase of pension to Joseph P. Carey; to the Committee on Pensions.

By Mr. SWARTZ: A bill (H. R. 8891) granting a pension to Joseph L. Lemberger; to the Committee on Invalid Pensions.

By Mr. LITTLE: A bill (H. R. 8892) granting a pension to Virginia F. Huddleston; to the Committee on Invalid Pensions.

By Mr. YATES: A bill (H. R. 8893) granting a pension to James Henry Phibbs; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 8894) for the relief of the Royal Holland Lloyd, a Netherlands corporation of Amsterdam, the Netherlands; to the Committee on Claims.

Also, a bill (H. R. 8895) for the relief of Minerva Shanahan; to the Committee on Claims.

Also, a bill (H. R. 8896) for the relief of Enriqueta Koch v de Jeanneret; to the Committee on Claims.

Also, a bill (H. R. 8897) to allow credits in the accounts of certain disbursing officers of the Department of the Interior; to the Committee on Claims.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8898) granting a pension to Nancy Day; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

566. By Mr. BARBOUR: Resolution of Grant Post, No. 9, Grand Army of the Republic, of Modesto, Calif., urging pas-

sage of pension bill (H. R. 61); to the Committee on Invalid Pensions.

567. By Mr. CHRISTOPHERSON: Resolution of board of directors of the South Dakota Wheat Growers' Association (Inc.), concerning relief for agriculture; to the Committee on Agriculture.

568. By Mr. GALLIVAN: Petition of Local, No. 3, International Brotherhood of Stationary Firemen, Thomas J. Murphy, secretary, 9 Appleton Street, Boston, Mass., requesting a thorough investigation of the nation-wide bread trust; to the Committee on Interstate and Foreign Commerce.

569. By Mr. MORROW: Petition of New Mexico Game Protective Association, Albuquerque, N. Mex., indorsing Federal fish hatchery bill (S. 2015) by Senator Bratton; to the Committee on the Merchant Marine and Fisheries.

570. By Mr. YATES: Petition of the Ford County (Ill.) Farm Bureau, reciting that tubercular testing is being discontinued in Ford County for lack of funds and urging the need of adequate appropriations; to the Committee on Agriculture.

571. Also, petition of Goes Lithographing Co., of Chicago, urging repeal of capital-stock tax; also retention of present corporation income-tax rate of 12½ per cent; also repeal of inheritance tax and stock-transfer tax; to the Committee on Ways and Means.

572. Also, petition of Peter S. Theurer, of Chicago, Ill., advocating the repeal of the capital-stock tax and the retention of the corporation tax at 12½ per cent, and the repeal of the inheritance tax and the tax on stock transfers; to the Committee on Ways and Means.

573. Also, petition of A. S. Oakford, of Peoria, Ill., urging repeal of capital-stock tax, also retention of present corporation income-tax rate of 12½ per cent, also repeal of inheritance tax and stock-transfer tax; to the Committee on Ways and Means.

574. Also, petition of Illinois Watch Co., of Springfield, urging abolition of estate tax or capital-stock tax on corporations, but urging retention of capital-stock tax in preference to its abolition if it increases rate of normal tax; to the Committee on Ways and Means.

575. Also, petition of the C. Becker Milling Co., manufacturers of soft winter wheat flour, at Red Bud, Ill., protesting against change of package weights as proposed in the proposed decimal weight statute; to the Committee on Coinage, Weights, and Measures.

576. Also, petition of Marshall Field & Co., of Chicago, Ill., registering strong opposition to the proposed increase in corporation tax from 12½ to 13½ per cent, on the ground that it is a discrimination on the part of Congress against corporate investments; to the Committee on Ways and Means.

SENATE

THURSDAY, *February 4, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. JONES of Washington. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Fess	McLean	Shipstead
Bingham	Fletcher	McMaster	Shortridge
Blease	Frazier	McNary	Simmons
Borah	George	Mayfield	Smith
Bratton	Gerry	Means	Smoot
Brookhart	Gillett	Metcalf	Stanfield
Broussard	Glass	Moses	Stephens
Bruce	Gooding	Norbeck	Swanson
Butler	Harreld	Norris	Trammell
Cameron	Harris	Nye	Tyson
Capper	Harrison	Oddie	Underwood
Caraway	Heflin	Overman	Wadsworth
Copeland	Howell	Pepper	Walsh
Couzens	Jones, Wash.	Phipps	Warren
Cummins	Kendrick	Pine	Watson
Dale	Keyes	Ransdell	Weller
Dill	King	Reed, Pa.	Wheeler
Edge	La Follette	Robinson, Ark.	Williams
Ernst	Lenroot	Robinson, Ind.	Willis
Fernald	McKellar	Sackett	
Ferris	McKinley	Sheppard	

Mr. JONES of Washington. The senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. I shall allow this announcement to stand for the day.

Mr. GLASS. I was requested to announce that the Senator from Maine [Mr. HALE] and the Senator from New Mexico [Mr. JONES], members of a subcommittee of the Committee on Appropriations, are engaged in a hearing on the naval appropriation bill and can not be present in the Chamber this morning.

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

ROUTINE REPORTS OF STATE DEPARTMENT

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Appropriations:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State on matters concerning the Department of State, required by certain provisions of law enumerated in the report.

CALVIN COOLIDGE.

THE WHITE HOUSE, *February 4, 1926.*

PETITIONS

Mr. WILLIS presented petitions of sundry citizens and ex-service men of Montgomery County, Ohio, praying for the passage of Senate bill 98, granting increased pensions to veterans of the War with Spain, which were referred to the Committee on Pensions.

Mr. WHEELER presented a paper in the nature of a petition signed by representatives of the Crow and Assiniboin Indian Tribes located upon the Fort Peck and Crow Reservations in Montana, which was referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

A RED MAN'S PLEA

We, the duly elected representatives of the Crow Indian Tribe and the Assiniboin Indian Tribe located, respectively, upon the Fort Peck Reservation and the Crow Reservation in Montana, have been attempting for a number of years past to have bills passed by the Congress of the United States permitting us to go into the Court of Claims of the United States of America and bring suit against the Government of the United States, because of the fact that the Government as far back as 1851 through their chosen representatives entered into treaties with our respective tribes for a valuable consideration, and since that time have on numerous occasions violated nearly every provision of the treaty.

When the white races by reason of their superior numbers drove us from one State to another, took our lands away from us, debauched us with their liquor, we finally entered into treaties giving up to the United States valuable rights and an immense amount of land.

Our Indian tribes have lived up to the provisions of their treaty. We have never treated them as scraps of paper, but, on the contrary, the great Government of the United States through its bureaus and through the Congress of the United States has repeatedly subjected us to humiliation, used our money without rendering us an account, and taken our lands from us without our consent. We have not resorted to acts of violence but have had to submit by reason of our numbers to these things.

We have asked Congress to pass laws giving us a right to go into the courts—not Indian courts but United States courts—and submit our claims for settlement. Each year the Indian Bureau, which was created by Congress to protect us, has, on one pretext or another, fought these jurisdictional bills unless they could draft them in such a way that we would not be able to get competent lawyers to try them, or that we would not be able to recover anything under them.

We have come to Washington again asking Congress to give us such a law, and this time the bureau, which is supposed to protect our interests, tells us that we can not have a law which will permit us to recover our rights unless under absurd conditions and because of the fact that it will interfere with the economy plan of the administration. We believe in economy. We have always practiced economy because of necessity. Our funds have been tied up. The Government bureaus are supported out of them. They are living in luxury while our people in some instances go hungry.

We took part in the World War to make the word safe for democracy. The lives of some of our people were sacrificed upon the battle field. We bought Liberty bonds to carry on the war. The patriotism of the American Indian far exceeded that of almost any other class of people in this country, as 85 per cent of the boys that were capable of going to war volunteered their services instead of waiting to be drafted.

Now this Government, notwithstanding its economy program, is willing to settle with the French, the Belgians, the Italians, and the English by letting them pay only the interest upon the money that this Government loaned to them. They are willing to give away millions of dollars to these foreign countries, and we have to help pay what they are giving away in the way of taxes upon our property, yet when we come here and appeal to Congress, not for a gift, not that our debts should be canceled, not for charity, but that we be given a chance to go into court and prove what the Government of the United States owes us, they are passing the buck to the Budget Bureau and the Department of Justice, saying that we have to meet their requirements be-

fore we are granted the legislation we desire. We are denied by the men employed in the bureaus, who are living in luxury out of the funds which belong to us, on the ground that it would interfere with the economy plan of the administration.

We submit to the American people that it is unfair.

JAMES CARPENTER,
Chairman of the Council.
HARRY WHITEMAN,
FRANK YARLOTTE,
Crow Indian Tribe.
JAMES ARCHDALE,
JOSHUA WETSIT,
Assiniboin Indian Tribe.

REPORTS OF COMMITTEES

Mr. MEANS, from the Committee on Claims, to which was referred the bill (S. 2533) for the relief of R. P. Rueth, of Chamita, N. Mex., reported it without amendment and submitted a report (No. 136) thereon.

He also, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1169) authorizing the Secretary of the Interior to convey certain lands in Powell townsite, Shoshone reclamation project, Wyo., to Park County, Wyo., reported it with an amendment and submitted a report (No. 137) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 1886) to carry out the findings of the Court of Claims in the case of the Fore River Shipbuilding Co., reported it without amendment and submitted a report (No. 138) thereon.

Mr. BROOKHART, from the Committee on Claims, to which was referred the bill (S. 2091) for the relief of Florence Proud, reported it with an amendment and submitted a report (No. 139) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MEANS:

A bill (S. 2992) for the relief of the Royal Holland Lloyd, a Netherlands corporation, of Amsterdam, the Netherlands; and

A bill (S. 2993) to allow credits in the accounts of certain disbursing officers of the Department of the Interior; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 2994) for the relief of Alvia H. Tinker; to the Committee on Military Affairs.

A bill (S. 2995) granting an increase of pension to Henry C. King; to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2996) to validate payments for commutation of quarters, heat and light, and of rental allowances on account of dependents;

A bill (S. 2997) to amend sections 9 and 11 of the act entitled "An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," approved June 10, 1922; and

A bill (S. 2998) to amend section 55 of the national defense act, approved June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 2999) to fix the salaries of certain judges of the United States; to the Committee on the Judiciary.

A bill (S. 3000) amending subchapter 5 of the Code of Law of the District of Columbia as amended to June 7, 1924, relating to offenses against public policy; to the Committee on the District of Columbia.

By Mr. ERNST:

A bill (S. 3001) granting a pension to Robert McQueen (with accompanying papers);

A bill (S. 3002) granting an increase of pension to William Cunagin (with accompanying papers); and

A bill (S. 3003) granting an increase of pension to Jacob C. Robinson (with accompanying papers); to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 3004) granting an increase of pension to Elnathan Meade; to the Committee on Pensions.

A bill (S. 3005) to provide for the transportation of blind persons, with their guide, for one fare; to the Committee on Interstate Commerce.

By Mr. HARRIS:

A bill (S. 3006) for the erection of a public building at Columbus, Ga.; or the enlargement and repair of the present one; to the Committee on Public Buildings and Grounds.

By Mr. GLASS:

A bill (S. 3007) to amend section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended; to the Committee on Banking and Currency.

By Mr. ROBINSON of Indiana:

A bill (S. 3008) authorizing the President of the United States to appoint Samuel Woodfill to the position and rank of captain in the Army of the United States and immediately retire him with the rank and pay of a captain; to the Committee on Military Affairs.

By Mr. McLEAN:

A joint resolution (S. J. Res. 47) authorizing the Comptroller General of the United States to allow credit to contractors for payments received from either Army or Navy disbursing officers in settlement of contracts entered into with the United States during the period from April 6, 1917, to November 11, 1918; to the Committee on Appropriations.

By Mr. SHORTRIDGE:

A joint resolution (S. J. Res. 48) for the relief of R. S. Howard Co.; to the Committee on Claims.

AMENDMENTS TO TAX REDUCTION BILL

Mr. McKELLAR submitted an amendment and Mr. NORRIS submitted two amendments intended to be proposed by them to House bill 1, the tax reduction bill, which were ordered to lie on the table and to be printed.

AMENDMENT TO AGRICULTURAL APPROPRIATION BILL

Mr. HARRISON submitted an amendment intended to be proposed by him to House bill 8264, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $50,000 (to be immediately available and to remain available until expended), to be expended by the Secretary of Agriculture for personal services and other necessary expenditures for a preliminary entomological survey of the salt-marsh areas of the South Atlantic States and of the Gulf States, to determine the exact character of the breeding places of the salt-marsh mosquitoes, in order that a definite idea may be formed as to the best methods of controlling the breeding of such mosquitoes.

CHANGE OF REFERENCE

On motion of Mr. SMITH, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (S. 2904) to provide for the postponement of the payment of installments for 1926 upon Federal farm-loan mortgages on lands in drought-stricken areas, and it was referred to the Committee on Banking and Currency.

SALE OF VESSELS TO FORD MOTOR CO.

Mr. BRUCE. Mr. President, yesterday I offered a resolution (S. Res. 135) calling for an investigation of the sale to the Ford Motor Co. by the United States Shipping Board of 200 laid-up steel vessels for dismantling and scrapping, and it proposed that the Committee on the Judiciary should conduct the investigation. I should like to have the resolution modified so as to authorize the Committee on Commerce to make the investigation, and I ask that the resolution as modified be referred to the Committee on Commerce.

The VICE PRESIDENT. Without objection, it is so ordered.

PEARL RIVER BRIDGE, MISS.

Mr. STEPHENS. I ask for the present consideration of the bill (S. 2586) granting the consent of Congress to the J. R. Buckwalter Lumber Co. to construct a bridge across Pearl River in the State of Mississippi. The bill has been reported favorably from the Committee on Commerce.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the J. R. Buckwalter Lumber Co. to construct, maintain, and operate a bridge and approaches thereto across the Pearl River at a point suitable to the interests of navigation at or near Edinburg, Leake County, Miss., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PROHIBITION ENFORCEMENT

Mr. EDGE. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the New York Herald-Tribune of this morning and also one from the New York Times, being an interview with and statement from Dr. James Empringham, national secretary of the Episcopal Temperance Society, praying for a modification of the Volstead Act, and setting forth his reasons for such conclusions.

Mr. NORRIS. Mr. President, will the Senator from New Jersey yield before unanimous consent is granted?

Mr. EDGE. I am glad to yield to the Senator from Nebraska.

Mr. NORRIS. Will the Senator state to the Senate who wrote the interview?

Mr. EDGE. The Senator from New Jersey is unable to say who wrote the interview.

Mr. NORRIS. I wondered if the article itself did not show.

Mr. EDGE. The article itself, as I recall reading it, purported to be an interview with and statement from Doctor Empringham.

Mr. NORRIS. It does not disclose the author of the article?

Mr. EDGE. No.

Mr. NORRIS. I was wondering if it might be the same representative of the New York Tribune who published an article some time ago in reference to myself. It was published without anyone ever seeing me, and purported to tell what I had told the Senator from Kansas [Mr. CURTIS], without having seen him, and was made entirely and completely out of whole cloth.

Mr. EDGE. This statement, I am quite sure, is authentic. It appeared also in the Washington Post this morning and in the New York Times. I have not read any other newspapers, but the article also quotes an interview from Wayne B. Wheeler, so that both sides of the subject appear in the statement which I have asked to have printed in the RECORD. I can not conceive of any objection to having it appear in the RECORD. The RECORD is filled with statement after statement discussing the question from the other angle.

Mr. NORRIS. I am not objecting.

Mr. EDGE. The interview comes from the official secretary of a national church association, representing, as I understand it, twenty-odd bishops of the Episcopal Church and the association's membership in this country. The article clearly states his views on a very important subject before the American people. My request is that it may appear in the RECORD. I again ask unanimous consent for the printing of the articles.

The VICE PRESIDENT. Is there objection?

Mr. EDGE. I shall be very glad to have them read.

Mr. WILLIS. Reserving the right to object, I want to ask the Senator if, with his usual generosity and fairness, he will not consent that with this article may be printed also the statement, to which he has referred, as issued by Mr. Wheeler?

Mr. EDGE. Absolutely; without the slightest question.

Mr. WILLIS. I will secure the statement from Mr. Wheeler in order that it may appear right after the statement, which the Senator has asked to have printed in the RECORD.

Mr. EDGE. I would like very much to have Mr. Wheeler's statement added to it, because it seems to me his statement is profoundly ridiculous.

Mr. WILLIS. The country can judge of that.

The VICE PRESIDENT. Without objection, permission is granted for the printing of the article and the statement in the RECORD.

The two articles requested printed by Mr. EDGE are as follows:

[From the New York Herald-Tribune, February 4, 1926]

TEMPERANCE SOCIETY ASKS BEER AND WINE—DOCTOR EMPRINGHAM AND EPISCOPAL CHURCH BODY IN CAMPAIGN FOR MODIFICATION OF VOLSTEAD LAW—PROHIBITION RESULTS STUDIED FOR A YEAR—INTEMPERANCE INCREASING, SAYS REPORT THAT IGNORES PLEAS OF WAYNE WHEELER

The Church Temperance Society of the Episcopal Church will work for modification of prohibition to permit the sale of light wines and beer, it was announced by Dr. James Empringham, national secretary, at a meeting of Episcopal ministers in town hall yesterday.

Doctor Empringham said that he had started a year ago an investigation to prove that prohibition was a success, and that the repudiation of complete prohibition now announced by the society was the result of his findings in that investigation.

"We are in favor of a modification of the Volstead Act to permit the sale of beer and wine," he said, "because—

"1. The effect of prohibition has been put to an end to temperance teaching.

"2. It has resulted in increased drinking among young people.

"3. It has discouraged the consumption of wine and beer and increased the demand for distilled liquors, which to-day are mostly poisonous.

"4. It has brought about disrespect for all laws.

"5. It is class legislation, discriminating in favor of the rich.

"6. In our survey we found intemperance increased."

Doctor Empringham created a stir in 1916 when he gave up a lucrative rectorship in St. Paul's Church, Syracuse, to take over the metropolitan superintendency of the Anti-Saloon League. He was the first Episcopalian to become associated with that organization. In less than a year, however, he resigned and took the position he now holds with the Episcopal Society.

HAD BACKED ANTI-SALOON LEAGUE

At that time he said that he would continue to work in close cooperation with Anti-Saloon League officials, and it is believed that this cooperation has continued up to the present move of the Episcopal Society. In his announcement yesterday, however, Doctor Empringham said that he was taking the step over the protest of Wayne B. Wheeler, national head of the Anti-Saloon League, who, he said, had requested him to withhold it "by telephone, telegraph, and mail."

Mr. Wheeler in Washington last night took exception to Doctor Empringham's statement that he had besought him not to make his announcement. Doctor Empringham said that Mr. Wheeler gave as the reason for his request that "it would show that prohibition had failed." Mr. Wheeler replied that he had said nothing of the kind, "because no truthful report can show this." He said that the Empringham report ignored the facts of prohibition.

Dissatisfaction with the way prohibition was working out was manifested by Doctor Empringham as early as 1919. It was during that year that he made the statement that he was no longer able to get soft drinks, because when he asked for one in a saloon the bartender never took him seriously and always gave him something stronger.

SOUGHT "DENATURED" SALOON

In that same year Doctor Empringham started a campaign to establish substitutes for the saloon.

"The saloon, in spite of its evils, has played a useful part in the life of the Nation," he then said. "Something must take the place of the saloon if the liquor traffic is to be outlawed."

At that time he succeeded in persuading the general convention of the Episcopal Church of the feasibility of his ideas, and $1,000,000 was appropriated for immediate expenditures in the establishment of the saloon substitutes, of which little more was ever heard. The substitute saloons which he proposed at that time were to lack nothing but the liquor.

"In the past we have had religious places," he said at the time. "Now we are going to have saloons as wicked as we can make them. If we don't do this we will never be able to catch the man we want—the former patron of the bar. We feel that the mere closing of the saloons does not end things up. Public sentiment must be ranged behind it.

It is that question of public sentiment on which the whole prohibition movement has now gone to pieces, according to Doctor Empringham's speech. And he concludes that not even the liquor may successfully be omitted from the substitute for the saloon.

"No law is of any value unless you can get public sentiment behind it," he added. "In 1914 we urged Congress to submit the eighteenth amendment to the legislatures. We said we were not asking for prohibition, but for an opportunity for the States to decide. Unfortunately the States were asked to decide the matter during the excitement of the war when we were asking people to conserve grain to win the war. Forty-six of the 48 States tumbled over each other in a rush to ratify the eighteenth amendment. The question was never referred to the individual voters. Now that the war spirit is over, I am satisfied that a referendum would show the majority of the people opposed to any such drastic prohibition."

The whole reversal of policy of the society is the direct result of the unexpected discoveries he made in his investigation, according to Doctor Empringham. The society originally worked for the eighteenth amendment. It is national in scope and includes 21 bishops in addition to a great many Episcopal ministers among its patrons and officers.

FINDS HE'S BEEN A "DARN FOOL"

"I started out a year ago," he said, "to gather material for a pamphlet to show that prohibition was a success. I haven't finished that pamphlet. My survey behind the scenes of enforcement in Chicago, the South, Baltimore, Philadelphia, and other cities showed me that I had been a darn fool to give up a good church and a big stipend to make the world better overnight. We thought that a law would be better than education to stop drinking. I admit that we made a mistake.

"In 1917 a referendum of the members of the society showed a majority favored prohibition in some form or other. A recent canvass of the membership which resulted in the change of policy showed an overwhelming preponderance for modification of the Volstead Act."

[From the New York Times, February 4, 1926]

EPISCOPAL SOCIETY ASKS MODIFICATION OF VOLSTEAD ACT—TEMPERANCE ORGANIZATION POLL SHOWS MOST OF 20,000 MEMBERS UPHOLD REVISION—ENFORCEMENT "A FAILURE"—SECRETARY SAYS THERE IS MORE DRINKING BY THE YOUNG AND DISRESPECT FOR LAW—WAYNE WHEELER SHOCKED—DECLARES ADVOCACY OF DRY LAW REVISION IS REGRETTABLE AND ILL TIMED

The Church Temperance Society of the Protestant Episcopal Church is overwhelmingly "in favor of a modification of the Volstead Act," according to an announcement yesterday by its national secretary, the Rev. Dr. James Empringham, formerly State superintendent of the Anti-Saloon League of New York. A recent questionnaire among the 20,000 members of the Church Temperance Society disclosed that most of them were of the opinion that prohibition had undone the work of 50 years of the temperance movement, according to Doctor Empringham.

The society has a list of officers and a directorate that includes 20 bishops. Many of its officers and members feel that "the eighteenth amendment sounded the death knell of temperance," according to Doctor Empringham, who expressed the belief that the society would make an active campaign for modification of the Volstead Act.

ASKED TO SUPPRESS REPORT, HE SAYS

Doctor Empringham said pressure was brought to bear upon him to prevent publication of the result of the questionnaire. Appeals were made to him from prohibition spokesmen in the United States and across the Atlantic to withhold his report, lest he do irreparable injury to the cause of prohibition. Doctor Empringham said he had appeals of that kind by telegraph, telephone, and letter from Wayne B. Wheeler, general counsel to the Anti-Saloon League of America. The foreign request was made by the World Alliance Against Alcoholism, according to Doctor Empringham.

The board of directors of the Church Temperance Society at a meeting in New York the first week in January elected the Rev. Dr. G. A. Carstensen, rector of Holyrood Protestant Episcopal Church, One hundred and seventy-ninth Street and Fort Washington Avenue, as their president. Doctor Carstensen is one of the veterans of the New York City ministry.

Doctor Carstensen was elected to fill the vacancy caused by the resignation of the Rev. James V. Chalmers, who, according to report, resigned when he believed that the Church Temperance Society would take no stand on the question of modification.

He said yesterday that he had been notified of his election; that he had expressed his high appreciation of the honor; and that he had assured the board of directors that he would accept the presidency conditionally. "Whatever the Church Temperance Society does must be in line with the general principles of the social-service commission of the Protestant Episcopal Church," he said. "I have taken steps toward defining, if possible, some coordinated action with our social-service commission. Another condition is that members of the Church Temperance Society shall be free to hold any opinion that they choose, whether it be drastic enforcement or practical nullification."

CLERGY HEAR REPORT

Doctor Carstensen said that while the social-service commission had taken no formal stand on the question of prohibition, he was sufficiently conversant with views among its board of directors to know that a majority of them would be in favor of modification of the Volstead Act.

The result of the questionnaire was reported by Doctor Empringham at a meeting of the Episcopal clergy of New York and vicinity at the Town Hall last Monday. He announced the "new policy of the Church Temperance Society" at that meeting, according to a statement given to the press by Doctor Empringham yesterday afternoon.

In order that both sides of the question might be heard the members of the Episcopal clergy had invited the Rev. Marna Poulson, State superintendent of the Anti-Saloon League of New Jersey.

Doctor Empringham presented one side of the prohibition picture and Mr. Poulson the other. It was the first time, probably, in the history of prohibition that spokesmen, both having at interest the suppression of the liquor traffic, had made an issue of prohibition, one speaker endeavoring to show all the dangers of prohibition and the other contending that prohibition was one of the greatest benefits ever given to mankind.

ARGUMENTS ON THE ISSUE

Doctor Empringham in his address, it is said, contended that the Volstead Act and the eighteenth amendment were objectionable, among other reasons, because they aimed a direct slap at the Savior in making illegal some of the very things which Christ did. On the other hand, Mr. Poulson described improved conditions which he attributed to prohibition and made what even the supporters of Doctor Empringham described "as strong a plea for prohibition as could have been made by any man under the circumstances."

"Doctor Empringham, who is a former national vice president of the Anti-Saloon League, related how the Episcopal Church had fought for prohibition, believing that that policy would decrease intemperance," says the statement issued on behalf of the Church Temperance Society. "He said that one year ago he, as secretary, had conducted a nation-wide study of the prohibition situation in the hope of being able to prove that prohibition was an improvement over the old license system.

"His investigation carried him to many cities and many States. As a result of his investigation he is satisfied that the prohibition amendment has made the condition much worse than formerly.

"A referendum recently taken of the members of the Church Temperance Society showed an overwhelming preponderance in favor of a modification of the Volstead Act.

DISRESPECT OF LAW

"Doctor Empringham said that he was a lifelong total abstainer and an ardent believer in prohibition, and it was very humiliating for him to confess that prohibition had made the situation worse instead of better. In particular, he said the result of the law had been to put an end to the activities of the temperance societies in teaching scientific temperance. Drinking among the young people had increased. It had brought about disrespect for all law. It had discouraged the drinking of beer and wine, which is in comparison harmless, and had encouraged the distilled liquors, which to-day are mostly poisonous.

"In the interests of temperance and morality he believed that the Volstead Act should be modified and that the society was planning a campaign to that end.

"Doctor Empringham caused a stir 10 years ago by resigning his position as pastor of the largest church of central New York to become the New York superintendent of the Anti-Saloon League at a very great financial sacrifice. Doctor Empringham said in part:

"'No law is of any value unless you can get public sentiment generally behind it. In 1914 we urged Congress to submit the eighteenth amendment to the legislatures. We said we were not asking for prohibition, but to give the States a chance to decide. Unfortunately, the States were asked to decide the matter during the excitement of the war, when we were asking the people to conserve grain to win the war. Forty-six of the 48 States tumbled over each other in a rush to ratify the eighteenth amendment. The question was never referred to the individual voters. Now that the war spirit is over, I am satisfied that a referendum would show the majority of the people opposed to any such drastic prohibition.

"'If 10 men on a jury were professional burglars and believed robbery an honorable profession, it would be useless to try a man for robbery.

"'1. We are in favor of a modification of the Volstead Act to permit the sale of beer and wine, because the effect of prohibition has been to put an end to scientific temperance teaching.

"'2. It has resulted in increased drinking among young people.

"'3. It has discouraged the consumption of wine and beer and increased the demand for distilled liquors, which to-day are mostly poisonous.

"'4. It has brought about disrespect for all laws.

"'5. It is class legislation, discriminating in favor of the rich.

"'6. In our survey we found intemperance increased.

"'I am familiar with Europe. I see more drunken people in dry America in the last six months than I ever saw in wet France. If the money now spent in a futile attempt at enforcement were added to the revenues we might have from beer and wine and one-tenth of this were spent to educate the people in scientific temperance, it would be more effective.'"

SAYS TEMPERANCE WORK STOPPED

Doctor Empringham formerly was rector of the Pro-Cathedral at Syracuse. He said he was a firm believer in temperance, particularly because he was the father of five sons.

"But the eighteenth amendment sounded the death knell of prohibition," said Doctor Empringham, in commenting on the questionnaire, "because the Woman's Christian Temperance Union and all the other societies that were interested in spreading temperance gave up their educational work—threw up the sponge and left the question of temperance in the hands of the law. They were all bitter foes of the whole liquor traffic.

"I sent out a questionnaire in 1917 to 15,000 members of the Church Temperance Society, and at that time I found that a majority were in favor of prohibition in some form or other. We sent out a questionnaire to something like 20,000 members within the last five months, and we were surprised to find that since the war-time excitement there had been a tremendous change of sentiment—a belief that prohibition had not done what it was expected to do.

"We believe that the first result of this disclosure will be that the societies will get back on their old jobs and do thoroughly what they were doing when prohibition came along—carry on an educational movement, which is the only hope for the suppression of the whole liquor traffic. But we honestly believe that prohibition has been responsible for a spread of anarchy and general lawlessness, and that a modification of the Volstead Act would be in the interest of prohibition and temperance."

OUTLIVES HIS POLICY

Doctor Carstensen, in discussing his acceptance of the president of the Church Temperance Society, said he had discussed his acceptance of the presidency of the Church Temperance Society with Bishop William T. Manning last Friday. He then said:

"Bishop Manning said: 'I am glad they have elected you.' He then made some complimentary remark and added: 'Go to it.'

"My personal position is this: I adhere to the original principle of the Church Temperance Society—that there should be two kinds of pledges—one of total abstinence, another of moderation in the moderate use of intoxicating drinks. From the very beginning the society strove for those two pledges. For myself, I am willing and glad to bind myself to total abstinence.

"As long as the Volstead Act is there, it is the duty of good citizens to obey it, but I recognize the right of good citizens to ask for modification."

Doctor Carstensen said he agreed with the conclusions drawn by the Rev. Frederick E. Johnson, executive secretary of the Federal Council of Churches of Christ in America, who had summarized the prohibition survey of the council and pointed out the inadequacies of prohibition enforcement in an article in the February issue of the Atlantic Monthly.

"What Johnson says has been substantiated by both Gen. Lincoln O. Andrews and United States Attorney Emory R. Buckner," said Doctor Carstensen.

"The Church Temperance Society has a great opportunity, it seems to me, to urge upon good citizens the necessity of obedience as long as the law is there, and hear the opposition of those who believe in modification by honorable means.

SEES LACK OF MACHINERY

"I agree with Mr. Johnson that we have not the men to bring prohibition about. The congestion in the Federal courts makes it impossible to visit violators with the prescribed penalties. So that until there is State cooperation, the Federal law is practically a dead letter."

Doctor Carstensen said he was not yet ready to announce his actual acceptance of the presidency of the Church Temperance Society in advance of a conference with the board of directors, whom he wished to sound on cooperation with the social service commission of the Protestant Episcopal Church.

"The social welfare commission has issued a report upon prohibition," he said. "It is not necessarily a question of abstinence or nonabstinence. It is a question of law enforcement, according to the report which necessarily shows a change of position."

When Doctor Carstensen was asked if the canvass, showing an overwhelming sentiment in favor of modification, had been accurately made and showed the real sentiment of 20,000 members of the Church Temperance Society, he said:

"I think it may be true. Whatever one may think of the expediency of modification of the Volstead Act, I think there should be education now as to the nature of bootleg liquor, as to the dangerous and the deleterious nature of the alcohol they now sell.

"I have been in the ministry nearly 50 years," continued Doctor Carstensen, "and I have never had so much distress on the part of parents of young people as I have in the last five years.

"I have in mind two separate cases—parents of a boy and parents of a girl, both in college, they told me. It was not at all common for young men to take flasks to parties before prohibition. The parents of the girl and the young man both told me that it was quite the thing to carry flasks at both universities in those two cases.

RECALLS AN ANECDOTE

"You know this whole thing of prohibition reminds me of Edgar Allen Poe's 'Imp of the Perverse.' Dr. Lyman Abbott best illustrated what I mean when he once was invited to preach at Harvard. The vicar handed him some ministerial robes. Doctor Abbott looked at the robes and said:

"'Do I have to wear these?'

"The vicar answered in the negative, and Doctor Abbott then said: 'Well, if you had said I had to wear them, I would have refused to.'

"You can not promote morality by the corrupt methods and the questionable tactics of the Anti-Saloon League," said Doctor Carstensen. "Their propaganda is not distinguished by meticulous regard for the limits imposed by facts."

Doctor Carstensen was asked to specify, and he said that one of the acts of the Anti-Saloon League resented by the clergy was their issuance of a new version of the Bible, from which they had expurgated all mention of wine.

"I think the Church Temperance Society has a grand opportunity to refuse to be made a football of politics."

The Right Rev. Ethelbert Talbot, Bishop of Harrisburg, Pa., is patron of the Church Temperance Society. The honorary vice presidents are: The Right Rev. Reginald Weller, Bishop of Fond du Lac, Wis.; the Right Rev. John C. Ward, Bishop of Leavenworth, Kans.; and the Right Rev. Theodore P. Thurston, Bishop of Eastern Oklahoma. The vice presidents are the Right Revs. Thomas J. Garland, Edward C. Acheson, John P. Tyler, Sheldon M. Griswold, W. Bertrand Stevens, William P. Remington, Frank H. Touret, Frederick B. Howden, James R. Winchester, Edward M. Parker, and Boyd Vincent.

The other officers of the society are: Dr. William Jay Schieffelin, treasurer; M. E. Constant, general secretary; and T. Emanuel, assistant to treasurer.

Bishop William T. Manning said last night that he did not care to make any comment on the question. "The Church Temperance Society does not belong to this diocese," said the bishop, "but is under the general body of the church. I have no jurisdiction over it. It's largely a voluntary society, anyway." Bishop Manning said he was not a member of the society and had not read Doctor Empringham's report.

The statement of Wayne B. Wheeler, which was requested printed by Mr. WILLIS, is as follows:

REPLY TO DOCTOR EMPRINGHAM BY DR. WAYNE B. WHEELER

It is regrettable that the report of the temperance committee of the Episcopal Church released in New York advises mocification of the national prohibition act on the ground that the law is not working satisfactorily. Evidence from New York, signally failing to accept its obligation to enforce the Constitution, does not have great weight with other States which are loyal to the Constitution.

None of the church denominations which officially supported the Anti-Saloon League in securing the eighteenth amendment have backtracked, and I believe more individual Episcopalians are in favor of prohibition to-day than heretofore.

The report is especially ill-timed now, because Government documents recently issued testify to prohibition's observance, enforcement, and good results. The preliminary census of prisoners shows that penal commitments dropped from 521.7 per 100,000 in 1910—an average wet year chosen by the Census Bureau and not by a dry organization—to 325.1 in 1923, a decrease of 37.7 per cent, while commitments for drunkenness fell from 185.9 to 83.1 per 100,000, a decrease of 55.3. Disorderly conduct commitments dropped 51.5 per cent; assault cases, 53.1 per cent; prostitution, 28.8 per cent; and malicious mischief, 68.8 per cent in that period. These offenses are intimately associated with drink.

The latest report on census of paupers shows the lowest pauperism ratio in our history. The Census Bureau of Vital Statistics reports decreased death rates, which compared with the average rate for the last six wet years (excluding 1918, the influenza year) shows a saving of 1,000,000 lives in the six years of prohibition. Industrial accidents dropped from 9,997 in three wet years to 7,418 in the three dry years in coal and metal mines. Railroad accidents took a death toll of 49,975 in the last five wet years, but only 33,281 in the five dry years, with 946,237 injured while the saloons were open and 739,316 since they were closed.

Reverse Mr. Empringham's seven points to find the facts. Instead of prohibition putting an end to scientific temperance teaching it has stimulated it. The Anti-Saloon League has reemphasized the need of education. The Scientific Temperance Federation was never so active. The Women's Christian Temperance Union maintains its historic work in this respect. The laws of 33 States commanding such instruction in the schools are being observed and better material for such instruction is now provided.

No evidence of increased drinking among young people exists. Charles L. Chute, general secretary of the National Probation Association, says, "The number of spectacular crimes and the total number of law violations of all kinds have steadily decreased among juveniles since the national prohibition law went into effect." Deans of colleges and universities and high-school principals have denied the wet slander that youth is as drunken to-day as when the license system existed.

It's only a few years ago that the drunken college student, the university beer night, the reeling youngsters around the punch bowl at the ball, the high school boys and girls sneaking into the saloon back room, and a host of other bacchanalian scenes made the mothers of America sing, "Where Is My Wandering Boy To-night?"

There is more kick in a clear head and a healthy body than in all the bottles of whisky or moonshine ever brewed.

Prohibition has not only discouraged the consumption of wine and beer, as Mr. Empringham declares, but has forbidden traffic in these liquors and reduced them to a small fraction of the former amount. If Mr. Empringham recalled the 167,740,325 gallons of distilled spirits consumed under license, he would not have made the blunder of saying that it has increased the demand for these liquors.

Disrespect for law was not created by prohibition. The American Bar Association found it existed 30 years before the eighteenth amendment went into effect.

There is no class legislation about prohibition. It forbids intoxicants to all alike. The rich can buy more devilry of any kind, including booze, than the poor, but the law does not cause that.

Intemperance has not increased but decreased. With all the new severity of judges, the Census Bureau finds drunkenness commitments in 1923 were 55.3 per cent lower than in 1910. Welfare societies,

health bureaus, economic experts, all report a decrease in intemperance. A man is unfortunate in his associations if he finds more intemperance than formerly.

The Volstead Act can not be modified to permit the sale of beer and wine, even though the Episcopal Temperance Commission desires it. The eighteenth amendment forbids traffic in intoxicants. No nonintoxicating wine has ever been invented, and the wets do not want beer that is really nonintoxicating.

To legalize wine and beer, making them cheap and easily accessible, and then to educate people not to drink them is scarcely a logical or hopeful method of attaining sobriety.

The Supreme Court recently said of the eighteenth amendment: "Its purpose is to suppress the entire traffic in intoxicating liquor as a beverage."

The courts have repeatedly indicated that the purpose of prohibition legislation is to prevent the evils growing out of the use of beverage intoxicants. It is illogical to argue on the one hand that the country is suffering from alcoholic lawlessness and on the other hand to propose an amendment to the law designed to increase the alcoholic content in permitted beverages.

As long as the eighteenth amendment is a part of the Constitution of the United States Congress can not license the sale of liquors which are intoxicating in fact. Such a law would be declared unconstitutional by the courts.

It is equally indefensible to suggest the withholding of the penalties necessary to make the law effective. If the manufacture of beer and wine were permitted it would necessitate places for their manufacture and sale. This would mean the return of the brewery and the saloon or its equivalent. These institutions were among the most corrupting influence in American politics.

Prohibition was not adopted as a result of a sudden impulse during the war, as Doctor Empringham suggested. Prohibition has been a gradual growth in the United States. After 50 years of agitation it gradually extended from local option to state-wide prohibition, until at the time the eighteenth amendment was adopted 33 States had adopted State prohibition and a large portion of the remaining territory was dry under local option. Ninety-five per cent of the area of the country and 68 per cent of the people were under no license laws when the eighteenth amendment was adopted.

Resolutions proposing national constitutional prohibition were introduced in Congress and had a substantial majority for their adoption before the United States entered the war.

Doctor Empringham says that prohibition has been a failure. It has been a failure for the brewers who have lost their billions of income, for the distillers whose spirits are no longer used, for the saloon keepers and bartenders who have had to go to work. It is a failure for the loan shark who preyed on the saloon victims, the tenement gouger who rented slums to the worker who patronized the saloon. It is a failure for the toper who wants to stupefy himself. It is a failure for all who prey upon their fellow men. For others it is a success.

Business authorities, such as Hoover, Gary, Ford, Scott, Babson, and others, declare prohibition an essential element in our prosperity. An unobserved, unenforced law would not achieve this.

Disrespect for law was not brought about by prohibition, as Doctor Empringham remarks. Prohibition did not manufacture any new crimes. It outlawed the most prolific cause of crime. Behind most murders and assaults there was the mind inflamed with drink. In Washington you can see a sign, "Here John Wilkes Booth took a drink and then went to Ford's Theater, where he murdered Abraham Lincoln." A drink-inflamed mind sent Guiteau to the assassination of Garfield, sent Czolgosz to kill McKinley. Back of countless robberies there was the ruin wrought by drink which made its unsteady victim unable to earn honestly the money he stole. Prohibition did not manufacture false crimes or pretended crimes, but it did outlaw forever the crime factory called brewery, distillery, or saloon.

This "salutary law," as the President recently called the prohibition act, should have the support of every church denomination, and any denomination which did not give its official support to securing national prohibition should hesitate to embarrass its sister denominations which did make the sacrifice to secure this great moral victory, and are keeping up the fight to make its enforcement more effective year by year.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. NORRIS. Mr. President, yesterday we voted on several amendments applying to incomes in excess of $100,000, one offered by my colleague [Mr. HOWELL] which provided a surtax up as high as 40 per cent, another one which I introduced providing for a surtax on incomes up to a million dollars, with a maximum tax of 30 per cent, and another amendment that covered incomes up to $500,000 providing for a surtax reaching a limit of 25 per cent on the excess above $500,000.

I desire to give notice that when the bill gets into the Senate I shall offer another amendment applying only to incomes in excess of $100,000, which will provide for a surtax on such incomes in a graduated scale up to $1,000,000, commencing with $100,000 at 20 per cent and reaching net incomes of $1,000,000, the excess of which shall be taxed at 25 per cent. For the information of the Senate I now offer the amendment and ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. NORRIS. I also offer another amendment to another portion of the bill, which will give employees in the bureau the right to give information to Congress without subjecting themselves to the criminal penalties that are provided for any violation of the secret methods of the bureau. I ask that the amendment may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. McKINLEY. Mr. President, 30,000 petitioners have asked me to call the attention of the Senate to the fact that they think it is unfair that there should be a sales tax imposed on automobiles.

Mr. KING. Mr. President, I agree entirely with the Senator from Illinois, and if he will support the amendment which I have offered we shall eliminate the sales tax upon automobiles. I am very glad that the Senator has evidenced his faith in the proposition which I have submitted.

BITUMINOUS COAL SHIPMENTS TO LAKE PORTS

Mr. REED of Pennsylvania. Mr. President, I send to the desk and ask unanimous consent to have printed in the RECORD a table showing for the years since 1909 shipments of bituminous coal to lower lake ports.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Shipments of bituminous coal to lower Lake ports

Year	Pennsylvania (including Moundsville, W. Va.)	Ohio	Southern West Virginia	Kentucky	Other districts	Total
1909	8,055,000	2,918,000	3,052,000	8,000	1,318,000	15,351,000
1910	10,442,000	3,768,000	4,333,000	11,000	1,713,000	20,267,000
1911	10,228,000	4,110,000	5,452,000	10,000	1,827,000	21,627,000
1912	10,053,000	4,318,000	5,192,000	27,000	1,720,000	21,310,000
1913	12,592,000	5,646,000	6,030,000	397,000	2,165,000	26,830,000
1914	10,658,000	1,247,000	6,388,000	859,000	2,232,000	21,384,000
1915	9,620,000	2,484,000	6,646,000	701,000	2,056,000	21,507,000
1916	8,781,000	5,302,000	8,074,000	920,000	1,616,000	24,693,000
1917	7,567,000	7,821,000	9,228,000	1,189,000	994,000	26,829,000
1918	8,149,000	9,537,000	7,838,000	1,315,000	1,318,000	28,157,000
1919	7,080,000	5,840,000	6,559,000	1,425,000	852,000	21,756,000
1920	7,385,000	7,607,000	4,832,000	1,375,000	1,192,000	22,391,000
1921	6,990,000	5,538,000	6,517,000	2,624,000	695,000	22,364,000
1922	5,478,000	3,386,000	5,370,000	3,091,000	1,253,000	18,578,000
1923	10,335,000	5,953,000	7,859,000	3,297,000	2,396,000	29,840,000
1924	4,801,000	4,004,000	9,716,000	3,570,000	890,000	22,981,000
1925	3,241,000	1,452,000	13,289,000	6,723,000	1,628,000	26,333,000

THE FOOD PRODUCTS CORPORATION

Mr. KING. Mr. President, a day or two ago I called the attention of the Senate to the organization of a gigantic trust having a capital stock of $2,000,000,000 for the purpose of controlling the bakeries and the bread industry of the United States. This organization or corporations promoted by the same persons and which are to be absorbed by the parent corporation with its $2,000,000,000 capital stock have already entered upon their plan of acquiring baking establishments and food product companies in various parts of the United States. The plan contemplates the control of the price of bread and other agricultural products or commodities produced by the agriculturists of the United States, and will be, in every sense of the word, a monopoly. This organization is but one of many which have been formed or are being formed for the purpose of controlling production, manufacture, and sale of nearly all of the commodities required by the people.

That these organizations, stupendous and powerful, will constitute a menace to our economic and, indeed, our political system can not be denied. If unchecked it will mean that the independent producer and the business man of limited means will be crushed and the prices of commodities will be fixed by monopolistic organization and the people exploited by their industrial masters. It is dangerous to have political power consolidated in the hands of a few individuals. It is perhaps

more dangerous to have the wealth of the country and the sources of production and distribution controlled by great corporations which are integrated and bound together for the promotion of their own interests.

Mr. President, my attention was called this morning to the organization of another corporation known as the National Food Products Corporation, having a capital of $200,000,000. The Baltimore Sun, which is a paper of standing, in its columns of yesterday contains the following statement:

With a potential capitalization of $200,000,000, another gigantic international food products company was incorporated under circumstances of secrecy last October in Maryland as the National Food Products Corporation, with an authorized capital of only $2,000, divided into 20 shares of $100 par value.

Public announcement of the incorporation was made yesterday, after two successive amendments had been made to the original charter and the 20 shares had been increased to 2,000,000 shares of no par value stock, divided equally into class A and class B.

ASSESSED AT $200,000,000

Although the corporation's stock is listed as without par value, it was assessed at $200,000,000 by the State tax commission for the purpose of establishing the amount of bonus tax.

The charter of the corporation gives it the right to cover the same international field and engage in the same activities as the Ward Food Products Corporation, which was incorporated last Saturday in Maryland with a potential capitalization of $2,000,000,000.

The purposes of this corporation are to purchase, own, sell, and underwrite securities of concerns engaged in the manufacture and distribution of food products. It is clear that the plan is for this organization to absorb plants and organizations now engaged in the manufacture and sale of food products. The scheme, of course, is to buy out a multitude of competing organizations throughout the United States and to bring them together in one corporation in order that competition may be destroyed and monopolistic control of food commodities be secured. By an amendment, so the newspapers state, recently filed with the commission at Baltimore the capitalization was increase to 2,000,000 shares of nonpar-value stock. This stock is divided into two classes—A and B. The article proceeds:

A public offering of securities will presently be made in the interest of the new company, which announces that its initial investments already show a substantial appreciation in present market value over cost. * * * The offering, which will be made by a group of bankers, headed by Chandler & Co. (Inc.), who have played an important part in the development of food securities, will take the form of 100,000 shares of class A and 200,000 shares of class B common stock, which will probably be priced at $45 per unit. Each unit will consist of one share in each class of stock.

Mr. President, it is obvious that a stock-jobbing scheme is about to be put over on the American people. Of course, the primary purpose is, as I have indicated, to consolidate competitive business enterprises and organizations and to pay for the properties thus acquired, and perhaps obtain some cash and a considerable amount of stock in a new company. Another purpose is to unload upon the public tens of millions of dollars of stock in the new organization. Property of considerable value undoubtedly will be acquired, but fictitious values will be ascribed to the same and when it is offered to the public in the form of stock of the consolidated company it will have an inflated value several hundred per cent above its real value and the public will, by judicious advertising and by a method of propaganda known to these experts in high finance, be deluded into buying this stock. The promoters of the organization will make millions taken from the pockets of the people and at the same time will retain control of the gigantic organizations formed. They will determine its policies, wage a war of destruction against any competitor that may have the temerity to cross its path, and maintain commodity prices at levels so high that enormous profits will be made and the consuming public plundered.

One of the favorite pastimes, particularly in New York, is to take over corporations, reorganize them, and unload upon the public the watered stock which the promoters provide to feed to the gullible public. The Dodge Bros. Co. was recently taken into Dillon, Read & Co. It was accomplished in a most spectacular manner. One of the members of the company, who is said to be a young "Napoleon of Finance," engineered the scheme. It is alleged that this firm, by reason of this accomplishment, becomes a bright star in the firmament of New York finance, whose brilliancy may be equal to that stellar orb of great magnitude known as J. Pierpont Morgan & Co. The Dodge Co. had no new assets by reason of the reorganization, but it had a vast amount of new stock, which was sold to the public, Dillon, Read & Co. making a profit, as is reported, of approximately $19,000,000. The corporation is still controlled by the promoters of this scheme. Different classes of stock were issued, but the purchasers of the new stock obtained no control of the corporation.

And other organizations are being formed and consolidations affected which result in smaller corporations and plants and enterprises being grouped and massed and brought under one control. The new and controlling corporation, which absorbs a multitude of smaller ones, promptly issues class A and class B stock, without voting privileges, which is unloaded upon the public, while the promoters of the reorganizations and consolidations make millions and retain control of these new creations which they have brought into existence.

Most of these spectacular reorganizations have an ugly look. There is something sordid and selfish behind many of them, and illegitimate profits are reaped, and the public made to bear the burdens. The stocks which are issued are given a fictitious value in the market. Adroit and skillful advertising is employed to seduce the people into buying these new issues, and the stockbrokers are deluged with orders from all parts of the land, and the banks are used to further not only the reorganizations, but aid purchasers, directly or indirectly, in meeting the margins required by the stockbrokers. Many of these reorganizations are gambling transactions. They are immoral—they add no wealth to the country; they will prove an injury to the people.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. KING. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I merely rise for the purpose of calling the attention of the Senator from Utah to the resolution, which I introduced last evening, providing for an investigation by a Senate committee of the Ward Food Products Corporation and the National Food Products Corporation. I hope the Senator will give that resolution his study and consideration, because I expect to call it up at the first opportunity when the situation in the Senate permits, and I trust that I may have the Senator's support in securing the consideration and adoption of the resolution.

Mr. KING. I am glad to know that the junior Senator from Wisconsin has offered the resolution to which he refers. I may say in passing to my friend that, from the apparent indifference of the Department of Justice to these huge consolidations, he need not expect any great support from that arm of the Government.

Mr. LA FOLLETTE. Mr. President, it seems to me that the fact that the Federal Trade Commission has had before it a resolution adopted by the Senate, I think on February 26, 1924, instructing it to investigate the activities of Mr. Ward, and the fact that Mr. Ward's activities have gone further without check, places a duty upon the Senate to investigate the entire situation and ascertain the facts which are back of this gigantic merger of companies dealing in food products.

Mr. KING. May I ask the Senator from Wisconsin if it is not true that a majority of the Federal Trade Commission took a different view from that which evidently was the view of the Senate and which is entertained by the minority members of the Federal Trade Commission with respect to that particular resolution?

Mr. LA FOLLETTE. That is true, Mr. President. The majority of the commission went so far in refusing to initiate the investigation as to refer the matter to the Attorney General of the United States for an opinion as to whether or not they were under any obligation to conduct the investigation directed by the Senate.

Mr. KING. All of which emphasizes the fact that the Federal Trade Commission under its present control or with its present personnel has ceased to function. It ought to be abolished, as well as the Tariff Commission, because they apparently are there to protect the organizations engaged in monopolistic activities, and, with respect to tariff matters, to protect the great manufacturing interests of the United States which, behind the ramparts of prohibitive tariff laws, are robbing and exploiting the American people.

But, Mr. President, to return to the original theme. This American Food Products Co. will soon offer to the people these "gilt-edge securities." They will be printed in gold and there will be a multitude of beautiful colors, particularly green, and they will try to get the "long green" from the gullible, unsuspecting wage earners and other people of the United States.

Mr. President, the policy of many manufacturing and other organizations in the United States at the present time is to destroy our competitive system and to compel the people of the United States to pay tribute to monopolies and trusts. The great issue before the American people to-day—indeed it is a

vital one—is that involved in this powerful movement which has for its object the consolidation of capital and the control by a limited number of the wealth and resources and production and distribution of the commodities of our country. One is blind who can not see that many of these trade associations which are being formed are mere blinds to hide efforts to control production, to fix prices, and to reap extortionate profits from the consuming masses. It is time the American people are aroused from their lethargy to the menace which giant corporations and powerful monopolies present.

Mr. President, I shall from time to time call the attention of the Senate to some of these trusts, such as the Aluminum Trust, the Steel Trust, and the Bread Trust; and I shall urge that steps be taken to secure relief for the American people.

It may be that the Sherman law needs amendment. It is important that the Department of Justice should function and should protect the people against these gigantic corporations which seek to control the industries of our country. Unfortunately the conduct of the Department of Justice and the attitude of the President, as reflected in his recent speech in New York, have led to the belief that monopolies are not to be prosecuted and that these predatory organizations may continue and further consolidations be effectuated.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. KING. I yield.

Mr. WHEELER. The Senator is familiar with the fact that the Federal Trade Commission, as formerly organized, sent a number of cases over to the Department of Justice for prosecution?

Mr. KING. More than 47.

Mr. WHEELER. More than 47; and they were never prosecuted while Mr. Daugherty was Attorney General, and neither were there any prosecutions started on those cases by Mr. Stone or by the present Attorney General.

Mr. KING. My recollection is that two or three cases have been prosecuted or that proceedings have been instituted under the Daugherty régime. Whether any have been prosecuted under Mr. Sargent's régime I am unable to state with certainty. My information is, however, that the recommendations of the Federal Trade Commission and the reports which have been submitted are still slumbering in the secret archives of the Department of Justice.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. Mr. President, yesterday morning the Finance Committee met and, at the request of the experts of the department, suggested certain amendments for clarification of the bill, and the committee agreed that they should be reported. I shall begin now with the first one, and take those that were agreed upon down to the publicity section.

Mr. MOSES. Mr. President, may I interrupt the Senator from Utah at that point?

Mr. SMOOT. Yes.

Mr. MOSES. These amendments deal with the administrative features of the bill, do they?

Mr. SMOOT. Entirely.

Mr. MOSES. And they have not been printed?

Mr. SMOOT. No; they have not; but I will give an explanation of them as I offer them.

Mr. MOSES. Of course, the Senator's oral explanation is always lucid, but ordinarily I like to see things in plain print; and if the Senator has no objection, I would rather have him present the amendments and have them printed, so that we can have them before us in printed form.

Mr. SMOOT. As I offer these amendments and make the explanations, if the Senator desires any one of them to go over I shall be glad to have that done.

Mr. KING. Mr. President, will my colleague yield?

Mr. SMOOT. I yield.

Mr. KING. May I ask the Senator from Wisconsin [Mr. LENROOT] whether he gave notice that he would call for a separate vote upon his amendment in the Senate?

Mr. LENROOT. It was not necessary under the rule, because the amendment was rejected. It can be reoffered.

Mr. MOSES. Does the Senator intend to reoffer it in the Senate?

Mr. LENROOT. I probably shall. Any Senator can offer it. I now expect to reoffer it.

If the Senator from Utah will yield, I should like to call attention to a statement in the debate last night.

Mr. SMOOT. Yes; I yield for that purpose.

Mr. LENROOT. Mr. President, the hour was late last night, and just at the close of the debate the Senator from North Carolina made a statement about which I should like some information from the Senator from Utah, the chairman of the committee.

I read from the RECORD, page 2913:

> Mr. SIMMONS. Mr. President, the Senator from Wisconsin wants to increase the surtax rate to 25 per cent for the purpose of getting $10,000,000 more out of the large taxpayers of this country.
>
> Now—
>
> In the arrangement and adjustment which the minority members of the Finance Committee entered into with the majority members we succeeded in having $24,000,000 in taxes taken off the smaller taxpayers of this country, and, in consideration of that, we consented to make a reasonable reduction, as we thought, upon the larger and higher incomes.

Clearly stating that there was a bargain or trade, Mr. President, between the minority members and the majority members of the committee, the majority members agreeing that they would consent to a reduction in the rates on incomes under $100,000 if the minority members would agree to accept the 20 per cent rate upon the higher incomes in excess of $100,000.

Mr. SIMMONS. Mr. President, in the proposition which I submitted to the Senate on behalf of the minority members of the Finance Committee, carefully written out and incorporated in the RECORD, after stating that we would propose a reduction in the lower brackets I stated that if these reductions were made we would then consent to the maximum rate fixed in the House bill, meaning thereby that if they were not made we would oppose the maximum prescribed in the House bill. The Senator will find that statement in the proposition of the minority members, submitted to the Senate and incorporated in the RECORD before the Finance Committee began the consideration of this bill. It was at my request, with the addition of explanatory tables, also made a public document.

Mr. LENROOT. But note the language:

> In the arrangement and adjustment which the minority members of the Finance Committee entered into—
>
> Not with the Senate—
>
> With the majority members—
>
> Of the Finance Committee—
>
> we succeeded in having $24,000,000 in taxes taken off—

And so forth. I desire to ask whether any such arrangement was made?

Mr. SIMMONS. Mr. President, as I have heretofore stated, it was agreed in the committee that the majority members, with a slight reduction, would accept the rates proposed by the minority members——

Mr. LENROOT. In consideration of the minority members not proposing a higher rate than 20 per cent?

Mr. SIMMONS. And, carrying out my statement made here, I gave the committee assurances that if those rates were accepted then the minority members of the committee would make no opposition to the 20 per cent maximum surtax rate.

Mr. LENROOT. I desire to inquire of the Senator from Utah whether there was any consideration that if these reductions below $100,000 were made the minority members would not then press for a higher rate than 20 per cent, and if the majority members made any such bargain?

Mr. SMOOT. Mr. President, I will say that the latter statement made by the Senator is virtually correct. The rates on the intermediate incomes as passed by the House, beginning with $30,000 and going up to $60,000, showed a very small percentage of decrease. The Republican members recognized that fact. The senior Senator from North Carolina had a new tax rate, and presented it to the Finance Committee. Under that rate in the case of intermediate incomes, as I have already stated, it appeared to me, and not only to me but I think to everybody, that the reductions made would aggregate forty-four or forty-five million dollars. I took the position that we could not stand that; that it was impossible for us to do it; and then there was the compromise, as the Senator from North Carolina says, on the rates imposed upon the intermediate incomes.

Mr. LENROOT. Below $100,000?

Mr. SMOOT. Below $100,000; and the Senator from North Carolina and myself agreed upon those rates, reducing the amount from $44,000,000 to $21,000,000, as I remember. That was agreed to, and it was submitted to the committee.

Mr. WATSON. But the Senator did not agree upon those rates until after he had consulted with other members of the committee?

Mr. SMOOT. Oh, I did not, of course.

Mr. WATSON. That is what I say.

Mr. SMOOT. And I do not think the Senator from North Carolina did.

Mr. SIMMONS. No; of course not. I consulted with the minority members.

Mr. SMOOT. The Senator consulted with the minority members?

Mr. SIMMONS. Yes. The only member of the minority who was not present was the junior Senator from Utah.

Mr. KING. Mr. President, I was about to say that the junior Senator from Utah knew nothing about it until the matter was presented in the committee room. I regret to make that statement, but in justice to myself I feel that I should; and then I opposed it.

Mr. SMOOT. That is the fact, Mr. President. That was the statement made by the senior Senator from North Carolina at the time. That was the agreement that was made. After that was presented to the committee the committee agreed to that in a unit, with the exception of the junior Senator from Utah. As I say, the increase over 25 per cent never was presented to the committee, and never was voted upon.

Mr. LENROOT. And it had nothing to do with the agreement made by the majority with the minority members of the committee?

Mr. SMOOT. It never was discussed by the committee any further, but it is true that the rates in the original proposition of the Senator from North Carolina did go as high as 25 per cent.

Mr. SIMMONS. And I said in my original proposition that if these reductions proposed by the minority were made, we would stand by the House provision upon the maximum surtax. They made the reductions in the rates, and they were accepted, and we did propose to stand by the House maximum rate. There is no mystery or dispute at all about the compromise agreement.

Now, Mr. President, if the Senator from Utah is through, I should like to make a further observation about this matter.

Mr. SMOOT. Yes; I am through.

Mr. SIMMONS. When the House bill came over, Mr. President, I discovered that it was entirely out of balance; that under it the larger taxpayers would get a very great advantage over the small taxpayers, and that that was the result of the failure of the House in drafting its bill to give a due proportion of the reductions it was proposing to make to that class of taxpayers whose incomes ranged between $20,000 and $64,000. I observed that the House bill gave to that class of taxpayers only an average reduction of about 6 or 7 per cent, as compared with 25 per cent given to the taxpayers above $60,000 and practically 50 per cent to the taxpayers above $100,000. That struck me as being very unjust, and I felt that it ought to be remedied; and the purpose of the minority in making our original proposals was to remedy that situation.

I said in the meeting of the conference of the minority Members, and I said in the meeting of the committee that if the taxpayer below $100,000 were given a fair, equitable reduction in proportion to what was to be given the taxpayer above $100,000, we would accept the 20 per cent maximum surtax. I said that I believed that the parity of this measure with that of 1924 would be preserved if the rate of reduction allowed the taxpayer between $20,000 and $64,000 were raised to the extent that we proposed to raise it; and if that were done, then I could in all good conscience accept the House bill with that amendment, and I would do it.

When the committee met I renewed the contention which I had made before in the minority conference. I insisted upon the acceptance of the reductions which we proposed. I stated to the committee that if those reductions were made in the lower incomes, as proposed by the minority Members, it would justify us in making the reductions on the higher incomes provided in the House bill, and I would agree to it in such event. The compromise was based upon that understanding. I said then, and I say now, that if those reductions had not been made I never would have consented to 20 per cent; I would have insisted upon a 25 per cent maximum, at least. But with those reductions in the lower brackets made there is, to my mind, a fair equalization of the benefits of the reductions made in this bill. At least the reductions made in this bill are upon a parity with the reductions made in the 1924 bill.

I did say yesterday, and I repeat, Mr. President, that the Senator from Wisconsin [Mr. LENROOT], by his amendment, sought to get $10,000,000 out of the higher taxpayers for the benefit of the Treasury.

What the minority members of the committee accomplished by this adjustment of the matters with the members of the majority was to get a relief of $23,000,000—I said $24,000,000, but I understand from Mr. McCoy that it is $23,000,000—on behalf of the taxpayers of the United States whose incomes do not exceed $100,000. I would rather have a reduction of $23,000,000 upon those taxpayers who, under the bill as it passed the House, were unfairly dealt with, thereby bringing about equity and parity between them and the large-income taxpayers of this country, than to have $10,000,000 more money in the Treasury.

Many of the Senators who voted against the compromise rates profess that they are chiefly interested in the small taxpayer. Our compromise was in the interest of the small taxpayer. It would give him $23,000,000 reduction that he would not get otherwise. The amendment of the Senator from Wisconsin did not affect that situation, but he proposed to get $10,000,000 more for the Treasury.

I stand here seeking justice for the small taxpayers of this country. I think that what I accomplished did that, and I am satisfied that we got $23,000,000 for the relief of the small taxpayers, although it may be at the same time we refrained from imposing on the income-tax payers with larger incomes a further tax of $10,000,000 that the Senator from Wisconsin would like to see imposed upon them.

The sum and substance of it is that we relieved the small man of $23,000,000, and, according to the statement of the Senator from Wisconsin, relieved the big man of $10,000,000.

In my 26 years' service in the Senate, upon some of the larger committees and upon the conferences on all legislation that has been reported out of the Finance Committee of the Senate and the Ways and Means Committee of the House for the past 15 years, I have discovered that in a representative Congress, with two Houses, the only way to accomplish results in many instances, either in committee or in conference, or upon the floors of the two Houses, is by each side yielding and making concessions to the other side. To stand stubbornly to the last for every single point or one's original contentions may be admired and praised as firmness by those who wish so to view it, but in our work here in Congress, and especially in the Senate, that is not always the way to accomplishment.

Mr. REED of Pennsylvania. Mr. President, there is lying on the desk of each Senator a comparative print showing the rates in the present law under the bill as it passed the House and under the Senate Finance Committee bill. If Senators will refer to pages 74 and 75 of that print they will see, as every member of the Finance Committee, Republican and Democrat, instantly saw, that what the House had done in the surtax schedule was simply to cut the peak off it.

It had not made one penny of change in the surtax on incomes from $42,000 down. Just compare the rates on page 74, which are those of the revenue law of 1924, with the rate on page 75, which are the rates of the bill as it passed the House, and it will be seen that they are identical. It did not require great genius to discover the injustice.

Mr. SIMMONS. It is on the face of it.

Mr. REED of Pennsylvania. It is right on the face of it. The Senator from North Carolina was struck by it, just as the Senator from Utah was struck by it, and we all agreed that something ought to be done for that group of taxpayers. They are the wheel horses of the Nation, after all, those men who earn $42,000 a year or less. Most of the professional men and most of the able executives of the country come in that class, and the House had not done anything for them. The House had reduced their normal tax, and, of course, the change in the earned-income provision helped them, but the surtaxes of those people remained absolutely unchanged, and we discussed what could be done. The Senator from North Carolina presented a proposition; then we presented one, and we discussed them both. We figured with Mr. McCoy on what the reduction would be, and finally we came to a meeting of minds on the bill as it has been reported, all of us except the junior Senator from Utah [Mr. KING], who was detained on other business.

The course we followed is the course every committee must follow if it expects to accomplish results. It merely goes to show that no member of the Finance Committee was playing politics; that it was possible for all of us, looking at the question from our different points of view, to agree that this was fair. The idea that one side of the table bought something from the other side by making this or that concession is preposterous, and it is unworthy, because the committee worked without marring its work with politics. There was no politics in the consideration of this bill, and I think it is to the credit of both the majority and the minority that that was so.

Mr. SIMMONS. It was a mere question of what was right and what was just.

Mr. REED of Pennsylvania. Absolutely. We were acting as Americans, working for a sound result, and nobody was trying to make political capital out of it.

Mr. SIMMONS. There was nothing hid under a bushel. The Senate was put on notice openly that the minority Members had come to a conclusion that if these additional reductions were allowed then they would accept in committee the House maximum rate. There was no secrecy about it at all.

Mr. NORRIS. Mr. President, I hope this discussion will not proceed any further.

Mr. SMOOT. I hope so.

Mr. NORRIS. If it does, we are likely to get the two parties to this agreement at loggerheads.

Mr. COUZENS. Oh, no.

Mr. NORRIS. There is no danger of that?

Mr. COUZENS. No.

Mr. NORRIS. That is the only thing I am afraid of. I would dislike to have the secrets of this coalition exposed to the public view.

Mr. SIMMONS. There were no secrets about it.

Mr. NORRIS. It is getting to a point where there will be no secrets, if the discussion continues.

Mr. SIMMONS. It was given to the public long before the committee even took up the bill.

Mr. NORRIS. Senators must remember that there has been a lot of secrecy in the preparation of this bill. The committee is still going to cover it up; I presume the coalition will hold long enough to cover it up and continue the practice of attending to the public's business behind closed doors. If the members of the committee get to talking here in public it will be necessary to close the doors of the Senate and consider this in executive business.

It would not be well for the country to know that there is not only secrecy in the Bureau of Internal Revenue, where hundreds of millions of dollars of public funds are involved, but that agreements have been made on a nonpartisan basis in the committee, and then, when the bill gets on the floor of the Senate, the party spirit is appealed to, to line the rest of us up here like a lot of sheep to support our respective leaders, to carry out the objects of this coalition government, which after all is in complete harmony with the system of the Treasury Department, which handles the public funds of the taxpayers of the Nation.

The Senator from North Carolina, it seems, discovered that there was a class of taxpayers having incomes of $25,000 or $30,000 up to $100,000 who were not fairly treated, and his proposition was to give them a square deal. Very commendable of him, very! In order to get a square deal for them, he threatened by his proposition to increase the surtax to as high as 25 per cent on those who were getting incomes above $100,000 and who to a great extent escape taxation. In order to get justice to one class of taxpayers it appears he made an agreement with the Senator from Utah and his confederates that they would perform an injustice to another class of taxpayers.

The Senator had forgotten that when the last tax bill was before us he discovered the same kind of difficulty, but instead of surrendering the right to tax the men of immense wealth, in order to get justice for some poor people who had incomes of only from $60,000 to $100,000, he stood on principle. There was no coalition then with the committee leaders. There was no attempt then to make an agreement in the secrecy of the committee room on a nonpartisan, purely patriotic basis, and then have it backed up here on a purely partisan basis on an appeal to be regular with your party and support your leader. He came into the Senate at that time, and all remember how well he succeeded. He had had the experience of coming into the Senate with an amendment for which he did not have on the Democratic side of the Chamber sufficient votes to put it across, but he knew there were some outcasts over here who were going to lay aside partisanship, a few who refused to bare the backs to the party lash and to obey the mandates of the leader, either in the White House or elsewhere, and he knew that that little group of fellows would help him on the floor of the Senate, and that he could get justice to both classes; that he would not only save the poor fellows who had incomes of from $20,000 to $100,000 but that we would fairly tax those who had incomes in excess of that.

I have wondered why the Senator entered into that coalition. I have wondered why he did not remember his experience when the last tax bill was before us. I have wondered why he did not remember that over here there were enough votes that would get behind him and let him have the honor and the glory for himself and his party, but that on principle there would be enough votes over here not only to protect one class of taxpayers but to see that another class did not escape the just and fair taxation that ought to be provided for them. The votes were here. The Senator from North Carolina had no reason, in my judgment, to back down on his 25 per cent proposition.

I suppose the Senator was in earnest when he submitted that proposition. I have no doubt that he meant it, that he believed it was just, but it provided for a maximum surtax of 25 per cent, so it now appears that he did surrender.

Mr. SIMMONS. Mr. President, I stated on yesterday and I repeat now that as the bill came from the House it did not justify going down to a 20 per cent maximum surtax; and I stated further that if the reductions which were proposed by the minority were consented to, then, in my judgment, it would justify a reduction down to 20 per cent.

Mr. NORRIS. I am not questioning the Senator's attitude nor his convictions, but he says now that if the proposition had not been accepted, then he intended to come to the floor of the Senate with a proposition to have the surtaxes run up as high as 25 per cent.

Mr. SIMMONS. Yes; because I believe that if the House rates had been retained below $100,000, then a 25 per cent maximum surtax rate would have been justified; but if they were reduced in something like the proportion or to the extent proposed by the minority, then I thought a 20 per cent surtax rate would be sufficient. I do, indeed, think so.

Mr. NORRIS. We have now this wonderful condition: That the Senator from North Carolina by his coalition has enabled those who agree with him, including the Senator from Utah [Mr. SMOOT], to put through the Senate, as they did put through the Senate on yesterday, a proposition that if a man's income is more than $100,000, he shall be taxed at a preferential rate against anybody else and any other taxpayer in the bill; that the bill, as a matter of fact, as it now stands before this body, provides for a reduction of 44 per cent in the taxes of the man who can best afford to pay taxes, the man who has a net income above $100,000. Forty-four per cent reduction for the man whose net income is $1,000,000! Why, Mr. President, in the days of George Washington there was not a man in the United States who with all his property was worth $1,000,000. Now we have gone so far and so rapidly that there are many whose net income is more than $1,000,000, and they are the preferred class in the bill as it stands now.

Notwithstanding the fact that the Senator from North Carolina, it appears, was in favor of taxing those incomes up to the extent of 25 per cent, yet by the coalition that has been formed in the committee he has surrendered, when he must have known that on the floor of the Senate with his ability, his eloquence, his knowledge, and himself as the leader, we had the votes to carry his proposition through and put it into the law.

Mr. SIMMONS. I will say to the Senator that if I had all the votes that came to me from his side of the Chamber when the last revenue bill was before the Senate, I could not have put it through.

Mr. WATSON. Mr. President, will my friend from Nebraska yield?

Mr. NORRIS. With pleasure.

Mr. WATSON. My understanding is that my friend from Nebraska is out of patience——

Mr. NORRIS. Oh, no; I am not out of patience.

Mr. WATSON. Wait—because the Senator from North Carolina made an alleged coalition with the Senator from Utah——

Mr. NORRIS. Why does the Senator say "alleged"? Everybody knows that no such word belongs there.

Mr. WATSON. An alleged coalition with the Senator from Utah and the majority on this side of the aisle, instead of making a coalition with him and the so-called insurgents on this side of the Chamber.

Mr. NORRIS. Oh, no; he made no coalition with us before. He stood for a principle. He stood on what he believed to be right. At that time he believed in a 40 per cent maximum surtax. He stood for that because he believed it, and he got the votes of some of us over here to put it through. To him went the honor and the glory of it all. I am sorry he did not continue to use the same method.

Mr. SIMMONS. Mr. President, the Senator forgets that I was confronted by the situation that the House had voted the measure through by a practically unanimous vote. I was confronted with the situation that there had been a very radical change in the views of certain Members outside of the insurgent element that he claims helped me so much in the passage of the other revenue bill.

Mr. NORRIS. Yes, I think there had been quite a change outside. That "outside" means there had been quite a change in the class of men in this country who have incomes of more than $100,000. They are a fine class of men. They never forget a favor. They will not forget this.

They will be ready when the war comes on to enlist with their pockets full of yellow metal, which will pour forth just as freely as water runs over Dam No. 2 at Muscle Shoals. They have had a change of heart. They will be ready. They will back up this coalition, and they will flood the country with propaganda that will make a holy thing of the coalition.

Oh, yes; there were those "outside" who changed their minds. It is those outside, those behind the scenes, as a matter of fact, who manipulate party politics nine times out of ten. They have manipulated it very cleverly here, and we will see the result of it when we come to the campaign. It seems to me that to be consistent we ought to say that we will carry these brackets up to $100,000 and then abolish all taxes above that bracket.

The man who has a million-dollar income gets a greater reduction in taxes than anybody else. The amount that is left for him to pay is just the same as for the little fellow who only has an income of $100,000. Did Senators ever think of just the difference between $100,000 and $1,000,000? The man with a $100,000 income is nothing but a piker. He could not contribute to a campaign fund a nickel with as much ease and with as little burden as the man who has a net income of several million dollars could divide half of the amount with the political committees. As a matter of fact, compared with the man with a $100,000 net income, the man who has several million dollars net income could pay $50,000 for every penny that the poor man who only has a $100,000 net income could pay, and he would not feel it as much. He will not feel it. It is a profit to him. He realizes, and he will realize when the time comes, that it is one of the biggest financial advantages for him that ever happened, and that he will be able to save an immense amount of money out of it. It will be profitable to him to do it. He can well afford to do it.

Mr. SIMMONS. Mr. President——

Mr. NORRIS. I yield to the Senator from North Carolina.

Mr. SIMMONS. I simply want to say to the Senator that if he will take the tables and work them out he will see that even under the present bill as framed by the committee he does not clearly state the situation. The man with a $1,000,000 net income has, of course, only twenty times as much income as the man with a $50,000 income; yet under the bill the man with an income of $1,000,000 will pay fifty times as much tax as the man with an income of only $50,000.

Mr. NORRIS. Oh, the Senator can not camouflage the real situation.

Mr. SIMMONS. I can not myself understand the position of the Senator from Nebraska. It seems to me the Senator from Nebraska would rather soak what he calls "the rich" in this country $10,000,000 than to get a reduction for the low man, the weak man, the feeble man financially, of $23,000,000.

Mr. NORRIS. No; it would have been a very easy matter for the Senator from North Carolina to have accomplished both of those objects. It would have been a very easy matter for the Senator from North Carolina to have rectified the injustice to the small taxpayer and still to have done justice to the large taxpayer by carrying the rate up to 25 per cent.

Mr. SIMMONS. Not at all. The same situation exists in the Senate, to a less degree, however, than was found in the House. I said to the Senator a little while ago that even if I had had the same help from the insurgent element on the other side of the Chamber that I had in 1924, I could not have put over the proposition to increase the surtax rate to 25 per cent; and I think I know what I could and could not have done.

Mr. NORRIS. If the Senator will look over the yea-and-nay votes of yesterday he will find that he is absolutely incorrect. The vote taken several times yesterday will disclose that the votes were here to put his proposition across, to do justice to what he calls the small taxpayer and at the same time levy a fair tax on the rich man.

Mr. SIMMONS. With the same unanimity on this side of the Chamber that there was in 1924, that might have been so. But the vote on the Lenroot amendment showed that 20 Democrats voted against it.

Mr. NORRIS. Of course. The Senator must not forget that the little speech he made yesterday and the speech made by the Senator from Mississippi [Mr. HARRISON] lined the Democrats up. They were following their leaders. That is the party way of doing it. Of course, there were 20 Democrats who voted against the Lenroot amendment. If the Senator had been on the other side of the proposition, the 20 Democrats, or most of them, would have been with him. They would have been lined up to follow him just the same.

Mr. SIMMONS. The Senator would seem to know more about this side of the Chamber than I do.

Mr. NORRIS. Of course, the Senator is yet a young man. When he has had as much experience with the way things are done here as I have had, he will remember that some Senators follow their party leadership like a lot of sheep, and on both sides of the Chamber to a great extent.

Mr. SIMMONS. I have been here a great deal longer than the Senator from Nebraska has.

Mr. NORRIS. The Senator made a remark that, I think, is unbecoming for him to make in regard to me.

Mr. SIMMONS. I would wish to withdraw it in that event. I do not want to make any unbecoming remarks. However, I do not know to what the Senator refers.

Mr. NORRIS. All right. The Senator said I want to soak the rich man. That is easily said. It is easily said that in our efforts to increase the tax rate in the high brackets we are moved by unworthy motives. But there is no man here or elsewhere who can produce a scintilla of evidence to prove it. We would like to see the surtaxes on incomes above $100,000 increased; and if it is demagoguery, and if those who favor that rate are moved only with corrupt motives or are trying to soak the rich, then what does it mean and what did it mean when in prior Congresses the Senator from North Carolina himself brought in an amendment that proposed to carry the surtaxes up to 40 per cent? Was he trying to soak some one? Was he honest and conscientious then; and if he was, why do we not have the same right to have it said of us that we are honest and conscientious now when we propose to have it carried that far?

Mr. SIMMONS. I said yesterday—and I said the RECORD would show it—that I had carefully analyzed the two bills before I made the proposition. The RECORD will show that the same parity and distribution of reductions are made in this bill as now agreed to as were made in the 1924 act—exactly the same.

Mr. NORRIS. Nobody could dispute the statement that in the bill now before us the man of immense wealth, the man with an income of $1,000,000, gets a reduction of 44 per cent. Those whom he was trying to save from destruction get a reduction of from 25 to 30 per cent—somewhere along there—as I remember the figures.

Mr. WATSON. But does the Senator take into consideration that more than 2,000,000 taxpayers are taken off the tax rolls by this bill?

Mr. NORRIS. What has that got to do with the fact that the man with $1,000,000 income does not pay any higher rate than the man who has an income of only $100,000?

Mr. WATSON. It has got this to do with it: It affords a complete answer, in my judgment, in refutation of the charge made by the Senator that the bill is made only in the interest of the rich, and that the poor are not benefited by it, when of the 4,090,000 taxpayers in the United States more than 2,000,000 are taken from the tax roll.

Mr. SMOOT. Two million three hundred thousand are removed from the tax roll.

Mr. WATSON. Yes; 2,300,000 present taxpayers will be exempt under the provisions of the bill.

Mr. NORRIS. I have not complained of that.

Mr. WATSON. But the Senator is complaining.

Mr. NORRIS. What I do complain of is—and no man can defend it, in my judgment—that the graduated scale stops at incomes of $100,000, and those who have net incomes above $100,000 are taxed at the same rate.

Mr. WATSON. We do not stop at incomes of $100,000.

Mr. NORRIS. You do stop there.

Mr. SIMMONS. What I said on yesterday is absolutely correct.

Mr. NORRIS. I have no doubt of it.

Mr. SIMMONS. I stated that under the act of 1924 the rate of surtax that a taxpayer whose income was $1,000,000 would pay would be twice as high as the rate to be paid by one whose income was $100,000. I further stated that under this bill, if the entire proposition of the minority members of the committee had been accepted, the man with a million-dollar income would have paid twice the percentage of surtax that a man with an income of $100,000 would have paid; but, as a result of the compromise and modification, as the bill now stands before the Senate the taxpayer whose income is $1,000,000 will pay in the percentage of his actual income one and three-fourths times as much as the man whose income is $100,000, so that there is practically the same parity as in the act of 1924.

Mr. NORRIS. But the Senator can not get away from the fact, which everybody admits to be true, that the man with a million-dollar net income pays on the excess above $100,000 20 per cent and the man with a $100,000 income pays 20 per cent.

Mr. SIMMONS. No. The man with an income of $100,000 pays only 11 per cent.

Mr. REED of Pennsylvania. If the Senator will look at the bill he will see that the man with an income of $100,000 does not pay 20 per cent.

Mr. NORRIS. That is true. I stand corrected. The man with an excess over $100,000 pays 20 per cent on the excess and the man with an income of $1,000,000 pays 20 per cent on the excess above $100,000.

Now, Senators are arguing that the rate ought to be the same. If that is true, why do they propose to tax the man who has a net income of $25,000 at a different rate per cent than that imposed on the man who has an income of $50,000? They do not pay at the same rate, and no progressive system of taxation would for a moment provide that they should pay at the same rate; but when we get to the man with an income of $100,000, then the graduated scale stops.

Mr. SIMMONS. But, Mr. President, what I said—and this is the test—was that a man with an income of $100,000 would pay on his surtax only 11 per cent of his income while the man with an income of a million dollars would pay on his income a surtax of 20 per cent upon all of it except the first $100,000, and over 19 per cent on it taking it as a whole.

Mr. NORRIS. Yes; of course he would; nobody disputes that; but that still leaves the injustice so glaring that everybody can see it.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. NORRIS. I now yield to the Senator from Virginia.

Mr. GLASS. I am not one of those who think the Senator from Nebraska is disposed to pursue the rich man; but it would be very interesting to me to learn from the Senator why he thinks there are so many men in this country with incomes in excess of $100,000 and of even $1,000,000.

Mr. NORRIS. Does the Senator want to inquire as to the number of such men? Those figures were put into the RECORD here the other day.

Mr. GLASS. No; I wish to inquire as to why there are so many people in this country with incomes in excess of $100,000 and many with incomes in excess of a million dollars?

Mr. NORRIS. I probably could answer the question by asking the Senator why it is that there are so many men in this country who have incomes of $10,000, or why is it that there are so many men in this country who have an income of less than $10,000?

Mr. GLASS. I would attribute an income of $10,000 to the thrift and industry of the individual. Does the Senator ascribe that reason for the much larger income?

Mr. NORRIS. I do not ascribe any dishonorable motive, I will say to the Senator; I am not doing that.

Mr. GLASS. But is not the Senator from Nebraska willing to admit that the reason there are so many men in this country with incomes in excess of $100,000 and many with incomes in excess of $1,000,000 is that he and his party have stood here and voted special privileges to certain classes of people year in and year out? We stand here and talk about this internal-revenue tax, which is inconsequential upon men's fortunes, and the Senator from Nebraska, if I have not misapprehended his record here, with his colleagues has voted for tariff taxes which constitute special privileges to many people, and by reason of that fact they are enabled to receive hundreds of thousands of dollars, and even millions of dollars, income. Here we are trying to save the Treasury a few millions of dollars by levying a reprisal tax of $10,000,000 upon people who are collecting from the American people $4,000,000,000 per annum. The Senator and his associates have countenanced that system of special privilege to the classes of persons whom he now appears to be pursuing.

Mr. NORRIS. Mr. President, I want to thank the Senator from Virginia for making the observation that he has made, and I am going to take it up. Before I do so, however, I wish to clear my own skirts. I do not know that it is important either to the Senator from Virginia or to the Senate or to the country or even to myself; but if the Senator was referring, for instance, to the tariff act which is now in force, he must not charge me with its enactment. If he will examine the RECORD, he will find that until I was carried away on account of illness I was doing my level best, in my very weak way, to keep down the tax assessments that were being levied on the various items in the tariff bill; and the Senator will find, if he will look up the RECORD, I think, that my voice was raised in protest against that tariff bill; that I denounced it on the floor of the Senate as one of the most unjust pieces of legislation with which I had ever come in contact. He will find that I did not vote for it and that, although I was sick and not in the Chamber, it was announced on the floor of the Senate that I was opposed to it and was paired against it. I was one of the very few Senators on this side of the Chamber who on the final passage of the bill was against it.

Admit, however, for argument's sake, everything that the Senator has said. He said the party on this side of the Senate aisle has saddled upon the country a nefarious system of tariff taxation and that immense fortunes have grown up under it. For argument's sake let us admit it all at 100 per cent. We have it now; these immense fortunes were built up under unjust laws, let us say over the protest of the Senator from Virginia, who was trying to keep the fortunes down and not to give any special privileges; but the law was enacted; he was run over; he was steam rollered, just as I have been steam rollered; and he could not get a square deal for the people. These obstreperous fellows over here put across a bill that enabled men to manipulate things so that they could pile up immense fortunes and great incomes. We are confronted with that proposition, and a few of us say, "Let us get some of it back by taxation." The Senator from Virginia, however, says, "Oh, no; do not tax them; let them keep it; let them have it; let them wallow in the golden mire and enjoy these unjust fortunes and these big incomes which bad laws have enabled them to accumulate."

Mr. GLASS. Mr. President, that is not exactly the case.

Mr. NORRIS. Well, I thought it was. [Laughter.]

Mr. GLASS. As a matter of fact, I have always been willing to and actually have tried to defend my position on the surtaxes upon the assertion that the uniform experience of the Treasury shows that a reasonable surtax brings more revenue into the Public Treasury than an excessive surtax. My complaint now is that we hear no voice in this Chamber on the other side proposing to correct the infamous system under which these great fortunes have been piled up and under which many people are enabled to have incomes in excess of a million dollars. Not one word has been said here in protest against that situation.

Mr. NORRIS. I am sorry to say that what the Senator said is true; I think he has stated the fact. However, what good would it do, for instance, for me to raise my voice in protest against existing conditions? Even the Senator from Virginia prior to just now has not done so, and he can not expect anybody to raise a voice in protest and say "the tariff law is wrong; this bill is wrong"——

Mr. GLASS. I have voted against nearly every item in the Republican tariff bill.

Mr. NORRIS. So have I.

Mr. GLASS. The Senator has done so in recent years; but I have always done so. The Senator in recent years has gotten his head far enough above the fog of sectional prejudice and party bias to see the oppressions and hardships of the tariff. But what is the proposition of his intimate associates on the other side? Is it to tear down this system of robbery?

Mr. NORRIS. No.

Mr. GLASS. No; it is not; it is to erect a twin system.

Mr. NORRIS. Exactly.

Mr. GLASS. The Senator from Kansas [Mr. CAPPER] has served notice on his party that if they do not set up a dual system of robbery, whereby money may be taken out of both pockets at the same time, he will assail the existing system of robbery.

Mr. NORRIS. I hope the Senator will not worry about the Senator from Kansas. His notice will not mean much. [Laughter.]

Mr. GLASS. I think it will not.

Mr. NORRIS. He will have breakfast with the President some morning and see the thing in a different light before noon. [Laughter.]

Mr. President, I agree with the Senator in pretty nearly everything he has said. We are going along together. The only thing on which I differ from the Senator is that since this has been done we can not help it; we can not undo it now; no matter how we struggle to prevent it it has been accomplished. These big incomes are here. There is only one place open to us now to take action. This is not a full remedy, I concede, but there is only one thing left, and that is before the Senate now. Let us make their taxes a little higher and get some of their ill-gotten gains back. I want to do it.

Mr. GLASS. I agree with the Senator, but we are disagreed as to the method.

Mr. NORRIS. Oh, yes.

Mr. GLASS. I think my method will get more of their money back into the Treasury than will the Senator's method. That is the difference.

Mr. NORRIS. I have not heard the Senator's method as yet. I will vote with the Senator, if we get an opportunity in the Senate, although I am not wise enough to see just how we can do it now, to reduce tariff taxes. I should be glad to do that.

Let us take, for illustration, one man. I mention him, not because I have any enmity or any bad feeling or anything of that kind against him, for I have not, and, although I may be charged with having ulterior motives, if I have I am not conscious of them. I take him as an illustration only, but he is a prominent man, and the facts about his case are all understood, to a great degree, at least, by the Senate. Let us take Mr. Mellon, the Secretary of the Treasury. He built his fortune up partially under the laws about which the Senator from Virginia is talking, and which he opposes and which I oppose. He got some of it in the whisky business; he made a lot of money that way when it was perfectly legal; and he obtained the remainder of his fortune in a perfectly legal way; but he did accumulate one of the greatest fortunes of modern times. In my judgment, since that fortune has been obtained, even though the law was wrong under which he made it, there is one hope yet. The man who, under those special laws, has been able to accumulate such an immense fortune and have such a big income ought to pay a higher tax; and yet this bill is very partial to him. This bill will save him hundreds of thousands of dollars. I do not know how much it will save him, but everybody knows that the amount that it will save that one man in one year will make an ample fortune for an ordinary man like most of us here. When that income gets up to $100,000, why should we not take a few thousand dollars more of it? I do not think it would be any injustice to him; and, because I am in favor of taking it, I am not charging him with dishonesty or with illegally accumulating this fortune. He accumulated it under laws that were favorable to such accumulations, I admit—laws that I think were unjust to a great extent.

Mr. GLASS. But does not the Senator admit also that if we should cut off now the special privileges under which he accumulated his great fortune, it would benefit hundreds of thousands, yes, and millions of people in this country?

Mr. NORRIS. Yes; I do.

Mr. GLASS. Let us do it, then.

Mr. NORRIS. Let us do it; but how are we going to do it?

Mr. GLASS. How are you going to increase his direct taxes if you can not cut off his special privileges? You say you have the votes over there to do it. Let us do it.

Mr. NORRIS. All right.

Mr. GLASS. Let us form another "coalition."

Mr. NORRIS. All right; let us form a coalition now. Let us form a coalition to increase his taxes up to 30 per cent.

Mr. GLASS. Oh, no; let us form a coalition to cut off the special privileges whereby he got his fortune.

Mr. NORRIS. I will do that.

Mr. GLASS. Let us do it, then. Let us do it.

Mr. NORRIS. But that will mean repealing the tariff, will it not?

Mr. GLASS. Yes; it will.

Mr. NORRIS. All right. Now, the Senator knows the physical impossibility of doing that in the Senate. A tariff bill, under the Constitution of the United States, must originate in the House of Representatives.

Mr. GLASS. And the Senator knows the practical impossibility of raising these surtaxes, too. He has evidence of that in the RECORD here.

Mr. NORRIS. I found out yesterday that it was an impossibility. This coalition is too strong. Its members are too well intrenched. They have too many men who are able to line up, on partisan grounds, the fellows who are always regular, and follow their leader.

Mr. President, I will be found with the Senator from Virginia or any other Senator in trying to correct the inequalities of a tariff bill that I condemn just as strongly as he does. I will be with him. I am ready to enlist to-day. I am ready to follow his leadership. Just let him point the way, and I will be right behind him; and I am sorry that he is not behind me in trying to take a little of these incomes for taxes.

The Senator from Utah, I observe, is getting nervous because I am discussing this matter too long.

Mr. SMOOT. No; not that.

Mr. NORRIS. What is it, then? What is it that troubles the Senator?

Mr. SMOOT. Nothing at all troubles me, except that I desire to get the bill through; but that was not what I had in mind. I want to say that there are two sides to this tariff question; and when this bill and the appropriation bills are out of the way we will have something to say upon that very point. If the program suggested by the Senator from Virginia is carried out, I wonder whether the Democrats in the Senate are going to vote for reductions in the rates they insisted upon putting in the tariff bill—higher rates than those that were in the preceding law—simply because the products were produced in their own States?

Mr. NORRIS. I hope the Senator will not take too much time in making his speech, because he will delay the passage of this bill.

Mr. President, in conclusion I should like to say to my Democratic brethren that I will give my personal guaranty that if you will start out over there and undertake to tax these big incomes above $100,000 at the rate of 25 per cent, and when they get up to $1,000,000 in excess of that, we will furnish you with enough votes overe here to do it. Just try it once and see. Just try it; and we are going to have an opportunity to try it, because while I offered an amendment yesterday that went up as high as 30 per cent, and it was voted down and got only 29 votes, before this bill is passed I will let the tax on the excess be 25 per cent, the same sum that the Senator from North Carolina had in the proposition that he originally made before this coalition was made; and if he had 25 per cent in his brain, it must have been right. That must have been perfectly religious and perfectly fair, perfectly honest and perfectly square; so I am going to take his figures. Was he fooling when he offered that to the Senator from Utah? Was he playing square when he went over to the leadership on this side with that proposition? Was he just bluffing? If he was, he made the bluff work. He got what he wanted in another respect and gave up the 25 per cent. Now, if he has what he wants about the fellows in the lower bracket, all he has to do is to say the word, and we will give him the votes to give him what he thought was right when he made that proposition originally; and I assume that he must think so yet.

Mr. UNDERWOOD. Mr. President, I have listened to this debate on the question of reducing the surtax on the high brackets, but nobody has yet made the argument that appeals to me as to why it should be reduced; and I therefore desire at this time to occupy the attention of the Senate for a comparatively short time to express my own viewpoint as to why we should reduce the surtax on the high brackets as well as the low brackets.

I have listened to the argument that has just been made by the Senator from Nebraska. I have known the Senator from Nebraska for a quarter of a century, and we differ on many questions; but there is one thing I always admire about GEORGE NORRIS, and that is that he comes right out and says what he thinks. I do not agree with him on what he thinks, but he said just the antithesis of what I believe we ought to do in regard to this matter of taxation, and therefore it gives me an opportunity to take issue with him squarely.

If we analyze what our friend from Nebraska has said and the position he has taken in this matter, it merely means that we have an opportunity, under the guise of taxation, to confiscate some of the great wealth of this Nation. Of course, as we all know, John Marshall a century ago said that the power to tax carried with it the power to destroy; and we know perfectly well that in this country it does not take the red flag of communism to destroy property. Under the unlimited power of taxation which rests in the Congress of the United States we can confiscate every piece of property in America, and reach the viewpoint that has been accomplished in Soviet Russia by a communistic government.

Mr. BORAH. Mr. President, I wish the Senator would explain how confiscation comes in by simply applying the rule of progressive taxation above $100,000, the same as we do below that figure.

Mr. UNDERWOOD. Why, certainly; I am not talking about the rule or the method; but I think the Senator will agree with me that if we levied a tax of 100 per cent on the incomes of America, whether they be great or small, we would confiscate the property; would we not?

Mr. BORAH. Yes.

Mr. UNDERWOOD. That is what I say, that under the power of taxation we have the power to confiscate.

Mr. BORAH. Exactly; we have the power to confiscate under the power of taxation; that is, the power to tax is the power to destroy, as John Marshall said.

Mr. UNDERWOOD. To be sure.

Mr. BORAH. But here we have adopted a rule of progressive taxation with reference to income taxes. We adopt that rule up to $100,000, and at $100,000 we cease to apply the rule. Upon what theory does confiscation come in above $100,000 and not below?

Mr. UNDERWOOD. I am not at this point discussing the terms of this bill. I announced when I started that I was not discussing the particular items of the bill. I am taking issue

with the position that has just been taken by the senior Senator from Nebraska, that we have an opportunity to take this property and we ought to take it.

Mr. GLASS. Mr. President, the Senator will agree, however, that unless we shall stop at some arbitrary point, to be determined by the Senate, we inevitably lead to confiscation.

Mr. UNDERWOOD. Undoubtedly.

Mr. GLASS. So that in the last analysis it is for the Senate to say at what arbitrary point we shall stop.

Mr. UNDERWOOD. Undoubtedly.

Mr. GLASS. And those of us who vote for the 20 per cent surtax think the arbitrary point ought to be there, as against those who think it ought to be 25 per cent.

Mr. UNDERWOOD. Undoubtedly. I agree with my friend from Virginia; there is a point where you reach the maximum of high taxation, and when you pass that maximum you enter the domain of confiscation. We may differ as to where that line is drawn, but somewhere between 1 and 100 per cent there is a point where you are trying to confiscate instead of indulge in the legitimate governmental pursuit of taxation.

I may say something about that before I conclude; but what I rose to discuss this morning was the question as to whether it is worth while and whether it is best for the mass of the people for the Congress of the United States to confiscate the great wealth of America; whether it is best for the public weal. I am not talking about the victim; I have no brief to defend some multimillionaire; but what I want to know is whether it is to the interest of the man who earns his bread by his daily toil to destroy the surplus wealth of America. That is the issue when we come to confiscation as distinguished from taxation.

Mr. BORAH. But, Mr. President, I do not see how property can be confiscated under a progressive taxation system. We take only a certain per cent of the man's income.

Mr. UNDERWOOD. The Senator now is just applying the method. I do not care to be diverted from my argument at this time to discuss where confiscation begins and where it ends. If you have a low enough progressive tax on the high brackets, you do not confiscate; if you have a high enough tax on the high brackets, you do confiscate; and, on the other hand, if you put the tax high enough on the low brackets, you confiscate.

Mr. BORAH. If you take a percentage of a man's income, I can not understand where the confiscation comes in.

Mr. UNDERWOOD. I will come to that.

Mr. KING. Mr. President——

Mr. BORAH. But here is another proposition, Mr. President, and then I will not interrupt the Senator again: The Senator from Virginia [Mr. GLASS] said, and I think said with very great relevancy, that these vast fortunes are not being built up legitimately; that is to say, that they are being aided and abetted by favorable legislation. I can not conceive of its being confiscation to take a percentage of that which it is claimed was built up in that way.

Mr. UNDERWOOD. My astute friend—and I admire him; there are few men in the Senate who can class with him in intellectual capacity—is shifting the battle ground. He is not willing to say that he is prepared to confiscate; he is only willing to say that this bill will confiscate.

Mr. BORAH. I am against confiscation.

Mr. UNDERWOOD. I am glad the Senator is with me.

Mr. BORAH. The Senator knows I am against confiscation. I have even been against the confiscation of the property of aliens who came here. I do not want confiscation in any form. But I do think that is an entirely different proposition from that of laying a tax on the principle of ability to pay.

Mr. UNDERWOOD. If the Senator were taxing, I would agree with him, but there is a domain somewhere where you pass the field of taxation and enter the field of confiscation. No man can tell me that when in 1919 we levied a tax of 77 per cent on the net incomes of some taxpayers in this country we did not invade the domain of confiscation rather than that of legitimate taxation.

What I want to present to my friends in the Senate is not the question of amounts, nor the question of rates, about which we all have differences of opinion. I have my own viewpoint, which I will express before I get through. My colleagues might differ with me as to where the line should be drawn in reference to confiscation or taxation. But I desire to consider this morning whether it is worth while to the great mass of the people of the United States for the Congress to enter the domain of confiscation, for it to be declared on the floor of the Senate that it is not to the interest of the mass of the American people that we should reduce taxes in the high brackets of this or any other revenue bill.

Let us analyze it from the standpoint of wealth.

Mr. WALSH. Mr. President, I should like to direct a practical question to the Senator. The highest rate proposed by any amendment to this bill is 30 per cent on the excess over a million dollars. Does the Senator think that is confiscation?

Mr. UNDERWOOD. I said to the Senator, and I said to the Senate, that I did not desire to discuss that part of the question now, and I hope the Senator will allow me to proceed along the line that I have laid out.

Mr. WALSH. I am quite willing that the Senator should do so. Of course, everybody agrees with the Senator that there should not be confiscation. The practical question is, who is proposing it?

Mr. UNDERWOOD. It has been suggested in debate; it certainly has been accomplished in times past; and if the Senator will allow me to proceed and make the argument not on rates, at the present time, I will say what I think is the domain of confiscation and what is not. It is only my viewpoint, but it is a matter of principle that I desire to discuss, as to whether it is worth while to enter that domain.

Mr. NORRIS. Mr. President——

Mr. UNDERWOOD. My friend from Nebraska very candidly said this morning that he did not see why we should not enter that domain, with respect to the very wealthy.

Mr. NORRIS. Mr. President, will the Senator permit a question?

Mr. UNDERWOOD. Certainly.

Mr. NORRIS. To be practical—and I would like to be——

Mr. UNDERWOOD. I do not want to be practical right now; I want to be theoretical. I want to state the theory first.

Mr. NORRIS. All right; then I will be theoretical. I will ask the question on that line.

Mr. UNDERWOOD. The Senator will ask the same question under a little different name.

Mr. NORRIS. Yes. The statement was made yesterday by one who was opposed to increasing these rates that at the present time the business of our country is on a prosperous basis, hardly excelled at any time in the history of the country. The highest rate on incomes now is 40 per cent. Evidently, if with a rate of 40 per cent—or, adding the normal tax, with a rate of 45 per cent—we are more prosperous than we have ever been in the history of the country, it must follow, it seems to me, that a rate of 40 per cent on the higher brackets of the surtax is not confiscatory, or we would not be so prosperous. If we can be that prosperous with a rate of 40 per cent, could it be possible, in theory or practice, on any basis, that it would mean confiscation if the rate were 30 per cent?

Mr. UNDERWOOD. Of course, a country comes to an era of bad times and an era of good times. We are not as prosperous as we were two or three years ago. A great many men are out of employment and seeking jobs to-day. But that is not the question I want to present to the Senate. I want to present the question as to whether it is worth while, from the standpoint of the masses of the people, to enter the domain of confiscation. To decide that we have to analyze what wealth is, and what it is used for. If my friends will allow me to pursue a theoretical argument for a few minutes and not come to the practical question, I want to point out that civilization in the world can not take a step forward in its onward march without the accumulation of surplus wealth somewhere.

The communist says that it is to be accumulated in the state, that all should belong to the state, and the state should direct the use of the surplus wealth. The individualist—and I think this Government still stands in the class that accepts the theory of individual effort—says that wealth shall be accumulated by the individual. I am not going into the question as to whether wealth has been honestly and fairly earned or not. Most of it has been. Some of it has not been. If it has not been, it is a question for a grand jury or an investigation, not for a tax bill. If the surplus wealth has been accumulated—and the world must accumulate it if civilization is to advance—then the question is as to whether we shall conserve it.

Mr. GLASS. Mr. President——

Mr. UNDERWOOD. I really would like to have my friend let me state the case. I do not know whether he agrees with me or not. Perhaps he does, and perhaps he does not.

Mr. GLASS. I was about to say that I do not agree with the proposition that this great accumulation of wealth should be dealt with by a grand jury and not by a tax bill. I think it ought to be dealt with by a tax bill.

Mr. UNDERWOOD. I agree with the Senator that we should not erect special privileges, of course. If I have one record that stands out in the Congress of the United States foremost above all others, it is that I stand for a low tariff at the custom-house.

Mr. GLASS. Then the Senator is in favor of dealing with it in a tax bill?

Mr. UNDERWOOD. Oh, well, if the Senator wants to call it that. I am referring to taxation for distribution, not taxation for aggrandizement. If I can come back once more to the proposition that I am trying to state, let me ask, What is surplus wealth, and what effect does it have on our civilization? When man was a primitive being and the energy of his brain and body was consumed in obtaining his daily sustenance that he might live, he was on no higher plane than the animal; he lived from day to day. It was only when the advance of man's civilization reached the point where he accumulated a surplus which, first, might be laid by for the day of misfortune, and, next, for his own development, and later on for the development of his country, his people, and his State, that the onward march of civilization progressed to a point where man was divorced from the shackles of toil.

What constitutes this surplus wealth? There are three component parts, and we must consider them. The basis of all wealth and the element of production must first rest on the material resources of the world, the resources that God implanted in the world, what is found in the air, in the seas, and on the earth. The fishes in the sea, the nitrogen in the air, the minerals in the earth, are the material wealth on which we base the opportunity for surplus earnings and accumulation.

The next thing that produces this result must be energy applied to the natural resources, which makes them valuable. That energy may be represented by the strength of a man's arm, as it was in the primitive days of civilization, or it may be represented in a great machine tool which takes a billet of steel and produces a steel rail by the throwing of a few levers. But energy is absolutely necessary in order that the natural resources of the earth may be available to man for this surplus accumulation.

Natural resources and applied energy in the end mean but little if there is not intelligent guidance behind them; in other words, if there is not intelligent service rendered, together with material resources and energy. We can not abandon our idea of the use of intelligent effort to direct our course.

Therefore when we come to discuss the accumulation of surplus wealth, if it be called wealth, or surplus capital, if it be called capital, we have to consider those three component parts working together, and that part which makes the accumulation of wealth the most effective is the intelligent service. So in the last analysis we can say, in short, that all wealth is produced by the toil of men's hands and their heads, because if it is not the toil of a man's hand it is his head that directs the energy which produces and accumulates wealth.

We have a division of the wealth of the world. We have wealth accumulated in private hands. We have wealth accumulated in national control. But under our theory of civilization, standing for individualism, we stand for the accumulation of wealth in private hands in the main. Is that of interest to the man in the street? Is the only man interested in this accumulation of wealth in individual hands the man who owns it? If that were true, it would be an idle effort on our part merely to protect one individual among millions or hundreds of thousands. But it is the accumulation of that wealth to serve the purposes and the desires and the lives of millions that it is worth while for us to consider whether we will accumulate it or whether we will dissipate it. That is the position I desire to bring before the Senate.

Every man who is not an absolute pauper accumulates some surplus wealth. In the aggregate the great body of wealth may lie in the hands of the masses of the people, because numbers multiplied by small accumulations will produce an aggregate sum. No man except the pauper or the disabled, when he accumulates a surplus wealth—that is, lays aside something from his daily toil and does not consume it all—does it solely for himself. He accumulates for his family, for his home, for his relatives, in the first place—assembles for their life to-day or for the future after he is gone. If he passes that domain and accumulates greater wealth, he may assemble it for the development of industry or for the carrying on of great schools of art. At any rate, he assembles it for some use that he can not have for himself, that he can not hold for himself. It is for the public benefit in the end.

Suppose we wipe out all the accumulated surplus wealth of the Nation, where have we the money to build great industrial plants that employ labor? Where have we the money to draw from to build the great national plants for the onward progress of our national life? We would have no source from which to gather it, because we can not tap the accumulations of the millions who each may have a few hundred dollars of accumulated surplus wealth. We have to go beyond that school. We have to enter into a further domain in order that we can acquire and hold the wealth that gives employment, that develops our national resources and leads to the onward progress of the Nation.

I do not say this bill confiscates wealth. Probably some of my friends who want a little higher tax think I am treading on their toes when I talk about confiscation. I am not indulging in particulars. I am indulging in an argument that is rife in America to-day, the communistic argument that is partially appealing to our people, that we have a right to take the property, even if it is justly acquired, of men who have acquired too much. Then we come down to the equation of what is too much. The first man may say $100,000,000, and when that is taken the second man may say $10,000,000, and when that is taken and distributed we may find another man and another sentiment that will say that a million dollars is too much for any man to have. So when we come down to the amount we may finally find it at the door of the great masses of the people, who can not understand why a man is not rich who has a hundred thousand dollars.

The great masses of the people of the country are not possessed of $10,000 in wealth as distributed among them, and yet that $10,000 must be confined at home. It rarely goes into great development enterprises. It is rarely found in the great works that employ labor. It is the surplus wealth of men who have accumulated more that goes into those places.

What I say is that when men accumulate great surplus wealth they can not use it for themselves. They may have a few more automobiles and a few more butlers than the average man, but in the end, when they have spent lavishly all that they can spend for themselves and their families, there is a surplus wealth for which they are trustees, either to give away to the Nation in some eleemosynary institution or to employ for the development of the natural resources of America. That is where it goes. No man can deny that that is where it ultimately goes.

Would anyone say that he would close the great steel mills, the great cotton industries, the great mines of the country, by destroying the surplus wealth that has developed them? Would he say that there shall be no more accumulation of the surplus wealth of America to go on building mills and opening mines and employing labor? I think not. If we come to an analysis of the matter we will find that surplus wealth must be accumulated, and it must be accumulated in large proportion if civilization is to go marching forward.

Then the question is, when we come to utilize all this wealth, of course, whether it is properly utilized? Is it fairly and justly utilized? As I said awhile ago, if it is dishonestly or unfairly gained, those abuses might be corrected and should be corrected. I do not myself believe, and never have believed, that the machinery of government should erect artificial means for the accumulation of wealth. I have never stood for the position that we should erect a tariff wall for protection in order that we may develop the wealth of the country. I think it is perfectly legitimate to repeal those artificial barriers and let every man stand on his own feet. But I say that when we have accumulated wealth that has been fairly earned it is not to the interest of the great masses of American people to dissipate it. No man could say that it would be beneficial to the people of America to have an earthquake come along and destroy the mills in which they are employed. No man could say that it would be beneficial to them to destroy the sources from which other mills can be builded.

Of course, if I belonged to the communistic school of philosophy, I might negative all I have said about it by saying that there should be no accumulation of private wealth in the hands of individuals, but that it should belong to the state and that the state should accumulate for the development of nature's resources and to give employment to man.

But that is not our theory of civilization. For thousands of years past our theory of civilization has rested on the proposition of individualism and the opportunity of the individual to work out the problem of world development and to accumulate the surplus wealth that moves forward the civilization of our time. Although the theory of communism may be an attractive one to some, the only answer that is necessary to make is that the world has tried it time and time again. Sometimes in small communities or in small enterprises it has worked successfully, but no great enterprise and no national effort has ever adopted the theory of communism that disaster did not result.

The whole policy of the Russian Government a few years ago was that the Government should own the property of the people, and that individual control and accumulation should not exist. That policy plunged the people of Russia into poverty, hunger, and distress, and in the end wound up with a government that does not represent the people of Russia but

is a dictatorship controlled by a Soviet representing very few of the people of Russia. They have moved from a period of despotism under the czar, with the daylight shining for an hour, back to the despotism more dark and awful than any they ever faced, because they destroyed the liberty of the people when they took away from them their individual rights of independence and the opportunity for toil in their own behalf. How can a man be free from the state, how can any man be free from state control and be his own man when he must knock at the door of the state to receive his rations for his daily bread? It is impossible.

In what I have said with regard to the bill, I know that there are not many who are willing to agree with me, but I say it because I believe it is the part of folly, no matter how appealing it may be on the hustings, to appeal to the masses of the people against the great wealth of the country. I say that when the Government of the United States enters on a deliberate policy through the power of taxation to destroy the accumulated wealth of the country, they are making a direct attack on the liberties, the independence, and the lives of the great masses of the toiling people of America. They take away the opportunity for independence; they take away the opportunity for work; they take away the opportunity to rise in the school of life; because without that surplus wealth there is no energy by which the onward development of the Nation may move forward.

I have merely made this statement because I want to show that I am not one of those who are straining to see how far we can reach into the wealth of the country under a tax bill and dissipate it—as it could be dissipated.

I admit that sometimes governmental expenditures are as much an accumulation of wealth for the future as individual expenditures. The building of the Panama Canal, with $350,000,000 expended to open the gates of commerce, was not a waste but an accumulation of the wealth of the Nation. The building of the great Roosevelt Dam in Arizona, where $50,000,000 was spent in order that hundreds of thousands of acres of land that were barren and waste might have water, that gives an opportunity to feed thousands of people, was not a waste, but was an accumulation of the wealth of the Nation. They were governmental expenditures which were just as useful as if the surplus wealth which was taken for that purpose had been invested in the development of a great agricultural enterprise, as it was in the Roosevelt Dam, or in the building of the steel mill, which gives employment to thousands of men, or in the opening of new mines. That was not dissipating wealth, but was accumulating it for the ultimate advance of man in the future.

However, when we come to governmental expenditures, and point to the Panama Canal, to the Roosevelt Dam, and expenditures of that kind, they are exceptions to the rule, for most of governmental expenditures are not productive of wealth for the future. We have spent—and it may have been necessary to spend it—on navies and armies many million dollars. I hope the time will come, and that it may not be far distant, when we may not have to spend any more money in that direction; but money spent on armies and navies is the dissipating of wealth. It is dissipating the toil of men's hands and men's brains, for the wealth expended for such purposes goes out of existence. The more we accumulate to put in our treasuries the greater the temptation is to dissipate it for unnecessary purposes and not for the advancement of civilization. Therefore the argument is fallacious that above a certain point we can levy taxes that are equivalent to confiscation, because the result is merely to dissipate great fortunes. Such fortunes should not be used for improper purposes; but if we shall dissipate them, that much capital which gives employment to labor, that much capital which enables the children of America to be fed, is destroyed.

Whenever you come to the dissipation of wealth, it is just as sure as that the sun rises that the two most important things to labor happen adversely to it. In the first place, when wealth is dissipated and there is not a large surplus, interest rates go up; and when interest rates go up, the poor have to pay the greater penalty. In the second place, when wealth is dissipated, as surely as the sun rises, it is going to happen that the price of wages will be reduced, because without wealth to develop our resources and carry on enterprise there is not the work for labor, so that, instead of having two jobs fighting for one man's time, there are two men fighting for one job. That is what is accomplished; that is the philosophy and the economics of the accumulation of wealth in this country.

I do not object to voting for a bill that taxes the great fortunes more in proportion than it taxes the man who is earning his daily bread by his daily toil. Let the man with the great fortune pay more. I do not object, within reasonable limitations, to the pyramiding of taxation, but I do say that I think the time has come in America for us to look the truth in the face and say that we do not think that the great wealth of the Nation is something for us to gun for in the public interest. Rather it is something for us to conserve in the public interest.

I think the story is entirely different in time of war. I voted for the very highest brackets in the tax bill in time of war. We took the boys of America and sent them to the battle fields to sacrifice their lives, if necessary, to protect the life of the Nation. We had the right to take every dollar in America and to sacrifice it with the boys' lives for the protection of the Republic. Of course, when the war was over, we would have suffered in the end more from the sacrifice of wealth than from the sacrifice of men, not so far as individuals are concerned, of course, but considering the effect on the national life. The war, however, is over. We have been at peace for seven years; so we can not look at this question as one affecting the life of the Nation. It is a question of how far we can go by taxation in taking the accumulated wealth of the country and dissipating it in channels of government without in the end the process becoming disastrous to the great body of the American people.

Some of the Senators on the floor asked me this morning where the line was drawn between confiscation and taxation. The old Jewish rule of taxation was to take a tenth of all a man had. That came from the Bible. I am not prepared to take a tenth of what men have who are toiling and struggling for their daily bread.

I am willing to take more than a tenth of what men have who have great accumulations, but I say when 20 per cent in taxation is reached we have approached the limit. When the Government takes a man's income it takes his property. There is no distinction between taking his income and taking his property, for if you take a portion of his income permanently you are taking that much of his property, and you only make him trustee to conserve it for the State. I say that, in my judgment, when you have doubled the Bible rule and levied a tax on any man's income of 20 per cent you have gone to the extreme limit of taxation in time of peace. It is high taxation. It may be said that it does not enter the domain of confiscation; but when you deliberately advance the rate because you find a few great accumulations of wealth standing out conspicuously by themselves, and go as high as 45 per cent, as the present tax law does, it amounts practically to taking for taxation half of what a man has; and then I say you have entered the domain of confiscation. You have done so in order to dissipate the wealth of the Nation; but in the end—it may take years; it will not come in our time; we may not feel the effect of it for a decade—if you pursue that policy it will reflect right back on the mass of the people who toil for their daily bread.

Mr. BROOKHART. Mr. President, the distinguished Senator from Alabama has presented the greatest and most interesting problem with reference to taxation, and I want to say that he has been quite as frank in explaining his position as he conceded the distinguished Senator from Nebraska [Mr. NORRIS] to be. The Senator from Alabama has made it plain that he is opposed to dictatorship of labor, but he has also made it quite as plain, on the other hand, that his logic would lead to a dictatorship of great wealth. He tells us that all the wealth is produced by toil of hand or head, and with that I fully agree. Therefore the people who have the best title to the wealth and the best right to its accumulation are those who toil with hand or head. If it be true that in our country organizations are able to secure special privileges under the law and are able to collect profits that are unreasonable and unjust, then those organizations thus securing certain advantages are levying taxes upon those who toil with hand or head as truly as the Government itself levies taxes.

I mean by that to say that the power of confiscation by taxation is not in the Government alone, but sometimes is in the hands of private individuals who have the power to take by excess profits the toil of other men. That situation exists now to a degree which has heretofore been unknown in the history of our country. It is because of special privileges that are given to other industries, largely by legislative enactment, that agriculture is brought to its present stage of depression at a time when we are talking prosperity for everything else in the United States.

Mr. UNDERWOOD. Mr. President, will the Senator allow me to ask him a question?

The PRESIDING OFFICER (Mr. KENDRICK in the chair). Does the Senator from Iowa yield to the Senator from Alabama?

Mr. BROOKHART. Yes.

Mr. UNDERWOOD. A few years ago, when the last tariff tax bill was before the Senate, if I recall rightly, I voted for every proposal that was made for low taxes all along the line, whether affecting industries in my community or not. If I recollect the Senator's position, he voted for many of the high-tax brackets.

Mr. BROOKHART. If the Senator will remember, at that time I was not in the Senate of the United States. So he is mistaken in his recollection.

Mr. UNDERWOOD. I thought the Senator was a Member of the Senate when that bill was pending here.

Mr. BROOKHART. The tariff bill was passed before I came here.

Mr. UNDERWOOD. Then I exempt the Senator, so far as that is concerned, but the Senator does stand by high tariff duties on some commodities.

Mr. BROOKHART. I stand for a reasonable tariff on all commodities, but not a profiteering tariff on any commodity. I advocated the Iowa idea in the old days. I do not apprehend that I would have serious disagreement with the Senator upon that proposition if we agreed upon the facts; but the tariff law is not the only advantage that has been given to special interests by legislation and by the Government of the United States. There are many other instances of such advantage being afforded. For instance, there is our transportation system. We have fixed its value by law. I believe the Senator voted for and supported the bill which fixed the value of the railroads at $19,000,000,000, in round numbers, at a time when the market value of their securities was only $12,000,000,000.

Mr. UNDERWOOD. The Senator, I think, is somewhat mistaken in his facts. I did support the Esch-Cummins bill, because I wanted to get the railroads out of Government control and back in the hands of individual effort; but, if I recall the bill rightly, the bill did not fix any valuation. It authorized the machinery of government that was created by the Executive, the Interstate Commerce Commission, to fix a tentative valuation until the final valuation should be found.

Mr. BROOKHART. That is exactly what I mean by fixing the valuation.

Mr. UNDERWOOD. What I mean to say is that I did not vote to fix any particular valuation.

Mr. BROOKHART. Oh, I understand; but the Senator supported the bill that provided the machinery which resulted in this valuation.

Mr. UNDERWOOD. But somebody had to fix it in order that we might fix rates.

Mr. BROOKHART. Oh, yes; but the rules of valuation as provided in that law and as carried out by the commission, at a time when the market value of all the securities was $12,000,000,000 or less, put a value of $19,000,000,000 upon these securities and then further proceeded to direct the Interstate Commerce Commission to initiate rates high enough to get first 6 per cent and then 5¾ per cent upon all that value.

Mr. UNDERWOOD. I will say to the Senator, if he will allow me, if we are to digress to that bill, that I do not think the Senator would be willing to lend his own surplus money at 5 per cent, and I do not think most of his neighbors would. They could get a better rate of interest. There had to be a percentage fixed in order that there might be assembled sufficient money to put the great railroads of America into condition to haul the freight of America. Everybody was crying for engines. Everybody was crying for cars. The very State in which the Senator lives was complaining that its agricultural products could not move to the seaboard markets for lack of transportation, and in wintertime it was complaining that it had no flat cars to haul the coal to keep its people warm and protect them from the winter storms; and yet the railroads had to have money to do it, and money could not be bought in the market for less than 5 per cent.

It was not purchasable for less than 5 per cent. Therefore the committee, only tentatively, incorporated this provision in the law. I want the Senator to understand that that bill was passed in a short session. There was a limitation imposed by Congress, and that limitation has long since expired. It lasted only three years, and to-day the situation is back exactly where it was in the beginning before the war, and the Interstate Commerce Commission controls the situation both as to earning capacity and as to value.

Mr. BROOKHART. The Senator has raised the important question as to what is a reasonable return; and I want to lay before him some figures as to our economic situation upon that proposition.

Mr. Hoover's bulletin shows that from 1912 to 1922 the whole increase in the wealth of the United States, including all unearned increment in property, including the depreciation of the dollar, which he estimates at about 80 per cent—the whole thing for the whole country, all the work of all the people, all the earnings of all capital—was only 5½ per cent a year, added in at the end of each year. I maintain that any public utility which has a practically guaranteed return—as the railroads have under this law, as all public utilities have under the common law—is not entitled in justice to a return on its capital greater than the possibility of the country to produce wealth. If you allow an institution of that kind the right to take more than this 5½ per cent—and it has probably been less than 5½ per cent since 1922—then you allow it to take out of this great American pool something that belongs to the labor of some one else. In other words, you allow it to confiscate, on the Senator's theory of confiscation, the toil of other men.

Mr. UNDERWOOD. If the Senator is going into the railroad question, and will allow me to interrupt him and to analyze this question, he knows as well as I do that the great cost of running a railroad is comprised in three items, labor, supplies—which is mostly coal, the fuel that runs the engines and that represents labor—and taxes. That represents 84 per cent of the cost of running the railroads of America. If you do not pay the interest on the bonds the mortgage on the railroad is foreclosed and the people have no railroad to transport their goods to market.

It is destroyed unless you pay the interest on the bonds. That is 8 per cent more. So, in the end, with all your efforts at economy, if all the Senator says were true, if you confiscated every dollar of railroad stock, and deprived the owners of it, who built the railroads, of all ownership in it, you would only have 8 per cent of the total capitalization on which to function. I do not ask the Senator to take my statement for that. Go to the Interstate Commerce reports and you will find that that is so.

Then, when you have the railroad, what is the situation? Of course, the Senator knows as well as I do that the great advance in railroad freight rates was caused by the advance of wages. I am not complaining against that. The cost of living had gone up. The railroad engineer and the railroad conductor had to live. His wages had been fixed on a pre-war basis. He had to have more to pay his living expenses with. To a large extent his compensation was doubled. I do not mean that that was so in every individual case, but in mass it was, and that had to be charged to the movement of the freight. That is where the question came up; and I am sure the Senator would not say that he would go back and reduce the compensation of labor to such a point that he could reduce freight rates. If you do not do that, you can confiscate the road and attempt to run it yourself, but the wheels of your engines will not turn until you pay the wages of the men who have to turn them. You buy the coal that makes up your fuel, and you pay your taxes. I do not care whether the Government owns the railroad or you own it or anybody else owns it; you can not run it without incurring those expenses, and they have gone up like the cost of everything else in America.

Mr. BROOKHART. Mr. President, I will start at the bottom of that question.

The railroads were turned back to private management on the 1st of March, 1920; and during that year—1920—their operating expenses under this "efficient" private management were increased $1,485,000,000. About $480,000,000 of that was wages, and the balance of it was excess profits on coal and steel and everything that a railroad uses.

One of the strongest complaints I have against the economic system which the Senator is defending here to-day is the fact that in the organization of our railroads and these subsidiary organizations that furnish them their supplies, they are taking two or three hundred million dollars a year in excess profits and increasing the rates upon the people of the country, and upon the farmers of the country especially, to pay those excess profits. Under the Senator's theory of confiscation you are confiscating the toil of the farmers of the United States when you do that thing.

Now, let us see again: Labor gets about 51 per cent, I believe, of the earnings of the railroads. Capital gets 5¾ per cent, if it earns it, and most of the railroads earn it. Then there is a further provision that if the earning goes above that, they divide it equally with the Government; and this is an institution now that has been given a value $7,000,000,000 above its market value at the time, although no other thing in the country has any value above its market value.

Mr. UNDERWOOD. Mr. President, if the Senator will allow me to interrupt him, of course we differ in regard to the figures; but I agree with the Senator that this is no time to fix the value of railroads on which to base freight rates for the future. This is a time of extremely high valuations and uncertain valuations; but if the Senator will take any report giving

values he will find that the values fixed on the railroads to-day are nearer thirty billions than nineteen billions.

I do not say that that should be the basis. I think it would be most unwise at this time to fix a permanent basis on which freight shall be carried for the future. I am not in favor of doing it now; but I do say that this pyramiding did not come from law. It came from conditions that grew out of the war, the exaggerated prices that war produced, and that must have a chance through the natural course of business to become settled and on an even keel again before we can finally solve the equation. I am not in favor, however, of solving the equation by just walking in and saying: "We will take from you so much that you have accumulated and with which you have developed our country because we need it, and you can take care of yourself." When you come down to say that you are going to reach into anybody's pocket, why not let the railroads say that they will go into the Senator's State and take the farms of the people of that State?

Mr. BROOKHART. That is what they have done. The advance in freight rates has put a mortgage on every farm in the State of Iowa.

Mr. UNDERWOOD. The only point on which I will not agree with the Senator is this: It was not advancing freight rates that did it. I think several decades ago there was a greater return to the farmers of the Senator's State, as to the value they then had in the land, than there is now; but I agree with the Senator that the conditions of transportation are changing.

Mr. BROOKHART. I want to answer the question the Senator raised a moment ago before we go on to another subject. I am glad to have the interruptions; I am glad of the discussion; but the Senator raised the question of the valuation of the railroads at an unusual time when prices were high. This valuation, made in 1920, was at the time of war prices; and the market value of all their securities, representing all their actual value, was only $12,000,000,000 or less at the time when this theoretical system of value, recognized by the law, was put at $19,000,000,000; and the Senator now suggests that we can put on more expert witnesses and raise that value up to $30,000,000,000.

Mr. UNDERWOOD. If the Senator will allow me, of course, I know there were some who claimed that the value of the railroads was only $12,000,000,000 in 1920. A distinguished Member of this body made that claim at that time. I think he was perfectly honest in his assertions as far as he was concerned, but there were no facts to sustain him. That statement was a pure assertion so far as I know. But when it came down to a body of men who were selected by the President of the United States, who were the Government itself, and whose honesty and integrity I have heard no man question, they fixed as a tentative valuation $19,000,000,000.

Mr. BROOKHART. But they did not consider the market value of the securities. I will give the Senator my authority for that claim.

Mr. UNDERWOOD. Oh, of course, I understand that the Senator has his theory for fixing value, and I have my theory.

Mr. BROOKHART. No; I want to give the Senator my authority for that claim now. Mr. C. W. Barron, the owner of the Wall Street Journal, in an address gave those figures, and his address was published in the official bulletin of the railway executives themselves; and I have a copy of it now; thus they published and recognized its soundness in every way.

Mr. UNDERWOOD. That is one man.

Mr. BROOKHART. I have made some investigation and some check upon the market value of many of the roads at that time, and I think if it could have been carried through it would have been true; that is, $12,000,000,000 was about the right estimate for the market value. I know that the commission put on this other value, but they used reconstruction new, cost of reproduction, and all of those theoretical things, when nobody ever put any of that kind of money in the railroads. There never was any $19,000,000,000 of cash invested in those railroads. Why, out in Iowa we gave nearly one-fifth of the whole State to the railroads. We have given the railroads 158,000,000 acres of land in the United States—four and a half States of Iowa. We not only did that, but we levied taxes on towns and on townships; we issued bonds on counties; we raised the cash money and built the roads; and after we got them built they were owned back in New York. They confiscated our property through that operation, upon the Senator's theory of confiscation.

Mr. UNDERWOOD. If the Senator will allow me, though I do not want to divert him from his argument, I want to say, in the first place, that if Iowa had had no means of transportation to the ultimate market beyond the seaboard, the farms would probably not have been worth anything. But I am not going into that question, and I hold no brief for the defense of the railroads. I would like to see freight rates as low as we could get them; but I do not want to destroy the railroads. I recognize that the Senator and some of his colleagues and other people outside of Congress claim that this valuation was too high. I know there are others who have said that it was too low. Each one has had his own theory on which his idea was based.

I have never had any theory on that. I have never tried to work out a valuation. All I say is that the Congress, under this legislation, instead of trying to decide the valuation themselves, referred it to the commission, the one great legislative body in this country which has charge of these matters. We authorized them to do it, and there is no reason to suppose that those men did not find an honest verdict. I am not sufficiently informed on these values, and I could not be unless I spent years of toil in working them out, to know whether they are absolutely accurate, but I do think that the opinion of the commission about it is more likely to be right than that of somebody who is writing newspaper articles on the outside.

Mr. BROOKHART. If the Congress had put in that law a provision that the value found by that commission should not exceed the market value of the securities, it would not have exceeded $12,000,000,000. But Congress did not put such a provision in the law.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. LENROOT. If it had put such a provision in the law, and had not permitted any other element to enter in, what value would the law have been, under the decisions of the Supreme Court?

Mr. BROOKHART. I think it would have been all right, because the Supreme Court has held that we can condemn their stocks and bonds by unanimous vote. There was no 5-to-4 opinion in that matter.

Mr. LENROOT. Provided there is just compensation.

Mr. BROOKHART. The railroad owner does not own locomotives, nor does he own rails, or ties, or cars. He owns a certificate of stock, or he owns a bond, and just compensation would be to pay him the fair market value of his stock or his bond. That is all the railroad ever paid a farmer when it condemned his land for railroad purposes.

I only mentioned the transportation proposition as one incident of the discrimination that has grown up in favor of certain financial organizations in the United States. It is a big item; it is an important item. The fact that they can charge 5¾ per cent, and even higher, means that they are taking a toll from the rest of the United States more than the ability of the people to produce. It is an advantage, then, that gives the railroads a return above what justice would demand.

Again, we have a credit system in the United States which is a monopoly of the short-time banking credit. It is monopolized under the national banking act and under the State banking acts. The National City Bank of New York said that last year the earnings of the national banks of the United States on all their capital, all their surplus, and all their undivided profits was 8.34 per cent. So this system of laws, which gave them that advantage, was able to give them a return upon their investment almost double the ability of the people of the United States to produce.

It is a discrimination against those who toil for less, and under the theory of the Senator from Alabama it is a confiscation of their toil by the economic power that exists by virtue of those organizations.

On the tariff question, the Senator from Alabama agrees that it is giving an advantage to somebody. He says the rates are too high, and that private interests and special interests are taking a profit from the rest of the people of the country because of that favor through a law of the United States.

Again, we have laws of the United States relating to the issue of patents, to protect an inventor in the price of his patented product. He is able to charge a price and a profit far above the ability of the people of the United States to earn.

Again, there are laws for the organization of corporations. Most of those are State laws, but the corporations are permitted to engage in interstate and foreign commerce. Those corporations, representing combinations of wealth in corporate bodies, have superior economic power, and they are able, again, to collect profits far above the average of the American people to produce, of 5½ per cent.

That being true, these big fortunes which we have been talking about are largely built up through those favors which have been accorded to them by laws of the States and of the United States.

Mr. President, my proposition is this, that before any other tax can justly be levied all of those excess profits above justice

and fairness, which I believe in a stabilized business should not exceed 5½ per cent at the present time in the United States, ought to be taken by taxation before we begin to tax any lower earnings. That is not confiscation; that is simple justice to the common people of the United States, who produce all the wealth by their toil of hand or head.

I listened with much interest to the Senator's discussion of communism. There is no question of communism in this proposition. He had much to say about the troubles of Russia. But Russia, with all its troubles, is better off than it was under the Czar. It has more liberty now than it had under the dictatorship of one man. A change may come for the better in future times, and I have no objection, if they do get better. I hope they do, and I hope their dictatorship will be destroyed, because I do not believe in dictatorships, either of wealth or of labor.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Utah?

Mr. BROOKHART. I yield.

Mr. KING. Of course, I do not want to divert the Senator from his discussion of the economic and industrial questions to which he is devoting his attention, but I am sure he will pardon me if I make this observation with respect to his last statement: I think the condition in Russia now is infinitely worse than it was under the Czar. There are more than 60,000 political prisoners there now, most of them in Siberia or in the northern part of Russia, where they are subjected to inhuman treatment, and many of them never return, because the treatment which is accorded them brings them to premature graves. I think there has never been, since the days of Genghis Khan, as great a tyranny, as merciless and cruel a tyranny as that to which the Russian people have been subjected under the bolshevik régime. I should add, however, that now the sunlight is streaming a little into that dark prison house, there is some little freedom, and the stirrings of democracy are manifesting themselves amongst the people. I am sure the Senator will welcome the day when autocracy there will cease and the spirit of democracy and industrial liberty will be accorded to the people.

Mr. BROOKHART. I am in entire accord with the Senator on that proposition. But is the Senator in favor of the people of Russia going back to czarism?

Mr. KING. There is no more possibility of a return to the Romanoff dynasty, or any other dynasty, than there is of this Republic——

Mr. BROOKHART. All I said was that in comparison with czarism it was no worse. Perhaps it is many times better. As I said, I am opposed to a dictatorship of any kind or of any character. I believe the cooperative ownership, development, and distribution of property is the natural and the rightful way for all the peoples of the world.

The Senator from Alabama says, "What will you do with the surplus capital?" What have the cooperators of Great Britain done with the capital? They have more capital than anybody over there. There is no organization to compare with them. They are the biggest, the safest, the soundest, the most successful, the most enterprising, business organization in all of Great Britain, and there is not a millionaire amongst them, not one. They own 158 great producing enterprises. Their wholesale establishment is ten times bigger than any privately owned wholesale establishment in all the world. They have several other branches that are large. Their great cooperative banking system at Manchester had a two and a half billion dollar turnover in 1922, and it is far more now.

There is nothing in the theory that you should allow one man to go out and confiscate by excess profits—and I use the term "confiscate" because the Senator from Alabama used it—to allow one man to go out and confiscate by excess profits the earnings of a million other men. There is nothing in that theory.

Mr. KING. Mr. President, will the Senator yield again?

Mr. BROOKHART. I yield.

Mr. KING. I am sure the Senator from Alabama needs no defense at my hands, because he is more able to defend himself than I am, and what I say is not a defense of the Senator. But did not the Senator from Iowa really misinterpret the motif, if I may use that word, of the address of the Senator from Alabama? It was merely this, that under our form of government you might not take property from anybody, rich or poor, for social purposes; that you could tax only for governmental purposes; and that you could not prostitute the taxing power for the purpose of depriving rich or poor of their property. I think that is the meaning the Senator from Alabama intended to convey.

Mr. BROOKHART. The Senator from Alabama said he favored graduated taxes during the war, and that it was all right to levy what he would call confiscation rates in time of peace. But I want, to say in answer to that, that the war is not over, from its economic side until we pay for it, and there is exactly the same reason now for levying those high rates as there was during the war. High rates now will compel the war profiteers to pay a greater share of the cost of the war, and any system that will do that is a system of just taxation.

If the Senator will get my idea of this, it is conceded in part that these big fortunes are built up because of the special privileges which they enjoy under the law in one way and another. That is conceded at least as to the tariff law. That being true, I say that the first place to go for taxes is to those excess profits or incomes over and above a just return. I have laid down a definite theory as to what I think a just return is. If the power of this people can only produce 5½ per cent a year, with all their capital, and we give it all to capital, 5½ per cent would be the maximum for a stabilized business. A return over and above that, then, becomes an excess return, and until we have taxed those excess returns down to 5½ per cent it seems to me the principle of just taxation is violated when we leave a part of that excess in earnings and then tax those who earn 3 per cent, or 2 per cent, or 1 per cent.

Mr. KING. Mr. President, I agree with the thought of the Senator, if I understand, that there should not be an economic or a political policy permitting the concentration of substantially all of the wealth of the country in the hands of a few. I think that nothing is so calculated to promote socialism in this country as the adoption of a policy which, by unjust and discriminatory laws, transfers the earnings of the masses to large corporations or a limited number of individuals.

Mr. BROOKHART. If the Senator will pause there——

Mr. KING. Let me complete the sentence. If the great manufacturers and corporations of the United States persist in a policy of concentrating wealth in their hands, through high-tariff exactions and unjust revenue or other laws, then it will follow, as the night follows the day, that a socialistic sentiment will be developed in the United States.

Mr. BROOKHART. Would it be just to apply taxation to them to reduce their profits when acquired through those methods?

Mr. KING. I would not favor the Federal Government applying the principle of taxation for what some call social reforms. The States are not bound by the limitations of the National Government and may tax for purposes denied to the latter. I think that by the graduated income tax——

Mr. BROOKHART. That is what I mean.

Mr. KING. The Federal Government can require a just and fair contribution from all persons and can enforce the principle that ability to pay shall be considered in all income-tax legislation. I agree with the position taken by the Senator from Virginia [Mr. GLASS] this morning, and I think that is the wisest policy. We are treating a symptom now, or perhaps it has developed into a malady. The thing to do is to get at the root of it. The way to do it is to follow the principles of Jefferson and abolish all special privileges and discriminating laws so that equal and exact justice shall be done to all. If we return to the economic and political principles of Jefferson, and apply them in our political and economic life, these evils which are menacing us will be dissipated.

Mr. BROOKHART. I have no disagreement with the beautiful theory just announced by the Senator. The only trouble is that we find so many of the Democrats not working at it. But again I make the point that those privileges are here and are in the laws, and they are producing this result and producing these incomes. I say it is justice to tax those incomes first, to tax them at such a rate as will bring them, if necessary, to the level where a just return is found in the economic situation of our country.

The Senator from Alabama [Mr. UNDERWOOD] made the point that individualism would be destroyed by this sort of taxation. I want to make the return argument that individualism is destroyed by giving an unjust, an undue accumulation of wealth into the hands of any man. The man who can take the profits of the labor and toil of other men and accumulate it in his own power is taking away the individualism of the other men.

The labor soviet is dangerous—any soviet is dangerous—but it is not so dangerous as the capital soviet, because it is not so powerful. It would be forced to do more things for justice than were the other soviets made up of smaller numbers. It is just as easy to organize a soviet of capital in a country as a soviet of labor.

Mr. President, in conclusion may I say that I think our laws have discriminated against especially the great agricultural

population of the United States. I think our laws have practically prohibited them from organizing a cooperative banking system, for instance, which they could make the basis of a cooperative processing and marketing system for their products. I think it will be conceded that they are entitled to do all of these things in their own control upon a cooperative basis. I think the cooperative idea of wealth accumulation is sounder and safer and in the end better for capital itself than is the competitive system under which we exist. This system develops few great fortunes and destroys many little ones. A distinguished Senator in this Chamber told me that 92 per cent of the men who go into business in the United States ultimately fail. Another distinguished Senator said 96 per cent fail. Who is it that succeeds? Only 4 to 8 per cent, and they are the big ones who represent the harvest of these large income profits. They are the ones, in my judgment, upon whom we should levy the high graduation of income taxes.

Mr. LENROOT. Mr. President, I did not know the inquiry I propounded some three hours ago would elicit a discussion covering such a wide field. But the inquiry I then propounded I considered important, and I want to bring the Senate back to it, if I can, for just a moment.

If the majority of the Senators on the other side of the Chamber wish to take the position that, in their opinion, a 20 per cent maximum surtax is the highest that great wealth should be called upon to pay, then they are in accord with the majority of the Republicans upon this side of the aisle. I am one of the minority on this side of the Chamber, but it is not the first time I have been in the minority upon this general question.

If, as stated by the Senator from North Carolina [Mr. SIMMONS], they were compelled to take the position that 20 per cent was a proper maximum in order to secure a reduction of some $23,000,000 to taxpayers having incomes of $100,000 or less, then I frankly say they were justified in the course taken, provided that was the fact. My inquiry this morning was whether or not that was the fact, whether the majority members of the Finance Committee took any position that they would not decrease the rates upon incomes under $100,000 unless the minority members of the committee would agree that they would not seek to raise the maximum above 20 per cent. The Senator from Utah [Mr. SMOOT] said that no such proposition was involved. The Senator from Pennsylvania [Mr. REED] said that no such proposition was involved. The Senator from Utah said the Republican members of the Finance Committee were just as ready and just as willing to make reductions in the House rates on incomes of less than $100,000 as were the Democratic members.

If that be true, Mr. President, we are back to the proposition that the majority of the Democrats on the other side of the Chamber were opposed to any maximum surtax in excess of 20 per cent, because they did not believe that great wealth ought to pay more than a 20 per cent maximum rate.

Mr. SIMMONS. Mr. President, I have just come into the Chamber and have not heard all that the Senator from Wisconsin has said, but it seems the Senator has entirely misrepresented the facts about the situation as I understand it. The minority announced to the Senate through me on the 11th day of January its position with reference to the pending bill. Here is the statement which I presented to the Senate and which I asked, in addition to having it incorporated in the CONGRESSIONAL RECORD, should be printed as a Senate document. In the statement I said this for the minority:

> The reductions in taxes proposed by the minority members of the Finance Committee will amount to approximately $500,000,000 and are as follows:
>
> First. We propose reductions in income taxes of $44,000,000 in excess of those provided in the House bill.
>
> We accept the normal tax rates, the personal exemptions, and the surtax rates provided in the House bill upon incomes up to and including $22,000;
>
> But we do not accept the surtax rates in the House bill on incomes between $22,000 and $100,000, and propose with respect to these incomes to so adjust the brackets in the House bill as to provide for a reduction in the surtaxes of the incomes within these brackets of $44,000,000.
>
> If this readjustment—in the interest of equalizing reductions made on incomes in excess of $22,000—is accepted by the committee or the Senate, the minority will accept the maximum surtax rate of 20 per cent as prescribed in the House bill.

That was the position that we took in the committee. I stated the amendment that I would offer. It was an amendment to accomplish the objects set forth in this statement. The majority members of the committee did not accept that proposition. Some days after that, after they had voted not to accept those rates, the Senator from Pennsylvania [Mr. REED], representing the majority, came to me and made the proposition that they would accept them in a modified form. I accepted the majority's proposition after submitting it to my associates of the minority, and, having accepted that as a substitute for our proposition, the statement contained in the presentation I made for the committee as read a moment ago, of course, carried with it the agreement that we would support the maximum 20 per cent surtax rate. Senators on both sides of the committee understood that to be the situation. The minority proposition had been declined. We had gone on to something else when this compromise was suggested, this proposition coming from the majority. I accepted it, and in accepting it, of course, I agreed to the 20 per cent.

Those are the facts, and I suppose the Senator from Wisconsin does not want to put me in a false position about them.

Mr. LENROOT. Certainly not.

Mr. SIMMONS. I have been absolutely frank with the Senate and with the country.

Mr. LENROOT. I want to know whether the Senator from Pennsylvania made it a part of his proposition that the Democratic members of the committee should not favor any increase in surtaxes beyond 20 per cent?

Mr. SIMMONS. I had already made that a part of the proposition in the statement to the committee. I said to them, "If you will accept my reduction, then the minority will accept the maximum 20 per cent surtax rate."

Mr. LENROOT. But had the minority members ever raised any question about it?

Mr. SIMMONS. There was no question raised further than that.

Mr. LENROOT. So it could not have been a part of the consideration.

Mr. SIMMONS. Yes; it was upon that basis. That was the basis of the agreement. Of course, I did not use the word "consideration" a little while ago as meaning a part of the basis of the trade. I meant that in consideration of the agreement on the part of the majority that they would accept in part our proposition, we would carry out the compromise in the spirit and in the terms laid down by me in the Senate and laid down by me in the committee when we first discussed it. I stated to the committee, when they declined in the first instance to agree to our proposition, that in view of the situation I should be compelled to insist upon an increase in the maximum surtax rate; but if they agreed to our proposals I would not do so; and they did agree to our plan to an extent that was satisfactory and acceptable to the minority.

Mr. LENROOT. The Senator was absent, no doubt, when I said that if the Senator was correct in his understanding of the position of majority Members that he could not get the reduction in rates on incomes below $100,000 without surrendering as to the 20 per cent rate, he was justified in doing so. I frankly stated that.

Mr. SIMMONS. I had failed to get it.

Mr. LENROOT. But every Member of the majority denies that there was any question involving the 20 per cent rate, and they say now they were ready at all times to reduce the rates fixed in the House bill on incomes below $100,000.

Mr. SIMMONS. I have stated to the Senator that my original proposition to them, made on the floor of the Senate and made in the committee, was that I would accept the 20 per cent rate if they would agree to accept my reduction in the lower brackets.

Mr. GLASS. If the majority members did not oppose the intermediate bracket reductions, why did not they say so in response to the suggestion of the senior Democratic member of the committee?

Mr. LENROOT. I do not know, except they thought there was no division upon that subject.

Mr. SMOOT. We were content with that.

Mr. GLASS. Well, why did they not say so? When I make a proposition to you that if you will agree to a certain modification of rates which I desire I will accept a stated surtax rate that you favor, why should you not be frank enough to say, "I favor your rates anyhow?"

Mr. LENROOT. But they did not.

Mr. GLASS. I say they did not.

Mr. LENROOT. They wanted the 20 per cent.

Mr. GLASS. Should I say to you, "If you will agree to the reduction in the intermediate brackets, I will accept your 20 per cent in the higher brackets," I am offering you a consideration; and if you favor the intermediate reduction anyhow, why do you not say so?

Mr. LENROOT. That would be so provided. I was opposed to you as to the reduction in the lower brackets; but if I was in accord with you there could have been no consideration.

Mr. GLASS. Why did they not say they were in accord? They did not say they were in accord because the minority originated the proposition.

Mr. LENROOT. They originated the proposition that involved a reduction of $44,000,000; but the Senator from Utah has stated and other members of the Finance Committee have stated that they were in favor of reductions before the bill ever got here.

Mr. SMOOT. Mr. President, I should like now to proceed with the bill.

Mr. SIMMONS. I do not know anything about what they were in favor of before they made that arrangement, but I know they had acted upon it and had not made the reduction. After that action they came to me. They understood my proposition perfectly well. They understood that my position was that if they would reduce the taxes as I had provided in my amendment I would stand for the 20 per cent rate, and they understood if they did not do it that I would not stand for the 20 per cent. There was no misunderstanding between us. When the Senator from Pennsylvania [Mr REED] came to me with the proposition to accept my reduction in part, I understood and he understood that he was proposing to me that I accept that in the place of the other proposal and to vote for and to stand for the 20 per cent rate.

Mr. President, let me say that under this bill the taxpayers having an income below $100,000 get upon both their normal tax and their surtax a reduction of $124,000,000. That was what I was after. If I could get that, then I was willing, because I thought it was just to the taxpayers having an income above $100,000, to fix the rate of the maximum at the figure for which the majority were contending; and the Senators on both sides of the committee understood that that was my position. When they rejected my proposition in the first instance I told them that would force me to contend for 25 per cent, because I thought, with my proposition disregarded and the House rates in the intermediate brackets remaining in the bill, the surtax on incomes above $100,000 ought to be higher than 20 per cent. That was stated clearly to the committee. After that statement, knowing I had proposed that if they would accept my proposition the minority members of the Finance Committee would stand for 20 per cent, the Senator from Pennsylvania came to me with a proposition to accept it with a slight modification, both of us understanding that if I did accept it, and it complied with the condition which I had imposed in my original statement, that I was therefore committed, and so were they committed, to voting for a 20 per cent maximum surtax rate. There is absolutely no misunderstanding, I think, on the part of the minority members and myself with reference to it. If there is any, I want the chairman of the Committee on Finance now to point it out.

Mr. SMOOT. Mr. President, I could not say more than I have already said on the subject in answer to the Senator.

Mr. SIMMONS. I did not hear what the Senator said; I was out of the Chamber at the time he spoke.

Mr. SMOOT. Mr. President, I have a number of amendments——

Mr. SIMMONS. What I was referring to was that the Senator from Wisconsin [Mr. LENROOT] had just made a statement indicating that the Senator from Utah, as chairman of the Finance Committee, had said that my statement with reference to this matter was not correct.

Mr. SMOOT. Mr. President, I said that the majority members of the committee, just as the Senator from Pennsylvania [Mr. REED] has said, were in favor of a rate of 20 per cent; there is not any question about it at all, and there never has been. I also stated this morning that the majority members of the committee were considering a reduction of those brackets. I did not say then, but I will say now, that I consulted the Secretary of the Treasury with relation to it. The Senator from North Carolina, however, made his first proposition just as he has stated it; in fact, I have the figures here embracing his proposition, and I might just as well put them into the RECORD, so far as that is concerned, though there is no necessity for my doing so. There was no misunderstanding between the Senator from North Carolina and myself as to just what constituted that agreement.

Mr. SIMMONS. There was none whatever up to the time that the compromise agreement was entered into. I had heard no suggestion coming from the committee that they wanted to reduce the rates in the intermediate brackets. Perhaps they did want to do that, because they were so manifestly unjust that I supposed the common sense of the committee would have been in favor of some reduction, but not probably to the extent which I had suggested.

Mr. SMOOT. Mr. President, the question of the surtax went over and we did not vote upon it.

Mr. HARRISON. Mr. President, my impression about the matter was this, and I have cast my vote accordingly: There was a great difference of opinion as to what the rates should be. Naturally, the details of a proposition have got to be worked out, and, as stated last night, a tax bill is always a matter of compromise; but what we were fighting for most was the reduction of the rates on incomes between $26,000 and $100,000. Some three weeks ago the Senator from North Carolina and myself both made speeches here contending for that, and the minority members of the committee issued a statement stating what their position was with respect to that. We offered that proposition in the committee, but it was rejected by the majority members of the committee.

Mr. SMOOT. That is the first offer?

Mr. HARRISON. Yes; the first offer. Then the word came back to us that we would get no reduction unless we accepted this compromise, which was prepared, I think, by the Senator from Pennsylvania [Mr. REED], together with the Senator from Utah [Mr. SMOOT]. It did not give us what we wanted. The minority members of the committee, with the exception of the Senator from Utah [Mr. KING], had a meeting and considered the question. The proposition in our minds was whether or not this was the best that we could get for the smaller income taxpayers having incomes within the range I have stated. We were led to believe—I know I was—that if we did not accept the proposition offered by the majority we would get no further reduction in the brackets covering incomes between $26,000 and $100,000. It was on that theory, and that theory alone, that we accepted the proposition.

Mr. SIMMONS. And up to the time that this counter-proposition was made, had there been any suggestion coming from the majority?

Mr. HARRISON. There was never the slightest suggestion about any reduction between those brackets. That is the way I understood it, and I think the Senator from Pennsylvania understood it in the same way.

Mr. REED of Pennsylvania. Mr. President, if I may say a word, I made a statement about this matter this morning while the Senator from North Carolina was here, and I have made no other statement about it; but I wish to repeat just in outline my recollection of what happened.

When the bill was passed in the House all of us, Republicans and Democrats alike, felt that it was unfair to the taxpayers who come under the intermediate brackets. The first mention of a change in the surtaxes in the committee, so far as I recall, was made by the Democratic Members, and they asked that that subject go over when we reached it in the consideration of the bill. They presented both publicly and in the committee a statement of the rates they thought were practicable and fair.

Mr. SIMMONS. Yes; and the majority Members voted it down, and the newspapers the next morning were full of the fact that they had voted down our proposition. Is not that true?

Mr. REED of Pennsylvania. That is true.

Mr. SMOOT. That was the first proposition.

Mr. REED of Pennsylvania. The Democratic rates had a great deal to commend them. I personally would have liked immensely to see them adopted, but I felt—and I know my colleagues felt—that the revenue would not stand it. That was our reason. It was not that we wanted to tax those people at higher rates than the rates proposed by the Democratic Members, but we felt that the revenue would not stand it; and that is what led us to vote that down.

It always was evident that there was unfairness there as compared with the existing law, and that the House had paid no regard to those taxpayers. There was not any politics in it. The Democratic members of the committee were solicitous for those taxpayers, and so were we. They made the first suggestion in the committee, and whatever credit may be due for that they are entitled to it; but it was a common feeling. Then when we met we worked out a compromise that seemed to us the utmost the revenues could stand, and seemed to the Democratic members the utmost that it was practical to get; and for that I am quite ready to give them all the credit in the world. I do not see why we should delay the work on the bill by misunderstandings from outside the committee about what happened. It was a reasonable meeting of minds; everybody was acting for the best interests of the situation. We met and compromised our differences, as every committee does on every bill such as this. There is no reason for there being any doubt as to what happened.

Mr. SIMMONS. Mr. Presjdent, if the Senator had been in the Chamber when the Senator from Wisconsin [Mr. LENROOT] made his statement, he would have seen that he wanted to put

the minority in this position, that the majority were perfectly willing to make the reductions that we proposed and wanted to do it, and that in that situation we surrendered without getting anything at all, because the majority as well as the minority were for it.

Mr. REED of Pennsylvania. I am sorry to disagree with my colleague from Wisconsin, but I think he does not state it fairly.

Mr. SIMMONS. Of course, he does not.

Mr. REED of Pennsylvania. What actually happened was that we made the utmost concession to the Democratic position that we could make in view of the state of the revenues; that was all. We differed in opinion about how much cut the revenue could stand. The Democratic Members thought it could stand more than we thought it could stand. That was the plain fact of it. They did not surrender and we did not surrender.

Mr. SIMMONS. I want to get this in the RECORD, because it is necessary to answer the criticisms of the Senator from Wisconsin.

As a matter of fact, the committee did take action upon the amendment offered by the minority and refused to accept it. That having been done, I gave notice then that in view of that fact I should have to ask for a surtax of 25 per cent. Subsequently the Senator from Pennsylvania [Mr. REED] and myself talked about the matter, and the Senator from Pennsylvania made a proposition which I accepted; and in accepting that proposition I regarded that as taking the place of our proposition and binding me by the agreement that I had stated to the Senate we would stand by.

Mr. HARRISON. Mr. President, may I interrupt the Senator from North Carolina?

Mr. SIMMONS. Yes.

Mr. HARRISON. I think it is fair to the Senator from North Carolina to state, as one of the members of the minority, that from the first conference the minority members had to the last, the Senator from North Carolina stated that he would not accept the 20 per cent maximum surtax unless he got a larger reduction in the income taxes in the smaller brackets. The statement that he wrote himself, that was issued to the papers, carried that view and made that statement.

Mr. SIMMONS. And that is the statement I made when they turned down our amendment.

Mr. HARRISON. Absolutely.

Mr. SIMMONS. It was after that statement was made that this proposition of compromise was made to us. As the Senator from Pennsylvania has said, the members of the majority had all along contended that there was no sufficient surplus to justify the heavy cuts that we proposed, and that they rejected them for that reason; and when the majority made their proposition and we accepted it, as soon as the majority found out the exact extent of the reduction in dollars and cents made by that compromise, a hurried meeting of the committee was called and an additional tax imposed to make up what they considered would be the loss as the result of that and other action of the committee.

Mr. SMOOT. That is right.

Mr. President, I will state that I am now going to offer amendments which are proposed by the officials of the Treasury Department to clarify, in nearly all cases, the language that has been reported; and I will make a brief statement on each one of the amendments, so that the Senate will know just what they are.

Mr. COUZENS. Mr. President, may we have the amendment read from the desk? We did not hear over here what the Senator was saying.

Mr. SMOOT. I have not offered the amendment yet. This is the same statement that I made before.

Mr. REED of Pennsylvania. Mr. President, these amendments have all been approved by the committee, have they not?

Mr. SMOOT. All that I am about to suggest have been approved by the committee.

Mr. NORRIS. Does that include the whole committee? They are part of the coalition, are they?

Mr. HARRISON. Mr. President, the Senator from Nebraska continues to refer to a "coalition." There is no coalition in regard to these particular amendments. There is no necessity for any coalition in regard to these amendments. They are administrative features which appealed to the committee, and which would appeal even to the distinguished Senator from Nebraska. They would appeal to anyone who wanted to be influenced by reason. There is no coalition, and no necessity for any coalition, on these.

Mr. NORRIS. That being true, that explanation makes it perfectly satisfactory.

Mr. HARRISON. The Senator can retire, then, with utter complacence.

Mr. SMOOT. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 41, line 3, before the word "if," it is proposed to strike out "and," so as to read:

(2) Of a sale or other disposition of real property, if in either case the initial payments—

And so forth.

Mr. SMOOT. I do not know why the word "and" was put in there. It should not be in there.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On the same page, line 9, after the word "indebtedness," it is proposed to insert "of the purchaser," so as to read:

As used in this subdivision the term "initial payments" means the payments received in cash or property other than evidences of indebtedness of the purchaser during the taxable year in which the sale or other disposition is made.

Mr. SMOOT. Mr. President, I will make a brief statement as to what that is.

This amendment provides that in computing the additional payment for the purpose of determining whether a deferred-payment contract is within or without the installment class there shall be included all evidences of indebtedness except those of the purchaser himself. For instance, Liberty bonds or notes of a third person are to be regarded as the equivalent of cash in determining the amount of the initial payment. In other words, this is to clear up the question of whether an installment plan of 25 per cent could be 10 per cent in cash and 20 per cent in Liberty bonds and then fall under the 25 per cent limitation. It simply includes Liberty bonds or notes of a third person which may be paid upon the installment plan.

Mr. KING. It includes them as cash?

Mr. SMOOT. Yes; it includes them as cash.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, will the Senator yield for a moment? I was out of the Chamber when this matter was first taken up. Did the Senator incorporate in the amendment the word "corporation" as well as "person"?

Mr. SMOOT. That comes at the end of the bill. I have the amendment here now and shall offer it before I conclude.

Mr. McKELLAR. But that will be done?

Mr. SMOOT. That will be done.

On page 43, I send to the desk an amendment to the committee amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 43, line 2, it is proposed to strike out all after the comma through the period in line 4, and to insert in lieu thereof the following:

but if such amounts (when added to amounts received during and before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year), then the excess shall be included in gross income.

Mr. SMOOT. Mr. President, the explanation of this is this: This amendment is to make it clear that the exemption from gross income of amounts received under endowment and annuity contracts is only up to the point where the aggregate amounts received in the taxable year and before equal the aggregate amount of the premiums under the contract.

For example, if the total premium for an annuity contract is $50,000 and the annual installments to the beneficiary are $8,000, then for the first six years the installments would be exempt from tax; in the seventh year only $2,000 would be exempt; and thereafter the whole $8,000 would be taxable each year.

Mr. SMITH. Mr. President, what is the wording of the amendment?

Mr. SMOOT. On page 43, line 2, strike out all after the comma through the period in line 4 and insert in lieu thereof the following:

but if such amounts (when added to amounts received during and before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year), then the excess shall be included in gross income.

Mr. COUZENS. Mr. President, will the Senator explain how that works out?

Mr. REED of Pennsylvania. It works out in this way: What we want to do is to tax, as income, all excess which the policy holder receives over the amount of premiums that he pays. On an endowment policy the intention was, in drafting the original amendment, to charge him just with that excess, because that is true income, and it does not represent the return of his premiums; but, as the amendment was first worded, he would have been taxed only if the amount of the installment received in any one year exceeded all the premiums for previous years. The Senator is familiar with these endowment policies that are payable in installments. What we want to do is to make it plain that you are to take all the amounts received by the policy holder up to date on his endowment and contrast them with all the premiums paid; and if in that year there is any excess received by him, that is income.

Mr. SMOOT. Or, in other words, as I stated, if the whole amount were $50,000, and he had $8,000 income each year, he could take the full $8,000 for six years, amounting to $48,000, and in the seventh year all he could take would be $2,000. In other words, he then would have gotten back all of his premiums.

Mr. SIMMONS. Is not this about the fact with reference to that matter: Under the practice of the department and under its interpretation and construction of the present law, if an endowment policy is taken out payable to the man who pays the premiums, they allow him deductions for the full amount that he has paid in premiums, and only treat as taxable the excess when the policy matures?

Mr. SMOOT. That is right.

Mr. SIMMONS. But if that policy is made payable to a man's wife or a man's children, under the construction and interpretation of the Treasury Department, when the policy matures he would be required to pay upon the full amount of the policy without any deduction on account of premiums.

Mr. SMOOT. Yes.

Mr. SIMMONS. Making a very glaring injustice and discrimination.

Mr. SMOOT. The Senator is right in that statement.

Mr. President, has the amendment been agreed to?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMITH. Mr. President, may I ask the Senator in charge of the bill what has been done in reference to the mutual insurance companies?

Mr. SMOOT. We have not reached that yet. They are in another paragraph.

Mr. SMITH. When we get there, I want to call attention to certain communications I have in reference to that matter.

Mr. SMOOT. These are amendments that the department wanted made in order to clear up various matters.

Mr. SMITH. These are amendments, now, that the committee has offered in addition to what are in the bill?

Mr. SMOOT. Yes; in addition to amendments that have already been agreed to.

Mr. FLETCHER. Has this amendment, as amended, been agreed to?

Mr. SMOOT. If not, I should like to have that done before I proceed.

Mr. REED of Pennsylvania. May I call the Senator's attention to the fact that the amendment in section 212 has not yet been agreed to as amended?

Mr. KING. What page is that?

Mr. SMOOT. Page 41.

Mr. KING. I thought that was agreed to.

Mr. REED of Pennsylvania. No; the amendments to the committee amendment were agreed to, but no formal action was taken agreeing to the amendment as amended.

Mr. SMOOT. I asked that question, and I thought the reply was that it had been done. Then I ask that the amendments as amended may be agreed to.

The VICE PRESIDENT. Without objection, the amendment on page 41 will be agreed to as amended, and the amendments on pages 42 and 43 will be agreed to as amended.

Mr. SMOOT. Now, Mr. President, I send to the desk another amendment, which I ask to have stated.

Mr. KING. Mr. President, before we pass from the amendment we have just agreed upon, I should like to ask the Senator from Pennsylvania how a question of this kind would be dealt with, and if the Government may not be put at a great disadvantage in failing to collect upon real estate, or, for that matter, upon any property transactions. For instance, A sells a piece of property for $500,000, receiving, say, $25,000 in cash as a partial payment, and a block of real estate of variable value, a value in regard to which many people would differ; but in the transaction it is ascribed a value of $100,000. Is the Senator sure that will be treated as a payment?

Mr. REED of Pennsylvania. I am perfectly certain of that.

Mr. KING. And that the Government will collect this tax upon it, as if it were a cash transaction to that extent?

Mr. REED of Pennsylvania. The taxpayer is compelled to account for the profit on his sale, and in computing that profit the fair value of all property that he receives in exchange is included.

Mr. KING. Suppose the next year the contention should be made by the vendor that there had been a depreciation in this property, which he had estimated as being worth $100,000, and he sought to deduct that alleged depreciation from the tax which should be paid upon any payment made the second year?

Mr. REED of Pennsylvania. The critical moment is the instant when he receives it, and its value as of that time determines his taxable profit.

Mr. KING. That ought to be the rule, but I am not sure that, with the language of this provision in the law, there may not be a loophole through which the vendor might escape taxation on the ground of depreciation of the property which he had received in partial payment.

Mr. REED of Pennsylvania. I should not think so.

Mr. KING. I will not pause now further on the matter, but I ask that Mr. Walker, the expert of the Treasury Department, examine into it very carefully, to see that no danger may result.

Mr. SMOOT. There is no doubt about it.

The VICE PRESIDENT. The Secretary will state the amendment presented by the Senator from Utah to the amendment of the committee.

The READING CLERK. On page 84, line 16, after the word "companies" and before the comma, where it first occurs in the line, insert in parenthesis "including interinsurers and reciprocal underwriters."

Mr. SMOOT. Let the next amendment to the committee amendment be stated. They are both on the same subject matter, and we might as well act on them together.

The VICE PRESIDENT. The Secretary will state the next amendment to the amendment.

The READING CLERK. On page 84, line 22, after the word "associations," insert in parenthesis the words "including interinsurers and reciprocal underwriters."

Mr. SMOOT. This is an amendment proposed by the senior Senator from Missouri [Mr. REED], and I think the committee have received dozens of letters from different sections of the country in relation to the matter.

Mr. SMITH. I would like to call the Senator's attention to the fact that it seems as if the Senate committee has already provided the relief asked for by my constituents, in that I notice it included farmers' or other mutual fire-insurance companies. It seems that that was not allowed by the House committee, but was put in by the Senate committee, including the word "fire."

Mr. SMOOT. These amendments come in before that.

Mr. SMITH. Very well.

Mr. SMOOT. In the United States there are numerous organizations composed of individuals, partnerships, and corporations designated as subscribers operating as an interindemnity or reciprocal insurance organization on a premium deposit plan through an attorney in fact for the purpose of insuring against loss by fire and other casualty. The attorney in fact is authorized to bind the parties thereto under the name designating the particular group of subscribers. No premiums are charged for policies, but each subscriber makes certain deposits with the attorney in fact for the purpose of securing his undertaking to indemnify the other subscribers. There is usually an advisory committee of a specified number of persons who have custody of the funds deposited by the subscriber. The Treasury Department now holds that such interinsurers and reciprocal underwriters are exempt from tax under the provisions of subdivision (10) of section 231 of the revenue act of 1924, if the income tax of interinsurers and reciprocal underwriters from investments is not in excess of 15 per cent of the total income of the organization. These committee amendments to subdivisions (10) and (11) of section 231 merely confirm the existing ruling of the Treasury Department by specifying interinsurers and reciprocal underwriters among the mutual companies already specified in the exempted subdivision. It is an addition to the section.

Mr. SMITH. That does not interfere with the amendment proposed by the Senate committee?

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment on page 84, line 16.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment to the amendment in line 22.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. COUZENS. As I understand it, only the amendment proposed by the Senator has been agreed to, not the committee amendment.

Mr. SMOOT. There is another amendment I desire to offer.

Mr. COPELAND. Mr. President, will the Senator yield for a question?

Mr. SMOOT. I yield.

Mr. COPELAND. I noticed the Senator passed page 44 without making any amendment to the provision relating to municipally employed persons.

Mr. SMOOT. That will come up later. The committee has not offered an amendment to that provision, but just as soon as we get through with the committee amendments an amendment to that will be in order.

Mr. SMITH. Mr. President, I see that section (11) provides for "farmers' or other mutual hail, cyclone, or casualty insurance companies." Why was the fire insurance stricken out there?

Mr. SMOOT. The reason for that is that we put it back just as it is in existing law. In other words, the fire-insurance companies are exempt under existing law up to 85 per cent of their business, and we put them back just exactly where they were. We do not take out the cyclone and casualty insurance companies and make no limit there whatever.

Mr. SMITH. Under paragraph (10) it is provided that "benevolent life-insurance associations of a purely local character, farmers' or other mutual fire-insurance companies"—that is, associations of a purely local character. The distinguishing feature seems to be that in paragraph (11) they are not of that character.

Mr. SMOOT. The very next amendment I shall offer has been approved by the representatives of the mutual fire-insurance companies.

Mr. SMITH. The Senator proposes to offer it now?

Mr. SMOOT. I propose to offer it just as soon as we agree to the amendment I am about to send to the desk.

Mr. COUZENS. Has the committee amendment on line 15 as amended been agreed to?

Mr. SMOOT. No; there is another amendment.

The VICE PRESIDENT. The Secretary will state the next amendment.

The CHIEF CLERK. On page 84, line 19, after the word "income" insert in parenthesis the words "exclusive of payments received from reinsurers on account of losses or by reinsurers on account of premiums."

Mr. SMOOT. That is to take care of the very thing the Senator from South Carolina has spoken of. It is satisfactory to the mutual fire insurance companies.

The amendment was agreed to.

Mr. SMITH. Paragraph (11) reads:

> Farmers' or other mutual hail, cyclone, or casualty insurance companies or associations the income of which is used or held for the purpose of paying losses or expenses.

Mr. SMOOT. That is all the income they have.

Mr. SMITH. I am still at a loss to know why "fire" should be stricken out of that and retained in paragraph (10). Why not reinstate the word "fire" in paragraph (11)? In other words, they could write all the fire insurance business in the United States they wanted to, and there would be no limit whatever. There is a limitation in the first two lines, "farmers' or other mutual."

Mr. SMOOT. "Other mutual hail, cyclone, and casualty insurance companies." That is quite a different thing from fire insurance. If we put the fire insurance companies down in paragraph (11), the fire insurance companies can go out and do the same kind of a business that regular fire insurance companies are doing, and never pay a cent of tax; they will not be confined at all to their membership. We do not confine them entirely to business among members, but we give them a leeway of 15 per cent. In other words, they can do 85 per cent of their business with their members, and they do not pay a cent on the 15 per cent business that they do outside of their membership, but if they do more than 15 per cent business outside of the members of the association then, of course, they are to be taxed.

Mr. SMITH. Let me get this clear in my mind, because I have not had an opportunity to study it as I should, and perhaps will before this bill is finally acted upon. In paragraph 10 we provide for the mutual insurance companies. They are restricted to 85 per cent of their business among their membership and 15 per cent outside.

Mr. SMOOT. Fifteen per cent of their actual gains or receipts, which is about the same thing.

Mr. SMITH. That amounts to the same thing. I am stating the principle. If their income outside does not exceed 15 per cent, then they are not taxable under this bill?

Mr. SMOOT. They do not pay a cent of tax.

Mr. SMITH. If it exceeds that, then they are taxed as other companies are taxed?

Mr. SMOOT. Just the same as other fire insurance companies.

Mr. SMITH. But in the eleventh paragraph, the provision to to take care of losses, the regular fire insurance companies are covered.

Mr. SMOOT. No. In paragraph (11) they are exempted from taxation altogether because of this: Take the cyclone and the casualty companies, for instance——

Mr. SMITH. I am speaking of fire companies.

Mr. SMOOT. Oh, as to the fire companies, certainly.

Mr. SMITH. So, under paragraph (11), if allowed to do business, any fire insurance company would be exempt from taxation.

Mr. SMOOT. It ought to be, because they do the same identical business.

Mr. SMITH. I will look into that and reserve the right to call it up again in the Senate if I find it necessary.

Mr. SMOOT. Certainly.

Mr. COUZENS. Why is section (11) added, when it does not appear to have been in the old act?

Mr. SMOOT. It is not in the old act.

Mr. COUZENS. Why add it?

Mr. SMOOT. The reason is this, that the mutual hail, cyclone, and casualty insurance companies generally write insurance wholly among their membership. They do not go outside very much. In the past all have been treated alike, but the House decided that they would take that restriction off them. I think they also said that they had some trouble in reinsuring.

Mr. COUZENS. This whole section (11) ought to come out or else the word "fire" ought to be left in, because I do not see any difference between the mutual fire insurance companies organized by farmers and the mutual hail and other insurance companies.

Mr. REED of Pennsylvania. Mr. President, I think I can explain where the difference comes in. In the fire and life companies that are mentioned in section (10)——

Mr. COUZENS. Of the old act?

Mr. REED of Pennsylvania. Of the proposed act the losses are fairly regular, and contributions are made each year from the members to pay those losses. With the hail and cyclone and casualty mutuals the losses are much more erratic. They will have a season entirely free from damage by cyclone, and in that season there will be no collections or assessments. Obviously it is not necessary to have them. Those associations still carry a little bank balance and get interest on it. The next year will come a calamity, and they will have to make their assessments. If we put them in the 85 per cent class, they would have to pay taxes in those years when there was no casualty or no calamity, but they would be clearly exempt in the other years. That is one of the reasons for the differentiation.

Mr. SMOOT. They would have to pay taxes on the amount of interest in those years when there was no casualty whatever.

Mr. COUZENS. But as originally written it included "fire"; and in view of the fact that the premiums are only held and the earnings only held for the purpose of paying losses and expenses, I see no reason now for cutting out the word "fire."

Mr. REED of Pennsylvania. But does not the Senator see that if we left them in section 10 the fire insurance companies would be paying taxes nearly all the time, because they do get some income from their investments. We provide in section 10, in substance, that they are still to be regarded as mutuals, in spite of the fact that they may get as much as 15 per cent of their income from their investments. Does not the Senator see that it is really to their benefit?

Mr. COUZENS. I understand it is to their benefit to put hail, cyclone, and others in section 11, but I still do not see the reason for discriminating between fire and the others when they do not distribute anything and the earnings are held for

the purpose only of paying losses and expenses and there is no division of profits.

Mr. REED of Pennsylvania. It is done for the very good reason that we do not want to have companies masquerading as mutuals that really are not mutuals.

Mr. COUZENS. Is not that determinable when examination is made of their books by the Treasury Department?

Mr. REED of Pennsylvania. We are simply giving the Treasury Department a standard or measuring stick by which they can determine it.

Mr. SMOOT. The fire insurance companies will not be treated as mutuals if their income is more than 15 per cent on their investments.

Mr. REED of Pennsylvania. We are not discriminating against them. We are leaving the law as to them just as it was. What we are doing is to take care of the cyclone and hail and casualty insurance companies, who did put up a good case for being treated differently.

Mr. COUZENS. I do not yet understand the reason for the discrimination.

Mr. SMOOT. In other words, it reads just as it did in section 10, with the exception that they put the mutual hail, cyclone, and casualty insurance companies in section 10 of the existing law. They have been taken out of section 10 and put in section 11 of the pending bill.

Mr. SMITH. On page 170 is stated the language of the present law?

Mr. SMOOT. Yes.

Mr. SMITH. That seems to be practically the same language as in section 10 as it is amended.

Mr. SMOOT. That is what I said. It is exactly the same as the present law.

Mr. REED of Pennsylvania. It may help the Senator if I add this point. A great many of the mutuals have complained of a regulation of the Treasury Department to the effect that amounts received from reinsurance, if they reinsure a risk and get paid for it, are income and have to be counted in calculating the 85 per cent ratio. We all realize the unfairness of that, and it is in order to rescind that Treasury regulation, in effect, that we have provided in the committee amendment that such payments should not be counted in calculating the 85 per cent.

Mr. SMITH. That is, reinsurance payments?

Mr. REED of Pennsylvania. Yes. That is one of the things about which insurance companies must have written to the Senator. We have all heard about it.

Mr. KING. However, it is obvious any sum received from reinsurance, no matter how great the amount, can not be distributed as dividends. It has to be held for the purpose of protecting stockholders in future.

Mr. REED of Pennsylvania. Worse than that. It is not received from the reinsurer until the loss occurs, so it merely passes through in transit, so to speak.

Mr. SMOOT. Has the amendment been agreed to?

The VICE PRESIDENT. The amendment has been agreed to.

Mr. SMOOT. I now send to the desk another amendment and ask for its consideration.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 85, strike out lines 11 to 24, inclusive, and on page 86 strike out lines 1 to 16, inclusive, being the proposed committee amendment, and insert in lieu thereof the following:

(12) Farmers, fruit growers, or like associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses. Exemption shall not be denied any such association because it has capital stock if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 per cent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any such association because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose. Such an association may market the products of nonmembers in an amount not to exceed the products marketed for members, and may purchase supplies and equipment for nonmembers in an amount not to exceed the supplies and equipment purchased for members, provided the purchases made for persons who are neither members nor producers do not exceed 15 per cent of all its purchases.

Mr. KING. Mr. President, I would like to inquire whether the proposed amendment contemplates that the limitation upon the sales of other people shall be 15 per cent of the aggregate sales of the organization, because if not, then these corporations might become vendors for everybody. They would not be cooperative associations, limiting their activities to the members of the organization, but they could engage in sales for the entire community or the entire State, if the 15 per cent is not a limitation upon sales as well as upon purchases.

Mr. SMOOT. May I make a brief statement as to the changes? I wish to say to the Senate that the representatives of all the farmers' marketing associations from all over the country were in Washington, and while the committee amendment as reported to the Senate was originally agreed to by two or three of them, there were others who objected and said it did not go far enough. In a conference including the representatives of all who had been in Washington, representing those interested in this subject matter, the pending amendment was agreed to. The Committee on Finance instructed me to report it to the Senate in lieu of the committee amendment to be found on page 85 of the bill as printed. I will make just a brief statement with reference to the amendment.

It strikes out the provision in respect to the dividends to be paid on par-value stock by limiting the payments of dividends to 8 per cent of the value of the consideration for which the stock was issued, whether or not such stock has a par value. As a result dividends at the rate of 8 per cent can not be paid on the par value of stock if the stock was issued for a consideration less than par.

It permits associations to obtain needed capital by issuing nonvoting preferred stock, restricting the rate of the holders of such stock to fixed dividends, and in this respect does not broaden existing regulations of the department. Under the bill as reported, the commissioner was to determine the extent of marketing and purchasing operations for nonmembers, but the amendment fixes it so that the marketing purchasers for nonmember producers is permitted in the same amount as for members, a provision similar to the 50-50 basis of dealing in the Capper-Volstead Act. The 15 per cent limitation on purchasing from nonmembers, nonproducers, contained in the bill as reported, is retained.

Mr. SMITH. There is no limitation on the amount that the organization can sell for nonmembers, is there; that is, the articles that nonmembers may sell in the market through the organization?

Mr. SMOOT. Does the Senator mean the sale of products that they have for sale?

Mr. SMITH. Yes.

Mr. SMOOT. None whatever.

Mr. SMITH. There is a limit of 15 per cent on the amount of business they may do for nonmembers?

Mr. SMOOT. That is true.

Mr. SMITH. But is there any limit on the amount of produce that the organizations are organized to sell? Is there any limit on the amount that they may handle for nonmembers?

Mr. SMOOT. There is a limit of 15 per cent on purchasing for nonmember nonproducers.

Mr. SMITH. Suppose nonmembers desire to market their produce through such an organization?

Mr. SMOOT. That is a different thing. That is the selling end. If we allow them to have an uulimited amount, they could go into business anywhere with nonmembers in competition with any other business. We allow them under this provision a limitation of 15 per cent for nonmember nonproducers.

Mr. BROOKHART. There should be no limitation on the selling.

Mr. SMOOT. There is no limitation.

Mr. BROOKHART. The junior Senator from Utah suggested that there should be a limit in that direction also.

Mr. SMOOT. Oh, no.

Mr. BROOKHART. There is a limit of 15 per cent either way, which is really too low.

Mr. SMOOT. The conferences that the Senator speaks for have agreed to the amendment.

Mr. BROOKHART. I understand they have so agreed, and I am not objecting to it; but I think the cooperatives ought to have as free a chance for business as any other business organization. I am not disputing the agreement at all. I am discussing the merits of the proposition.

Mr. REED of Pennsylvania. They are not hedged with limitations. They are being exempted from all taxation.

Mr. BROOKHART. I understand that, and there is a very good reason for it. They are limited arbitrarily in the earnings on their capital.

Mr. REED of Pennsylvania. That is all very well, but I am wondering what the country storekeeper will say when he sees how this will work out. A cooperative association can buy supplies of all kinds for its members, and we will say it buys $1,000,000 worth. We will say it buys $500,000 for nonmembers who are producers. Then in addition we have created a third class of customers for them, who are nonmembers and nonproducers, and they can buy up to 15 per cent of the aggregate of the other items for those people. If they once get started they are going to run out of business every country storekeeper, because their business is run tax free. It is a mail-order house at the point of delivery; that is what it is.

Mr. EDGE. Was this privilege ever before granted in a previous tax bill?

Mr. REED of Pennsylvania. This is a new one.

Mr. EDGE. Is it absolutely new?

Mr. SMOOT. It is not altogether new.

Mr. WATSON. No; it is not absolutely new.

Mr. SMOOT. As the bill passed the House it contained this provision:

(12) Farmers', fruit growers', or like associations, organized and operated as sales agents for the purpose of marketing the products of members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce furnished by them; or organized and operated as purchasing agents for the purpose of purchasing supplies and equipment for the use of members and turning over such supplies and equipment to such members at actual cost, plus necessary expenses.

Mr. BROOKHART. Mr. President, if the Senator will permit me, I should like to answer the suggestion of the Senator from Pennsylvania.

Mr. REED of Pennsylvania. Let me first answer the question the Senator from New Jersey asked me as to whether this was a new idea. In the law of 1924 we did exempt cooperatives that bought or sold to their members; they were exempted from all taxation; and I think it is fair that they should be, because the individual members pay the tax themselves and there is a mere partnership in the selling and buying. But under this bill we are going out into a new field. We are making capitalists out of these cooperatives. They are buying and selling to people who are not members. That is a totally new thing. They want to do that tax free.

Mr. BROOKHART. I think, perhaps, we are having too many questions before us at once; but in reference to the country store, there is not any danger of them having to pay any tax under this bill, for their income will not reach the point where it will be taxable. So far as making capitalists out of the cooperatives is concerned, that comes from the fact that they are allowed to associate together in large numbers, but they are not capitalists, because their capital earnings arbitrarily are limited, 8 per cent being the maximum under this bill that such capital can earn. I would be willing to say, if the principle were applied generally, that it might be lower than that, but the profiteering outfit does not stop at 8 per cent or 10 per cent or 100 per cent, for that matter; they take all they can get.

Mr. REED of Pennsylvania. If a cooperative takes all it can get from its nonmembers, that merely means that it buys and sells for its members so much cheaper. They do not need to pay any dividends.

Mr. BROOKHART. But it is also cheaper for the nonmembers. They also get the benefit when they are dealing with them, and that is the reason the cooperative does not earn excess profits, and that is the reason why it should be exempt from taxation.

Mr. REED of Pennsylvania. Mr. President, I want to be understood. I am ardently in favor of the Senator's idea of cooperative efforts by people in the farming regions of this country; I think that is fine, and I hope to see the idea grow; but I want everybody to understand that in this matter we are branching out and are using those cooperatives as ordinary capitalist stores that are trying to make money from people who have no interest in them.

Mr. BROOKHART. Mr. President——

Mr. KING. If the Senator from Iowa will allow me, I should like to supplement the statement made by the Senator from Pennsylvania by saying that the amendment authorizes the organizations to issue preferred stock, and that preferred stock will be acquired by capitalists, banks, and corporations, and by these loans they will become or can become large concerns and destroy all possible competition. The Senator has said that he does not believe that they should come under the ordinary rules of taxation, because their earnings are limited to 8 per cent, and yet at the same time and in the same breath the Senator states that the country store will not be benefited, because their earnings are not to exceed the amount now allowed, and therefore they will pay no tax.

I want the Senator to understand the effect of this provision of the bill. If I interpret it aright, it means that every business that has been developed in the country and in the cities and in the towns; that is, the smaller cities in the agricultural districts—and I see no good reason why it should not apply in the cities—must necessarily fail when in competition with organizations that may go out and borrow any amount of capital they desire, as these cooperatives may, and be exempt from any taxes. If the Senator had a store in some Iowa city, which he had built up by industry, by thrift, and by good management, which was buying and selling the products of the farm such as corn and wheat, and had built up such a reputation that it was doing one or two million dollars worth of business a year, he would not survive a year if organizations were given all of the advantages which are provided in this amendment. Of course, the Senator sees nothing wrong in commissioning cooperative organizations, not only to act for those who belong to the association, but to engage in all sorts of business, if the business shall relate to the products of the farmers, whether they buy or whether they sell.

Mr. BROOKHART. Mr. President, I was not speaking for the class of cooperatives which issue preferred nonvoting stock, because in a true cooperative every member has one vote, regardless of the amount of his stock; one share gives him as many votes as would many shares. Personally I am neither indorsing nor condemning that part of the bill. The Senator from Utah probably knows why it is put in; I do not. It is the pure cooperative for which I am speaking. We do not understand this cooperative business in the United States sufficiently even to know what we are talking about. It has never been definitely and fully defined in the laws of Congress. I would be glad to see a cooperative code enacted here some of these days which would define cooperatives, including cooperative credit associations and cooperative enterprises of every kind, organized into a cooperative system as complete as is the competitive system itself. The farmers of the United States and the laboring people of the United States are entitled to have a system of laws which will permit of such organizations. Now we have to compete with the competitive system; yet when we want to do 15 per cent of business outside with it, then they say we are profiteers. So long as there is a competitive system we shall have to do some business with it, but we ought not to be held to a strict line in dealing with members only.

Mr. SMITH. Mr. President, I merely desire to state that I have not had an opportunity to study the provisions of this paragraph, but taking the statement of the Senator from Pennsylvania [Mr. REED] I am gratified to know that the committee is lending all the aid it may, and, perhaps, according to the statement of the Senator from Pennsylvania, is going a little further than might meet the approval of some in encouraging the farmers of this country and offering a premium to them, as it were, to enter cooperative associations.

We all know that the logic of modern events is toward the concentration of power. That situation is brought about by the very conditions under which organized society is now constructed. Unless we can find a way by which the agricultural industries of the country may coordinate their interests and combine them in order to meet the coordinated and combined interests of those with whom they have got to deal a serious problem will continue to confront the country.

If the amendment is, as has been indicated by the Senator from Pennsylvania, a liberal inducement to the farmers of the country to get capital and to induce them to enter into organizations for their own benefit, I congratulate the committee. I shall study the paragraph and see to what extent the aid which the Senator from Pennsylvania said is there. I am now informed by the Senator from Utah [Mr. SMOOT] that it goes to the maximum. I shall investigate the paragraph in order to ascertain its effect.

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Without objection, the amendment as amended is agreed to.

Mr. KING. Mr. President, before the question is passed I wish to say a word.

The VICE PRESIDENT. The Senator from Utah.

Mr. KING. Do I understand that the senior Senator from Utah is asking for a vote upon the amendment now?

Mr. SMOOT. Yes.

Mr. KING. Mr. President, I wish to ask the Senator from South Carolina [Mr. SMITH], in view of his statement, so that we may see just what the question is before us, if he approves of a measure which permits a number of persons to form an organization; then to borrow millions of dollars worth of capital; then to market their own products and buy the articles which they need; then, at the same time, with the large capital which they have borrowed, become purchasers of all sorts of products of the State or of surrounding States, and become vendors of those products not only to their own members but to the public generally?

Mr. SMOOT. It is limited to 15 per cent.

Mr. KING. Because, if I may supplement the question, it seems to me quite apparent that if organizations—and they have the power that I have indicated and may do that, then no organization, no business institution, no matter what its prestige or its standing, can compete with them. If the Senator from South Carolina, to use the same illustration I suggested to the Senator from Iowa [Mr. BROOKHART] has in his State built up a business, has bought and sold farm products, cotton and wheat and corn and other products from the farmers, has bought from them and has sold to them, and does several million dollars worth of business a year and pays his taxes to the Government, he can not compete with an organization such as we now propose to legalize, if I understand this bill, which may go out into the same field where he is operating, go to those from whom he has bought and those to whom he has sold, and buy from them and sell to them, taking away the opportunity of the Senator from South Carolina to buy or sell, because he can not compete with them, for he would have to pay to the Government 13½ per cent upon his income and they would pay nothing. Obviously that 13½ per cent margin is so great as to enable this so-called cooperative—but it is not a cooperative—to defeat the Senator from South Carolina in the competitive field of business and to drive him to the wall.

If it would result in that way with respect to the Senator from South Carolina, of course, the same consequences would follow in all parts of the Union where cooperative organizations were formed.

Now let me say this: I am in favor of these cooperatives; there is a very broad field for them, and I should like to see the farmers organize to sell their products; but when we authorize them to become commercial organizations and to borrow money from the banks and issue stock and then say to them that they can buy from whom they please and sell to whom they please, not limiting themselves either in buying or in selling to members of their own organizations, and exempt them from taxation, we may introduce into our commercial and industrial life elements, factors, and organizations which may seriously affect worthy and useful business activities.

Mr. SMITH. Mr. President, I shall take only a minute or two to reply to what the Senator has said.

No matter how we may theorize, it is a very sad fact that there are no really prosperous farmers throughout America to-day. I guarantee the assertion that there is not a farmer who does nothing else but farm, and has no side issue, no collateral business or other business, who to-day has made any money; I mean the man who cultivates his farm and depends upon that for an income. That question came up in my State, and we made an investigation. Several men were pointed out as being very progressive and prosperous farmers, and we found that they had other businesses from which they drew a certain amount and put it into the farm; and the farm alone could not have existed without that which was drawn from the other business.

All of us recognize that something has to be done in order to bring about a changed condition in the farms of this country. There stood in front of the first school I ever attended an old pump that illustrates this condition. The pipe ran down into an inexhaustible supply of water. The pump was all right, the pipe was all right, but the lifting valve was loose, and you could pump your arm off and not get a drop of water; but if you would take about a gallon of water and prime it while you pumped until you started the suction, you could have watered the whole county.

The agricultural business needs priming. This country has to do something to bring about a condition by which agriculture can meet competitive conditions in the market on the basis of organized business; and even if it costs us a few country stores, even if it costs us a few middlemen, even if it costs us all the middlemen, if we can encourage the farmers of this country to get together on a business basis and learn how to market their stuff and distribute it over the period of distribution, we will have accomplished that which perhaps may save this Government.

Mr. SMOOT. Mr. President, I think this amendment is the one thing that can do it, if anything can.

Mr. SMITH. I will study it; I think perhaps it is what the Senator says; but we will have to pay the price, somewhere and somehow, of getting our farmers to a point where they can compete.

Mr. SMOOT. That is what we are doing.

Mr. SMITH. Mr. President, speaking about the possibility that this might interfere with an established business, I think it would be cheaply bought if we could get the farmers on their feet by eliminating all the middlemen.

Just this further observation, and then I shall not occupy the floor any longer at this time:

We have an idea that the farmer turns over his capital in 12 months. Former President Wilson, in speaking to me about conditions that existed and attempts to aid the farmer, stated that he appreciated that the farmer turned over his capital only once in a year, and therefore it would take a large percentage on the investment to make up for the rapid turnover of artificial producers—manufacturers. The fact is, Mr. President, that the farmer does not turn over his capital in a year. It takes two years for the real turnover to occur. In the case of the staple products of this country it takes 12 months to produce them, and then the succeeding 12 months to consume them; and the only system that we may have to meet the condition of agriculture is a credit system or a marketing system that will take care of the production year as well as the subsequent year for distribution. Anything less than two years in the way of credit for agriculture absolutely fails to meet the situation.

As I understand this amendment, it is the first real attempt on the part of the committee, as far as it may, through immunity from tax, to encourage the farmers to come into a cooperative organization, and I congratulate the committee on its effort.

THE COAL SITUATION

Mr. COPELAND. Mr. President, the Senator from South Carolina [Mr. SMITH] has brought the discussion to so humane a plane that I venture to send forward and ask to have read at the desk a telegram that has just been handed to me.

The VICE PRESIDENT. In the absence of objection, the telegram will be read.

The Chief Clerk read as follows:

MIDDLETOWN, N. Y., *February 4, 1926.*

Hon. ROYAL S. COPELAND,

United States Senate, Washington, D. C.:

As chief executive of a city of over 20,000 people, with more than 500 railroad men out of work because of coal strike, no hard coal, and everyone paying $21 for coke and $9.50 for soft coal, I urge adoption by Senate and House of your bill that President call operators and miners to White House for conference. Presidential prestige sadly impaired by failure to grasp fact that right of people to warmth and comfort transcends any question of wage, especially when cost of substitutes already exceeds any possible adjustment of anthracite to new cost basis. Men out of work are moneyless to buy coal at any price, and local railroad men have been workless since September. New York without mines in bounds has no other recourse than the Federal Government. Two feet of snow fell overnight and the possible appalling plight of many people if supply of wood is thereby also cut off should make even a Coolidge stop, look, and listen.

A. B. MACARDELL, *Mayor.*

Mr. COPELAND. Mr. President, that telegram from the mayor of Middletown calls attention to the fact that a blizzard is raging in New York to-day. The streets of New York City are practically impassable by reason of the storm. In consequence, thousands of persons in that city are suffering, and perhaps some will die. I have no expectation that the Republicans are going to take any action whatever on this subject, but it is my purpose to let the country know exactly what the situation is.

I notice this morning that the New York Herald-Tribune, which is the mouthpiece of the Republican Party in this country, has an article on the coal strike. I send this article to the desk, Mr. President, and ask to have it read. This Republican doctrine ought to be well received by the Senate to-day, I think.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Chief Clerk read as follows:

[From the New York Herald-Tribune of Thursday, February 4, 1926]

COAL STRIKE PINCHES CITY HARD AS PRICES SOAR AND STOCKS EBB—ONLY LIMITED ANTHRACITE SUPPLY FOR HOSPITAL AND CHARITABLE USE—COKE SHORTAGE REPORTED BY DEALERS—BITUMINOUS, $16–$19—BROOKLYN SUFFERING

That New York is feeling acutely the pinch of the anthracite strike was made plain yesterday in a survey conducted among men close to Brooklyn and Manhattan coal dealers, and among consumers who complain that they are unable to purchase fuel from their regular dealers.

Mr. COPELAND. In that connection, Mr. President, let me say that yesterday, when I was speaking to the Senate, one of my colleagues from the House of Representatives was on the floor. He represents the district of New York City east of the Bowery. He told me that on Sunday he saw a line of 3,000 persons striving to get coal, and only about five or six hundred of them could get any, and the other 2,500 went away without any coal.

When I discuss this matter I see smiles on the faces of some Republicans, but I want to tell you that it is not a thing to smile about or laugh about. It is too serious a matter, having to do with the lives of people. With the storm which is upon New York and New England now, serious results are sure to come. It is my purpose, regardless of what may be before the Senate, to make clear what this failure of action on the part of the administration means to the suffering poor.

Now I ask the Secretary to go on with the reading:

The Chief Clerk read as follows:

The survey shows that the city has only a small stock of anthracite, which can not be bought by the ordinary consumer. This coal is being doled out to hospitals and to city charitable agencies and could be disposed of at a general sale "inside of a half hour," according to a dealer. The survey also shows that although there are 25,000 tons or more of coke in the city, this fuel can not be readily bought.

Where coke is being sold, it brings from $22 to $24 a ton, $6 to $8 in excess of what the former State coal commissioner, General Berry, termed in November a "fair price" for good anthracite. The charge, however, is minor in comparison to that now prevailing for so-called "anthracite" from England, a losing competitor with Pennsylvania hard coal in normal times. This fuel brings $29, $30, and even $32 a ton, although it sold for $22 early in December. Westphalian coal, billed also as "anthracite," is said to be worth in the market to-day "any price the dealer asks."

Mr. COPELAND. Mr. President, to be in harmony with the usual Republican policy of protecting all "infant industries," I suppose that somebody on the other side of the aisle will get up pretty soon to propose a higher tariff on coal, so as to shut out from the other side the coal that is coming in. But even that coal now is being sold, as this article indicates, at about $30 per ton.

Now I shall be glad if the clerk will please proceed.

The Chief Clerk read as follows:

SOFT COAL ALSO SOARING

The increased value of soft coal within the last month carries that commodity higher in the prepared grades than anthracite brought during the first month of the strike. In the run-of-mine fuel, esteemed in days past for industrial use because of its cheapness at $2 to $3 a ton, soft coal now brings from $9 to $12 a ton, much more than pea and buckwheat once brought.

Prepared high volatile bituminous can be bought for from $16 to $19. Prepared low volatile scales from $14 to $16. West Virginia semibituminous coal, said to be "near" anthracite in its advantages, brings $18 and $19 steadily. There is no evidence that these prices will decline.

The mystery of the fuel situation in New York to-day is the alleged scarcity of coke, despite the fact that coke is being constantly shipped into the city. One Brooklyn coal dealer was reported to be supplying his customers at a price of $13.75 a ton delivered. A search failed to reveal the customers.

COKE HELD ON SIDINGS

The larger companies report they have no coke on hand, though some will take orders for a week to a fortnight in advance. The prices range between $22 and $24 a ton. Considerable coal and coke is now held on sidings in Port Reading and Perth Amboy, and increased congestion at these two points may bring about a coal embargo to untangle shipments.

This would produce a scarcity and boost already soaring prices, observers say.

Brooklyn is admittedly the worst beset of the boroughs in the matter of coal. Hundreds of letters and telephone calls have been received by the Brooklyn Chamber of Commerce complaining of coal "pirates" and asking redress. The Brooklyn Coal Exchange has received similar requests.

WELSH COAL COSTS $36

Prices in Brooklyn are not only higher but in many cases delivery has to be made by the consumer himself. One case among many reported the purchase of a ton of Welsh coal at $32, an additional sum of $3 paid for delivery, plus a tip of $1 to the driver. In its dizziest days anthracite did not cost $36 a ton.

I would like Senators to know what the Republican mouthpiece says about health conditions.

The Chief Clerk read as follows:

It was reported at the Brooklyn Bureau of Charities, 69 Schermerhorn Street, that the anthracite shortage had struck heavily in the poor districts, bringing a signal increase in illness and suffering and a decline in health average.

Mr. COPELAND. Mr. President, I am now going to ask the clerk to read a short paragraph on the same page, in the middle column, headed "Coal-mine stocks break under heavy liquidation." I want this read because these great contributors to the heavy Republican campaign funds are finding out that their stocks are declining. This fact may perhaps stimulate the Republican administration to some activity, even though the matter of health and life of the people might not do so.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection to the clerk reading this article.

Mr. REED of Pennsylvania. I object.

Mr. COPELAND. Mr. President, I find on this page what I now read:

Coal-mine stocks break under heavy liquidation.

Anthracite-carrying roads also hit by failure of conferees to end the strike deadlock.

I am not surprised that the junior Senator from Pennsylvania does not care to have this put in the RECORD, but I propose to read it so that he will hear it anyhow.

COAL-MINE STOCKS BREAK UNDER HEAVY LIQUIDATION—ANTHRACITE-CARRYING ROADS ALSO HIT BY FAILURE OF CONFEREES TO END THE STRIKE DEADLOCK

Failure of miners and operators to reach an agreement for the resumption of anthracite mining was followed yesterday by heavy liquidation of the stocks of hard-coal mining companies and anthracite-carrying railroads, said the Associated Press.

On the New York Curb Glen Alden Coal broke 7 points to 149½ on the first sale of 1,000 shares. Lehigh Valley Coal certificates opened 4⅛ lower at 39⅛. On the stock exchange Delaware & Hudson dropped 3⅝ points, Philadelphia & Reading Coal & Iron 2, and Delaware, Lackawanna & Western 1.

Of course, I know this is unpleasant news to the Senator from Pennsylvania, and, of course, he does not like to have it read into the RECORD.

I want to say that out of courtesy to the Senator from Pennsylvania I did not purpose reading this telegram which I hold in my hand, but I think now that I might do so. However, on the whole, I believe it would not be quite courteous to him.

Mr. REED of Pennsylvania. I beg the Senator to read it. I do not like to see him break his rule. If he did, this would be the first time he has shown any courtesy.

Mr. COPELAND. Since the Senator feels that way about it, I will surprise him and show courtesy on this occasion, at least. I will try to heap coals of fire on his head by keeping out of the RECORD this matter which might be considered discourteous by his friends, if not by the Senator.

Senators, why should there be any disagreement in this Chamber as to the plain duty of the Congress. I should think every Senator here, learning that there is suffering and ill health and the possibility of death because of the situation would, regardless of his political affiliations, vote at once to take some forward movement in this matter.

I want Senators to know that as soon as the rules permit I purpose urging the Senate to pass the resolution which I presented yesterday, which, under the rule, had to go over. As it filters into the minds of Senators now inclined, perhaps, to place property interests above human rights, I am hoping there may be a sentiment in this Chamber in favor of taking action which will be for the health and the lives and the safety of the people of this country.

Mr. SMOOT obtained the floor.

Mr. REED of Pennsylvania. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. SMOOT. I yield.

Mr. REED of Pennsylvania. I believe that something ought to be said in reply to what the Senator from New York has just given us. As for the shortage of fuel, I would like to say that yesterday I bought enough coal to fill my cellar of smoke-

less Pennsylvania coal, screened after arrival in Washington, egg size, for $11.44 a gross ton. That is about $3 cheaper per ton than the price I had to pay for anthracite before the strike. The heating value of the coal which I bought is just as great as that of the anthracite, which is not now available.

If the Senator from New York—and I say this in all friendliness—would just prepare for us some measure of legislation which would tend to help in this strike situation, Heaven knows we would be glad to cooperate with him in passing it. But all that he has given us so far are resolutions asking the President to do something or resolutions asking the President to send for people to come to the White House. We get a great deal of comment from the Senator, but nothing constructive. He gives us no suggestions for action that will lead to anything. It reminds me a little bit of an old fellow who was described in a verse that I used to hear in boyhood days. The verse went this way:

By day and by night he
Advised the Almighty
With advice that he thought of great worth.
His wife took in sewing
To keep things going,
While he superintended the earth.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I yield.

Mr. COPELAND. I want to call the attention of the Senate to a paragraph in the message of the President headed "Coal." The President in this message said:

The perennial conflict in the coal industry is still going on, to the great detriment of the wage earners, the owners, and especially to the public. With deposits of coal in this country capable of supplying its needs for hundreds of years, inability to manage and control this great resource for the benefit of all concerned is very close to a national economic failure. It has been the subject of repeated investigation and reiterated recommendation. Yet the industry seems never to have accepted modern methods of adjusting differences between employers and employees. The industry could serve the public much better and become subject to a much more effective method of control if regional consolidations and more freedom in the formation of marketing associations, under the supervision of the Department of Commerce, were permitted.

At the present time the National Government has little or no authority to deal with this vital necessity of the life of the country. It has permitted itself to remain so powerless that its only attitude must be humble supplication. Authority should be lodged with the President and the Departments of Commerce and Labor, giving them power to deal with an emergency. They should be able to appoint temporary boards with authority to call for witnesses and documents, conciliate differences, encourage arbitration, and in case of threatened scarcity exercise control over distribution.

Mind you, Mr. President, I am not using the words of my resolution. I am using the words of the President of the United States in his message last December. Continuing the quotation from the President's message:

Making the facts public under these circumstances through a statement from an authoritative source would be of great public benefit. The report of the last coal commission should be brought forward, reconsidered, and acted upon.

The important thing said by the President is that authority should be lodged with the President and the Departments of Commerce and Labor, giving them power to deal with an emergency.

I have here the bill presented by Mr. ODDIE, the chairman of the Committee on Mines and Mining. He says this is not an administration bill, but I assume it represents the desire of the President in this particular matter. I find on page 21 of this bill this language:

(a) In the event a national shortage of coal shall occur before the Secretary of Commerce shall have made a recommendation in the premises, or before such recommendation as he shall have made be enacted into law, there exists, in the opinion of the Secretary of Commerce, a situation sufficiently serious to require that emergency measures be taken to control the distribution of coal, said Secretary shall so inform the President, and recommend the action to be taken. In the event it shall be the judgment of the President that a national shortage of fuel exists, he shall have authority to declare as operative and in full effect the provisions of the act approved September 22, 1922, entitled "An act to declare a national emergency to exist in the production, transportation, and distribution of coal and other fuel, granting additional powers to the Interstate Commerce Commission, providing for the appointment of a Federal fuel distributor, providing for the declaration of car-service priorities during the present emergency, and to prevent the sale of fuel at unjust and unreasonably high prices": *Provided, however,* That said act approved September 22, 1922, is hereby amended to require that the Interstate Commerce Commission shall immediately comply with such recommendations as the Federal fuel distributor may make, not in conflict with existing law, which, in his opinion, will relieve, or tend to relieve, any shortage of anthracite or bituminous coal during the existence of the said emergency.

Mr. President, the short-tempered Senator has, in the recommendation of the President, and in the bill which was prepared evidently to meet that recommendation, and in the resolution which I presented a few days ago, which is upon the table, and which uses this identical language, a definite means of dealing with this emergency and of placing upon the statute books a law which will permit the President in this or any other emergency to deal with the situation.

Of course, I am aware that many States have bituminous coal mines and that the great State of Pennsylvania has the great coke ovens, and that these coal mines and these coke ovens are sending out products for which they can get any price they care to ask. It does not mean anything for the junior Senator from Pennsylvania to say that he was able to fill his cellar in this city with coal. That does not prove anything. It may mean a lot to him, but it does not mean anything to me. I know from my own observation of conditions in the cities of this country that there are hundreds of thousands of families who can not buy coal and put it in their cellars and be comfortable, as can the Senator from Pennsylvania.

Mr. REED of Pennsylvania. Does the Senator propose to do anything about it?

Mr. COPELAND. Mr. President, the Senator does not propose to do anything about it, because he is helpless; but if the Senator from Pennsylvania, with his power with the Republican Party and the administration, proposed to do something about it, there would be something done. If he dislikes to have a Democrat make a proposal having to do with a humane thing, I am one Democrat who is willing to retire in his favor. I beg the Senator from Pennsylvania, if he has left in his heart any of the milk of human kindness—and I assume he has—to take charge of this matter and to bring about a situation which will make it possible for the mothers and the children in the cities of the country, in my city and in all the cities, to be comfortable and have something of the warmth which warms and heats the cockles of the heart of the Senator from Pennsylvania.

Mr. HEFLIN. Mr. President, I am very much interested in what the Senator from New York has said and am interested in his efforts to have the coal strike settled so that the people in his section and other sections of the country may have coal at reasonable prices to keep them warm. The Senator has watched the coal situation and studied it very closely. He has seen fail all of the efforts that have been made to settle the strike. He has now suggested a method that has not been tried; that is, to ask the President to call the coal people up to the White House and try to get them to settle the strike. Is that the Senator's position?

Mr. COPELAND. That is my position.

Mr. HEFLIN. I think it is a very reasonable position.

Mr. COPELAND. Mr. President, it is too bad that encouragement comes only from this side of the aisle. Here is a Senator coming from the balmy State of Alabama, where they are not suffering, while other Senators, especially those from the eastern and northeastern sections of the country, where anthracite coal is essential and where in many sections it is impossible to burn the substitutes, seem to display little or no interest.

Ah, Mr. President, I hope that some spirit may move the hearts of these men so that we may have relief. Senators heard the telegram from the mayor of Middletown, a beautiful city where hundreds of persons are out of work, because that happens to be a railroad center and the men who were formerly working upon the railroads engaged in the transportation of anthracite are now out of work, and where the people themselves are unable to get coal. It is a situation that ought to appeal to every heart in the Senate; I know it is a matter of conversation and discussion, and I have no doubt of prayer, in the homes of the people of the country.

Mr. HARRISON. Mr. President, I can not permit the speech of the Senator from New York [Mr. COPELAND] to pass by without at least congratulating him on his efforts here in behalf of his people. He is correct in saying that the junior Senator from Pennsylvania [Mr. REED] might be able to buy coal to put into his cellar, but it is not an appropriate illustration when comparing that incident to the ability and circumstances of poorer and less favored people of the North. People in my

State are not particularly interested in the anthracite strike, except that they of course dislike to see such differences arise in any great industry that can not be adjusted, and they naturally sympathize with the people in the North who are handicapped thereby. We have a warm, balmy climate in the South, especially in my State, where those who are living in the cold and frigid regions of the North and who are blessed with this world's goods, and who can leave their business, go to stay during the winter months and enjoy themselves. But there are many in the North who have to work in the offices and in the railroad shops and upon the railroad trains and on the farms and out in the cold at various places where they encounter cold weather and where in many instances they are almost freezing.

The Senator from Pennsylvania inquired What can we do? Presidents have acted in similar situations, and the strange thing about this particular instance is that those who stand by the President in all of his efforts seem to think that suddenly his arm has grown weak and that he has not the ability or the courage to meet the present emergency. I think he has both. I think more of his President than does the Republican Senator from Pennsylvania, apparently. It is true that I may be led into that opinion by what I have read of the President and by what has been said about him in the past. I remember, in the national campaign of 1920, I heard from eloquent lips and I read in many newspapers that this man had ingratiated himself in the public mind and had won glory because he had taken the "bit in his teeth" and had settled a great policemen's strike in the city of Boston. He did not wait then for any authority to be given to him. He was apparently moved by the exigencies of the hour to handle the situation, and did handle it, it is said by his friends, with great ability and superb success.

The Senator from New York [Mr. COPELAND] has cited two instances, I believe, if I heard him correctly, where impending coal strikes have been settled by Republican Presidents—one by Theodore Roosevelt and one by the late lamented Warren G. Harding. They were not given power by any legislative enactment to bring the parties to a conference and to adjust their differences. They settled the strikes and were helpful in the matter. I might cite that incident in history when President Wilson called to the White House the railroad heads and the representatives of the labor organizations that an impending strike on the railroads might be averted, from which conference eventually the strike was averted. But here is the coal strike that affects the anthracite fields, in which there is a monopoly, and which affects people generally and which has been pending for months. May I ask the Senator from New York how long the anthracite strike has been pending?

Mr. COPELAND. For six months.

Mr. HARRISON. Six months of coal strike with winter here and no efforts have been made to settle it, except that the President seemed to think that the Governor of Pennsylvania, Mr. Pinchot, could handle the situation better than he, and so he delegated the governor to try to settle the question. It seems to me it mattters not how much influence the Governor of Pennsylvania may wield and what exceptional ability he may have, that he can not possibly have the influence and the effect upon the operators and the miners that the President of the United States could have.

All that the Senator from New York asks is a mere expression on the part of the Senate that the President be requested to call the heads of the opposing groups to Washington and use his good offices in trying to get the matter settled. He may fail, it is true, but the President is requested to do no more than he has done on innumerable occasions in the past. Recently, when we had the World Court controversy here and he desired the resolution agreed to, so that America could enter the World Court, he did not hesitate for a moment. He did not wait for some legislative authority to invite Senators to his breakfasts or to invite them upon the *Mayflower* to glide smoothly and serenely down the Potomac that he might whisper into their ears the benefits coming to America when we shall have entered the World Court. So he won over to his viewpoint Senators on the other side of the aisle and we agreed to America's entry into the World Court.

Only yesterday I read in the paper that he had expressed a desire for some action on the part of the Committee on Agriculture and Forestry respecting Muscle Shoals, and while it was tardy, indeed, and much deferred, he sent for the members of that committee, not only the Republicans, but the Democrats, and had them at a flapjack breakfast, I think, and they had a good time.

Mr. SMITH. No; there was no breakfast.

Mr. HARRISON. The Senator from South Carolina said there was no breakfast, and when he said it he did not look very pleasant, because I have understood that those flapjack breakfasts are pretty good and that there is everything there but much talk. [Laughter.]

So the members of the committee went up there and had a good time and apparently got some good results. Instance after instance might be cited where the President has had such conferences and results have followed.

With the situation that is pending in the great State of New York and in the coal regions of the North it would seem to me that this mighty man to-day, who holds in his hands the destiny of a country and the warmth of a people, could at least invite the operators and the miners to the White House and plead with them to settle the proposition, although at this late time it may not help much. It is a pity that the effort has not been made long before now. At any rate, it is worth while to try, and the Senate could very well afford to express its opinion and its wish that the President should at least call a conference.

But, may I say to the Senator from New York, in warning to him, that in taking the part he has in behalf of his people and the people throughout the frigid regions of the northern part of our country generally, he will bring down upon his head the condemnation of the President. Does he not realize that only day before yesterday it was just such a thing as this that the President may have had in mind when he, in that subtle way of his, behind closed doors, closeted with the correspondents of the press, said to them:

> Warn the country against political speeches and speeches of a political tinge in the Congress and elsewhere.

The President has taken time by the forelock and warned the country that when a Senator pleads in behalf of his people and cites this dangerous situation that is impending he is but playing politics.

Mr. President, there appeared in this morning's New York World an editorial that had the right ring. I want to have it read, not that it will have any effect here perhaps, but I hope that the Chief Clerk will read it so that it may be heard at the other end of Pennsylvania Avenue. I ask unanimous consent to have the editorial read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk read as follows:

[From the New York World, Thursday, February 4, 1926]

THE NEW DISPENSATION

Hiding behind the fiction of the "official spokesman," speaking indirectly, refusing to let his words be quoted, Mr. Coolidge yesterday asked the country to discount all criticism of the administration as partisan propaganda inspired by ulterior motives. This is a bad sign. It looks very much as if adulation has gone to Mr. Coolidge's head and that the incessant kowtowing of the eastern Republican press has about convinced him that he and his Cabinet and his policies and his administration are above criticism. Mr. Coolidge actually begins to act as if he had really begun to believe all the bunk of all his press agents.

They are an insistent lot, it must be admitted, and a President would need a good deal of humor and a steady perspective on events not to be taken in by the daily cry of his partisans. But Mr. Coolidge was supposed to be a shrewd Yankee and rather immune to flattery when laid on as it has been for the last year with a steam shovel. Yet Mr. Coolidge has weakened under it to such a degree that we find him gravely announcing that criticism of his administration can only be inspired by ulterior motives. On what meat has this our Mr. Coolidge fed? Apparently on the editorial tributes of the Herald-Tribune.

This indirect announcement marks a new development in White House policy. Back in 1924 when Mr. Coolidge was running for office and was beset by the proofs of corruption under his predecessor, Mr. Coolidge made no reply, because there was no reply he could make. Silence was a very successful method on that occasion, and Mr. Coolidge thereafter adopted it as a standardized formula for meeting criticism. His papers followed suit. They refused to debate any question. They found that when the country is politically quiet you can escape criticism best by ignoring it. They have followed this course shrewdly and successfully for about two years. You may say it was not a very noble course; that it was not exactly the course that men with a fine sense of honor would pursue, but at least you must admit that it was appropriate enough to an administration which is materialistic and a go-getter. It worked.

However, nothing works perfectly in this world, and in a country as large as this one differences of opinion are bound to develop. It may be regrettable that we can not all accept Mr. Coolidge's administration as perfect and beyond criticism. Even Mr. Coolidge can make mistakes. Even Mr. Mellon might be wrong. Even Mr. Wilbur might not be a great Secretary of the Navy. Even Mr. Hoover might put his foot in it. Even Mr. Sargent might show himself to be rather more ignorant than one expects. It ought to be admitted in theory at least that Mr. Coolidge is fallible, and that to point out where he is fallible is neither lese majesty nor high treason.

So we beg of Mr. Coolidge, we plead with him earnestly and prayerfully to allow the poor worms who disagree with him to live. They are miserable creatures, of course, mere Democrats and western Republicans, and Independents, and other lost souls, and they ought to be thankful that the Republican Party thinks of them every night and makes money for them. They are ungrateful wretches, but oh, please, Mr. President, in this hour of your triumph be merciful and let them live. Consider that on the law of chances alone it seems improbable that all the virtue and all the knowledge and all the wisdom and all the public spirit is confined to yourself and your party.

After all, it used to be believed in this country that vigilance is the price of liberty and criticism a security for good government. It used to be believed that an opposition was necessary in the affairs of a republic. It used to be believed that public debate was a means of shaping policy. It used to be believed that to request information about the affairs of state was the prerogative of a citizen. It used to be believed that when officials had opinions to express they would do so on their own name and on their own responsibility. It used to be believed that to question the motives of an opponent before you have dealt with his argument was to debase the quality of public life.

Mr. Coolidge must, therefore, forgive us if we have not quite learned to live meekly under the new dispensation where no criticism is answered and no criticism permitted and where only bootlicking is desired.

Mr. NORRIS. Mr. President, I dislike very much to take up the time of the Senate when this important bill is before us to discuss even for a moment some other subject that is not directly related to that legislation, but I have listened from time to time to the debate that has taken place; I have tried to inform myself as well as I could of the conditions of at least a portion of our country in regard to the coal situation, and it seems to me that I can not longer withhold saying just a few words, even though it does result in delaying for that length of time the consideration of the pending measure.

There are some things, Mr. President, that even though technically wrong will come about through the very necessity of the case. When men are hungry you can not appease their appetites or satisfy their wrath by saying, "There is not any legal way for you to get food, although it is stacked up here as high as the sky." When men and women are dying from thirst you can not say to them, "We will put a little fence along this stream of pure, cold water, and it will be illegal for you to trespass on the other side in order to get a drink." When children and men and women are suffering from cold you can not always say, "There is not any remedy for you; you must freeze to death, even though coal is in abundance, even though there are enough mines, if they were operated, to produce more coal than could possibly be used in all the country." Reason does not always go that far; and, Mr. President, it is human nature that there will come a time when human suffering will not endure and will not longer stand for legal technicalities. I have often thought that perhaps that time is approaching. We have been on the verge of it in many other years, because it has come to be almost an annual affair that when we get into the midst of winter there is a coal strike.

Those who study even briefly the coal situation will agree that if all the mines now opened in the United States were operated the people could not possibly consume the product of those mines. There is more coal than the people can possibly use, and yet hundreds of thousands of our people are suffering from cold and other millions are paying fabulous prices and even jeopardizing their lives because of the scanty supply they are able to get. That is the condition; no one disputes it.

Mr. REED of Pennsylvania. I dispute it, Mr. President.

Mr. NORRIS. Very well; I will accept the Senator's statement. According to the Senator, then, I judge that everybody has all the coal he wants, regardless of the cost of it; that nobody is paying too much for coal, regardless of what the cost may be; and, Mr. President, without finding fault with the dealer, without finding fault with the transportation system, without finding fault with the wholesalers or the jobbers—I am not laying the blame on anybody; I do not profess to be able to solve the question and get the solution absolutely right; but, notwithstanding the statement of the Senator from Pennsylvania, I think it may be truthfully said that thousands of our people are suffering and shivering because they can not get fuel, and that others are paying prices that are sky high and absolutely unreasonable.

I am not blaming the President of the United States. I think if we could lay any blame in a national way it would be upon the Congress. I think, for instance, in the anthracite situation, that Governor Pinchot, of Pennsylvania, has done everything he can; but, not having a legislature behind him, it is impossible, perhaps, to pass the necessary laws in order to solve the problem. Here, however, we are as a Nation year after year confronted with this same condition in some degree, yet we do not settle the difficulty.

There is one way to settle it. We have tried every other way on earth, but it has not worked. If we would nationalize our coal mines, or nationalize enough of them to meet this kind of an emergency, it would be settled. Nobody wants to do that because it would put the Government into business, and that would be a sin so great that we had better let our people shiver and die of cold and let others pay unreasonable prices than to have the Government take a hand in business.

I do not know who is to blame—the operators or the coal miners—but the fact remains that when one is shivering from cold and can not get fuel, or if one sees his children die for lack of fuel, it is quite immaterial and but little satisfaction if he knows, as he stands around the open grave, that the fault was the miners', or the fault was the operators', or the fault was the Government's.

It seems to me, whether we like it or not, that in order to settle this question we are going to be driven to the proposition that the Government take possession at least of some of the coal mines and operate them in emergencies of this kind. I know that we can not do that to-morrow; I know that we can not do that, perhaps, to relieve present conditions. I am not saying that the President has any authority to act—I do not believe he has—there is not any law that gives him authority; and yet I should like to see him try it. I should like to see him do everything he can; and for that reason, if I ever get the opportunity, I am going to support and am going to vote for the resolution of the Senator from New York [Mr. COPELAND]. It will not have any legal effect; but a drowning man will grasp at a straw, and it may do some good.

If the President of the United States called the operators and miners together and said, "Here is a message that I am going to send to Congress; and if I send this message to Congress, I am going to back it up with all the power of my administration, and this message says, 'Let us provide by law for the nationalization of at least a portion of the coal mines of the United States so that we can protect our people from death and from suffering in emergencies of this kind,'" I think it would have a tremendous and immediate effect.

Coal is a necessity of life. It is as necessary in this latitude as is bread; it is as necessary as is water; it is as necessary as is clothing; and, it seems to me, we do not do our duty unless we take every step that we can to remedy this situation.

I do not want to take possession of the coal mines; I would dislike to do that; I would prefer that a solution should be reached in some other way; but we have been trying to remedy the condition for years; we have tried to get these men together when the strikes occur, and we have failed. I think that if the President of the United States said to these men when he got them before him, "Here is my message, and unless you go to work, unless these mines are put in operation at once, I am going to do the best that I can to see that the Government of the United States takes possession of some of this property and operates it to save the lives of our people," I think he would be justified in doing it. I do not mean that we should confiscate the mines. We would have to pay for them at their fair value, and I would rather not do it in that way; but is there any other way? Shall we stand on a technicality and say, "A man does not have to operate his mine; a miner does not have to work"? That is all true; but if, regardless of the cause, there is not any other way to get coal into the homes of the people the Government ought to do it, and it seems to me that it would be a laudable thing for the Government to do.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

Mr. NORRIS. I will yield in just a moment. I realize there is not any authority now for the President to take such action, but I believe that, if the President would face these men with the proposition that his great influence was going to be used in that direction, the strike would end in 24 hours.

Mr. President, we all know what the power of the President is. The Senator from Mississippi [Mr. HARRISON] has given an illustration, by what happened in the Committee on Agriculture and Forestry just yesterday, of what a wonderful influence the President can exert by simply intimating what he wants. I do not think the President told members of the committee how they had to vote or what they had to do, but they understood when they got through with the conversation what he wanted, and, like obedient followers, they went back and immediately did it.

Mr. REED of Pennsylvania. Will the Senator now yield to a question?

Mr. NORRIS. Now I yield.

Mr. REED of Pennsylvania. If the Government should take over the coal mines, it would have to operate them with miners, of course?

Mr. NORRIS. Yes, sir.

Mr. REED of Pennsylvania. Would the Senator pay the miners whatever wages they wanted, or how would he arrange it?

Mr. NORRIS. Mr. President, if I were doing it, I would take possession of the mines, and I would meet the next question when I got to it. I presume I would have to pay whatever would be necessary to get men to work in the mines.

Mr. REED of Pennsylvania. Yes; Mr. President——

Mr. NORRIS. I would get somebody to work the mines if I could, and if I could not do it in any other way—well, I do not think there would be any doubt but what I could get them.

Mr. REED of Pennsylvania. I think it is reasonable to go to that next question, because it would be sure to arise the day after the Government took the mines over.

Mr. NORRIS. I concede that.

Mr. REED of Pennsylvania. All of the miners in the anthracite region belong to the United Mine Workers. Would the Senator pay them the wages that they ask or would he try to compel them to work, or would he bring in strike breakers? How would he operate the mines?

Mr. NORRIS. I would not try to compel them to work. As to whether I would pay what they asked and agree to their regulations, it would depend upon what they asked and what the regulations were. I do not know now. If they were anywhere within reason, I would pay the wages asked.

Mr. REED of Pennsylvania. Suppose the men thought they were within reason and the Senator thought they were not, would the Senator then bring in strike breakers and operate in spite of the strike?

Mr. NORRIS. I would stretch a point in favor of the miners always, because I myself think a man who works in a mine ought to have big wages. I have been in a mine or two, and I realize that while the miners get large wages, they only work about one-third of the time; that the mines in this country are operated from a half to a third of the time; so I think if I took hold of the mines and I said to the miners, "I will give you 365 days work in a year," I would be able to reach an agreement without any difficulty, because the miners now know that they can only work about one-third of the time, and their wages must necessarily be high.

Mr. REED of Pennsylvania. That is correct in the bituminous regions; but in the anthracite regions the work is constant, and nobody suffers from lack of opportunity to work in the mines. Would the Senator, if he were in the place of the mine operators, try to bring in strike breakers?

Mr. NORRIS. It would depend absolutely upon whether the fellows who were there and who belonged to the union would do the reasonable and the fair thing. If they would not do anything, then I would bring in somebody else, of course.

Mr. REED of Pennsylvania. That is what I am interested in knowing.

Mr. NORRIS. If I had the authority, I do not know that I would start in by taking the anthracite mines. I think we can get along very well without anthracite coal. I think, if I had it to do, I would start in by taking some of the other coal mines that operate only a small portion of the time, and I would operate them the year around; and then we would get coal to the consumers at a much less price than we do now, because the cost of its production would be much less.

Mr. REED of Pennsylvania. The Senator knows that run-of-mine bituminous coal is being advertised for sale in the newspapers here in Washington at $7.50 a ton, does he not?

Mr. NORRIS. Yes; I presume that is true, if the Senator says so.

Mr. REED of Pennsylvania. I have seen the advertisement repeatedly.

Mr. NORRIS. I take the Senator's word for it.

Mr. REED of Pennsylvania. So there is not any need for freezing women and children, and open graves, and mob attacks on the coal yards if good fuel can be purchased at half the price of anthracite, is there?

Mr. NORRIS. No; I do not think so. If that can be done, then there is not any use; but we have heard the tale about conditions in New York City from the Senator from New York [Mr. COPELAND]. Does anybody deny the truth of his statements? Does anybody doubt the truth of the statement that people are suffering there and can not get coal? Then, too, I have heard it said on the floor of the Senate that the prices paid for coal here were clearly out of reason. I think the Senator from Pennsylvania himself, when he gave illustrations the other day of what it cost to mine the coal and what it cost to ship it, gave us some very valuable information, but other Senators were telling about cases where men had paid $14 and $15 a ton for bituminous coal here in Washington.

Mr. REED of Pennsylvania. Precisely; and I called attention to those facts, and that is why I thought it was important to put into the RECORD the fact that any of us can buy that same coal now for several dollars less.

Mr. NORRIS. I thought, from what the Senator said, that it would have a good effect on the market right here, and I have no doubt that it did. I think the Senator performed an excellent service when he told us the truth about it. But, Mr. President, I believe it is fair to say, from the statements that are made, that when there is a shortage of coal, as there appears to be in one line now, the price would necessarily go up; men would profiteer on it to some extent; and that it is not only the people who can not get coal who are suffering, but the people in moderate circumstances are compelled to pay too much for the coal that they do get.

I think we ought to pass the Senator's resolution and let the President call in these men, if he will. He does not have to do so, of course. Perhaps, if the resolution is passed, the President will then say to us: "I have not any authority. Give me some authority to act, and I will act"; and that might urge on Congress to do something if people are suffering as they undoubtedly are in some portions of the country, even though we put the Government into business.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Florida?

Mr. NORRIS. I yield to the Senator. In fact, I will yield the floor unless the Senator desires to ask me a question.

Mr. FLETCHER. I desire merely to make a suggestion to the Senator. I may be wrong about it, but my impression is that the people who want anthracite coal can not get it, and they can not substitute something else for it. I understand that the position of the Senator from New York is that his constituents require anthracite because of their equipment—their chimneys, their fireplaces, their burning apparatus, their storage facilities, and all that; I am not entirely clear about it—and therefore they are not in position to buy bituminous coal.

With reference to bituminous coal, I happen to know that I paid $14 a ton for New River or Pocahontas coal. I wish I could get it for $7 and something, but I have not been able to get it at $7. I do not know whether other people are paying the same price or not, but I think that is about the price of bituminous coal here to consumers—$14. We can get along with that without using anthracite. I think it is a very good substitute. I do not know but that it is an improvement in some respects. It is very excellent. We can get along here ordinarily, I think, by using bituminous coal; but the situation in New York is that they must have anthracite instead of bituminous coal.

Mr. McKELLAR. Mr. President, I just want to say that I do not believe that the statement of the Senator from New York [Mr. COPELAND] needs any substantiation; but if any Senators are interested in the question of the coal situation in New York, if they will attend any moving-picture exhibition in town they will see what I consider one of the most graphic scenes of misery and failure to get coal that has been depicted on the screen in a long time. It shows miserable-looking people going into coal yards in New York and taking away in very small sacks or in very small baskets insignificant amounts of coal. It is truly a heart-rending thing; and I believe that the Senator from New York has done a great service in bringing it to the attention of the Senate and the country. We certainly ought to do something about it.

I think we ought to do something about it in the Senate, and I think the President ought to act. If he made such a wonderful job of the Boston police strike, surely it would be very much more to his credit if he should come in now, in the interest of suffering humanity, and act in this matter.

Mr. SMOOT obtained the floor.

Mr. HEFLIN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Alabama?

Mr. SMOOT. I thought we could have just a few minutes on the bill now.

Mr. HEFLIN. I was simply going to remind the Senator from Tennessee [Mr. McKELLAR] that while President Wilson was in the White House there was a terrible coal strike in West Virginia, and that strike was settled. The senior Senator

from Virginia [Mr. SWANSON] headed a committee that went there and settled that strike, and the people were able to get coal.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. Mr. President, I sent to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 87, line 7, it is proposed to strike out "subdivision (b)" and insert "subdivisions (b) and (d)."

Mr. SMOOT. Mr. President, I will simply say that this provides not only for the individual but for the corporation, a matter to which the Senator from Tennessee has referred.

Mr. McKELLAR. That includes both individuals and corporations dealing in real estate?

Mr. SMOOT. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. Now, Mr. President, I send to the desk an amendment which I will say to the Senator from Michigan [Mr. COUZENS] deals with the question of installment sales, making the provisions of section 212 retroactive.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 334, after line 10, it is proposed to insert:

INSTALLMENT SALES

SEC. —. The provisions of subdivision (d) of section 212 shall be retroactively applied in computing income under the provisions of the revenue act of 1916, the revenue act of 1917, the revenue act of 1918, the revenue act of 1921, or the revenue act of 1924, or any of such acts as amended. Any tax that has been paid under such acts prior to the enactment of this act, if in excess of the tax imposed by such acts as retroactively modified by this section, shall, subject to the statutory period of limitations properly applicable thereto, be credited or refunded to the taxpayer as provided in section 284.

Mr. McKELLAR. Mr. President, may I ask the Senator what that would lead to? Would it lead to a large number of claims for refunds for all those years?

Mr. SMOOT. No; I had the department look up that matter, and I find that it would lead to very, very few.

Mr. McKELLAR. How far back would it go?

Mr. SMOOT. It takes in the acts of 1916, 1917, 1918, 1921, and 1924.

Mr. FLETCHER May I ask the Senator where that amendment comes in?

Mr. SMOOT. On page 334, after line 10. It is the administrative feature. Let me make a statement in regard to it.

Mr. McKELLAR. I shall be glad to hear the Senator's explanation.

Mr. JONES of Washington. Mr. President, may we have the amendment read again, before the Senator makes the explanation?

The PRESIDING OFFICER. Without objection, the Secretary will restate the amendment again.

The Chief Clerk again read the amendment.

Mr. SMOOT. Mr. President, this amendment provides that the installment provisions recommended by the Finance Committee, and found on pages 40 and 41 of the bill, shall be given retroactive application. Because of the confusion resulting from the recent installment decision of the Board of Tax Appeals, in the interest of certainty it is deemed advisable to provide that the installment provisions of subdivision (d) of section 212 of this bill shall be applied with retroactive effect.

Under the amendment, past transactions returned in accordance with the Treasury regulations, to the extent that the regulations conform to the provisions of subdivision (d) of section 212 of this bill, can not be reopened, despite the decision of the Board of Tax Appeals. The committee intends that the installment provisions of Regulations 45, promulgated on December 29, 1919, will be substantially followed in settling all cases under prior acts under this provision.

While the committee believes that the 1919 Treasury installment regulations were a proper interpretation of the existing law in determining net income, because of the confusion now existing it is deemed advisable to make the amendment proposed in the interest of certainty.

This is only following out a decision of the Board of Tax Appeals.

Mr. BROUSSARD. Mr. President, may I ask the Senator if this retroactive effect applies only to subdivision (d) of section 212?

Mr. SMOOT. Yes; that is right.

Mr. BROUSSARD. Only that?

Mr. SMOOT. Only that.

Mr. BROUSSARD. It applies to no other portion of the bill?

Mr. SMOOT. It applies to no other portion of the bill.

Mr. SIMMONS. Mr. President, the Senator said that this was following out the decision of the board of tax appeals. Is he not mistaken about that?

Mr. SMOOT. Yes; it is the reverse of the former decision of the Board of Tax Appeals, but it is carrying out the regulations of the department.

Mr. McKELLAR. I do not know what effect that would have. Would it not open up all cases where payment has been on the installment plan?

Mr. REED of Pennsylvania. No, Mr. President, it would not open them up, because for all these years the Treasury regulations have provided what is now proposed in this bill. We are making it retroactive, so as practically to validate the regulations that have been in effect all these years. If we do not do this, then we will have to open up the returns and assess additional taxes against all these people.

Mr. McKELLAR. It does not mean, then, the opening up of other claims against the Government for all these years?

Mr. SMOOT. No; it does not.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 334, after line 10.

The amendment was agreed to.

Mr. SMOOT. When we reached the provisions relating to life insurance and insurance companies other than life we passed them over until we should finally decide what rate of tax should be imposed upon corporations. Now, I ask that we turn to page 101. We passed over the amendment beginning on line 26, page 101, and in lines 1 and 2 on page 102, and also in paragraph 2 on page 102, beginning with line 3 and ending with line 7.

Mr. McKELLAR. The Senator proposes to make a change there in accordance with the vote of the committee the other day?

Mr. SMOOT. Exactly; and leave the insurance companies just the same as they are to-day.

The PRESIDING OFFICER. Does the Senator from Utah offer an amendment to the committee amendment?

Mr. SMOOT. I thought the Senator from Tennessee meant to ask whether we were leaving the 12½ per cent on insurance companies.

Mr. McKELLAR. Is that what was proposed?

Mr. SMOOT. That is what this amendment would do.

Mr. McKELLAR. Then there will be a difference of 1 per cent?

Mr. SMOOT. Yes; a difference of 1 per cent. I desire to have the committee amendment adopted.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 101, line 26, after the word "company," strike out "the same percentage of its net income as is imposed upon other corporations by section 230" and insert "12½ per cent of its net income," so as to read:

(1) In the case of a domestic life insurance company, 12½ per cent of its net income.

The amendment was agreed to.

Mr. SMOOT. I also ask that the next amendment be agreed to.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 102, line 4, after the word "company," strike out "the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230" and insert "12½ per cent of its net income from sources within the United States," so as to read:

(2) In the case of a foreign life insurance company, 12½ per cent of its net income from sources within the United States.

The amendment was agreed to.

Mr. REED of Pennsylvania. I think we skipped one.

Mr. SMOOT. On page 101, section 243, there is an amendment referring to the same matter, and I ask that that be agreed to.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 101, line 21, strike out the words "taxes imposed by sections 230 and 700" and insert in lieu thereof the words "tax imposed by section 230," so as to read:

SEC. 243. In lieu of the tax imposed by section 230, there shall be levied, collected, and paid for each taxable year upon the net income of every life insurance company a tax as follows:

The amendment was agreed to.

Mr. SMOOT. The next item passed over is on page 106. This has reference to insurance companies other than life. I ask that the amendment in line 18 be agreed to.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On line 18, page 106, strike out the words "company the same percentage of its net income as is imposed upon other corporations by section 230" and insert the words "company, 12½ per cent of its net income," so as to read:

(1) In the case of such a domestic insurance company, 12½ per cent of its net income.

The amendment was agreed to.

Mr. SMOOT. Also the next one on that page.

The CHIEF CLERK. On line 22, page 106, strike out the words "company the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230," and insert the words "company, 12½ per cent of its net income from sources within the United States," so as to read:

(2) In the case of such a foreign insurance company, 12½ per cent of its net income from sources within the United States.

The amendment was agreed to.

Mr. SMOOT. So that I may be positive, I will ask the Senate to turn to line 13 on page 106. I think we agreed to an amendment to strike out the word "taxes."

The PRESIDING OFFICER. That amendment has been agreed to.

Mr. SMOOT. The next amendment passed over is on page 112, relating to the publicity of returns.

Mr. NORRIS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Secretary will read the amendment.

The CHIEF CLERK. On page 113, line 1, strike out all after the word "records" down to and including the word "President" in line 5 on said page, and in lieu thereof insert the following: "and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally."

Mr. MCKELLAR. Mr. President, this morning I sent to the desk to have printed an amendment reenacting the former provision of law relating to publicity.

Mr. NORRIS. If the Senator will yield, it might be well to state what the amendment I have just offered provides. I do not desire to take the Senator from the floor, but the amendment I have offered, and which is now the pending amendment, is the identical amendment I offered to the last tax bill. It is in the identical form, word for word, in which it passed the Senate. Of course, the provision now appearing in the law was a compromise.

Mr. KING. Mr. President, when we were discussing certain provisions of the bill a few days ago relating to life insurance companies, I commented upon the fact that these organizations seemed to have been the especial favorites of Congress, and that discriminatory legislation had been enacted under which they were exempt from taxes which were paid by other corporations.

The Senator from Tennessee at the time asked me if I had certain figures. I told him that I did not have them with me, but that I would present them before the debate upon the bill had been concluded. I have examined this subject with some little care, and find that 358 life insurance companies in 1923 reported net incomes of $109,039,760, and paid Federal corporation taxes in the sum only of $12,963,168. This includes both stock and mutual companies, but excludes 59 companies which reported deficits for 1923.

The statistics of the Bureau of Internal Revenue for 1923 do not report separately the gross income of insurance companies, but merges the reports of 358 life insurance companies with reports of 62,654 other corporations in a group comprising banks, insurance companies, finance companies, and related business. This finance group reported gross income in the sum of $5,488,238,992; deductions in the sum of $4,620,155,577; net income in the sum of $868,083,415; prior year losses $23,687,237; and corporate profits tax in the sum of $95,144,379. There were 34,118 corporations in this finance group which reported deficits and hence paid no taxes in 1923.

Yet many corporations, general as well as insurance companies, reported that they had paid dividends aggregating, as I recall, over $300,000,000 in cash and stock dividends to the extent of more than $300,000,000. It is rather paradoxical that some of these corporations should report deficits and yet pay enormous dividends, both in cash and in stock. They paid no tax to the Government under the returns which they made, notwithstanding the large dividends, stock and cash, which they paid, as I have indicated.

Finance corporations, including insurance companies, distributed in 1923 cash dividends in the sum of $632,907,791 and stock dividends in the sum of $79,675,373, of which corporations having no net income distributed cash dividends in the sum of $127,489,553 and stock dividends in the sum of $17,894,644.

The disbursements of corporations in this finance group are put at $7,778,077,453, of which $3,499,405,781 is carried under the description of miscellaneous expense, which excludes the cost of goods sold, compensation of officers, interest paid, taxes paid, and depreciation allowances, which is an unusually high proportion of miscellaneous expense in relation to total disbursements.

I submit that dispassionate examination of these deductions allowed for depreciation, for interest, and for office expenses will furnish convincing proof that the law has been too liberal in its provisions, or that some taxpayers have been too liberal to themselves in preparing their returns. This situation suggests an inquiry as to the amount of income allocated tax free to reserves.

The insurance yearbook for 1925 covering life insurance companies carries a statement of combined aggregates of life insurance companies for the calendar year ended December 31, 1924, from which the following are excerpted:

Number of companies		297
Total premium income		$2,122,383,433
Dividend and interest income		476,539,949
Rents income		21,434,264
Other income receipts		82,412,377
Total income		2,702,770,023
Total premium income		2,122,383,433
Total investment income		580,386,590
Expenditures to policyholders		1,205,271,945
Death losses	$449,728,607	
Matured endowments	138,625,738	
Annuities	45,442,856	
Policies purchased	227,454,680	
Dividends to policyholders	344,020,064	
Dividends to stockholders		11,748,225
Commissions, salaries, and expense of agents		352,828,897
Medical fees, etc		94,272,227
Other expenditures		149,263,941
Total expenditures		1,813,385,235
Net income over expenditures		889,384,788

Mr. MCLEAN. Does the Senator's statement include mutual companies?

Mr. KING. Yes. I have covered here 358 life insurance companies, including mutuals.

Mr. MCLEAN. Does the Senator know that 85 per cent of the insurance business of the country is done by mutual companies?

Mr. KING. I am not sure that it is so large a per cent as that.

Mr. MCLEAN. That is what I am told by the experts; and, of course, a large per cent of the dividends go to the mutual policyholders.

Mr. KING. But I have given the dividends which were paid to policyholders. I stated the aggregate amount to be $334,022,000.

Mr. MCLEAN. Does the Senator object to that?

Mr. KING. I am not making any comment now. I am stating the facts and the Senator can draw his own conclusions and make his own deductions. I do assert that the expenditures, in my opinion, are very large, too large, and the deduction which I draw is that $12,000,000 taxes from these stupendous earnings are not just to the Government.

In addition to the income which I have given, if we add to the net operating income the $11,748,225 of deducted dividends to stockholders, we will produce a net income over expenditures of more than $900,000,000 actually realized by life-insurance companies for the calendar year 1924. These corporations reported net incomes for taxation to the Commissioner of Internal Revenue in the sum of $109,039,706 and paid taxes in the sum of $12,963,169. The tax on net incomes reported was 12 per cent on the net income realized upon the year's business.

The tax on this net income at 12½ per cent would have been over $100,000,000. The tax actually paid was less than $13,000,000. It is obvious that a proper taxation of the realized net income of life-insurance companies alone would cover the repeal of the capital-stock tax without raising the corporate profits tax rate to 13½ per cent. These conclusions, of course, are based upon the assumption that the same rules as to deductions from gross income shall be applied to life-insurance companies as are applied to all other corporations.

I have here also the assets of life insurance companies at the end of the calendar year 1924, as follows:

Real estate	$238,652,554
Real-estate mortgages	4,174,768,771
Bonds	4,049,231,785
Stocks	48,044,006
Collateral loans	18,093,039
Premium notes and loans	1,323,304,728
Cash	126,854,800
Net deferred premiums	221,049,074
Other assets	193,435,623

So that the total assets of the corporations to which I have referred are $10,394,034,380.

There is an entry of items not admitted to the sum of $113,705,137, which, if included in the assets, would raise the aggregate to over $10,500,000,000.

The insurance reserve amounts to $8,938,652,988; capital and surplus, $595,184,238; total insurance in force, $63,779,740,552.

I have here also the figures showing the statistics upon stock, fire, and marine insurance companies, but I shall not take the trouble to put those in the RECORD. In view of the discussion the other day, I felt it incumbent upon me to submit the figures which I have just presented.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Nebraska [Mr. NORRIS].

Mr. COUZENS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bingham	Fletcher	McKellar	Sheppard
Blease	Frazier	McKinley	Shipstead
Borah	George	McLean	Shortridge
Brookhart	Gerry	McMaster	Simmons
Broussard	Gillett	McNary	Smith
Bruce	Glass	Mayfield	Smoot
Butler	Gooding	Means	Stanfield
Cameron	Hale	Metcalf	Stephens
Capper	Harreld	Moses	Swanson
Copeland	Harris	Norbeck	Trammell
Couzens	Harrison	Norris	Tyson
Cummins	Heflin	Nye	Walsh
Dale	Jones, Wash.	Oddie	Warren
Deneen	Kendrick	Pepper	Weller
Ernst	Keyes	Pine	Wheeler
Fernald	King	Reed, Pa.	Williams
Ferris	La Follette	Robinson, Ind.	Willis
Fess	Lenroot	Sackett	

The VICE PRESIDENT. Seventy-one Senators having answered to their names, a quorum is present.

Mr. COUZENS. Mr. President, the question now before the Senate is an amendment to section 257, beginning at line 24, page 112, of the bill. The section as reported out by the Finance Committee of the Senate reads as follows:

> Returns upon which the tax has been determined by the commissioner shall constitute public records.

Then in the House text the Finance Committee of the Senate struck out the words "but they" and inserted language so as to make the rest of the paragraph read:

> But, except as hereinafter provided in this section and section 1203, they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President.

That is subsection (a). I am not at this time going to read subsection (b) nor paragraphs 2 and 3 thereof, nor subsection (c) and the other paragraphs of section 257.

What I am going to state is that all beyond line 5, on page 113, or at least substantially all, deals with the method that must be used to obtain access to the returns in the Bureau of Internal Revenue. The bill as reported by the committee proposes to repeal or eliminate, and properly so, all the section of the old law which required the Commissioner of Internal Revenue to publish a list of taxpayers and expose such list in the several collectors' offices throughout the country. It seems almost unnecessary to say that that sort of a provision was absurd, or at least brought about absurd results. I am not so familiar with the history of it as is the Senator from Nebraska [Mr. NORRIS], who originated the idea of making the records accessible.

I understand the provision, as it was agreed upon in the act of 1924, was a compromise arrived at in conference, and the result, as I think everyone knows, produced a most absurd state of affairs. It accomplished no good purpose; it confused the public mind and was really inimical to the public interest. It accomplished nothing that the proponents expected it to accomplish in the way of securing additional revenue or the possible elimination of fraud or dishonest returns.

Now, the Senator from Nebraska [Mr. NORRIS] in his amendment proposes to cut out all after the word "records" on page 113, line 1, so that, with his amendment, the section will read as follows:

> SEC. 257. (a) Returns upon which the tax has been determined by the commissioner shall constitute public records; and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally.

That is how the amendment would leave the section stand should it be adopted. It will be observed that it would not require the Commissioner of Internal Revenue or the Secretary of the Treasury to do anything in the way of publication.

That brings me to the thought that the discussion of publicity of income-tax returns has drifted away from what was originally intended when it was first suggested that these records should become public records. There is a great confusion in the minds of the public and among many Senators and, perhaps, among some Members of the House of Representatives to the effect that when we speak of publicity of income returns we are referring to the fact that they must be published in the newspapers; that those returns must be made public by some action of the Government; that the Government must take some steps to see that those returns are all spread to the public gaze; that we must do everything to see that everybody's private business and individual financial affairs are published to the world.

That is not my idea, at least, and I do not think it was the idea of original proponents of an amendment to the law such as has been suggested by the Senator from Nebraska. The real purpose desired to be accomplished is not publicity of records, not publicity of income-tax returns, but simply that the returns shall be made public records and shall be accessible to anyone who wants to examine them. The law as proposed to be amended specifically provides:

> Returns upon which the tax has been determined by the commissioner shall constitute public records.

It means no more than is now true with respect to the records of the Interior Department, of the War Department, of the Navy Department, of the Labor Department, of the Department of Commerce, or even of the Treasury Department outside of this particular activity. It means that those who have an interest in examining into a record may have the right to do so under the law. There is nothing in this proposal which suggests even that the computations of the Commissioner of Internal Revenue or the papers that he makes up in arriving at his computations shall be published. The amendment merely provides that the returns upon which the tax is based shall become public records. It means nothing more, Mr. President, than in the case of a State where there is an ad valorem tax on personal property. A citizen is required in many States to file a return upon a specific day set by law declaring his personal property. The forms are made up in accordance with the requirements of the law, and in my State we are required to list all of the stocks and bonds which we own; we are required to state the amount of cash in hand and in bank; we are required to state how much furniture we have, how many billiard tables, pianos, musical instruments, and other things we have. Those returns are filed with the assessor of the city of Detroit or other district within the State as the case may be. Based upon the filing of those returns, the assessor makes his assessment to secure the ad valorem tax on the property. Those records are accessible; any citizen may go and ask the assessor to see Jim Jones's return and may examine it.

That has been the practice for years. No curiosity is aroused, no suspicion exists, no charges of fraud are made, for the simple reason that anyone who suspects anything wrong may go and examine a return to ascertain if a truthful return has been made. If suspicion is aroused that a truthful return has not been made, it is a simple matter to draw it to the attention of the assessor, who may check up and ascertain the facts.

Mr. President, in view of the fact that the income-tax law was passed in the fall of 1913 and made retroactive to March 1, 1913, it will be obvious that on March 1 next it will have been 13 years since income-tax returns have been filed. They have been held secretly within the Bureau of Internal Revenue.

During all those 13 years, I submit, there has never been an audit by any outside organization anywhere. For 13 years the employees have had absolute control of the greatest bureau under the Government, a bureau that has collected billions and billions of dollars and collected them under statutes going back to 1913, 1916, 1918, 1921, and 1924. In all of that time, under all of those statutes, billions and billions of dollars have been collected from the American public, and in any manner and under any plan that the employees of the department have seen fit to adopt.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

Mr. COUZENS. Certainly.

Mr. HARRISON. In the event this amendment should be adopted, is it the intention to strike out the provision of the publicity law relative to publication?

Mr. COUZENS. On what page is that?

Mr. HARRISON. It is the latter part of the section which permits the publication in the newspapers of the addresses of taxpayers and the amounts paid. I thought, perhaps, that if this amendment were adopted it would give people access to the records, and so forth, but not involve publication. Is that the theory of the author?

Mr. COUZENS. The idea is to eliminate all below the lines to which I referred earlier in my remarks.

Mr. HARRISON. The latter portion of section 257 of the present law has reference to that.

Mr. COUZENS. Does the Senator mean the publication of statistics?

Mr. HARRISON. Yes.

Mr. COUZENS. The publication of statistics does not enter into this at all, and has no reference to our amendment, because we want that to continue.

Mr. HARRISON. If the Senator will permit me, there may be some of us who will vote for an amendment giving the right to any person to examine public records, but who would oppose publishing the records, as under the present law, in the newspapers. I understood the Senator to say that he did not think there was any particular advantage accruing by virtue of that. So I thought perhaps the amendment just covered the one phase of the subject and that would suffice.

Mr. COUZENS. Absolutely. This amendment proposes to repeal every reference to the returns and to wipe out the necessity of publishing anything except statistics, as provided under section 258. Section 258 only refers to publishing statistics, and not individual returns or individual accounts.

Mr. FESS. Mr. President, the right to inspect a record might carry with it the right of a newspaper to publish it.

Mr. COUZENS. I suppose that if a representative of a newspaper wanted to go in and look up an account to see what somebody had paid, he would certainly have the right to do so; there is no doubt about that.

Mr. FESS. Not only to see it but to publish it.

Mr. COUZENS. Oh, yes; I do not see how we can suppress the liberty of the press sufficiently to say that when a record is public and the agent of a newspaper goes and looks at the record that the newspaper can not publish what the agent finds in the record; but he first has to make a proper application under the rules and regulations to see the record, and then he may examine the record. After he has gone to all that trouble, if he wants to publish it, he may publish it.

Mr. WILLIAMS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. COUZENS. I do.

Mr. WILLIAMS. I should like to make an inquiry of the Senator. He says that in Michigan returns of personal property are filed with the assessor for purposes of assessment. Under the Michigan scheme of taxation relating to the ad valorem tax, does a person file a return of the stock he owns? The Senator said he filed a return there of stock and bonds. Does he file a return of stock he owns?

Mr. COUZENS. Oh, yes; stocks of foreign corporations, not of local corporations.

Mr. WILLIAMS. A person does not file a return of any stock he owns if the taxes are paid by the corporation which issues the stock, does he?

Mr. COUZENS. Oh, yes; because it is a property tax and not an income tax.

Mr. WILLIAMS. I am not referring to an income tax; I am referring to a property tax. If one owns stock in the Pennsylvania Railroad, which does not run through the State of Michigan, would he file a return of that Pennsylvania Railroad Co. stock?

Mr. COUZENS. Yes, sir; and he would pay an ad valorem tax on it.

Mr. WILLIAMS. Even though the Pennsylvania Railroad Co. paid the taxes in the States through which it runs?

Mr. COUZENS. Yes, sir.

Mr. WILLIAMS. Would a person file a return of municipal bonds or Government bonds if he owned such?

Mr. COUZENS. If they were tax exempt he would not; if they were taxable he would.

Mr. WILLIAMS. They are exempt, are they not, in the State of Michigan?

Mr. COUZENS. All Federal, State, and municipal bonds are tax exempt in Michigan.

Mr. WILLIAMS. Then, the Senator's answer would be that a person would not file a return of any bonds that were issued by the Government of the United States or any State or municipality?

Mr. COUZENS. That is correct.

Mr. WILLIAMS. A person would not file a return on the stock of any corporation which issues its stock in the State of Michigan?

Mr. COUZENS. I did not catch the question.

Mr. WILLIAMS. Would a person file a return of stock he owned in any Michigan corporation?

Mr. COUZENS. No.

Mr. WILLIAMS. That is because the Michigan corporation itself pays a tax in that State; and the Michigan courts have held, have they not, that it would be double taxation for a taxpayer to make a return of the stocks of Michigan corporations?

Mr. COUZENS. I could not say as to that, because I am not sufficiently familiar with it; but a Michigan corporation may have only a very small percentage of its property within the State, and the State may get only a very small percentage of the tax upon the property in the State. What I mean by that is that if the corporation is organized under the laws of the State of Michigan, whether the property is within the State or not, we are not required to file a return of our ownership in that Michigan corporation.

Mr. WILLIAMS. Regardless of where its property is located?

Mr. COUZENS. Regardless of where its property is located.

Mr. WILLIAMS. Is the Senator quite positive that a Michigan taxpayer files a return of stock that he owns in corporations outside the State of Michigan?

Mr. COUZENS. I am quite sure of it.

Mr. WILLIAMS. I should be surprised to know that that was quite accurate. There is no such law in the State of Missouri.

Mr. COUZENS. I am not quoting the law of the State of Missouri.

Mr. WILLIAMS. I know the Senator is not. I thought, though, that the law might be similar, if not the same.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Michigan whether in his investigation he has learned of any State whose laws make the tax returns a matter of secrecy?

Mr. COUZENS. I confess that I have not gone into the records of any other State. I do not know whether they do or not. I never heard of their doing so, but I would not say that they did or did not.

Mr. WALSH. Perhaps some other Senator would be able to tell us about that.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield, gladly.

Mr. LA FOLLETTE. Is the Senator directing his question to the point of whether the income-tax returns have been kept secret or not?

Mr. WALSH. No; I refer to general property taxes.

Mr. NORRIS. Mr. President, if the Senator will yield——

Mr. COUZENS. Yes; I yield.

Mr. NORRIS. In answer to the question of the Senator from Montana, I want to say that I should be surprised, indeed, if he could find any State which made the property return to the assessor a secret document. There may be such a State, but I never have heard of it, and I am satisfied that there is not any such State.

Mr. WALSH. I should have said that I have made a search, but not a thorough search, and I have been unable to learn of any State which regards the return made to the assessor in any different light than any other public record; and they all, so far as I know, are open to public inspection.

Mr. NORRIS. If the Senator will permit a further interruption, I will say that I never have heard or read of a State where anyone ever even proposed such a thing. The return has always been regarded as a public document.

Mr. WILLIAMS. If the Senator will yield, the purpose of my question was to indicate that in the State of Missouri, at least, the returns made by a taxpayer are not very enlightening to an inquirer. For example, stocks in Missouri corporations are not returned, because the corporations pay the tax. Stocks in corporations in other States are not returned, if it is a fact—as it always is—that the corporations in those States pay the taxes levied in those States, and our courts would hold that that would be double taxation. A note held by a Missouri taxpayer and due from some one not living in the State of Missouri would not be returned in the State of Missouri, because that debt ordinarily would not be due in the State. Property of corporations—a manufacturing establishment, for example, in Illinois or in Kansas—would escape the tax gatherer; and while in the States the returns made by taxpayers are accessible, yet the returns themselves are not very informative—not informative in the same sense that the return would be that is made to the Federal Government by an individual for income taxes.

Mr. COUZENS. Mr. President, in answer to the Senator from Missouri I might say that the income-tax return to the Federal Government is not informative, either, in all respects. There are exemptions of Federal and State bonds that do not have to be reported. At least, it was stated by the Senator from Pennsylvania that the requirement in the law that they be reported has been held by some taxpayers to be unconstitutional, and therefore they are not reported. The returns that are made under an income tax law, however, return only the income, and not the investments; so that so far as obtaining the net worth of the taxpayer is concerned, it would be just as difficult to get it from the income-tax return as it would from the return made to the local taxing authorities.

Mr. WILLIAMS. I am very much surprised to learn that income from tax-exempt securities would not be returned, and then in turn subtracted from the gross return, so as to get at the net income of an individual taxpayer. I did not know that that was the practice.

Mr. COUZENS. That is true.

Mr. NORRIS. Mr. President, will the Senator yield again at that point? We passed several laws in regard to that; and while I do not know whether or not we provided in the last law that returns should be made of the income on exempt property, at least some of the laws we have passed did not require that in our Federal income-tax returns we say anything about bonds upon which the income was exempt.

Mr. COUZENS. In the acts of 1916, 1917, 1921, 1922, and 1923 the interest from tax-exempt securities was not required to be returned in the income-tax statement.

Mr. WILLIAMS. And it was not included in the returns by regulations of the department?

Mr. COUZENS. Oh, no.

Mr. NORRIS. I believe that is the present law, too.

Mr. COUZENS. The present law is that a return is required.

Mr. NORRIS. And while I do not think the question has gotten to the courts yet, it is in process. It is claimed by some taxpayers—and I think the matter is in court now and on its way to the Supreme Court—that the provision in our law requiring that return is unconstitutional. The question is whether we have a right under our Constitution to require the taxpayer in his income-tax return to say anything about municipal bonds, State bonds, county bonds, and so forth, which are exempt from the power of Congress to tax them.

Mr. COUZENS. That developed in the discussion that the Senator from Pennsylvania and I had on the floor the other day as to the reliability of the statistics of tax-exempt interest filed in the returns. He said that some taxpayers asserted that they were not required under the Constitution to return the income from those bonds because the bonds themselves were not taxable.

Mr. President, I have not attempted at any time to delay the Senate in any of its business. I think an examination of the RECORD will indicate that I have done very little talking since I have been here. I have no disposition now to delay the consideration of this bill; but as the result of nearly two years of earnest, hard work within the bureau I feel so keenly that this amendment should be adopted that I am going to have to get into the minds of Senators the testimony that we have taken and the results obtained from our investigations.

I can not believe that Senators can possibly read or listen to this testimony without becoming convinced that this amendment should be adopted. For nearly 13 years transactions have been taking place within the Bureau of Internal Revenue that never have seen the light of day. Any taxpayer, under the management of the bureau, could obtain any kind of a settlement that he desired to obtain; and that is said with no particular criticism of any particular individual, because the Bureau of Internal Revenue has been managed, administered, and operated under both Democratic and Republican administrations over a period of 10 or 12 years. So it may be said that not only is this report that we have filed absolutely impartial and nonpolitical but it covers administration under both parties; and even though the committee and its investigators found the bureau as white and as pure as a lily, I would still contend that that great bureau, receiving billions of dollars of money from the pockets of the American people, should be under some sort of outside examination.

The whole thing is so absurd that it is inconceivable that Congress has sat here since 1913, and all of that time it has never attempted to investigate the conduct of the Bureau of Internal Revenue, even to ascertain how the laws that Congress has passed have been administered—whether they have been administered in accordance with the intent of Congress, whether they have been administered equitably between the taxpayers, whether there has been graft, dishonesty, or favoritism. Congress never has asked for that information.

Why, the smallest political subdivision anywhere would never dream of letting a bureau or a department run for that length of time without having disinterested auditors or examiners investigate the bureau or the department. No banker, no business man, no merchant, would think of handling anywhere near the volume of money that has been handled by that bureau without having periodical examinations and investigations.

The Federal Government requires every bank in the country that is a member of the Federal reserve system to have two examinations a year at great expense to the banks. Every State has a banking commission, and every State bank is required to have two examinations per year. Their investments are checked; their credits are checked; the examiners say what must be charged off as bad debts; they criticize loans; and yet it was stated on the floor of the Senate the other day that we have had, if I remember correctly, 65,000,000 returns—the Senator from Utah [Mr. SMOOT] nods his head, so I assume that that is correct.

Mr. SHIPSTEAD. Mr. President, will the Senator yield for a question?

Mr. COUZENS. I yield.

Mr. SHIPSTEAD. The Senator knows very well that no business concern that handles large amounts of money would think for a moment of not having its business checked up from time to time by outside accountants or by some independent company or person having nothing to do with the regular handling of the money in the business.

I believe it is also true that in State governments one department will check up another department of the State government in order that there shall always be a complete check upon whoever handles the money. It is not a matter of questioning anyone's ability or efficiency or honesty, but is simply the requirement of an independent check. I ask the Senator if he does not think that the largest corporation we have—that is, the Government—should at least follow the example of any ordinarily efficient, even though small, business corporation by having an independent check upon its finances?

Mr. COUZENS. I think the Senator is absolutely correct in that conclusion. As to whether or not the Treasury examines the receipts of the Bureau of Internal Revenue and observes their disbursements to be sure that they are accurate is not the question, because they may do that; but that does not go to the root of the matter.

Mr. SMOOT. Mr. President, it is necessary that we have an executive session to-night, and I ask unanimous consent that when we recess we recess until 11 o'clock to-morrow.

Mr. COUZENS. I will have to object to that. I shall not be ready to go on at 12 o'clock to-morrow. I am probably more familiar with this proposition than other Senators, and I must prepare myself to go on with the discussion.

Mr. SMOOT. We met at 11 o'clock this morning, and up to the time the Senator from Michigan began speaking we had spent 32 minutes on the amendments to the bill. I do not think it is a hardship for us to meet at 11 o'clock.

Mr. NORRIS. The Senator must know that we are on the bill now and that the Senator from Michigan is going to discuss the bill.

Mr. SMOOT. I have no objection to that at all.

Mr. NORRIS. He is particularly qualified to discuss the very provision that is under consideration.

Mr. SMOOT. There is no question about that, and no one will be disposed to deny him the time he desires to take.

Mr. NORRIS. Let us take a recess, then, until 12 o'clock, because the Senator from Michigan wants that course pursued, and we can sit later to-morrow night.

Mr. HEFLIN. I suggest to the Senator from Michigan that we meet at 11 o'clock and proceed with other matters until 12, and he can go on with his speech at 12 o'clock.

Mr. COUZENS. I do not particularly object to that, but I would not know what was going on between 11 and 12, and I want to be here during the consideration of the bill.

Mr. NORRIS. I would object to that.

Mr. SMOOT. We might just as well find out what the Senate thinks about the matter. I move that when the Senate takes a recess to-day it recess until to-morrow at 11 o'clock.

Mr. NORRIS. I want to say a word on that.

The VICE PRESIDENT. The question is not debatable.

Mr. NORRIS. Then let us have a yea-and-nay vote on the motion. I demand the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. REED of Pennsylvania (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BAYARD]. I am advised that if present he would vote as I intend to vote, and therefore I shall vote. I vote "yea."

Mr. WADSWORTH (when his name was called). I have a pair with the senior Senator from West Virginia [Mr. NEELY]. I transfer that pair to the junior Senator from West Virginia [Mr. GOFF] and vote "yea."

The roll call was concluded.

Mr. WARREN. I have a pair with the junior Senator from North Carolina [Mr. OVERMAN]. I am assured that that Senator would vote as I intend to vote were he present, so I shall vote. I vote "yea."

Mr. FERNALD. I have a general pair with the senior Senator from New Mexico [Mr. JONES]. On this question I am assured he would vote as I am about to vote, and I vote "yea."

Mr. McKELLAR. The senior Senator from West Virginia [Mr. NEELY] is unavoidably detained from the Senate. If present, he would vote "yea."

Mr. JONES of Washington. I desire to announce the following general pairs:

The senior Senator from Kansas [Mr. CURTIS] with the senior Senator from Missouri [Mr. REED];

The junior Senator from Nebraska [Mr. HOWELL] with the junior Senator from New Jersey [Mr. EDWARDS]; and

The junior Senator from Minnesota [Mr. SCHALL] with the senior Senator from Arizona [Mr. ASHURST].

Mr. NORRIS. The senior Senator from California [Mr. JOHNSON] is detained from the Senate on account of a death in his family. He has a general pair with the senior Senator from Arkansas [Mr. ROBINSON].

The result was announced—yeas 54, nays 13, as follows:

YEAS—54

Bingham	Glass	Mayfield	Smoot
Bruce	Gooding	Means	Stanfield
Butler	Hale	Metcalf	Stephens
Cameron	Harreld	Moses	Swanson
Capper	Harrison	Norbeck	Trammell
Cummins	Heflin	Oddie	Tyson
Dale	Jones, Wash.	Pepper	Wadsworth
Deneen	Kendrick	Pine	Warren
Ernst	Keyes	Reed, Pa.	Watson
Fernald	Lenroot	Robinson, Ind.	Weller
Fess	McKellar	Sackett	Williams
Fletcher	McKinley	Sheppard	Willis
George	McLean	Simmons	
Gerry	McMaster	Smith	

NAYS—13

Blease	Couzens	Norris	Wheeler
Brookhart	Frazier	Nye	
Broussard	La Follette	Shipstead	
Copeland	McNary	Walsh	

NOT VOTING—29

Ashurst	Edge	Johnson	Reed, Mo.
Bayard	Edwards	Jones, N. Mex.	Robinson, Ark.
Borah	Ferris	King	Schall
Bratton	Gillett	Neely	Shortridge
Carraway	Goff	Overman	Underwood
Curtis	Greene	Phipps	
Dill	Harris	Pittman	
du Pont	Howell	Ransdell	

So Mr. SMOOT's motion was agreed to.

Mr. NORRIS. Mr. President, most of the Senators who came in and voted with the committee are doing other things at their offices and are not interested with those of us who are trying to consider the bill and who are opposed to many of its provisions. We are, I think, at least as earnest in our opposition to some of the items in the bill as those who do not come into the Chamber except to vote are earnest in favoring whatever the committee wants. I do not criticize anybody on account of it so far as that part is concerned, but it does seem to me that it is just a little discourteous and very unfair to refuse those of us who have to stay here all day to watch the bill, to meet the propositions that we are opposed to in the bill, when we ask, as the Senator from Michigan [Mr. COUZENS] did, that instead of taking a recess until 11 o'clock we take the recess until 12. It was a discourtesy to him, who has been here all day, for those Senators who have only been here a few minutes and then come in only to vote, to say to him, "We are going to make you stay here until we are through with you."

If all Senators will come and will all stay here and listen to the debate, I shall not complain if we work for 24 hours without interruption; but it is not fair to those of us who want to be heard on some provisions in the bill to have to stay around here all day and do the best we can, and when an ordinary courtesy that is usually extended by unanimous consent is asked, as the Senator from Michigan did ask that we take a recess until 12 o'clock instead of 11 o'clock to-morrow to accommodate him, that those who have not been here come in and compel him to be here at 11 o'clock to-morrow. I wish that Senators would think of that just a little bit.

Mr. WATSON and Mr. HEFLIN addressed the Chair.

Mr. NORRIS. In just a moment I will yield, but not now. I am going to finish a sentence or two first. I will yield in a moment. I am not trying to get away.

There has not been any attempt to unduly delay the bill. That must be conceded by everybody. We commenced this morning at 11 o'clock——

Mr. SMOOT. And not a word was said about the bill for over two hours.

Mr. NORRIS. That was not my fault——

Mr. SMOOT. It was somebody's fault.

Mr. NORRIS. Except the part of it where I spoke, and I was led to do it by what other Senators had said.

Mr. SMOOT. Yes; the Senator helped to occupy the two hours.

Mr. NORRIS. I do not apologize for a single word that I said about coal.

Mr. SMOOT. Mr. President——

Mr. NORRIS. No; I will not yield now. I am going to yield, when I do yield, to the Senator from Indiana [Mr. WATSON], but I am not going to yield to him just now.

Mr. SMOOT. We wanted to get through for the day a little while ago.

Mr. NORRIS. Yes; the Senator is trying now to get away. I am ready to stay all night if Senators will all stay. They ought to be fair enough with those of us who are trying to oppose the bill to stay and listen to our arguments, or else not come in and vote to compel us to be here at 11 o'clock, and compel us to stay here all day when they do not stay here. That is not fair.

Of course, Senators can pursue that course. The steam roller can keep on running in just that way and Senators can keep it going, but I appeal to them that it is not the right thing to do. It seems to me that it is not the fair thing to do. The bill is being rushed faster than any other bill of its importance since I have been in the Senate that I can think of now, and why? We would have been willing to stay in session later. I would not have cared if the Senate should run until 8 o'clock to-night and until 8 o'clock to-morrow night. I would not care, if the Senator from Michigan, was willing to go on, if the Senate should remain in session another hour now. I am not pleading for time. I can stay here without sleep just as long as anybody if Senators will only stay. It is not asking anything that is unfair, it seems to me, on this occasion when we ask that the Senate take a recess until 12 o'clock instead of 11, and then run until 7 o'clock to-morrow night if anyone wants to do that.

No one has complained because we sat last night until nearly 7 o'clock. No one complained of commencing at 11 o'clock this morning, because we gradually got our committee work arranged so we could be here. No one would complain if we ran late every night. We are willing to meet you halfway. We want to do what is the fair thing. But if some Senator wants to talk about an eclipse of the moon to-morrow, he will have the right to do it and no one can charge it to me. There is no attempt, and no one will claim for a moment that there is any attempt, at a filibuster.

The Senator from Michigan, in the few remarks he made on the pending amendment, has demonstrated the wonderful importance of the amendment. He has shown to the Senate that for 13 years this bureau of the Government, that has collected billions and billions of the people's money and expended it and passed over thousands and thousands of individual tax returns, has done all of that work behind closed doors. It is perfectly wonderful when we come to think of it.

Senators may be just as honest as we are in the belief that that condition must continue during all eternity and all this wonderfully important public business be transacted in secret, but when we are discussing that important question and ask as a matter of courtesy to the Senator who has the floor that

instead of taking a recess until 11 o'clock to-morrow morning we take it until 12, it is denied. I submit that that is not fair.

I do not want to be driven to taking up any unnecessary time, but there are a great many ways in which time can be taken up. I do not want to make any threats, but if we are to be "steam-rollered" without any consideration there is one thing that even a dog will fight back about, and that is when you kick him hard enough. I do not want to do that. I do not want to consume time unnecessarily.

Mr. HEFLIN. Mr. President——

Mr. NORRIS. I say to Senators that we have not been doing that.

I now yield to the Senator from Indiana.

Mr. WATSON. I do not ask the question in any offensive sense, but is it not a fact that the Senator from Nebraska himself took up two hours of time to-day discussing a proposition that was passed on yesterday, and that did not have a thing in the world to do with the situation before the Senate to-day?

Mr. NORRIS. That is not correct, I will say to my good friend from Indiana. I did not do that. The matter is still in the bill. Later on, before we get through with the bill, there is going to be an amendment offered on the very subject that I was discussing. I did take a little while on the question of coal.

Mr. SMOOT. Mr. President——

Mr. WATSON. A little while?

Mr. NORRIS. Just a little while. I suppose it was so disagreeable to the Senator from Indiana that it seemed like a long time, but as a matter of fact it was only a few minutes.

Mr. HEFLIN. Mr. President——

Mr. NORRIS. I now yield to the Senator from Utah. I will yield to the Senator from Alabama in due time.

Mr. SMOOT. I said to the Senator from Michigan that he need not proceed with his remarks until 12 o'clock.

Mr. NORRIS. Oh, I know that.

Mr. SMOOT. We met this morning at 11 o'clock and it was 32 minutes after 12 o'clock when we got through reading or commenting on newspaper articles and listening to speeches that were made up to that time that had nothing whatever to do with the pending question or the bill. Then we went on, as I said, until the Senator from Michigan began to speak on the bill, and up to that time we had occupied 32 minutes on amendments to the bill.

Mr. NORRIS. And we adopted 25 or 30 amendments. Just think of the speed we made when the Senator from Utah got the floor. He put through here, without any objection from anybody, amendments by the dozen. He has made wonderful progress to-day by his magnificent management of the bill, and he is not yet satisfied.

Mr. SMOOT. No; I want to get the bill passed.

Mr. NORRIS. Of course, the Senator from Utah told the Senator from Michigan that he need not proceed until 12 o'clock and that he would bring something else before the Senate in the meantime.

Mr. SMOOT. There will be plenty of work to do.

Mr. NORRIS. Everybody understands that the Senator from Michigan does not care to split his address up in that way. He wanted to look up some matters. He said he would not be ready to go ahead at 11 o'clock. He wanted until 12 o'clock to get ready. He has been talking for half an hour this afternoon.

Mr. HEFLIN. Mr. President, if I may ask the Senator a question——

Mr. NORRIS. As soon as I get through with the Senator from Utah I will yield to the Senator from Alabama.

Mr. SMOOT. I want to say to the Senator from Michigan that I had no intention whatever of any discourtesy to him. Such a thing was furthest from my mind. If the Senator from Michigan is not ready even at 12 o'clock, there are many other items in the bill that we shall be able to take up until he is ready.

Mr. NORRIS. Oh, yes. The Senator from Michigan will be ready at 12 o'clock, and I presume he will be ready at 11 o'clock. He may be crowded into it.

Mr. SMOOT. Not crowded in the least. We are not crowding anyone.

Mr. NORRIS. As long as we met at 11 o'clock to-day, and as long as we ran until 7 o'clock last night and probably until nearly 7 o'clock to-night, that is time enough. When we get further on in the consideration of the bill, we can remain in session until 10 o'clock at night if the Senator wants to do so. I am agreeable to that. I will pledge myself to stay here 12 hours a day if the Senator will keep the balance of the Senators here. But it is not right for those of us who do stay here and work to have those who do not stay here come in when the bells ring and vote to compel us to stay at the dictation of the Senator from Utah and his comrade and "coadjutor," the Senator from North Carolina [Mr. SIMMONS].

I now yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, no injustice has been done to the Senator from Michigan. The Senator from Michigan objected to allowing us to meet at 11 o'clock to-morrow. We met to-day at 11 o'clock. He stated he would not be ready to go on at 11 and suggested that we meet at 12 o'clock. Those of us who do want to meet at 11 o'clock can do so, and we can transact a lot of business between 11 and 12. I do not think the Senate shows any discourtesy to one Senator when four-fifths of the Senators desire to meet at an earlier hour than that one Senator prefers.

Mr. NORRIS. Four-fifths of the Senate will not be here at 11 o'clock——

Mr. HEFLIN. We can transact the business that is before us at that time.

Mr. NORRIS. And if we get them here shortly after 11 o'clock, they will not stay here.

Mr. HEFLIN. I want to suggest to the Senator from Utah, if the Senator from Nebraska will permit me, that if we are going to meet at 11 o'clock we ought to remain in session to-morrow night until 10 o'clock and have a session Saturday evening, if necessary, and go on with the bill and complete it. It is a measure of great importance and ought to be disposed of. We ought to expedite business all we can and still give time to every Senator who wants to speak on the bill. Senators have been heard to-day on many matters, and I do not think anyone has shown any injustice or discourtesy to the Senator from Michigan. I want him to be heard to-morrow, but we can meet at 11 o'clock and do a great many things before 12 o'clock.

Mr. SWANSON. Mr. President, may I suggest, for the sake of peace and harmony, that as we meet at 11 o'clock the item in which the Senator from Michigan is interested shall go over until 12 o'clock? If he does not wish to speak on it before 12 o'clock, that is all right. So I suggest that the item in which the Senator from Michigan is interested be passed over until 12 o'clock.

EXECUTIVE SESSION

Mr. SMOOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and the Senate (at 6 o'clock and 20 minutes p. m.) under the previous order took a recess until to-morrow, Friday, February 5, 1926, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 4 (legislative day of February 1), 1926

COAST GUARD OF THE UNITED STATES

Commander (Engineering) William E. Maccoun to be a captain (engineering), to rank as such from January 16, 1926, in place of Capt. (Engineering) John B. Coyle, retired.

Lieut. Commander (Engineering) Albert C. Norman, temporarily a commander (engineering), to be a commander (engineering), to rank as such from January 16, 1926, in place of Commander (Engineering) W. E. Maccoun, promoted.

Lieut. Commander (Engineering) John I. Bryan to be temporarily a commander (engineering), to rank as such from January 16, 1926, in place of Commander (Engineering) A. C. Norman, promoted.

Lieut. (Engineering) Henry C. Roach, temporarily a lieutenant commander (engineering), to be a lieutenant commander (engineering), to rank as such from January 16, 1926, in place of Lieut. Commander (Engineering) A. C. Norman, promoted.

Lieut. (Engineering) John N. Heiner to be temporarily a lieutenant commander (engineering), to rank as such from January 16, 1926, in place of Lieut. Commander (Engineering) H. C. Roach, promoted.

The above-named officers have passed the required examinations.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, reserve

Brig. Gen. John Henry Sherburne, reserve, from February 11, 1926.

POSTMASTERS

ARKANSAS

Walter E. Glasco to be postmaster at Bigelow, Ark., in place of E. M. Reed, resigned.

CONNECTICUT

William H. S. McEwen to be postmaster at Glenbrook, Conn., in place of W. H. S. McEwen. Incumbent's commission expires February 6, 1926.

FLORIDA

Cecilia E. Kilbourn to be postmaster at Carrabelle, Fla., in place of C. E. Kilbourn. Incumbent's commission expires February 7, 1926.

Donald A. Flye to be postmaster at Haines City, Fla., in place of D. A. Flye. Incumbent's commission expires February 7, 1926.

William C. Johnson to be postmaster at Jensen, Fla., in place of M. B. Johnson. Incumbent's commission expired November 14, 1925.

Agnes M. Moremen to be postmaster at Maitland, Fla., in place of A. M. Moremen. Incumbent's commission expires February 7, 1926.

Orville L. Bogue to be postmaster at Oxford, Fla., in place of O. L. Bogue. Incumbent's commission expires February 7, 1926.

Bonnie B. Wilson to be postmaster at Sneads, Fla., in place of B. B. Wilson. Incumbent's commission expires February 7, 1926.

IDAHO

Lowell H. Merriam to be postmaster at Grace, Idaho, in place of L. H. Merriam. Incumbent's commission expires February 6, 1926.

Ransom M. Coburn to be postmaster at Lewiston, Idaho, in place of R. M. Coburn. Incumbent's commission expires February 6, 1926.

Homer E. Estes to be postmaster at Moscow, Idaho, in place of H. E. Estes. Incumbent's commission expires February 6, 1926.

Wells McEntire to be postmaster at Preston, Idaho, in place of Wells McEntire. Incumbent's commission expires February 6, 1926.

Charles Brebner to be postmaster at St. Maries, Idaho, in place of Charles Brebner. Incumbent's commission expires February 6, 1926.

Joseph O. McComb to be postmaster at Troy, Idaho, in place of J. O. McComb. Incumbent's commission expires February 6, 1926.

ILLINOIS

Guy R. Correll to be postmaster at Hutsonville, Ill., in place of G. R. Correll. Incumbent's commission expired November 18, 1925.

Elza F. Gorrell to be postmaster at Newton, Ill., in place of E. F. Gorrell. Incumbent's commission expired December 19, 1925.

INDIANA

Dudley C. Engle to be postmaster at Albany, Ind., in place of D. C. Engle. Incumbent's commission expired January 30, 1926.

Harvey C. Hyer to be postmaster at Eaton, Ind., in place of H. C. Hyer. Incumbent's commission expired January 30, 1926.

Gilbert M. Jordan to be postmaster at Flora, Ind., in place of G. M. Jordan. Incumbent's commission expired January 18, 1926.

IOWA

Walter H. Lake to be postmaster at Bedford, Iowa, in place of W. H. Lake. Incumbent's commission expired January 30, 1926.

Daniel Anderson to be postmaster at Lamoni, Iowa, in place of Daniel Anderson. Incumbent's commission expired January 18, 1926.

Harry E. Frantz, to be postmaster at Winthrop, Iowa, in place of H. E. Frantz. Incumbent's commission expired October 20, 1925.

KANSAS

Sloan E. Cathcart to be postmaster at Mayetta, Kans., in place of S. E. Cathcart. Incumbent's commission expired December 21, 1925.

KENTUCKY

Henry I. Neely to be postmaster at Hazel, Ky., in place of H. I. Neely. Incumbent's commission expires February 6, 1926.

William E. Winslow to be postmaster at Wingo, Ky., in place of W. E. Winslow. Incumbent's commission expires February 6, 1926.

MAINE

George H. Howe to be postmaster at Caribou, Me., in place of G. H. Howe. Incumbent's commission expires February 7, 1926.

Winnifred J. Libby to be postmaster at Ocean Park, Me., in place of W. J. Libby. Incumbent's commission expires February 7, 1926.

Charles F. Huff to be postmaster at Orrs Island, Me., in place of C. F. Huff. Incumbent's commission expires February 7, 1926.

MASSACHUSETTS

Benjamin Derby to be postmaster at Concord Junction, Mass., in place of Benjamin Derby. Incumbent's commission expires February 7, 1926.

L. Warren King to be postmaster at East Taunton, Mass., in place of L. W. King. Incumbent's commission expires February 7, 1926.

Donald A. MacDonald to be postmaster at Mittineague, Mass., in place of D. A. MacDonald. Incumbent's commission expires February 7, 1926.

L. Edward St. Onge to be postmaster at Ware, Mass., in place of L. E. St. Onge. Incumbent's commission expires February 7, 1926.

MINNESOTA

Charles W. Strebel to be postmaster at Arlington, Minn., in place of C. W. Strebel. Incumbent's commission expires February 7, 1926.

Robert W. Stewart to be postmaster at Ceylon, Minn., in place of R. W. Stewart. Incumbent's commission expires February 7, 1926.

Michael Hollaren to be postmaster at Ellsworth, Minn., in place of Michael Hollaren. Incumbent's commission expires February 7, 1926.

Harlan J. Miner to be postmaster at International Falls, Minn., in place of H. J. Miner. Incumbent's commission expires February 7, 1926.

Lynn J. Dewey to be postmaster at Jeffers, Minn., in place of L. J. Dewey. Incumbent's commission expires February 7, 1926.

Fred G. Brower to be postmaster at Kimball, Minn., in place of F. G. Brower. Incumbent's commission expires February 7, 1926.

Harry Coleman to be postmaster at Lancaster, Minn., in place of Harry Coleman. Incumbent's commission expires February 7, 1926.

Albert D. Day to be postmaster at Long Prairie, Minn., in place of A. D. Day. Incumbent's commission expires February 7, 1926.

Wallace R. Ackerman to be postmaster at Mapleton, Minn., in place of W. R. Ackerman. Incumbent's commission expires February 7, 1926.

Ralph V. Townsend to be postmaster at Minnesota Lake, Minn., in place of R. V. Townsend. Incumbent's commission expires February 7, 1926.

Walter W. Pearson to be postmaster at Nevis, Minn., in place of W. W. Pearson. Incumbent's commission expires February 7, 1926.

Arnold J. Derksen to be postmaster at Pequot, Minn., in place of A. J. Derksen. Incumbent's commission expires February 7, 1926.

James N. Kain to be postmaster at Round Lake, Minn., in place of J. N. Kain. Incumbent's commission expires February 7, 1926.

Walter W. Parish to be postmaster at Rushford, Minn., in place of W. W. Parish. Incumbent's commission expires February 7, 1926.

John C. Klein to be postmaster at St. Joseph, Minn., in place of J. C. Klein. Incumbent's commission expires February 7, 1926.

MISSISSIPPI

Lily B. Maxwell to be postmaster at Camden, Miss., in place of L. B. Maxwell. Incumbent's commission expires February 7, 1926.

Charles B. Turner to be postmaster at Ellisville, Miss., in place of C. B. Turner. Incumbent's commission expires February 7, 1926.

Thomas A. Chapman to be postmaster at Friar Point, Miss., in place of T. A. Chapman. Incumbent's commission expires February 7, 1926.

Mattie B. Catching to be postmaster at Georgetown, Miss., in place of M. B. Catching. Incumbent's commission expires February 7, 1926.

Robert J. E. Barwick to be postmaster at Glen Allan, Miss., in place of R. J. E. Barwick. Incumbent's commission expires February 7, 1926.

Mary E. Herring to be postmaster at Madison Station, Miss., in place of M. E. Herring. Incumbent's commission expires February 7, 1926.

Marion W. Thornton to be postmaster at Pachuta, Miss., in place of M. W. Thornton. Incumbent's commission expires February 7, 1926.

Enfield Wharton to be postmaster at Port Gibson, Miss., in place of Enfield Wharton. Incumbent's commission expires February 7, 1926.

MISSOURI

Frank L. Neitzert to be postmaster at Knobnoster, Mo., in place of F. L. Neitzert. Incumbent's commission expired February 2, 1926.

Edwin K. Lett to be postmaster at Marquand, Mo., in place of E. K. Lett. Incumbent's commission expires February 9, 1926

NEBRASKA

Ralph R. Brosius to be postmaster at Valentine, Nebr., in place of R. R. Brosius. Incumbent's commission expires February 6, 1926.

NEW JERSEY

Bertha A. Chittick to be postmaster at Old Bridge, N. J., in place of B. A. Chittick. Incumbent's commission expired November 15, 1925.

NEW YORK

John B. Houghton to be postmaster at Indian Lake, N. Y., in place of J. B. Houghton. Incumbent's commission expires February 7, 1926.

Eugene F. Gorse to be postmaster at Jefferson, N. Y., in place of O. C. Fox. Incumbent's commission expired December 22, 1925.

Milton C. Armstrong to be postmaster at Long Eddy, N. Y., in place of M. C. Armstrong. Incumbent's commission expired December 22, 1925.

William B. Voorhees to be postmaster at Roscoe, N. Y., in place of W. B. Voorhees. Incumbent's commission expires February 7, 1926.

Frank Wright to be postmaster at Salem, N. Y., in place of Frank Wright. Incumbent's commission expires February 7, 1926.

Charles H. Huntoon to be postmaster at Sayville, N. Y., in place of C. H. Huntoon. Incumbent's commission expired February 3, 1926.

Winfield McIntyre to be postmaster at Woodbourne, N. Y., in place of Winfield McIntyre. Incumbent's commission expires February 7, 1926.

August Abt to be postmaster at Woodridge, N. Y., in place of August Abt. Incumbent's commission expires February 7, 1926.

NORTH CAROLINA

Grover L. Harbinson to be postmaster at Maiden, N. C., in place of G. L. Harbinson. Incumbent's commission expired February 3, 1926.

Cecil M. Griffin to be postmaster at Rural Hall, N. C., in place of C. M. Griffin. Incumbent's commission expired January 18, 1926.

NORTH DAKOTA

Theodore H. Scholz to be postmaster at Beulah, N. Dak., in place of D. E. Cone. Incumbent's commission expired November 18, 1925.

Eldor G. Sagehorn to be postmaster at Stanton, N. Dak., in place of E. G. Sagehorn. Incumbent's commission expired November 18, 1925.

OKLAHOMA

Mahlon F. Manville to be postmaster at Ada, Okla., in place of M. F. Manville. Incumbent's commission expired January 18, 1926.

Edgar R. Freels to be postmaster at Canute, Okla., in place of A. E. Hawkins, deceased.

PENNSYLVANIA

Harry L. Koons to be postmaster at East Pittsburgh, Pa., in place of H. L. Koons. Incumbent's commission expires February 6, 1926.

William K. Speer to be postmaster at Harrisville, Pa., in place of W. K. Speer. Incumbent's commission expires February 2, 1926.

Jefferson B. Hershey to be postmaster at McKeesport, Pa., in place of J. B. Hershey. Incumbent's commission expires February 6, 1926.

Fred J. Kintner to be postmaster at Mehoopany, Pa., in place of F. J. Kintner. Incumbent's commission expires February 7, 1926.

Alice Krebs to be postmaster at Pottsville, Pa., in place of Alice Krebs. Incumbent's commission expires February 7, 1926.

Helen P. Howell to be postmaster at West Alexander, Pa., in place of H. P. Howell. Incumbent's commission expires February 7, 1926.

Hettie C. Taylor to be postmaster at Westtown, Pa., in place of H. C. Taylor. Incumbent's commission expires February 7, 1926.

Robert C. Simpson to be postmaster at Woodlawn, Pa., in place of R. C. Simpson. Incumbent's commission expires February 7, 1926.

Jacob M. Aiken to be postmaster at Yeagertown, Pa., in place of J. M. Aiken. Incumbent's commission expires February 7, 1926.

VERMONT

Ida H. Holton to be postmaster at Newbury, Vt., in place of I. H. Holton. Incumbent's commission expired February 8, 1926.

Walter A. Amsden to be postmaster at Proctorsville, Vt., in place of W. A. Amsden. Incumbent's commission expires February 6, 1926.

WASHINGTON

Frank Hurst to be postmaster at Washtucna, Wash., in place of Frank Hurst. Incumbent's commission expired December 14, 1925.

WISCONSIN

Edwin E. Weinmann to be postmaster at Iola, Wis., in place of E. E. Weinmann. Incumbent's commission expired January 21, 1926.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 4 (legislative day of February 1), 1926

FOREIGN SERVICE

TO BE SECRETARIES

DeWitt C. Poole, of Illinois.
Reed Paige Clark, of New Hampshire.

POSTMASTERS

COLORADO

Mary McConnell, Minturn.
Roy Hodges, Springfield.

DELAWARE

Napoleon B. Register, Lewes.

IOWA

Charles H. Howe, Janesville.

MARYLAND

Granville S. Cropper, Ocean City.

MINNESOTA

George A. Etzell, Clarissa.
August F. Truwe, Young America.

MONTANA

Lars A. Kragrud, Winnett.

NEBRASKA

Peter S. Petersen, Dannebrog.

NEW JERSEY

Frank Hill, Dumont.
Chester A. Burt, Helmetta.
Lorenzo S. Spates, Linden.
Emma A. Clawson, Scotch Plains.

NEW YORK

Chester M. Bartlett, Albion.
Sheldon D. Clark, Bath.
Allie M. Merville, Bliss.
George W. Hulbert, Downsville.
Walter I. Terrell, East Quogue.
Fallah L. Quinlan, East Northport.
Fred M. Sealey, Hempstead.
Fred F. Hawley, Lake George.
Frank G. Helm, Lancaster.
Harry W. Brown, Larchmont.
Harland N. Brown, Mayfield.
Horton Davry, Mechanicsville.
Horace J. Howk, Mount McGregor.

Frank A. Wheeler, Munnsville.
Apollos A. Smith, Paul Smiths.
Lottie Allen, Perrysburg.
Dennis Dillon, Raquette Lake.
John H. Stoddard, Stevensville.
George Hubbard, West Coxsackie.

PENNSYLVANIA

Robert S. Gumaer, Dalton.

HOUSE OF REPRESENTATIVES

THURSDAY, *February 4, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The Lord is high above all nations and His glory above the heavens. At this moment may our deepest thought be: Blessed be the name of the Lord from this time forth and forevermore. Thou hast brought all good things into our lives and may we most seriously realize that it is only by diligence that we keep them there. Above all may we understand that the pure affection of the heart is the essence of righteousness. Spare us from the expression of self-complacency, but bless us with the satisfaction of conscious integrity toward God, our country, and our fellow men. May the accents of our words and actions this day be in the spirit of truth and love. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

NATIONAL BANK ACT—BRANCH BANKING

The SPEAKER. The unfinished business before the House is the bill H. R. 2, which has been read the third time. The question is on the passage of the bill.

Mr. STEAGALL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman from Alabama opposed to the bill?

Mr. STEAGALL. Yes.

The SPEAKER. The gentleman from Alabama offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. STEAGALL moves to recommit the bill to the Committee on Banking and Currency, with instructions to that committee to report the bill back to the House forthwith with the following amendment: "Strike out all of section 8."

Mr. McFADDEN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—yeas 14, nays 62.

Mr. STEAGALL. Mr. Speaker, I make the point there is no quorum present and object to the vote on that ground.

The SPEAKER. It is evident there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 91, nays 291, not voting 49, as follows:

[Roll No. 26]

YEAS—91

Allgood	Dickinson, Mo.	Lankford	Rubey
Almon	Driver	Little	Rutherford
Arnold	Dyer	Lowrey	Sabath
Bacharach	Evans	Loxier	Sanders, Tex.
Bankhead	Frear	McClintic	Schafer
Beck	Fulmer	McDuffie	Sears, Fla.
Bland	Garner, Tex.	McKeown	Seger
Blanton	Garrett, Tenn.	McMillan	Shallenberger
Bowling	Goldsborough	Milligan	Sinclair
Box	Green, Fla.	Moore, Ky.	Steagall
Briggs	Hammer	Moore, Va.	Swank
Browne	Hare	Morehead	Thomas
Browning	Hayden	Morrow	Tillman
Busby	Hill, Ala.	Nelson, Mo.	Tucker
Cannon	Hill, Wash.	Nelson, Wis.	Volgt
Carter, Okla.	Howard	Oldfield	Weaver
Celler	Huddleston	Oliver, Ala.	Wefald
Collins	Jeffers	Parks	Weller
Connally, Tex.	Johnson, Tex.	Peavey	Whittington
Cooper, Wis.	Jones	Ragon	Wilson, Miss.
Cox	Keller	Rainey	Wingo
Crisp	Kvale	Rankin	Woodrum
Deal	Lampert	Romjue	

NAYS—291

Abernethy	Andrew	Bachmann	Beers
Ackerman	Anthony	Bacon	Begg
Adkins	Appleby	Bailey	Bell
Aldrich	Arentz	Barbour	Berger
Allen	Auf der Heide	Barkley	Black, N. Y.
Andresen	Ayres	Beedy	Black, Tex.
Bloom	Free	Leavitt	Smithwick
Boies	Freeman	Lee, Ga.	Somers, N. Y.
Bowles	French	Lehlbach	Sosnowski
Bowman	Frothingham	Letts	Speaks
Boylan	Funk	Linthicum	Spearing
Brand, Ga.	Furlow	Lyon	Sproul, Ill.
Brand, Ohio	Gambrill	McFadden	Sproul, Kans.
Brigham	Garber	McLaughlin, Mich.	Stedman
Britten	Gardner, Ind.	McLaughlin, Nebr	Stephens
Brumm	Garrett, Tex.	McLeod	Stevenson
Buchanan	Gasque	McReynolds	Stobbs
Bulwinkle	Gibson	McSwain	Strong, Kans.
Burdick	Gifford	McSweeney	Strother
Burtness	Glynn	MacGregor	Sullivan
Burton	Golder	Madden	Summers, Wash.
Butler	Goodwin	Magee, N. Y.	Sumners, Tex.
Byrns	Gorman	Magee, Pa.	Sweet
Campbell	Graham	Magrady	Swing
Canfield	Green, Iowa	Major	Swoope
Carew	Greenwood	Manlove	Taber
Carpenter	Griest	Mansfield	Taylor, Colo.
Chalmers	Griffin	Mapes	Taylor, N. J.
Chapman	Hadley	Martin, La.	Taylor, Tenn.
Chindblom	Hall, Ind.	Martin, Mass.	Taylor, W. Va.
Christopherson	Hall, N. Dak.	Mead	Temple
Clague	Hardy	Menges	Thatcher
Cleary	Harrison	Merritt	Thayer
Cole	Haugen	Michener	Thompson
Collier	Hawes	Miller	Thurston
Colton	Hawley	Mills	Tilson
Connolly, Pa.	Hersey	Montague	Timberlake
Cooper, Ohio	Hickey	Montgomery	Tinkham
Corning	Hill, Md.	Mooney	Tolley
Coyle	Hoch	Moore, Ohio	Treadway
Cramton	Hogg	Morin	Tydings
Crosser	Holaday	Murphy	Underhill
Crowther	Hooper	Nelson, Me.	Underwood
Crumpacker	Houston	Newton, Minn.	Updike
Curry	Hudson	O'Connell, N. Y.	Upshaw
Darrow	Hudspeth	O'Connell, R. I.	Valle
Davenport	Hull, Tenn.	O'Connor, La.	Vare
Davey	Hull, Morton D.	Oliver, N. Y.	Vestal
Davis	Hull, William E.	Parker	Vincent, Mich.
Denison	Irwin	Peery	Vinson, Ga.
Dickstein	Jacobstein	Perkins	Vinson, Ky.
Dominick	James	Perlman	Wainwright
Doughton	Jenkins	Porter	Warren
Douglass	Johnson, Ind.	Pou	Wason
Dowell	Johnson, Ky.	Prall	Watres
Doyle	Johnson, S. Dak.	Purnell	Watson
Drewry	Johnson, Wash.	Quin	Welsh
Eaton	Kearns	Ransley	Wheeler
Edwards	Kelly	Rayburn	White, Kans.
Elliott	Kemp	Reece	White, Me.
Ellis	Kerr	Reed, N. Y.	Whitehead
Eslick	Ketcham	Robinson, Iowa	Williams, Ill.
Esterly	Kiefner	Robsion, Ky.	Williams, Tex.
Fairchild	Kincheloe	Rogers	Williamson
Faust	King	Rowbottom	Wilson, La.
Fenn	Knutson	Sanders, N. Y.	Winter
Fish	Kopp	Sandlin	Wolverton
Fisher	Kunz	Scott	Wood
Fitzgerald, Roy G.	Kurtz	Sears, Nebr.	Woodruff
Fitzgerald, W. T.	Lanham	Shreve	Wright
Fletcher	Larsen	Simmons	Wurzbach
Fort	Lazaro	Sinnott	Yates
Foss	Leatherwood	Smith	

NOT VOTING—49

Aswell	Gilbert	Michaelson	Rouse
Bixler	Hale	Morgan	Schneider
Carss	Hastings	Newton, Mo.	Snell
Carter, Calif.	Johnson, Ill.	Norton	Stalker
Connery	Kahn	O'Connor, N. Y.	Strong, Pa.
Cullen	Kendall	Patterson	Swartz
Dempsey	Kiess	Phillips	Tincher
Dickinson, Iowa	Kindred	Pratt	Walters
Drane	LaGuardia	Quayle	Wyant
Flaherty	Lea, Calif.	Ramseyer	Zihlman
Fredericks	Lindsay	Rathbone	
Fuller	Lineberger	Reed, Ark.	
Gallivan	Luce	Reid, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. LaGuardia (for) with Mr. Reid of Illinois (against).
Mr. Rathbone (for) with Mr. Bixler (against).
Mr. Drane (for) with Mr. Connery (against).
Mr. Schneider (for) with Mr. Kendall (against).

Until further notice:

Mr. Kiess with Mr. O'Connor of New York.
Mr. Newton of Missouri with Mr. Gallivan.
Mr. Wyant with Mr. Aswell.
Mr. Patterson with Mr. Hastings.
Mr. Luce with Mr. Cullen.
Mr. Strong of Pennsylvania with Mr. Kindred.
Mr. Pratt with Mr. Reed of Arkansas.
Mr. Snell with Mr. Lindsay.
Mr. Walters with Mr. Gilbert.
Mr. Stalker with Mr. Quayle.
Mr. Hill of Maryland with Mrs. Norton.
Mr. Lineberger with Mr. Lea of California.
Mr. Hale with Mr. Carss.

The result of the vote was announced as above recorded.

The SPEAKER. The question now comes on the passage of the bill.

Mr. McFADDEN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 293, nays 96, not voting 48, as follows:

[Roll No. 27]

YEAS—293

Ackerman	Dyer	Larsen	Sinnott
Adkins	Eaton	Lazaro	Smith
Aldrich	Elliott	Leatherwood	Smithwick
Allen	Ellis	Leavitt	Somers, N. Y.
Andresen	Eslick	Lee, Ga.	Sosnowski
Andrew	Esterly	Lehlbach	Speaks
Anthony	Fairchild	Letts	Spearing
Appleby	Faust	Linthicum	Sproul, Ill.
Arentz	Fenn	Lyon	Sproul, Kans.
Arnold	Fish	McFadden	Stedman
Auf der Heide	Fisher	McLaughlin, Mich.	Stephens
Ayres	Fitzgerald, Roy G.	McLaughlin, Nebr.	Stevenson
Bachmann	Fitzgerald, W. T.	McLeod	Stobbs
Bacon	Fletcher	McReynolds	Strong, Kans.
Bailey	Fort	McSwain	Strother
Barbour	Foss	McSweeney	Sullivan
Barkley	Free	MacGregor	Summers, Wash.
Beedy	Freeman	Madden	Summers, Tex.
Beers	Frothingham	Magee, N. Y.	Sweet
Begg	Funk	Magee, Pa.	Swing
Bell	Furlow	Magrady	Swoope
Berger	Gambrill	Major	Taber
Black, N. Y.	Gardner, Ind.	Manlove	Taylor, Colo.
Black, Tex.	Garrett, Tex.	Mansfield	Taylor, N. J.
Bloom	Gasque	Mapes	Taylor, Tenn.
Boies	Gibson	Martin, La.	Taylor, W. Va.
Bowles	Gifford	Martin, Mass.	Temple
Bowman	Glynn	Mead	Thatcher
Boylan	Golder	Menges	Thayer
Brand, Ga.	Goodwin	Merritt	Thompson
Brand, Ohio	Gorman	Michaelson	Thurston
Brigham	Graham	Michener	Tilson
Britten	Green, Iowa	Miller	Timberlake
Brumm	Greenwood	Mills	Tinkham
Buchanan	Griest	Montague	Tolley
Bulwinkle	Griffin	Montgomery	Treadway
Burdick	Hadley	Mooney	Tydings
Burtness	Hall, Ind.	Moore, Ohio	Underhill
Burton	Hall, N. Dak.	Morgan	Underwood
Butler	Hardy	Morin	Updike
Byrns	Harrison	Murphy	Upshaw
Campbell	Hawes	Nelson, Me.	Vaile
Canfield	Hawley	Newton, Minn.	Vare
Carew	Hersey	O'Connell, N. Y.	Vestal
Carpenter	Hickey	O'Connell, R. I.	Vincent, Mich.
Chalmers	Hill, Md.	O'Connor, La.	Vinson, Ga.
Chapman	Hoch	Oliver, N. Y.	Vinson, Ky.
Chindblom	Hogg	Parker	Wainwright
Christopherson	Holaday	Peery	Walters
Clague	Hooper	Perkins	Warren
Cleary	Hudson	Perlman	Wason
Cole	Hudspeth	Porter	Watres
Collier	Hull, Morton D.	Pou	Watson
Colton	Hull, William E.	Prall	Weller
Connolly, Pa.	Irwin	Pratt	Welsh
Cooper, Ohio	Jacobstein	Purnell	Wheeler
Corning	James	Quin	White, Kans.
Coyle	Jenkins	Ragon	White, Me.
Cramton	Johnson, Ind.	Rainey	Whitehead
Crosser	Johnson, Ky.	Ransley	Whittington
Crowther	Johnson, S. Dak.	Rayburn	Williams, Ill.
Crumpacker	Johnson, Wash.	Reece	Williams, Tex.
Curry	Kearns	Reed, N. Y.	Williamson
Darrow	Kelly	Robinson, Iowa	Wilson, La.
Davenport	Kemp	Robsion, Ky.	Winter
Davey	Ketcham	Rogers	Wolverton
Davis	Kiefner	Rowbottom	Wood
Denison	Kincheloe	Sanders, N. Y.	Woodruff
Dickstein	King	Sandlin	Wright
Dominick	Knutson	Scott	Wurzbach
Doughton	Kopp	Sears, Nebr.	Yates
Douglass	Kunz	Seger	
Dowell	Kurtz	Shreve	
Doyle	Lanham	Simmons	

NAYS—90

Abernethy	Drewry	Keller	Rankin
Allgood	Driver	Kerr	Romjue
Almon	Edwards	Kvale	Rubey
Bacharach	Evans	Lampert	Rutherford
Bankhead	Frear	Lankford	Sabath
Beck	French	Little	Sanders, Tex.
Bland	Fulmer	Lowrey	Schafer
Blanton	Garner, Tex.	Lozier	Sears, Fla.
Bowling	Garrett, Tenn.	McClintic	Shallenberger
Box	Goldsborough	McDuffie	Sinclair
Briggs	Green, Fla.	McKeown	Steagall
Browne	Hammer	McMillan	Swank
Browning	Hare	Milligan	Thomas
Busby	Hayden	Moore, Ky.	Tillman
Cannon	Hill, Ala.	Moore, Va.	Tucker
Carter, Okla.	Hill, Wash.	Morehead	Voigt
Celler	Houston	Morrow	Weaver
Collins	Howard	Nelson, Mo.	Wefald
Connally, Tex.	Huddleston	Nelson, Wis.	Wilson, Miss.
Cooper, Wis.	Hull, Tenn.	Oldfield	Wingo
Crisp	Jeffers	Oliver, Ala.	Woodrum
Deal	Johnson, Tex.	Parks	
Dickinson, Mo.	Jones	Peavey	

NOT VOTING—48

Aswell	Drane	Haugen	Lineberger
Bixler	Flaherty	Johnson, Ill.	Luce
Carss	Fredericks	Kahn	Newton, Mo.
Carter, Calif.	Fuller	Kendall	Norton
Connery	Gallivan	Kiess	O'Connor, N. Y.
Cox	Garber	Kindred	Patterson
Cullen	Gilbert	LaGuardia	Phillips
Dempsey	Hale	Lea, Calif.	Quayle
Dickinson, Iowa	Hastings	Lindsay	Ramseyer
Rathbone	Rouse	Stalker	Tincher
Reed, Ark.	Schneider	Strong, Pa.	Wyant
Reid, Ill.	Snell	Swartz	Zihlman

So the bill was passed.

The following pairs were announced:

Mr. Reid of Illinois (for) with Mr. LaGuardia (against).
Mr. Connery (for) with Mr. Drane (against).
Mr. Kendall (for) with Mr. Schneider (against).
Mr. Bixler (for) with Mr. Rathbone (against).

Until further notice:

Mr. Phillips with Mr. Cox.
Mr. Carter of California with Mr. Gilbert.
Mr. Dempsey with Mrs. Norton.
Mr. Dickinson of Iowa with Mr. Reed of Arkansas.

The result of the vote was announced as above recorded.

On motion of Mr. McFADDEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

A message in writing from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved bills of the following titles:

On January 30:

H. R. 3755. An act granting the consent of Congress to the counties of Anderson, S. C., and Elbert, Ga., to construct a bridge across the Savannah River; and

H. R. 6089. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 26, township 45 north, range 8 east of the third principal meridian.

On February 1, 1926:

H. J. Res. 107. Joint resolution to provide for the expenses of the participation of the United States in the work of a preparatory commission to consider questions of reduction and limitation of armaments.

DEPARTMENT OF STATE

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Foreign Affairs.

To the Congress of the United States:

I transmit herewith a report by the Secretary of State on matters concerning the Department of State required by certain provisions of law enumerated in the report.

CALVIN COOLIDGE.

THE WHITE HOUSE, *February 4, 1926.*

FIRST URGENT DEFICIENCY BILL

Mr. MADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8722, the urgent deficiency bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. CHINDBLOM in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill of which the Clerk will report the title.

The Clerk read as follows:

A bill (H. R. 8722) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes.

The CHAIRMAN. Of the time allotted for general debate, under the rules of the House the gentleman from Illinois [Mr. MADDEN] has remaining 1 hour and 25 minutes and the gentleman from Tennessee [Mr. BYRNS] 52 minutes.

Mr. BYRNS. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman and gentlemen, I arise this morning to present to the House a subject which I know ought to appeal. If I might provide a caption for the subject, I believe I should make it read, "The study of a scientific attempt to debase the legislative arm of the American Government." As a basis for my few words this morning I want to show very clearly how a document presented in regular form in this House has been cruelly, shamefully, and falsely misstated by a number of American newspapers.

On the first day of the session, exercising my prerogative as a Member of the House, I introduced a resolution looking

to the furnishing by the Government of a copy of the daily RECORD of the Congress to every public and parochial high school in the United States, for the main purpose of giving the American people, through the students in civic classes in the high schools an opportunity to study and become acquainted with the practical side of our republican form of government. [Applause.]

We all agree that the first duty of government is to educate its people. We all agree that a greater knowledge of the practical workings of our Government might inure to the general welfare. That was my thought in introducing this resolution. I had another thought, and that was the convenience and comfort of Members of Congress, who are daily besieged for copies of the CONGRESSIONAL RECORD by their constituents. They are allotted only a small number, totally inadequate to the demand.

Now comes my story of the misrepresentation. No sooner had that little joint resolution been introduced than a number of the metropolitan newspapers—and I will name some of them—began a studied effort to laugh it out of Congress. The first step was taken by a paper in Washington, with an editorial occupying three-quarters of a column of its valuable editorial space, in denunciation of the resolution, mostly in the line of ridicule.

Now remember, friends, that this statement was made editorially, and an editorial statement is always presumed to be based upon positive evidence. This editorial statement says that the resolution would require an enlargement of the Government printing plant; that it would require putting many more mail trains in the service to carry daily more than the million extra copies of the CONGRESSIONAL RECORD provided for by this resolution.

Well, that editor had before him a copy of the resolution when he wrote that article. The resolution plainly and specifically limited the number of extra copies of the RECORD to 25,000, or so many of that authorized number as might be necessary to grant the request of the public and parochial high schools of the country. And yet the paper said—editorially, remember—that it would require more than a million extra copies daily.

Let me show you how falsehood grows among that class of people. The Washington Post explained that it would require more than a million extra copies of the daily RECORD. When it got over to the Chicago Journal of Commerce the number had increased to 2,500,000. When it got over to the New York Commercial it had grown to more than 25,000,000.

This gives me an opportunity to call attention not only to the studied misrepresentation of the House of Representatives but it gives me an opportunity to give you one practical newspaper man's estimate of two newspaper characters. The one newspaper character in whose presence I always lift my hat is the average, active, working, newspaper man. [Applause.] He is the highest type of white man that I know. Take the average newspaper correspondent—men with whom you have had experience—and you all know that you may give to this newspaper correspondent any statement, telling him that it is under seal until released by you, and you may go about your business absolutely sure that seal will not be broken. It is just as sacred as the communications received by the minister of the gospel from his parishioner or just as sacred as secrets given to your family physician. There is another type of newspaper man who is not deserving of the name of newspaper man. In many of the larger offices where a man of this kind is employed he is the one who is generally referred to by the practical and honorable newspaper workers as the "thing." To his desk is sent orders for the writing of an article intended to be absolutely false. They could not send such an order to the desk of the average ethical newspaper worker, because he would not write it; but oftentimes they have in connection with these offices that newspaper "thing," and the order for such writing goes to his desk. I know in two or three instances where he is a college man wanting to make some money on the side. He knows how to write, and he is willing to write anything that may be assigned to him. If I had the power of words I would like to paint a picture of that newspaper "thing." Sometimes I think I would like to borrow from Parke Godwin a little of his measure of ability to paint the evil "thing" in proper colorings; and if he would lend me the language I believe I should say of this unclean newspaper "thing" that on the rolls of the fourth estate, enrolled among the noble and the true, his is the one name the mention of which brings to the cheeks of ethical newspaper men the hot blood of humiliation and shame whenever his name is mentioned. [Applause.] Hated by a whole people, despised by an indignant fourth estate, the profession of newspapering is blurred by his past infamy and polluted by his present sin. [Applause.]

My friends, I paint this picture, and I want you to hold it in your minds, so that none of you having newspaper fellows in contemplation may make a mistake as between a newspaper "thing" and an ethical newspaper man.

There is another line of propaganda seeking always to debase this legislative arm of our Government. I think it is time for some of us at least to rise in protest against that propaganda. I am protesting against it, and I am saying to you, and I want you to believe it, and I want the country to believe it, that it will not be well for our country to reach the day when people shall begin to believe that there is no longer any honor, any of that sterling integrity among the membership of this House that once obtained. To say that there is not is to utter a falsehood. This very membership here assembled contains characters just as worthy as ever sat in any day in this Chamber. [Applause.] Our system of procedure does not give to those characters the same opportunity to shine that they once had, because of our limited debate. But they are here. If I had a rope here, such as I used to carry when I was on the ranch, I believe that I could this morning turn toward the chairman and swing the rope and let it fly out at random here in this House and rope some fellow who would be just as much qualified to sit in the chiefest chair of state in our Nation as was any average man who ever sat there, except the four immortals who, by courtesy, we always exclude—Washington, Jefferson, Jackson, and Lincoln. I imagine that right now I could place the names of the membership of this House, barring my own, in a hat, call a page to draw one out, and I would be sure that the name drawn out would be the name of a man just as fully qualified to occupy the chair of the Chief Executive of the Republic as any who ever sat there, barring the ones which I for conscience and courtesy's sake have excepted.

I am speaking this morning more or less for the purpose of beginning a revival in an effort to stop the studied program of certain interests—I do not know who is primarily behind those interests—which seek always to debase the legislative arm of our Government. I hope that during the session of this Congress some of the splendid men here better qualified than I to speak on this subject will rise, not for the purpose of defending the Congress, for it needs no defense as to its personnel, but rather for the purpose of showing forth to the world the fact that there is a studied effort on the part of some men or some interest to debase the American House of Representatives. It was given to us by the fathers of our country as particularly the popular and the people's branch of the Government. I believe in it, and I want my fellows and my country to believe in it. [Applause.]

Mr. BYRNS. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman and members of the committee, we have heard arguments pro and con on the tariff. The tariff is good and bad. It is good for those that it enriches and it is bad for those it helps to rob. It can not be fair unless by some means it gives back to the party robbed every dollar taken from him.

If every dollar taken from the consumer as a result of the tariff is returned to the consumer, then the consumer is not injured; and, of course, if the consumer gets back not only that which has been taken from him, but an additional sum, then the tariff is good for him. The trouble, though, is to prove how all that is plundered from the public is returned to the public. In fact, if there was a provision in the tariff law which had the effect of making the manufacturer pass on to the consumer or to the laborers of the country all that the manufacturers get as a result of the tariff, then the manufacturer would not at all want the tariff.

High-tariff advocates are forced to try and prove that even though the manufacturers eat the public's cake that still the public has its cake.

High tariff has been the means by which millions of the common folks have been deprived of that which is justly theirs. My position on the tariff is easily stated. I object to and fight with all my power the high tariff which is placed on every blessed thing which my people buy, and then I get as high a tariff as possible on what they sell to offset the damage about to be done by the tariff on the manufactured article needed by my people. It is almost impossible to write a high tariff bill which will be fair to my people. Heretofore in all high tariff bills the manufacturer has always received the advantage.

Only yesterday some one on this floor shouted that high tariff was the means of maintaining a high standard of wages for the laboring men of this country. Oh, labor! labor! how

many crimes are committed in thy name? [Applause.] I am for the laboring man, but I am for legislating for him and the farmers of the Nation directly and not by circuity. I am not in favor of turning money over to the big rich on the theory that enough will ooze through the hands of the millionaires of the country for the common folks. I do not believe in giving Dives all the good things of life on the theory that the crumbs from his table will be sufficient for poor, starving Lazarus. It is believed by many that the drippings from the hands of the big manufacturers are all sufficient for the laborers of the Nation, and that the farmers who feed all and clothe all should be content with the husk of the profiteering swine of the country.

Why do not we legislate for the common folks directly? [Applause.]

We legislate here for the corporate interests, for the big rich, for the railroads, for the bankers, for the bondholders, and for every profiteer of the country, and not for the farmers. There are bureaus and agencies everywhere to fix high prices in behalf of all but the farmers of the country.

Nearly every law enacted here, either directly or indirectly, fixes prices of articles which the farmers must buy and fixes those price very, very high.

There rise up now those that bitterly protest against the farmers and their friends organizing into blocs in an effort to get some relief for the farmers of the Nation. Well, the big rich manufacturers, railroad men, and bankers have had blocs here from the beginning of the Government, and we have heard no protest about those blocs. The objection seems to be only brought forth when the farmers seek some sort of relief.

They want the farmers not to complain while they are being robbed and while prices are being fixed high on what they buy and low on what they sell.

Those who oppose most bitterly price fixing in behalf of the farmers are most resolute in their belief in price fixing in destruction of the farmer.

People who have argued all their lives for high price fixing of all the farmers buy and for low price fixing of all they sell, in some way pretend to forget their past stand on price fixing and now are shouting their utter opposition to price fixing when it is even suggested that a measure may remotely assist the farmer in getting better prices for what he sells or may help him get at less prices fertilizers or other commodities which he sorely needs.

Now they declare at the top of their voices their opposition to price fixing. Let us keep the record straight. They are only opposed to anything that may assist in price fixing in behalf of the farmer. They are in favor of price fixing for themselves and for their crowd of profiteers and financial crooks. [Applause.]

They favor price fixing through a profiteer's tariff of all the farmers buy, but oppose everything that tends to fix reasonable prices on what the farmer sells.

They favor price fixing of officials' salaries, of cabinet officers' services, and, in fact, of all governmental activities, and oppose price fixing at a reasonable rate of the sweat on the farmers' faces.

They favor high-price fixing for the railroads and other transportation companies when they haul the farmer and his family, but oppose price fixing for the labor of those same farmers and their loved ones, when they are struggling for existence. [Applause.]

They favor high price fixing for the hauling by the corporations of the products of the farm but oppose reasonable price fixing for the production of those same products.

They favor high price fixing for the big banks of the Nation and are willing to give millions and even billions to foreign governments at the behest of the international bankers in order to do the price fixing act for the very rich, but oppose price fixing in behalf of the poor and in behalf of the common folks of the country.

They favor price fixing for those who sit in the cushioned seat of the speculator and the profiteer and oppose price fixing for those who trudge with the worn and bleeding feet of the toiler and the producer.

They favor and are urging the practical giving of Muscle Shoals to the corporate interests so as to allow and help the power companies and fertilizer trusts fix high prices on fertilizers and on actual necessities of the farmer, and so as to prevent the farmer from getting fertilizers at a fair rate and the common people from getting electric power at a reasonable price.

They favor fixing the grip of the corporate interests on the throats of the common people and favor depriving the people of even a decent chance to complain.

They favor that price fixing which makes heavy the lash on the backs of the farmer and his children and are opposed to a price fixing which would assist them in warding off the cruel blows with their bare and bleeding hands.

Those who are now yelling against price fixing in behalf of the farmers say with one accord, "Let the law of supply and demand control." What they mean by this law is to let the farmer do the supplying and let the profiteer do the demanding. [Laughter and applause.]

They mean let the farmers do the supplying of the labor and let them do the demanding of the fruits of that toil. They mean let the farmers do the supplying of the food and clothing of the world and let the profiteers do the demanding of unconscienable profits from all that the farmer produces and from all that he buys.

They mean let the farmers of the Nation supply themselves, their wives, and children to be offered on the profiteer's altar of greed, and let the profiteer demand and receive as a result of that sacrifice the earth and the fullness thereof.

Yet you who do this say that you are for the farmers. Yes; you are for the farmer like the butcher is for the ox which is to be slaughtered. You are for the farmer for just what you can get out of him.

Before the election you say that you are strong for the farmers. The trouble is you are trying to fool the farmers into being for you. The thing I am sorry of is that you ofttimes succeed.

Yes; you are for the farmers.

Before the election they hear you yell! yell! yell!

After the election you give them—well, why tell? They know, you know, and we all know what they get. [Applause.]

Mr. BYRNS. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. AYRES].

Mr. AYRES. Mr. Chairman, less than two years ago this committee reported out an appropriation measure which carried an item of $13,853,981 in order to fully equip the Coast Guard with faster boats and all other necessary equipment to bring about effective suppression of illicit traffic in intoxicating liquors. As a member of the Appropriations Committee I favored the appropriation and spoke in favor of it on March 14, 1924, as appears in the CONGRESSIONAL RECORD of that date, pages 4336 and 4337. And at the same time I offered what I thought was a feasible plan to suppress rum runners and the smuggling of booze into this country. I suggested the passage of a law making the illicit traffic of intoxicating liquors by means of vessels on the seas a crime of piracy, and accordingly introduced a measure to that effect. The reason I did this was because it was shown in the hearings before this committee that when a rum runner was captured generally he was haled before a magistrate—usually a wet one—and got his own release and that of his vessel, in face of the fact that it was unlawful to release on bond a vessel which had been seized for forfeiture; and even when his vessel was forfeited and sold and the offender fined, an organization back of him paid his fine and purchased his vessel and he went at it again. This was real fun for such an individual; however, it would not be fun for him to serve a term of years in the penitentiary as a convicted pirate. Therefore I introduced a bill defining such offenses as smuggling in booze on vessels as piracy and called attention to the fact that my measure was not new, but that I had copied, to a great extent, from the law enacted by Congress at the very beginning of this Republic to suppress slave traffic.

For a few days or weeks this measure seemed to attract the attention of those in charge of the enforcement of the prohibition law. When I say "in charge," I mean those in office whose duty it is to enforce the law and, I might say, those in charge of the agitation of a better enforcement of the law. But those in charge of the prohibition forces apparently could not see anything to my bill and did not get behind it. I think with a few exceptions but little attention was given to it by the leaders of the law-enforcement forces of the country in or out of office. Those few seemed to think there was much merit in my measure and, I am informed, still feel some legislation of this nature will have to be had to suppress successfully the illicit liquor traffic on seagoing vessels.

I made the statement at the time we made the appropriation of $13,853,981 that while I was ready to vote the amount, I was in hopes it would not be necessary for the Coast Guard to come back for another appropriation for the same purpose, or words to that effect. But, Mr. Chairman, here they are again, asking for $7,674,491.96, which amount this committee has recommended, and all for the prevention of the smuggling of liquor into this country.

The hearings show that the activities of the Coast Guard have driven the smuggling vessels farther out from our coast lines and scattered them over a wider area. Now, may I ask

the question, what good does that do? Why scatter them? Why not gather them in and put the smugglers in the pen, and then it will not be necessary to come back again in a few months asking for millions of dollars more to fool with persistent violators of the law of this country. It is time to enforce this law or else come out and say you do not intend to enforce it.

Frequently I receive letters and also see newspaper accounts calling attention to the fact Congress should do something to enforce the Volstead Act. Congress can not enforce the law. It can only pass the law. Then it is the duty of the offices charged with its enforcement to enforce it. The enforcement of the national prohibition law has not been a howling success by any means under this administration. I do not know who is at fault. I do know, however, it is not the fault of Congress, for we have been most liberal in appropriations to enable the offices whose duty it is to enforce the law to do their duty.

I want to call attention at this time to the fact that at the very beginning of this Republic the Government had the same trouble in suppressing the illegal slave traffic, and it might be interesting to call attention to what was done, and successfully done, to stamp out this illegal traffic. It was not easy, as will be seen; but in those days, if they did not succeed in their first effort they tried again and again until they got a law that enabled them to stop it. I will tell you briefly what was done.

On the 22d day of March, 1792, Congress enacted a law which provided that no citizen of the United States, or foreigner, or any other person coming into or residing in the United States, should, for himself or any other person, build, fit, equip, and so on, a vessel within the United States, or cause any ship or vessel to sail from any port within the United States for the purpose of carrying on any trade or traffic in slaves to any foreign country, or for the purpose of procuring inhabitants from any foreign country to be sold or disposed of as slaves, and provided further, as a penalty, the forfeiture of the ship or vessel with all its furniture and belongings.

That did not stop it; so on May 10, 1800, there was another act passed making it a high misdemeanor to be on a vessel, either as owner, employee, or in charge of it, which was engaged in the slave trade, and provided a stiff fine as well as a forfeiture of the vessel.

That did not stop it; therefore, about February, 1803, another act was passed providing penalties for anyone who, either directly or indirectly, participated in the importation of negroes in the slave trade.

That did not stop it. Then, on March 2, 1807, an act was passed that an offender upon conviction should be deemed guilty of a high misdemeanor and suffer imprisonment for not more than 10 years nor less than 5 years, and be fined not to exceed $10,000 nor less than $1,000.

This did not stop it altogether; evidently these slave smugglers had a good organization back of them financially which stood ready to pay fines and redeem their vessels when forfeited. There were other efforts on the part of Congress to strengthen the law by an act passed on April 20, 1818. An act was also passed March 3, 1819, giving the President the power and authority to take any of the armed vessels of the United States and cruise on any coast not only of the United States but also on any coast of Africa or elsewhere, wherever the President felt attempts were being made to carry on the slave trade by citizens or residents of the United States contrary to the laws of this country, and giving the President the power to bring into any port of the United States all such ships so employed wherever found; and provided a bounty of $50 for each intended slave found on such vessels, to be paid to those informing the officers; and further providing that the vessels should be forfeited and sold and the proceeds divided equally between the officers of the vessel capturing the slave ship and the Government of the United States. It was thought this would stop it, but it did not.

The people in those days believed all laws should be enforced, and some of us feel the same way about it to-day. Members of both branches of Congress who were slave owners supported these laws to suppress this illegal slave traffic. Therefore, as a last resort, Congress passed the act of May 15, 1820, of which sections 4 and 5 provide:

SEC. 4. That if any citizen of the United States being of the crew or ship's company of any foreign ship or vessel engaged in the slave trade, or any person whatever, being of the crew or ship's company of any ship or vessel, owned in the whole or part, or navigated for, or in behalf of, any citizen or citizens of the United States, shall land from any such ship or vessel, and, on any foreign shore, seize any negro or mulatto, not held to service or labor by the laws of either of the States or Territories of the United States, with intent to make such negro or mulatto a slave, or shall decoy, or forcibly bring or carry, or shall receive, such negro or mulatto on board any such ship or vessel, with intent as aforesaid, such citizen or person shall be adjudged a pirate; and, on conviction thereof before the circuit court of the United States for the district wherein he may be brought or found, shall suffer death.

SEC. 5. That if any citizen of the United States, being of the crew or ship's company of any foreign ship or vessel engaged in the slave trade, or any person whatever, being of the crew or ship's company of any ship or vessel, owned wholly or in part, or navigated for, or in behalf of, any citizen or citizens of the United States, shall forcibly confine or detain, or aid and abet in forcibly confining or detaining, on board such ship or vessel, any negro or mulatto not held to service by the laws of either of the States or Territories of the United States, with intent to make such negro or mulatto a slave, or shall, on board any such ship or vessel, offer or attempt to sell, as a slave, any negro or mulatto not held to service as aforesaid, or shall, on the high seas, or anywhere on tidewater, transfer or deliver over, to any other ship or vessel, any negro or mulatto, not held as aforesaid, with intent to make such negro or mulatto a slave, or shall land, or deliver on shore from on board any such ship or vessel, any such negro or mulatto, with intent to make sale of, or having previously sold, such negro or mulatto as a slave, such citizen or person shall be adjudged a pirate; and, on conviction thereof before the circuit court of the United States for the district wherein he shall be brought or found, shall suffer death.

That stopped it, and so far as I am able to learn it was not necessary to prosecute anyone under this law. While I do not want to be understood as advocating any such penalty as death, I do feel that changing the penalty to a good, stiff sentence in the Federal penitentiary will have a very wholesome effect, and nothing short of that is going to stop it. Therefore I am going to introduce right now this same law or provisions, changing it in two particulars, using intoxicating liquors instead of slaves and making the penalty imprisonment instead of death, which will make it read as follows:

SECTION 1. If any citizen of the United States being of the crew or ship's company of any foreign ship or vessel engaged in the trade of intoxicating liquors, or any person whatever being of the crew or ship's company, owned in the whole or part, or navigated for or in behalf of any citizen or citizens of the United States, shall land from any such ship or vessel, or on any foreign shore shall receive such intoxicating liquors on board any such ship or vessel, with intent to deliver said intoxicating liquors anywhere in the United States contrary to law, such citizen or person shall be adjudged a pirate and, on conviction thereof before the circuit court of the United States for the district wherein he may be brought or found, shall be imprisoned in the Federal penitentiary for the term of 10 years.

SEC. 2. That if any citizen of the United States being of the crew or ship's company of any foreign ship or vessel engaged in the trade of intoxicating liquors, or any person whatever being of the crew or ship's company of any ship or vessel, owned wholly or in part, or navigated for or in behalf of any citizen or citizens of the United States, shall receive on board such ship or vessel any intoxicating liquors with intent to deliver said intoxicating liquors anywhere in the United States, contrary to law, or shall on board any such ship or vessel offer or attempt to sell said intoxicating liquors, or shall on the high seas or anywhere on tidewater transfer or deliver over to any other ship or vessel any intoxicating liquors, or shall deliver on shore from on board any such ship or vessel any such intoxicating liquors, with intent to make sale of, or having previously sold, such intoxicating liquors, such citizen or person shall be adjudged a pirate and, on conviction thereof before the circuit court of the United States for the district wherein he shall be brought or found, shall be imprisoned in the Federal penitentiary for a term of 10 years.

The question was raised before as to whether or not Congress had the power to pass such a law, and also what good it would do unless the officials of this Government had the right to search foreign vessels. I shall take up the latter proposition first.

We entered into a treaty with Great Britain on the 22d day of May, 1924, in which Great Britain agrees that we may search a vessel flying the British flag outside the limits of the territorial waters to ascertain whether the vessel or those on board are endeavoring to import or have imported alcoholic beverages into this country in violation of laws here in force. And that treaty further provides if it is found, or if there is reasonable cause to believe that the vessel has committed or is committing or attempting to commit an offense against the laws of this country prohibiting the importation of alcoholic beverages, the vessel may be seized and taken into a port of the United States for adjudication in accordance with such laws.

The same kind of treaties have been made with Germany, Norway, Denmark, Italy, Canada, Sweden, Panama, the Netherlands, and such treaties are pending with the countries of

France, Belgium, and Mexico. So it would seem there is not much to fear on the question of the right to search.

Now, as to the question whether or not Congress has the power to pass a law defining such an offense as piracy.

Chief Justice Marshall should be regarded as fairly good authority. In construing the slave trade act or acts in the case known as the *Antelope*—being the name of the vessel involved—which will be found in the Supreme Court Reports (6 L. ed. p. 282). Speaking of that feature of the law defining piracy, he said:

> It can be made so only by statute.

I call attention to Kent's Commentaries on American Law. In commenting on the act of May 15, 1820, in volume 1, page 195, he said:

> It is to be observed that the statute operates only where our municipal jurisdiction might be applied, consistently with the general theory of public law, to persons of our citizens, or to foreigners on board of American vessels.

John Bassett Moore, the great international-law writer, at present one of the judges of the World Court, ought to be regarded as fair authority in such matters. In his International Law Digest, volume 2, page 6, will be found the following:

> The municipal law of Haiti is not alone in defining the slave trade as piracy. It is so denominated by the laws of the United States and is punishable with death; and if the Government of the United States, like that of Haiti, were to make an attempt at slave trading equivalent to the consummated act and equally punishable therewith, it is not supposed that the rules of international law would thereby be violated.
>
> The Congress shall have power to define and punish piracies and felonies committed on the high seas and offenses against the law of nations. That is in addition to the general terms or provisions of piracy as established by the law of nations; local legislation may be enacted on the part of a nation like the United States, providing for the punishment of persons committting acts described therein as piratical. The object may be twofold: First, to punish nationals who commit acts that are forbidden, as well as aliens who commit them on vessels under our flag; and, secondly, to punish any person of whatsoever nationality who on whatsoever ships commit what is deemed to be internationally illegal conduct. (Hyde International Law.)

I could cite many more authorities and am ready to produce them if necessary to show Congress has the power to pass an act defining the unlawful traffic in intoxicating liquors as piratical. As has already been said, it is piracy prescribed by municipal legislation.

I want to say further, if the administration or those in charge of law enforcement can offer anything which could be more effective, then let it be brought forth. If not, then why not try this instead of constantly coming to Congress for appropriations of millions of dollars to enable the coast guards to suppress illicit rum smuggling, and I must say with the expenditure of millions of dollars the showing made as to the conditions is but little if any better than before. The question is, What is going to be done? If this law is to remain on the statutes, then why not enforce it, instead of making its nonenforcement a national joke or rather a national disgrace. [Applause.]

Mr. BYRNS. How much time have I remaining?

The CHAIRMAN. Mr. MADDEN had remaining 1 hour and 25 minutes, and the gentleman from Tennessee had 52 minutes when this memorandum was made. The gentleman from Tennessee had used 34 minutes, leaving 18 minutes.

Mr. MADDEN. I yield 10 minutes to the gentleman from Oklahoma [Mr. GARBER]. [Applause.]

Mr. GARBER. Mr. Chairman and gentlemen of the committee, when the agricultural appropriation bill was under consideration by this committee the distinguished gentleman from Kansas [Mr. WHITE] suggested some doubt as to the advisability of the appropriation of $8,000 for the maintenance of a livestock department in connection with the field station at Woodward, Okla., through which experiments and demonstrations in livestock breeding, growing, and feeding, including both beef and dairy animals, might be made. No Representative of an eastern State, commercial or manufacturing, raised any objections; in fact, no member of this committee, with the exception of the gentleman from Kansas, expressed any doubt as to the advisability of such appropriation. They were willing to support it upon the recommendation of the Committee on Appropriations, charged with the responsibility of investigation of such matters. And I am sure if the gentleman from Kansas had been fully informed in reference to the merits of this splendid project and its excellent results, he, too, would have been willing to support it likewise. But having never visited the station and never having made any investigation of the work that was being carried on there, it was very natural that he was prompted to make the inquiry. And having made it, I present him and the members of the committee some material information of the practical results and benefits of that station to the struggling farmers attempting to subdue that vast area of prolific soil lying within the boundaries of what is known as the great southern semiarid region. Should the gentleman desire additional information, he is referred to the hearings before the Appropriations Committee and to the Department of Agriculture recommending the appropriation. The Secretary of Agriculture, Mr. Jardine, through the superintendent of the dairy division, Doctor Larsen, has approved of the work being carried on at this station, and there is no more reliable authority and valuable servant in the public service than Doctor Larsen, at the head of this division.

His efforts to diversify agriculture and open up the stream of daily revenue on the farms through the dairy is solving one of the fundamental problems of the basic industry. Should the gentleman desire information at first-hand he will receive a most cordial welcome at this station and be more than convinced of its necessity by the physical facts presented. Being a recognized authority upon the subject of agriculture from the practical side as an experienced, successful farmer and a faithful representative of agriculture in this House for so many years, when presented with such evidence I am sure he would lend his support and influence to an increased appropriation more adequate to the needs of that great section of country, which includes the extreme western portion of his State, the western portion of Nebraska and Oklahoma, the eastern portion of New Mexico and Colorado, and the northern portion of Texas, within which area are State colleges and experimental stations similar to the one at Woodward, Okla.

The station located at Woodward, Okla., is in the very heart of this great territory. The straight-line distances of the various agricultural colleges from the field station are approximately as follows:

	Miles
Manhattan, Kans.	247
Fayetteville, Ark.	447
Columbia, Mo.	385
Fort Collins, Colo.	440
Stillwater, Okla.	120

And none of these agricultural schools are carrying on any of the work of experimentation necessary to demonstrate the proper utilization of the great resources of the semiarid region. Neither are the stations located at Garden City, Kans.; Dilworth, Tex.; and Lawton, Okla. The nearest station carrying on investigations similar to the one under consideration is at Huntley, Mont., in the northern Great Plains region, approximately 800 miles distant, and one at Beltsville, near the city of Washington, D. C.

The station at Woodward has confined its activities to the breeding and feeding of Holsteins for dairy purposes. The destruction of the livestock industry and its languishing recovery undoubtedly had much to do with the limitation of the activities of this station to the dairy department. The work was inaugurated in 1921 for the purpose of demonstrating practical and economic methods of dairying under conditions prevailing in the semiarid plains region, with particular reference to a determination of the suitability of the local feeds and grasses for dairy cattle. Also for the purpose of developing a uniformly high producing milk strain of cattle by the continuous use of males of proved transmitting ability. The purposes of the station are twofold: First, to develop the highest milking strain of dairy cattle suitable to the region, and second, to develop the best feed and pasturage adapted to the region and to the milk-producing qualities of the dairy herd. These are experiments and demonstrations requiring such scientific information and time that no farmer single handed could afford to make them. In fact, it must be a problem even to the distinguished gentleman from Kansas, located as he is in a more favorable agricultural section and which has had the benefit of many years of experimentation, when the native grasses have been exhausted in the spring by utilization or by drought, what crops to sow or plant that will furnish the most dependable pasturage during the hot, dry summer months of July, August, and September. What crops will furnish the most prolific green pastures for feed purposes during those months is not only the problem of the semiarid region but extends much farther eastward.

The station at Woodward is in the very heart of the great sorghum belt. During a period of experimentation from 1914 to 1921 it carried six varieties of kafir for experimental purposes over a period of eight years and demonstrated the outstanding qualities of the sunrise, or early black-hull kafir, as best adapted to the semiarid region. The eight-year average

for early black-hull kafir was 26.3 bushels. The demonstration of the sunrise kafir for both grain and feed purposes in the sorghum belt, and its recommendation to the people in that section, and its adoption by them has resulted in the production of thousands of bushels of this valuable grain for feed and poultry purposes, which might never have been accomplished had it not been for the excellent work of the station. The six varieties of the kafir over a period of eight years, with the demonstration of the sunrise, as above stated, was as follows:

The dawn kafir, ranking second, 23.8 bushels; the white kafir (C. I. 370), 17.5; white African kafir, the original seed of which was brought from Africa by Senator David Marem, one of the most prominent pioneers of our State, 19.9 bushels; the red kafir, 20.8.

The many successful experiments and demonstrations of the Woodward Field Station cover too large a variety to be enumerated in the short time allotted to me. A more complete reference is made to this in the excellent bulletin on Grain-Sorghum Experiments at the Woodward Field Station in Oklahoma, published and distributed by the United States Department of Agriculture; also Bulletin No. 836, on Broom-Corn Experiments at Woodward, Okla.

It is largely through the excellent results of this station that the most reliable and dependable variety of broom corn was adapted by the broom-corn growers of that State, resulting in a yield of more broom corn in the State of Oklahoma than that of the combined yield of all the other States.

The work of this station has resulted in the encouragement and development of the dairy interests of this vast section of the country and the planting and growing of crops best adapted to the region and most suitable for such purposes. This has resulted in a diversification of agriculture in that section in the opening up of another little stream of daily revenue so much needed to-day by the farmers throughout the entire country to assist them on the farms and meet the cost of daily living expenses.

I have referred but briefly to the work of this station in experiments and demonstration of crops best suited for the purposes mentioned. The development of a better milking strain in the dairy herd has been even more outstanding and successful. Beginning with a small unimproved herd of but 11 head, it now numbers 33, with 4 proven outstanding milk-producing individuals, 3 of which won first premium in their classes at the State fair at Oklahoma City and 1 winning over all in the annual production of milk and butterfat.

The males produced by this herd are loaned out to substantial responsible farmers in different sections of the country who are required to keep an accurate record of their progeny to carry on the demonstration of the milk-producing qualities of the males. This places the highest strain of milk-producing cattle within the reach of the struggling settlers in that section of the country who individually are unable to purchase such high-class animals.

The great value of this station is not only recognized by farmers of three neighboring States but by the recognized authorities in agriculture in the leading agricultural colleges and stations in that section of the country who visit the station for many miles distant whenever occasion presents itself.

Here is a press account of a meeting held at the station, published in the Sunday edition of the Daily Oklahoman of September 20, 1925, the leading daily newspaper of the State, in which it is stated:

> Uncle Sam gave a picnic recently near Woodward, and in addition to the leading agricultural and farm experts of four States, more than 1,200 farmers and their families from the several adjoining States attended. The meeting was held at the Federal experiment station for educational purposes, demonstrating purposes. There is nothing like seeing to produce believing and action.

Among the many things of great interest learned by the visitor was that the station is shipping improved seed, not only to the different experimental stations of the semiarid region, but to Australia, South Africa, Russia, and China, from which it receives seeds and plants supposed to be adaptable to this region from them. Under the direction of its excellent superintendent, Mr. Chilcott, 100 varieties of grapes were planted in 1915 on a piece of sandy ground that had never grown anything before. For the last three years more than 5 tons of grapes have been harvested annually from the field; 7 of the 100 varieties have proved their special adaptability to this section and will be of great value to the farmer in growing fruit for the table. One of the most outstanding demonstrations of the horticultural experiments of this station is the Chinese elm, growing as fast as the cottonwood, making good shade and a beautiful tree, although sufficient time has not elapsed to determine the length of its life.

Among the notables attending this agricultural meeting we observe the name of Bradford Knapp, president of the Agricultural and Mechanic College; Carl Williams, editor, Oklahoma Farmer Stockman; N. A. McCall, agronomist of the United States Department of Agriculture; R. E. Karper, of the Texas station; G. W. Cochran, department of horticulture, Stillwater; A. F. Swanson, assistant agronomist of the United States station at Hays, Kans.

Mr. WHITE of Kansas. Will the gentleman yield?

Mr. GARBER. I yield to the gentleman from Kansas.

Mr. WHITE of Kansas. Mr. Swanson is from my district. If the gentleman will read my remarks carefully he will observe that my inquiry was for information only. I had no other purpose in discussing the subject than to obtain such. The gentleman will remember that I expressed my approval of and my sympathy with the purpose sought to be brought out and accomplished by the paragraph. My amendment was pro forma. I feel gratified to-day that the gentleman is able to give to the House the information to which the Members are entitled, I did not, as the gentleman well knows, attack the purpose in any way whatever. I simply sought to bring this matter to the attention of the House. I expressed a doubt as to the benefit that agriculture was receiving from it, but I undertook to say that it was misunderstood, and if it was thoroughly understood the amount of the appropriation was inadequate and insufficient. It should be greater.

Mr. GARBER. I certainly appreciate the gentleman's position—his sympathy in support of agriculture and this field station. I shall endeavor to furnish the gentleman full information in regard to it, with the hope that it may secure the merited support of the gentleman's large influence as a member of this committee and thank him for the interruption.

This station is widely and favorably known by the leading authorities on agriculture in the agricultural colleges and experimental stations of the several States. They frequently visit the station for first-hand information relative to the splendid results that are being accomplished.

We notice the additional names, such as A. C. Baer, directing professor, Stillwater; L. W. Osborne, assistant agronomist; also local celebraties, C. O. Hambleton, president of the Woodward Chamber of Commerce; also, J. D. Tinsley, general agent of the Santa Fe Railroad Co. Many other names might be mentioned if time would permit, but attention is called to this meeting and the parties mentioned in attendance to show the publicity being given the station and the appreciation of its work by the public generally. Surely the noted agricultural educators of the different colleges and stations represented would not lend their support by their attendance at such remote distances to a project that was not meritorious and worthy of the recommendation of their attendance and participation in the exercises.

If the distinguished gentleman from Kansas had been present at this meeting, and this is only one out of many that are being held during the year, I am satisfied that he would become one of the most ardent champions of this institution, and that instead of supporting the mere pittance of $8,000 for its maintenance, he would insist upon an appropriation of not less than $50,000.

That there is high appreciation by the farmers themselves and those making a study of agriculture over such a wide scope of country is shown by their attendance and should be evidence sufficient to convince anyone of its demonstrated popularity and practical results. That the station is appreciated by the public-spirited citizens of Woodward and of the country is shown by their contribution of the quarter section of land upon which it is located; they early recognized the absolute necessity of such an institution for the proper development of that Great Plains region, also that diversification was one of the leading essential requisites to the rehabilitation of permanent prosperity on the farm.

The contribution of the land and cooperation with the station, their loyal support and that of the farmers and agriculturists throughout this wide scope of country that remains unserved by any other agency, should be ample evidence to the committee that the small appropriation made should be increased to at least $50,000, so that the aid and assistance now being extended might be substantially increased for the relief and encouragement of the farmers in that section who have been engaged in a desperate struggle to maintain their existence on the farms. By reason of the encouragement extended to that section by the dairy department of this station many farms are now diversified so as to include this most important branch of agriculture. This is recognized by the Armour Packing Co., which recently located a $100,000 cream and poultry station at Woodward to purchase the increased milk, cream, and butterfat produced in that section of the country, increased by reason of the encouragement and demonstrations of this station.

The appropriation should be raised to $50,000, so that an additional quarter section of land might be added for the purpose of producing sufficient feed to maintain the dairy station and the further diversification so as to include hogs and poultry—the triple alliance of agriculture essential to sustain the family on the farm. We hear much about a balanced agriculture, about the curtailment of production, about the disastrous influences of surpluses, and the languishing condition of the basic industry in general, but the primary step in its rehabilitation and restoration to prosperity is diversification, so as to include all the sources of daily revenue with which to meet the living expenses of the family on the farm. The dairy, hogs, and poultry at this station, under its present most excellent management, would furnish a practical demonstration, showing all the advantages of a well-balanced, diversified farm, which when adopted by the farmers throughout the country will travel far toward a substantial and prosperous agriculture. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. BYRNS. Mr. Chairman, I yield the remainder of my time to the gentleman from Texas [Mr. JOHNSON].

The CHAIRMAN. The gentleman from Texas is recognized for 18 minutes, the time remaining at the disposal of the gentleman from Tennessee.

Mr. JOHNSON of Texas. Mr. Chairman, making laws and passing appropriation bills is not the whole duty of Congress. Its Members owe an informative duty to the American people. To tell those at home what is happening in the Nation's Capital, of the manner in which the Government is being administered, of abuses that have sprung up, of practices and tendencies that forbode evil for the destiny of this Republic.

A student of government and a writer of history in his early life, and a statesman of the first magnitude in his latter years, Woodrow Wilson, in his book entitled "Congressional Government," first published over 40 years ago, stresses the importance of this duty. Says Mr. Wilson in that publication:

> It is the proper duty of a representative body to look diligently into every affair of government and to talk much about what it sees. It is meant to be the eyes and the voice and to embody the wisdom and will of its constituents. Unless Congress have and use every means of acquainting itself with the acts and the disposition of the administrative agents of the Government, the country must be helpless to learn how it is being served; and unless Congress both scrutinize these things and sift them by every form of discussion, the country must remain in embarrassing, crippling ignorance of the very affairs which it is most important that it should understand and direct. The informing function of Congress should be preferred even to its legislative function.

Those sentences were written by Mr. Wilson long before he entered the realm of politics; and while there may be a difference of opinion among some as to what place in history his achievements in statecraft entitle him to fill, I think it is the universal verdict of all that as a student of history, a writer on governmental problems, and an interpreter of our national institutions, that he deservedly took and will always hold very high rank.

The wisdom of Mr. Wilson's words can best be appreciated by those who understand conditions as they exist in Washington. Even a brief stay here will convince any unbiased mind seeking to learn the truth, regardless of his political affiliations, that the American people are in a large measure dependent upon Congress for the ascertainment of facts and a revelation of existing governmental or political evils. The different departments and bureaus of the Government in Washington, of which there are many, are not inclined to disclose their own defects or shortcomings; and if some one else does not do it, the country will remain in ignorance thereof.

The one forum in the Nation where gather the accredited representatives of every section to consider and discuss problems affecting the general welfare is the American Congress. It is in fact the "eyes" and the "voice" of the people whom it represents. It sees for them and it speaks for them, and yet there are those who would challenge its right so to do.

Congress talks too much and investigates too frequently is the common cry of its present-day critics. These would deny it the right to investigate, claiming that its duties are purely legislative and that the power to investigate is within the sole province of the courts. No court was ever organized that possessed the inquisitorial power of Congress. The jurisdiction of courts is circumscribed; they have no supervisory control or jurisdiction over the general affairs of the Nation. Courts investigate specific charges, while Congress, through its committees, can make a far more comprehensive investigation. Courts can only ascertain whether crime has been committed, while Congress by its investigations can nip in its incipiency practices that may ultimately lead to crime, or even if such investigations disclose no crime or the contemplation thereof, yet they may reveal inefficiency or dereliction in duty, which greatly impairs the efficiency of government. Congress, when it discovers a wrong or an abuse, unlike the courts, has the power by legislation to prevent or make more difficult its repetition. Congressional investigation will arouse the public conscience and crystallize public sentiment in a manner which courts can never hope to accomplish.

If the right to investigate was vested alone in the courts, and Congress had and exercised no such authority, such investigations would be under the sole direction of the Department of Justice, at whose head is the Attorney General of the United States. What if the head of the Department of Justice, whose duty it is to execute the laws and punish wrongdoings was himself in collusion with criminals, as was disclosed by the Senatorial investigation two years ago, and as result of which the President was forced by an aroused public conscience to appoint other attorneys to represent the Government and ultimately demand the resignation of the then Attorney General of the United States. Who doubts but what we would have still been at the mercy of that corrupt Department of Justice, had not the Senate uncovered the fraud and corruption by its own independent inquiry.

But I do not at this time desire to discuss congressional investigations, either past, present, or contemplated. I arose to speak briefly about one of the highest prerogatives of Congress, the right to talk and the right to be heard. There are those who would hush it into silence by confining within the four walls of this historic Chamber what is said here, or perchance, failing to do that, they would discredit the utterances so made, by branding them as unworthy of belief. Not being able to control Congress or destroy it, they would bottle it up.

In my brief service as a Member of this House I have discovered the great difficulty that Congress sometimes has in presenting its viewpoint to the American people. I am not speaking idly. I am stating what Members of this House on both sides of the aisle know to be a fact, that one of the serious problems confronting Congress to-day is its inability to reach the ears of the American people.

The CONGRESSIONAL RECORD, with its limited circulation, reaching the remote sections of the country more than a week after its publication, is wholly inadequate so to do. Members, if they desire, may have printed and send their speeches to their constituents. A popular idea prevails that these speeches thus sent are printed at Government cost. The fact is that while we have the benefit of the franking privilege, thereby saving postage, the printing of these speeches is entirely at the cost of the individual Member himself.

The metropolitan press devotes some space to the proceedings of Congress, but in many instances it would seem that there is a minimum amount of space so given. A comparison of the amount of space used by the American press in reporting the proceedings of Congress and that used by the English press in reporting the proceedings of the British Parliament reveals quite a variance in the space devoted to this purpose in the two countries. In England the proceedings of Parliament are reported at much greater length than are the proceedings of the American Congress by the American press.

The speeches of the members of Parliament, while not always given in full, much of the language used and an abstract of what is said is printed. Our press gives ordinarily a summary of the daily proceedings and of the votes cast, and usually mentions those who have spoken, but as a rule it never gives or undertakes to give any particular language used by the speaker.

I have no personal grudge against the press. Being a comparatively new Member, I have made very few speeches on the floor of this House, and the press, especially in my home State, has been very generous in according me space in reporting my remarks here made. Ordinarily, the metropolitan press, especially here in Washington, in reporting the proceedings of Congress, mentions the names of those who have spoken, and sometimes the subject of the speech, or, if the speaker should happen to coin some new phrase or jazz some classic utterance of the past, these may be printed as a contribution to literature, but the speeches thus made, or even the substance of what is said, is not usually given.

A very striking example of this practice is illustrated in the speech that was made on the floor of the House day before yesterday by the gentleman from Tennessee [Mr. BYRNS], the ranking member of the minority on the Appropriations Committee of the House. Mr. BYRNS spoke very ably for more than

an hour. His speech was heard by almost the full membership of the House and he received very close attention from both sides of the aisle and made a profound impression upon those present, especially on this side of the House. It was illuminative and instructive and was fortified with facts and figures, showing thought and careful preparation on the part of the speaker.

I realize that all speeches made here are not of general interest. Sometimes they merely concern the phraseology of the bill or a technical discussion in which the public would not be interested, but the speech made by the gentleman from Tennessee was not of that type. It concerned the question of the so-called economy program of the President, and revealed that the President had talked more about economy than he had practiced it. It was a message which challenged the attention of Congress, and was one in which the American people would have been deeply interested.

Mr. HUDSPETH. Will the gentleman yield for a short question?

Mr. JOHNSON of Texas. I yield.

Mr. HUDSPETH. Did I understand from my colleague's statement that only an abstract of the speeches made in the British Parliament is printed in the record of their proceedings?

Mr. JOHNSON of Texas. Sometimes they are given more at length than others, but usually just an abstract of them is printed in the press.

Mr. HUDSPETH. Does not my colleague believe that our system of printing the entire speeches in the RECORD is a much better system?

Mr. JOHNSON of Texas. I am speaking of what appears in the public press, not the official report of the proceedings.

Mr. HUDSPETH. I thought the gentleman was referring to the record of proceedings. I want to state to my colleague that while each Member of the House is only allotted 60 CONGRESSIONAL RECORDS, I could use as many as 500 in complying with the requests I receive from the people of my district.

Mr. JOHNSON of Texas. I could also use a larger number.

Mr. HUDSPETH. And I think the people of the country generally are more interested in the proceedings of Congress than perhaps the Members of Congress themselves think they are.

Mr. JOHNSON of Texas. With that statement of my colleague I agree most heartily. The people would be more interested in the proceedings of Congress if they were better informed with reference thereto.

Reverting again to the speech made by the distinguished gentleman from Tennessee [Mr. BYRNS]. The gentleman spoke late in the afternoon day before yesterday and the next morning I thought I would see what the papers had to say about that speech. I bought a copy of the Washington Post on my way to the office and searched it in vain, but finally found this press report of the speech that occupied the attention of the House for an hour and ten minutes. This is what the Washington Post said of that speech:

President Coolidge's claims of economy attacked by Mr. BYRNS, of Tennessee.

That is the only mention in the paper of that day of this speech that was made by that distinguished gentleman, and I give it simply as an illustration confirming what I have said, that the press does not always give as much space to the speeches that are made on the floor of this House as in my judgment the people would like to have. However, I do not blame the press altogether for the failure so to report. I realize that some papers are actuated by partisanship and some of them doubtless belong to interests that are not in sympathy with Congress; but there are other papers that are not partisan, and that are not so dominated, but are courageous and independent and more fully present the proceedings of Congress. The enemies of Congress, realizing that the independent press will inform the public of the view of Congress, seek to counteract this knowledge so acquired by discrediting the utterances of Congress. This effort to undermine the confidence of the American people in Congress has been carried on in certain quarters for several years. An evidence of this fact will be found in various magazine and other newspaper articles that have been circulated from time to time with this object in view. Less than two years ago Mr. E. H. Gary, chairman of the United States Steel Corporation, in addressing the stockholders of that corporation, said:

The worst thing we have is our American Congress.

At the American Bankers' Association in New York, less than two years ago, Mr. Orrin Lester, a Chicago banker, denounced Congress in this language:

With such agencies at work in the country as Bolshevism and the present United States Congress, we have some job on our hands to maintain the integrity of the Nation and the security of her institutions

Those who would stifle the voice of Congress are either wittingly or unwittingly playing into the hands of this studied and organized effort to exalt the executive branch of the Government, which they can more easily control, and to discredit and render impotent the legislative branch, which they have been unable to control.

I did not think, however, there would be any effort on the part of any other branch of the Government to give aid and comfort to this effort to discredit the informing functions of Congress, but I read in day before yesterday's paper an interview given out by the Chief Executive of this Nation, who is reported as having used language which I shall quote.

The Evening Star on the 2d instant says that among other things the President said:

The President hopes that the public will not take too seriously speeches that are being made both in and out of the Capitol, and that his administration will continue to enjoy public approval and support.

Mr. SCHAFER. Will the gentleman yield?

Mr. JOHNSON of Texas. I will yield to the gentleman.

Mr. SCHAFER. Is that a quotation from the language of the President?

Mr. JOHNSON of Texas. From a statement given out at the White House and presumably with the express authority of the President.

Mr. SCHAFER. That may have been made to controvert the facts that were put out in Congressman BYRNS's speech that the people will find out that they have been buncoed in the economy program of the President.

Mr. JOHNSON of Texas. I think the gentleman is right. This interview of the President appeared the next day after the speech of the gentleman from Tennessee [Mr. BYRNS], in which speech it was stated that the President had increased the cost of maintaining the White House nearly 40 per cent since he became President, in spite of the fact that he is an advocate of economy. Other speeches besides that of the gentleman from Tennessee have recently been made, both in the Senate and the House, criticizing the administration. These speeches were not made idly; they were seriously made and fortified by facts.

Instead of meeting these charges by denial or attempting to justify them, the President seeks by a mere wave of his majestic wand to brush them aside by asking the country not to consider them seriously.

If the utterances of Congress can be thus discredited, its informative function could always be thus nullified.

The executive branch has no difficulty in reaching the American people. There has been in late years an effort to enlarge the executive powers at the expense of the legislative; and if the President can by such an interview discredit Congress and counteract speeches made in Congress by saying that they are not seriously made, if he can meet charges made against his administration in this manner, it would be possible for the President thereby to cause those who have eyes to see to see not and those that have ears to hear to hear not. Has the doctrine that "the king can do no wrong" become such a fixed reality in America that the President can by this hypnotic suggestion answer and destroy the criticism by Congress based upon uncontroverted facts? If so, God save the Republic. [Applause.] If the time ever comes when the voice of the Congress of the United States shall be silenced or its solemn utterances shall not be heeded or seriously regarded, then its end is at hand. And whatever may be said of Congress, with all of its weaknesses, its faults, and its foibles, it is the palladium of our liberty, and when it falls the Republic will die. [Applause.]

Mr. MADDEN. Mr. Chairman, I have no more requests for time and I ask that the Clerk may read.

The Clerk, proceeding with the reading of the bill, read as follows:

The limitation on expenditures by the Clerk of the House of Representatives for supplies or utensils used in the barber shops of the House Office Building or House wing of the Capitol, made by the act of July 16, 1914 (38 Stat. L., p. 462), shall not hereafter apply to the purchase of necessary furniture.

Mr. KNUTSON. Mr. Chairman, I move to strike out the last word. I notice in looking over the bill that the committee has failed to provide for an item of $422,000 due the Chippewa Indians as interest on the purchase of the Minnesota National Forest. Hearings were held upon this claim, which may be found on page 377. The chairman of the committee is no doubt

aware of the fact that the necessary authority for this appropriation was passed in the last Congress, signed by the President, and that it had the approval of the Director of the Budget. The Indian Committee in both Houses gave careful consideration to this item and upon the strength of representations made reported the bill unanimously. Now, it is my understanding that there is to be another deficiency bill in this session of Congress.

Mr. MADDEN. I assume that there will be; there always has been. The committee has not made a final disposition of the matter to which the gentleman refers.

Mr. KNUTSON. I understand so; and the mere fact that the item is not included in this bill does not mean that it will not be included in a deficiency bill, that it is continued for further consideration. I withdraw the pro forma amendment.

Mr. MADDEN. It has not been disposed of definitely.

The Clerk read as follows:

UNITED STATES BOARD OF TAX APPEALS

For every expenditure requisite for and incident to the work of the Board of Tax Appeals, including personal services and rent at the seat of government and elsewhere, stenographic reporting services, traveling expenses, necessary expenses for subsistence or per diem in lieu of subsistence, car fare, stationery, furniture, office equipment, purchase and exchange of typewriters, law books and books of reference, periodicals, and all other necessary supplies, fiscal year 1926, $79,650, of which amount not to exceed $36,800 may be expended for personal services in the District of Columbia.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word. I presume a good many Members who have not looked over the report may be considerably surprised to see the amount of this item. Those, however, who have read the report may have noticed that something over 10,000 cases have already been filed with this board, of which 4,560 have already been disposed of. They will not wonder that we are short in the amount that we originally appropriated. When the Committee on Ways and Means introduced a bill providing for the Board of Tax Appeals we had no idea that there would be so much use made of that board. I myself at the time estimated that there might be possibly a thousand cases a year. Instead of that, it seems that they are filing cases there now at the rate of about 12,000 cases a year.

Mr. MADDEN. About 250 cases a week.

Mr. GREEN of Iowa. Which would be about 12,000 a year. Of course, that has run up the expenses of the board very much.

Mr. MADDEN. I think the committee was very well pleased with what the board is doing. We think they are doing a splendid work.

Mr. GREEN of Iowa. After the hearings before the Committee on Ways and Means, the members of that committee came to the same conclusion. We went over the matter very carefully and found that the board was one of the few Government boards that worked at night as well as by day in order to keep the work up. Their work is fairly current.

What I want to call attention to particularly is that this amount specified here and the other amounts that are necessary hereafter for the support of the board are not a total loss to the Government. On the contrary, a large portion of it will be repaid if the provisions in the pending revenue bill are carried out. In the pending revenue bill we provided that there should be a filing fee paid in each case of $10. That was true not only of those cases hereafter to be filed, but of those pending, which amounts to something like 8,000 in number. That is all the expense that the litigants have to pay.

Mr. MADDEN. I think the charge of $10 for a filing fee will prevent the filing of a great many cases, because the board had some cases that did not involve more than 90 cents.

Mr. GREEN of Iowa. Some cases were filed for delay, and some others for making a test case before the court. I think the gentleman from Illinois [Mr. MADDEN] is correct, that it will stop the filing of a great many cases, so that hereafter there will not be so many filed. That was one of the purposes of the filing fee. However, this filing fee will not pay quite all of the expenses of the board. My own opinion is that when we ascertain how much it is going to cost the board to run, a sufficient fee ought to be required either through a filing fee or the payment for transcript, for which litigants now do not pay anything, so that the board may be self-sustaining. I see no reason why the Government should pay the expenses of this board any more than it pays the expense of any other court. Most of our courts, when the fees are counted up, will be found to receive as much in fees as the cost of conducting the court. I think that ought to be the case with this board. In that way the board will be self-sustaining.

The Clerk read as follows:

Adjusted service certificate fund: For an amount necessary under section 505 of the World War adjusted compensation act of May 19, 1924, to provide for the payment of the face value of each adjusted service certificate in 20 years from its date or on the prior death of the veteran, $70,000,000, to remain available until expended.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. I did intend to discuss some matters connected with the administration of the general counsel's office in the Veterans' Bureau, but I shall not do so to-day. I ask leave to revise and extend my remarks in the RECORD in order that I may put my entire discussion in the RECORD without using the time of the committee.

I shall take up especially the qualifications and services of the general counsel in connection with several cases of importance that have affected practically all of the States in the Union, but especially the States of Virginia, Georgia, and Texas, and I shall discuss especially certain rulings of his that have had a detrimental effect upon widows and orphans of deceased veterans, and the great trouble he has unjustly put them to before I could force the bureau to accord them just treatment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, there are over 4,000,000 ex-service men in the United States. All of their claims for rehabilitation, hospital treatment, compensation, and insurance privileges are finally adjudicated in the United States Veterans' Bureau.

DIRECTOR THOROUGHLY COMPETENT AND WORTHY

Gen. Frank T. Hines, Director of the United States Veterans' Bureau, is a splendid gentleman, thoroughly competent, ably efficient, absolutely honest, worthy, and properly sympathetic. To a large degree he has been able to bring some order out of the chaos he found in the bureau when he took charge of its business. He deserves great praise and commendation.

HAMSTRUNG BY PATRONAGE MILLSTONE

All questions of law in said bureau controlling the various rights of ex-service men and their loved ones are finally determined by the general counsel at the head of the legal department in said Veterans' Bureau. He has the final "legal say." Our brave ex-service men, their widows, orphans, and other heirs are dependent upon the judgment, legal ability, and integrity of said general counsel for just treatment and a square deal. If he is lacking in the requisite qualifications our ex-service men, their widows, orphans, and other heirs suffer in consequence. And they have been suffering in consequence. For General Hines has not been permitted to select for his bureau a profound lawyer of outstanding legal ability, legal experience, legal learning, moral standing, and integrity, such as he would desire, but he has had a general counsel wished upon him through the system of political patronage. Because William Wolff Smith was close to one influential with the administration he was recommended for the position of general counsel, and thus he received the appointment.

WILLIAM WOLFF SMITH TOTALLY UNFIT AND UNQUALIFIED

In Director Hines's office in the Veterans' Bureau on November 11, 1925, in the presence of Senator SHEPPARD, I challenged William Wolff Smith to tell Director Hines just one case of importance he had ever tried in a courthouse up to the time he became general counsel, and he could not name one such case. I there made him admit that here in the District of Columbia in 1916 he applied for a license to practice law, and in company with 177 other applicants he was granted such license.

HAD THERETOFORE BEEN A PURVEYOR OF FALSE AND TAINTED NEWS

Cause No. 50264, at law, in the Supreme Court of the District of Columbia, is a suit for $150,000 alleged damages, which Attorney Lorenzo A. Bailey brought for said William Wolff Smith, as plaintiff, against Robert J. Collier and Norman Hapgood, defendants, alleging that in their Collier's Weekly, defendants had libeled him by charging that his association, the National Wholesale Liquor Dealers' Association, employed a sort of journalistic lobbyist named William Wolff Smith to mold public opinion against pure-food measures and opposing legislation to prevent fraud, and by charging that Mr. Smith can be hired on either side of a controversy, and that he is a press agent for the highest bidder, and that he was not an honest press agent, and that William Wolff Smith maintained a bureau in Washington "to taint the news and corrupt public opinion," and that when William Wolff Smith sent out one article his sole purpose was to get printed in the newspapers his attack upon Dr. Harvey W. Wiley, Director of the Bureau of Chemistry in the Department of Agriculture, wherein he

called Doctor Wiley "a malicious liar," for which he was paid by interests opposed to the pure-food bill, and in further charging that no self-respecting newspaper will hereafter publish his articles, and that in publishing such charges against him defendants had brought the said William Wolff Smith into infamy and disgrace with all of his neighbors and "caused some to refuse to have acquaintance, intercourse, or discourse with him, or to employ him, and that he was thereby damaged $150,000.

ROBERT COLLIER AND NORMAN HAPGOOD SAID CHARGES WERE TRUE

Both Robert J. Collier and Norman Hapgood admitted that they had published said charges about William Wolff Smith, but said that each and every one of said charges were true, and they pleaded that said William Wolff Smith was a journalistic lobbyist and that the Wholesale Liquor Dealers' Association had employed said William Wolff Smith to mold public opinion against pure-food measures and to oppose legislation to prevent fraud, and that said Smith could be hired on either side of a controversy, and that he was a press agent for the highest bidder, and that said William Wolff Smith was not an honest press agent, but maintained a bureau in Washington "to taint the news and corrupt public opinion," and that when said William Wolff Smith sent out one article his sole purpose was to get printed in the newspapers his attack upon Dr. Harvey W. Wiley, Director of the Bureau of Chemistry in the Department of Agriculture, wherein said Smith called Doctor Wiley "a malicious liar," for which he was paid by interests opposed to the pure food bill, and that it was true that no self-respecting newspaper would thereafter publish his articles, and said defendants pleaded that the general public had the right to know things about said William Wolff Smith, and they pleaded the truth of all of said charges as their defense.

On page 420 of volume 56, Law Minutes of the Supreme Court of the District of Columbia, Mr. Justice Stafford entered the following order:

Whereupon, after a full hearing of the evidence, the plaintiff takes a voluntary nonsuit as to the defendant, Norman Hapgood, that plaintiff take nothing against Norman Hapgood, who shall recover his costs against plaintiff.

And concerning defendant Collier, Mr. Justice Stafford charged the jury that—

The jury are instructed as a matter of law that if they find from the evidence in this case that the statements of fact which the defendants published of and concerning the plaintiff were true in substance and in fact, then they must find a verdict for the defendants, even though they find that the words were written and published spitefully and maliciously.

VERDICT AND JUDGMENT AGAINST WILLIAM WOLFF SMITH

The verdict which the jury rendered is on page 421 of said volume 56, Law Minutes, showing that the jury found their verdict in favor of the defendant, Robert J. Collier, and against the plaintiff, William Wolff Smith.

Page 436 of volume 56 of said Law Minutes of the Supreme Court of the District of Columbia shows that Mr. Justice Stafford rendered in said case the following judgment:

That the plaintiff (William Wolff Smith) take nothing by his suit against Robert J. Collier who shall recover his costs against plaintiff.

Thus, instead of a jury of his peers finding that he had been libeled, they found that the said charges made and published by Robert J. Collier and Norman Hapgood that said William Wolff Smith was a dishonest press agent and a purveyor of false and tainted news for money were true; and instead of a jury of his peers giving him damages in the sum of $150,000, for which he sued, they made him pay the costs of the suit.

JUST WHEN DID HE BECOME A PROFOUND LAWYER?

We thus see that in this suit said William Wolff Smith did not even claim to be a lawyer. He swore that he was a press agent.

But in 1916 in the District of Columbia he applied for a license to practice law. In company with 177 others a license to practice law was granted to them.

In the presence of Senator MORRIS SHEPPARD and Director Hines, in the director's office on November 11, 1925, I then challenged Mr. William Wolff Smith to tell said director just one case of importance he had ever tried in a courthouse when he became general counsel of said bureau, and he could not do it.

Even if the jury of his peers who passed upon his case were wrong in justifying the publisher of Collier's Magazine in charging him with being a purveyor of false and tainted news, his inexperience in law and legal matters has caused him to thwart the law and justice in a number of cases I happen to know of in the Veterans' Bureau.

ROGER FENLAW—SOLDIER AND PATRIOT

When the United States entered the World War, Roger Fenlaw was a struggling young lawyer living in Gilmer, Upshur County, Tex., in the district of our colleague (Mr. SANDERS). He was then engaged to be married to Miss Birdie Stone, of Austin, Tex., she living in the district of our colleague (Mr. BUCHANAN). He wanted her to marry him before he left for France, but his fiance told him that she was holding a good secretarial position and did not want to be any burden whatever upon her Government while it was in war, but that as soon as he returned she would marry him. Roger Fenlaw promptly enlisted and went to France. While there in December, 1917, he took out $10,000 war-risk insurance. He served valiantly through the entire war, and with the army of occupation, and was not discharged until June, 1919. He and Miss Stone were promptly married, and they moved to Ranger, Tex., where they struggled to gain a foothold. He became justice of the peace, and his wife filled a position in a bank there to help with family expenses. They bought a home on installment payments. Several times between 1919 and 1923 he would get behind with his insurance payments, but each time would remit within the period allowed by the bureau to save his policy.

FIRST VACATION AFTER WAR

During the early part of June, 1923, Roger Fenlaw was notified by the Veterans' Bureau that he was due two payments of $7.30 each, and that he had until July 1, 1923, to remit same to keep his policy intact without reexamination.

Both he and his wife had been working hard and needed a rest, so they arranged to take a short vacation and visit his relatives in Gilmer. They planned to leave Ranger by daylight on the morning of June 15, 1923, in their Ford car. Mrs. Fenlaw was an expert stenographer, so as soon as she got through with her own duties in the bank she went to her husband's office on the afternoon of June 14, 1923, to help him finish his work. Fortunately, it so happened that Mr. Wade Swift, an honored city official of Ranger, was in the office and witnessed what happened.

Roger Fenlaw had his wife fix up the papers and checks to send to the Veterans' Bureau, and he signed the reinstatement blank and had Mr. Wade Swift sign it as a witness to his signature. Roger Fenlaw signed it in black ink, and Wade Swift signed it in green ink, using his own fountain pen which had green ink in it. It was thus signed and witnessed on the afternoon of June 14, 1923. Mrs. Fenlaw saw her husband place these papers and the two checks for $7.30 each in the envelope which she had addressed on the typewriter to the Veterans' Bureau, and saw him seal it and place it with about 10 or 15 other letters. She saw him get a sheet of red 2-cent stamps out of his desk and saw him place a 2-cent stamp on each one of the letters, and then she drove him to the post office to mail them; and they were mailed that afternoon, because said envelope has the Ranger postmark of June 14, 1923, on it, with the time, 9.30 p. m., stamped on it, showing that it was postmarked in the Ranger post office at 9.30 p. m. on the night of June 14, 1923.

LEFT ON THEIR VACATION NEXT MORNING AT DAYLIGHT

And believing that everything was all right, Roger Fenlaw and his wife left Ranger in their Ford at daylight the next morning, June 15, 1923, to spend their vacation in Gilmer. But on the night of June 14, 1923, after the said letter had been run through the postmarking hopper, the clerk in the post office discovered that it had no stamp on it, so he stamped it "Returned for postage" and placed it in Roger Fenlaw's box. Up in the right-hand corner of said envelope there was mucilage, showing that the stamp had come off.

ROGER FENLAW ACCIDENTLY DROWNED

While out fishing with his nephews Roger Fenlaw was drowned in a river near Gilmer on June 19, 1923. The shock prostrated his wife, and it was several days before she returned to Ranger, where, in her husband's mail, she found the said letter to the Veterans' Bureau "Returned for postage." Without opening it, but with affidavits of explanation and with proper proofs of death, she sent it to the Veterans' Bureau just as she had found it.

THE PURVEYOR OF TAINTED NEWS CONTINUED TO PURVEY IT

This poor widow of a brave, gallant soldier was put off and put off by William Wolff Smith with frivolous excuses. She came to Washington and went in person before him, and after a vigorous examination he told her that if she would go before a notary and place her statements she had made to him in writing and swear to them he would pay her claim. She explained to him that if it was delayed longer she would lose her home and all they had paid on it. She filed the affidavit. But he did not pay her insurance. He turned her down. And this

poor widow whose husband defended this country all during the war, and served in France until June, 1919, lost her home and all that she and her husband had paid on it out of their joint savings.

A CONJURED-UP EXCUSE

As an excuse for his action, William Wolff Smith told me that he had had the mucilage in the corner of the envelope examined by an expert on stamp mucilage in the Bureau of Engraving and Printing, who had decided that it was different from that used by the Government and was commercial mucilage. This was an absolute falsehood, without a word of truth in it. For later, in the presence of Senator MORRIS SHEPPARD, in the director's office on November 11, 1925, I made William Wolff Smith admit to Director Hines that no one in the Bureau of Engraving and Printing had ever analyzed such mucilage and that no one else had ever decided that it was not stamp mucilage. But, very naturally, when he told me that he had such an opinion from an expert in the Bureau of Engraving and Printing, I never dreamed that he was telling an out-and-out falsehood. He said that he believed that he could prove that Mrs. Fenlaw had forged her husband's name to the reinstatement blank which had been witnessed by Mr. Wade Swift on June 14, 1923.

WARNED HIM THAT HE MUST MAKE GOOD HIS CHARGE

I told him that I believed that he was mistaken, but that if such were the facts that he ought to put the claimant in the penitentiary, and that I would give him every chance possible for him to place the matter before the courts, and that I would not interfere in any way with his investigations, but I turned to him and said: "Mr. Smith, I put you on notice now; you are going to have to prove that this is not stamp mucilage; and that the claimant is a forger and a fraud, and if you do not do it, I am going to hold you personally responsible for questioning the good name of this claimant.

WASTED GOVERNMENT MONEY IN RIDICULOUS INVESTIGATIONS

Since our Declaration of Independence was signed never has there been greater injustice done any citizen of the United States than that which has been done claimant by William Wolff Smith. He sent special agents to east Texas and to west Texas hunting evidence against her. Their many secret reports are simply ludicrous. They investigated to see whether she could have gotten into the post office at Ranger through the windows and stamped her envelope with the postmark. They investigated to see whether she could have bribed any clerk in the post office. They made a secret attempt to stab Wade Swift with misrepresentation. They investigated affairs at Gilmer to see in what way she could have used the post-office equipment there, and whether there was anyone there in the post office whom she could have used. They even went so far in their dastardly persecution of this poor, helpless soldier's widow that they tried to hunt up some connection she could have had with his drowning, and whether or not he was really buried at Gilmer. And not one single fact or circumstance could William Wolff Smith and his army of special agents and attorneys find against the claimant.

HIS INVESTIGATORS TOLD HIM TO QUIT

On September 5, 1924, William Wolff Smith's chief of investigations, Mr. Frank J. Blake, from Dallas, Tex., made final report as follows:

This office is in receipt of a letter from Assistant United States District Attorney Arthur J. Reinhart, stating: "It is my opinion that the evidence against Mrs. Roger Fenlaw is entirely inadequate and would not justify an indictment for the offense of forgery. I would suggest the matter be closed in so far as this department is concerned." On the above authority this case is closed.

BUT WILLIAM WOLFF SMITH STILL PURSUED HER

After holding up her insurance from June, 1923, until September 5, 1924, and causing this widow to lose her home, it would seem to any fair-minded person that when his investigators reported to him that he had failed to get her indicted because "the evidence was entirely inadequate and would not justify it," and they advised him that "the matter be closed," that William Wolff Smith would have been glad to rectify his errors and promptly paid her insurance to her, but he continued to persecute her.

SWORN TESTIMONY OF WADE SWIFT

My name is Wade Swift; for the past five years and more I have been and am still the city sanitary inspector of Ranger, Tex.; I remember distinctly the circumstance of my being called upon by Roger Fenlaw, while in his office on the evening of June 14, 1923, to witness his signature to the blank application sent him by the Veterans' Bureau which he was then executing to keep his Government insurance from lapsing; I carry now in my pocket, and carried then on June 14, 1923, my fountain pen which I use in signing my name to papers, and this accounts for his name being signed in one kind of ink and mine being signed in another kind; I am not in any way related to Roger Fenlaw or Mrs. Roger Fenlaw, and have no interest whatever in Mrs. Fenlaw's claim, and to me it is simply ridiculous for any one to claim that Roger Fenlaw did not sign said application; I know his signature well, as I have seen him sign his name many times; I know he signed said application for reinstatement, because I saw him sign it, and he asked me himself to witness his signature, and I know that it is his signature, outside of my other knowledge about it; Mrs. Birdie Fenlaw and I belong to the same church, and I know her to be an active church worker.

NO WOMAN CAN SHOW BETTER STANDING

There is no woman in the United States who can show better standing than this widow, Mrs. Roger Fenlaw. From her childhood days up not one stain could be found upon her reputation.

Mr. S. B. Roberdeau is an honored officer in the Austin National Bank, of Austin, Tex. Under oath he testified:

My name is S. B. Roberdeau; I was raised in this county; for the past 21 years I have been engaged in the banking business in Austin, Tex.; for over 25 years I have been well acquainted with Mrs. Birdie (Stone) Fenlaw, she and I having attended school together; she has held several positions of trust and confidence with reputable Austin firms and carried her account with the bank with which I have been connected; she is a woman of truth and integrity and incapable of misrepresentation; she is in every way worthy of belief.

Hon. Ike D. White, a leading prominent lawyer and citizen of Austin, Tex., certified that he has known Mrs. Birdie Fenlaw for years; that she is a cultured, refined gentlewoman, a member of one of the pioneer families of Texas and of Travis County, where she was born and reared; that she lends a certain dignity to and inspires a feeling of trustworthiness in any office or business with which she may be connected, and that he knows her to be a woman *worthy of every trust and confidence.*

Hon. Charles A. Wilcox, a former distinguished circuit judge of Texas, and now a prominent lawyer of Austin, Tex. (who graduated in the same law class with Senator SHEPPARD and myself), certified that Mrs. Birdie Fenlaw was in his employ several years, that she was competent and trustworthy, *and that any statement made by her could be relied upon implicitly* as she was of unquestioned character.

Judge N. A. Stedman, than whom no man in the South stands higher, certified that Mrs. Birdie Fenlaw was his secretary and stenographer for several years; that she is highly competent, a woman of superior mental endowment, excellent judgment, *and is reliable in the highest degree.*

Hon. M. H. Hagaman, of Ranger, Tex., certified that Mrs. Birdie Fenlaw has been a trusted employee in his bank; that she was always found entirely reliable and trustworthy, and she enjoyed the confidence of the Ranger business men, *and that any statement she may make can be relied upon in every particular.* Mr. Hagaman is now a member of the Texas Legislature. He was the first mayor of Ranger, Tex. He has accumulated a large fortune in Ranger. During the eight years that I was a circuit judge, when needing special talent to enforce the law, I appointed him several times foreman of my grand jury for Eastland County.

Hon. John M. Gholson, of Ranger, Tex., a leading, substantial, honorable citizen of Ranger, Tex., and who was president of the bank where Mrs. Fenlaw was employed at the time of her husband's death, certified that Mrs. Birdie Fenlaw was his trusted employee, always found to be entirely reliable and trustworthy, *and that any statement she may make can be relied upon in every particular.*

Mr. Edr. R. Maher, another director of said bank and manager for the Leveille-Maher Motor Co., certified that Mrs. Birdie Fenlaw enjoyed the utmost confidence of her associates; that she possessed a reputation for the utmost integrity, and he recommends her as being above the ordinary in every particular.

Mr. C. C. Chenoweth, another director of said bank, certified that Mrs. Birdie Fenlaw was his stenographer and special assistant; that she was loyal, trustworthy, and of the highest type of business woman, adding refinement and efficiency to his organization, with a reputation of the very best.

Rev. L. A. Webb, who is the presiding elder of the Methodist Episcopal Church for the district embracing Ranger, Tex., certified that for four years he was pastor of the First Methodist Church of Ranger, Tex., during which time Roger Fenlaw and his wife, Mrs. Birdie Fenlaw, were members of his church; that for one year or more they occupied rooms in his home, thus giving him an opportunity to know them; that they were true, faithful, loyal members of the church, and

were numbered among the leaders in church work; that in the business and social world they were peers of the best.

Mr. G. A. Collett is now the active vice president of the State National Bank, of Austin, Tex.; no man in Texas is of higher standing or better or more favorably known in Austin. He certified:

My name is G. A. Collett; I was raised in Travis County, and for over 25 years have been engaged in business in Austin, Tex.; that during such time I have been well acquainted with Mrs. Birdie (Stone) Fenlaw, who likewise was raised in Travis County, and who has held several positions of trust and confidence with reputable firms in Austin, Tex.; *she is a woman of truth, honor, and integrity, incapable of misrepresentation, and is in every way worthy of belief.*

Mr. Collett swears to the above.

Mr. Carl Max Ohr, the clerk in the Ranger (Tex.) post office, who was on duty at the time the envelope containing said application was postmarked on June 14, 1923, and who postmarked same, under oath certifies that he is well acquainted with Mrs. Birdie Fenlaw and *knows her to be a splendid woman of truth, honor, and strict integrity, and that she is in every way worthy of belief.*

Mr. Charles P. Ashcraft, who has lived in Eastland County for 33 years and who has been employed in the post office at Ranger, Tex., for the past 6 years, under oath certified that he knows Mrs. Birdie Fenlaw *to be a good, Christian, honorable woman of strict truth and moral integrity.*

And notwithstanding the fact that General Counsel William Wolff Smith has scoured Texas and the United States with his special agents, investigators, detectives, assistant district attorneys, and court machinery, he has not found one single person who would say one word of any kind against the claimant. She stands unimpeached and unimpeachable. By exhausting all channels of information without being able to find one stain against her, William Wolff Smith has, himself, proven claimant to be in every way worthy of belief. The original of all of the above certifications are in the file in the Veterans' Bureau.

CREDIBILITY OF WADE SWIFT

For the past five years continuously he has been an honored, highly respected official of the city of Ranger, Tex., enjoying the confidence and respect of every one, a Christian gentleman, and leader in church work.

Hon. R. H. Hodges, mayor of Ranger, testified:

This is to certify that I have known Mr. Wade Swift for the past six years, or during his entire residence in Ranger; during all of this time Mr. Swift has borne an excellent reputation for truth and veracity. Mr. Swift has been in the employ of the city of Ranger as sanitary officer for the past five years, for three of which he has been under my direct supervision. I have always found Mr. Swift truthful in all his statements, and he has conducted himself in a gentlemanly manner. I take pleasure in recommending him to the public in regard to his honesty, integrity, and veracity.

Rev. L. A. Webb, now presiding elder of the district embracing Ranger but formerly pastor of the First Methodist Church there, certified:

I have known Mr. Wade Swift for about six years. For four years I was pastor of the First Methodist Church, Ranger, where Mr. Swift held his membership. Mr. Swift is a good citizen of high standing. His reputation for truth and veracity is good.

Mr. I. E. Beavers, cashier of the Ranger State Bank, certified:

Mr. Wade Smith has been living in Ranger, Tex., for about six years and is now and has been during the last five years of that time working for the city of Ranger in the capacity of sanitary inspector and peace officer. During this time he has so conducted himself that his reputation for truthfulness and veracity is unquestionable. We are convinced that Mr. Swift is worthy of belief and that his sworn testimony before a court of record would be uncontradicted.

Charles P. Ashcraft, who has lived in Eastland County, Tex., for 33 years, under oath certified:

I know Wade Swift to be an honorable, truthful man of integrity.

SWORN TESTIMONY FROM EXPERTS ON SIGNATURES

Mr. W. W. Housewright, who has been actively engaged in the banking business for 21 years, and who for 21 years has had to pass on signatures daily, and who qualifies as an expert on signatures, and who was Roger Fenlaw's banker and familiar with his signature, says under oath positively that he knows the signature to said reinstatement blank to be that of Roger Fenlaw's; and that he has carefully compared it with many admitted signatures of Roger Fenlaw, and that he can state positively that it is his signature.

And Mr. W. Rich Keeble, who, for over 25 years has been an active banker, whose daily business for 25 years has been passing upon signatures, who has testified in courts as an expert on signatures, swears that he has carefully compared the signature on said reinstatement blank with many known signatures of Roger Fenlaw, and that he can state positively that it is Roger Fenlaw's signature to said reinstatement blank.

ARGUMENT BEFORE DIRECTOR FRANK T. HINES

On November 11, 1925, I filed with Director Hines in his office a 14-page brief in behalf of Mrs. Birdie Fenlaw. And in the presence of Senator MORRIS SHEPPARD and William Wolff Smith and his assistants I orally argued this case. Senator SHEPPARD made the following notation on my brief:

I join with Congressman BLANTON in presenting this brief, and desire it to be considered as my reply also to the brief prepared by your legal department.

MORRIS SHEPPARD,
United States Senator, Texas.

DIRECTOR HINES DECIDED IN FAVOR OF WIDOW

At the conclusion of the argument, Director Hines indicated that he was thoroughly satisfied with the evidence, and advised his general counsel, William Wolff Smith, that he intended to pay the insurance. William Wolff Smith exhibited his displeasure, and then in his presence I told General Hines what I had learned about his not being a lawyer, and about his experience with Robert J. Collier and Norman Hapgood, and I then challenged William Wolff Smith to tell Director Hines of one case of any importance he had ever tried in a courthouse when he became general counsel in the Veterans' Bureau, and he could not state one case.

SMITH URGED THAT IT BE SUBMITTED TO COMPTROLLER GENERAL

William Wolff Smith urged General Hines to submit the case to the Comptroller General of the United States before he paid the insurance. And we agreed to it.

CHIEF OF CLAIMS DIVISION CONVINCED

Hon. H. H. Milks is the chief of the claims division in the Veterans' Bureau. He had theretofore been influenced by the erroneous stand taken by the general counsel. Chief Milks was present when, with Senator SHEPPARD, I presented the argument on the case to General Hines November 11, 1925. In an opinion dated November 13, 1925, which he filed in the case, Chief Milks made this admission:

It would seem to me that as the evidence now stands, the application for reinstatement was duly signed, witnessed, and inclosed in an envelope in the office of the insured; that a check covering the proper amount for the premiums due was also placed in this envelope. This is proven by positive evidence which, in my opinion, can not be refuted by evidence of a handwriting expert.

SUBMITTED TO COMPTROLLER GENERAL OF THE UNITED STATES

When submitting the case to Comptroller General J. R. McCarl for his approval, Director Hines sent to him the entire file embracing all steps taken by the general counsel, and all papers filed therein by said William Wolff Smith, and all of his adverse opinions, such file containing everything the bureau had on such case from the time Roger Fenlaw first took out his war-risk insurance in 1917 to date, and Director Hines wrote the Comptroller General the following:

On October 1, 1924, in the light of the evidence then before me, I disapproved and disallowed this claim, *but having been convinced by the additional evidence which claimant has submitted,* as hereinafter appears, *I have changed my ruling.*

And after submitting the evidence, Director Hines concludes:

If upon review of the evidence submitted herewith, you agree with me, that the application for reinstatement was signed by Roger Fenlaw, and will so advise me, I desire to pay this claim.

FILED BRIEF WITH GENERAL M'CARL

Having been granted permission to do so, on December 18, 1925, I filed a 17-page brief with Comptroller General McCarl in behalf of Mrs. Birdie Fenlaw. And on that same date, accompanied by Senator MORRIS SHEPPARD, Congressman JAMES P. BUCHANAN, and Congressman MORGAN SANDERS, I argued the case before the Comptroller General.

PURVEYOR OF "TAINTED NEWS" STILL PURVEYING

After the argument of the case before Director Hines November 11, 1925, William Wolff Smith went to Detective Clifford L. Grant, chief of the detective bureau of the District of Columbia, and by misrepresentation induced him to give him a statement that he believed Roger Fenlaw's signature a forgery. Just as soon as I found it out, and presented all of the file before Detective Grant, he promptly sent me the following retraction:

DISTRICT OF COLUMBIA,
METROPOLITAN POLICE DEPARTMENT,
DETECTIVE BUREAU,
Washington, D. C., Dec. 8, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

DEAR SIR: Having had an interview with you this morning concerning the case of Roger Fenlaw, a deceased veteran, whose widow is trying to obtain insurance from the Veterans' Bureau, and being shown photostat copies of papers submitted to the Veterans' Bureau and other papers, which I had no opportunity to examine prior to writing my opinion as to the validity of the signature, I wish to withdraw my opinion, which was conveyed by letter to Mr. William Wolff Smith, the general counsel of the Veterans' Bureau, on December 2, 1925.

I was called into the case very hastily and was handed some signatures for comparison, and not being advised as to what other persons had said concerning this matter, I gave my opinion, which I do not want to appear on record any further in the case.

Very truly yours,

C. L. GRANT,
Assistant Superintendent,
Commanding Detective Division.

FAVORABLE DECISION BY COMPTROLLER GENERAL

On February 1, 1926, Hon. J. R. McCarl, Comptroller General of the United States, in a five-paged opinion, decided in favor of Mrs. Birdie Fenlaw, holding that it was the genuine signature of Roger Fenlaw, and that his widow was entitled to his insurance.

WILL MONEY PAY FOR WRONGS DONE HER?

If the Government were to pay this widow a half million dollars it would not compensate for the cruel, unjust, unwarranted, inexcusable, foolish, harsh persecution which she has undergone and to which she has been subjected by William Wolff Smith. Wholly without excuse or reason he did everything within his power to injure her good name and to keep her from getting her husband's insurance, to which she was justly entitled. And he did everything within his power to prevent me from having copies of his correspondence concerning her, and I finally obtained same only by appealing to the director himself. And if I had not gone to the trouble of making a special trip to Texas and obtaining evidence to overcome his unjust charges he would have cheated this poor widow out of her insurance.

DIRECTOR HINES PROMPTLY ORDERED PAYMENT

As soon as Comptroller General McCarl decided the case in favor of Mrs. Birdie Fenlaw, Director Hines promptly ordered settlement to be made and proper remittance sent her. When he learned that William Wolff Smith had pigeonholed the file in his office for three days and had taken no step toward having payment made, General Hines took the matter in charge himself, and has just notified me that he has sent a check to Mrs. Birdie Fenlaw at Dallas, Tex., covering the $57.50 per month due her each month since July, 1923, and that the balance of her insurance will be paid to her $57.50 per month as the policy provides.

ANOTHER INTERESTING TEXAS CASE

On September 21, 1925, Messrs. Beall, Beall & Beall, attorneys of Sweetwater, Tex., wrote me advising that in 1918 Pleas C. Barrett died leaving $10,000 war-risk insurance, payable to his father and mother. The bureau made monthly payments in equal amounts to the father and mother. Shortly thereafter the father died, leaving 10 children surviving him. Then his half was paid each month by the bureau in 10 equal amounts, one to each child, each child thus receiving one-twentieth of the full monthly payment of $57.50. One of said 10 children was named J. L. Barrett, and he died. And as soon as he died the general counsel, William Wolff Smith, ruled that before any further payments could be made that an administration would have to be taken out on the estate of said soldier, Pleas C. Barrett, who died in 1918. And that called attention to the fact that under Texas laws no administration could be taken out after four years following the death of the party, and that William Wolff Smith was thus depriving said heirs of their just inheritance.

PLACED MATTER BEFORE DIRECTOR HINES

I immediately wrote the following letter to the Director:

WASHINGTON, D. C., *September 24, 1925.*
(Personal)

Gen. FRANK T. HINES,
Director, United States Veterans Bureau, Washington, D. C.

MY DEAR GENERAL HINES: I am afraid that your "general counsel" pulled a bonehead when, in drafting the amended law that became the act of March 4, 1925, he provided that upon the death of a beneficiary payment should be made to the deceased beneficiary's estate.

This provision has led your department to require an administration, with all of its useless, wasteful expense and unnecessary delays, and has shifted the responsibility of proper distribution from your bureau to administrators scattered in the numerous counties of our 48 States. Very naturally serious complications have resulted.

I am inclosing you a letter just received from my constituents, Messrs. Beall, Beall & Beall, reputable attorneys of Sweetwater, Tex., citing the case of the heirs of a beneficiary of Pleas C. Barrett, who died about 1918, and under our Texas laws there can not be any administration, because more than four years have elapsed since his death, and it seems that your general counsel is to rule these heirs out of their just inheritance.

I happen to know, also, that the failure and refusal of your bureau to furnish to the court and administrator at the time the administration is perfected all of the facts connected with your administration of the insurance fund up to the time you are to get rid of the case by passing the buck and shifting the case from your bureau to the shoulders of the administrator has caused a great deal of dissatisfaction, and has brought about many needless delays and unjust treatment to distressed heirs who sadly need their money.

I happen to know also that the rulings of your general counsel with respect to the *legal domicile of the insured* has caused irreparable trouble, annoyance, delays, and expense in several States, resulting in active dissatisfaction.

I will ask you to please not let your general counsel frame the usual form letter in reply to Messrs. Beall, Beall & Beall, but that you will please advise them fully and in detail just what your construction of the law is, just what your rulings and regulations are, and just what they may expect for their clients from the bureau, and kindly send me a copy of your letter to them, so that I, as one Member of Congress, may know in just what respects it is necessary to have such law amended. I have been very frank with you in writing this letter, because I am a frank man, and say just what I think, and I want you to know just what some people are thinking and just how some people are feeling about what is going on in your bureau.

Very truly yours,

THOMAS L. BLANTON.

MEN OF HIGH-CLASS LEGAL ABILITY IN BUREAU

There are some splendid lawyers—high-class men—in the legal department of the Veterans' Bureau, and it is most interesting to note when writing their opinions adverse to their general counsel what effort they exerted to conceal the disgust they felt for their general counsel.

DIRECTOR HINES EXERCISED HIS OWN GOOD JUDGMENT

UNITED STATES VETERANS BUREAU,
OFFICE OF THE DIRECTOR,
Washington, October 5, 1925.

Hon. THOMAS L. BLANTON,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: With reference to your letter of September 24, 1925, concerning the case of Pleas C. Barrett, C-18,307, with which was transmitted a letter to you from Messrs. Beall, Beall & Beall, Sweetwater, Tex., of September 21, 1925, permit me to advise you that upon a review of this file it has been decided that the request previously made for an appointment of an administrator of the insured's estate in order to facilitate the payment of the present value of such of the insurance as had previously been awarded to one of the brothers of the insured, since deceased, may be waived, and instructions have been issued to approve amended awards direct to the persons who would be entitled to share in the distribution of the insured's estate without the interposition of an administrator.

Please accept the thanks of the bureau for calling attention to this case.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES,
Director.

Thus an administration was waived, notwithstanding that both on June 13, 1925, and August 3, 1925, it was demanded that there should be an administrator before further payment would be made.

LUTHER DAVIS, OF DILLON, S. C.

Maj. J. Altheus Johnson is an able, experienced, seasoned lawyer of splendid qualifications. If it had not been for his splendid advice and the good advice of other able lawyers in the bureau to the director, there is no telling just how much suffering General Counsel William Wolff Smith would have inflicted upon the loved ones of ex-service men. The following is an opinion of the law applied to the facts which Major

Johnson prepared for Director Hines. Note his criticism of the erroneous stand taken by William Wolff Smith:

OCTOBER 12, 1925.

(Memorandum)

From: J. Altheus Johnson, legal advisor.
To: The director (through channels).
Subject: Administration in South Carolina of estates of less than $500.

The South Carolina Legislature, at its last session, passed an act authorizing the probate judges of the State to receive and pay out the assets of an estate when less than $500, thus dispensing with an administrator when the estate is so small that it would be largely if not wholly consumed with the expenses of administration if the usual methods of procedure in the settlement of an estate were applied. The act was approved the 19th day of March of the present year (1925). The probate judges, for their work in settling such estates, are allowed by the act a commission of 5 per cent on the first $200 and 1 per cent on all over that amount "for receiving and paying out the proceeds of such estate."

The Veterans' Bureau, under date of July 27, 1925, advised the American Legion at Dillon, S. C., with which it had been in correspondence on the subject, that "apparently the sum of approximately $350 had accrued" on account of a deceased veteran (Luther Davis, C-534874), now payable to his estate.

The probate judge of Dillon County having declared his own readiness to receive the money and dispose of it according to law, and having also declined to appoint an administrator, the assistant director, claims and insurance service, submitted the matter to the general counsel of the bureau for advice, stating that $375.33 was the amount payable. The opinion of the general counsel, as expressed in a written memorandum to the assistant director, claims and insurance service, is—

"The act (the act of the South Carolina Legislature of March 19, 1925) does not apply to the estate of Luther Davis (who died on November 17, 1924) or to the estates of other residents of South Carolina who died prior to its approval."

It is an elementary rule of the law in the construction of statutes that legislative acts speak with reference to the future and not with reference to the past, unless the past be expressly embraced in the act, and even a retrospective operation of the act must be such as will not, under constitutional limitations, disturb vested rights.

As regards elementary rules of the law, such as the one above mentioned, a prospective lawyer is supposed to learn them early in his studies; a knowledge of how properly to use and apply them not infrequently comes later—that is to say, comes with the fuller knowledge which a further study of the law, coupled with experience in and observation of the courts in their exposition and administration of the law, will give as to the meaning and application of the abstract principles learned in the rudimentary period of legal study.

It will be noticed that the case in hand is of an estate of less than $500, not yet administered, the assets of which have not yet been collected or gathered in, and of course not yet disposed of according to law. I should think an experienced lawyer would smile audibly at the suggestion that it would be a retrospective application of the act of March 19, 1925, for the probate judge to assume to settle such an estate even though the decedent did die on the 17th day of November, 1924.

J. ALTHEUS JOHNSON.

A PROSPECTIVE LAWYER UNLEARNED IN ELEMENTARY RULES

Note from the foregoing that Major Johnson speaks of his general counsel, William Wolff Smith, as "a prospective lawyer" and "one who has not yet learned the elementary rules."

VIRGINIA—GEORGIA—NORTH CAROLINA

Mr. Ernest O. Gray (C-224868) was born and reared in Danville, Va., where his parents were living in June, 1916, when he enlisted in the Army. When applying for insurance on January 30, 1918, he designated his mother, Mrs. Mattie E. Gray, as his beneficiary, and her residence at Falcon, N. C., which he then gives as his own home address. Later his father and mother moved to Royston, Franklin County, Ga. Said Ernest O. Gray died October 23, 1918, unmarried, on a battle field in France. His insurance was awarded to his mother, and payments made to her at Royston, Franklin County, Ga., until her death there on December 30, 1924, and then the insurance was awarded to her husband (Ernest's father) and payments made to him at Royston, Franklin County, Ga., until his death on March 14, 1925.

THEN WHAT HAPPENED

Let me quote the following from the opinion, which on July 16, 1925, Legal Advisor Maj. J. Altheus Johnson rendered, taking issue with an erroneous position which had been taken in the case by General Counsel William Wolff Smith, to wit:

[From Johnson opinion]

A brother-in-law of the deceased insured, who lives in Franklin County, Ga., and who took out letters of administration on the estate of the deceased father, has also taken out letters of administration upon the estate of the insured. The latter letters, granted by the court of ordinary of Franklin County on June 1, 1925, were "to R. H. Lee as administrator of Ernest O. Gray, upon his giving bond and security in the sum of $14,000, and taking the usual oath of office."

The oath was taken, and the bond was given with the "National Surety Co., of New York," as security, as evidenced by copies in the bureau files.

It is in the face of the letters thus issued that the inquiry in the memorandum of July 9 is made.

Before assuming to make answer to the question as to the domicile of the above-named insured, and the State in which to apply for administration of his estate, it will not be improper to note what preceded the appointment by the Georgia court of Mr. Lee as administrator of the estate of the above-named deceased insured.

In a letter acknowledging to Mr. Lee, who lives at Franklin Springs, in Franklin County, the receipt of a certificate of the death of the father, the bureau says, under date of April 2, 1925:

"With further reference to the insurance in the above-captioned case, you are informed that due to recent legislation enacted March 4, 1925, change has been made in the mode of payment from monthly installments to a lump-sum settlement. * * * Therefore all settlements of insurance in cases of this nature will be made with the administrator of the estate of the deceased veteran.

"You are therefore requested to take the necessary steps to have an administrator appointed for the estate of the deceased veteran and forward to this office a certified copy of such letters of administration."

The above letter requested Mr. Lee, who lived in Georgia, to attend to the matter, but evidently there was some doubt at the Georgia end as to the place where administration should be had; and Mr. Lee, at the suggestion it seems of the ordinary, wrote to the bureau as follows in a letter of April 9 (received at the bureau April 10):

"Ernest O. Gray lived in Virginia with his parents at the time he entered into service. Later his parents moved to Georgia and were living in Georgia at the time of his death in the service. He never had any real estate or personal property, and always considered the home of his parents his home.

"Since the war-risk insurance is all the estate to be administered upon, which State, Virginia or Georgia, should appoint the administrator?

"All the heirs petition me to administer on the insurance and I live in Georgia. The ordinary of the court here desires that I get the advice of the Department of War Risk Insurance in the appointment of the administrator."

The bureau, it seems, did not respond pointedly to the request thus made for advice, but in a letter to Mr. Lee, under date of April 16, "supplementing bureau letter of April 2," says:

"The amount payable in this case is $7,498. It is requested, therefore, that steps be taken to have an administrator appointed for the above named and this bureau be furnished with letters of administration, certified under the seal of the court, and the address of the administrator. It is suggested that when applying for administration the court be informed of the amount payable in this case."

On May 6 Mr. Lee inclosed to the bureau a copy of the letters of administration on the estate of Charles R. Gray, the father, which had been issued to him by the court of ordinary on May 4. This action was in accordance with the bureau letter to him of April 2, already quoted from, which, in acknowledging the death certificate of the father, had said:

"You are informed that there is a small amount of accrued compensation and insurance due his estate at the time of his death, which is properly payable to an administrator, when a certified copy of the letters of administration under seal of the appointing court, and bearing the address of such administrator, is submitted to this bureau."

The letters of administration thus submitted under date of May 6 were acknowledged by the bureau on May 16, when the administrator was further told that it was necessary for the bureau to be furnished with certified copies of the petition and of the bond, as well as of the letters of administration. Such copies were furnished in a letter of June 5 and in the same letter Mr. Lee enclosed also a certified copy of the letters of administration on the estate of Ernest O. Gray, which had been granted on June 1, as already stated; and, availing himself of the second requirement in the case of Charles R. Gray, included also certified copies of the petition and of the administration bond in the Ernest O. Gray case, writing as follows as to the latter:

"You will please find inclosed herewith a certified copy of my letters of administration on the estate of Ernest O. Gray, deceased veteran, reference C-224868; also you will find a certified copy of application for letters of administration on the estate of Ernest O. Gray,

and a certified copy of the bond, as fixed by the court of ordinary of Franklin County."

The above statement of fact is made to embrace copies of correspondence between Mr. Lee and the bureau for the reason that, in the face of such correspondence, it would not be surprising if Mr. Lee felt that he had the approval of the bureau, tacit if not express, for taking out letters of administration in Georgia for settling the estate of Ernest O. Gray.

Imagine, therefore, with what feelings the man who had procured, as he supposed, the requisite letters of administration upon the estate of Ernest O. Gray must have read the bureau letter of June 25, in which it is said:

"The letters of administration taken out in the State of Georgia are no good. It will be necessary that you or some other interested party have letters of administration taken out in the State of Virginia for the estate of the deceased veteran, Ernest O. Gray. Kindly take the matter up with those interested and have such letters of administration in the State of Virginia forwarded to this bureau, together with a statement by the court under seal that such court has been informed of the amount payable to the estate of the soldier, namely, $7,498, and that the administrator has furnished sufficient bond."

Thus the person who had explained the situation in advance and sought for himself and others concerned the advice and assistance of the bureau in a matter affecting war-risk insurance and the place at which it would be paid, is told, after all the expense of taking out letters of administration in Georgia has been incurred, including the cost of procuring a $14,000 administration bond and of furnishing the bureau with certified copies of all the court papers said to be necessary in such cases, that what has been done in Georgia is no good and that letters of administration must be taken out in Virginia.

The facts as to domicile, shown in papers on file in the case, were no more plain on June 25 than they were on April 9, when the bureau was pointedly asked, in behalf of all parties concerned, "Which State, Virginia or Georgia, should appoint the administrator?"

The domicile of the insured was never in the State of Georgia, and the insured died without leaving property of any kind in Georgia. It would be horn-book law to say that the courts of Georgia would be without jurisdiction to handle or settle the estate of the decedent, the decedent himself having never been a resident of the State and no part of his property within the State. But, if the insurance money belonging to his estate were paid into the hands of a person in Georgia, there would then be property in the State within the jurisdiction of a Georgia court, and if the parties in interest submitted themselves to the jurisdiction of the court by voluntarily appearing therein, the court would have full jurisdiction to act in the premises, and its action would be binding upon all persons who were parties to the proceeding, whether the distribution were made under the laws of Georgia or under the laws of some other State, as the court might find to be proper. As a matter of fact, in the present situation of this case, the decedent having died without wife or child and both his parents being dead, the law of distribution, as affecting the case, is the same in both Georgia and Virginia. Mr. Lee in his letter to the bureau of April 9 said:

"All the heirs petition me to administer on the insurance and I live in Georgia."

And in his letter of June 29, in reply to the bureau letter of June 25, he says:

"All the heirs of the above named petitioned the ordinary of this county to appoint me as administrator on the estate of said deceased, and will approve of said estate being administered through the court of this county."

If the next of kin of the decedent (three married sisters and a nephew, the son of a deceased brother) have not already submitted themselves to the jurisdiction of the Georgia court, as Mr. Lee intimates that they have done, they can readily do so, and payment to them by an administrator in Georgia of the shares to which they are entitled would conclude any further demand. There are no creditors of the decedent in the case and none such, if there were any, would have any right or claim against the United States. With the parties in interest participating in a distribution or settlement of the estate made by an administrator in Georgia, there would be no one, so far as the United States was concerned, of legal standing to question in court either the payment of the insurance by the Government or the disposition which had been made of the insurance money. And under the circumstances it would seem desirable that the bureau permit settlement to be made in that way, and thereby avoid the chagrin of a possible reproach that its method of business and procedure had permitted what otherwise would be a waste of both time and money in the Georgia court—a waste which could so easily have been avoided by an opportune word from the bureau.

J. ALTHEUS JOHNSON,
Legal Advisor.
J. E. DOWNIN,
Chief, Legal Advisors' Section.

ADMINISTRATIONS IN PROBATE COURTS ARE EXPENSIVE

When creating war-risk insurance and the Veterans' Bureau it was the intention of Congress that such insurance should not be paid in lump sums; that no chance of dissipation of such insurance should be taken, but that it should be paid in monthly installments. And it was the intention of Congress that heirs were not to be put to the expense of going into probate courts to have administrators appointed, with clerk's fees, sheriff's fees, court fees, and administrator's fees all to be paid out of it, but that it should be administered by the Veterans' Bureau and paid to them without court expenses.

WILLIAM WOLFF SMITH CAUSED LUMP-SUM PAYMENTS AND ADMINISTRATIONS

It was this general counsel, William Wolff Smith, who caused to be prepared the provision that was passed in the act of March 4, 1925, which required administrations to be taken out on estates and lump-sum payments of the full amount, such provision being the following:

If no person within the permitted class be designated as beneficiary for yearly renewable term insurance by the insured either in his lifetime or by his last will and testament or if the designated beneficiary does not survive the insured or survives the insured and dies prior to receiving all of the 240 installments or all such as are payable and applicable, *there shall be paid to the estate of the insured the present value of the monthly installments thereafter payable, said value to be computed as of date of last payment made under any existing award: Provided,* That all awards of yearly renewable term insurance which are in course of payment on the date of the approval of this act shall continue until the death of the person receiving such payments, or until he forfeits same under the provisions of this act. When any person to whom such insurance is now awarded dies or forfeits his rights to such insurance, then there shall be paid to the estate of the insured the present value of the remaining unpaid monthly installments of the insurance so awarded to such person.

MEMBERS OF CONGRESS KNEW NOT WHAT WAS IN BILL

It will be remembered that this long bill of many printed pages was rushed through and passed in the closing hours of Congress, under suspension of rules, with only 20 minutes' debate to the side, and no chance whatever to offer amendments to the bill. It had to be passed without the changing of a word, without "changing the dotting of an 'i' or the crossing of a 't,'" and few Members, if any, knew all that the bill contained. Thus under it, before the bureau may pay two, or three, or five dollars to heirs, the general counsel, William Wolff Smith, until stopped by the director, was requiring them to go into the probate courts and take out expensive administrations.

SMITH DEMANDED ADMINISTRATIONS BOTH IN GEORGIA AND VIRGINIA

In the Ernest O. Gray case, the records show that administration was taken out in Georgia with the implied consent and under the implied direction of the bureau's legal department; and then when all of such expense had been gone to, and the administrator had been duly appointed, and had qualified by giving bond, and was ready to receive and distribute the insurance, then William Wolff Smith demanded that another administration foolishly be taken out in Virginia, with probate-court expenses unnecessarily doubled.

OTHER LAWYERS HARDLY DARED TO OPPOSE SMITH'S EDICTS

To show just exactly how embarrassing it was to the good lawyers in the Veterans' Bureau when they were called upon to give legal opinions and they knew that their opinion was diametrically opposed to the precedents set by their chief, William Wolff Smith, I quote a few excerpts from a subsequent opinion rendered in this same case by Major Johnson made to Director Hines, to wit:

AUGUST 11, 1925.

Memorandum.
From: J. Altheus Johnson, legal advisor.
To: The director (through channels).
Subject: Ernest O. Gray, C-224868.

The memorandum which I prepared in this case of July 16, 1925, did not contain a positive or point-blank expression of opinion on the question of whether it would be legal and proper for the Veterans' Bureau to recognize the administrator appointed by the court in Georgia and pay to him the war-risk life insurance which, under section 303 of the World War veterans' act, is now due and payable to the "estate of the insured." The memorandum merely concluded, "And, under the circumstances, it would seem desirable that the bureau permit settlement to be made in that way," namely, through the administrator in Georgia.

The conclusion was thus expressed, more by way of suggestion than direct statement, because I did not wish to embody, in pointed and positive language, a conclusion, which, as I understood, would not be consistent with the legal precedents of the bureau. I preferred, if the conclusion could not be accepted, to which my memorandum would naturally and legally point, that the proper bureau conclusion be expressed by some one else; and I assume that Mr. Downin gave expression to what he believed was in accordance with the legal precedents of the bureau when, in his own memorandum of July 21 on which he passed the case, he said:

"The insured, Ernest O. Gray, never lived in Georgia in his life. Consequently the administration was not proper in Georgia. He apparently was last a legal resident (domiciled) in Virginia, at Danville, and administration of the estate of the insured will be necessary there."

Now, however, since the matter has come to your attention, and, as I understand, is being further considered in the bureau, I have no hesitation in stating that the United States may safely and properly recognize and deal with the administrator in Georgia. Further, I have no hesitation in stating that to disregard, in this case, what has been done in Georgia and to insist, upon the record as it now stands, that administration be taken out in Virginia, would be to do that which, with its additional delay and expense, is so unnecessary, and that which, as affecting the parties in interest, is so uncalled for, that the doing of it would give a sense of pain to one acquainted with the careful regard which courts have to the rights and interests of parties when administering justice.

To make good what is now said, it is only necessary to cite proper legal authority for what was said in the memorandum of July 16. And lest that memorandum, as to the law it contained, was not fully understood or apprehended, let me revert to it for a moment. Wanting it to appear that I was not altogether ignorant of the subject on which I was speaking, I thought it worth while to let it appear, first, that I had not neglected my studies when in the primary grade of legal tuition, but still remembered what is taught in the primer of a legal education, to wit, such knowledge of legal principles, of a didactic or elementary character, as is supposed to be learned in a law school or by the time one is qualified for admission to the bar. I therefore wrote it down in the memorandum of July 16:

"It would be horn-book law to say that the courts of Georgia would be without jurisdiction to handle or settle the estate of a decedent, the decedent himself having never been a resident of the State and no part of his property within the State."

When a student of the law has apprehended the general principle above stated, the important thing is to learn how to apply it. The tyro in the law, or one unacquainted with the administration of justice, may think it a formula of general and universal application; and so it is in behalf of one whose rights or interests, by a disregard thereof, are adversely affected; but as to a person who is so situated that his rights and interests do not require its application the case is very different. Such person is not, by the courts, permitted to interpose objections and point out what might be error, if alleged by one who was a party to the proceeding or whose rights were materially involved. A person to be heard in court must show a right or interest which entitles him to be heard.

It will be observed that the memorandum of July 16 called attention to the fact that all the parties interested in the insurance money now to be paid desired the Georgia administration, and then the following statement touching the law of such a situation:

"If the next of kin of the decedent (three married sisters and a nephew, the son of a deceased brother) have not already submitted themselves to the jurisdiction of the Georgia court, as Mr. Lee intimates that they have done, they can readily do so, and payment to them by an administrator in Georgia of the shares to which they are entitled would conclude any further demand."

The United States admits its indebtedness on account of the insurance, and the only interest or concern the Government has in the matter is to pay the amount it admits to be due to the person or persons whose receipts or acquittances therefor will relieve the Government from further liability in the premises. As said in the memorandum of July 16—

"If the insurance money belonging to his estate were paid into the hands of a person in Georgia, there would then be property in the State within the jurisdiction of a Georgia court, and if the parties in interest submitted themselves to the jurisdiction of the court by voluntarily appearing therein, the court would have full jurisdiction to act in the premises, and its action would be binding upon all persons who were parties to the proceeding, whether the distribution were made under the laws of Georgia or under the laws of some other State, as the court might find to be proper."

And, in this connection, the memorandum incidentally dropped the remark:

"As a matter of fact, in the present situation of this case, the decedent having died without wife or child and both his parents being dead, the law of distribution, as affecting the case, is the same in both Georgia and Virginia."

With creditors eliminated, and the parties in interest participating in a distribution or settlement of the estate by an administrator in Georgia, "there would be," as said in the memorandum of July 16, "no one, so far as the United States was concerned, of legal standing to question in court either the payment of the insurance by the Government or the disposition which had been made of the insurance money."

With no one questioning the propriety of the administration in Georgia except the Government itself, which has no interest in the case except to pay what it properly owes to the estate of the decedent, let us see what the courts have to say about a party so situated who makes objections to the jurisdiction of the court or to the eligibility of the administrator to give an acquittance to a debtor of the estate.

(Then follows six pages of citations to authorities supporting the position taken by him.)

No further cases, it would seem, need be cited for the purpose in view—namely, to show that, although the law may have its expression in certain elementary principles, its administration is not of those principles in the abstract but as affecting the rights and interests of individuals or persons as they appear in concrete cases. No matter how grievous the error committed by a court may be, viewed from certain standpoints, no one is heard to complain thereof or allege error thereon unless his own rights or interests in the matter are in some way adversely affected.

If the insurance money due by the Government in this case to the estate of the insured were paid into the hands of a court in Georgia of competent jurisdiction to settle the estates of deceased persons, and the parties of interest in the estate of the decedent had either so requested or accepted the settlement as ordered by the court, or if by appearing they submitted themselves to the jurisdiction of the court, how is it possible to conceive that any loss or damage could come to the Government as the result of what was done?

No question is made but that in the distribution of insurance money payable to the estate of the insured regard should be had to the law of the domicile of the deceased insured; but that regard, as already intimated, can be had by the court in whose hand the money is for distribution.

J. ALTHEUS JOHNSON.

THERE SHOULD BE A NEW QUALIFIED GENERAL COUNSEL

The foregoing citations are merely illustrative of the many, many cases which I have personally investigated in the bureau to trace down the alpha and omega of the many ridiculous rulings and precedents which William Wolff Smith has made and established in the bureau to the great injury, hurt, injustice, and loss to many ex-service men and their loved ones scatterred all over the United States. I have knowledge of many such cases. I ascertained their existence through my own personal investigations there. No employees there have been complaining. None have been "telling tales." They have only answered my questions and have let me see the files. I have cited opinions by Major Johnson because they were part of the files, and I deemed them of such importance that I copied them.

There is no employee in the whole bureau who is more loyal to Director Hines than Major Johnson, or who does more to defend his administration and try to instill public confidence in it. This splendid executive, Director Hines, is handicapped each day by having this wholly disqualified, wholly inexperienced, wholly unlearned in the law general counsel, William Wolff Smith, hung like a millstone around his neck. He can not get rid of him. Political patronage should not longer keep him there. In the interest and welfare of 4,000,000 ex-service men and their loved ones he should be given some other kind of a position and a real lawyer made general counsel. I have not one single unkind feeling against William Wolff Smith. I desire to do him no injury. But I must help to protect those who risked their all for our flag and the civilization of the world and who brought victory back from France.

The Clerk read as follows:

In all, fiscal year 1926, $135,700, to be disbursed and accounted for as "Street improvements," and for that purpose shall constitute one fund: *Provided*, That no part of such fund shall be used for the improvement of any street or section thereof not herein specified.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 9, line 5, after the word "fund," insert the words "to be appropriated wholly out of the revenues of the District of Columbia."

Mr. BLANTON. Mr. Chairman, on page 7 is the subject of street improvements and repairs, under which is a provision for paving and repaving, and so forth, of certain streets. On the top of page 9 appears the sum of $135,700 as the total for these particular streets. Then follows various paragraphs with various other appropriations. On page 18 there is an attempt to limit these appropriations; for certain years to the 50-50

proposition, for certain years to the 60–40 proposition, and for certain years to the provisions of the new Cramton amendment.

Up until 1921 Congress appropriated one-half of all of the fiscal expenses of the people of this district under what was known as the 50–50 plan.

We are now through with those years. Then in 1921, beginning with that year, we changed to what is known as the 60–40 plan, under which Congress contributed 40 per cent of all the fiscal expenses of the people of this District out of the people's Treasury, and this was in addition to the amount of current Government expenses, millions of which were spent here in the District, and it was in addition to many items of expense which are purely local in their nature and concerning which all the money came out of the people's Treasury. Take for instance Howard University out here, where we appropriated as much as $800,000 in one year. This local university, with 2,500 students here spending enormous sums here each year in the city for the benefit of the merchants and commercial interests, does not receive one dollar from the District of Columbia. Take St. Elizabeth Hospital, on which Congress expends practically a million dollars per annum out of the people's Treasury, is purely a local institution here in Washington for which the people themselves would have to appropriate if it was not appropriated out of the Treasury. Take the Freedmen's Hospital, for which Congress has been appropriating for years out of the Treasury, is purely a local institution. All of these matters are in addition to the 50–50 and 60–40 proposition.

Then in 1924 we passed what is called the Cramton amendment. Under that for the fiscal expenses of the people, outside of Government expense, the Congress, out of the people's Treasury, gave the people here $9,000,000 a year on their fiscal expenses, and in addition we have been giving the other items, the Freedmen's Hospital, St. Elizabeths Hospital, and Howard University. There seems to be an effort on the part of the District officials coming before the committee in asking these sums here to call these matters deficiency items when as a matter of fact they are continued improvement items. They are items for 1926 instead of being deficiencies for 1920, 1921, 1922, 1923, 1924, and 1925. It is extra money they need now to perfect some plans of expenditure that they had mapped out for years. Under the present plan, designated as the Cramton amendment, there should not be more than $9,000,000 per annum taken out of the people's Treasury. That is what should be taken out for the fiscal year and the balance of all their expenses should be paid wholly out of the District revenues, and we should adopt this amendment I propose, and require that this $135,700 be appropriated wholly out of District revenues.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I ask for two additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. We should provide that it should come out of their revenues. These other items in the bill for street improvement in subsequent paragraphs also should come wholly out of the revenues of the District, because we are paying already $9,000,000 a year out of the people's Treasury, and it was understood that we would pay no more than that.

Let me call the attention of the chairman to another thing. The former distinguished gentleman from Missouri who came here as a dean of the university in his State, a splendid gentleman, who has departed from us, Mr. Borland, after much work and insistence, passed a splendid amendment here in 1914 as amended by the act of 1916. That amendment was to require the people here when their street was paved adjoining their private property to do just what you and I must do at home, just what our people at home must do, pay part of that expense of paving that enhances the value of our private property. The Borland amendment required the owners of property to pay one-third of the expenses of paving contiguous to their property. That is not unreasonable, that is what all of us are required to pay at home.

Mr. GREEN of Iowa and Mr. BRAND of Ohio. One-half.

Mr. BLANTON. Yes; most of us pay one-half at home. It provided that the abutting property owners each pay a third and the District pays one-third for paving and repaving. Now there is a provision in this bill which might do away with the Borland amendment. Look at page 12——

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BLANTON. I hate to be insistent, but if the chairman would let me have two minutes more, I should be glad to have it.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. Mr. Chairman, ever since I have been here for nine years there has been an insistence on the part of the commissioners of this District to relieve themselves and the people of this Borland amendment, and all the time there are press statements coming from some of the District commissioners that they must get this Borland amendment removed. They do not want the property owners here to pay any of the expense of this paving and repaving. They sought to get it out in this bill. If it were not so important I would not have taken the floor. I am speaking now only from a highest sense of duty. It is not fair to the people of the United States. I have as high admiration and respect and regard for the people of the District of Columbia, with whom we live here, all of us, most of our time, as anybody. But because we live here in this beautiful city is no reason why we should put a great burden on our constituents back home to maintain Washington people, especially if they do not need it. There is an attempt here in framing these items in this bill—not on the part of the committee, but on the part of the District commissioners—to relieve the people of Washington of this Borland amendment.

You will see that this paragraph on page 12, if you will read it, seeks to pay for this paving and repaving out of the gasoline tax. If you will look on page 12 you will see it is provided in the first paragraph for paving and repaving out of the gasoline tax. The gasoline tax was to be used in new paving and to pay the part that the District should pay, not the part that the property owners should pay. This should be corrected, gentlemen. You should pay close attention to it and not permit this injustice to be done.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MADDEN. Mr. Chairman, if the amendment of the gentleman from Texas should be adopted, it would apply specifically to the $135,700 on the top of page 9, and might make uncertain the meaning of the definite, general language of the bill on page 18. In this fiscal year, 1926, it is proposed to spend $135,700 for street improvement, and this $135,700 has to be made one fund against which drafts may be drawn for the payment of any obligation created as the result of the act.

The gentleman from Texas would throw into a state of doubt, by the amendment he proposes, all the language on page 18, which seeks to protect the Government and to do justice to the District. It provides:

> The foregoing sums for the District of Columbia, unless otherwise therein specifically provided, shall be paid as follows: Such sums as relate to the fiscal year 1920 and prior fiscal years, 50 per cent out of the revenues of the District of Columbia and 50 per cent out of the Treasury of the United States; such sums as relate to the fiscal years 1921, 1922, 1923, and 1924, 60 per cent out of the revenues of the District of Columbia and 40 per cent out of the Treasury of the United States; and such sums as relate to the fiscal years 1925 and 1926 shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed for defraying the expenses of the District of Columbia by the District of Columbia appropriation acts for such years.

Now, there may be judgments or other obligations which have been created in the years behind 1925 and 1926 which must in all honor be paid according to the law that prevailed at that time.

On page 12 of the bill it is provided that the $462,000 shall be disbursed and accounted for as "gasoline tax, road and street improvements, and for that purpose shall constitute one fund." Then there is a proviso there—

> *Provided*, That no part of such fund shall be used for the improvement of any street or section thereof not herein specified.

And there is still another provision which provides—

> That assessments in accordance with existing law shall be made for paving and repaving roadways, where such roadways are paved or repaved, with funds derived from the collection of the tax on motor-vehicle fuels.

Now, it must be clear to everybody that what we are trying to do here is to be sure that assessments shall be made for paving done under the gasoline-tax fund. If it were not for the provision that we have placed in this bill there would be no right to levy any tax against any property owner in any case where the street has been authorized to be improved by gasoline-tax money.

Mr. BLANTON. Mr. Chairman, will the gentleman yield there?

Mr. MADDEN. Yes.

Mr. BLANTON. In respect to the provision on page 12, which recites that where the gasoline tax is to be used in paving or repaving the cost is to be maintained out of that tax, does the gentleman mean to say that in his construction of that paragraph it still requires assessments to be made under the Borland amendment?

Mr. MADDEN. Absolutely.

Mr. BLANTON. And the gentleman as chairman of the Committee on Appropriations will require that to be done?

Mr. MADDEN. Certainly. The language is as clear as day.

Mr. BLANTON. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

In all, fiscal year 1926, $462,000, to be disbursed and accounted for as "gasoline-tax road and street improvements" and for that purpose shall constitute one fund: *Provided*, That no part of such fund shall be used for the improvement of any street or section thereof not herein specified: *Provided further*, That assessments in accordance with existing law shall be made for paving and repaying roadways, where such roadways are paved or repaved, with funds derived from the collection of the tax on motor-vehicle fuels.

The CHAIRMAN. The Chair directs attention of the committee to the word "repaying," on line 11, page 12.

Mr. MADDEN. It should be "repaving."

The CHAIRMAN. Without objection, the correction will be made.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

METROPOLITAN POLICE

For two additional cells in the second police precinct station house, fiscal year 1926, $2,250.

Mr. BLANTON. Mr. Chairman, on page 15, line 6, I move to strike out "Metropolitan police."

The CHAIRMAN. Is that a pro forma amendment?

Mr. BLANTON. Yes.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 15, line 6, strike out "Metropolitan police."

Mr. BLANTON. Mr. Chairman, in the last calendar year, 1925, during only nine months of which we had a traffic director in the person of Mr. Eldredge, there were 83 people killed in Washington in traffic accidents. During the preceding year, 1924, there were 91 people killed. So in only nine months administration in 1925 the traffic director caused the number of deaths from traffic accidents for the entire year of 1925 to be reduced by eight, in comparison with the preceding year of 1924. I think he deserves great commendation. Yet the press and the public are condemning him many times for things for which he is not responsible.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield there?

Mr. BLANTON. Yes.

Mr. McKEOWN. Has the gentleman made any investigation of the difficulties the officers have in getting the courts to act on these cases?

Mr. BLANTON. Yes; I was going to touch on that. Some judges are doing good work, but with some there is much room for improvement. There are 22,000 garages short here in Washington. If you were to require every automobile to go into a garage at night we would lack 22,000 garages here in Washington to-day to house them all. An attempt was made some time ago by one of the commissioners to put a ban on what is called all-night parking. That would have caused the owners of 22,000 cars to sell their cars or to pay exorbitant rents to profiteers who might hurriedly attempt the building of garages, which of course was something unthinkable. It was not the traffic director who was trying to force that on the people here. It was a commissioner. But the traffic director received the "cussing." People in the District condemn the traffic director every time some one is stopped or is delayed a moment by signals, and yet he is almost without power in some instances to enforce the law. It is because we have not given him sufficient power.

We have a divided authority and divided responsibility. This is an important matter, and we ought to do something to stop these automobiles from running over women, helpless children, and aged persons. Let me call your attention to one other thing.

Mr. BEEDY. Will the gentleman permit me to interrupt him? I want to substantiate something the gentleman has just said.

Mr. BLANTON. In just one moment I will be pleased to yield. Let me first call attention to this case.

A criminal who had been arrested numerous times during the past year drove his car down the street at about 35 miles an hour. He had caused some accidents before he reached what is known as Dupont Circle. He drove his car over the curb and into the middle of this circle and stopped in front of what is called the Dupont Fountain, and in an intoxicated condition was found honking at the fountain to get out of his way. Even under those extreme circumstances the traffic director has no authority to suspend his license, because, foolishly, we provided in the act passed last year by the Congress that a man must be convicted of certain crimes before his license may be suspended or annulled, and the traffic director must sit by and let such drunken criminals as that drive over the streets and murder women and little, helpless children and aged people, because the cases are continued and delayed by demands for jury trials; and he can not even stop them from driving automobiles, because he has not been given the authority. We ought to take some steps now to give him whatever authority he needs.

Now I yield to the gentleman.

Mr. MADDEN. May I say to the gentleman that this bill will give the traffic director funds to provide a means for reviewing all matters of that kind.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Chairman, I ask for three more minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BEEDY. The gentleman has risen in his place to commend Commissioner Eldridge. I have known of Commissioner Eldridge and of his training for some years. He is an exceptionally and splendidly equipped man for this position, and the opposition with which he is meeting here in the District, it seems to me, is a reflection upon the intelligence of the people of the District. The traffic conditions are deplorable, and his attempt to straighten out conditions and to regulate traffic here ought to have the whole-hearted support of the people of the District and of every Member of this Congress. [Applause.]

Mr. BLANTON. It must have, gentlemen, if we are going to stop the indiscriminate killing of people on the streets here. Human life is too valuable. We must stop it.

I happen to know that our traffic director gave up a position that paid him $1,500 a year more than his present position pays him—a position that was an honorable one, as general manager of the American Automobile Association here. He gave up that position, because he was drafted into this service. He was requested to take this position in the interest of the people of the District of Columbia.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. BLANTON. Certainly.

Mr. COOPER of Wisconsin. The gentleman spoke of cars running in this city at 35 miles an hour. It is a fact that every driver ought to know, and every pedestrian as well, that a car going 30 miles an hour, or a mile in two minutes, goes 5,280 feet in 120 seconds. That is 44 feet a second, and if a driver, going at that speed on a city street, loses control of his car for one-half second, he has gone 22 feet.

Mr. BLANTON. And some little child or aged person is liable to be murdered in consequence.

Mr. COOPER of Wisconsin. And if he loses control of it for one-quarter of a second, he has gone 11 feet, and it is instant death to anybody near him.

Mr. BLANTON. Yet there is a movement now on foot, not by the traffic director but by other interests who are trying to override him through the commissioners, to have a 35-mile limit authorized on the boulevards in Washington, which would be ridiculous and cause many deaths.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

St. Elizabeths Hospital: For support of indigent insane of the District of Columbia in St. Elizabeths Hospital, as provided by law, fiscal year 1926, $260,000.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last two words.

I want to congratulate the Committee on Appropriations for providing in this bill an appropriation under the head of the Veterans' Bureau of $1,182,000 for the purchase of what is known as a modern fireproof tuberculosis hospital at Legion,

Tex. This hospital is located in that part of the State that is peculiarly adapted to the treatment of tubercular patients. It was built through the joint expenditures of the State of Texas and the American Legion of Texas at a cost of $1,600,000, and the Government is now able to purchase it for $1,182,000. The American Legion of Texas undertook the task of building the hospital to care for their disabled comrades who were suffering from the dread disease of tuberculosis, and the State of Texas subsequently took over the project and completed it.

The Director of the Veterans' Bureau, General Hines, made a personal inspection of this hospital some time during the past year and reported it as admirably fitted for the uses to which the Government intends to put it. It has been under lease by the Veterans' Bureau for some time, and with some slight alterations and changes in its facilities, according to the Veterans' Bureau, will make a very valuable acquisition to its hospital establishment, and I congratulate the committee and the Congress upon taking advantage of this splendid opportunity of getting a hospital at much below the figure at which a similar one could be constructed. [Applause.]

The Clerk read as follows:

WATER DEPARTMENT

(Payable from the water revenues)

For extension of the water department distribution system, laying of such service mains as may be necessary under the assessment system, fiscal year 1926, $125,000.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word. I would like to ask the chairman a question for information: Whether or not under existing law this item for the extension of the water distribution system is payable out of the separate District fund or whether there is any question out of which fund it shall be paid?

Mr. MADDEN. No; it is payable out of the water revenues.

Mr. BANKHEAD. Does the existing law provide for that?

Mr. MADDEN. Yes.

Mr. BANKHEAD. What is the purpose of the parenthesis, "payable from the water revenues"?

Mr. MADDEN. We do that for the information of the accounting system, as we do sometimes in the post office bill, "payable out of postal revenues."

Mr. BANKHEAD. It is an unrelated provision and for the purpose of convenience?

Mr. MADDEN. That is all.

Mr. BANKHEAD. I withdraw the pro forma amendment.

The Clerk read as follows:

Clallam Indians, Washington: For payment to the Clallam Indians of the State of Washington and to their attorney as authorized by the act approved March 3, 1925, fiscal year 1926, $400,000.

Mr. HOWARD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 25, after line 2, insert: "To pay the Omaha Tribe of Indians of Nebraska, in accordance with the act of Congress approved February 9, 1925, estimated for by the Budget Bureau and forwarded to the House of Representatives by the President and printed in House Document No. 617, Sixty-eighth Congress, second session, the sum of $374,465.02.

Mr. HOWARD. Mr. Chairman and gentlemen, by reason of the condition of my voice I shall not be able to present this matter to you pleasantly nor intelligently. I think you are all quite familiar with the matter, for it was discussed very thoroughly before the House a year or so ago. Last year we passed a bill through both houses, and it was approved by the President authorizing this appropriation. The matter went before the Appropriations Committee, and I understood and was informed by the chairman that my troubles were all over, that the item would be in the appropriation bill. Later that item was removed and the appropriation bill was reported without it. Then I offered it as an amendment on the floor, and I remember that we had quite a happy time for two or three hours, but my amendment failed, I think, by a majority of one or two votes.

My friends, that is the whole story. The legislation is familiar to you all. I do not know, and I do not care to discuss the reasons given by the gentlemen who oppose this appropriation. I only ask now, gentlemen, that both houses having passed this legislation, it having been approved by the President of the United States, and having been estimated for by the Bureau of the Budget, I ask you now to grant this act of justice to my Omaha Indians, and to show proper respect for the Congress and the President by appropriating the amount of money authorized by law to be appropriated. [Applause.]

Mr. MADDEN. Mr. Chairman, last year when this question was up it was argued very fully by the gentleman from Nebraska, and very ably argued as well. Whether his argument convinced a great many of the Members or whether his persuasive presence from day to day was what did it I never was able to tell, but he certainly came very close to winning the case.

The position of the Committee on Appropriations was this, and I will read what we said in our report. But before we go into the report perhaps I had better make a few statements. This case was pending in the Court of Claims and the Court of Claims rendered a judgment favorable to these Indians and, I think, was about to render judgment for interest as well. But it was called to the attention of the court that under the organic act creating the court the court had no power to render judgment for interest. So that sets the judgment aside. Then comes the gentleman from Nebraska [Mr. HOWARD] a little later, and he does succeed in getting a bill passed authorizing the payment of this interest, which the court refused to grant in the judgment. I think the bill was passed under unanimous consent one night, but that does not matter; it is an act of Congress. We went into the case rather fully, and personally I was at first inclined to be for the payment of the amount of interest provided in the bill. The more I went into it, however, the more clear it was that it ought not to be paid. The committee so reported it to the House. The committee in fact declined to report the amount provided in the amendment offered by the gentleman from Nebraska [Mr. HOWARD] and on a test vote in the Committee of the Whole the Committee on Appropriations was sustained. I do not exactly know by what vote. In order that the Committee of the Whole may thoroughly understand just what the Committee on Appropriations had in mind I shall read what the committee said at that time:

The amount of $374,462.02 for the payment of the Omaha Indians of Nebraska, in accordance with the act of February 9, 1925, is not recommended. Congress, by the act of June 22, 1910 (36 Stat. L. 580), conferred jurisdiction upon the Court of Claims to consider and render judgment on all claims, legal and equitable, of the Omaha Tribe of Indians against the United States. The Indians under the authority of the act filed a suit in the Court of Claims, No. 31002. The Court of Claims on April 2, 1918, awarded judgment in favor of the Indians in the principal sum of $122,295.31, and interest at 5 per cent per annum on the following portions of the judgment: On $94,739.54 from June 15, 1854; on $15,068.80 from August 3, 1856; and on $3,133.39 from August 11, 1858. The attorney for the Government subsequently called the attention of the Court of Claims to section 1091 of the Revised Statutes, being part of the act creating the Court of Claims, which prohibits that court from allowing interest in certain cases, and thereupon the court modified the opinion in so far as it related to the payment of interest.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MADDEN. To continue:

The modified decision of the Court of Claims rendering judgment in favor of the Indians in the sum of $122,295.31 and eliminating any provision for interest was rendered on June 10, 1918. On appeal to the Supreme Court of the United States that court affirmed the judgment of the Court of Claims as to the disallowance of interest.

Mind you, the Supreme Court affirmed the judgment of the Court of Claims in respect to that part of the judgment which did not allow interest.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. BLANTON. Was that judgment before Congress passed the bill or after?

Mr. MADDEN. Before.

Mr. BLANTON. Is Congress supreme over the court or not? Does not the Congress pass bills for hundreds of thousands of dollars for which there is no legal claim whatever in a court?

Mr. MADDEN. It does.

Mr. BLANTON. As, for instance, in the case of the McClintick-Marshal Construction Co. in its claim of $860,000. That was paid when it was not considered just by many Members.

Mr. MADDEN. I am giving the gentleman my views.

Mr. BLANTON. Does the chairman of the Committee on Appropriations and his committee deem the act of Congress,

which is the combined action of the Senate and of the House and the signature of the President, mandatory?

Mr. MADDEN. No; the committee does not. If we did, we would never be able to save a dollar. It is merely advisory. It gives authority to do a thing which the Congress wants done, but it is not mandatory and does not compel the committee to report that thing to the House. Neither is it mandatory on the President to sign such a bill.

Mr. BLANTON. Does not the gentleman from Illinois, for whom I have the highest regard, think it would be a dangerous policy for the Committee on Appropriations, after the House speaks and the Senate speaks and the President approves, and it becomes a law, to disregard that law?

Mr. MADDEN. We went into the question of the evidence in the case, and we were satisfied it ought not to be done. Our action is to be reviewed by the House; and of course, when the action of the House overrules the action of the committee, then the action of the House prevails.

Mr. GARNER of Texas. Will the gentleman yield?

Mr MADDEN. Yes.

Mr. GARNER of Texas. The decision of the Supreme Court in sustaining the lower court is undoubtedly correct, because the statute prohibits the lower court from considering the question of interest. That is the only ground upon which they appealed. The Congress, however, later on, after the Supreme Court decided that the Court of Claims did not have authority to consider the question of interest, authorized the Court of Claims to consider the question of interest, did it not?

Mr. MADDEN. No. The Court of Claims did not. This is from a resolution passed by the Congress authorizing the payment of interest.

Mr. GARNER of Texas. By the Congress itself?

Mr. MADDEN. Yes.

Mr. GARNER of Texas. In other words, Congress has authorized its payment and the Appropriations Committee declines to carry out the mandate of Congress?

Mr. MADDEN. We declined to report it because we do not think it ought to be paid. If Congress thinks it ought to be paid, then it will overrule the Committee on Appropriations.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. BEGG. I think there has never been a better example of the danger lying in hasty and thoughtless passage of bills than is right here. I have had a lot to do with the passage of a number of these bills under unanimous consent, and I do not think there was a man in the House who knew the details of this bill, except the gentleman who was interested in getting it through. I think that ought to have some weight.

I think that ought to have some consideration. This bill was never passed by a hearing before the House and by argument pro and con. It was proposed before the House, and nobody knew any reason why it should be passed and let it go.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. COOPER of Wisconsin. I would like to ask the chairman of the Committee on Appropriations if the Court of Claims did not pass on the merits of the claim when it decided that the principal sum was due?

Mr. MADDEN. It did, I believe, as far as it could pass on anything——

Mr. COOPER of Wisconsin. And testimony was before the court and argument by the Government and the claimant attorneys.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. I ask that the gentleman have five additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. The Court of Claims, in deciding the litigation before it, decided on the merits of the claim that the principal sum was due. It, however, erred in awarding interest, because a statute prohibited it.

Mr. MADDEN. Of course it did, but the principal sum was paid at the time.

Mr. UPSHAW. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. UPSHAW. Would not the action suggested by the gentleman from Ohio, and supported now by the gentleman from Illinois, invalidate every claim that has ever been authorized here when we meet together to settle these unanimous-consent claims?

Mr. MADDEN. Of course not. It depends upon what the testimony shows in respect to the justification for making the appropriation. I assume when the House sets up an organization to transact business, and one part of this organization is the Committee on Appropriations, that the House expects the members of that committee to investigate everything that comes before them, and if the facts coming before them show that they would not be justified in reporting a bill for the expenditure of a large sum of money the House expects them so to report. That is what has been done.

Mr. HUDSON. Of course, Congress could go ahead and appropriate the money by that act, but we do not make it but simply authorize the committee in its discretion——

Mr. MADDEN. As it seems proper to us. Of course, we are trying to do our duty in the light of the best good for the country. Now, if the facts, after a careful investigation, disclose that we ought not to recommend, I believe that this House would think it proper to reprimand us if we did so.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. VINSON of Kentucky. I will ask the gentleman, in the trial of the case before the Court of Claims, if it did not go to the point where the learned judge trying the case wrote an opinion which was printed.

Mr. MADDEN. I do not know as to that.

Mr. VINSON of Kentucky. And thereupon a motion for a new trial was made, and it was pointed out to the court that the jurisdictional act granted no right in the Government to pay interest?

Mr. MADDEN. I think so.

Mr. VINSON of Kentucky. If the act conferring jurisdiction to prosecute that claim had given the right to secure interest, has the gentleman any doubt in his mind that the trial judge would have overruled the motion for a new trial?

Mr. MADDEN. I have no idea what the judge did.

Mr. VINSON of Kentucky. The point involved upon which the motion for a new trial was asked was the allowance of interest, and the trial judge granted a new trial because the jurisdictional act did not confer the right on the Government to pay interest. Was there any other point upon which the new trial was sought?

Mr. MADDEN. I think that is all.

Mr. VINSON of Kentucky. Another question. As I understand, this item was passed on by the House and Senate and was signed by the President of the United States.

Mr. MADDEN. Yes.

Mr. VINSON of Kentucky. Has the gentleman any criticism of the President of the United States for signing it?

Mr. MADDEN. That is a question that is absurd, because there is not a bill for which we have authority to appropriate that is not signed by the President of the United States, and I am sure no gentleman will contradict my statement. We do not care who signs a bill if the facts of the case warrant the appropriation. We do not report a bill or an item unless there is justification for the expenditure at the time. The President of the United States sends in requests for appropriations, and the Committee on Appropriations recommends favorably or unfavorably after an investigation of the facts. Otherwise we might as well abdicate.

You would not have any need for a Committee on Appropriations. I am certain of one thing: You could not have a Committee on Appropriations with myself the chairman of it if that is to be the only function of it—that of a rubber stamp. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. May I have two minutes more?

Mr. COOPER of Wisconsin. I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for two minutes more. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. COOPER of Wisconsin. This, it seems to me, is about as serious a question as can come before the House. Here is the Committee on Appropriations, through its honorable and highly honored chairman, vetoing a law passed by both Houses of Congress and signed by the President; and not vetoing it because it is unconstitutional, not doing it because there is any ground for the charge of fraud or undue persuasion. That bill was passed in the ordinary course of legislation. It becomes a law, and the honorable chairman of this committee says his committee can veto any such law without any charge of fraud.

Mr. MADDEN. I did not say we could veto it. I said we could decline, and we have declined, to make a recommendation for an appropriation. And we recognize this, that we are the servants of the House, that the House is superior in its

jurisdiction to the Committee on Appropriations, and we realize that if you overrule what we have done, that is final. But, for one member of the Committee on Appropriations, I do not propose to be put in the attitude of recommending what I do not believe to be right. That is where I stand. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. HUDSON. Mr. Chairman, I ask that the gentleman may have more time.

Mr. MADDEN. I do not care for any more. I have said all I have to say.

Mr. McKEOWN. Mr. Chairman and gentlemen of the House, from the time of the foundation of our Government the United States Government has been the guardian of the Indian tribes and the Indian people. Now, as to the justice of this case, irrespective of technicalities, let us get down to the justice of this case. These Omaha Indians surrendered land to the United States away back in 1854 for the small, puny sum of 19 cents an acre, for which the United States received $1.25 per acre. The Indians did not ask for the return of the $1.25, which every guardian of an Indian estate or guardian of a minor would be compelled under the laws of our several States to account for, but they only asked the United States Government to account for the 19 cents per acre. The money lay in the Treasury of the United States, and there is not a single State in the Union that will permit a guardian to hold the funds of his ward without accounting for interest.

What brings this trouble here? The man who drew the bill authorizing the Omaha Indians to go before the Court of Claims was not familiar with the law, and he failed to provide that in assessing that judgment the court would have jurisdiction to fix interest, and so the court tried the case on the assumption that it had authority to fix the interest, and it rendered judgment for these Indians against the United States and assessed the interest on the judgment. But the attention of the court, on a motion for a new trial, was called to the fact that it had gone beyond its jurisdiction to grant the interest.

Now, what do we find? Later on the Omaha Indians have been trying to get this just settlement with the National Government, with the Government that is the guardian of these people, the people from whom we took the land at the measly sum of 19 cents an acre; and then we come here and say we will not pay them this interest.

As was said by the gentleman from Wisconsin [Mr. COOPER], there is here to-day involved in this one of the most vital questions that will ever come before this Congress. The question involved here is the power of the Committee on Appropriations. No man in this House has a greater personal regard for the distinguished chairman and the other members of that committee than I have, but I want to say to you now that the committee is usurping its power for this reason: If any fraud or trickery had been shown or any wrongdoing had been committed in the passage of the bill, you would have been justified in coming back and reporting to the House that on account of fraud, trickery, or wrongdoing committed in the passage of this bill you refused to appropriate the money.

But let me show you how far that power could go. For example, here is a Member of limited acquaintance in the House. He may struggle and get through a little bill and fight it through both Houses and the President approve it, and yet, because he could not muster enough Members of the House to come to his assistance, his efforts and his bill must fail to receive an appropriation. Some powerful Member may get his appropriation through because he may be able to come in and——

Mr. MADDEN. Does the gentleman know anybody who has power enough to get an appropriation through the Committee on Appropriations through any influence he possesses except the facts?

Mr. McKEOWN. No; I do not charge that to the committee. If the gentleman will wait he will hear what I am saying. If a gentleman is powerful enough to come into this House and by his influence in this House is able to secure the passage of an amendment to the appropriation bill, he will get his appropriation.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. McKEOWN. May I have two minutes more?

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. McKEOWN. I did not say by influence. I will say that so far as the gentleman's committee is concerned, no man in the House either by influence or importunity is able to get what the distinguished committee thinks he is not entitled to. But what I want to say now is that a man with a powerful influence in this House can come on the floor of the House and secure an appropriation, whereas a man without the influence can not secure an appropriation. I say it is a dangerous precedent to set in the House. [Applause.]

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, I move to strike out the last two words.

With reference to the amendment now under discussion, it seems to me the whole matter resolves itself into this question: Will the Congress of the United States to-day repudiate what it has formerly authorized by official act in passing a bill which is now the law, authorizing payment of the amounts for which the Omaha Indians have long and patiently waited? Will the Congress of the United States to-day repudiate its former action? This proposition has passed through every proper stage up to the present time. There has been no question about the amount due. This bill passed both Houses last February and was signed by the President of the United States. The amount actually due has been passed by the Court of Claims and by the Budget. The land the Government agreed to pay the Omaha Indians 19 cents an acre for is now worth $200 an acre. Under what guise or pretext can this great body keep these deserving people waiting any longer for the money due them from the United States Government? [Applause.]

The pro forma amendments were withdrawn.

Mr. BEGG. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman and members of the committee, I do not believe there has been a better example of the slipshod method by which we pass some bills that are apparently important than the one we now have before us. I shall not undertake to discuss the merits of this proposition pro or con, and yet I think I know about as much about the merits as anybody in the House, outside of the few men who are especially interested in the Omaha Indians and the members of the Committee on Appropriations.

I do not think there is anything startling about the fact we have a Committee on Appropriations that investigates every appropriation asked for, and I do not think there is anything dangerous in it. We have some of the very ablest men on each side of the House, men of absolutely unimpeachable character and reputation upon this committee, and when these men unanimously find fault with a bill or with an authorization that 15 or 20 of us passed, I do not think there is anything startling about it. Keep in mind, gentlemen, that there were only 15 or 20 of us present when this measure was passed. I was present that night and I do not know about the merits of it.

Mr. ABERNETHY. Will the gentleman yield?

Mr. BEGG. I would like first to finish my statement.

I will submit to my colleague, the gentleman from Texas [Mr. BLANTON], and some more of the Members who try to read all the bills on the private calendar and digest the reports and the information about them, that there is not one human being alive who can do that and be sure he is right.

Mr. ABERNETHY. Will the gentleman now yield?

Mr. BEGG. When I am through with this statement I will yield to the gentleman.

When this bill came before me and I read it over, I was misled by the statement in the bill that the Court of Claims found and rendered a judgment according to a treaty. The Appropriations Committee now finds there is a flaw in that statement. As the representative of my party, with a couple of other Members on my side of the House, I let the bill go by, and I challenge the RECORD of the Congress to show there were 40 men present, and I know there were not 20 men present, unless they were interested in some private bill and they would not object for fear somebody out of revenge would object to their own bills.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. BEGG. In one minute. The very nature of the procedure under which we were operating, precluding any Member from making a point of no quorum in order to get a vote and try the case before the House, ought to remove the alarm that seems to be present now among some of the Members that the Committee on Appropriations is taking too much authority.

Mr. SHALLENBERGER. Will the gentleman now yield?

Mr. BEGG. I will yield; yes.

Mr. SHALLENBERGER. Does the gentleman deny that the committee of the House authorized to consider this measure, did consider it, and reported it favorably to the House?

Mr. BEGG. Of course, I do not deny that, but my reply is if the gentleman will come to my office now I will show the

gentleman any number of bills that have been reported out of committee that do not have a ghost of a chance of passing, and that has been true ever since we have had a Congress.

Mr. SHALLENBERGER. Does the gentleman think it necessarily follows that because the gentleman was here that night and failed to understand what was going on in this House, we ought to reject a bill that has been passed by the House?

Mr. BEGG. No; I do not think that, and the gentleman from Nebraska knows that is not what I am saying.

Mr. SHALLENBERGER. That is what I understood to be the gentleman's argument.

Mr. BEGG. The gentleman from Nebraska is nobody's dummy and he knows I am not trying to make that argument. I am saying that when this Congress has a hearing on a bill and the case is tried before the Congress and receives a majority vote of the Congress, then it ought to be followed, but a bill that is passed under unanimous consent does not have that kind of hearing, and the gentleman knows quite well that is what I was attempting to show.

Mr. BLANTON. Will the gentleman yield?

Mr. BEGG. Yes.

Mr. BLANTON. I dare say the gentleman can not cite another case where the Congress has passed a settlement and it has become a law and the money has not been paid.

Mr. BEGG. Yes; I can do that very thing. I can cite a similar instance.

Mr. BLANTON. This is a law passed by Congress.

Mr. BEGG. Certainly; and I am trying to describe the conditions under which it was passed.

Mr. BLANTON. It is too late now to take up the merits of the case. We have passed the law.

Mr. BEGG. I can not yield to the gentleman further.

Mr. BLANTON. Would it be honorable for the Congress not to pay the money now?

Mr. BEGG. Certainly. If we have made a mistake it would be honorable not to go on and complete that error.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BEGG. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BEGG. In this one minute I simply want to call the attention of the House to the fact that I am not for or against the merits of this matter; but there is nothing in the argument at all that the Committee on Appropriations should not catch a mistake in a law that was passed under unanimous consent, because again I say that under unanimous consent there is no debate either for or against and there is no hearing. If somebody has not dug into the record and found the weak spots in the bill, or if Members simply sit idly by, then it becomes a law.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. BEGG. Yes.

Mr. JOHNSON of Washington. In spite of all that, this action has been taken, and, without a great deal of knowledge about it, as I understand it, the matter has been adjudicated in a court.

Mr. BEGG. It is a question for the Committee on Appropriations; and, so far as I am personally concerned, not on account of the gentleman from Illinois [Mr. MADDEN] alone, but gentlemen on the minority side are just as high-grade, intelligent, industrious men as there are in the House, and not having had the time to dig into it myself, so far as I am concerned, when they raise a question of doubt, I intend to find out about it before I vote for any appropriation.

Mr. JOHNSON of Washington. But if it has been adjudicated by the courts, it might as well be paid now as later.

Mr. HUDSON. Gentlemen of the committee, let us look at this slipshod method for a moment. This is a matter that came out of the Committee on Indian Affairs which first had to have a careful consideration by the Bureau of Indian Affairs and get back a report from that bureau. Then it had to be considered in a subcommittee of the Indian Affairs Committee, carefully brought before the full committee, and then brought before this House and passed. I am not speaking for or against the amendment, but simply to show that that is not a slipshod method. [Applause.]

On the other hand, we must concede that the Appropriations Committee has a perfect right to investigate the matter and make its report pro or against on any legislation in which this House has authorized payment. They are within their jurisdiction; it is a question whether you want to take their judgment or the judgment of the Indian Bureau, the Indian Committee, and the committee of the House as a whole. [Applause.]

The CHAIRMAN. The question is on the adoption of the amendment.

Mr. HOUSTON. Mr. Chairman, some Members were not here when the amendment was offered; may we not have it reported again?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Page 25, after line 2, insert: "To pay the Omaha Tribe of Indians, Nebraska, in accordance with the act of Congress approved February 9, 1925, estimated for by the Budget Bureau and forwarded to the House of Representatives by the President and printed in House Document No. 617, Sixty-eighth Congress, second session, the sum of $374,465.02."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. MADDEN) there were 85 ayes and 59 noes.

Mr. MADDEN. I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. MADDEN and Mr. HOWARD.

The committee again divided; and the tellers reported that there were 93 ayes and 68 noes.

So the amendment was agreed to.

The Clerk read as follows:

Bridge near Lee Ferry, Ariz.: To defray one-half the cost of the construction of a bridge and approaches thereto across the Colorado River at a site about 6 miles below Lee Ferry, Ariz., as authorized by the act of February 26, 1925, $100,000, to be available until June 30, 1927, and reimbursable from tribal funds of the Navajo Indians.

Mr. SWING. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 25, line 14, after the figures "1927," strike out the words "and reimbursable from tribal funds of the Navajo Indians."

Mr. MADDEN. Mr. Chairman, I reserve a point of order on the amendment.

Mr. SWING. Mr. Chairman, this item for building a bridge across the Colorado River at Lees Ferry may be meritorious from the standpoint of Arizona and from the standpoint of the Government. My amendment simply is an objection to taking the $100,000 out of the funds of the Navajo Indians.

From all the information which I can gather in the matter and it was called to my attention by the Indian Defense Association, this bridge is to be built not for the Indians but for the white men. It is valuable as a bridge on the road to be built connecting the national parks in Utah and the Grand Canyon in Arizona. I have no personal interest in this matter but I would like to see the rights of the Navajo Indians protected as far as possible.

These Indians now have a fund of $116,000, according to the last report of the Commissioner of Indian Affairs. This item proposes to take $100,000 of this $116,000 out of their fund or at least put a mortgage on it and build a bridge which will be for the primary use of white men, the tourists, and only of secondary interest to the Indians. The Navajo Reservation is all on the east side of the river. They do not need this bridge. They have no occasion to go across the river except to hunt. They can do that in boats or on the ferry. It will connect the most thinly populated part of the Indian reservation in Arizona with the most thinly populated part of Utah. There is very little, if any, travel in that direction.

This money is badly needed for other purposes. One-third of these Indians are reported to have trachoma, which leads to blindness, and they are in dire need of medical attention.

They are short of schools. The reservation is overpopulated, and they need additional wells for the purpose of extending their cultivated area. They need to improve the roads which now exist which lead to the settlements to the south, where they trade. All of these things are needed much more than the bridge is needed. But for all that I have no desire to prevent Arizona from having this bridge, and, as a matter of fact, I think, from the standpoint of the interest of the United States Government in the parks, it is highly desirable as a link in the highway connecting the parks. My protest is that its cost ought not to be charged up to the Indians, who have no particular interest in it and who have never asked to have their money spent for that purpose.

Mr. MADDEN. Mr. Chairman, I shall have to make the point of order against this amendment. The gentleman's amendment seeks to change existing law. The gentleman is trying to do what the Committee on Appropriations was just

censured for doing a moment ago. An act was passed by Congress in February, 1925, authorizing to be appropriated—

out of any money in the Treasury not otherwise appropriated, not to exceed the sum of $100,000, to be expended, under the direction of the Secretary of the Interior, for the construction of a bridge at Lee Ferry, Ariz., to be available until expended and to be reimbursable to the United States from any funds now or hereafter placed in the Treasury to the credit of the Indians of the Navajo Indian Reservation, to remain a charge and a lien upon the funds of such Indians until paid.

What the gentleman from California seeks to do is to relieve the Indians from the responsibility of reimbursing the Treasury after it is once charged and placing the responsibility for the payment of the cost of the bridge upon the Treasury of the United States. Of course, that is subject to a point of order.

The CHAIRMAN. The Chair will say that if the language to which the point of order is made, "reimbursable from tribal funds of the Navajo Indians," had not been in the bill, the Chair is not certain that such omission would have changed the existing law and made the amount payable out of the general fund of the Treasury. However, that language being in the bill, and the motion now being to strike it out, under ordinary statutory construction the effect of striking out the language would be—as, indeed, the debate shows the intention to be—to transfer the appropriation from a charge upon the funds of the Navajo Indians to one upon the Federal Treasury, and to that extent it is in violation of the rule which prohibits a change of existing law upon an appropriation bill. The gentleman from Illinois [Mr. MADDEN] has cited the existing law. The Chair, therefore, sustains the point of order.

Mr. SWING. Mr. Chairman, I reluctantly offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SWING: Page 25, lines 9 to 15, inclusive, strike out the paragraph.

Mr. SWING. Mr. Chairman, the situation as developed by the hearings before the committee is that this is to be a cooperative bridge built between the Indians and the State of Arizona. The State of Arizona has not appropriated its share of this money, and I can see no serious objection to postponing this proposal and giving the Navajo council an opportunity to declare itself in the matter. My information is that the Indians have recommended to the Indian Service how this hundred thousand dollars should be expended, and the item of the bridge is not included in their recommendations, and it ought not to be included, because the bridge is being built primarily for the use of white men and not for the Indians, and the Indians ought not to be made to pay for it.

Mr. HAYDEN. Mr. Chairman, I rise to oppose the amendment offered by the gentleman from California [Mr. SWING]. First let me thank the gentleman for the keen and kindly interest he is extending to the Indians in Arizona. If the gentleman had first taken care to protect and defend the Indians of his own State, he might be better qualified to speak. There is no blacker blot upon American civilization than the treatment of the Indians in California. Solemn treaties with them have been repudiated. They have been cheated and robbed of their lands and left homeless and destitute.

The Navajo Indians in Arizona have suffered no such wrongs. A wonderful domain has been reserved for their occupancy. The total area of the Navajo country is 14,333,354 acres, or about 22,400 square miles, an area larger than Connecticut, Rhode Island, Massachusetts, and New Hampshire combined. The distance across the reservations in an east-west line from Crown Point, N. Mex., to Black Falls, on the Little Colorado, in Arizona, is about 190 miles, and from Bluff, Utah, southward to Chambers, on the Santa Fe Railroad, is approximately 140 miles.

The gentleman no doubt received a letter, similar to the one that I hold in my hand, from certain alleged friends of the Indians who style themselves the Indian Defense Association of Central and Northern California. No doubt prompted by humane motives, that association is protesting against the reimbursable feature of this appropriation. They say that the Navajo Indians need money for many other purposes. Let me read from the letter:

For the Navajos are in desperate need of assistance. It is officially stated that probably one-third of them suffer from trachoma, which leads to blindness, and are without medical treatment. Great areas of their reservation must have wells developed in order that they may be used for grazing the sheep and stock of the tribe. A large number of their children are without school facilities, and the roads within the reservation leading southward where their trading posts lie are in serious need of improvement. These are the things for which Navajo funds may honorably be spent.

This letter is misleading, and I trust that none will be deceived by it. As a matter of fact, Congress has appropriated ample money to take care of the trachoma situation among the Navajos. Large sums have been expended since 1910 to provide an additional water supply. Over 300 wells have been drilled at an average cost of $2,000. Congress has appropriated all of the money that has been asked for by the Indian Service for school purposes, amounting to many hundreds of thousands of dollars.

I have served in this House for 14 years this month. The Indian Bureau at my request has prepared the following statement of how much money had been appropriated during that time for the benefit of Navajo Indians:

Expenditures from appropriations for Navajo Indians, 1912 to 1925

1912	$625,789.82
1913	540,316.62
1914	677,013.18
1915	729,700.94
1916	640,812.74
1917	713,236.14
1918	714,601.00
1919	681,445.11
1920	793,426.16
1921	919,986.02
1922	857,895.40
1923	851,939.51
1924	1,051,015.14
1925	1,256,971.08
Total	11,054,148.86

That many millions have been expended out of the Treasury of the United States in the last 14 years to promote the civilization of the Navajo Indians. They have been well cared for indeed compared to the miserable treatment experienced by the Indians of California.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYDEN. Certainly.

Mr. COOPER of Wisconsin. Upon what theory does the gentleman propose that Congress shall compel the Indians to pay for a bridge across a stream when they own property only upon one side of it?

Mr. HAYDEN. Because the construction of this bridge across the Colorado River and roads leading to it will be of material benefit to the Navajo Indians.

Mr. COOPER of Wisconsin. Does the gentleman think it would be of any benefit to the people on the other side of the river?

Mr. HAYDEN. Certainly; and the white people will ultimately have to pay ten times more than $100,000 to get that benefit. Expensive roads must be built to the bridge from each direction.

Mr. COOPER of Wisconsin. How does the gentleman know that they are going to do it? They have done nothing yet.

Mr. HAYDEN. This bridge is the key to the entire situation.

Mr. COOPER of Wisconsin. Why does the gentleman have the key solely in Indian money?

Mr. HAYDEN. Not a dollar of this money can be expended until the Arizona Legislature appropriates the other half of the cost of the bridge.

Mr. COOPER of Wisconsin. Does not the gentleman think that inasmuch as they are wards of this Government the white man should put up his share of the money before we compel the Indian to put up his?

Mr. HAYDEN. I can assure the gentleman from Wisconsin that the State of Arizona will put up its share of the money. The whole State is united in the opinion that the construction of this bridge is of the utmost importance. The latest evidence that I have of that fact is the following resolution, which was unanimously adopted at the convention of the Arizona Good Roads Association, held at Yuma on January 26:

LEE'S FERRY BRIDGE

Whereas Congress made an appropriation of $100,000 to construct a highway bridge across the Colorado River near Lee's Ferry, contingent upon the State of Arizona making an equal appropriation; but our State legislature has failed to make the necessary appropriation to match this fund; and

Whereas the construction of the bridge is of vital and paramount importance to the State of Arizona in developing a north-and-south highway connecting our State highway system with the State highway system of Utah and that section of Arizona lying north of the Grand Canyon: Now, therefore,

Be it resolved, That this Arizona Good Roads Association hereby indorses this construction of this bridge as absolutely necessary for the proper development of the resources of Arizona and the promotion

of trade and travel between the States of Utah and Arizona and urges that our State legislature make the appropriation necessary to provide the construction of this bridge at the earliest possible date.

Mr. MANLOVE. The gentleman spoke of $11,000,000 having been expended in the last 14 years for the Navajo Indians. How many Navajos are there to whom this appropriation would go?

Mr. HAYDEN. The Navajo Indians are the largest tribe in the Southwest. They number about 35,000 souls. This bridge will be built across the river near the head of Marble Canyon in the western portion of the Navajo Reservation. It and the connecting roads will open up a now isolated country possessing tremendous attractions for the automobile tourist. The road, which must be improved, will extend about 130 miles north from Flagstaff to the bridge and then 70 miles more through Houserock Valley to connect with the present road in the Kaibab Forest leading on to Utah. All of this road will be in the State of Arizona, and the white people will see that it is built without any charge against the Navajo Indians.

The practice of making appropriations for bridges on or adjacent to Indian reservations reimbursable was instituted by the late James R. Mann, of Illinois, when he was the minority leader. Mr. Mann offered an amendment to the Indian appropriation bill of 1911, which provided that $6,000 for a bridge across Moencopie Wash, in the western Navajo Reservation, should be reimbursable and remain a charge and lien against the lands and funds of the Navajo Indians until paid. Later the sum of $15,000 to pay one-third of the cost of a bridge across the Little Colorado River near Winslow had the same condition attached. A few years afterwards a total of $47,500 was appropriated for bridges across Canyon Diablo and the Little Colorado near the Leupp Agency within the Navajo Reservation, which Mr. Mann likewise insisted should be reimbursable.

Thus there stands to-day a total charge of $68,500 for bridges which the Navajo Indians are expected to pay. Mr. Mann was told at the time that the Navajo Tribe did not have a cent to its credit in the United States Treasury, but he said that some day those Indians may have money, and that Congress should provide for a charge on the books, so that if a time should come when they could afford to pay, the record of the amount would be there. He never contemplated that as soon as a few dollars were placed in the Treasury to the credit of the Navajo Tribe the money would be immediately seized and applied on the debt, and no such practice has been followed. His idea was that whenever the Indians have accumulated a substantial sum so that they could reimburse the Federal Government without material injury to themselves, then the account could be settled, and that is what will be done in course of time.

Oil of a very superior quality has been discovered on the Navajo Reservation. It is of such high quality that it can be taken direct from the well, poured into an automobile, and used to propel the car without any refining. There is a wonderful prospect for oil in the Navajo country.

Competent geologists have stated that the region possesses the most promising indications for oil in all the Southwest. I confidently expect the Navajos to be the richest Indians in America, and when a large fund is accumulated to their credit in the Treasury, they can and will cheerfully pay for one-half of the cost of this bridge. It is much better to expend their surplus funds in this manner than to pauperize and ruin them by unearned doles as other Indian tribes have been by the vicious system of per capita payments.

Mr. FREAR. Will the gentleman yield?

Mr. HAYDEN. I yield.

Mr. FREAR. How much money is now in the Treasury to the credit of the Navajo Indians?

Mr. HAYDEN. About $116,000.

A MEMBER. How many Indians will this legislation affect?

Mr. HAYDEN. The entire tribe of about 35,000.

Mr. COOPER of Wisconsin. If the gentleman will permit an interruption, I did not understand the answer to the question of my colleague [Mr. FREAR].

Mr. HAYDEN. The Navajos now have about $116,000 to their credit in the Treasury.

Mr. COOPER of Wisconsin. That will wipe about $75,000 more?

Mr. HAYDEN. No; it will not be necessary to immediately take any of the Navajo money to pay for this bridge.

When the tribe has obtained large sums of money from oil royalties the time will then come to reimburse the United States for this expenditure.

Mr. BEEDY. I desire to ask the gentleman for information, without any spirit of hostility, Will the gentleman tell why he thinks it is an advantage to ask for legislation at this time before the State of Arizona has taken its action?

Mr. HAYDEN. I have explained fully to the Committee on Appropriations why this item should be carried in this deficiency bill rather than wait until the next session of Congress. My State legislature will not convene until next January. It generally takes it 20 or 30 days to organize and pass an appropriation bill. By the time the legislature can pass the necessary legislation this Congress will be in its closing days, and the gentleman from Maine well knows what difficulties may arise near the end of a session of Congress.

Mr. MADDEN. Nothing is to be expended until the Secretary of the Interior can obtain from the State of Arizona satisfactory guaranty of the payment by such State of one-half the cost of such bridge and that the authorities of the State assume full responsibility for and will at all times maintain and repair the bridge and the approaches thereto.

Mr. HAYDEN. The only assurance satisfactory to the Secretary of the Interior is to place the amount in cash to his credit.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYDEN. Yes.

Mr. COOPER of Wisconsin. I notice that it provides that Arizona shall give a guaranty. What guaranty can it give unless it is an appropriation? What does the guaranty of the State mean?

Mr. HAYDEN. A similar provision is carried in all appropriations where cooperation with the States is required. The best guaranty is to deposit the cash subject to the order of the Secretary of the Interior.

Mr. COLTON. Mr. Chairman, ever since I have been a Member of Congress, and I am not sure how long before, in nearly every instance when we have appropriated out of the moneys belonging to the Indian tribes we have not hestiated one moment to make it reimbursable out of the funds of the tribe. We have taken practically $3,000,000 in the last decade from the funds of the Indians living in my home county and have spent it in the building of roads and irrigation works in the former reservation. It has been the policy that has been followed all the time. When the bill authorizing this appropriation was passed it contained these exact words.

Now, Mr. Chairman, if I thought that the Indian Department was going to use $100,000 of the present Navajo funds which were needed for sickness or for any other laudable purpose to build this bridge, of course I would not be in favor of it. But, gentlemen, this will not be done. The Navajo country is one of the most undeveloped sections of the West. It has potential wealth; it has wealth that is more than potential. The income of those Indians last year was more than $1,500,000. Oil has already been discovered upon this reservation, the finest prospect for oil that I know of anywhere; and if these people do accumulate, as we have every reason to believe they will accumulate, a large fund of money, why should they not reimburse the Treasury of the United States for this amount of money that will open up that great undeveloped section of theirs?

But even if it were not for the oil, then it is worth to them in dollars and cents all of this money. It will provide a market for their wool and for the other products of that section—a market which is now denied to them because of its inaccessibility. Why should gentlemen all at once think that it is wrong to do the very thing that we have been doing for 20 years?

Mr. FREAR. The reason is that the Navajo Indians have discovered it now for the first time. Will the gentleman from the State of Utah that will get the benefit contribute an equal amount? If not, will the State of Utah do it?

Mr. COLTON. The State of Utah is spending many times that amount to develop that southwestern section.

Mr. FREAR. It could afford to do it a hundred times over.

Mr. COLTON. They are spending many times the amount, and this will not benefit my State any more than a great many others of the Western States.

Mr. FREAR. Will the gentleman yield?

Mr. COLTON. It simply provides an outlet for that part of the country which heretofore has been absolutely undeveloped.

Mr. FREAR. Will the gentleman yield?

Mr. COLTON. I will.

Mr. FREAR. The Navajos have $116,000 in their treasury according to the statement just made here, and that is practically all they have that is accessible. Has the State of Utah more than that?

Mr. COLTON. Has it more than that? I do not understand you.

Mr. FREAR. Yes.

Mr. COLTON. In its road-building fund?

Mr. FREAR. I am referring to the ability of that State to contribute to the construction of this bridge at this time.

Mr. COLTON. Of course, the State of Utah can not do that. The gentleman well knows we could not appropriate money to be used in Arizona. No State can appropriate money to be used in any other State for bridges.

Mr. FREAR. Then why does the gentleman object to the United States doing so when it is getting the benefit?

Mr. COLTON. I do not object to the United States doing it. I do not think it is necessary. It will not injure the Indians but greatly benefit them.

Mr. FREAR. But it will.

Mr. COLTON. And the gentleman does not believe that the Indian Bureau is going to immediately take this amount out of this $116,000 now in the Treasury? As has been already pointed out, there are charges of $60,000 already against this fund. The bureau is not going to deplete the fund entirely. This is simply to make it possible, in the language of the late Mr. Mann, to do this when these Indians do get the funds. It is not any more than right they should reimburse the Treasury of the United States when they have the funds.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. FREAR. Mr. Chairman, I ask unanimous consent that the gentleman may have two minutes more to answer a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FREAR. It has been stated upon the floor that there are 35,000 Navajo Indians upon this reservation. They have $116,000 which is about $3 or $4, or less than that, per capita. That is all they have, and yet without ever having the Navajos appear and be heard, this reimbursable feature was put in by the Indian Office, as I understand it, and I have a statement about it here handed me just this afternoon.

Mr. COLTON. If the gentleman believes there are $60,000 of charges already against that fund, then the gentleman certainly does not believe for a moment that the bureau down here is going to take all of this fund for this particular purpose now.

Mr. FREAR. They ought not to take a dollar of it. That money is needed for those people who are out there in case of sickness or similar cases, and they have now only a little over $100,000 for 35,000 people.

Mr. COLTON. And how far will that go?

Mr. FREAR. Not very far, of course.

Mr. COLTON. Mr. Chairman, the gentleman from Montana [Mr. LEAVITT], and others, have kindly referred to the very splendid work the people of my State are doing in cooperating with the Government in building roads. Utah has done all it could do in aiding the great road-building program. The southern part of Utah is beginning to come into its own. Its wonderful, matchless scenery is attracting men and women from all over the world. The people are awake to the great opportunity of the future. They are wide-awake and deeply appreciative of the necessity of cooperation. They have been schooled all their lives in that doctrine. Utah knows how to cooperate.

With her unlimited resources and her great people Utah is making rapid progress. A great destiny awaits her.

The CHAIRMAN. The time of the gentleman from Utah has again expired.

Mr. FREAR. Mr. Chairman, I do not know of any proposal that has ever come to my attention that is as indefensible as this $100,000 Navajo tribe reimbursable proposition.

Here is a case where the Navajo Indians down in Arizona were not consulted and have never consented to have any part of their funds set aside for the building of a bridge across the Colorado River, and yet Congress has appropriated by this bill $100,000 of their money for that purpose.

I asked the gentleman from Arizona [Mr. HAYDEN] how much money the Navajo Indians now have all told, and he says they have $116,000, against which the $100,000 appropriation will wipe out all of their money except a few dollars; but he says they have hopes of oil. The building of the $200,000 bridge is not for the benefit of the Indians. No one can fairly contend that it is or ever will be. The bridge is primarily for tourists and for the States of Arizona and Utah, and also for the benefit of the park commission and Mr. Mather and others who are urging the project. It is only by selling Navajo blankets that the Indians are to have any advantage from the bridge. That is the inducement offered when making them pay $100,000.

How can we vote consistently for a $100,000 charge against their $116,000 fund without giving the Navajos a chance to speak for themselves? Practically every dollar they have is to be put into the building of the bridge for the benefit of white people.

WITHOUT THE INDIANS' CONSENT AND WITHOUT ANY BENEFIT

They get no benefit from it. Not one word can be found in any of the hearings, so far as I can learn, where the Navajo Indians have consented to any of this money being taken from them, but even if they had consented, the Indian Bureau should have protested against a palpable fraud. How can we consistently take every dollar out of the Treasury belonging to these Indians simply because there is some demand from tourists and park commissioners for the bridge.

This amendment ought to pass, and the reimbursable proposition ought to be stricken out of the bill before us. If any bridge is built eventually the Government ought to do the decent thing and pay the $100,000 contribution, which it can well afford to do. We have no right to rob these Indians of practically every dollar now to their credit, nor should we consent to the taking from them of any part of their funds for tourist purposes.

I can not let this outrageous looting of the Navajo Tribe fund pass the House without a strong protest. As a new member of the Indian Affairs Committee, I knew nothing about the original bill when it was before the committee or before the House, and it comes to us now apparently without official objection. In reality there is no one who has arisen nor, I submit, will arise on the floor of the House or in the Senate to defend this method of filching a few dollars in the Treasury held by the Government belonging to the Navajo Indians in order to build a bridge for the benefit of automobilists traveling through the wilds of Arizona.

Briefly, the original proposal relates to a bridge estimated to cost $200,000, of which Arizona must pay one-half and the Navajo Indians, by consent of the Indian Bureau, the other half, although the Navajo Indians have never by any action on their part, officially or otherwise, individually or by tribal action, so far as I can learn, consented to any contribution whatsoever. The statement can easily be verified if in error but even if full consent of any group of Indians had been given it would have been a fraud on the Indians. The proposed bridge does not even connect different areas of the Navajo Reservation, but it is to be placed across the north end of the Grand Canyon in order to provide a route for automobile travel between Salt Lake City and the Grand Canyon and between the Santa Fe northern transcontinental automobile routes, while the Navajo Indians, who now herd their flocks, are to be robbed of practically all their money held by the Government to their credit in order to construct this bridge for automobile tourists.

A TOURIST AUTOMOBILE BRIDGE TO BE PAID FOR BY INDIANS

It is proposed to have the bridge connect the most sparsely populated part of the Navajo Reservation where it is contended this tribe can secure grazing fields for its herds of sheep. It is to reach a part of Arizona northwest of the Colorado River and a part of southern Utah which contains the least occupied habitable territory of the United States that the $200,000 bridge is to be built.

Think of the proposition. Can anything be more preposterous. There has never been and is no project for locating Navajos on the public domain west of the Colorado River or extending their reservation in that direction. Secretary Work attempted to justify this proposal to use practically all of the Navajo Tribe's money now on hand, according to my information, by a brief statement which is that—

> The bridge will furnish an important outlet for the Navajo Indians, facilitating their communication with the whites and assisting them in their progress to a more advanced civilization. In view of the fact that they will derive great benefit from the proposed bridge, estimated to equal the benefit which will be derived by the white settlers, it would be reasonable that the $100,000 be made reimbursable to the United States and remain a charge upon the lands and funds of these Indians until paid.

I have had placed before me statements prepared by the American Indian Defense Association which riddle every attempt to justify this bridge by the Work statement submitted. The bridge is not for the Indians, never was for them, and is a palpable fraud in its attempt to seize their funds under that guise. But there is far more than the $100,000 involved, and the question should come squarely before Congress to determine what influence persuaded the Bureau of Indian Affairs to consent to this contribution and who is the party responsible for that consent and what relation, if any, does he have to those in Arizona who have been insistent upon this contribution from the Navajo Tribe. This is a subject that can not be

overlooked when fixing official responsibility for misleading Congress.

Ordinarily the Indian Office seeks to protect Indian tribes, and Government officials constantly declare this to be their prime purpose in managing the affairs of the Indians. No official can defend this proposition.

WITH 7,000 NAVAJO CHILDREN LACKING SCHOOLS WE ARE ASKED TO TAKE ABOUT ALL THEIR MONEY FOR A TOURIST BRIDGE

I have had placed on my desk within the past few days the hearings of the House of Representatives on Indians of the United States held in 1919 by the Snyder committee. In an effort to ascertain what could be learned about the Navajo Indians from that investigation I have examined them personally. I quote from page 42 of the hearings, wherein Cato Sells, Commissioner of Indian Affairs, says, speaking of the backwardness and lack of business and educational advantages of the Navajo Indians:

We [the bureau] do not get one letter from the Navajo where we get 50 from the Five Civilized Tribes or 20 from the Sioux, so that the logic is when we ultimately accomplish that distribution by education and industrial progress among the Navajos as among the Sioux and the Five Civilized Tribes the activities in connection with the Navajos will be correspondingly increased.

And yet these Indians are required by this bill to contribute practically all their money toward a tourist bridge.

To that same effect, Mr. Meritt, Assistant Commissioner of Indian Affairs, says (p. 213):

We have a treaty to educate the Navajo Indians, and we are very far behind in that obligation. There are practically 7,000 children now without school facilities.

And again on page 335:

There are more Indians in the Navajo country without school facilities than on any other reservation in the United States.

In need of $1,000,000 for education and we give away $100,000 of their money for a tourist bridge.

Further he adds:

I think within three generations the Navajo Indians will compare favorably with the condition of the Indians in the other parts of the country if Congress appropriates sufficient money to supply educational facilities for these Indians.

Three generations, or 75 years, are required to bring them up to other Indians.

Instead of using money to supply educational facilities for the Indians declared to be the most backward, due in part to our own neglect, of any Indians in the United States, we are here taking $100,000 of the $116,000 left to their credit in order to build a $200,000 automobile bridge as a monument to the Bureau of Indian Affairs; or is it, rather, to some political officials of one or the other of the two States most concerned.

Again Mr. Sells, Commissioner of Indian Affairs, said back in 1919—

It is going to take some time to put them [Navajos] on a par with the Indian in the Northwest, who has had educational facilities and education that they have not had * * * for that class of Indians it [full citizenship privileges] is more or less remote, and for these helpless wards of the Government the Indian Bureau makes no defense.

Again Mr. Sells says, on page 62—

I suppose that I come in contact with more Indian tribes in America than any other individual.

This was in 1919, from the Commissioner of Indian Affairs, who was then seeking apparently to place before Congress the exact mental and business capacity of the Navajo Indians, whom I submit are to be legislatively robbed of $100,000 if we permit their money to be expended for this bridge.

CONGRESS NEGLECTS ITS INDIAN WARDS, BUT IS ASKED TO GRAB THEIR LAST DOLLARS FOR A TOURIST BRIDGE

Commissioner Sells felt some responsibility, which apparently has been overlooked by present bureau officials, when he said, on page 75, of the 26,000 Navajos living in New Mexico and Arizona—

The Indians of the Southwest, including the Navajos, the Napes, the Apaches, the Pimas, and the Papagagoes, have all been considerably neglected. They have had very little help from the Government. * * * The Navajos have gone through all sorts of trouble.

and now to complete this chapter of admitted neglect we are to take from this tribe of incompetents $100,000 out of the $116,000 now to their credit, because foresooth the Secretary of the Interior was prevailed upon to sign a statement that in a far-off, deserted, unproductive country, where land is hardly fit for grazing, the Navajos will receive equal benefit with the whites from the automobile bridge. I submit there is no official in the Bureau of Indian Affairs that will stand before any experienced examiner and make this contention, and yet it is upon this slipshod, untruthful statement that the bill was originally passed. By what method of reasoning can the bureau escape the responsibility of refusing to protect Indians who are three generations behind northern tribes? Do you believe the Crow or Sioux Indians would have consented to give $100,000 to an automobile bridge? If not, why rob the neglected Navajos and without their consent?

With 26,000 Navajo Indians lacking school facilities, more backward than any other tribe, sickly and diseased, one-third of their number suffering from trachoma, according to the gentleman from California [Mr. SWING], which leads to blindness, I ask, Has there ever been a more pathetic case of need or of wicked misuse of funds required for education and medical attention? Why squander practically all the Navajo money held by the Government for a tourist bridge? And the Navajos are helpless to protest, and the Indian Bureau, for some reason that needs explanation, consents to the looting of their fund.

The gentleman from Arizona [Mr. HAYDEN] sets forth different appropriations made by the Government under treaty agreements for aid of the Navajo Indians. That can be no justification for taking $100,000 from their tribe for this automobile bridge. These Indians are entitled to the protection of the gentleman from Arizona as much as are any other citizens of that State, irrespective of what they receive under their treaty, and I am sure he would protest against any injustice being perpetrated on any community of white people in that State. Why not equally protect the Indian? That same duty rests upon all of us.

The amendment to strike out the reimbursable feature of the bill amounting to $100,000 is important in itself, but is of far less importance than other matters which are disclosed by this bridge proposal.

WHEN CONGRESS AND THE INDIAN BUREAU FAIL TO PROTECT INDIANS, THEN PRIVATE PARTIES MUST DO SO

The Indian Defense Association, that is interested solely on behalf of Indians of the country, but not financially nor politically, as may be the case with other interests, has submitted to me through its secretary a statement from which it appears that the Navajo Tribe did not request nor consent, nor has it ever consented, to having its funds mortgaged for the Lee Ferry Bridge across the Colorado River. The Indian Affairs Committee and the Secretary of the Interior are careful not to state that the Navajos have consented, nor that they were consulted as a tribe in any way regarding this automobile-bridge proposal, which practically wipes out the Navajo funds now to their credit.

It may be that some individual Indian expressed acquiescence, but in view of the fact that these Indians, according to the hearings quoted, are the most backward in the United States, that fact required the Department of the Interior to exercise the most jealous care in their behalf. There is no possible excuse or explanation for failure to secure some expression from the Navajo Tribe as a whole before this proposal was first enacted into law without their knowledge or consent. Nor should it have been passed with their consent.

The Indian Defense Association states, it is reported, that last July the Navajo Council were informed Congress had authorized the $100,000 bridge appropriation, but they were helpless in the matter, and they supposed the time to protest had passed. Whatever the fact, this is frivolous in the extreme to offer as a defense or excuse. Even if all the Indians had voted at the request of the local superintendent and the wonderful persuasive eloquence of those interested in the project, there could be no justification for intelligent men, with understanding and legislative responsibilities, to appropriate $100,000 belonging to these Indians for a tourist automobile bridge, for that is practically what it amounts to.

There is nothing appearing in any hearings or in any official action, so far as I have been able to ascertain, whereby even these poor benighted wards of the Government have been given a chance for their alley.

I will attach to my remarks a letter received yesterday from the president and another from the executive secretary of the American Indian Defense Association relating to this Navajo project. It sets forth quite fully facts that I have not been able to refer to at length. A larger question is involved in this appropriation than any matter of the Navajo Tribe, important as that may be or as the $100,000 is to the Navajos at this time.

A Member of the House from a Western State has advised me that, based upon the action of the Indian Affairs Committee in recommending such a bill to be paid for out of funds of an Indian tribe, he had been importuned to use that as a precedent for a bridge which white people in his State want to have constructed over a river with the understanding that the Indians contribute, based upon the Navajo bridge law now to become a precedent for further raids on Indian funds.

One of the darkest pages in the treatment by Congress and the Government of the Indian tribes and their funds is found in some of the worthless and hopeless irrigation projects loaded onto these people whereby funds of the Indians have been dissipated, and they have been obliged by law to stand sponsers for proposals that would never appeal to any business man. Some of these proposals have been indorsed by the Bureau of Indian Affairs and serve as an example of what can be and is being done with the remaining funds and property belonging to some of the Indian tribes. But there is another phase of this question equally significant.

INDIAN CITIZENSHIP IMPLIES INDIAN COMPETENCY

Two years ago Congress, in its wisdom, decided that the Indians should have full rights of citizenship, and that is the law to-day unless there be restrictions with which I am unfamiliar. As such citizens these Indians should have complete control of their property the same as white people, unless for some reason they are incapable or incompetent to handle their own affairs. Where this so-called incompetency and incapability exists, the Government, through its Indian office, is to-day called upon in its position of guardian or trustee jealously to guard and protect the interests of the Indians confided to its care. I have already commented on the fact that instead of jealously guarding the rights of the Navajo Indians as required by law and justice and official responsibility, the Bureau of Indian Affairs consented, to put it mildly, to the unfair treatment of the Navajos, as shown by the Lee Ferry Bridge law.

It was conceded by Commissioner Sells that the Navajo Indians are the most backward in the United States in the matter of education, and according to Assistant Commissioner Meritt that it will require three generations to put them on equality with the Indian tribes of the Northwest. In other words, they are rated generally incompetent to do business. Northwestern tribes are held to-day in subjection like all others by the Government, and their property is controlled by the Bureau of Indian Affairs, so that according to hearings of the House Committee on Appropriations of the Interior Department bill, Sixty-ninth Congress, the Indian Commissioner states—

> we now have in round numbers about $90,000,000 in money either in the Treasury, in Government securities, or in banks that are designated as depositaries and required to give surety bonds or file United States Liberty bonds as security (p. 77).

On page 85 of the same hearings it is stated that in 1924 the total Indian individual and tribal property under the control of the Indian Bureau on June 30, 1924, amounted to $1,052,849,047 and that one year thereafter in 1925, this property held by the Government had increased to $1,656,046,550. In other words, Indian property controlled by the bureau during the last year increased over 50 per cent or to the amount of $602,897,503. This property is held, or controlled, by the Bureau of Indian Affairs. There is no question but that some supervision is yet required in cases where Indians are actually incompetent to handle their own affairs, although we do not place any limitation whatever or any guardianship over any other similar people living under the American flag.

IS EVERY RACE "COMPETENT" EXCEPT THE AMERICAN INDIAN?

Even the far-off Filipinos and Porto Ricans or Hawaiians are free to act and make their own business dealings with each other without any supervision on the part of this Government. Even those who were slaves in bondage 60 years ago were immediately given full control of their own affairs without any restrictions on the part of this Government, yet to-day, after over a century of Government control we find our Government through the Bureau of Indians Affairs office exercising its authority over the property of some 200,000 Indians as near as the number can be stated. By all measures to be had the Indian Bureau in 2026 will be still on the job with many billions under its control belonging to incompetent Indians.

The test by which the Bureau of Indian Affairs maintains this control is one resting practically entirely with the Bureau of Indian Affairs and its superintendents throughout the country. No right of appeal and no privilege to have an examination of his competency determined by any court, so far as I can learn, exists to-day anywhere in the country by those whose property is now controlled by the Indian Bureau. In other words, if an Indian desires to control his property, to sell or lease the same, unless he has already been declared competent by the Indian Bureau he must ordinarily satisfy the local agent and possibly others, and the agent's recommendation presumably governs the Indian Office in determining if he is competent and capable of handling his affairs. Every white man, every colored man, every Hawaiian, every Filipino, and every Porto Rican can lease, contract, or deed without securing any certificate of competency; and yet with over $1,600,000,000 under the control of the Indian Bureau after a century of control, we permit that bureau without supervision or right of appeal to determine the competency and capability of upward of 200,000 Indians, notwithstanding they have been given full rights of citizenship under the law and are as capable of voting, according to law, as any Member on this floor.

That, to my mind, is a larger question than even the Navajo $200,000 bridge, although no more important to the Navajo Tribe, and it all occurs out of conditions where the Bureau of Indian Affairs has been allowed to be the supreme judge of competency and with that power has controlled properties owned by the Navajos and of all other tribes.

Clearly the bureau has been neglectful of the rights of the Navajo Indians and, worse, has openly consented to the passage of a bill that could not be justified in any court between litigants where one party was represented by a guardian and the other by one who sought to secure his property.

I have offered a bill to strike out the reimbursable feature in the Navajo bridge proposal. It is H. R. 8829, and I am hoping that this bill, copy of which will be attached to my remarks, will find favor with Congress and that eventually justice may be done the Navajo Indians by the repeal of the reimbursable feature of the law as it stands to-day.

EVERY INDIAN IS ENTITLED TO HAVE HIS "COMPETENCY" DECIDED BY COURT

In view of the undisputed facts regarding the existing status of individual Indians now controlled by the Bureau of Indian Affairs, I believe that every Indian of full age should be entitled to have the right of appeal from any action of the Bureau of Indian Affairs which declares him incompetent to handle his own property or his own business, and that his appeal should be passed upon by a court of competent jurisdiction within the State where the Indian is domiciled, either by a State or a Federal court.

In conclusion, I reiterate that Congress owes a duty to the Navajo Indians to have the reimbursable feature of the existing law repealed, and if the State of Arizona and the Government desire to build a $200,000 bridge for the benefit of automobile tourists, let that be done openly and without pretense that thereby we are offering privileges or advantages to the nomadic tribe of Navajo Indians, who will have no other use for such a bridge than to drive their herds of sheep and cattle across it in search of distant grazing grounds. To those who are looking for some easy method of escape against the existing law it should be understood that the State of Arizona has not yet made any contribution or offer of contribution toward this bridge, although due to generosity emanating from the Bureau of Indian Affairs and the American Congress we have offered to contribute $100,000 in money belonging to the Navajo Indians and then await such action as may be had by the State of Arizona. This procedure is unusual and is typical of a proceeding that from its inception has been indefensible and can not be justified nor has it been justified in the hearings or in debate. The reimbursable provision in the Colorado bridge law whereby the Navajo Indians are required to contribute $100,000 should be repealed.

As a part of my remarks I offer the following argument on the indirect confiscation of Indian property by Congress.

Congress exercises a political power when it says:

> Indian trust moneys shall be used thus, and the use is beneficial to the Indians.

The courts will not go back of this exercise of political power, so that the action of Congress is unreviewable. In this manner Congress can authorize the confiscation of Indian property, regardless of the fifth article of the Constitution, and as a rule regardless likewise of treaty undertakings with the tribes.

This power ought to have made Congress, the guardian, more scrupulous, not less scrupulous, in apportioning Indian trust funds. Unfortunately the guardian has not taken this view, but has abused his uncontrolled discretion.

A recent example: Congress in 1923 appropriated $82,000 for the whole cost of two bridges across the Rio Grande in New Mexico. The entire sum was made a reimbursable charge against the Pueblos of Cochiti and San Juan.

In the instance of Cochiti it could be said that the Indians would use the bridge about one-fourth as much as the whites

on the west bank of the river. In the case of San Juan it could be said that the Indians would use the bridge perhaps one-tenth as much as the whites on the west bank. But the whole charge was piled on these Pueblo tribes, which incidentally are extremely poor.

Like nearly all schemes of this kind, the above Cochiti and San Juan bridge schemes, including the reimbursable features, came from the Indian Office.

MORTGAGING INDIAN PROPERTY FOR PAST GRATUITIES

The grossest abuse of the practice of making expenditures reimbursable on the Indians was that which was authorized in the act of 1914. In this act all appropriations voted as gratuities for irrigation and reclamation in all preceding years were by a retroactive law made reimbursable—were turned into a debt against the Indians—a mortgage on their property. Admittedly, the advantage of these past expenditures had been partly or chiefly an advantage to whites; directly to white owners of land or indirectly to white lessees of allotted land or whites who had purchased allotted land.

This is another case where a freedom from constitutional restraint was used by Congress to effect a repudiation as well as a partial confiscation. The appropriations made reimbursable had been voted outright as gratuities. Some of these gratuity expenditures go back to Civil War times. Under these indebtednesses—which are being collected—the Indians are staggering now.

Connected with this abuse of the reimbursable appropriation practice is the voting of money out of tribal funds currently available for purposes not asked by the Indians and of dubious advantage to them. How far this has gone is exemplified in the following statement made by Edgar B. Meritt, Assistant Commissioner of Indian Affairs, to the Appropriations Committee of the House, December, 1925 (p. 445 of the printed hearings), when he was discussing the Fort Apache Reservation, Ariz.:

> This agency is almost entirely supported with tribal funds derived from grazing rentals. The money will be used for salaries of employees, annual estimate supplies, and other necessary incidental expenses of the agency. Part of the money will be used for roads. It is also planned to use a portion of the money for improved Indian homes. Most of the Indians of this reservation now live in tents or tepees. It is the intention to provide modern homes for them with lumber produced by the agency sawmill from the reservation timber. The Indians have only a limited acreage of agricultural land, about 50 per cent of which was destroyed by floods in recent years.

The whole tribal fund of the Fort Apache Indians is $382,458 and the amount dealt with in the above statement of Mr. Meritt is $125,000.

In the appropriation act of 1925 there is authorized an expenditure of $140,900 of Indian trust money exclusively for Indian Bureau salaries, this being additional allowance.

On page 446 of the hearings, House Appropriations Committee for 1927, Mr. Meritt makes this revealing statement:

> This agency [Truxton Canyon] is practically supported from tribal funds * * *. Many of the Indians can not support themselves owing to age, blindness, or physical disability.

DISSIPATING TRIBAL PRINCIPAL

It must be understood that Congress is not only disposing of Indian revenues; it is disposing of Indian principal. The tribal funds are largely created from the sale of land and through the collection of claims against the United States Government for treaty violations. The sale of lands, as of timber and oil, goes on consecutively, thus replenishing the tribal fund. But it is not the interest on the tribal fund which is disbursed by Congress but the principal thereof. It is exactly the same as if Congress confiscated outright the oil areas, forests, or allotted or unallotted lands of the Indians.

It is not disputed that much of the money thus appropriated by Congress from the tribal funds, or made reimbursable against the tribal assets, is spent to the advantage of the Indians. Much of it is so spent. But the policy of the Indian Bureau and the attitude of the House is perfectly exemplified in the Grand Canyon bridge case debated yesterday. There was no definite claim made that the Navajo Indians would benefit through this mortgaging of $100,000 of their small tribal fund. There was no claim whatever made that they had requested the thing or had consented to it or had been informed about it. In spite of these facts the Secretary of the Interior recommended, the Indian Bureau pushed, and the House, with the facts before it, voted favorably on this reimbursable feature of the Lee Ferry (Grand Canyon) Bridge.

Specifically regarding this $100,000 reimbursable appropriation, Mr. HAYDEN in debate pointed out that existing reimbursable charges totaling $68,000 already stood against the Navajos for bridge and similar projects. But all these projects are admittedly in some degree advantageous to the Navajos. This bridge, bigger than the aggregate of all the previous ones, has no definitely alleged use to the Navajos.

WILL INDIAN MONEY NEEDED TO PREVENT BLINDNESS BE GIVEN BY CONGRESS FOR TOURIST BRIDGES?

Mr. HAYDEN also stated that—

> Congress has appropriated ample money to take care of the trachoma situation among the Navajos.

He did not dispute the statistics of one-third of the Navajos going blind from infectious trachoma. If Congress has appropriated ample money, what has the Indian Bureau done with it?

Mr. HAYDEN also stated:

> Congress has appropriated all the money that has been asked for by the Indian Service for school purposes.

The United States is bound by treaty to provide schooling for every Navajo child. It is admitted that more than half of the whole Navajo population of school age are without any school facilities. What is the Indian Bureau doing if it is unwilling even to ask for enough money to fulfill the treaty obligations to provide schooling for these children?

This situation as a whole throws a glaring light upon Indian affairs. It is well understood that the Indian Bureau itself largely initiates and determines all action by Congress dealing with Indian affairs and Indian moneys, just as it initiated this Grand Canyon bridge project:

> THE AMERICAN INDIAN DEFENSE ASSOCIATION (INC.),
> *New York City, February 2, 1926.*
>
> Hon. JAMES A. FREAR,
> *House Office Building, Washington, D. C.*
>
> MY DEAR MR. FREAR: I am writing on behalf of the American Indian Defense Association (Inc.) and its branches. I am asking whether you will not introduce and actively support a bill designed to relieve the Navajo Indian fund from any indebtedness on account of the proposed Lee Ferry Bridge across the Grand Canyon, Ariz., as provided in the authorizing act passed by the last Congress?
>
> I have already sent you the text of that act and the suggested text of an amending bill. The amending bill is identical with the existing act save in the particular that it does not make the $100,000 appropriation a reimbursable charge against the Navajo tribal funds.
>
> Considerations bearing on this point are largely contained in the newspaper clipping attached. To restate them categorically:
>
> 1. The project is desirable because it would facilitate tourist travel, open up interesting areas, connect two important national parks, and would in the course of time assist the development of the public domain north of the Colorado River. The $100,000 appropriation to be expended on condition that Arizona spends an equal amount is a proper charge on the United States Treasury, but not a proper charge against the Navajo funds.
>
> 2. The proposed bridge would have substantially no value to the Navajos. The location is at the extreme western edge of the Navajo Reservation—the most unpopulated part of the reservation. Across the Colorado there is nothing of interest to the Navajo except wild game, and if they want to hunt in that region they can cross by the existing ferry. The bridge, even after the roads are constructed, will not serve the Navajos for trading purposes, and the claim of the Secretary of Interior that it will bring them nearer to civilization is wholly fantastic, without any basis even in appearance. Inasmuch as the Navajos have only a small tribal fund for all those needs specified in the newspaper article, and have stated their desires that their tribal money shall be used for improving their estate and for community development, and the fund is and will be insufficient for these purposes directly advantageous to the Navajos and the State of Arizona as well, it is manifestly bad policy to divert their fund to this bridge.
>
> 3. It is stated that this reimbursable charge against Navajo funds will not be collected. Perhaps not; but it would remain as a lien collectible at any time, and would at best have the effect of permanently saddling the Navajos with the construction of the bridge—i. e., with the Government's share, namely, $100,000.
>
> 4. The precedent involved, or rather the principle, because this kind of thing has been done before, is a vicious one. It is the spirit of our treaties with the Indians and of our Indian policy that Indian moneys shall be employed only for Indian benefit, though it is evident that the benefit of the whites is often identical with the benefit of the Indians, as would be the case if the Navajo infectious diseases were checked or good roads built inside the reservation, etc. This ferry scheme violates the spirit but not the letter of the law in that the Lee Ferry Bridge will have no part in Navajo life or benefit, and its only connection with Navajos in any way is that one end of it would rest on Navajo territory. Following out the principle and precedent of this Lee Ferry scheme, it would be easy to confiscate, in effect, all the tribal funds, and ultimately the tribal land values, of the Indians for public improvements in the vicinity of the reservations.

It is admitted that Congress has probably a "plenary" discretion in this matter; that when it says something is for the good of the Indians and takes the money therefor the courts will not interfere even though the case is one of obvious confiscation. This circumstance ought not to make Congress more careless but rather more conscientious; having the power to confiscate should make the legislature more watchful of its own doings inasmuch as a blunder on its part can not be checked as in the course of ordinary legislative acts affecting property.

5. I have pointed out in a previous letter that the State of Arizona now has the power, if it so desires, to tax the oil and mineral output of the Navajo Reservation lying within Arizona. In other words, the Navajo revenue from oil is already taxable by Arizona, and so no argument can be made that this appropriation is a substitute for the revenue which Arizona might obtain were the Navajo Reservation taxable. The only Navajo funds are funds from oil production, and Arizona can tax the oil production if it wants to. However, in such event it would have to tax similarly the oil production of non-Indians. It should be added that most of the oil output of the Navajo is over in New Mexico and not in Arizona at all, and the funds which are to be mortgaged for this bridge are properly New Mexico funds if they are the funds of any State.

The above does but condense what is stated at greater length in the attached clipping. The attached clipping is from the president of this organization, and the organization is prepared to substantiate all the statements therein.

Cordially yours,

JOHN COLLIER,
Executive Secretary.

Letter from Haven Emerson, president American Indian Defense Association:

AN ELEVENTH HOUR CALL FOR HELP FOR THE NAVAJO INDIANS—PREVENT THIS VIOLATION OF A NATIONAL TRUST

Whatever is to be done must be done promptly. The appropriation may come up for action at any hour, being a deficiency appropriation for 1926; but in any event publicity is desirable.

There is pending in Congress a measure which violates our national faith and which in addition violates the spirit if not the letter of our national treaties with the great tribe of Navajo Indians. The Navajos, numbering 38,000, are the largest surviving tribe of Indians in the United States. They are full bloods; they are self-supporting; and they have a rich and extraordinary native culture. They occupy a reservation lying partly in New Mexico and partly in Arizona.

In addition to breaking faith, the measure in question is a serious blow against the immediate welfare of these Indians.

The measure, which is an item in the supplementary estimates for the Interior Department appropriations for the year ending June 30, 1926, appropriates $100,000 to be used in constructing a bridge over the Colorado River at Lees Ferry, Ariz., this sum to be reimbursed to the Government from Navajo funds obtained from the sale of oil, timber, or coal. The reimbursement, in effect, must be made from the royalties from oil on the Navajo Reservation. These royalties at their maximum about equal the $100,000 taxed against them, but the oil output on the Navajo Reservation diminished in 1925, so that the $100,000 to be taken from that fund exhausts the whole annual revenue of the Navajos from oil.

The case is an egregious one in view of the following facts:

1. The proposed bridge, to cost $200,000, of which Arizona pays one half and the Navajo Indians the other half, does not even connect different areas of the Navajo Reservation. It is a bridge to be thrown across the north end of the Grand Canyon providing a route for automobile travel between Salt Lake City and the Grand Canyon, and between the Santa Fe route and the various northern transcontinental automobile routes. The bridge would connect the most sparsely populated areas of the Navajo Reservation with an even more sparsely populated area which the Navajos have no interest in—the region of Arizona northwest of the Colorado River and that part of southern Utah which contains the least occupied inhabitable territory of the United States. There has never been and is not any project of locating Navajo Indians on the public domain west of the Colorado River or of extending their reservation in that direction.

2. Secretary Hubert Work has justified this proposed use of Navajo tribal moneys in the following words: "The bridge * * * will furnish an important outlet for the Navajo Indians, facilitating their communication with the whites, and assisting them in their progress to a more advanced civilization. * * * In view of the fact that they will derive great benefit from the proposed bridge, estimated to equal the benefit which will be derived by the white settlers, it would be reasonable that the $100,000 * * * be made reimbursable to the United States * * * and remain a charge upon the lands and funds of these Indians until paid."

These are the facts by which Secretary Work's claim can be judged: The trade of the northern and western Navajos flows southward and always will flow in that direction as a glance at the map will reveal. Salt Lake City is about four times as remote from this area of the Navajo Reservation as are any of the trading posts located on the Santa Fe Railway southward; and the trading posts within the reservation are from six to ten times nearer Flagstaff, Holbrook, and Gallup than they are to Salt Lake City. The trading advantage to the Navajos that this bridge might provide is exactly zero.

As for the "civilizing" contact with the white population across this proposed bridge I have stated that the white population across this proposed bridge is negligible in numbers. It is also a matter of record that elements of the white population in southern Utah sustain a very hostile relation to the Indians of southern Utah. The last Indian war, which was in effect a lynching party directed against old Chief Posey and his band, took place in that area three years ago. The "civilizing" influence to which Secretary Work refers is likely to be akin to the civilizing influence of past Indian wars.

But as a matter of fact the Navajos would have no use whatever for the bridge, unless it were to cross to the public domain for hunting deer, and this they could do by using the existing ferry.

The larger aspect of this proposed raid on the Navajo treasury is as follows: The Navajos are in desperate need of assistance. It is officially announced that probably one-third of them suffer from trachoma, which leads to blindness. Great areas of their reservation are useless for grazing sheep or stock because of the lack of wells. Their roads within the reservation leading to the trading posts are so little improved that the cost of the goods which they consume from the outside is enormously multiplied by the hauling. An actual majority of the children are without school facilities.

In view of these needs which are absolutely critical and even tragical, what is to be said of the proposal to use the greater part of their whole accumulated capital for building a bridge exclusively useful to the whites?

The desirability of this proposed bridge is not questioned. It will make accessible to the tourist many fascinating areas of the Southwest. It will benefit the railroad interests which are constructing lines to the west rim of the Grand Canyon. It will connect interesting national parks. It will be a boon to the automobile tourist. It should be paid for out of the General Treasury and charged against the national park system and against the State of Arizona.

But the taking of desperately needed Navajo money for building this bridge is justifiable only on the theory that Congress, on recommendation of the Secretary of the Interior, is justified in an act of direct moral if not legal confiscation of Indian moneys to be used for whatever purpose may be deemed useful by the white people. If this act can be consummated there is no moral guaranty against the confiscation—the moral if not the legal theft—of what remains of the dwindling Indian estate. And meantime the Navajo Indians die of preventable diseases by the thousand, especially tuberculosis; go blind from trachoma, and remain without school facilities for an actual majority of their children, and suffer extreme poverty from the lack of wells for their stock.

Last summer the authorized agent of the Indian Bureau and Interior Department held a council with the Navajos, inviting them to state their wishes about the employment of their tribal fund, which had just begun to accumulate from royalties on oil. The Navajos stated that they did not wish these royalties to be paid to them individually in cash, but wished that this tribal capital be expended for improvement of the tribal estate. In a lengthy and evidently inspired article describing this council no mention was made of the fact that the Secretary of the Interior had already committed himself to employing most of this identical capital for building a tourist bridge across the Grand Canyon. The Indians apparently were not informed of the fact that the issue they were invited to discuss had already been determined by the Department of the Interior, and determined in a manner grossly adverse to their interests. What are the Indians to think of their guardian, the United States Government, in view of such procedures?

It is urged that instant protest be made against this imminent misappropriation of a trust fund, violating, as it does, not only the good faith of the Nation but the spirit of a solemn treaty. The protest should be made to Members of Congress and to the Appropriations Committees of the House and Senate.

HAVEN EMERSON, M. D.,
President American Indian Defense Association (Inc.), New York.

IN THE HOUSE OF REPRESENTATIVES,
February 3, 1926.

Mr. FERAN introduced the following bill, which was referred to the Committee on Indian Affairs and ordered to be printed:

A bill (H. R. 8829) to amend the act of February 26, 1925 (43 Stat. L. p. 994), authorizing the construction of a bridge across the Colorado River near Lee Ferry, Ariz.

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed the sum of $100,000, to be expended under the direction of the Secretary of the Interior for the construction of a bridge and

approaches thereto across the Colorado River at a site about 6 miles below Lee Ferry, Ariz., to be available until expended: *Provided*, That no part of the appropriation herein authorized shall be expended until the Secretary of the Interior shall have obtained from the proper authorities of the State of Arizona satisfactory guaranties of payment by said State of one-half of the cost of said bridge, and that the proper authorities of said State assume full responsibility for and will at all times maintain and repair said bridge and approaches thereto.

SEC. 2. No part of the sum authorized to be appropriated under this act, or which may have been appropriated under the act which is hereby amended, shall become a reimbursable charge upon the funds of the Indians of the Navajo Indian Reservation.

Mr. MADDEN. Mr. Chairman, one can not very well help smiling at the very great consistency that is being displayed. Just a few moments ago I was rebuked, as the chairman of the Committee on Appropriations, for not reporting under one act an Indian appropriation, and now I am, perhaps, to be rebuked for reporting one under another act. [Laughter.] The gentlemen who rebuked me then are endeavoring to rebuke me now for doing the opposite thing from that which they rebuked me for before. Now, which one of these policies are we to follow? Are we to follow the consistent policy of doing the things that the facts disclose ought to be done or are we to follow the idiosyncrasies of those who are against you when you are right and against you when you are wrong and you are damned if you do and you are damned if you do not? [Laughter.]

Here we propose an appropriation under the same kind of an act that we were reversed on a few moments ago. We are opposed now because we report such an appropriation. We were opposed before because we did not report such an appropriation. You said, when you opposed us, because we did not report the appropriation that we were presuming to arrogate to ourselves power that you yourselves did not possess. Now, when we carry out the acts of Congress you rebuke us because we carry them out. You are proposing now to repeal a similar law to the one you rebuked us about a few moments ago. What are we going to do? When are we going to be sustained in what we do? Are we going to have one policy for one thing and another policy for another thing when it suits the whims of the Committee of the Whole? The question is, Has the Committee of the Whole any more power to repeal the act than the Committee on Appropriations itself?

Mr. FREAR. Will the gentleman yield?

Mr. MADDEN. Oh, certainly; I will yield.

Mr. FREAR. I have the highest respect for the chairman of this committee that can be expressed. I feel that to him is due much of the economy for which others claim credit in governmental affairs to-day. I can not say enough for him in that respect [applause]; but this money is not necessary to be used at this time.

Mr. MADDEN. And it is not going to be used. It is only to be placed on the books.

Mr. FREAR. If this is stricken out, I do not know but what we may be able to do justice by these Indians who have sent word here that they had no part in this transaction and that it is not in any way in their interest. That is the only reason it seems to me it is not desirable to do this now. We are not intending this as any reflection on the committee at all.

Mr. MADDEN. The gentleman is trying to do just exactly in this case what I was trying to do in the other case. I was trying to wait to see whether or not we could conserve the interests of the people of the United States, and I think we have conserved the interests of the Indians in this case, but the gentleman, in his magnanimity toward the Indians, thinks it would be better for all concerned in this case if we would postpone action, whereas the gentleman thought, with many others, that we had exceeded our authority when we reported against an appropriation where we were trying to conserve the interests of the people of the United States.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. MADDEN. Yes, indeed.

Mr. COOPER of Wisconsin. With all respect for the gentleman's statement and for the gentleman personally, of course, it seems to me the gentleman is mistaken. The statute in reference to the bridge authorizes the appropriation and the gentleman reported the appropriation.

Mr. MADDEN. Yes.

Mr. COOPER of Wisconsin. But the other statute authorized the appropriation and the gentleman refused to report it.

Mr. MADDEN. Yes.

Mr. COOPER of Wisconsin. And it was the refusal to which we objected. We claim that the statute properly construed is mandatory, unless there has been fraud. The gentleman did exactly the opposite in the first case from what he did in the last case.

We claim that in the last case he did right in reporting the appropriation which had been authorized; but in the other case the gentleman's committee refused to report an appropriation which had been expressly authorized.

Mr. MADDEN. I want to know what the gentleman thinks of his own attitude now. Was he right then or is he right now?

Mr. COOPER of Wisconsin. I am right, of course, in both cases. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MADDEN. Now, I can not understand how the gentleman from Wisconsin can be right in both instances when I am wrong in both, because he is on one side in one case and on another side in the other case. I would like to have him tell me how he can be consistent and be right on this item if he was right on the other. The gentleman from Wisconsin is trying to ignore and repeal the act of Congress whereas the Committee on Appropriations was exercising its right to refuse to report an appropriation under an act of Congress where the act itself only authorized the appropriation, and we were not willing to report it under the facts. That was all.

Mr. COOPER of Wisconsin. Mr. Chairman and gentlemen, the gentleman from Illinois [Mr. MADDEN] challenges the consistency of my friend from Wisconsin [Mr. FREAR]——

Mr. MADDEN. And the gentleman himself, too. [Laughter.]

Mr. COOPER of Wisconsin. I intended to say that. The rising inflection of my voice showed that I had not finished the sentence. I was about to say "and myself." The gentleman from Illinois vigorously insisted that we have been inconsistent and that he has been consistent. Now let us see. Here is the statute to which he referred. It is chapter 343, Sixty-eighth Congress, page 994:

An act to authorize the construction of a bridge across the Colorado River in Arizona.

It authorizes the appropriation of the sum named in the pending bill. It was a mere authorization, and the gentleman from Illinois at the head of the great Committee on Appropriations, in obedience to the terms of the authorization, has brought in this appropriation for the bridge. In other words, he has obeyed the statute making the authorization and brought in the bill to appropriate the amount authorized.

But the situation here a few minutes ago, while the Omaha Indian bill was pending, was entirely different. Congress had by law authorized an appropriation of three hundred and some odd thousand dollars to pay interest on a principal sum which the Court of Claims in a litigated case before it had held to be due to the Indian claimants.

But the committee of which my distinguished friend, the gentleman from Illinois, is chairman refused to bring in the appropriation which had been thus duly authorized. In one case the gentleman and his committee obeyed the law and brought in an appropriation for the bridge; in the other case they disobeyed the law and refused to bring in the appropriation authorized for the Omaha Indians.

Mr. MADDEN. Is not that what the gentleman is doing now?

Mr. COOPER of Wisconsin. Not at all; there is not the slightest similarity.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BEGG. I ask unanimous consent that the gentleman from Wisconsin have two minutes more and I want to ask him a question.

Mr. COOPER of Wisconsin. And I ask for five minutes more, Mr. Chairman.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent for five minutes more. Is there objection?

There was no objection.

Mr. BEGG. Mr. Chairman, let me say to the gentleman in preface to my question that I am asking this in all sincerity. I should like to have the gentleman's comment upon this proposition. The law authorizes the Congress to appropriate $100,000 and in that law it says that that money shall be reimbursable to the United States from any funds now or hereafter placed in the Treasury of the United States to the credit of the Indians. Even though the committee did not write it into the

language of the bill, how could it escape taking that money out of the Indian fund?

Mr. COOPER of Wisconsin. Mr. Chairman, I have tried a number of lawsuits in my time, and the question of the gentleman from Ohio reminds me of a lawyer in my city, who, when cornered on a proposition, always, in all sincerity, began to talk about something else totally irrelevant. I rose for only one purpose.

The gentleman from Illinois [Mr. MADDEN] ridiculed the gentleman from Wisconsin [Mr. FREAR] and myself, and his ridicule met with the loud applause of his friends on this side of the House. He said that my colleague [Mr. FREAR] and I, had reversed our attitude, and that he, the gentleman from Illinois, was consistent in his report from the committee on this Arizona bridge bill, and in his report on the $300,000 interest fund item, which was passed on this afternoon. I have pointed out distinctly that the gentleman from Illinois is utterly mistaken, because in one case he obeyed the authorization and brought in an appropriation in accordance with its terms, and in the other he disobeyed the authorization and made no appropriation. In one case he followed the authorization and in the other he ignored it. Is there any distinction there?

Mr. MADDEN. I beg the gentleman's pardon. When I refused to bring that other appropriation in it was a year ago, and I read the report of the committee at that time, this afternoon, showing exactly why we did not bring it in.

Mr. COOPER of Wisconsin. The reason for the gentleman's action is not the point. This is a question of fact. I repeat that in one case the gentleman reported an appropriation in accordance with the authorization and in the other he did not. My colleague [Mr. FREAR] and I have, in both cases here to-day, been entirely consistent.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Wisconsin. Yes.

Mr. MADDEN. Does the gentleman think in all seriousness, that every time there is an authorization for an appropriation it is mandatory?

Mr. COOPER of Wisconsin. I am glad the gentleman asks that question, for, in my judgment, it presents to this House one of the most important subjects that has been presented to it since my membership here since the question of declaring war against Spain. If the contention of the gentleman from Illinois is maintained by the House, then any bill authorizing an appropriation passed by the House and by the Senate and signed by the President, which becomes a law upon the statute books, can be virtually nullified in the discretion of the gentleman from Illinois and his committee. If the gentleman from Illinois and his committee in their investigations pursuant to an authorization for an appropriation find that there has been fraud, that there has been anything unlawful in securing the enactment of the law, I can well see how they might refuse to bring in an appropriation in accordance with the authorization. But in the absence of fraud or other unlawful conduct in the enactment of the law making an authorization it is the duty of the gentleman and his committee to obey it and report the appropriation which has been authorized to the House for its consideration.

Mr. MADDEN. Will the gentleman yield for another question?

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. LEAVITT and Mr. MURPHY rose.

Mr. MADDEN. Oh, I shall have to ask that we go on with this bill. We can not continue to talk about other matters.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California to strike out the section.

The amendment was rejected.

The Clerk read as follows:

BUREAU OF RECLAMATION

Yakima project (Kittitas division), Washington: For continuation of construction and incidental operations, including the general objects of expenditure enumerated in the second paragraph under the caption "Bureau of Reclamation," contained in the Interior Department appropriation act for the fiscal year 1926, $2,000,000, to remain available until June 30, 1927, and to be paid out of the "reclamation fund."

Mr. MADDEN. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 27, after line 6, insert the following:

UNITED STATES GEOLOGICAL SURVEY

For topographic surveys in various portions of the United States, including the general objects of expenditure enumerated in the second paragraph under the caption, "United States Geological Survey," in the Interior Department appropriation act for the fiscal year 1926 and including not to exceed $33,000 for personal services in the District of Columbia, fiscal year 1926, $78,300, to be expended in cooperation with States or municipalities on standard topographic surveys and on a basis on which the share of the Geological Survey shall in no case exceed 50 per cent.

Mr. MADDEN. Mr. Chairman, in that connection I wish to say that this item is in the annual Interior Department bill for next year and is immediately available, but there is need for the money early, and so we are transferring the portion of the amount that is immediately available from the annual bill over to this bill, which we hope will become a law within a few days. The Geological Survey will be able to use the money at once to expedite the topographic surveys. It does not add anything to the final total; it takes it away from the other bill and places it here.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

The amount which may be expended for personal services in the District of Columbia from the appropriation "Expenses of regulating immigration, 1926," is increased from $125,000 to $134,000.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the last word. I desire to call the attention of Members to the fact that the $600,000 for the Immigration Service mentioned in the paragraph just read is to cover a deficiency and is intended to be a sufficient sum to enable the Bureau of Immigration to carry on satisfactorily for the fiscal year ending July 1. An investigation made by the House Committee on Immigration, of which I have the honor to be chairman, discloses that the Bureau of Immigration in the Department of Labor was, roundly speaking, $300,000 behind on about January 1, which is half of this sum now being appropriated. So, then, one-half of this deficiency appropriation is to be used to meet obligations.

Just prior to January 1 the Bureau of Immigration was obliged to telegraph around to the different stations throughout the United States to suspend deportations just as far as possible owing to the shortage of money in the current appropriation. It was thought by some who have investigated this matter that the $600,000 would be enough to enable the Immigration Service to carry on after July 1, considerably in excess of the money that will be available in the regular appropriation bill, which sum it now appears is likely to be same sum of money appropriated for the last year, that is, for this current year. To my mind it appears that if it takes $600,000 extra, and $300,000 is already spent or obligated up to February 1, we are going to start on July 1 on a close margin, and run very thin in carrying on the whole Immigration Service. I think that in almost no time we will find that the Immigration Service will again have to slow down on necessary deportations.

Mr. BOX. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; certainly.

Mr. BOX. Is it not true we are advised by the department that there are now about 250,000 people subject to deportation under the present laws who have entered since July 3, 1921, and who can not be deported?

Mr. MADDEN. That is not what the department reports. They only report 100,000.

Mr. JOHNSON of Washington. I want to analyze that. Both statements are correct, depending upon the point from which one starts. Let me make a statement on that, so that we can all get it. The Department of Labor thinks there are actually more than 50,000 people who could and should be deported. The department thinks that there are in the United States 250,000 deportable persons. But neither the authorities in the department nor anyone else contends that we can go about deporting any such number as 250,000 people or any considerable proportion of them. Of those 250,000 we have quite a large number who have illegally entered but who under certain limitations of the statute are held to be lawfully here. Now, rather than discuss a possible deportation of 250,000, which number the machinery of the Government could not deport or even locate, next note the fact that there are actually coming out of the jails and asylums 50,000 persons, half of them criminals, who are either ready or soon will be ready to be deported. I have telegraphed to-day to the immigration commissioners in the various districts and the State officials to furnish me with figures in the next few days of deportable convict aliens coming out of the jails who should be deported. In my opinion, you will find fully a thousand who ought to go this month.

Mr. MADDEN. We have been trying to get the facts, and we have been told several lines of talk about them

Mr. JOHNSON of Washington. The gentleman will get it as nearly right as anyone can when he gets through with the inquiry, I am sure.

Mr. BOX. Mr. Chairman, will the gentleman from Illinois yield to me for a moment?

Mr. MADDEN. I have not the floor.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent that the gentleman from Washington may proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADDEN. Now, the gentleman from Texas [Mr. Box] says there are 250,000.

Mr. BOX. Will the gentleman allow me to finish my statement?

Mr. MADDEN. Let me finish mine. The gentleman from Washington [Mr. JOHNSON], the other day, and the Department of Labor as well, say that the average cost of a deportee is $87. That would mean $21,750,000. Now, nobody presumes to say that they are going to ask for $21,750,000.

Mr. JOHNSON of Washington. Let me explain how the department gets that $87 as the average. We deported last year the largest number we ever deported. I think it was 9,400. But 3,500 of them were just pushed across the border. The cost of those latter deportations was merely nominal. The average cost of getting a man across the sea, the kind we want to send across, the criminals coming out of the penitentiaries, who are great burdens to the States, is $200 per man.

Mr. GARNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. GARNER of Texas. If, as the gentleman says, there are 50,000 alien criminals who ought to be deported, we ought to understand that and take it in hand.

Mr. JOHNSON of Washington. Not all criminals. But criminals and insane and those who are highly desirable to deport on account of various defects; in other words, those who are in institutions.

Mr. MADDEN. That is 5,000.

Mr. JOHNSON of Washington. No; 50,000.

Mr. MADDEN. The testimony had before the committee is to the effect that it is 5,000. I have the record here.

Mr. JOHNSON of Washington. We want to get it right. The 5,000 probably refers to those for whose arrest warrants are in hand. That 5,000 represent the number stacked up. I do not say that 50,000 are ready to go to-morrow or next week or next month. But that number is in sight most of the time.

Mr. MADDEN. Let us clear this up. You do not want to charge me or the committee with all kinds of crimes and misdemeanors without giving the facts.

Mr. JOHNSON of Washington. Of course not. Let us get a few facts to start from. There are 600 cases in the Buffalo district, warrant cases. Buffalo is up toward Canada. I presume a considerable number of those would be deported to Canada. There are 1,500 deportation cases hanging around in the El Paso district. It would not cost so very much to send them back into Mexico, but it has to be done through warrant proceedings.

Nobody pretends that the Government of the United States, with any machinery that we have or can contemplate, proposes to deport 250,000 people. But the law calls for the deportation by summary process of alien narcotic cases, of the white slave act cases, and some other classes. Now, the Budget Bureau thinks that the $600,000, half of which makes up the deficiency already expended, will permit the service to carry on heavily after July 1, and that money will be saved by the curtailment of operations at Ellis Island, which can be used for next year's deportations.

Mr. MADDEN. We have evidence to show that the department says this is not expended, and that there is not a deficiency as such, but this is an anticipated deficiency.

Mr. JOHNSON of Washington. Of course, a dispute as to facts as between the distinguished chairman and myself is not to be thought of; but how is Congress to find out?

Mr. MADDEN. They have no authority to create a deficiency, and they say they have none.

Mr. JOHNSON of Washington. Fear of creating a deficiency or of acknowledging one if it is created by unforseen circumstances is just what is making this trouble. That is why we have two disagreeing statements. Congress must find out. The operations of the Government must go on. The Department of Justice last summer made a raid in New York on fighting tong men and arrested 250 and found that 198 were deportable. Then deportation proceedings had to be started, even though the Immigration Service was cutting the corners on deportations for want of money. These 198 Chinese had to be deported at the unexpected cost of $50,000.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent for five additional minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. JOHNSON of Washington. So when those Chinese who were fighting and murdering each other had to go, other deportations had to slow down, because it seems that under our Budget system the various appropriations are prorated by the month, and, if possible, 1 month out of the 12 is held back for an emergency. I think every Member of Congress will find that whatever discrepancy exists as to these figures comes from the fact that officials of our great departments are forbidden to create deficiencies. It is very embarrassing for them to say so, but if they do say so they try to make it only an apparent deficiency. It is a serious problem. I hope soon to have enough facts as to these deportable people, shown by statistics and by States, to be able to place before you a comprehensive statement when the bill for the independent offices comes up in the House, which bill carries appropriations for the Department of Labor. I want to testify to the fair treatment we have had from Chairman MADDEN, of the Committee on Appropriations, and I want to refer to the hard work that has been done by the department in attempting to solve this problem and by the subcommittee under the distinguished gentleman from Pennsylvania [Mr. SHREVE] in trying to find the right figure. Nobody can say that we can or should merely throw lots of money into a great fund and then make unlimited deportations of all kinds of alien people. Everybody knows that deportations are becoming harder and harder as time goes on, as the boundaries of Europe change. Nearly all countries hate to take back certain people. Even in the United States we have not found a way by which we can receive back from Canada our American citizens who are in insane asylums there at the expense of the Dominion.

If an American citizen becomes insane and becomes a charge on the people of Canada, that Government tries to get some State to take him back. Does any State voluntarily do that? No; they resist it. They say, "Let him go to St. Elizabeths Asylum, which is a Federal institution," but St. Elizabeths Asylum does not open up and take them in. No; our States resist in every way possible the return of such citizen defectives from a foreign country, just as other countries resist those whom we try to send back. So deportation is a hard matter.

I think, gentlemen, having deported a little less than 10,000 this last fiscal year, we will do well to appropriate about $800,000 additional this time in the hope that next year we can deport just about double the number. That will act as a deterrent. The whole appropriation for the Immigration Service this year—something over $6,000,000 now—and last year was the first time the service did not pay for itself, and then it missed paying for itself by only $1,000,000. Of the $6,000,000 appropriated, when the salaries are paid to the immigration people all over the country, there is about $1,000,000 left for overhead, deportation, and all other expenses.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. BOX. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman and gentlemen of the committee, I first ask leave to extend my remarks by quoting the testimony of Mr. White, the Assistant Secretary of Labor, before the House Committee on Immigration and Naturalization on this point. I have not read the testimony, but I heard it, and therefore I presume the RECORD contains it.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. BOX. This testimony was to the effect that there are now in the United States, subject to deportation of those who have arrived since the 3d day of June, 1921, 250,000, and that if we went further back and gathered up those who have been here longer, the number would be very much larger.

Mr. White testified further he had had to slow up the work because there had not been sufficient appropriations. In fact, he had to stop it. I understood his statement about the deficiency just about like the chairman of the Committee on Immigration and Naturalization stated it. Extra and unnecessary expense is being caused by holding them in custody. There is no question about the fact there are a great many of them:

STATEMENT OF HON. ROBE CARL WHITE, SECOND ASSISTANT SECRETARY OF LABOR, AS TO NUMBER OF ALIENS IN COUNTRY ARRIVING AFTER 1921 WHO ARE SUBJECT TO DEPORTATION

Mr. ROBE CARL WHITE. Oh, yes. We could make the deportations almost anything you wanted until we rid the country of the aliens who are illegally here. And our best estimate, secured from the director recently (and it can only be an estimate, you understand), and which I believe is conservative, is there are now between 250,000 and 275,000 aliens in this country who are illegally here and who are supposed to have entered since 1921. Some of those probably are entitled to relief. But the greater proportion of them should not be here; they should be out of the country, and if they want to remain in the United States they should come back properly and with proper documents and a clean bill of health as to their character and morals. (Hearings before House Committee on Immigration and Naturalization, January 12, 1926, pp. 16–17.)

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Mr. GOLDER. Did I understand you to say in your judgment there are about 250,000 aliens now in the United States deportable under the existing laws?

Mr. ROBE CARL WHITE. That is the judgment of the district directors in all of the districts, which meets with my approval. I believe they are conservative in that.

Mr. GOLDER. I understand Mr. Hull to say that the average cost of deportations is about $89; is that correct?

Mr. ROBE CARL WHITE. Yes; $87.

Mr. GOLDER. That was the average, I understood. Now, does that include the cost of office work connected therewith?

Mr. ROBE CARL WHITE. Oh, no.

Mr. GOLDER. Or is it merely the cost of transportation?

Mr. ROBE CARL WHITE. No.

Mr. BACON. It does not include the cost of investigating and making the surveys?

Mr. ROBE CARL WHITE. It does not include what I call the overhead—the salaries, office expenses, etc.

Mr. GOLDER. Adding, then, the cost of investigation and other incidental expenses, it would cost close to $25,000,000 to deport those now subject to deportation under existing law? (Hearings, p. 74.)

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STATEMENT OF ASSISTANT SECRETARY OF LABOR WHITE AS TO THE STOPPAGE OF THE WORK

Mr. ROBE CARL WHITE. When we went before the Budget we made our representations, and then we were advised that our appropriation would be the same for this coming year as for last year, and at that time we had not curtailed any of our activities; and our financial man reported to me and Mr. Hull that if we continued on the same basis we were then going, we would wind up the year with a deficit of $350,000 to $400,000. When that fact became known, I immediately approved an order of Mr. Hull notifying the field officers that they must cut down in their deportation work, as that is about the only phase of the work where we can save money. This is the only flexible part of our appropriation, unless we reduce the personnel. If you do not mind, I will quote a letter received yesterday from one of the district directors, which will give you an idea of the whole situation, or the situation in most of the districts. He wrote:

"The financial problem, as regards meeting expenses chargeable against the immigration appropriation, with which we are confronted here, simply can not be solved without funds. The immigration allotment given this district on July 1 to cover expenses for the fiscal year is now completely exhausted, and the deficit which has already been created is rapidly increasing. On the 1st of January the balance in our immigration allotment was only $697.87." * * *

That is for an entire district. (Hearings, p. 13.)

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Mr. DICKSTEIN. Where did that come from?

Mr. ROBE CARL WHITE. This came from Buffalo, from the man in the Buffalo district. In the Buffalo district, the last knowledge I had of it, they had about 700 unserved warrants. They had several hundred (I have forgotten the exact number) warrants that were served, but the hearings have not yet been held. Now, at the time that order was issued we had been informed that our appropriation for 1927 was the same as for 1926. Since then we have asked for a deficiency covering this year, and we understand, or have been informed by the Budget, that the President has approved the submission of our estimate of $600,000 to Congress. Therefore we can ease up on these districts by giving them a new allotment, providing the Appropriations Committee of Congress approves the recommendation of the President and the Budget, which we have reason to believe, or I presume we are safe in believing, they will do. The order curtailing the activities of all districts has not yet been withdrawn, so that is the occasion for this letter from the district director. The men were driven desperate to try to handle the situation." If we had been compelled to operate under our appropriation without a deficiency appropriation this year, it would simply mean marking time.

Mr. BACON. What is the situation for the coming fiscal year in the Budget?

Mr. ROBE CARL WHITE. Well, the coming fiscal year, for 1927, the appropriation is the same as for 1926.

Mr. BACON. In spite of the fact it has been proved that you needed a $600,000 additional appropriation to carry on?

Mr. ROBE CARL WHITE. Well, I do not know as I can say "proved." Our representations to the Budget were made along the lines of needing additional moneys. We failed to convince them of that fact.

Mr. BOX. You did convince them, however, you needed some $600,000 additional for the present year?

Mr. ROBE CARL WHITE. Yes; we convinced them of that fact.

Mr. BACON. Is the Budget for 1927 $600,000 short of what you asked for?

Mr. ROBE CARL WHITE. $1,350,000 short.

Mr. BACON. In other words, you asked $1,350,000 that you did not get from the Budget?

Mr. BOX. Yes; and even this deficiency appropriation, I understand, is not what they said they needed for this immediate work. Is that correct, Mr. Secretary?

Mr. BACON. I understood that, too, Mr. Box. (Hearings, p. 14.)

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STATEMENT OF HON. HARRY E. HULL, COMMISSIONER GENERAL OF IMMIGRATION, AS TO NUMBER IN COUNTRY SUBJECT TO DEPORTATION

The CHAIRMAN. Now, when you talk of deporting 250,000 persons (and I assume that number does not contemplate those who have come here in the long years past without certificates of arrival), I assume a deportation, we will say, of 25,000 a year, of the flagrant cases, would act as a deterrent and reduce Federal activities along all other lines?

Mr. HULL. Will you allow me to suggest I think Mr. White, in his answer, might have been misunderstood. I think he was correct; I think the surveys made by the district directors brought forth this fact. When I asked for it, I divided it into two classes; those that came in before June 3, 1921, and those that came in since June 3, 1921.

The CHAIRMAN. Yes.

Mr. HULL. And the 250,000 Mr. White mentioned applied to those that apparently had come in since June 3, 1921.

Mr. ROBE CARL WHITE. I did not know that.

Mr. BOX. That did not apply to the great number back of that date?

Mr. ROBE CARL WHITE. No.

Mr. HULL. Now, I have been quoted, and I think every member of the Department of Labor has been quoted, as to the number of aliens here who came in before June 3, 1921. That is a very important question, and I have noticed by some of the questions you are interested in that, and what we are doing with it. Now, nobody knows how many there are.

Mr. BOX. You mean those that came illegally?

Mr. HULL. Yes.

Mr. BOX. All of them?

Mr. HULL. No; they did not come legally, they are illegally in this country.

Mr. BOX. That is what I mean—illegally.

Mr. HULL. Illegally in this country, but it is a technical question.

Mr. BOX. About what is that number, as a rough outline?

Mr. HULL. Nobody knows. The only basis that we have, so far as we know, for the computation is, in the applications for reentry permits, about 20 per cent, so far, have been rejected, if I remember rightly, for lack of verification at the ports or wherever they filed. Now you apply that on through the number of aliens that we know are in the country, and you can make a rough guess and it will run you over 1,300,000. That probably is too many, but it may be right. It may be less; we do not know. (Hearings, pp. 30–31.)

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STATEMENT OF COMMISSIONER GENERAL HULL AS TO THE STOPPAGE OF DEPORTATION FOR LACK OF FUNDS

The CHAIRMAN. So that you would go into the new fiscal year, then, short of money?

Mr. HULL. No; we did not. We had the money, but we stopped deportations the 25th of May; absolutely stopped them.

The CHAIRMAN. What happened with individuals who were waiting deportation?

Mr. HULL. They were detained.

The CHAIRMAN. For how long?

Mr. HULL. Well, until the first of the next fiscal year.

The CHAIRMAN. And then did you have sufficient funds to start in and catch up with the work?

Mr. HULL. We have not yet; we hope to get them.

The CHAIRMAN. Have you many now waiting deportation?

Mr. HULL. No; we are going right ahead, so far.

The CHAIRMAN. Well, when they are detained, where are they detained?

Mr. HULL. Well, at the points of deportation, or they may be detained back in the country, or they may be left in jail. We do not start after a party, that is all; we just let them stay.

Mr. BOX. They are all in custody, are they not, Mr. Commissioner?

Mr. HULL. Most of them. I won't say "all," because it might be some of them are paroled.

Mr. BOX. That is the exception?

Mr. HULL. Yes; that is an exception.

The CHAIRMAN. Could you put a table in this record showing the number on hand awaiting deportation at any given date that is convenient to you?

Mr. HULL. Yes; what date do you want?

The CHAIRMAN. You select the date that would fit the records of the various stations, just so we can see how we are running in deportations.

Mr. HULL. Well, it would be higher the 25th of June or the 1st of July than it would be at other times.

The CHAIRMAN. Why?

Mr. HULL. Well, because we stopped.

Mr. BOX. And they continued to accumulate?

Mr. HULL. They accumulated to some extent.

Mr. BOX. I think that statement ought to show the greatest number that accumulated, the persons then in custody that had accumulated on your hands, because of lack of funds to deport them. (Hearings, pp. 11, 12.)

* * * * * * *

The table above referred to is as follows:

Number of aliens under orders of deportation:	
June 30, 1925	1,150
Jan. 1, 1926	2,786
Jan. 15, 1926	2,835

(Hearings, p. 12.)

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STATEMENT OF ASSISTANT SECRETARY OF LABOR WHITE AS TO EXPENSE OF MAINTAINING DEPORTEES WHO CAN NOT BE DEPORTED FOR LACK OF FUNDS

Mr. BOX. With reference to those cases of aliens that are held in custody, the Government pays the expenses of those aliens, does it not?

Mr. ROBE CARL WHITE. Yes; where we pick them up under a deportation order.

Mr. BOX. And the ones who are to be deported, if you had to hold them six months or a year, the cost of deporting is then very much greater than if they were deported promptly?

Mr. ROBE CARL WHITE. Oh, yes, indeed.

Mr. BOX. And if you had had the funds to deport those aliens immediately upon arrest the expense would have been very much less than now?

Mr. ROBE CARL WHITE. Yes. The natural flow of deportation should continue, and it is continuing on those we are actually taking in custody. You understand, we use every method we can to avoid detention expenses.

Mr. BOX. Have you any idea now how many remained in custody on the 1st of July, this fiscal year?

Mr. ROBE CARL WHITE. I have not any figures. Mr. Wagner reminds me it was something like 1,000. You understand, Congressman, that our officers immediately on receiving the order to cease all deportations permitted every alien possible to leave the jails under bond or recognizance in order to avoid detention expense.

Mr. BOX. By that method you reduced it to what is now estimated as 1,000?

Mr. ROBE CARL WHITE. That is my recollection. I can give you the figures later if you want.

Mr. BOX. Can you give us any information about what the average cost is—I know you can not do it accurately, but the average cost—of maintaining those deportees, per man?

Mr. ROBE CARL WHITE. About 90 cents per day.

Mr. BOX. And if you had 1,000 on hand, then you would have about $900 a day expense on that account?

Mr. ROBE CARL WHITE. Yes. There is another point. In our published records, as to the number deported, no account is taken of the number picked up along our borders, who are given the opportunity of returning voluntarily. In one district last year three thousand one hundred and some odd were permitted to return in this way.

The CHAIRMAN. In what district?

Mr. ROBE CARL WHITE. In the San Antonio district.

The CHAIRMAN. Did they go back to Mexico?

Mr. ROBE CARL WHITE. They went back to Mexico.

Mr. BOX. To what country did they go?

Mr. ROBE CARL WHITE. Mexico. They were all Mexicans. We do not permit European aliens from Mexico to return to Mexico voluntarily.

Mr. BOX. I want to get that because the committee has some matters pertaining to that very phase of the question.

Mr. ROBE CARL WHITE. Yes.

Mr. BOX. How many did you say went back voluntarily from San Antonio to Mexico last year?

Mr. ROBE CARL WHITE. It was over 3,000.

Mr. BOX. Over 3,000 that you had ordered deported, and voluntarily returned?

Mr. ROBE CARL WHITE. No.

Mr. BOX. Subject to deportation?

Mr. ROBE CARL WHITE. They were Mexicans, apprehended and subject to deportation, and rather than be detained expressed a preference to return of their own will. They signed releases and waivers, and we carted them back.

Mr. BOX. Do you actually see that they go back over the border?

Mr. ROBE CARL WHITE. Oh, yes; every one is put across and delivered to the Mexican authorities.

The CHAIRMAN. That is at Federal expense?

Mr. ROBE CARL WHITE. Yes.

Mr. BOX. Can you give any idea of the expense, roughly, of sending back that 3,000?

Mr. ROBE CARL WHITE. No. The service maintains large trucks, and when these men are apprehended they are taken back by the truck load.

Mr. BOX. You carry them back across the Rio Grande in truck loads, then?

Mr. ROBE CARL WHITE. Yes; and they are delivered to Mexican authorities. (Hearings, pp. 20–21.)

Your committee has an important deportation bill before it providing for the deportation of other aliens whom the people of this country and this Congress do not want kept in the country, and your committee has well-nigh come to a standstill because they were confronted by this proposition. If the organization and the funds are now utterly inadequate to execute the present law, why write more law to deport others, however undesirable or dangerous they may be, when the present law is so badly enforced, not because of any fault of the department but chiefly because of the situation I have stated.

I want to also say in this connection that during a former administration, when I first became a member of this committee, I became disgusted because of the manner in which this part of the immigration law was being enforced. I found upon a review of that whole thing that an injustice was done to those who were administering the law then because they were in great measure embarrassed by the same difficulties that confront the Immigration Bureau now.

Mr. GARNER of Texas. Will the gentleman yield?

Mr. BOX. I yield.

Mr. GARNER of Texas. What is the difficulty, except money? Is there any other difficulty about it?

Mr. BOX. It is a matter of an inadequate organization to do the work, and that seems to be lacking because of the insufficiency of the funds provided. Then, other expenses would have to be provided for. The chairman of the Committee on Appropriations does not seem to overstate the amount that would be required. The amount of money needed would be much larger than is provided. The inadequacy of the force and funds provided indicates a lack of appreciation of the magnitude and importance of the problem. One reason the gentleman from Texas is regarded by his colleagues as being somewhat extreme on this question is the fact that alien life of the undesirable kind has poured in upon this country until the problem has become so big the Nation can not or will not handle it. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Clerk read as follows:

BUREAU OF AERONAUTICS

For new construction and procurement of aircraft and equipment for training graduates of the United States Naval Academy, fiscal year 1926, $340,000.

Mr. MADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CHINDBLOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8722, the urgent deficiency bill, and had come to no resolution thereon.

WAR DEPARTMENT APPROPRIATION BILL

Mr. MADDEN, chairman of the Committee on Appropriation, by direction of that committee, reported the bill (H. R.

8917, Rept. 197) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes, which was read a first and second time and referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS reserved all points of order.

COMMENT OF B. F. NORRIS ON "THE NEGRO IN THE WORLD WAR"

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter from a gentleman in reply to a statement I made on the floor.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADDEN. Mr. Speaker, under leave to extend my remarks I ask for the insertion of the letter of Mr. B. F. Norris, of New York, dated January 23, 1926, addressed to me, who wishes to present his views on the criticisms of his official action in the World War as published in the RECORD of January 4, on page 1440, to whom I am very glad to accord this privilege:

NEW YORK, *January 23, 1926.*

Hon. MARTIN B. MADDEN,

House of Representatives, Washington, D. C.

DEAR SIR: A copy of your remarks inserted in the CONGRESSIONAL RECORD under date of January 4, 1926, entitled "The Negro in the World War," has been sent to me by Colonel Brown, of the General Staff, on duty at the War Department in Washington. My assumption of the liberty in writing you is due to the mention of my name in your remarks and the fact that you have been misled into making incorrect statements, which constitute an unjust public record. From my knowledge of your reputation I feel assured that you will be willing to make your correction as public as you made the original statement.

It is naturally embarrassing for me to describe to you what I personally did during the Argonne engagement, but it is unavoidable, and whatever I say can be verified by the records of the War Department and by Colonel Brown, who was in command of the Three hundred and sixty-eighth Infantry, in which I commanded the Third Battalion.

The original mission of my regiment under orders from corps headquarters was the duty of combat liaison. These orders involved the detachment of the regiment from the division and it was brigaded with a regiment of dismounted French cavalry and both regiments, due to the seniority of the French colonel, were under his command. At 5 o'clock on the morning of the day the attack started these orders were changed and the brigade formed as above outlined was ordered to attack. The unit which I commanded was the last one on the left of the American line and the battalion of the French regiment on my left constituted the extreme right of the French line.

This sudden change of orders required immediate revision of the orders issued by me to my company commanders. As the attack was to open almost immediately, I had no time to prepare formal written orders, and therefore summoned all of the company commanders to my headquarters in order that there might be no misunderstanding. As the attack was preceded by a barrage from our own artillery which lasted all night preceding the morning of the attack, there was practically no fire from the Germans except desultory long-range artillery fire. For this reason, plus the fact that my post of command was on the line occupied by my battalion, the company commanders were in no danger in reporting for orders, and it is also incorrectly stated in your remarks that the battalion was left without officers, as each of the companies have four lieutenants in addition to the captain.

It is also incorrectly stated that the men of my battalion had been without food or water for two days preceding the attack. They had had the usual ration, the field kitchen had accompanied the battalion, and there was no lack of water. Upon starting the attack each man was provided with the usual emergency ration and with a full canteen of water. It is true that on the second day of the attack, due to the fact that the German artillery placed a barrage behind my position, that the battalion was without food or water. This is not unusual in such a situation, and happened to many other units in the line.

Preceding the attack I made a personal reconnaissance of the German position with the men who were attached to my battalion headquarters, including my adjutant. Having completed this, the battalion was marched out in a column and three companies deployed upon the line, the fourth remaining in support. At no time during the attack did I occupy a dugout of any kind; in fact, there was none available; and my post of command advanced with the front line, and at several times was actually in advance of it. At night I slept on the ground with the men and we were all necessarily in an exposed position in order to hold the advance we had succeeded in making. On the second day of the attack my post of command was in an open trench. This slight shelter was necessary for the protection of my field telephone as well as the support company and the platoon of the machine-gun company assigned to my battalion. It also made it safer for messengers to come to and depart from my headquarters.

It is not the fact that Captain Smith (colored), of Company K, was left to command two companies in the line without the assistance of a single officer from his company and with but two officers of Company I. The records show that Captain Green (colored), of Company I, was killed in action on September 29. Lieutenant Koger (colored), of Company K, was evacuated on September 27 as slightly gassed, and Lieutenant Scott (colored) also reported gassed on September 28. This left Captain Smith (colored) with six lieutenants. The only other casualty among the officers was Lieutenant Young, who was in command of the scout platoon protecting the right of my line, who was seriously wounded by shell fire during the night of September 28 and who remained at his post during the entire night and reporting to me in the morning before going to the dressing station. This was an act of extraordinary heroism. In recognition I recommended him for the distinguished service cross, which I am happy to say he received. Captain Peeks (colored), in command of Company K, was reported accidentally wounded on September 28.

The facts in connection with the trial of officers of my battalion for cowardice in the face of the enemy were too well established to require extended comment. They were investigated by the War Department when the division returned from France and the sworn testimony in that investigation, including my own, is on file in the War Department. The complaints of discrimination and unfair treatment of the colored officers were the subject of correspondence between Secretary of War Baker and myself, which culminated in a public statement by the Secretary stating that the complaints were without foundation, and this correspondence is also on file in the War Department. This is all in addition to the fact that the officers were tried by general court-martial at corps headquarters which was composed of officers of the highest rank and standing and none of whom were in any way connected with the Ninety-second Division. May I say for your further information that part of the testimony supporting the charges was given by colored officers.

With your criticism of my efficiency I have no quarrel, because that is a matter of opinion, but I earnestly request the correction of erroneous statements of fact in connection with the use of my name in the CONGRESSIONAL RECORD.

Yours respectfully,

B. F. NORRIS.

EXTENSION OF REMARKS

Mr. HILL of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by the Rev. Dr. James Empringham.

Mr. BLACK of Texas. Mr. Speaker, I object. That has already gone in the RECORD in the Senate.

Mr. HILL of Maryland. In view of the fact that it has gone in in the Senate, I withdraw my request.

TENTATIVE LIST OF COMMITTEE HEARINGS

Mr. TILSON. Mr. Speaker, my office has undertaken the additional task of preparing a list of hearings before committees, so that the membership of the House may know in advance what committee hearings are going on each morning. I had such a list prepared yesterday and posted it in the Speaker's lobby. Some Members absent themselves from the Hall of the House before it adjourns in the afternoon, and so the information does not come to their attention. I therefore ask unanimous consent that immediately following the announcement of the adjournment of the House in the RECORD that I be permitted to extend a tentative schedule of hearings before committees for the following day. [Applause.]

The SPEAKER. The gentleman from Connecticut asks leave to extend his remarks in the RECORD by printing immediately following the adjournment a list of tentative committee hearings. Is there objection?

Mr. GARNER of Texas. Reserving the right to object. I want to congratulate the gentleman on giving the House the information that it is entitled to.

Mr. TILSON. I understand, Mr. Speaker, that I may do this each day until further order of the House.

The SPEAKER. And to publish it each day until further order of the House. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HILL of Maryland. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a statement by the Rev. Sam Small, veteran temperance lecturer and evangelist.

The SPEAKER. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. BLACK of Texas. I object.

ADJOURNMENT

Mr. MADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.) the House adjourned until to-morrow, Friday, February 5, 1926, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for February 5, 1926, as reported to the floor leader by clerks of the several committees:

FOREIGN AFFAIRS COMMITTEE

(10.15 a. m.)

Acquisition of sites for United States foreign embassies, consulates, and legations (H. R. 6771).

INTERSTATE AND FOREIGN COMMERCE COMMITTEE

(10.30 a. m.)

Railroad labor disputes (H. R. 7180).

IRRIGATION AND RECLAMATION COMMITTEE

(10 a. m.)

To provide for the protection and development of the lower Colorado River Basin (H. R. 6251).

JUDICIARY COMMITTEE

(10 a. m.)

Fees for jurors and witnesses in the Federal courts (H. R. 70, 120, 5216, 5817, and 6090).

MERCHANT MARINE AND FISHERIES COMMITTEE

(10.30 a. m.)

For the regulation of radio communication (H. R. 5589).

MILITARY AFFAIRS COMMITTEE

(10.30 a. m.)

Department of national defense.

NAVAL AFFAIRS COMMITTEE

(10.30 a. m.)

The five-year program for the Bureau of Naval Aeronautics; Admiral Moffett and his aids.

APPROPRIATIONS COMMITTEE

(10.30 a. m.)

Subcommittee on State and Justice.
Subcommittee on Independent Offices.
Subcommittee on Commerce and Labor.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

340. A letter from the Secretary of War, transmitting a statement submitted by the Chief of Engineers, United States Army, showing the name of each civilian engineer employed between July 1, 1924, and June 30, 1925, in the work of improving rivers and harbors, the time so employed, the compensation paid, and the place at and works on which employed; to the Committee on Rivers and Harbors.

341. A letter from the Secretary of War, transmitting with a letter from the Chief of Engineers, reports on preliminary examinations and survey of Olympia Harbor, Wash. (H. Doc. No. 244); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

342. A letter from the Secretary of War, transmitting drafts of three bills for the relief, respectively, of Frank Guelfi, Charles C. J. Wirz, and Juan Anorbe, former employees of the Isthmian Canal Commission; to the Committee on Claims.

343. A letter from the Secretary of War, transmitting a report, dated January 29, 1926, from the Chief of Engineers, United States Army, on preliminary examination and survey authorized by the river and harbor act approved March 3, 1925, of Duluth-Superior Harbor, Minn. and Wis. (H. Doc. No. 245); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 183. A bill providing for a per capita payment of $100 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States; with amendments (Rept. No. 191). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEET: Committee on Indian Affairs. H. R. 7173. A bill authorizing the Secretary of the Interior to dispose of certain allotted land in Boundary County, Idaho, and to purchase a compact tract of land to allot in small tracts to the Kootenai Indians as herein provided, and for other purposes; with amendments (Rept. No. 192). Referred to the Committee of the Whole House on the state of the Union.

Mr. MORROW: Committee on the Public Lands. H. R. 3925. A bill to amend an act entitled "An act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union on an equal footing with the original States"; without amendment (Rept. No. 193). Referred to the Committee of the Whole House on the state of the Union.

Mr. WURZBACH: Committee on Military Affairs. H. R. 3995. A bill to amend the national defense act approved June 3, 1916, as amended by the act of June 4, 1920, relating to retirement; without amendment (Rept. No. 195). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 6376. A bill to amend the act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes, approved August 25, 1919, as amended by act of March 6, 1920; without amendment (Rept. No. 196). Referred to the Committee of the Whole House on the state of the Union.

Mr. ANTHONY: Committee on Appropriations. H. R. 8917. A bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes; without amendment (Rept. No. 197). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WRIGHT: Committee on Military Affairs. H. R. 1539. A bill for the relief of George Barrett; with an amendment (Rept. No. 194). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8289) granting an increase of pension to Michael Keenan; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 8346) granting an increase of pension to Andrew McLaughlin; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 8620) granting a pension to Elizabeth Forbes; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8869) granting a pension to Emma Florence Garretson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GORMAN: A bill (H. R. 8899) to incorporate the Civil Legion; to the Committee on the Judiciary.

By Mr. MORTON D. HULL: A bill (H. R. 8900) to provide for the appointment of postmasters, officers and employees of the Customs and Internal Revenue Services, and other branches of the Government service; to the Committee on the Civil Service.

By Mr. SIMMONS: A bill (H. R. 8901) to grant the consent and approval of Congress to the South Platte River compact; to the Committee on Irrigation and Reclamation.

By Mr. CAMPBELL: A bill (H. R. 8902) to regulate, control, and safeguard the disbursement of Federal funds expended for the creation, construction, extension, repair, or ornamentation of any public building, highway, dam, excavation, dredging, drainage, or other construction project, and for other purposes; to the Commitee on the Judiciary.

By Mr. SEARS of Florida: A bill (H. R. 8903) to donate to the town, municipality, or city of Jupiter, Fla., for park pur-

poses the abandoned tracts of land formerly used as a life-saving station; to the Committee on the Public Lands.

By Mr. TOLLEY: A bill (H. R. 8904) to amend the act of July 5, 1884, relating to the registration of official mail matter of the executive departments; to the Committee on the Post Office and Post Roads.

By Mr. MORROW: A bill (H. R. 8905) to authorize certain proposed improvements at the United States Marine Hospital, Fort Stanton, N. Mex.; to the Committee on Public Buildings and Grounds.

By Mr. AYRES: A bill (H. R. 8906) to protect the commerce of the United States and to punish the crime of piracy; to the Committee on the Judiciary.

By Mr. RANSLEY: A bill (H. R. 8907) for the purchase of a site and to begin construction thereon of a customhouse in the city of Philadelphia, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. MOORE of Virginia: A bill (H. R. 8908) granting the consent of Congress to George Washington Wakefield Memorial Bridge, a corporation, to construct a bridge across the Potomac River; to the Committee on Interstate and Foreign Commerce.

By Mr. MANLOVE: A bill (H. R. 8909) granting the consent of Congress to the county of Barry, State of Missouri, to construct a bridge across the White River; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8910) granting the consent of Congress to the county of Barry, State of Missouri, to construct a bridge across the White River; to the Committee on Interstate and Foreign Commerce.

By Mr. BUTLER: A bill (H. R. 8911) authorizing an appropriation of $11,000 for the purpose of aiding in the repair of damage done to roads, water systems, schools, and other public buildings in American Samoa; to the Committee on Naval Affairs.

By Mr. REED of Arkansas: A bill (H. R. 8912) to provide for the construction of a swimming pool at the Army and Navy Hospital at Hot Springs National Park, Ark.; to the Committee on Military Affairs.

By Mr. LEAVITT (by departmental request): A bill (H. R. 8913) to provide for the permanent withdrawal of certain described lands in the State of Nevada for the use and benefit of the Indians of the Walker River Reservation; to the Committe on Indian Affairs.

By Mr. HICKEY: A bill (H. R. 8914) to create a cause of action for compensation in damages for injuries sustained and death resulting from injuries to any person through the wrongful act or omission by an agent, officer, or employee of the United States Government, and to provide procedure therefor; to the Committee on the Judiciary.

By Mr. WINTER: A bill (H. R. 8915) for the adjustment of water-right charges on the Shoshone irrigation project, Wyoming, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. BARBOUR: A bill (H. R. 8916) granting public lands to the county of Kern, Calif., for public park purposes; to the Committee on the Public Lands.

By Mr. ANTHONY: A bill (H. R. 8917) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. CANNON: A bill (H. R. 8918) authorizing the construction of a bridge across the Mississippi River at or near Louisiana, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. FLETCHER: A bill (H. R. 8919) for the purchase of a site and the erection of a public building thereon in the city of Bucyrus, State of Ohio; to the Committee on Public Buildings and Grounds.

By Mr. BARKLEY: A bill (H. R. 8920), providing for a survey and examination of the Mississippi and Ohio Rivers for the purpose of determining the feasibility and estimating the cost of constructing a highway bridge across said rivers at Cairo, Ill., connecting the State of Kentucky, Illinois, and Missouri; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE: A bill (H. R. 8921) for the relief of the International Manufactures Sales Co. of America (Inc.); to the Committee on Claims.

Also, a bill (H. R. 8922), granting a pension to Edgar M. Ramsey; to the Committee on Pensions.

By Mr. CRISP: A bill (H. R. 8923) for the relief of Sheffield Co. of Americus, Ga.; to the Committee on Claims.

By Mr. FREDERICKS: A bill (H. R. 8924) granting an increase of pension to Samuel J. Roberts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8925) to authorize the appointment of Capt. M. M. Cloud, retired, to the grade of major, retired, in the United States Army; to the Committee on Military Affairs.

By Mr. HARE: A bill (H. R. 8926) granting a pension to Dora D. Walker; to the Committee on Pensions.

By Mr. HAWLEY: A bill (H. R. 8927) granting an increase of pension to Malinda Crouch; to the Committee on Pensions.

By Mr. IRWIN: A bill (H. R. 8928) granting a pension to George Heus; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8929) granting a pension to Anna D. Arrowsmith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8930) granting an increase of pension to Nancy A. Bilyen; to the Committee on Invalid Pensions.

By Mr. KIESS: A bill (H. R. 8931) granting an increase of pension to Mary Belford; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 8932) for the relief of William F. Redding; to the Committee on War Claims.

By Mr. MURPHY: A bill (H. R. 8933) granting a pension to Harry Eoff; to the Committee on Pensions.

By Mr. NELSON of Maine: A bill (H. R. 8934) granting a pension to Sarah J. Clark; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8935) granting a pension to Louisa McArdle; to the Committee on Invalid Pensions.

By Mr. SPROUL of Kansas: A bill (H. R. 8936) to correct the military record of Samuel Wemmer; to the Committee on Military Affairs.

By Mr. STEAGALL: A bill (H. R. 8937) permitting the sale of lot 9, 16.63 acres, in section 31, township 2 south, range 17 west, in Bay County, Fla., to P. C. Black; to the Committee on the Public Lands.

By Mr. SWING: A bill (H. R. 8938) granting a pension to William D. Rodgers; to the Committee on Pensions.

By Mr. TABER: A bill (H. R. 8939) granting an increase of pension to Phebe Ann Crane; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 8940) granting an increase of pension to Martha A. Dill; to the Committee on Invalid Pensions.

By Mr. WHITTINGTON: A bill (H. R. 8941) for the relief of Turpin G. Hovas; to the Committee on Military Affairs.

By Mr. WILLIAMS of Illinois: A bill (H. R. 8942) for the relief of Emory S. Hall; to the Committee on Claims.

By Mr. WILSON of Louisiana: A bill (H. R. 8943) granting a pension to Albert Elmer Culpepper; to the Committee of Pensions.

By Mrs. ROGERS: Joint resolution (H. J. Res. 151) extending the privileges of compensation and hospitalization to Herman Lincoln Chatkoff; to the Committee on World War Veterans' Legislation.

By Mr. BOWLES: Resolution (H. Res. 118) to pay Donald L. Coleman the sum of $208.33; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

577. Resolution of the Council of the City of Portsmouth and Board of Supervisors of the County of Norfolk, opposing the construction of a toll bridge over the Southern Branch of the Elizabeth River, and the passage of House bill 7093: to the Committee on Interstate and Foreign Commerce.

578. By Mr. GALLIVAN: Petition of the Boston Musicians' Protective Association, Local No. 9, Herman P. Liehr, secretary-treasurer, recommending passage of House bill 444, known as the Army bands act; to the Committee on Military Affairs.

579. By Mr. GRIEST: Petition adopted by the officers and members of the Mount Joy Methodist Episcopal Church in the borough of Mount Joy, Lancaster County, Pa., opposing any change in the Volstead Act and urging strict enforcement of the law; to the Committee on the Judiciary.

580. By Mr. IRWIN: Petitions signed by 556 veterans of the World War and patients in the Edward Hines, jr., Veterans' Hospital at Maywood, Ill., praying for the passage of the amendments to the World War veterans' act as proposed by the Disabled American Veterans of the World War, the American Legion, and the Veterans of Foreign Wars; to the Committee on World War Veterans' Legislation.

581. By Mr. LUCE: Petition of the Massachusetts Federation of Churches, indorsing the antilynching bill (H. R. 3777); to the Committee on the Judiciary.

582. By Mr. THOMPSON: Petition of farmers of the fifth congressional district of Ohio, opposing proposed amendment No. 6741 to the immigration act of 1924, to reduce immigration from Mexico; to the Committee on Immigration and Naturalization.

583. By Mr. WYANT: Resolution of the board of directors of the United States Fisheries Association (Inc.), urging increased appropriation for the division of scientific inquiry of the Bureau of Fisheries; to the Committee on the Merchant Marine and Fisheries.

584. Also, resolution of the Chamber of Commerce of the City of Pittsburgh, Pa., against the Gooding bill (S. 575); to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, *February 5, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ernst	La Follette	Sackett
Bayard	Fernald	McKellar	Sheppard
Bingham	Ferris	McKinley	Shipstead
Blease	Fess	McLean	Shortridge
Borah	Fletcher	McMaster	Simmons
Bratton	Frazier	McNary	Smith
Brookhart	George	Mayfield	Smoot
Broussard	Gerry	Metcalf	Stanfield
Bruce	Gillett	Moses	Stephens
Butler	Glass	Norbeck	Swanson
Cameron	Goff	Norris	Trammell
Capper	Gooding	Nye	Tyson
Caraway	Hale	Oddie	Wadsworth
Copeland	Harreld	Overman	Walsh
Couzens	Harris	Pepper	Warren
Cummins	Heflin	Phipps	Watson
Dale	Howell	Pine	Weller
Deneen	Jones, Wash.	Ransdell	Wheeler
Dill	Kendrick	Reed, Pa.	Williams
Edge	Keyes	Robinson, Ark.	Willis
Edwards	King	Robinson, Ind.	

Mr. JONES of Washington. I wish to announce that the senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

Mr. WILLIS presented a memorial of sundry citizens of the State of Ohio, remonstrating against the acceptance by the United States of the proposed Italian debt-settlement agreement, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Dayton and vicinity, in the State of Ohio, praying for the passage of Senate bill 98, granting increased pensions to veterans of the war with Spain, the Philippine insurrection, and the Chinese relief expedition, and their widows, etc., which was referred to the Committee on Pensions.

Mr. McKINLEY presented resolutions adopted by the Board of Supervisors of Du Page County, Ill., favoring the making of payment to owners for cattle destroyed in connection with the eradication of bovine tuberculosis, which were referred to the Committee on Agriculture and Forestry.

MISSOURI PRODUCTS WEEK

Mr. WILLIAMS. I ask unanimous consent to have inserted in the RECORD a proclamation issued by the Governor of Missouri on the 30th of January.

The VICE PRESIDENT. Without objection, it is so ordered.

The proclamation is as follows:

PROCLAMATION—MISSOURI PRODUCTS WEEK

(By Governor Sam A. Baker)

Whereas the economic position that Missouri must occupy among the States of the Nation is dependent upon the quantity and quality of the products of the mines, the factories, and the farms of Missouri; and

Whereas the future welfare of Missouri is dependent upon Missouri's industrial expansion, in the further development of Missouri's natural resources, in the enlargement of factories, and in the fostering of a more effective agricultural program to meet the demands of an increasing population; and

Whereas Missouri is situated at the very axis of the United States with a land area of 43,985,280 acres, bordered and intersected by more than 900 miles water front of navigable streams, girded and crossed by railroad lines that connect the East with the West and the North with the South, and with a system of highways under construction that will connect all the areas of production with the State and National marketing centers, leading as never-failing arteries from civic centers into the Ozark Highlands, a favorite playground of America; and

Whereas Missouri, with 260,085 farms, standing first among all the States of the Nation, is fifth in agriculture, of which corn and wheat are staple crops; fourth in gross value of farm products; first in strawberries; first in quality of seed rice; third in mules; third in egg production; third in hogs; eighth in creamery butter; fifteenth in fruit production; and

Whereas it is a matter of record that Missouri has a greater variety of commercial minerals, such as zinc, lead, coal, iron, cobalt, barytes, marble, building stone, granite, clay, sand, gravel, nickel, copper, tungsten, manganese, and tripoli, than any other State east of the Rocky Mountains, yet is listed as ninth in the value of its mineral productions; and

Whereas Missouri, the geographical and agricultural center of the United States, being neither north nor south, is suitable for growing with profit any of the crops produced in the North or the South; and

Whereas Missouri now holds an enviable position for the marketing of grain products, is second in livestock marketing facilities, and has unparalleled opportunities for the conservation of water power which could be diverted to use by textile mills in the handling of Missouri wool and Missouri cotton and by factories in turning out a variety of finished products taken from the Missouri mines and produced on Missouri farms; and

Whereas Missouri ranks eleventh in total factory production; and

Whereas it has been suggested that the people of Missouri enroll as students in a state-wide resource study during the week of February 28 to March 6 to the end that special emphasis may be laid on Missouri's development possibilities;

Now, therefore, I, Sam A. Baker, Governor of Missouri, recommend that the week beginning February 28 and ending March 6, 1926, to be known as "Missouri products week," be devoted in some special manner in the press, in the schools, the churches, commercial, civic, and labor organizations, and industrial plants of this State, to the earnest inculcation of the sound virtues of further production of the mines, the factories, and the farms, and the home consumption of our State's products for the benefit of both capital and labor.

Given under my hand and the great seal of State at the capitol in Jefferson City this 30th day of January, in the year of our Lord one thousand nine hundred and twenty-six.

SAM A. BAKER, *Governor.*

Attest:

CHARLES U. BECKER,
Secretary of State.

REPORTS OF COMMITTEES

Mr. PHIPPS, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 2825) to grant the consent and approval of Congress to the South Platte River compact, reported it without amendment and submitted a report (No. 140) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 549) for the relief of John H. Walker (Rept. No. 141);

A bill (S. 553) for the relief of Fred V. Plomteaux (Rept. No. 142); and

A bill (S. 554) for the relief of Frank Grygla (Rept. No. 143).

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 37) for the relief of First Lieut. Harry L. Rogers, jr., reported it with an amendment and submitted a report (No. 144) thereon.

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 547) for the relief of James W. Laxson, reported it without amendment and submitted a report (No. 145) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WARREN:

A bill (S. 3009) for the adjustment of water-right charges on the Shoshone irrigation project, Wyoming, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. KING:

A bill (S. 3010) to amend the act of February 26, 1925 (chap. 343 of the statutes of the 68th Cong.), authorizing the construction of a bridge across the Colorado River near Lee Ferry, Ariz.; to the Committee on Indian Affairs.

By Mr. HEFLIN:

A bill (S. 3011) to amend the United States cotton futures act, as amended; to the Committee on Agriculture and Forestry.

By Mr. RANSDELL:

A bill (S. 3012) to change the name of "The Trustees of St. Joseph's Male Orphan Asylum" and amend the act incorporating the same; to the Committee on the District of Columbia.

By Mr. COPELAND:

A bill (S. 3013) for the relief of D. A. Neumann; and

A bill (S. 3014) to correct the naval record of John Lewis Burns; to the Committee on Naval Affairs.

By Mr. WILLIS:

A bill (S. 3015) for the relief of William J. Murphy; to the Committee on Claims.

A bill (S. 3016) granting an increase of pension to Julia A. Galbreath (with accompanying papers); to the Committee on Pensions.

A bill (S. 3017) for the relief of Edwin R. Samsey; and

A bill (S. 3018) for the relief of Ailing R. Maish; to the Committee on Military Affairs.

By Mr. HARRELD:

A bill (S. 3019) to reimburse certain fire-insurance companies the amounts paid by them for property destroyed by fire in suppressing bubonic plague in the Territory of Hawaii in the years 1899 and 1900; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 3020) providing that funds appropriated for the care and relief of Indians of California under the direction of the Secretary of the Interior shall be expended through certain public agencies of the State of California; to the Committee on Indian Affairs.

By Mr. SHIPSTEAD:

A bill (S. 3021) to renew and extend certain letters patent; to the Committee on Patents.

By Mr. HEFLIN:

A joint resolution (S. J. Res. 49) to provide for a monument to Maj. Gen. William Crawford Gorgas, late Surgeon General of the United States Army; to the Committee on the Library.

By Mr. SHIPSTEAD:

A joint resolution (S. J. Res. 50) requesting the President of the United States to invite foreign governments to participate in the Seventh International Dental Congress, to be held at Philadelphia, Pa., August 23 to 28, 1926, in conjunction with the Sesquicentennial Celebration of American Independence; to the Committee on Foreign Relations.

AMENDMENTS TO TAX REDUCTION BILL

Mr. NORRIS, Mr. McKELLAR, and Mr. SMITH each submitted an amendment and Mr. HOWELL submitted two amendments intended to be proposed by them to House bill 1, the tax reduction bill, which were severally ordered to lie on the table and to be printed.

AMENDMENT TO URGENT DEFICIENCY APPROPRIATION BILL

Mr. HALE submitted an amendment intended to be proposed by him to House bill 8722, the urgent deficiency appropriation bill, 1926, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place insert the following:

"To enable the Secretary of War to fill in and raise to grade such portion of the United States military reservation, Fort De Russey, Honolulu, Hawaii, as is low, marshy, or insanitary, in accordance with the provisions of the act approved March 4, 1923 (42 Stat. L. 1445), entitled 'An act to provide for the reclamation of said reservation, $100,000.'"

AMENDMENT TO AGRICULTURAL APPROPRIATION BILL

Mr. McNARY submitted an amendment intended to be proposed by him to House bill 8264, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 39, line 11, strike out "$426,900" and insert in lieu thereof "$456,900," and in line 19 on the same page, after "forests," insert a colon and the following: "*Provided further*, That not to exceed $30,000 may be expended for digging wells and otherwise developing stock-watering places in the Modoc National Forest."

INVESTIGATION AS TO JUTE, HEMP, YARNS, AND CORDAGE

Mr. FRAZIER submitted the following resolution (S. Res. 139), which was referred to the Committee on Finance:

Resolved, That the United States Tariff Commission be, and it is hereby, directed to investigate the cost of production, capitalization, efficiency, business methods, and profits or losses of corporations manufacturing jute yarns or rovings, twist, twine and cordage, yarns made of flax, sisal, hemp, or ramie, or a mixture of any of them, provided for in paragraphs 1003 and 1004 of the tariff act of 1922, and to report its findings to the Senate not later than May 31, 1926.

ALICE B. WELCH

Mr. JONES of Washington submitted the following resolution (S. Res. 140), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay out of the miscellaneous items of the contingent fund of the Senate, fiscal year 1925, to Alice B. Welch, widow of John W. Welch, late the chief clerk in the office of the Architect of the Capitol, one year's salary at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, in which it requested the concurrence of the Senate.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I send to the desk a series of resolutions passed by the Community League of Mapleton Park, N. Y., and I ask that they be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

MAPLETON COMMUNITY LEAGUE (INC.),
Mapleton Park, Brooklyn, N. Y.

At a regular meeting of the Mapleton Community League (Inc.), held Monday, February 1, 1926, the following resolution was unanimously adopted:

"Whereas the present coal strike has created a deplorable condition in the Borough of Brooklyn, county of Kings, State of New York, which has already affected, and which may hereafter continue to seriously affect a vast number of families, the members of which are suffering intensely; and

"Whereas the Mapleton Community League (Inc.), is of the opinion that it is a civic duty to take a firm stand in order that such condition may be terminated: Now, for the purpose of effecting such result, be it

"*Resolved*, That this organization go on record as favoring some immediate action on the part of his Excellency the Hon. Calvin Coolidge, President of the United States, and on the part of the Hons. ROYAL S. COPELAND and JAMES W. WADSWORTH, Senators from the State of New York, in order that there be a peaceful settlement of the coal strike and the return to normal deliveries; be it further

"*Resolved*, That in the opinion of this organization a firm stand should be taken, and if necessary there should be a return to the 'big stick' policy; and be it further

"*Resolved*, That copies of this resolution be transmitted to the Hon. Calvin Coolidge, President of the United States, the Hons. ROYAL S. COPELAND and JAMES W. WADSWORTH, Senators from the State of New York, and to the press."

MELVIN D. PATRON, *President*.

HEARINGS BEFORE THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. FESS. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably two resolutions introduced by the Senator from Kansas [Mr. CAPPER], the one authorizing in a formal way the Committee on the District of Columbia to hold hearings, employ a stenographer, and so forth, and the other authorizing the same committee to investigate the coal situation in the District of Columbia. I ask for the immediate consideration of the resolutions.

Mr. SMOOT. Are the resolutions going to lead to any discussion? If they do, I hope the Senator will withdraw them.

Mr. FESS. I do not believe they will lead to any discussion. If so, I shall let them go over.

Mr. JONES of Washington. Neither of the resolutions provides for permanent extra clerks, I understand?

Mr. FESS. No.

The VICE PRESIDENT. Without objection the resolutions will be received.

The resolution (S. Res. 136) submitted by Mr. CAPPER on the 3d instant, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized during the Sixty-ninth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INVESTIGATION OF COAL SITUATION IN DISTRICT OF COLUMBIA

Mr. FESS. From the same committee I report back favorably with an amendment the resolution (S. Res. 137) submitted by Mr. CAPPER on the 3d instant, and I ask unanimous consent for its present consideration.

Mr. BORAH. Let the resolution be reported.

The VICE PRESIDENT. The Clerk will read the resolution.

The CHIEF CLERK. The resolution is reported with an amendment, on page 1, line 3, to strike out the word "all" before the word "conditions," so as to read:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized to investigate conditions and matters relating to the coal situation in said District, including the prices paid for coal and substitutes therefor by dealers in fuel in the District, cost of fuel at points of origin, transportation costs and rates, drayage and all other expenses of delivery to the ultimate consumer, and prices charged by said dealers for fuel in the District of Columbia. For these purposes said committee, or any subcommittee thereof, may in their discretion employ such accountants and auditors as shall be necessary for examining and auditing books, accounts, and records of such dealers aforesaid, all costs of such investigation to be paid out of the contingent fund of the Senate.

Mr. REED of Pennsylvania. Mr. President, does that include both bituminous and anthracite coal?

Mr. FESS. It does.

Mr. REED of Pennsylvania. I would only suggest that the same thing has been done with respect to anthracite by the coal commission at a very heavy expense.

Mr. FESS. The committee has been proceeding with the investigation and the usual formal resolution giving them authority to hold hearings had not yet been adopted. That has just been acted upon, and the resolution now under consideration simply gives the committee authority to investigate the coal situation in the District of Columbia. The Senator from Kansas will explain the purport of it. If it leads to any discussion, I will withdraw it.

Mr. REED of Pennsylvania. I do not want to have it withdrawn. I am very much in favor of it. I think it is an excellent thing to do. I was only going to suggest that the terms of the resolution are broad enough to include a reexamination of all that the coal commission went into. They had detailed reports from every separate coal company and published them, and we do not want to duplicate that work. If the resolution involves an investigation of the cost of bituminous coal at the mines or at the dealers' yards or anywhere else, then I think it is a fine thing, and I hope the Senate will agree to it.

Mr. WARREN. Mr. President, I want to ask the Senator from Kansas a question. I notice that this is rather a comprehensive resolution and provides for the employment of accountants, experts, and so forth, and to pay them from the contingent fund of the Senate. It seems to me the subject is comprehensive enough to justify a joint investigation in which both the House and the Senate should participate, and then the funds for the expenses would come from both sources, and a concurrent resolution for the payment of such expenses could pass in the regular way.

I make this suggestion because we have to appropriate sooner or later to make up the contingent fund of the Senate, and those appropriations are becoming very large. Some of the investigation committees of late have been provided with attorneys at $50 to $100 a day for months at a time, and accountants and experts at nearly the same figure. It occurs to me that resolutions which open up the way for such large expenses ought to be passed in a regular way through both Houses, by bill or joint or concurrent resolution, and not merely through one body by itself, where little attention is given by anyone except the mover of the resolution. I ask whether there are to be any extensive appropriations of that kind necessary?

Mr. OVERMAN. Mr. President, I think we ought to let the resolution go over. It is a resolution providing for the employment of counsel and experts of various kinds and ought to receive some consideration.

Mr. CAPPER. There will not be any considerable expenses in this matter. The fact is I have had a conference with the Comptroller General, Mr. McCarl.

Mr. OVERMAN. I withdraw my objection.

Mr. CAPPER. Mr. McCarl tells me that he will provide us with two or three auditors, who in less than a week will obtain all the information we desire.

Mr. WARREN. The Senator from Kansas will see that the expenses are kept at a minimum?

Mr. CAPPER. I do not think there will be any expense at all.

Mr. BORAH. Mr. President, may I ask what is the object and purpose of this investigation? What is it proposed to do after the committee shall have obtained the facts?

Mr. CAPPER. Mr. President, there has been widespread complaint in the city of Washington as to charges which have been made for coal. I have received more than a hundred letters from consumers of coal complaining that they are being charged excessive prices. The Committee on the District of Columbia has had several meetings. The coal dealers seem to welcome an examination of their books; in fact, they invite it.

Mr. BORAH. I should think they would, because probably no attention would be paid to the matter after the work had been done.

Mr. CAPPER. Just what action the Committee on the District of Columbia might suggest when they obtain the information I do not know, but all we want is the facts as to the cost of coal that is coming into the city of Washington and the prices that are being charged the consumers of coal in Washington. It is not a big matter at all; that is, so far as the cost and time are concerned.

Mr. BORAH. Mr. President, there is not any doubt in anybody's mind about the prices which are being paid for coal and about the profiteering which is going on by reason of the coal-strike situation; but, as has been suggested here by the Senator from Pennsylvania [Mr. REED], we had a very expensive investigation of the subject a year or two ago, and, of course, the testimony then obtained has been thrown into the archives, and there it is. Neither the consumers of coal nor anyone else got any benefit, and I suspect there will be no benefit whatever derived from this investigation. If, however, it is not going to cost much, we might as well be whiling away our time in that manner as in any other; but if it is going to be very costly, it will be just that much more money thrown away.

Mr. CAPPER. I do not believe there will be any cost at all in this hearing, and we are not going to duplicate the work which has heretofore been done by anyone else.

Mr. COPELAND. Mr. President, I hope this resolution will be agreed to. The committee has in mind the employment of a few men for merely a few days to bring out the facts. If I can not get relief for my city, I want to vote to give some relief to the people of Washington. The action proposed may result in some benefit to the people here, and I hope the resolution will be adopted.

Mr. HOWELL. Mr. President——

Mr. FESS. Mr. President, I promised to withdraw the resolution in case it led to any discussion, and, therefore, I think it had better go over.

Mr. HOWELL. Mr. President, I believe I have the floor.

I am in sympathy with an investigation into coal prices, because there can be no question that there has been profiteering as a result of the existing coal strike and that such profiteering is seriously affecting the price that is being paid for coal by the people in the District of Columbia. The purpose of the proposed resolution is to correct this situation, but unfortunately the investigation may take so long a period of time that before its conclusion the coal strike may be over and high prices may have been paid continuously, notwithstanding the proposed investigation.

There is a practical method of meeting this situation and meeting it at once. It is not an untried method. We have a Government fuel yard here in the District of Columbia. That Government fuel yard can be directed to supply coal to consumers within the District at the cost of the fuel, plus the cost of handling. It can be done at once, and almost instantly profiteering in coal will cease in the District of Columbia. It may not be necessary for the Government fuel yard to proceed, at least for any length of time, with the sale of coal. That has been often the experience wherever this plan has been adopted. It has been tried and has been effective in the

city of Omaha, Nebr., not only with respect to coal but with respect to ice. It has been tried also in the city of Lincoln, Nebr., and it has been tried elsewhere in this country. It is a method involving the proposition of public competition, an ultimate reserve power that can be invoked for the protection of the public. I am not in favor of the public operation of fuel yards as a matter of general policy, but I am in favor of public competition in emergencies, as a means to an end; and it is an effective means.

I have submitted to the Senate a resolution directing the Committee on the District of Columbia to prepare and report a bill providing for this procedure, and I am merely awaiting the opportunity of a morning hour to call up that resolution for consideration. In fact, I would call it up now were I not confident that a discussion of the resolution would be objected to at the present time. The method to which I refer, if adopted, will stop the profiteering promptly. Any other course will continue this profiteering until possibly the emergency shall have passed.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee striking out the word "all" before the word "conditions."

The amendment was agreed to.

The resolution as amended was agreed to.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I am very glad to see the change of heart across the aisle. This strikes me as a favorable time to ask unanimous consent to bring up Senate Resolution No. 43, which is on the table.

Mr. SMOOT. Mr. President, the Senator from Pennsylvania [Mr. REED] is out of the Chamber, and I hope the Senator from New York will not make that request at this time.

Mr. COPELAND. Of course, Mr. President, I assumed some Senator across the aisle, some Republican, would object to the consideration of the resolution.

Mr. SMOOT. I would have to object to anything which might be called up which would lead to any debate while the tax reduction bill is pending, and I think that the resolution of the Senator from New York would lead to debate. I say that with all due deference to the feelings of the Senator from New York.

Mr. COPELAND. I am very much obliged to the Senator from Utah for his kind words. He need not worry any about the feelings of the Senator from New York. The Senator from New York is conscious that he is trying to do something for the suffering people in his State. I think this morning, Mr. President, the Senators from New England might join me in this matter. I notice the distinguished chairman of the Republican National Committee is in the Chamber. New England is snow-bound, as New York is snow-bound and New Jersey is snow-bound. There will be no coal moved anywhere in those sections of the country for several days; and this is the time when the Republicans from those sections, highly favored by the legislation passed by the Senate from time to time, might join in passing some legislation which has to do with the interests of humanity.

So, Mr. President, I hope that the Senator from Utah, who is noted for his kindness of heart, will withdraw his objection and let us have immediate consideration of this resolution asking the President to invite the operators and the miners to the White House in order that there may be a conference. I have no doubt that out of such conference would come a settlement of the strike, as happened when other distinguished men occupied the Presidency. I remember that when Mr. Roosevelt was President of the United States and Mr. Harding was President, each of those good men had but to invite the persons involved in coal strikes to the White House and in a day's time the strike was settled. I hope the Senator from Utah will withdraw his objection and let us have action, because I know the Senator from Massachusetts [Mr. BUTLER] is anxious this morning to cooperate in this movement.

Mr. SMOOT. I will say again, Mr. President, the Senator from Pennsylvania, who objected to the resolution on a previous occasion, is out of the Chamber on business of the committee, and I can not allow the resolution to be acted upon at this time in his absence. I ask the Senator from New York now to let us proceed with the consideration of the revenue bill.

Mr. COPELAND. Mr. President, the Senator from Pennsylvania certainly should be the first to desire this matter adjusted.

Mr. SMOOT. That may be; I am not going to discuss whether that is the case or not; but I want to proceed with the revenue bill and get it out of the way.

Mr. COPELAND. Mr. President, two years ago when I sought to have incorporated in the revenue bill an amendment seeking to grant an exemption for losses incurred by reason of illness I was told that my amendment was out of order. When I inquired why I was told, "because the purpose of government is to protect property." Mr. President, with all the strength of my body and soul I dispute that. The purpose of government is to serve humanity; it is the purpose of government to do for the citizen what he can not do for himself.

Mr. President, if the distinguished administration Senator from Utah feels that this property matter can not wait 10 minutes in order that the cause of humanity may be served I must submit, of couse, because under the rules I can get no further if he presses the objection. I think, however, I see in his face that he is yielding a little and that he does not intend to press the objection.

Mr. SMOOT. I intend to press it, Mr. President.

Mr. COPELAND. Then, Mr. President, there is nothing for me to do but to subside, knowing that the Republicans continue to be unwilling to do for those who are suffering from cold as the result of a strike which the President of the United States could settle in two hours if he would set himself to it.

Mr. EDWARDS. Mr. President, I have no intention to delay or try to delay the passage of the tax bill by the Senate, but I think the most important question before the United States to-day is the coal situation. I wish Members of this body could see the coal situation as it affects my State of New Jersey through the eyes of suffering residents of my State. I came from New York last night. It is snow-bound. There is a lack of fuel in many homes; the schools are closed on account of the inability to get coal. In many places coal can not be obtained at all; it can not be bought. On Long Island, within 10 miles of New York City, coal is bringing from $34 to $35 a ton and can hardly be obtained at that price.

Mr. WILLIAMS. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Missouri?

Mr. EDWARDS. I yield.

Mr. WILLIAMS. Will the Senator please tell us what piece of legislation is pending here with relation to the coal strike?

Mr. EDWARDS. I do not know, but I know that something can be done and I know that it will not do any harm to adopt the resolution of the Senator from New York. President Roosevelt took action on the occasion of a previous strike; President Harding also acted, and President Coolidge can and must do it.

Mr. HEFLIN. Mr. President, I want to say to the Senator from New Jersey that during the Wilson administration when there was a terrible coal strike in the mines of West Virginia, and a good many people were killed, a committee of the Senate, headed by the Senator from Virginia [Mr. SWANSON] and of which, according to my recollection the Senator from Idaho [Mr. BORAH] was a member, went there and brought about a settlement. The differences were settled between the operators and the miners; work went on, and we have not heard any more from it since.

Mr. COPELAND. Mr. President, I move that the tax bill be set aside temporarily in order that we may give some thought to the coal situation.

Mr. SMOOT. Mr. President, I do not think the Senator wants to put his motion in that form.

The VICE PRESIDENT. The proper motion would be to move to take up whatever subject the Senator desires.

Mr. COPELAND. Very well, Mr. President. I move that the Senate proceed to the consideration of Senate Joint Resolution 43, requesting the President to take steps to bring about an immediate resumption of anthracite coal mining; and on that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. I shall have to observe that pair for the present.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. I understand that if present he would vote as I shall, and therefore I feel at liberty to vote. I vote "nay."

Mr. WADSWORTH (when his name was called). I have a pair with the senior Senator from West Virginia [Mr. NEELY]. I transfer that pair to the junior Senator from Colorado [Mr. MEANS] and will vote. I vote "nay."

The roll call was concluded.

Mr. REED of Pennsylvania (after having voted in the negative). I have a general pair with the senior Senator from Delaware [Mr. BAYARD], and I am not sure how he would vote. As I can not obtain a transfer, I withdraw my vote.

Mr. MCKELLAR. I desire to announce that the senior Senator from West Virginia [Mr. NEELY] is unavoidably absent on business. If he were present, he would vote "yea."

Mr. JONES of Washington. I desire to announce that the Senator from Vermont [Mr. GREENE] and the Senator from South Dakota [Mr. MCMASTER] are paired for the day and are necessarily absent.

The senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. He has a general pair with the senior Senator from Missouri [Mr. REED], who is also necessarily absent.

The senior Senator from California [Mr. JOHNSON] is also necessarily absent.

Mr. MCLEAN (after having voted in the negative). Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. He has not.

Mr. MCLEAN. I have a general pair with that Senator. In his absence, I withdraw my vote.

Mr. FERNALD. As I stated, I have a general pair with the senior Senator from New Mexico [Mr. JONES]. I find that I can transfer that pair to the senior Senator from Oregon [Mr. MCNARY]. I do so and vote "nay."

Mr. ASHURST. I have a general pair with the junior Senator from Minnesota [Mr. SCHALL]. Being unable to secure a transfer at this moment, and not knowing how that Senator would vote, I refrain from voting.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a pair with the Senator from California [Mr. JOHNSON]. I transfer that pair to the Senator from Alabama [Mr. UNDERWOOD] and will let my vote stand.

Mr. REED of Pennsylvania. I find that I am able to transfer my pair to the junior Senator from Delaware [Mr. DU PONT]. Therefore I will allow my vote in the negative to stand.

The result was announced—yeas 29, nays 47, as follows:

YEAS—29

Blease	Edwards	La Follette	Smith
Brookhart	Ferris	McKellar	Trammell
Broussard	Frazier	Mayfield	Tyson
Bruce	George	Norris	Walsh
Caraway	Harris	Nye	Wheeler
Copeland	Heflin	Overman	
Couzens	Howell	Sheppard	
Dill	Kendrick	Shipstead	

NAYS—47

Bingham	Fess	Moses	Simmons
Borah	Fletcher	Norbeck	Smoot
Bratton	Gillett	Oddie	Stanfield
Butler	Goff	Pepper	Stephens
Cameron	Gooding	Phipps	Swanson
Capper	Hale	Pine	Wadsworth
Cummins	Harreld	Ransdell	Warren
Dale	Jones, Wash.	Reed, Pa.	Watson
Deneen	Keyes	Robinson, Ark.	Weller
Edge	King	Robinson, Ind.	Williams
Ernst	McKinley	Sackett	Willis
Fernald	Metcalf	Shortridge	

NOT VOTING—20

Ashurst	Glass	Lenroot	Neely
Bayard	Greene	McLean	Pittman
Curtis	Harrison	McMaster	Reed, Mo.
du Pont	Johnson	McNary	Schall
Gerry	Jones, N. Mex.	Means	Underwood

So Mr. COPELAND'S motion was rejected.

Mr. COPELAND. Mr. President, I desire to say that I shall renew my effort at the earliest possible moment. I can not believe it possible that by so overwhelming a sentiment the Senate is opposed to a discussion of how relief may be afforded in this coal crisis.

I shall take it for granted that their anxiety to pass the tax bill has influenced some Members to vote against my motion who otherwise would be glad to do something in this particular matter. At least, however, the vote indicates to the country and to the suffering people in the northeast that up to this time there is no desire apparent in the action of the Senate to give relief to the suffering, which is going on at this moment in every part of that section of the country. I want the Senate to know that, so far as I am concerned, I am going to do everything I can each day to try to bring relief in this situation.

Mr. KENDRICK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. KENDRICK. I desire to ask the Senator from New York if he believes that the discussion of his joint resolution would require more than perhaps a half-hour of time?

Mr. COPELAND. Mr. President, I know the heart of the Senator from Wyoming, and I know that he is genuinely interested in bringing about some relief. I want to state for myself that I do not want to take any action or attempt any movement here which will delay the passage of the tax bill. I am in favor of the tax bill, and I want it passed; but it would not hurt us a bit to turn aside for half an hour to give consideration to this other matter, which has to do with the lives of the people.

Mr. SIMMONS. Mr. President, may I ask the Senator from New York a question?

Mr. COPELAND. I yield to the Senator.

Mr. SIMMONS. Would the Senator be willing, in case the chairman of the committee would consent to it, to have the tax bill laid aside for 25 or 30 minutes, which I think the Senator indicated would be sufficient time within which to get action?

Mr. COPELAND. Of course, Mr. President.

Mr. SIMMONS. The Senator's motion was to displace the tax bill as the unfinished business of the Senate and substitute the joint resolution dealing with the coal situation.

Mr. COPELAND. Yes.

Mr. SIMMONS. If the Senator will pardon me, I do not think one Senator is any more concerned than another about the distressful conditions that the Senator from New York refers to, growing out of the coal strike; especially the situation in the eastern section of the country. We are all, I think, in sympathy with what the Senator from New York desires to do. I have my doubts about whether his resolution is going to accomplish very much in that direction; but, however that may be, we are all anxious that something should be done along this line. The trouble is that we are now considering a bill which the country regards as an emergency measure, and unless that bill is enacted into law within a certain limit of time, the probabilities are that it will not become law in time to give the taxpayers the benefit of it upon their incomes of 1925.

In that situation the Senator moves to displace that emergency measure, about which so much haste is necessary, with this other measure. I am anxious that the Senator's resolution shall have consideration. It will get consideration speedily, I take it, whether it gets it this morning or not. Therefore, I make the suggestion to the Senator that if he really believes he can get this matter acted upon within 25 or 30 minutes, if he would ask the chairman of the Committee on Finance to lay aside temporarily the tax bill and give the Senator from New York 30 minutes in which to get action upon his resolution, the Senator from Utah would probably agree. I have not talked with him, and I do not know what his disposition is, but I think he would agree.

Mr. SMOOT. Mr. President, I do not believe it can be done in 30 minutes. The quickest way to get action on the Senator's resolution is to pass the tax bill. I do not know how much longer that is going to take.

Mr. SIMMONS. Let me appeal to the Senator from Utah. Whether the Senator from New York can get his resolution acted on in that time or not, he thinks he can, and I think it is probable that he will be able to get action on it within that time. Under the circumstances, the Senator from Utah ought to give him that length of time.

Mr. BORAH and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, the Senator from New York is deeply interested in the subject concerning which his resolution has been introduced. I voted against taking up the resolution, not because I have any deep anxiety for the speedy passage of this tax bill, for unless some changes are made in it I shall find it difficult to vote for it. But I feel that we can not deal with the coal question so as to favor those whom the Senator from New York desires to favor, and benefit those who are entitled to be benefited, by the passing of this resolution. I am perfectly satisfied that it would have no effect whatever, and I feel that when we take up the question of dealing with the coal problem we must take it up in a different way, by passing a bill which will give some power, not only to the President, but perhaps to the Interstate Commerce Commission, or some other body, to deal with the subject matter.

We have been investigating the coal question, and passing resolutions with reference to the coal question, for 18 years, to my personal knowledge, but we have not controlled in the slightest the situation when an emergency like the present arises. Unless the Congress of the United States is willing to take up this subject and make the production and the distribution of coal a matter of public service, and impress it with public concern, and legislate as to it upon that basis, we are not going to help those whom the Senator from New York very

much desires to help. It was for that reason that I voted against his motion, and I see no possible chance to help in the situation by merely passing his resolution.

Mr. COPELAND. Mr. President, did I not move that Senate Resolution 43 be acted upon?

The VICE PRESIDENT. The motion was that the Senate proceed to the consideration of Senate Joint Resolution 43.

Mr. COPELAND. Then I say to the Senator from Idaho that Senate Joint Resolution 43, which we voted upon and which was voted down, is the emergency clause of the Oddie bill, which proposes to do exactly what the Senator from Idaho has in mind, namely, in an emergency to give full effect to the act of September 22, 1922, to provide for the appointment of a Federal fuel distributor and to require the Interstate Commerce Commission to go forward in the matter.

I believe, however, that the disposition of the Senate is such that it is useless to attempt to go into any extended debate on the subject at this time. In harmony with what the Senator from North Carolina has suggested, I move that the Senate proceed for 40 minutes to a consideration of what may be done in this emergency to bring relief to the country.

Mr. SMOOT. Mr. President, that could only be done by unanimous consent, and it would be a waste of time. I agree with the Senator from Idaho [Mr. BORAH], and I am perfectly willing, just as soon as the tax bill is out of the way, to take up legislation on this subject matter and handle it in the proper way. I must object.

Mr. SIMMONS. Let me suggest to the Senator from Utah that he will waste more time by objecting to the consideration of the coal situation than he will make by it.

Mr. SMOOT. That may be, but it was reported to me last night that the Senator from New York was going to filibuster on this every day.

Mr. COPELAND. Mr. President, I resent what the Senator from Utah says. I am not filibustering against the tax bill. The Senator from Utah knows that I am in favor of the tax bill. When a man rises in the Senate to seek to do something for people who are cold and shivering, who have wet feet and no place to dry them, I want the Senator from Utah to understand that that is not a filibuster, as I understand the word.

Mr. SMITH. Mr. President, would it be possible for us to get unanimous consent that we just vote on this proposition?

Mr. ASHURST. Without debate?

Mr. SMITH. Without debate, to vote on the proposition.

Mr. SMOOT. What resolution does the Senator now propose to bring before the Senate?

Mr. COPELAND. If we are going to do as the Senator from South Carolina suggests, let us take up the simple resolution which I introduced a day or two ago requesting the President to invite to the White House the committee of operators and miners with a view to impressing upon them the national necessity for settling the strike.

Mr. HEFLIN. Let us vote on it.

Mr. SMITH. Why could we not have unanimous consent that we just vote on the proposition? Each man could express his views in his vote.

Mr. BORAH. What resolution is it about which the Senator is now talking?

Mr. COPELAND. Mr. President, I ask unanimous consent that we set aside the tax bill long enough to vote upon Senate Resolution 134, which reads:

Resolved, That the President be requested to invite to the White House the committee of operators and miners in order that he may urge upon them the national importance of an immediate settlement of the anthracite coal strike.

Mr. REED of Pennsylvania. I object.

Mr. SHORTRIDGE. I object to that.

The VICE PRESIDENT. Objection is made. The Senate resumes the consideration of the tax reduction bill.

Mr. KENDRICK subsequently said: Mr. President, I wish to say just a word about the vote I cast this morning on the motion submitted by the Senator from New York [Mr. COPELAND]. In making this statement I desire to point out the fact that since the tax bill has been under consideration I have indicated not only a willingness but an anxiety to do everything I could to promote action on that bill. As I recall, I have answered every telephone call in order to keep a quorum, and I have gone further and voted for practically all, if not all, recommendations of the committee. I have not always agreed with the conclusions of the committee. As an illustration, I have been called upon to vote on every tax bill brought before the Senate since the beginning of the World War, and the records will show that I voted for every increase in surtaxes that has been proposed. In the consideration of the pending bill I voted for lower surtaxes than I believe are consistent and wise. I did so on the recommendation of the committee and on the assertion of the Treasury that the lower tax rates yield a larger return to the Government than the higher rates. My understanding is that this condition is not brought about by a violation of the law on the part of taxpayers, but that because of the high rates the taxpayers simply exercise their right to avoid the payment, under the law, by investing their funds in such enterprises as return a surer though smaller income. They make the sacrifice, in other words, before rather than after the return.

I make this statement in connection with the tax bill in order to refer to the vote on the coal-strike resolution. Many times in my experience I have listened to the criticisms of the Congress, and especially of the Senate, and at times have been led to wonder why the country has so often been prompted to criticize us. I believe that if one were looking for an answer to that question, the action of the Senate this morning on the motion made by the Senator from New York would present as striking a reason why the country criticizes Congress without reservation as can be found in all the records of the United States Senate.

Without any regard to what Senators may think about it, on this, the 5th day of February, 1926, the Senate of the United States has suggested by a yea-and-nay vote that it is more concerned in reducing the taxes on people who have incomes in excess of $3,500 than it is in relieving the real distress of a multitude of people who are practically without incomes and who are suffering and perhaps even freezing to death for the want of fuel. That is the record, and there is no getting away from it.

I for one consider it all the more unfortunate, because I do not believe that represents the sentiment of the men whom I know in the United States Senate.

I believe we all agree that the wording of the motion was unfortunate. I believe that Senators who voted on the motion were more or less misinformed. I believe also that if the Senator from New York had moved to temporarily lay aside the business before the Senate and proceed to the consideration of his resolution for not more than 40 minutes the Senate would have sustained him. I like to believe that it would have done so, because of the unfortunate effect of this particular action on the country.

Mr. President, I insist, after hearing nearly all of the debate on the proposed coal resolution, that it is something more than a gesture.

There is a real and tragic situation resulting directly from this unfortunate coal strike. I believe it is a fact that there is real distress and suffering on the part of a multitude of people who are unable to protect themselves against the situation. I do not believe this resolution is necessarily a political one. Certainly it is a well-known fact that it is in line with well-established precedents, and, what is more, the action establishing those precedents brought definite results in the settlement of controversies which made them necessary. I, for one, am impelled to believe that if the resolution were passed by the Senate and were sent to the President of the United States he would promptly take action on it, because of this unmistakable evidence that both the Congress and the country would sustain him in such action. And in spite of the apparently arbitrary attitude of the operators, I do not believe they could withstand an insistent demand from the President to lend themselves whole-heartedly toward settlement of the strike.

Believing that way, Mr. President, I hope that when the Senate convenes again to-morrow morning the Senator from New York will again offer his resolution in a modified form, and I hope the Senate will then entirely reverse its action of to-day.

Mr. BRUCE. Mr. President, I want to add my voice to the voice of the Senator from Wyoming [Mr. KENDRICK]. I am very much in the same situation as the Senator from Wyoming. If there has been in this body a more consistent supporter of the Mellon system of taxation, both at the last session of Congress and this session, than myself I do not know who it is. No Senator, not even the Senator from Utah [Mr. SMOOT], is more desirous than I am that the passage of the pending tax bill should be accelerated. But, now that the Senator from New York is prepared to give assurance that he will not ask more than half an hour of time of the Senate for the consideration of his resolution, I do think that the indulgence for which he asks might be accorded to him. Certainly the situation in Pennsylvania is acrid to the very last degree, and it bears, because of special circumstances, with peculiar hardship upon the people of the cities of New York and their business.

The only effective mediation in strikes in this country, after all, has been the mediation of the President of the United States, and it might well be that the President would accept the suggestion of the resolution and take some steps to bring the present anthracite strike to an end. I have seen more time wasted in this body in deprecating delay in regard to some pending measure than the time that would be actually consumed by the discussion of the measure itself. Under the circumstances, I trust that I may be permitted to say that I hope that the resolution will be taken up to-morrow by the Senate, with the understanding that no more than half an hour of discussion is to be given to it, and after that we could resume consideration of the tax bill. Then, so far as I know, there will be nothing to retard the continued consideration of the latter.

Mr. COPELAND. Mr. President, I am very much obliged to Senators. I fear that some Senators, perhaps, misunderstand my efforts. I noticed a dispatch from a staff correspondent of the New York Evening Post saying that "the efforts of New York Democrats to embarrass the President in the coal problem came to naught to-day."

I want to say that I have no desire to embarrass the President of the United States. No New York Democrats have this desire. We have only one desire and that is that coal may be supplied so that the poor of the country can have warmth.

In view of what the Senator from Wyoming [Mr. KENDRICK] and the Senator from Maryland [Mr. BRUCE] have said, I give notice that to-morrow morning, when the Senate convenes, I shall ask for half an hour in order that the Senate may consider the resolution which I have presented. I am not asking for half an hour to be consumed by myself. I am asking that half an hour of the time of the Senate may be given to the consideration of the resolution.

Mr. HEFLIN. And at the expiration of that time vote on it?

Mr. COPELAND. Yes; at the expiration of the time take a vote on the resolution.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. NORRIS. I send to the desk an amendment to the pending bill, which I ask may be printed and lie on the table.

The VICE PRESIDENT. That order will be made.

Mr. McKELLAR. I send to the desk an amendment, which I ask to have printed and lie on the table.

The VICE PRESIDENT. That order will be made.

The question is upon agreeing to the amendment proposed by the Senator from Nebraska [Mr. NORRIS].

Mr. KING. Let the amendment be reported.

The CHIEF CLERK. On page 113, line 1, strike out all after the word "records" down to and including the word "President" in line 5, and in lieu thereof insert: "and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally," so as to read:

> Returns upon which the tax has been determined by the commissioner shall constitute public records, and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally.

Mr. COUZENS. Mr. President, so that we may have some continuity in discussing this subject, the consideration of which was interrupted when a recess was taken last night, I desire to point out the specific difference between the bill as reported out by the Finance Committee of the Senate and the act that is now in force.

For the benefit of Senators, I may say that they will find on page 230 of the comparative print section (b), line 17, the act as it now is on the statute books, reading as follows:

> (b) The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district, together with the amount of the income tax paid by such person.

That provision of the statute has obviously been of no benefit, but rather has been a detriment, to the proper administration of the income tax law. The House proposed to repeal that provision of the law, and when they sent the bill to the Senate they had reinserted the provisions of law as they appeared prior to the enactment of the act of 1924.

The law prior to the act of 1924, which the amendment under discussion proposes to amend, provided, as will be found on page 112 of the committee print, as follows:

> Returns upon which the tax has been determined by the commissioner shall constitute public records; but, except as hereinafter provided in this section and section 1203, they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President.

Subdivision (b), found on page 113, provides:

> (b) (1) The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return.

Subsection 2 of subdivision (b) provides:

> (2) Any such committee shall have the right, acting directly as a committee or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.

Subsection 3 provides:

> (3) Any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and the House, as the case may be.

Subdivision (c) provides:

> (c) The proper officers of any State may, upon the request of the governor thereof, have access to the returns of any corporation, or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe.

Subdivision (d) provides:

> (d) All bona fide shareholders of record owning 1 per cent or more of the outstanding stock of any corporation shall, upon making request of the commissioner, be allowed to examine the annual income returns of such corporation and of its subsidiaries. Any shareholder who pursuant to the provisions of this section is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding one year, or both.

Subdivision (e) of section 257 provides:

> (e) The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district.

The amendment which is under discussion proposes, on page 113, line 1, to strike out all after the word "records" down to and including the word "President," in line 5 on said page, and in lieu thereof insert the following:

> and shall be open to examination and inspection as other public records, under the same rules and regulations that may govern the examination of public documents generally.

It will be seen that the proposed amendment provides substantially to cut out subsections (c), (d), and (e) thereof. The proposed amendment would repeal all of that section and all of those requirements dealing with the accessibility of records by the Ways and Means Committee of the House and the Finance Committee of the Senate. There would be no necessity for any such provision in the law.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Michigan yield to the Senator from California?

Mr. COUZENS. Certainly.

Mr. SHORTRIDGE. Does not the Senator think that those provisions in respect to the Ways and Means Committee of the House and the Finance Committee of the Senate are very important and would be helpful to the several committees and to the two Houses?

Mr. COUZENS. They certainly would if the bill is passed in the form in which it came from the Finance Committee, but it is absolutely unnecessary if the amendment under discussion is adopted, because the committee can get the information

without a statute. It is absolutely unnecessary to have the provision because we can obtain the information without any provision of law. It would also obviate the necessity of providing for the governors of the States having access to the records or getting an abstract thereof.

Mr. SHORTRIDGE. Can they get it without authority?

Mr. COUZENS. If the amendment is adopted, they may.

Mr. SHORTRIDGE. If the Senator's amendment is adopted?

Mr. COUZENS. If the amendment under discussion is adopted they may. It would also obviate the necessity of a shareholder holding 1 per cent having to be under the penalty of a $1,000 fine or imprisonment for one year, or both, in case he wanted to see the return of a corporation in which he was a stockholder.

Paragraph (e) of subsection 3 is of no great importance, because it only requires the commissioner to publish the list of taxpayers and their addresses. I see no necessity for that. It serves no good purpose and might as well be repealed.

At the risk of being charged with repetition of some of the things I said last night, and for the benefit perhaps of some who were not here at that time, I desire to point out that ever since the enactment of the income tax law in 1913 no outside examination has been made of the Internal Revenue Bureau, no outside examination has been made by either House of Congress, and no public information has been obtainable as to how and in what manner the 65,000,000 returns have been handled within the bureau. It is the most colossal bureau in the Government. It has more direct connection with more individual citizens than any other bureau in the Government. We discuss for hours and we study for hours the question of rates that we apply to incomes. We enact statutes in an effort to be fair with the taxpayers. We enact statutes in an effort to create justice between taxpayers and insure equity to the taxpayers and the Government.

For the benefit of those who were not Members of the Senate when the investigation started, I want to refer to the fact that in February, 1924, I introduced a resolution which brought about the investigation of the Bureau of Internal Revenue. The resolution when introduced provided as follows:

Whereas the Bureau of Internal Revenue of the Treasury Department has not, according to reports, completed settlement of all tax cases for the year 1917, which cases should have been settled long ago—

And I might say that nearly two years have elapsed since the resolution was introduced and those conditions are as bad if not worse than they were in February, 1924.

Whereas this delay is an indication of improper organization or gross inefficiency, or the bureau is handicapped by conditions of which the Senate is not aware; and

Whereas as the result of this system and this delay the Government has, it is claimed, lost millions of dollars, taxpayers have been oppressed and still are oppressed, and corruption or the opportunity for corruption exists; and

Whereas rates for income taxation are governed entirely by the administration or lack of it; and

Whereas there can be no helpful, honest, sincere, intelligent action on the rates of taxes until this system is corrected: Therefore be it

Resolved, etc.

The resolution then provided for the appointment of a committee by the President of the Senate, three members of the committee to be from the majority party and two from the minority.

After some rocky experience in getting through the Senate, Senate Resolution 168, after having been referred to the Committee on Finance and to the Committee to Audit and Control the Contingent Expenses of the Senate, came out somewhat in this form:

Resolved, That the President of the Senate pro tempore or Acting President of the Senate pro tempore is authorized to appoint a special committee of five Members thereof, three of whom shall be of the majority party, and two of the minority party, which shall investigate the Bureau of Internal Revenue and report its findings, together with recommendations for corrective legislation.

The committee is authorized to hold hearings, to sit during the sessions and recesses of the Sixty-eighth Congress, and to employ a stenographer at a cost not to exceed 25 cents per hundred words. The committee is further authorized to send for persons and papers; to require by subpœna the attendance of witnesses, the production of books, papers, and documents; to administer oaths; and to take testimony. The expenses of the committee shall be paid from the contingent fund of the Senate.

It will be observed from a reading of the resolution that there was no authority to employ anyone but a stenographer. No member of the committee knew anything about the processes of the income-tax returns through the bureau. No one knew the system in the bureau. No one knew how much the work was decentralized as between the home office and the collectors' offices. No one knew where to start. No auditors were provided, no engineers were provided, and it was obvious to everyone as the committee got started that we were hopelessly unable to accomplish anything under the terms of the resolution.

During the discussion on the floor before the resolution was finally agreed to, and I believe before it went to the Finance Committee the second time, there was certain discussion that took place between the Senator from New York [Mr. WADSWORTH] and myself. The Senator from New York asked the chairman of the Finance Committee or the Senator in charge of the resolution as to what necessity existed for an investigation by a select committee of the Senate. The RECORD then discloses the following:

Mr. COUZENS. For the past two or three months great numbers of complaints have been coming to me because of my discussion with the Secretary of the Treasury about the surtax. Recently all of the developments indicate the desirability of improving the administrative features of the revenue law. I want to quote from a report issued by the National Industrial Conference Board of New York, made up of the American Cotton Manufacturers' Association, the American Electric Railway Association, the American Hardware Manufacturers' Association, and some 30 other manufacturers and industrial institutions. I am not going to take up the time of the Senate in going through this entire report, but I want to read the salient points that seem to indicate that it is desirable to go into the administrative feaures of the revenue law:

"Consideration by Congress of the plan submitted by Secretary Mellon has served to concentrate attention on rates of taxation and on elimination of specific rates. The present report is limited to giving emphasis to the importance of and the imperative need for modifying and simplifying the administrative machinery and procedure.

"In taxation, it has often been stated, administration counts for nine-tenths and law for only one-tenth. While this statement may be an exaggeration it can nevertheless be rightly asserted that a good law is weakened by inefficient or cumbersome administration, while sound and simple administration goes far to make even a poorer law endurable. It should be the aim of sound administration not only to procure the tax which the law has authorized but also to accomplish this end with a minimum of irritation to the taxpayer and with a minimum of inequity as between taxpayers. In the words of the Royal Commission on Income Tax, of Great Britain, a country whose administration of the income tax has met with phenomenal success:

"'Even good administration can not prevent taxation from being to some extent unpopular with those who contribute to it, because taxation deprives the citizen of a portion of his means and devotes it to objects with which he may have little acquaintance and less sympathy, but an administration that is sympathetic and scrupulously fair, while adopting proper guards against evasion, can do much to reconcile the taxpayer to his lot and convince him that within the limits of the statute the tax has been laid upon him with due care and justice.'"

Continuing to quote from this report:

Dissatisfaction with our present administration of the income tax is heard on all sides, and complaints are not without justification. Cases of arbitrary and unreasonable assessments are by no means rare—a situation often due to immature judgment or lack of adequate knowledge on the part of the Government official or agent. Business firms are sometimes confronted with assessments that are many times the tax as finally determined; but the final determination of the tax often takes years, and in the meantime the threatened tax makes impossible business extensions and improvements which are necessary or desirable.

This report was published over two years ago, and I intend to prove before I get through that the conditions are just the same to-day as they were in 1924 and are just as bad as they have been at almost any time during the administration of the income tax laws of the country.

Mr. SHORTRIDGE. Mr. President, may I interrupt the Senator from Michigan?

Mr. COUZENS. Certainly.

Mr. SHORTRIDGE. I do not question the motives that prompted the Senator to introduce the resolution, nor do I question the motives which have prompted the carrying on of the investigation. I cheerfully admit or state that I think his motives were altogether proper. I am concerned, however, with knowing what has been the result of the investigation; whether improper methods were discovered, and if so, what recommendations the committee has to make.

The investigation manifestly has cost the Government much money and has to some extent necessarily interfered with the administration of the department; but even so, if evil has been discovered, if improper methods have been uncovered, what is the remedy? What is the recommendation of the committee? With great deference, I do not think we are advancing very far toward relief by recurring to all of the events which led up to the adoption of the resolution. What is the net result? What recommendation has the committee, through its chairman, to make to the Senate, all to the end that we may improve the administration of that department of our Government?

If the Senator from Michigan will permit another word, I do not at this moment know whether the committee has submitted definite recommendations. If so, they are, of course, to be considered, and I certainly will give them respectful consideration. May I ask the Senator, then, in a word, whether the committee, as the result of its investigation, its acquired knowledge, has definite recommendations to submit or whether the committee has submitted them?

Mr. COUZENS. With due deference to the genial Senator from California, I desire to point out that during the last year or more we have submitted some 19 volumes of testimony to the Senate to show the unsystematic methods of the bureau and the evil—and I emphasize that, the word "evil"—of the fact that these returns are not accessible to inspection by interested parties.

I also desire to draw the Senator's attention to the fact that on the calendar day of January 12 the committee submitted a partial report covering most of the results of our investigation and containing most of the recommendations.

Mr. NORRIS. Mr. President, may I interrupt the Senator from Michigan at that point?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. Yes.

Mr. NORRIS. As I understand the Senator, in answer to the inquiry of the Senator from California [Mr. SHORTRIDGE], to say that one of the evils discovered was the inaccessibility of the income-tax returns?

Mr. COUZENS. That is true.

Mr. NORRIS. And that evil will be completely remedied by the adoption of the pending amendment, as I understand?

Mr. COUZENS. That is correct.

Mr. SHORTRIDGE. Will the Senator permit me to interrupt him?

Mr. COUZENS. Yes.

Mr. SHORTRIDGE. Wherein does that constitute an evil? If beneath it all is well and all is right, wherein is there an evil in the mere fact if it be so——

Mr. NORRIS. I presume the Senator from Michigan is about to tell us of a good many of those evils, and what they are, if we will let him proceed.

Mr. SHORTRIDGE. Let us hope that he will tell us.

Mr. COUZENS. In view of the questions of Senators that will arise during this discussion, I may, perhaps, have now to state some of the things that I intended to say later.

Mr. SHORTRIDGE. I request that the Senator do not do so because of my inquiry.

Mr. COUZENS. I wish to draw the Senator's attention particularly to page 8 of the partial report which was filed on January 12, to which I have referred, in which, under the heading of "Publicity of records," it is stated:

> The unsatisfactory conditions developed by this investigation are the inevitable result of the delegation of almost unlimited discretion to be secretly exercised. It is believed that but few of the unsound settlements to which attention has been called would have been made if it were not for the belief that they would never become public.

Mr. NORRIS. Mr. President, on what page is that?

Mr. COUZENS. On page 8 of the report.

Mr. SHORTRIDGE. Mr. President, will the Senator suffer just another interruption?

Mr. COUZENS. Certainly.

Mr. SHORTRIDGE. That observation proceeds upon the assumption that there was some corruption. I do not convict men upon assumptions or presumptions. What was the fact? What was the truth? It can not be said that because before the inquiry of the Senator's committee the information was not public, therefore there was some fraud committed. When the committee did get access to the facts, was there corruption, was there wrong or fraud committed by the taxpayer or criminal conduct on the part of a Government official? In a word, was there crime committed, wrong committed, fraud perpetrated? It is very easy to indulge in generalities; it is very easy to impute evil; it is very easy to suspect and to throw mud at a white marble statue; but what is the truth developed as a result of the inquiries of the very vigilant and very earnest and I am sure very honest labors of the Senator's committee in and about this matter?

Mr. COUZENS. Mr. President, I can see from the Senator's inquiry we are going to have to read to him the testimony which we took in the committee, so that the Senator will be able to reach the conclusions at which we have arrived and reach them without entertaining any idea that we are imputing anyone's motives or that we are throwing mud at white marble statues.

Mr. SHORTRIDGE. I heard the Senator before our committee, and I thought the upshot of the whole matter was that whereas there had been differences of opinion, whereas there had been different estimates, whereas there was much obscurity as to the law, whereas there were differences as to decisions rendered by the different branches of the department, and whereas there was much confusion, if I may say so, in and about the administration of these laws, yet there was no specific charge or no specific finding as to any criminal conduct on the part of either taxpayers or any official of the Government. I may have been wrong in reaching that conclusion from the statements made before the Finance Committee.

Mr. COUZENS. I think the Senator, so far as he has gone, is substantially correct; but the hearings which were held before the Finance Committee are of record; they were taken stenographically, and I think if the Senator will refer to them he will discover that the only word that was discussed was "fraud." I do not know whether there was fraud or not, because different individuals put a different interpretation on the word "fraud." I absolutely believe, and I think I shall be able to prove before this discussion shall be concluded, that there was collusion, that there was dishonesty, that there was favoritism. If they constitute fraud, then there was fraud.

Mr. LA FOLLETTE. Mr. President, I think the matter under discussion is so important that I feel impelled to suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Fess	Lenroot	Sackett
Bingham	Frazier	McKellar	Sheppard
Blease	Gerry	McKinley	Shipstead
Borah	Glass	McLean	Shortridge
Bratton	Goff	McNary	Simmons
Broussard	Gooding	Mayfield	Smith
Bruce	Hale	Metcalf	Smoot
Butler	Harreld	Moses	Stanfield
Cameron	Harris	Norbeck	Stephens
Capper	Harrison	Norris	Swanson
Caraway	Heflin	Oddie	Trammell
Copeland	Howell	Overman	Underwood
Couzens	Johnson	Pepper	Walsh
Dale	Jones, Wash.	Phipps	Warren
Deneen	Kendrick	Pine	Watson
Edge	Keyes	Ransdell	Weller
Edwards	King	Reed, Pa.	Wheeler
Ferris	La Follette	Robinson, Ind.	Willis

Mr. JONES of Washington. I have been requested to announce that the Senator from New York [Mr. WADSWORTH], the Senator from Arkansas [Mr. ROBINSON], the Senator from Iowa [Mr. BROOKHART], the Senator from Florida [Mr. FLETCHER], the Senator from Georgia [Mr. GEORGE], and the Senator from Tennessee [Mr. TYSON] are attending a meeting of the Committee on Military Affairs.

The PRESIDING OFFICER. Seventy-two Senators having answered to their names, a quorum is present.

Mr. COUZENS. Mr. President, in view of the inquiry of the Senator from California [Mr. SHORTRIDGE], I desire to draw to his attention a particular case coming from his own State. This appears in part 15 of the published hearings of the committee, under date of May 11, 1925. Mr. Manson, by the way, was the counsel for the committee. I quote from the testimony:

> Mr. MANSON. I desire to call the committee's attention this morning to the matter of the Standard Oil Co. of California.
>
> This is still an open case, but it presents several rather remarkable situations, and, therefore, in my opinion, merits the committee's attention.
>
> This case really involves an overassessment or refund for the year 1918 of $3,378,000. If the case is settled in accordance with the principles which have been applied by Mr. Greenidge, the head of the engineering division, and by the head of the oil section, the case will result in a refund of that amount of money. It will establish a precedent which will result in the loss of about $25,000,000 in taxes, but really the most important point in connection with this case is whether or not the Commissioner of Internal Revenue really runs the Income Tax Unit, whether or not his orders must be obeyed, and whether or not the opinions of the Solicitor of the Bureau of In-

ternal Revenue, as legal advisor of the bureau, are binding upon the bureau on matters of law.

The question involved is this: From the time of its organization up to and including——

Senator ERNST. Are you going into the case of the Standard Oil Co. of California now?

Mr. MANSON. Yes. From the time of its organization up to and including the year 1921, it was the practice of the Standard Oil Co. of California to capitalize the development costs.

Article 223 of Regulations 45 provides:

"Such incidental expenses as are paid for wages, fuel, repairs, hauling, etc., in connection with the exploration of the property, drilling wells, building of pipe lines, and development of the property may at the option of the taxpayer be deducted as an operating expense or charged to the capital account returnable through depletion. If in exercising this option the taxpayer charges these incidental expenses to capital account, in so far as such expense is represented by physical property, it may be taken into account in determining a reasonable allowance for depreciation. The cost of drilling nonproductive wells may at the option of the operator be deducted from gross income as an operating expense or charged to capital account returnable through depletion and depreciation as in the case of productive wells. An election once made under this option will control the taxpayer's returns for all subsequent years."

Mr. SHORTRIDGE. Mr. President, was that the interpretation of the statute by Mr. Manson?

Mr. COUZENS. That was article 223 of Regulations 45. It was not an interpretation; it was a regulation.

Mr. SHORTRIDGE. I beg pardon; I did not understand that.

Mr. COUZENS. Quoting further from the testimony:

Prior to the time that any action was taken on this case that regulation had been passed on by several rulings made by the bureau. It had been construed to mean this, that where a taxpayer charged his development cost to expenses upon his books, such action constituted an election upon his part to carry those as expenses, and that such action was binding upon the bureau, whereas on the other hand, where he capitalized these development costs such action constitutes election.

In each of these cases in which rulings are made the question arose the same as it did in this case. The taxpayer, after having elected how he would carry these charges on his books, found that it would affect his taxes by changing the method, and in every case the bureau ruled that having elected he could not change under this regulation, and that the action of the taxpayer in making his charges upon his books is what constituted the election.

In this case, as I have stated, the Standard Oil Co. of California had from the time of its organization followed a uniform practice of capitalizing its development costs. In the determination of its depletion a question was raised as to whether it was entitled to certain items that had nothing to do with the matter at issue here.

It is claimed that an oral agreement was made—

I want to emphasize that—

It is claimed that an oral agreement was made between the oil engineers of the bureau and the taxpayer. Under this oral agreement the taxpayer agreed to accept the depletion as determined by the bureau and agreed not to press these other claims.

That is what we have emphasized throughout the report—that these cases are settled by bargaining with taxpayers instead of under the law or under rules and regulations promulgated by the bureau.

Senator WATSON. When was that oral agreement entered into, Mr. Manson?

Mr. MANSON. That was made in May, 1922.

It was claimed that as a consideration for that agreement the taxpayer was to be permitted to file amended returns, in which he charged to expense the development costs which appeared upon his books and upon his original returns as capital items.

As in other cases where these oral agreements had been set up, there is nothing in the file which shows what this other claim was that the taxpayer might have asserted. There are no data from which it can be determined whether this other claim that was waived was a valid claim or not. There is not even a sufficient description of it any place in the files to ascertain what it was about.

Senator ERNST. Is this an oral agreement or a written agreement?

Mr. MANSON. The oral agreement, I am talking about.

The agreement under which the taxpayer sought to file amended returns was never reduced to writing. There was a conference, and the conference report shows that the depletion was agreed to. The collateral oral agreement that the taxpayer was to be permitted to file amended returns changing the basis for setting up development costs is not referred to at all.

The CHAIRMAN. Where does it first appear in the records about this oral agreement?

Mr. MANSON. There is a letter from Deputy Commissioner Chatterton in September. The conference at which this agreement purports to have been made was in May. In September there is a letter stating that the taxpayer shall be permitted to file these amended returns.

The CHAIRMAN. By whom is that letter signed, Mr. Manson?

Mr. MANSON. Deputy Commissioner Chatterton.

Mr. NASH. May I ask the date of the letter, please?

Mr. Nash, by the way, is Deputy Commissioner of Internal Revenue.

Mr. MANSON. September 1, 1922.

Mr. NASH. Mr. Chatterton was not a deputy commissioner in September, 1922.

Mr. MANSON. Well, it is signed by Mr. Chatterton.

The CHAIRMAN. Can you refer to it there?

Mr. NASH. He might have been acting on that date, but Mr. Chatterton was made a deputy commissioner, I think, in January, 1923.

Mr. MANSON. Well, this was the 1st of September, 1922. The amended returns were filed. They were not signed——

The CHAIRMAN. Not signed by the Standard Oil Co. of California?

Mr. MANSON. Not signed by the Standard Oil Co. of California.

The depletion was determined by the oil and gas section on the basis of the amended returns. Mr. Greenidge sought an opinion from the rules and regulations committee as to whether these amended returns could be received. The rules and regulations committee determined that they could not be received.

The matter then went to the solicitor for an opinion, and the solicitor, in an opinion, the whole of which I will file, but only a part of which I have here, ruled that the amended returns could not be received.

I quote from the solicitor's opinion:

"It is the opinion of this office that article 223 of regulations 45 merely recognizes the accounting practice in the oil industry—"

That is the article that I have just mentioned—

"And is not intended as granting a special privilege to the industry, for which there is no warrant of law. What effect the exercise of the option by the taxpayer may have on the amount of tax he has to pay is immaterial, and the question is to be decided irrespective of whether the election exercised by the taxpayer serves either to lower or increase his tax liability to the Government. Viewed in this light, it is the opinion of this office that the option recognized by article 223 is exercised by the taxpayer, if not concurrently with the transaction, at least not later than the time when his original returns are filed. It follows that the amended returns of the Standard Oil Co. whereby they seek to now change intangible development costs to expense must be rejected.

"It is not the function of this office to decide questions of policy, and, therefore, in reaching the conclusion herein no consideration has been given to the fact, if it be a fact, as stated by the taxpayer, that it was induced to agree to the bureau's valuation in consideration of being granted the right to file amended returns on the basis herein discussed."

"It is well to state, however, that there is no provision of law which makes such an agreement binding on the commissioner, and it may well be that a dangerous precedent would be set if an agreement made by subordinates in the bureau is to be considered as binding when that agreement grants to a taxpayer a privilege that has no warrant in the law. In this connection it should be borne in mind that a number of other big oil companies have indicated their intention of filing amended returns so as to charge to expense items heretofore capitalized, though in the cases of the other companies, so far as this office is aware, there was no agreement entered into granting them the right to file amended returns in consideration of their acceptance of the bureau's valuation of their properties. It would be difficult, however, to deny to them a right to file amended returns in consideration of their acceptance of the bureau's valuation of their properties; it would be difficult, however, to deny to them a right to file amended returns if that privilege is granted to the taxpayer herein, for it can not be presumed that the bureau may even by way of compromise grant to a taxpayer a privilege which has no legal warrant.

"If the valuation as set by the bureau were accepted by the Standard Co., with the understanding that amended returns could be filed, it would seem that the company should have a further opportunity of presenting additional evidence as to values if it desires to do so.

"The papers are herewith returned with the suggestion that the tax liability of this company be adjusted on the basis herein set forth."

That is signed by Nelson T. Hartson, Solicitor of Internal Revenue.

After that receipt of that opinion the taxpayer was notified of the import of the opinion——

Senator WATSON. Do you agree with that opinion, Mr. Manson?

Mr. MANSON. I do. The taxpayer was notified of the purport of that opinion, and that the amended returns changing this accounting basis could not be received. A protest was made——

Senator WATSON. What was the date of that opinion that you have just read?

Mr. MANSON. It is dated July 9, 1923.

A protest was made by the taxpayer, and several conferences were had.

The CHAIRMAN. What was the basis of the protest? Was that oral agreement part of the basis of the protest?

Mr. MANSON. The protest was based on the oral agreement.

The CHAIRMAN. And it was so stated in the protest?

Mr. MANSON. It was so stated in the protest.

Several conferences were had, and on September 10, 1923, there appears the following memorandum in the files, signed by Mr. W. N. Thayer, chief of the oil and gas section. This memorandum is addressed to Mr. Greenridge:

"The taxpayer filed original returns and Form O schedules in which development costs for all years were capitalized.

"This office made some changes and eliminated the capitalized development, and in a letter of September 1, 1922, wrote the taxpayer, as follows:

"'The understanding of this office by verbal statement from your Mr. Tuttle is that amended returns for 1918 and subsequent years are to be filed, in which returns the intangible cost of development is to be charged off as an expense.

"'In accordance with this understanding depletion schedules for the years 1913 to 1920, inclusive, as compiled by this office, do not include in the capital sum returnable through depletion any additions to capital on account of development costs after the year 1917.'

"As a result, the taxpayer filed unsigned amended returns on May 7, 1923, in which development costs formerly capitalized were charged to expense. The matter was referred to the solicitor and as a result of his ruling of July 9, 1923, this office wrote the taxpayer on July 25, 1923, declining to accept the amended returns, and insisting that the development costs after 1917 should be capitalized.

"Regardless of the solicitor's opinion as to the legality of the action taken by this office in the letter of September 1, 1922, it appears to be a matter of good principle to adhere to an agreement that was made in good faith by both parties. The Government would not permit the taxpayer to break such an agreement, and by the same token the Government should not seek to break the agreement."

Mr. SHORTRIDGE. Mr. President, right at this point, it appears that there was considerable division of opinion as to the law.

Mr. COUZENS. Oh, no; no difference of opinion.

Mr. SHORTRIDGE. I say so.

Mr. COUZENS. It was not so.

Mr. SHORTRIDGE. I say so.

Mr. COUZENS. It was not so.

Mr. SHORTRIDGE. Mr. Hartson was a fairly good lawyer.

Mr. COUZENS. And he said it was the law.

Mr. SHORTRIDGE. I grant you he did, but his word is not final.

Mr. COUZENS. But I have read of no disagreement as to the question of law. No one has said the law laid down by Mr. Hartson was not correct. It is time enough to discuss a difference of viewpoint as to the law when there is a disagreement appearing in the RECORD.

Mr. SHORTRIDGE. I say there was disagreement as to the law——

Mr. COUZENS. No; there was not.

Mr. SHORTRIDGE. Pardon me. Moreover, is it not a sound principle just there expressed, that where the citizen, the taxpayer, in good faith enters into an agreement with the Government the Government should be equally bound as the citizen is? I have contended, if the Senator will pardon me further, that where the citizen in good faith enters into an agreement with his Government, and there is no fraud committed, everything is open and aboveboard, the honest citizen and the honest Government agreeing, that agreement becomes an account stated, so to speak; that the Government, as well as the citizen, should be bound by that agreement; and that unless there is fraud charged, specific fraud, or excusable mistake, which would open an account stated for the purpose of surcharging it and correcting it, both parties should be bound. I believe that is sound in principle, in morals, and in good policy of government. That is my position. If in this case there was this agreement——

Mr. COUZENS. An oral agreement?

Mr. SHORTRIDGE. Yes; an oral agreement.

Mr. COUZENS. Between a clerk and a taxpayer?

Mr. SHORTRIDGE. I am not saying that a subordinate officer had the authority to agree on behalf of the Government——

Mr. COUZENS. He was a subordinate officer. Why discuss a case that is not before us? Why discuss a hypothetical case when we have a concrete case, the discussion of which I would like to complete before I am interrupted by the Senator?

Mr. SHORTRIDGE. Just a final word, if the Senator will pardon me. This is what I am saying, in brief; of course, where a Government officer——

Mr. COUZENS. This was not a Government officer.

Mr. SHORTRIDGE. Was he not an employee of the Government?

Mr. COUZENS. Yes; but he was a clerk. He had no authority under the law.

Mr. SHORTRIDGE. That may be true. The Government should not be bound where a man who assumes to represent it has no authority whatever.

Mr. COUZENS. That is the point I am coming to, and if the Senator will permit me to finish there will be no discussion upon that point, because I shall prove that the man who made the agreement had no authority under the law to make such an agreement, oral or otherwise.

Mr. SHORTRIDGE. The power was delegated to him to do that particular work.

Mr. COUZENS. No; there was no power delegated to him at all.

Mr. SHORTRIDGE. If the Senator will permit me an additional sentence, I will not interrupt further. It is not in any contentious spirit, but I have heard so much along this line that I beg leave to state that I think where the citizen, the taxpayer, the honest man, or the honest woman enters into an agreement with his or her Government, and acts upon that agreement, the Government, as well as the citizen, should be bound by the agreement. I apply the same principle of law to the Government and to such a case that I apply as between two citizens who in good faith enter into an agreement and act upon that agreement. It is a well-known, universal, immemorial principle of equity that where an agreement has thus been entered into it may not be set aside unless there is charge of fraud or excusable mistake; but the Government has not acted on that theory in many, many instances.

Mr. COUZENS. And should not. I continue the reading:

The practical result of permitting the taxpayer to charge to expense items previously capitalized will mean in 1918 a deduction from gross income of approximately $3,000,000.

That is signed by W. N. Thayer, chief of section. At this point——

Senator WATSON. Was an appeal ever taken?

Senator ERNST. It has not yet been determined.

Senator WATSON. I know; but has an appeal been taken?

Mr. MANSON. In order that you may have the high spots before you I will briefly state them before I go into any further detail.

After the solicitor ruled that these amended returns could not be received, for the reason that the taxpayer had elected to carry his development costs as capitalized items, there are memoranda by the oil and gas section and by Mr. Greenidge urging upon the deputy commissioner, Mr. Bright, the advisability of adhering to the action in accepting the returns and ignoring the solicitor's ruling. Finally Mr. Bright issued an order that the case be audited on the amended returns, in violation of the solicitor's ruling. The case is so audited, resulting in a refund or credit of subsequent taxes of $3,378,000.

Senator ERNST. Who passed on that?

Mr. MANSON. Mr. Bright.

Senator WATSON. Simply because the development costs were not capitalized?

Mr. MANSON. If they are capitalized, they get back a portion of them each year.

Senator WATSON. Yes.

Mr. MANSON. Through depletion.

Senator WATSON. Certainly.

Mr. MANSON. If they are charged to expense, they get back the whole of it during the year in which they occur.

Senator WATSON. Certainly.

Mr. MANSON. That made a difference of $3,378,000 in taxes in this case.

Senator WATSON. In other words, Mr. Bright did not agree in the conclusions reached by the solicitor?

Mr. MANSON. By the solicitor. All certificates of overassessment are required to go to the solicitor; so that after this case had been audited on the amended returns the certificate of overassessment went to the solicitor, who refused to approve the certificate, on the grounds stated in his former opinion. Mr. Bright then called upon Mr. Greenidge to prepare a memorandum showing why the commissioner should overrule the solicitor. This was done, and the commissioner, after a thorough consideration of the matter——

Senator WATSON. That is, Commissioner Blair?

Mr. MANSON. Commissioner Blair, after having Mr. Greenidge's memorandum, declined to overrule the solicitor. The commissioner

set aside, by an order as positive and direct and clear as the English language could make it, this whole transaction, this whole oral agreement. He pointed out that no oral agreements and, in fact, no written agreements with a taxpayer not approved by him would be considered as binding upon the Government.

I hope that satisfies the Senator from California.

Mr. SHORTRIDGE. It shows that Mr. Blair was a most active, earnest, honest official.

Mr. COUZENS. I do not admit that.

Mr. SHORTRIDGE. The Senator has admitted here in the RECORD that there was no proof of fraud at all as the result of all his investigation.

Mr. COUZENS. I wish the Senator would not quote me. I will quote myself. When I say that I mean to say that the Senator did not tell the whole story. He told a half truth, because I have repeatedly said, not only before the Finance Committee, but elsewhere, that we made no attempt to follow out any fraud; that we never attempted to subpœna anybody to find out if there was fraud.

Mr. SHORTRIDGE. What were the Senator and his committee doing for a year and a half?

Mr. COUZENS. I will determine that if the Senator will wait until I get through.

Mr. SHORTRIDGE. The Senator conducted an investigation costing the Government over $124,000.

Mr. COUZENS. Yes; and we saved the people over $124,000,000, and we may uncover a little more before we are through.

Mr. MOSES. Mr. President, the Senator said that he does not agree that Commissioner Blair is honest and effective. Does he charge the commissioner with dishonesty?

Mr. COUZENS. I have not said anything about that. The Senator is interjecting before I get through with all my testimony. I have not said that I agree or disagree.

Mr. MOSES. I understood just now, when the Senator from California remarked that what the Senator had read showed that Commissioner Blair was a diligent, effective, and honest official, that the Senator from Michigan said he dissented from that. What I am trying to get at is whether the Senator from Michigan charges the commissioner with dishonesty.

Mr. COUZENS. The Senator does not wait until I get through with my case. The trouble is the Senator is trying to generalize on one case.

Mr. MOSES. In this particular case does the Senator charge the commissioner with dishonesty?

Mr. COUZENS. Absolutely not. I think he was absolutely correct. But I desire at this stage to point out that if it had not been for the diligence of some employee the case never would have reached the commissioner. It only came to the commissioner's attention when there was a disagreement between the solicitor and some of the subordinates.

Mr. MOSES. What I am trying to get at, if the Senator will pardon me, is to find out what the Senator from Michigan is saying about a man who is a friend of mine and whom I have known for a long time and whom I regard, as the Senator from California described him, as a diligent, efficient, and honest officer. I understood the Senator from Michigan to dissent from that conclusion regarding Commissioner Blair.

Mr. COUZENS. This particular case was the only case that came to him. To the Senator from New Hampshire I wish to say that I have found no evidence of dishonesty on the part of Commissioner Blair, but I dissent from the statement that he was diligent or effective or efficient.

Mr. MOSES. The dissent was from the other adjectives, not "honest"?

Mr. COUZENS. Yes; that is correct.

Continuing, Mr. Manson said:

> He pointed out that no oral agreements and, in fact, no written agreements with a taxpayer not approved by him would be considered as binding upon the Government.
>
> Senator WATSON. And he upheld his solicitor?
>
> Mr. MANSON. He upheld the solicitor. That set the case back to be reconsidered on the basis of the original returns. The depletion having been determined upon the basis of the amended returns, it was necessary to redetermine depletion.
>
> The case hung on in the engineering division for a while. Mr. Greenidge refused to accept either the solicitor's opinion or the commissioner's order as decisive in the matter. Finally Mr. Bright issued an order, a copy of which he sent to the consolidated audit section for a further audit of the case upon the basis of the original returns. The case was taken up in the consolidated audit section. It was found that an engineer's report determining depletion upon the basis of capitalizing these development costs was necessary, and the case went back to the engineering section, where it is resting.
>
> We called upon the engineering division for a report as to what they intended to do in the case, and they informed us that they intend to stand pat and to stand on this oral agreement which had been set aside by the commissioner, and that they do not regard the solicitor's opinion as binding upon them.

Here was a subordinate engineer who evidently was so fond of the Standard Oil Co. of California, or so friendly to them, or in collusion, or getting a rake-off—I know not what—that he took that stand. That is the reason why I can not answer questions that are propounded here as to whether there was fraud or not. I can not tell whether there was any fraud in this case or not. I have a suspicion that there was a fraud. I submit that we did not subpœna the Standard Oil Co. or Mr. Greenidge or the clerk to find out whether there was fraud. We would have devoted all of our time, which was limited to June 1, 1925, to following up individual cases, but we would not have gotten anywhere constructively had we attempted to follow up individual cases.

I submit to the Senator or to any person within the sound of my voice if that case is not an indication of absolute fraud, and yet I would not say that there was fraud. The indication and inference is that there was fraud. They told our men they were going to stand pat and ignore the decision of the commissioner and ignore the decision of the solicitor. They said they were going to stand pat, and they continued to stand pat, and they are still standing pat so far as I know, and refusing to obey the order, and nobody can stop them, because there is no system and no data or check up in the bureau.

Mr. WATSON. Mr. President, will my friend yield?

Mr. COUZENS. I yield.

Mr. WATSON. Does Mr. Greenidge still occupy the same position in the bureau?

Mr. COUZENS. I think he has been removed.

Mr. WATSON. That is the first point. Second, I heard most of the testimony in this case, but I have no recollection that there was any suspicion of fraud. We thought that Greenidge had made up his mind on the proposition. He was often talked about by other persons in the department and the bureau, but we came to the conclusion that he was a very perverse, obdurate, and bull-headed fellow and intended to stand by his opinion as it had been formed.

Mr. COUZENS. Whom does the Senator mean by "we"?

Mr. WATSON. I thought all of us did at that time.

Mr. COUZENS. The Senator can not include me.

Mr. WATSON. There was never any suggestion or anything else that I heard in the committee as indicated by any consultation or any remark on the part of anybody. I assumed we all had practically the same opinion about Greenidge.

Mr. COUZENS. I submit there was no discussion about this individual man in the committee. We simply took the testimony, and, so far as I remember now, no Senator commented upon the case in committee, at least not of record.

I continue reading:

> We called upon the engineering division for a report as to what they intended to do in the case, and they informed us that they intend to stand pat and to stand on this oral agreement, which had been set aside by the commissioner, and that they do not regard the solicitor's opinion as binding upon them.
>
> Senator WATSON. Or the order of the commissioner?
>
> Mr. MANSON. Well, they do not say that. They do not say that they do not regard the order of the commissioner as binding upon them; but the fact that they do not intend to so amend their report as to permit the auditing of the case in accordance with the commissioner's order is a tacit refusal to abide by the order of the commissioner.
>
> That, in brief outline, constitutes the material facts here.
>
> Senator WATSON. Has that case been closed?
>
> Mr. MANSON. It has not; but, as I say, one of the principal things that your counsel has seen fit to criticise in connection with the engineering division has been the tendency to make an oral agreement waiving a mythical claim and allowing a claim which was concededly illegal.
>
> Senator ERNST. Has that been a common practice?
>
> Mr. MANSON. I think it has been a common practice; yes. I have called attention to it here in many instances. The real issue that seems to be raised in this case is as to whether or not they intend to pursue that practice here, notwithstanding the fact that the commissioner himself has set this whole procedure aside.
>
> I would call especial attention to the commissioner's order——
>
> The CHAIRMAN. Just at that point, Mr. Manson, I would like to know if there is any way that these engineers' views could be carried out. As I understand it, no matter if the engineers did insist upon their interpretation and upon recognizing the oral agreement, there is no way of getting it by either the commissioner or the solicitor; is there?

Mr. MANSON. Another reason why I presented this case is brought out by the chairman's question. There is no branch of the work which is so far behind as the oil and gas section, and I claim that this case is a clear illustration of why there are no terminal facilities in the oil and gas section. In other words, if the head of the engineering division and the chief of the oil and gas section want to get a taxpayer to get something, there appears to be no way to wind up that case and get it to a conclusion until the taxpayer gets what he wants, regardless of whether the solicitor thinks he is entitled to it or whether the commissioner thinks he should get it.

Just here I want to remind the Senate of a little discussion on the floor some days ago by the junior Senator from Pennsylvania [Mr. REED] concerning the publishing of the rules and regulations of the bureau. It has been clearly pointed out in these reports and in the testimony that only 15.5 per cent of the rulings and the decisions regulating tax settlements have been published; that 84.5 per cent are buried, 84.5 per cent are known only to the individual taxpayer who gets the benefit or to an employee in the bureau. When the suggestion was made by me that these rules and regulations ought to be published the response was that the Board of Tax Appeals was setting up a code of decisions which in time would determine all of the rules and regulations so as to educate those who file their returns and enable them to finally fix the taxes. But I submit that the only cases that go to the Board of Tax Appeals are the cases in which there is a disagreement. Thousands and hundreds of thousands of cases were settled improperly and incorrectly because they met the views of the taxpayer.

No one complains. The Government does not appeal against its own decisions. When the Government agrees with the taxpayer that ends the case. There will be nothing to this Standard Oil case if it is finally settled in accordance with the views of the Standard Oil Co., and it is a very easy matter for any clerk or any assistant down there to settle any case in accordance with the views of the taxpayer and have it eternally submerged so that nobody will ever find it. That is because of the secrecy provision of the statute. No employee and no officer would dare do the things that have been done if he had the slightest suspicion that some day somebody was coming in there to look over the cases. I submit that for over 10 years no one has ever gone in there, no outside party has ever inspected any of those returns who was not interested in the bureau itself. I submit that it is a deplorable condition and should not be permitted to exist. I believe that any Senator who will defend that sort of thing is not entitled to a seat in this body.

Continuing the reading:

Senator ERNST. Is there not some way of discharging those men and putting somebody in their places who will do what they are told?

Of course there is a way of discharging them, but they are not found out. This case was not found out until the committee sent its staff of experts there to investigate.

At this time it seems to me opportune to point out that the rules and regulations of the bureau provide that where a refund is made in excess of $50,000, the refund and the circumstances in connection with it must go to the solicitor's office for approval; but where an abatement is made and where a credit is allowed to apply on taxes accumulating in the future, the case does not go to the solicitor's office.

In this case if it shall go through in the shape in which the Standard Oil Co. desire and they are allowed to take credit for each succeeding year's taxes it will never get beyond the engineer who passes upon it or the auditor who audits the account.

In response to the suggestion of the Senator from Kentucky [Mr. ERNST] that these men may be discharged, Mr. Manson states:

Mr. MANSON. I believe an examination of the record in this case will show that is the thing that should be done, and you are never going to get action through the engineering division until the present head of the engineering division is removed.

In response to the suggestion of the Senator from Indiana [Mr. WATSON], he stated:

He has been removed, but not discharged. He has been sent, if I remember correctly, to some other collection district.

I quote further from the testimony:

Senator JONES of New Mexico. Who is the head of the engineering division?

Mr. MANSON. Mr. S. M. Greenidge.

I call attention to the clear and specific language of the commissioner's order in this matter, dated February 20, 1924:

"Memorandum for Mr. Bright:

"My attention has been called to your letter of September 20, 1923, in regard to the Standard Oil Co. of California, wherein you advise the company that its amended returns for 1918 and subsequent years in which intangible development items previously capitalized or charged off to expenses will be accepted, and notifying them that their case will be audited on that basis.

"I think your letter is in error. It appears that you based your letter on some verbal understanding had between the conferees of the natural resources division and the representatives of the company. Any verbal understanding of an important matter like this is most unfortunate, and I do not feel that the bureau can be bound by it. In the first place, a matter of so much importance should be reduced to writing; in the second place, while great weight is given to agreements on the part of conferees, their agreements are not binding, and no agreement can be binding unless it is approved by the commissioner.

"This matter was called to my attention some months ago, and the facts as presented indicated that perhaps the understanding between the taxpayer and the conferees should be carried out, but a thorough investigation of the file convinces me that this would establish a dangerous precedent and should not be done. You will, therefore, please notify the taxpayer."

Mr. SHORTRIDGE. Was that a memorandum by Mr. Blair?

Mr. COUZENS. This is Mr. Blair's memorandum to Mr. Bright.

At this point I wish to say that after all the iniquitous deeds committed by Mr. Bright—and the record is full of them—he left the bureau under all of this cloud and engaged in the practice of dealing with taxpayers. He sent out a card assumedly to business industries and law firms throughout the country relating his experience and connection with the bureau and soliciting business.

Mr. SHORTRIDGE. Is not that contrary to the statute?

Mr. COUZENS. I think it is contrary to the statute.

Mr. FESS. But he is not connected with the Government now.

Mr. COUZENS. But there is a statute prohibiting that sort of thing. Here, however, is where the "catch" is, as I see it.

We sent one of these cards of Mr. Blair to the bureau and asked if under the law he was permitted to do this thing. They replied that he was, and I think he was. The law only prohibits a former employee of the Government from practicing before the bureau in cases with which he had formerly had a connection when he was an employee of the bureau. But, regardless of that, he still advertises the fact of his connections with the bureau, and every intelligent taxpayer everywhere knows the advantage of having such a man represent him. Every taxpayer who has a disputed claim, every taxpayer who has a controverted claim, every taxpayer who thinks he is perhaps not going to get a fair decision, can go to Mr. Bright and find out, because 85 per cent of the rules have never been published. Out of that 85 per cent of those rules, however, almost any many with any intelligence at all can find a rule under which he may have his taxes adjusted. Mr. Bright did not have to violate the law. He could have gone to the talented Senator from California [Mr. SHORTRIDGE] and said, "You have a client in the person of Senator FESS, and Senator FESS has a claim of $100,000 for refund. You will never get it because you do not know how. I will tell you how. Look up rule 15679, an unpublished rule. Go to the bureau and point that out to them and they will have to give the rebate because you will have the goods on them." In doing that Mr. Bright would violate no law. He does not practice before the bureau. He simply tells the Senator from California how to get the rebate, and the Senator from California perhaps would split his fee, if he splits fees—I do not know as to that—but that is the way it is done.

Mr. SHORTRIDGE. I have two reasons for not practicing law: First, I have no clients; and the other is that I am not in practice.

Mr. COUZENS. I understand the Senator from California is a good lawyer, so he perhaps would understand how this is done, whether he practices law or not.

Mr. SHORTRIDGE. I have a sort of speaking acquaintance with the law, a sort of bowing acquaintance with it.

Mr. SMOOT. Mr. President, I think at this time, perhaps, it would be well to go back to the CONGRESSIONAL RECORD, volume 50, page 505, of April 26, 1913, when the first income-tax law was under consideration, and see what Hon. CORDELL HULL said in explanation of it in the House of Representatives. Mr. HULL then stated:

I desire now to give a brief outline of the pending measure. Instead of comprising 100 or more pages, containing in detail all the methods of administration, such as European and other laws present, this

measure briefly but succinctly prescribes each essential rule and method with respect to the levy, assessment, and collection of the tax and leaves to be embraced in the regulations to be prepared by the Secretary of the Treasury the manner and details of carrying out the provisions of the law. These regulations will make clear to the taxpayer the scope and application of each feature of the law with respect to every class of taxpayers and business.

So it appears that the policy was established when the first bill imposing income taxes was pending before Congress. I simply want this statement to go into the RECORD to show that the policy which has been followed was established in 1913 when the first income-tax measure was passed.

Mr. COUZENS. I should like to ask the Senator at that point, Does he agree that that is the proper policy?

Mr. SMOOT. Of course, Mr. President, I myself think that every decision of the department which involves the least change in a former decision or brings another question in the settlement of a case in any way, shape, or form ought to be made public.

Mr. COUZENS. Does the Senator believe that the Congress has been diligent since 1913, now going on 13 years, in allowing the bureau to run in this manner without knowing how they were applying these rules and how they were interpreting the statutes, and whether or not the rules and regulations referred to by Representative CORDELL HULL were carried out?

Mr. SMOOT. Mr. President, I am in favor of the joint board proposed to be created. That board will have a responsibility put upon them, and it will not be left to each Member of the House or each Member of the Senate to look up and investigate the questions which may be involved. It seems to me these matters ought to have been handled in some such way before this.

Mr. COUZENS. I am glad the Senator says that they ought to have been handled in a different manner before this.

Mr. NYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Ernst	La Follette	Sackett
Bayard	Ferris	Lenroot	Sheppard
Bingham	Fess	McKellar	Shipstead
Blease	Fletcher	McKinley	Shortridge
Borah	Frazier	McLean	Simmons
Bratton	George	McMaster	Smith
Brookhart	Gillett	McNary	Smoot
Broussard	Goff	Mayfield	Stanfield
Bruce	Gooding	Means	Trammell
Butler	Hale	Metcalf	Tyson
Cameron	Harreld	Moses	Underwood
Capper	Harris	Norris	Wadsworth
Caraway	Harrison	Nye	Walsh
Copeland	Heflin	Oddie	Warren
Couzens	Howell	Overman	Watson
Dale	Johnson	Pepper	Weller
Deneen	Jones, Wash.	Pine	Wheeler
Dill	Kendrick	Ransdell	Willis
Edge	Keyes	Reed, Pa.	
Edwards	King	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. COUZENS. Mr. President, for the purpose of following up some of the cases which possibly suggest fraud or collusion—a point which was raised by the Senator from California [Mr. SHORTRIDGE], who gathered the impression that there was no fraud, and nothing wrong except possibly an error in judgment—I desire to read from part 18 of the committee's hearings, page 3937. This is a statement made by Mr. Manson before the committee:

There has been considerable discussion before the committee upon the question of the adequacy and efficiency of the organization to review audit determinations—that is, determinations made by auditors.

It appears that in each of the large auditing sections there is a review section, which consists of the higher class or better men in the division, and after a case has been audited it then goes to the review section, where the review auditors check it over, at least as to the principles involved.

I emphasize that because many times I have been asked if there is not some system by which these incorrect or dishonest decisions may be caught.

Attention has been called to the fact that the review sections are all under the same heads as the audit sections, whose work is subject to their review—

In other words, they review their own work—

and the suggestion has been made that because of the fact that the review sections are under the same head as the audit sections the review is not a check against the head of the division, who may desire to put a case through the division improperly.

We have to present this morning a case which, I believe, illustrates that objection.

This is the case of the Robert Dollar Co.

I think that is another California case. I am sorry the Senator from California has gone.

No extended investigation of the merits of the claim has been made. Our attention has been devoted primarily to the procedure followed in this case, having in mind the matter of organization; but in order that the committee may have some appreciation of the question I might state briefly what was involved.

It appears that a syndicate made a contract with the Russian Government to furnish them shells at something like $15 apiece. This syndicate turned the contract over to a Canadian manufacturer, with the provision that the Canadian manufacturer should pay the syndicate 70 cents apiece for the shells that were paid for by the Russian Government.

The syndicate then made a contract with the Robert Dollar Co. under which the Robert Dollar Co. was to act as the agent of the syndicate and was to receive a percentage of the amount collected by the syndicate from the Canadian shell manufacturer.

The shells were manufactured and paid for by the Russian Government in 1916.

The manufacturer refused to pay the commission, until finally a suit was brought and a settlement of that suit was made in 1918. In other words, the syndicate did not collect their commission from the manufacturer until 1918. The Robert Dollar Co., under their contract, had no right to collect their commission from the syndicate until the syndicate collected their commission from the manufacturer, which was in 1918.

The Robert Dollar Co. made no return of the amount, involving something over $100,000, in its 1918 returns, but did return it in 1920.

The CHAIRMAN. When did they actually get the commission?

Mr. MANSON. They got the commissions in 1918. Under their contract they were not entitled to them until 1918.

The CHAIRMAN. Is there anything to show why they did not return them until 1920?

Mr. MANSON. No; that does not appear; but when they found that they could not get these commissions allowed as earned in 1920 they then set up the claim that they kept their books upon an accrual basis, and that the commissions were earned in 1916.

The point I want to emphasize here is that the rates imposed in the act of 1916 were materially lower than those in the act of 1918, and there was an obvious reason for having them allocated to 1916.

Senator WATSON. Upon what basis?

Mr. MANSON. Upon an accrual basis, and that the commissions were earned in 1916, and that therefore they should be considered as 1916 income, notwithstanding the fact that they were not entitled to the commission unless the syndicate collected the money from the Canadian manufacturer, and the collection was not made until 1918.

It also appears to be a fact that, while they claimed to have kept their books upon an accrual basis, they never entered these commissions on their books in 1916 as having accrued in that year.

I have stated the principal question that was involved here.

I will now come to the matter of procedure, which was really the purpose of our investigating and reporting on this case.

It appears that the 1918 and 1919 taxes of the Robert Dollar Co. were settled without review by the review section in the consolidated returns division, as is required under the regular procedure. This was done under the orders of Mr. Lohman, head of the consolidated returns division.

From verbal and written information, the following appears to be the pertinent facts in this case as regards the manner in which it was handled by the income-tax unit.

Mr. Bergeron, auditor of the consolidated returns division, originally audited the case, but it was taken away from him and given to another auditor of this division by the name of T. F. Callahan, following a conference held by the division with the Robert Dollar Co., represented by C. T. Haines. You will please note that Mr. B. V. Lobred signed this conference report, subject to exception to points 1 and 5 mentioned therein.

Point 1 is as I have just described it to the committee.

Subsequent to this conference, it appears that Mr. Lohman prepared a memorandum upholding the conference report, and directed just how the case was to be audited. Not only that, but he also instructed the auditor to return the case to him instead of letting it go to the review section in the ordinary manner.

Before I proceed further I wish to say that this memorandum of Mr. Lohman's, which is attached as an exhibit, sustains the taxpayer's contention that these commissions were 1916 income, even though they were not collectible under their contract until 1918, and even though they were not due until 1918, not earned until 1918, and even though they were not collected until then.

The following facts are brought out in a conference with Mr. Callahan, who made the audit:

There is attached here as an exhibit a stenographic report of the conference between Mr. Parker—

By the way, Mr. Parker is one of the engineers of the committee—

and various employees of the bureau who were connected with this case.

"First. The audit was made as per instructions in Mr. Lohman's written memorandum."

Mr. Moss—

This Mr. Moss, I think, was one of the Assistant Secretaries of the Treasury, who asked this question when he was at the hearing:

Mr. MOSS. Is that memorandum there?

Mr. MANSON. Yes; we have it. It is attached here.

Mr. NASH. Would you mind reading it, Mr. Manson?

Mr. MOSS. It would seem proper to have it right at this point in the record.

Mr. MANSON. This memorandum is dated August 18, 1924:

"I have carefully considered the conferee's findings and conclusions in the above-mentioned case, together with a memorandum written by the auditor on this case and the briefs and data filed by the taxpayer, and it is my conclusion that the decisions as reached by the conferee are correct and should be followed in the closing of this case.

"A careful study of all the facts with respect to the contract made with the Russian Government for goods clearly indicates that this should be claimed as income for the year 1916. Their books are kept on an accrual basis. This was income properly chargeable to the year 1916, and the taxpayer has agreed to file a waiver, allowing the assessment of such additional tax in that year. The second point raised is the question of the distribution of certain income derived through organizations in Tientsin, China, and Hankow, China. After careful study of the facts I have reached the conclusion that this association can not be termed a partnership, for general reasons as stated below."

I have taken no exception to the matter of the determination of a partnership, and the balance of the arrangement deals with the partnership arrangement.

The CHAIRMAN. I had the impression that Judge Moss was referring to the memorandum that Mr. Parker wrote.

Mr. MOSS. No. I was referring to the memorandum which he has read.

Mr. MANSON. Mr. Lohman's memorandum?

Mr. MOSS. Yes.

Mr. NASH. I understood Mr. Manson to say that Mr. Lohman's memorandum specifically directed how the case should be closed, and that is why I asked to have it read.

Mr. MOSS. Yes.

The CHAIRMAN. I understood from the memorandum that he just read to instruct them to close it on the 1916 basis.

Mr. MANSON. Yes; it says:

"I have carefully considered the conferee's findings and conclusions in the above-mentioned case, together with the memorandum written by the auditor on this case and the briefs and data filed by the taxpayer, and it is my conclusion that the decisions as reached by the conferee are correct and should be followed in the closing of this case."

Senator ERNST. That is the part of it to which you had reference?

Mr. MANSON. Yes. Going back now:

"First. The audit was made as per instructions in Mr. Lohman's written memorandum.

"Second. It was taken to Mr. Lohman personally instead of being sent through to the review section in the ordinary manner.

"Third. The case would not have been audited in this way without instructions from Mr. Lohman.

"Fourth. The result of the audit was to wipe out one-half million dollars in tax and refund to the taxpayer for the year 1918 alone over $11,000.

"From the testimony of Neely, in the same exhibit, we see that the case went to the administrative section first, instead of going to the review section, and it was turned back to them because it was not signed by the review section. When it did get to the review section it came there with instructions to sign the certificates of overassessment without the usual review.

"A memorandum from Mr. Lohman directing how this case should be audited was missing from the files, as well as a memorandum from Mr. Lobred, which set up the objections of the audit unit to the consideration of this case on any such basis as was finally made.

"Fortunately, it later developed that Mr. Neely had kept copies of these two memoranda for the protection of himself and his section. Copies of these two memoranda are therefore appended under Exhibit D, which is Mr. Lohman's instructions to audit, and Exhibit E, which sets up the contentions of the auditors. We believe from examination of Mr. Lobred's memorandum and Mr. Lohman's memorandum that there is no doubt but what Mr. Lobred was right in the majority of his contentions. We will not, however, go into that phase of the case here because we do not wish to cloud the issue.

"The issue in this case is the establishment of the fact that no matter how perfect may seem the safeguards set up by the bureau for the review of cases, they are of absolutely no avail when the administrative officers of the bureau may cut out such procedure and safeguards at their own personal pleasure.

"We have information that Mr. C. T. Haines, representative of the taxpayer in this case, is a brother-in-law of Mr. Bright, and that Mr. Lohman has now left the department to go into business with Mr. Haines. This latter statement is simply on verbal information, and we have not had time to confirm it.

"It appears also from the papers in this case that it was closed under a final determination signed by the commissioner, at least for the year 1918, under section 1006. This means the case can not be opened up unless fraud is shown. A rapid survey of the case makes it appear that an item of about $1,200, deductible from the tax of 1918, was omitted from the audit for that year, and a certificate of overassessment and a final determination was signed without this being taken into account. We understand later that this amount of money was deducted from 1919 taxes of the taxpayer. This procedure is absolutely contrary to the statute.

"Conclusion: This case would have received a careful and thorough study if time had been available, but we believe that this brief statement will bring out the astounding condition which exists in the department. We contend that if one case is reviewed all cases should be reviewed, and that no administrative officers of the Government should be allowed to vary procedure at pleasure. It was quite evident from the conferences held by the writer that the individuals in the bureau do not dare protest such cases for fear of losing their positions. It should be stated also, in fairness to these men, that they volunteered no information but answered the questions in the only way which honest men could do."

This report is signed by Mr. Parker, one of the engineers of the bureau, and submitted to the committee by Mr. Manson.

It will be observed from that that he says that these men did not tell the committee or its staff voluntarily of these cases, because they feared they would be discharged by their superior officers for informing the committee staff, and it was necessary in every way to protect the employees from dismissal by not having it appear in these records that they informed us of anything.

There was one good soul brave enough to tell the committee some things openly, and he is now walking the streets. Of course, the bureau said he was removed to reduce the force, that they were cutting expenses. That is so simple that I do not take up the time of the Senate to discuss it. Anybody they want to remove can be removed "to reduce expenses."

Mr. MANSON. This report is signed by Mr. Parker.

Senator ERNST. Is that a single, isolated case, or do you think there are others like it?

Mr. MANSON. Well, I do not know about that.

Senator ERNST. Do you know of any others?

Mr. MANSON. I do not know of any others.

I should like to say this, that our work of endeavoring to get matters of procedure in the bureau was but recently started. I had but one man available to do that, Mr. Parker, who is our chief engineer, and it was not until his work in the engineering division had reached the point where he could be spared from it that he was available to investigate the general procedure of the bureau and, as is known, the investigation in the bureau is now cut short. I have no way of knowing whether this is an isolated case. I do not even know how Mr. Parker got onto the case.

At this point I want to say that it was most difficult to get on to any case. Sometimes some person, honest but timid, would drop a note on the desk of one of our employees and suggest that we examine a particular case. Another would whisper as he went by, "Look into this case, but do not say I said so." That sort of thing permeated the whole bureau. In making those statements I do not cast any reflection upon Mr. Nash or Mr. Blair. I know there was a general fear throughout the entire bureau to even being seen talking to or conversing with any of the committee's staff.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WATSON. Does the Senator remember almost the last statement made by Mr. Manson to the committee before we adjourned—that in every instance where any help had been asked, or any information requested, or any document had been requested, response was freely made, and that there had been no difficulty about it?

Mr. COUZENS. I remember that; but that is not the point I am trying to make. The point is that we had no way of

knowing where to go. As the Senator says, if we knew what we wanted, and could specify, we could get it. I do not think we were blocked in our investigation. But out of 65,000,000 returns, we had no clue as to where to go to look, until somebody suggested to us the incorrect settlement of a specific case. It was only by those means that we obtained any lead at all as to how to proceed. I think the Senator knows that we floundered around for months, practically, without knowing where to begin or where to end. We purposely declined to employ discharged auditors, so as not to have it charged that we built up this case by employing disgruntled employees.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. COUZENS. I yield.

Mr. SHIPSTEAD. Is the Senator aware that some of the men who testified before the Senator's committee, and who have been protesting against this method of doing business in the Treasury Department, were relieved of their positions afterwards?

Mr. COUZENS. I referred to one case, that of Mr. Briggs, who was dismissed afterwards. I do not recall that anybody testified before our committee who disclosed any irregularities except Mr. Briggs. We subpœnaed no one of the bureau employees—though I may be in error about this—unless it was Mr. Briggs. Every hearing was had in the presence of the bureau officials. They brought down all of the documents and all of their staff that they wanted. We kept nothing from them. I think that will be verified by my good friend, the Senator from Indiana.

Mr. WATSON. There is no question about that. It was done by previous agreement, and the bureau was represented at the hearings as it wanted to be represented. I think the Senator is in error in the sweeping statement that Briggs was the only discharged employee who appeared before the committee. I think there were a number of them the first two weeks, possibly.

Mr. COUZENS. The Senator misunderstood the question of the Senator from Minnesota. The Senator's question was whether or not, after these men had testified, they were discharged. In that connection I say I know of only one, and that was Briggs.

Mr. WATSON. I think the Senator is quite right.

Mr. SHIPSTEAD. I had in mind particularly Mr. Briggs, because he comes from my State. He is a man of the highest professional training, is a graduate of Yale, a graduate of the School of Mines in Minnesota, and a man, as I gathered from reading the testimony presented to the committee, who rendered very valuable service to the Government. I thought it was quite remarkable that he should be dispossessed of his position after appearing before the committee.

Mr. COUZENS. I think the Senator is quite correct. While I am on that point, I want to point our an error which appears in the report of the committee, which I think, perhaps, does injustice to Mr. Briggs. It is a typographical error, drawn to my attention by the Senator from Montana. On page 12 of the report, which we filed on January 12, it is said:

> Neither this committee nor its staff have found anything to criticize in the work done under Mr. Grimes, Mr. Davis, Mr. Tanner, or Mr. Griggs.

For "Mr. Griggs" it should read "Mr. Briggs." That should be corrected, because Mr. Briggs was the one with whom we found no fault, but we did find fault with Mr. Griggs. The report therefore is contradictory, because on the next page we at length criticize Mr. Griggs. The prior part of the report also mentions Mr. Briggs, the inference being, because we do not mention him in the last paragraph, that we had some fault to find with him; but we did not.

Continuing to read from the testimony, Mr. Moss, of the Treasury Department, made this comment:

> Mr. MOSS. Mr. Manson mentioned some memoranda of Mr. Lobred and of somebody else, which had disappeared from the records, but copies of which had been kept by Lobred. Did you read those?
>
> Mr. MANSON. I read Mr. Lohman's memorandum. Mr. Lobred was the auditor who audited this case, and whose audit was overturned, and his memorandum sets forth the facts very clearly and precisely, which I attempted to summarize at the time I started to state this case, and unless the facts which he sets forth here are not true, there is no question in my mind but what the taxpayer was not entitled to have this income considered as of anything other than the income as of the year 1918.
>
> Senator WATSON. Would this case naturally, in due process, have come finally to Mr. Lohman?
>
> Mr. MANSON. Mr. Lohman was the chief of the consolidated returns division. Under Mr. Lohman was the section in which Lobred, the auditor, worked. Mr. Lobred audited this case. Mr. Lobred was one of the conferees, and his report is based upon the conference.
>
> Mr. Bergeron audited the case originally, and the case was then taken from him and given to Mr. T. F. Callahan. Mr. Callahan's statement is in the record here.
>
> He states, in substance, that he audited the case as he was directed to audit it by Mr. Lohman, and not as he would if he were exercising his own judgment.
>
> After Mr. Callahan had audited the case, Mr. Lohman instructed that the case be sent direct to the administrative division, instead of to the review section.
>
> I take it that the administrative division does not review audits, but merely looks the papers over to see that they are all there and in due form.
>
> The administrative division sends the case back to the audit section, for the reason that it had not been reviewed; in other words, it was not signed by a reviewer. Mr. Lohman then directed that the reviewer sign the case, but that no review be made, and the reviewer states that is what he did, that he signed the report in accordance with Mr. Lohman's direction, but that he did not make a review.

Again reverting to the fact of fraud and corruption, I do not know whether that is fraud or corruption. I do not know whether there is anything dishonest about it, but I will say that it looks pretty rotten to me. I do not know whether Mr. Lohman made anything out of it, but he could have got many thousands of dollars and we would not have found it out. I submit that any employee could do this in the bureau. I have not heard any member of the committee who denies that these things are possible if the men are dishonest, or that it might happen because of lack of organization or lack of system.

Continuing the reading:

> Mr. MOSS. I would like to ask for a little information here. Was that under verbal instructions?
>
> Mr. MANSON. Under verbal instructions.
>
> Mr. MOSS. To sign this, but not to review it?
>
> Mr. MANSON. To sign it, but not to review it.
>
> Mr. MOSS. He makes that statement?
>
> Senator ERNST. Do you still want that report read?
>
> Mr. MOSS. I think so. I do not know how the chairman feels about it.
>
> The CHAIRMAN. I would also like to hear it read.
>
> Mr. MANSON. The report of the auditor?
>
> The CHAIRMAN. The one which Judge Moss has asked for.

I do not think anybody denied it. Nobody assumed and I think no member of the committee assumed that that was any fraud on the part of the Commissioner of Internal Revenue to do that.

> Mr. NASH. May I make a statement first?
>
> I want to say that Mr. Lohman entirely exceeded his authority if he did what he is said to have done in this case. He had no right to direct that that case go through without a review, and he had no right to dictate the direction of the audit. I can not understand the workings of the mind of this auditor, if he would audit a case as he had been directed to audit it, if he thought that basis was wrong. He should have audited it to the best of his own honest judgment and closed it in that way. But no auditor need take directions from any superior as to how a case should be audited. It should be honestly audited on the basis of the facts before him and in no other way.
>
> The CHAIRMAN. I am sure that that is the intention of the organization, but, as has been pointed out in the previous hearings, these reviewers and these auditors are all subordinates——
>
> Mr. MANSON. Of the same man.
>
> The CHAIRMAN (continuing). Of the same man, of the chief of section, and it requires a man of perhaps more than ordinary nerve to fly in the face of his superior, especially when his livelihood is dependent on that particular job.
>
> Mr. NASH. If a man is honest, I do not see why he would hesitate to fly in the face of anybody, if they told him to do something wrong.

When a man is head of the section, if his auditors or even his reviewers do not do what they are told to do, they are liable to be discharged. If they do what they are told to do and do it dishonestly, they will be promoted, and there is evidence of that not only in the testimony which we have, but more specifically in an affidavit which, as I understand it, has been filed with every Senator from a lawyer by the name of Hickey, a former employee of the Bureau of Internal Revenue. He was employed there for a number of years.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. COUZENS. Certainly.

Mr. WATSON. I think perhaps the Senator made that statement a little stronger than he intended to make it.

Mr. COUZENS. What statement?

Mr. WATSON. That if a man did something and did it dishonestly he thereby earned promotion.

Mr. COUZENS. I said that the evidence discloses that, and I still have the evidence.

Mr. WATSON. That the evidence discloses that any time a man made a statement or a return or a report that he was asked to make by somebody or by the head of some department, which was a dishonest transaction—that thereby he earned and got a promotion?

Mr. COUZENS. I think that was true and is true, and before I get through I will show the Senator where it is true.

Mr. WATSON. I shall be very glad if the Senator will do so.

Mr. COUZENS. I do not charge it in every case, but I say they did do a dishonest thing where they signed a review without reviewing, which is dishonest in itself, where they proceeded to audit a case against their better judgment, which was dishonest, and I will point out before I get through that some of those men got promotions.

Mr. WATSON. I would like very much if the Senator would do so.

Mr. COUZENS. I shall do so.

The secretary of the committee points out to me, though I perhaps will have to look this up to find out where it is in the record, that the man who followed out the instructions of Mr. Lohman has since been promoted.

Mr. WATSON. But that proceeds upon the theory that what he did was a dishonest thing and that because of dishonesty he was promoted, and for no other reason.

Mr. COUZENS. I did not intend to convey that idea. If I carried any such conviction by my statement, I was in error.

Mr. WATSON. That was the idea I got, and that is the reason why I said the Senator's statement was a little too sweeping. Perhaps upon reflection he will modify it.

Mr. COUZENS. I do not contend that every dishonest man got a promotion. I say the more venal some of them were the faster they got promoted, and that I shall attempt to prove before we get through with the discussion.

Mr. WATSON. I would like to call the Senator's attention to the fact—and I know that he will agree with me in the statement—that over and over again it was asserted by Mr. Manson and by others—and I am not certain but by the chairman himself—that no fraud had been discovered, that no dishonesty was charged, that no corruption was imputed to anybody; that the whole examination and investigation proceeded upon the theory that we were to be constructive and not destructive or not critical, and that the whole question of fraud or dishonor was wiped out. I ask the Senator if that was not stated over and over again by Mr. Manson and others in the investigation. Now my friend the Senator from Michigan stands upon the floor of the Senate and says that there were many instances of dishonesty, perhaps of venality, perhaps of corruption. The Senator does not charge that, does he?

Mr. COUZENS. Oh, yes. I charge evidences of it. Probably the Senator from Indiana has not been here all the time since I started the discussion. I had a discussion this morning with the Senator from California [Mr. SHORTRIDGE], in which he referred to the statement that both Mr. Manson and I made before the Finance Committee to the effect that we found no fraud. I have stated it on the floor and I state it again now. But there is a great deal of difference between saying that we found no fraud and saying that we found no evidence of it. I have repeatedly said, but it seems difficult to get it understood, that we employed no detectives, we employed no one to follow up these evidences of suspicion or evidences of corruption or evidences of fraud. But I will say that there were plenty of evidences of fraud, evidences of collusion, evidences of corruption.

As the Senator said, we distinctly proceeded on the theory that we could not follow up all the leads indicating fraud or suggestions of collusion; that we were there to try to get at the system, to find out what was wrong with the system, what was wrong with the interpretations of law, what was wrong with the rules and regulations, and to suggest ways and means of correcting them. The Senator and I are in entire agreement on that proposition, but I am bringing out what occurred at our hearings to disclose how easy corruption and fraud and collusion were, and to indicate to the Senate where the instances occurred not for the purpose of making a case against anybody but for the purpose of showing the necessity of removing all of such conduct from secrecy.

The Senator perhaps has forgotten that we are debating the question of whether we should remove the secrecy provision from the law and have the records made public. I do not contend that the adoption of the amendment under discussion will correct all of the evils. I say that for nearly 13 years every employee in the bureau has been protected in almost any crime he might have wanted to commit, because he could have audited a case and filed it away and nobody would ever have seen it again; nobody was ever supposed to see it again. I submit that the cases to which I am calling attention never would have come to the light of day had our committee not been authorized to investigate the system and the method used by the bureau in auditing the millions of returns that are made.

I submit that if Senators want to continue the system of secrecy where cases involving millions of dollars may be audited and then filed away in a cabinet under the rule of secrecy, of course, it is within their power to do it. I for one am opposed to any such conduct of government. I oppose any principle or policy which permits an engineer or an auditor to go into private conference with a taxpayer and agree with him in secrecy upon a settlement of his case, and then put it through in accordance with the agreement made, and nobody ever know anything about it and the case be closed.

In this connection I want to direct attention to a specific case along these lines, so we may have some continuity of discussion.

In volume 4 of our hearings, at page 2134, occurs the following:

Mr. MANSON. This is the case of the individual tax of William Boyce Thompson for 1918.

The CHAIRMAN. Where does Mr. Thompson live?

Mr. MANSON. In New York.

The CHAIRMAN. Do you know what his business is?

Mr. MANSON. Capitalist, I believe. I do not know of any other business.

The amount of tax involved is $573,001.72.

This case is an important case, not only from the standpoint of the amount of tax involved, but because it discloses a laxness which we believe to be symptomatic in checking losses claimed as deductions.

Our statistical investigation has disclosed the fact that losses on the sale of stocks and bonds claimed and allowed as deductions are the most important factor in determining the rise and fall of income in the high-tax brackets. They perhaps amount to more than all of the other factors which influence the rise and fall of incomes in the high-tax brackets. For that reason the system employed in the bureau in checking those losses is a very important consideration for this committee.

At this point I want to say that I think this testimony discloses that we were not on the trail of fraud. Every case to which I have referred had for its purpose the disclosing of the system, not to try to find some crooked or dishonest employee or some crooked or dishonest taxpayer. Every case I have read from the record emphasizes the fact that we were getting at the system.

Mr. WATSON. Mr. President, will the Senator pardon an interruption?

Mr. COUZENS. Certainly.

Mr. WATSON. This case has not as yet been settled, has it?

Mr. COUZENS. Yes; I think it has.

Mr. WATSON. I do not think so.

Mr. COUZENS. The record will show, and I will read it to the Senator.

Mr. WATSON. Very well.

Mr. COUZENS. I quote further, in continuation, as follows:

This case further discloses that in spite of all the checks and reviews which have been described to this committee as the means of protecting the Government's interests, it is possible for the heads of two divisions, by cooperation, to fix a tax, and in spite of the best efforts of conscientious employees working under them, to keep from the responsible officers, such as the solicitor and the commissioner himself, the information such as goes to the liability of the taxpayer to pay a tax; so that, for those reasons, this case involves a great deal more than the amount of tax involved.

This is one of the most specific cases which was brought to the attention of the committee, showing how possible it is for any influential man, anywhere, under any circumstances, to go down to the bureau and get anything he chooses, without the Secretary of the Treasury, the commissioner, or the deputy commissioner knowing anything about it.

In the original return in this case, filed in March, 1919, this taxpayer made deductions for losses on sale of stocks and bonds amounting to $597,479.66.

The 1918 form of return, in Schedule D, calls for the following information to be supplied by a taxpayer who reports a profit or loss on the sale of land, buildings, stocks, bonds, and other property——

The CHAIRMAN. Is that the form used by the taxpayer in this case?

Mr. MANSON. That is the form used by the taxpayer in this case, the form supplied by the bureau for reporting the 1918 taxes.

The CHAIRMAN. This was the taxpayer's return made for the year 1918, although filed in 1919, was it?

Mr. MANSON. Yes; that is it. In the first place, this form calls for the kind of property upon which the profit or loss is required to be stated, the year the property is acquired, the name and address of the purchaser or broker, the sale price, the original cost of value of March 1, 1913, the cost of subsequent improvements, if any, and the depreciation sustained.

The instructions printed on this form provide as follows:

"If the profits or losses on sales made through any one broker aggregated $1,000 or more, report the transactions on a separate line, with the name and address of the broker."

In this case, a copy of Schedule D of the taxpayer's return is our Exhibit A. There is no detail as to the kind of stock or the kind of bonds. The only date as to the year acquired is 1913 and since.

Under the name and address of purchaser or broker is the word "various." The total sale price of stocks and bonds is included in three totals, and the original cost or market value on March 1, 1913, is also included in three totals. The losses are carried out in one total of $597,479.66.

I offer that as our Exhibit A.

That is Exhibit A in the record.

When this return was audited, the auditor prepared a letter for the signature of the deputy commissioner, which is as follows:

SEPTEMBER 4, 1923.

Mr. WILLIAM BOYCE THOMPSON,
14 Wall Street, New York, N. Y.

SIR: Reference is made to your income-tax return, Form 1040, for 1918.

It is noted in Schedule D that you reported a loss of $597,479.66 from the sale of stocks, notes, and bonds. With reference to each transaction you are requested to state:

(*a*) Kind of security.
(*b*) Date acquired.
(*c*) Original cost of each security.
(*d*) If acquired prior to March 1, 1913, the market value as of that date.
(*e*) Date of sale.
(*f*) Sale price of each security.
(*g*) Whether $4,437,590.64 represents the actual sale price or the inventory value furnished by your broker.

In Schedule A you deducted $26,066.02 as salaries and wages paid. You are requested to state whether this item includes any withdrawals or salaries paid to yourself or your wife. If so, state the amount or amounts.

Please give this matter your prompt attention and in your reply refer to IG PA 3 MP–302.

Respectfully,

J. C. BRIGHT,
Deputy Commissioner,
By ——— ———,
Acting Chief of Section.

That was the letter which went to the taxpayer after he had filed his return.

The CHAIRMAN. Who was the acting chief of section at that time?

Mr. MANSON. It does not state.

I offer that as Exhibit B.

On September 4 the taxpayer furnished a statement, of which Exhibit C is a copy. In this statement the various transactions are apparently separated, but with one or two exceptions there is no description of the kind of stock; there is no date as to sale, that being designated, as I say, with one or two exceptions, as October and November, 1918, and many of them just 1918. There is no name of the purchaser or of the broker to whom the sale was made.

Among other items claimed for here is "Foreign exchange." There was claimed on that a loss of $280,022.36. There is nothing to indicate whether an exchange was disposed of or what sort of "foreign exchange" it is. In fact, there is nothing upon this statement furnished by the taxpayer, in response to this letter, which would enable any auditor to make an intelligent or effective check upon these transactions.

It is submitted that if a taxpayer is required to state the kind of stock upon the sale of which he claimed a loss; is required to give the date of its purchase, so that the value of that stock as of that date can be verified; is required to give the date of the sale, so that the value of the stock as of that date can be verified; and is required to give the name of the purchaser or the broker through whom the sale is made, so that that fact can be verified, the mere fact that the taxpayer furnishes that information is almost as effective a check as though that information were afterwards verified, because a taxpayer who knows that he is supplying information which makes it possible for the bureau to check the transaction and find out whether the facts returned are true, is deterred from reporting a loss which does not, in fact, take place.

The CHAIRMAN. Did your investigation disclose any evidence that the taxpayer's books were audited by an auditor?

Mr. MANSON. They were not.

The CHAIRMAN. Do you know whether they have been audited up to date?

Mr. MANSON. I do not know whether they have been audited up to date, but no field examination of this claim was made.

The CHAIRMAN. You say you do not know whether the taxpayer's books at the office were audited up to date?

Mr. MANSON. I do not know whether they have been audited since. There is nothing in the files to indicate that they have been audited.

The CHAIRMAN. That is interesting, because the representatives of the bureau have been checking the chairman's income tax for three weeks, and have been going to great pains to find out whether I have done the Government out of anything or not.

Mr. MANSON. There is nothing in the files to indicate that any examination of this taxpayer's books has been made.

After the receipt of the statement to which I have just referred, an A–2 letter, notifying the taxpayer of an additional assessment of $482.16, was sent out on October 17, 1923. This A–2 letter, in effect, allows all of the deductions claimed for the loss on the sale of stocks and bonds claimed by the taxpayer, for the reason that it does not disallow any of them, and assess an extra tax.

The extra tax was $482.16, as stated in a previous clause.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER (Mr. NCNARY in the chair). Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH. Will the Senator kindly tell us when that adjustment was made?

Mr. COUZENS. The first letter went out on September 4, 1923, and on October 17, 1923, the so-called A–2 letter went out with an additional assessment of $482.16.

Mr. WALSH. And the bureau allowed for alleged loss on the sale of stocks practically $600,000?

Mr. COUZENS. That is correct.

Mr. WALSH. What was the amount of the tax?

Mr. COUZENS. There is some collateral information that is interesting in this case, and I think I, perhaps, will come to that if the Senator will let me read on through.

Mr. WALSH. Can the Senator tell us whether the taxpayer in that case is the same William Boyce Thompson who was chairman of the finance committee of the Republican National Committee during the campaign of 1920?

Mr. COUZENS. There is nothing in the record to indicate that. All that the record shows is that he is a capitalist.

Mr. WATSON. He is the same man.

Mr. COUZENS. The Senator from Indiana says he is the same man.

I quote further from the testimony as follows:

The CHAIRMAN. You say "in effect." In actuality it does.

Mr. MANSON. Yes. The extra tax of $482.16, notification of which is carried by this letter, contains a statement which is as follows:

"In schedule G you failed to report $57.55, the amount of tax paid for you at the source, on tax-free covenant bonds. On page 1, line 16, you reported $4,003.75 as the value of stock dividends received. In the schedule submitted with your letter of September 21, 1923, you gave this value as $4,503.75, a difference of $500. Stock dividends do not constitute taxable income; however, the profits realized from the sale of such stock is taxable income in the year in which the sale is made.

"These adjustments increase your net income subject to tax at 1918 rates by $4,561.30. The surtax on $35,421.61, the corrected amount of net income in excess of the exemption of $5,000, is $3,490.11. Since $2,950.40 has been assessed and $57.55 was paid for you at the source on tax-free covenant bonds, there is due an additional tax of $482.16."

The CHAIRMAN. And the actual tax paid by the taxpayer in that year on the basis of approximately $35,000 net income?

Mr. MANSON. Yes. Well, $35,000 plus $5,000.

The auditor who handled this return, Miss Megarity, is no longer in the section. Mr. Box, our auditor, interviewed the chief of the subsection——

The CHAIRMAN. Do I understand that this lady to whom you have just referred is in the service but not in the section?

Mr. MANSON. We do not know whether she is in the service, but she is not in the section.

The CHAIRMAN. I see.

Mr. MANSON. Mr. Box interviewed the chief of the subsection where this case was handled, a Miss Powers, as to whether it was customary, where the schedule did not contain the information called for, and where the information supplied by the taxpayer was not sufficient

to make the basis of an effective audit, to allow the deductions under those conditions.

She stated to Mr. Box that they not only made no check except on the totals, but there was no information on file in that section from which a check could be made; that no attempt was made to determine whether or not the prices at which the stock is reported bought and the prices at which it is reported sold conform to the market price as of those dates, and that if an auditor attempted to make that sort of an audit of these returns the production record of that auditor would be so poor that he or she would probably be removed from his or her position.

The significance of that is that if an auditor is thorough the production record is low and the efficiency record is therefore low, because the number of audits turned out is lower than in the case of somebody who does the work in a sloppy manner.

The CHAIRMAN. It seems to me that counsel ought to have subpœnaed the person who made that statement.

Mr. MANSON. Well, I can do so, if the chairman desires it.

The CHAIRMAN. It might be desirable, although, of course, the witness is on notice now, and it might be somewhat embarrassing, and different had the witness been subpœnaed in the first instance.

Mr. MANSON. Notwithstanding the fact that the information called for by the schedule was not supplied and the information called for by the letter was not supplied in sufficient detail to form a proper audit of these deductions, I propose to show hereafter that it was held by Mr. Alexander, in a conference with the taxpayer, that the fact that this A-2 letter was sent out for $482.16 barred the Government from reopening and reauditing and redetermining the propriety of these allowances.

In the fall of 1923, Mr. Granville S. Borden and Mr. William H. Craigue, valuation engineers of the metals valuation section, discovered that a man by the name of McConnell had sold zinc lands and leases in 1918, upon which he made a profit of approximately $600,000. When McConnell was notified of a proposed tax upon that transaction, he protested that tax, and set up the fact that this taxpayer, William Boyce Thompson, had financed his deal, and that they were equal partners in the transaction. This property was sold in 1917; that is, an agreement to sell was entered into in 1917. In that way, the fact that Thompson had a half interest in this profit was brought to the attention of the metals valuation section.

In other words, Mr. Thompson never reported the transaction. It was discovered only by his partner reporting the transaction.

The metals valuation section then requisitioned the returns of Thompson and McConnell, and discovered that they had made no returns of any portion of the profit on the sale of these zinc lands.

An A-2 letter, which is our Exhibit E, dated February 12, 1924, was sent out, assessing a tax of $573,011.72, based upon the disallowance of the deductions for the losses on the sale of stocks and bonds, and upon Thompson's share of the profit on the sale of these zinc lands.

The CHAIRMAN. This A-2 letter, you say, was sent to Thompson?

Mr. MANSON. This A-2 letter was sent to Thompson on February 12, 1924. This is our Exhibit E.

On February 28, 1924, Mr. C. Kelsey and Mr. T. D. Thatcher, of the law firm of Simpson, Barlett & Thatcher, representing Mr. McConnell and Mr. A. G. Dodge, representing Mr. Thompson, had a conference with Mr. Alexander.

Here is the significant part of the testimony:

Notwithstanding the fact that the discovery of this transaction with reference to the sale of the mining lands had been made by the metals valuation section, that the metals valuation section had given a notice and had given these taxpayers a hearing, and had all the information with reference to this transaction; and notwithstanding the fact that under the organization of the income-tax unit the determination of the values of mining property is a matter exclusively within the control of the metals valuation section, neither a representative of the metals valuation section nor an auditor who knew anything about the deductions for losses on the sale of stock and bonds, was brought into this conference. This conference was held by Mr. Alexander alone.

The report of that conference is our Exhibit F.

That letter is signed by "S. A.," those being the initials of Mr. Alexander, "Head, Natural Resources Audit Division."

I would now call especial attention to the fact that this was a case in which it was known at the time it was held by Mr. Alexander that these stock losses would not be reopened for consideration. It was known that this taxpayer had failed to return a profit made on the lands in this mineral case, a fact sufficient to have put the bureau upon notice, even though it is not their practice in all cases to make an effective check of losses where they run, as they do in this case, to over a half million dollars.

The CHAIRMAN. In that connection, the taxpayer claims that there was no profit made; so how could a profit be returned?

Mr. MANSON. Well, I am coming to that.

There was at least a claim on the part of the metals valuation section that there had been a profit made.

The CHAIRMAN. Well, you would not criticize the taxpayer for not returning it if there was not any profit, would you?

Mr. MANSON. Taking all the facts in this case into consideration, I would criticize the taxpayer, for this reason: It is shown here that this land was purchased in December, 1912; that there was no activity in this field and nothing took place which would enhance the value of the property from December, 1912, to the 1st of March, 1913; that the land was purchased for approximately $10,000; that afterwards improvements were made on it which would run the cost of the land, with the developments, up to about $18,000; that nothing transpired after that until Germany seized the zinc fields in Belgium, and the price of zinc was immediately boosted in this country, in 1914; that great activity took place in this field in 1914 and 1915; that the price obtained for this property in 1917, that is, the price fixed in the contract of 1917, was entirely due to enhancement in the value of zinc, which began in 1914.

The CHAIRMAN. What was the property sold at?

Mr. MANSON. About $600,000.

The CHAIRMAN. In spite of the fact that it cost them about $10,000 and they sold it for $600,000, the taxpayer claimed no profit?

Mr. MANSON. They reported no profit at all. Even though there had been some enhancement in value, and in spite of the claim of the bureau that there was none in the three months' period from the time they purchased the property until the 1st of March, 1913, the fact that war conditions in Europe boosted the price and the demand for zinc tremendously in this country would create at least a part of the profit; so it can not be said in this case that the taxpayer was warranted under any conditions in not reporting some profit on that transaction.

The CHAIRMAN. What did the taxpayer claim the property was worth on March 1, 1913?

Mr. MANSON. He claimed that the property, together with the improvements made upon it, was worth just what he got for it.

The CHAIRMAN. The burden of proof was on the taxpayer to fix the value as of March 1, 1913, is it not?

Mr. MANSON. Absolutely.

The CHAIRMAN. And he submitted no proof fixing the value?

Mr. MANSON. And he submitted no proof fixing the value.

The engineering division had given him 30 days within which to supply data as to the value as of March 1, 1913, after a conference with the taxpayer. Such data were never supplied. The engineering division ascertained that he had consulted an engineer and had attempted to get an engineering valuation, but had not succeeded in doing so.

The CHAIRMAN. When was the case closed as to this particular transaction?

Mr. MANSON. I am just coming to that.

On April 14, 1924, Mr. Grimes, the chief of the metals valuation section, sent a memorandum to Mr. A. M. Greenidge, head of the engineering division. This memorandum sets forth the facts which I have just roughly sketched.

Copy of that letter is introduced as our Exhibit G.

The CHAIRMAN. You say that was dated in April, 1924?

Mr. MANSON. That was dated April 14, 1924.

It is apparent that there are some questions of law involved here. In the first place, as to whether the transaction out of which this profit was derived was consummated in 1917 or 1918 is clearly a question of law. Second, whether or not the failure to return this tax or to return this income constituted a fraud which would prevent the statute of limitations running against the tax is another very clear question of law.

For reasons which will be hereafter explained, on April 28, 1924—that is, two weeks after this letter to Mr. Greenidge—there was prepared for the signature of the deputy commissioner, by Mr. Borden, an engineer in the metals valuation section, a communication directed to the solicitor, requesting the solicitor's opinion upon the questions of law involved in this matter, two of which I have just mentioned. This communication is our Exhibit J.

The CHAIRMAN. Did that letter get to the solicitor?

Mr. MANSON. That letter, we have ascertained, had not reached the solicitor's office last Saturday. The date is April 28, 1924.

In other words, the letter was written on April 28, 1924, and had not reached the solicitor's office in May, 1925.

The CHAIRMAN. In other words, after 10 months it had not reached the solicitor?

Mr. MANSON. It had not reached the solicitor's office yet.

Our Exhibit H is a written statement of Mr. G. S. Borden, valuation engineer of the metals valuation section, which throws additional light on this situation.

The CHAIRMAN. The Mr. Shepherd mentioned was the special conferee, was he not?

Mr. MANSON. Yes. Mr. Shepherd was the special conferee of the engineering division.

As this engineer has stated, he made the kind of report that Mr. Shepherd instructed him to make. That report is Exhibit I, dated December 3, 1924. I am not going to read this report in full, but I do desire to call the attention of the committee to the fact that the very first statement in this report is a ruling upon a question of law, namely, "The statute of limitations has run against the claim for additional taxes for the year 1917."

That was and is one of the most important questions in this case.

Here we have this situation, identical as in the Penn Sand & Gravel Co., an engineer knowing that the ends of justice are being defeated by a taxpayer, sends a protest in writing to Mr. Greenidge. That protest is ignored. He then goes to the solicitor, the law officer of the Bureau of Internal Revenue, an officer appointed by the President and confirmed by the Senate, and put there for the purpose of passing upon questions of law. There he is advised by an assistant to the solicitor to put his case in writing and submit these questions of law to the solicitor, in order that they may be determined in the way provided by law. That communication has not as yet, or at least up to Saturday of last week, had not as yet reached the solicitor.

It is my position that regardless of the merits of this particular case, the manner in which this case has been handled shows that, in the first place, there is an entire lack of that effort which is absolutely essential for the proper check of deductions claimed for losses upon sales of stocks and bonds.

In the second place, this case establishes, as no other case which has yet come to my attention establishes, the correctness of the position taken by the chairman before the Finance Committee, when he said that some system of appeals or review whereby the Government will get some protection and whereby the subordinates of the Income Tax Unit, who have a knowledge of the facts, who are conscientious in their work and are trying to protect the Government, may have an opportunity to be heard.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I do.

Mr. KING. The Senator referred to Mr. Alexander as the employee of a tax unit who settled the case of the Government against William Boyce Thompson, under the terms of which the Government lost a good many thousand dollars.

Mr. COUZENS. That is the case I am reading.

Mr. KING. Is it not a fact that this same Alexander, after being in the department for some time, getting the run of the business, learning of the multitude of cases there, large tax cases and others undisposed of—and some disposed of, but against which the statute of limitations had not run, so that there was an opportunity to reopen—resigned and opened a law office, and was advertised freely by organizations which he promoted, or at least which he utilized, as one of the great tax lawyers of the United States; and is it not a fact that he is now engaged in active practice in the department, and has been ever since he resigned?

Mr. COUZENS. I understand that is so. I have never checked it up to determine whether it is so or not, but I understand it is.

Mr. SMOOT. That is not an isolated case by any manner of means. We can begin with Commissioner Roper and come down to the present. I can name right off 50 or 60 parties who have done that.

Mr. KING. I am very glad that my colleague has said just what I was about to observe.

Mr. COUZENS. It is a most astounding thing that the chairman of the Finance Committee, knowing these things all these years, has never proposed an investigation of the Bureau of Internal Revenue.

Mr. KING. The Senator knows also that in investigations by the committee of which he and I were members it was revealed, as just stated by the chairman of the committee, that a large number of persons, after they were in the department for a number of years, and after they had obtained a large amount of information regarding taxpayers and the large amounts due from them to the Government, resigned and organized firms to promote claims against the Government, for the purpose of securing refunds, and, though I will not say in an illegitimate way, for the purpose of preventing the Government from obtaining payments from taxpayers on claims which the Government preferred against them for delinquent taxes.

Mr. COUZENS. That is not only true, but Members of Congress have gone down to the department, to these special conferees, carrying with them the taxpayers' briefs, and left them with the conferees in confidence, with their cards attached to them, asking them to give consideration to the taxpayers' briefs.

Mr. KING. While the Senator is upon that, I am told also that clerks of important public officials have acted, I will not say as lawyers, or quasi lawyers, but at any rate they have acted as messagemen to carry these briefs, and to talk with the officials of the Government.

Mr. COUZENS. Oh, they have done more than that. They have used the power of their offices to get consideration for the taxpayers.

Mr. KING. I shall offer an amendment, which I am sure the Senator will support, to prevent persons who have been employed in the tax unit from practicing before the boards and before the tax unit organizations for a period of two years after they have separated themselves from the service.

I would be perfectly willing to have it go further, and to interdict Representatives or Senators, or their clerks, or any representatives of theirs, from appearing before the tax unit, or any of the branches of the Government charged with the duty of levying and collecting taxes.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH. It has been represented to me that only a very inconsiderable number, in proportion, of the decisions of the solicitor and the decisions of the bureau have been printed and made public, and that consequently these gentlemen who have had service in the department, and who have then gone out and engaged in the practice of the law before the department, being conversant with these opinions which have not been published, and which are not, accordingly, available to the bar generally, have a decided advantage over anyone who has not thus had access to the files of the department; that they are able thus to exercise a very decided advantage in the prosecution of their business. What can the Senator tell us about that?

Mr. COUZENS. If I started to tell the Senate that story I would not get through before March 1, because we have taken volumes of testimony showing that condition, and our report has specifically shown that only 15½ per cent of the decisions and rulings of the bureau have ever been published. In other words, we have found opinions rendered by the solicitor, and decisions made by the commissioner and his deputies, which specifically state, "This is not a precedent for any other case." In other words, they have granted concessions to taxpayers which they will not permit to be granted to other taxpayers, and have specifically stated so in the opinions.

Mr. BORAH. In other words, they have spasms of virtue?

Mr. COUZENS. I do not know. I doubt if they have even those. If it is a virtue to tax one taxpayer and not another, then I do not understand the meaning of the word "virtue."

Mr. BORAH. What I meant was, they did not intend that one fraud should necessarily be a precedent for another one.

Mr. COUZENS. That is true; yes. I want to finish this concerning the William Boyce Thompson case. Continuing, I read:

The CHAIRMAN. To my mind, this develops a most astounding condition, and I think the members of the bureau here must be impressed with the power of an individual, one solitary individual, to so route a case through the bureau as to obtain anything he desires, and yet the head of the bureau or the solicitor would know nothing about it. It seems to me that that is incomprehensible. I have not heard of this case before. I do not know how it came to the attention of counsel, but if one man by the name of Alexander can steer cases through the bureau, wiping out all the work of the metals valuation section and the auditors of the solicitor's office, and even the commissioner himself, it is a most astounding situation that exists. Of course, I presume that there is some explanation yet to come to the committee, but, as presented, it is most astounding to learn that such a thing is possible.

Did you ever hear of this case before, Mr. Nash?

Mr. HARTSON. I think, Mr. Chairman, the bureau ought to be given further opportunity to consider what has been said, and reply to it later. I think, in view of the fact that representatives of the bureau had not known of this case until counsel called it to their attention on Saturday, I think we would prefer to have nothing said by the representatives of the bureau at this time, and I would ask that it be continued, and we be given an opportunity later on.

After the bureau had made this request for time it appears, in part 18 of our hearings, on page 4070, that the only reply the bureau ever made to these allegations was in the following:

The CHAIRMAN. You have something else that you want to put in the record, Mr. Nash?

Mr. NASH. I want to say that these 1924 returns for individuals, which were asked for, have been coming in during the month of May,

and they are now going through our proving section. They have been recorded and will be made available for statistical purposes immediately after that work is completed.

The chairman asked the other day for a statement as to the position of the bureau on certain cases that have been called to our attention by this investigating committee.

Mr. Gregg and I went over the list of cases that have been presented to this committee and prepared this statement showing the position of the bureau on such of these cases as are being reinvestigated or reopened.

George Bros., being reinvestigated for years not closed.

William Boyce Thompson, being reinvestigated for all years from 1917 to date.

In that connection I wish to say that that is the last we have ever heard from the bureau in explanation of that particular case.

At some later time I will continue my remarks, but I now surrender the floor.

Mr. WATSON. I understand the William Boyce Thompson case is not yet closed?

Mr. COUZENS. It was closed when we took it up, and I do not know whether it has been reopened or not.

Mr. WATSON. I may be in error, but I think I am not, when I say that the case was reopened, has been reexamined, and has not been finally closed. Is that so?

Mr. COUZENS. I read that it was being reinvestigated.

Mr. McKELLAR. Mr. President, before going into what I desire to say with reference to the tax-publicity amendment, I want to add to what has been said with reference to the coal situation by saying that I voted to lay aside the tax bill this morning simply because I thought it was a matter of humanity so to vote. Certainly I am in the greatest sympathy with the desire for rapid progress of the tax bill. I have not the slightest doubt in my own mind that it will be finally passed by the Senate within the next two or three days, Monday or Tuesday, or by Wednesday at the latest. I doubt if it takes that long.

But there is no reason in the world why the Senate should not go on record with reference to conditions that we find in Northern States. It is a question of humanity, it seems to me. While the question of dollars is important, after all it is but a question of dollars so far as tax reduction is concerned. The tax bill will give great relief financially to some people in the country, and it should be passed as rapidly as possible; but at the same time we ought not to be precluded from voting, and we ought not to be denounced for voting in the interest of manifest humanity, as it seems to me. I so voted this morning, and I shall probably vote in exactly the same way whenever the matter comes up.

Mr. President, the specific amendment that is now before the Senate is an amendment offered by the Senator from Nebraska [Mr. NORRIS] reading as follows:

On page 113, line 1, strike out all after the word "records" down to and including the word "President" in line 5 on said page, and in lieu thereof insert the following: "and shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally."

It seems to me that is a perfectly fair and just provision. We do not have secret returns made of our taxes in the various cities, counties, and States. Tax returns are public documents everywhere, except the income-tax returns made to the Federal Government. Why should we single out this peculiar form of taxation and say that the returns shall be secret? In the few remarks that I am going to make this afternoon I shall endeavor to present the reasons why they should not be kept secret. Before I do it I want to call the attention of Senators to the fact that this exact matter was voted on May 2, 1924, by the Senate. I am going to take the liberty of reading the roll call as shown by the RECORD of May 2, 1924, on an amendment identical with the one now before us. The yeas were 48 and the nays 27. The yeas were as follows:

Adams, who is not here now; Ashurst; Borah; Brookhart; Broussard; Bruce; Capper; Caraway; Copeland; Cummins; Dial; Dill; Ferris; Frazier; George; Glass; Gooding; Harreld; Harris; Harrison; Heflin; Howell; Johnson of California; Johnson of Minnesota; Jones of New Mexico; Jones of Washington; Kendrick; King; Ladd; McKellar; McNary; Mayfield; Neely; Norbeck; Norris; Overman; Ralston; Reed of Missouri; Sheppard; Shipstead; Simmons; Smith; Stanley; Stephens; Swanson; Underwood; Walsh of Massachusetts; Walsh of Montana; a total of 48.

The nays were as follows:

Ball, Bayard, Brandegee, Bursum, Cameron, Curtis, Dale, Fernald, Fess, Hale, Keyes, Lodge, McKinley, McLean, Moses, Oddie, Pepper, Phipps, Reed of Pennsylvania, Shields, Smoot, Stanfield, Sterling, Wadsworth, Warren, Watson, Willis, a total of 27.

There were 21 not voting, and I ask that the list of Senators not voting may be placed in the RECORD without reading.

The VICE PRESIDENT. Without objection permission is granted.

The list is as follows:

Not voting, 21: Colt, Couzens, Edge, Edwards, Elkins, Ernst, Fletcher, Gerry, Greene, La Follette, Lenroot, McCormick, Owen, Pittman, Ransdell, Robinson, Shortridge, Spencer, Trammell, Weller, and Wheeler.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. McKELLAR. Certainly.

Mr. WATSON. The Senator may put my name down twice if he wishes, because I intend to vote the same way again.

Mr. McKELLAR. I am delighted to hear that. Senators, we reduced taxes on an average of about 25 per cent then. Under the reduced rates we got just about the same amount of money that we did before. While I can not say, and no man can say, why that was so, yet I have no doubt in my own mind that the publicity feature that was added to the bill, insufficient as it was, had something to do with it. I know, and every Senator here knows, that it had something to do with the increased number of returns under the low rates.

There was another amendment adopted at the same time, providing that all claims in abatement or refunds of taxes should likewise be public property, subject to inspection under similar rules, and that was adopted virtually by the same vote, the yeas being 47 and the nays being 26, and those not voting being 23. I ask unanimous consent that the list may be inserted in the RECORD without reading.

The VICE PRESIDENT. Without objection it is so ordered.

The list is as follows:

Yeas, 47: Adams, Ashurst, Borah, Brookhart, Broussard, Bruce, Capper, Caraway, Copeland, Dial, Dill, Ferris, Fletcher, Frazier, George, Glass, Gooding, Harreld, Harris, Harrison, Heflin, Howell, Johnson of California, Johnson of Minnesota, Jones of New Mexico, Jones of Washington, Kendrick, King, Ladd, McKellar, McNary, Mayfield, Neely, Norbeck, Norris, Overman, Ralston, Reed of Missouri, Sheppard, Shipstead, Simmons, Smith, Stephens, Swanson, Underwood, Walsh of Massachusetts, and Walsh of Montana.

Nays, 26: Bayard, Brandegee, Bursum, Cameron, Curtis, Dale, Fernald, Fess, Hale, Keyes, Lodge, McKinley, McLean, Moses, Oddie, Pepper, Phipps, Reed of Pennsylvania, Shields, Smoot, Stanfield, Sterling, Wadsworth, Warren, Watson, and Willis.

Not voting, 23: Ball, Colt, Couzens, Cummins, Edge, Edwards, Elkins, Ernst, Gerry, Greene, La Follette, Lenroot, McCormick, Owen, Pittman, Ransdell, Robinson, Shortridge, Spencer, Stanley, Trammell, Weller, and Wheeler.

Mr. McKELLAR. Mr. President, what was done when it went to conference? Were the amendments which the Senate had adopted on the subject of publicity agreed to? They were not. It was thought that there would be an innocuous, as it seemed to me, provision put in. That provision, which is the present law—and I read it, because I have offered it as an additional amendment in this case—was:

Provided, The commissioner shall as soon as practicable in each year cause to be prepared and made available to public inspection in such manner as he may determine, in the office of the collector in each internal-revenue district and in such other places as he may determine, lists containing the name and the post-office address of each person making an income-tax return in such district, together with the amount of the income tax paid by such person.

In other words, the law provided for the publication of lists, giving simply, solely, and alone the amount. Talk about invading the tax returns of private individuals or of corporations! Not at all. It merely provided, in the interest of orderly government in one of the vital affairs of the Government, for making public the amount.

Mr. CARAWAY. Mr. President, may I ask the Senator from Tennessee a question?

Mr. McKELLAR. I yield.

Mr. CARAWAY. The only justification for publishing the income-tax returns, of course, would be that people might furnish the Government with information that would lead to the disclosure that the taxpayer had not properly given the amount of his income. Is not that so?

Mr. McKELLAR. That is true. Then besides, even if the taxpayer has filed a proper return and others have not, it is in the interest of good government that there should be publicity as to what is being done as to taxes. The science of taxation has been described by many authors as the science of government. When we provide in our law that taxation, which is the most essential ingredient in government, to say the least of it, shall be secret and not open to all the taxpayers,

we have done a thing which, in my judgment, departs from the principle upon which our Government was erected.

Mr. CARAWAY. I wish to ask the Senator this question: Inasmuch as the only use for disclosing what a man pays in the way of taxes is that it may enable some one to inform the Government that he has not paid enough, why should we not make the publication of his whole return essential, because what he has been allowed by deductions, and so on, may be the means by which he evades the payment?

Mr. McKELLAR. I entirely agree with the Senator. I expect so to vote. I am going to vote for the amendment which has been offered by the Senator from Nebraska [Mr. NORRIS], which provides for the very thing which the Senator from Arkansas suggests. The Senator from Arkansas, I believe, voted for it on the last tax bill. I voted for it then; I am going to vote for it on this bill, and I hope the Senator from Arkansas is going to do so.

Mr. CARAWAY. Does the Senator think I voted for an amendment to publish the entire tax returns?

Mr. McKELLAR. Here is the amendment for which the Senator from Arkansas voted.

Mr. CARAWAY. I remember the amendment.

Mr. McKELLAR. It is just exactly the amendment which is offered now. That is the amendment that we are speaking to, or at least that I am speaking to now, and it is the one which is before the Senate. Let me read it; I have it right here. What was then voted for was:

> And shall be open to examination and inspection as other public records under the same rules and regulations as may govern the examination of public documents generally.

On that question the Senator from Arkansas voted "yea." That is precisely what is before us; that is precisely what I am for now. I expect to vote for it, and I hope the Senator from Arkansas is going to vote for it.

Mr. CARAWAY. Merely having the returns open for inspection and keeping them in the vaults would hardly reach the purpose which, I take it, the Senator seeks, and that is that everybody's neighbor may be informed exactly how much each individual earns, how much he claims as exemptions, and so on, and therefore how much he should pay. That is the purpose of the Senator's amendment.

Mr. McKELLAR. I am going to vote as I voted on the last tax bill. I have read the additional amendment.

Mr. CARAWAY. I am trying to find out what the Senator wants to do.

Mr. McKELLAR. I am going to offer that amendment and vote for it if the amendment of the Senator from Nebraska shall be defeated.

Mr. CARAWAY. I want to find out just exactly what it is the Senator from Tennessee wishes to do.

Mr. McKELLAR. I am sure the Senator does, but I do not know whether he can find out what I want to do if he is going to take up most of my time.

Mr. CARAWAY. I have listened for quite a while without obtaining the information.

Mr. McKELLAR. If the Senator will be good enough to listen for only a moment or two more, I think that he will find out exactly what I want to do. I am going to tell him in perfectly plain English. I want to see the Norris amendment adopted. The Senator from Arkansas and I both voted for it the last time it was offered; I expect to vote for it this time, and I sincerely hope the Senator from Arkansas will repeat his vote and vote for it this time. That is what I propose to do, and that is the amendment I am speaking in favor of now.

Mr. President, I want to call attention to some of the things that are being done under the present system of secrecy. I do not believe that our Government ought to be conducted on principles of secrecy. It is contrary to American institutions, and it is only resorted to in very few cases. I do not know whether ordinarily it ought to be resorted to at all. I voted against secret sessions of the Senate, and I doubt that they are ordinarily wise. But what is being done under the present system of secrecy? I, for one, admit that the present law does not provide as much publicity as it should. First, I am going to take up the question of how the tax money of the people is being refunded to certain individuals and corporations. I call attention in this regard to an article by the Associated Press of a few days ago. It is taken from the report of the committee of which the Senator from Michigan [Mr. COUZENS] was chairman. It says:

> More than $100,000,000 of deductions for war amortization "not based on the solicitor's rulings" have been allowed by the Internal Revenue Bureau, the Senate was informed to-day in the majority report of the special Senate committee investigating the bureau.

Now listen to this:

> The largest such deduction set forth in the committee's report was $27,926,412 for the United States Steel Corporation.

Was that deduction made publicly?

Mr. SMITH. Was that a deduction?

Mr. McKELLAR. It was a deduction. Was it made publicly? No. Was it done in such a way that the public might have knowledge of it? No. It was a deduction made by some employees of the Internal Revenue Office over the advice of the solicitor of that department, in secrecy, and to the great detriment and loss of the Government. Who can find out about it? Can the Senate find out about it? No. It takes an investigating committee to find out about it.

Mr. President, can it be possible that we, who are the trustees of the American people, the trustees of our Government, are going to permit as much as $27,000,000 virtually to be taken out of the Treasury—for it is exactly the same as if it were taken out of the Treasury—in secret, under rules and regulations that are secret, over the advice of the lawyer of the department and not provide any method of changing that situation? I can not believe that we will do so.

Mr. HARRIS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Georgia.

Mr. HARRIS. I wish to ask the Senator if he knows of any State or municipality or county which has universally provided publicity for tax returns which has changed its methods and now prohibits such returns from being published?

Furthermore, I should like to say, if the Senator will permit me, that if the publicity of tax returns has not done anything else, at least it has shown that there are thousands and hundreds of thousands of returns of about a dollar, a dollar and a half or $2, which returns are costing the Government $6 apiece to audit.

Mr. McKELLAR. All of that is true. I wish to say to the Senator that, so far as I know, not one of the 48 States keeps any part of its tax returns secret; not one of the thousands of cities in this country keeps its tax returns secret; no city would dare to do so; and not one of the innumerable counties in the United States, 2,500 of them in all, keeps its tax returns secret; and the Government of the United States does not keep any of its returns secret except those relating to the income tax.

That is a remarkable situation. Why is that done? Who is benefiting by it? Let me continue to read the list. How easy it is for people of influence and power to send able lawyers and able accountants to the department, take up questions with the subordinates of the department, and secure deductions amounting to such enormous sums as $27,000,000 to one taxpayer.

It may be right, and, if it is right, the taxpayer ought to have a chance to have the deduction made. The courts ought to be open to him, but he ought to be required to come out in the open under a law that lays open to the inspection of every man all the facts in the case. He ought to have his day in court; he ought to be able to present his witnesses, and the revenue department of the Government should not be represented by a silent solicitor, who evidently agrees that his rulings may be disregarded, and should not allow the enormous sums represented by the figures set forth in the list which I have in my hand taken out of the Government's coffers simply over his silent disapproval. We would have known nothing about it if it had not been for the splendid investigation which has been conducted into the affairs of the bureau by the committee which had the investigation in charge. I will continue to read from the list.

The first deduction, as Senators will remember, was to the United States Steel Corporation in the sum of $27,926,412.

> The others listed included American Locomotive Co., Bethlehem, Pa., $1,069,022; American Rolling Mills Co., Middletown, Ohio, $1,470,210; Anaconda Copper Mining Co., New York, $2,744,410; Babcock & Wilcox, New York, boiler manufacturers, $2,049,072; Baldwin Locomotive Works, Philadelphia, $2,990,806; Central Steel Co., Masillon, Ohio, $1,399,219; Colorado Fuel & Iron Co., Denver, Colo., $2,594,109; Crucible Steel Co. of America, $8,912,879; Diamond Alkali Co., Pittsburgh, $1,344,405; Firestone Tire Co., Akron, Ohio, $1,464,983; General Electric Co., Schenectady, N. Y., $1,187,360; International Harvester Co., $2,130,215; Jones & Laughlin Steel Co., Buffalo, $5,752,758; the Koppers Co., Pittsburgh, $2,254,133; Labelle Iron Works, Wheeling, W. Va., $1,010,144; Lukens Steel Co., Coatsville, Pa., $2,418,142; McKinney Steel Co., Cleveland, $1,171,431; Pierce Oil Corporation, New York, $1,348,914; Procter & Gamble, Cincinnati, $3,330,936; Republic Iron & Steel Co., Youngstown, Ohio, $3,167,080; Skinner & Eddy Shipbuilding Corporation, Seattle, $1,415,982; Sperry Flour Co., San Francisco, $1,027,023; Westinghouse Air Brake, Pittsburgh, $1,387,790; and the Texas Co., New York, $2,300,192.

In all, $100,000,000 to these great corporations, probably 25 or 30 in number. Who knows, who can know under our law, whether the abatement of these sums, the allowance of these figures, was right and just toward our Government? Why should we permit it? We are imposing taxes on the people. Why should we permit these enormous sums to be taken virtually out of the Treasury of the United States—because they ought to have been there in the beginning—in the form of depletion, without anybody knowing anything about it except a few clerks and experts down in the Bureau of Internal Revenue?

Can anybody defend it? Is there any Senator here who can defend that secret taking of money from the Government under those circumstances, over the advice of the solicitor of the bureau? Oh, if that solicitor had had the manhood and the courage to stand up for his rights, for the rights of his Government! I respect him for his opinion, for not agreeing to the taking of the Government's money in any such way; but I regret that he did not have the courage to go further, and prohibit its being done, on pain of telling the facts.

Mr. President, all such cases as these, affecting vitally the interests of all the taxpayers of the country, should be carefully scrutinized by a court before the amounts are permitted to be taken.

Depletion! I should like Senators to read the report that has been filed by this committee. Apparently—of course I am not an expert and can not say—but apparently, from the reading of that report, literally millions and hundreds of millions of dollars have been unlawfully withheld from the Treasury of the United States by reason of these secret opinions of officers or subordinate employees of the bureau, who had these settlements made over the advice of the solicitor. Is there any Senator on the floor who can answer the question as to who had these settlements made over the advice of the Solicitor of the Internal Revenue Bureau? If there is, I will cheerfully accord him some of my time in which to answer.

Is it not remarkable, Senators, that these settlements are made in secret? And are we going to permit it to go on? Apparently so, from this bill, unless it is amended. Apparently so, unless we have publicity. That is the only thing that will save the Government and save the American people in regard to this phase of the question.

I now come to the question of refunds. Some little question has been raised as to what these refunds have been in the last few years.

Mr. WATSON. Mr. President, did I understand the Senator to say that all of these cases have been settled over the advice of the solicitor?

Mr. McKELLAR. I will give the Senator the exact words of the proof before his committee.

Mr. WATSON. Yes; I should like to have them.

Mr. McKELLAR. They are settled and not based on the solicitor's views.

Mr. WATSON. Ah! That is an entirely different thing.

Mr. McKELLAR. Oh, no; that is not a different thing.

Mr. WATSON. It is altogether different.

Mr. McKELLAR. The solicitor made his ruling, and these cases were settled without regard to that ruling.

Mr. WATSON. No.

Mr. McKELLAR. That is according to the Senator's report. If he wants to deny his own report, I am perfectly willing for him to do so.

Mr. WATSON. It is not my report. "Shake not thy gory locks at me." I did not make the report.

Mr. McKELLAR. The Senator did not make that report?

Mr. WATSON. I did not.

Mr. McKELLAR. Did the Senator file a minority report?

Mr. WATSON. No.

Mr. McKELLAR. The Senator ought to have filed one if he did not agree to that report.

Mr. WATSON. I am going to.

Mr. McKELLAR. I am glad to hear that the Senator is going to stick by his guns.

Mr. WATSON. There was just one case in which a partial decision was made contrary to and over the decision of the solicitor—just one.

Mr. McKELLAR. But the Senator does not deny that these settlements were not based upon the solicitor's ruling. If the solicitor ruled, and the cases are not settled on that ruling, then manifestly they are settled over his advice, contrary to his advice.

Mr. WATSON. Oh, not at all.

Mr. McKELLAR. I say that I respect that solicitor. I do not know who he is, but he has my respect as far as he went; but if I had been in his place I think I would have had the courage to go a little farther, and say that it could not be done without letting the American people know just what was being done.

I want to ask the Senator a question in that connection. The Senator is asking me a question, and I should like to ask him one. He served on this committee. Who directed these settlements to be made? Who was the moving spirit in directing the making of these settlements? I do not refer to all of them; I just refer to those that I have read, amounting to a hundred million dollars. Who was it, if the solicitor did not do it?—and the solicitor is the lawyer of the bureau. If he did not do it, who did do it?

Mr. WATSON. Mr. President, I will say to the Senator from Tennessee that there are certain formulas that are always used in the Treasury Department in the settlement of cases having reference to depletion or to amortization, and originally to obsolescence. When an engineer or an accountant is sent out to audit a case, he investigates the case with reference to those formulas, which are matters of regulations which conform to the law. There is not one case in a thousand that ever gets up to the solicitor. There is not one case in a thousand that ever gets up to the commissioner, in the very nature of things.

Mr. McKELLAR. That is not the wording of the report of the majority of the Senator's committee. I am not holding him responsible for it, but it is not the wording of the report of the Senator's committee that was filed with the Senate. That report shows that these sums were paid out contrary to the ruling of the solicitor. That report shows that only 15 per cent of all the rulings of the Internal Revenue Bureau have ever been made public; so I think it is perfectly fair to say that these settlements were made on secret rulings, and in our hearts we all know that that is what has happened, those of us who are familiar with the workings of this Government.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Tennessee yield to the Senator from Wisconsin?

Mr. McKELLAR. I will yield to the Senator in a moment.

Mr. WATSON. Since 1917 there have been 64,000,000 returns filed in the department. Does the Senator think that the commissioner or the solicitor read all those?

Mr. McKELLAR. Oh, no.

Mr. WATSON. Or that any other person did?

Mr. McKELLAR. I think that would be beyond the capacity of any person.

Mr. WATSON. Precisely. They never got to them. They were all adjusted down below in the department.

Mr. McKELLAR. But the committee did read these cases. There was no reason in the world why the committee could not have gotten the information about each one of these cases I have read, involving all the way from slightly over $1,000,000 to over $27,000,000 to one taxpayer. Surely the committee was put on notice that these vast sums were withheld from the Treasury on rulings to which the solicitor had not given his approval; and it seems to me it would have been a very pertinent inquiry. I will say to the Senator that if I were on that committee I would have inquired how it happened that these cases were decided without regard to the solicitor's ruling.

Mr. LA FOLLETTE. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. LA FOLLETTE. I just wanted to call the Senator's attention to page 130 of the committee's report, under the head of "Amortization of war facilities," where this language appears:

> No ruling or instructions for the guidance of either the engineers of the Income Tax Unit or taxpayers were published until after the expiration of the time fixed by law for the redetermination of claims. The only published ruling of the solicitor on this subject prior to October, 1925, has been completely ignored, and there has been a total lack of supervision over the work of the engineers of the Income Tax Unit engaged in passing on amortization claims.

Also, on page 131 there appears a table, and I call the Senator's attention to the fact that item 8 in that table is:

> Amortization not based on solicitor's ruling, $136,116,453.66.

Mr. McKELLAR. Yes; I thank the Senator.

Mr. WATSON. About which there is a dispute, of course. That is one of the very questions where there is a disagreement. There is just one case that I recall, that of the National Aniline Chemical Co., that was decided directly contrary to and over the decision of the solicitor.

Mr. McKELLAR. Perhaps that was the only one that he fought about. I hope he had the courage to fight about one.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Tennessee yield to the Senator from Utah?

Mr. McKELLAR. Will the Senator permit me to read just what the report says in reference to these matters? Then, I will yield.

Mr. KING. I wanted to make one observation in that connection.

Mr. McKELLAR. Then, I will yield to the Senator now.

Mr. KING. Mr. President, I am not sure, not having heard all that the Senator stated, what solicitor he referred to. The fact is that on October 5, 1925, Mr. Alex Gregg, who is now the solicitor, and who, under the pending bill, will be given the title of general counsel, rendered a decision with respect to amortization which I think conforms to the law, and which, if its principles had been observed anterior to that time, would have saved the Government of the United States millions of dollars. The fact is that the officials of the department did not follow the law. There were contrary rulings by engineers and subchiefs, if I may be permitted that expression, under which allowances were made which were not fair, and deductions were granted which were not justified by the law, as a result of which millions of dollars have been lost. We find specifically, and I subscribe to that finding, that there are now pending $201,000,000 of amortization claims, part of which are illegal, and a proper scrutiny of which will save to the Government, in my opinion, from $75,000,000 to $100,000,000.

There have been allowances made for discovery depletion in oil wells and in some of the copper mines, and in the sulphur mines of Louisiana, which have, in my opinion, deprived the Government of tens and tens of millions of dollars.

To illustrate my meaning, take one of the sulphur mines in Louisiana. It was known that there was sulphur there, because the investigations had been made by borings away back in the nineties. There was no controversy whatever as to the existence of a large deposit of sulphur. In violation of the law, a claim of $26,000,000 for discovery depletion was allowed. That meant, of course, that in submitting the returns for taxation purposes a depletable discovery credit was allowed of more than $26,000,000, which reduced, pro tanto, year by year, the taxes which should have been paid to the Government, and the Government lost millions and millions of dollars on that one corporation alone. If I had the time I could mention many others.

Mr. McKELLAR. Mr. President, I want to ask one of the Senators a question in my own time. As I understand the Senator, this particular concern came forward and made this claim. Of course, that was done in the open, where everybody knew that that claim was made. There was nothing secret about it, and it was allowed, under the regulations that were public and not secret. Everybody knew exactly what was going on. Is not that true?

Mr. KING. Of course not. The Senator's question, of course, is an ironical one——

Mr. McKELLAR. Of course it is.

Mr. KING. The fact is that this determination was made by individuals in the tax unit. Perhaps this particular case was not brought to the attention of the man in charge of the entire department, and one of the criticisms made in the report, and entirely justified, is that the head of the unit has not been in contact with the operation of the unit. He has left too much to subordinates, and has not known of the misapplication of law, or misinterpretation of it, and the great injustices which have been done to the Government, and some manifest injustices, too, may I say, to the taxpayers. It was not done in the open; it was done in secret.

Mr. McKELLAR. The Senator from Utah was a member of this investigating committee, and he signed the report. The Senator from Indiana has said that he did not sign it, and that he does not agree to it.

Mr. WATSON. No; the Senator is mistaken. He is a little too sweeping in his statement. I said I did not sign it, and a part of it I do not believe in.

Mr. McKELLAR. We have the Senator down exactly right now. The Senator from Utah believes in it all.

Mr. KING. Let me make this statement. When the Senator from New Mexico [Mr. JONES] and myself signed, as well as the distinguished Senator from Michigan [Mr. COUZENS], the chairman of the committee, as to the recommendations made, and some of the conclusions drawn, we expressed neither assent nor dissent, but as to the findings of fact and the general criticisms I agreed.

Mr. McKELLAR. Knowing the great ability of my distinguished friend from Utah and his great energy in investigating when he is on an investigating committee, I want to ask him this: If the deductions I read—and I believe the Senator was in the chair when I read them—amounting to $100,000,000 and more, were not based on the solicitor's ruling, can the Senator tell upon whose ruling they were based? Who ordered those deductions made?

Mr. KING. Those deductions were made by the various metal sections to which the claims were sent.

Mr. McKELLAR. Surely these enormous sums were not deducted from these taxpayers' bills without some one in authority finally passing on them, were they?

Mr. KING. I agree with the Senator from Indiana that the solicitor saw in the main but very few of those claims.

Mr. McKELLAR. This report says that they were not based on the solicitor's rulings. What I am wondering is did the Senator, while a member of the committee, find out on whose rulings or upon whose directions these deductions of these enormous sums were made? Who was responsible for it? Will the Senator say that some clerks in the department were responsible or that an engineer who was sent out to investigate was responsible? Surely the opinions of the clerks and engineers had to be upheld by some responsible chief in the department. If the solicitor did not do it, who did it?

Mr. KING. May I give another illustration?

Mr. McKELLAR. I will be very glad to have the Senator give us any information on that subject.

Mr. KING. Two engineers would be allocated to two different taxpayers to examine the physical properties upon which they claimed depletion or obsolescence or depreciation or amortization. Unfortunately there were no settled rules published for the guidance of those engineers. Engineer A would place a physical valuation of so much upon a given property, and would place a depletion value of so much. Engineer B, upon a property of substantially the same character—of course, two properties can not be identical—would place a different valuation. Perhaps those two engineers would not consult, and there was no coordinating machinery in the organization by which the report would be brought to one head who would be chargeable with the responsibility of harmonizing conflicting valuations and establishing a just rule of determination, as the result of which those auditations, passing on in the ordinary course of business, would finally get to some particular division, and the final auditation would take place, and the taxpayer would be called upon to pay or a refund would be permitted. So that two different policies would be pursued by those two different engineers, and it might result in a disparity of hundreds of thousands of dollars in the amount of taxes due the Government.

Mr. McKELLAR. Surely, if this bureau sent out two engineers, for instance, to examine into the claims of the United States Steel Corporation for depletion, or abatement, when they came in, there was some one in the department to say which engineer was right or whether they were both right, was there not? Or did they just allow the taxpayer the biggest amount? How was that handled?

Mr. KING. As I stated a few moments ago, there was no channel to bring into one reservoir all these conflicting determinations, so that there might be a uniform rule established. Let me give the Senator one more illustration, if I may, to show the enormous disparity which resulted.

Mr. McKELLAR. I would be very glad to have the Senator do so.

Mr. KING. I might not give the exact number, but about 29 copper companies filed returns. To understand it, Senators must remember that there was a statute which permitted discovery depletion; that is to say, if a discovery were made after the 1st of March, 1913, which augmented the value of the property, that was treated as capital, and the discovery value added to the property was attributed to capital investment. For instance, if in 1912 a man had a piece of property, a mining claim or an oil well, for which he paid $1,000 and after the 1st of January, 1913, he discovered a vein or an oil pool, then they permitted him to add to the value of that property what was called depletable discovery value. It might be that it was worth $100,000 or $1,000,000.

Then, when he came to make his return, he would claim credit for discovery depletion, and if the engineer fixed $1,000,000 as discovery depletion, that would be treated as capital, it would be a deductable allowance from his income, and he would get credit for it until the entire amount was exhausted.

Twenty-nine copper companies made returns. One engineer, or a group of engineers, valued those copper companies for discovery depletion value at five hundred and some odd million dollars. The mining companies were entirely satisfied with that. Yet may I say that in the case of one of the companies, when the capital stock was to be divided up in New York and sold through the surrogate's court, and it became necessary to ascertain the value of the property of the corporation, experts put a value upon it perhaps one-half of that which had been already fixed by the United States for discovery depletable purposes.

Later on another engineer, who had been in the employ of some of the copper-mining companies in the United States, and then was in the employ of the Government, made another valuation, and he swelled the value of those properties from $500,000,000 plus to more than $1,200,000,000. That, of course, the Senator will see permitted discovery depletion to the extent of six or seven or eight hundred million dollars, and diminished the taxes which they would pay to the extent of hundreds of millions of dollars.

In the investigation which we conducted that situation was discovered, and the attention of the tax unit was drawn to that fact. It was the subject of investigation before our committee. The tax unit caused another valuation to be made, as I now recall, for 1918 and 1919, the result of which I do not know. While we insisted that there should be a reopening of all those claims for the purpose of disallowing some of those enormous discovery depletable values, our suggestions were disregarded, but as to 1917 they were reopened, the result of which I am not able to state, because it was not brought out in our committee.

So the Senator will see what an enormous field there is for adding to the valuations of property or diminishing the valuation of property, or producing in the department the most incongruous, irreconcilable conclusions and decisions, which may result in imposing upon the taxpayer unjust burdens, and in too many instances robbing the Government. I make bold to say that the Government has been denied hundreds of millions of dollars of taxes through misinterpretations of the law.

Mr. McKELLAR. Mr. President, the responsible head of that Revenue Bureau is Mr. D. H. Blair, a man I esteem very highly.

Is it possible that Mr. Blair permitted all these things to happen, and just approved what the engineers said or what the clerks in his department did, without asking any questions?

Mr. WATSON. Mr. President, does the Senator think Mr. Blair can examine 17,000,000 claims?

Mr. McKELLAR. No; but when it comes to having taken from the Treasury enormous sums like those I have been citing, one of them $27,000,000, surely it is Mr. Blair's duty to look into it before it is consummated.

Mr. SMOOT. Mr. President, this all happened before Mr. Blair's time.

Mr. McKELLAR. Oh, no, no! The Senator is mistaken about that.

Mr. SMOOT. I say that the 1919 cases happened before Mr. Blair's time.

Mr. KING. The assessments——

Mr. SMOOT. The assessments were made before Mr. Blair's time. But that is not what I rose for. If the Senator himself, or any other man, has a copper mine, and has five of the very best engineers in the United States examine the property, there will be five different reports.

Mr. McKELLAR. Yes; but here the engineers are in a department where they have a solicitor, whose duty it is to advise. Why, in the name of fair play, do not those engineers go to their solicitor and take his advice about it?

Why does the department permit these enormous withdrawals from the Treasury of the United States virtually upon the suggestion of the engineers, as to whose opinions the Senator from Utah said no two of them agreed? How did the $27,000,000 go? How did the $2,000,000 go? How did the $8,000,000 go if they do not agree? Somebody agreed. I have asked the Senator from Indiana [Mr. WATSON], who is on the committee, and I have asked the Senator from Utah [Mr. SMOOT], who is on the committee, and neither one has been able to tell me. The Senator from Utah, who knows more about the Government than any other Senator here, I imagine, can surely tell me who was the responsible party that fixed the amount of these enormous deductions. Who was it?

Mr. SMOOT. Perhaps no one party ever passed upon two cases of a similar kind, so we could not tell unless we got the record.

Mr. McKELLAR. Is it possible that the Government is going to have these enormous sums taken out of its coffers upon the theory that one clerk in the department permits it this time and another clerk in another department permits it at another time, and no one responsible for the bureau has anything to do with it?

Mr. SMOOT. No such intimation was made by me.

Mr. McKELLAR. Who is responsible for it?

Mr. SMOOT. For instance, all of the metal cases are referred to the metal section. I do not know how many hundred people they have in that section. All such cases are allocated to the different men in the section. When a case is presented there——

Mr. McKELLAR. And all in secrecy!

Mr. SMOOT. Wait a minute.

Mr. McKELLAR. It is done secretly, is it not?

Mr. SMOOT. I do not think there is anybody from the outside there while the work is being done. It is done within that section, as I understand it.

Mr. McKELLAR. The public officers, the Secretary of the Treasury and the Commissioner of the Bureau of Internal Revenue, know nothing about it. They are the responsible heads, but the work has been put upon engineers of various and sundry kinds, upon clerks in the department, and they alone seem to be responsible for the withdrawals from the Treasury of over $100,000,000. That may be an explanation satisfactory to the Senator from Utah, but it is not an explanation satisfactory to me, and I do not think it is an explanation at all.

Mr. SMOOT. I have not had an opportunity to explain it to the Senator and therefore shall have nothing further to say.

Mr. McKELLAR. I will let the Senator explain it a little later.

Mr. SMOOT. I have had no opportunity to make any explanation at all yet. The Senator does not permit me to say anything.

Mr. HEFLIN. I am informed that the clerk who figured out Mr. Doheny's income tax was taken out of the bureau by Mr. Doheny and taken into his employ.

Mr. McKELLAR. I can not state it as a fact, I can only state what the general understanding is here in the city, but I am told that after it was found that the Treasury Department was allowing these enormous sums for depletion, that they were allowing hundreds of millions of dollars a year in the way of refunds, innumerable men connected with the Revenue Bureau resigned from the department and became lawyers or accountants. It is charged further by the officers of the revenue service that many of them went out over the country saying to various taxpayers who had paid in large sums or for whom they could get depletions under these secret rulings, "Divide up with us and we will get you a lot of money refunded." I have no doubt if this course was pursued by the United States Steel Corporation that it must have been a very profitable transaction for some one.

I am not accusing anybody in the department or out of it of any wrongdoing. I do not know anything about it. But I say the whole damnable policy of secrecy in the conduct of the affairs of the Government is wrong and ought to be stopped. It should be stopped while we have the tax bill under consideration. I am in favor of passing the bill as soon as possible, but we should abolish any policy that permits such withdrawals from the public coffers, vast fortunes of $27,000,000, $8,000,000 at another time and $2,000,000 or $3,000,000 or $4,000,000 at other times, more money than the people of many States ever saw in all their lives, paid out on the signature of a clerk or an engineer sent out to examine a subject. It is not the right thing to do.

Are we acting as trustees when we permit that to be done, Senators? Let us free our minds of all prejudice about the matter. Let us do right toward the other taxpayers. Are we right in permitting that sort of thing to take place in the Government? I hope Senators will read the splendid report made by the investigating committee known as the Couzens committee.

Mr. SHORTRIDGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from California?

Mr. McKELLAR. I will yield in a moment. Some Senators say that the report is not a unanimous report. I believe three Senators have signed it. My distinguished and splendid friend, whom I love very dearly, the Senator from Indiana [Mr. WATSON], has said that he approved a part of it, and that he did not approve a part of it, but surely, it comes to us in a way that we ought to consider. I say to Senators that they can not vote for secrecy in the management of the affairs of the Government in the Internal Revenue Bureau if they will read the facts set forth in this report.

I now yield to the Senator from California.

Mr. SHORTRIDGE. I rose merely to observe that Senators who signed the majority report have admitted that there are mistakes of law as well as mistakes of fact in that report.

Mr. KING. Mr. President, I suppose the Senator refers to me?

Mr. SHORTRIDGE. Oh, no.

Mr. KING. I have not made that admission and I am sure the Senator from New Mexico [Mr. JONES] has not made the admission.

Mr. SHORTRIDGE. I recall very distinctly that it was admitted that there were mistakes of law and mistakes of fact, as stated in the report, and that there was an agreement that a supplemental and explanatory report would be filed.

Mr. McKELLAR. Let me answer the Senator's statement. I want to say, in reply to what the Senator from California said——

Mr. SHORTRIDGE. Quite apart from the merits of the matter——

Mr. McKELLAR. I am dealing with the merits of the matter this particular afternoon.

Mr. SHORTRIDGE. I have been stating the facts.

Mr. McKELLAR. I want to say that the report indicates, and from the expressions of Senators who have filed the report, I am led to believe, that the half has not been told. Under the circumstances why is it that we do not have the information as to all these claims? If I were Secretary of the Treasury, or if I were the Commissioner of Internal Revenue, and the statement was made publicly to the world, as was done by the Associated Press the other day, that $100,000,000 had been deducted from the taxpayers' returns in secret by some of my subordinates, as the Couzens committee report certainly suggests, against the advice of the Solicitor of the Internal Revenue Bureau, I would seek an opportunity to show the justice of every one of those claims, and at the earliest possible moment. The officers of the bureau owe it to themselves and to the country and to the Government they serve to show what the facts are.

Listen to the report for just a moment. Speaking of depletions, the report says:

> No statistics of the amount of discovered depletion as deducted from the taxable incomes have been filed by the Bureau of Internal Revenue.

Does any Senator wonder that there are no statistics? Their regulations are secret, the claims are secret, the allowances are secret, their decisions, and the amounts allowed are secret, the very names of those who get the claims allowed are secret, or were secret until the select committee of the Senate investigated the bureau. Who can wonder that there have been no statistics filed? Would any officer of that department like to compile statistics showing that some unnamed clerk, some unnamed engineer, or some unnamed chief of division had paid out these enormous sums? I think not.

Now, let us see what else. We are giving carte blanche to the Revenue Bureau to proceed in secrecy to dispose of millions of dollars of the taxpayers' money. Let us see how they do it. I want to read a typical case that is covered in the report. It will interest Senators. This is the way they do business in the Internal Revenue Bureau.

> Union Natural Gas Co. of Pittsburgh, Pa.

Here is the way they dealt with that company. I read from page 96 of the so-called Couzens report:

> A review of the files in this case shows that there is still pending an additional tax of approximately $200,000 for the year 1917. There have been apparent delays on the part of the taxpayer and the department has not been able to close this case for any year.
>
> The following chronology best illustrates the conditions prevailing in this case.

And this is a typical case, as I have said.

> May 29, 1918: Schedules filed answering questions in the 1917 tax returns.
>
> March 19, 1919: Taxpayer requested to file valuation data.
>
> April 3, 1919: Second request asking for valuation data.
>
> April 4, 1919: Taxpayer desires to comply with request for valuation data and asks extension of time and conference.

A conference! A conference! Over $100,000,000 depleted, and they can have conferences because we are not taking into consideration little claims like $200,000.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I yield.

Mr. FLETCHER. If that sort of practice has prevailed, all that the big taxpayer has to do is ask for time.

Mr. McKELLAR. Listen to this: If there was ever a crying shame in any department of the Government it is to be found in the Internal Revenue Bureau of the Government at this time, as shown by the Couzens report:

> April 8, 1919: Conference granted for April 16.
>
> April 16, 1919: No conference memorandum.

That taxpayer evidently knew what he was doing.

> January 26, 1920—

They waited nearly a year—

> taxpayer asks for ruling regarding drilling expenses.

That taxpayer ought to be commended for asking a ruling with reference to drilling expenses after two years of waiting.

> April 19, 1920: Taxpayer asked to file affiliated questionnaire.

I stop here long enough to inquire what outrageous thing the Government was trying to do to the taxpayer three years after the tax was imposed. Two years after the proceeding was started the taxpayer files a questionnaire with the Government.

> May 26, 1920: Second request for affiliated corporation questionnaire.

Affiliated corporation questionnaire! That brings us to another provision of the bill—"affiliated corporation questionnaire." Two or three or four corporations all owned by the same people are making affiliated returns.

It ought not to be allowed.

> July 21, 1920: Third request for affiliated corporation questionnaire given to August 16 to reply.
>
> December 4, 1920: Taxpayer refers to letter of January 26, 1920, asking for ruling on method of handling labor and drilling costs for gas wells.

We have often heard that in a criminal case if the defendant obtains a year's delay it means that he will not be convicted, but in this instance three years have elapsed and the case has not yet been concluded.

Mr. WATSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Indiana?

Mr. McKELLAR. I yield.

Mr. WATSON. I have no desire, of course, to thrust anything of a partisan nature into this discussion, but I call the attention of my friend from Tennessee to the fact that all that occurred before Mr. Blair became Commissioner of Internal Revenue.

Mr. McKELLAR. I do not care in whose administration it occurred; it is wrong and ought not to have been permitted. We ought not to permit it now. I am reading the record as it is. I am not indulging in any partisan politics about it.

Mr. WATSON. I wish merely to say that it is very refreshing to have my friend condemn the practice under the previous administration.

Mr. McKELLAR. If the Senator from Indiana can get any satisfaction out of it, he is welcome to all he can get.

Mr. WATSON. I have gotten a great deal of satisfaction out of it.

Mr. McKELLAR. Does the Senator from Indiana defend this kind of proceeding?

Mr. WATSON. I explain it.

Mr. McKELLAR. Very well; we will just let it go at that. The Senator explains it, just as the subordinates in the department are attempting to explain it. I continue reading from this document:

> December 9, 1920: Affiliated corporation questionnaire received by department.
>
> January 4, 1921: Taxpayer reminds department in answer received in reply to letters of January 26, 1920, and December 4, 1920.
>
> January 13, 1921: Coal valuation section asks for data to substantiate coal-land values.
>
> January 22, 1921: Taxpayer asked to file consolidated income and profits tax return for 1919.
>
> February 4, 1921: Coal valuation reports mailed by taxpayer.
>
> February 12, 1921: Taxpayer advised regarding drilling costs per request of December 4, 1920.
>
> August, 1921: Form O oil and gas valuation data for 1917, 1918, and 1919 received.
>
> October 10, 1921—

We are now down to a Republican administration—

> Taxpayer asks for conference. Conference arranged for October 18.
>
> December 13, 1921: Taxpayer preparing amended returns for 1917 to 1920 asks status of case.

I am now reading from page 97 of the Couzens report. The taxpayer had forgotten what the case was about. It was merely a paltry claim for $200,000, and he had forgotten what

it was about and desired to know, so he writes to the tax department inquiring what it was about.

December 27, 1921: Valuation oil and gas properties in progress by oil and gas section.

January 3, 1922: Taxpayer asks for extension of time for filing amended returns.

January 10, 1922: Extension granted to February 15, 1922.

The Senator from Indiana [Mr. WATSON] has left the Chamber, I believe, but I desire to say that it was a Republican administration in which this occurred—

February 18, 1922: Taxpayer asks for 90 days' extension to file amended returns.

February 28, 1922: No extension granted.

March 1, 1922: Taxpayer asks further extension.

March 18, 1922: No extension granted.

That is twice when a request for an extension was not granted.

On November 7, 1922—

After paying no attention to it for nearly a year—

November 7, 1922: Letter to taxpayer explaining valuation methods.

Twice an extension was asked for and twice it was refused, and yet afterwards the department writes to the taxpayer and again explains valuation methods.

January 29, 1923: Revenue agent's report filed showing additional tax for 1917, $232,440.70.

February 1, 1923: Conference oil and gas section.

April 30, 1923: Taxpayer asks for conference.

May 2, 1923: Conference granted May 10.

May 11, 1923: Conference oil and gas section, discoveries disallowed.

January 10, 1924: Assessment letter showing additional tax for 1917, $198,190.75; for 1918, $2,719.30. This letter shows that taxpayer paid for 1917, $446,676.13, and for 1918, $289,400.58. The consolidated net income for 1917 was $3,330,798.48, while the aggregate net income for 1917 was $4,553,827.21. The consolidated invested capital for 1917 was $13,448,957.62.

February 8, 1924: Protest filed regarding A-2 letter January 10, 1924.

May 2, 1924: Taxpayer asks for conference May 13, 1924.

May 13, 1924: No conference memorandum.

July 22, 1924: Conference held in oil and gas section.

August 21, 1924: Conference held in consolidated audit section with request that another conference be held September 12.

September 12, 1924: Conference, consolidated audit section; certain balance sheets requested.

September 23, 1924: Balance sheets received by department.

October 21, 1924: Conference, consolidated audit section.

December 1, 1924: A 300-page revenue agent's report received covering the years 1918 to 1921, inclusive, showing additional tax due of $29,865.01.

March 14, 1925: Department refers to taxpayer's appeal and asks for additional information.

April 2, 1925: Taxpayer granted extension to April 24, 1925, to file additional information.

So during seven years there was nothing but conferences and delays. No taxes were assessed, no taxes were collected, and so far as this record shows there never has been the collection of any tax. Senators, that is one of the results of secrecy in the Internal Revenue Department of the Government.

Mr. President, I next come—and I am going to deal with it very briefly—to the question of refunds of taxes. I will get through with it just as soon as possible. Some discussion has taken place in regard to refunds and their amount. I have gone to the Appropriations Committee and secured the exact figures, by years, from the record. They are shown in the following table:

Refund of taxes erroneously collected

1917	$887,127.94
1918	2,088,565.46
1919	8,654,171.21
1920	14,127,098.00
1921	28,656,357.95
1922	48,134,127.83
1923	123,992,820.94
1924	137,006,225.65
1925	151,885,415.60
1926 (refunds to Dec. 31, 1925)	59,422,518.18
Total	574,854,428.76

In addition to the figures set out in the table, there is now a deficiency appropriation before the Appropriations Committee of the House, which will be over here in a very short time, of $150,000,000 more for the purpose of refunding taxes. A portion of that amount will be to cover refunds that are now in the process of being settled for the present year, but much of it is to cover refunds for prior years.

It will be seen, therefore, that $724,000,000 in all have been or are about to be provided for refunds. Most of that amount has been refunded during the last five years. Only about $20,000,000 were refunded prior to that period, so that nearly all of it has been refunded during the last two administrations.

Mr. SMOOT. Of course, the cases were then pending, and the bureau is trying now to bring them up to date.

Mr. McKELLAR. Of course. I am just giving the Senate the facts as to the refunds which have been allowed by the department during the last two administrations in the enormous figures I have given. If the appropriations for this purpose continue to increase as they have in the past, from $28,656,357 in 1921 to $151,885,415 in 1925 and $209,000,000 for 1925 and 1926, there is no telling where they will go in the future.

However, I wish to call the attention of the Senate to the testimony of Mr. Nash, who is asking for the $149,250,000 with which to pay refunds. There is some very valuable information in the testimony of Mr. Nash which ought to be brought to the attention of every Senator, and, Mr. President, I ask unanimous consent at this point to have printed in the RECORD at the conclusion of my remarks the testimony of Mr. Nash, giving the figures, and appearing on pages 515 to 529 of the House hearings on the first deficiency appropriation bill of 1926, which have just been published.

The PRESIDING OFFICER. Without objection, it is so ordered.

[The testimony of Mr. Nash is printed as Exhibit A at the end of Mr. McKELLAR's remarks.]

Mr. McKELLAR. Mr. President, there is given in Mr. Nash's testimony a statement as to the tremendous number of tax claims still pending for the various years. It seems that by omission or by putting something into the tax law of 1924 which, perhaps, ought not to have been there, virtually there was opened a way for claims for refunds to be made for all the years from 1917 down to date.

There have been many, many thousands of claims for refunds made since 1920, and since we passed the act of 1924, for refunds of taxes accruing in 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, and 1925, without regard to the so-called statute of limitations, it being the interpretation of the department that the taxpayers have a right to file these claims. The result is that those who are on the inside, and who know about these matters, are filing claims almost daily before the department. It is said that the number is decreasing. It is decreasing only because we are lessening the number of taxpayers, and not because claims are not being filed increasingly on every possible ground before the department for all of these years.

It was under these circumstances that I offered several methods of correcting that situation; and at this point I am going to take the liberty of reading a very short amendment that I have offered, and that will be on the desks of Senators in the morning, to see if we can not get some relief from going back through all these years. It is not fair to the Government and it is not fair to the taxpayers.

Right here I want to say that under the present situation a taxpayer living in California or in Tennessee or in New England or in Montana or in Utah, as the case may be, when he has a claim against the Government, has to employ a lawyer and come all the way to Washington to prosecute that claim; or if some ex-employee of the department tells him about a claim, he has to employ that man or some other man and come all the way to Washington; and when he gets to Washington, what is his situation? He has to go up before the Internal Revenue Bureau in secret. His claim is determined secretly. It is based on secret decisions. It is based on decisions, perhaps, that the department itself does not know at the time.

Is that the way for an American citizen to get redress? What do we have courts for? It is a rule in this country that a man ought to be able to go into the courts of his own community and obtain redress against the Government or anyone else. It ought to be done in these cases. No taxpayer in this country, away off from the seat of government, ought to be required to go to the expense or the trouble of coming perhaps many thousands of miles, all the way to Washington, to try his case before a court in secret, before subordinates of a department for whom apparently the heads of the department are not responsible, where there are no decisions that are open to him. Not one in a hundred has a chance under those circumstances; and therefore I am going to offer an amendment on page 264 of the bill which reads as follows:

DISTRICT COURTS

Exclusive jurisdiction is hereby conferred upon the district courts of the United States to hear and determine, according to the rules of equity as in other cases, where the sum involved exceeds $10,000; first, all claims of taxpayers hereafter arising for refunds; second, all claims of taxpayers hereafter arising for depletions and abatements; third, all claims for additional taxes claimed by the Government against any taxpayer, whatever the nature of the claim, when the amount is in excess of $10,000.

No action shall be maintained under this section unless brought within the statute of limitations two years from the date of payment of the tax, or, if brought by the Government, two years from the date the tax became due: *Provided*, That in all cases of constructive fraud the action may be brought at any time within six years. Service of process upon the district attorney of the district upon which the taxpayer resides or his assistant, shall be binding upon the United States, and the district attorney shall defend all tax suits brought under this paragraph. All suits brought on behalf of the Government under this paragraph shall be brought by the district attorney of the district in which the taxpayer resides. The records of the Internal Revenue bureau respecting such claims of taxes shall be sent to the district attorney in the event of a suit brought under this section, and shall be available to the inspection of the taxpayer or his attorney. Appeals from the decision of the district judge are to be granted in accordance with the rules of practice in other equity cases arising in such courts.

Mr. President, the purpose of this amendment is to give both the Government and the taxpayer a fair deal in the first place.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Washington?

Mr. McKELLAR. I yield to the Senator.

Mr. DILL. If that amendment should be adopted, how does the Senator think the returns of these taxpayers could be kept secret?

Mr. McKELLAR. I am assuming that under the facts that have been brought out by this investigation, and under the vote that was taken on May 2, 1924, on the identical amendment that is now pending, surely this body is not going to reverse itself and vote against publicity and in favor of secrecy. I can not believe that the Senate of the United States will be so volatile in its opinions as to change like the wind and refuse to have publicity, because certain gentlemen in this country whom we all know demand that there shall be no publicity. Surely the Senator from Washington is not going to vote against publicity?

Mr. DILL. Oh, no; I am not going to vote against it.

Mr. McKELLAR. I am glad to know that the Senator is with us.

Mr. DILL. I introduced in the House of Representatives the amendment providing for publicity at a time when we did not have enough support for it to get a roll call.

Mr. McKELLAR. We can get a roll call this time, and I think if all the Senators who are favorable to the amendment are present in the Chamber when it is voted upon it will be adopted; and we ought to see to it that it is kept in the bill in conference, and no conference report ought to be agreed to unless publicity is contained in it.

Mr. DILL. I could not refrain from asking the question, because that method of procedure brings before us the very fact that all ordinary things of this kind are done in the open, while this is done in secret.

Mr. McKELLAR. I do not believe the Senator was in the Chamber a while ago when I discussed that question. The Income Tax Unit is the only tax gatherer in this country that is known to anybody where entire publicity does not prevail; and we have seen illustrations of what secrecy will do. What objection can any Senator have to voting for an amendment which provides that the taxpayer, if he has a just claim against the Government, can go into the court in his own locality and recover on that claim if he is entitled to recover, or have it dismissed if he is not entitled to recover? What Senator can vote against a provision that is fair to the Government, that if the Government, after collecting its taxes, finds that there is an additional amount due it can go into its own courts and recover from the taxpayer that amount? It seems to me that this amendment ought to have the approval of every Senator who wants to be exactly fair to the Government and to the taxpayer.

There is another provision in the amendment, and that is the two-year limitation; and I desire to call the attention of the Senator from Utah to the fact that it does not apply to these old claims. These secret engineers and secret heads of divisions may conduct their present parleys in secret, if they desire to do so, on all these old claims. The taxpayers who have been filing these claims can still come here, and under the old law I do not interfere with them; but surely, in the case of claims arising from now on, two years is ample time for the taxpayer to find out whether he has made a mistake, or for the Government to find out whether it has made a mistake. It is fair alike to the Government and the taxpayer. The two-year limitation is ample.

I offered an amendment on that subject the other day, and I want to say that my mail has been full of letters of commendation of the position taken in that amendment. Senators, no taxpayer ought to be required year after year to be liable to have his tax matters gone over for four years or five years or six years or even eight years, as under the present system. We ought to change it. It may be that the department is only carrying out our views. I am not making any charges against individuals. I say that the system is wrong, and the Congress is wrong in allowing such a system of secrecy. It is contrary to republican institutions; it is contrary to right; it is contrary to the best interests of this country; it is contrary to the interests of the taxpayer. It is a shame and a wrong upon the great Government of the United States, to which we all owe allegiance, and of which we are all so fond.

Mr. President, I ask unanimous consent to place in the RECORD the part of the report of the committee headed, "Publicity of principles and practices," beginning on page 7 and going down to "Causes of delay in disposal of cases" on page 8.

The PRESIDING OFFICER. In the absence of objection, that order will be made.

The matter referred to is as follows:

PUBLICITY OF PRINCIPLES AND PRACTICES

Many of the principles, practices, methods, and formulas applied in the determination of tax have never been reduced to writing, and only 15½ per cent of the formal written rulings applicable to income taxes have been published.

This failure to promulgate and publish the principles and practices to be followed in the determination of tax liability has had the following results:

1. Information for the guidance of the employees of the Income Tax Unit is so incomplete that gross discrimination results from the failure to apply uniform principles to similar cases.

2. Taxpayers in many instances have failed to claim allowances granted others similarly situated.

3. To secure the benefit of unpublished precedents taxpayers are forced to employ former employees of the Income Tax Unit to advise and represent them in tax cases.

4. Their exclusive possession of information as to the unpublished precedents and practices of the Income Tax Unit has placed an artificial premium upon the value of the services of ex-employees which enables them to demand and receive immense fees for information which should be freely available to everybody.

5. This artificial premium thus placed upon the exclusive information possessed by the employees of the Income Tax Unit and the opportunity thus afforded for highly lucrative outside employment is the cause of the extraordinary turnover among the employees of the unit and of the difficulty experienced by the unit in retaining the services of competent employees at salaries within the range of the salaries paid by the Government for comparable service.

6. The failure to consider closed cases as precedents and to publish the principles and practices followed in closed cases as precedents has deterred the formation of a body of settled law and practice. The unsettled state of the law and practice has encouraged the filing of claims for allowances and require the constant rediscussion and reconsideration of questions which should be settled by precedents established by closed cases.

7. The fact that a ruling will be published and the benefit of its principles claimed by taxpayers similarly situated is the strongest possible deterrent against making unsound rulings.

8. During the course of the hearings there has been a great deal of evidence tending to show that it is the policy of the bureau to fix taxes by bargain rather than by principle. Rulings based upon bargains can not be published as precedents. The best and most persistent trader gets the lowest tax and gross discrimination is the inevitable result of such a policy.

PUBLICITY OF RECORDS

The unsatisfactory conditions developed by this investigation are the inevitable result of the delegation of almost unlimited discretion to be secretly exercised. It is believed that but few of the unsound settlements to which attention has been called would have been made if it were not for the belief that they would never become public.

While the objections to throwing the records of the Income Tax Unit open to the public are recognized, the necessity for the opportunity for some outside scrutiny is imperative.

Congress in imposing a system of taxation the administration of which necessarily involves the exercise of so much discretion assumes some duty to the public to see that such discretion is not abused.

Mr. McKELLAR. I next ask to have printed in the RECORD the list of refunds, credits, and abatements in excess of $1,000,000 each, which total $85,929,697.99, as shown on page 195 of the report of the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

List of refunds, credits, and abatements in excess of $1,000,000 each

A. E. Clegg, New York City	$1,828,438.93
H. F. Kerr, New York City	1,818,813.52
John N. Willys, New York City	1,211,035.02
New England Cotton Yarn Co., Boston, Mass	1,029,052.76
Bartlett-Hayward Corporation, Baltimore, Md	2,641,019.39
American Brass Co., Waterbury, Conn	1,372,152.38
Amoskeag Manufacturing Co., Boston, Mass	2,247,588.98
International Harvester Co., Chicago, Ill	2,293,043.37
P. Lorillard & Co., New York City	1,562,137.92
The Mackey Cos., New York City	4,985,357.22
Arlington Mills, Lawrence, Mass	2,505,694.04
National Aniline & Chemical Co., New York, N. Y	3,035,771.55
Armour & Co., Chicago, Ill	2,251,395.31
Cudahy Packing Co., Chicago, Ill	2,221,101.13
Libby, McNeil & Libby, Chicago, Ill	2,452,102.22
American Locomotive Co., New York	1,876,250.63
Burrows Adding Machine Co., Detroit, Mich	1,531,746.21
American Shipbuilding Co., Cleveland, Ohio	2,085,732.40
Firestone Tire & Rubber Co., Akron, Ohio	2,900,290.98
Amalgamated Leather Cos., New York	1,858,540.66
Plymouth Cordage Co., Plymouth, Mass	2,468,798.17
William J. Haar, Savannah, Ga	1,681,526.97
Security Trust Co. (estate of Cornelia Curtis), Detroit, Mich	1,363,207.18
Commercial Pacific Cable Co., New York	2,357,492.89
New Jersey Zinc Co., New York	1,440,214.14
Aluminum Co. of America, Pittsburgh, Pa	1,501,277.88
Francis H. Clergue, Montreal, Canada	1,377,188.04
Singer Manufacturing Co., Elizabeth, N. J	1,623,473.92
Commercial Cable Co. of New York, New York	1,537,945.61
Conrad H. Mann (receiver for Steward Farm Mortgage Co.), Kansas City	3,048,546.20
Schoellkopf Aniline & Chemical Works, Buffalo, N. Y	1,829,141.16
International Shell & Ordnance Co., New York	1,819,009.54
International Loading Co., New York	1,943,170.25
R. J. Reynolds Tobacco Co., North Carolina	1,698,205.47
American Car & Foundry Co., New York	5,209,204.74
Youngstown Sheet & Tube Co., Ohio	3,482,610.51
Pittsburgh Steel Products Co., Pittsburgh, Pa	1,830,227.55
Standard Steel Car Co., Pittsburgh, Pa	1,955,050.95
Gulf Oil Corporation, Pittsburgh, Pa	3,996,085.18
Total	85,929,697.99

Mr. McKELLAR. I also ask that the part of the report headed "Publicity of records," as shown on pages 238 and 239, be printed as a part of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

PUBLICITY OF RECORDS

The unsatisfactory conditions developed by this investigation are the inevitable result of the delegation of almost unlimited discretion to be secretly exercised. It is believed that but few of the unsound settlements, to which attention has been called, would have been made if it were not for the belief that they would never become public.

While the objections to throwing the records of the Income Tax Unit open to the public are recognized, the necessity for the opportunity for some outside scrutiny is imperative.

Congress, in imposing a system of taxation the administration of which necessarily involves the exercise of so much discretion, assumes some duty to the public to see that such discretion is not abused.

It is suggested that the law should provide that any Member of Congress or Senator shall have the right to examine any return or record at any time and take a copy thereof.

To insure the full publicity of the rulings, practices, methods, and formulas in use in the determination of tax, it is suggested that the law provide that no settlement of any tax be considered final unless the principles applied in determining such tax shall have been published within 30 days after such determination.

EXHIBIT A

TREASURY DEPARTMENT,
BUREAU OF INTERNAL REVENUE,
Tuesday, January 19, 1926.

STATEMENT OF CHARLES R. NASH, ASSISTANT COMMISSIONER OF INTERNAL REVENUE

REFUNDING TAXES ILLEGALLY COLLECTED

The CHAIRMAN. Mr. Nash, we have a very formidable-looking document here requesting an appropriation of $140,250,000 for refunding taxes illegally collected under the provisions of sections 3220 and 3689 of the Revised Statutes, etc. We would like to have you make a very comprehensive statement as to what the situation is in respect to the audit of the schedules and the number of schedules still unaudited for the different years. If you will give us what we want, we will let you proceed to make your statement without any interruption, except in cases where we do not understand your meaning for the time being.

Mr. NASH. We are asking for $149,250,000 for refunding taxes illegally collected under the provisions of sections 3220 and 3689, Revised Statutes, as amended by the acts of February 24, 1919, November 23, 1921, and June 2, 1924, including the payment of claims for the fiscal year 1927 and prior years, to remain available until June 30, 1927. This estimate is made up from the figures presented by the various divisions of the Internal Revenue Bureau and was prepared as of November 1, 1925. The estimate is divided into two parts, one for the amount that will be necessary to carry us until June 30, 1926, and the second part for the amount that will be necessary to carry us from July 1, 1926, to December 31, 1926.

INCOME AND PROFITS TAXES

For income and profits taxes there was on hand on November 1, 1925, awaiting payment claims aggregating $3,235,024; the estimate for the period from November 1, 1925, to June 30, 1926, was $88,400,000, and the estimate for the period from July 1, 1926, to December 31, 1926, is $54,300,000, making a total of $145,935,024 for income and profits taxes.

ESTATE TAXES

For estate taxes the estimate is $4,500,000 for the period from November 1, 1925, to June 30, 1926, and $4,000,000 for the period from July 1, 1926, to December 31, 1926, making a total of $8,500,000.

CAPITAL-STOCK TAXES

For capital-stock tax the estimate for the period from November 1, 1925, to June 30, 1926, is $896,000, and for the period from July 1, 1926, to December 31, 1926, the estimate is $672,000, making a total of $1,568,000.

SALES TAX

For the sales tax the estimate from November 1, 1925, to June 30, 1926, is $2,760,000, and for the period from July 1, 1926, to December 31, 1926, the estimate is $840,000, making a total of $3,600,000.

TOBACCO TAX

For the tobacco tax the estimate for the period from November 1, 1925, to June 30, 1926, is $3,500, and for the period from July 1, 1926, to December 31, 1926, the estimate is $2,000, making a total of $5,500.

MISCELLANEOUS TAXES

For miscellaneous taxes the estimate for the period from November 1, 1925, to June 30, 1926, is $800,000, and the estimate for the period from July 1, 1926, to December 31, 1926, is $1,000,000, making a total of $1,800,000.

PROHIBITION AND NARCOTIC TAXES

For the prohibition and narcotic taxes the estimate for the period from November 1, 1925, to June 30, 1926, is $55,000, and the estimate for the period from July 1, 1926, to December 31, 1926, is $38,000, making a total of $93,000.

TOTAL OF CLAIMS ALLOWED AND ESTIMATED

The grand total of refund claims allowed and awaiting payment on November 1, 1925, is $3,235,024; the grand total estimated for the period from November 1, 1925, to June 30, 1926, is $97,414,500; the grand total estimated for the period from July 1, 1926, to December 31, 1926, is $60,852,000, and the grand total for the entire period from November 1, 1925, to December 31, 1926, is $161,501,524.

UNOBLIGATED BALANCES

On November 1, 1925, the unobligated balances existing on appropriations which have been available for the payment of refund claims during the present fiscal year were as follows:

Refunding taxes illegally collected, 1924 and prior years	$1,401,105.20
Refunding taxes illegally collected, 1925 and prior years	58,116.65
Refunding taxes illegally collected, 1926 and prior years	10,787,952.42
Making the total unobligated balances	12,247,174.27

These balances will become exhausted some time during the present month, and the bureau will then be without funds to make any further refunds to taxpayers for internal-revenue taxes which have been illegally or erroneously assessed and collected.

TOTAL AMOUNTS APPROPRIATED TO DATE

The total amounts which have been appropriated to date, applying on the three appropriations listed above, are as follows:

Refunding taxes illegally collected, 1924 and prior years	$133,607,000
Refunding taxes illegally collected, 1925 and prior years	12,000,000
Refunding taxes illegally collected, 1926 and prior years	150,000,000

METHOD OF DETERMINING AMOUNT OF THE ESTIMATE

By deducting the total of the unencumbered balances existing on November 1, 1925, as set forth above ($12,247,174.27) from the total estimated amount which will be required to pay refund claims during the 14-month period beginning November 1, 1925, and ending December 31, 1926, inclusive ($161,501,524), the result will show

$149,254,349.73 as the net amount which it is estimated will be required by this bureau to pay refund claims during the period in question. The amount for which the supplemental estimate is submitted at this time is, therefore, placed at $149,250,000.

The CHAIRMAN. How do you arrive at that amount?

Mr. NASH. We have taken our total estimates from the various divisions for the 14-month period, which aggregated $161,501,524.

The CHAIRMAN. That is the past 14-month period.

Mr. NASH. The ensuing 14 months beginning November 1, 1925, and extending to December 31, 1926, inclusive, and from that total we deducted the unencumbered balances as of November 1, 1925.

The CHAIRMAN. That is for the past 14-month period.

Mr. NASH. That is the 14-month period beginning November 1, 1925. From that estimate we deducted the unencumbered balances on our appropriations as of that date, which totaled $12,247,174.27.

The CHAIRMAN. What I want to find out is how you can tell in advance how much you will require, because those bills are not audited yet, are they?

Mr. NASH. The only way we can tell, Mr. Chairman, is to base it on our past experience. In our audit for the past three years we have averaged about from $10,000,000 to $12,000,000 per month in refunds, and our estimate for the next 14 months is based on what has happened in the past.

The CHAIRMAN. Was it not thought a year or more ago that we were reaching a point where the amount of refunds would become smaller instead of larger?

Mr. NASH. That is true, and I believe that we are still approaching that point.

The CHAIRMAN. But you approach it very carefully.

Mr. NASH. We are approaching it slowly.

The CHAIRMAN. Why do you not get to it?

Mr. NASH. The cases that we are handling now from the war years, of course, are the most difficult and intricate cases that were filed for those years.

NUMBER OF UNAUDITED CLAIMS

The CHAIRMAN. How many unaudited claims or schedules are there?

Mr. NASH. On December 31, 1925, we had pending 2,768 cases for the year 1917; 4,620 for the year 1918; 9,341 for the year 1919; 32,816 for the year 1920; 46,701 for the year 1921; 254,072 for the year 1922; 345,709 for the year 1923; and 500,500 for the year 1924, making a total of 1,196,527.

The CHAIRMAN. How does that compare with the situation at this time last year?

Mr. NASH. It is still possible, under certain conditions, to file claims for all of those years, and whole I am on this statement I would like to complete it.

1917 CASES

This statement was made up as of July 1, 1925, to December 31, 1925, showing just what happened in those six months. On July 1, 1925, we had 4,067 1917 cases; during the six months from July 1 to December 31 we received 3,824 claims affecting that year, which gave us a total of 7,891 cases. In those six months we closed 5,123 cases, leaving a balance of 2,768 cases unadjusted at the end of the period. I want to call attention to the fact that while we had about 4,000 cases on the 1st of July, in the six months' period we received 3,800 new ones. We actually closed out 5,100 and have about 2,700 left.

The CHAIRMAN. How does it happen that they can file claims at this late date for 1917?

Mr. NASH. Under the amendment to section 3228 of the Revised Statutes, and under the provisions of section 281 of the revenue act of 1924, it is possible to file claims for refunds for 1917 or any subsequent year for four years after the final payment of the tax is made. If the final payment in a 1917 case was made this week, under that statute the taxpayer would have the right to file a claim for refund at any time within the next four years. We will never get a 100 per cent current as long as the cases come in. Many people have the impression that we are still working on an accumulation of work which has nothing added to it and that we are disposing of this accumulation very slowly, while, as a matter of fact, there is practically a 100 per cent turnover in six months. The 2,700 cases we have now are not the identical 2,700 that we had six months ago.

The CHAIRMAN. They are some newly filed cases?

Mr. NASH. Yes, sir.

1918 CASES

For 1918, on July 1, 1925, we had 7,871 cases, and during the six months' period from July 1 to December 31, we received 1,863 1918 cases, making a total to be considered of 9,734 cases. We closed during that period 5,114 cases, leaving on hand December 31 4,620 cases.

1919 CASES

For 1919 we had on hand July 1, 1925, 16,128 cases and received from July 1 to December 31 2,975 cases affecting that year, making the total number of cases to be considered 19,103. During that period we closed 9,762 1919 cases, leaving a balance on hand December 31, 1925, of 9,341.

1920 CASES

For 1920 we had on hand July 1, 1925, 103,038 cases; we received 3,835 claims, making a total number to be considered of 106,873. During the six months' period in question we closed 74,057 cases, leaving a balance on hand unadjusted December 31, 1925, of 32,816.

1921 CASES

For 1921 we had on hand July 1, 1925, 251,617 cases; we received 3,029 claims during the six months' period, making a total number to be considered of 254,646. During the six months' period we closed 207,945 cases, leaving a balance on hand unadjusted December 31, 1925, of 46,701.

1922 CASES

For 1922 we had on hand July 1, 1925, 369,134 cases; we received during the six months' period from July 1 to December 31, 3,444 claims, making a total number of cases to be considered 372,578. During that period we closed 118,506 cases, leaving a balance on hand unadjusted on December 31, 1925, of 254,072.

I might say at this point that our efforts during the past year have been to close out the years 1920 and 1921, and we are now working on 1922 and 1923 cases. This 254,000 balance looks large on the statement.

The CHAIRMAN. You will not be able to close them up as long as they have the right to come in with claims.

Mr. NASH. Well, the bulk of the claims are filed for the older years. We find that as we approach the more recent years there are fewer claims being filed affecting such years.

1923 CASES

For 1923 we had on hand July 1, 1925, 377,201 cases; we received 3,193 claims during the six months' period, making a total number of cases to be considered, 380,394. Between July 1 and December 31 we closed 34,685 cases, leaving a balance on hand December 31 of 345,709.

1924 CASES

For 1924—the returns that were filed last March—we had on hand July 1, 1925, 974,717; we have received claims to the number of 2,032, making a total number of cases to be considered of 976,749. During the six months' period we closed 476,249 cases, leaving a balance on hand to be adjusted as of December 31, 1925, of 500,500.

TOTAL NUMBER OF CASES FOR ALL YEARS

Out of the total number of cases on hand for all years, there were on hand on July 1, 1925, 2,103,773. During that period we received 24,195 claims affecting cases that were on file in Washington. That makes a total number of cases to be considered of 2,127,968. The cases closed from July 1, 1925, to December 31, 1925, aggregate 931,441, and the total number of cases on hand pending adjustment December 31, 1925, is 1,196,527.

TOTAL OF CASES PENDING ONE YEAR AGO

The CHAIRMAN. How does that compare with a year ago?

Mr. NASH. On December 31, 1924, we had 5,314 cases for 1917, 11,833 for 1918, 36,158 for 1919, 125,201 for 1920, 219,249 for 1921, 440,456 for 1922, and 520,205 for 1923; a total of 1,358,416.

The CHAIRMAN. That is about 200,000 less now than then?

Mr. NASH. Yes; in the aggregate.

PERCENTAGE OF RETURNS FOR VARIOUS YEARS STILL OPEN

For 1917 there were filed 4,742,693 returns.

The CHAIRMAN. That was the number of taxpayers?

Mr. NASH. Yes, sir.

On December 11, 1925, there were open on 1917, 2,841 returns, or 0.07 per cent.

The CHAIRMAN. Seven one-hundredths of 1 per cent?

Mr. NASH. Yes, sir.

For 1918 there were filed 5,652,958 returns, and on December 11, 1925, there were pending in the bureau 4,977, or 0.09 per cent.

For 1919 there were filed 7,605,539 returns. On December 11, 1925, there were on hand in the bureau 10,256 unadjusted, or 0.13 per cent.

For 1920 there were filed 8,716,072 returns; on December 11, 1925, there were on hand unadjusted in the bureau 33,196, or 0.38 per cent.

For 1921 there were filed 7,575,927 returns; on December 11, 1925, there were on hand unadjusted in the bureau 47,772, or 0.63 per cent.

For 1922 there were filed 7,696,283 returns, and on December 11, 1925, there were on hand unadjusted 272,362, or 3.54 per cent.

For 1923 there were filed 8,818,644 returns, and on December 11, 1925, there were on hand unadjusted 347,292, or 3.94 per cent.

For 1924 there were filed approximately 8,407,276 returns, and there were on hand unadjusted on December 11 last, 499,701, or 5.94 per cent.

The CHAIRMAN. So you are disposing of more schedules than are being filed, to some extent?

Mr. NASH. We are gaining on them, and our present program calls for completing this work—that is, completing it as nearly as it can be completed—by the end of this calendar year.

The CHAIRMAN. That is, completing what you have on hand?

Mr. NASH. Yes, sir.

The CHAIRMAN. In case no new filings are made?

Mr. NASH. Well, the new filings are getting less from month to month.

STATEMENT BY MONTHS OF CLAIMS FILED AFFECTING DIFFERENT YEARS

I have a statement here beginning with June, 1925, showing the number of claims filed affecting each year, and by months.

In June, 1925, there were filed 833 claims affecting 1917; in July, 640; in August, 485; in September, 437; in October, 741; in November, 639; in December, 882; making a total of 4,657 claims affecting 1917 over a period of seven months.

For 1918, there were filed in June, 1925, 1,193 claims; in July, 390; in August, 299; in September, 220; in October, 278; in November, 247; in December, 429; making a total of 3,056.

For 1919, in June there were filed 1,319; in July, 848; in August, 512; in September, 354; in October, 406; in November, 356; in December, 499; making a total of 4,294.

For 1920, in June 854 claims were filed; in July, 662; in August, 515; in September, 563; in October, 657; in November, 663; in December, 775; making a total of 4,689.

For 1921, in June there were filed 544; in July, 478; in August, 886; in September, 480; in October, 525; in November, 517; in December, 643; making a total of 3,573.

For 1922, in June, 637; in July, 485; in August, 517; in September, 451; in October, 552; in November, 584; in December, 855; making a total of 4,081.

For 1923, in June, 1,053; in July, 698; in August, 539; in September, 559; in October, 515; in November, 512; in December, 370; making a total of 4,246.

For 1924 there were filed in June, 365; in July, 501; in August, 387; in September, 246; in October, 369; in November, 294; in December, 235; making a total of 2,397.

We have a total number of claims filed in June—that is, affecting returns on file in Washington—of 6,803; in July, 4,709; in August, 3,648; in September, 3,316; in October, 4,047; in November, 3,820; in December, 4,698; making a grand total of 31,041 claims filed in this seven months' period, or an average monthly total of 4,434, and an average daily total of 175.

The CHAIRMAN. And you say that is getting less?

Mr. NASH. It is. Taking last June, the monthly total was 6,803, and the December total was 4,698, and there were some summer months in which the number of claims filed dropped to less than 4,000, September being 3,316.

The CHAIRMAN. That is during the lawyers' vacation.

Now, your calculation of $149,250,000 that you require is based wholly on the probable number of schedules that you will be able to audit, and the amount involved in the schedules is based on past experience?

Mr. NASH. Yes, sir.

AVERAGE AMOUNT PER CLAIM

The CHAIRMAN. What is the average per schedule for claims? Can you give us the total number of claims paid in the calendar year 1925, Mr. Nash?

Mr. NASH. For the period from July 1, 1925, to December 31, 1925, we have expended $59,422,518.18.

The CHAIRMAN. And that involved how many schedules?

Mr. NASH. That involved 131,731 cases, including 16,523 claims covering the 25 per cent refund of 1923 taxes.

For the fiscal year ended June 30, 1925, we expended $151,885,415.60. That covered 2,771,401 cases, but this number included 2,612,735 cases of the 25 per cent reduction made under the act of 1924; so the number of cases involved that were really adjustment cases was 158,666. The $151,000,000 for 1925 also includes approximately $17,500,000 which was used for the 25 per cent refund, and it also includes about $31,000,000 interest.

The CHAIRMAN. What will be the average per claim or per case?

Mr. NASH. It will be a little over $600 a case.

The CHAIRMAN. What is the highest one, approximately?

Mr. NASH. The largest case that has come to my attention recently was for about $7,000,000.

The CHAIRMAN. What would be involved in a case like that?

Mr. NASH. That case involved amortization of war facilities, valuations of mineral deposits, oil deposits, construction of invested capital, depreciation of transportation lines, of manufacturing plants, losses on sales of real estate; it involved about every difficult feature that you could find in the income tax law.

UNEXPENDED BALANCES OF APPROPRIATIONS

The CHAIRMAN. What is your unexpended balance now?

Mr. NASH. As of January 16, on the appropriation for refunding taxes illegally collected for 1924, our unexpended balance was $29,489.50.

On the appropriation for refunding taxes illegally collected for 1925 the unexpended balance was $74,474.07.

On the appropriation for refunding taxes illegally collected for 1926 the unexpended balance was $502,327.81.

ADJUSTED CLAIMS AWAITING PAYMENT

We have to-day on hand claims adjusted and waiting payment numbering 57,611.

The CHAIRMAN. Fifty-seven thousand claims?

Mr. NASH. Yes, sir; 57,611 cases.

The CHAIRMAN. Involving how much?

Mr. NASH. Involving $17,778,151.85.

The CHAIRMAN. How much cash have you on hand?

Mr. NASH. Our cash on hand is about $600,000.

The CHAIRMAN. All told?

Mr. NASH. Yes, sir; the balance is pretty close to $600,000.

The CHAIRMAN. And your obligations are $17,000,000?

Mr. NASH. Seventeen million seven hundred and seventy-eight thousand dollars.

The CHAIRMAN. Already ascertained?

Mr. NASH. Yes, sir.

MONTHLY RATE OF PAYMENT

The CHAIRMAN. What is the monthly rate of payment now, compared with what it has been?

Mr. NASH. The total amount of refunds of taxes allowed by the bureau during the 16 months' period ended October 31, 1925, was $200,130,184, or a monthly average of $12,508,136. The total amount which it is estimated the bureau will refund during the ensuing 14 months' period beginning November 1, 1925, and ending December 31, 1926, namely, $161,501,524 is on a monthly average of $11,535,823 or $972,313 less per month than the average which prevailed during the 16 months' period ended October 31 last.

TOTAL COLLECTIONS COMPARED WITH TOTAL REFUNDS

The CHAIRMAN. What is the total amount paid out for refunds since 1917 including this item now estimated for?

Mr. NASH. From 1917 up through September 30, 1925, we have refunded $554,331,125.28.

The CHAIRMAN. In that period how much did you collect?

Mr. NASH. During the same period we collected, as a result of office audits and field investigations, $2,886,733,215, and during the same period our total collections were $30,252,653,751.44.

The CHAIRMAN. $2,800,000,000. Then you have not been increasing that very much lately?

Mr. NASH. We increased it $75,000,000 during the first quarter of this year.

The CHAIRMAN. That is at the rate of $25,000,000 a month. I thought it was more than that. So $500,000,000 has been paid out?

Mr. NASH. $554,000,000.

The CHAIRMAN. $554,000,000 has been paid out and $2,886,000,000 taken in?

Mr. NASH. Yes, sir.

The CHAIRMAN. Keeping up the average of about five to one that we have been going on?

Mr. NASH. Yes, sir. These refunds are 19.2 per cent of the amount of additional assessments and collections and 1.8 per cent of the total collections.

The CHAIRMAN. What have the total collections been?

Mr. NASH. The total collections during the period from 1917 up to September 30, 1925, were $30,252,653,751.44.

REFUNDS DUE TO COURT DECISIONS

The CHAIRMAN. What proportion of the refunds have been due to decisions of the courts and what was the character of the cases, and what proportion has been due to the overpayments on the returns by the taxpayers?

Mr. NASH. About $156,000,000 of the refunds has been due to court decisions. I have a statement of several pages, giving the various court decisions which have affected us adversely.

The CHAIRMAN. I think it might be interesting to have it read to us or put in the record.

The statement referred to is as follows:

STATEMENT SHOWING DECISIONS RENDERED BY VARIOUS FEDERAL COURTS RESULTING IN REFUNDS OF INTERNAL-REVENUE TAXES, AND ESTIMATED AMOUNTS OF TAXES REFUNDED OR TO BE REFUNDED

Eisner v. Macomber (252 U. S. 189), holding that a stock dividend declared by a corporation is not income to the stockholder. (Estimated, $70,000,000.)

Shwab v. Doyle (42 Sup. Ct. Rep. 391), holding that transfers in contemplation of death made prior to the passage of the revenue act of 1916 are not part of the gross estate of a decedent and are not subject to the estate tax imposed by that act. (Estimated, $18,000,000.)

Union Trust Co. v. Wardell (42 Sup. Ct. Rep. 393), holding that a trust to take effect in possession and enjoyment at or after the death of the creator but created prior to the passage of the revenue act of 1916 is not part of the gross estate of the decedent and is not subject to the estate tax imposed by that act. (Estimated, $2,000,000.)

Miles v. Safe Deposit & Trust Co. (42 Sup. Ct. Rep. 483), holding that a stockholder's privilege of subscribing to new stock in a corporation does not result in taxable income until the stock subscribed for is sold. (Estimated, $5,000,000.)

United States v. Stanley Field (41 Sup. Ct. Rep. 256), holding that property passing under testamentary execution of a general power of appointment created prior to the passage of the revenue act of 1916 but executed subsequent to the passage of that act is not part of the gross estate of the decedent and is not subject to the estate tax imposed by that act. (Estimated, $2,000,000.)

Bailey v. Drexel Furniture Co. (42 Sup. Ct. Rep. 449), holding that the child labor tax is unconstitutional. (Estimated, $41,828.)

Lederer v. Pearce (U. S. C. C. A., Third Circuit, 266 Fed. 497), holding that property passing under general power of appointment where the construction and effect of the power and rights of the parties thereunder are governed by the laws of Pennsylvania can not be included in the gross estate of the decedent exercising the power in a case arising under the provisions of the revenue act of 1916. (Estimated, $1,000,000.)

United States v. Guinsburg (U. S. C. C. A., Second Circuit, 278 Fed. 363) and Plant v. Walsh (280 Fed. 722), holding that a dividend declared by a corporation prior to March 1, 1913, but not paid until after that date is not taxable income of the stockholder. (Estimated, $5,000,000.)

Lipke v. Lederer, held that naming a penalty a "tax" does not make it such in fact. Therefore assessments of double tax and penalties made under section 35, title 11, of the national prohibition act can not be collected as taxes. (Estimated, $50,000.)

Smietanka v. First Trust & Savings Bank (42 Sup. Ct. Rep. 223), holding that income held and accumulated by a trustee for the benefit of unborn or unascertained beneficiaries is not subject to the income tax imposed by the act of 1913. (Estimated, $2,000,000.)

A. G. Spalding & Bro. v. Edwards (U. S. Sup. Ct.). Section 600 (f) revenue act of 1917, in which the question was whether a sale is one for export. The court holds that where the act passing title commits the goods for the purpose of export the articles are in course of export transportation and are not subject to sales tax. (Estimated, $400,000.)

Haverty Furniture Co. v. United States (U. S. Dist. Ct., No. Ga.). This was a case to recover stamp taxes collected under Schedule A–6 of the revenue act of 1918. The court holds that the instrument was a conditional bill of sale and not a promissory note, and therefore was not subject to stamp tax. (Estimated, $18,000.)

Empire Fuel Co. v. Hayes, Collector (295 Fed. 704; T. D. 3592). Section 207 of the revenue act of 1917 excludes borrowed money from invested capital for the purpose of computing the excess-profits tax, and a corporation whose capital consists entirely of borrowed capital has no invested capital within the meaning of the act and is therefore entitled to assessment under the provisions of section 209. (Estimated, $15,000,000.)

United States v. Supplee-Biddle Hardware Co. (44 Sup. Ct. Rep. 546; 265 U. S. 189; T. D. 3604). Proceeds of a policy of insurance upon the life of an officer of a corporation paid to the corporation as beneficiary are not taxable as income. A policy of insurance by a corporation upon the life of one of its officers is not wagering contract. (Estimated, $1,000,000.)

Trinidad, Insular Collector, v. Sagrada Orden de Predicadores, etc. (263 U. S. 578; T. D. 3548). A religious corporation which receives income from the rent of real property, dividends from stock ownership in private corporations, and interest on money loaned is exempt from income tax under the provisions of section 11 (G) of the act of October 3, 1913, where all of the income is held and used for carrying on its work. Deriving income from the sale of wine, chocolate, and other articles does not amount to engaging in trade where profit is a negligible factor, sales are not made to the public or in competition with others, and the articles are bought and supplied for use within the organization, either for religious purposes or incidental to the work carried on. (Estimated, $500,000.)

Bankers Trust Co. et al., Executors of Glackner, v. Bowers, Collector (295 Fed. 89; T. D. 3547). The tax upon the income of a decedent to the date of death and the tax upon the income of an estate during the period of settlement should be computed under the general provisions relating to returns for a period of 12 months and not under section 226 (c), revenue act of 1921, which applies to returns for a period of less than one year. (Estimated, $2,000,000.)

Weiss, Collector, v. Stearn (44 Sup. Ct. Rep. 490; 265 U. S. 242; T. D. 3609). Where a corporation transfers all of its property to a new corporation organized under the laws of the same State, with substantially the same name and for the conduct of the same business, having a capital stock five times as large as the old company, and stockholders of the old company sell one-half of their shares of stock in the old company at $150 a share and exchange the other half for stock in the new company, income is received based upon the value of the stock sold, but no income is received from the exchange of stock in the old company for stock in the new. (Estimated, $500,000.)

United States v. Merriam (263 U. S. 179; T. D. 3535). Where a testator bequeaths specific sums to certain persons and in a subsequent paragraph of the will names such persons as executors and trustees, and provides that the bequests made are in lieu of all compensation or commissions to which they would otherwise be entitled as executors or trustees, the bequests are not compensation and taxable as income under section 11, A, subdivision 1 and B, act of October 3, 1913 (38 Stat. L. 114, 166). (Estimated, $1,000,000.)

Edwards v. Slocum et al., Executors, etc., of Olivia Sage (United States Supreme Court; 264 U. S. 61; T. D. 3584). Where a decedent after providing for certain legacies, bequeaths the residue of his estate to charity, the Federal estate tax is not, under the provisions of section 403, revenue act of 1918, to be deducted from the residue in determining the amount of such charitable bequest. (Estimated, $1,489,000.)

Miles v. Curley, Executor of Graffin (United States Circuit Court of Appeals for the Fourth Circuit; 291 Fed. 761; T. D. 3514). The Maryland collateral inheritance tax is not an inheritance tax but an estate tax, and in computing the Federal estate tax is deductible from the gross estate under the provisions of Title II of the revenue act of 1916, as amended by the act of October 3, 1917. (Estimated, $100,000.)

Lynch, executrix of Lynch, Collector, v. Alworth-Stephens Co. (Supreme Court of United States; 45 Sup. Ct. Rep. 274; T. D. 3690). Under the provisions of the revenue act of 1916 a lessee of mineral lands is entitled to deduct a reasonable allowance for exhaustion or depletion of his leasehold or property interest due to the extraction and disposition of the product of the mine. (Estimated, $15,000,000.)

Lewellyn, Collector, v. Frick et al. (Supreme Court of the United States; 45 Sup. Ct. Rep. 487; T. D. 3715). Section 402 (f) of the revenue act of 1918 is not retroactive in application, and the amount of insurance in excess of $40,000 can not be included in the gross estate of a decedent where the policy is taken out and a beneficiary, other than the estate, is designated prior to the date of the passage of the act. (Estimated, $5,000,000.)

Martin Rocking Fifth Wheel Co. v. United States (Court of Claims of United States; unreported to date; T. D. 3716). The word "parts" as used in paragraph (3) of section 900 of the revenue act of 1918 must be presumed to have been used in the plain, every-day, generally understood meaning of the word, and to refer to such "parts" as break and wear out and are replaced by a new one at a service station. The so-called "semitrailer," which is attached to the drawing vehicle by means of a fifth wheel, is not taxable as a "part" of an automobile within the ordinary, usual, and commonly accepted meaning of the word. (Estimated, $700,000.)

The Cuba Railroad Co. v. United States (Court of Claims of the United States; unreported to date; T. D. 3679). Schedule A–2, Title XI, revenue act of 1921, does not tax an exchange of no par value common stock for outstanding par value common stock when such exchange is effected without any capital being paid in or any addition to the capital account of the corporation. Schedule A–2, Title XI, revenue act of 1921, taxes only original issues of certificates of capital stock; and the exchange of certificates of one kind of stock for certificates of another kind of stock, without change in the corporation's capital or its property, is not an original issue within the meaning of the statute; and

The Bailey Co. v. Routzahn, collector (United States District Court for the Northern District of Ohio; unreported to date; T. D. 3680). Schedule A–3, Title XI, revenue act of 1918, does not tax an exchange of no par value common stock for outstanding par value common and preferred stock, where such exchange is effected without the capital of the corporation being increased either by contributions from the outside or by corporate surplus being transferred to capital account, as in the case of stock dividends. Schedule A–3, Title XI, revenue act of 1918, taxes only "original" issues of certificates of capital stock and not "new" issues of certificates of capital stock exchanged for outstanding certificates of original issue, where the transaction results in no addition to the capital account of the corporation; and

Cleveland Provision Co. v. Weiss, Collector, and five other cases involving the same question (United States District Court for the Northern District of Ohio; 4 Fed. (2d) 408; T. D. 3681). Schedule A–3, Title XI, revenue act of 1918, and Schedule A–2, Title XI, revenue act of 1921, do not tax exchanges of no par-value stock for outstanding par-value stock where such exchanges are effected without the capital of the corporation being increased either by contributions from the outside or by corporate surplus being transferred to capital account, as in the case of stock dividends. Schedule A–3, Title XI, revenue act of 1918, and Schedule A–2, Title XI, revenue act of 1921, tax only original issues of certificates of capital stock and not "new" issues of certificates of capital stock exchanged for outstanding certificates of original issue where the transaction results in no addition to the capital account of the corporation. The phrase "whether on organization or reorganization," used in Schedule A of the revenue acts of 1918 and 1921, means "Whether on organization or reorganization," or not, and does not limit the operation of the statute to occasion of organizations and reorganizations. The statutes apply to all original issues of certificates of capital stock. (Following American Laundry Machinery Co. (Inc.) v. Dean, 282 Fed. 620.)

Goodyear Tire & Rubber Co. v. United States (Court of Claims of the United States; unreported to date; T. D. 3697). Under section 1100, Schedule A–4 of the revenue act of 1918, the provisions of which

are also contained in the revenue act of 1921, the rate of tax on the transfer of shares of capital stock is to be determined by reference to the face of the certificate and is not controlled by the certificate of incorporation where there is conflict between the two. Where a corporation had outstanding shares of capital stock of $100 par value each, and by amendment to its certificate of incorporation reduced the par value of such shares to $1 each without changing the face value of the certificates, the tax upon the transfer of such certificates should be computed in accordance with the par value as shown by the face of the certificates. (Estimated, $8,000,000.)

Ferguson, Collector, v. Thomas Dickson et al., executors (3d circuit, 300 Fed. 961). Certiorari denied by United States Supreme Court (266 U. S. 628). Holding that there is a fair consideration in money or money's worth within the meaning of section 402 (c) of the estate tax provisions of the revenue act of 1918, where a wife releases her dower in consideration for amounts to be received under an antenuptial agreement and trust. (Estimated, $1,000,000.)

INTEREST ON ALLOWED CLAIMS

The CHAIRMAN. How much of the present estimate of $149,250,000 is due to interest to be paid on these claims?

Mr. NASH. $41,486,275.

The CHAIRMAN. So that if it were not for that amount of interest you would only be asking about $108,000,000 instead of $149,000,000?

Mr. NASH. That is correct.

Mr. BYRNS. When does the interest commence?

Mr. NASH. The interest is paid from the date of payment of the tax.

The CHAIRMAN. Under what authority do you pay this interest?

Mr. NASH. Under section 1019 of the revenue act of 1924.

The CHAIRMAN. The revenue act of 1924 requires the payment of the interest and fixes the rate, does it?

Mr. NASH. Section 1019 reads as follows:

"Upon the allowance of a credit or refund of any internal-revenue tax erroneously or illegally assessed or collected, or of any penalty collected without authority, or of any sum which was excessive or in any manner wrongfully collected, interest shall be allowed and paid on the amount of such credit or refund at the rate of 6 per cent per annum from the date such tax, penalty, or sum was paid to the date of the allowance of the refund, or, in case of a credit, to the due date of the amount against which the credit is taken; but if the amount against which the credit is taken is an additional assessment, then to the date of the assessment of that amount. The term "additional assessment" as used in this section means a further assessment for a tax of the same character previously paid in part."

Mr. BYRNS. No interest was paid after the allowance of the refund?

Mr. NASH. No interest is paid after the allowance is approved by the commissioner. The date of the approval of the allowance by the commissioner is the date at which we cut off the interest of all these contested cases, but some taxpayers claim interest up to the date of the issuance of the check covering the refund. I believe there is a case now pending in the courts to determine which date is correct.

Our solicitor has held that the date of the approval of the commissioner is the correct date.

The CHAIRMAN. You stated a few moments ago that $156,000,000 of the total of $550,000,000 had been refunded on account of court decisions.

Mr. NASH. Yes, sir.

The CHAIRMAN. Then how much of the total of $550,000,000 is due to interest under the act of 1924?

Mr. NASH. For the first six months of this fiscal year—from July 1 to December 31—we expended $15,859,237.60 for interest.

For the fiscal year ended June 30, 1925, we expended $31,563,458.06.

For the fiscal year 1924 we expended $7,174,400.37.

For the fiscal year 1923 we expended $3,856,124.32.

I do not have any figures prior to that, Mr. Chairman; it amounts to about fifty-eight and one-quarter million dollars for the past three years.

The CHAIRMAN. Two hundred and some odd million dollars of the total of $550,000,000 is either due to interest or to court decisions?

Mr. NASH. Yes, sir.

The CHAIRMAN. What was the practice before the enactment of this statute?

Mr. NASH. Of the interest statute?

The CHAIRMAN. Yes.

Mr. NASH. Under section 1324 of the 1921 act the provision for the payment of interest was as follows:

"(a) That upon the allowance of a claim for the refund of or credit for internal-revenue taxes paid interest shall be allowed and paid upon the total amount of such refund or credit at the rate of one-half of 1 per cent per month to the date of such allowance as follows:

"(1) If such amount was paid under a specific protest setting forth in detail the basis of and reasons for such protest from the time when such tax was paid, or

"(2) If such amount was not paid under protest but pursuant to an additional assessment from the time such additional assessment was paid, or

"(3) If no protest was made and the tax was not paid pursuant to an additional assessment from six months after the date of filing of such claim for refund or credit.

"The term 'additional assessment' as used in this section means a further assessment for a tax of the same character previously paid in part."

The CHAIRMAN. Which of these two acts called for the most moderate expenditure?

Mr. NASH. The 1921 act, because under the third provision of section 1324 interest began at six months after the date of the filing of the claim for a refund, and under the present act interest begins with the date of the original payment.

The CHAIRMAN. Did the interest continue under the first act until the final payment of the claim?

Mr. NASH. Interest continued until the date of the approval of the claim by the commissioner.

The CHAIRMAN. A claim under a tax in 1918 would at this rate allow 48 per cent interest, would it not?

Mr. NASH. A claim for refund for a 1917 tax which was paid in 1918 will carry interest at the rate of 42 per cent and a refund for a 1918 tax which was paid in 1919 would carry interest at the rate of 36 per cent.

The CHAIRMAN. That is from the date of the payment?

Mr. NASH. Yes, sir; a refund of a 1919 tax paid in 1920 will carry interest at the rate of 30 per cent, etc.

The CHAIRMAN. How many of these payments have carried interest for five or six years?

Mr. NASH. I do not have those statistics before me.

EXPEDITION OF CASES CARRYING LARGE INTEREST ACCRUALS

The CHAIRMAN. Let me ask you this question: Is there a special effort being made in the Internal Revenue Office to dispose of cases where the interest, if allowed, would cover a great many years?

Mr. NASH. We have what we call an expedite tag on every large case on which the interest is accruing very rapidly. We have some cases pending now in the solicitor's office on which the interest will run to several hundred dollars a day. Every one of those cases is in course of settlement. I believe that everything that is humanely possible to do is being done to bring these cases to a close, because the interest that we paid last year almost equaled the total administrative expense for running the bureau. It is a serious item with us.

The CHAIRMAN. Does the establishment of the Board of Tax Appeals expedite the disposition of the cases?

Mr. NASH. I can not say that it expedites the disposition of the cases so far as the Internal Revenue Bureau is concerned, because it affords the taxpayer an appeal from the action of the Internal Revenue Bureau. It probably does relieve the courts in a great many cases.

The CHAIRMAN. It relieves the courts, but does not relieve the Internal Revenue Office?

Mr. NASH. No, sir.

The CHAIRMAN. Does it relieve the taxpayer to any extent?

Mr. NASH. I think the board was created for that purpose.

REFUND OF OFFERS IN COMPROMISE

The CHAIRMAN. On page 49 there is an item to enable the Secretary of the Treasury to refund money covered into the Treasury as internal-revenue collections under the provisions of the act approved May 27, 1908, fiscal year 1925, $488,000. Tell us about that.

Mr. NASH. Prior to the enactment of the revenue act of 1924 approved June 2, 1924, sums offered in compromise under the provisions of section 3229, Revised Statutes, and section 35 of Title II of the national prohibition act, sums offered for the purchase of real estate under the provisions of section 3208, Revised Statutes, and surplus proceeds in any distraint sale under the provisions of section 3195, Revised Statutes, as amended by the act of May 27, 1908, were deposited into the Federal Treasury as internal-revenue collections, as provided by the act of May 27, 1908, as amended by the act of May 10, 1916. Under this procedure a definite annual appropriation which has been provided by Congress each year up to the current fiscal year for "refunding internal-revenue collections" was charged in each instance where an offer in compromise was rejected or where a refund of an offer to purchase real estate or surplus proceeds in any distraint sale were authorized.

The CHAIRMAN. That is where a man paid some money in the earnest fund as an evidence of good faith, that went into the Treasury and could not be taken out and given back to him if the contract was not concluded, without this provision?

Mr. NASH. Section 1031 of the revenue act of 1924 changed this procedure by establishing for each collector of internal revenue with the Treasurer of the United States a special deposit account into which account all collectors must deposit receipts of the three above-mentioned classes and from which accounts such officers must refund such deposits when authorized.

This change in the law has eliminated the necessity for the bureau to request any appropriation for "refunding internal-revenue collections" for the current fiscal year or in the future.

The appropriation which was granted to the bureau for the fiscal year 1925, ended June 30 last, was in the amount of $200,000, and is exhausted. There are on hand at the present time in the bureau awaiting payment or in the process of adjustment rejected offers in compromise or offers in compromise which it is anticipated will be rejected, aggregating $487,954.09, as shown by the following statement:

Classification of tax	Rejected offers in compromise on hand and awaiting payment Nov. 16, 1925		Estimated offers in compromise to be rejected of those pending in bureau on Nov. 16, 1925		Total estimated rejected offers in compromise to be refunded from appropriation "refund, internal-revenue collections, 1925"	
	Number	Amount	Number	Amount	Number	Amount
Income and profits	10	$12,946.03	509	$413,831.43	519	$426,777.46
Estate	1	12,000.00			1	12,000.00
Capital stock						
Sales	10	2,121.53	180	31,620.00	190	33,741.53
Tobacco	3	20.00			3	20.00
Miscellaneous			24	2,434.00	24	2,434.00
Prohibition	18	6,065.00	51	5,720.10	69	11,785.10
Narcotics			41	1,198.00	41	1,198.00
Total	42	33,172.56	805	454,781.53	847	487,954.09

All of these offers in compromise were deposited into the Federal Treasury as internal-revenue collections under the procedure which was in effect prior to the enactment of the revenue act of 1924, and the rejection of these offers will make it necessary to refund the same from the above-mentioned appropriation when additional funds requested herein become available. The amount of the deficiency estimate submitted at this time is intended to provide these additional funds and is therefore transmitted to you in the sum of $488,000.

This estimate is required to meet an emergency which has arisen since the transmission of the Budget for the fiscal year 1925.

ALUMINUM CO. OF AMERICA

During the delivery of Mr. McKELLAR'S speech,

Mr. CUMMINS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Iowa?

Mr. McKELLAR. I yield to the Senator.

Mr. CUMMINS. Mr. President, the Judiciary Committee has directed me to report to the Senate an original resolution, which I ask unanimous consent to present at this time.

Mr. McKELLAR. Does the Senator wish to have the resolution considered immediately?

Mr. CUMMINS. I think there will be no objection to it.

Mr. McKELLAR. If it will not take any time, I will be glad to yield.

Mr. SMOOT. Mr. President, if there shall be no discussion of the resolution I have no objection, but if any discussion is to ensue I want the Senator to withdraw it.

Mr. CUMMINS. I intend to ask unanimous consent for the immediate consideration of the resolution, if I may be permitted to present it; but I do not believe there will be any debate upon it.

Mr. REED of Pennsylvania. I ask to have the resolution read.

The PRESIDING OFFICER. The resolution will be read for information.

The resolution (S. Res. 141) was read, as follows:

Resolved, That the Federal Trade Commission be directed to transmit to the Senate, at the request of the Committee on the Judiciary, any evidence, documentary or otherwise, in its possession affecting the question of whether there have been infractions by the Aluminum Co. of America of the decree entered against it in the year 1912 in the District Court for the Western District of Pennsylvania.

Mr. CUMMINS. Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection to its present consideration?

Mr. REED of Pennsylvania. Mr. President, I hope nobody will object to the resolution. I am advised that the Aluminum Co. itself has sent a letter to the Federal Trade Commission releasing any seal of confidence or secrecy or privacy that may attach to this mass of correspondence and other papers.

Mr. LA FOLLETTE. Mr. President, I simply rise to observe that most likely the Senate will now get the information, the Aluminum Co. of America having released the Federal Trade Commission, whereas the Department of Justice was unable to get the same information from the Federal Trade Commission. I have no objection whatever to the resolution.

The resolution was considered by unanimous consent and agreed to.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

After the conclusion of Mr. McKELLAR'S speech,

Mr. SMOOT. Mr. President, I have been asked by a great many Senators whether we are going to hold a night session to-morrow. I have no intention of asking for that to-morrow, but I am going to ask the Senate on Monday to begin night sessions.

I thought I had better make that statement in answer to the many questions that have been asked.

Mr. SMITH. Mr. President, I send to the desk an amendment, which I ask to have read. I desire to make some remarks on it and have it lie on the table, subject to such action as the Senate may take.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place the following:

When returns are made in accordance with the rules and regulations prescribed by the Treasury Department for making returns for taxes imposed by this act, and such returns are made by or with the aid of an official of the Treasury Department qualified to make such returns for the taxpayer or to aid in making such return, the amount thus found due, when paid by the taxpayer, there shall issue to him by the Treasury Department a receipt for the same, which shall be final, except for actual fraud.

The Secretary of the Treasury is hereby authorized and directed to designate for each State officers of the Treasury Department in number adequate to the requirements of the taxpayers thereof qualified to make or aid in making returns as prescribed by the Treasury Department, which shall by rule prescribe the times when and the places at which the services of such officers will be available.

The PRESIDING OFFICER. The amendment will lie on the table and be printed.

Mr. SMITH. Mr. President, I do not think there has been any act on the part of the Government that has done so much to cause dissatisfaction among the citizens of this country toward their Government as the method we pursue in collecting the income tax.

In the first place, we have a return that requires an expert accountant and an expert mind, legally trained, to make it out.

In addition to that, the attitude of the Government is that every man who makes out a tax return is a questionable character, and therefore nothing is final until the Government itself, through its chosen agents, has examined the return and then makes such demands for further payments as the parties to whom they have committed this work may claim are necessary.

I contend that when a citizen of this country, under rules and regulations prescribed by the Congress, makes his return and swears to it, the Government should take that citizen's word. I believe that not only would the amount saved by that process in actual dollars be increased but the number of men who would be encouraged to respect their Government would be infinitely increased.

I have been informed by those in a position to know, in lieu of an actual calculation, that the excess the Government has obtained by virtue of later discoveries of amounts still due and the rebates that have been paid have about balanced one with the other, while the cost of the process has practically taken all that remained.

Therefore, under the amendment I have offered, when the rules and regulations prescribed by the Treasury Department have been set forth, and an officer trained for the purpose has directed the taxpayer how to bring together those matters which are taxable—after the taxpayer and the officer have collaborated, the amount ascertained, and the taxpayer has tendered it and the Government has received it—the taxpayer is entitled to a receipt, so that he may feel free to go on with the capital he has and engage in business, and not be forced to sail near the shore for fear that in later years the amount he paid may be reopened and he be embarrassed at a time when he may not be able to pay.

There is no reason why this Government should not take the oath of the citizen, individual or corporation, when we have prescribed the method and the things to be taxed, and the taxpayer, in collaboration with an officer of the Government, has honestly made a return and has sworn to the return, and ten-

dered the amount of the tax. Why is he not entitled to a final settlement then and there?

Men in ordinary business follow that course. How long could business exist if, in the settlement of every account, there was left a leeway of three or four years during which it would be legal to come back and open up the account, and nothing was ever finally settled until after the lapse of some long number of years?

I shall not take the time this afternoon to go further into this, but shall discuss it at length when the amendment comes up for final action. Now, there may be two years, four years, eight years, in which the Government may take the sworn statements of its taxpayers and scrutinize them to see whether or not they are guilty at least of constructive fraud. Nothing in all the history of this country has been as irritating, as prolific of the bolshevistic spirit, as the method we have inaugurated of having tax returns made, and then coming back for additional payments. I for one would rather have the Government lose one-half of the income it now gets, and display its faith in its citizens, than to have it collect what it now collects, with the spirit which is engendered among the people of this country.

Mr. President, I see no reason why the amendment I have offered should not meet the approval of every honest, upright American citizen, in the Senate and outside of it.

Mr. HEFLIN. Mr. President, I agree with what the Senator from South Carolina has said. The Federal income taxpayers are annoyed a great deal by the uncertain and unjust methods now employed. They are kept in a state of doubt and uncertainty about their taxes even after they have paid them. They do not know just when they are through with the Government.

Every man and woman likes to be able to balance his or her books and close accounts at the end of the year. Every intelligent citizen likes to know just how he or she stands financially at the end of the old year and at the beginning of the new, but under the indefinite system that has been in vogue here he can not know. He pays his taxes and holds his receipt "paid in full" and signed by the Government, and after two or three or four years have gone some clerk or agent of the Government goes and tells him that he or some one else has discovered that he owes some more money to the Government.

There ought to be a way and we ought to provide a way now for settling this thing right at the outset when the taxes are paid, so that when the Government gives its receipt to the taxpayer it will mean something to him.

The Government should be careful and accurate in stating the amount due in taxes by the citizen and then it should shield and protect that citizen against annoyance and unjust additional expense. Under the present plan, which can not be defended, we are told that certain former clerks and agents in the Treasury Department, who are now employed by certain lawyers here in Washington, furnished them with lists of income-tax payers, and then that letters are written to certain taxpayers for the purpose of frightening them and inducing them to pay a retainer's fee to have their cases looked after if the Government should get after them. Senators, that is an outrageous and shameful situation. Let us put a stop to it now. A Federal tax receipt should at least be as much respected and as binding as any other receipt for money paid. I want to say a word about what the Senator from Tennessee has said. The situation in the Treasury Department as disclosed here is a very serious one, and Congress should do something to correct the evil complained of. There is no excuse, no justification, for refunding these taxes in secret. I want to submit this to the Senate: Congress considers a tax bill in the open. We discuss the rates pertaining to the various classes of income-tax payers in the country in the open. A roll call is had and we vote in the open. The bill is enacted into law and the President signs it in the open. We say in public what we think taxpayers ought to pay. Now we are confronted with the situation where the Congress levies taxes in the open and the taxes are refunded in secret. Why should the clerks in the Treasury Department be permitted to sit down at their desks secretly and pass a secret note up to some one else, and he pass another secret note on to some one else, and finally have the taxes refunded in amounts running into the millions and hundreds of millions of dollars?

Senators, nobody can justify that, because it is wrong. This question has been discussed here this afternoon for two hours or more, and nobody here has been able to name the particular officials upon whose finding these millions of dollars have been refunded. Is not that an awful situation for intelligent and patriotic men to permit to exist?

These things were hinted at in the testimony in the Teapot Dome scandal. It was said that Mr. Doheny had large sums of taxes refunded to him, and he employed the clerk who worked out the case and caused him to get the refund, took him out of the department, where he was drawing $2,500, as I remember, and put him on his private pay roll at a salary of $7,500 a year. Verily he received his reward.

What have we heard in this Chamber this afternoon? The able Senator from Utah [Mr. KING] cited an instance where engineers formerly in the employ of copper companies were now in the Government's employ, passing on those companies' cases and deciding with their former employers against the Government, where the companies got the best of the decision by many millions of dollars. Can anyone condone or justify things like that? If so it would seem that all these big taxpayers have to do is to employ some shrewd, smart fellow, keep him in their employ long enough, pay him salary enough, and maybe assure him that they will employ him again, if necessary, in the future, get him out of their employment, and put him in the Government service, where he sits as a special counsel, in a way, for the interests he once represented back home, and at the same time clothed with authority on the part of the Government to decide cases between the Government and those who sent him to Washington and got him his position. I repeat nobody can defend such a thing.

Why should millions of dollars of taxes levied by the people's Congress in the open be refunded by clerks and agents behind closed doors in secret. I think there is a great deal in the contention of the Senator from Tennessee that we ought to clothe Federal districts in the various States with authority to pass upon these cases. Why should a taxpayer in Alabama have to come to Washington, at great expense, and employ a lawyer here to go before subordinate officials of the Government? Why should not the Government proceed against him at Birmingham, Montgomery, Mobile, or some other convenient point in Alabama, and let him go in and try his case at home, and see whether or not the Government is right in its contention?

Then, Mr. President, the taxpayer would not have to come here and go before these various clerks. There would not be any secrecy about it. We would not have the star-chamber proceeding we now have here in Washington. The citizen would be apprised in the open that he owed the Government so many thousand dollars and he would be cited to come into open court. He would come into court, represented by a lawyer in his State, and he would appear before a judge appointed by the President and confirmed by the Senate, and all that was said and done would be in the open. Who could object to that?

Senators, I would much prefer to have a judge appointed by the President and confirmed by the Senate decide these cases in the open, than to have the taxpayer compelled to employ some lawyer here in the city of Washington to go in and maneuver around with clerks, and have some fellow in secret pass upon his case. It is not right.

Mr. WADSWORTH. Mr. President——

The PRESIDING OFFICER (Mr. GOFF in the chair). Does the Senator from Alabama yield to the Senator from New York?

Mr. HEFLIN. I yield.

Mr. WADSWORTH. Following that suggestion to its logical conclusion, the Senator, I assume, then, would advocate the abolition of the Board of Tax Appeals?

Mr. HEFLIN. The Senator from Tennessee provides in his amendment that a taxpayer can appeal from the decision of the United States district judges in the various States.

Mr. WADSWORTH. To what jurisdiction?

Mr. HEFLIN. To the circuit court of appeals, and on up to the Supreme Court of the United States, if necessary.

Mr. WADSWORTH. The procedure provided in this bill, which is a revised procedure, permits the taxpayer to appeal first to the Board of Tax Appeals which we have established by law——

Mr. HEFLIN. Here in Washington?

Mr. WADSWORTH. Yes; and from there to appeal to the circuit court of appeals.

Mr. HEFLIN. Is that provision in the bill now?

Mr. WADSWORTH. It is; yes. So the taxpayer may bring his case finally before a judge or a body of judges.

Mr. HEFLIN. Yes, Mr. President; but it ought to be in the open at the outset.

Mr. WADSWORTH. Both those hearings are in the open.

Mr. HEFLIN. Senators have referred this afternoon to millions and hundreds of millions that have been refunded, and nobody could tell us upon whose findings the decisions were finally rendered.

Mr. WADSWORTH. That situation is cleared by the pending legislation, because the opinions of the Board of Tax Appeals, of course, are public, and their reasons therefor are

public, and any appeal taken from them going to the circuit court of appeals is also public.

Mr. HEFLIN. Does the Senator mean there is a provision in the pending bill that does away with the old system that we now have?

Mr. WADSWORTH. No; not all the system that we now have. Of course, the first decision of the Treasury Department is made by the executive officials, the Commissioner of Internal Revenue, or his appropriate subordinates. If the taxpayer is dissatisfied with that decision, he does not appeal to them but appeals to the Board of Tax Appeals.

Mr. HEFLIN. It seems to me that the McKellar plan is the better plan. In the first place it is more convenient to the taxpayer and we ought to consider him. The Government then has to go into the State where the citizen lives and where he pays his taxes. If the Government wants to proceed against him it goes down and brings him into open court. I want to get away from the closed-door, star-chamber proceedings that have been going on here in Washington. Millions and millions of dollars have been refunded to big taxpayers in secret. I fear in the light of the disclosures made here to-day that big sums have been refunded without much justification. If those amounts were refunded in open court where the public could sit, because the public is interested and has a right to sit when these big cases are being determined, no one could complain. Yet the facts disclosed here this afternoon show not only that these things were done in secret, but that nobody could tell who rendered the decisions upon which these vast sums of money were finally refunded. In other words, no one knows who worked up the case or who rendered the judgment on it, which caused the official above to finally decide that the money should be refunded. I submit that that course can not be defended. There ought to be some way of opening the books to inspection. As the Senator from Tennessee [Mr. McKELLAR] said, anyone can go in and inspect the books in any courthouse in any county in any State in the Union. He can look over those records and find out just how much the various people pay. We can not do that way in the matter of Federal taxes. We have no way to find out what is going on in the Treasury Department, and nobody knows even what is going on when they give back the money that Congress has declared taxpayers should pay in the outset.

Mr. McKELLAR. Mr. President——

Mr. HEFLIN. I yield to my friend, the Senator from Tennessee.

Mr. McKELLAR. Does the Senator know of any great harm that has been done to any taxpayer in the land because his tax returns in State or county or municipal instances were open to public inspection?

Mr. HEFLIN. I do not.

Mr. McKELLAR. Did the Senator ever hear of any complaints because of the publicity of State, county, and municipal tax returns?

Mr. HEFLIN. I never have.

Mr. McKELLAR. If it is a crime to make public the Federal income-tax returns, why is it not just as much a crime to make public the State, county, and municipal tax returns?

Mr. HEFLIN. Certainly. All taxpayers are entitled to fair and just consideration. I am pleading for the taxpayers of the country. I want them all treated alike. I do not think that the big taxpayers should be held up and imposed upon. I am pleading for fair treatment for both the big taxpayer and the little taxpayer. Does the big taxpayer's immense wealth buy for him immunity from publicity or inspection by the public? Why should it?

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Florida?

Mr. HEFLIN. I yield to my good friend from Florida.

Mr. TRAMMELL. The amendment proposed by the Senator from Tennessee would treat the small taxpayer the same as it would the large taxpayer with regard to giving a hearing in court. As I understand, it provides that if they interpose a claim of $10,000 or more, then they can go into court, but if it is below $10,000 that avenue to prosecute the claim is not open to the taxpayer. Does not the Senator think that discriminates against a very large body of the taxpayers of the country?

Mr. HEFLIN. I agree with the Senator's suggestion. I would not object to seeing it made $5,000 or even smaller than that. Open hearings will not hurt anybody who wants to be honest and deal fairly with the Government. We ought to be fair with the small taxpayer, and we ought to be fair with the large taxpayer. Here is the situation that confronts us. We deliberately lay such a tax on the people as we think should be laid under the circumstances. Some big interests fight the rates that we fix. They do not want us to levy as high a rate as we do levy. We pass the bill, the President approves it, and it becomes the law. Then some of them slip around to the Treasury, and behind closed doors, in the dark and in secrecy, they nullify the acts of Congress and of the President, and have refunded to themselves in a secret way the money that the Congress of the country declared they ought to pay.

Senators, again I say that is wrong, and nobody can defend it. Mistakes may be made, and some are made in collecting these taxes, but not running into the hundreds of millions of dollars; there is something wrong, radically wrong, about that. If mistakes are made, if a citizen has unjustly paid the Government money that he is entitled to get back, he will not hesitate to go into a Federal district court and file his claim against the Government, provided the Government will not pay it without a suit. The Government might do that. He might call attention to the error that was made and have it refunded without a suit. But if that can not be done, then the Government ought not to drag him in behind closed doors and make him submit in secret to a judgment some clerk has rendered in secret.

The public is interested in having fair treatment accorded to every taxpayer in the country. No big taxpayer should be immune from the fair and just regulations that rest upon the small taxpayers of the country. They ought not to have some private, secret place where they can go behind closed doors and, by political influence or ways that are dark and devious, persuade some clerk to work out a case to refund hundreds of thousands of dollars and even millions of dollars, and then take the clerk out and put him on their pay roll at a big salary. Senators, no one can defend that sort of thing. There is not a better time in the world to correct this evil than now. These big men ought to be measured by the same yardstick as the little men. The same standard of common honesty and common right and justice ought to be applied to them that is applied to the small taxpayer and the public ought to be considered. The public interest is at stake. We ought to give consideration to that interest while this bill is here for consideration.

I am in favor of the amendment that the Senator from Tennessee has offered, and I would accept the suggestion of my friend from Florida [Mr. TRAMMELL] and make it so that it would reach even smaller cases. Instead of bringing these taxpayers to Washington and having a swarm of lawyers here in Washington who formerly worked in the department sending their cards and letters out, working up the cases and getting themselves employed and frightening the lives out of the taxpayers of the country, let them know that if there is any suit to be brought against them it will be done in their own State and in the district where they live, in the courthouse in the open, where they can be heard in the open and where the judge who finally decides the case is a responsible person appointed by the President and confirmed by the Senate.

Mr. WHEELER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Bayard	Fess	McMaster	Simmons
Bingham	Fletcher	McNary	Smith
Blease	Frazier	Means	Smoot
Borah	George	Metcalf	Stanfield
Brookhart	Gerry	Moses	Stephens
Broussard	Goff	Norbeck	Swanson
Bruce	Hale	Norris	Trammell
Butler	Harrison	Nye	Tyson
Cameron	Heflin	Oddie	Wadsworth
Capper	Howell	Overman	Walsh
Copeland	Johnson	Pepper	Warren
Couzens	Jones, Wash.	Phipps	Watson
Cummins	Kendrick	Ransdell	Weller
Dale	Keyes	Reed, Pa.	Wheeler
Deneen	King	Robinson, Ind.	Williams
Dill	Lenroot	Sackett	Willis
Edge	McKellar	Schall	
Edwards	McKinley	Sheppard	
Fernald	McLean	Shipstead	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. SMOOT. Mr. President, at this time I ask that the Senate consider some of the amendments which are found necessary to the administrative features of the bill. The Finance Committee appointed the Senator from Pennsylvania [Mr. REED] and the junior Senator from Utah [Mr. KING] a special committee to consider the changes in the administrative features which the department thought necessary. The Senator from Pennsylvania is ready to proceed with the presentation of those amendments, and I should like to get them out of the way.

Before that is done, however, I should like to have the Senate return to the amendment on page 170 of the bill, lines 8 to 13, which was passed over because its adoption was dependent upon the surtax and the corporation tax. I now ask that that amendment be agreed to.

The VICE PRESIDENT. Is there objection to passing over the amendment proposed by the Senator from Nebraska? The Chair hears none.

Mr. KING. What is the proposition of the chairman of the Committee on Finance, Mr. President?

Mr. SMOOT. On page 170 the amendment providing for the time when the pending act shall take effect was passed over because that was dependent upon the surtax and corporation tax. The Senate has agreed upon those two taxes, so there is no necessity now that the amendment to which I refer should be further passed over. I, therefore, ask that it may be agreed to.

The VICE PRESIDENT. The amendment referred to by the Senator from Utah will be stated.

The CHIEF CLERK. On page 170, line 18, the Committee on Finance propose to strike out section 283, as follows:

SEC. 283. This title shall take effect as of January 1, 1925.

And in lieu thereof to insert:

SEC. 286. This title shall take effect as of January 1, 1925, except that section 257 and sections 271 and 285, inclusive, and this section, shall take effect on the enactment of this act.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. REED of Pennsylvania. Mr. President, I offer the amendment which I send to the desk to the committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 129, line 4, it is proposed to strike out the words "whether or not" and to insert the word "if."

Mr. REED of Pennsylvania. In explanation of this amendment to the committee amendment and the amendments immediately following on the same page, it should be said that this subdivision as reported by the Finance Committee authorized the Board of Tax Appeals to determine that the deficiency is greater than the amount of which notice was given to the taxpayer whether or not claim to that effect was asserted by the Commissioner at or before the hearing. The amendment that we now suggest is for the purpose of confining the power of the board to increase the deficiency to cases where the question is raised at or before the hearing or a rehearing. To authorize the board after a hearing is over to discover points in favor of the Government without an opportunity for the taxpayer to present his side of the case does not seem to the committee to be just.

The amendment now offered also proposes to strike out lines 6 to 11 on page 129. This is done for the reason that those lines are believed by us to be surplusage, because the general power of the board to make rules is adequate to take care of such cases.

Mr. KING. Mr. President, if I may, let me add that this does not in any way limit the power of the Government to secure review or appeals; it does not restrict the Government's power to assert its right because it gives to the taxpayer a further right.

Mr. REED of Pennsylvania. It leaves both the Government and the taxpayer free to ask a rehearing at which their claims may be presented.

Mr. SWANSON. When a rehearing is given, is it given both to the Government and to the taxpayer?

Mr. REED of Pennsylvania. Of course.

Mr. SWANSON. A rehearing could not be given to one without being given to the other?

Mr. REED of Pennsylvania. It would be a rehearing de novo.

Mr. SWANSON. And that crudity or injustice in the existing law is modified to that extent?

Mr. REED of Pennsylvania. That is the purpose of the amendment.

Mr. WALSH. I should like to understand this proposition. I tried to follow the Senator from Pennsylvania, but there is so much confusion in the Chamber that I am utterly at a loss to understand what the amendment means. Will the Senator from Pennsylvania again kindly explain the amendment?

Mr. REED of Pennsylvania. I shall be glad again to explain it. The original amendment as reported by the Finance Committee allowed the Board of Tax Appeals to increase the amount of an award against the taxpayer whether or not the commissioner made claim for that increase at the hearing. It seemed to the junior Senator from Utah [Mr. KING] and to myself, on going over the matter, that that was a great injustice——

Mr. KING. To the taxpayer.

Mr. REED of Pennsylvania. To the taxpayer; and that if the amount found to be due by the commissioner is going to be increased by the board, on an appeal to the board, then it ought not to be increased unless the claim be made in open hearing with notice to the taxpayer and with an opportunity to him to reply to it.

The language of the amendment as the Finance Committee originally framed it, however, would have allowed the board to raise the tax on the taxpayer without any notice to him in the pleadings or in the proofs or in the argument, and without any opportunity for him to reply.

Mr. WALSH. Does the board hear the matter de novo or merely review it upon the record made?

Mr. REED of Pennsylvania. The board hears the matter de novo.

Mr. WALSH. If the board hears the matter de novo, why should not the Government be entitled to present any matter it has to present?

Mr. REED of Pennsylvania. It is, and we allow the bureau to present it, but as the amendment was written in the bill as reported it would allow the board to give a judgment in favor of the Government, which the commissioner had not urged at the hearing. What we are trying to do, in brief, is to confine the judgment to the pleading.

Mr. WALSH. I understand the matter perfectly now. If the matter were reviewed by the board upon the record made before the commissioner obviously, no claim should be made before the board except a claim that was made before the commissioner; but, as I understand, the board hears the matter not upon the record made before the commissioner but may itself hear further evidence?

Mr. REED of Pennsylvania. That is correct.

Mr. WALSH. Then I see no reason why the Government should not have the right to urge any ground before the board that it feels is available at that time.

Mr. REED of Pennsylvania. Ah, the Government has that right, and we are not trying to take it away, but what we are trying to take away is the right of the board to increase the assessment if it never occurred to the Government counsel at the hearing to urge it. Does not the Senator understand my point?

Mr. KING. Suppose, Mr. President, if the Senator will pardon me, that the commissioner urged that there was due a back tax of $5,000 which was contested; that the case went before the Board of Appeals where it was contested upon one certain ground which was urged, and the defendant or the taxpayer tried to meet the only issue which was tendered by the commissioner as it was submitted to the board of review? In reviewing it they might find that upon some other ground the Government ought to have $10,000 instead of $5,000. The proposition is that they may not render a judgment for the $10,000 without giving an opportunity to the taxpayer to meet that issue.

Mr. WALSH. But, as I understand the matter, he has that opportunity. This is the situation as it presents itself to me: The taxpayer insists that the tax exacted of him is too high; he insists upon an abatement of that tax; they simply determine the question as to whether, upon the record made, his tax is too high; the decision goes against him, and he takes an appeal to the board; then the commissioner discovers that instead of being too high, as the taxpayer claims, it is even too low on account of some other circumstances which have since come to his attention, and he is not permitted to urge that before the board.

Mr. REED of Pennsylvania. Oh, no, quite to the contrary; he is permitted to urge it, and if he urges it the board could give judgment in such case in favor of the Government for the increased amount.

Mr. WALSH. But I understand the amendment to be that the Government can not urge it unless the point was made before the commissioner.

Mr. REED of Pennsylvania. I see now where the misunderstanding arises. What we say is that the board in its judgment can not give judgment for the Government unless the point was raised in the argument before the board. If the commissioner raises the point before the board, then the board can give judgment for it.

Mr. WALSH. This is the way the law will read if amended as suggested by the Senator:

(c) The board shall have jurisdiction to redetermine the correct amount of the deficiency even if the amount so redetermined is greater than the amount of the deficiency, notice of which has been mailed to

the taxpayer, and to determine whether any penalty, additional amount or addition to the tax should be assessed, if claim therefor is asserted by the commissioner at or before the hearing.

Mr. REED of Pennsylvania. That is perfectly right.

Mr. WALSH. That is the hearing before the board.

Mr. REED of Pennsylvania. The hearing before the board.

Mr. WALSH. Then, there is no objection to that, of course.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The Senator from Pennsylvania proposes a further amendment, which will be stated.

The CHIEF CLERK. On page 129 it is proposed to strike out line 6 to line 11, as follows:

The commissioner, under such conditions and at such times as the board shall by rules prescribe, may assert before the board that the deficiency is greater than the amount, notice of which was mailed to the taxpayer, or that any penalty, additional amount, or addition to the tax should be assessed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Pennsylvania to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it take a recess until to-morrow at 11 o'clock a. m.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. REED of Pennsylvania. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 129, line 15, after the word "board," it is proposed to insert:

within the time prescribed in such subdivision.

Mr. REED of Pennsylvania. The purpose of this amendment is to make certain that a petition is not considered to have been filed unless in fact it was filed within the 60-day period provided by law.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. Mr. President, I now ask that the committee amendment on page 130, line 19, be considered.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 130, line 19, after the words "provided in," the Committee on Finance proposes to strike out "subdivision (d) of this section" and insert "section 279," so as to read:

(i) If the taxpayer has elected to pay the tax in installments and a deficiency has been assessed, the deficiency shall be prorated to the four installments. Except as provided in section 279, that part of the deficiency so prorated to any installment the date for payment of which has not arrived, shall be collected at the same time as and as part of such installment. That part of the deficiency so prorated to any installment the date for payment of which has arrived, shall be paid upon notice and demand from the collector.

The amendment was agreed to.

The CHIEF CLERK. On page 131, line 8, after the words "deficiency is," the Committee on Finance proposes to strike out "assessed" and insert "assessed, or, in the case of a waiver under subdivision (d) of this section, to the thirtieth day after the filing of such waiver or to the date the deficiency is assessed, whichever is the earlier," so as to read:

(j) Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 6 per cent per annum from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed, or, in the case of a waiver under subdivision (d) of this section, to the thirtieth day after the filing of such waiver or to the date the deficiency is assessed, whichever is the earlier.

Mr. KING. Mr. President, I do not think that amendment was brought to the attention of the Senator from Pennsylvania or myself; at any rate, not to my attention.

Mr. REED of Pennsylvania. It was one of the regular committee amendments.

Mr. KING. Very well.

Mr. REED of Pennsylvania. There is no objection to it. It was merely passed over because all the administrative sections had been.

Mr. KING. I have no objection.

Mr. REED of Pennsylvania. I thought we had better clean up these matters as we go along.

Mr. KING. Yes.

Mr. SMITH. Mr. President, may I ask the Senator from Pennsylvania if he is now going over only those committee amendments that were passed over?

Mr. REED of Pennsylvania. This particular one is an administrative amendment which was passed over because action on all of these sections was deferred pending the consideration by the subcommittee of these additional changes. The amendment now before the Senate is a small procedural amendment which was approved by the whole Finance Committee.

Mr. SMITH. After these amendments are disposed of under the unanimous-consent agreement, then we will consider miscellaneous amendments that are offered or that have been passed over?

Mr. REED of Pennsylvania. We can not do that to-night, because there are still some committee amendments, such as those dealing with estate taxes and publicity, which can not be voted on to-night.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED of Pennsylvania. The next amendment is on page 133, line 7.

The CHIEF CLERK. Under the subhead "Additions to the tax in case of delinquency," on page 133, line 7, the Committee on Finance propose, after the word "paid," to strike out "at the time" and insert "on or before the date," so as to read:

SEC. 276. (a) (1) Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment there shall be collected as a part of the tax interest upon such unpaid amount at the rate of 1 per cent a month from the date prescribed for its payment until it is paid.

The amendment was agreed to.

The CHIEF CLERK. On page 134, line 9, after the word "on," the Committee on Finance propose to insert "or before," so as to read:

(b) Where a deficiency, or any interest or additional amounts assessed in connection therewith under subdivision (j) of section 274, or under section 275, or any addition to the tax in case of delinquency provided for in section 3176 of the Revised Statutes, as amended, is not paid in full within 10 days from the date of notice and demand from the collector, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 1 per cent a month from the date of such notice and demand until it is paid. If any part of a deficiency prorated to any unpaid installment under subdivision (i) of section 274 is not paid in full on or before the date prescribed for the payment of such installment, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 1 per cent a month from such date until it is paid.

The amendment was agreed to.

Mr. REED of Pennsylvania. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 134 it is proposed to strike out lines 13 and 14 through the word "persons," and in lieu thereof to insert the following:

(c) For any period an estate is held by a fiduciary appointed by order of any court of competent jurisdiction or by will.

Mr. REED of Pennsylvania. Mr. President, the purpose of this amendment and of the three amendments which follow it is to take care of this situation:

Under the bill as passed by the House there is some doubt as to whether the reduced rate of interest provided in this subdivision is applicable only in cases where the tax is imposed upon the estate, or whether it also includes cases where the estate is called upon to pay interest for the period before the estate came under the control of the fiduciary.

For example, if notice is given and demand made upon a taxpayer, and he is delinquent in payment and dies, can there be collected out of the estate interest at the rate of 12 per cent down to the time of his death? It seems to the committee that in such a case the relief provided in this subdivision should cover only the period when the property is under the control of the fiduciary.

There is also some doubt as to what estates are included in the provisions of the House bill. The amendment now offered

seeks to make it clear that the provision applies in every case where an estate is held by a fiduciary appointed by a court or by will.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania.

The amendment was agreed to.

The CHIEF CLERK. On page 145 it is proposed to strike out all of line 1 after the comma, and line 2 through the word "persons," and in lieu thereof to insert the following:

for any period the estate of the taxpayer is held by a fiduciary appointed by any court of competent jurisdiction or by will.

Mr. REED of Pennsylvania. That is the same question.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 149, it is proposed to strike out lines 16 to 20, both inclusive.

Mr. REED of Pennsylvania. That becomes surplusage, because it is clearly within the provisions of the amendment just adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 149, line 21, it is proposed to strike out "(c)" and to insert in lieu thereof "(b)", and on page 150, line 1, to strike out "(d)" and to insert in lieu thereof "(c)."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. Now I ask that we go back to page 134 and take up the committee amendment in line 17.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 134, line 17, before the words "is filed," the Committee on Finance propose to strike out "claim in abatement" and insert "bond," and at the end of line 19 the committee propose to strike out "claim in abatement" and insert "bond," so as to read:

(d) If a bond is filed, as provided in section 279, the provisions of subdivisions (b) and (c) of this section shall not apply to the amount covered by the bond.

The amendment was agreed to.

The CHIEF CLERK. Under the subhead "Period of limitation upon assessment and collection of tax," on page 135, line 5, after the word "court," the Committee on Finance propose to insert "without assessment," so as to read:

SEC. 277. (a) Except as provided in section 278—

(1) The amount of income, excess-profits, and war-profits taxes imposed by the revenue act of 1921, and by such act as amended, for the taxable year 1921 and succeeding taxable years, and the amount of income taxes imposed by the revenue act of 1924, and by this act, shall be assessed within four years after the return was filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

The amendment was agreed to.

The CHIEF CLERK. On page 135, line 22, after the word "court," the Committee on Finance propose to insert "without assessment," so as to read:

(2) The amount of income, excess-profits, and war-profits taxes imposed by the act entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," approved August 5, 1909, the act entitled "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," approved October 3, 1913, the revenue act of 1916, the revenue act of 1917, the revenue act of 1918, and by any such act as amended, shall be assessed within five years after the return was filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

The amendment was agreed to.

The CHIEF CLERK. On page 135, line 18, after the word "court," the committee propose to insert "without assessment," so as to read:

(3) In the case of income received during the lifetime of a decedent, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within one year after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, but not after the expiration of the period prescribed for the assessment of the tax in paragraph (1) or (2) of this subdivision.

The amendment was agreed to.

The CHIEF CLERK. On page 136, line 9, after the word "section," the committee proposes to strike out "280" and insert "283," so as to read:

(4) If a corporation makes no return of the tax imposed by this title, but each of the shareholders includes in his return his distributive share of the net income of the corporation, then the tax of the corporation shall be assessed within four years after the last date on which any such shareholder's return was filed. Nothing in section 283 shall be construed as making the provisions of this paragraph applicable to any tax imposed by a prior act of Congress.

The amendment was agreed to.

The CHIEF CLERK. On page 136, after line 11, the committee proposes to strike out:

(b) The running of the statute of limitations on the making of assessments and the beginning of distraint or a proceeding in court for collection, in respect of any deficiency, shall be suspended for the period during which, under the provisions of this title, the commissioner is prohibited from making the assessment or beginning distraint, or a proceeding in court.

And in lieu thereof to insert:

(b) The running of the statute of limitations provided in this section or in section 278 on the making of assessments and the beginning of distraint or a proceeding in court for collection, in respect of any deficiency, shall (after the mailing of a notice under subdivision (a) of section 274) be suspended for the period during which the commissioner is prohibited from making the assessment or beginning distraint or a proceeding in court. In no event shall the commissioner have less than 60 days after the decision of the Board of Tax Appeals has become final in which to make the assessment; nor, in cases where no petition is filed with the board, shall he have less than 90 days after the mailing of the notice under subdivision (a) of section 274 in which to make the assessment.

Mr. REED of Pennsylvania. I send to the desk an amendment to the committee amendment, and ask that it be stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 137, line 1, it is proposed to strike out all after the word "court" down to and including the word "assessment" in line 7, and to insert in lieu thereof a comma and the following:

and for 60 days thereafter.

Mr. REED of Pennsylvania. Mr. President, the purpose of this amendment is to clarify the language, and to make certain that the commissioner will always have a reasonable period in which to make the assessment or to begin distraint proceedings, or proceedings for collection, after he is free to take action. It simplifies the rule.

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. REED of Pennsylvania. I yield to the Senator from Ohio.

Mr. WILLIS. I do not desire to object to the Senator's amendment. I simply wish to make an inquiry, so as to be certain of my rights. I was unable to be present when the consideration of the bill was begun, and therefore do not know what order was taken touching amendments. I understand that committee amendments are first being considered.

Mr. REED of Pennsylvania. There was a unanimous-consent agreement for the consideration first of committee amendments.

Mr. WILLIS. I assumed that that was the order, but I was unavoidably absent from the Chamber at the time. I shall have opportunity, then, later on, to present and have considered an amendment?

Mr. REED of Pennsylvania. Certainly. The amendments which I am now offering are authorized by the Finance Committee to be made to their committee amendments already put in.

Mr. WILLIS. I thank the Senator for the information.

The VICE PRESIDENT. Any amendment to a committee amendment, however, should be offered before the committee amendments are agreed to.

Mr. WILLIS. The amendment to which I have just adverted is not to this section. I thank the Chair for the suggestion.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. REED of Pennsylvania. Now, Mr. President, I ask consideration of the committee amendment at the bottom of page 137.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 137, after line 23, the Committee on Finance proposes to strike out:

(d) Where the assessment of the tax is made within the period prescribed in section 277 or in this section, such tax may be collected by distraint or by a proceeding in court, begun (1) within six years after the assessment of the tax, or (2) at any time prior to the expiration of any period for collection agreed upon in writing by the commissioner and the taxpayer.

(e) This section shall not affect any assessment made, or distraint or proceeding in court begun, before the enactment of this act, nor shall it authorize the assessment of a tax or the collection thereof by distraint or by a proceeding in court (1) if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the period of limitation then in existence, or (2) contrary to the provisions of subdivision (a) of section 274.

And in lieu thereof to insert:

(d) Where the assessment of any income, excess-profits, or war-profits tax imposed by this title or by prior act of Congress has been made (whether before or after the enactment of this act) within the statutory period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court (begun before or after the enactment of this act), but only if begun (1) within six years after the assessment of the tax, or (2) prior to the expiration of any period for collection agreed upon in writing by the commissioner and the taxpayer.

(e) This section shall not bar a distraint or proceeding in court begun before the enactment of the revenue act of 1924; nor shall it authorize the assessment of a tax or the collection thereof by distraint or by proceeding in court (1) if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the statutory period of limitation properly applicable thereto, unless prior to the enactment of this act the commissioner and the taxpayer agreed in writing thereto, or (2) contrary to the provisions of subdivision (a) of section 274 of this act.

Mr. KING. That relates to fraud; does it not?

Mr. REED of Pennsylvania. Yes.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED of Pennsylvania. Now, Mr. President, I offer the amendment which I send to the desk to the committee amendment which appears on page 141.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 141, line 20, it is proposed to strike out "shall so certify in the records of his office and."

Mr. REED of Pennsylvania. Mr. President, the purpose of this amendment is to strike out what seems to the committee to be useless red tape in the commissioner's office. We feel that the making of the assessment and the signing of the assessment list is of itself a sufficient certification of his determination of the fact of jeopardy. Therefore this additional requirement merely adds a cumbersome detail which serves no useful purpose.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send to the desk another amendment to the same committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 142, line 15, it is proposed to strike out "assessment" and to insert—

deficiency and of all amounts assessed at the same time in connection therewith.

Mr. REED of Pennsylvania. That is a mere clerical change. We think it is more apt language than the language now in the bill.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. Mr. President, I send to the desk another amendment, on page 144.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 144, line 15, after the period, it is proposed to insert a new sentence to read as follows:

If the amount determined as the amount which should have been assessed is greater than the amount actually assessed, then the difference shall be assessed and shall be collected as part of the tax upon notice and demand from the collector.

Mr. REED of Pennsylvania. Mr. President, the purpose of this amendment is to take care of such a case as this:

Where the commissioner has made a jeopardy assessment, let us say, for example, of $10,000, and on appeal to the board it is determined that the correct deficiency is $15,000, the bill as it has been reported does not provide for the assessment and collection of the additional $5,000. The amendment now read and the amendment which will immediately follow it propose to cure this defect, and to provide for the assessment of interest on the additional $5,000 at the rate of 6 per cent from the time prescribed for the payment of the tax down to the date of assessment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On the same page, in line 21, after the word "section" and before the period, it is proposed to insert a comma and the following:

or, in the case of the amount collected in excess of the amount of the jeopardy assessment, interest as provided in subdivision (j) of section 274.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. On page 148, I offer the following amendment:

The VICE PRESIDENT. The Clerk will read the amendment.

The CHIEF CLERK. On page 148, line 25, before the word "determined," insert in parenthesis, "together with all interest, additional amounts, or additions to the tax provided for by law."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. In passing over page 144, I failed to call attention to a misprint in line 13. Am I correct in assuming that that will be corrected by the enrolling clerk?

The VICE PRESIDENT. Without objection, the correction will be made.

Mr. REED of Pennsylvania. I send to the desk the following amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 149, line 3, strike out all after the word "law" down to and including line 15, and insert in lieu thereof a period and the following:

Claims for deficiency and such interest, additional amounts and additions to the tax may be presented for adjudication in accordance with law to the court before which the bankruptcy or receivership proceeding is pending, despite the pendency of proceedings for the redetermination of the deficiency, in pursuance of an appeal to the board, but no petition for any such redetermination shall be filed with the board after adjudication of bankruptcy or the appointment of the receiver.

Mr. REED of Pennsylvania. The purpose of this amendment is to cover cases which are pending before the Board of Tax Appeals at the time of a receivership or bankruptcy.

The first of the amendments has regard to the situation presented by the institution of bankruptcy or receivership proceedings against a taxpayer, or by him, subsequent to the institution of proceedings before the board for the redetermination of a deficiency in his tax bill. Under the provisions on page 149, as they came from the committee, the proceedings before the board would be required to be dismissed unless the board had reached a decision at the time of the adjudication of the bankruptcy or the appointment of the receiver.

The amendment proposes to permit proceedings before the board to be continued if a petition therefor has been filed before the adjudication of bankruptcy or the appointment of a receiver. Of course, a claim for the amount of the deficiency may and should be filed by the commissioner in bankruptcy or the equity court.

In the case of a final decision of the board before the determination of the bankruptcy or receivership proceedings a copy of the decision of the board could be filed with the bankruptcy or equity court, and the decision would presumably be followed by those courts. During the pendency of bankruptcy or receivership proceedings the deficiency may be assessed in accordance with the final decision of the board, but the amount thereof may not be collected by distraint against the assets under the jurisdiction of the bankruptcy or equity court. The second amendment which I have offered is solely for the purpose of clarification.

I might add to this explanation that the bill as it came from the committee left things in this shape—that although the board might have proceeded with the trial of a long and complicated case almost to the point of decision, the appointment of

a receiver or the institution of bankruptcy proceedings would have required that the case be thrown out by the Board of Tax Appeals, and all the work by the taxpayer, by the Government counsel, and by the board itself would have been wasted. In order to avoid that situation the committee has decided to propose these amendments.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The CHIEF CLERK. On the same page, line 23, after the word "paid," insert the words "by the taxpayer."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. Now I ask that the committee amendment as amended be agreed to. That would take in all of the new language from page 141 to line 10 on page 150.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. We now reach page 150, and consider the amendment of the committee which begins on page 156. To that amendment of the committee I propose the following amendments.

The VICE PRESIDENT. The clerk will state the first amendment.

The CHIEF CLERK. The committee amendment begins on page 150, line 12, and is to strike out down to and including line 9, on page 156, and to insert. On page 157, line 20, after the word "section" and the comma, the committee now proposes to insert in the committee amendment the words "except as provided in subdivision (j) of this section and."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 160, line 17, after the word "section" and the comma, insert the words "except as provided in subdivision (j) of this section and."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 162, after line 16, insert a new subdivision to read as follows:

(j) In cases within the scope of subdivision (b) or (f) of this section where any hearing before the board has been held before the enactment of this act and the decision is rendered after the enactment of this act, such decision shall, for the purposes of this title, be considered to have become final upon the date when it is rendered and neither party shall have any right to petition for a review of the decision. The commissioner may, within one year from the time the decision is rendered, begin a proceeding in court for the collection of any part of the amount disallowed by the board, unless the statutory period of limitations properly applicable thereto has expired before the appeal was taken to the board. The court shall include in its judgment interest upon the amount thereof in the same cases, at the same rate, and for the same period, as if such amount were collected otherwise than by proceeding in court. In any such proceeding by the commissioner or in any suit by the taxpayer for a refund, the findings of the board shall be prima facie evidence of the facts therein stated.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send the following amendment to the desk, going back to page 157.

The VICE PRESIDENT. The clerk will state the first amendment.

The CHIEF CLERK. On page 157, line 8, strike out the words "or subdivision (b) of section 279."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 157, line 25, strike out the words "or subdivision (b) of section 279."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 162, after line 16, after the amendment previously agreed to, insert a subdivision to read as follows:

(k) Where before the enactment of this act a jeopardy assessment has been made under subdivision (d) of section 274 of the revenue act of 1924—whether of a deficiency in the tax imposed by Title II of such act or of a deficiency in an income, war-profits, or excess-profits tax imposed by any of the prior acts enumerated in subdivision (a) of this section—all proceedings after the enactment of this act shall be the same as under the revenue act of 1924 as amended by this act, except that—

(1) A decision of the board rendered after the enactment of this act where no hearing has been held by the board before the enactment of this act may be reviewed in the same manner as provided in this act in the case of a tax imposed by this title;

(2) Where no hearing has been held by the board before the enactment of this act, the commissioner shall have no right to begin a proceeding in court for the collection of any part of the deficiency disallowed by the board; and

(3) In the consideration of the case the jurisdiction and powers of the board shall be the same as provided in this act in the case of a tax imposed by this title.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send to the desk the following amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 158, line 6, after the word "act," insert the words "and no appeal has been filed before the enactment of this act."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send the following amendment, to be inserted on page 159.

The CHIEF CLERK. On page 159, line 15, strike out "In such case" and insert the words "In the case of any such final determination."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send to the desk the following amendment, to be inserted on page 161.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 161, line 2, after the word "act," insert the words "and no appeal has been filed before the enactment of this act."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. The following amendment, on page 162, is proposed by the committee.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 162, after line 16, and after the amendment previously adopted, insert a new subdivision, to read as follows:

(l) In the case of any income, war-profits, or excess-profits tax imposed by prior act of Congress, in computing the period of limitations provided in sections 277 or 278 of this act on the making of assessments and the beginning of distraint or a proceeding in court, the running of the statute of limitations shall be considered to have been suspended (in addition to the period of suspension provided for in subdivision (b) of section 277) for any period prior to the enactment of this act during which the commissioner was prohibited from making the assessment or beginning distraint or proceeding in court.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the amendment on pages 156 to 163 as amended be agreed to.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. I send the following amendments to the desk, to be inserted on page 164.

The VICE PRESIDENT. The clerk will state the first amendment.

The CHIEF CLERK. On page 164, line 24, after the word "Appeals," insert the words "within the time prescribed in such subdivision."

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 165, line 2, after the word "suit," insert the words "by the taxpayer," and after the word "recovery" strike out the word "for" and insert the word "of."

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, was subdivision (d), on page 164, eliminated?

Mr. REED of Pennsylvania. No; certain words were added in line 24.

Mr. KING. I refer to subdivision (d), and ask whether that amendment proposed by the Finance Committee has been agreed to?

Mr. REED of Pennsylvania. No; that is what I am about to ask to have done. We have just amended the committee amendment. Now I ask that the committee amendment as amended be agreed to.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. I ask for action on the amendment on line 11, page 165.

The CHIEF CLERK. On page 165, line 11, the committee proposes to strike out the words, "of Tax Appeals."

The amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the amendment on page 166, line 18 be agreed to.

The CHIEF CLERK. On page 166, line 18, after the word "paid," insert the following:

If the taxpayer has, on or before June 15, 1926, filed such a waiver in respect of the taxes due for the taxable year 1920 or 1921, then such credit or refund relating to the taxes for the taxable year 1920 or 1921 shall be allowed or made if claim therefor is filed either on or before April 1, 1927, or within four years from the time the tax was paid.

The amendment was agreed to.

Mr. REED of Pennsylvania. Let the committee amendment on page 167, line 10, be stated.

The CHIEF CLERK. On page 167, line 10, strike out "1919" and insert "1919, or on or before April 1, 1928, in the case of credits or refunds relating to the taxes for the taxable years 1920 and 1921."

Mr. REED of Pennsylvania. I ask that the amendment be agreed to.

The amendment was agreed to.

Mr. KING. Mr. President, the amendment on page 166 perhaps was considered in the committee. It was not one which was referred to the Senator from Pennsylvania and myself. I am wondering if that was an extension or could be construed in anyway as an enlargement of the right of taxpayers over that which now exists to prosecute their claims or to obtain refunds. I have not read it carefully in connection with the text.

Mr. REED of Pennsylvania. It merely permits the present practice as to waivers to be continued for the additional years mentioned in the bill. Heretofore we have passed special acts to take care of the situation. This time we hope to get away from the necessity of a special act by putting it in the bill itself.

Mr. KING. I will challenge attention to it later if I find it is broader than upon its face it appears to be.

Mr. REED of Pennsylvania. I ask now to turn to page 210, and I send to the desk an amendment which I offer.

The CHIEF CLERK. On page 210, lines 9 and 10 in the proposed committee amendment, strike out "each calendar year thereafter" and insert "and the calendar year 1925."

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, may I ask the Senator what is the significance of the amendment we just agreed to on page 210?

Mr. REED of Pennsylvania. The intention of the Finance Committee was to reduce the rates of the gift taxes for the years 1924 and 1925. When we wrote the amendment, through a slip on the part of the draftsman, it was made to amend the gift-tax section so that it would apply indefinitely in the future. It was our intention to agree to the action of the House striking down the gift tax entirely after January 1, 1926. I am not going to ask that the committee amendment as amended be agreed to, because I understand that the agreement is that the gift tax and estate tax shall go over for further consideration. All I am trying to do now is to perfect the committee amendment in preparation for that discussion.

Mr. COPELAND. I thank the Senator.

Mr. REED of Pennsylvania. I send to the desk another amendment.

The CHIEF CLERK. On page 212, line 2, after the word "act," strike out the remainder of the line and all of line 3 and insert in lieu thereof the following:

shall be refunded without interest. Where the tax imposed by such title is less than the tax imposed by such title as amended by this act, the tax shall be computed without regard to the provisions of section 300 of this act.

Mr. REED of Pennsylvania. It was felt by the committee that where we are reducing the gift tax retroactively, if any tax has been paid and is now to be refunded, there was no occasion for the Government paying interest on it as if it had exacted it illegally.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I send another amendment to the desk, which I offer.

The CHIEF CLERK. On page 266, line 9, after the word "expire" insert the words "at the close of business."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I now ask that the committee amendment on page 265 be agreed to.

The CHIEF CLERK. On page 265, line 6, after the word "members" and the semicolon insert the words "except as provided in subdivision (c) of section 901 and."

The amendment was agreed to.

Mr. REED of Pennsylvania. The other committee amendment, on page 265, I think ought to be passed over for discussion. I think the Senator from Utah [Mr. KING] expects to discuss that among others. It pertains to the terms of the members of the board of tax appeals.

Mr. KING. Yes.

The VICE PRESIDENT. The amendment will be passed over.

Mr. REED of Pennsylvania. I send to the desk another amendment on page 268.

The CHIEF CLERK. On page 268, lines 17 and 18, strike out "of two or more members," and strike out lines 24 and 25 on page 268, and lines 1 and 2 on page 269.

The amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the committee amendment on page 268, in line 19, may be agreed to.

The CHIEF CLERK. On page 268, line 19, after the word "shall," the committee proposes to strike out "(except as provided in subdivision (d))."

The amendment was agreed to.

Mr. REED of Pennsylvania. I send to the desk another amendment, which I offer.

The CHIEF CLERK. On page 269 strike out lines 24 and 25, and on page 270 strike out lines 1 to 13, both inclusive, and insert in lieu thereof the following:

(c) If a petition for a redetermination of a deficiency has been filed by the taxpayer, a decision of the board dismissing the proceeding shall, for the purposes of this title and of the revenue act of 1926, be considered as its decision that the deficiency is the amount determined by the commissioner. An order specifying such amount shall be entered in the records of the board unless the board can not determine such amount from the pleadings.

(d) A decision of the board shall be held to be rendered upon the date that an order specifying the amount of the deficiency is entered in the records of the board. If the board dismisses a proceeding and is unable from the pleadings to determine the amount of the deficiency determined by the commissioner, an order to that effect shall be entered in the records of the board, and the decision of the board shall be held to be rendered upon the date of such entry.

(e) If the assessment or collection of any tax is barred by any statute of limitations, the decision of the board to that effect shall, for the purposes of this title and of the revenue act of 1926, be considered as its decision that there is no deficiency in respect of such tax.

And on page 270, line 14, strike out "(g)" and insert "(f)."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the committee amendment as amended be agreed to.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. I send to the desk another amendment which I offer.

The CHIEF CLERK. On page 271, after the period in line 6, insert the following new sentence:

The mailing by registered mail to the taxpayer of any pleading, order, notice, or process in respect of proceedings before the board shall be held sufficient service of such pleading, order, notice, or process.

The amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the committee amendment on page 272 be amended by striking out all after the words "the board," in line 2, down to the end of the page, including line 24; in other words, strike out all matter in italics.

The CHIEF CLERK. Strike out the committee amendment inserted after the House text in line 2, down to and including line 24.

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I now ask that the committee amendment as amended be agreed to. That will be tantamount to striking out the language of the House text which is struck through, beginning in line 6, on page 271.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. I ask that the committee amendment on page 275 be agreed to.

The CHIEF CLERK. On page 275, line 17, strike out the word "taxes" and insert "taxes, and may be made in advance."

The amendment was agreed to.

Mr. REED of Pennsylvania. I send to the desk another amendment, which I offer.

The CHIEF CLERK. On page 278, line 24, after the word "act," insert "(except as provided in subdivision (j) of section 283)."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. I ask that the committee amendment beginning on page 278 and extending to page 280 be agreed to as amended.

The amendment as amended was agreed to.

Mr. REED of Pennsylvania. I send to the desk another amendment, which I offer.

The CHIEF CLERK. On page 298, line 8, strike out "this act" and insert "the revenue act of 1924."

The amendment was agreed to.

Mr. KING. Mr. President, I want to direct attention very briefly to the amendment just agreed to on page 275, line 17, inserting the words "taxes, and may be made in advance," in the section providing for the payment of witnesses. Has there been any question as to the power of the commissioner to pay in advance under the provisions of existing law, and if not, what is the necessity for this provision; and if there is necessity, where will he get his funds? Are they to be anticipated and placed in a reservoir from which he may draw ad infinitum ad libitum?

Mr. REED of Pennsylvania. I do not know whether he has a contingent fund from which he can draw, but the situation is that the witnesses will not come to a trial unless they are paid in advance their fees, and the Comptroller General will not approve any payment if it is made in advance; so that between the witnesses and the Comptroller General the commissioner is not in a good position.

Mr. KING. I appreciate the importance of it, but I was wondering whether in the past any difficulties had been experienced, and if not, what objection had been made to the payment; in other words, whether there is some other law under which payment was made, because we have gotten along so far apparently without necessity for such a provision. I am not challenging the wisdom of the section, but I was wondering if it were not a duplication.

Mr. REED of Pennsylvania. I think the money to pay them has been taken care of in appropriation bills and this is a new tack taken by the Comptroller General, who refuses to allow them to be paid out of such an appropriation except after service has been rendered.

Mr. KING. I do not exactly see how the commissioner is going to pay in advance. He may pay mileage, but he does not know the length of time that may be involved. In criminal cases, where witnesses are subpœnaed by the Government, they have to come to court and after the case is ended the marshal or the clerk of the court gives the necessary certificate which entitles them to compensation. I do not quite see why the witnesses here should be placed in a different category from witnesses in any other causes in which the Government is a party.

Mr. REED of Pennsylvania. If the commissioner pays more than the mileage and one day's witness fee he does it at his own peril. Obviously I think the intention of the provision is to permit the payment of one day's witness fee and the mileage.

Mr. KING. If Mr. Walker will get full information for me in regard to this particular matter before the bill is passed, I shall not ask further consideration of it now.

Mr. SMOOT. I will say to my colleague that if he will look at the report he will see a full explanation as given by the department.

Mr. REED of Pennsylvania. Was the committee amendment on pages 280 and 281 adopted?

Mr. SMOOT. No; it was not.

The VICE PRESIDENT. That amendment has not been adopted.

Mr. REED of Pennsylvania. I ask that it may be adopted at this time.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 280, after line 13, strike out:

SEC. 913. (a) Such decision may be reviewed—

(1) In the case of an individual, by the circuit court of appeals for the circuit whereof he is an inhabitant, or if not an inhabitant of any circuit, then by the Court of Appeals of the District of Columbia.

(2) In the case of a person (other than an individual), except as provided in paragraph (3), by the circuit court of appeals for the circuit in which is located the office of the collector of internal revenue to whom such person made the return, and in case such person made no return, then for any circuit in which is located the office of a collector of internal revenue to whom such person should have made the return.

(3) In the case of a corporation which had no principal place of business or principal office or agency in the United States, then by the Court of Appeals of the District of Columbia:

And in lieu thereof to insert:

VENUE

SEC. 1002. Such decision may be reviewed—

(a) In the case of an individual, by the circuit court of appeals for the circuit whereof he is an inhabitant, or if not an inhabitant of any circuit, then by the Court of Appeals of the District of Columbia.

(b) In the case of a person (other than an individual), except as provided in subdivision (c), by the circuit court of appeals for the circuit in which is located the office of the collector to whom such person made the return, or in case such person made no return, then by the Court of Appeals of the District of Columbia.

(c) In the case of a corporation which had no principal place of business or principal office or agency in the United States, then by the Court of Appeals of the District of Columbia.

(d) In the case of an agreement between the commissioner and the taxpayer, then by the circuit court of appeals for the circuit, or the Court of Appeals of the District of Columbia, as stipulated in such agreement.

The amendment was agreed to.

Mr. REED of Pennsylvania. On page 282, in line 16, after the word "Board," where it first occurs, I move that the remainder of that line and all of lines 17, 18, and 19 be stricken out, and that in lieu thereof there be inserted the words "with or without remanding the case for a rehearing, as justice may require."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. REED of Pennsylvania. Mr. President, have the section numbers and paragraph lettering been agreed to?

Mr. KING. That has been taken care of by general understanding.

Mr. REED of Pennsylvania. Has that been taken care of by unanimous consent?

Mr. SMOOT. Yes; it has been taken care of by unanimous consent.

Mr. REED of Pennsylvania. I ask that the committee amendment on page 283, line 5, may be now considered.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 283, line 5, the Committee on Finance propose to insert the subhead, "Date on which board's decision becomes final."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. REED of Pennsylvania. Mr. President, on the pages both preceding and following this point the committee has moved to strike out a number of punctuation marks, such as quotation marks, and so forth. I ask unanimous consent that that may be done by the Secretary without further action of the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. REED of Pennsylvania. The next committee amendment passed over is on page 285.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 285, after line 5, the Committee on Finance propose to strike out:

"(c) As used in this section—

"(1) The term 'circuit court of appeals' includes the Court of Appeals of the District of Columbia;

"(2) The term 'mandate,' in case a mandate has been recalled prior to the expiration of 30 days from the date of issuance thereof, means the final mandate."

And in lieu thereof to insert:

(c) As used in this section—

(1) The term "circuit court of appeals" includes the Court of Appeals of the District of Columbia;

(2) The term "mandate," in case a mandate has been recalled prior to the expiration of 30 days from the date of issuance thereof, means the final mandate.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. REED of Pennsylvania. Now, Mr. President, at the bottom of page 292, line 25, I move that the committee amendment be amended by striking out the figure "(1)" and inserting the figure "(2)."

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. REED of Pennsylvania. On page 293, line 1, I move to strike out the figure "(2)" and to insert the figure "(3)."

The amendment to the amendment was agreed to.

Mr. REED of Pennsylvania. May I now ask that the committee amendment as amended be agreed to?

Mr. COPELAND. Mr. President, I desire to ask the Senator from Pennsylvania, was it not at this point that the Senator from Tennessee [Mr. MCKELLAR] proposed to offer an amendment?

Mr. REED of Pennsylvania. I am not sure of that.

Mr. COPELAND. The Senator from Tennessee, I think, was proposing to limit the period of assessment to two years instead of four years.

Mr. REED of Pennsylvania. That is true.

Mr. KING. Let the amendment go over.

Mr. SMOOT. We could now agree to the amendment, and if the Senator from Tennessee shall later desire to propose an amendment to it, we shall ask for a reconsideration of the vote by which the amendment was agreed to.

Mr. COPELAND. I have no personal interest in the matter, but I remember the discussion of the Senator from Tennessee about it.

Mr. WILLIS. Mr. President——

Mr. REED of Pennsylvania. I yield to the Senator from Ohio.

Mr. WILLIS. I find there is some inquiry and some confusion among Senators as to what the plan of the Senator from Pennsylvania and the senior Senator from Utah may be as to to-morrow. Is it proposed to go ahead with the publicity feature of the bill?

Mr. SMOOT. It is proposed to go on with the publicity provisions of the bill the first thing to-morrow morning when the Senate meets at 11 o'clock.

Mr. WILLIS. Following that, whenever that matter shall be disposed of, does the Senator propose to take up the estate tax?

Mr. KING. It is then proposed to take up the estate tax.

Mr. WILLIS. That was my understanding; but I wanted to have it definitely understood.

Mr. SMOOT. That would not be in order. I had just as leave take up the estate tax; but the next thing to be taken up would be the tobacco tax; then the admissions tax; then the tax on dues and excise taxes; but we will take up the estate tax next.

Mr. WILLIS. At all events, the matter to be taken up to-morrow and proceeded with, so far as may be necessary, will be the publicity provision of the bill.

Mr. SMOOT. The publicity feature will be taken up to-morrow, and then following that the estate tax.

Mr. WILLIS. I thank the Senator.

Mr. KING. If we can conclude the discussion on the publicity feature of the bill to-morrow and dispose of the taxes on automobiles and admissions it would give the taxpayers a little comfort for Sunday, which I should be very glad to do. I should be gratified if we might dispose of and lower those taxes or strike them out entirely.

Mr. WILLIS. That would be a splendid day's work.

Mr. KING. I agree with the Senator from Ohio, and I hope he will vote to do so.

Mr. REED of Pennsylvania. I ask that the amendment of the committee which begins on page 292 and extends to page 294 be considered, with the understanding that if any Senator hereafter wishes to move an amendment to it that we will interpose no objection to its reconsideration.

The VICE PRESIDENT. Without objection, the amendment as amended is agreed to.

Mr. REED of Pennsylvania. I inquire if the committee amendment on page 295, in lines 20 to 21, has been agreed to?

The VICE PRESIDENT. The Chair is informed that that amendment has been agreed to.

Mr. KING. I wish to state with respect to section 1111, on page 295, where such broad powers are given to the commissioner to pay refunds, I may desire to offer an amendment to that. I have no objection to the formal amendments which have been agreed to, but I do not want to be precluded from offering an amendment to the residue of the section.

The VICE PRESIDENT. The next amendment passed over will be stated.

The CHIEF CLERK. On page 307, line 16, it is proposed to strike out the words "reenacted without change, as" and insert "amended to rend as."

The amendment was agreed to.

Mr. SMOOT. I think that amendment has heretofore been agreed to; it is so marked in my book; but it is all right.

Mr. REED of Pennsylvania. I inquire if the amendment at the bottom of page 322, the repealer clause, was agreed to?

Mr. SMOOT. That amendment has been agreed to.

The VICE PRESIDENT. The next amendment passed over will be stated.

The CHIEF CLERK. On page 325, after line 23, an amendment was passed over at the request of the junior Senator from Utah [Mr. KING].

Mr. REED of Pennsylvania. Does the Senator from Utah desire to have that amendment go over until to-morrow?

Mr. KING. On what page is the amendment?

Mr. REED of Pennsylvania. On page 325, relating to the office of assistant to the general counsel.

Mr. KING. Let that go over.

Mr. COUZENS. I do not understand that the amendments on page 323 have been agreed to. Have they been adopted?

Mr. REED of Pennsylvania. The committee amendments have been agreed to, but with the understanding that the action of the Senate on the estate tax will reopen them if necessary.

Mr. SMOOT. The Senator from Michigan, I understand, has an amendment to offer on that page. I have made a note of it.

Mr. COUZENS. Yes. Let me ask the Senator from Pennsylvania if he has offered as yet the amendment as to amortization?

Mr. REED of Pennsylvania. Not as yet. I am just about to do that.

Mr. President, I send to the desk an amendment to come in on page 334.

The CHIEF CLERK. On page 334, between lines 10 and 11, and following the amendment heretofore agreed to at that point, it is proposed to insert a new section, to read as follows:

SEC. —. The computation of invested capital for any taxable year under the revenue act of 1917, the revenue act of 1918, and the revenue act of 1921, in the case of a taxpayer whose books of account were kept on the accrual basis, shall be considered as having been correctly made, so far as relating to the inclusion in invested capital for such year of income, war-profits, or excess-profits taxes for the preceding year, if made in accordance with the regulations in force in respect of such taxable year applicable to the relationship between invested capital of one year and taxes for the preceding year.

Mr. COUZENS. Will the Senator from Pennsylvania explain what that means?

Mr. REED of Pennsylvania. Mr. President, it is rather involved, but I think I can express it in a few words. The excess-profits tax under the 1917, 1918, and 1921 acts provided for the inclusion in invested capital of earned surplus. The question immediately arose in framing the regulations whether in the case of a corporation which kept its books on the accrual basis the tax for the preceding year should be taken out of the earned surplus at the beginning of the year or should be kept in for the whole year.

Mr. COUZENS. I think the Supreme Court decided that case.

Mr. REED of Pennsylvania. I am not going to take the time of the Senate with a long explanation, but it comes down to this: The bureau established regulations saying that the tax should be taken out of invested capital at the time when it was supposed to be paid on each of the four payment dates. The Board of Tax Appeals decided that that was not so; that the tax be considered as being taken out at the end of the year during which payment was made; and then along comes the Supreme Court recently and decides that they are both wrong and the tax ought to be taken out of invested capital on the first day of the year during which the payment should be made.

Mr. COUZENS. That is as I understood it. What is this amendment?

Mr. REED of Pennsylvania. What we do is to provide by this amendment that the regulations that were in force throughout all these years, before these two conflicting decisions were handed down, shall continue to control. All those cases, or the vast majority of them, as the Senator knows, have been settled on that line. If, now, we are to open them up in order to get a little bit of additional tax by enforcing the Supreme Court decision, it will mean opening up tax settlements in nearly 100,000 cases, and it will set back the administration of the excess-profits tax in the Income Tax Bureau by nearly a year. It will, it is true, bring in a slight amount of additional revenue.

Mr. COUZENS. Is the amount estimated?

Mr. REED of Pennsylvania. Nobody has been able to estimate what the amount would be. It might be 3 per cent additional here, 10 per cent there——

Mr. SMOOT. One per cent here.

Mr. REED of Pennsylvania. One per cent here, and so on. I have tried to get an estimate of what it would mean: but, in substance, the people in the bureau tell me that they think a large part of the tax recovery we would get by opening them all up under this Supreme Court case would be spent in the administrative effort of doing it.

Mr. COUZENS. And this amendment makes the regulations that have been in force retroactive to the beginning?

Mr. REED of Pennsylvania. Exactly. It simply says to the taxpayer: "What you have been thinking was the law through all these years is the law, in spite of these varying court decisions."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED of Pennsylvania. I have one more, Mr. President. I offer the amendment which I send to the desk to be inserted on the same page, and I ask the attention of the Senator from Michigan to it.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 334, after the amendment just agreed to, it is proposed to insert the following:

AMORTIZATION DEDUCTION

SEC. —. The deduction provided by paragraph (9) of subdivision (a) of section 214 or by paragraph (8) of subdivision (a) of section 234 of the revenue act of 1918 may (notwithstanding any provisions of the revenue act of 1921) be allowed for the taxable year 1918, 1919, or 1920 if claim therefor was made before March 3, 1924.

Mr. COUZENS. Mr. President, may I ask why March 3, 1924, was selected?

Mr. REED of Pennsylvania. Because that is the date that has been prevailing in the regulations for some time, and we are simply legalizing them. I will try, in just a nutshell, to explain the matter to the Members of the Senate who are not so familiar as the Senator from Michigan is with this situation.

Amortization was a special allowance provided by Congress for those taxpayers who had made capital outlays for facilities to produce articles needed in the prosecution of the war. It became obvious, when the war ended, that a large part of their capital investment was gone; so Congress decided that they might make a deduction from their taxable income of a reasonable sum to provide for that amortization.

Along came the revenue act of 1921, and in that—by inadvertence, I am sure—Congress put in parenthesis a clause dealing with this amortization section which said, in substance, that the amortization claims should be allowed if claim therefor was filed with the return.

Mr. COUZENS. Mr. President, just at that point, may I ask the Senator what objection there is to that?

Mr. REED of Pennsylvania. The objection to it is that it has been held that no amortization can be allowed unless at the instant of filing the tax return for those past years the taxpayer should have simultaneously filed his claim for amortization. It is perfectly obvious that a taxpayer filing his claim on the 15th of March, 1919, if he was a shipbuilder, for example, did not realize to the slightest extent the degree to which the suspension of the war had taken the substance out of his investment. No taxpayer in that position could intelligently have filed the claim unless he had been gifted with prophecy. The construction that has been placed upon that phrase in parenthesis, requiring the filing of the claim at the same moment as the filing of the return, would operate to deny practically all of the relief that Congress meant to give in enacting that amortization provision.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED of Pennsylvania. I am glad to yield.

Mr. KING. If I may say so to my friend from Michigan, he knows that I am as much opposed to some of these illegal amortization allowances as he is; and when this matter was first brought to my attention I was instantly hostile to it. I have, however, examined it with the best care I could, and, not satisfied with my own examination, I had Mr. Manson—who was, as the Senator knows, our counsel in the investigation—come before the subcommittee, of which the Senator from Pennsylvania and myself are the only members, and he concurred in this amendment. We talked the matter over very fully, and he thought that it was just; and my opinion is, with the information which I possess, that it is just and that this amendment ought to be made.

Mr. COUZENS. Does not the Senator think the date is advanced too far? It seems to me that the date which is stated in the amendment is advanced too far, because the period between 1921 and 1924 is the time when a lot of these vicious claims were made.

Mr. REED of Pennsylvania. I agree with the Senator that we ought to be very careful about the date. The suggestion that was made to us by many persons, and strongly urged, was that we should allow a sort of a period of limitation of five years from the day the return was due. After consultation with the Solicitor for the Bureau of Internal Revenue, Mr. Gregg, and with the counsel for the special committee on examination of the Internal Revenue Bureau, Mr. Manson, and a great deal of discussion pro and con, it was the judgment of everybody—the Senator from Utah [Mr. KING], Mr. Manson, Mr. Gregg, and my own poor self, although I do not profess to be an expert on this subject—that this was a fair compromise. The reason why the date of March 3 was suggested was because, according to Mr. Gregg, that is the date that was fixed in the regulations for a long time, until the Board of Tax Appeals came along and discovered this parenthetical clause that I spoke about, and knocked out the whole thing, and said that the claim had to be filed at the instant of filing the return. What we are doing now is taking the date that the bureau has taken for a long time.

Mr. COUZENS. Mr. President, I want to say in that connection that I think the language of the act of 1921 in parenthesis was wrong. I agree with the Senator from Pennsylvania that to require the amortization claim to be filed at the time of filing the return was obviously an injustice to the taxpayer; but I still have in mind a very definite opposition to extending from the close of the war to March 3, 1924, the period within which to manufacture all sorts of claims against the Government. That has been the result of that extension of time, and in my judgment it has resulted in great injustice to the Government.

I was rather pleased to see that there was an opportunity to open up this matter, although I believe it should not, in justice, go as far as the Board of Tax Appeals went. I still think that there is another point between those dates to which we should not go; and, if it is agreeable to the Senator, I should like to have that amendment go over.

Mr. REED of Pennsylvania. Let it go over to-night.

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD the minority views which I submitted upon the pending tax bill.

The VICE PRESIDENT. Without objection, that order will be made.

The minority views submitted by Mr. KING on the calendar day of January 28, 1926, are as follows:

MINORITY VIEWS

[To accompany H. R. 1]

The Republican members of the Committee on Finance have submitted a report to accompany H. R. 1, a bill to reduce and equalize taxation, to provide revenue, and for other purposes, which passed the House of Representatives in December last.

The report discusses the bill at considerable length and directs attention to the changes which have been made in the bill as it came from the House.

With many of the provisions of the bill as it came from the House, and as reported by the Committee on Finance, I am in accord, but there are a number of provisions of the bill, particularly in the Senate draft, that do not meet my approval, and I am, therefore, submitting a brief minority statement. I shall not attempt to discuss the bill or analyze in detail the provisions to which I am opposed. When the bill is under consideration in the Senate opportunity may be given to elaborate the points of opposition herein specified.

The majority report refers to the estimates submitted by the Secretary of the Treasury wherein it is estimated that the surplus for the fiscal year 1926 will be $262,041,756 and for the fiscal year 1927 $330,307,895.

Apparently it was the purpose of the Ways and Means Committee of the House to make reductions within the limits of the estimated surplus for 1927, and the report of the majority of the Finance Committee estimates that the reductions provided in the bill will total $352,661,000. It is apparently assumed that the bill as reported by the Finance Committee will raise sufficient revenue to meet the expenditures estimated by the Budget and by the Treasury Department. In view of the fact that former estimates of the Treasury Department have not been entirely accurate, and that taxes were collected in excess of the amount as estimated, or required to meet the appropriations made by Congress, it is reasonable to assume that, if the appropriations are within the limits prescribed by the Budget, that there will be a surplus for the fiscal year 1927 and succeeding years.

The science of mathematics does not reign supreme in determining in advance the revenues and expenditures of governments, and there is always a measure of uncertainty in making predictions as to the sources and extent of revenue for the future. But applying the standards which have been accepted, it is reasonably certain that under existing law the revenues for the coming year will exceed those obtained for the calendar year 1925 or the fiscal year 1925–26. In my opinion, if the existing law is continued during the next calendar year the revenue derived therefrom will be more than $100,000,000 in excess of that obtained in the calendar year 1925.

It is thought by some who believe that larger tax reductions should be made than those indicated in the House or Senate bill that it is the purpose of the administration that there shall be a considerable surplus arising from the bill which it is proposed to pass in order that another revenue bill can be offered during the next Congress calling for a further reduction in the income and corporate profits taxes. An examination of the message of the President transmitting the Budget for the service of the fiscal year ending June 30, 1927, will demonstrate that large reductions could be made in the estimated ap-

propriations for many of the departments and agencies of the Government, and that such reductions could be made without impairing the efficiency of the Government or denying appropriations required to meet the legitimate and proper demands of the Government.

In my opinion the appropriations for the next fiscal year should be at least $200,000,000 less than for the fiscal year ending June 30, 1926. Therefore, instead of reductions in taxes amounting to $352,661,000, the estimate stated in the majority report, Congress should enact a law that would reduce taxes at least $500,000,000. It is true that the President in his Budget message under date of December 7, 1925, submits figures indicating that the appropriations for 1927, compared with appropriations for 1926, will be approximately increased $60,000,000. I repeat, however, that without any modification of existing law the revenue for the next calendar year or fiscal year will exceed that obtained for the present fiscal year and the last calendar year, and I reiterate the statement that to increase the appropriations for the next fiscal year over those provided for the fiscal year ending June 30, 1926, conclusively demonstrates the lack of economy and indicates the purpose upon the part of the administration to take no further steps to reduce governmental expenses.

Indeed, when President Coolidge states, as he did in his message, "We have about reached the point when the legitimate business of the Government can not be carried on with less expenditure than at the present time," it is notice to the country that the enormous appropriations now made to meet governmental expenditures are to be continued, and, indeed, increased. Notwithstanding this manifest purpose of the administration to increase the expenses of the Government, I believe that Congress owes it to the people to relieve them from taxes in excess of the amount provided in the bill reported by the Senate Finance Committee. I submit that the Budget estimates and appropriations for the next fiscal year show no spirit of retrenchment and no evidence that proper economies are to be introduced into the administration of governmental affairs.

The estimates of appropriations for the next fiscal year show amounts for various departments in excess of all legitimate and proper demands if economy is to be practiced as it is so often preached. The estimates for the Departments of Agriculture, Commerce, Interior, Labor, Navy, and War negative all claims that economy is to govern in the administration of these departments; and, unfortunately, inordinately large appropriations are to be sought to meet the expenses of the departments and executive agencies. For the War and Navy Departments it is proposed that there shall be appropriated for the next fiscal year nearly $600,000,000. It is proposed that the appropriations for administration of the Bureau of Internal Revenue and the Veterans' Bureau will exceed $90,000,000 per annum.

Instead of economy in the departments of the Government there, there is manifest a determination upon the part of substantially all executive agencies to decrease their personnel, expand their authority and power, and augment their expenditures. If Congress shall refuse to follow the recommendations of the Budget, as it has done in the past, and provide appropriations for sums in the aggregate less than the Budget demands, there can be a reduction below the estimates of the Budget of approximately $200,000,000.

In view of this fact, and the further fact that the revenues for the next calendar year, under the provisions of either the House or Senate bills, will exceed the estimates indicated in the report of the Committee on Ways and Means of the House, or the majority report of the Committee on Finance in the Senate, it is manifest that there should be material modifications in the bill and substantial reductions below the limits fixed by it.

The majority report of the Finance Committee attributes the surplus for the fiscal year past and the estimated surplus for the immediate future largely to the result of the "functioning of the Government through both the legislative and executive branches of the Government on the basis of sound economy." This declaration is made although the report declares that the "present Budget requirements are over three times those prior to the war."

There has been persistent propaganda throughout the country to the effect that great economies have been effectuated in the executive departments; that it has curbed the extravagance of Congress and wrought material reductions in the expenses of the Government; and in support of this propaganda statements have been made as to the expenses of the Government during the war and the expenses during the past three or four years. The fact is that the reductions in appropriations for 1923 were only $97,000,000; in 1924, only $91,000,000; and for 1925 there was an increase of $84,000,000.

The Secretary of the Treasury reports that the total ordinary receipts for the year ended June 30, 1925, amounted to more than $3,780,000,000, and that the expenses chargeable against such receipts were more than $3,529,000,000. In 1914 the appropriations of the Government, less postal revenues, were $812,000,000; in 1915, $905,000,000; in 1916, $800,000,000; and in 1917, though the war had then been entered upon, $1,301,000,000. During the years 1918 and 1919 the expenses of the war, of course, were stupendous, totaling more than $40,000,000,000, including loans made to European nations. But in 1920, $6,000,000,000 covered the expenses of the Government, and in 1921, $4,257,000,000 met all its expenses, less postal revenues. I submit that during the past three years there has not been that measure of economy so loudly proclaimed, and upon the part of many of the executive departments and agencies there has been opposition to a reduction of the personnel or a diminution in the expenditures in their respective departments or agencies.

Prior to the World War the State revenues were approximately 70 per cent and the Federal revenues 30 per cent of all taxes collected. For the year 1925 the Federal revenues were 41 per cent of the entire amount collected for State and Federal taxes. The total of approximately $8,000,000,000 of taxes are a grievous burden to annually impose upon the American people, and every possible effort should be made to reduce this burden. Efforts to protect the Federal Government into activities which belong to the States should be resisted, and the taxing power should be exercised with the utmost caution and taxes taken from the people only when the imperative needs of the Government require. It is unwise to have an overflowing Treasury; indeed, it were better that its vaults should hold no surplus.

Seven years have passed since the World War ended. We should be in a position to determine the general lines to be followed in raising revenues for the Federal Government. So far as possible, the revenue measure which we now frame should possess the important and principal features to be found in future revenue bills. For years there was great opposition to a personal income tax, and many opposed an income or profits tax upon corporate business.

The American people, in my opinion, believe that the principal sources from which national revenues are to be drawn are personal income taxes, corporate profits taxes, customs duties, and internal-revenue taxes upon tobacco in its various forms; and a considerable part of the people regard estate taxes as a legitimate spring from which revenue may be derived even in peace times. Doctor Seligman affirms with great earnestness that an estate tax is the result of the modern democratic movement and that wherever we have democracy there is an income tax and an inheritance tax, and the arguments in favor of the one are as potent as those in favor of the other.

Wealth has generally resisted revenue systems which sought to impose income and estate taxes. Sales taxes have been favored by the rich, though confessedly this system bears oppressively upon the consumer and is unquestionably inequitable in its operations and discriminatingly burdensome to the poor and those of moderate means. Sales taxes may be justified in time of war as excise taxes which comprehend multitudes of articles and commodities important in the lives of the people; but a rational, scientific, and democratic revenue system rejects the proposition to impose a sales tax and it seeks to remove substantially all excise taxes.

In the existing law there are excise taxes upon many commodities. They were laid during the war and should be repealed.

The House bill makes important reductions but does not, in my opinion, go far enough. The bill as it came to the Senate carried taxes on admissions and dues, automobiles, capital stock, customhouse entries, customhouse withdrawals, passenger tickets, and policies of insurance. The repeal of miscellaneous taxes made by the House of Representatives did not, in my opinion, go far enough. Accordingly, on January 7, after the bill came to the Senate, I offered amendments designed to repeal all of the above enumerated taxes. The bill as reported by the Finance Committee repeals all of these taxes except the tax on admissions and dues, the tax on automobiles, and the tax upon policies of insurance. The revenue estimated from the tax on automobiles at the House rate is $69,600,000, and the estimated revenue from the tax on admissions and dues at the House rate is $29,000,000. The total revenues anticipated by the Treasury from these two taxes at the House rates amount to $98,600,000 for the calendar year 1926.

The stamp tax on policies of insurance carried in the bill amounts to 3 cents on each dollar of the premium charged upon any policy which is not signed or countersigned by an officer or agent of the insurer within the United States. The tax was never designed for revenue purposes. The revenue derived from this tax is negligible. The tax applies only to the premium on policies of insurance which are not written by agents or officers in this country. It is a proposition which has no proper place in the revenue act or in any other Federal legislation. If a State government were to pass such a statute, applying it to the contracts of insurance companies which did not maintain agents within the State, the law would be repugnant to the commerce clause of the Constitution. This law interferes with international commerce in a discriminating manner which is not applied to any other international commercial contract. The tax is both useless and improper and ought to be repealed.

The automobile trade and the multitude of people who use automobiles, the theatrical profession, and the patrons of the theater are demanding the repeal of the automobile tax and the tax upon theater tickets. Instead of repealing these taxes, the bill as reported by the majority of the Finance Committee, repeals the Federal tax on estates, from which the revenues are somewhat in excess of those estimated to be derived from the taxes retained on automobiles and theater tickets. I adhere to my view that these taxes upon automobiles,

theater tickets, and policies of insurance ought to be repealed and that the pretermitted revenues should be covered by corresponding economies in expenditure, which I am confident can be made when the appropriation bills are before the Senate. If this be done the Budget will be balanced notwithstanding the repeals.

ESTATE TAX

As I understand, most of the members of the Finance Committee favor the repeal of the Federal estate taxes. I dissent from the position which they have taken. Under existing law the estate taxes will yield approximately $110,000,000 in taxes for the calendar year 1926. The House reduced the maximum rate of the tax on estates of decedents from 40 to 20 per cent. The rates were progressively fixed from 1 per cent on the second $50,000 of the gross estate to 20 per cent on the excess above $10,000,000. The present law allows a credit upon any estate or inheritance tax paid to any State up to 25 per cent of the Federal tax. The House bill increases the credit to 80 per cent of the Federal tax.

The Finance Committee not only recommend the repeal of the law, but also recommend that the rates be fixed by the revenue act of 1924 be repealed retroactively so that the rates provided by the revenue act of 1921 shall apply to the taxes on all estates of decedents who have died since the enactment of the 1921 law and be effective to the date of the repeal of the 1924 act as proposed in the amendment offered by the majority of the Finance Committee. It is conceded that this revision of rates with retroactive application will mean a loss of $20,000,000 of revenue for the calendar year of 1926, and, of course, all revenue derived from estate taxes would soon cease. Moreover, the Finance Committee recommends that the 1921 rates apply to those estates which have already paid taxes under the 1924 law and that refunds be made of payments which exceed the taxes which in these cases would have been paid under the rates prescribed by the revenue act of 1921.

The majority of the Finance Committee bluntly declare that the Federal Government shall no longer regard the estates of decedents as a legitimate source of revenue for the Federal Government. Undoubtedly persuasive reasons may be urged in support of that view, but I do not believe that it is opportune or prudent to repeal the estate tax at the present time, and there are substantial reasons why this form of taxation should, at least under present economic conditions, be retained by the Federal Government. It was urged before the Ways and Means Committee by various persons that the States should have an exclusive right to collect taxes upon the estates of decedents and upon gifts and also upon the distributive shares of estates. It was argued that because States controlled the devolution of property that it was improper for the Federal Government to invade this field for revenue.

Doctor Adams testified before the committee and combated the views of those who insisted that the Federal Government should leave to the States the exclusive right to tax estates. He argued in favor of a Federal tax with a maximum of from 12 to 15 per cent. Doctor Seligman, who is recognized as one of the great political economists of our country and an authority on taxation, opposed the withdrawal of the Federal Government from the field of estate taxation.

Undoubtedly there is a powerful propaganda in favor of the position taken by the Finance Committee. There are those who are opposing a Federal tax upon estates upon the theory that the States alone should possess this field of revenue. But back of this movement to repeal the Federal estate act there is a determined purpose to have the States repeal existing statutes which levy taxes upon estates or distributive shares of estates.

It is claimed that any tax upon the property of decedents is a tax upon capital, and is therefore socialistic. This view is not supported by the best publicists and authorities upon taxation. Technically, every tax upon property is a tax upon capital. Obviously this is true if the property is unproductive. All taxation affects capital accumulation, because a part, at least, of income or taxes would have been saved; that is, converted into capital. The tax on estates is not on property, as such, but a duty imposed on the intestate or testamentary succession of property. Congress has the same power to lay duties on the devolution of property from the dead to the living as it has to lay taxes on the transfer of property by deed to living persons. This point has been settled and is no longer open to controversy.

It appears that 46 of the States of the Union have heretofore imposed taxes in some form or other upon estates of deceased persons as such, or upon the distributive shares of such estates passing by inheritance, distribution, or testament. At the present time it is reported that all of the States have such taxes excepting only the States of Florida, Alabama, and Nevada. There is no local inheritance tax in the District of Columbia, but the estates of decedents domiciled within the District are subject to the existing Federal estate tax, which the pending bill, if passed as reported, will repeal.

There is neither uniformity nor consistency in the general tenor or the specific provisions of the various estate and inheritance taxes in force in the several States of the Union. There is great disparity in the rates. There is marked dissimilarity in the graduations of the tax as imposed upon the value of estates, or as imposed upon distributive shares. Some of the rates are graduated according to the amount of the shares and others according to the direct, remote, or collateral relation of the heirs and distributees who may take parts of the estate. There has been some exploitation of the alleged conflict between the Federal estate tax and the various State inheritance tax laws. But this conflict between the Federal and State laws is not nearly so great, either in substantive difference or in legal effect, as are the conflicts between the State laws themselves.

It is important in the formulation of revenue legislation that constancy and dependability in the revenues be attained if possible and, if impossible, that constancy and dependability be approximated to the greatest attainable degree. The territory comprised with the United States is divided into 48 separate territorial segments, within one of which is the domicile of every decedent whose estate becomes subject to the tax. If the tax be imposed by the domiciliary law as distinguished from the Federal law, the value of the estates subject to the tax will vary greatly from year to year according to the accidents of death and the variation in the value of the estates of those who may die within a particular domiciliary jurisdiction from one year to another.

But when all the inequalities and fluctuations of estate values arising separately in the several States are merged into one aggregate taxable estate value for the whole country and subject to the Federal tax, we may have an approximation to uniformity in the revenue, because the decreased estate-tax values in some States will be offset and averaged by the increased estate-tax values in other States within any given year.

The Federal estate tax is uniform throughout the country. It is applied without discrimination or exception to all estates large enough to come within the operation of the act. It does produce uniformity in operation and equality in the incidence of the tax. There are some who oppose the Federal estate tax upon land because the States have the exclusive power to prescribe the law for the succession of such estates. It is true that the States have a peculiar and exclusive jurisdiction or, rather, sovereignty over the lands within their territorial confines and that the larger part of State revenues are obtained from the taxes upon lands.

It is the taxation of so-called intangibles, or rather of capital and debt securities which exist only in contemplation of law, which are legally attached to the person of the owner, the evidences of which may be transferred from place to place with the owner, and which are legally referred to the domicile of the owner; it is in this field of taxation that a Federal estate tax alone will operate with uniformity, constancy, and equality.

For the fiscal year 1925, which ended on June 30 last, the Commissioner of Internal Revenue reported that there was collected on the value of corporation capital stock taxes to the amount of over $90,000,000. This tax was laid at the rate of $1 per thousand on the value of the corporate capital. It follows that the tax was imposed upon capital values in the sum of $90,000,000,000. There was an exemption of $5,000 allowed each corporation, which for the approximately 400,000 corporations of the country affords an additional capital value of $2,000,000,000. The value of the corporate capital of the country may therefore be taken conservatively at $92,000,000,000, which sum is independent of outstanding corporate shares, the par value of which is greatly in excess of this sum.

This capital value of $92,000,000,000 is also exclusive of outstanding corporate indebtedness whether funded or current. For the year 1923 the Commissioner of Internal Revenue reports that corporations were allowed interest deductions in the sum of $3,277,625,971. We do not have specific figures as to the amount of this capital indebtedness. But if this interest be capitalized at 6 per cent we produce a capital sum of $54,000,000,000, and if this interest be capitalized at 5 per cent we produce a capital sum of $65,000,000,000.

The aggregate value of corporate capital, therefore approaches $157,000,000,000, represented by innumerable shares, bonds, and other securities. The amount of Federal and State bonds, the current income from which is exempt from taxation, amount in the aggregate to $14,000,000,000 at the present time. Corporate and public capital must, therefore, approximate $170,000,000,000, without taking into account the large capital of privately owned mortgages.

A considerable proportion of these great intangible capital values passes each year by succession or distribution in the estates of deceased persons. These tremendous values have no fixed loci within the various States. They move about with the same facility with which the residence of the owner may be transferred from one State to another. The profits and interest which these tremendous capital values produce are derived from the work and consumption of all the inhabitants of the country without respect to State lines. The producing properties which sustain these capital values have their loci in every part of the country. The commerce of this country is not conscious of State lines. It draws its profits from every corner of the country and from every community of the country and, indeed, from every inhabitant. This great wealth is concentrated in certain States, in great cities, in delightful climates, and is gravitating toward the States where there are no duties upon inheritances. Producing

properties are in one State. The securities which drain off the profits of these properties are in other States.

It is impolitic in the highest degree that certain favored financial centers, certain favored climes, and certain favored communities should, by the residence of wealthy persons within them, give the States wherein such centers, communities, and climates exist the exclusive right to death duties upon the transmission of the capital stock and capital securities of which the real producing and profitable wealth of the country is constituted. It is reported that more than $162,000,000 of annual income is received from public stock or securities which is exempt from the Federal income taxes. The only effective way in which the capitalized value of such income may be taxed, the income itself not being taxable, is by the laying of a Federal duty upon such capital property in the estates of deceased persons.

Undoubtedly there are inequalities and some injustices arising out of the manner in which estate and inheritance taxes are now imposed in the United States. There is no uniformity, and a number of the States, as well as the District of Columbia, do not impose inheritance or estate taxes. They become isles of safety and encourage persons of wealth to establish their domiciles within their borders. Some States do not content themselves with taxing property within their territorial limits, but tax the personal and intangible property of decedents whose domiciles are without their borders. Many injustices and hardships undoubtedly exist by reason of the faulty inheritance and estate tax laws found upon the statute books of some of the States of the Union.

It has been suggested that to secure uniformity there should be but one agency employed to lay and collect estate taxes and that such agency should make proper distribution to all the States, based upon population or some other just and rational plan.

But we can not deal in academic or speculative questions now. Undoubtedly reforms in this field of taxation are imperative, but it can not be urged, in my opinion, that it would be a reform for the Federal Government to abandon the field entirely. It may be that when the States adopt a uniform and just system for the taxing of the property of decedents the Federal Government may, with propriety, withdraw from this field of taxation. But so long as enormous assets escape taxation or make wholly inadequate returns for the maintenance of the economic and political life of the country, there will be a strong and valid reason for the Federal Government to assert its power to tax the accumulations of wealthy decedents.

The inheritance tax as a Federal policy is not new. It was adopted in the early days of the Republic. President Roosevelt, in his annual messages to Congress in 1906–07, strongly advocated a Federal inheritance tax. In 1916 an estate tax was passed by Congress and signed by President Wilson. It provided a maximum rate of 10 per cent on estates. Our country was not then at war, and while there are stronger reasons for a Federal estate tax in time of war than in time of peace, nevertheless, it may not be said that it is purely a war tax. Great Britain derives a large part of her revenue from estates. During the past eight years the Federal Government has collected approximately $750,000,000 from estates.

It may be said in passing that the Federal Government has, during the same period, appropriated approximately $600,000,000 to aid the States in the discharge of obligations which rest upon them. It is regrettable, but nevertheless it is true, that the States more and more are appealing to the Federal Government to aid them in performing purely State functions.

There is much criticism because billions of tax-exempt securities are issued, which neither the States nor the Federal Government can reach for tax purposes. Many of these securities belong to the estates of decedents. Only by a Federal estate or inheritance tax can the Federal Government derive revenue from them.

I dissent from the action of the majority of the Finance Committee in recommending the repeal of the estate tax. In my opinion, the rates fixed in the House bill should be adopted, but the large credit in the bill should be reduced. The House bill provides for a possible credit of 80 per cent for the taxes paid to any State. The existing law provides a 25 per cent credit. As an original proposition, I am opposed to allowing any credit for taxes paid to the States. The Federal estate tax should be temperate and so reasonable as not to call for remission of taxes imposed by the States. The provision permitting credits for taxes paid to the States against the Federal estate tax will be regarded as a scheme to compel the States to pass inheritance tax laws. It appears to be an indirect method of coercing the States with respect to their tax policies. Congress should not attempt to dictate to the States with respect to their internal affairs. The integrity of the States should not be attacked or their right to determine their own internal policies infringed upon.

I do not approve of the retroactive provisions of the Senate bill under which the 1921 rates are applied to the estates of those who come within the provisions of the 1924 estate tax law.

GIFT TAX

The gift tax found in the revenue act of 1924 was a proper correlative to the estate tax. In my opinion it should not be repealed. If a suitable provision is enacted which protects against gifts made to evade inheritance or estate taxes, then there would be some justification in the repeal of the gift tax.

SURTAX RATES

I do not approve the surtax rates reported in the bill on incomes between $22,000 and $100,000. I believe that the rates for the brackets comprising these incomes ought to have been revised downward to the amount at least of $44,000,000 in the revenues to be derived from surtaxes on these incomes as estimated for in the House bill. If there is to be real equality in surtax reductions, it is necessary that the reductions be more fairly distributed than was done in the House bill or is proposed to be done in the committee amendment. The Democratic minority of the Finance Committee agreed upon a schedule of rates for these brackets which ought to have been accepted by the committee and which I recommend to the Senate as more acceptable than the rates carried by the committee amendment.

The reductions in the brackets comprising incomes between $22,000 and $100,000, as provided in the House bill, as made by the Republican majority of the Finance Committee, and as proposed by the Democratic minority of the Finance Committee, are set out in the following table:

Surtax payable on specified net incomes ($20,000 earned income)

Net income	1924 rates	House bill	Reduction in per cent from 1924	Committee bill	Reduction in per cent from 1924	Democratic rates	Per cent of reduction of Democratic rates from 1924 tax
$24,000	$440	$385	12½	$385	12½	$365	17
$26,000	580	525	9	525	9	485	16
$28,000	740	685	7	665	10	605	18
$30,000	920	865	6	825	[1]10	745	19
$32,000	1,120	1,065	5	985	12	885	21
$34,000	1,320	1,205	4	1,163	12	1,045	21
$36,000	1,540	1,485	3½	1,345	13	1,205	22
$38,000	1,780	1,725	3	1,545	13	1,385	22
$40,000	2,040	1,985	2¾	1,745	[1]14	1,565	24
$45,000	2,730	2,665	2½	2,305	16	2,073	24
$50,000	3,540	3,405	3¼	2,925	17	2,645	25
$55,000	4,470	4,205	6	3,606	19	3,275	27
$60,000	5,480	5,005	8	4,345	21	3,975	28
$70,000	7,780	6,705	14	6,005	23	5,485	29
$80,000	10,480	8,505	19	7,805	26	7,125	32
$90,000	13,540	10,405	23	9,705	28	8,940	34
$100,000	17,020	12,305	28	11,605	32	10,765	37

[1] Plus.

PUBLICITY OF INCOME TAXES

Section 257 of the revenue act of 1924 makes income-tax returns public records and provides that the Commissioner of Internal Revenue shall in each year prepare and make available for public inspection in each district lists containing the name and post-office address of each person making an income-tax return with a statement of the amount of the income paid by each person on the list. There has been a propaganda carried on against income-tax publicity which has been persistent enough to have induced the House to repeal this provision of the law. No adequate reasons have been advanced for this action.

It does not appear that the public interest is adversely affected by income-tax publicity. I believe that the effect of publication is wholesome; certainly that the advantages of publicity to the Government outweigh the objections which interested persons have urged against it. There has not been sufficient experience in the operation of income-tax publicity to warrant the making of any final conclusions upon the subject. It is unwise in my opinion for Congress to take precipitate action upon this subject upon the false assumption that the clamor of the propagandists is the voice of the people. I am opposed to the repeal of the income-tax publicity provision of the present law.

INCREASE IN THE CORPORATE PROFITS TAX

In my opinion it is unnecessary in order to meet the legitimate expenses of the Government to increase the corporate tax rate to 13½ per cent. The Government actuary estimates that this increase in the tax rate will add $87,000,000 to the revenues. This increase will bear heavily upon many corporations whose income is limited and whose field of activities is narrow. It will particularly be burdensome to the public-service corporations whose charges for services rendered to the public are limited by law or by regulations of public-utility commissions and boards and whose profits are likewise limited by law or by regulation. A 13½ per cent tax upon the profits of many corporations could easily be borne by them. Indeed, by reason of many consolidations of corporations for the purpose of monopoly, and the successful exertion of power by many corporations against competition, the profits derived by them are enormous, and a tax at the per cent indicated could easily be met.

All tax measures must envisage the country as a whole and not segments, and this particular provision must comprehend all corporations and not merely the giant corporations whose earnings are

inordinately large and unjustifiably great. In order to do full justice in the premises it might be wise to attempt differentiation between corporations and provide a fair graduation so that the taxes imposed upon corporations with large earnings might bear a higher rate than those imposed upon corporations which by reason of their small earnings naturally fall into a separate category. In my opinion there is no necessity for increasing the rate to 13½ per cent. It is sometimes necessary to compel economy and it were better to face a lean Treasury by reducing taxes and curtailing expenses than to encourage profligate expenditures by collecting taxes which would produce a surplus.

BOARD OF TAX APPEALS

I am opposed to the continuance of 16 members to sit on the Board of Tax Appeals. Twelve members and even a fewer number ought to be adequate for this board. I am opposed to the increase in the salaries from $7,500 to $10,000 per annum. I am certain that there will be no improvement in the effectiveness or service of the board by increasing their salaries. Out of 16 members now on the board, 11 were formerly employees in the Bureau of Internal Revenue, and all of them at salaries less than they are now receiving. Five members have been taken into the board from available men outside the bureau.

There is evidence tending to show that efforts were made to make this board a permanent adjunct to the revenue department and to give life positions to its members. The Senate greatly improved the provisions of the House bill dealing with this subject. In my opinion, the board should be reduced to 12 members with shorter terms of office and with specific provisions that within a period, not exceeding five years, its membership should be reduced to not exceeding seven members.

I am also opposed to the creation of eight new positions under the title of assistants to the general counsel of internal revenue. This is apparently a scheme to take care of eight men now in the bureau with higher salaries than they are now receiving. The Solicitor of Internal Revenue, even under the new title of general counsel, has no need for eight new assistants. He already has 162 lawyers under him. That ought to be assistants sufficient. If Congress would improve and rectify the definitive provisions of law which govern the income tax and the corporate profits tax, the service of the great legal staff of the bureau, as well as of the appeals board, would be very much curtailed. Conditions will not be rectified by multiplying staffs and benches of lawyers. Augmented appropriations will not cure the evils which are known to exist.

Congress must correct the substantive parts of the law to accomplish real reforms. The pending bill, like its predecessors, is a makeshift in its administrative provisions. This is admitted by the proposal to have a congressional commission to re-form the revenue act.

The bill carries no sufficient provision to correct the evils found and reported by the select committee which has investigated the Bureau of Internal Revenue. The bill perpetuates the structural defects of the present law. The work of re-forming the revenue act will have to begin where this bill ends.

HOUSE BILL REFERRED

The bill (H. R. 2) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

THE DAIRY INDUSTRY AND THE TARIFF COMMISSION

Mr. SCHALL. Mr. President, I ask unanimous consent that the resolution which I send to the desk may be received out of order and read.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. The Senator does not ask consideration of it to-night? He just wants to have it read?

Mr. SCHALL. No; I want to have it read, and I wish to make a very few remarks on it.

The VICE PRESIDENT. Without objection, the resolution will be received and read.

The resolution (S. Res. 142) was read, as follows:

Whereas the President of the United States on or about July 9, 1924, requested the Tariff Commission to investigate the cost of production of butter in the United States and abroad, for the purpose of determining the condition of the dairy industry in relation to its needs for additional tariff protection; and

Whereas the commission has used an unreasonable length of time in which to make such investigation and report its findings to the President, and has wholly failed to make such report to the President: Therefore be it

Resolved, That in view of the grave situation now confronting the dairy industry, and in view of its urgent need for further protection from imports of foreign-made butter and butter substitutes, which imports are used to unduly depress the American market, said Tariff Commission is hereby directed to file forthwith with the President its report.

Resolved further, That Congress shall immediately institute a thorough investigation into the methods and procedure used by the United States Tariff Commission in the conduct of its business.

Mr. SCHALL. Mr. President, the Tariff Commission was created, I take it, for the purpose of prompt action. The action taken in this butter case, if it is any criterion to go by, is anything but prompt.

The President of the United States a year ago last July asked a report. They finished their hearings last April, and still no report has been made. The President has intimated time and again that he would like a report. Congressmen from the Northwestern States time and again have called on the commission and asked when this report would be made, and they have been told "Very shortly," "Very shortly," "Very shortly."

Meanwhile butter has gone down from 35 to 40 per cent. Shiploads of butter from Denmark, from Australia, and from New Zealand are pouring in on our markets. Just the other day a report of 500,000 pounds of butter being shipped into this country from Australia caused the market to drop 3 cents a pound.

It seems that this commission are not very diligent. In the time that this matter has been before the commission they have handed down only 17 reports. The Federal Trade Commission have handed down 1,000, the Supreme Court of the United States have handed down 200, and yet the Tariff Commission are going to send in this report "very promptly"!

It is no wonder that the dairy interests of this country in congress assembled the other day asked that this commission be abolished. It is of no purpose unless it will act. We could pass through the Congress of the United States an act to relieve the dairy interests of this country in less time than it has taken for this commission to act. Their hearings were concluded last April, and still no report has been made.

It seems to me that some action should be taken, either to make the Tariff Commission do business, as it was intended that it should, or else to abolish it.

Mr. JONES of Washington. Mr. President, I understand that the resolution submitted by the Senator from Minnesota will lie on the table.

The VICE PRESIDENT. Without objection, it will lie on the table.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT obtained the floor.

Mr. COPELAND. Mr. President, I hope the Senator from Utah will not move a recess now. Why do we not go on for two or three hours and get some of the other amendments out of the way?

Mr. SMOOT. We have gotten the amendments brought forward by the Senator from Pennsylvania out of the way, and no Senator is prepared to go on to-night. I did not give notice of a night session. So many Senators had engagements that I felt that it would be impossible to go on longer to-night.

Mr. COPELAND. Is there any more important engagement in the world than getting this tax bill out of the way?

Mr. SMOOT. No; there is not. I wish we could start to-morrow with night sessions; but to-morrow is Saturday, and I gave notice to-day that we would start night sessions on Monday.

Mr. COPELAND. I hope we will go forward now and hold sessions long enough to transact business.

Mr. SMOOT. That is exactly what we are going to do if a majority of the Senate will agree to it.

RECESS

Mr. JONES of Washington. I ask that the order for a recess until 11 o'clock to-morrow be carried out.

The VICE PRESIDENT. The Senator from Washington moves that the Senate take a recess under the previous order.

The motion was agreed to; and (at 6 o'clock and 45 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Saturday, February 6, 1926, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

FRIDAY, *February 5, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who hast kept and blest us all our days, we would begin this day with an offering of thanksgiving. Words are so helpless to express the fullness and majesty of divine love that will not let us go. But let Thy goodness and mercy, O Lord, continue to be our portion. With Thy guidance every problem will be easier and every burden lighter. Give the interpreting light of Thy spirit unto all of us. Grant Thy peace to all hearts and give relief to any who may be weary. Impress us with our simple duty, namely, to love God, to be kindly to His children, and to keep our souls clean. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE PRIVATE CALENDAR

Mr. TILSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of the Private Calendar. Pending that motion, I ask unanimous consent that in the consideration of those bills in the Committee of the Whole House general debate be dispensed with.

The SPEAKER. Pending the motion to go into the Committee of the Whole House, the gentleman from Connecticut asks unanimous consent that in the consideration of bills on the Private Calendar in the Committee of the Whole House general debate be dispensed with. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Connecticut that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, with Mr. LEHLBACH in the chair.

The CHAIRMAN. The Clerk will report the first bill on the Private Calendar.

FREDERICK MARSHALL

The first business on the Private Calendar was the bill (H. R. 585) for the relief of Frederick Marshall.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Frederick Marshall, who enlisted in the United States Navy October 22, 1862, and served on the *Cyane* and *Lancaster* as an ordinary seaman, shall hereafter be held and considered to have been discharged honorably from the naval service of the United States on the 21st day of October, 1865.

Mr. BEGG. Mr. Chairman, I move to strike out the last word. Practically every bill of this kind that has been passed heretofore has had a proviso that no pension or allowance shall be held to accrue prior to the passage of the act, no back pensions, nor prize money, nor bounties, nor allowances. Would the gentleman from California accept such an amendment?

Mr. BARBOUR. I agree to such an amendment.

Mr. BEGG. Mr. Chairman, then I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEGG: Line 9, at the end of the line, strike out the period, insert a colon and the following language: "*Provided*, That no back pay, pension, or allowance, or other emolument shall be held accrued prior to the passage of this act."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

LUCY D. KNOX

The next business on the Private Calendar was the bill (H. R. 1110) granting six months' pay to Lucy D. Knox.

The Clerk read the bill, as follows:

Be it enacted, etc., That Lucy B. Knox, widow of the late Lieut. Commander Forney Moore Knox, United States Navy, is hereby allowed an amount equal to six months' pay at the rate said Forney Moore Knox was receiving at the date of his death.

SEC. 2. That the payment of the amount of money hereby allowed and authorized to be paid to said Lucy B. Knox is authorized to be made from the appropriation for beneficiaries of officers who die while in the active service of the United States Navy.

Mr. BEGG. Mr. Chairman, I move to strike out the last word. On the face of this bill a man's sympathy might lead him to let it go by, but I call the attention of the committee to the actual condition in this case. This widow's husband died during the war, when other provisions were made by the Congress for the payment of allowances, and the gratuity of six months' salary which was in vogue in peace times was repealed for all officers. If this bill is passed, it will set up a precedent binding upon Congress to pay the widow of every soldier an equal amount; at least, I think if we can vote it for one widow, we can vote it for every widow, and ought to do so. What are the facts regarding this widow? Is the Government treating her fairly?

The Congress has never conferred any such general gratuity right on widows of officers or men of the Navy and Marine Corps where the death occurred, as in this case, in the World War interim between October 6, 1917, and June 4, 1920, the former being the date of the repeal of legislation which had theretofore authorized such gratuity for widows of the Navy and Marine Corps officers and men, and later the date of such gratuity for widows of regulars and expressly confined such authorization to the widows of regulars. I refer, gentlemen, to the act of March 13, 1908, as amended by the act of August 22, 1912, and again of October 6, 1917, and as amended in December of the same year; and the opinion of the Attorney General is against this kind of legislation. The Comptroller General ruled against it in 1922. During this period of time the death toll of officers and men of the Navy and Marine Corps was necessarily great. There is quite a number of cases of this kind. If you are going to pay one you should pay all. I am not setting up the claim that we should not pay any, but I am setting up the claim that we should not single out one, because, perchance, she happens to have some Member of Congress who is interested in her case and leave those less fortunate to look after their own interests. What is the Government doing to-day for this widow? Because she is the widow of a soldier she gets a pension of $30 a month for life. Because she is the mother of three children she gets an additional $22 a month, making a total pension straight-out of $52 a month as a wife and as a mother. She has a dependent mother living with her and she gets an additional $20 a month, making her pension to-day $72 a month.

Keep in mind, gentlemen, that the widow of an officer, in my judgment, of the late war does not deserve any more consideration than the widow of an officer of the Spanish-American War, and there is not a Spanish-American War veteran who is wholly incapacitated and has a wife and three children but who has a greater responsibility than even a widow——

The CHAIRMAN. The time of the gentleman has expired.

Mr. BEGG. I ask for five minutes more time.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BEGG. I say, if a wounded soldier is wholly incapacitated his financial drain with the same size family is greater than the drain on this woman. Now, the Government pays her $72 a month. What else do we do? During the war we passed an insurance feature of the war.

I was not here when that was done, but I read that which leads me to the conclusion that the Government passed that compulsory insurance so the dependents of the man who was killed or died of disease and wounds would have an income to keep them out of the pauper class. This husband had $10,000 insurance, and therefore adding that to the $72 a month pension she draws she gets $129.50 a month. Now I do not believe that this Congress can go on record of having unreasonable sympathy in a particular case when you have a widow of Spanish War veterans, none of whom get what this woman is now getting. The Spanish War widow, with a family and the same responsibility upon her, draws the munificent sum of $30 a month. Now, Mr. Chairman, that is all I have to say. If the House in its wisdom wants to take this step I think it behooves us to pass general legislation to take care of widows of the Civil War——

Mr. UNDERHILL. Will the gentleman yield?

Mr. BEGG. In one minute; I desire to finish this. It appears in the last analysis to me a soldier is a soldier whether he was in the Civil War, whether he was in the Mexican War, or was in the Spanish War, and I would not make any decided difference. Now I will yield.

Mr. UNDERHILL. I will say for the information of the gentleman from Ohio and the House that the Committee on

Claims has had to consider exactly this same situation lately. Only this morning a bill was referred to me as chairman of the committee, which proposed an additional payment to one who is already under the protection of the compensation law which Congress passed. Now, if we are going to establish a precedent in this respect we must also treat others who are civilians not connected with the Army or Navy in the same way or manner. The establishment of any such precedent as this is going to involve——

Mr. LINTHICUM. Will the gentleman yield?

Mr. UNDERHILL. In a moment. It is going to involve Congress in a maze of legislation and discrimination and injustice and inequity. Now, I will yield.

Mr. LINTHICUM. Does the gentleman know how many other bills like this have been passed?

Mr. UNDERHILL. It has not been brought to my attention.

Mr. LINTHICUM. It ought to be brought to the gentleman's attention.

Mr. BEGG. Mr. Chairman, I want to correct one misstatement I made. I made the misstatement that the widow of a Spanish War Veteran gets $30 a month; she gets $20.

Mr. VINSON of Georgia. Mr. Chairman, usually the gentleman from Ohio [Mr. BEGG] is accurate when he presents his viewpoint on any bill before the House, but unfortunately this morning he is not as accurate as usual. In the first place, he stated that this naval officer died during the war——

Mr. BEGG. Died after the war.

Mr. VINSON of Georgia. As a matter of fact, he died February 16, 1920. No dangerous precedent is set by this special bill granting to this widow six months' gratuity. Under the law of 1908 whenever an officer of the Army or Navy died his widow was entitled to six months' gratuity. In 1917 we enacted what is known as the Veterans' Bureau law, and by the enactment of that law, with no intention on the part of Congress, the law of 1908 was repealed. On June 4, 1920, we reenacted the law that was repealed in 1917, which was the 1908 law. The 1917 law was the Veterans' Bureau law, so therefore you see it never was the intention of Congress to repeal the six months' gratuity. This man, unfortunately, died——

Mr. BLACK of Texas. If the gentleman is correct about that, why does not his committee bring in a general bill? Why single out one individual and bring in a private bill instead of bringing in general legislation?

Mr. VINSON of Georgia. I am glad the gentleman called my attention to that. The Navy Department recommends a general bill to take care of all cases of this kind. The Committee on Naval Affairs, however, prefers that every case should stand on its own merits, and we have reported every bill that has been presented to the committee which fell within this class. The report discloses the fact that Congress has already enacted five or six private bills for persons who died during that period of time, that is, between October 6, 1917, and June 4, 1920. This bill was favorably considered by the House last session and promptly passed.

Mr. BLACK of Texas. The gentleman does not mean to say that Congress has passed a law covering privates?

Mr. VINSON of Georgia. No; no general law. However, private bills have been enacted granting six months' gratuity.

Mr. BLACK of Texas. Then why not pass a bill allowing the widow of every married man who was killed in the World War six months' pay? Why not be just about it?

Mr. VINSON of Georgia. Up to 1917, whenever they died their widows drew it; all those who died between 1908 and 1917 were entitled to draw it. The law was repealed by the Veterans' Bureau act of October 6, 1917.

Mr. BLACK of Texas. The gentleman understands also that the war risk insurance act of 1917 liberalized the compensation very much and carried a specific provision that it should be in lieu of other pay and allowances under the general law?

Mr. VINSON of Georgia. Yes; and Congress came back in 1920 and reenacted the 1908 law, giving the families of these men the right to draw the gratuity after they found out that the veterans' law had repealed the 1908 law.

Mr. BLACK of Texas. That has no reference to the war whatever.

Mr. VINSON of Georgia. In every case which has come before the committee, the committee has been of opinion that these cases should be taken care of as they are presented by individuals. That was done in the case of Harriet B. Castle, and also in the case of Alice P. Dewey, and in the case of Josephine Barin, and that of Ellen McNamara. Those cases have all been enacted into law, and every case of that kind that comes before the committee is favorably reported. I prefer to deal with those things separately rather than under a general law, because by that means you can keep your hand on the purse strings instead of giving the Navy Department the power to pay out money under a general law.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. BEGG. Where does the gentleman differentiate between the man who dies in peace times and the man who dies during a war?

Mr. VINSON of Georgia. You can not make any distinction.

Mr. BEGG. Then, why do you not bring in a bill and give six months' gratuity to the heirs of everyone who died in the war?

Mr. VINSON of Georgia. I think it is far better to do it in this way.

Mr. BEGG. Does the gentleman mean to leave the impression with Congress and the country that he, as a member of the committee, perhaps will favor a six months' gratuity to the dependents of every soldier losing his life in the war?

Mr. VINSON of Georgia. I will cross that bridge when we come to it.

Mr. BLACK of Texas. This is that case.

Mr. VINSON of Georgia. The widow and dependents of every soldier in the Army, Marine Corps, and Navy who dies in the service under the law to-day gets six months' gratuity.

Mr. BEGG. Do they get insurance?

Mr. VINSON of Georgia. Yes; if it has been provided for.

Mr. BEGG. Can they take it to-day?

Mr. VINSON of Georgia. Certainly not.

Mr. BEGG. This gratuity law was enacted to take care of the provisions exacted by the war-risk insurance.

Mr. VINSON of Georgia. The husband of this woman bought and paid for the insurance, but of course she would not get it unless he had applied for it.

Mr. BLACK of Texas. Is not this widow also drawing some compensation from the Government?

Mr. VINSON of Georgia. Certainly; and the widow of any soldier who dies to-day would draw compensation as the widow of a soldier and in addition would get the six months' gratuity.

Mr. BLACK of Texas. The gentleman is mistaken.

Mr. VINSON of Georgia. No; the gentleman is not mistaken.

Mr. BLACK of Texas. The wife of a soldier who died in consequence of injury received in the war would not receive six months' pay. She would receive whatever compensation the Government pays and whatever war-risk insurance her husband had.

Mr. VINSON of Georgia. If the soldier dies in the Army, his widow is entitled to compensation as the widow of a soldier, and in addition she is entitled to six months' gratuity; and that is all this widow is entitled to.

Mr. BLACK of Texas. But she does not receive compensation under the war risk insurance act unless she proves that her husband's death related to the service.

Mr. VINSON of Georgia. If she proves that her husband's death was in line of duty, if he died to-day she would be entitled to a pension and to six months' gratuity.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. SIMMONS. Has the gentleman's committee reported out other bills like this?

Mr. VINSON of Georgia. The committee has never failed up to this time to favorably report such a bill. We have already passed seven cases similar to this.

Mr. SIMMONS. They were passed by the House?

Mr. VINSON of Georgia. Yes; they passed the House and they became laws.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. RANKIN. How much compensation is this widow drawing?

Mr. VINSON of Georgia. Twenty dollars under the pension law, and so much for her dependent children and mother.

Mr. RANKIN. Does not the gentleman think that it was the intention of Congress that this six months' gratuity should take the place of that?

Mr. VINSON of Georgia. No; because to-day under the law they would get identically the same thing. They would be entitled to a pension and allowance for minor children, insurance, and to six months' gratuity.

Mr. RANKIN. The gentleman is wrong. In that case, if they were entitled to it under the law, they would not have to come in here.

Mr. VINSON of Georgia. I mean under the act of 1920. It was only a lapse between the enactment of 1917 and that of 1920. For three years the gratuity law did not apply.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BLACK of Texas. Mr. Chairman, I move to strike out the enacting clause.

Mr. LINTHICUM. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the enacting clause. Does the gentleman desire to be recognized?

Mr. BLACK of Texas. Mr. Chairman, this bill was taken up at the last session of Congress, and under the plan that only bills not objected to should be considered I objected to its consideration at that time.

Mr. VINSON of Georgia. But the bill was passed?

Mr. BLACK of Texas. It passed later on, but the gentleman remembers I objected to it at the time it was first brought up.

Mr. VINSON of Georgia. That is true.

Mr. BLACK of Texas. Why, gentlemen, here is the situation: If we pass bills of this kind, we enter upon a rule of greater liberality to the widow and children of a veteran who died after the war than we bestow upon the widow and dependents of a veteran who died upon the battle field. If we are going to enter upon a policy of this kind, it would be more just to pass a general law and permit every widow of an officer who was killed during the war and every widow of a private who was killed during the war to receive six months' extra pay.

Can any gentleman give any reason why we should not do that, if we are to pass this bill?

Mr. CHALMERS. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. CHALMERS. Would that also include dependent mothers as well as widows?

Mr. BLACK of Texas. Well, this particular bill, of course, is a bill to grant six months' extra pay to Lucy B. Knox, who was the wife of an officer, but I see no reason in principle why, if we are going to take up a case of this kind for Lucy B. Knox, who is now receiving from the Government $57.50 a month——

Mr. VINSON of Georgia. Paid for, though.

Mr. BLACK of Texas. That is correct. He took that insurance out just the same as any other officer or any other soldier took out insurance. Now, she is drawing that and she is entitled to it. In addition to this insurance money she is drawing compensation from the Government for herself and dependents by reason of the death of her husband; that is all right, and she is entitled to draw that and she ought to have it; but now Congress comes along and undertakes by a private bill to do for this widow of an officer what it has not done for others who are similarly situated. It is an example of favoritism which I am not going to support.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. LINTHICUM. Is the gentleman in favor of a general law?

Mr. BLACK of Texas. No. But I certainly would be if I was going to vote for this bill, but I am not going to vote for one private bill. It is illogical and unjust.

Mr. WINGO. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. WINGO. Is the gentleman in favor of repealing the gratuity act of 1920?

Mr. BLACK of Texas. I do not know that I would be. I do not have the act before me and would not commit myself offhand as to its repeal without having time to study it.

Mr. WINGO. Why not? According to the gentleman's viewpoint, if it is wrong for this woman, why not repeal it as to others?

Mr. BLACK of Texas. Let me ask the gentleman from Arkansas whether he is willing to grant Lucy B. Knox a benefit that he is not willing to grant to others similarly situated? If so, why?

Mr. WINGO. I am not; I am willing to grant it to everyone, but because we have not granted it to all I am not going to deny it to one.

Mr. CHINDBLOM and Mr. BUTLER rose.

The CHAIRMAN. For what purpose does the gentleman from Illinois rise?

Mr. CHINDBLOM. Mr. Chairman, I desire to make a point of order against section 2 of the bill.

Mr. LINTHICUM. Mr. Chairman, does not the point of order come too late?

The CHAIRMAN. The gentleman from Illinois will state his point of order.

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that section 2 is in effect and in fact an appropriation.

Mr. BUTLER. It is not intended to be.

Mr. CHINDBLOM. The language is very ingenious and I will call the Chair's attention to it:

> That the payment of the amount of money hereby allowed and authorized to be paid to said Lucy B. Knox is authorized to be made from the appropriations for beneficiaries of officers who die while in the active service of the United States Navy.

There is such an appropriation, and by the language of this section we are authorizing the payment to be made out of that appropriation; it sets aside a part of the existing appropriation for the purpose of paying the amount under this bill. The language is quite involved, and, as I said, it is ingenious. It is not merely an authorization for an appropriation to be made hereafter, but it is a direction that the payment shall be made out of an existing appropriation. That, under the precedents, constitutes an appropriation.

The CHAIRMAN. The suggestion has been made by the gentleman from Maryland that the point of order comes too late; but that is not the case, because section 5 of Rule XXI provides, among other things:

> A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

Therefore the point of order is in order at the present time.

The test whether the language in section 2 is an appropriation or not is this: May the money be paid out by the Navy Department without further action of Congress should this legislation pass? There has been appropriated a certain sum of money to the Navy Department for the beneficiaries of officers who die while in the active service of the United States Navy. If this legislation passes, it would appear to the Chair to be a direction to the Navy Department to pay this claim out of the money thus appropriated. If that is the case, it is in effect an appropriation in this bill for the payment of this gratuity.

If the Chair is under a misapprehension as to the facts, that this money will become payable without further legislative action, by the Navy Department, the Chair would like to be corrected. If, however, the facts are as the Chair understands them, the point of order is well taken and is sustained as to section 2 of the bill.

Mr. BUTLER. Mr. Chairman, I regret very much I can not furnish the Chair with the information the Chair asks for and that I should have. I do not know. I know there was no purpose whatever to provide an appropriation in this bill. I supposed the fund was available and required no further congressional action in order to be paid.

Mr. VINSON of Georgia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Georgia will state it.

Mr. VINSON of Georgia. Mr. Chairman, would it be in order, in view of the ruling of the Chair that section 2 is not in order, to ask that this bill be passed over without prejudice?

The CHAIRMAN. There is an amendment pending offered by the gentleman from Texas [Mr. BLACK] to strike out the enacting clause. The bill may be passed over, however, by unanimous consent; otherwise we must proceed with the disposition of the amendment pending.

Mr. BLACK of Texas. Mr. Chairman, I think we might as well test out the sentiment of the House on this question.

Mr. BUTLER. What about the point of order?

The CHAIRMAN. Section 2 is out of the bill.

Mr. WINGO. Does the Chair rule that the point of order is well taken as to section 2?

The CHAIRMAN. The Chair has so ruled.

Mr. WINGO. Does not the Chair think he ought to take into consideration the whole bill in passing upon any one section? The plain object of the bill is similar to that of a private pension bill. The object of this bill is to include this woman in a particular class, and I do not think it is subject to the point of order. The Chair must consider section 2 in the light of the main purpose of the bill.

The CHAIRMAN. Pension bills coming from the Committee on Invalid Pensions and the Committee on Pensions authorize the payment of pensions or increases of pensions, as indicated by the provisions of the bill, and appropriations are made to cover those cases, and those cases when such appropriations are made are estimated for; but it is manifest that out of the money appropriated for the beneficiaries of officers who die while in the active service no money could have been paid, under the appropriation that has been made creating this fund which is now in the possession of the Navy Department, to Lucy B. Knox without this legislation. If this legislation is passed, it is a new purpose for which this money

can be used, and section 2 clearly appropriates this money to that purpose, and hence is an appropriation.

Mr. WINGO. Mr. Chairman, let us suppose a parallel case, because this is really a pension.

The CHAIRMAN. The Chair wishes the gentleman had raised his point before the Chair had ruled.

Mr. WINGO. Let us assume a parallel case, because this question is liable to come up again. Suppose we passed one of the private pension bills to-day. Suppose we reach such a bill on the calendar, and we give a private pension to Lucy B. Knox when she is not entitled to it under the laws now existing. She goes on the pension rolls. She is paid out of the current appropriation. Next year in making the estimates, of course, they take her into consideration like all the rest of them. The statement of fact and the bill itself show, as well as the history of the law which has been given here, that it is intended to put this woman in the present existing class which she would have been in if the act of 1908 had not been repealed or if the act of 1920 had been passed prior to the time it was enacted.

The CHAIRMAN. The Chair will say in answer to the suggestion of the gentleman from Arkansas that in the judgment of the Chair the cases are not exactly parallel. There are appropriations made for the payment of pensions, and it has been the well-established practice, and it is the intent and purpose of Congress when appropriating for pensions to appropriate for such cases as may be specifically legislated for in these omnibus bills.

Mr. WINGO. I am not talking about omnibus bills.

The CHAIRMAN. The bills themselves do not carry an authorization to pay the money out of the appropriation for pensions, because it is not necessary, and the reason it is not necessary is because the appropriation is made for that purpose, among other purposes. But in this case it is manifest this money could not be paid to Lucy B. Knox out of this fund for the beneficiaries of officers who die in the service without specific authority; otherwise it would not have been incorporated in the bill, and this appropriation of a portion of this fund is made for that purpose. For that reason the Chair does not think the cases are parallel.

Mr. WINGO. So section 2 alone would go out.

Mr. DOWELL. May I call the attention of the Chair to the rule on this question? This is a private bill, and I desire to read from page 372 of the Manual, and this is the rule that provides that a point of order may be raised to appropriations. This rule was adopted June 1, 1920, in the Sixty-sixth Congress:

> A point of order under this rule can not be raised against a motion to suspend the rules * * * and it can not be made against a Senate amendment to an appropriation bill * * * but it may be directed against an item of appropriation in a Senate bill, and in such event takes the form of an amendment. The rule does not apply to private bills, since the committees having jurisdiction of bills for the payment of private claims may report bills making appropriations within the limits of their jurisdiction. (June 24, 1921, 67th Cong., 1st sess.)

The CHAIRMAN. That refers to the Claims Committee; but this bill comes from the Committee on Naval Affairs, and therefore that language is not applicable.

Mr. DOWELL. But it is in the jurisdiction of that committee.

Mr. CHINDBLOM. This is not a claim, I will say to the gentleman.

Mr. DOWELL. If it is not a claim, then it does not come within this rule; but as I understood it, this bill is a claim.

Mr. BUTLER. The Chair has ruled, and for one Member I cheerfully accept the ruling of the Chair. I think the Chair is exactly right. We perhaps did not have the information we should have had, but there was certainly no purpose to take away any rights or privileges from the Committee on Appropriations.

Now, Mr. Chairman, I would like to talk a moment on the motion to strike out the enacting clause. This bill, like all others that are here reported from the committee, passed the House unanimously last term, and there are seven precedents for the action of this one. Our friend from Ohio asked a very pertinent question, why we do not have a general law. I would much prefer to exercise the privilege wisely and consider all of these bills for relief one by one and submit them to this House rather than to pass a general law covering all cases coming within the exception. I much prefer as a Member of the House to have the facts in each case submitted to this subcommittee rather than commit them all to any other tribunal. I speak for them and not for myself. No men working upon such a duty ever performed the work with greater wisdom, with greater care, with greater patience, with greater industry, than the gentleman from Ohio [Mr. STEPHENS] and the gentleman from Georgia [Mr. VINSON] and their colleagues sitting on this subcommittee. They report nothing to you gentlemen that they do not sincerely believe should be passed by the House.

Many bills are referred to them for their scrutiny and decision and are rejected. Now, as I understand, this bill only asks for compensation to which this woman would have been entitled if it had not been that the law was suspended from operation by this Congress. There are at least six precedents, bills passed unanimously for the same purpose.

Mr. BROWNING. Will the gentleman yield?

Mr. BUTLER. Certainly.

Mr. BROWNING. There were 180,000 deaths in the service when the law between 1917 and 1920 was repealed, and does the gentleman from Pennsylvania advocate a special bill for every one?

Mr. BUTLER. No; I am not advocating any more work for myself than I have to do now. But we will pass on the cases when they come to us.

Mr. BROWNING. Does not the gentleman think they all have an equal claim?

Mr. BUTLER. They might have, but I would not suggest going around and hunting them all up.

Mr. BLACK of Texas. The gentleman would not advocate that only seven ought to be paid?

Mr. BUTLER. No; this bill was reported under similar circumstances and I would not discriminate against anyone. The world was made for all.

Mr. WINGO. The gentleman from Pennsylvania knows human nature better than I do.

Mr. BUTLER. Oh, no; I do not.

Mr. WINGO. Why should the watchdog of the Treasury object to one of these bills and let others go through that are on the same calendar?

Mr. LINTHICUM. Mr. Chairman, there has been a great deal of talk about this bill. I happen to know these people and I introduced this bill. Lieut. Commander Forney Knox was one of the men who served during the entire war in the North Sea. He was one of the men who helped to lay the great barrages across the North Sea. He was taken sick and apparently became well, came back to Annapolis, and there he performed his duties to the entire satisfaction of the Naval Academy. As a result of his exposure in the North Sea he was taken sick with influenza and died about the 23d of February, 1920.

The law which created the insurance in 1917 was construed as having repealed the law passed in 1908, which gave to all men six months' pay. So that between the years of 1917 and the 4th of June, 1920, there was no law in existence which gave them the six months' pay. Forney Knox died on the 16th day of February, 1920. If he had lived until the 4th day of June, 1920, four months longer, Congress would have taken care of him under that general law.

The general law at the present time is identical with what we are asking for under this bill; that is, that his widow shall have six months' pay, which amounts to about $2,370. Mrs. Knox—I do not know her age, and I am not a good judge of the age of ladies—has three little children, one of them born after Lieutenant Knox died of influenza. They are now about 6, 9, and 11 years old, respectively. For her care and for these little children the insignificant sum of $52 is given by the National Government. And then she draws what every widow whose husband carried $10,000 insurance draws, to wit, $57.50 monthly, which gives her approximately $100 to take care of herself and three little children.

The gentleman from Massachusetts [Mr. UNDERHILL] spoke about creating a precedent. This is not any precedent; every bill that came before the Naval Committee asking for this identical relief has been reported favorably and passed unanimously by the House. For example: Harriet B. Castle, private law 2735, Sixty-eighth Congress; Alice P. Dewey, private law, 255, Sixty-seventh Congress; Josephine Barin, private law 242, Sixty-seventh Congress; Ellen McNamara, private law 222, Sixty-seventh Congress. We have those four cases which were passed by the Sixty-seventh Congress, and in the last session of the Sixty-eighth Congress we passed three bills identically like this, to wit, Flora M. Herrick, private bill 190, Sixty-eighth Congress; Maude M. Fechuteler, private bill 149, Sixty-eighth Congress; Emma Zembsch, private bill 214, Sixty-eighth Congress, all of which became laws, and the present bill, which was passed by the House, but was too late for the Senate. So that in the last Congress we passed four bills identically like this, and about four bills prior to that, making a total of eight.

Mr. ABERNETHY. Do I understand the gentleman to say that there have been widows whose husbands died a few months after this man died who have received the six months' pay?

Mr. LINTHICUM. Certainly. In the last Congress we passed several such bills, and every widow that came before the committee asking for this relief has gotten it. The Navy Department is not ignorant of this. Captain Leigh was before the committee, and said that they preferred general legislation, but they had no objection to this individual legislation, and have never raised any objection to it. Then, of course, since June 4, 1920, all such cases are taken care of by that general legislation mentioned.

Mr. UPDIKE. And is it not a fact that if this man had lived four months longer he would have come in under the general law?

Mr. LINTHICUM. Absolutely. It so happens that he died four months before we enacted the law. The truth is that Congress never intended to repeal the act of 1908 in the act of 1917, but it was construed to have been repealed.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LINTHICUM. Summarizing, there are just a few points I wish Members to bear in mind. The striking out of the second section of this bill does not prohibit the relief under the bill. It will be effective without the second section. All that will have to be done is to amend this bill or get the appropriation in a deficiency appropriation bill. Do not let the idea of striking out the second section interfere. By construction of the act of 1917 the act of 1908 was repealed, but just as soon as Congress could get back to it, on the 4th of June, 1920, it reenacted the law, and, lastly, this widow is asking for exactly the same thing that any service man's widow would get if he died to-day, and, as for precedents, there are 8 or 10 previous cases which have been passed under unanimous consent, and the gentleman from Texas [Mr. BLACK] and the gentleman from Ohio [Mr. BEGG] were both here.

Mr. BEGG. Mr. Chairman, I move to strike out the last word. I do not want to consume any unnecessary time, but I think this case is important, and I think the House ought to have the facts accurately. My genial friend from Georgia [Mr. VINSON] took me to task for making a misstatement as to the date of the death. This man died February 20, 1920. The gentleman from Georgia, who as a rule is accurate, made an absolute misstatement of fact, as did the gentleman from Maryland [Mr. LINTHICUM] just now, when he said that any soldier similar to this man dying to-day would get this gratuity of six months' pay. I challenge these gentlemen to read the law which was reenacted in 1920 which specifically prevented this class of men from getting the gratuity. It specifically excludes this kind of men. This man was a temporary officer; and if a temporary officer dies to-day, he gets nothing, save the compensation and the widow's pension.

Mr. VINSON of Georgia. Assume for the sake of argument that he was a temporary officer, yet he was assigned to active duty. Therefore he has the status of an active officer.

Mr. BEGG. He was not on active duty. He was on temporary duty when he died.

Mr. ABERNETHY. He was on duty, was he not?

Mr. BEGG. I refuse to yield. Here is the case, and let us state it fairly, and I shall be happy with whatever the majority votes. When the gratuity provision of six months' pay was originally passed, why was it passed? It was to provide immediate care for the widow and the family of the deceased. That was prior to the war. They gave the widow six months' gratuity, thinking that would tide her and the family over the period of suffering and sorrow when no pay was coming in. Along came the war, and we passed the war risk insurance act, and we gave allotments and allowances in addition to pay and repealed the gratuities, and when the gentleman says that it was not intended I challenge him to show a line in any statute which says that it was not the intent of Congress to repeal that. Following the war we reenacted that, and we specifically provide in the law that only shall the widows of Regular Army officers and marines get this gratuity of six months' pay, and these same people must show, if they want some of the gratuities that are provided for, that the cause of death is chargeable directly to their service; and I, as well as gentlemen before me, have repeatedly taken cases down to the War Department and have been denied relief because we could not prove the service contact for the deceased.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BEGG. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

Mr. ABERNETHY. Mr. Chairman, reserving the right to object, I think when a gentleman asks the privilege of proceeding further he ought to yield to an interruption, though I shall not object.

Mr. BEGG. I think the gentlemen ought to grant a speaker the right to complete a statement. I yield to the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. WINGO. Mr. Chairman, reserving the right to object, I have no desire to shut off my friend. He has spoken twice, and I think he has covered the case fully. I think the case has been fully presented by the committee. Debate is exhausted on the pending motion, is it not?

The CHAIRMAN. The gentleman is correct.

Mr. WINGO. If the gentleman from Ohio had not already spoken about 15 minutes I would not object, but I think we ought to get on to the other bills on this calendar, and I say that without having a bill on the calendar. I object.

Mr. BUTLER. Mr. Chairman, is debate exhausted? I would like to have something to say about these temporary officers being put on the retired list.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLACK] to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLACK of Texas) there were—ayes 27, noes 63.

So the amendment was rejected.

Mr. LINTHICUM. Mr. Chairman, I have an amendment to offer.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. LINTHICUM: Strike out all after the enacting clause and insert: "There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, such sum as may be necessary to pay to Lucy D. Knox, widow of the late Lieut. Commander Forney Moore Knox, United States Navy, an amount equal to six months' pay at the rate said Forney Moore Knox was receiving at the date of his death."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. Without objection, the bill as amended will be laid aside with a favorable report.

There was no objection.

The CHAIRMAN. The Clerk will report the next bill on the calendar.

CHARLES WALL

The next business on the Private Calendar was the bill (H. R. 1944) for the relief of Charles Wall.

The Clerk read as follows:

Be it enacted, etc., That the President is authorized to appoint Charles Wall a lieutenant commander in the United States Naval Reserve Force, class 3 (in which grade and force he served honorably during the World War), and to retire him and place him upon the retired list of the Navy with the retired pay and emoluments of that grade.

The committee amendment was read, as follows:

Page 1, line 8, after the word "grade," insert a semicolon and the following proviso: "*Provided*, That no back pay, allowances, or emoluments shall become due because of the passage of this act."

Mr. RANKIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. The author of this bill—Mr. LEA of California—is unavoidably absent attending the funeral of his colleague [Mr. RAKER]. There is going to be a fight on the proposition, as I understand it, and I was just wondering if it would be in order to ask unanimous consent that it be passed over without prejudice to a subsequent day.

The CHAIRMAN. That request is in order. Does the gentleman make it?

Mr. RANKIN. I do.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that the bill H. R. 1944 be passed without prejudice and retain its place on the calendar. Is there objection? [After a pause.] The Chair hears none.

ARTHUR L. HECYKELL

The next business on the Private Calendar was the bill (H. R. 2537) for the relief of Arthur L. Hecykell.

The Clerk read as follows:

Be it enacted, etc., That the President is authorized to appoint Arthur L. Heckyell, formerly lieutenant in the United States Navy, a lieutenant in the United States Navy and place him upon the retired list of the Navy, with the retired pay and allowance of that grade: *Provided*, That no back pay, allowance, or emoluments shall become due as a result of the passage of this act.

The CHAIRMAN. Without objection the bill will be laid aside with a favorable recommendation.

There was no objection.

CLAUDE F. BETTS

The next business on the Private Calendar was the bill (H. R. 2636) for the relief of Claude F. Betts.

The Clerk read as follows:

Be it enacted, etc., That Claude S. Betts, late ensign (pilot) Naval Air Service, be made an ensign on the retired list of the United States Navy: *Provided*, That no back pay, pension, or allowance shall be held accrued prior to the passage of this act.

The CHAIRMAN. Without objection the bill will be laid aside with a favorable recommendation.

There was no objection.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. I assume that the Chair has fortified himself with precedents for the statement just made. It occurs to me in order to preserve regularity of precedents and integrity of the record the Journal at least ought to show that the bill was considered under the routine form by unanimous consent. The Chair merely stated, without objection.

The CHAIRMAN. This is the usual form in which private bills are considered in the Committee of the Whole House. Of course, if anyone desires to make an amendment to a bill that is always in order, and the reporting will be held in abeyance until any amendment is considered and disposed of. The motion that the bill be reported to the House with the recommendation that the bill do pass is presumed to be made when a bill comes up in the Committee of the Whole House. Unless there is an amendment or some other motion desired to be made that course is assumed to be taken. That has been the invariable practice of the House in the Committee of the Whole House.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I want to call the attention of the committee to the report of the Secretary of the Navy on this bill, and I want to ask the gentleman from Virginia, Governor MONTAGUE, a question. The Secretary of the Navy, the Hon. Curtis D. Wilbur, under date of December 14, 1925, after discussing the case, in a communication says this:

In view of the foregoing, and as the enactment of this proposed law would furnish an undesirable precedent, it being legislation intended for the benefit of an individual and not for the general good of the naval service, this department recommends, in accordance with its consistent practice, disapproval of the bill H. R. 2636.

However, the department would look with favor upon the enactment of any general legislation which would provide for the retirement of former reserve and temporary officers who may have suffered disability as the result of an incident of the service during the period from April 6, 1917, to March 3, 1921.

Now, I understand from the gentleman from Virginia that this is a most meritorious bill considered from its own statement, and I want to ask the gentleman, as there are so many others in the same position, that since the department recommends there be general legislation, what steps are to be taken now to relieve the others who are in identically the same situation?

Mr. MONTAGUE. I will say that I suspect if you should secure a committee of 100 and divide it in equal portions of five each to scour the United States of America you would not find a similar case to this.

Mr. BLANTON. I am not raising opposition to this bill, because the gentleman in the last Congress convinced me this bill was meritorious. But what about the unfavorable recommendation of the Secretary of the Navy, wherein he recommends that there be general legislation? This Committee on Naval Affairs should bring in general legislation that would cover all similar cases that may be equally meritorious.

Mr. BUTLER. Mr. Chairman, will the gentleman from Texas [Mr. BLANTON], my friend, be satisfied with my explanation? I am the author of the bill originally, to provide for the retirement of reserve officers the same as Regular officers in the Navy. I am also responsible for the passage of the law which limited the time in which they could retire.

This is an exceptional case, I will say to my friend. We do not desire any general law. We desire all these cases to be submitted to the committee, in order that we may know why these officers did not apply in time. I want my friend to know that whenever a man comes here and asks to be put on the retired list as a reserve officer he must come with clean hands and must show to the satisfaction of the committee that he was not guilty of any laches or negligence in not applying in time.

Mr. STEPHENS. This bill passed the Sixty-eighth Congress on February 24, 1925, but failed to go through in the Senate.

Mr. MONTAGUE. They did not reach it in the Senate?

Mr. STEPHENS. No.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

HERBERT ELLIOTT STEVENS

The next business on the Private Calendar was the bill (H. R. 2808) for the relief of Paymaster Herbert Elliott Stevens, United States Navy.

The Clerk read the bill, as follows:

Be it enacted, etc., That hereafter Paymaster Herbert Elliott Stevens, United States Navy, shall be regarded as having been promoted to a pay inspector in the United States Navy on the 11th day of January, 1918, with rank as such immediately after Pay Inspector McGill R. Goldsborough, United States Navy: *Provided*, That the said Paymaster Herbert Elliott Stevens shall establish to the satisfaction of the Secretary of the Navy, by examination, his mental, moral, physical, and professional qualifications to perform all the duties of said grade: *Provided further*, That nothing herein shall be construed to entitle Paymaster Herbert Elliott Stevens, United States Navy, to any back pay, allowance, or other emoluments in this permanent rank.

Mr. ANDREW. Mr. Chairman, this bill passed the House last year and was lost in the jam in the Senate. It costs the Government not one cent. It only rectifies an injustice done to a man who has served in the Navy Pay Corps for 27 years. He was eligible to come before an examining board in January, 1918, during the World War, for promotion, but he was not called before such a board because of the exigencies of the war. He was in another part of the world at that time.

As I say, this involves no charge on the Government, as this man now receives a salary as of one grade above that to which this bill would promote him. It only rectifies the situation that occurred in 1918, during the war, which estopped him from coming before an examining board. This makes him eligible to come before such a board for examination.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

FREDERICK S. EASTER

The next business on the Private Calendar was the bill (H. R. 3431) for the relief of Frederick S. Easter.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers Frederick S. Easter, late of One hundred and forty-fifth Company, Third Replacement Battalion, United States Marine Corps, World War, shall hereafter be held and considered to have been honorably discharged from the marine service of the United States.

With a committee amendment, as follows:

After the word "States," page 1, line 9, insert *"Provided, however*, That no pension shall accrue prior to the passage of this act."

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. CHINDBLOM. Mr. Chairman, with reference to the committee amendment, of course, technically, we have no pensions for veterans of the World War. I would like to ask the gentleman if it would not be better to insert the words "no such rights, privileges, or benefits shall accrue prior to the passage of this act"? "Pension" does not mean anything with reference to the World War. You are conferring certain rights, privileges, and benefits on the soldier. It is the intention that no such rights, privileges, or benefits shall accrue prior to the passage of this act. Why not change the language?

Mr. STEPHENS. Well, he might be entitled to benefits for services which he performed in the late war. He rendered a very capable and meritorious service.

Mr. CHINDBLOM. Then you do not want an amendment at all?

Mr. STEPHENS. We put it in providing that no pension shall accrue prior to the passage of this act.

Mr. CHINDBLOM. There is no pension involved in the case.

Mr. STEVENSON. There is no pension and no compensation.

Mr. CHINDBLOM. It is proposed by this act to confer on this man certain rights, privileges, and benefits under existing law. But the committee brings in a proviso "that no pension shall accrue prior to the passage of this act." Why not change the word "pension" so as to make it refer directly to the rights, privileges, and benefits that you seek to confer upon him?

Mr. VINSON of Georgia. The reason for that language is to clear up his record in the department, and with the clearing up of the record he might be entitled to some gratuity in the way of a pension, so that, in order to keep him from having some benefit for prior service, we put that in. You are clearing up his record. You will see, if the gentleman will read the bill, that it provides—

That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers, Frederick S. Easter * * * shall hereafter be held and considered to have been honorably discharged from the Marine service of the United States.

An examination of the facts, no doubt, will disclose that he has not an honorable-discharge record. You will find that he has something beside that.

Mr. CHINDBLOM. That was a discharge from the service in the World War. Therefore, it must refer to rights, privileges, and benefits accruing by service in the World War.

Mr. VINSON of Georgia. No. If he had a dishonorable discharge before, and that record is cleared away, he might be eligible to a pension.

Mr. BUTLER. The man did well in the big war.

Mr. CHINDBLOM. I am not opposed to the bill, understand; but——

Mr. VINSON of Georgia. It is the intention that no pension shall accrue to him prior to the passage of this act.

Mr. CHINDBLOM. Why not make it clear by saying, "*Provided, however*, That no such rights, privileges, or benefits shall accrue prior to the passage of this act"? You make it clear that he would have certain rights, privileges, and benefits that you now confer on him; but when you use the word "pension" you must remember that the World War carries no pension.

Mr. VINSON of Georgia. What are the facts? This man enlisted in the Marine Corps from Cincinnati, Ohio, in 1918.

He served as a member of the One hundred and fifty-fifth Company and was discharged in 1919 with a bad-conduct discharge. Now, this is to clear up his record; and when you clear his record he would be entitled, probably, to some benefit, as would a soldier with a clear record, in the form of a pension.

Mr. CHINDBLOM. What form of pension is there that a veteran of the World War may get to-day?

Mr. VINSON of Georgia. Well, I do not know.

Mr. CHINDBLOM. There is none.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. Mr. Chairman, I offer an amendment. In lieu of the word "pension," in line 10, insert the words "no such rights, privileges, or benefits."

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CHINDBLOM: Strike out the word "pension," in line 10, and insert in lieu thereof the words "such rights, privileges, or benefits," so that as amended it will read: "*Provided, however*, That no such rights, privileges, or benefits shall accrue prior to the passage of this act."

Mr. VINSON of Georgia. Mr. Chairman, I rise in opposition to the amendment. I am satisfied that if the gentleman from Illinois had read the record he would not offer this amendment. The very purpose of his amendment would deny this boy the right to file a claim in the Veterans' Bureau for any wound or disability he may have received in battle during the World War.

Now, what are the facts? He was wounded on June 10, 1918, at Belleau Woods. He came back to this country; he was court-martialed and he was given a bad-conduct discharge. Now, all this bill seeks to do is to remove the bad-conduct discharge record and treat his case as if he had an honorable discharge, but under the amendment offered by the gentleman from Illinois [Mr. CHINDBLOM] he would have no right to file a claim for disability incurred in the discharge of his duty at Belleau Woods or any other place, because he has a dishonorable discharge.

Mr. DENISON. The gentleman is wrong. He could file a claim but he could not collect back pay, and that is the only effect of the amendment offered by the gentleman from Illinois.

Mr. VINSON of Georgia. But it might be that he was drawing something to-day. The mere fact that he has a bad-conduct discharge does preclude him from the right of filing a claim.

Mr. DENISON. If he is drawing it to-day, then he is collecting it and this amendment would not effect that at all.

Mr. VINSON of Georgia. Under the amendment it would probably be charged up to him and he would be cut off.

Mr. CHINDBLOM. What, then, is the purpose of the proviso recommended by the committee?

Mr. VINSON of Georgia. Its purpose is to protect the Government. Whenever you clear up a man's record certain rights might accrue to him, and this proviso is offered so that there will be no chance for him to get a back pension. That is the only reason of it. It is for the protection of the Government.

Mr. CHINDBLOM. What pension could a World War veteran get to-day?

Mr. VINSON of Georgia. I do not know, as I said to the gentleman a while ago.

Mr. CHINDBLOM. There is none, I will say to the gentleman.

Mr. ANTHONY. Will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. ANTHONY. I would like to have a little information. What is the purpose of the passage of this bill?

Mr. VINSON of Georgia. The purpose is to clear up the record of this brave marine. He rendered good service at Belleau Woods.

Mr. ANTHONY. Why does the committee want to clear his record? What is he charged with?

Mr. HILL of Maryland. He is charged with having been asleep on duty. He enlisted at the age of 16, was gassed in 1918, and when he was found asleep on duty he was given a bad-conduct discharge. Now, if his record is to be cleared up why should you attach a string to it by having this amendment adopted? If there are any rights which should accrue to him after his record is cleared up, why not let him have them?

Mr. VINSON of Georgia. We are simply wiping out the bad-conduct discharge that is now against him.

Mr. HILL of Maryland. But if you clear up his record, why do you put any provision on it? If he is entitled to an honorable discharge, why not give it to him, as well as the privileges that go with an honorable discharge?

Mr. STEPHENS. We are giving him his privileges.

Mr. HILL of Maryland. But you certainly do not if you include that last provision.

Mr. CHINDBLOM. Mr. Chairman, I do not seem to be able to make myself understood to the members of the committee. Therefore I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

Mr. STEPHENS. Mr. Chairman, I ask unanimous consent to strike out the proviso reading as follows:

Provided, however, That no pension shall accrue prior to the passage of this act.

The CHAIRMAN. It is not necessary to secure unanimous consent to do that. All that is necessary is to vote the amendment down. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The CHAIRMAN. The question is on laying the bill aside with a favorable recommendation.

Mr. ANTHONY. Mr. Chairman, I have been trying to get some information. I would like to have the gentleman in charge of the bill explain to me just what reasons and what grounds the committee has for setting aside the verdict of a court-martial. I understood the gentleman to state that this man was court-martialed, and I do not think the House ought to proceed in this manner until it has all the facts in the case before it.

Mr. STEPHENS. We had before the committee a full statement of the facts. The fact is that this boy enlisted when he was 16 years of age; he fought at Belleau Woods and other places; he was wounded; he was gassed; he came back to this country and was located at Hampton Roads in a condition that

was deplorable. He was in the hospital; they took him out of the hospital before he was recovered and they put him on picket duty, and the boy, whose foot was injured, sat down to rest himself on account of the pain in his foot and he dropped off to sleep. He was court-martialed and given a bad-conduct discharge. $90 of his pay was taken from him, and he was kicked out. He went home on freight trains to his mother in Cincinnati, and she did not know her own son when he came into the room. It is up to the Members of this House to set such summary courts-martial aside when a boy has fought for his country.

Mr. ANTHONY. Was this offense committed in this country after the war, or was it committed in France?

Mr. STEPHENS. It was committed after the war.

Mr. VINSON of Georgia. At Norfolk, Va.

Mr. ANTHONY. Then the offense committed has nothing to do with his war service?

Mr. STEPHENS. Nothing at all.

Mr. ANTHONY. Does the committee take the position that this court-martial did not do its duty?

Mr. STEPHENS. It did its duty as courts-martial generally do their duty.

Mr. VINSON of Georgia. By finding everybody guilty.

Mr. STEPHENS. Sometimes they are right and sometimes they are wrong. I have no doubt they did their duty as they saw it.

Mr. ANTHONY. It used to be the custom of this House to go very slowly in going behind decisions of courts whether they were military or civil courts, and I think there ought to be a very plain showing in this case that the decision of the court-martial was wrong.

Mr. STEPHENS. Yes; and that is the reason we have given such a very plain showing in this case to the House. We have given the details of this man's service and the slight offense committed and have stated the conditions under which this duty was performed. He was court-martialed and sent on home after his money had been taken away from him and I think the boy got the worst of it all the way through.

Mr. ANTHONY. The presumption is that the court-martial did its duty unless you can show by evidence that is preponderant that it did not.

Mr. STEPHENS. I will say to the gentleman from Kansas if I had been a member of that court-martial I would have investigated the record of this man. I would have investigated the case thoroughly. I would have known his condition. I would have known his service.

I would have known his disability and I would have summed the matter up, and the chances are 100 to 1 if I had been on the court-martial he would not have been sentenced in this way, but would have been sent to a hospital and treated not only for the injury to his body but the injury to his mind, because the boy's mind, even, was not in good condition.

Mr. HILL of Maryland. Will the gentleman from Ohio yield?

Mr. CHINDBLOM. The gentleman from Kansas has the floor, and will the gentleman yield to me?

Mr. ANTHONY. I have yielded the floor.

Mr. CHINDBLOM. As a matter of fact, this bill will not set aside that court-martial.

Mr. VINSON of Georgia. Of course not.

Mr. CHINDBLOM. It merely provides that in the administration of certain laws this ex-soldier shall hereafter be held and considered to have been honorably discharged from the Marine Corps service of the United States.

Mr. VINSON of Georgia. That is all.

Mr. CHINDBLOM. It does not set aside the court-martial at all.

Mr. HILL of Maryland. I would like to ask the gentleman if he knows whether the Committee on Naval Affairs went over the court-martial record?

Mr. STEPHENS. We did not.

Mr. ANTHONY. Then the bill ought not to pass if that is the case.

Mr. STEPHENS. Why not?

Mr. ANTHONY. If you did not go into the record of the court-martial to ascertain whether the court-martial did its duty or not, I do not think the committee has a right to make a recommendation of this kind.

Mr. STEPHENS. We did not go over the court-martial record itself, but we had a statement of what the court-martial did.

Mr. HILL of Maryland. If the gentleman will permit, the committee of which I am a member has a great many of these cases coming from the War Department. I took the position a while ago that if this man is to get this discharge it ought to be given him as a clean, honorable discharge with full benefits.

Mr. STEPHENS. That is what is done by this bill.

Mr. HILL of Maryland. Of course, his previous service and everything else of that sort was considered by the court-martial, and I think the committee should have looked into the court-martial record.

Mr. VINSON of Georgia. I will state to the gentleman from Maryland that the reason we did not look at the record was due to the fact that there were about 45,000 courts-martial in the Navy during these years, and it would be a great task on the part of the Navy to find this particular court-martial record.

Mr. HILL of Maryland. I will say to the gentleman that the Navy Department can give him the record of any general court-martial promptly. This was not a petty court-martial.

Mr. VINSON of Georgia. I understand that.

Mr. HILL of Maryland. Every one of them is in the Navy Department.

Mr. STEPHENS. I will say to the gentleman we had a report as to the court-martial, and we knew the action that had been taken and the other general features.

Mr. HILL of Maryland. Did the Navy Department recommend the passage of this bill?

Mr. STEPHENS. No.

Mr. HILL of Maryland. Of course not.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, since our friend the gentleman from Kansas is so insistent on objecting to the passage of this bill, which would do justice not to an Army officer but to a private in the Marine service, I must say a word in behalf of this man.

Whenever you attack an Army officer you will always find one of our higher-up military friends in Congress, for whom we have great affection, rising to defend him, for fear some injury will be done to his reputation, and so it is with a naval officer; but when it is a mere private there is a chance of his rights being subjected to opposition and a bill of this nature not being passed.

This bill does do away with that court-martial. It ought to do away with it. And that is why I am in favor of passing it.

Mr. HILL of Maryland. Will the gentleman yield there?

Mr. BLANTON. A man who has fought bravely for his country at Belleau Wood and has come back here after the war and has remained in the service when he was sick, and perhaps when he was decrepit and when he was not able to do picket duty, because, forsooth, he falls asleep during peace time, when there is no war, he is tried by a general court-martial and his rights taken away from him; and it is the Congress that is now restoring those rights, and I am glad to have a chance to vote for this private in the service.

Mr. HILL of Maryland. Will the gentleman from Texas yield?

Mr. BLANTON. I yield.

Mr. HILL of Maryland. I agree entirely with the gentleman about the attitude of a court-martial in a case such as this appears on its face, but the gentleman has been too good a judge to be in favor of reversing the decision of any court on opinion.

Mr. BLANTON. No; I am not too good a judge to reverse the decision of this court-martial in peace time. It ought to be reversed, and that is exactly what this Congress is going to do in passing this bill.

Mr. HILL of Maryland. Would you reverse it without reading the record?

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BLANTON. I can not yield for just a moment. The committee reports to us what the substantial facts in the record are.

I want to say there are entirely too many of these peace-time courts-martial of privates in the Army and the Navy, and it ought to stop. Too great an injustice is being done them. There is injustice done in nine cases out of ten when privates are tried. Their rights are not given them; they are brought before the court-martial scared to death, do not know what is going to happen to them; they are forced to plead guilty because of pressure, because of intimidation, and I am glad that this Congress is following the recommendation made by this committee and is going to do justice to this man, and the Navy Department ought to understand that its court-martial is set aside.

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, this is a matter of extreme seriousness. It is all right for the gentleman from Texas to talk about the rights of the enlisted man. That has nothing to do with this case. It is all right for the gentleman to inveigh against court-martial—that has nothing to do with this case. I have seen a great many court-martial records and have sometimes disapproved them in the name of a division or a corps commander.

We ought not to do this without looking at the record. Let this case go back to the committee, let the committee examine the record of the court-martial, and if it shows that any unjust or drastic things were done, as suggested by the gentleman, they can bring it in here and we will do our duty with reference to it. I say it is improper for the House of Representatives to reverse a court-martial without at least having read the court-martial record.

Mr. STEPHENS. Let me say to the gentleman that we have investigated, and we know what the court-martial proceedings were; we know what the real substance of it was. We did not read over every item in detail, but we knew what the general action of the court-martial was and the proceedings of what was generally done. We did not take the time to go into all the details.

Mr. HILL of Maryland. When I was chairman of the subcommittee on desertions of the Military Affairs Committee I recommended, and the committee recommended, the reversal of a number of court-martial proceedings, and never hesitated to do it when we thought we were right; but we never came in here and recommended the reversal of a general court-martial proceedings without having seen the record itself.

Mr. STEPHENS. We did see the record.

Mr. HILL of Maryland. I thought the gentleman said they did not have the record of the court-martial. The gentleman from Georgia [Mr. VINSON] so stated. He said the Navy Department could not find the record.

Mr. ANTHONY. The gentleman stated that he had not seen the record of the court-martial.

Mr. STEPHENS. Oh, we had the record; but, as I say, we did not read the evidence wholly, but we had the record.

Mr. Chairman, I move that the bill be laid aside with a favorable recommendation.

The CHAIRMAN. The gentleman from Ohio moves that the bill be laid aside with a favorable recommendation.

The motion was agreed to.

RUSSELL H. LINDSAY

The next bill on the Private Calendar was the bill (H. R. 8572) for the relief of Russell H. Lindsay.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to appoint Russell H. Lindsay, former ensign, United States Navy, in which grade he served honorably during the World War, an ensign in the United States Navy, and to retire him and place him on the retired list of the Navy as an ensign, with retired pay of that grade, as provided by law for officers retired by reason of physical disability incident to service.

Mr. BLACK of Texas. Mr. Chairman, I would like to ask the gentleman from Colorado if this man is drawing any pension from the Veterans' Bureau at the present time?

Mr. TIMBERLAKE. No; he is not.

Mr. BLACK of Texas. Then I have no objection; but I wish to offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 1, line 10, after the word "service," strike out the period and insert a colon and the following language: "*Provided*, That no back pay, allowance, or emoluments shall become due because of the passage of this act."

Mr. BLACK of Texas. That amendment is in line with the usual amendments that are adopted in cases of this kind.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The bill as amended was laid aside with a favorable recommendation.

CHARLES RITZEL

The next business on the Private Calendar was the bill (H. R. 5858) for the relief of Charles Ritzel.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,500 to Charles Ritzel, on account of the death of his son, Charles Ritzel, jr., who was scalded to death on December 15, 1904, while employed as boiler maker on board the U. S. S. *Massachusetts*, at League Island Navy Yard, Philadelphia, Pa.

The bill was laid aside with a favorable recommendation.

FAYETTE L. FROEMKE

The next business on the Private Calendar was the bill (H. R. 787) for the relief of Fayette L. Froemke.

The Clerk read the bill, as follows:

Be it enacted, etc., That so much of section 6 of the naval appropriation act approved July 12, 1921, as provided that the application for retirement of officers of the Naval Reserve Force and temporary officers of the Navy who have heretofore incurred, or who may hereafter incur, physical disability in the line of duty in time of war shall be filed with the Secretary of the Navy not later than October 1, 1921, be, and hereby is, waived in the case of Ensign Fayette L. Froemke, Pay Corps, United States Naval Reserve Force, inactive, and his case is hereby authorized to be considered and acted upon under the remaining provisions of said section if his application for retirement is filed not later than 60 days from the approval of this act.

Mr. BLACK of Texas. Mr. Chairman, I would like to ask the gentleman from North Dakota if this claimant, Froemke, draws a pension from the Veterans' Bureau at the present time.

Mr. BURTNESS. He has a disability pension; I do not know what the percentage of the compensation is now. The last time they checked up he had a rating of permanent disability.

Mr. BLACK of Texas. In that case he is receiving $100 a month. Mr. Chairman, I move to strike out the enacting clause. My view on these cases is this: Where the veteran is not drawing any compensation from the Veterans' Bureau at all there might be some excuse for passing a bill of this kind. But where he is now being compensated by the Veterans' Bureau at the maximum rate, there is no excuse whatever for the passage of a bill of this kind. If we are going to adopt the policy of passing a special law and retiring these emergency officers of the Navy, then Congress owes it to itself to report favorably the Fitzgerald bill, which will permit all disabled emergency officers in the Army who served in the World War to be retired and draw retirement pay instead of drawing compensation under the general law.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. WAINWRIGHT. Is not that what we did with the reserve and temporary officers in the Navy, and did we not give them an unqualified right to retirement for disability?

Mr. BLACK of Texas. It did if they filed the application within a limited time, but that was of limited operation, and it has already expired. All applications under it were required to be filed prior to October, 1921. I was against that bill. I have opposed steadfastly any discrimination in the payment of compensation in favor of the officer and against the enlisted man. Let those who defend that practice come out and say so.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield further?

Mr. BLACK of Texas. Yes.

Mr. WAINWRIGHT. It will recognize the principle.

Mr. BLACK of Texas. Yes; but if we are going to take up cases of this kind by special bills for officers of the Navy, does not the gentleman think we ought to bring in the Fitzgerald bill and pass it and permit the same privilege to emergency officers of the Army? Why make fish of one and fowl of the other?

Mr. WAINWRIGHT. I am very favorably inclined toward the Fitzgerald bill.

Mr. BLACK of Texas. Here is the situation that exists now. I do not suppose that anybody will contend that the naval officers rendered more gallant service than those in the Army, and yet the Committee on Military Affairs has not reported out a single bill in favor of an officer who is on the compensation rolls of the Veterans' Bureau, to put him on the retired list of the Army and pay him retirement pay. But we do not ever have a private calendar day here that it is not loaded down with bills of this kind from the Naval Committee in behalf of emergency naval officers. I protest against it. It is not right. It is not fair. We had the Bursum bill at the last session of Congress providing for the retirement of emergency officers of the Army. It was not passed. We have now pending before the Committee on Military Affairs the Fitzgerald bill for the same purpose. It has not been passed, and I protest against the enactment of these bills where the officers are already drawing compensation from the Veterans' Bureau, as is the case in this instance. This man draws $100 per month. Why is that officer entitled to be put on the retired list of the Navy and draw more than a private soldier suffering from the same injury? What better reason is there to take this ensign who is now receiving $100 a month from the Veterans' Bureau and put him on the retired list, when thousands of private soldiers with identically the same sort of disability are not granted that privilege?

Mr. HILL of Alabama. Does not the gentleman think that the whole retirement law of this country ought to be rewritten?

Mr. BLACK of Texas. I do.

Mr. HILL of Alabama. Does not the gentleman think it is a mistake to pass these special bills until we do rewrite it?

Mr. BLACK of Texas. I do. I realize that my protest is not reaching very far. But I know my duty, and I am going to discharge it as best I can.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK of Texas. Mr. Chairman, I ask unanimous consent for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. CHINDBLOM. Does not the gentleman think there is a little flaw in his reasoning, inasmuch as the compensation from the Veterans' Bureau is likely to be cut off or changed at any moment?

Mr. BLACK of Texas. Why so?

Mr. CHINDBLOM. It is not permanent.

Mr. BLACK of Texas. The gentleman from North Dakota [Mr. BURTNESS] said that he was rated as permanent.

Mr. CHINDBLOM. But that rating can be changed to-morrow.

Mr. BLACK of Texas. Why so?

Mr. CHINDBLOM. It is frequently changed.

Mr. BLACK of Texas. Any rating could be changed, no doubt, but it would be soon enough then to come in with a private bill in his behalf and not anticipate that he will be cut off in this way. I do not intend to debate the proposition any further. I simply want to protest against this flagrant discrimination which the House has practiced session after session. If we are going to put on the retired list men who served as emergency officers in the Navy, if we are going to put on the retired list men who served as emergency officers in the Marine Corps, then there is no reason in the world, except a gross and base discrimination, for not granting the same privilege to the emergency officers of the Army.

Let those who support this bill be consistent and demand the same treatment for emergency officers of the Army, who in many cases suffered much more severe injuries than some emergency naval officers who have been put on the retired list and given retirement pay.

Mr. BURTNESS. Mr. Chairman, the argument made by the gentleman from Texas [Mr. BLACK], of course, applies particularly to the merits of the so-called Fitzgerald bill and other bills that have been pending in Congress, the object of which has been to place the emergency officers of the United States Army on the same basis as the temporary officers of the Navy and the Naval Reserve Force, but it has absolutely nothing to do with this particular case.

What does this bill do? This bill does not retire anybody. This bill does not retire Mr. Froemke. What rights does it give to him? It gives him 60 days to do that which the law passed by this Congress on July 12, 1921, gave him and other like naval officers the right to do. Why did he fail to do that between July 12 and October 1, 1921, as required by the act? The evidence was submitted to the committee which reports this bill. He failed to file his application for retirement at that time because he knew nothing about the exact provisions in the law, or, rather acted under a misapprehension with reference to what the provisions were, and during most of that time he was flat on his back in the hospitals of this country. That is all this bill does. Mr. Froemke enlisted in the Navy in June, 1917. In 1918 he was commissioned as an ensign. In August, 1918, he had gone into training and received a commission later. He was discharged in January, 1919. Just where was he during this time when under the act of July 12, 1921, he could have filed his application for retirement? If the gentlemen will read the report they can find out. In May, 1921, there was a diagnosis of high fever, chill, heavy cold in the chest. In June, 1921, there was a diagnosis of the sputum found positive for tuberculosis, increasing cough, stomach disorder, and general weakness. On June 20, 1921, the case was diagnosed as tuberculosis, pulmonary, by Dr. Samuel Boggs, of Baltimore, Md. On June 27, 1921, he entered Cragmore Sanatorium, Colorado Springs, Colo. In August, 1921, he suffered a hemorrage of the lungs, and so on.

The affidavits and statements of doctors are found in the report, and the following is the affidavit of the physician in charge at Cragmore Sanatorium, one of the hospitals in which this man received treatment during the time the law permitted him to file an application.

Mr. BLACK of Texas. It is not the contention of anyone that this man is not disabled, but the gentleman's own admission is that he is now receiving compensation from the Veterans' Bureau and that his rating is permanent total.

Mr. BURTNESS. That was his rating when his affidavit dated April 3, 1924, was made. Since that time I have a letter advising that his compensation has since been materially reduced, but not stating what it is; he has some disability rating now, but it is partial and not total. The exact amount of that rating, in my judgment, is not material one way or the other.

Of course, if he is given the privilege to file his application for retirement and is actually retired any compensation he now receives from the Veterans' Bureau will be entirely set aside. He will not get both. What I have submitted as to his condition is to show the reason why he did not file his application during the time provided by the general law rather than to show his exact disability.

Mr. MONTGOMERY. Will the gentleman yield?

Mr. BURTNESS. I will.

Mr. MONTGOMERY. The real purpose of this is to get retirement pay in lieu of the compensation which applies to enlisted men?

Mr. BURTNESS. The real purpose is to get 60 days' time in which to file his application, the same kind of application which he could have filed under the general law in 1921 and which he failed to do because of his illness and lack of knowledge of what the law was at that time.

Mr. MONTGOMERY. This man would get retirement pay?

Mr. BURTNESS. If his application is favorably passed upon he would get retired pay.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURTNESS. I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MONTGOMERY. Does not the gentleman think that allowing these officers who now get a higher rate of compensation than enlisted men is a discrimination against the enlisted men who served during the war?

Mr. BURTNESS. I think that is true, but that is an argument that should have been made here in July, 1921, when this general act in reference to the naval officers was considered and a discrimination now exists against Ensign Froemke, and in favor of the ensigns and other naval officers who actually filed their applications under the general law and obtained what Congress granted.

Mr. MONTGOMERY. Does not the gentleman think that law should be corrected rather than add another error to it?

Mr. BURTNESS. The general law passed was passed in July, 1921, and can not now be changed. The exact proposition now before us is to get the discrimination removed which affects not a general class but an individual.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. BLACK of Texas. Let us not forget the law was only for a temporary length of time, and this man is simply in the same situation as the emergency officers of the Army who have not been allowed this.

Mr. BURTNESS. He is in the same position now as reserve officers of the Army, but the discrimination is between himself and others of his class.

I want to read from the affidavit which he made in 1924 as to the reason for not filing. He says, among other things:

> That in February, 1924, although he had then become totally disabled, he learned for the first time that the act in question did not provide that the disability must be total and permanent, and consideration of his application was declined for the reason that it was not made prior to October 1, 1921.
>
> That the reason why such application was not made prior to that date was, first, that this affiant was very ill and confined to his room during most of the time and physically unable to look after or attend to his own affairs; and, second, that the information given to him, and which was the only information he had upon the subject, and which came from sources which caused him to believe it to be correct, was that only a total permanent disability entitled him to be considered for retirement under the act. That he did not discover this error until January, 1924, otherwise application would have been sooner made.

The CHAIRMAN (during the reading of the foregoing quotation). The time of the gentleman has again expired.

Mr. BURTNESS. I ask for two additional minutes.

The CHAIRMAN. Is there objection?

Mr. REECE. Mr. Chairman, reserving the right to object, I am for the gentleman's bill, and I am going to vote for it, and I have no doubt the House will, but we have a long calen-

dar here and there are other bills to pass, and I think that too much time is being taken on one particular bill. [Cries of "Regular order!"]

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BURTNESS. This is the contention made by Mr. Froemke in this affidavit, and same in detail is substantiated by written evidence, which I filed before the committee, coming from the authorities at the hospital at which he was receiving treatment at that time. I bespeak your favorable consideration.

Mr. BLANTON. I offer a substitute to strike out the last word. Mr. Chairman, my colleague from Texas [Mr. BLACK] is absolutely consistent in his position. He is merely contending for equal treatment both of officers and enlisted men in our service. I do not know whether some of you remember it or not, but when the original war risk insurance act was brought before this House in 1917 it provided that the widow of a general, for instance, could be paid $17,000 insurance, if such were applied for by the general, while the widow of a private could be paid only $3,000, as that was the maximum a private could take out. And had it not been for the action of our distinguished and able colleague from Texas [Mr. BLACK], that would have been the law—$3,000 insurance to the widow of a private and $17,000 insurance to the widow of a general.

I remember the gallant fight that our colleague from Texas [Mr. BLACK] made on this floor at that time, contending that the life of a private was just as precious and just as valuable to his widow as is the life of a general to a general's widow. He insisted that each one of them, when they gave their lives to their country, gave to it their all, and should be treated alike when death ensued. He offered an amendment from the floor to the war risk insurance act, with the formidable Interstate and Foreign Commerce Committee against him; he stood on the floor and made a winning fight and got his amendment passed, allowing each one, general and private alike, to take out $10,000 insurance, the general, the private, and the gob all treated alike. His action now is consistent with his action then, and he asks now that no discrimination be shown. You would show discrimination if you passed this bill.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In a moment. Here is an ensign drawing a compensation from the Veterans' Bureau. If he were totally disabled, he would be drawing $100. If he is not totally disabled, he is drawing the maximum amount allowed for his disability, whatever it is, the same as private ex-service men. They ought to be treated alike.

I believe in the amendment offered by my colleague from Texas [Mr. BLACK], that we should treat them alike. They are entitled to the same treatment. The compensation that we pay them is the compensation that their families receive, and we would be paying the family of the officer much more than the family of the private if we passed this bill.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BURTNESS. Does not the gentleman think that the man involved in this bill should be treated the same as other officers of the same class connected with the same service to which he belonged during the war?

Mr. BLANTON. I think we should show no discrimination whatever between members of our services, between those who happen to be officers and those who happen to be privates.

Mr. BURTNESS. Do you think there should be discrimination in favor of one officer against other officers in the same branch?

Mr. BLANTON. I am standing with the gentleman from Texas [Mr. BLACK], who has watched this matter from its incipiency in the attempt to give the privates and all other ex-service men alike a fair, square deal. Every single one of the 4,000,000 men who entered the World War who have been insured for $10,000 owes a debt of gratitude to the gentleman from Texas [Mr. BLACK]. If it had not been for the fight that he made on this floor, when he convinced the membership of this House that his fight was just, most of these men would be insured now for only $3,000 instead of $10,000. [Applause.]

Mr. MONTGOMERY. Mr. Chairman and gentlemen of the committee, if I know the law, although I do not know the exact figures, and if this man is drawing the total compensation to which he is entitled, he is receiving within $25 as much as he would receive if he be retired as a disabled ensign.

I say this in order to show what I am about to say is not personal and has no great economic reason behind it. I want to show the committee the underlying principle inherent in this act and other acts of similar character. In the first place, I think Congress made a mistake when it allowed the temporary officer, the provisional officer, and the emergency officer to draw more compensation than it allowed the enlisted man. I do not think from personal experience—and I do not believe the War Department records will contradict me—that the temporary officer of a low rank offered more to his country or did one whit more for his country than the buck private. I may be wrong; I may be contradicted in this statement by Members of the House, for I know that there are now in Congress ex-service men who were, most of them, officers, while I was but a buck private, and I look at laws affecting the ex-service man through a buck private's eyes. I will say that in my eyes there was nothing greater nor grander than the immortal buck private that fought the battles of the war. [Applause.]

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. WAINWRIGHT. I take my hat off to the gentleman as a buck private, but I would like to ask him if he thinks it fair that the young lieutenants who led their platoons over the top and received almost mortal wounds, from which they are almost entirely disabled, should have any different treatment from the Government than some of the young men who happened to be in the Regular Establishment.

Mr. MONTGOMERY. Yes, sir; I think so.

Mr. WAINWRIGHT. I would like to ask the gentleman where he draws the distinction? I have been trying to do so for some time and have found it very difficult.

Mr. MONTGOMERY. If the gentleman will permit me, I will not touch on that feature at the present time, because it is complex and complicated. With his permission I would rather discuss this phase at another hour, as it is alien and not germane to the subject now considered.

The question here is whether you can right one wrong by adding another. Two wrongs do not make a right. Congress has discriminated in favor of the officers and against the enlisted men, and I do not think the Congress in this instance should make another such unconscionable discrimination. The Fitzgerald measure brings up this proposition in a general law, and I am going to oppose it with all the power that I have, and I go further than that when I declare that if the law that permits this discrimination were to be brought up for repeal I would vote to repeal it this moment. I do not believe that Almighty God made any distinction between the private soldier and the officer. If the fortunes of war should destine that two men—one an enlisted man, another an officer—die on the field of battle, I believe that they would go to the same heaven or to the same hell. I think that where God Almighty makes no distinction, Congress should certainly make none. [Applause.] Therefore I am against this bill, because the principle inherent therein is unjust, inequitable, and discriminates between soldiers where certainly no distinction should be made or discrimination practiced.

Mr. BURTNESS. Will the gentleman yield?

Mr. MONTGOMERY. Yes.

Mr. BURTNESS. As I understand, the gentleman's position then is that he is opposed, in the first place, to the act of July 12, 1921, which gave certain privileges to temporary and reserve officers in the Navy and Marine Corps?

Mr. MONTGOMERY. Yes; I think it wrong.

Mr. BURTNESS. Being against that general law the gentleman is now opposed to allowing an individual, who was ill at the time and who did not know what the terms of that law were, the same opportunities that others had who knew about the law and who were not in as bad shape at that time, and because they did know about the law, did file their applications, and did become retired under the act of Congress.

Mr. MONTGOMERY. I am opposed to adding wrong to wrong, and I am opposed to adding discriminations to discriminations that I think now are unjust and unfair.

Mr. BURTNESS. Does not the gentleman recognize that this one man is therefore discriminated against in favor of a class?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. BLACK] to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLACK of Texas) there were—ayes 8, noes 65.

Mr. BLACK of Texas. Mr. Chairman, I make the point of no quorum and object to the vote on that ground.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty gentlemen are present, a quorum.

So the amendment to strike out the enacting clause was rejected.

Mr. BLACK of Texas. Mr. Chairman, I offer an amendment. At the end of the bill strike out the period and add the following language:

Provided, That no back pay, pension, allowance, or emoluments shall become due as a result of the passage of this act.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 2, line 3, after the word "act," strike out the period, insert a colon, and add the following: "*Provided*, That no back pay, pension, allowance, or emoluments shall become due as a result of the passage of this act."

The amendment was agreed to.

The bill was ordered to be laid aside with a favorable recommendation.

RELIEF OF EDWARD A. GRIMES

The next business on the Private Calendar was the bill (H. R. 1840) for the relief of Edward A. Grimes.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the compensation laws and laws conferring rights and privileges upon honorably discharged soldiers, sailors, marines, etc., their widows and dependent relatives, Edward A. Grimes shall hereafter be held and considered to have been discharged honorably from the United States Navy as a seaman March 25, 1919.

Mr. BLACK of Texas. Mr. Chairman, I offer an amendment. At the end of the bill strike out the period, insert a colon, and add the following:

Provided, That no back pay, pension, or allowance shall be held accrued prior to the passage of this act.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: At the end of the bill, in line 9, strike out the period, insert a colon, and add the following: "*Provided*, That no back pay, pension, or allowance shall be held accrued prior to the passage of this act."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. BEGG. Mr. Chairman, I simply want to comment on the amendment indirectly. I realize that regardless of what the facts are in the case the House will pass the bill, but I want to call attention to the fact that the Veterans' Bureau has refused to accept the fact that this man was insane while in the Navy or that his insanity was a result of his service in the Navy, and that by the passage of this act we are merely substituting the judgment of Congress, on a technical question, for the judgment of the medical officers in the Veterans' Bureau whom we employ. Now, of course, so far as I am concerned, I am perfectly willing to admit that on a question of insanity my judgment is far superior to the judgment of the medical staff in the Veterans' Bureau, yet that is what we are doing through the passage of this bill.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. BEGG. Certainly.

Mr. VINSON of Georgia. Is it not a fact, under the Veterans' Bureau law, that when a man becomes insane within three years after his discharge from the service that that insanity is presumed by the department to have existed prior to his discharge?

Mr. BEGG. I can not answer the gentleman as to that.

Mr. VINSON of Georgia. That is correct.

Mr. BEGG. Then I will take that to be the fact.

Mr. VINSON of Georgia. And the law has been amended so as to make it six years?

Mr. BEGG. And I will accept that as a fact. Then why does not the gentleman's patient get relief under the law? I would like to ask the gentleman that question. Why does he not get relief under the law, if the gentleman has stated the law accurately?

Mr. HAWES. May I state to the gentleman from Ohio that this young man enlisted——

Mr. BEGG. I do not care about the history of the case. I am just calling attention to the fact that the reason why the gentleman's patient has not had recourse to the Veterans' Bureau under the law is because the medical staff at the Veterans' Bureau has refused to accept the claim made, namely, that his insanity was due to his service.

Mr. HAWES. No.

Mr. BEGG. Now, then, we are simply substituting our judgment for their judgment, and I would like to know why the gentleman's patient does not get relief under the law if it is as stated by the gentleman from Georgia.

Mr. HAWES. I do not understand that to be the situation; and if the gentleman will permit, I would like to state that this young man enlisted in the Army when he was under age, he served throughout the war, and in the year 1919 he absented himself from duty and was discharged. Within 20 days after that time the man was declared insane; he was placed in private insane asylums, and is now in a public insane asylum.

Mr. BEGG. I grant all of that; but the point upon which I can not satisfy myself is: Why does he not get relief under the law at the Veterans' Bureau if the law is as it has been stated by the gentleman from Georgia?

Mr. HAWES. Because he was discharged, and the military court that discharged him did not review these facts, and he is not eligible to secure the benefits of the veterans' act, as I understand it.

Mr. BEGG. I do not want to be discourteous, and I do not know whether I now have the floor or whether the gentleman from Missouri has the floor, but I think the gentleman's own argument proves what I have stated, that we are substituting the judgment of Congress for the judgment of the medical officers of the department. As I said a moment ago, I have no hesitancy in saying my judgment, from a medical standpoint, is far superior to any physician in the department. I think that is a tenable position for us to take.

Mr. HAWES. This man could not claim benefits under the Veterans' Bureau act because he had been dishonorably discharged from the service, which automatically disbarred him from any benefits under that act.

Mr. BEGG. Let me ask the gentleman a pointed question. Had his insanity been proven prior to his discharge?

Mr. HAWES. No.

Mr. BEGG. By any doctor or any surgeon or any mental specialist?

Mr. HAWES. No.

Mr. BEGG. Then we are substituting our judgment as being superior to theirs?

Mr. HAWES. But within 20 days after his discharge he was declared insane by competent medical authority.

Mr. BEGG. Then why does he not get relief?

Mr. VINSON of Georgia. The reason he can not get relief under the Veterans' Bureau act is because he has a dishonorable record and the Veterans' Bureau can only grant relief or compensation to honorably discharged soldiers. Now, immediately his record is cleared up he can go before the Veterans' Bureau and, under the law that Congress passed whereby the presumption is in favor of his insanity having existed prior thereto, he can get relief.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The bill was ordered reported to the House with a favorable recommendation.

JAMES J. MEEHAN

The next business on the Private Calendar was the bill (H. R. 2267) for the relief of James J. Meehan.

The Clerk read the bill, as follows:

Be it enacted, etc., That James J. Meehan, who, while serving as an ensign, United States Naval Reserve Force, was found by a naval retiring board to be permanently incapacitated for active service by reason of physical disability incurred in the line of duty as the result of an incident of the service, but not in time of war, shall be eligible for retirement as if his physical disability was incurred in time of war; and the Secretary of the Navy is hereby authorized to place him upon the retired list with three-fourths pay of the grade held by him at the time such physical disability was incurred.

Mr. BLACK of Texas. Mr. Chairman, I offer the following amendment: At the end of the bill strike out the period, insert a colon, and add the following language:

Provided, That no back pay, pension, allowance or emolument shall become due as a result of the passage of this act.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: At the end of line 13, after the word "incurred," strike out the period, insert a colon and the following: "*Provided*, That no back pay, pension, allowance, or emolument shall become due as a result of the passage of this act."

The amendment was agreed to.

The bill was ordered reported to the House with a favorable recommendation.

CHIEF PAY CLERK R. E. AMES, UNITED STATES NAVY

The next business on the Private Calendar was the bill (H. R. 2356) to change the retired status of Chief Pay Clerk R. E. Ames, United States Navy, retired.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and empowered to transfer Chief Pay Clerk R. E. Ames, United States Navy, retired, from the furlough pay list to the 75 per cent pay list of the retired officers of the Navy, from the date of his retirement, and the said Chief Pay Clerk R. E. Ames, United States Navy, retired, is hereby granted all the rights, privileges, and benefits now or hereafter provided for an officer retired under section 1453, Revised Statutes of the United States: *Provided*, That the said Chief Pay Clerk R. E. Ames shall not, by the passage of this act, be entitled to any back pay or allowances.

Mr. WOODRUFF. Mr. Chairman, I ask unanimous consent to strike this bill from the calendar inasmuch as Mr. R. E. Ames, the individual for whom the bill was drawn, is now dead.

The CHAIRMAN. That motion is not in order in Committee of the Whole House. Without objection, the bill will be ordered reported to the House with the recommendation that it lie on the table.

There was no objection.

The bill was ordered reported to the House with the recommendation that it lie on the table.

JOHN P. HOLLAND

The next bill on the Private Calendar was the bill (H. R. 4172) to place John P. Holland on the retired list of the United States Navy.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to place John P. Holland, formerly a lieutenant (junior grade), United States Navy, on the retired list of the Navy with the rank and retired pay of a lieutenant (junior grade) of the Navy: *Provided*, That in computing his pay credit shall be given for all his continuous service in the Navy.

Mr. BLACK of Texas. Mr. Chairman, I offer the same amendment I offered to these other bills.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: In line 8, after the word "Navy," strike out the period, insert a colon, and the following: "*Provided*, That no back pay, pension, allowance, or emolument shall become due as a result of the passage of this act."

The amendment was agreed to.

The bill was ordered reported to the House with a favorable recommendation.

CHARLES JAMES ANDERSON

The next business on the Private Calendar was the bill (H. R. 5263) for the relief of Charles James Anderson, former commander United States Naval Reserve Force.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized to appoint Charles James Anderson, formerly a commander in the United States Naval Reserve Force, a commander in the United States Naval Reserves and place him upon the retired list of the Navy with the retired pay and allowances of that grade: *Provided*, That a duly constituted naval retiring board finds that the said Charles James Anderson incurred physical disability incident to the service in time of war: *Provided further*, That no back pay, allowances, or emoluments shall become due as a result of the passage of this act.

Mr. BEGG. Mr. Chairman, I offer an amendment. After the word "Anderson," in line 4, insert the following:

And all other officers in the same class.

The CHAIRMAN (Mr. TILSON). It seems to the Chair that that amendment is not in order.

Mr. BEGG. Will not the Chair submit the amendment to the House?

The CHAIRMAN. The present occupant of the chair is a Member of the House and can exercise his rights as a Member of the House.

Mr. VINSON of Georgia. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The gentleman from Georgia makes the point of order, and the Chair sustains the point of order.

The bill was laid aside to be reported to the House with a favorable recommendation.

HERBERT T. JAMES

The next business on the Private Calendar was the bill (H. R. 3646) for the relief of Herbert T. James.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President be, and he hereby is, authorized to order Herbert T. James, United States Naval Reserve Force, to appear before a naval retiring board for the purpose of determining whether or not the disability complained of in his case originated in the line of duty in time of war, as required by the provisions of the act of July 12, 1921, volume 42, Statutes at Large, page 140: *Provided*, That if said naval retirement board finds that Mr. James is now suffering from a disability incurred in the line of duty in time of war which rendered him unfit to perform all the duties of the grade of ensign, United States Naval Reserve Force, in time of war, the President be, and he is hereby, authorized to nominate and, by and with the advice and consent of the Senate, appoint Herbert T. James as ensign, United States Naval Reserve Force, and to place him upon the retired list with three-fourths of the pay of his grade: *Provided further*, That he shall not be entitled to any back pay or allowances by the passage of this act.

Mr. BLACK of Texas. Can the gentleman from New York give us any information as to whether this man is drawing compensation from the Veterans' Bureau?

Mr. WAINWRIGHT. At one time he was drawing pretty nearly permanent-disability compensation, but at the present time I am not able to state the percentage. But in listening to the Froemke case, and the debate on it, it seems to me that it is about on all fours with that case.

Mr. BLACK of Texas. I think in the consideration of these bills, Mr. Chairman, we ought to have a quorum, and I make the point of no quorum.

The CHAIRMAN. The gentleman from Texas makes the point of no quorum, and the Chair will count. [After counting.] One hundred and two Members present, a quorum.

The bill was laid aside, to be reported to the House with a favorable recommendation.

FREDERICK D. W. BALDWIN

The next business on the Private Calendar was the bill (H. R. 4600) for the relief of Frederick D. W. Baldwin.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President be, and he hereby is, authorized to order Frederick D. W. Baldwin, ex-ensign United States Naval Reserve Force, to appear before a naval retiring board for the purpose of determining whether or not the disability complained of in his case originated in the line of duty in time of war, as required by the provisions of the act of July 12, 1921, volume 42, Statutes at Large, page 140: *Provided*, That if the said naval retiring board finds that Frederick D. W. Baldwin is now suffering from a disability incurred in the line of duty in time of war which renders him unfit to perform all the duties of the grade of ensign, United States Naval Reserve Force, in time of war, the President be, and he is hereby, authorized to nominate and, by and with the advice and consent of the Senate, appoint Frederick D. W. Baldwin an ensign, United States Naval Reserve Force, and place him upon the retired list with three-fourths of the pay of his grade: *Provided further*, That he shall not be entitled to any back pay or allowance by the passage of this act.

The bill was laid aside to be reported to the House with a favorable recommendation.

WILLIAM C. GRAY

The next business on the Private Calendar was the bill (H. R. 5059) for the relief of William C. Gray.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President is hereby authorized, by and with the advice and consent of the Senate, to appoint Chief Machinist William C. Gray, United States Navy, a lieutenant on the active list of the Navy, to date from August 3, 1920, and to take rank next after Lieut. James Madison Ober, United States Navy: *Provided*, That he shall be considered as having been appointed in the grade of lieutenant in accordance with the provisions of section 4 of the act of Congress approved June 4, 1920 (U. S. Stats. L., vol. 41, ch. 228, p. 835): *Provided further*, That the said Chief Machinist William C. Gray shall not be entitled to any increase in pay or emoluments prior to the passage of this act.

Mr. BEEDY. Mr. Chairman, we are considering Calendar No. 18, the case of William C. Gray. I want to call attention to the fact that there is a distinct disapproval by the Navy Department of this class of legislation. It seeks to advance a man in his rank, and the Secretary of the Navy in his letter to the Committee on Naval Affairs dated December 17, 1925, says that the department has always been opposed to legislation seeking to advance an officer in rank except for highly meritorious conduct in battle, and because Mr. Gray

does not fall in that category and because of the fact that this proposed legislation is not for the general good of the naval service the department recommends that this bill be not enacted.

If it has been the policy of past Congresses and of the Navy Department not to advance men in rank except for distinguished service on the field of battle, and if we are now going to establish this precedent, well and good, but let us understand what we are now about to do.

Mr. STEPHENS. Mr. Chairman, this bill passed the House in the Sixty-eighth Congress on January 22, 1925. It did not get through the Senate. We have investigated the case. The gentleman from Pennsylvania [Mr. DARROW], who introduced the bill, is not here because of the sickness of his son. I think this is a meritorious bill.

Mr. BEGG. Does the gentleman think, and he is a military man, there is any danger to the service in having Congress go here, there, and the other place and pick out a man and promote him over the recommendation of the officers?

Mr. STEPHENS. I think there is danger in promiscuous picking out of men, but at the same time I feel there are exceptions to all laws. I have never seen a law where there should not be some exception to it. These are exceptional cases, which do not come directly under the law. Therefore, they are taken up and considered as special cases that are meritorious.

Mr. BEEDY. If the gentleman will permit! Does he favor a policy under which we shall proceed to promote these officers for other than meritorious service on the battle field? These promotions have hitherto been limited to such instances. I think we should continue a policy indicating that we appreciate that promotions mean something, and not go out at random and pick out some one and promote him when there are no particular facts which it seems to me would justify such action. I do not want to object, but I suggest to the gentleman, as long as the author of the bill is not here to explain to us, as perhaps he may be able to, that there are some exceptional circumstances differentiating this case from others, that he ask unanimous consent that the bill be passed over without prejudice for the time being.

Mr. STEPHENS. Mr. Chairman, I agree to that. I think it would be fair to the gentleman from Pennsylvania [Mr. DARROW]. I ask unanimous consent that the bill be passed over without prejudice, retaining its place on the calendar.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the bill H. R. 5059 be passed over without prejudice, to retain its place on the calendar. Is there objection?

There was no objection.

CONSTANCE D. LATHROP

The next bill on the Private Calendar was the bill (H. R. 6136) granting six months' pay to Constance D. Lathrop.

The Clerk read the bill, as follows:

Be it enacted, etc., That Constance D. Lathrop, widow of the late Commander Patrick Theodore Moore Lathrop, United States Navy, is hereby allowed an amount equal to six months' pay at the rate said Patrick Theodore Moore Lathrop was receiving at the date of his death.

SEC. 2. That the payment of the amount of money hereby allowed and authorized to be paid to said Constance D. Lathrop is authorized to be made from the appropriations for beneficiaries of officers who die while in the active service of the United States Navy.

Mr. CHINDBLOM. Mr. Chairman, I make the same point of order as to section 2 that I made a while ago to the bill H. R. 110, with reference to relief of Lucy B. Knox. Section 2 is an appropriation. It sets aside and appropriates a specific sum of money.

The CHAIRMAN. The point of order is sustained.

Mr. DREWRY. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DREWRY: Strike out all after the enacting clause and insert in lieu thereof the following:

"There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum as may be necessary to pay to Constance D. Lathrop, widow of the late Commander Patrick Theodore Moore Lathrop, United States Navy, an amount equal to six months' pay at the rate said Patrick Theodore Moore Lathrop was receiving at the date of his death."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

The bill was ordered to be laid aside with a favorable recommendation.

THOMAS VINCENT COREY

The next business on the Private Calendar was the bill (H. R. 6202) for the relief of Thomas Vincent Corey.

The Clerk read the bill, as follows:

Be it enacted, etc., That so much of section 6 of the naval appropriation act approved July 12, 1921, as provided that the application for retirement of officers of the Naval Reserve Force and temporary officers of the Navy who have heretofore incurred, or who may hereafter incur, physical disability in line of duty in time of war, shall be filed with the Secretary of the Navy not later than October 1, 1921, be, and hereby is, waived in the case of Ensign (temporary) Thomas Vincent Corey, United States Navy, inactive, and his case is hereby authorized to be considered and acted upon under the remaining provisions of said section if his application for retirement is filed not later than 60 days from the approval of this act.

Mr. BLACK of Texas. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 2, line 3, after the word "act," strike out the period, insert a colon and the following: "*Provided*, That no back pay, allowance, or emolument shall become due as the result of the passage of this act."

Mr. BEEDY. Mr. Chairman, is the author of the bill present? In reading this report I find there was never any evidence of any disability suffered by Mr. Corey, except his own statement that while he was in the Army he had stomach trouble. It seems to me this is rather a slim case.

Mr. VINSON of Georgia. Mr. Chairman, this bill was introduced by the gentleman from New York [Mr. PRALL]. I reported it for him. With reference to the gentleman's statement, is not the statement of Mr. Corey sufficient to justify retirement? Is it necessary to have evidence from the Navy Department? However, I make the same request as was made in respect to the bill we considered a moment ago by the gentleman from Ohio [Mr. STEPHENS]. I ask unanimous consent that this bill be passed over without prejudice to its position on the calendar.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the bill H. R. 6202 be passed over without prejudice to retain its place on the calendar. Is there objection?

There was no objection.

WILLARD THOMPSON, DECEASED

The next business on the Private Calendar was the bill (H. R. 6674) to correct the military record of Willard Thompson, deceased.

The Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Willard Thompson, deceased, who was a member of Company E, Fifty-third Regiment Ohio Volunteer Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a private of that organization on the 11th day of August, 1865: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The CHAIRMAN. Without objection, the bill will be laid aside with a favorable recommendation.

Mr. BEEDY. Is the author of the bill here?

Mr. PURNELL. Mr. Chairman, I do not want to prejudice the favorable consideration by the House nor take up the time of the House with a speech, but I do want to make a little reference to this bill. The soldier, Willard Thompson, whose record is sought to be corrected, is now deceased, and the principal purpose in asking that this record be corrected is to assist the companion of his youth and the one who took care of him during the later years of his life, his aged wife. Willard Thompson lived in my home county, and I have known him almost since my boyhood. The ambition of his life was to have his military record corrected. It has never been done. I have introduced the bill several times, but owing to a single objection it has gone out.

Mr. BEEDY. I have no objection. I do not want to take up the time of the House, but we are proceeding at such a speed here—there is no objection to the bill as far as I am able to determine.

Mr. CHINDBLOM. It is a very meritorious bill.

Mr. PURNELL. Let me make just this further statement. I have seen a great many private bills go through this House, and I have never known of a more meritorious bill than this. Willard Thompson had three separate enlistments. He enlisted in Company D, Twenty-second Ohio Infantry, April 22, 1861, for a period of three months. At the expiration of this enlistment he was enrolled September 25, 1861, for three years as a

private in Company E, Fifty-third Ohio Volunteer Infantry. Upon the expiration of this enlistment he reenlisted as a veteran volunteer in the same organization, being enrolled January 1, 1865. He had a long and honorable service and was a faithful soldier. While attending a celebration on the 4th of July, 1865, three months after the war was over, he, with others, resisted the authority of some first lieutenant who tried to arrest them and send them back to camp.

He was tried and convicted, and the sentence was approved August 2, 1865. Willard Thompson really committed no wrong and did only that which almost any normal boy would have done under like circumstances. Yet he has gone to his grave without a removal of this stigma by the Government for which he offered his life. I believe this Congress will correct his record in order that his widow may have the relief which was denied him. My great regret is that he is not alive to witness the vindication which was the supreme desire of his life.

The CHAIRMAN. Without objection the bill will be laid aside with a favorable recommendation.

There was no objection.

WILLIAM J. DUNLAP

The next business on the Private Calendar was the bill (H. R. 4835) to remove the charge of desertion from the records of the War Department standing against William J. Dunlap.

Mr. BLACK of Texas. Mr. Chairman, I make the point of order there is no quorum present.

Mr. GREEN of Iowa. Will the gentleman from Texas withhold that for a moment? I have been waiting to——

Mr. BLACK of Texas. We seemed to have reached a point in the bill dealing with charges of desertion.

Mr. GREEN of Iowa. I am sure my friend will not have any objection to this bill.

Mr. WINGO. Why not withhold that point until just before adjourning?

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eighteen gentlemen are present, a quorum. The Clerk will proceed.

The Clerk read as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws conferring rights, privileges, and benefits upon honorably discharged soldiers, William J. Dunlap, formerly a member of Company F, Tenth Regiment United States Infantry, shall be held and considered to have been honorably discharged from the military service of the United States on May 26, 1902: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The CHAIRMAN. Without objection, the bill will be laid aside with a favorable recommendation.

There was no objection.

ANTON KUNZ

The next business on the Private Calendar was the bill (H. R. 2703) granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service.

The Clerk read as follows:

Be it enacted, etc., That Anton Kunz, father of Joseph Anthony Kunz, machinist's mate, first class, submarine *A–7*, United States Navy, who was killed by an explosion on board the vessel July 25, 1917, is hereby allowed an amount equal to six months' pay at the rate said Joseph Anthony Kunz was receiving at the date of his death, to wit, the sum of $445.92.

SEC. 2. That said Anton Kunz, father of said Joseph Anthony Kunz, deceased, aforesaid, be paid out of the Treasury of the United States a sum of money or an amount equal to six months' pay at the rate said Joseph Anthony Kunz was receiving at the time of his death.

SEC. 3. The payment of the amount of money hereby allowed and authorized to be paid is authorized to be made from the appropriations for beneficiaries of deceased members of the naval service who die while in active service of the United States Navy.

Mr. CHINDBLOM. Mr. Chairman, I make a point of order to section 2 and section 3. First, in reference to section 2 I call attention to the language of the section:

That said Anton Kunz, father of Joseph Anthony Kunz, deceased, aforesaid, be paid out of the Treasury of the United States a sum of money or an amount equal to six months' pay—

And so forth. It is clearly an appropriation.

The CHAIRMAN. No Member desiring to be heard on the point of order as to section 2——

Mr. CHINDBLOM. If that point is good, I will offer an amendment.

The CHAIRMAN (continuing). The Chair sustains the point of order to both sections 2 and 3 of the bill on the ground that it makes an appropriation.

Mr. JOHNSON of Texas. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert:

"There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated such sum as may be necessary to be paid to Anton Kunz, father of Joseph Anthony Kunz, machinist's mate, first class, submarine *A–7*, United States Navy, who was killed by an explosion on board the vessel July 25, 1917, an amount equal to six months' pay at the rate said Joseph Anthony Kunz was receiving at the date of his death."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

HEIRS OF J. B. BAUDREAU

The next business on the Private Calendar was the bill (S. 1423) to relinquish the title of the United States to the land in the donation claim of the heirs of J. B. Baudreau, situated in the county of Jackson, State of Mississippi.

The Clerk read the bill, as follows:

Be it enacted, etc., That all the right, title, and interest of the United States in and to the south one-half of the south one-half of sections 2 and 3; lot 12 of section 4; sections 9, 10, and 11, all in township 8 south, range 8 west of St. Stephens meridian, containing 1,238.55 acres as shown on a plat of survey approved on June 30, 1832, by Gideon Fitz, surveyor of public lands south of Tennessee, and segregated thereon as the donation claim of the heirs of J. B. Baudreau, be, and the same is hereby, released, relinquished, and confirmed by the United States to the equitable owners of the equitable titles thereto and to their respective heirs and assigns forever, as fully and completely, in every respect whatever, as could be done by patents issued according to law: *Provided*, That this act shall amount only to a relinquishment of any title that the United States has, or is supposed to have, in and to any of said lands, and shall not be construed to abridge, impair, injure, prejudice, or divest in any manner any valid right, title, or interest of any person or body corporate whatever, the true intent of this act being to concede and abandon all right, title, and interest of the United States to those persons, estates, firms, or corporations who would be the true and lawful owners of said lands under the laws of Mississippi, including the laws of prescription and limitation, in the absence of the said interest, title, and estate of the United States.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

JOHN H. COWLEY

The next business on the Private Calendar was the bill (H. R. 949) for the relief of John H. Cowley.

The title of the bill was read.

Mr. MAPES. Mr. Chairman, at the request of my colleague [Mr. HUDSON], who is absent for the day on account of illness, I ask unanimous consent that this bill be passed over without prejudice, and that it retain its place on the calendar.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

The CHAIRMAN. It is so ordered. The Clerk will report the next bill.

ALONZO C. SHEKELL

The next business on the Private Calendar was the bill (H. R. 1717) for the relief of Alonzo C. Shekell.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Alonzo C. Shekell, who was a member of Company H, First Regiment Michigan Volunteer Sharpshooters, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of that organization on the 22d day of November, 1864: *Provided*, That no back pay, pension, bounty, or other emoluments shall accrue prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

FRANK RECTOR

The next business on the Private Calendar was the bill (H. R. 1827) for the relief of Frank Rector.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Frank Rector, who was a private of Company F, Thirty-second Regiment Kentucky Volunteer Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of said company and regiment on the date of the expiration of his service: *Provided*, That no bounty, pay, or allowance shall be held to have accrued prior to the passage of the act, except the regulation service pay while he was under arms.

Mr. BLACK of Texas. Mr. Chairman, on page 1, line 12, after the word "act," I move to strike out the language "except the regulation service pay while he was under arms."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: In line 12, after the word "act," strike out the comma and insert a period, and strike out the following language: "except the regulation service pay while he was under arms."

Mr. BLACK of Texas. Will the gentleman from Oklahoma [Mr. GARBER], who introduced this bill, give us some information? As I understand, the principal purpose of this is to place upon the roll of the Army the name of a soldier who served during the Civil War and give him a pensionable status. Under the present records of the War Department there is nothing to show that he served in the Army at all. Would not the gentleman just agree, as a matter of equity, that we will be doing all for this veteran that we ought to do if we give him a pensionable status, without the right to recover nine months' service pay, where there is nothing in the department to show that he rendered service?

Mr. GARBER. The record of service is supported by an affidavit of nine witnesses who served with him.

Mr. BLACK of Texas. But there is nothing in the records of the War Department to show that he rendered service in the Army. It seems to me that Congress would be exercising all reasonable generosity by giving him a pensionable status without giving him the right to recover nine months' service pay.

Mr. GARBER. I have no objection to the gentleman's suggestion, but the language sought to be stricken out has been approved by two different committees and approved by the House, and also by the Secretary of War.

Mr. BLACK of Texas. As I understand it, the Secretary of War has not recommended the passage of this bill.

Mr. GARBER. No.

Mr. BLANTON. Mr. Chairman, I rise in opposition, to ask the gentleman from Oklahoma [Mr. GARBER] a question.

Following the suggestion made by my colleague [Mr. BLACK], I want to state this to the gentleman: I have a constituent who has a pension claim filed in the Bureau of Pensions, very much in the same status as the gentleman's case. The Pension Bureau has within the last two days furnished me with information that it has finally been able to dig up from the War Department to the effect that my constituent did not serve in the Army, as he claims, but that during all that period he was employed as a blacksmith's assistant and received $30 a month from the Government during all the time he claimed to have been in the service as an employee, and that he never enlisted.

Now, you will find, if the War Department could dig up the evidence in all cases as it has been able to do in this particular case, that my colleague's suggestion is a good one; that otherwise, possibly, we would be paying for a service that did not accrue and was not actually rendered to this Government. I think we would be doing all that ought to be done if we were to do as suggested by the gentleman from Texas [Mr. BLACK], and I think the gentleman from Oklahoma ought to be satisfied with that.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

FREDERICK SPARKS

The next business on the Private Calendar was the bill (H. R. 3380) for the relief of Frederick Sparks.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws governing the National Home for Disabled Volunteer Soldiers or any branch thereof Frederick Sparks shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Company E, Forty-third Regiment Indiana Volunteer Infantry: *Provided*, That no pension shall accrue prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I want to offer a substitute for the proviso, because I do not think it goes far enough. I offer this language as a substitute. Strike out the proviso in the bill and add:

Provided, That no back pay, pension, allowance, or emoluments shall become due as a result of the passage of this act.

Mr. PURNELL. Mr. Chairman, I have no objection to that proviso being included in the bill.

The CHAIRMAN. The gentleman from Texas offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 1, line 9, strike out the proviso and insert in lieu thereof the following: "*Provided*, That no back pay, pension, allowance, or emoluments shall become due as a result of the passage of this act.

The amendment was agreed to.

The bill was ordered to be laid aside with a favorable recommendation.

RELIEF OF WILLIAM H. ARMSTRONG

The next business on the Private Calendar was the bill (H. R. 3546) for the relief of William H. Armstrong.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to appoint William H. Armstrong, by and with the advice and consent of the Senate, formerly a captain of Infantry, a captain of Infantry in the Army of the United States, to take rank at the foot of the list of captains of Infantry, and that no back pay or allowances shall accrue as a result of the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

RELIEF OF THOMAS H. BURGESS

The next business on the Private Calendar was the bill (H. R. 4252) for the relief of Thomas H. Burgess.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Thomas H. Burgess shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private in Company E, Fifth Regiment Ohio Volunteer Infantry: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. BEGG. Mr. Chairman, I want to again call the attention of the committee to the fact that there is no positive evidence here that this man was injured in the service, and that we are again substituting our judgment for the judgment of the officials whom we elect to decide those cases.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. The gentleman from Ohio [Mr. BEGG] should have gone further and given the real information to the House and committee about this desertion. This was a case of desertion, pure and simple. The man was taken sick in June, 1862, and sent to a hospital; he recovered and was released from the hospital, and deserted on July 2, 1862. The Adjutant General of the War Department reports to the committee that this man's company remained in service from July, 1862, when he deserted, on to the close of the war, and during all the balance of 1862, 1863, 1864, and on to the close of the war this man never showed up, but was in desertion all the time.

Mr. BEGG. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BEGG. But it is just like all the rest of them we have been passing. He claims to have been injured in the spine. Of course, that is his claim, but it is not established definitely; and that is what I want to call to the attention of the House, that this is no different from all the rest we have been passing, and that we are substituting our judgment for the judgment of those whom we have elected to decide such cases, and are holding that his claim is correct—that as the result of his war service he was injured and could not return.

Mr. BLANTON. I agree with the gentleman from Ohio, and I was going to say that this is not the kind of a case that ought to appeal to the committee or incite sympathy. It is a case of pure desertion; it is not a case of desertion for a few months or a year or at the close of the war, but it is a case of desertion at practically the beginning of the war and

all through the war, from July on through all of 1862, all of 1863, all of 1864, and to the end of the war, in 1865. I do not think it is the kind of a case that ought to appeal to the sympathy of the House.

Mr. BOYLAN. Mr. Chairman, I move to strike out the last two words. I do not think it is fair that when we have a bill before us that has been introduced by our illustrious Speaker that the gentleman from Ohio [Mr. BEGG], from his own State and his own colleague, and the gentleman from Texas [Mr. BLANTON] should get up and object to it.

Mr. BEGG. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BEGG. The "gentleman from Ohio" did not object to it. The gentleman must have just come in, because "the gentleman from Ohio" did not object to it at all.

Mr. BOYLAN. May I ask what was the nature of the gentleman's remarks, then?

Mr. BEGG. If the gentleman had been here he would have heard them.

Mr. BOYLAN. I was here. If they were not intended as an objection, I would like to know what they were.

Mr. BEGG. They were not intended as an objection.

Mr. BOYLAN. The bill would have been passed by this time if the gentleman had not raised his melodious voice against it.

Mr. BEGG. Let me say to the gentleman from New York that, in the first place, it would be foolish to object. You can not object, because there is nothing to object to.

Mr. BOYLAN. If there was nothing to object to, why did the gentleman rise?

Mr. BEGG. Because I wanted to make an observation, I will advise the gentleman.

Mr. BOYLAN. I thought maybe it was to be consistent. I do not think we should take any undue advantage of our distinguished Speaker, who has his troubles as we have, and I think we should help him along with this little bill, as we have to have help ourselves. Therefore I trust the gentlemen will not vote against the bill.

Mr. BLANTON. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BLANTON. Does the gentleman believe that a bill which happens to be introduced by our distinguished Speaker, for whom we all have high respect and high regard, should stand upon any different footing than a bill of similar nature that was introduced by the humblest Member of this body? Should they not all be considered alike and according to their merits and not because of the Member who happens to have introduced them?

Mr. BOYLAN. Not necessarily. But attached to it is the element of humanity. There is not enough humanity in government. Every day we get many letters from the different departments and from the Veterans' Bureau regretting that because of a certain construction of such a section nothing can be done. It seems as though the men in some of the departments simply take advantage of their opportunity to disallow claims. There ought to be more humanity in government; there ought to be more humanity in the conduct of the departments, and the people employed there should not hew so close to the line, as they seem to be doing and as we are apprised in the answers we receive to communications concerning meritorious claims. I think the same measure of tolerance should be afforded the distinguished Speaker of this House as is afforded every other humble Member, such as the gentleman from Texas and myself. [Laughter.]

Mr. BEEDY. Mr. Chairman, I do not think the committee wants to pass over this hurriedly. I appreciate the position the gentleman from Texas [Mr. BLANTON] has taken, but for the benefit of those who have not read the report let me state that it seems to me there is evidence here of a service of 14 months before this man fell and was severely wounded in the chest. He suffered a chest wound, and went back to his home town, as I understand it, of Cincinnati, where he remained, suffering as a result of this wound, and at any time he could have been apprehended and arrested as a deserter, but he never was.

It seems to me there is no question but what the man served 14 months, was wounded, and returned home because of his wound; and inasmuch as this bill does not propose to give him any rights to pensions or allowances I do not think it would be any injustice to anybody if we corrected his record.

Mr. CHINDBLOM. Will the gentleman from Maine permit an observation?

Mr. BEEDY. Certainly.

Mr. CHINDBLOM. Of course, if the case was perfectly clear to the War Department, the bill would not be here.

Mr. BEEDY. That is true. That is why we are called upon to act in such cases. I hope nobody will object to it.

Mr. HOWARD. Mr. Chairman, the statement has been made by the gentleman from Ohio and by the gentleman from Texas that this bill is on a par with several other like bills which have met the favor of the committee. I do not know but I take it for granted it is true; and if it be true, then it would seem to me it would be hardly the fair thing to treat our distinguished Speaker in any other manner than we have treated other Members who have offered bills which the two gentlemen say are exactly on a par with this bill. So I hope the House will not discriminate against my Speaker.

The bill was ordered reported to the House with a favorable recommendation.

ANDREW CULLIN

The next business on the Private Calendar was the bill (H. R. 4585) for the relief of Andrew Cullin.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Andrew Cullin, alias Daniel J. Doyle, alias Daniel Harney, shall be hereafter held and considered to have been honorably discharged from the military service of the United States as a private of Troop K, Second Regiment United States Cavalry, as private, Company B, Fourteenth Regiment, and Company A, Thirteenth Regiment, United States Infantry: *Provided*, That no back pension, back pay, or back allowance shall accrue by virtue of the passage of this act.

The bill was ordered reported to the House with a favorable recommendation.

JAMES MADISON BROWN

The next business on the Private Calendar was the bill (H. R. 6874) for the relief of James Madison Brown.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers James Madison Brown, who was a member of Company G, Thirty-fourth Regiment Indiana Volunteer Infantry, Civil War, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of that organization on the 4th day of May, 1862: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. BEEDY. Mr. Chairman, is the author of the bill present?

Mr. MANLOVE. Yes.

Mr. BEEDY. How long did this man serve before he was allowed to go home because of illness?

Mr. MANLOVE. He served from October 10, 1861, until March 31, 1862.

Mr. BEEDY. About five months?

Mr. MANLOVE. Yes. This gentleman, Madison Brown, is a man whom I have known for many years, a patriotic soldier of the Civil War. The evidence was first presented to Congress and I think a bill passed through this House, which did not get through the Senate, some 25 or 30 years ago. If the gentleman will read the evidence he will see that this soldier had a most wonderful record. He was stationed in the swamps near Saxton, Mo., on the Mississippi River. He was afflicted with rheumatism; was taken home on a stretcher. He came back to his company on crutches, assisted by three or four people. His command had gone on, and the doctor told him to go on back home. In ignorance of the procedure he should have followed he went home, and I think the gentleman will find even in the terse report accompanying the bill that these facts are verified. I would ask the gentleman to read the latter part of the report.

Mr. BEEDY. I have read that. I would like to ask the gentleman why it has been impossible to show during all this time that this man ever received any medical treatment. It seems they have never been able to find in all this time, although he was away on account of illness, whether he received any medical treatment or not. It seems to me that this man himself, or some one who knew about the circumstances, could have supplied that information.

Mr. MANLOVE. This was over 60 years ago, and I am quite satisfied, if there had been some one who was well versed in these matters and well able to take care of his case at the time and follow it up, it would have been easy to have secured the affidavit. If the gentleman will look at the close of this report at the survey of the evidence in the case and the multiplicity of affidavits that were offered, the gentleman will see that the committee has reported as follows:

It seems to be a very clear case of failure of the regimental officers to properly report the case of absence of a faithful soldier.

Mr. BEEDY. I shall not object to it, I will say to the gentleman.

Mr. MANLOVE. Let me say further that this man has been able to wear only large soft shoes since that day, and is now a cripple. I thank you. A most worthy, faithful soldier, who should have been taken care of years ago.

The bill was ordered reported to the House with a favorable recommendation.

JOHN R. ANDERSON

The next business on the Private Calendar was the bill (H. R. 7036) for the relief of John R. Anderson.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights and privileges upon honorably discharged soldiers, their widows, and dependent relatives, John R. Anderson shall be held and considered to have been honorably discharged from the military service of the United States as a member of Company L, Twenty-fourth Regiment United States Infantry, on the 31st day of December, 1898: *Provided*, That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act.

The bill was ordered reported to the House with a favorable recommendation.

HENRY SIMONS

The next business on the Private Calendar was the bill (H. R. 533) for the relief of Henry Simons.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Henry Simons, late of Company G, Forty-eighth Illinois Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of said company and regiment: *Provided*, That no pay, bounty, or pension shall be held to have accrued prior to the passage of this act.

The bill was laid aside to be reported to the House with a favorable recommendation.

BENJAMIN S. M'HENRY

The next business on the Private Calendar was the bill (H. R. 534) to remove the charge of desertion from the record of Benjamin S. McHenry.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to remove the charge of desertion now standing against Benjamin S. McHenry, late of Company K, Third Regiment United States Cavalry, and to grant and issue to said Benjamin S. McHenry an honorable discharge from said service and restore his proper name of Benjamin S. McHenry in lieu of the name under which he was erroneously enlisted, Henry Benjamin: *Provided*, That no back pay, bounty, or pension shall held to have accrued prior to the passage of this act.

Mr. BEGG. Mr. Chairman, according to the argument for the passage of this bill in the report it shows no sickness, no excuse, nor any disability.

Mr. ARNOLD. Mr. Chairman, this is a case where, as I understand it, the soldier served three years and seven months. At the time of his enlistment the contract of enlistment was for five years, but about that time an order was in vogue limiting the term to three years. This man, together with those with whom he enlisted, understood at the time that he was enlisting only for three years. He was told by his superior officer that the term of enlistment was for three years, and that when his term was up his services would cease. It seems that the officer was transferred to some other field of action, and when the term of three years was up, after he had served three years and seven months, the officer in charge did not want to and did not give him a discharge.

The CHAIRMAN. The Chair calls attention to the fact that in line 11, page 1, of the bill, the word "be" is omitted.

Mr. ARNOLD. Mr. Chairman, I move that the word "be" be inserted after the word "shall" in line 11.

The amendment was agreed to.

The bill was laid aside to be reported to the House with a favorable recommendation.

WILLIAM A. GLASSON

The next business on the Private Calendar was the bill (H. R. 818) for the relief of William A. Glasson.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws governing the National Home for Disabled Volunteer Soldiers, or any branch thereof, William A. Glasson shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Troop B, Seventh Regiment United States Cavalry: *Provided*, That no pension shall accrue prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I move to strike out the proviso and substitute the following:

Provided, That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BLACK of Texas: Strike out the proviso and substitute the following: "*Provided*, That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act."

Mr. BEEDY. Will the gentleman explain what there is in this case except that of the baldest kind of desertion?

Mr. FRENCH. On the contrary I think there is nothing in the record to show that there was desertion.

Mr. BEEDY. The record shows a desertion.

Mr. FRENCH. The records of the War Department, true enough, show that this man was absent from his company, but on the other hand the records of the War Department do not show the causes that led to the separation. As a matter of fact, this man—a young man then about 23 years of age—with several others was sent on detached duty under one who had been acting as sergeant in the company. The small detachment became separated from the company, but whether or not the sergeant or person acting as sergeant deliberately separated himself and his associates from the company we have no knowledge. Some 10 days later young Glasson was released by the acting sergeant, and as soon as he could do so reported through the chief of police of Denver to the commanding officer of the company his whereabouts and offered himself as at their service. The reply was that Glasson, on account of his disability, shortly was to be discharged and for that reason he was not wanted.

Following this information Glasson tried repeatedly to obtain his discharge. The records of the War Department indicate that a dishonorable discharge was issued.

I should say that very shortly after his separation, Glasson entered the National Guard of the State of Colorado and for seven years continued in the service of that organization, seeing active service in the Ute uprising. The whereabouts of Glasson were constantly known to the War Department, or could have been because of his repeated correspondence, and no action was taken looking to any prosecution on account of the alleged desertion. Perhaps I should further say that this man had a hospital record prior to his separation. He was in such physical condition on account of injuries received that he must have been discharged on account of physical disability within a short time.

Under the circumstances it seems unreasonable that he would have been a member of a group attempting desertion, even though desertion were to lie against the acting sergeant and others associated with that group.

Mr. BEEDY. Mr. Chairman, there seems to be a difference as to the understanding of the facts here. As I understand this case, this man entered the Army in September, 1876, to serve five years. The next June he deserted, or, rather he was wounded, and treated for an injury to his thumb and sent to a hospital at Fort Abraham Lincoln for one month. He was released there on May 1 and the record shows that he deserted on June 29, 1877, that he never thereafter returned to his command, that he never thereafter reported his whereabouts or the cause of his absence to the military authorities. Those are the facts.

Mr. FRENCH. So far as the records of the War Department are concerned those are the facts, but I submit there is no way by which a man under the circumstances here presented could prove the contrary to any better advantage than Glasson has proven it by affidavits that he has submitted. He had a hospital record and that the records of the War Department show. He was wounded and in such shape that in all probability he would have been discharged on account of disability. It seems not sound to say that he would have deserted under all the circumstances.

The CHAIRMAN. The time of the gentleman from Idaho has expired. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

WILLIAM LENTZ

The next business on the Private Calendar was the bill (H. R. 1459) for the relief of William Lentz.

The Clerk read the bill as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws conferring rights, privileges, and benefits upon honorably discharged soldiers, William Lentz, formerly a member of Company E,

One hundred and fifty-eighth Regiment Indiana Volunteer Infantry, war with Spain; Company M, Nineteenth Regiment United States Infantry; and who served honorably in the World War, shall be held and considered to have been honorably discharged from the military service of the United States as a member of Company M, Nineteenth Regiment United States Infantry.

SEC. 2. No back pay, bounty, or other emoluments shall accrue prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, on line 3, page 2, after the word "pay," I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Page 2, line 3, after the word "pay," insert the word "pension."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

ROBERT E. A. LANDAUER

The next business on the Private Calendar was the bill (H. R. 1598) for the relief of Robert E. A. Landauer.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Robert E. A. Landauer, who was a private of Company I, Twelfth Regiment New York Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States, as a private of that organization, on September 17, 1898: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

FRANCIS FORBES

The next business on the Private Calendar was the bill (H. R. 1721) for the relief of Francis Forbes.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Francis Forbes, late of Company I, Tenth Regiment New York Volunteer Cavalry, or Company I, First Regiment New York Volunteer Provisional Cavalry, Civil War, shall be held and considered to have been honorably discharged: *Provided*, That no back pay, pension, bounty, or other emolument shall accrue prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

CHARLES F. GETCHELL

The next business on the Private Calendar was the bill (H. R. 1962), for the relief of Charles F. Getchell.

The Clerk read the bill as follows:

Be it enacted, etc., That in the administration of the pension laws or of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers, Charles F. Getchell, who served in Company B, Forty-seventh Regiment New York Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States.

With the following committee amendment:

Line 9, after the word "States" strike out the period and insert a colon and the words: "*Provided*, That no back pay, pension or allowance shall be held to have accrued prior to the passage of this act."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to and the bill as amended was ordered to be laid aside with a favorable recommendation.

JOSEPH A. CHOATE

The next business on the Private Calendar was the bill (H. R. 2172), for the relief of Joseph A. Choate.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Joseph A. Choate, who served under the name of Alexander Choat as a private of Company K, Fourth Regiment Tennessee Volunteer Cavalry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a private of said company and regiment on the 25th day of November, 1864: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. BEGG. Mr. Chairman, I move to strike out the last word. Is the gentleman in charge of the bill here?

Mr. ALLGOOD. I am here.

Mr. BEGG. Does not the gentleman believe that before we pass a bill granting relief from desertion there should be at least some evidence besides the affidavit of the man himself? I once had a soldier two years ago sign an affidavit that he was in the service and had never drawn a pension. I checked him up and found that the man whose name he had taken was a Connecticut soldier who had died 40 years before, yet he had no hesitancy in filing an affidavit. I think it is going pretty loosely to take the affidavit of any man in support of a desertion charge, with no other evidence.

Mr. ALLGOOD. This man is dead now. It is 65 years since the service. He was only 15 years old.

Mr. BEGG. Is there nobody living who knows anything about this? Why is this being introduced? It is to give a pension to some one, is it not?

Mr. ALLGOOD. He was living at the time it was introduced. His widow is living yet.

Mr. BEGG. If we are going to pension widows of people not entitled to pensions, well and good. If we are going to pass a law to remove a disability solely on the affidavit of the man who is to be benefited, it seems to me that we are acting in a very slipshod way.

Mr. ALLGOOD. We have some evidence here in the War Department.

Mr. BEGG. What is the evidence? The evidence is all against the case.

Mr. ALLGOOD. I do not see that it is. I refer the gentleman to the second page of the report:

That he with others was sent over the river from Edgefield into Nashville, and at camp below Nashville or between Nashville and Franklin, Tenn., claimant says he, with others, got lost from the men who were sent out from Edgefield and was thrown in company with New York troops, and an officer by name of B. B. Griggs placed claimant in a pioneer corps of Second Division, was sent to east North Carolina, and was kept in this service until in latter part of May, 1865, and was sent from New Bern, N. C.

Also:

A report in this case was furnished to the Committee on Military Affairs, House of Representatives, in connection with H. R. 8394, Fifty-seventh Congress, first session, on April 4, 1902. Following is a copy:

It is shown by the records that Alexander Choate was enrolled and mustered into service May 21, 1864, as a private in Company K, Fourth Tennessee Cavalry Volunteers, to serve three years. He appears to have been present with his company until November 25, 1864, when he absented himself without leave, and his name was dropped as a deserter January 11, 1865. He never rejoined his command or reported his whereabouts or the cause of his absence to the military authorities, although his company remained in service until December 12, 1865.

Nothing has been found of record to show that he was sick or that he received medical treatment at any time during the period of his service in this organization.

Upon inquiry at the Quartermaster General's office it has been ascertained that Alexander Choate was employed as a civilian carpenter at New Bern, N. C., from February 1 to March 31, 1865, at the rate of $2.50 per day, and as a civilian teamster at $2.50 per day from April 1 to May 10, 1865, when discharged, and that B. B. Griggs was reported by Capt. F. T. Starkweather, acting quartermaster, at New Bern, N. C., as having been employed as a foreman.

Mr. BEGG. Now, will the gentleman yield right there?

Mr. ALLGOOD. Yes.

Mr. BEGG. That is the man's own affidavit. There is no evidence at all, only the man's own affidavit.

Mr. ALLGOOD. No; it says:

Upon inquiry at the Quartermaster General's office it has been ascertained that Alexander Choate was employed as a civilian carpenter at New Bern, N. C., from February 1 to March 31, 1865, at the rate of $2.50 per day, and as a civilian teamster at $2.50 per day from April 1 to May 10, 1865, when discharged.

That is from the Quartermaster's department.

Mr. BEGG. That is in his own affidavit. The committee has not furnished any evidence from the War Department or anybody else.

Mr. ALLGOOD. That is in his statement.

Mr. BEGG. That is the point I am making that there is not a bit of information available except what he has furnished.

Mr. ALLGOOD. That has gone before the committee.

Mr. CHINDBLOM. If the gentleman will permit, that is from the report of the committee in the Fifty-seventh Congress.

Mr. BEGG. If the gentleman will permit, I would like to call attention to the fact that this man has repeatedly made application for the removal of the charge of desertion and could not furnish the evidence, and it was denied. Now, I do not like to single out this case or any other case, although perhaps it is useless to try to do it, I do think this will let down the bars and we legislate in a slipshod manner when we pass desertion removal cases on the evidence of the man himself and no other evidence.

Mr. ALLGOOD. Well, does the gentleman question his service?

Mr. BEGG. No; it is a question of desertion, not a question of service, that is a War Department record, and he is the only man who says he tried to find his way back to the company and he could not do so.

Mr. ALLGOOD. He went right in with the construction corps. Remember he was only 15 years old, and at the present time he would be tried in a juvenile court.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BEGG. Mr. Chairman, I offer an amendment to strike out the enacting clause just to see if the House is willing to pass desertion exemption bills on the evidence alone of the man.

The CHAIRMAN. The gentleman from Ohio moves to strike out the enacting clause.

The question was taken, and the Chair announced the noes appeared to have it.

Mr. BEGG. Let us have a division, Mr. Chairman.

The committee divided; and there were—yeas 6, noes 16.

Mr. BEGG. Mr. Chairman, I object to the vote and make a point of no quorum.

The CHAIRMAN. The gentleman from Ohio makes the point that there is no quorum present. The Chair will count. [After a pause.] Ninety-three gentlemen are present, not a quorum.

Mr. TILSON. Mr. Chairman, I move that the committee do now rise, and on that I demand tellers.

Tellers were ordered.

The House again divided; and the tellers (Mr. TILSON and Mr. BEGG) reported that there were—ayes 10, noes 92.

So the motion to rise was rejected.

The CHAIRMAN. A quorum is present and the question is on the amendment offered by the gentleman from Ohio.

The question was taken, and the amendment was rejected.

The CHAIRMAN. Without objection, the bill be laid aside with a favorable recommendation.

Mr. BEGG. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion to report the bill to the House with the recommendation that it do pass.

The committee again divided.

The CHAIRMAN. The Chair is in doubt.

The committee again divided; and there were—ayes 29, noes 37.

Mr. BEGG. Mr. Chairman, I ask for tellers.

Tellers were ordered.

The House again divided; and the tellers (Mr. BEGG and Mr. ALLGOOD) reported that there were—ayes 35, noes 34.

Mr. BEGG. Mr. Chairman, I object to the vote on the ground that there is no quorum present.

The CHAIRMAN. The gentleman from Ohio makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and twenty gentlemen are present, a quorum.

So the motion was agreed to.

The CHAIRMAN. The Clerk will report the next bill on the calendar.

J. W. LA BARE

The next business on the Private Calendar was the bill (H. R. 2315) for the relief of J. W. La Bare.

The Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers J. W. La Bare, late of Company B, Forty-third Regiment Ohio Volunteer Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of said company and regiment on the 23d day of February, 1865: *Provided*, That no bounty, pay, or allowance shall accrue prior to the passage of this act.

The CHAIRMAN. Without objection, the bill will be laid aside with a favorable recommendation.

There was no objection.

TENNESSEE M'CLOUD

The next business on the Private Calendar was the bill (H. R. 2745) to correct the military record of Tennessee McCloud.

The Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Tennessee McCloud, who was a private in Company I, Thirteenth Regiment Tennessee Volunteer Cavalry, shall be held and considered to have been discharged honorably from the military service of the United States as a private of said company and regiment on September 6, 1865: *Provided*, That no bounty, pay, or allowances shall be held as accrued prior to the passage of this act.

The CHAIRMAN. Without objection, the bill will be laid aside with a favorable recommendation.

There was no objection.

The CHAIRMAN. The Clerk will report the next bill.

JOHN T. O'NEIL

The next business on the Private Calendar was the bill (H. R. 2787) for the relief of John T. O'Neil.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of all laws conferring rights, privileges, or benefits upon honorably discharged soldiers, John T. O'Neil, late of Battery C, First Regiment Connecticut Volunteer Artillery, Spanish-American War, shall be held to have been discharged honorably from the military service of the United States on December 1, 1899: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

SAMUEL T. HUBBARD, JR.

The next business on the Private Calendar was the bill (H. R. 2987) for the relief of Samuel T. Hubbard, jr.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Samuel T. Hubbard, jr., Signal Corps Officers' Reserve Corps, shall hereafter be held and considered to have been commissioned as a captain in the American Expeditionary Forces on May 27, 1917: *Provided*, That no pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next bill.

ESTLE DAVID

The next business on the Private Calendar was the bill (H. R. 3107) for the relief of Estle David.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Estle David, who was a member of Company D, Sixth Regiment United States Infantry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of that organization on the 8th day of May, 1903.

With a committee amendment as follows:

Page 1, line 9, after the figures "1903," insert a colon and the following: "*Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

JOHN SOLEN

The next business on the Private Calendar was the bill (H. R. 3448) for the relief of John Solen.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, John Solen, who served with Company B, First Regiment Massachusetts Volunteer Cavalry, Civil War, shall hereafter be held and considered to have been mustered in on August 14, 1862, and discharged honorably from the military service of the United States as a private of said company and regiment on June 30, 1864: *Provided*, That no bounty, pay, or allowances shall be held as accrued prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I move to amend the bill on line 10, after the word "bounty," by inserting the word "pension."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: Line 10, after the word "bounty," insert the word "pension."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

HANNAH PARKER

The next business on the Private Calendar was the bill (H. R. 3624) for the relief of Hannah Parker.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws and the laws conferring rights and privileges upon honorably discharged soldiers of the Volunteer Army, their widows and dependent children, Leander Parker, deceased, shall be held and considered to have been honorably discharged from the military service of the United States as a member of Company C, Seventieth Regiment Ohio Volunteer Infantry, on the 19th day of May, 1864: *Provided*, That no back pay, bounty, pension, or other emolument shall accrue prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next bill.

JACOB F. WEBB

The next business on the Private Calendar was the bill (H. R. 4287) for the relief of Jacob F. Webb.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Jacob F. Webb, late of Company H, Eleventh Regiment Missouri State Militia Cavalry, and Company L, Second Regiment Missouri State Militia Cavalry, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a member of the latter company and regiment on the 18th day of December, 1862: *Provided*, That no bounty, pay, or allowances shall be held as accrued prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I move to amend the bill on line 11, after the word "bounty," by inserting the word "pension."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: On line 11, after the word "bounty," insert the word "pension."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

JAMES A. HUGHES

The next business on the Private Calendar was the bill (H. R. 4576) for the relief of James A. Hughes.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, James A. Hughes, One hundred and sixty-seventh Company, Coast Artillery Corps, shall hereafter be held and considered to have been honorably discharged from the military service of said company: *Provided*, That no pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next bill.

WALTER L. WATKINS, ALIAS HARRY AUSTIN

The next business on the Private Calendar was the bill (H. R. 4884) for the relief of Walter L. Watkins, alias Harry Austin.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws and all other laws conferring rights, privileges, and benefits upon persons honorably discharged from the military service of the United States, Walter L. Watkins, alias Harry Austin, late of Battery I, First Regiment United States Artillery, Company A, Thirteenth Regiment United States Infantry, and Company I, Twentieth Regiment United States Infantry, shall be held and considered not to have deserted, and not to have been dishonorably discharged from such military service: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be laid aside with a favorable recommendation.

The CHAIRMAN. The Clerk will report the next one.

HENRY SHULL

The next business on the Private Calendar was the bill (H. R. 5126) for the relief of Henry Shull.

The title of the bill was read.

Mr. TILSON. Mr. Chairman, it will take considerable time to pass these bills in the House, I fear, and it is now past 4 o'clock, so I suggest that we stop here.

Mr. Chairman, I move that the committee do now rise and report the bills back to the House for such action as has been recommended by the committee.

Mr. GARRETT of Tennessee. Why not finish the pending bill?

Mr. OLDFIELD. Why not finish the calendar?

Mr. TILSON. We have only a little more than half finished the calendar. We do not have to do it all in one day.

Mr. OLDFIELD. Other bills will be added to this calendar every day.

Mr. GARRETT of Tennessee. Is the gentleman preparing for roll calls on some of the bills?

Mr. TILSON. I have been warned that there might be some roll calls asked for, coming from the gentleman's side. For that reason I am preparing for it.

Mr. BLACK of Texas. I will say to the gentleman from Connecticut that, so far as I am concerned, I do not expect to demand a roll call.

Mr. BEGG. I will say to the gentleman that I do expect to demand a roll call.

Mr. GARRETT of Tennessee. Why does not the gentleman from Connecticut go ahead with the calendar?

Mr. TILSON. I shall withdraw the motion if it is, as it seems to be, the general desire of the committee to go on. It seemed to me that we had about done a good day's work, but I am not going to try to press my views upon the committee. If Members wish to work a little longer, I shall withdraw the motion for the present.

The CHAIRMAN. The gentleman from Connecticut withdraws his motion that the committee do now rise, and the Clerk will report the next bill on the Private Calendar.

The Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Henry Shull, who was a private in Company F, Eighth Regiment Missouri State Militia, Civil War, shall hereafter be held and considered to have been discharged honorably from the military service of the United States as a private of said company and regiment on the 1st day of February, 1864: *Provided*, That no bounty, pay, or allowances shall be held as accrued prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I move to amend the bill in line 10, after the word "bounty," by adding the word "pension."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: In line 10, after the word "bounty," insert the word "pension."

The amendment was agreed to.

Mr. BEEDY. Mr. Chairman, I call the attention of the committee to the fact that here is the case of a man who served three months; he was sick with the mumps, and as soon as he was able he went home, and that ended it. Now he wants his record cleared up. I do not think I have ever objected to a private bill, but the result of the way we are going with these bills is that we are cleaning everybody's dirty linen, and without any consideration at all. I call attention to the fact that we ought to be careful about proceeding with such haste.

I do not know who the author of this bill is, but it is similar to a bill we had up a moment ago and which I opposed.

I hope the committee will not pass upon this bill with favor.

Mr. MAJOR. I do not think the gentleman from Maine read far enough. This gentleman belonged to the Mounted Missouri Militia. They were going through Springfield, in Greene County, and he was given leave by reason of sickness. He could not come back to his company, because he could not ride. When the disease of mumps takes a certain course it prevents riding, horseback riding at least. He corresponded with his company, and there was no intention of deserting. I think this is a just case and instead of being marked as a deserter this charge should be removed.

Mr. BEEDY. If the gentleman pleases, is there any evidence that his absence from the service and his failure to serve further with his company was due to his disability? The record does not disclose it.

Mr. MAJOR. Yes; there are doctors' certificates, and he kept up a correspondence with the officers of his company during the whole time.

Mr. BEEDY. His company was in the service until 1865 but he did not show up again. Now, does the gentleman give us to understand that mumps, incurred two or three years prior, so incapacitated this man that he was never able to continue service with his company three years later?

Mr. MAJOR. I will state to the gentleman from Maine that the record shows, by affidavits, that he corresponded with his company, and the certificates of physicians were to the effect that he was unable to join his company. This bill was favorably reported before by the commitee.

Mr. BEEDY. I am unable to find any record anywhere to the effect that this man was ever treated by any physician for any disability or for any disease.

Mr. MAJOR. If the gentleman will read the certificates of the physicians in the record he can find that out.

Mr. BEEDY. Those are the military certificates, but, as I say, there is no record showing that any physician ever treated him?

Mr. MAJOR. There is such a record in the report accompanying the bill.

Mr. BEEDY. Will the gentleman call my specific attention to it?

Mr. MAJOR. On page 3 of the committee's report, the gentleman will find a certificate from A. C. Curl, M. D., a resident of Cross Timbers, Mo., who examined this man; also on page 4 the evidence of Dr. S. M. Breece.

Mr. BEEDY. Yes; but if the gentleman will read that carefully he will see that the physician makes the statement but does not state it as of his own knowledge. He states, "So the soldier claims." There is no military record of hospitalization or treatment. I submit that we should proceed with greater deliberation in clearing up the records of these men who deserted. I do not want to take any more time of the House, but I hope the committee gets my viewpoint.

Mr. MAJOR. I would like to state the facts in this case briefly. I do not desire to take the time of this committee unduly. This case is one of an old gentleman over 90 years of age. He is simply asking this House to clear his name of the charge of desertion. I introduced this bill at the last session of Congress, went before the proper committee, and it was reported favorably. I introduced the bill again at this session and it was reported favorably by the committee, and from a careful reading of the record I think every Member will become convinced that this gentleman who joined the mounted militia became disabled by reason of a severe case of mumps and could not rejoin his company. He kept up a correspondence with various members of his company during the entire war or until they disbanded. There was no evidence of any intention to desert and I do not think this record should be permitted to remain in this status when there is no evidence to sustain it. All that I want is that justice be accorded this old soldier.

Mr. BEEDY. I understand that.

Mr. MAJOR. I simply do this in justice to one of my constituents, and I feel the House should take this action unless there is a reason for not doing so.

Mr. BEEDY. The gentleman is doing his duty as we all try to, but I call his attention to the fact that there is no evidence that after this man left he ever returned to his commander or ever reported his whereabouts to his commanding officer. If we are going to establish the precedent of granting honorable discharges to such men, all well and good. It is within the province of the House to do so, but I feel it is my duty to call attention to these facts; and to get the sentiment of the House I move to strike out the enacting clause, Mr. Chairman.

The question was taken, and the motion to strike out the enacting clause was rejected.

The bill was ordered reported to the House with a favorable recommendation.

EDWARD N. MOORE

The next business on the Private Calendar was the bill (H. R. 6226) for the relief of Edward N. Moore.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any law conferring rights, privileges, or benefits upon honorably discharged soldiers, Edward N. Moore shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Company A, Fifty-first Regiment New York Volunteer Infantry, and Battery A, Fifth Regiment United States Volunteer Artillery, on the 19th day of August, 1865: *Provided*, That no pension shall accrue prior to the passage of this act.

Mr. BLACK of Texas. Mr. Chairman, I move to strike out the proviso and insert the following language:

Provided, That no pay, pension, allowance, or emolument shall become due as a result of the passage of this act.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK of Texas: In line 101 strike out the proviso and insert in lieu thereof the following: *"Provided*, That no back pay, pension, allowance, or emolument shall become due as a result of the passage of this act."

The amendment was agreed to.

The bill was ordered reported to the House with a favorable recommendation.

THORNTON JACKSON

The next business on the Private Calendar was the bill (H. R. 6847) to correct the military record of Thornton Jackson.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws governing Civil War soldiers, Thornton Jackson, now a resident of Indiana, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of Company K, One hundred and forty-ninth Regiment Indiana Volunteer Infantry, on the 27th day of September, 1865: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered reported to the House with a favorable recommendation.

JOSEPH F. BECKER

The next business on the Private Calendar was the bill (H. R. 7348) for the relief of Joseph F. Becker.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to appoint Joseph F. Becker, who while serving as a lieutenant commander, United States Naval Reserve Force, was found by a naval retiring board to be permanently incapacitated for active service by reason of physical disability incurred in the line of duty as the result of an incident of the service, a chief boatswain on the retired list of the Navy with such retired pay as is now or may hereafter be allowed a commissioned warrant officer whose record has been certified as creditable after the completion of 12 years' commissioned service: *Provided*, That the said Joseph F. Becker shall not be entitled to such retired pay prior to the date of the enactment of this act.

The bill was ordered reported to the House with a favorable recommendation.

Mr. TILSON. Mr. Chairman, I move that the committee do now rise and report the several bills to the House for such action as the committee has recommended.

The CHAIRMAN. The gentleman from Connecticut moves that the committee do now rise and report the bills that have been under consideration to the House with such recommendations as were adopted at the time.

The motion was agreed to.

Accordingly, the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House, reported that the committee had had under consideration bills on the Private Calendar and had directed him to report H. R. 2537, H. R. 2636, H. R. 2808, H. R. 3431, H. R. 5858, H. R. 5263, H. R. 3646, H. R. 4600, H. R. 6674, H. R. 4835, S. 1423, H. R. 1717, H. R. 3546, H. R. 4252, H. R. 4585, H. R. 6874, H. R. 7036, H. R. 533, H. R. 1598, H. R. 1721, H. R. 2172, H. R. 2315, H. R. 2745, H. R. 2787, H. R. 2987, H. R. 3624, H. R. 4576, H. R. 4884, H. R. 5126, H. R. 6847, H. R. 7348, with the recommendation that the same do pass; that the committee had further directed him to report H. R. 585, H. R. 1110, H. R. 3572, H. R. 787, H. R. 1840, H. R. 2267, H. R. 4172, H. R. 6136, H. R. 2703, H. R. 1827, H. R. 3380, H. R. 534, H. R. 818, H. R. 1459, H. R. 1962, H. R. 3107, H. R. 3448, H. R. 4287, H. R. 6226, with certain amendments, with the recommendation that the amendments be agreed to and that the bills as amended do pass; and that the committee had further directed to report the bill H. R. 2356, with the recommendation that the same be laid on the table.

The SPEAKER. Unless a separate vote is demanded on any bill, the Chair will put the question adopting the recommendations of the committee in gross.

Mr. BEGG. Mr. Speaker, I object and ask for a separate vote on the following bills: Private Calendar Nos. 2, 3, 11, 32, and 41.

The SPEAKER. Is a separate vote demanded on any other bill?

Mr. DOWELL. Mr. Speaker, I make the point of order that no quorum is present.

Mr. BLACK of Texas. Will the gentleman withhold that a moment? I would call the attention of the gentleman from Ohio [Mr. BEGG] to the fact that Calendar No. 3 was laid aside.

Mr. BEGG. Then I withdraw my request as to No. 8, of course, if it was laid aside.

The SPEAKER. Does the gentleman insist upon his point of no quorum?

Mr. DOWELL. Yes.

The SPEAKER. The gentleman from Iowa makes the point of no quorum. Evidently there is no quorum present.

Mr. TILSON. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Anthony	Fredericks	Lea, Calif.	Rathbone
Aswell	Freeman	Lee, Ga.	Reed, Ark.
Bacharach	Frothingham	Lindsay	Reid, Ill.
Bankhead	Fuller	Lineberger	Robsion
Barkley	Funk	Lowrey	Sabath
Bixler	Gallivan	Luce	Sandlin
Black, N. Y.	Gifford	McKeown	Schneider
Britten	Gilbert	McSwain	Scott
Buchanan	Golder	Madden	Sears, Fla.
Bulwinkle	Graham	Martin, La.	Sears, Nebr.
Byrns	Hadley	Merritt	Snell
Campbell	Hale	Michaelson	Spearing
Carew	Hammer	Milligan	Strong, Pa.
Carss	Hastings	Morin	Sullivan
Carter, Calif.	Hawes	Nelson, Wis.	Summers, Wash.
Carter, Okla.	Hawley	Newton, Minn.	Sumners, Tex.
Celler	Hersey	Newton, Mo.	Swartz
Connery	Hudson	O'Connor, La.	Swoope
Corning	Hull, Morton D.	O'Connor, N. Y.	Taylor, Colo.
Cox	Hull, William E.	Oliver, Ala.	Tincher
Cramton	Johnson, Wash.	Parker	Vare
Cullen	Kahn	Peavey	Voigt
Darrow	Keller	Perkins	Weller
Davey	Kelly	Perlman	Williams, Ill.
Denison	Kendall	Phillips	Wingo
Dickstein	Kiess	Porter	Wood
Drane	Kincheloe	Pou	Woodruff
Fenn	Kindred	Prall	Yates
Fitzgerald, Roy G.	Kunz	Pratt	Zihlman
Flaherty	LaGuardia	Quayle	
Fort	Lampert	Ramseyer	
Frear	Lanham	Ransley	

The SPEAKER. Three hundred and six Members have answered to their names. A quorum is present.

Mr. TILSON. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. TILSON. Mr. Speaker, I ask unanimous consent that the previous question may be considered as ordered on all bills and amendments thereto, reported from the Committee of the Whole House.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the previous question may be considered as ordered on all bills and amendments thereto. Is there objection?

Mr. WEFALD. Reserving the right to object, I think there are a good many Members here that were not here when the bills were discussed.

Mr. GARRETT of Tennessee. The gentleman from Connecticut means all bills reported from the Committee of the Whole House?

Mr. TILSON. All bills reported to the House from the Committee of the Whole.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. Is a separate vote demanded on any other bill?

Mr. BEEDY. I ask for a separate vote on the bill (H. R. 787) for the relief of Fayette I. Froemke.

The SPEAKER. Without objection the Clerk will announce the bills on which a separate vote is demanded.

The Clerk read as follows:

Calendar Nos. 2, 10, 11, 32, and 41.

Mr. BEGG. And I withdraw my request for a separate vote on No. 10.

Mr. BLACK of Texas. And I renew the request for a separate vote on No. 10.

The SPEAKER. Without objection as to all the other bills reported from the Committee of the Whole, the amendments will be considered as agreed to, the bills engrossed and read a third time, and passed, and a motion to reconsider laid on the table. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the first bill on which a separate vote is demanded.

The Clerk read as follows:

A bill (H. R. 1110) granting six months' pay to Lucy B. Knox.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and on a division (demanded by Mr. BEGG) there were 230 ayes and 8 noes.

So the bill was passed.

The SPEAKER. The Clerk will report the next bill on which a separate vote is demanded.

The Clerk read as follows:

A bill (H. R. 787) for the relief of Fayette L. Froemke.

The amendment was agreed to.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

The SPEAKER. The Clerk will report the next bill on which a separate vote is demanded.

The Clerk read as follows:

A bill (H. R. 1840) for the relief of Edward A. Grimes.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The SPEAKER. The Clerk will report the next bill on which a separate vote is demanded.

The Clerk read as follows:

A bill (H. R. 6874) for the relief of James Madison Brown.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

The SPEAKER. The Clerk will report the next bill on which a separate vote is demanded.

The Clerk read as follows:

A bill (H. R. 2172) for the relief of Joseph A. Choate.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

The SPEAKER. Without objection, the bill (H. R. 2356) to change the retired status of Chief Pay Clerk R. E. Ames, United States Navy, retired, will be laid on the table.

There was no objection.

On motion of Mr. TILSON, a motion to reconsider the vote whereby the five bills on which a separate vote was demanded were passed was laid on the table.

COLUMBIA INSTITUTION FOR THE DEAF

The SPEAKER announced the appointment of Mr. BLOOM, of New York, as a director of the Columbia Institution for the Deaf, to fill the vacancy caused by the death of Mr. Raker, of California.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted—

To Mr. CRAMTON, at the request of Mr. MAPES, on account of illness.

To Mr. HUDSON, at the request of Mr. MAPES, on account of illness.

To Mr. FUNK, for two days, at the request of Mr. CHINDBLOM, on account of illness.

ORDER OF BUSINESS

Mr. TILSON. Mr. Speaker, I call the attention of the membership to the fact that to-morrow morning, immediately after the reading of the Journal, our venerable and much-esteemed friend, Major STEDMAN, is going to address the House. [Applause.]

ADJOURNMENT

Mr. TILSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 4 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Saturday, February 6, 1926, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for February 6, 1926, as reported to the floor leader by clerks of the several committees:

APPROPRIATIONS COMMITTEE

(10.30 a. m.)

Appropriations for independent offices (subcommittee).

CIVIL SERVICE COMMITTEE

(10.30 a. m.)

Providing for the placing of Government employees engaged in the enforcement of national prohibition under the civil service (H. R. 3978).

To place under the civil service act the personnel of the Treasury Department authorized by section 38 of the national prohibition act (H. R. 3821).

DISTRICT OF COLUMBIA COMMITTEE

(10.30 a. m.)

To repeal a part of section 12, chapter 353, Thirty-first United States Statutes at Large, as heretofore amended. Commonly known as the highway bridge tax bill (H. R. 7380).

To establish a board of public welfare in and for the District of Columbia, to determine its functions, and for other purposes (H. R. 346 and H. R. 5045).

INDIAN AFFAIRS COMMITTEE

(2 p. m.)

A proposed bill to amend an act of March 3, 1885, entitled "An act for an allotment of lands in severalty to the Indians residing upon the Umatilla Reservation in the State of Oregon."

NAVAL AFFAIRS COMMITTEE

(10.30 a. m.)

To consider a five-year program for the Bureau of Aeronautics, Navy Department.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PERKINS: Committee on Coinage, Weights, and Measures. H. R. 264. A bill to amend an act to provide for the appointment of a commission to standardize screw threads; without amendment (Rept. No. 198). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8034. A bill to authorize the destruction of paid United States checks; without amendment (Rept. No. 199). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. S. 2464. An act to amend section 95 of the Judicial Code, as amended; without amendment (Rept. No. 200). Referred to the House Calendar.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6536. A bill to amend section 129 of the Judicial Code, relating to appeals in admiralty cases; without amendment (Rept. No. 201). Referred to the House Calendar.

Mr. McCLINTIC: Committee on Naval Affairs. H. R. 8911. A bill authorizing an appropriation of $11,000 for the purpose of aiding in the repair of damage done to roads, water systems, schools, and other public buildings in American Samoa; without amendment (Rept. No. 203). Referred to the Committee of the Whole House on the state of the Union.

Mr. GIBSON: Committee on the District of Columbia. H. R. 8830. A bill amending the act entitled "An act providing for a comprehensive development of the park and playground system of the National Capital," approved June 6, 1924; without amendment (Rept. No. 204). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. H. R. 7818. A bill to amend section 304 of an act entitled "An act to regulate interstate and foreign commerce in livestock, livestock products, dairy products, poultry, poultry products, and eggs, and for other purposes," approved August 15, 1921; without amendment (Rept. No. 205). Referred to the Committee of the Whole House on the state of the Union.

Mr. UNDERHILL: Committee on Claims. H. R. 8651. A bill to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; without amendment (Rept. No. 206). Referred to the Committee of the Whole House on the state of the Union.

Mr. WELSH: Committee on Industrial Arts and Expositions. H. J. Res. 153. A joint resolution providing for the participation of the United States of America in the sesquicentennial celebration in the city of Philadelphia, Pa., and authorizing an appropriation therefor, and for other purposes; without amendment (Rept. No. 207). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on the Public Lands. H. R. 6261. A bill to authorize the exportation from the State or Territory of timber lawfully cut on any national forest or on the public lands in Alaska; with amendments (Rept. No. 208). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3833. A bill to amend section 204 of an act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplementary thereto; with an amendment (Rept. No. 209). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3834. A bill to amend section 65 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 210). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PATTERSON: Committee on Naval Affairs. H. R. 8138. A bill for the relief of Joy Bright Hancock; without amendment (Rept. No. 202). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILLS: A bill (H. R. 8944) relating to sales and contracts to sell in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACK of New York: A bill (H. R. 8945) to amend the immigration act of May 26, 1924; to the Committee on Immigration and Naturalization.

By Mr. BURDICK: A bill (H. R. 8946) to authorize the erection of a Veterans' Bureau hospital in Providence, R. I., or in a section adjacent thereto; to the Committee on World War Veterans' Legislation.

By Mrs. NORTON: A bill (H. R. 8947) to repeal section 602 of the World War adjusted compensation act approved May 19, 1924; to the Committee on Ways and Means.

Also, a bill (H. R. 8948) to establish a board of public welfare in and for the District of Columbia, to determine its functions, and for other purposes; to the Committee on the District of Columbia.

By Mr. OLIVER of New York: A bill (H. R. 8949) to amend the immigration act of 1924; to the Committee on Immigration and Naturalization.

By Mr. ANDRESEN: A bill (H. R. 8950) granting the consent of Congress to the State of Minnesota to construct a bridge across the Minnesota River at or near Shakopee, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. OLDFIELD: A bill (H. R. 8951) providing for the purchase of certain inventions, designs, and methods of aircraft, aircraft parts, and aviation technique of Edwin Fairfax Naulty and Leslie Fairfax Naulty, of New York; to the Committee on Patents.

Also, a bill (H. R. 8952) providing for the purchase of certain inventions, designs, and methods of aircraft, aircraft parts, and aviation technique of Edwin Fairfax Naulty and Leslie Fairfax Naulty, of New York; to the Committee on Patents.

By Mr. MORIN: A bill (H. R. 8953) to provide retirement for the Nurse Corps of the Army and Navy; to the Committee on Military Affairs.

By Mr. UNDERHILL: A bill (H. R. 8954) to amend section 4 of the public buildings act of March 4, 1913; to the Committee on Public Buildings and Grounds.

By Mr. GARBER: A bill (H. R. 8955) providing for additional demonstration and experimental work in the livestock department of the experiment station located at Woodward, Okla.; to the Committee on Agriculture.

Also, a bill (H. R. 8956) providing for horticultural experiment and demonstration work in the southern Great Plains area; to the Committee on Agriculture.

By Mr. LUCE: A bill (H. R. 8957) to amend section 9 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. MOONEY: A bill (H. R. 8958) to authorize the sale of lighthouse property and keepers' dwellings thereon at Cleveland, Ohio, and providing more suitable quarters for the lighthouse keepers at Cleveland, Ohio; to the Committee on Interstate and Foreign Commerce.

By Mr. OLDFIELD: A bill (H. R. 8959) to repeal that portion of the river and harbor appropriation act approved July 27, 1916, declaring the Cache River, in Arkansas, to be a nonnavigable stream, and to direct the Secretary of War to make survey of the Cache River and of the lands comprised in its watersheds for the purposes of flood control, irrigation, water and electric power, and navigation; to the Committee on Irrigation and Reclamation.

By Mr. REECE: A bill (H. R. 8960) providing for the erection of a chapel in the Andrew Johnson National Cemetery, Greeneville, Tenn.; to the Committee on Military Affairs.

By Mr. EVANS: Joint resolution (H. J. Res. 152) proposing an amendment to the Constitution of the United States for a referendum on war; to the Committee on the Judiciary.

By Mr. WELSH: Joint resolution (H. J. Res. 153) providing for the participation of the United States in the sesquicentennial celebration in the city of Philadelphia, Pa., and authorizing an appropriation therefor, and for other purposes; to the Committee on Industrial Arts and Expositions.

Also, resolution (H. Res. 120) providing for the consideration of H. J. Res. 153; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 8961) for the relief of William E. Jones; to the Committee on Military Affairs.

By Mr. MENGES: A bill (H. R. 8962) granting an increase of pension to Mary M. Taylor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8963) granting an increase of pension to Sarah A. Zeigler; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 8964) granting a pension to Rosanna Ulman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8965) granting an increase of pension to Amelia J. Lusk; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 8966) granting a pension to Arthur L. Massie; to the Committee on Pensions.

By Mr. FLETCHER: A bill (H. R. 8967) granting an increase of pension to George T. Harding; to the Committee on Invalid Pensions.

By Mr. GREEN of Iowa: A bill (H. R. 8968) for the relief of Anthony Wade; to the Committee on Claims.

By Mr. JOHNSON of Kentucky: A bill (H. R. 8969) granting a pension to James Self; to the Committee on Invalid Pensions.

By Mr. MOONEY: A bill (H. R. 8970) for the relief of Edwin R. Samsey; to the Committee on Military Affairs.

By Mr. PARKER: A bill (H. R. 8971) granting a pension to Catherine Kinmouth; to the Committee on Invalid Pensions.

By Mr. REED of Arkansas: A bill (H. R. 8972) granting a pension to Dora Probst; to the Committee on Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 8973) granting an increase of pension to Katherine Kremer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8974) granting an increase of pension to Eliza A. Griffin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8975) granting a pension to Alonzo Lawrence Sutton; to the Committee on Invalid Pensions.

By Mr. SOSNOWSKI: A bill (H. R. 8976) to provide for the examination and survey of certain harbors on the Great Lakes, and of the connecting channels of the Great Lakes with a view to securing a continuous depth of 25 feet with suitable widths; to the Committee on Rivers and Harbors.

By Mr. STALKER: A bill (H. R. 8977) granting an increase of pension to Delilah Potter; to the Committee on Pensions.

By Mr. SWANK: A bill (H. R. 8978) for the relief of Frank Linwood Pontious; to the Committee on Naval Affairs.

By Mr. SWARTZ: A bill (H. R. 8979) for the relief of Charles C. Kerns; to the Committee on Claims.

By Mr. TILLMAN: A bill (H. R. 8980) granting a pension to Birdie Taylor; to the Committee on Invalid Pensions.

By Mr. TYDINGS: A bill (H. R. 8981) for the relief of Emily Patrick; to the Committee on Claims.

Also, a bill (H. R. 8982) granting a pension to Catharine Dell; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 8983) granting a pension to Eva J. Miller; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 8984) granting an increase of pension to Howard F. Lange; to the Committee on Pensions.

Also, a bill (H. R. 8985) granting an increase of pension to William M. Brendle; to the Committee on Pensions.

Also, a bill (H. R. 8986) granting a pension to Cordelia Green; to the Committee on Pensions.

By Mr. WURZBACH: A bill (H. R. 8987) granting a pension to Permelia E. Dugger; to the Committee on Pensions.

By Mr. GIFFORD: Joint resolution (H. J. Res. 154) authorizing the expenditure of certain funds paid to the United States by the Persian Government; to the Committee on Foreign Affairs.

By Mr. ALMON: Concurrent resolution (H. Con. Res. 8) authorizing the printing of the proceedings in Congress upon the acceptance of the statue of Joseph Wheeler; to the Committee on Printing.

By Mr. SWARTZ: Resolution (H. Res. 119) to pay salary and funeral expenses of John M. Heagy, late an employee of the House of Representatives, to his widow, Mrs. John M. Heagy; to the Committee on Accounts.

By Mr. CURRY: Resolution (H. Res. 121) to pay one month's salary to the clerks to the late Hon. John E. Raker; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

585. By Mr. GALLIVAN: Petition of O. W. Clapp, Massachusetts legislative representative, Locomotive Engineers, Boston, Mass., protesting against proposed amendments to the Federal employees' liability act; to the Committee on the Civil Service.

586. By Mr. LEAVITT: Resolution of Jackson Woman's Club, of Jackson, Mont., favoring continuance of the provisions of the Sheppard-Towner maternity act; to the Committee on Interstate and Foreign Commerce.

587. By Mr. TEMPLE: Papers in support of House bill 8503, granting a pension to Anna M. Gribben; to the Committee on Pensions.

SENATE

SATURDAY, *February 6, 1926*

(Legislative day of Monday, February 1, 1926)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senate resumes the consideration of the unfinished business, House bill No. 1.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. ERNST obtained the floor.

Mr. JONES of Washington. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	McKinley	Shipstead
Bayard	Fess	McLean	Shortridge
Bingham	Fletcher	McNary	Simmons
Blease	Frazier	Mayfield	Smith
Borah	George	Means	Smoot
Bratton	Gerry	Metcalf	Stanfield
Brookhart	Gillett	Moses	Stephens
Broussard	Goff	Norbeck	Swanson
Bruce	Hale	Norris	Trammell
Butler	Harreld	Nye	Tyson
Cameron	Harris	Oddie	Underwood
Capper	Harrison	Overman	Wadsworth
Caraway	Heflin	Pepper	Walsh
Copeland	Howell	Phipps	Warren
Couzens	Johnson	Pine	Watson
Dale	Jones, Wash.	Ransdell	Weller
Deneen	Kendrick	Reed, Pa.	Wheeler
Dill	Keyes	Robinson, Ark.	Williams
Edge	King	Robinson, Ind.	Willis
Edwards	La Follette	Sackett	
Ernst	McKellar	Sheppard	

Mr. WATSON. I wish to announce that the Senator from Iowa [Mr. CUMMINS] is engaged on the Interstate Commerce Committee.

Mr. JONES of Washington. I desire to announce that the senior Senator from Kansas [Mr. CURTIS] is necessarily absent on account of illness. I will allow this announcement to stand for the day.

Mr. McKELLAR. I wish to announce the unavoidable absence of the Senator from West Virginia [Mr. NEELY]. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present. The Senator from Kentucky [Mr. ERNST] is entitled to the floor and will proceed.

Mr. ERNST. Mr. President, I desire to read, for the information of the Senate, the views of the minority members of the so-called Couzens's committee, which I now ask permission to file.

The VICE PRESIDENT. Without objection, the views of the minority will be received and ordered to be printed (Rept. 27, pt. 3).

Mr. ERNST. Mr. President, the views of the minority do not occupy many pages of print, but it has been a task of considerable labor to put our objections to the majority report in such shape that the Senate may quickly understand them. I believe that all those who listen will understand exactly what we intend to convey.

On January 12, 1926, Mr. COUZENS, from the select committee of which he is chairman, presented to the Finance Committee a 243-page majority report representing the results of the activities of this committee in investigating the Bureau of Internal Revenue. On the same day this majority report was submitted to the Senate.

A statement of the history of the activities of the investigating committee and of the preparation and adoption of the report will show that it is based to a large extent upon ex parte proceedings and that it presents only one side of the case.

On June 1, 1925, the Select Committee Investigating the Bureau of Internal Revenue had been in existence for a year and three months. During that time there had been presented to the committee, by its staff, the facts with reference to less than 100 cases, the settlement of which by the Bureau of Internal Revenue was criticized. In respect of these cases which were actually presented to the committee representatives of the bureau appeared before the committee, full hearings were had, and the bureau answered to the entire satisfaction of at least part of the committee the criticisms made of the settlements.

Under the Senate resolution authorizing its activities the committee was required to cease holding its hearings on June 1, 1925, and was compelled to withdraw its agents from within the Bureau of Internal Revenue on that date and to return to the bureau all of its records which had been withdrawn by the committee and to discontinue the withdrawals from the bureau of records, returns, and cases.

I call particular attention to what was done by the committee.

The spirit if not the letter of this resolution was disregarded by the committee when it required the bureau to have prepared and submitted to it prior to June 1 photostatic copies of all returns and papers in thousands of cases. These photostats were then examined by the attorney and agents of the committee without committee hearings and form to a large extent the basis of the majority report.

And yet those cases were never before the committee for examination with an opportunity to the bureau to answer the objections and criticisms made, but reports upon them were prepared by the attorneys for the committee, and reported in the majority report, as Senators will see later on.

As illustrative of this, counsel for the committee stated that the portion of the report dealing with amortization was based upon the consideration of all cases involving more than $500,000, some 160 in number—

And I desire the Senate to understand clearly that only 5 or 6 out of that 160 cases were presented to the committee for its consideration or to the bureau for its answer—

although only some five or six amortization cases had been presented to the committee for its consideration and to the bureau for answer.

The great majority of the cases, therefore, upon which the majority report is based, were never presented to the Bureau of Internal Revenue in order that it might submit a justification or explanation of its action, and, furthermore, were never even presented to the investigating committee. The first time that the committee members themselves heard of these cases was when the report prepared by the committee's counsel was placed before them.

On the 30th of November, 1925, there was submitted to the members of the select committee that portion of a proposed committee report prepared by the committee's staff and dealing with the subject of depletion; on December 10 there was submitted the section dealing with amortization; on December 29 there was submitted the portion dealing with compromises and invested capital; and on January 4, 1926, there was submitted the remainder of the proposed report. On none of these dates was there a meeting of the committee to consider these reports. The receipt of these reports was the first time the committee heard of the thousands of cases examined in an ex parte proceeding, by its staff after the committee hearings ceased.

Representatives of the bureau were allowed to appear before the investigating committee on December 18 to discuss the portion of the report dealing with depletion which had been transmitted to the bureau on December 10, and also were allowed at the committee hearing on December 30 to discuss two other portions of the report, one of which had been submitted to the bureau the previous day and the other of which had been transmitted to the bureau on December 19. The representatives of the bureau were never asked to appear before the committee to discuss the remainder of the proposed report. At these two committee meetings, the representatives of the bureau stated fully their objections to and dissent from the general criticisms contained in the proposed report, but made no attempt to discuss specific cases, stating that such discussion would involve to a large extent repetition of what had been stated at the previous hearings. Furthermore—

And I call especial attention to this point—

it was, of course, clearly impossible for them to have examined in the limited time available the many cases discussed for the first time in the majority report, and the preparation of which by the attorney for the committee had taken many months.

I may add that in his examination the attorney for the committee was aided by a large staff of engineers and others.

(Hearings of special committee, December 18, 1925, pp. 2 and 44.)

Throughout this report I have endeavored to refer to the pages of the record upon which these statements are based, for I do not desire to make any general statements without citing the facts upon which they are founded.

On January 11 this report, as prepared by the committee's staff, with three or four minor and more or less clerical corrections, was signed by a majority of the committee and on the following morning presented to the Finance Committee and on the following afternoon to the Senate and released to the press of the country.

This report, prepared by counsel for the committee and containing approximately 250 pages of criticism of the administration of the Bureau of Internal Revenue and based upon the consideration of thousands of cases that were never presented to the committee and on which the bureau was never heard, went to the press of the country the day following its approval by a majority of the committee and without time for the other members of the committee to present at the same time their views and to point out the errors of fact and conclusions contained in the majority report.

This action has given a gravely erroneous impression to the public.

The report of the majority discusses five general subjects—depletion, amortization, compromises, invested capital, and special assessment—and also administrative procedure. Each portion of the report will be taken up and discussed separately. Every case mentioned in the report can not be discussed in detail since a great part of them—

As I have stated—

were never before the committee for its consideration or before the bureau for explanation. Those which were regularly and properly presented to the committee will be discussed briefly for the purpose of showing that the criticisms are unjustified. It is not unfair to assume that the bureau could have answered, equally satisfactorily if it had been given the opportunity, the other cases presented for the first time in the report.

DEPLETION

The criticism contained in the majority report with reference to depletion may be subdivided under four general heads: (1) A criticism of the values determined for depletion purposes in various specific cases; (2) a criticism of the allowance of discovery where the existence of the deposit had been previously known; (3) a criticism of the regulations defining proven area and discovery for purposes of oil depletion; and (4) a criticism of the values determined by the bureau for copper and silver properties.

A brief explanatory statement of the nature of depletion and its effect upon the income-tax liability of the taxpayer will be of assistance in understanding the portions of this report and the majority report dealing with the subject. Depletion is a deduction allowed to the operators of mines, oil wells, and other natural deposits to allow the return tax free of the capital invested in the property. To show the necessity for and the effect of such a deduction a hypothetical case may be stated. Assume that a taxpayer purchased a coal mine containing 100,000 tons of coal for $50,000, and that in a given year he produced 10,000 tons of coal which he sold for $20,000. It is obvious that the $20,000 proceeds from the sale of this coal is not all income to the taxpayer since he has disposed of one-tenth of his coal and has impaired to the extent of one-tenth his original investment in the mine. The deduction for depletion provided for in the law allows the taxpayer to deduct from the gross sales of $20,000 the cost to him of the coal sold, $5,000, the latter figure representing the portion of the cost of the entire mine applicable to the coal sold during the year. Consequently the taxpayer would in the hypothetical case pay a tax on an income of only $15,000 and not on his gross sales of $20,000. The deduction for depletion serves the same purpose to the operator of a mine or other natural deposit as the deduction from gross sales of the cost of the goods sold serves to a retail merchant.

CRITICISM OF MINERAL VALUATIONS IN SPECIFIC CASES

Under the taxing statutes the Bureau of Internal Revenue was forced—

And I wish that the Senate could understand the magnitude of its task—

to value all the mineral properties in this country as of two dates, March 1, 1913, and the date of the incorporation of the taxpayer, both dates many years in the past. The magnitude of this task can be partially appreciated when it is realized that the Interstate Commerce Commission in valuing only the properties of the railroads of the country has spent more than 13 years on the task and more than $27,000,000, and the carriers themselves in working on these same valuations have spent the same period of time and more than $85,000,000. This statement gives some idea as to the magnitude of the bureau's task in valuing all of the mineral properties in the country as of two different dates. Yet the committee after a year and three months of investigation criticizes the values determined by the department in only 15 cases, and 9 out of the 15 were called to the attention of the committee's staff by disgruntled employees or ex-employees of the bureau, whose first determinations of value in the cases had been overruled by their superiors.

They wished to justify their own findings.

The attempt in the majority report to condemn the action of the bureau in performing its colossal task by picking out and criticizing 15 exceptional and unique cases is both unfair and absurd. It is merely a vain attempt to use a difference of opinion in a few isolated cases (concerning which there may be an honest difference of opinion by those best informed) as the basis for exaggerated and general criticism.

The valuation by the analytical appraisal method presents a most difficult technical problem, involving in every step the use of individual judgment.

I wish the Senate could understand this situation.

In each case where mineral properties are valued by the analytical appraisal method (which counsel for the committee admits is the only method which can be used in the case of certain properties, such as copper mines) the one making the valuation (first) must estimate the number of tons of ore in the deposit—

Any man who has had practical experience knows the difficulty of doing that—

(second) must estimate the expected price at which minerals will be sold over the life of the property, which may exceed 40 years; (third) must estimate the future cost of producing the minerals over the same period; (fourth) must estimate the period required to recover the estimated units in the deposit; (fifth) must estimate the cost of future plants which will be necessary to recover the minerals; and (sixth) must estimate the interest rate upon the investment which would be necessary to attract capital to invest in the property.

It is perfectly obvious that in estimating any one of the factors stated above the judgment of equally competent and honest engineers will differ. It is with reference to the difficulty of estimating these various factors that Mr. Herbert Hoover, in his book Principles of Mining, states:

"It should be stated at the outset that it is utterly impossible to accurately value any mine, owing to the many speculative factors involved."

As illustrative of the extent to which individual judgment must enter into these valuations, the Witherbee Sherman case, one of the 15 cases criticized in the majority report, may be cited. In this case the valuation which the engineers of the committee thought should have been placed upon the property differed by approximately $5,000,000 from the valuation which the bureau had set. At the same time the valuation of the committee's engineers differed by approximately $5,000,000 from the valuation set upon the property by Mr. Grimes, another engineer of the bureau. Yet the majority report, while criticizing the bureau for setting a value $5,000,000 different from what the committee's staff thought proper, nevertheless described Mr. Grimes, who had also set a value on the property differing by the same amount from the committee's valuation, in the following language (p. 103):

"The marked ability and exceptional industry of Mr. Grimes, and the remarkable progress he has made toward reducing appraisal work to a sound, scientific basis, is worthy of note and commendation."

Even the majority report admits these differences and shows by a hypothetical case (pp. 114, 115) that two equally competent and equally honest engineers "whose judgment in estimating basic factors differs slightly but not enough to impeach the honesty or ability of either engineer" may reach results that would show a difference in depletion rate of 450 per cent. Yet this almost impossible task of accurately valuing all mineral properties in the United States was placed upon the bureau by Congress. Is it strange that the committee's staff has been able to find a few complicated and involved cases where the judgment of its staff may differ with the judgment of the bureau?

Nevertheless, these same differences in judgment, which, from the very nature of the question, can not be avoided, are used in the majority report as the basis for such statements as the following (p. 47):

"Owing to the different views of officers and employees of the unit * * * the grossest kind of discrimination has resulted."

The action of the majority in using this difference in judgment (which, as above shown, is inevitable in the consideration of such questions) as the basis for a general criticism of the bureau and its administration destroys the value of the report, for the purpose of any constructive suggestions or subsequent action, and only serves to materially discount the criticisms contained in the other parts of the report.

I want to call especial attention to the next 25 or 30 lines. The actions complained of by the majority report are not confined, as Senators would think from what they have heard, to the present administration. They run back to preceding administrations, to acts which have been approved by Secretaries Houston and GLASS, and by the then Commissioners of Internal Revenue; and they criticize that which Congress has time and again approved by its bills which have been enacted into law.

To show that that statement is literally true, I call attention to the following:

DISCOVERY WHERE THE EXISTENCE OF THE DEPOSIT HAD BEEN PREVIOUSLY KNOWN

The report criticizes the settlement of five cases where it is alleged that depletion was allowed on the basis of discovery value, although the presence of the mineral was known prior to the date of the alleged discovery, and that the value at discovery was based upon subsequent exploration work. A brief explanation of discovery depletion will assist in understanding the following portions of this report. Under the discovery depletion provisions of the statutes, a taxpayer who discovers a mine or an oil or gas well may base his depletion deduction, not solely upon the cost of the property to him, but upon its value after the discovery is made. The purpose of the provision, which appeared first in the revenue act of 1918, was to encourage—

Now, note—

the development of the natural resources of the country. Its effect is to allow the taxpayer who makes a discovery the return exempt from tax of the value of the property at the date the discovery is made.

What is the history of that provision?

This action of the Bureau of Internal Revenue in refusing to recognize a discovery until the existence of the ore body has been determined by exploration work, and until it is determined to be a deposit commercially valuable, has been directly authorized by the regulations of the Treasury Department since 1920. Article 219 of Regulations 45 was issued April 16, 1919, and signed by Mr. Roper, then Commissioner of Internal Revenue, and by Mr. CARTER GLASS, then Secretary of the Treasury, and contains the following:

"The discovery of a mine or a natural deposit of mineral, whether it be made by an owner of the land or by a lessee, shall be deemed to mean (a) the bona fide discovery of a commercially valuable deposit of ore or mineral of a value materially in excess of the cost of discovery in natural exposure or by drilling or other exploration conducted above or below ground, or (b) the development and proving of a mineral or ore deposit which has been abandoned or apparently worked out, or sold, leased, or otherwise disposed of, by an owner or lessee prior to the development of a body of ore or mineral of sufficient size, quality, and character to determine it, in connection with the physical and geological conditions of its occurrence, to be a minable deposit of ore or mineral having a value materially in excess of the cost of the proving and development."

This construction of the discovery provision of the taxing law, which is criticized so severely in the majority report, has been in the printed regulations of the Treasury Department since 1919, and has received the approval of the last three Commissioners of Internal Revenue, Messrs. Roper, Williams, and Blair, and the last three Secretaries of the Treasury, Messrs. GLASS, Houston, and Mellon.

It is this provision which receives such harsh and unwarranted criticism from a part of this committee.

A discussion at the present time of the correctness of this long-standing departmental construction of the law is unnecessary.

And why?

As stated in the case of Edwards v. Wabash Railroad Co. (264 Fed. 610, 618):

"The Supreme Court has decided that the reenactment by Congress—

As was done here—

without change of a statute which had previously received long-continued executive construction is an adoption by Congress of such construction."

Surely nothing further need be said about that criticism of the committee.

TEXAS GULF SULPHUR CO.

The settlement with the Texas Gulf Sulphur Co. is criticized at length in the majority report. An examination of this case demonstrates that the action of the Bureau of Internal Revenue was not only in accordance with the proper legal construction of the statute but is logically sound.

As to the allowance to the Texas Gulf Sulphur Co. of discovery depletion in 1919, the majority report states that the existence of the deposit was known in 1903 and the extent known in 1909. The real facts in connection with this matter, as shown by the hearings of the committee (p. 4151), are these:

As early as 1903 and 1904 wildcatters, while drilling for oil on the property afterwards acquired by the Texas Gulf Sulphur Co., noticed some sulphur in the slush from the drilling. No attention was paid to it, however, at the time. Mr. Spencer C. Browne, a well-known mining engineer, who in 1910 made a careful examination of the claim that there had been an earlier discovery of sulphur on the property, states:

"Following the discovery of the Spindletop oil dome near Beaumont, wildcat drilling operations for oil were quickly started on most of the recognizable elevations on the Texas coast. A number of wells were drilled on the Matagorda Big Hill in 1903 and 1904, and until 1908 a small amount of oil was produced from moderately shallow wells near the higher part of the elevation. While drilling in some of the deeper of these oil wells crystals of sulphur were occasionally brought to the surface, but on account of the peculiar porous character of the sulphur formation the cuttings from the drill were usually lost in the fissures and not seen by the drillers. * * * The drillers were interested only in getting oil, and the reports of the occurrence of sulphur carried no evidence of its thickness or extent or quantity" (p. 4151).

This is the sole evidence of any discovery of sulphur on this property in 1903.

In 1903 Mr. J. M. Allen, of St. Louis, a promoter and not a mining engineer, in an attempt to financially interest other parties in this property because of the reports of the occurrence of sulphur in the oil wells upon it, got up a report in which he made extravagant claims as to the existence of sulphur on the property. This is the report that is referred to in the majority report as showing the extent of the deposit.

The exaggerations of a promoter to get others to invest their money in his enterprise.

The facts are that Mr. Allen was not a mining engineer; that at the time he made these claims he was financially interested in the properties and was attempting to obtain financial support of his plans for development and that there were no reliable or complete data, samples, or logs in existence showing the extent of the sulphur deposit.

Now, notice; for this is all completely demonstrated by what thereafter occurred:

Some seven years later, in 1910, Mr. Allen, together with his associates, attempted to interest Mr. S. W. Mudd, of Los Angeles, in this property, which they in the meantime had incorporated under the name of the Gulf Sulphur Co. Mr. Mudd sent Mr. Spencer C. Browne, a mining engineer, to examine the property for him and to ascertain whether a sulphur deposit had in fact been discovered. In connection with this examination, Mr. Browne stated:

"In 1910, when I first got in touch with this Matagorda Big Hill property, I was not in the employ of the Gulf Sulphur Co. or the St. Louis interests. I was employed by Mr. S. W. Mudd, of Los Angeles, and clients of his who were desirous at the time of investigating sources of sulphur. My opinion of the Matagorda property after my investigation at that time was that it was an interesting prospect that might prove of great value, but that the unsatisfactory character of the development to date had left it wholly unproven. I believed it worthy of further tests by drilling, if the property could be obtained on suitable terms, but would not have been greatly surprised if the drilling campaign (which began in 1917) had disproved the commercial value of the property" (p. 4152).

This statement of Mr. Browne is substantiated by the correspondence between him and his client in 1910, which was filed with the bureau when this case was under consideration. For example, in a telegram from Mr. Browne it was stated:

"Matagorda long exploited in New York by J. W. Harrison. It was canvassed and considered undesirable by investigators. Pemberton thinks advisable to disregard Matagorda in proceeding with development. I coincide with these views."

In a letter written August 16, 1910, he says:

"No records from these oil wells are obtainable * * *. On account of the unreliability of the interested and opposed parties, I can not consider the discussion either favorable or otherwise * * *. As an individual venture I should not recommend development of the Matagorda deposit."

As a result of these discouraging reports on the property (the first that had been made by any competent mining engineer), Mr. Mudd was not interested in it. No further steps toward its exploration seem to have been taken by anyone until some six years later.

In the spring of 1916 the parties who subsequently acquired the ownership of the Gulf Sulphur Co., now the Texas Gulf Sulphur Co., formed an association for the purpose of exploring the property. Beginning in September, 1917, these parties commenced and carried through a comprehensive and scientific drilling campaign to determine whether or not this property contained sulphur in commercial quantities. They employed competent engineers who made an exhaustive examination of the property. This exploration work was carried on from September, 1917, until the spring of 1918. The parties contributed some $625,000 for the purpose of carrying on this exploration work. As a result of this examination, and for the first time, it was determined that large deposits of sulphur, which justified commercial exploration, existed in the property. A discovery was properly allowed by the bureau as of this later date.

It could not honestly have been allowed as of any other date. There is the testimony from the records which are now before the Senate, and yet the majority would have you believe that away back in 1903 or 1904 there was a discovery.

It is apparent that the bureau's action in this type of case, which is so severely criticized in the majority report, is not only legally sound but, in view of the facts, is the only action which the bureau could fairly and logically have taken.

I want to call the attention of the Senate especially to the subject of oil depletion. From the nature of the criticisms, portions of which Senators have heard and portions of which have not been read but are in the majority report, it would be thought that everything that had been done was done under the present administration. I am delighted to say that there is no politics in this question and that the prior administration and the present administration wholly agree on some of these most important matters concerning which the criticisms are so severe and so completely unjustified.

OIL DEPLETION

In considering the general subject of discovery depletion, as applied to oil properties, it is necessary and interesting to trace the legislative history of the provision through the various revenue acts.

The revenue act of 1918 for the first time contained a provision allowing, in the case of discoveries of oil, gas, or mines, the depletion deduction to be based upon the fair market value at the date of discovery. The principal importance of the provision, of course, is in the case of oil and gas wells, since discoveries of mines are very rare. This provision as contained in the revenue act of 1918 placed no limit whatever upon the amount of depletion based upon discovery value. In the revenue act of 1921 Congress, upon the recommendation of the Treasury Department, limited depletion based upon discovery value to not to exceed the income from the property upon which discovery was claimed. In the revenue act of 1924, again at the recommendation of the Treasury Department, Congress limited the deduction to 50 per cent of the income from the property upon which the discovery was made. Again, in connection with the pending revenue bill the Treasury Department recommended before the Ways and Means Committee that discovery depletion be still further limited. It is perfectly obvious, therefore, that the responsibility for allowing depletion based upon discovery value must be placed upon the Congress and not upon the Treasury Department.

The majority report criticizes at length the regulation of the department which permits the allowance of depletion on the basis of discovery value, although the property was proven at the time the well was brought in, provided it was not proven at the time it was acquired by the taxpayer. It also criticizes the regulation which defines a proven area as a square surface of 160 acres.

Note the history of these regulations.

These regulations were first published on December 2, 1919, in a Treasury decision signed by Mr. Daniel C. Roper, Commissioner of Internal Revenue, and Mr. CARTER GLASS, Secretary of the Treasury. They have continued in effect until the present day and have also received the approval of Commissioners Williams and Blair and Secretaries Houston and Mellon.

That this Treasury decision was most carefully considered before it was promulgated is shown by the memorandum from Commissioner Roper transmitting the decision to Secretary GLASS, in which it is stated:

"On the technical points involved, I have had the advice not only of our own technical experts but those of the Bureau of Mines and the Geological Survey as well. The case was heard before the Advisory Tax Board and has since been thoroughly considered by the bureau, opportunity being given to the taxpayers to be heard."

The criticism by the committee's staff of these regulations, which were so carefully considered prior to their issuance, which have remained in force for such a long time and which have received since their issuance the sanction of Congress in enacting subsequent revenue laws upon two occasions, becomes captious in view of the above history of the regulations.

OIL VALUATIONS

The majority report criticizes the values allowed of oil properties for depletion purposes in a few specific cases. Some of these cases will be discussed for the purpose of showing that the majority report is in error both in its statements of facts and in its conclusions with reference to these specific cases.

BLACK AND SIMONS

In the Black and Simons case it is stated in the committee's report that Black and Simons, each of whom owned an interest in the same oil lease, were given different values for depletion purposes. The report states: "Black, who owned the larger interest, claimed and was allowed a value of $270,059, while Simons, who owned a smaller interest, was allowed a value of $533,887." The real facts with reference to these two valuations are these: Black was tentatively allowed the value which he claimed upon his return. Simons did not accept the valuation tentatively allowed him, but filed an appeal to the Board of Tax Appeals. The bureau very properly made no adjustment of the valuation of Black's property, but is awaiting a decision of the Board of Tax Appeals in the Simons case, at which time both the Black and Simons cases will be disposed of on the same basis; that is, on the basis of the valuation allowed Simons by the Board of Tax Appeals. The committee recognized that this statement of the status of the matter by the bureau officials would ordinarily be a complete and satisfactory explanation of what had been done.

I want attention called to this account. It is such a clear, bald misstatement of the law upon the subject that, it seems to me, it throws a doubt upon every portion of this great report of 250 pages:

The majority report states, however, that—

"The Board of Tax Appeals can increase the valuation allowed Simons but can not reduce it. To reduce the valuation would increase the deficiency in tax already determined by the commissioner, and this the board has no jurisdiction to do"—

and concludes, therefore, that a proper determination of the cases will not result because of this lack of jurisdiction of the board.

Again the committee's criticism utterly fails because of the inaccuracy of the statements upon which it is based. The board may decrease a valuation and may increase a deficiency. The board stated, for example, in the appeal of Hotel de France Co. (1 B. T. A. 28):

"Where it appears to the board from the record that the deficiency determined by the commissioner is incorrect, the board will, where possible, find the correct deficiency, whether greater or less."

See also Rub-No-More (1 B. T. A. 228); Record Abstract Co. (2 B. T. A. 628); Fred Ascher (2 B. T. A. 1257); Peterson Pegau Baking Co. (2 B. T. A. 637); Gutterman-Straus Co. (1 B. T. A. 243).

The criticism of this case by the majority report is as unsound as the statements upon which the criticism is based are incorrect.

GULF OIL CORPORATION

The next oil valuation discussed in the majority report is the case of the Gulf Oil Corporation. Before taking up the specific criticisms contained in the majority report, it is advisable to state the history of the consideration of this case. It should be noted, first, that it was considered and closed by the previous administration prior to the taking of office by Secretary Mellon, and, second, that it received the most careful and painstaking consideration, and that the audit and check of this case was not accomplished in a few days, as some seem to think. The facts are that two auditors were originally sent from the bureau at Washington to audit the books of the Gulf Oil Co. during the latter part of October, 1920. Subsequently other auditors were assigned to assist them in their work, and the report of this complete examination was not finished until February 20, 1921. The preparation and check of the depletion schedules was handled in the same way, the first being submitted in September of 1920 and the last submitted and checked in February of 1921. It is apparent, therefore, that the consideration and disposition of this case was not unduly hurried but that there was a careful and detailed audit of the case.

The majority report with reference to the Gulf Oil Corporation case criticizes the valuation allowed on the Shumway lease of the Gypsy Oil Co., a subsidiary of the Gulf Oil Corporation; it states that the valuation of this lease was typical of the valuation of all other leases in the case, and concludes, consequently, that the settlement of the case resulted in the payment by the company of substantially less tax than should have been paid. The alleged error in the valuation of the Shumway lease is the sole foundation for the statements in the majority report which occasioned the following headlines in the New York Times and similar headlines in other newspapers: "COUZENS committee's report reveals Mellon's Gulf Co. benefited by $4,590,385."

If the conclusion in the report of the majority of the committee that the Shumway lease was overvalued falls, then the other conclusions, including the one that the Gulf Co. underpaid its taxes, necessarily falls.

The value allowed the Shumway lease is criticized in the majority report in three respects. First, it is stated that in valuing the lease the bureau used the price of oil on the 31st day, while the law requires the use of the price of oil within 30 days after discovery; second, it is stated that no proper allowance for hazard or discount was made in the valuation of this lease; and, third, it is stated that, although the records show that many dry holes were drilled in this county, nevertheless in valuing this lease no allowance was made for dry holes.

A brief statement of the history of the Shumway lease and its development by the Gypsy Oil Co., as shown on pages 2883–2899 of the records of the investigating committee, is necessary to answer the committee's criticisms.

I may add here that the history of subsequent developments has demonstrated in the most remarkable and peculiar manner the correctness of the conclusions by the bureau.

The Gypsy Oil Co. acquired the Shumway lease on January 24, 1916. At that time it was miles from any oil production, so that in no sense could it be called proven or even probable oil land. Early in 1917, as a result of careful surveys, the surface geology of the region was mapped, and the indications were that the Shumway lease was favorably situated, provided there was any oil in the surrounding territory. At that time shallow oil (550 to 600) was being produced in the Eldorado pool, about 5 miles east and north of the Shumway lease, and a deeper oil from the Augusta pool, 6 miles or more to the south. In March, 1917, the Alpine Oil Co. drilled a well into the deep sand (2,400 feet) which opened an entirely new pool. This well was a small one and attracted little attention until it was followed on May 30 by the Trapshooter well, which definitely established the existence of a new pool of great magnitude. The Gypsy immediately took steps to drill up the Shumway lease, which even then gave promise of being one of the best in this district. On July 15, 1917, the drill reached the sand and on July 16 the first oil was produced, although the well was not finished and put into regular production until several days later. Production after completion was estimated at 5,000 barrels a day. From that time until the full quota of wells was drilled development proceeded rapidly, which was necessary, since the Gypsy Co. owned this single quarter section surrounded by leases of its competitors.

The field was peculiar in the Mid-Continent field in that there was no gas. The oil was forced to the surface by hydraulic pressure. Since Shumway had a structural advantage of 20 to 30 feet over leases to the south and west, this made it apparent that careful drilling would result in the production of a vast quantity of oil from the lease.

The report first criticizes the valuation of this lease because of the use of the price of oil on August 15, stating that the oil was discovered on July 14, and therefore that the 30-day period for valuation expired on August 14. The real facts, contrary to the statement appearing in the majority report, are that the first oil from the lease was not produced until July 16 (record, p. 2895), so the use of the price of oil on August 15 was within 30 days after the discovery and was entirely proper.

The next criticism is of the failure to make proper allowance for discount and hazard in valuing this lease. It should be realized that in valuing a discovery well the greatest hazard in the oil industry has already been eliminated. The presence of oil in commercial quantities must be assured before a discovery valuation is permissible. When the presence of oil in commercial quantities has been demonstrated by a discovery, the remaining factors concerning which uncertainty exists are these: First, the amount of the future production of the well; second, the future selling price of the oil; and, third, the cost of producing the oil. If in determining these records show that many dry holes were drilled in this county, nevertheless in valuing this lease no allowance was made for dry holes.

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The report, after reviewing the history of all of Butler County, the county in which the Shumway lease was located, and showing that 15 per cent of the wells drilled in the county were dry holes, criticizes the valuation placed on the Shumway lease for a failure to make allowances for dry holes. A consideration of all of Butler County is entirely valueless, since there are included therein three separate and distinct pools and it was well known at the time the Shumway was brought in that it was in a new pool. The judgment of the engineers valuing this lease in failing to make any allowance for dry holes is fully supported by subsequent facts which show that not a single dry hole was brought in on this lease (p. 2896).

The above answers conclusively every specific criticism made of the valuation of the Shumway lease. In addition, the actual performance of the Shumway lease may be stated to show further that the value placed was conservative.

In preparing the valuation of the Shumway lease the oil reserves were estimated at 6,800,000 barrels. Up to January 1, 1925, the lease had actually produced more than 7,250,000 barrels. The appreciated value placed on the lease because of discovery was $9,800,000 and the net profits from the well up to December 31, 1924, were $12,306,000, and at that time the well was still producing at the rate of 248 barrels a day. It surely can not be claimed that the value placed on this lease was excessive when subsequent events show that up to January 1, 1925, the well had paid out approximately 25 per cent in excess of the value placed upon it by the bureau and was still producing in a substantial amount.

The entire criticism of the settlement of the Gulf case, based entirely upon criticisms of the valuation of the Shumway lease, must fall. However, the unfortunate and wholly unwarranted impression that may have been made in the minds of the public through the majority report, with its erroneous statements of facts and conclusions concerning this case, can not be removed by this complete explanation and justification of its settlement.

Had this majority report been withheld until the minority had opportunity to prepare its report, the public could have at least heard both sides of the case.

CONNOLLEY AND LARKIN CASE

The third oil valuation criticized in the majority report is the case of Connolley and Larkin. The majority report alleges that a given well was valued as of a given date at four different figures for the purpose of determining the depletion deductions of the five parties owning undivided fractional interests in the well. The report in stating that these allowances were actually made to the five parties is directly contrary to the facts, which are clearly set forth on pages 2974 and 2975 of the committee's hearing. In July of 1924, approximately a year before this case was ever considered by the investigating committee, the discrepancies in the tentative valuations of these undivided interests were detected not by this committee, as the majority report would have you believe, but by the bureau, and a uniform valuation was given to the property for the purpose of determining the depletion of all the parties, and the taxes of the various parties, so far as possible under the statute of limitations, were adjusted accordingly. Again, the statement in the majority report is contrary to the facts, as shown by the committee's own record.

COPPER AND SILVER VALUATIONS

The sole remaining criticism contained in the majority report with reference to the administration by the bureau of the depletion sections of the law deals with the valuation for depletion purposes of copper and silver properties. A mere statement of the history of these valuations will disclose the absence of any grounds for just criticism.

In 1919 the returns filed by the copper companies had not been audited and the valuation of the copper mines of the country had not been made. It was necessary under the law to value these properties as of two dates, first, as of March 1, 1913, for depletion purposes, and, second, at the date paid into the corporation for invested capital purposes. To do this work the bureau called in Mr. L. C. Graton, a mining engineer thoroughly familiar with copper valuations and specially qualified to perform this work. Mr. Graton, whose services for the bureau were secured by Commissioner Roper, had been formerly a professor at Harvard and in addition had been for nine years in geological-survey work, giving particular attention to copper matters. Neither his integrity nor his splendid ability have been or could be questioned by the committee. Mr. Graton valued the properties of the copper producers of the country in the latter part of 1919 and the early part of 1920.

Although these valuations were marked provisional, subsequently in 1920 conferences were held with representatives of the copper companies, at which additional data were furnished and the valuations tentatively made by Mr. Graton were made final. These valuations were approved by Commissioner Roper in 1920. Taxes for 1917 and 1918 were assessed and paid by the companies on the basis of these valuations and the companies were informed that the years were closed. In 1922 engineers of the bureau called to the attention of the commissioner the valuations which had been made of the copper properties, contending that they were excessive. After thorough consideration of the problem, it was decided by the commissioner that the original values were excessive, although the differences between the engineers who made the original valuations and those who proposed the revaluations were almost entirely differences in judgment on very close points.

The history of the valuation of the silver properties is substantially the same as that of copper properties except that upon consideration of the proposal to revalue it was determined that the basic principles of the original valuations were sound and it was ordered that those original valuations should be revised only if necessary to correct actual errors.

The original valuation for 1917 and 1918 was made by competent authorities and was an honest expression of judgment. The taxpayers had considered their taxes for 1917 and 1918 closed and arranged their finances accordingly. To reopen them at this late date would have upset an entire industry. The bureau, therefore, took the position that the 1917 and 1918 taxes having been finally settled and paid, it would not extend the revaluation to those years, but would commence with the year 1919, for which year and subsequent years taxes had not yet been determined. It was felt that the bureau should not substitute its present judgment for the honest judgment of those officials of the prior administration who were formerly in authority in the bureau and who had finally closed the cases for 1917 and 1918. Such action was both wise and proper and affords the basis for no just criticism.

AMORTIZATION

In discusing the general subject of amortization it is helpful to state, first, the purpose and effect of the provision and, second, to state the legislative history of the provision and to show the tremendous and novel task which it imposed upon the Bureau of Internal Revenue.

The amortization section, which affects only the war years and which is contained only in the revenue acts of 1918 and 1921, allows those taxpayers who acquired plants or machinery or other facilities during the war period and for the production of articles contributing to the prosecution of the war to take as a deduction against their income for the war years the cost of those facilities which would be useless to them after the war, or that portion of the cost of the facili-

ties which was attributable to the high war costs. In other words, the provision was for the purpose of allowing a deduction of the excessively high war costs of facilities, buildings, and machinery against the high war income produced by those facilities.

The section providing for an allowance for the amortization of war facilities appears first in the revenue act of 1918. This section in the revenue bill as passed by the House contained the proviso that the amortization deduction should in no case exceed 25 per cent of the net income of the taxpayer. The Ways and Means Committee of the House was at first very insistent upon this limitation, on the ground that without such a limitation too much discretion would be given to the officials of the Bureau of Internal Revenue. This limitation, however, was stricken out of the bill by the Senate and does not appear in the 1918 statute as it was finally enacted into law. In other words, the advisability of imposing some limitation upon the broad discretion given to the bureau officials by the amortization section of the act was considered by Congress, and after thorough consideration it was rejected. That Congress realized the tremendous discretion which this section placed in the Treasury officials is shown by the discussion of the section at the time it was under consideration. Mr. Claude Kitchin in discussing this section stated:

"Some gentlemen have asked me about the amortization proposition. You will find the amortization provision on page 37. It applies to individuals and to corporations for the purpose of computing net income for both the income tax and the excess-profits or war-profits tax. This provision gives great power of discretion to the Treasury Department, to the Commissioner of Internal Revenue, and the proposed advisory tax board. We must lodge that discretion somewhere. * * * It must be lodged somewhere, because Congress can not take up each one of the particular cases and fix a certain rule by which a building may be amortized. We can not do it." * * * (Appendix to the CONGRESSIONAL RECORD, vol. 56, pt. 12.)

In discussing this and other provisions on the floor of the Senate, Senator SMOOT stated:

"I want Senators to know that in these provisions there is placed in the hands of the Commissioner of Internal Revenue or the Secretary of the Treasury, as the case may be, a power that has never been granted to departmental officials before."

Congress therefore advisedly and after thorough consideration enacted the amortization section of the war revenue acts, realizing the tremendous discretion it placed in the Treasury officials, but appreciating, as the majority report of this committee apparently does not, that the discretion had to be lodged somewhere, since it could not be exercised in individual cases by the Congress.

The section in question provides for the deduction, "in the case of * * * facilities * * * constructed * * * for the production of articles contributing to the prosecution of the war," of "a reasonable allowance"—

I want to emphasize that language—

of "a reasonable allowance for the amortization" of such facilities. Under this vague and indefinite language, which placed practically unlimited discretion in the hands of the officials of the department, the bureau was required to make more than $600,000,000 of allowances. This investigating committee after a year and three months of investigation, in which every amortization case involving any substantial amount was carefully examined, has found no evidence whatever of any irregularity, any corruption, or any fraud in these allowances. This record is a remarkable tribute to the bureau. It can not be marred by the attempt in the majority report to exaggerate honest and unavoidable difference of opinion which have arisen in connection with the determination of this allowance in individual cases.

One of the first questions which arose in administering the amortization section of the statute was whether it should apply to a case where a taxpayer acquired facilities for his war production which gave him a production capacity in excess of his postwar needs.

The majority report criticizes the bureau for allowing amortization in such cases, the position being taken that any allowance for amortization in such cases was illegal. This criticism of the action of the bureau is fully answered by the history of the administration of the amortization section. After careful consideration it was definitely determined that amortization should be allowed in such cases and a regulation was issued April 16, 1919, and signed by Mr. Daniel C. Roper, Commissioner of Internal Revenue, and Mr. CARTER GLASS, Secretary of the Treasury.

This regulation has been continued in effect until the present time and has received the approval of all the Commissioners of Internal Revenue and of all the Secretaries of the Treasury from April 16, 1919, until to-day. It is unnecessary now to enter into a legal argument to justify a regulation with such a history.

The remainder of the majority report dealing with amortization, some 60 pages of the report, deals with various criticisms of the method used by the department in determining the postwar value in use of facilities acquired by taxpayers during the war for war purposes. The possibility of differences in this connection and the inherent difficulty of the subject is shown by the United States Steel case (only one of thousands) which necessitated the determination of the postwar value in use of all assets acquired by the company for war purposes, which represented expenditures of approximately $250,000,000. The magnitude of this work, its difficulties, and the opportunities for honest differences of opinion in this one case must be obvious to all. Any argument, however, at the present time over the proper method of computing this postwar value in use is unnecessary. In October of 1925 there was published by the Bureau of Internal Revenue a ruling (S. M. 4225) setting forth complete and detailed rules of procedure for determining the postwar value in use of facilities. This opinion, which the bureau states will be used in determining amortization in all cases not barred by the statute of limitations, is in substantial accord with the staff of the investigating committee. Members of the investigating committee who signed the majority report have indicated that if this opinion had been in effect for the determination of all amortization allowances there would be no grounds for criticism. (Hearings before Finance Committee, pp. 31, 108, 153.) Therefore as to the basis to be used in settling all unclosed cases, the Bureau of Internal Revenue, the members of the investigating committee, and the committee's staff are in complete accord.

The sole point remaining is with reference to certain minor inconsistencies in cases closed before the complete procedure now in effect in the bureau was worked out. The attitude of the majority of the committee appears to be that perfection in construing a novel statute must be achieved immediately after its enactment, and that the administration by the bureau from the beginning should have been what it finally became after its six or seven years of experience in determining amortization. The determination of "a reasonable allowance for the amortization" of war facilities involving allowances of more than $600,000,000 presented a problem on which there were no rules or precedents. It was pioneer work. To expect that under such a statute authorizing "reasonable allowance" a hard and fast policy could be established at the very outset of its administration and adhered to throughout, a policy which would work justice to all parties, is to expect a degree of foresight on the part of the bureau officials which is beyond reason. In working with individual cases, observing the practical working out of the different theories and methods, encountering varying conditions and facts, the bureau officials gained knowledge which enabled them to apply the provisions of the statute more accurately and more fairly. The rules laid down in the opinion of October, 1925, represent the knowledge gained by some seven years of experience in administering the statute. Obviously the methods prescribed therein are an improvement over those which were used in 1920 in the determination of amortization in the first cases taken up for consideration. To state otherwise would imply that the bureau had learned nothing through seven years of dealing with actual cases and applying the statute to varying conditions. This progress and improvement in administration by the bureau should be praised and not criticized.

The subject of amortization is now a dead one. No such provision is contained in the current revenue laws and the last year affected by the deduction is the year 1920. The procedure for determining amortization now in effect in the bureau and which will be applied to all unclosed cases is admittedly sound. Inconsistencies between the present method of determining amortization and the method in effect several years ago and shortly after the act was passed, merely show that the bureau has made progress in this work and by experience has improved. The bureau deserves great praise for having exercised, intelligently and honestly, the tremendous discretion given it by Congress in determining more than $600,000,000 of amortization allowances under an imperfect, vague, and indefinite statute.

COMPROMISES

The next section of the majority report deals with the compromise of taxes where the taxpayer is insolvent. The action of the bureau in compromising taxes for an amount less than could be collected by the enforcement of the Government's legal rights is criticized in the report as being illegal, and the case of the Atlantic, Gulf & West Indies Steamship Co. is discussed as showing the effect of this illegal policy as applied to a specific case. In condemning this compromise policy as illegal the report states (p. 190):

"Deliberately compromising taxes for less than can be collected is an abuse of discretion and constitutes a voluntary relinquishment without consideration of a debt due the Government. This, the Attorney General has said, the commissioner is not authorized to do. In making such compromise the commissioner has arrogated to himself the function of determining, not what can be collected, but the tax rate at which the taxpayer should be taxed. It is doubtful whether Congress could delegate such authority, and it is clear that it has not attempted to do so."

This language is particularly interesting when compared with the opinion of Attorney General MacVeagh, rendered in 1881 and reported in 17 Op. Attys. Gen. 213, wherein it is concluded:

"I have, therefore, to advise you that while, in considering any compromise submitted to your judgment, you are not at liberty to act from motives merely of compassion or charity; you are at liberty,

until Congress sees fit to limit your authority, to consider not only the pecuniary interests of the Treasury, but also general considerations of justice and equity and of public policy."

The majority report, citing some dictum in an opinion of the Attorney General published in 16 Op. Attys. Gen. 249, condemns as illegal a practice which was directly and specifically authorized in a subsequent opinion of the Attorney General rendered in 1881 and continued in force until the present time. Such a criticism deserves no further consideration.

INVESTED CAPITAL AND SPECIAL ASSESSMENT

The portion of the majority report dealing with invested capital and special assessment criticizes severely the regulations issued under the invested capital and special assessment provisions of the revenue act of 1917. Without discussing the purpose of the committee in considering at this time regulations peculiar to the revenue act of 1917, it is only necessary in explanation of these regulations to cite the history of their consideration and adoption.

After the enactment of the revenue act of 1917 considerable doubt existed as to whether its provisions could be enforced and applied, in view of the haste with which it was written and the inexperience of its authors with an excess-profits tax. The regulations issued under this act were therefore the subject of most careful consideration prior to their issuance. The history of the preparation and issuance of these regulations is contained in the report of Commissioner Roper to Secretary of the Treasury, Mr. McAdoo, for the year 1918, which states in part:

"Despite grave apprehension that the law could not be interpreted in a way that would admit of orderly and effective administration and the expressed views of many citizens that immediate amendments of the law should be sought from Congress before attempting to administer it, the department proceeded with the analysis of the law in the confidence that the congressional intent and purpose could be interpreted and put into effect without further legislative action and without serious detriment to industry and business.

"The vital effect the enforcement of the law would have upon the economic activities of the country made it highly desirable to analyze and interpret the law in the light of all available information regarding business and industrial conditions and practices. The Secretary of the Treasury, therefore, selected to assist the Commissioner of Internal Revenue a group of prominent business and professional men, whose training and experience seemed especially to qualify them for the task. This group was designated as 'Excess-profits tax advisers.' It included men possessing extensive knowledge and experience in agriculture, manufacturing, trading, finance, accountancy, legislation, political economy, and sociology. These advisers were not only specialists in one or more of these fields, but were keenly appreciative of the administrative responsibilities resting upon the bureau and possessed much knowledge of business and industrial conditions in their respective sections of the country. They brought to the department a composite experience and breadth of view that proved of inestimable value in the study of the intricate law which the bureau was called upon to administer. The Solicitor of Internal Revenue and members of the bureau's legal staff and the administrative officers of the bureau were closely coordinated with the excess-profits tax advisers in their work.

"The appointment of the excess-profits tax advisers had the immediate effect of inspiring confidence in the purpose of the department to administer the law with due regard for established business practices and with proper consideration of the effect the large rates of tax would have upon business activities. The tide of general criticism that had arisen against the law was stemmed, and the bureau began to receive innumerable expressions of confidence and offers of cooperation and assistance from accountants, lawyers, bankers, and business men throughout the country.

"Information, advice, and suggestions were sought from taxpayers through all known channels. Hearings were conducted for the oral discussion of the law and the concrete cases to which it would have to be applied. After months of thorough and painstaking deliberation, regulations were issued interpreting the principal features of the excess-profits tax provisions and establishing the administrative procedure with reference to them. These regulations and the subsequent Treasury decisions and bureau rulings have been accepted generally as fair interpretations of the purpose and intent of the law."

These regulations which are declared in the majority report to be illegal, and which are cited as involving the loss of millions of dollars in taxes to the Government were issued in 1918 by a Treasury decision signed by Commissioner Roper and approved by Secretary McAdoo. They have been continued in force until the present day for the purpose of determining the taxes under the 1917 act and have received the approval of the last three Commissioners of Internal Revenue and the last four Secretaries of the Treasury.

Not only did these regulations before this adoption receive their marked and careful consideration above pointed out, but were immediately called to the attention of the Congress and were embodied in the revenue act of 1918. The report of the Senate Committee on Finance, of which Senator SIMMONS was chairman, on the revenue act of 1918, at page 13, in speaking of an amendment the purpose of which was to write into the 1918 act the provisions of the regulations under the 1917 act on paid-in surplus, which are so harshly criticized in the majority report, states:

"This amendment seeks to enact into law the substance of a regulation of the Treasury Department which has worked well and which has not led either to abuse or the filing of an excessive number of claims. It is highly important that this regulation be placed on a statutory basis and continued."

The regulation under the special assessment section of the 1917 act was likewise approved by the Congress and embodied in the 1918 act. (See S. Rept. 617, p. 14.)

These regulations therefore represent not only the long-continued construction of the executive department, but in addition were specifically approved by Congress in 1918 within one year after their adoption. Their resurrection at the present time to form the basis for an attack upon the administration of the bureau illustrates the limits to which the majority of the committee has gone in this so-called constructive investigation.

ADMINISTRATIVE PROCEDURE

Although the investigating committee never accepted the invitation of bureau officials to inspect the various units and divisions of the bureau in order to see the procedure in effect in the handling of cases and has never made any attempt to observe first-hand the actual workings of the bureau, nevertheless the last portion of the majority report is devoted to criticism of the organization and procedure of the bureau.

The organization is criticized on the ground that the head of a division of the bureau is supreme and may, irrespective of the law and regulations, dispose of a case as he may see fit. It is obvious, since all the activities of the bureau can not be performed under the direct personal supervision of the Commissioner of Internal Revenue, that he must delegate to subordinates selected for their ability and qualifications certain duties and responsibilities. In delegating authority as to the disposition of cases, however, every attempt has been made in the bureau organization to secure thorough and adequate review of proposed settlements. The first step in connection with the audit of a given case is the revenue agent's examination which forms the basis for a complete report by him. The case is then handled by the auditor in the bureau to whom it is assigned in conjunction with his subsection chief and a conferee, the latter being a specially trained technical man. After the audit of the case and the revenue agent's report by this auditor, with the assistance described above, the case is sent to the review section of the division. The personnel of this review section is selected from the most experienced, able, and trustworthy men of the bureau. It is there carefully reviewed, and any error which is discovered is corrected. The case is then sent to the head of the division for his approval.

If in connection with the case a question of law is raised, or if in its consideration a difference of opinion arises between the review section and the audit section or between the head of a division and the review or audit section, the case is referred to the representative of the Solicitor of Internal Revenue assigned to that division. The point in dispute is then either settled by him or referred by him to the office of the Solicitor of Internal Revenue for an opinion. If the case involves a refund of $50,000 or more after the approval by the head of the division, it is automatically sent to the office of the Solicitor of Internal Revenue for a thorough and detailed review. This brief statement of the procedure in effect in the auditing of tax cases discloses that even where authority is delegated by the commissioner every effort is made through reviews and checks to see that it is not abused. It discloses further that so far as it is possible to do so by a system of procedure every step has been taken to protect the interests of the Government.

FAILURE TO PUBLISH RULES AND REGULATIONS

The report criticizes the administration of the bureau because all of the various rulings under the law and regulations have not been published. Up until the latter part of 1919 none of the rulings of the bureau was issued to the public. It is interesting to note that Great Britain, with the experience of more than half a century in administering an income tax law, has never published either general regulations or specific rulings. In 1920 the policy was inaugurated of publishing a weekly bulletin containing all rulings involving a question of principle or having any general application. The policy has been continued and enlarged up to the present time, during which time there have been published approximately 2,000 pages of regulations on the income tax and in addition more than 4,500 rulings, comprising about 5,300 printed pages.

Not only have these rulings of general application been published, but the bulletins in which the rulings are published have contained for the last two years a statement on their covers, as follows:

"No unpublished ruling or decision will be cited or relied upon by any officer or employee of the Bureau of Internal Revenue as a precedent in the disposition of other cases."

Surely everything possible has been done by the bureau to insure the publication of rulings and to prohibit the settlement of cases in accordance with any ruling not published.

ACCOMPLISHMENTS OF THE BUREAU

In the foregoing part of this report the criticisms of the Bureau of Internal Revenue contained in the majority report have been considered, weighed, and we submit conclusively answered. Now it is proposed to review the accomplishments of the Bureau of Internal Revenue, something which the majority report neglects to do, and to consider the size of the task given by Congress to the bureau and its success in performing it. This will disclose whether or not the statements in the majority report, even though they were assumed to be correct, could properly form the basis for any general criticism of the administration by the bureau in collecting war taxes.

I want Senators to know something of the work required of the bureau.

Prior to the year 1913 the greater part of the revenue of the Government was derived from the tax on distilled spirits, liquors, and tobacco, and the tax collected for that year amounted to only $350,000,000. The first income tax law, which was passed in 1913, was simple in its provisions and very moderate in its rates. The taxes collected for the first few years after its enactment averaged only $430,000,000 a year. It was when this country entered the World War that the demand for revenues multiplied, the existing tax rates were increased, and new taxes novel and untried were imposed. It was then that Congress began to place a stupendous burden upon the Bureau of Internal Revenue.

The revenue collected by the bureau increased from $512,000,000 in 1916 to $800,000,000 in 1917, an increase of 58 per cent; to $3,690,000,000 in 1918, an increase of 621 per cent; to $3,850,000,000 in 1919, an increase of 658 per cent; to $5,400,000,000 in 1920, or a 956 per cent increase over the collections for 1916. There were 770,000 income-tax returns filed in 1916. This number increased yearly to 8,700,000 in 1921, an increase of 1,020 per cent. This tremendous increase in the revenue and in the number of returns filed, and the increase in the work to be performed as a consequence thereof, imposed an unheard-of burden upon the Bureau of Internal Revenue. The bureau was not prepared to handle the work or to start the audit of the returns as they came in. The first of 1918 the entire organization in Washington contained less than 600 officers and employees. Experienced lawyers, engineers, and auditors had to be secured and trained to build up the Washington organization to its present personnel of over 6,000 in order to audit the returns and finally settle the cases.

Some of the duties imposed upon the bureau in connection with the auditing of income and excess-profits tax returns may be stated in order to show the magnitude of the task. The law required the valuation of all the natural resources—mines, metals, timber, and oil and gas—in this country as of March 1, 1913, and as of the date paid into the corporation for stock. All other tangible property owned by taxpayers also had to be valued as of the same two dates for depreciation and invested capital purposes. Amortization allowances involving the consideration of an absolutely novel allowance, had to be determined in an amount in excess of $600,000,000. In determining invested capital and depreciation a value had to be placed upon all the intangible properties, including patents, copyrights, good will, processes, and secret formulas, no precedents for the valuation of which existed. The income of the millions of taxpayers who made returns had to be determined after a careful audit of their accounts, and in the case of corporations the annual income for every year since the incorporation of the company had to be determined for the purpose of computing invested capital. There is no case in history where a similar or comparable burden has been placed upon an executive department.

The Bureau of Internal Revenue, overcoming the greatest difficulties, has succeeded in becoming practically current in its work of auditing these returns and adjusting the taxes.

In view of statements made upon the floor yesterday, I ask Senators' careful consideration of this statement:

In December, 1925, there remained unclosed only 0.07 of 1 per cent of the 1917 cases; 0.09 of 1 per cent of the 1918 cases; 0.13 of 1 per cent of the 1919 cases; 0.38 of 1 per cent of the 1920 cases; 0.63 of 1 per cent of the 1921 cases; 3.54 per cent of the 1922 cases; 3.94 per cent of the 1923 cases; and 5.94 per cent of the 1924 cases. And this progress has been made in spite of the fact that in the last seven years more than 600,000 cases have been reopened by taxpayers through the filing of claims for refund, which claims for refund must, under the law, be examined, considered, and passed upon by the bureau. The proportions which a single case may assume is brought out by the case of the United States Steel Corporation, in which case the assessment letter merely showed the mathematical adjustments, covering 2,267 pages with 317 pages of exhibits. And the difficulty of the questions presented in adjusting the case is shown by the fact that of the last 15 income-tax cases decided by the Supreme Court 9 of the cases have been decided by a divided court. The accomplishments of the bureau are as remarkable as its task was colossal.

As a result of the work of the Bureau of Internal Revenue in auditing these returns, there has been collected in additional taxes for the fiscal years 1917 to 1925 more than $2,800,000,000, and the collections as a result of audit for the first quarter of the fiscal year 1926 amounted to more than $75,000,000. The work of the bureau in auditing these returns needs no justification other than the figures showing the result of these audits.

The accomplishments of the bureau are clearly and strikingly presented in the following summary: Since the passage of the income tax act of 1917 there have been filed more than 59,000,000 income-tax returns. During the same period the Bureau of Internal Revenue has collected and accounted for more than $30,000,000,000. Of this amount more than $2,800,000,000 has been collected as a result of the audit and investigation of tax returns. The cost of collecting this tremendous sum of money has averaged less than $1 for each $100 collected. Less than 1,000,000 cases remain at the present time to be settled and finally adjusted out of the 59,000,000 cases filed during and since the war.

In the investigation the accomplishments of the bureau as a whole were not examined for the purpose of determining whether, considering the size of the task, it had been well performed. On the contrary, individual cases which had been settled by the bureau were reexamined for the seeming purpose of finding something to criticize in connection with the settlement.

The entire record discloses the desire to examine and present cases which might form the basis for criticism of the bureau. The record of the hearings, as well as the report itself, shows that it was the unusual and unique cases, called to the attention of the committee with the suggestion of irregularity in the settlement, which were investigated. It is impossible for such an investigation to show a complete cross section of the work of the bureau; it necessarily and purposely shows only the rough spots. But the bureau has ended up with a clean record even after that type of an investigation.

The accomplishments of the bureau in collecting more than $30,000,000,000 in revenue and in auditing and closing 58,000,000 cases has been subjected for the last year and three months to this type of critical investigating by the investigating committee and its staff, composed of some 50 lawyers, engineers, accountants, and clerks. It has resulted in a criticism of various regulations which had received the approval of two administrations and many competent and able authorities on taxation, besides disclosing a difference of judgment in some specific cases. The investigation has disclosed no hint of any irregularity or fraud. That the bureau can so successfully withstand such a searching and critical investigation is a great tribute both to its present and past officials and employees. The bureau is entitled to the respect, admiration, and praise of the Congress and of the country for the honest and efficient way in which it has performed its work.

JAMES E. WATSON,
RICHARD P. ERNST,
Members of the Select Committee
Investigating the Bureau of Internal Revenue.

Mr. President, before taking my seat I wish to make this further statement: I was amazed and astounded at statements made upon the floor yesterday in reference to the Internal Revenue Bureau. They were general statements, not based upon any facts proven before the committee, and made without citing to this body any case which even tended to support the statements. The statements went to the good faith of the bureau, to the integrity of its officials, all in general language and without giving the facts, if any, upon which those charges and insinuations were based. I intend at an early date to answer what was yesterday said upon the floor in that connection.

Mr. COUZENS. Mr. President, I want to thank the able Senator from Kentucky for his very learned minority report, which report, as I understand, has not yet been filed with the Senate. I simply want to state that at the beginning of the week an appropriate reply will be made, and for that purpose I ask that the Senate shall not pass upon the amendments now before the Senate dealing with the publicity feature of the bill.

Mr. SMOOT. Mr. President, in order that Senators may know what is the program that we hope to carry out this afternoon I will state that the Senator from Michigan [Mr. COUZENS] desires time to look over the report that has just been presented by the Senator from Kentucky. I think it is proper and right that he should have the time to do so. Therefore I am going to ask the Senate, whenever other business is concluded, to lay aside the question of publicity of returns and take up this afternoon the other questions over which there is not very much contention and clean up the bill of all questions now pending with the exception of the publicity of returns and the estate tax.

Mr. NORRIS. Mr. President, I had intended to address the Senate this afternoon and was prepared, and could do so even

yet, but the address of the Senator from Kentucky, which has a peculiar bearing upon the matter that is now pending, raises the question and the idea of a reply to it by the Senator from Michigan, which seems to be very appropriate, and which would make it impossible for us anyway to vote on the amendment this afternoon. Therefore I have very willingly consented to the arrangement which the chairman of the Finance Committee has asked and will endeavor to secure recognition Monday.

Mr. WALSH. I wish to inquire of the Senator from Utah if his program contemplates the present consideration of the amendments from the floor?

Mr. SMOOT. No; I do not think we can get that far. I will say to the Senator, so that the Senate may know just what questions are at the present time unfinished, that they are, first, the question of depletion; next, leaf tobacco sold to the consumers, admissions taxes, the tax on dues, excise taxes, the alcohol tax, Board of Tax Appeals, and assistant to the general counsel. Several of these provisions will lead to hardly any discussion; a few of them will lead to some discussion, perhaps even lengthy discussion; but those are the items that are unfinished so far as the committee is concerned, or the committee amendments to be offered to the bill are concerned.

The PRESIDENT pro tempore. The Chair understands that by the action of the Senate taken on yesterday the publicity amendment to the pending tax bill was laid aside. Therefore its status is not interfered with by the statement which has been made by the senior Senator from Utah [Mr. SMOOT].

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed without amendment the bill (S. 1423) to relinquish the title of the United States to the land in the donation claim of the heirs of J. B. Baudreau, situate in the county of Jackson, State of Mississippi.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 533. An act for the relief of Henry Simons;
H. R. 534. An act to remove the charge of desertion from the record of Benjamin S. McHenry;
H. R. 585. An act for the relief of Frederick Marshall;
H. R. 787. An act for the relief of Fayette L. Froemke;
H. R. 818. An act for the relief of William A. Glasson;
H. R. 1110. An act granting six months' pay to Lucy B. Knox;
H. R. 1459. An act for the relief of William Lentz;
H. R. 1598. An act for the relief of Robert E. A. Landauer;
H. R. 1717. An act for the relief of Alonzo C. Shekell;
H. R. 1721. An act for the relief of Francis Forbes;
H. R. 1827. An act for the relief of Frank Rector;
H. R. 1840. An act for the relief of Edward A. Grimes;
H. R. 1962. An act for the relief of Charles F. Getchell;
H. R. 2172. An act for the relief of Joseph A. Choate;
H. R. 2267. An act for the relief of James J. Meehan;
H. R. 2315. An act for the relief of J. W. La Bare;
H. R. 2537. An act for the relief of Arthur L. Hecykell;
H. R. 2636. An act for the relief of Claude S. Betts;
H. R. 2703. An act granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service;
H. R. 2745. An act to correct the military record of Tennessee McCloud;
H. R. 2787. An act for the relief of John T. O'Neil;
H. R. 2808. An act for the relief of Paymaster Herbert Elliott Stevens, United States Navy;
H. R. 2987. An act for the relief of Samuel T. Hubbard, jr.;
H. R. 3107. An act for the relief of Estle David;
H. R. 3380. An act for the relief of Frederick Sparks;
H. R. 3431. An act for the relief of Frederick S. Easter;
H. R. 3448. An act for the relief of John Solen;
H. R. 3546. An act for the relief of William H. Armstrong;
H. R. 3572. An act for the relief of Russell H. Lindsay;
H. R. 3624. An act for the relief of Hannah Parker;
H. R. 3646. An act for the relief of Herbert T. James;
H. R. 4172. An act to place John P. Holland on the retired list of the United States Navy;
H. R. 4252. An act for the relief of Thomas H. Burgess;
H. R. 4287. An act for the relief of Jacob F. Webb;
H. R. 4576. An act for the relief of James A. Hughes;
H. R. 4585. An act for the relief of Andrew Cullin;
H. R. 4600. An act for the relief of Frederick D. W. Baldwin;
H. R. 4835. An act to remove the charge of desertion from the records of the War Department standing against William J. Dunlap;
H. R. 4884. An act for the relief of Walter L. Watkins, alias Harry Austin;
H. R. 5126. An act for the relief of Henry Shull;
H. R. 5263. An act for the relief of Charles James Anderson, former commander, United States Naval Reserve Force;
H. R. 5858. An act for the relief of Charles Ritzel;
H. R. 6136. An act granting six months' pay to Constance D. Lathrop;
H. R. 6226. An act for the relief of Edward N. Moore;
H. R. 6674. An act to correct the military record of Willard Thompson, deceased;
H. R. 6847. An act to correct the military record of Thornton Jackson;
H. R. 6874. An act for the relief of James Madison Brown;
H. R. 7036. An act for the relief of John R. Anderson; and
H. R. 7348. An act for the relief of Joseph F. Becker.

PETITIONS

Mr. JONES of Washington presented a petition of members of the faculty of the State College of Washington, praying an amendment of the existing copyright law so as to include mimeographic copies as well as copies made by the photo-engraving process, which was referred to the Committee on Patents.

He also presented a petition of members of George W. Hovey Camp, No. 17, and Auxiliary No. 20, United Spanish War Veterans, in the State of Washington, praying for the passage of Senate bill 98, granting increased pensions to veterans of the Spanish-American War and their widows, etc., which was referred to the Committee on Pensions.

CORRECTION IN STATEMENT OF CROW INDIAN COUNCIL

Mr. WHEELER presented the following statement, which was referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

We, the undersigned, issued a statement on January 31, 1926, which was inserted in the CONGRESSIONAL RECORD on February 4, and it has been called to our attention that we made a mistake in that we stated: "We are denied by the men employed in the bureau, who are living in luxury out of the funds which belong to us, on the ground that it would interfere with the economy plan of the administration," whereas it is not the bureau here in Washington that is living off of funds belonging to us but the men employed by the bureau here in Washington but who live on our reservations.

We wish to state that we feel that the Indian Bureau has acted fairly with us, excepting with reference to our jurisdiction bills.

JAMES CARPENTER,
Chairman of the Council,
HARRY WHITEMAN,
FRANK YARLOTTE,
Crow Indian Tribe.

REPORT OF THE INDIAN AFFAIRS COMMITTEE

Mr. HARRELD, from the Committee on Indian Affairs, to which was referred the resolution (S. Res. 57) authorizing preparation of compilation of Indian laws and treaties, reported it with an amendment and submitted a report (No. 146) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:
A bill (S. 3022) to establish in the Treasury Department a bureau of customs and a bureau of prohibition, and for other purposes; to the Committee on Finance.

By Mr. SWANSON:
A bill (S. 3023) for the relief of the estate of Sarah Harrison, deceased; to the Committee on Claims.

By Mr. RANSDELL:
A bill (S. 3024) granting the consent of Congress to the police jury of Morehouse Parish, La., or the State Highway Commission of Louisiana to construct a bridge across the Bayou Bartholomew at or near Point Pleasant, in Morehouse Parish; to the Committee on Commerce.

By Mr. CAPPER:
A bill (S. 3025) to provide for the election of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. WILLIS:
A bill (S. 3026) granting an increase of pension to Alvina Straub (with accompanying papers); to the Committee on Pensions.

By Mr. TYSON:
A bill (S. 3027) making eligible for retirement, under certain conditions, officers and former officers of the Army of the United States, other than officers of the Regular Army, who

incurred physical disability in line of duty while in the service of the United States during the World War; to the Committee on Military Affairs.

By Mr. BLEASE:

A bill (S. 3028) to divide the eastern district of South Carolina into four divisions and the western district into five divisions; to the Committee on the Judiciary.

By Mr. RANSDELL:

A bill (S. 3030) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased; to the Committee on Claims.

By Mr. JOHNSON:

A bill (S. 3031) for the relief of George Barrett; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 3032) for the relief of the owner of barge *Dunmore;* to the Committee on Claims.

By Mr. FESS:

A joint resolution (S. J. Res. 51) providing for the completion of the Tomb of the Unknown Soldier in the Arlington National Cemetery; to the Committee on the Library.

CHANGE OF REFERENCE

On motion of Mr. WARREN, the Committee on Appropriations was discharged from the further consideration of the joint resolution (S. J. Res. 47) authorizing the Comptroller General of the United States to allow credit to contractors for payments received from either Army or Navy disbursing officers in settlement of contracts entered into with the United States during the period from April 6, 1917, to November 11, 1918, and it was referred to the Committee on Claims.

AMENDMENTS TO TAX REDUCTION BILL

Mr. McKELLAR and Mr. DILL each submitted an amendment intended to be proposed by them to House bill 1, the tax reduction bill, which were ordered to lie on the table and to be printed.

CONNECTING PARKWAYS IN THE DISTRICT

Mr. PHIPPS submitted an amendment intended to be proposed by him to the bill (H. R. 4785) to enable the Rock Creek and Potomac Parkway Commission to complete the acquisition of the land authorized to be acquired by the public buildings appropriation act, approved March 4, 1913, for the connecting parkway between Rock Creek Park, the Zoological Park, and Potomac Park, which was referred to the Committee on the District of Columbia and ordered to be printed.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. BLEASE submitted an amendment intended to be proposed by him to the legislative appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

Strike out "21 pages for the Senate Chamber, at the rate of $3.30 per day each during the session, $8,038.80," and insert in lieu thereof "21 pages for the Senate Chamber at $1,020 per annum each, $21,420."

AMENDMENTS TO AGRICULTURAL APPROPRIATION BILL

Mr. OVERMAN submitted an amendment proposing to increase the appropriation for the acquisition of additional lands at headwaters of navigable streams, etc., from $1,000,000 to $2,000,000, intended to be proposed by him to House bill 8264, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

He also submitted an amendment intended to be proposed by him to House bill 8264, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

That the additional sum of $40,000, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to become immediately available and to continue available for expenditure during the fiscal year ending June 30, 1927, to enable the Forest Service, under the direction of the Secretary of Agriculture, to enlarge the Appalachian Forest Experiment Station and for its maintenance, for the purpose of conducting in North Carolina, Virginia, Maryland, West Virginia, Kentucky, and Tennessee, and in adjacent States, silvicultural and other forest investigations, independently or in cooperation with other branches of the Federal Government, with States and with individuals, to determine and demonstrate the best methods for the growing, management, and protection of timber crops on forest lands and farm woodlands.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts:

On February 5, 1926:

S. 780. An act to amend section 2 of the act entitled "An act to incorporate the National Society of the Daughters of the American Revolution."

On February 6, 1926:

S. 1478. An act to authorize the transfer of the title to and jurisdiction over the right of way of the New Dixie Highway to the State of Kentucky.

CLAIMS ARISING FROM THE OCCUPATION OF VERA CRUZ (S. DOC. NO. 49)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State requesting the submission anew to the present Congress of the matter of the claims arising out of the occupation of Vera Cruz, Mexico, by American forces in 1914, which formed the subject of a report made by the Secretary of State to the President on February 4, 1924, and my message to the Congress dated February 7, 1924, which comprise Senate Document No. 33, Sixty-eighth Congress, first session, copies of which are furnished for the convenient information of the Congress.

I renew my recommendation originally made by President Harding that in order to effect a settlement of these claims the Congress, as an act of grace and without reference to the legal liability of the United States in the premises, authorize an appropriation in the sum of $45,518.69, and I bring the matter anew to the attention of the present Congress in the hope that the action recommended may receive favorable consideration.

CALVIN COOLIDGE.

THE WHITE HOUSE, *February 6, 1926.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 183) providing for a per capita payment of $100 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States, in which it requested the concurrence of the Senate.

BOARD OF INDUSTRIAL ADJUSTMENTS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave, out of order, to introduce a bill and to make a brief explanation of its provisions at this time.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the bill will be received.

The bill (S. 3029) to create a board of industrial adjustments and to define its powers and duties was read the first time by its title and the second time at length, as follows:

Be it enacted, etc.—

SECTION 1. That whenever, in the opinion of the President or of the Congress, an emergency exists in which the public health or safety is endangered respecting the production or distribution of anthracite or bituminous coal, or both, the President shall forthwith issue his proclamation declaring the existence of such emergency and convening in immediate session the board of industrial adjustments, hereinafter authorized, which board shall forthwith proceed to inquire into the causes of such emergency, to make findings respecting the same, and to make recommendations and take action for the termination thereof.

SEC. 2. That whenever the production or distribution of anthracite or bituminous coal, or both, has been suspended or interfered with because of strikes or lockouts, to the extent that trade or commerce in coal is seriously interfered with and the public health or safety is endangered thereby, an emergency respecting the production or distribution of coal shall be deemed to exist.

SEC. 3. There is hereby created a board of industrial adjustments, to consist of the Secretary of Labor, the Secretary of Commerce, and the Chief of the Bureau of Mines, and two citizens of the United States who are not engaged or financially interested in the production or distribution of coal, to be appointed by the President of the United States. The board shall be convened by proclamation of the President whenever, in his opinion or whenever in the opinion of Congress expressed by concurrent resolution, an emergency, as hereinbefore described, exists. Such board is empowered to conciliate differences, encourage arbitration and to inquire into the causes of such emergency, to find facts in relation thereto, and to recommend processes and methods whereby the causes of said emergency may be removed or terminated.

The said board may inquire into and report its findings respecting the practices and transactions of dealers in coal and suggest methods to protect the consumers of coal from extortion and oppression during the continuance of said emergency. The President, whenever in his opinion the circumstances and conditions justify, by proclamation may

declare that the emergency has terminated, after which the board of industrial adjustments shall take no further action than to publish such of its proceedings as it may deem necessary in the public interest.

SEC. 4. The said board of industrial adjustments is authorized to hold hearings, subpœna and examine witnesses, employ experts and other agents, compel the production of books and papers, and publish its proceedings in whole or in part as and when it may deem necessary.

SEC. 5. There is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of $100,000, or so much thereof as may be necessary, to be expended under the supervision of the board of industrial adjustments in executing the provisions of this act.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the bill may be referred to the Committee on Education and Labor.

In explanation of the provisions of the bill I desire to say that it is proposed, whenever in the opinion of the President or of Congress an emergency exists in which the public health or safety is endangered respecting the production or distribution of coal, either anthracite or bituminous, the President shall issue his proclamation declaring the existence of such emergency and convening in immediate session the board of industrial adjustments proposed to be created by this bill. The board shall forthwith proceed to inquire into the causes of the emergency, to make findings respecting the same, to conciliate differences, to encourage arbitration, to make recommendations, and take action for the termination of the emergency.

The bill attempts to define the facts and conditions under which the President alone or Congress alone, by concurrent resolution, may declare the existence of such emergency, namely, that whenever the production or distribution of anthracite or bituminous coal, or both, has been suspended or interfered with because of strikes or lockouts to the extent that trade or commerce in coal is seriously interfered with, and the public health or safety is endangered thereby, an emergency respecting the production or distribution of coal shall be deemed to exist.

The bill provides for the creation of a board of industrial adjustments, to consist of the Secretary of Labor, the Secretary of Commerce, the Chief of the Bureau of Mines, and two citizens of the United States, to be appointed by the President, who are not interested in the production or distribution of coal.

The board is to be convened by proclamation of the President whenever, in his opinion, or whenever in the opinion of the Congress, expressed by concurrent resolution, an emergency as referred to in this statement is found to exist.

The board is empowered to conciliate differences, to encourage arbitration, to inquire into the causes of such emergency, to find facts in relation thereto, and to recommend processes and methods whereby the causes of such emergency may be removed or terminated.

There is another provision which I have inserted in the bill in order that it may receive consideration by the Congress, to the effect that the board is also authorized to inquire into and report its findings in relation to the practices and transactions of coal dealers and suggest methods for protecting the consumers of coal from extortion during the continuance of the emergency.

The bill provides further that whenever, in the opinion of the President, the emergency has passed he may so declare by proclamation, and after that the board of adjustments can only publish such of its proceedings as it may deem necessary in the public interest. It can not proceed with inquiries and recommendations.

The board is given the power to hold hearings, to compel the attendance of witnesses and to examine them, to compel the production of books and papers, and to publish its proceedings in whole or in part as and when it may deem it to be necessary.

Mr. BRUCE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Maryland?

Mr. ROBINSON of Arkansas. I yield to the Senator from Maryland.

Mr. BRUCE. I should like to ask the Senator from Arkansas to what clause of the Federal Constitution he refers the constitutional authority of Congress to pass such a bill as that?

Mr. ROBINSON of Arkansas. I do not think there is any question as to the constitutionality of this bill. The Congress has power to regulate commerce; the Congress has power to provide for the general welfare. I am aware of the constructions that have been placed on that provision of the Constitution.

The bill invokes the good offices of the Government to adjust controversies between mine operators and their employees. There never has been any doubt raised, during recent years at least, of the power of Congress to create boards of conciliation and mediation. The proposed board of industrial adjustments is essentially a board of mediation and conciliation, and it is also a fact-finding commission. It is not attempted in this bill to prevent combinations between coal-mine operators and miners to suspend or to diminish production. It is only attempted to ascertain the facts respecting the same, to make them public, to make recommendations for conciliation, and to encourage arbitration. I believe that is clearly within the authority of Congress.

Of course, as I stated some days ago in the discussion of this subject, there are limitations on the power of the President and there are limitations on the power of the Congress to deal with this question. I realize that there are many who now believe that the best thing that can occur to the people of this country is that the coal-mine operators and the strikers fight it out to the bitter end, in the belief that such a contest will prevent the recurrence of similar conditions in the future; but I recall, Mr. President, the fact that during the years that have succeeded the World War in almost every winter the country has been threatened and alarmed by controversies between the anthracite coal-mine operators and their employees. In every instance these controversies have brought discomfort, inconvenience, and, in some instances, suffering to the consumers of fuel. I know, too, that in this contest an effort has been made to find substitutes for coal for use as fuel, and that that effort has been, in part, successful; but I do not believe the Congress is justified in refraining from taking action or in refusing to consider the subject.

The subject was brought before the Congress in the message of the President at the beginning of this session. The Senator from New York [Mr. COPELAND] has made diligent efforts to bring about the termination of the conditions which he says, and which we all believe, have brought great suffering to thousands of people.

Mr. WALSH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Montana?

Mr. ROBINSON of Arkansas. I yield to the Senator from Montana.

Mr. WALSH. It is my recollection that a resolution was introduced here some time ago requiring the Commissioner of Internal Revenue to send to the Senate copies of the returns of the producers of coal in interstate commerce in the United States, with a view, I suppose, to ascertain how much profit they are making on the business, if they are making any profit at all, information that would be exceedingly illuminating, it seems to me, in this discussion.

I speak of it now because we are at this time confronted with the question of the public policy of making public income-tax returns. Obviously, in the case of coal, it would serve a useful purpose.

Mr. SMOOT. I think that report has been submitted to the Senate, I will say to the Senator.

The PRESIDENT pro tempore. The Chair will state that a report in response to its resolution has been received by the Senate.

Mr. SMOOT. I have examined it.

Mr. REED of Pennsylvania. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield? And if so, to whom?

Mr. ROBINSON of Arkansas. I yield to the Senator from Pennsylvania at this time.

Mr. REED of Pennsylvania. Mr. President, the resolution referred to by the Senator from Montana was responded to by the Secretary of the Treasury; the information has been sent, and has been printed as a Senate document. It shows, in substance, that 112 out of 159 anthracite mining companies during the year 1924 either earned nothing or incurred a deficit.

Mr. WALSH. That is, on their returns?

Mr. REED of Pennsylvania. That is, on their returns. If they had committed perjury, I suppose the number would be larger; but there is no evidence that they have done so.

Mr. WALSH. Does the report show any inquiry by the bureau into the accuracy of the returns?

Mr. REED of Pennsylvania. The report does not show that; it was not asked for. I presume that the returns were audited, however, in the usual way.

Mr. WALSH. I suppose that if the bureau had actually revised the returns the report would show it; that would be within the scope of the request of the Senate, would it not?

Mr. REED of Pennsylvania. I am not prepared to say as to that.

The PRESIDENT pro tempore. May the Chair state to the Senator from Montana——

Mr. ROBINSON of Arkansas. I yield to the Chair. [Laughter.]

The PRESIDENT pro tempore. The Senator from Arkansas yields to the Chair. The Chair will state that the resolution to which the Senator from Montana refers was Senate Resolution No. 99, submitted by the junior Senator from Wisconsin [Mr. LA FOLLETTE] relative to Federal taxes based on corporation income tax returns for 1924 paid by each corporation engaged in mining anthracite coal. That resolution having been adopted, the reply to it was received by the Senate under date of February 3 and ordered to be printed.

Mr. WALSH. Mr. President, I merely desire to observe that it is within the knowledge of most of us that the bureau not infrequently declines to accept as accurate and complete the returns made by taxpayers, and itself makes inquiry into the matter.

Mr. WILLIAMS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. ROBINSON of Arkansas. Yes; I yield to the Senator from Missouri.

Mr. WILLIAMS. Will the Senator from Arkansas please tell us what provision is made in his bill in the event the Executive does not act? Does it then become competent for the House and the Senate, by joint resolution, to act? If so, what is the provision?

Mr. ROBINSON of Arkansas. I will explain that to the Senator. The provision is that either the President or the Congress may declare the existence of the emergency which invokes the action of the board, which I have styled the board of industrial adjustment. The President may on his own initiative declare the existence of such an emergency, and the Congress may by concurrent resolution—which means that the President need not sign the resolution—declare the existence of the emergency.

Mr. WILLIAMS. Does it give either the President or the Congress the preference in point of time?

Mr. ROBINSON of Arkansas. No; it does not. I do not know how it could do so.

Mr. WILLIAMS. There is nothing in the bill to indicate that the President should have the first opportunity to act or that the Congress should have the first opportunity to act?

Mr. ROBINSON of Arkansas. Of course, either may act whenever it is desired to act. The President, for instance, now has had the opportunity of undertaking the mediation or conciliation of this controversy. He has declined to do so, on the ground that the Congress has not authorized proceedings by the Executive. A case might arise in which the Congress would insist that such an emergency exists and in which the Executive may not find that the emergency exists, in which case the Congress by concurrent resolution may declare the existence of the emergency under this bill.

Mr. WILLIAMS. Does not the Senator think that the responsibility should be fixed either upon the President or upon the Congress?

Mr. ROBINSON of Arkansas. No; I think either ought to be free to declare the emergency whenever either finds that it exists. I think, in actual practice, the probability is that the Executive will declare the existence of the emergency.

Mr. WILLIAMS. Does not the Senator think that it is primarily an executive act as distinguished from a legislative act?

Mr. ROBINSON of Arkansas. Yes; primarily the declaration of an emergency is an Executive act.

Mr. WILLIAMS. Why, then, would not the Senator consider it fair to put the responsibility upon the Executive first?

Mr. ROBINSON of Arkansas. It is done in this bill. The President can declare an emergency at any time that he finds it exists, but if he fails to do so the Congress may also declare the emergency. Of course that is a matter of detail that I do not think it important to discuss at great length at this time.

Mr. WILLIAMS. It just occurred to me that victory in that race might belong to the speedier.

Mr. ROBINSON of Arkansas. But necessarily the Executive has the opportunity of declaring the emergency whenever he thinks the facts exist which justify that declaration.

Mr. HARRISON. Mr. President, may I ask the Senator from Arkansas a question?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Mississippi?

Mr. ROBINSON of Arkansas. I yield to the Senator from Mississippi.

Mr. HARRISON. In what respect does that provision differ from the so-called Oddie bill?

Mr. ROBINSON of Arkansas. I can not state that.

Mr. HARRISON. May I ask the Senator a further question? If I recall correctly, the Senator from Nevada [Mr. ODDIE] introduced a bill some time ago—I do not recall whether it was reported out of the committee or not—and, as I recall, it was referred to the Secretary of Commerce. That was weeks and weeks and weeks ago; and the Secretary of Commerce, if I am reliably informed, has never yet reported upon that proposition.

Mr. ROBINSON of Arkansas. Mr. President, may I say in reply to the Senator from Mississippi that unless some other action is taken by the Senate, I shall expect consideration and action upon this bill in the early future.

I realize, as I said on a former occasion, that the subject is full of difficulties; but it is useless for the Congress to evade its responsibility touching this subject. We ought to empower some one, in so far as the Constitution permits us to do so, to deal with the question, so that the public may be protected against the annual recurrence of the closing down of the anthracite mines, or the bituminous mines for that matter.

Some question has been raised here about the income-tax returns of the operators. It is easily within the range of my thought that if the industry is closed down for a part of every year, if production is threatened with cessation in every season, neither the operators nor the miners can find their business profitable. I have no objection to, indeed, I recognize the inevitability of, contests respecting controversies likely to result in strikes; but I insist that the day is at hand when the millions who constitute the citizenship of this Republic should find some way, if it is possible, to protect themselves against the suffering which must inevitably result if the production and distribution of coal is seriously interfered with.

Mr. BRUCE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Maryland?

Mr. ROBINSON of Arkansas. I yield to the Senator from Maryland.

Mr. BRUCE. I should like to ask the Senator from Arkansas why the State of Pennsylvania itself—one of the most populous, one of the wealthiest, and one of the most influential States in the Union—should not be competent to take care of a situation like this?

The State of Pennsylvania has a governor. The State of Pennsylvania has a legislature. For all I know the State of Pennsylvania has a board of conciliation and mediation to deal with labor controversies. Why, therefore, should it be incumbent upon the President of the United States or upon the Congress to attempt to discharge a function of this sort?

I repeat that in my humble judgment there is not the slightest warrant of constitutional authority to be found anywhere in the Federal Constitution for such a bill as the bill that is now proposed; and I, for one, am sick and tired of having the Federal Government incessantly thrusting its hand into the very bosom of State authority.

Mr. ROBINSON of Arkansas. Mr. President, of course I regret the illness that has so seriously and suddenly seized my good friend the Senator from Maryland. I myself would much prefer that the necessity of Federal action should be obviated. The Senator has asked me why Pennsylvania, why other States, have not acted, and he has given us the illuminating suggestion that they all have governors and legislatures. That does not contribute a great deal to the solution of this problem. The fact is that the States have failed to act. The fact is that year after year since the war the country has been confronted with the condition that now exists or with the threat of this condition. For some reason the local police powers have not been invoked. For some reason we stand face to face with the situation described by the Senator from New York [Mr. COPELAND], and I for one am in favor of doing everything that the Federal Constitution permits the Congress to do to protect the public against the obstinacy of either the producers or the miners, or both.

Mr. WILLIAMS. Mr. President, may I make an inquiry of the Senator?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. ROBINSON of Arkansas. I yield to the Senator from Missouri.

Mr. WILLIAMS. The Senator admits by introducing the bill that there is a necessity for Federal action, either by the President or by the Congress?

Mr. ROBINSON of Arkansas. Yes; I not only admit it, I assert it.

Mr. WATSON. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Indiana?

Mr. ROBINSON of Arkansas. I yield to the Senator from Indiana.

Mr. WATSON. I want to say that I am in perfect harmony with the proposition of the Senator. It is in line with the railroad labor bill that has been under consideration for some time, providing for mediation, arbitration, and conciliation in disputes in the transportation system of the country. In other words, it is arbitration and mediation carried to the last possible step. Beyond that the Senator is not asking to go.

Mr. ROBINSON of Arkansas. No; except as to publicity respecting the whole subject matter.

Mr. WATSON. Precisely. The Senator invokes no force.

Mr. ROBINSON of Arkansas. No.

Mr. WATSON. It seeks no military power. It is conciliation carried to the last possible step——

Mr. ROBINSON of Arkansas. And publicity.

Mr. WATSON. In which the power of the President, actual and potential, is invoked to bring about peace between the contending parties. I believe that is the right course to pursue. I believe that government fails and fails if, by reason of failure to act within the limits imposed by the Constitution, it permits a great number of its citizens to be either frozen or starved to death.

Mr. ROBINSON of Arkansas. I thank the Senator from Indiana.

Mr. BRUCE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas further yield to the Senator from Maryland?

Mr. ROBINSON of Arkansas. I have about concluded.

Mr. BRUCE. I hoped the Senator from Indiana had not concluded. I simply wanted to call his attention to the fact that the Railway Labor Board bill, of course, falls within the domain of interstate commerce. There can not possibly be any question about the power of Congress to provide for boards of mediation and conciliation for the purpose of keeping up the incessant movement of interstate commerce.

Mr. WATSON. Precisely; but the Senator bases this bill largely on the commerce clause of the Constitution, which has to do with the transportation of coal.

Mr. BRUCE. I did not so understand it.

Mr. ROBINSON of Arkansas. Oh, yes. The bill is somewhat carefully framed in that particular, although I have not had the advantage of the advice of my associates as I would have liked to have it in the preparation of the bill.

Mr. BRUCE. Will the Senator pardon me for just a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BRUCE. As far as the observations of the Senator a few moments ago on the bill are concerned, certainly they did not have the slightest reference in any way to interstate commerce.

Mr. ROBINSON of Arkansas. Oh, yes; the Senator could not have heard me.

Mr. WATSON. The Senator expressly stated it.

Mr. ROBINSON of Arkansas. The bill relates to an emergency concerning the production and distribution of coal——

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. And, of course, the word "distribution" is even a broader term than the word "transportation."

Mr. WATSON. The only objection I had, which might be considered captious, was that it was not referred to the Interstate Commerce Committee, but to the Committee on Education and Labor.

The PRESIDENT pro tempore. The Chair will observe that the bill has not been referred at all.

Mr. ROBINSON of Arkansas. It is competent, of course, for the Senate to make whatever reference it thinks fit of the bill.

I suggested that it be referred to the Committee on Education and Labor, because it seemed to me that, if that committee has any jurisdiction, it is of a bill of this nature.

Mr. SWANSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. I yield.

Mr. SWANSON. It seems to me that there ought to be no objection to this bill. We are confronted with an emergency. As I understand this bill, when an emergency arises, either the President or the Congress can declare it. Then we will have a standing board, not credited for a specific occasion, but a standing board, to examine into the facts, ascertain who is right and who is wrong in the controversy, which involves the comfort of a hundred million people, possibly, as in these coal strikes, and make a report to Congress. Then Congress can exercise its function. I can see no objection whatever to a board to examine into the facts, to ascertain what is right, what the conditions are, and what authority has the power to save the people from such a calamity.

The bill refers to distribution. Anthracite coal produced in Pennsylvania is distributed all over the United States, certainly all through the eastern part of the United States, to various States. It goes to Virginia, it goes to the District of Columbia, it goes to Maryland, and it goes to other sections. When Pennsylvania can not settle a strike involving interstate commerce and the distribution of coal, then, as this bill provides, we should have a commission to find the facts, to find the cost of mining and distribution, and to make a recommendation as to what Congress can do under the Constitution to handle the situation.

Mr. REED of Pennsylvania. Mr. President——

Mr. ROBINSON of Arkansas. I am ready now to conclude my remarks. I do not intend to attempt to discuss all the features of the bill at this time, because I think it would be unfair to do so, in view of all the circumstances. I merely wanted to add one thought, but I yield if the Senator from Pennsylvania wishes to ask me a question.

Mr. REED of Pennsylvania. I thought the Senator had finished.

Mr. ROBINSON of Arkansas. I will finish shortly.

Mr. McLEAN. Mr. President, I want to ask the Senator a question.

Mr. ROBINSON of Arkansas. I yield.

Mr. McLEAN. Did we not have such a board at one time?

Mr. ROBINSON of Arkansas. No; not just like the one here provided for.

Mr. McLEAN. Are there not precedents for this?

Mr. ROBINSON of Arkansas. We have had a system of mediation and conciliation, and that has been frequently employed. Since the creation of the Railroad Labor Board I have not known very much of its activities.

Mr. McLEAN. I thought we had created boards of conciliation and mediation.

Mr. ROBINSON of Arkansas. Those boards were temporary. The temporary or permanent aspect of the board raises a question which I realize is worthy of serious consideration.

Mr. REED of Pennsylvania. Mr. President, I had the impression that in the Department of Labor at the present time there were a number of officials called conciliators.

Mr. ROBINSON of Arkansas. There are.

Mr. REED of Pennsylvania. I wondered if the Senator could advise us about that.

Mr. ROBINSON of Arkansas. Oh, yes. We have had for a great many years employees of the Government whose business it is to go to communities where controversies respecting laborers or their employment or working conditions arise, and these mediators or conciliators talk over the matter with both sides and try to work out some agreement between the parties. But such proceeding would hardly be applicable to a case of this kind.

Mr. REED of Pennsylvania. I see the Senator's point, that it would not be as thorough as the inquiry the Senator calls for.

Mr. ROBINSON of Arkansas. No; it would be futile to seek to apply that machinery, as I see it, to the controversy between the anthracite mine operators and their employees.

Mr. REED of Pennsylvania. If the Senator will permit me one more question, I do not mean at all to debate the merits of the bill now; this is not the time to do it. But it occurred to me, in listening to the terms of the bill as the Senator described them, that it might more appropriately be referred to the Committee on Mines and Mining, which is now working on somewhat similar legislation. Has the Senator thought of that?

Mr. ROBINSON of Arkansas. Yes; I thought that out, and, frankly, I have been disappointed that the Committee on Mines and Mining have not reported a bill to the Senate. As I stated some moments ago, the President made a very forceful recommendation in his message to the Congress when we convened, and no action has been taken, and now it is said the President ought to use his good offices to settle this controversy. Then he says that the Congress has given him no power; that he asked for an authorization but that the Congress has treated it with indifference, and all the while the controversy has gone on.

Mr. SWANSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Virginia?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. SWANSON. When we had trouble in the coal mines in West Virginia, in which there was almost a state of civil war,

which existed for from 12 to 18 months and stirred the country more than any strikes or coal conflict that ever happened, I was chairman of the Committee on Education and Labor, and a measure of this character, though a little different, providing for an investigation and settlement of that strike, was referred to the Committee on Education and Labor. The Committee on Education and Labor has usually had charge of such measures and such legislation as is involved in this bill.

Mr. ROBINSON of Arkansas. Mr. President, on that point I want to use a little of my own time, because I never did get opportunity to answer fully the suggestion of the Senator from Pennsylvania.

When I prepared this bill, of course, I considered the question as to what committee it should be referred to. The Committee on Interstate Commerce is, I believe, the busiest committee of the United States Senate. I do not believe there is another committee of this body that has referred to it a greater multiplicity of questions, a greater number of difficult questions, that holds longer hours of hearing, than the Committee on Interstate Commerce, and I concluded for that reason that perhaps it would be best to send the bill to another committee, provided it could receive consideration by that committee. I did not ask that it go to the Committee on Mines and Mining, because it seemed to me that the jurisdiction perhaps lay quite as much in the Committee on Education and Labor, and the Committee on Mines and Mining has been considering some other measures and has taken no action.

We might just as well face the facts. The winter is passing. There are, as I have said, a great many people who believe that this fight ought to be permitted to go on to the finish, even though women and little children suffer and die because of the contest. There are a great many people who take that position, and there is much force in the suggestion that if the fight is permitted to go on until the suffering becomes so great that some one must yield or die, then he necessarily will yield.

I do not take the view of the subject that those who give that consideration to it seem to take. I believe we not only ought to take action which may afford some relief in the present emergency, but that we ought to have a law under which the Executive can act if another emergency arises, and I believe the existence of such a law and the existence of a tribunal created under the law would go a long ways toward securing agreements between the operators and their employees.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield to the Senator from Mississippi.

Mr. HARRISON. I am delighted to know that the Senator seeks to have this bill sent to the Committee on Education and Labor. I notice that a bill introduced by Mr. ODDIE was referred to the Committee on Mines and Mining, of which he is chairman, on the 8th day of December last, the beginning of the session. That bill was referred to one of the administration heads, the Secretary of Commerce, as I understand, and from that day to this no report has been made on it, notwithstanding the fact that an emergency has existed. If I am correctly informed, the distinguished chairman of the Committee on Mines and Mining, the author of the bill, whether he was speaking for the administration or not I know not, is reported to have said that he did not think Congress ought to take action until the strike was settled. The Senator from Nevada is in the Chamber. Whether or not he gave any such statement as that and whether or not it is his view, or whether or not he is being handicapped by Secretary Hoover, I know not. But I am delighted to know that the bill introduced by the Senator from Arkansas is to go to the Committee on Education and Labor.

Mr. ROBINSON of Arkansas. Mr. President, the precedents are abundant for sending this bill to the Committee on Education and Labor. I am going to move, if it is necessary to do so, that it be sent there and test out the opinion of the Senate on that subject. The Committee on Education and Labor has on many occasions considered analogous measures, and it is peculiarly within the jurisdiction of that committee to receive this measure, which calls for the ascertainment of facts and for the adjustment of controversies which relate to labor.

With respect to the question asked me by the Senator from Montana and the discussion of that subject, namely, the income-tax returns of the coal-mine operators, I started to say—I do not think I was permitted to conclude the observation—that it is not possible that either the men who work in the mines or the men who own the mines can find their business profitable if in every season this condition of closing down is to be expected, and it seems to me that it is the duty of the Congress to deal with the question, in so far as we have the power to do so.

With respect to the suggestion of my good friend and able lawyer the Senator from Maryland [Mr. BRUCE], that the Congress has no power whatever to deal with the subject, there are many, many precedents for this legislation, and I do not think the Senator or anyone else can find any provision in the proposed bill that is obnoxious to any feature of the Constitution.

Mr. BRUCE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Maryland?

Mr. BRUCE. I thought the Senator was through.

Mr. ROBINSON of Arkansas. I have concluded.

Mr. BRUCE. I want to ask the Senator from Pennsylvania a question.

The PRESIDENT pro tempore. The Senator from Maryland is recognized.

Mr. SMOOT. I would like to know whether the debate——

Mr. BRUCE. I want to ask one question of the Senator from Pennsylvania.

The PRESIDENT pro tempore. Does the Senator from Utah wish to propound a parliamentary inquiry?

Mr. BRUCE. If the Senator will be so kind as to waive his inquiry for a moment, I know the Senator from Pennsylvania is peculiarly familiar with the law that pertains to mining operations, and I would like to ask him whether it has ever been held by the Supreme Court of the United States, or by any Federal court, that a mere strike in itself works such an interruption of interstate commerce as to confer upon either the President or the Congress the power to take such a strike in hand in any way, directly or indirectly.

Mr. ROBINSON of Arkansas. This bill does not attempt to do that.

Mr. REED of Pennsylvania. Mr. President, the bill contemplates, as I understood the speech of the Senator, that there must be first ascertained the existence of an emergency respecting the production and distribution of coal which endangers the public health or safety.

Mr. BRUCE. Mr. President, the production of coal or the preservation of public health are not fields for the exercise of Federal authority, except under special conditions.

Mr. REED of Pennsylvania. The best answer——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. BRUCE. I asked the Senator from Pennsylvania a question.

Mr. REED of Pennsylvania. The Senator asked me a question and yielded in advance, I understood.

Mr. BRUCE. I just want an answer to that question, because I know the Senator from Pennsylvania can answer it if anybody in this body can.

Mr. REED of Pennsylvania. The Supreme Court of the United States has directly ruled that the mining of anthracite coal is not within the jurisdiction of the Federal Congress, in spite of the fact that the majority of it is intended ultimately for shipment into other States.

Mr. ROBINSON of Arkansas. That ruling applies to all forms of manufacture. I stated that on a former occasion.

Mr. REED of Pennsylvania. This is not manufacture; this is mining. It has been directly ruled in a case involving the mining of anthracite coal. I am not objecting to this bill going to the Committee on Education and Labor. I have looked over the list of the members of that committee, and I see that there are two or three excellent lawyers on the committee, and I am glad there are, because I agree with the Senator from Maryland that if this bill gives any power to either the President or the Congress, then it is unconstitutional, because we have not the authority to grant that power.

Mr. BRUCE. I am very much obliged to the Senator from Pennsylvania——

Mr. ROBINSON of Arkansas. Will the Senator yield?

Mr. BRUCE. In just one moment. I was just about to say that I was very much obliged to the Senator from Pennsylvania, because, as I understood him, the Senator from Arkansas has such a very poor opinion of me as a constitutional lawyer that he even hinted that I must be ill to advance the construction I did advance.

Mr. ROBINSON of Arkansas. The Senator himself made the remark that he was sick and tired, and I replied to that with what I thought was a pleasantry, which I assumed everybody understood to be a play upon the Senator's own words. I have great respect for the ability of the Senator as a lawyer.

Mr. BRUCE. Mr. President, the Senator must admit that illness is just a little graver stage of indisposition than sickness.

Mr. ROBINSON of Arkansas. Before asking a reference of the bill I want to say that through the very agencies to which

the Senator from Pennsylvania has referred we have been doing the very same acts that are contemplated by the bill. Boards of mediation and conciliation have been acting in analogous cases for 25 years, and it is an astonishing thing to me that the question of constitutionality should have been waived until the present crisis has come and that it should be raised now in connection with the bill which I have introduced.

I ask unanimous consent that the bill which I have introduced by leave of the Senate may be referred to the Committee on Education and Labor.

The PRESIDENT pro tempore. The bill having been received by unanimous consent, unless otherwise ordered by the Senate, it will be referred to the Committee on Education and Labor.

THE COAL SITUATION

Mr. COPELAND obtained the floor.

Mr. BLEASE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	McKellar	Sackett
Bayard	Fess	McKinley	Schall
Bingham	Fletcher	McLean	Sheppard
Blease	Frazier	McMaster	Shipstead
Borah	George	McNary	Shortridge
Brookhart	Gerry	Mayfield	Simmons
Broussard	Gillett	Means	Smith
Bruce	Goff	Metcalf	Smoot
Butler	Gooding	Moses	Stanfield
Cameron	Hale	Norbeck	Swanson
Capper	Harreld	Norris	Trammell
Caraway	Harris	Nye	Tyson
Copeland	Harrison	Oddie	Underwood
Couzens	Heflin	Overman	Walsh
Dale	Howell	Pepper	Warren
Deneen	Johnson	Phipps	Watson
Dill	Jones, Wash.	Pine	Weller
Edge	Kendrick	Ransdell	Wheeler
Edwards	Keyes	Reed, Pa.	Williams
Ernst	King	Robinson, Ark.	Willis
Fernald	La Follette	Robinson, Ind.	

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present. The Senator from New York will proceed.

Mr. COPELAND. Mr. President, I ask that the clerk may read Senate Resolution 134, submitted by me on the 3d instant, in order that I may ask unanimous consent for its immediate consideration. It is now 10 minutes past 2, and I ask that with the understanding that a vote shall be taken at 20 minutes of 3, and that not more than half an hour of the time of the Senate shall be devoted to the consideration of the resolution.

The PRESIDENT pro tempore. Separating the two requests of the Senator from New York, the clerk will read the resolution, after which the Senator may prefer his request for unanimous consent.

The Chief Clerk read the resolution (S. Res. 134), as follows:

Resolved, That the President be requested to invite to the White House the committee of operators and miners, in order that he may urge upon them the national importance of an immediate settlement of the anthracite coal strike.

The PRESIDENT pro tempore. The Senator from New York asks unanimous consent for the immediate consideration of the resolution, with the provision that the vote be taken in 30 minutes. Is there objection?

Mr. METCALF. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. COPELAND. I move that the Senate proceed to the consideration of Senate Resolution 134.

The PRESIDENT pro tempore. The Senator from New York moves that the Senate proceed to the consideration of Senate Resolution 134.

Mr. EDGE. I move to lay the motion on the table.

Mr. SIMMONS. Mr. President——

The PRESIDENT pro tempore. The motion is not debatable.

Mr. ASHURST. I demand the yeas and nays on the motion to lay on the table.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. In his absence I withhold my vote.

Mr. McLEAN (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I withhold my vote. If I were privileged to vote I should vote "yea."

Mr. McKELLAR (when Mr. NEELY's name was called). The senior Senator from West Virginia [Mr. NEELY] is necessarily absent, as has heretofore been stated. If he were present he would vote "nay."

Mr. PEPPER (when his name was called). On this question I have a pair with the junior Senator from New Mexico [Mr. BRATTON]. I transfer that pair to the senior Senator from Vermont [Mr. GREENE], and vote "yea."

The roll call was concluded.

Mr. FERNALD. I transfer my pair with the Senator from New Mexico [Mr. JONES] to the senior Senator from Iowa [Mr. CUMMINS], and vote "yea."

Mr. WATSON (when Mr. Wadsworth's name was called). The senior Senator from New York [Mr. WADSWORTH] is necessarily detained from the Senate. If he were present, he would vote "yea." He is paired with the Senator from West Virginia [Mr. NEELY].

Mr. JONES of Washington. I desire to announce that the senior Senator from Kansas [Mr. CURTIS] has a general pair with the Senator from Missouri [Mr. REED].

Mr. GERRY. I have been requested to announce that the Senator from Mississippi [Mr. STEPHENS] is detained from the Senate on official business.

The result was announced—yeas 38, nays 41, as follows:

YEAS—38

Bingham	Gillett	Moses	Shortridge
Butler	Goff	Norbeck	Smoot
Cameron	Hale	Oddie	Stanfield
Capper	Harreld	Pepper	Warren
Dale	Jones, Wash.	Phipps	Watson
Deneen	Keyes	Pine	Weller
Edge	King	Reed, Pa.	Williams
Ernst	McKinley	Robinson, Ind.	Willis
Fernald	Means	Sackett	
Fess	Metcalf	Schall	

NAYS—41

Ashurst	Ferris	La Follette	Simmons
Bayard	Frazier	McKellar	Smith
Blease	George	McMaster	Swanson
Borah	Gerry	McNary	Trammell
Brookhart	Gooding	Mayfield	Tyson
Broussard	Harris	Norris	Underwood
Caraway	Harrison	Nye	Walsh
Copeland	Heflin	Overman	Wheeler
Couzens	Howell	Ransdell	
Dill	Johnson	Sheppard	
Edwards	Kendrick	Shipstead	

NOT VOTING—17

Bratton	Fletcher	McLean	Stephens
Bruce	Glass	Neely	Wadsworth
Cummins	Greene	Pittman	
Curtis	Jones, N. Mex.	Reed, Mo.	
du Pont	Lenroot	Robinson, Ark.	

So the Senate refused to lay Mr. COPELAND's motion on the table.

The VICE PRESIDENT. The question recurs on the motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of his resolution.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. SMOOT. Mr. President, may I ask what is the motion before the Senate? There seems to be a misunderstanding.

The VICE PRESIDENT. The question before the Senate is the motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of Senate Resolution 134.

Mr. SMOOT. There is no limit as to time embodied in the motion.

Mr. HARRISON. Regular order, Mr. President.

The VICE PRESIDENT. The Secretary will proceed with the calling of the roll.

The Chief Clerk resumed the calling of the roll.

Mr. McLEAN (when his name was called). In the absence of my pair, the junior Senator from Virginia [Mr. GLASS], I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. PEPPER (when his name was called). Making the same announcement as before in reference to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. FERNALD. Making the same announcement as before in reference to my pair and its transfer, I vote "nay."

Mr. FLETCHER. I have a general pair with the Senator from Delaware [Mr. DU PONT]. I am advised, however, that if present the Senator from Delaware would vote as I shall vote on the pending motion. I therefore am at liberty to vote. I vote "nay."

Mr. McLEAN. I find that I can transfer my pair to the Senator from Delaware [Mr. DU PONT]. I do so and shall vote. I vote "nay."

Mr. JONES of Washington. I was requested to announce the following pairs:

The Senator from Kansas [Mr. CURTIS] with the Senator from Missouri [Mr. REED]; and

The Senator from New York [Mr. WADSWORTH] with the Senator from West Virginia [Mr. NEELY].

Mr. GERRY. I desire to announce that the Senator from Mississippi [Mr. STEPHENS] is detained from the Senate on official business.

The result was announced—yeas 38, nays 43, as follows:

YEAS—38

Ashurst	Edwards	Kendrick	Sheppard
Bayard	Ferris	La Follette	Shipstead
Blease	Frazier	McKellar	Simmons
Brookhart	George	McMaster	Smith
Broussard	Gerry	McNary	Trammell
Bruce	Harris	Mayfield	Tyson
Caraway	Harrison	Norris	Walsh
Copeland	Heflin	Nye	Wheeler
Couzens	Howell	Overman	
Dill	Johnson	Ransdell	

NAYS—43

Bingham	Fletcher	Means	Schall
Borah	Gillett	Metcalf	Shortridge
Butler	Goff	Moses	Smoot
Cameron	Gooding	Norbeck	Stanfield
Capper	Hale	Oddie	Underwood
Dale	Harreld	Pepper	Warren
Deneen	Jones, Wash.	Phipps	Watson
Edge	Keyes	Pine	Weller
Ernst	King	Reed, Pa.	Williams
Fernald	McKinley	Robinson, Ind.	Willis
Fess	McLean	Sackett	

NOT VOTING—15

Bratton	Glass	Neely	Stephens
Cummins	Greene	Pittman	Swanson
Curtis	Jones, N. Mex.	Reed, Mo.	Wadsworth
du Pont	Lenroot	Robinson, Ark.	

So Mr. COPELAND'S motion was rejected.

Mr. SMOOT obtained the floor.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Yes; I yield.

Mr. SIMMONS. I desire to state that I cast my vote with reference to both the motions which have just been voted on because the senior Senator from Utah [Mr. SMOOT] had stated that the main questions in controversy upon the tax reduction bill would go over until Monday and that only some remaining questions which would not provoke much debate would be taken up to-day.

Mr. SMOOT. I stated that we could not get to the much-controverted questions to-day.

Mr. SIMMONS. Let me make this statement: Upon that theory I thought we had sufficient time to take up the resolution relating to the coal situation. The Senator from New York [Mr. COPELAND] presented a unanimous-consent proposition which provided that there should be a half hour for debate and then a vote should be taken upon the resolution. That was not agreed to. The Senator from New York then made his motion to take up for consideration the resolution he offered. I asked the Senator from New York, if that motion prevailed, if he would insist upon keeping the matter before the Senate longer than the time he specified in his unanimous-consent request, and the Senator assured me that he would not.

Mr. HEFLIN. Thirty minutes.

Mr. SIMMONS. Thirty minutes; and upon that assurance I voted to take up the matter. I will ask the Senator from New York whether I am correct in that statement?

Mr. COPELAND. Mr. President, the Senator from North Carolina is entirely correct. Had this motion been favorably acted upon I had intended to ask for an immediate vote, without any discussion whatever. I wish there were some parliamentary way in which that could be done, because the first test vote indicated that a majority of the Senate favor action upon the coal matter; but certain Senators voted against the last motion, as I understand, because they did not wish to displace the tax bill. Neither do I.

Mr. UNDERWOOD. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. I yield.

Mr. UNDERWOOD. The Senator from New York has just stated that the first vote indicated a desire to take up his measure. I voted with the Senator on the first vote because I did not want to gag him; I wanted to give him a chance to speak. Mine was one of the votes that fell in his column a moment ago. It was a courtesy to the Senator. I agree with the Senator that his resolution is of great importance, but I do not think there is any more important question before the Congress of the United States than this bill reducing taxes, and I would not vote to substitute any other measure for it, so that the first vote really was not a vote to take up the coal resolution.

Mr. SIMMONS. Mr. President, if the Senator will yield to me——

Mr. SMOOT. I yield to the Senator from North Carolina.

Mr. SIMMONS. I desire to say that my views about that matter are exactly the same as those of the Senator from Alabama. I would not vote to displace the tax bill except for a short period of time. If the motion had prevailed, and after the matter had been under discussion for 30 minutes, the Senator had not withdrawn it, if the Senator from Utah, the chairman of the committee, had not made the motion, I should then myself have made the motion that the Senate resume the consideration of the tax bill.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. So that there will be something before the Senate, I now ask to turn to page 216, leaf tobacco sold to a consumer.

Mr. NORRIS. Mr. President, I do not want to discuss that matter; but I should like to have the action on the amendment on page 135 reconsidered and then have it passed over.

Mr. SMOOT. I have no objection whatever to that course being taken.

Mr. NORRIS. Then on page 135, Mr. President, in line 5, I move to reconsider the vote by which the committee amendment was agreed to. The Senator from Utah is perfectly willing that that shall be done.

Mr. SMOOT. I have no objection, Mr. President.

Mr. KING. The Senator refers to the words "without assessment"?

Mr. NORRIS. Yes; just those words, "without assessment."

The VICE PRESIDENT. Without objection, the vote by which the amendment on page 135, line 5, was agreed to will be reconsidered.

Mr. NORRIS. Then I ask the Senator from Utah to let that amendment go over until I can look up the matter.

Mr. SMOOT. I have no objection to that, Mr. President.

The VICE PRESIDENT. The clerk suggests that the same amendment has been made in line 18.

Mr. NORRIS. Yes; the same amendment appears in line 18.

The VICE PRESIDENT. Also in line 22.

Mr. NORRIS. Yes.

The VICE PRESIDENT. Without objection, the votes will be reconsidered and the amendments will be passed over.

Mr. SMOOT. Now, Mr. President, I ask that we take up leaf tobacco sold to consumers, page 216.

Mr. SIMMONS. I will ask the Senator if there is not something else that can be taken up at this time. I shall have to send for some papers dealing with that matter.

Mr. McKELLAR. Do I understand that that amendment is to go over?

Mr. SIMMONS. Only temporarily.

Mr. SMOOT. Then, Mr. President, I ask to take up the provision on page 228, the tax on dues. The Senator from New York [Mr. COPELAND] asked me to call his attention to it, and I now do so.

Mr. KING. Is that the provision which imposes a tax upon admissions?

Mr. SMOOT. No; this deals with membership fees.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I do.

Mr. COPELAND. How does this proposed tax differ from the one enacted by the House?

Mr. SMOOT. Not at all. There is not a word changed in the whole section.

Mr. COPELAND. I find on my desk a lot of complaints about this particular tax. I assume they have all been considered by the committee.

Mr. SMOOT. They have. We have letters from some riding clubs, and so forth.

The VICE PRESIDENT. The clerk calls attention to the fact that there is no amendment on page 228.

Mr. SMOOT. The Senator from New York desires to propose an amendment on that page, as I understand. This provision of the House bill was agreed to by the committee, but I told the Senator I would call it up.

Mr. COPELAND. I ask that it may be understood that I may propose an amendment later at that point.

Mr. DILL. Mr. President, before we leave that matter, do I understand that the bill as now written levies a tax upon admissions or cards to an entertainment given when the money all goes to a charitable purpose?

Mr. SMOOT. No; admissions to entertainments given for charitable purposes, as enumerated in the admission tax, are

free of tax; but that subject matter is not up at this time. That is an entirely different paragraph.

Mr. DILL. I thought it was up now.

Mr. SMOOT. No; the Senator will find that on page 224, under the heading "Tax on admissions and dues."

Mr. DILL. Has that been passed over?

Mr. SMOOT. We have not reached it yet.

Mr. REED of Pennsylvania. Mr. President, if the Senator will allow me, on page 226, in line 8, he will find that those admissions are exempt.

Mr. DILL. The reason why I ask the question is that under the present law they are not exempt as the law is adiministered and interpreted by the Internal Revenue Bureau.

Mr. SMOOT. Will the Senator let that go over until the subject matter comes up?

Mr. DILL. Certainly.

The VICE PRESIDENT. Amendments to the text will be in order after the committee amendments are disposed of.

Mr. SMOOT. Yes.

Mr. COPELAND. Are we on page 229 now?

Mr. SMOOT. On page 228. There is no amendment there; but I told the Senator I would bring up that part of the bill at this time if there was any particular question that he wanted to discuss.

Mr. COPELAND. Mr. President, I send to the desk an amendment which I ask to have stated.

Mr. SMOOT. If it is an amendment that the Senator wants to offer at this time, I ask unanimous consent that it may be considered now.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. KING. Is this on the question of admissions and dues?

Mr. COPELAND. No; it relates to athletic clubs.

Mr. KING. There is an amendment pending with respect to admission dues, to strike that out.

Mr. COPELAND. We will take that up at a later time.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The amendment offered by the Senator from New York is on page 229, line 10, after the word "university" and before the period, to insert a comma and the following:

and any athletic club which owns or leases and maintains and operates a gymnasium for the physical development of its members or whose members participate in organized athletic competition under the sanction of the Amateur Athletic Union of the United States or represented the United States of America in the Olympic games at Antwerp in 1920 or at Paris in 1924.

Mr. SMOOT. I will say to the Senator that if those clubs are to be exempt we had better exempt them all, because I know of no clubs in America that are better able to pay the tax than they are.

Mr. COPELAND. The thing I have in mind about this matter, if the Senator will permit me to say it, is that in the examination of men for the draft we found an amazing state of affairs. We found about 40 per cent of them defective physically. It seems to me that it would be a very proper encouragement of athletic organizations and athletic clubs, particularly those training men for the Olympic games or for taking part in activities of the Athletic Union, if we made an exception of clubs devoted to work of this sort. It is with that in mind that I present this amendment.

Mr. SMOOT. The tax is only $10 a year, and in the case of clubs of that kind that would be only a fraction of their entrance fees. I hope the Senate will not agree to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was rejected.

Mr. FLETCHER. Mr. President, may I inquire of the Senator in charge of the bill, what became of the amendment on page 227, striking out lines 14 to 25? My memorandum is that that went over.

Mr. SMOOT. That is a part of the admissions title, and that all went over.

Mr. FLETCHER. So it has not been agreed to?

Mr. SMOOT. No. I should like to take up admissions now.

Mr. KING. I hope the Senator will let that go over. I have not the data here.

Mr. SMOOT. My colleague, however, asks that that go over. Then I will begin at the beginning, on page 19, the question of depletion.

The VICE PRESIDENT. The amendment at that point will be stated.

The CHIEF CLERK. On page 19 the Committee on Finance proposes to strike out:

(c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that—

(1) In the case of oil and gas wells discovered by the taxpayer after February 28, 1913, and prior to January 1, 1925, and in the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such wells and mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost;

(2) In the case of oil and gas wells discovered by the taxpayer on or after January 1, 1925, in an area not proven at the date of such discovery, where the fair market value of the property is materially disproportionate to the cost, the basis for depletion shall be the fair market value at the date of discovery or within 30 days thereafter of the property proven by such discovery and included within the taxpayer's tracts or leases. In the case of oil or gas wells, each well producing oil or gas in commercial quantities shall be considered as having proven at least that portion of the productive sand, zone, or reservoir which is included in a square surface area of 160 acres having as its center the mouth of such well. In the case of the discovery of an oil or gas well by a person under an agreement whereby the cost of the well shall be shared with one or more other persons or whereby the cost of the well shall, if oil or gas in commercial quantities is not found, be shared with such other person or persons, then such well shall not be considered as having proven any part of a tract or lease held by such other person or persons.

(d) The depletion allowance based on discovery value provided in paragraph (1) or (2) of subdivision (c) shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value.

And in lieu thereof to insert:

(c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that—

(1) In the case of mines discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance based on discovery value provided in this paragraph shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value. Discoveries shall include minerals discovered or proven in an existing mine or mining tract by the taxpayer after February 28, 1913, not included in any prior valuation.

(2) In the case of oil and gas wells the allowance for depletion shall be 25 per cent of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance be less than it would be if computed without reference to this paragraph.

Mr. COUZENS. Mr. President, I should like to ask the Senator from Utah if he has taken into consideration the amendment I proposed on page 22, line 16?

Mr. SMOOT. Following line 16?

Mr. COUZENS. Yes.

Mr. SMOOT. No. My attention has not been called to it.

Mr. COUZENS. Perhaps it is not in order at this time, but I desire to draw it to the Senator's attention. I propose, at the end of line 16, to insert another paragraph, to be numbered (3).

The VICE PRESIDENT. That would be in order at this time if it is an amendment to the committee amendment.

Mr. SMOOT. Yes.

Mr. COUZENS. It follows the amendment that is under discussion.

Mr. SMOOT. It has reference to the good will?

Mr. COUZENS. The good will, the organization, the manufacturing ability, and so on, that has been capitalized heretofore in arriving at the value.

Mr. SMOOT. The committee have not yet considered or passed upon that amendment. It was filed in the Senate since our last meeting. If the Senator desires, we will pass over this amendment, and then, after the committee meeting, I will

report to the Senator exactly what the committee decides; and then I will open the whole question if the Senator desires it.

Mr. COUZENS. I think that would be better.

Mr. SMOOT. Yes; I think so.

Mr. KING. Was the section passed over?

Mr. SMOOT. No. If we agree to the committee amendment, then when the committee meet we will consider the Senator's further amendment, and if the committee agree to it, of course there will be no question about its going in.

Mr. COUZENS. Then I understand that in the meantime the paragraph as a whole will go over?

Mr. SMOOT. I thought we might agree to this committee amendment.

Mr. COUZENS. I should like to discuss it before that is done.

Mr. FLETCHER. Mr. President, before we agree to it it strikes me that there is a provision in the amendment as proposed by the committee that is very far-reaching and unfair, and great advantage may be taken of it. On page 22, line 5, I think we ought to strike out, after the word "value," the rest of that provision, beginning with the word "Discoveries." I refer to the provision reading:

> Discoveries shall include minerals discovered or proven in an existing mine or mining tract by the taxpayer after February 28, 1913, not included in any prior valuation.

I move to strike out those words.

Mr. SMOOT. If the Senator from Michigan asks that it go over——

Mr. COUZENS. I think it should go over, because there will be considerable discussion with respect to paragraph 2. That is the provision providing for a 25 per cent credit for oil and gas wells. I do not believe the Senate understands it, and I think the Senator from Florida has very appropriately drawn it to the attention of the Senate.

Mr. SMOOT. The amendment offered by the Senator from Florida has nothing to do with oil.

Mr. COUZENS. I would like to ask the Senator from Florida if he does not propose to strike out lines 9 to 16, on page 22?

Mr. SMOOT. That applies only to metal mines.

Mr. FLETCHER. I have not dealt with subdivision (2) at all.

Mr. COUZENS. I doubt if anyone is prepared with sufficient data to approve subdivision (2). It certainly needs some discussion. I admit that there has been a conference between the chairman of the committee and myself on the matter, and personally I am in favor of striking out that whole subdivision. It seems to me that if Senators understood it they might, perhaps, agree to a different percentage; but at least they ought to understand the facts before they agree to it. I say that not in opposition to the Senator from Utah, because I confess that I myself am somewhat at a loss as to how it should be reached.

Mr. KING. Let the amendment go over.

Mr. SMOOT. It may go over; but I want to say, in relation to the percentages, that there is bitter criticism on the part of the producers of this 25 per cent limitation. They claim that it is cutting down their rights to-day to a great extent, claiming that at the very least it should be 35 per cent. In my opinion 25 per cent is about right. It may be a little low, but I would not be in favor of increasing it above 25 per cent, as I have told the Senator from Michigan a number of times.

Mr. COUZENS. I know the Senator has given a great deal of consideration to this matter, but the whole question is very much involved and is dealt with at length in the committee report.

This discovery value was first put in the law to encourage wildcatting in the oil fields. The records show very clearly that the so-called wildcatter has not received the benefit of this discovery value for depletion. So far as I may speak for the committee which investigated the Internal Revenue Bureau, I think it was generally felt that this whole discovery value should be repealed, and that depletion should be based upon cost rather than a value fixed at the time of the discovery, or within 30 days thereafter.

Mr. SMOOT. As there is a request to have it go over, I shall not object to that course. I will ask the Senator from North Carolina if he is now prepared to go on with the leaf tobacco amendment?

Mr. SIMMONS. Yes; but the Senator from Tennessee [Mr. McKELLAR] is not in the Chamber.

Mr. SMITH. To what amendment does the Senator refer?

Mr. SMOOT. The leaf tobacco amendment on pages 216 and 217 of the bill.

Mr. SMITH. May I ask the chairman of the committee, before he goes to that, to turn to page 84 of the bill? The other day we had some discussion about mutual insurance companies. Parties interested in the provision have come to me and have made an explanation, which I think ought to be brought to the attention of the Senate.

In paragraph 11, where "casualty or fire" has been stricken out——

Mr. SMOOT. Casualty companies are provided for right after that. We had to do that, because we took mutual fire-insurance companies out of that paragraph and put them in paragraph 10.

Mr. SMITH. Just one moment. They were placed in paragraph 10, and that may take care of the condition there; but I call the attention of the Senate to this fact: Under paragraph 11 we provide for "mutual hail, cyclone, or casualty insurance companies by associations, the income of which is used or held for the purpose of paying losses or expenses." Let me show the Senate what occurs under that provision. These mutual fire insurance companies, as they operate in my State and other States, sometimes make assessments great enough to meet the average losses. I want the attention of the chairman of the committee to this matter, because I want to know wherein those who have come to me have erred in their representations to me.

Mr. SMOOT. Let me ask the Senator to what he is referring?

Mr. SMITH. Where the committee has stricken out "fire" in paragraph 11.

Mr. SMOOT. Is the Senator going to discuss fire or cyclone or casualty insurance companies?

Mr. SMITH. Fire-insurance companies, where the committee has stricken "fire" out; because they have put "casualty" back.

These mutual fire-insurance companies make assessments only to cover possible losses. Sometimes they make a partial assessment, sometimes they make an assessment to cover the amount of the loss, under the law of averages. They have insurance for nobody but their own members. No dividends are declared. Let us say that this year they have made an assessment, and next year they have not a single fire. They have sometimes run as many as five years without a fire. They have their money deposited in savings banks, and a certain amount of interest has accrued, say $50. Then the 15 per cent does not apply, because whatever interest they do get is 100 per cent taxable, they having no other income, as is required in paragraph 10.

Mr. REED of Pennsylvania. Why should they be exempt from taxation? If they get interest on bank deposits, why should they not pay a tax on it, just as the Senator does?

Mr. SMITH. I will show the Senator why. The next year they have fires, and they make no assessment. This money is paid out and meets the casualties that occur. They have, on an average, not one dollar in excess over what it takes to meet their requirements, taking a 5 or 10 year period, because the interest that accrues to their credit is simply added to what they have, and it carries their insurance.

Mr. SMOOT. The Senator must admit that it reduces the premium they have to pay.

Mr. SMITH. There are no premiums.

Mr. REED of Pennsylvania. It reduces the assessment.

Mr. SMITH. There are no premiums.

Mr. SMOOT. Then let us say "assessment."

Mr. SMITH. "Assessment" is a better word.

Mr. SMOOT. Perhaps it is, but it means the same in the end.

Mr. SMITH. Then why did the committee leave the others in the bill?

Mr. SMOOT. We explained that the other day, and I can explain it briefly now, if the Senator will permit me.

Mr. SMITH. Compare hail and fire insurance companies.

Mr. SMOOT. Taking fire insurance, not only among the farmers but covering all business in the United States, the losses are estimated down to a very close figure; but no one can tell when a cyclone will occur, no one can tell when there will be a casualty, and it is companies covering such things as that which we do not limit to 85 per cent of the membership.

Mr. SMITH. Consider the principle that is involved. Here are a lot of people who want to escape from the onerous burden that is imposed on them.

Mr. SMOOT. Onerous burden?

Mr. SMITH. It is onerous. I am not talking about carrying fire insurance in an ordinay company. These people meet together for mutual protection, they do not pay dividends, they do not run the great financial institutions of the country, as the ordinary fire and life companies do now;

they only provide for self-protection. Incidentally, one year they have a little money in excess of what is necessary to take care of the fire losses, and immediately it is seized upon and taxed. Under the same principle, the company which insures against damage by hail, though the probabilities have not been worked out as accurately as they may have been worked out as to fire, should be taxed. The principle is identically the same. The company may have a little excess. There may not be a hailstorm for two or three years. In the meantime, the money they have collected has drawn a little interest. Under this bill that is not subject to tax, but the money accumulated by the fire company is taxed.

Mr. SMOOT. Mr. President, this is word for word what is provided in existing law to-day. We are not changing the law as to mutual fire-insurance companies one iota. They are free from taxation under this provision up to 85 per cent of the business of the mutuals. If the mutuals write more than 15 per cent of their business on the outside, then they are not altogether mutual companies, and they come in direct competition with the other companies.

Mr. SMITH. The Senator misses my point.

Mr. SMOOT. No; I see the Senator's point exactly. They want to get out from under all forms of taxation.

Mr. SMITH. I do not want them to.

Mr. SMOOT. That is what they want, and they will not be satisfied until they do.

Mr. SMITH. If they make an assessment on their members and get in for this year about what they think will take care of the casualties, and there happens to be no fire at all, the next year there may be enough to take it all, and perhaps they will have to go to the bank for a loan.

It has happened that the fires which occurred were sufficient in number to absorb every dollar the companies had on hand, and they would have to go and borrow money from the bank, and then assess their members to repay that loan. No dividends are paid. The money is only used for the purpose of mutual protection. Suppose they have a residuum of $500 and it is put in a bank to take care of any casualties, supplemented by an assessment in case fires occur, and that draws $10 interest. Under the terms of this bill it is taxable.

Mr. SMOOT. The representatives of the fire-insurance people have come to me time and time again. The proposition the Senator brings up they have just thought of, after the reason was given here the other day as to why casualty companies and hail companies were taken care of.

Mr. SMITH. Why did the House put it in?

Mr. SMOOT. I am not speaking for the House. I do not know anything about the reason for what the House did.

Mr. SMITH. There can be nothing clearer. There is no equity, no justice, no justification for such a requirement in paragraph 11 upon the exigency of the companies having a little residuum which accidents may not absorb. No matter how much it may be, because it is not in excess of the assessment that year, it is taxed instantly.

Mr. HARRIS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. HARRIS. The companies make assessments based on the average losses, but in one year the losses may be light, and they keep the money in the treasury; the next year the losses may be higher and they will have to pay it all out.

Mr. SMITH. They may not only have to pay it out, but may have to make an extra assessment. When there is an amount left over in an entirely mutual proposition, under the terms of the bill the whole amount will immediately be taxed. It might be possible that they are fortunate enough to escape the fire casualty for a year or two, and the interest may accrue so that these people may be able to offset half or two-thirds of their casualty losses; but nobody gains anything from the assessments but protection, and therefore the House, it seems to me very wisely, left the provision in the bill. The Government would not get much from it anyhow, and such a provision would encourage measures for mutual protection on the part of those who are not able to carry premiums from year to year.

Mr. SMOOT. If the Senator is right, such a company could make a deduction, because in paragraph (11), on page 92, we have this provision:

(11) In the case of mutual insurance companies (including interinsurers and reciprocal underwriters, but not including mutual life or mutual marine insurance companies) requiring their members to make premium deposits to provide for losses and expenses, there shall be allowed, in addition to the deductions allowed in paragraphs (1) to (9), inclusive, unless otherwise allowed, the amount of premium deposits returned to their policyholders and the amount of premium deposits retained for the payment of losses, expenses, and reinsurance reserves.

Mr. SMITH. That does not answer at all, because paragraph (11) explains itself. It needs no indirection. It needs no further explanation of the paragraph itself, which provides for—

Farmers' or other mutual hail, cyclone, or casualty insurance companies or associations the income of which is used or held for the purpose of paying losses or expenses.

It explains itself. It does not need the Senator from Utah to turn over seven or eight pages to get a lot of extra verbiage. It is plain, simple, and to the point where the income is held for the purpose of paying losses or expenses, not for the purpose of profit, not for the purpose of depositing in the bank, not for the purpose of creating a fund like our fire-insurance companies do, now the richest companies in the world, but for mutual protection and the payment of losses and expenses. But if they happen to have a little residuum that draws some interest to help pay the existing fire losses, then the Senator proposes to seize upon it instantly and levy a tax upon it. That is all there is to it.

Mr. SMOOT. Of course it is very nice to talk about relieving everybody of taxes. Nobody wants to pay taxes. I am perfectly well aware of that.

Mr. SMITH. It is not that proposition at all.

Mr. SMOOT. It would be a very popular thing to say that we will wipe out all taxes.

Mr. SMITH. It is not fair for the Senator to say that.

Mr. SMOOT. I might be in favor of abolishing all taxes, but we have to raise revenue, and therefore it is necessary to have taxes.

Mr. SMITH. I want to call attention to the fact that the Senator has no right to say that anyone in this body is foolhardy enough to stand here pleading for no taxes. I am taking the principle which the Senator has incorporated in the bill, which is that mutuals shall be exempted, and yet he proceeds to eliminate the farmers' mutual fire, hail, and other companies of a similar character. Why does the Senator make fish of one and fowl of the other when they both represent the same principle?

Mr. SMOOT. On the Senator's theory we had better take out life insurance companies and put them all in the same category.

Mr. SMITH. I would say that immediately if we had a mutual life insurance company, but we have not.

Mr. SMOOT. Yes, there are benevolent life insurance companies all over the United States.

Mr. SMITH. They may be benevolent, but they do not come in the same category.

Mr. SMOOT. The same identical paragraph covers them all, and they are taxed in exactly the same way.

Mr. SMITH. I am talking about what the Senator has included in the paragraph we are discussing.

Mr. SMOOT. We had better take out mutual——

Mr. SMITH. No; I am not proposing to take out anything. I am going to try to retain what the House bill provides and what we have put in the law from time to time, and what there is in section 10. That is all I am trying to do. I am taking the committee at their own suggestion, that they want to encourage the mutuals because they have exempted them from taxation where they involved a mutual principle for protection. Now, here is the case of a company which comes and says, "We want to insure ourselves against hail, against cyclone, and to have casualty insurance against accidents," and the committee say, "All right, we will exempt you." The company organizes in rural communities where they are subject to fire and say, "We want to organize not for any profit, but simply to cover the losses on certain buildings, and we want to collect just enough for that purpose."

But now the committee proposes to exclude them. Why? We do not have to go far to find out why. It is because there are already established great fire insurance companies with whose business the mutual plan interferes. That is the reason why. I had been hoping that I would not have to say that, but many a poor fellow has been lynched on less evidence than the situation discloses in that respect. It is because we have already established great fire insurance companies that the mutual companies might interfere with, and therefore when the people want to combine for their mutual protection under the law of averages and the law of casualties, they are forbidden to do so if they have a surplus remaining with which to protect themselves, because we already have established the great fire insurance companies.

Let us be fair about it and put the word "fire" back in paragraph (11) where it applies. The wording is all right. I hope that the committee amendment may be rejected. I move first, however, to reconsider the vote by which the committee amendment was agreed to.

The VICE PRESIDENT. The Senator from South Carolina moves to reconsider the vote by which the amendment in line 22, on page 84, was agreed to.

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bayard	Ferris	King	Sheppard
Bingham	Fess	La Follette	Shipstead
Blease	Fletcher	McKellar	Shortridge
Brookhart	Frazier	McKinley	Simmons
Broussard	George	McLean	Smith
Bruce	Gerry	McMaster	Smoot
Cameron	Gillett	McNary	Stanfield
Capper	Goff	Means	Stephens
Caraway	Gooding	Metcalf	Trammell
Copeland	Hale	Moses	Tyson
Couzens	Harreld	Nye	Walsh
Cummins	Harris	Oddie	Warren
Dale	Harrison	Overman	Weller
Deneen	Heflin	Pepper	Wheeler
Dill	Howell	Pine	Willis
Edge	Johnson	Reed, Pa.	
Ernst	Jones, Wash.	Robinson, Ind.	
Fernald	Kendrick	Sackett	

The VICE PRESIDENT. Sixty-nine Senators having answered to their names, a quorum is present.

Mr. REED of Pennsylvania. Mr. President, I think a word of explanation might be given to clear up the situation with reference to mutual insurance companies. In the 1924 revenue law it was desired to encourage the formation of mutual insurance associations for all purposes. It was provided that they should be exempt from taxation in the ordinary case, but in order to prevent the exemption being abused, in order to prevent investors from organizing sham associations that were really investment companies, we provided that they should only be exempt if 85 per cent of their income consisted of the contributions that came from their members for the purpose of meeting their expenses and their losses. If that were so, then even though the other 15 per cent might be accrued investment income, interest on bonds, or dividends or what not, the whole business was exempt. We thought we were pretty liberal in that provision.

In the two years that have intervened since we did that it has been discovered that there are certain mutual insurance companies, such as those which insure against cyclones, hail, and other calamities of nature that do not occur with any regularity, that do not have to make any assessments at all in some years because those are years of no calamity; and it was found that the provision as it was written in the law of 1924 did not protect them, because in those years, as they made no assessments, whatever interest they might receive on their bank balances would be subject to taxation. It was not a very important question anyway, because all corporations get a two-thousand-dollar exemption, and most of the companies referred to did not get over $2,000 of interest or dividends; so they were exempt under that provision if not under this one.

However, the House of Representatives wanted to take care of those companies whose risk was sporadic and whose assessments were not regular, so they put in the provision which Senators will find on page 84, in the last four lines of the page. That is a new provision this year; it never has been in the law before. That, in effect, provides that insurance associations against hail and cyclone and casualty or fire shall be exempt from taxation completely, regardless of the amount of their income that comes from assessments.

The Finance Committee thought that was all right so far as the hail, cyclone, and casualty companies go, but all the mutual insurance companies against fire hazard that we knew anything about levied fairly regular assessments each year, and their experience was that their losses ran along with fair regularity each year; there was not such an intermittent quality in their losses and in their assessments as entitled the others to a separate treatment. So the Finance Committee struck out "fire" from this new clause and put the fire-insurance companies back under the same law that they are under at this minute, under the act of 1924. We have not done anything to them. They have drenched the Senate with letters and appeals protesting against what they call discriminatory treatment. I want to assure the Senate that we have left them entirely where they have been. In fact, by other provisions of the bill which do not relate to this item, we have helped them in various ways; for example, by exempting their reinsurance payments.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED of Pennsylvania. I am glad to yield.

Mr. COUZENS. Has anyone made an estimate of the effect it would have upon the Treasury by retaining the word "fire" in section 11, line 22?

Mr. REED of Pennsylvania. I never saw any such estimate and never heard of one.

Mr. SMOOT. I call the Senator's attention to the fact that these insurance companies, and all insurance companies—in fact, all corporations—are exempt up to $2,000. If a mutual fire-insurance company should have $50,000 in bank on deposit and the bank pays 4 per cent on that money for the year, making $2,000 a year, the mutual company would not pay a penny of tax. If it had $100,000 in the bank and the bank paid 4 per cent, the interest would amount to $4,000, and, with a $2,000 exemption, it would make net gains of $2,000. The tax would be 12½ per cent on $2,000. That is all there is to this proposition.

Mr. REED of Pennsylvania. Mr. President, in conclusion I wish to say a word about this section in which these paragraphs occur. Congress is making trouble for itself, it seems to me, because every time a tax bill comes up we add additional items to the list of exemptions. The fundamental unfairness of this bill comes from its exemptions. There is no reason in the world why all citizens should not pay alike on their income from their investments, and yet by adding to this list a class of entirely praiseworthy institutions we have given many exemptions, and each of them brings in its train an appeal for a dozen more. I ardently hope that the joint committee on taxation which we propose to create in this bill will give its attention to the question whether it is American to exempt some citizens wholly from the tax burden that their fellow citizens are carrying.

Mr. WILLIS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED of Pennsylvania. I will.

Mr. WILLIS. I desire to ask a question of the Senator. I quite agree with the Senator's general view that we do not desire to load up the bill with new exemptions; but his statement that the committee is not discriminating against the mutual fire-insurance companies, it seems to me, is hardly in harmony with what the committee is recommending in lines 21, 22, 23, and 24, on page 84.

I have not given the subject the study which the Senator from Pennsylvania has; he knows I greatly respect his judgment, but it does seem to me that the Senator and his committee have discriminated against the farmers' fire-insurance companies. If we are going to do away with exemptions, why did the Senator provide in his amendment that mutual hail insurance, cyclone insurance, and casualty insurance companies shall be exempt, but that the farmers' mutual fire-insurance companies shall not be exempt?

Mr. REED of Pennsylvania. The Senator from Ohio will look at pages 170 and 171 of the comparative print, the one that is bound in red; he will see that we have left the mutual fire-insurance companies just where they are, under the act of 1924; but we did not approve of giving them this special exemption accorded to hail, cyclone, and casualty companies, because experience has shown that the hail, cyclone, and casualty companies go through a long period without assessments and without casualties or cyclones or hail storms. In other words——

Mr. WALSH rose.

Mr. REED of Pennsylvania. The intermittent quality of their business is different from the fair regularity of the business of fire-insurance companies.

Mr. WILLIS. If the Senator from Montana [Mr. WALSH] will permit me for just a moment, I desire to state the situation which confronts us in the State which I in part represent in order to see whether the Senator from Pennsylvania thinks those companies are entirely protected by the provisions of this bill.

In Ohio there are numerous farmers' mutual fire-insurance companies, organized by the farmers in the belief, at least, that thereby they save large overhead costs and secure insurance at a lower rate than they otherwise would be able to secure it. I know personally that those companies have been of tremendous benefit. Whether this saving clause in the bill, the 85 per cent clause, will cover those companies I do not know, because I have not the detailed information as to their methods of financing. However, in the opinion of the Senator from Pennsylvania, are those companies exempt?

Mr. REED of Pennsylvania. Yes, Mr. President, the vast majority of them are. We have a great number of them in Pennsylvania; I have been in correspondence with them for several weeks, and most of them are entirely satisfied with the provisions of the bill as they stand.

Mr. WALSH. Mr. President, I understand the Senator from Pennsylvania to say that the provision of the present law applicable to mutual fire-insurance companies is continued in force?

Mr. REED of Pennsylvania. Yes; the Senator will see that if he will glance at page 170 of the comparative print. On the left page is given the present law and on the right page is given the bill now before the Senate.

Mr. WALSH. Yes; but what I want to understand from the Senator is, What is the provision of the pending bill which continues in force and effect that provision of the present law?

Mr. REED of Pennsylvania. Paragraph 10, on page 171 of the comparative print, does that. It is on page 84 of the ordinary print. Paragraph 10 continues the farmers' mutual fire-insurance companies under the same provisions as at present.

Mr. BROOKHART. Mr. President, there was an amendment adopted to paragraph 10, on page 84. I have the full language here, and, with the amendment, the law will read in this way:

(10) Benevolent life-insurance associations of a purely local character, farmers' or other mutual fire-insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies or like organizations; but only if 85 per cent or more of the income—

Now, here is the amendment—

exclusive of payments from reinsurers on account of losses or by reinsurers on account of premiums—

And then the text—

consists of amounts collected from members for the sole purpose of meeting losses and expenses;

Mr. WILLIS. Is the Senator now reading the present law?

Mr. BROOKHART. No; I am reading the bill as amended the other day.

Mr. SMOOT. In other words, we have extended the existing law by that amendment. Eighty-five per cent is exclusive of the payments set forth in the amendment, as stated by the Senator.

Mr. REED of Pennsylvania. Mr. President, I do not want to get too technical, because I think it merely adds to the confusion, but may I explain just where the principal complaint has come from? A great many of the farmers' mutuals very prudently reinsure a part of the risks which they assume, and the Bureau of Internal Revenue has rather recently said that payments by reinsurers to help bear losses that have been reinsured are to be treated as if they were investment income in calculating this 85 per cent.

That is wholly unfair to the associations; we thought that ought to be corrected, and that is the reason why we inserted the parenthesis to which the Senator from Iowa [Mr. BROOKHART] has just called attention. Therefore in calculating the 85 per cent ratio no account shall be taken of anything that is paid to these associations by reinsurers.

Mr. SHIPSTEAD. Mr. President, I think the Senator from Pennsylvania is right when he says that fire losses do not vary so much as tornado and hail insurance losses; that is, in the case as of large fire companies doing business over a considerable portion of the United States. Many of the local farm mutual cooperatives are of such a small scope that they cover only a limited area and sometimes go for three or four years without having any losses. Then the law of averages suddenly gives them a year of great loss. Therefore there is a great variation in their losses, and, for that reason, in my opinion, they should come within the same provision as the mutual hail, cyclone, and casualty insurance companies.

I think it is absolutely necessary that the House provision be restored to the bill. On yesterday I saw the national secretary of all of these farmers' mutual insurance companies, and he told me that this Senate committee amendment would injuriously affect many of the smaller companies. The large companies will not come under this provision, but there is a great deal of variation in the loss incurred by the smaller companies.

It should be remembered that when we come to impose an income tax the principle is that we shall tax profits and not losses. An actual mutual fire-insurance company has no profits; its income comes from its members, they are assessed to pay losses and no one gets a profit out of it. Therefore there should be no tax. I think it is violating the principle of the income tax law even to require them to make returns. Some of these small companies have a secretary who possibly receives a salary of about $25 or $50 a year, and the making even of a return requires, on behalf of many of them, an expert accountant. One secretary told me that his company had to pay an accountant $300 in order to make a return.

Mr. HARRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Georgia?

Mr. SHIPSTEAD. I yield to the Senator.

Mr. HARRIS. The Senator from Minnesota is correct in his statement in regard to the losses of the small companies. Furthermore, I should like to mention the fact that the States do not tax the premium income on assessment companies, such as we are now discussing as they do in the case of stock companies.

Mr. SHIPSTEAD. I think that is true.

Mr. REED of Pennsylvania. Mr. President, if the Senator will yield to me——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. SHIPSTEAD. I do.

Mr. REED of Pennsylvania. So that we may have some idea of the gravity of the question we are discussing, I think it might be stated to the Senate that in the last year for which we have the complete returns, 1923, all of the mutual accident, fire, and marine insurance companies in the entire United States—not only these fire-insurance companies but the accident and marine insurance companies included—paid in taxes to the United States a total of $56,752.

Mr. SMITH. Then the Senator would not object to exempting them, because it would not amount to anything.

Mr. REED of Pennsylvania. I object to it only because it is unfair and there is no reason why they should get a special exemption, if it is only $5.

Mr. SMITH. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from Minnesota further yield to the Senator from South Carolina?

Mr. SHIPSTEAD. Yes; I yield.

Mr. SMITH. I just want to call the Senate's attention to the principle involved in the amendment, so that the Senate may clearly understand it.

The previous paragraph, 10, exempts these companies, provided 85 per cent or more of their income is collected from members to meet losses and expenses. Suppose the amount collected in 1925 by a mutual fire-insurance company, in the judgment of the company, was such that it turned out to be a fact that they had, say, $150,000 or $200,000 as a surplus that was not used in meeting casualties and losses, and in 1926 they made no collections whatever, because they did not need to make any. If there were no casualties in 1926, and they had deposited their money, and interest of several thousand dollars accrued on it, that would immediately become taxable, because the 85 per cent provision would not apply for the simple reason that no collections were made in that year.

Mr. REED of Pennsylvania. I fail to see why it should not be taxable. Suppose a number of farmers club together and put $150,000 in bank; they ought to pay tax on the interest on their investment.

Mr. SMITH. Very good; then hail-insurance companies ought to pay taxes, and casualty-insurance companies ought to pay taxes, and the other things that have been exempted ought to pay taxes. That is the point I am making. Why make fish of one and fowl of another?

If the Senator will allow me further, in certain parts of our country hails are as recurrent under the law of probabilities as fire, and there are vast companies insuring against hail. They have not reached the proportions that the fire-insurance companies have reached; but if any stock company should arise, and begin to charge premiums, and influence the financial interests of this country, you would exempt them.

Mr. REED of Pennsylvania. Mr. President, that is not fair.

The PRESIDENT pro tempore. The Senator from Minnesota has the floor. To whom does he yield?

Mr. REED of Pennsylvania. Will not the Senator bear with me until I answer that statement right where it occurs in the RECORD?

Mr. SHIPSTEAD. I yield.

Mr. REED of Pennsylvania. If the Senator has been listening to the discussion on the tax bill, he knows that it is I who have taken the lead in trying to increase the taxes on the stock companies, the fire-insurance companies, and the life-insurance companies, and all of them. I think, as I said the other day on the floor, that the insurance companies are the pets of the tax bill; and for the Senator to argue now that I am trying to save $56,000 in revenue to the Government at the mysterious influence of some stock insurance company is not fair, and the Senator knows it is not.

Mr. SMITH. Mr. President, I am sorry that the Senator should take that remark as applying personally to him. It is a lot easier to kill a thing in the borning than to kill a grown man. These mutuals look like infants, but they may

be giants sometime, and cross swords with a giant that is already living; and it is better to kill them now than to wait until a time when they can cross swords with those that preempt the field now. None of us are deceived at all. The influence is here. I do not know that it works on the Senator from Pennsylvania any more than it does on the rest of us; but it is here, and it is evident in this. As the Scripture says, we ought to avoid the appearance of evil. There are no great stock hail-insurance companies. There are a few sporadic stock casualty-insurance companies; but there are great companies known as the fire-insurance companies. The mutuals have grown, and they will continue to grow if we will give them an opportunity to grow under section 11, and you can restrict them to losses and expenditures.

Mr. SHIPSTEAD. Mr. President, I believe the test of exemption should be whether or not there are any profits.

Mr. SMITH. That is right.

Mr. SHIPSTEAD. The Senator from Pennsylvania said something about farmers putting $150,000 in a bank and getting interest upon it, and therefore they might claim on this basis that they should be exempted. But I beg the Senator to remember that when they put their money in the bank it is for the purpose of making a profit. I think we should keep clearly in mind the fact that in a real mutual fire-insurance company there is no profit that goes to anyone. The money is collected to pay losses, and therefore can not be taxed as profit.

In the case of a stock company or a company calling itself a mutual company but not being in fact a mutual company, because there are profits made by the stockholders, or exorbitant salaries paid to officers, or that has income from investments on which it makes a profit and some one gets a profit, I can see where it ought to be taxed.

Mr. SMITH. It should be taxed.

Mr. SHIPSTEAD. I believe that should be the test. The Treasury can find out what companies are actual mutual companies that have no profits whatever; and bona fide mutual companies should have a clear blanket exemption, because it is an absolute violation of the income tax law to tax a company whose income is confined to assessments upon the members with which to pay losses. Such a company should not be taxed, because it has no profits.

I think it is ridiculous to tax assessments to pay losses to membership upon which no one gets a profit. If a man's house burns down and his associates in this mutual company pay assessments of $5,000, no one can say that that man or the company got a profit. He had a loss; and by mutual contribution, through assessments or premiums, his associates in the mutual insurance company make the loss good to him. It is not intended that anyone should make a profit, and no one does make a profit. He can not insure his house for its full value, so there must be a loss. So, on the principle of taxing profits, I do not see why these companies should pay any tax whatever, so long as they actually have no profit.

Mr. SMITH. Mr. President, I should like to make a suggestion to the Senator before he takes his seat. I want to make this point clear: As the Senator has just indicated, if this reserve were to draw interest, and the mutual company began to distribute money to its members, not to meet losses but by way of distribution of the excess profits from its deposits, then he and I and every other man would join in saying that those profits should be taxed.

Mr. SHIPSTEAD. Oh, certainly.

Mr. SMITH. But as long as the fund is kept just for the purpose of meeting losses and legitimate expenses, there is no income to anyone; and it seems to me the committee of the House is to be congratulated upon putting into the law the extra encouragement that we find in paragraph 11.

Mr. SHIPSTEAD. The House committee conducted hearings on this provision of the proposed law; and I believe that they wrote into this law just what is needed to protect these companies, particularly the small, local mutual farmers' insurance companies that give fire insurance to farmers at a very low rate.

Mr. McMASTER. Mr. President, as I understand the object of forming these mutual insurance companies, it is for the purpose of buying a certain article cheaper, and that particular article in this insurance happens to be insurance.

If an association of merchants band together for the purpose of purchasing, they are not taxed upon that which they save, except as the amount which they save is reflected in their earnings, in their income statements. Likewise, the farmers in forming a mutual insurance company buy this particular product a little cheaper; and if that is reflected in their net incomes, of course, they pay personal taxes upon it. But I wish to call the attention of the Senate to this clause on page 82 in reference to mutual savings banks. Under that clause no taxes whatsoever are levied upon mutual savings banks; and if that is the case, most assuredly there can be no excuse or justification for levying any tax upon a farmers' mutual insurance company.

Mr. FRAZIER. Mr. President, I am especially interested in the real farmers' mutual fire-insurance companies in this case. The big so-called mutual insurance companies, perhaps, should not be included under this provision, as provided by the House in section 11, page 84; but the real farmers' mutuals, I believe, should, by all means, come under section 11.

It is customary, I believe, throughout practically all the agricultural States, for farmers to organize mutual insurance companies for their own benefit and protection, oftentimes just in single counties. An organization of this kind takes on the insurance of farm buildings, and farm buildings alone, in that county. No premiums are paid, but assessments are made when there is a loss. Of course, when the farmer joins the organization, he pays a little premium at that time; but afterwards during the lifetime of his policy he pays only as assessments are made. There is no profit. These companies have very few officers—generally only one paid officer, and that is the secretary—and the assessments are made when there is a loss by fire. It seems to me that if there is any organization that should be exempt from taxation, it is the real farmers' mutual insurance company. It makes no profit.

Mr. WILLIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. FRAZIER. I yield to the Senator.

Mr. WILLIS. The Senator has had large experience in matters of this kind, and I desire his opinion upon this specific question:

Lines 18, 19, and 20 are specifically relied upon, as I understand. I should like to know whether, in the opinion of the Senator, this 85 per cent saving clause is sufficient to protect the farmers' mutual fire-insurance companies of which he speaks?

Mr. FRAZIER. I think in ordinary years it would be sufficient; but, as has been stated here, once in a while in a county where they have a mutual fire-insurance company there is a year in which they have no loss, and then in another year there will be several losses; and the little surplus from the year when there is no loss is carried over, just as it would be in hail-insurance companies or casualty-insurance companies or cyclone-insurance companies. If there is any justification for the exemption of mutual hail and mutual cyclone and mutual casualty companies, there is the same reason for exempting mutual fire-insurance companies.

Mr. President, the little local mutual fire-insurance companies are about the only farmers' business organizations that are a success to-day. If the farmer is not entitled to have that one little organization make a success, it seems to me it is rather a strange situation. It would look as if the Senate Finance Committee are trying to knock out the one business organization of the farmer that is of real benefit to him.

Mr. McLEAN. Mr. President, if they are successful to-day, they will be successful to-morrow, because the provision in this bill is precisely as the bill has been.

Mr. FRAZIER. That is all right; but if any other company is entitled to this provision in paragraph 11, the farmers' mutual insurance companies are entitled to it.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. FRAZIER. Certainly.

Mr. KING. I think there is no disposition upon the part of the Finance Committee, or any member of the committee, to deny to insurance companies of the character described by the Senator the exemption for which he is contending.

If a number of farmers organize and have a secretary, as the Senator has indicated they have, to look after the executive affairs of their business and pay premiums only to meet losses among themselves, if there are no profits, if they are not organized for profit, then it is very clear that they are exempt from taxation under the provisions of the bill. What more does the Senator want? Does he want these mutual insurance companies of various kinds, under the guise of being purely mutual, without profit, to be permitted——

Mr. FRAZIER. I made the statement that I was not talking for the so-called large mutual insurance companies, but for the real farmers' mutuals.

Mr. KING. They all come under paragraphs 10 and 11, so there is nothing in the contention of my able friend.

Mr. FRAZIER. If they are protected in paragraph 10 they are mutual hail-insurance companies and cyclone-insurance

companies and casualty-insurance companies, and I say again that if there is any reason for paragraph 11 at all, the mutual fire-insurance companies of farmers should come under it.

Mr. WILLIS. Mr. President, so far as I am concerned, I have entire confidence in the good purpose, as well as the ability, of every member of the Finance Committee. I do not mean at all to question the high purpose they have in view. Perhaps they are right in their conclusion, but I have not yet been convinced that they are right, and I particularly address my remarks to the junior Senator from Utah, who has just spoken.

Under the provision in lines 22, 23, and 24 of the bill as it passed the House, "farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations the income of which is used or held for the purpose of paying losses or expenses" are exempt.

It was suggested by the Senator from Pennsylvania, in whose high purpose and good judgment we all have confidence, that if the companies have a reserve of $150,000 they ought to pay a tax upon it. Thereupon the Senator from South Carolina suggested that if the farmers' mutuals are to pay taxes on their $150,000, then the mutual hail-insurance companies, by the same token, ought to be required to pay, or the mutual cyclone-insurance companies ought to be required to pay. I am frank to say that anything which has yet been said by any member of the committee does not convince me that the apparent discrimination is justified. I can not see why we should say that mutual hail-insurance companies or cyclone-insurance companies should be exempted, but the farmers' mutual fire-insurance companies should not be exempted. I particularly direct the attention of the junior Senator from Utah to that, because he has just spoken on the matter. What reason does he assign for it?

Mr. COPELAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from New York?

Mr. WILLIS. I yield to the Senator from New York.

Mr. COPELAND. I rejoice to hear the distinguished Senator from Ohio speaking up for the farmers; it is such an unusual thing for a Republican to really want to do something for the farmers. I am in full sympathy with the Senator from Ohio in this particular matter, and I simply rose to commend him and to congratulate him, and at the same time to express my astonishment. If there is one man in the world who has been fooled by the Republican Party, it is the farmer. The promises are usually made on the stump as to what is going to be done for him.

Mr. WILLIS. Has the Senator any other question? He has stated one very pointed question. Has he any other to ask?

Mr. COPELAND. Yes; I think perhaps I might express——

Mr. WILLIS. I am perfectly willing to yield for a question, and am glad to note the symptoms of conversion on the part of my friend from New York. I propounded an inquiry to the junior Senator from Utah, and I must yield to him, if he is prepared to answer.

Mr. KING. Mr. President, I was just going to ask the question which I am sure was on the tip of the tongue of the Senator from New York, whether the coming election has had anything to do with the attitude of the Senator from Ohio upon this matter?

Mr. WILLIS. Mr. President, I am very much more interested in the question I have propounded to the Senator from Utah than in this very pleasing persiflage. I repeat, what reason does the Senator give for exempting the hail insurance companies or the cyclone insurance companies, if they have a reserve, if he is in favor of taxing the farmers' mutual fire insurance companies?

Mr. KING. I do not think there is any distinction, and there should be none, in my view. I believe that any corporation that maintains reserves from which it derives profits should pay a tax. I do not believe in discrimination, and I have been inveighing against the discrimination in this act in favor of life insurance companies.

Mr. WILLIS. Does not the Senator admit that the specific language, lines 22 to 24, to which I have invited his attention, does do the very thing against which he now inveighs? It does levy a tax upon a reserve which the mutual fire insurance companies would have, and it does not levy a tax upon exactly the same reserve that one of these other companies would have. Why the discrimination?

Mr. KING. I do not think there is any distinction.

Mr. WILLIS. I am utterly unable to follow the Senator in his logic.

Mr. BROOKHART. Mr. President, I think some of the confusion has arisen on account of the classification of the different companies. On page 84, in subdivision 10, the farmers' mutual fire-insurance companies are classified with benevolent life associations of a purely local character. I think a more logical classification would be to put them in subdivision 11 and cut them out of subdivision 10. I think probably the mutual ditch or irrigation companies would logically go in subdivision 11.

I believe if the hail, cyclone, and casualty insurance companies of farmers are to be exempted without reference to that provision with reference to 85 per cent or more of their income, the fire-insurance companies should be exempted for the same reason if we follow a logical course in all respects.

I think subdivision 10 does exempt fire-insurance companies substantially, and there are those limitations put upon it the same as upon the benevolent life-insurance associations.

As far as the taxation of the reserve in a purely mutual company is concerned, it ought not to be taxed, because the reserve is maintained simply to pay losses when they occur, and not for profit, any more than the collection of the assessment or the premium itself would be.

Therefore, if it could be agreeably arranged, I would like to see one or two of those items shifted out of subdivision 10 and placed in subdivision 11. In fact, all of those that relate to the farmers' mutual insurance companies logically belong in subdivision 11.

Mr. SHIPSTEAD. Mr. President, I think the idea of the Senator from Iowa is absolutely correct as to subdivision 10. The test of exemption should not be the size of a company. I submit it should depend only on whether or not there are profits. I think it is admitted that none of these companies, where there are no profits, should be taxed. Subdivision 11 covers them absolutely. If it is admitted that they should not be taxed, what objection can there be to leaving them in subdivision 11? There can be no doubt but that subdivision 11 will accomplish what everyone admits we are trying to accomplish—that is, to absolutely exempt companies having no profit.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from South Carolina [Mr. SMITH] that the Senate reconsider the vote whereby the committee amendment on page 84, lines 21 and 22, was agreed to.

Mr. SHIPSTEAD. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. In his absence, I withhold my vote.

Mr. McLEAN (when his name was called). I transfer my general pair with the junior Senator from Virginia [Mr. GLASS] to the junior Senator from Massachusetts [Mr. GILLETT] and vote "nay."

Mr. McKELLAR (when Mr. NEELY's name was called). The Senator from West Virginia [Mr. NEELY] is unavoidably detained from the Senate. If he were present, he would vote "yea."

The roll call was concluded.

Mr. FERNALD. I have a general pair with the Senator from New Mexico [Mr. JONES] and in his absence withhold my vote.

Mr. JONES of Washington. I wish to announce the following pairs:

The Senator from Kansas [Mr. CURTIS] with the Senator from Missouri [Mr. REED];

The Senator from New York [Mr. WADSWORTH] with the Senator from West Virginia [Mr. NEELY];

The Senator from Pennsylvania [Mr. PEPPER] with the Senator from New Mexico [Mr. BRATTON];

The Senator from Vermont [Mr. GREENE] with the Senator from Texas [Mr. MAYFIELD]; and

The Senator from California [Mr. JOHNSON] with the Senator from Arkansas [Mr. ROBINSON].

Mr. GERRY. The junior Senator from Texas [Mr. MAYFIELD] is absent on official business. If he were present, he would vote "yea."

The result was announced—yeas 51, nays 14, as follows:

YEAS—51

Bayard	Deneen	La Follette	Shipstead
Blease	Dill	McKellar	Shortridge
Borah	Edge	McMaster	Simmons
Brookhart	Ferris	McNary	Smith
Broussard	Frazier	Means	Stanfield
Butler	Gerry	Norbeck	Trammell
Cameron	Hale	Norris	Tyson
Capper	Harreld	Nye	Watson
Caraway	Harris	Overman	Weller
Copeland	Harrison	Pine	Wheeler
Cousens	Heflin	Ransdell	Williams
Cummins	Howell	Robinson, Ind.	Willis
Dale	Kendrick	Sheppard	

NAYS—14

Bingham	Jones, Wash.	Moses	Smoot
Bruce	King	Phipps	Warren
Goff	McLean	Reed, Pa.	
Gooding	Metcalf	Sackett	

NOT VOTING—31

Ashurst	Fletcher	Lenroot	Robinson, Ark.
Bratton	George	McKinley	Schall
Curtis	Gillett	Mayfield	Stephens
du Pont	Glass	Neely	Swanson
Edwards	Greene	Oddie	Underwood
Ernst	Johnson	Pepper	Wadsworth
Fernald	Jones, N. Mex.	Pittman	Walsh
Fess	Keyes	Reed, Mo.	

So Mr. SMITH's motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

Mr. SMOOT. Mr. President, the whole section will have to be changed now. The amendment which was agreed to in line 19 after the word "income" will have to be disagreed to.

Mr. SMITH. If the Senator will allow me, we can vote on this proposition and then make the other provisions conform to the will of the Senate. I ask that we may now have a vote on the committee amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the committee on page 84, in line 19, which will be stated.

The CHIEF CLERK. On page 84, line 19, after the word "income," on yesterday the following amendment was agreed to: Insert in parenthesis the words "(exclusive of payments received from reinsurers on account of losses or by reinsurers on account of premiums)."

Mr. SMOOT. If we are going to take fire insurance out of that paragraph, there is no necessity for the amendment. I move to reconsider the vote by which the amendment was agreed to.

The motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question now recurs upon the amendment proposed by the committee.

The amendment was rejected.

Mr. SMOOT. I now move that the Senate reconsider the vote by which we agreed to the committee amendment on page 84, line 16, after the word "companies," inserting "including interinsurers and reciprocal underwriters."

The motion to reconsider was agreed to.

The PRESIDENT pro tempore. The question recurs on agreeing to the amendment proposed by the committee.

The amendment was rejected.

Mr. SMOOT. I now ask that we turn to page 216, to the amendment dealing with tobacco leaf sold to consumers.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 216, to strike out lines 6 to 15, inclusive.

Mr. McKELLAR. Mr. President, there are two amendments which should be considered together, one on page 216 and the other on page 217. The first committee amendment proposes to strike out lines 6 to 15, on page 216, reading as follows:

(b) Upon all unmanufactured leaf tobacco produced in the United States and hereafter sold or removed for sale to the consumer there shall be levied, collected, and paid a tax of 8 cents per pound, to be paid by the person so selling or removing such leaf tobacco. This subdivision shall not apply to leaf tobacco sold or removed for sale to the consumer by (1) a farmer or grower of tobacco or (2) a tobacco growers' cooperative association as defined in subdivision (f) of section 3360 of the Revised Statutes, as amended.

I want to refer briefly to the history of this provision that has been adopted by the House and which the committee asks the Senate to reject. In 1909, when the Payne-Aldrich tariff bill was before the Congress, there was inserted this same provision, except that no tax at all was placed upon the local dealer who sold leaf tobacco directly to the consumer. That law remained in effect until 1918, when it was repealed. The pending amendment would not restore the law just as it was. It simply proposes to impose a tax of 8 cents where the general tax on manufactured tobacco is 18 cents. The purpose of the amendment is to give the local dealer the right to sell leaf tobacco in its crude, unmanufactured state, not twisted, not mashed or broken in any way, but simply to sell it locally to the consumer. It affords another market for that kind of tobacco. It is what some people term "poor man's tobacco." I think that the amendment of the committee ought not to be agreed to.

I say to the Senate that it does not affect in the slightest the present exemption of the grower of tobacco from any tax at all. That is provided for. It does not affect the right of cooperative associations to sell tobacco, because they sell it without tax when acting for the grower. The only thing the paragraph does is to provide that the local dealer may sell directly to the consumer the raw leaf tobacco in its unmanufactured state, without twisting and without any treatment whatever. It seems to me the Senate ought to agree to that proposition. There are many counties in my State and many counties in Kentucky that are interested in the matter. It furnishes an additional market for tobacco, and I hope the committee amendment will be voted down.

Mr. SIMMONS. Mr. President, the Senator from Tennessee refers to a tax which formerly was imposed upon the dealer, as I understand it, but he referred to a tariff tax. Did the Senator mean a tariff tax or internal-revenue tax?

Mr. McKELLAR. It was a tax included in the Payne-Aldrich law. It was a provision in that law which, as I recall, was a general tax law. It was the Payne-Aldrich Tariff Act of 1909.

Mr. SIMMONS. That was a different tax altogether. There is a vast difference between the internal-revenue taxes upon tobacco and the tariff taxes upon tobacco.

Mr. McKELLAR. This was not a tariff tax at all. It was a provision in that law, but it carried an internal tax on tobacco, just as the present bill does.

Mr. SIMMONS. Very well.

Mr. President, I desire the Senate to understand exactly the relation that exists under our revenue laws with reference to manufacturers of tobacco and dealers in leaf tobacco. A manufacturer of tobacco must pay a tax of 18 cents upon every pound sold. The dealer in tobacco under the amendment now before the Senate would pay a tax of only 8 cents per pound upon tobacco sold by him to a consumer. Under our revenue system every precaution is being taken to see that every pound of leaf tobacco which is purchased by a manufacturer shall be checked up, so that the Government may be certain of getting its revenue upon every pound of tobacco that is turned out by the manufacturers.

In order to protect the Government revenue the law provides that every pound of tobacco which is sold and purchased by a dealer in tobacco shall be accounted for; and, in order that it may be accounted for, the law requires every dealer in tobacco to give bond, and it prohibits every dealer in tobacco from selling that tobacco to anybody except another dealer or a manufacturer of tobacco. Both the dealer and the manufacturer must keep a constant account of every pound of tobacco they buy and every pound of tobacco they sell. That is to protect the revenues of the Government. The only person outside of the manufacturer who is permitted to sell tobacco to the consumer is the farmer, who may sell the tobacco which he produces upon his farm.

Mr. McKELLAR. And cooperative associations.

Mr. SIMMONS. Yes; and cooperative associations of farmers. They, and they alone, are permitted under the present law to sell leaf tobacco to the actual consumer. The farmer may sell it to a consumer or he may sell it to a dealer or he may sell it to a manufacturer; but a dealer has not that privilege. He can sell it to no one except another dealer, who, in turn, can sell it to no one except a manufacturer.

Mr. CARAWAY. Mr. President, if the Senator will yield to me for a moment, the reason for that does not appeal to me very much, but, perhaps, it is because I do not understand it. Do I understand the Senator to say that a dealer in leaf tobacco can not sell to anyone except another dealer?

Mr. SIMMONS. Or to a manufacturer. That is true.

Mr. CARAWAY. Then, how can one who desires to buy leaf tobacco in a State where it is not grown obtain it? Suppose tobacco grown in North Carolina were shipped to some State where the farmers did not grow tobacco and it were desired to sell the leaf tobacco, who could sell it? As I understand, no one in that State could sell leaf tobacco.

Mr. SIMMONS. No; the tobacco can only be sold in the warehouse and purchased by a dealer or by a manufacturer.

Mr. CARAWAY. But, for instance, in my State the farmers do not grow tobacco; and if somebody wanted leaf tobacco, could nobody sell it to him there?

Mr. SIMMONS. Yes; anybody can buy from the farmer who wants to buy from him.

Mr. CARAWAY. There is no farmer there who is producing it, and therefore there is no farmer there to sell it. Could no dealer in tobacco sell it in that State?

Mr. SIMMONS. Any merchant could buy it from the farmer, but that merchant could sell it only to a dealer or a manufacturer.

Mr. CARAWAY. I think I understand that. Then no one could buy leaf tobacco where it was not grown, where there was no farmer to sell it?

Mr. SIMMONS. No, Mr. President; the farmer can sell his tobacco——

Mr. CARAWAY. I understand that.

Mr. SIMMONS. And anybody can buy that tobacco who wants to buy it.

Mr. CARAWAY. From the farmer.

Mr. SIMMONS. Yes; anybody can buy leaf tobacco from the farmer.

Mr. CARAWAY. But in a State where there is not any farmer who grows leaf tobacco, is there anyone who can sell it? For instance, what I am trying to get at is this: In my State but very little tobacco is grown. If some one in that State wanted to sell leaf tobacco to people who wanted to buy leaf tobacco——

Mr. SIMMONS. And there was no warehouse there?

Mr. CARAWAY. And there was no warehouse, could anybody do it?

Mr. SIMMONS. He could sell that to a merchant, and the merchant could sell it to a dealer; but when it gets in the hands of the dealer, the dealer can sell it to nobody except another dealer or a manufacturer.

Mr. CARAWAY. That is what I was trying to get at. Nobody, then, can sell it to the consumer if there is no tobacco farmer there and no farmers' warehouse.

Mr. SIMMONS. The farmer can sell it to the consumer.

Mr. CARAWAY. But if there are no farmers, no one could, for instance, in my State go to North Carolina and buy tobacco in the leaf and carry it back home and sell it?

Mr. SIMMONS. No; for the very reason that if that were permitted, if anybody were allowed to sell tobacco to the consumer, then the Government would lose its revenue from the tobacco. The Government has got to protect its revenue. We raise more money from the tax on tobacco than we do from almost any other industry in the United States. The tobacco business is paying to the Government annually a revenue amounting to $350,000,000. In order to protect the Government in its right to the tax upon tobacco it has got to follow it up. If anybody in a community, whether he be farmer or merchant or speculator, were permitted to buy leaf tobacco and sell it direct to the consumer, the Government would lose its revenue unless it had some agent in every community to look after the man who might happen to buy a small quantity of unmanufactured tobacco.

Mr. BRUCE. Mr. President, will the Senator from North Carolina allow me to ask him a question?

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Maryland?

Mr. SIMMONS. I yield, with a great deal of pleasure.

Mr. BRUCE. Does the Senator think that it is in accord with constitutional guaranties to say that an individual shall have no right to sell to the consumer? Is not that a violation of the fifth amendment to the Federal Constitution, in that it deprives a man of his property?

Mr. SIMMONS. I have never examined the constitutional question which the Senator now raises, and I do not think it has ever been raised before; but ever since we have been collecting revenue from tobacco, as far back as my experience and my investigations go, this provision has remained in the law prohibiting anybody from selling directly to the consumer, except the farmer and his organizations and the manufacturer.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a moment?

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. SIMMONS. I yield.

Mr. McKELLAR. In 1909 in a bill introduced by Senator Bradley, of Kentucky, it was provided that a dealer could sell tobacco in its unmanufactured state directly to the consumer without any tax at all. That was the law until 1918.

Mr. SIMMONS. If that was the law then it has escaped my notice.

Mr. McKELLAR. It is true that was the law and there was no tax at all. Now, this provision puts a tax of 8 cents on those dealers who sell their tobacco direct to the consumer.

Mr. SIMMONS. But the Senator will agree with me that if Senator Bradley did secure an amendment of that kind the next time we drew a tax bill we repealed it.

Mr. McKELLAR. No; I think not, for this reason: There was a tax bill in 1913, as I recall, and it was not repealed. That act was known as the Underwood-Simmons law, in the enactment of which the Senator from North Carolina took such a splendid part.

Mr. SIMMONS. That was in 1913.

Mr. McKELLAR. It was not repealed in that bill.

Mr. BRUCE. It seems to me that for the Government to undertake to forbid a dealer to sell leaf tobacco to a consumer is a hopelessly arbitrary exercise of power, and that was the reason I asked the question.

Mr. SIMMONS. There are a great many things in revenue acts which have to be arbitrary and have to be drastic if the Government is to get the revenue from the taxes which it imposes.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. SIMMONS. Yes; I yield to the Senator from Utah.

Mr. SMOOT. I ask unanimous consent that when the Senate concludes its business to-day it take a recess until Monday morning next at 11 o'clock a. m.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. SIMMONS. Mr. President, the law is so careful with reference to dealers that many pages of our revenue act are devoted to things that the dealer must do before he can enter into the business. For instance, it is provided—

Every such dealer shall give a bond with surety, satisfactory to, and to be approved by, the collector of the district, in such penal sum as the collector may require, not less than $500—

And so on.

Every such dealer shall be assigned a number by the collector of the district, which number shall appear in every inventory, invoice, and report rendered by the dealer, who shall also obtain certificates from the collector of the district setting forth the place where his business is carried on—

And so on.

Every dealer in leaf tobacco shall make and deliver to the collector of the district a true inventory of the quantity of the different kinds of tobacco held or owned, and where stored by him, on the 1st day of January of each year, or at the time of commencing and at the time of concluding business—

And so on.

Every dealer in leaf tobacco shall render such invoices and keep such records as shall be prescribed by the commissioner, and shall enter therein, day by day, and upon the same day on which the circumstance, thing, or act to be recorded is done or occurs—

And so on.

Every dealer in leaf tobacco on or before the 10th day of each month shall furnish to the collector of the district a true and complete report of all purchases, receipts, sales, and shipments of leaf tobacco made by him during the month next preceding—

And so on.

Sales or shipments of leaf tobacco by a dealer in leaf tobacco shall be in quantities of not less than a hogshead, tierce, case, or bale, except loose leaf tobacco comprising the breaks on warehouse floors—

* * * * * * *

Dealers in leaf tobacco shall make shipments of leaf tobacco only to other dealers in leaf tobacco, to registered manufacturers of tobacco, snuff, cigars, or cigarettes, or for export.

Why is that, Mr. President? Why these carefully guarded provisions with reference to dealers in leaf tobacco? It is in order that the Government may keep a trace of the tobacco; in order to protect its revenue. If everybody who desired to buy leaf tobacco from a farmer were permitted to sell that leaf tobacco to the man who consumes it, is it not apparent that to that extent the Government would lose its entire revenue from that source? It is for the purpose of protecting the revenue, and, if Senators will follow it, it is absolutely essential for the Government to provide some such machinery as this.

The dealers in leaf tobacco go upon the warehouse floors; they buy the tobacco, which is sold there; they transport that tobacco to their warehouses. They make report to the Government of those purchases at once. If such tobacco could be sold promiscuously to anybody who wished to buy with the privilege on his part of selling it directly to a consumer without any accounting to the Government, without keeping any books, without making any report, without the Government having any machinery by which it could keep up with these little sales, nobody could tell how much of this product, upon which the Government has levied heavy taxes and upon which the Government very largely relies for its revenue, would pay any tax at all.

Mr. CARAWAY. May I ask the Senator from North Carolina another question?

Mr. SIMMONS. Yes.

Mr. CARAWAY. If it is desired to raise revenue upon leaf tobacco when it is sold, when it goes into the hands of the dealers, why not make him pay the tax, and then let him sell it to whomsoever he pleases? In that way the Government would get its tax.

Mr. SIMMONS. That is exactly what is proposed in this bill. I am glad the Senator presented it.

This bill proposes that this leaf dealer, who in many instances handles more tobacco than the biggest manufacturer, who is engaged in a tremendous business, confined entirely to the purchase of tobacco from the producer and its sale to the manufacturer, shall be told by the Government, "You shall not sell to anybody but a manufacturer, because that is the only way in which we can keep trace of your tobacco." The manufacturers get almost all of their tobacco from these dealers. Some few of the manufacturers go on the warehouse floor and buy for themselves, but the larger part of the tobacco that is manufactured in the United States is bought from the dealer, and not upon the warehouse floor by the manufacturer or his agent directly.

Now it is proposed that this dealer shall be permitted to sell directly to the consumer. So far, so good; but it is proposed that in making this sale to the consumer he shall pay a tax of only 8 cents a pound upon that tobacco, while the Government requires of the manufacturer who sells the tobacco a tax of 18 cents a pound. That is the difference. If you will require the dealer to pay 18 cents a pound, just as you require the manufacturer to pay 18 cents per pound, well and good. The Government has its revenue. The Government is protected. The Government is not permitting one class of business interests to sell tobacco upon the payment of a tax of 8 cents a pound, while requiring another class to pay a tax of 18 cents a pound.

Mr. CARAWAY. Mr. President, I know that I ought to understand it; but under the system proposed in this bill would the tobacco finally bear a tax of 26 cents a pound—8 cents a pound tax on the leaf dealer, and then 18 cents a pound tax on the manufacturer of tobacco?

Mr. SIMMONS. No; the Government never will get any more tax on that tobacco if it is sold to the consumer. That is the end of it so far as the Government is concerned.

Mr. CARAWAY. The 8-cent tax, then, is only on tobacco sold to the consumer?

Mr. McKELLAR. In its raw state.

Mr. CARAWAY. And not when it is sold to another dealer?

Mr. SIMMONS. No; they do not charge any tax upon a sale to another dealer.

Mr. CARAWAY. That is what I say.

Mr. SIMMONS. They do not charge any tax upon its sale to a manufacturer; but when the manufacturer sells it he has to pay a tax of 18 cents a pound.

Mr. McKELLAR. Mr. President, will the Senator yield? This just makes a differential between those dealers who deal in the raw product, selling it directly to the consumer, and those dealers who manufacture it and sell it to the consumer.

Mr. SIMMONS. It is a poundage tax.

Mr. McKELLAR. It is a question between the local dealers and the manufacturers of tobacco generally. That is all it is. It is a differential. It affords another profit.

Mr. SIMMONS. Of course. It is just a discrimination in favor of the dealer of 10 cents a pound; that is all.

Mr. CARAWAY. May I ask the Senator from Tennessee, then, if tobacco ought to pay a tax, what objection can there be to the dealer paying it? It does not affect the farmer's right to sell, and in fact it helps the farmer to get a market directly with the consumer, because his tobacco does not bear this 8-cent tax. It keeps the dealer from coming into competition with the farmers' cooperative and encourages the sale by the farmer directly to the consumer.

Mr. McKELLAR. It does not interfere with the farmer or the farmers' cooperative associations at all, because neither the farmer nor the farmers' cooperative associations have to pay any tax whatsoever. They sell without paying any tax. This will furnish a local market for tobacco in its raw state, wholly unmanufactured.

Mr. CARAWAY. Why does it furnish a local market? The farmer can supply that local market direct.

Mr. McKELLAR. If the Senator will let me give an illustration of what I mean, suppose, for instance, that in one of the Senator's counties in Arkansas——

Mr. CARAWAY. The farmer is not going to come clear across from Tennessee over into my State at all.

Mr. McKELLAR. Not at all. There has to be some dealer.

Mr. CARAWAY. It strikes me that the tax is really in behalf, then, of the farmer and his cooperative association, and permit him to have a discriminatory tax, and no farmer ought to complain of it.

Mr. SIMMONS. No; if the Senator will permit me, the farmer and his association are permitted to sell directly to the consumer without any tax at all. It is one of those great concessions that we have made to farmers and to cooperative farming associations all through our revenue system. We have allowed him to sell direct. The Government loses that revenue. Everybody knows that the Government loses that revenue, 18 cents a pound; but to help the farmer, to help the producer, if he can find some consumer who will buy his product direct, he may sell it to him without paying any tax at all.

Of course, the farmers generally have not taken advantage of that, because the farmer has found it probably more to his advantage to sell his tobacco upon the warehouse floor. To some extent the farmers have taken advantage of it, and in some sections they have advertised sales of tobacco direct to the consumer and have built up a considerable trade; but that trade is limited to the amount produced by the individual farmer.

The Government, by making a concession to that class, has said to the farmer: "Although we lose the revenue upon your tobacco, we will give you this exemption from taxation." It has maintained all the time, however, through all of our laws except the one to which the Senator refers, which was quickly repealed, that the dealer—that includes the warehouseman, that includes everybody who buys upon the floor of the warehouse; that includes everybody who deals in tobacco upon a large scale—shall comply with these rigid regulations, so that the Government may keep trace of this tobacco after it leaves the hands of the farmer, in the interest of protecting its revenue. He must make these inventories; he must make these reports; he must give these bonds. Then he may sell, but only to another dealer; and his books must show the dealer to whom he sold, and the dealer to whom he has sold must file his report with the collector, showing it; so that the Government still, though he sells to another dealer, keeps up with that particular lot of tobacco. Then, finally, the dealer can sell to nobody except the manufacturer; so that the Government has absolute trace of every pound of this tobacco except that which the farmer sells.

This bill seeks to give to these dealers the privilege of selling directly to the farmer, without any accounting of their sales to the farmer, upon their paying less than one-half of the tax which the law has reserved against sales of tobacco to consumers. Why, Mr. President, if this bill should pass in this form we would have a large per cent of the dealers who now buy leaf tobacco and sell it only to the manufacturer selling directly to consumers, advertising, entering into it as a business in competiton with the manufacterer of tobacco, and paying a rate of 8 cents a pound as against a rate of 18 cents a pound paid by the manufacturer. That would be utterly unfair to the tobacco industry of this country.

Mr. President, every farmer knows—and I am a farmer myself; I cultivate more than a hundred acres in tobacco—every farmer knows that his market for tobacco depends upon the prosperity and success of the tobacco manufacturers and dealers, the most highly taxed people we have in the United States. We tax the tobacco manufacturer upon the leaf, we tax him upon the cigar, we tax him upon the smoking tobacco, we tax him upon the snuff, we tax him upon everything that he makes out of this leaf tobacco, and at a high rate, the highest rate that ever has been imposed upon an American product. Practically every tax that we have imposed during war times has been reduced three or four times from the high peak prices that we established during that period, except two, and those two are the taxes that we imposed upon corporations and the taxes that we imposed upon tobacco.

Everybody recognized during the war that tobacco was a very good source of revenue for the Government, and we taxed it just as heavily as we thought the trade would bear. It was supposed that those taxes would be reduced after the war, but so far there has been no reduction. The first reduction, Mr. President, is the little reduction proposed here upon 8-cent and 5-cent cigars. That is the first reduction since the war.

The prosperity of this business has been very great, I admit. These manufacturers have built up an enormous market here and abroad. They have sent their agents into every country of the world. They have propagandized those countries in behalf of American tobacco. They have started the use of tobacco in China. They have started the use of tobacco in Japan. They went all through Africa and Asia and Europe establishing markets for American tobacco, and they have built up a great trade; and by reason of their prosperity and the money that they spent in seeking new markets for this product of the farmer, they have made it possible for the farmer to expand this industry and to get splendid returns from his products.

I say to the Senator that if it were not for the sustained prices we are getting for our tobacco to-day in the parts of the South which the boll weevil has invaded, bringing destruction in his path, the farmers of the South would have been to-day in a worse condition than the farmers of the West. As it is, I am glad to say—of course, I am from the

South—that while the condition of the farmers in my section is not good by any means, it is relatively good as compared with the condition of the farmers in the West. That is by reason of the good prices that they have been able to obtain for this product very largely, in some sections almost entirely; and these good prices have been the result of the prosperity of these great tobacco-manufacturing concerns that have found these new markets for our product. To say that they shall pay a tax of 18 cents a pound, while somebody who happens to buy tobacco upon the floor of the warehouse and store it shall be permitted to come into competition with them and sell to their consumers upon the basis of a tax of 8 cents a pound is a great injustice. It is not only an injustice, Mr. President, but if this amendment is adopted it will inevitably disorganize this great industry.

I am very earnest about this matter, because I feel its deep importance. It is not a little question at all to the tobacco farmer and to the tobacco manufacturer. It simply proposes to build up a preferential class. We made a preferential class with reference to the actual producer, and he is entitled to it. I am glad we gave it to him; but now to make a middle preferential class in favor of a dealer in tobacco as against a manufacturer of tobacco, to my mind, would be carrying the thing too far and inviting danger to a great industry and to the farmer who produces the raw material which they manufacture.

Mr. McKELLAR. Mr. President, when the Senator from North Carolina said that it brought about competition between the small dealers and the manufacturers of tobacco, who now have a practical monopoly of the manufacture of that great product, he stated the fact just as it is. I think there is a discrimination, and a very great discrimination, against the smaller dealer under the law as it is. The storekeeper in the tobacco district is not now permitted to sell to the consumer at all. There may be consumers who want to buy from him; he may have a country store——

Mr. SIMMONS. He can sell it just as I sell my tobacco.

Mr. McKELLAR. Yes; but he can not sell it in its unmanufactured state without paying 18 cents——

Mr. SIMMONS. Eight cents.

Mr. McKELLAR. No; under the present law he can not do it unless he pays 18 cents, because the great manufacturers of tobacco of the country do not want any competition; they do not want even small competition; they do not want the country merchant to come in that small competition in dealing with the product unmanufactured. If there is any discrimination about it, it is that discrimination which comes from a great monopoly controlling the manufacture of this product, and seeking to crush out even the smallest competitors, like the rural storekeepers, who could sell the tobacco in its original state to those who wanted to consume it in its original state.

Is that fair? Should we crush out the small dealer in any such way as that? The Congress thought it ought not to be done in 1909, and until 1918 it was the law, and now we do not restore the law of that time, but we propose such a tax on the country merchant that he can pay that reasonable tax and sell his product, as he should have a right to sell it.

The Senator from North Carolina talked about not being able to keep up with him. Why can they not keep up with the dealer? Of course the department can keep up with the dealer. If he sells his tobacco without paying the tax, he will have done an unlawful act, and he is not going to do an unlawful act.

The Senator says it comes in competition with the farmer. Not in the slightest. It helps the farmer. The farmers are not protesting against the passage of this bill. The cooperatives are not protesting against the passage of this bill. It is the great manufacturers, who come in competition with these small country storekeepers, who are protesting.

Mr. SIMMONS. The Senator misunderstood me. I did not say that the Government could not keep up with the licensed dealer, who has the warehouse, and who has inspection. I said the Government could not keep up with the little merchant, who bought the tobacco from the farmer.

Mr. McKELLAR. The Government will keep up with every dealer in this kind of tobacco, just as it keeps up with every other dealer where a Federal tax is imposed. There is not the slightest trouble about it. There is but one question in this matter: Are we going to permit the small country merchant to be deprived of the right to sell tobacco in its raw state to a consumer, simply because the manufacturers of tobacco feel that it would not be to their advantage?

Mr. SIMMONS. Mr. President, a merchant can not become a dealer unless he complies with all the terms of the law, requiring him to give a bond, and so on.

Mr. McKELLAR. The Senator is exactly right about that.

Mr. SIMMONS. But the merchant who buys tobacco from the farmer can sell it to any licensed dealer.

Mr. McKELLAR. But he can not sell to the consumer. I may be a tobacco user; I may like tobacco in its natural state. I can not go to any store in a community where tobacco is raised and buy it unless I pay 18 cents a pound to the Government.

Mr. SIMMONS. But the Senator says he should be entitled to sell it to the consumer with an 8-cent-a-pound tax.

Mr. McKELLAR. Of course, because there is a difference between selling tobacco in its raw state and selling tobacco in its manufactured state; quite a difference.

Mr. President, the question is whether these little country dealers shall be crushed out, as they were in 1918, when the law was repealed. I think they should be allowed to have their rights. I think they should be allowed to sell tobacco upon the imposition of the smaller tax.

Mr. CARAWAY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Arkansas?

Mr. McKELLAR. I yield.

Mr. CARAWAY. We people who are not addicted to the use of that filthy weed do not yet get any kind of an understanding of this matter.

Mr. McKELLAR. I am sorry to say I do not use it either.

Mr. CARAWAY. Then why was the Senator arguing about it so earnestly, complaining because he could not buy it at every store?

Mr. McKELLAR. I will tell the Senator why I said that. My State is a tobacco State. We raise an enormous quantity of tobacco. There are about 25 counties in Tennessee where tobacco is the principal article produced, and I am intensely interested in it. I regret that I do not use it.

Mr. CARAWAY. The Senator can possibly practice up. Frankly, I want to find out just what the enormous row is about. As I understand it finally from the Senator from North Carolina, any dealer, upon paying 8 cents a pound, may sell leaf tobacco to the consumer.

Mr. McKELLAR. He can do so if the House provision shall pass. If the amendment proposed by the Senate committee, striking out the House provision, shall prevail, then a dealer can not sell at all unless he pays the manufacturer's tax of 18 cents.

Mr. CARAWAY. He will pay 18 cents?

Mr. McKELLAR. Yes.

Mr. CARAWAY. The thing I am curious to know is, in what respect is the farmer interested, except to make it more difficult for the local dealer to come in competition with him when he wants to sell to the consumer?

Mr. McKELLAR. For instance, suppose I wanted to buy some tobacco in its raw state, and I live in a State where there is no tobacco, as the Senator suggested, and I write a letter to a country merchant in the town of Springfield, which is a small place in my State, and ask him to send me 5 pounds of tobacco in its raw state by parcel post. He could not do that. He would not have the right to do it unless he paid the full manufacturer's tax.

Mr. CARAWAY. That is exactly what I am coming to. He could turn the order over to the farmer who grew the tobacco and give him a preferential market, in which he would have an advantage up to 18 cents a pound. It gives him a direct protection against people dealing in his product and gives him the market.

Mr. McKELLAR. Here is the practical difficulty about that. It is just as the Senator from North Carolina said a few moment ago, that the farmers do not take advantage of this because their market, and their only market, is with the manufacturers. He was mistaken about that to this extent, as I will explain: The local market consists of the manufacturers, of course, the great Tobacco Trust, as it is known. That is the local market. The farmers of my State, and of every other tobacco State, have a tremendous market abroad, because many foreign governments buy tobacco and sell it as a Government monopoly. The Senator from North Carolina talked about the great good the large manufacturers of this country have done the farmers in making a market throughout the world. On the contrary, the great good has come from the demand from foreign governments, and it does not pass through the manufacturers' hands at all. They come to our State and buy.

Mr. CARAWAY. That is what I was about to come to. If there is 18 cents a pound tax, where the dealer sells it, why will it not make the foreign buyers come to the cooperative farmers' warehouses, or to the farmer direct, and buy?

Mr. McKELLAR. They do.

Mr. CARAWAY. Then the farmer has an actual preferential rate of 18 cents a pound, and he can absorb that, and the manufacturer can not invade his market until it gets above 18 cents a pound.

Mr. McKELLAR. It does not affect the farmer or the farmer's cooperative at all, because they are specifically excepted.

Mr. CARAWAY. If the Senator will pardon me just a moment, the Senator says there is a tremendous demand for tobacco abroad.

Mr. McKELLAR. Yes.

Mr. CARAWAY. No dealer can get into that market without paying a tax of 18 cents a pound.

Mr. McKELLAR. That is right.

Mr. CARAWAY. The farmer can go into it without paying a penny of tax, under the provisions of the bill, and he has a preferential market, with a protection of 18 cents a pound, but you strip that from him if you let the local dealer go into the leaf-tobacco market without paying a tax.

Mr. McKELLAR. The bill as passed by the House does not provide that he shall go in without paying a tax. It provides he shall pay an 8-cent tax. If the Senator will let me explain, I am sure I can make it perfectly plain to him. The foreigner who comes here does not come to the dealer. For instance, the Government of Italy is one of the largest purchasers of tobacco. The Italians do not come to any dealer; they come to the local warehouseman and get their tobacco. All that this provision does is to permit the country merchant to deal locally in tobacco in its raw state, and he must sell it, not to foreigners, not to manufacturers, but must sell it alone to those who consume the tobacco.

It does seem to me that the local dealer ought to have a right to do that.

Mr. CARAWAY. To do it at the expense of the grower?

Mr. McKELLAR. Oh, no; it forms an additional market for that particular kind of tobacco. There are very few people who use tobacco in its raw state, comparatively speaking, but it does give an additional market to these dealers, and to whatever extent they build it up, they will have the right to sell. As a matter of fact, the cooperative associations and the producers of tobacco do not sell it in its raw state, anyway.

Mr. CARAWAY. If it is sold locally, it must be sold in competition with the farmer.

Mr. McKELLAR. Quite the contrary; it must be sold in competition with the manufacturer.

Mr. CARAWAY. The Senator says it is sold locally. If it is sold locally, it must be sold in competition with the grower, because sold locally means sold where it has been produced.

Mr. McKELLAR. Of course, if the Senator knows no more about it than that, he will just have to take whatever course he chooses.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I yield.

Mr. TRAMMELL. If the dealer can buy, and has to pay a tax of only 8 cents, and the manufacturer has to pay a tax of 18 cents, is there not brought into the market competition with the farmer, as far as the ultimate consumer is concerned?

Mr. McKELLAR. No; not at all.

Mr. TRAMMELL. In other words, he has tobacco, and he has paid only 8 cents——

Mr. McKELLAR. He can not sell it to anybody but to the man who consumes it.

Now, Mr. President, I want to explain just one thing more. Those who think that the country merchant should not be deprived of this privilege of selling tobacco will vote "nay"; those who think he ought to be deprived, and that the manufacturers ought to have the sole control of the tobacco markets of the country, will vote in the affirmative. I ask for a vote.

Mr. SIMMONS. I ask for the yeas and nays.

The PRESIDENT pro tempore. The question recurs upon agreeing to the amendment on page 216, covering lines 6 to 15, inclusive, as proposed by the committee, and on this question the yeas and nays have been demanded.

The yeas and nays were ordered.

Mr. COPELAND obtained the floor.

Mr. McKELLAR. Will the Senator from New York yield to me for just a moment?

Mr. COPELAND. I yield.

Mr. McKELLAR. My colleague [Mr. TYSON] has called my attention to the fact that he does not think it is understood that this tobacco which is proposed to be sold to the consumer is to be used by the consumer in its absolutely raw state. It is not to be changed in any way. It is simply sold in the leaf, without being twisted. It can not be twisted. If it is, under the opinion of the department, it becomes manufactured. Therefore it has to be sold in its raw state, without any stems taken out, without being mashed in the slightest degree.

Mr. COPELAND. Mr. President, introductory to what I have to say I would like to ask the Senator from Utah [Mr. SMOOT] how much money was involved in the question of the mutual fire insurance companies' amendment?

Mr. SMOOT. The mutual fire and casualty——

Mr. COPELAND. I mean simply the farmers' fire-insurance companies.

Mr. SMOOT. I do not know the amount.

Mr. COPELAND. Was it $100,000?

Mr. SMOOT. No one can tell the amount, because they are all together. There was about $56,000 in all involved.

Mr. McKELLAR. Mr. President, will the Senator from New York yield?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. McKELLAR. I ask my friend from New York if he will not permit us to have a vote on the tobacco amendment before he proceeds to discuss some other matter. I am sure the debate on the tobacco amendment has been exhausted. May we not have a vote on it?

Mr. COPELAND. I am perfectly willing to yield the floor if the Presiding Officer will assure me that I can have it when the vote is taken. I do not want an adjournment or recess taken before I have a chance to address the Senate briefly.

The PRESIDENT pro tempore. If the Senator from New York shows his usual agility in addressing the Chair he undoubtedly will be recognized.

Mr. SIMMONS. Mr. President, in connection with the amendment which is now under consideration and upon which we are about to take a vote, I send to the desk a statement submitted by the Tobacco Manufacturers Association of the United States formally opposing the provision, mainly upon the ground that I have already stated, and I ask permission to have it printed in the RECORD as a part of my remarks.

I desire to say that if the amendment prevails and the dealers are permitted to sell the tobacco upon the basis of an 8-cent tax, they will develop a very large business in the sale of tobacco, and the Government will lose 10 cents a pound upon each pound of tobacco sold. The effect upon the revenues of the country, if that method is adopted and sanctioned by the law, in my judgment, would result in a loss of $20,000,000 or $30,000,000 of revenue to the Government.

The PRESIDENT pro tempore. Without objection the request of the Senator from North Carolina is granted.

The statement is as follows:

PROTEST AGAINST NEW TAX ON LEAF TOBACCO SUBMITTED ON BEHALF OF TOBACCO MANUFACTURERS

(Sec. 401, subdivision b, p. 203 Senate Committee Print No. 1, also lines 25 and 26, p. 204, and lines 1 to 5, p. 205 id.)

To the Senate Committee on Finance:

On behalf of the tobacco manufacturers, as well as manufacturers of cigars and cigarettes, including also a large number of tobacco jobbers, embraced within this association, we are taking the liberty of submitting this earnest protest against the enactment of subdivision (b) of section 401, H. R. 1 (Senate Committee Print No. 1, p. 203), levying an entirely new tax upon the sale of unmanufactured leaf tobacco for consumption.

Coupled with this new tax provision there is also an amendment prescribing packages in lines 25 and 26 on page 204 and lines 1 to 5 on page 205 (Senate Committee Print No. 1) of the revenue bill passed by the House.

These amendments were introduced on the floor of the House as committee amendments without any previous intimation to the tobacco industry and without affording any representative interested in the manufactured products an opportunity to be heard or to submit any argument relative thereto.

Under the existing laws tobacco farmers as well as cooperative growers' associations are entirely unrestricted in their sales of leaf tobacco. They may sell leaf tobacco not only to dealers (which dealers, though, may sell only to other dealers or to manufacturers) but even to consumers without any tax or any regulations whatsoever.

Thus in recent years quite a number of individuals or concerns have developed a new business of selling leaf tobacco in small packages, from 1 to 10 pounds, direct to consumers by mail. These people are operating as agents for tobacco farmers, or holding themselves out as such, so that they may carry on this traffic without any restrictions and without paying any tax on the tobacco sold.

As will be seen from photostats of some of the advertisements reproduced herein, these leaf tobacco vendors, by means of advertisements,

are not only catering to tobacco chewers and tobacco smokers but also to cigar and cigarette smokers, furnishing them with printed instructions how to make their own cigars and cigarettes, and also supplying them free of charge with flavoring extracts, etc.

Needless to say that this traffic has been hurtful to manufacturers of all types of tobacco products, and more particularly to manufacturers of smoking and chewing tobacco.

Yet due to the fact that these sales can only be made direct to the consumer they are under existing law necessarily limited to mail-order business, and hence the extent of this competition with manufactured products has been accordingly limited.

Under the new amendment, hereinabove referred to, the present practice will remain unchanged for farmers and cooperative farmers' associations, including also their so-called agents, will still remain exempt from paying the new tax on direct sales to consumers. But it will create an entirely new industry of selling leaf tobacco put up in small packages through the medium of jobbers and retailers in direct competition with manufactured products.

In other words, under this new amendment anyone might engage in the business of putting up brands of leaf tobacco in small packages, paying a tax thereon of 8 cents per pound, and market them through jobbers and retailers in the same manner as manufactured products are being marketed, whereas manufactured tobacco bears a tax of 18 cents per pound. And, of course, he might advertise it as the farmers' so-called agents are now advertising, knocking the manufactured product and claiming all sorts of advantages for using tobacco in the whole leaf and, of course, too, with elaborate instructions how to use it, either for pipe or for chewing, or how to make cigars or cigarettes, etc. (See appended specimens of advertisements.)

It is most respectfully and urgently submitted that such competition ought not to be permitted against an industry which yields over $350,000,000 a year in revenue. This competition would surely be directed against smoking and chewing tobacco manufacturers, who are contributing in the neighborhood of $70,000,000 a year in revenue.

Moreover, such traffic can not but react injuriously upon the tobacco farmer. For obviously anything which may injure the tobacco manufacturing business must ultimately react to the detriment of the farmer. While creating a strong prejudice against the use of manufactured tobacco products through means of advertisements, as is now being done in a limited way, the entire tobacco business must necessarily suffer. Whatever disorganizes, as this would, the ordinary business of manufacturing tobacco and its products is detrimental to the farmer, for after all it is ordinary manufacturers of tobacco and its products who must furnish the real market for leaf tobacco. Whether such disorganization results in reducing the demands of ordinary manufacturers or in inducing them to use cheaper tobacco to meet this new competitor who is to pay less than half the tax that the manufacturer is paying, the real effect would be hurtful to the tobacco grower.

So that whether from the viewpoint of protecting the tobacco manufacturing industry and the enormous revenue it produces to the Federal Government or of saving tobacco farming from a serious situation, we respectfully submit that this new and last-minute amendment should be stricken from the revenue bill.

Respectfully submitted,

TOBACCO MERCHANTS ASSOCIATION OF THE UNITED STATES,
By CHARLES DUSHKIND, *Counsel and Managing Director.*

NEW YORK, N. Y., *January 6, 1926.*

Mr. BINGHAM. Mr. President, will the Chair state the question?

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the committee as carried upon page 216, where the committee proposes to strike out lines 6 to 15, inclusive. On that question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JONES of Washington. Mr. President, I wish to announce the following general pairs:

The Senator from Kansas [Mr. CURTIS] with the Senator from Missouri [Mr. REED];

The Senator from New York [Mr. WADSWORTH] with the Senator from West Virginia [Mr. NEELY];

The Senator from Pennsylvania [Mr. PEPPER] with the Senator from New Mexico [Mr. BRATTON];

The Senator from California [Mr. JOHNSON] with the Senator from Arkansas [Mr. ROBINSON];

The Senator from Delaware [Mr. DU PONT] with the Senator from Florida [Mr. FLETCHER];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES]; and

The Senator from Vermont [Mr. GREENE] with the Senator from Texas [Mr. MAYFIELD].

Mr. GERRY. I wish to announce that the Senator from Texas [Mr. MAYFIELD] is necessarily absent. If present, he would vote "nay."

The result was announced—yeas 48, nays 9, as follows:

YEAS—48

Bingham	Ferris	Keyes	Robinson, Ind.
Blease	George	McLean	Shipstead
Brookhart	Gerry	McMaster	Shortridge
Bruce	Goff	McNary	Simmons
Butler	Gooding	Means	Smith
Cameron	Hale	Metcalf	Smoot
Capper	Harreld	Moses	Stanfield
Caraway	Harris	Norbeck	Stephens
Copeland	Harrison	Oddie	Warren
Deneen	Heflin	Overman	Watson
Edge	Jones, Wash.	Pine	Weller
Edwards	Kendrick	Reed, Pa.	Willis

NAYS—9

Ernst	McKellar	Sackett	Trammell
Frazier	Nye	Sheppard	Tyson
La Follette			

NOT VOTING—39

Ashurst	du Pont	King	Reed, Mo.
Bayard	Fernald	Lenroot	Robinson, Ark.
Borah	Fess	McKinley	Schall
Bratton	Fletcher	Mayfield	Swanson
Broussard	Gillett	Neely	Underwood
Couzens	Glass	Norris	Wadsworth
Cummins	Greene	Pepper	Walsh
Curtis	Howell	Phipps	Wheeler
Dale	Johnson	Pittman	Williams
Dill	Jones, N. Mex.	Ransdell	

So the amendment of the committee was agreed to.

Mr. SMOOT. Mr. President, there is one other amendment, on page 217 of the bill, with reference to the tobacco question that went over until the final decision on the amendment which was just agreed to. I ask that the committee amendment on page 217 may be agreed to.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 217 the committee proposes to strike out lines 18 to 25, inclusive, in the following words:

All unmanufactured leaf tobacco sold or removed for sale or consumption (except by the grower thereof, or a tobacco growers' cooperative association as defined in subdivision (f) of section 3360 of the Revised Statutes, as amended) shall be put up in such packages (not exceeding six in number) as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury shall prescribe.

The amendment was agreed to.

THE COAL SITUATION

Mr. COPELAND. Mr. President, I believe I am right in my understanding that the Senator from Utah [Mr. SMOOT] said, in connection with the farmers' fire-insurance companies and the amendment just agreed to this afternoon, that the amount involved is about $58,000. I want to call attention to the fact that to-day the Senate for 2 hours and 12 minutes listened to the Senator from Kentucky [Mr. ERNST] in a reply to a criticism passed upon the Bureau of Internal Revenue by the Senator from Michigan [Mr. COUZENS] a day or two ago—2 hours and 12 minutes. The Senate also spent an hour and 55 minutes discussing the relief to be afforded the farmers' mutual fire-insurance companies—1 hour and 55 minutes. I am very glad, indeed, that the Senate saw fit to reverse its committee in that particular matter and to exempt the farmers' fire-insurance companies. I am in full approval of the matter.

But I want the country to know that to-day the Senate of the United States spent 1 hour and 55 minutes giving consideration to a question involving an amount varying, according to the statements made to me, from $50,000 to $58,000. I find that certain distinguished administration Senators went back on the committee and reversed the committee in order that they might throw out a little sop to the farmer, who is always fooled by the Republican Party. I hope on this occasion that the farmer may be shrewd enough to see that there must be some special reason when such rock-bound Republicans vote anything of real money to the farmer.

I find that the Senator from Illinois [Mr. DENEEN], the Senator from New Jersey [Mr. EDGE], the Senator from Maine [Mr. HALE], the Senator from Colorado [Mr. MEANS], the Senator from South Dakota [Mr. NORBECK], who has become very regular of late, the Senator from California [Mr. SHORTRIDGE], the Senator from Indiana [Mr. WATSON], and the distinguished chairman of the Republican National Committe, the Senator from Massachusetts [Mr. BUTLER], voted for $58,000 relief to the millions of farmers of the country.

It took an hour and 55 minutes to afford that infinitesimal relief. But, Mr. President, for fear that the tax bill might be delayed, the Senate refused to do anything for the people of this country who are suffering on account of the coal strike. Fifty-eight thousand dollars, a year's rebate, is given to the farmers and their mutual fire-insurance companies, yet for this very day of Saturday, February 6, while we have been in

session in this body, the losses in wages to the anthracite coal miners, according to the Literary Digest, have been $1,150,000. While we spent an hour and 55 minutes in saving the farmers of this country $58,000, we have kept out of the pockets of the miners in Pennsylvania for one day's wages, today's wages, $1,150,000.

Mr. President, on my desk I have a telegram from the Catholic priest in Minersville, Pa., saying:

Please for the love of humanity urge President Coolidge to intervene in the anthracite coal strike situation. Neither the Senate nor the President of the United States can any longer look with cold indifference upon the plight of so many people suffering from cold and hunger.

The telegram is signed by Rev. Joseph A. Karalius, of St. Francis Church.

Here [exhibiting] is a letter from St. Patrick's Rectory in Wilkes-Barre, Pa., begging that we do something in this matter.

Here [exhibiting] is a letter from the Pottsville Merchants Association of Pennsylvania, referring to the disastrous conditions of business in that community.

Here [exhibiting] is a letter from the Shenandoah, Pa., Merchants Association, referring to the starvation and business depression because of the indifference to and inactivity in bringing about a settlement of the coal strike.

Mr. President, I have here letters from pastors of churches of my city of New York, one from the Nazarene Congregational Church and also letters from other churches. I have another letter from the Millerson Realty Corporation, begging that action be taken to bring about a discontinuance of the coal strike because a thousand families in buildings that they own are suffering from the cold because of the inability to get coal.

Mr. President, on the sidelines and from occasional references in the newspapers I see the charge made that the New York Democrats are playing politics. We do not have to play politics in this matter. All the people in my State who are suffering are Democrats. We do not have to play politics; we are not going to get any votes by our efforts in this behalf. Neither do I want to embarrass the President of the United States.

If I were President of the United States, under the circumstances I am not sure but I would take exactly the position he takes. He has been slapped so many times by the Senate that he does not want to be slapped again. He has no reason to believe that the Senate wants the strike settled. I have not the slightest doubt, however, if the Senate would pass a resolution requesting the President to bring the operators and the strikers to the White House for a conference, that the warm-hearted President in the White House would be glad to do it. He would have the assurance that if he failed in his effort the Senate would not criticize him and find fault with him. If the President of the United States, who personifies the public opinion of this country, can not bring about arbitration for a settlement of this strike nobody can.

I know what it means to intervene in a strike. I have had some experience in that matter myself, Mr. President. In New York in 1919 the day was set for a strike of the stationary engineers and firemen, the men who furnish heat to the apartment houses, the hotels, the clubs, and the business houses of New York. We were at the beginning of an epidemic of influenza, which was then raging in the city. I went before that body of 7,000 strikers in the Lexington Theater one Sunday afternoon. I had to go with a police guard to get in.

I pointed out to them what it would mean to have a strike and have the fires go out in those buildings; that pneumonia and deaths by the thousands would follow in the city. I pointed out to them what had happened the previous fall of 1918, when 35,000 of our citizens died of influenza and pneumonia. In the name of humanity I begged them to end the strike. It was easier to get them to do it than to get those who were on the other side of the controversy, but they came together and the strike was settled.

I had a similar experience in the milk strike, another one in the strike of the draymen carrying foods, and another when the railroad "rump" strike was on. Mr. President, if the health commissioner of one city can bring about an adjustment of strikes, why can not the great President of the United States do so?

The President of the United States is the outstanding figure in this country, the man who means more to the operators and the miners than does any other individual in America. Why not ask him to make an effort to bring about a resumption of coal mining?

Mr. HARRISON. Mr. President, will the Senator yield for a moment?

Mr. COPELAND. I yield.

Mr. HARRISON. I see the Senator from Nevada [Mr. ODDIE] is in the Chamber. I should like to ask the Senator from Nevada if he knows what reason the Secretary of Commerce has for not making some report upon the so-called Oddie bill?

Mr. COPELAND. Mr. President, the able pen of the Senator from Nevada drew the bill referred to by the Senator from Mississippi. The Senator from Nevada has had that bill before the Senate since the 8th day of December; it was the third bill presented here. It makes provision for carrying out the recommendations of the Coal Commission and has in it a splendid provision for dealing with an emergency like this. I should be very glad if the Senator from Nevada would tell us what is keeping back that bill.

Mr. ODDIE. Mr. President, since I have been asked by the Senator from New York and the Senator from Mississippi to make a statement regarding the bill introduced by me in December, which was referred to the Committee on Mines and Mining, of which I am chairman, I will state that, as chairman of the committee, I referred that bill to the Department of Commerce, as is customary in such cases, for an opinion. So far no report has come to the committee from the department.

Several weeks ago when the coal question and that bill were under discussion in the Senate I made a very brief statement and expressed the opinion that during the pendency of the unfortunate controversy in the anthracite coal industry of Pennsylvania I did not believe it wise to press for action on my bill. It was not drawn as an emergency measure, although it contains a provision dealing with emergencies when they arise.

Mr. President, I sympathize most deeply with the people of Pennsylvania who are suffering as a result of this unfortunate conflict in the anthracite coal industry, and I hope that that situation will soon be relieved; but, to be perfectly frank, I do not believe that a national emergency exists so long as there is an abundance of bituminous coal to be had. I am not discussing now the prices charged and the possible excess profits made by the dealers in coal; that matter is being considered by a Senate committee; but I believe that my bill, which contemplates general coal legislation, can be handled more wisely if when it is debated there shall exist no controversy in the coal industry. I believe under the heat of passion we can not secure just and wise legislation as we can at other times.

Mr. HARRISON. Mr. President, before the Senator takes his seat, if the Senator from New York will permit me——

Mr. COPELAND. Certainly.

Mr. HARRISON. Of course, there is not much heat and passion about the present situation; but there is a great deal of cold surrounding it. However, the Senator introduced his bill on the 8th of December, I think?

Mr. ODDIE. Yes.

Mr. HARRISON. Of course, taking its usual course, it was sent to the Department of Commerce?

Mr. ODDIE. Yes.

Mr. HARRISON. The Senator sent it to the Department of Commerce around the 10th of December.

Mr. ODDIE. Within a day or so of that date.

Mr. HARRISON. It has been some two months before the Secretary of Commerce?

Mr. ODDIE. Something less than that.

Mr. HARRISON. Well, about that length of time. Has the Senator had any conference with the Secretary of Commerce with reference to his bill pending this controversy?

Mr. ODDIE. I had a very short conference with the Secretary some weeks ago, as I mentioned on the floor of the Senate in my discussion of the bill about two weeks ago, and in that conference I asked the Secretary if he would give the bill careful consideration. He said he would. I told him frankly that I thought while the coal controversy in Pennsylvania was pending, action on my bill might have a tendency to embarrass any possible settlement.

Mr. HARRISON. Does the Senator think the Secretary of Commerce is holding the bill back and not making a report because of anything the Senator told him, or because of something the President, perhaps, may have told him, or is he acting on his own initiative?

Mr. ODDIE. I can not answer that, Mr. President.

Mr. HARRISON. Does the Senator think that the Secretary was influenced by what the Senator told him, namely, that he did not think any action should be taken while the strike was pending?

Mr. ODDIE. I can not say to the Senator from Mississippi whether the Secretary of Commerce is holding back a report because of what I told him or not. He is a man of ability and is able to make up his own mind on matters of this kind.

Mr. HARRISON. I was merely trying to find out, if I could, what is the reason why the Secretary of Commerce does not make a report on this bill, which has been before him for two months and relates to a very important matter, one in which the country is interested, as well as the people in the coal regions and in the Northeast. I did not know whether the Senator had tried to get a report from him; had insisted that one be submitted, or had told the Secretary to hold it back and not make a report, because he did not think Congress ought to consider the subject at this time.

Mr. ODDIE. Mr. President, I have not asked the Secretary to withhold his report at all. My statement to him was a comment of my own as to my opinion of the situation as it existed at that time. I can not answer for the Secretary, because I know he speaks for himself.

Mr. COPELAND. Mr. President, what we have learned from the chairman of the Committee on Mines and Mining reminds me of the proposition which the President discussed in his message, namely, that the recommendations of the Coal Commission should be carried out and authority should be written into the law so that the President in time of emergency might deal with the emergency. Here is a bill which embodies all those recommendations referred to the Secretary of Commerce—shall I say the overworked Secretary of Commerce? The department of general reference, the Commerce Department, is headed by this Secretary, who has time to worry about rubber used in tires used by the rich, but who has not had time to give consideration to a matter having to do with the health and lives of women and children. If that bill had come back from the President's Cabinet by Christmas or by the first week in January, it could have been law by this time, and we would have had the authority which the President says he must have.

Mr. President, the Republican Party can not escape responsibility for this situation; and so far as my voice will carry I want the people in this country who are going to shiver with the cold over Sunday to know that a member of the President's Cabinet and the party in power in this administration are responsible for the situation.

Mr. HEFLIN. Mr. President, the Senator spoke a little while ago about the Democrats in New York being cold, while the Republicans were not suffering from the cold. I take it from that statement that the Senator is fighting for relief for the cold Democrats, while his colleague [Mr. WADSWORTH] is voting on the side of the warm Republicans. The Senator's colleague is not with him in this matter; is he?

Mr. COPELAND. I was very sorry, I may say in reply to my friend from Alabama, that my colleague voted as he did. You know, in Washington we have that great joy, the political gossip. Mr. President, if Al. Smith decides not to be a candidate for governor—I hope he will not so decide—I assume that my colleague [Mr. WADSWORTH] will be the Republican candidate for governor; and then in 1928 New York State will have the Republican presidential nominee, Mr. WADSWORTH, and the Democratic nominee, Mr. Smith. Then we will find out, Mr. President, just how the poor people in New York will vote, and I am here to say that they will vote for Al. Smith.

Mr. CARAWAY. May I ask the Senator from New York if he is willing to let the Democrats name their own candidate in 1928?

Mr. COPELAND. The Democratic Party always does just exactly as it wants to do.

Mr. HEFLIN. The Senator himself might accept the nomination.

Mr. COPELAND. Not at all; not at all. It is bad enough to be a Senator! But, Mr. President, putting prophecy aside, I hope the Senators over Sunday will carry in mind those pictures representing coal lines in my city. Bear in mind that those pictures on the wall over there were taken before this last snowstorm. I hope they will bear in mind that there are thousands upon thousands of people, thousands upon thousands of families in the cities of the northeast who are unhappy and uncomfortable and threatened with disease and perhaps with death, some of them, because of the unwillingness of the Republicans in this body to afford any measure of relief.

Mr. REED of Pennsylvania. Mr. President, I send to the desk a telegram, which I received a short time ago, and ask that it be read.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the telegram will be read.

The Chief Clerk read as follows:

NEW YORK, N. Y., *February 4, 1926.*

HON. DAVID REED,
United States Senator, United States Senate,
Washington, D. C.

HONORABLE SIR: Newspaper reports of this morning state that Senator COPELAND, of New York, addressed the Senate yesterday on the coal situation and stated that the people in New England are freezing to death on account of fuel shortage. Investigation does not bear out these facts. The public are responsible for the shortage of coal, if any, in New England, for they had opportunities to secure fuel at any time during the past three months. As operators of union mines in central Pennsylvania, as well as on the Bessemer & Lake Erie Railroad, working under the Jacksonville scale, owing to our inability to receive a price sufficient to cover our costs of production we are working only three days a week. We can offer from 50,000 to 100,000 tons of run-of-mine bituminous coal to any responsible dealer that Senator COPELAND may designate at a price of $2.50 free on board mines on Clearfield rate of freight delivery before April 1, 1926.

WHITNEY & KEMMERER.

Mr. KING. Mr. President, I desire to make one observation in connection with the coal situation.

Undoubtedly the State of Pennsylvania, in which this conflict exists, has power to deal with it in a manner not committed to the Federal Government. I had the opportunity to suggest to many coal operators, as well as coal consumers, recently in Philadelphia that the legislature of that State were in session, that they had the power to deal with this important matter under the authority which belonged to the legislature of the State, and that their powers were not limited, as were the powers of the Federal Government.

It does seem to me that the crisis which has been referred to calls for some action by the Legislature of the State of Pennsylvania, and it would seem to me that they should take action and that the responsibility rests upon them rather than upon the Federal Government or upon the President of the United States.

I do not mean to say that the Federal Government may not under certain circumstances, perhaps under the interstate-commerce clause of the Constitution of the United States, enact legislation to deal with emergencies which contemplate the shipment or the prevention of the shipment of coal from one State to another. I am not addressing myself to that question, but merely accentuating what I believe is an important fact, that the people of Pennsylvania and the Legislature of Pennsylvania should deal with this question.

Just one word more, and then I shall take my seat. This matter is not pertinent to what I have just observed.

RESCUE OF CREW OF FREIGHTER "ANTINOE"

My attention is called, from reading the papers, to the following dispatch:

UNITED STATES MAY WITHHOLD AWARDS

WASHINGTON, Feb. 5.—The Department of Commerce will be asked by President Coolidge to determine whether the American Government, through granting of medals or otherwise, should accord official honor to the officers and crew of the *President Roosevelt*, who rescued 25 men from the disabled British freighter *Antinoe*.

Pending action by the department, the President is inclined to believe the rescuers have been sufficiently recognized by the British Government for their heroism in saving the lives of British sailors.

Mr. President, the action of the officers and men of the American ship *President Roosevelt* has brought to them the admiration and encomiums of the civilized world. Particularly in Great Britain they have been the recipients of compliments and of friendly consideration; they have been received with warm acclaim by people in high official station; and their splendid and superb act of heroism has challenged the admiration of that country. It does seem to me that in this country we should express our approval, and that, if the executive department does not act, the Senate of the United States should take some action expressing its thanks for and commendation of the splendid and heroic deed of these men.

Some one has just put in my hand a paper in which the following article appears:

BRITAIN OFFICIALLY LAUDS SEA HEROES—PERSONAL GREETINGS OF KING PRESENTED TO "ROOSEVELT" MEN AND OFFICERS

(By the Associated Press)

SOUTHAMPTON, England, February 6.—The British Government today paid official tribute to the gallantry of the American officers and seamen of the United States liner *President Roosevelt*, who last week rescued the crew of the British freighter *Antinoe*.

Welcomed into the harbor by a continuous roar of whistles and sirens, mingled with the cheers of thousands of persons, the liner was boarded by a delegation headed by the president of the board of trade, Sir Philip Cunliffe-Lister, acting as the personal representative of King George.

Sir Philip greeted all the officers and members of the lifeboat crew in the name of the King, and after a luncheon presented to those who engaged personally in the rescue the "gold medal for gallantry for saving life at sea." He also presented plate from the board of trade

to Capt. George Fried, First Officer Robert Miller, Third Officer Thomas Sloans, and Fourth Officer Frank Upton.

* * * * * * *

Captain Fried, in reply, paid solemn tribute to those who lost their lives in the great attempt and expressed gratification at having been able to same the *Antinoe's* crew.

The captain's speech was punctuated by cheers. First Officer Miller, who followed, also was given an ovation. Boylston Beal, special attaché of the American embassy, spoke on behalf of Ambassador Houghton.

The presentations were made to Captain Fried and the members of the rescue crew under blazing lights and with a score of motion-picture cameras clicking. The speeches were broadcast throughout the British Isles.

Captain Tose, of the *Antinoe*, presented Captain Fried with a check for some £300 of voluntary contributions which he had received after broadcasting the story of the rescue. This money will be sent to the families of the two men who lost their lives.

Captain Tose also presented personal gifts of inscribed cigarette cases to Captain Fried and Officers Miller, Sloan, and Upton.

* * * * * * *

My attention is also called to the following article in the last edition of the Evening Star, which has just been brought to the Senate:

CAPTAIN FRIED AWARDED NAVY CROSS BY PRESIDENT FOR HEROIC RESCUE

Capt. George Fried, commander of the steamship *President Roosevelt*, to-day was awarded the Navy cross by President Coolidge, on the recommendation of Secretary Wilbur, in recognition of his heroic services in rescuing the crew from the British freighter *Antinoe* during the recent heavy storm in the North Atlantic.

I wish that this belated recognition had been accorded a little earlier, and that recognition had been extended to the crew as well as to the captain. At any rate I commend the President for his belated act in this matter. It was not to be expected, however, in view of the statement which I read to the effect that the President believed that the thanks extended by the British Government were sufficient recognition for their gallantry and heroism.

Mr. JONES of Washington obtained the floor.

Mr. EDGE. Mr. President, will the Senator yield to me?

Mr. JONES of Washington. I yield to the Senator from New Jersey.

BARNEGAT LIGHT STATION

Mr. EDGE. I ask unanimous consent to report a bill, and then to follow that with a request for its immediate consideration. This is an emergency measure, and I will take up just one minute to explain it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the report will be received.

Mr. EDGE. From the Committee on Commerce, I report back favorably, without amendment, Senate bill 1746, to authorize the Secretary of Commerce to transfer the Barnegat Light Station to the State of New Jersey; and I submit a report (No. 147) thereon.

Mr. President, I shall not take up the time of the Senate at this hour. The approval of the Secretary of Commerce accompanies the bill. It is for the purpose of permitting the State of New Jersey to appropriate, through its present legislature now in session, the sum of approximately $75,000 to save the Barnegat Light. It is necessary that Congress give authority to transfer the title, so that New Jersey can make that gift to the Federal Government.

The PRESIDENT pro tempore. The Senator from New Jersey asks unanimous consent for the present consideration of the bill just reported by him. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Secretary of Commerce be, and he is hereby, authorized to convey to the State of New Jersey the Barnegat Lighthouse Reservation, N. J., and tower thereon, the reservation being described as follows in deed of April 22, 1857, from John Ashley Brown to the United States:

All that certain tract or lot of land situate, lying, and being on Long Beach in the township of Union, county of Ocean and State of New Jersey, being a part of the tract of land conveyed by Jacob D. Harring and wife by duly executed deed under their hands and seals, dated the 2d of April, anno Domini 1851, and recorded in the clerk's office of the county of Ocean at Toms River, in book 2 of deeds, page 108, to Joseph Brown in fee, and by the said Joseph Brown and wife conveyed to the said John Ashley Brown in fee by deed duly executed under their hands and seals, bearing date the 16th day of April, anno Domini 1857, reference being had to said deeds as will more fully appear and is bounded and described as follows: Beginning at the southwest corner of a lot of land belonging to the United States, running south 2° east 850 feet to a stake or stone, thence north 88° east 528 feet, to a stake or stone, thence north 2° west 850 feet to the southeast corner of the lot belonging to the United States; thence along the line of the said lot 528 feet to the place of beginning, containing 10 acres more or less, together with the right of way over the said John Ashley Brown premises, and the free passage of persons to and from said premises conveyed by these presents, with any and all kinds of teams, carriages, wagons, or other vehicles from any landing place now used or hereafter to be used either upon the bay, inlet, or ocean side, with the free use of said landings upon his said premises, subject to the following conditions; that is to say, the said party of the second part shall restrict the keepers of the lighthouse and other improvements about to be erected upon said premises, or any other persons, from keeping a grocery store, tavern, or boarding house thereon: *Provided*, That the United States reserves the right for the Lighthouse Service to maintain a light in the tower or at such other place on the reservation as the needs of navigation may require, and the right to enter upon the reservation by the most convenient route for the purpose of maintenance of said light or lights: *Provided further*, That this transfer is authorized to enable the State of New Jersey to maintain this reservation for historical purposes and for the preservation of the lighthouse tower, and that if the State should not continue to use the reservation for these purposes, the said reservation and tower shall revert to the United States.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

HOUSE BILLS REFERRED

The following bills were severally read twice by title and referred as indicated below:

H. R. 5858. An act for the relief of Charles Ritzel; to the Committee on Claims.

H. R. 183. An act providing for a per capita payment of $100 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

H. R. 585. An act for the relief of Frederick Marshall;

H. R. 787. An act for the relief of Fayette L. Froemke;

H. R. 1110. An act granting six months' pay to Lucy B. Knox;

H. R. 1840. An act for the relief of Edward A. Grimes;

H. R. 2267. An act for the relief of James J. Meehan;

H. R. 2537. An act for the relief of Arthur L. Heckeil;

H. R. 2636. An act for the relief of Claude S. Betts;

H. R. 2703. An act granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service;

H. R. 2808. An act for the relief of Paymaster Herbert Elliott Stevens, United States Navy;

H. R. 3431. An act for the relief of Frederick S. Easter;

H. R. 3572. An act for the relief of Russell H. Lindsay;

H. R. 3646. An act for the relief of Herbert T. James;

H. R. 4172. An act to place John P. Holland on the retired list of the United States Navy;

H. R. 4600. An act for the relief of Frederick D. W. Baldwin;

H. R. 5263. An act for the relief of Charles James Anderson, former commander, United States Naval Reserve Force;

H. R. 6136. An act granting six months' pay to Constance D. Lathrop; and

H. R. 7348. An act for the relief of Joseph F. Becker; to the Committee on Naval Affairs.

H. R. 533. An act for the relief of Henry Simons;

H. R. 534. An act to remove the charge of desertion from the record of Benjamin S. McHenry;

H. R. 818. An act for the relief of William A. Glasson;

H. R. 1459. An act for the relief of William Lentz;

H. R. 1598. An act for the relief of Robert E. A. Landauer;

H. R. 1717. An act for the relief of Alonzo C. Shekell;

H. R. 1721. An act for the relief of Francis Forbes;

H. R. 1827. An act for the relief of Frank Rector;

H. R. 1962. An act for the relief of Charles F. Getchell;

H. R. 2172. An act for the relief of Joseph A. Choate;

H. R. 2315. An act for the relief of J. W. La Bare;

H. R. 2745. An act to correct the military record of Tennessee McCloud;

H. R. 2787. An act for the relief of John T. O'Neil;

H. R. 2987. An act for the relief of Samuel T. Hubbard, jr.;

H. R. 3107. An act for the relief of Estie David;

H. R. 3380. An act for the relief of Frederick Sparks;

H. R. 3448. An act for the relief of John Solen;

H. R. 3546. An act for the relief of William H. Armstrong;

H. R. 3624. An act for the relief of Hannah Parker;

H. R. 4252. An act for the relief of Thomas H. Burgess;

H. R. 4287. An act for the relief of Jacob F. Webb;

H. R. 4576. An act for the relief of James A. Hughes;
H. R. 4585. An act for the relief of Andrew Cullin;
H. R. 4835. An act to remove the charge of desertion from the records of the War Department standing against William J. Dunlap;
H. R. 4884. An act for the relief of Walter L. Watkins, alias Harry Austin;
H. R. 5126. An act for the relief of Henry Shull;
H. R. 6226. An act for the relief of Edward N. Moore;
H. R. 6674. An act to correct the military record of Willard Thompson, deceased;
H. R. 6847. An act to correct the military record of Thornton Jackson;
H. R. 6874. An act for the relief of James Madison Brown; and
H. R. 7036. An act for the relief of John R. Anderson; to the Committee on Military Affairs.

THE COAL SITUATION

Mr. COPELAND. Mr. President——

Mr. JONES of Washington. There are many Senators here who would like to get away, and if it will take just a moment, I will yield to the Senator.

Mr. COPELAND. I should be very sorry, indeed, to have this important matter and these other questions go over. Why should we not stay here and do the work of the country? That is what we are here for. We have had a lot of matters presented to us, such as the Senator from Pennsylvania has called up about being able to buy a carload of coal at the mine. Certainly you can do that if you have the money to buy a carload of coal and to pay the freight, to pay the storage fees, and to hire a truck to deliver it. All that is possible. But the people I am talking about do not buy coal by the carload. They buy it by the hundred pounds.

I want to read just a little clipping into the RECORD, and then I assure my friend from Washington I will be through for the week. This is from the Philadelphia Ledger, and refers to conditions in Philadelphia:

POOR COAL CAUSES DROP IN CITY WATER PRESSURE—STEAM FAILURE AT PUMPING STATIONS IMPAIRS SERVICE; GET NEW FUEL

Inferior coal which the city pumping stations have been forced to use because of the anthracite strike was responsible for the low water pressure prevalent in the city yesterday, according to Alexander Murdock, chief of the water bureau. Mr. Murdock said that a new supply of high-grade anthracite was received at pumping stations last night and that to-day the water pressure will be normal.

The city has been forced to use soft coal and poor grades of anthracite under the boilers at the pumping stations. As a result, engineers have been unable to raise a full head of steam, and the water pressure has fallen off. Several sections of the city yesterday were entirely without water, while in many instances there was not sufficient pressure to raise it above the first story of homes and buildings.

"It has been necessary, too," Mr. Murdock said, "to hold back some pressure for emergencies, especially within the last 36 hours. The cold weather always brings a number of fires, and water for this purpose must be conserved."

I am quite hopeful that since the situation has actually gone into the cities of Pennsylvania we may have more enthusiasm from the officials from that State to end the situation and to permit the people to get coal.

POSTAL REVENUE

Mr. McKELLAR. Mr. President, the Senator from Washington has kindly yielded to me to submit a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Tennessee will state his inquiry.

Mr. McKELLAR. Is it proper to ask the present occupant of the chair, who happens to be a Senator, if he has learned when the Postmaster General will submit a report on the income of the Post Office Department arising from the increase of revenue made last spring?

The PRESIDENT pro tempore. The Chair does not recognize that as a parliamentary inquiry, but in his capacity as a Senator he will answer in the negative.

Mr. McKELLAR. When will the Postmaster General submit the report?

The PRESIDENT pro tempore. The Chair, in his capacity as Senator, does not know.

EXECUTIVE SESSION

Mr. JONES of Washington. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

PUBLIC BATHING BEACH, SANTA BARBARA COUNTY, CALIF.

Mr. SHORTRIDGE. I ask unanimous consent for the present consideration of the bill (S. 2519) to enable the Board of Supervisors of Santa Barbara County to maintain a free public bathing beach on certain public land.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, at the end of line 12, to insert a comma and "in the absence of an express order of the Secretary of the Interior restoring the land to such laws with such restrictions and limitations as the said Secretary may prescribe," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized, in his discretion, upon application by the Board of Supervisors of Santa Barbara County, Calif., to issue to such board, for the benefit of such county, a free permit authorizing the use, improvement, and maintenance of all that portion of northeast quarter northeast quarter, northwest quarter northeast quarter, southeast quarter northwest quarter, southwest quarter northeast quarter, southeast quarter northeast quarter, section 20, and southwest quarter northwest quarter, section 21, township 4 north, range 28 west, San Bernardino meridian, lying south of the main slough as its north boundary, and the beach line of the Santa Barbara Channel as its south boundary, such area being approximately 24 acres, for a free public bathing beach, under conditions which will allow the fullest use of the land for recreational purposes. Such permit shall remain in full force and effect as long as the county complies with the conditions therein and maintains such land as a free public bathing beach. Such land shall not be subject to the mining laws of the United States, in the absence of an express order of the Secretary of the Interior restoring the land to such laws with such restrictions and limitations as the said Secretary may prescribe.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FOX RIVER BRIDGES, ILLINOIS

Mr. BINGHAM. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 5240) to authorize the construction of a bridge across Fox River, in Dundee Township, Kane County, Ill., and I submit a report (No. 148) thereon. I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Chicago & North Western Railway Co., a corporation organized and existing under the laws of the State of Illinois, and its successors and assigns, to construct, maintain, and operate a bridge across the Fox River at a point suitable to the interests of navigation in sections 15 and 22, township 42 north, range 8 east of the third principal meridian, the same being in Dundee Township, Kane County, Ill., in accordance with the act of Congress entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. BINGHAM. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 6090) granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian, and I submit a report (No. 149) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, at a point suitable to the interests of navigation, in the county of McHenry, State of Illinois, in section 18, township 43 north, range 9 east of the third principal meridian, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

LAKE MICHIGAN BRIDGE, CHICAGO RIVER, ILL.

Mr. BINGHAM. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 7187) granting the consent of Congress to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, their successors and assigns, to construct, maintain, and operate a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill., and I submit a report (No. 150) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, and it was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the South Park commissioners and the commissioners of Lincoln Park, separately or jointly, and their successors and assigns, to construct, maintain, and operate, at a point suitable to the interests of navigation, a bridge and approaches thereto across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill., in the city of Chicago, county of Cook, and State of Illinois, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

BENEFITS OF PROHIBITION

Mr. SHEPPARD. I offer for publication in the RECORD an address delivered by the Senator from Washington [Mr. DILL] a few days ago in favor of prohibition.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SPEECH FOR PROHIBITION—RADIO WRC—FEBRUARY 4, 1926

(By Senator C. C. DILL of Washington)

What are the results of six years of prohibition? I am frank to say the results are both good and bad.

First, let us consider the evil that has followed its adoption. Bootleggers have smuggled great quantities of liquor into this country from Canada and other foreign countries. Breweries, illicit stills, and home brewing have produced and distributed large quantities of poisonous liquors among our people. Worst of all, those engaged in this illegal traffic have corrupted many of the public officials appointed and paid to stop the traffic.

There is no debate about these facts. The drys admit them and claim the wets are to blame. The wets proclaim and even exaggerate them and blame prohibition.

The debate to-night is concerned with what we should do to remedy these conditions. What has been proposed?

First, to repeal the amendment. Even the wets admit this is impossible. Prohibition is a political question. Under our form of government the people decide political questions at the ballot box. After discussing prohibition and voting on it for 50 years, sentiment grew stronger and stronger until the people repeatedly decided overwhelmingly for prohibition. Thirty-three of forty States had prohibition before the eighteenth amendment, and 21 of those 33 States were made dry by direct vote of the people. Forty-six of the forty-eight States ratified the amendment, and all but three States have State enforcement acts to support prohibition. So, I repeat, the proposal to repeal the eighteenth amendment by getting 36 States against it can not be considered seriously as a remedy for the present evils.

In the last analysis public opinion rules in this country and public opinion has driven the saloon out of the United States until even the antiprohibitionists dare not urge its return.

What do the antiprohibitionists propose? The amendment of the Volstead Act to legalize the sale of beer and wine. What arguments do they advance in support of this remedy? They say that drunkenness and deaths from alcohol are increasing under prohibition. Their theory is that since alcoholic liquor illegally sold increases drunkenness and deaths, to legalize the sale of more alcohol will remedy these evils. In other words, illegal liquor makes them drunk and kills them. Legalizing the sale of alcohol will keep them sober and save their lives.

The truth is that prohibition has not caused more drunkenness and more deaths from alcohol in the United States. Comparative statistics are not conclusive nor convincing. The police of our cities charge everybody with being drunk whose breath smells of alcohol when arrested, while formerly only those who were maudlin or disorderly were so charged. Any man or woman need only walk up and down the streets of the great cities of America to-day, among sober and well-dressed people, and then recall the conditions of a few years ago, when women and children avoided those parts of cities where saloons were located because of drunken men who staggered about and often insulted them.

Convictions for drunkenness in England and Wales for 1923 were two and a half times greater in proportion than in the United States, being 200 for every 100,000 there, as against 83 for every 100,000 in the United States. The city of London arrests three and a half times as many people for drunkenness as New York, and Paris twice as many. The bread lines and unemployment of the people of wet countries of Europe, and their debt-dodging tactics, in comparison to the good wages, complete employment of our people, and our great prosperity enabling us to pay our debts and cancel large parts of those of European countries are more eloquent facts in support of prohibition than any statistics that can be quoted.

As to the deaths from alcohol, the records of the Census Bureau for the five years preceding prohibition show that the average death rate from alcoholic causes was 3.9 per 100,000, while during the five years since prohibition it is only 2.4 per 100,000.

Of course the antiprohibitionists argue that the alcoholic content of the beer and wine which they would legalize would not be intoxicating. They say one-half of 1 per cent is too low, that the percentage should be higher in order to satisfy the craving for a beverage with a kick in it. The trouble is that if it is high enough to have a kick in it, it becomes intoxicating. Sometimes they suggest 2.75 per cent beer, and then again they declare they do not insist on a particular percentage, but simply that it be nonintoxicating.

But what is the highest percentage that is nonintoxicating? The only answer to that question is to be found by experiment. What intoxicates one person may not intoxicate another, and vice versa. Then, too, it depends in part upon how much of the beverage is drunk.

That recalls the story of the German who was arrested for being drunk in the old saloon days. When brought into court the judge asked, "How many did you drink last night?" The German replied, "Vot you mean, Judge, kegs?" So I say it depends on how many kegs you drink whether or not the liquor of small alcoholic content is intoxicating.

How did Congress happen to fix one-half of 1 per cent as the alcoholic content for nonintoxicating liquors? Who originated that definition? The answer is most interesting. It was the brewers and distillers themselves. As long ago as 1862 they demanded an enactment to protect them against illicit liquor dealers who had no license and insisted that any liquor whose alcoholic content is above one-half of 1 per cent was intoxicating.

The officials of the Government accepted that definition, and for more than half a century that was the accepted limit of alcohol for nonalcoholic liquor. In addition to that, 26 States had previously fixed one-half of 1 per cent as the limit of alcohol in nonintoxicating liquors, and 38 States now have laws that would make a Federal law raising the alcoholic content above 1 per cent entirely illegal within those States.

The antiprohibitionists maintain that there is a great public demand for the legalizing of a higher alcoholic content of beer and wine, but it appears that the people have voted on that question also in various parts of the country.

Arizona, in 1916, voting on beer and wine, voted 12,000 "no."
Oregon, in 1916, voting on beer and wine, voted 54,000 "no."
Colorado, in 1916, voting on beer and wine, voted 85,000 "no."
Washington, in 1916, voting on beer and wine, voted 146,000 "no."

But it may be argued that those were votes that were taken before national prohibition had been adopted. Let us look at the votes that have been had since national prohibition.

California, in 1921, voting on beer and wine, voted 33,000 "no."
Ohio, in 1919, voting on beer and wine, voted 30,000 "no."
Michigan, in 1919, voting on beer and wine, said 297,000 "no."
Ohio, in 1922, voting on beer and wine, said 190,000 "no."

If Ohio and Michigan are against wine and beer, what States excepting two or three Eastern States could muster sufficient demand to even bring about a vote on the subject.

I realize, however, that there might be reasons for a change of political sentiment on this subject, so I desire to discuss what would be the results of a beer and wine amendment.

It would bring back more than 90 per cent of the old liquor business, because 92 per cent of saloon business in the United States before prohibition was beer business. It would bring back 150,000 to 175,000 saloons. Of course the beer and wine advocates say that they are opposed to the restoration of the saloon. It isn't a question of what they want. It is what would be the result?

Where would they sell this liquor? In groceries? Well, if they did these groceries would soon become saloons in fact if not in name, because the sale of beer and wine would soon drive the masses of customers to establishments where no beer was sold. It was just this process that brought about the American saloon. Intoxicating liquors were formerly sold in groceries and other stores. The people objected to it and the result was that such places were established for the sale of intoxicating liquor, and thus the American saloon was created, and so the restoration of the wine and beer traffic will mean the reestab-

lishment of the 150,000 to 200,000 saloons which prohibition abolished. If we can't enforce prohibition now, think what it would mean if 150,000 saloons selling beer were available for the selling of whisky. If they sold beer a large percentage of them would sell whisky, too. They never obeyed the law before prohibition except in paying license fees, and they would not obey it again.

The proposal to regulate the drinking evil by licensing wine and beer is not new. It was tried by several States before national prohibition was established. Georgia and Iowa particularly found it made conditions far worse.

It would make conditions worse all over the United States again because it would give legal sanction to the development of the alcohol habit. Alcohol is a habit-forming drug. One drink calls for another, and the use of beer and wine would only increase the demand for alcohol. An ordinary glass of beer contains about ten times as much as a drink of whisky, so that two glasses of beer with 2.75 per cent alcohol would more than equal one drink of whisky with 40 per cent alcohol.

Let me call your attention to another fact. Prohibition received its greatest impetus a few years ago in the South and West. Why? Because the people of the South wanted to keep liquor away from the negroes, and the people in the West wanted to keep liquor away from the Indians. The negro, under the influence of alcohol, returns to the barbaric condition of his jungle ancestors. The Indian, with fire water, soon becomes a wild savage again. A small amount of alcohol will quickly destroy all the civilizing influences of association for many generations, and enough alcohol affects most white men in the same way.

Since we can not repeal the prohibition amendment, and since to bring back beer and wine would only make conditions worse, there is only one course to follow if we are to remedy the evils that confront us, and that is the straightforward, honest course of obeying and enforcing the law.

How shall we do this?

First. There should be a nation-wide educational campaign against the use of alcohol and in favor of law enforcement and obedience to law.

Second. Stop the smuggling of liquor from Canada and Europe by larger border patrols and by use of the Navy at sea, if necessary.

Third. Pay prohibition enforcement officials better salaries.

Fourth. Take the appointment of prohibition officials out of politics and appoint and retain them on their merits.

We have never had real law enforcement since the eighteenth amendment was adopted; but poor as the enforcement has been, the benefits are greater than have ever flowed from any reform in the United States, unless it be the abolition of slavery.

Just now the Senate is passing the tax reduction bill to restore $300,000,000 of taxes to the channels of trade. It is agreed everywhere that this will add to our prosperity. The liquor traffic of this country amounted to $2,500,000,000 annually before prohibition. In other countries the liquor trade has practically doubled since the war, and, no doubt, it would have doubled here without prohibition. A return to the liquor traffic would mean the taking of from five to ten times the amount of tax reduction out of the ordinary channels of trade and pour it into the liquor business.

Prohibition has had a part in the greatest prosperity this country has ever known. Secretary Hoover reports that the standard of living has actually risen 19 per cent in the United States since the adoption of prohibition. The explanation is simple.

The great masses of working men of America, instead of buying pails of beer, buy houses and furniture and food and clothing for their families. Largely as a result of the sobriety and responsibility of the great masses of working people which prohibition has brought about, business firms have built up the greatest credit business in the history of the world. Almost any citizen can buy anything from the necessities of life to an automobile and house on the installment plan. Arthur Pound, in the Atlantic Monthly for February, estimates the annual credit business of merchants at $5,000,000,000 annually. This added to the $1,500,000,000 of home buying on the installment plan, brings the total to $6,500,000,000. The same authority gives the savings and investments of last year as $12,500,000,000.

I do not say all this is due to prohibition, but I do say that prohibition has helped tremendously. When we recall that during the last five years labor organizations have been able to establish banks all over the United States with millions of dollars of resources and growing all the time, when we recall that the working people of all the great industries are acquiring hundreds of millions of dollars of stock in those corporations for which they work, and when we recall that the masses of our people have a higher standard of living, better homes, more of the comforts of life, more telephones and automobiles, more picture shows, than any other people on earth to-day, and that the greatest advancement in this direction has been made in the past five years, we should follow the road that has led us this far and retain prohibition as one of the greatest blessings that has come to the American people. It was 40 years before the American people quit the slave trade after Congress legislated against it. Other laws have been difficult to enforce for considerable periods of time, but prohibition will continue in this country because it brings better health, better homes, more prosperity, and greater happiness to the great masses of our people than was ever known here previous to its adoption.

RECESS

Mr. JONES of Washington. I move that the Senate take a recess, the recess being until Monday at 11 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock and 55 minutes p. m.), under the order previously made, took a recess until Monday, February 8, 1926, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 6 (legislative day of February 1), 1926

UNITED STATES ATTORNEYS

Charles B. Kennamer, of Alabama, to be United States attorney, northern district of Alabama. (A reappointment, his term having expired.)

Elliott Northcott, of West Virginia, to be United States attorney, southern district of West Virginia. (A reappointment, his term having expired.)

Arthur Arnold, of West Virginia, to be United States attorney, northern district of West Virginia, vice Thomas A. Brown, whose term has expired.

UNITED STATES MARSHAL

Rippon W. Ward, of North Carolina, to be United States marshal, eastern district of North Carolina. (A reappointment, his term having expired.)

APPOINTMENTS IN THE REGULAR ARMY

Under his true name of Fremont Swift Tandy, to be second lieutenant, Corps of Engineers, with rank from June 12, 1924.

[NOTE.—This officer has heretofore been borne on the records of the War Department under the assumed name of Fremont Swift Thompson. He has produced satisfactory evidence showing that his real name is Fremont Swift Tandy.]

MEDICAL CORPS

To be first lieutenant

First Lieut. Fritjof Arestad, Medical Corps Reserve, with rank from January 29, 1926.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

SIGNAL CORPS

Second Lieut. Arthur Charles Boll, Air Service, with rank from June 12, 1925.

CAVALRY

Second Lieut. Charles Howard Valentine, Air Service, with rank from June 30, 1925.

FIELD ARTILLERY

Second Lieut. Joseph Kerr Gibson, Air Service, with rank from June 30, 1925.

COAST ARTILLERY CORPS

Second Lieut. Frederick Raymond Keeler, Infantry, effective June 12, 1926, with rank from June 12, 1924.

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONEL

Lieut. Col. Richard Kerr Cravens, Adjutant General's Department, from February 2, 1926.

TO BE LIEUTENANT COLONELS

Maj. Hans Oscar Olson, Infantry, from January 28, 1926.
Maj. Alfred Brandt, Infantry, from February 2, 1926.

TO BE MAJORS

Capt. Harold George Salmon, Finance Department, from January 28, 1926.

Capt. Archie Henry Willis, Finance Department, from February 2, 1926.

TO BE CAPTAINS

First Lieut. Michael Condon Shea, Field Artillery, from January 28, 1926.

First Lieut. Paul Dillard Carter, Infantry, from February 1, 1926.

First Lieut. Charles John Wynne, Quartermaster Corps, from February 2, 1926.

First Lieut. Paul Henry Weiland, Field Artillery, from February 2, 1926.

First Lieut. Marvin Wade Marsh, Infantry, from February 2, 1926.

TO BE FIRST LIEUTENANTS

Second Lieut. Selby Francis Little, Field Artillery, from January 28, 1926.

Second Lieut. Milo Glen Cary, Coast Artillery Corps, from February 1, 1926.

Second Lieut. Harold Joseph Conway, Coast Artillery Corps, from February 2, 1926.

Second Lieut. Gustin MacAllister Nelson, Infantry, from February 2, 1926.

Second Lieut. Frank Joseph Spettel, Infantry, from February 2, 1926.

PROMOTIONS IN THE NAVY

Lieut. Commander John C. Cunningham to be a commander in the Navy from the 19th day of October, 1925.

The following-named lieutenant commanders to be commanders in the Navy from the 16th day of November, 1925:

Karl F. Smith.

Ernest W. McKee.

Lieut. Frederick D. Powers to be a lieutenant commander in the Navy from the 16th day of November, 1925.

Lieut. Vincent H. Godfrey to be a lieutenant commander in the Navy from the 4th day of September, 1925.

Lieut. Myron J. Walker to be a lieutenant commander in the Navy from the 16th day of November, 1925.

Lieut. (Junior Grade) Irving B. Smith to be a lieutenant in the Navy from the 22d day of April, 1925.

Lieut. (Junior Grade) Haskell C. Todd to be a lieutenant in the Navy from the 22d day of October, 1925.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 7th day of June, 1925:

Morton B. Sterling.

John T. Bottom, jr.

Lieut. (Junior Grade) Jim T. Acree to be a lieutenant in the Navy from the 8th day of August, 1925.

Lieut. (Junior Grade) Edwin C. Bain to be a lieutenant in the Navy from the 26th day of August, 1925.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 4th day of September, 1925:

Edward H. Doolin.

William Hibbs.

Lieut. (Junior Grade) Marvin H. Grove to be a lieutenant in the Navy from the 16th day of September, 1925.

Lieut. (Junior Grade) Clayton S. Isgrig to be a lieutenant in the Navy from the 20th day of September, 1925.

Lieut. (Junior Grade) James A. Crocker to be a lieutenant in the Navy from the 1st day of October, 1925.

Lieut. (junior grade) Charles L. Hutton to be a lieutenant in the Navy from the 16th day of November, 1925.

Lieut. (junior grade) Allan D. Blackledge to be a lieutenant in the Navy from the 1st day of December, 1925.

The following-named ensigns to be lieutenants (junior grade) from the 3d day of June, 1925:

William E. Brice.

Harry B. Jarrett.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1925:

Edwin D. McMorries.

Page O. Northington.

Carlton L. Andrus.

John R. Poppen.

The following-named passed assistant dental surgeons to be dental surgeons in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1925:

William T. Davidson.

John A. Walsh.

Naval Constructor Elliot Snow to be a naval constructor in the Navy, with the rank of rear admiral, from the 23d day of January, 1926.

Boatswain Leonard D. Douglas to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of October, 1924.

Boatswain Louis Frommer to be a chief boatswain in the Navy, to rank with but after ensign, from the 20th day of December, 1924.

Machinist Robert Odening to be a chief machinist in the Navy, to rank with but after ensign from the 3d day of October, 1925.

Pay Clerk Henry F. Rodner to be a chief pay clerk in the Navy, to rank with but after ensign from the 1st day of September, 1925.

Pay Clerk Louie L. Lindenmayer to be a chief pay clerk in the Navy, to rank with but after ensign from the 24th day of September, 1925.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 6 (legislative day of February 1), 1926

SOLICITOR OF DEPARTMENT OF STATE

Green H. Hackworth.

POSTMASTERS

ALABAMA

Thomas W. Naugher, Chase.
George W. Graves, Russellville.
James B. Washington, Tuskegee Institute.

CALIFORNIA

Joseph M. Hamilton, Crescent City.
Anna Crossland, Loleta.
William N. Falley, Mill Valley.
Percy S. Peek, Mokelumne Hill.
Spencer Briggs, Oleum.
Elmer G. Crofts, Penryn.
George C. Gianola, Pescadero.
James J. Heckman, Selma.
Janet D. Watson, Tahoe.
Clayton C. Darrow, Willits.

CONNECTICUT

John L. Eliot, Clinton.

ILLINOIS

Howard B. Mayhew, Bradford.
Lewis D. Leach, Bridgeport.
Howard A. Hammer, Buda.
Henry M. Fritscher, Dieterich.
Bessie McTamaney, Fort Sheridan.
Peter Thomsen, Fulton.
George M. Clark, Galesburg.
Clare D. Sherwood, Lake Villa.
Harry E. Beekman, Petersburg.
Herbert L. Rawlins, Thomson.

INDIANA

John W. Rudolph, Montgomery.

IOWA

Walter H. Lake, Bedford.
Benjamin A. Brown, Colfax.
Daniel Anderson, Lamoni.
Rufus W. McKnight, Marengo.
Harry E. Frantz, Winthrop.

KANSAS

Charles A. Godding, Burns.
Frank E. Enlow, Galesburg.
Maggie Dowell, Gaylord.
Ernest Toomey, Neodesha.

KENTUCKY

Joseph R. Kimmel, Drakesboro.

LOUISIANA

Margaret Berger, McDonoghville.

MARYLAND

Clayton C. Wilson, Cordova.
Martin M. Wright, Easton.

MASSACHUSETTS

Webster L. Kendrick, West Brookfield.

MICHIGAN

Ben H. Davis, Edwardsburg.

MISSISSIPPI

James C. Bonds, Guntown.

MISSOURI

William O. Tout, Archie.
Mollie Sparks, Bellflower.
Roy B. Woods, Bernie.
Ruby W. Benecke, Brunswick.
Hulie J. Walker, Cardwell.
Raymond E. Miller, Carl Junction.
Ralph D. Stonner, Chamois.
Edna H. Barbee, Clark.
James D. Reynolds, Clarksburg.
Earnest R. Smith, Collins.
Thomas F. Merrigan, Conception Junction.
Edwin S. Brown, Edina.
William F. Haywood, Ellington.
Joseph J. Henke, Florissant.
Karina K. Black, Fordland.
Rose C. Geyer, Graham.

William E. Fuson, Hartville.
Earle W. Phillips, Henrietta.
George S. Brown, Hornersville.
George P. Megaffin, Hunnewell.
Paul P. Bradley, Leeton.
William A. Barris, Marionville.
Leonard Ford, Morley.
Elvin Lee, Mountain Grove.
William F. Crigler, Nevada.
Arthur S. Calame, Niangua.
John F. Hamby, Noel.
Thomas O. Spillers, Otterville.
Ruth E. McCormick, Reeds Spring.
Evelyn S. Culp, Rocky Comfort.
Nelle Whalen, Rushville.
Milton Wilhelm, Seligman.
Charles F. Hamrick, Stover.
Junius M. Bryant, Strafford.
James Z. Spearman, Tuscumbia.
Leonard D. Fisher, Union Star.
Isaac M. Galbraith, Walker.
John Black, Washburn.
Edwin McKinley, Wheaton.

NEBRASKA

Alfred G. Taylor, Chappell.

NEW YORK

Richard Bullwinkle, Central Valley.
Frederick M. Avery, Cold Water.
George W. Mohlfeld, Cutchogue.
Edward T. Sheffer, Shortsville.
William R. Crawford, Warsaw.
William F. Raynor, West Hampton Beach.

NORTH CAROLINA

Sam L. Franks, Franklin.
Albert Z. Jarman, Richlands.

OHIO

French Crow, Marion.
Earl Augustine, Montpelier.
Florence Mutchler, Rutland.
George W. Hurless, Waterville.
William G. Hoffer, Willshire.

OREGON

Guy E. Tex, Central Point.
Ethel N. Everson, Creswell.
Albert M. Porter, Gaston.
Elizabeth E. Johnson, Gresham.
William G. Smith, Mill City.
Carl A. Peterson, Orenco.
John S. Sticha, Scio.
Rever G. Allen, Silverton.
William E. Tate, Wasco.

PENNSYLVANIA

John L. Chapman, Blue Ridge Summit.
Charles N. Thompson, Buck Hill Falls.
Elmer P. Richards, Easton.
Frank H. Shenck, Landisville.
Harry Zanders, Mauch Chunk.
Frederick W. Kiefhaber, McVeytown.
Wilberforce Schweyen, Mifflintown.
Howard Weiss, Northampton.
Harry H. Carey, Plymouth.
Robert E. Gammell, Tremont.
Julius C. Gleason, Villanova.

SOUTH CAROLINA

Elizabeth D. Kirksey, Pickens.
John S. McCall, Society Hill.

TENNESSEE

James S. Braswell, Murfreesboro.

VERMONT

George F. Flint, Chelsea.
Carrie E. Sturtevant, East Fairfield.
Garvin R. Magoon, Gilman.
Marion J. Hall, South Ryegate.
Lilla S. Hager, Wallingford.

WASHINGTON

Orris E. Marine, Colton.
Frank R. Jones, Lacrosse.
Adam L. Livingston, Mabton.
Theo Hall, Medical Lake.
Lucy F. Bushnell, Napavine.
Wayne S. Kelsey, Opportunity.
Ira G. Allen, Pullman.
Laura P. McIntyre, Skykomish.
Thomas J. Smith, Spokane.

HOUSE OF REPRESENTATIVES

SATURDAY, *February 6, 1926*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We praise Thee, our Father in heaven, for Thou art the King of love whose goodness faileth never! The sublime truth is with us: "Greater love hath no man than this." It glorifies all there is in earth and sky and places supreme value upon the worth of man. We thank Thee that there is nothing to separate us from this divine love and providential care. May we enjoy life at its best and give this life of joy to others. Forgive our failures and help us to an increasing mastery over self. With unfaltering faith and courage endow us, and thus may we promote good and righteous government among all men. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

H. R. 6226

Mr. TOLLEY. Mr. Speaker, I ask unanimous consent to vacate the proceedings on yesterday whereby the bill H. R. 6226 was ordered engrossed, read a third time, and passed, and the amendment recommended by the Committee of the Whole House adopted; that said amendment recommended by the Committee of the Whole House be considered as having been rejected and that the following amendment adopted:

Strike out the proviso and insert in lieu thereof the following:

"*Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

That said bill be considered as having been ordered engrossed, read a third time, and passed, and a motion to reconsider laid upon the table.

Mr. Speaker, I might say that Mr. BLACK, who made the amendment, agrees with me on this, that this change agrees with the spirit of his amendment and it is entirely in accord therewith. I ask unanimous consent to vacate the proceedings on the bill referred to and make the correction as indicated.

The SPEAKER. The gentleman from New York asks unanimous consent to vacate proceedings on the bill referred to and make the correction as indicated. Is there objection?

Mr. GARRETT of Tennessee. Correction of the RECORD or the Journal, Mr. Speaker?

The SPEAKER. It will be merely to vacate the proceedings taken yesterday. Is there objection? [After a pause.] The Chair hears none.

PERMISSION TO INTRODUCE RESOLUTION SIGNED BY MORE THAN ONE MEMBER

Mr. CLAGUE. Mr. Speaker, I ask unanimous consent that Congressmen KNUTSON, ANDRESEN, GOODWIN, and FURLOW, and myself be allowed to introduce a resolution, as I understand under the rules unanimous consent has to be granted for more than one Member to introduce a resolution.

The SPEAKER. The gentleman from Minnesota asks unanimous consent that several Members, including himself, have permission to introduce a resolution. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, does this mean to introduce a resolution——

The SPEAKER. The Chair understands, except by unanimous consent, not more than one Member can introduce a bill or resolution. The gentleman from Minnesota merely asks that he be permitted to introduce a resolution in conjunction with four of his colleagues.

Mr. GARRETT of Tennessee. Of course, we had quite a long consideration of that matter several years ago, as to whether more than one Member could attach his name to a bill or a resolution even by unanimous consent. Mr. Speaker, may I venture to suggest to the gentleman that he withhold his request for the time being, in order to look up the precedents which have been made?

Mr. CLAGUE. I introduced yesterday the resolution, but the parliamentarian stated it would have to be done by unanimous consent, as I understood; that it is against the rules to introduce it except by unanimous consent.

Mr. TILSON. I hope the gentleman will withhold this, at least until Major STEDMAN has concluded his remarks. I re-

member on the occasion to which the gentleman referred we had quite a long parliamentary battle over this very thing, but it has been so many years ago it is rather hazy in my mind, and I would like to refresh my recollection.

Mr. GARRETT of Tennessee. If the gentleman will permit me, bills are never introduced from the floor under our rules, but they are introduced from the basket. It seems to me it is a matter that the majority leader might think over very carefully, whether even by unanimous consent we can change the precedents and introduce a resolution from the floor.

The SPEAKER. The Chair's understanding is that the unanimous consent is not to permit introduction from the floor, but merely to attach four signatures to a bill introduced regularly through the basket.

Mr. CLAGUE. That is all.

Mr. GARRETT of Tennessee. That is almost the same thing, without a difference. But I do not want to kick up a quarrel about it.

Mr. TILSON. I hope my friend from Minnesota [Mr. CLAGUE] will withhold it until after the special order of the morning.

ADDRESS BY MR. STEDMAN

The SPEAKER. The Chair takes pleasure in announcing that, under an order adopted by the House, the gentleman from North Carolina, Major STEDMAN, is recognized to address the House for 30 minutes. [Applause, the Members rising.]

Mr. STEDMAN. Mr. Speaker, the traveler from distant lands who has the good fortune to visit that section of Virginia located in Carroll and Patrick Counties and that section of North Carolina lying in Surry County will be greeted by a vision of rare beauty, which ever charms and delights. Here nature is arrayed in her most gorgeous apparel, inviting rest and repose. Dense forests cover the landscape. Here the mocking bird and thrush, undisturbed, make their home and fill the air with their morning song of happiness and contentment.

In Patrick County, Va., at a place called Laurel Hill, not remote from the North Carolina line, on February 6, 1833, was born Maj. Gen. J. E. B. Stuart, commander of the cavalry of the Army of Northern Virginia, and here he passed the days of his boyhood.

His ancestry on both his father's and his mother's side was distinguished. His father, the Hon. Archibald Stuart, of Patrick County, Va., was an officer in the United States Army during the War of 1812. He was a man of splendid ability. He had the confidence, respect, and affection of all the people amongst whom he lived. His mother, Elizabeth Letcher Pannill, was a woman of rare accomplishments. She was the center of attraction in the high social circles in which she moved.

It is not my purpose to give in detail the great events which will ever be connected with his name and which cast a halo of renown and glory upon his life. It would be idle for me to attempt to do so in the brief space of time to which I must restrict myself. Chancellorsville, Brandy Station, and Gettysburg will ever recall the fields of his renown.

Nor can I call to your attention all those great qualities which formed the basis of his character and which will forever perpetuate his fame. But my heart prompts me on this, his birthday, to express my admiration for a man whose memory I shall ever cherish, whose life was one of unsurpassed courage, of unexcelled heroism, of rare self-denial—a life without stain and without reproach.

The era of 1861 was the most glorious epoch in the history of the South. During that period was given to the world many great names whose achievements have illumined the pages of history. To that list of immortals, whose glory shall never fade, belongs Maj. Gen. J. E. B. Stuart, of the Confederate Army. He inherited from his ancestors high ideals. Moral power to an eminent degree was an element of character made manifest during his entire life. The force of moral power during all ages has controlled the destiny of nations. From its influence comes a supreme sense of duty. Without it the legions of Lee would have struggled in vain for so long a time to roll back the tide of invasion across the banks of the Potomac, and the marvelous campaigns of Stonewall Jackson would have found no place upon the pages of history to gild forever with a romantic luster the beautiful valley of Virginia. Without it the great charge at Chancellorsville, led by Major General Stuart, would not have brought victory but only disaster and ruin. His mental activity was very marked as evinced by his great achievements. A supreme sense of duty was the cardinal trait of his character, and he was ever governed by its dictates. He loved the truth and kept it inviolate. No obligation resting upon him was ever neglected. A promise made to his mother that he would never taste intoxicating drinks was kept faithfully to his death, and no soldier who followed his banner ever heard him utter an oath upon any battle field of his renown. He had an abhorrence for hypocrisy and deceit. He was cast in the heroic mold and from the lofty heights where such spirits are at home looked down with scorn upon all that was base and mean.

He had a passionate love for the beautiful region where he first saw the light, and during his most active campaigns often expressed the wish that he might return there and spend his days in quiet when the strife of war was over. He was ever a friend to the weak and helpless. None ever appealed to him in vain if within his power to afford relief. Courage is of two types, physical and moral. He was the embodiment of both. His personal or physical courage made him indifferent to danger. Upon every battle field he sought the place where the strife was most severe and was as calm amidst the storm of battle as in the seclusion of his home.

Upon the field of Borodino, when Marshal Ney, almost alone and surrounded by thousands of Russians, saved the army of France from annihilation, Napoleon, in a burst of enthusiasm, said:

> He is the bravest man I ever saw.

The Army of Northern Virginia, the witness of his heroism, with one accord said:

> No braver man than Major General Stuart ever walked upon any battle field of this Republic or any other land.

At no time when the Army of Northern Virginia was in peril was he absent from the territory where the danger was supposed to be. The only criticism, so far as I can learn, of his entire career when commanding the cavalry of the Army of Northern Virginia was his absence on the first day's fight at Gettysburg. That criticism was unjust and without merit. He was absent under well-considered orders.

Carl Schurz in his autobiography says:

> Neither General Lee nor General Meade desired to fight at Gettysburg; that General Lee wished the battle to be fought at Cashtown, and General Meade wished it at Pipe Creek.

Of course, I do not know what were General Lee's wishes as to the place where the battle should be fought, but I do know that General Stuart was guilty of no negligence and violated no order by his absence on the first day's fight.

As a military commander he had all the qualities requisite for success. As a commander of Cavalry he had no superior, and few equals, if any, in either army. General Sedgwick, an officer of high repute in the Army of the United States, said:

> Stuart is the best Cavalry officer ever born in North America.

During the war between the States in the two campaigns most disastrous to the Federal Army—that of General McClellan in his unsuccessful attempt to capture Richmond, and that of General Pope—he contributed largely to the final result. He made the entire circuit of both armies and furnished information of the highest importance to Confederate headquarters.

Many critics have pronounced the Battle of Chancellorsville the most brilliant of the many victories won by Gen. Robert E. Lee. When his inferiority in numbers and the fact that the Federal troops were driven from their entrenchments are considered, the statement is probably correct. It has been called the tactical masterpiece of the nineteenth century.

This battlefield will ever be blended with the name and fame of Maj. Gen. J. E. B. Stuart. When Gen. A. P. Hill was wounded, Gen. Stonewall Jackson, upon that field of his renown, gave the last military order ever issued by him:

> Send for General Stuart. Tell General Stuart to act upon his own judgment. I have implicit confidence in him.

General Lee also sent a message to General Stuart to assume command. He had gone toward Ely's Ford. When the message reached him, he rode rapidly to the scene of conflict.

The Battle of Chancellorsville was brought on by the superior strategy of General Lee, but the result on that battle field was due largely to the daring and skill of Major General Stuart. He rode in front of the Confederate forces, shouting and singing, "Old Joe Hooker, will you come out of the wilderness?"

There came back the response, "We will drive Old Joe Hooker out of the wilderness."

His heroic conduct created the wildest enthusiasm, and the cheers which greeted him could be heard above the rattle of musketry and the thunder of artillery.

The face of General Lee lighted up with a certainty of success as he listened to the cheers, and he said: "General Stuart is there. No force can stop him. The battle is won."

He has been likened by many to Marshal Ney. Both had the same splendid courage, but Marshal Ney had not the moral force which was an element in the character of General Stuart.

Marshal Ney hesitated to assume responsibility in an emergency. General Stuart always was prompt to act when duty required. Unlike Marshal Ney, who had risked his life upon a hundred battle fields for the glory and honor of France, and who was tried by the Chamber of Peers under a royal ordinance, found guilty of treason, and judicially murdered, General Stuart had the respect and confidence of his comrades during all the vicissitudes of the era which witnessed his great achievements. He had their unchanging love—a love as unselfish as that given to him by his comrades in the days of his boyhood.

They have erected to his memory in the city of Richmond a beautiful equestrian statue, upon which is engraved this well-deserved epitaph:

STUART

I've called his name, a statue stern and vast,
It rests enthroned upon the mighty past,
Fit plinth for him whose image in the mind
Looms up as that of one by God designed.
Fit plinth, in sooth! The mighty past for him
Whose simple name is Glory's synonym.
E'en Fancy's self in her enchanted sleep
Can dream no future which may cease to keep
His name in guard, like sentinel, and cry
From Time's great bastions, "It shall never die!"

His most enduring and noblest monument will be found in the hearts of the people of this great Republic, regardless of sections, from the Great Plains of the Northwest to the Gulf of Mexico. He was mortally wounded at Yellow Tavern, about 8 miles from the city of Richmond, State of Virginia, on the 11th day of May, 1864, and on the next day his mighty spirit went to a final rest, rejoicing in the triumph and faith of the Christian religion.

His death brought sincere and profound sorrow to the brave in every land. He is buried in the city of Richmond amidst the people he loved so well, in whose behalf he had displayed boundless activity and heroism unsurpassed. When his death was announced to Gen. Robert E. Lee that great commander said: "I can scarcely think of him without weeping."

Ararat River, upon whose banks he had played in his early days, to the melody of whose rippling, laughing waters he had so often listened with joy and delight, will ever sing his requiem. His name will be respected and honored in every land where patriotism and moral heroism has a home.

Fortunate is the Nation and exalted will be its destiny which can furnish to the world such a model for emulation as that portrayed in the character of Maj. Gen. J. E. B. Stuart. [Applause, the Members rising.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

A message in writing from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had, on February 4, approved bill of the following title:

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2586. An act granting the consent of Congress to the J. R. Buckwalter Lumber Co. to construct a bridge across Pearl River in the State of Mississippi.

SENATE BILL REFERRED

Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2586. An act granting the consent of Congress to the J. R. Buckwalter Lumber Co. to construct a bridge across Pearl River in the State of Mississippi; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILL SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that the committee examined and found truly enrolled bill of the following title, when the Speaker signed the same:

S. 1423. An act to relinquish the title of the United States to the land in the donation claim of the heirs of J. B. Baudreau, situated in the county of Jackson, State of Mississippi.

CHIPPEWA INDIANS OF MINNESOTA

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to proceed for five minutes. Is there objection?

Mr. CONNALLY of Texas. Reserving the right to object, Mr. Speaker, on what subject?

Mr. KNUTSON. I am about to submit a unanimous-consent request, and I wish to explain it to the House.

The SPEAKER. The Chair hears no objection.

Mr. KNUTSON. Mr. Speaker, I feel that I am almost committing an act of desecration in taking the floor after the remarkable oration to which we have just listened, and were it not for the fact that I wish to call the attention of the House to an emergency which requires immediate action, I would not have the temerity to follow so eloquent a speaker and so beloved a Member as our good friend Major STEDMAN.

My friends, on the first day of this session I introduced the bill H. R. 183 to provide a $100 per capita payment to the Chippewa Indians of Minnesota. This action was taken at the request of the Chippewas themselves, and is the result of a very serious condition that exists among them.

The Chippewas of Minnesota are in destitute circumstances and they must have relief. The Committee on Indian Affairs very kindly reported this measure out of the committee several days ago, and this is the first opportunity that I have had to call it up; and in view of the great emergency which exists, I trust that no Member will offer any objection.

Let me say for the benefit of the House that the money that it is proposed to pay to the Chippewas belongs to them. They have with the Federal Treasury a tribal fund of something like $5,000,000 or $6,000,000, and it is for the purpose of tiding them over a very critical period that I am asking at this time, Mr. Speaker, unanimous consent for the present consideration of the bill H. R. 183.

The SPEAKER. The gentleman from Minnesota asks unanimous consent for the present consideration of the bill, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 183) providing for a per capita payment of $100 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to withdraw from the Treasury of the United States so much as may be necessary of the principal fund on deposit to the credit of the Chippewa Indians in the State of Minnesota, arising under section 7 of the act of January 14, 1889 (25 Stat. L. 642), entitled "An act for the relief and civilization of the Chippewa Indians in the State of Minnesota," and to make therefrom a per capita payment or distribution of $100 to each enrolled member of the tribe, under such rules and regulations as the said Secretary may prescribe: *Provided*, That before any payment is made hereunder the Chippewa Indians of Minnesota shall, in such manner as may be prescribed by the Secretary of the Interior, ratify the provisions of this act and accept same: *Provided further*, That the money paid to the Indians as authorized herein shall not be subject to any lien or claim of attorneys or other parties.

Amend the title so as to read: "A bill providing for a per capita payment of $50 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States."

Mr. TILSON. Mr. Speaker, reserving the right to object—and I shall not object—I wish to state that it is not usual for unanimous-consent matters to be called up on any other day except on unanimous-consent day. It is a good rule to abide by, and the only deviation from it should be in cases of real emergency. The gentleman from Minnesota [Mr. KNUTSON] has presented a case of a real emergency where there seems to be suffering and where we are asked to allow these Indians to use some of their own money. We must authorize it by appropriation, however, before they can use it, as I understand the situation.

Mr. BYRNS. Has the bill been favorably reported from the Committee on Indian Affiars?

Mr. TILSON. I so understand.

Mr. KNUTSON. It was reported on Thursday.

Mr. CARTER of Oklahoma. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Minnesota [Mr. KNUTSON] this question? This bill does not say from what fund this money is to be paid, whether from the principal of the permanent fund or the interest thereof. From what funds is the payment to be made?

Mr. KNUTSON. It is to be paid from moneys to their credit in the Federal Treasury.

Mr. CARTER of Oklahoma. Both interest and principal are deposited in the Treasury to the credit of the Chippewas. But there is some considerable difference between the use that should be made of them under the law.

Mr. KNUTSON. The gentleman has been a member of the Committee on Indian Affairs for a number of years, and this bill follows the language of previous bills.

Mr. CARTER of Oklahoma. We have a treaty with the Chippewas by which certain uses can be made of the interest on the permanent fund, but which directs that the principal be held in the Treasury of the United States for 50 years after the adoption of that treaty in 1889, and that it be divided among the members of the Chippewa Tribe then living and enrolled.

Now, there is this contingency when you appropriate from the principal of the permanent fund: The personnel of the Chippewa Tribe may change considerably between now and the expiration of those 50 years, so that many of those now living will probably have died at the end of that 50-year period, and there will be some born that are not now living. As this money is divided among the Chippewas at this time, just to that extent is there a violation of the treaty, and just to that extent will the Federal Government be called upon to rectify that some time in the future by an appropriation—not from Chippewa funds but from Treasury funds.

I do not expect to object to the bill, because the gentleman says it is a necessity and that the Chippewas are in dire need at this time. But I do not think the matter should be passed without calling this to the attention of the Members of the House.

Mr. KNUTSON. There is no man on the floor of the House who knows more about Indian affairs than the gentleman from Oklahoma; and I wish to say to the House that the committee has reduced the amount called for in my bill from $100 to $50.

I have here in my hand clippings from newspapers in Minnesota calling attention to the urgency of the situation, and I sincerely trust that no Member on either side of the aisle will object to the present consideration of this bill.

Mr. McKEOWN. Will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. McKEOWN. I understand that a great many of these Indians are starving and that is the occasion for the consideration of this bill at this time, and I will say to my colleague from Oklahoma [Mr. CARTER] that the Bureau of Indian Affairs suggested to the Committee on Indians Affairs that after this payment was made they were going to initiate another policy that will take care of the situation.

Mr. KNUTSON. I understand that is correct.

Mr. CARTER of Oklahoma. This is what should be done: The whole matter ought to be sent to the courts for appropriate adjudication, pending which no further depletion of the fund should be permitted.

Mr. KNUTSON. Let me say to the gentleman from Oklahoma that our committee has already reported a jurisdictional bill.

Mr. CARTER of Oklahoma. If that is not done in the end, we are going to have big claims made on the Treasury by those who are born hereafter on account of these payments to those who are now living but who will be dead at the time payments are to be made under the treaty.

Mr. KNUTSON. As I say, the committee has reported a jurisdictional bill, and we hope for early consideration of it by the House.

The SPEAKER. Is there objection?

Mr. JACOBSTEIN. Mr. Speaker, reserving the right to object, I would like to ask the majority leader if he regards this as emergency legislation?

Mr. TILSON. I do. The gentleman from Minnesota has convinced me, together with the action of the Committee on Indian Affairs, which has carefully considered the matter—and I am prepared to accept their judgment in the matter—that this is an emergency proposition.

Mr. JACOBSTEIN. I would like to ask the distinguished Member whether he would be willing to also include some coal legislation as being proper emergency legislation at this time. I consider that an emergency of greater importance than the matter now before the House. Why does not the gentleman introduce legislation of that character?

Mr. KNUTSON. I hope the gentleman from New York will not gum up the cards by any suggestions of that kind.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, with the following committee amendment: On page 2, line 2, strike out "$100" and insert in lieu thereof "$50," and amend the title.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed.

The title was amended to read as follows: "A bill providing for a per capita payment of $50 to each enrolled member of the Chippewa Tribe of Minnesota from the funds standing to their credit in the Treasury of the United States."

A motion to reconsider the vote by which the bill was passed was laid on the table.

THE COAL SITUATION

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on the coal question.

The SPEAKER. The gentleman from New York asks unanimous consent to revise and extend his remarks in the RECORD on the coal question. Is there objection?

There was no objection.

Mr. SOMERS of New York. Mr. Speaker, winter has come. Winter with its wind and its sleet and its cold. Hitherto nature has been kind to the East, forcing us to endure only a comparatively few days of severe weather. But yesterday morning New York awoke to find itself wrapped in a blanket of snow and of ice. Ordinarily our city would pay little heed to this sort of storm, for we have learned to expect it at this time of the year. We have also learned to expect much more such weather in the next two months. Hence, it was that there arose from the lips of the people a cry of despair. For New York has no coal. It is being denied coal by a small group of militant labor leaders and avaracious mine operators, whose differences are not only permitted but are encouraged by the willfulness of an indifferent administration. Our city has its aged, its ill, and its infants, and it must have heat to keep the crape from their doors.

When the strike first threatened, the President, through his Secretary of Labor, repeatedly assured us in straightforward language the Federal Government would take drastic steps, if necessary, to prevent suffering on the part of those who were dependent on anthracite coal. Now, the strike has gone on for more than five months. Men, women, and children have borne with remarkable patience the inevitable suffering, eagerly awaiting the fulfillment of the President's promise. Are we to wait in vain? In the meantime being robbed by unscrupulous profiteering.

We have been told the State of Pennsylvania must settle this problem, but Pennsylvania politicians have betrayed the people, fearing to offend the money interest on one hand and the labor interest on the other. On the former depends their nomination; on the latter their election. No mercy can be expected there. Substitutes for coal are in such demand that the price has gone far out of the reach of the poor. They can only shiver and suffer and die.

After witnessing the obstinacy of both sides in the recent conferences, we have given up all hope for a settlement in this direction. We can only look now to the mercy of the President of our country. We have continually beseeched him to hear our pleadings. So far there has been no response.

The President could send the Army into the mines tomorrow. He could send coal into our homes in seven days. After the crisis is over, he could argue his constitutional rights in as long a period as he pleased. What we want now is coal. Not constitutional camouflage.

FIRST URGENT DEFICIENCY BILL

Mr. ANTHONY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8722, the urgent deficiency bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8722) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926, and prior fiscal years, to provide urgent supplemental appropriations for the fiscal years ending June 30, 1926, and June 30, 1927, and for other purposes, with Mr. CHINDBLOM in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8722, which the Clerk will report by title.

The Clerk read the title of the bill.

The CHAIRMAN. When the commitee rose on Thursday the bill was being read for amendment under the five-minute rule, and the Clerk will proceed with the reading of the bill.

The Clerk read as follows:

In all, $97,265,821.84, which shall be credited, respectively, to the appropriation accounts above enumerated.

Mr. WILLIAM E. HULL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen, having been born and raised on a farm until 20 years of age, I have a recollection of what the farm was 35 years ago.

In that period there was always a surplus of grain on the farm. This surplus was carried by the farmer.

In those days after the harvest the haymow was filled with hay, the granaries were filled with corn and other cereals, and the straw stack remained on the outside.

The farmer went to town on Saturday, made his purchases for the necessities of life.

Then he gradually sold from the granary and haymow enough to pay his bills.

But invariably at the end of the year there was left a surplus. This surplus was in the clear and he carried it over until the next year or to such time as the prices would show a reasonable profit.

In this way the farmer carried the surplus. This was the time of the reaper, the mower, and the self-binder. But since then the farming business has changed. To-day the farmer carries on his farming with improved utensils at a high automobile speed, raises better crops, increases production, plants more land, and the result is a larger supply of products.

But when the harvest time comes his indebtedness is so large that he finds it necessary to sell the entire crop in order to raise the money to pay the bills. What is the result? Market declines, he sells at low prices, and plants at high prices, and the result his profits are nil, and the farming occupation to-day is not a profitable proposition.

Regulation of production and rotation of crops in accordance with instructions that might be sent out by the Agricultural Department would aid the farmer more than any other process. Can it be done? That is the question that always brings a negative answer.

It would seem to me that if every State through the farm organization would work out this principle the farmer would soon see the advantage of reducing production in accordance with the surplus of the previous year and in that way would regulate prices. However, this does not meet the approval of those managing the legislation for farm relief.

For the demand at this time seems to be to pass legislation to give the farmer immediate relief. What that will be is problematical. I believe that an export company would be advantageous.

Take corn as an example. Where will they export corn? There is no country in Europe that uses corn to any extent, and so corn will have to be fed for pork and the pork exported in order to dispose of this surplus in an export way.

Getting back to the surplus proposition. I believe over a period of five years there would be no surplus of any grain raised in the United States, if you could take the average. For illustration, we will start with the year 1926, and we will say that there is a surplus of corn. The surplus of that year would be placed in elevators. The Government might loan money on that crop, on the elevator receipts. The farmer could get along for another year with the use of this money, and we will say that at the end of the next year, 1927, there was another surplus of corn for that year, and the same process could be carried on. But in 1928 there might be a failure of the corn crop, and the result would be that during that year the surplus held over from the years 1926 and 1927 would be sold.

The farmer would take the income and profits and pay off the original loan, and what would be left would be his, which would necessarily be a profit, because by housing the surplus the price would be regulated to the advantage of the farmer.

Reduced prices in transportation, in my judgment, is the most feasible thing for the farmer at the present time. If we should build a waterway from Lake Michigan to the Gulf of Mexico, it will reduce the price of transportation on grains averaging from 5 to 7 cents. The result would be that if a farmer raised 60 bushels of grain on an acre, and he saves 7 cents a bushel, he would save $4.20 an acre. Add that to his profit on a hundred acres, and it would make $420 that he could put in his profit.

There are other things, such as corn sugar, that might use large quantities of the corn that the cane of southern countries have the advantage of at the present time.

The manufacture of alcohol in this country to-day is about 80,000,000 gallons per year. This alcohol is mostly all made of blackstrap coming from Cuba. If that blackstrap could be stopped from coming into this country or a regulation passed where all alcohol should be made of corn and cereals in this country, it would use up 20,000,000 bushels of grain per year. This would reduce the surplus to that extent.

My judgment is that the farmer will be obliged to work out his own salvation to a large extent, but I think that every Congressman, regardless of his location, wants to help the farmer, providing something can be brought before them that would be sound legislation.

The CHAIRMAN. The time of the gentleman from Illinois has expired. Without objection, the pro forma amendment will be withdrawn.

The Clerk read as follows:

For fees to special delivery messengers, fiscal year 1924, $213.06.

Mr. BOYLAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen of the committee, in this morning's paper appears this cablegram from London:

STOCKINGS FOR DONKEYS—THEY WILL BE WORN IN WOMAN'S ANTIFLYBITE CRUSADE

LONDON, February 5.—The silk-stocking fad is to be taken up by the donkeys in Algeria. Mrs. F. K. Sall, who has been carrying on humanitarian work among the donkeys, mules, and camels in North Africa, is in London to collect stockings for them.

She says the animals in Algeria, especially the donkeys, suffer from flybites on their legs, and she desires to obtain worn-out stockings which will be used to keep secure bandages on their legs.

She has authority from the governors of Algeria, Tunis, and Morocco to seize any unfit animal for treatment.

Mr. Chairman, the President in his message to the Congress recently said that we should not be unmindful of the common obligations of humanity. To-day, in the city of New York and throughout the Eastern and Northern States, a snow fall encompasses the entire territory. It will take the city of New York at least 10 days to dig itself out of the snow that has fallen there, and yet that city, together with other cities of the East and North, suffers from a lack of anthracite coal. Substitutes have been used without proper effect.

Illuminating gas has been used for heating purposes, causing the death of many of the residents of our city. Soft coal is being used as a substitute, blowing out the fronts of stoves in the homes and suffocating the residents of our city, and yet the Congress remains supine. Although the President tells us we owe an obligation to humanity, we do not make a solitary move to relieve this situation. We will vote millions, even to the extent of $25,000,000, for the enforcement of a single law, but not a dollar will we spend or not a move will we make to help the suffering citizens of the North and East in our country. We are evidently proceeding under the plan that we will give millions and millions to keep a nation sober in order that they may die sober, but let them die of cold or hunger or any other thing as long as they die sober. It is the verdict of the American Congress that we will disregard the dictates of common humanity; far better that the soul in passing on to its Maker pass on, although starved, yet by all means let it pass on sober. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

The Clerk read as follows:

COAST GUARD

Additional vessels: For additional motor boats and their equipment and for five seaplanes and their equipment for the use of the Coast Guard in enforcing the laws of the United States, and in performing the duties with which the Coast Guard is charged, to be constructed or purchased in the discretion of the Secretary of the Treasury, and for repairs or alterations to or for equipping and placing in commission vessels or boats transferred from the Navy Department to the Treasury Department for the use of the Coast Guard, $3,900,000, to remain available until December 31, 1926.

Mr. HILL of Maryland. Mr. Chairman, I desire to offer an amendment.

Mr. GRIFFIN. Mr. Chairman, I desire to make a point of order against the paragraph.

The CHAIRMAN. The Chair will say to the gentleman from New York that no point of order was reserved against this bill at the time of its introduction in the House and its commitment to the Committee of the Whole House on the state of the Union.

Mr. GRIFFIN. May I say a word on that, Mr. Chairman?

The CHAIRMAN. The Chair had not stated his conclusion, but the Chair will listen to the gentleman.

Mr. GRIFFIN. I am aware of the fact that no point of order was reserved upon this bill, and it is perhaps the first

and the only bill from the Committee on Appropriations upon which all points of order have not been reserved. It seems to be necessary, under the precedents of the House, that somebody should be alert enough upon the floor when an appropriation bill is reported to rise in his place and say, "I reserve all points of order against this bill," in order to preserve the right of the 435 Members of this House to object to an obviously illegal, unlawful, and improper provision in an appropriation bill.

This bill contains an appropriation of $3,900,000 for the building or purchase of new ships. It is clearly new legislation. If a naval appropriation bill were submitted to the House containing an appropriation of $3,000,000 or more for the building of a destroyer, the peace advocates in this House would rise howling in their places and protest against it and reserve all points of order. Why is it when this bill comes in for the Treasury Department, appropriating $3,900,000 to build vessels for the Coast Guard to be used in the enforcement of prohibition, there is no man here sufficiently dispassionate to get up in his place and forget his attitude upon the prohibition question and say, "Here is a situation where the rule is being violated and an improper appropriation is being put upon a bill, and I reserve all points of order," no matter how he may think upon the merits of the question.

Mr. BYRNS. Will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. BYRNS. The gentleman brings an indictment against every Member of the House, because any Member is privileged to reserve points of order on such a bill. The gentleman brings an indictment against every Member for failure to reserve all points of order. The gentleman himself is a member of the Committee on Appropriations and a Member of this House, and the gentleman had the same privilege and the same opportunity to make the point of order that any other Member had to make a point of order against this bill. So the indictment which the gentleman draws against the membership of the House is an indictment against himself.

Mr. GRIFFIN. The gentleman is only partially stating the facts. I am a member of the Committee on Appropriations, but I was engaged in my subcommittee work. This bill was reported at 5 o'clock in the afternoon and there were not 20 Members here in the House when the bill was reported. I doubt whether there was a member of the Committee on Appropriations present when the bill was presented, and I certainly acquit the gentleman from Tennessee of any indifference about it, because I know if he had been here he would probably have reserved his rights, as he did on the War Department bill, which was reported day before yesterday.

Mr. DOWELL. May I ask the gentleman how the bill could have been reported without a member of the Committee on Appropriations being present?

Mr. WEFALD. I would like the gentleman to also get excited over the item here that carries $149,250,000 for refund of taxes. That is much larger than this item.

Mr. GRIFFIN. I will allow the gentleman to exercise his privilege to get excited over that, but I want to call the attention of the Chair and the Members of the House to the fact that we are governed by a precedent in this House that is unjust to the 435 Members of this body who are interested in all bills that come before them.

Mr. DOWELL. Mr. Chairman, I make the point of order the gentleman is not addressing himself to the point of order. The gentleman is simply trying to lecture somebody for something which he himself failed to do.

Mr. GRIFFIN. The gentleman should not interrupt me unless the gentleman is recognized by the Chair or unless I yield to the gentleman.

The CHAIRMAN. The gentleman would not have to yield to the gentleman from Iowa in order that the gentleman from Iowa might make a point of order. The gentleman from Iowa makes the point of order that the gentleman from New York is not discussing his point of order.

The Chair thinks that the gentleman has consumed more than a reasonable time in criticizing the rule rather than discussing the rule itself.

Mr. GRIFFIN. I know that the Chair is disposed to rule against me on my point of order. The point I want to make is this. I have a right to appeal——

Mr. DOWELL. Mr. Chairman, I insist on my point of order. If the gentleman from New York desires to discuss the point of order he has that privilege, but we have listened long enough to him charging everything to other Members of the House in failing to perform a duty which he failed to perform himself.

Mr. GRIFFIN. Permit me to say that my object in discussing this point of order to the extent it has gone is simply to call the attention of the House to the precedents under which we are governed and which we can override. I have a right, as the Chairman knows, to appeal from his decision and take up the time of the House in discussing the point of order and disposing of it. I do not want to do that, I am willing to abide by the decision of the Chair on this matter, but I want to put on record my protest against the method under which we are working by saying that the rights of Members are sacrificed by an apparent want of vigilance when appropriation bills come in.

It is distinctly understood that the Appropriation Committee has no right to tack new legislation upon an appropriation bill or to provide appropriations for undertakings not passed upon by legislation committees and duly enacted into law. When the Appropriation Committee was granted its extensive powers it was with the distinct proviso that it should not trespass upon the rights of the legislation committees. This salutary and eminently fair demarcation of duties may, it seems, if we are going to cling to hoary precedents, be utterly wiped out if through inadvertence there is no one on the floor interested enough in the subject to reserve all points of order when the bill is reported to the House.

If the division of duties between the Appropriation Committee and the legislation committees is desirable—and no one will deny that fact—then, whenever the Appropriation Committee exceeds its powers, as I think has been done in this case, the right of the Members to object should not be destroyed by the mere accidental omission of some member of the committee to make a technical objection when the bill is introduced. Such an omission can not make a thing right which is wrong from the beginning. It gives the committee the advantage, whereas the advantage, if any, should be reserved to the Members of the House.

Mr. BYRNS. Mr. Chairman, I ask to proceed for three minutes out of order.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to proceed for three minutes out of order. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Chairman, I simply wish to make this statement. As the gentleman from New York says, points of order are always reserved on appropriation bills when introduced. I do not think there is any Member of the House on either side that can be charged with dereliction of duty in failing to reserve a point of order on this bill, nor can any charge be made against the chairman of the Committee on Appropriations, who introduced it at the time he did. That is a privilege which belongs to every Member of the House, whether he is a member of the committee or not. It is the usual custom for members of the subcommittee to make that reservation.

The full Committee on Appropriations met in the morning and considered this bill very carefully, at which, I think, the gentleman from New York was present. Of course, every member of the committee understood when it was reported unanimously from the committee, without any point of order being made against it, that the bill would be introduced during the afternoon.

Mr. GRIFFIN. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. GRIFFIN. Does not the gentleman remember that I raised the point of order against this item in committee?

Mr. BYRNS. If the gentleman did, I withdraw my statement as to him. I had forgotten it; and, of course, I gladly accept the gentleman's statement. It was understood by every member of the committee that the bill would be introduced that afternoon by the chairman of the committee. The House was busy that afternoon considering the Agricultural appropriation bill, and the committee did not rise until about 5 o'clock in the afternoon, as the gentleman from New York states. The bill was introduced just before adjournment. I was absent from the House at that particular time, although I had been here all the afternoon. Other members of the committee were in a similar situation and were not on the floor.

Mr. GRIFFIN. And the gentleman remembers that two of the subcommittees were meeting in their rooms.

Mr. BYRNS. Yes. The fact is I was not on the floor at the time, and other members of the subcommittee were not on the floor at the time it was introduced. Therefore, not being advised of the hour it was to be reported, I was not here to make a point of order. Personally I am in favor of this particular provision and would dislike to see it go out on a point of order, but if I had been here I would have made the reservation, if others had not, so as to preserve the rights of all the members. I want to say, in addition, that I do not think the gentleman from New York has lost any rights, because the Coast Guard has already spent quite a sum of money

in building a fleet, and I am clearly of the opinion that this particular paragraph would not be subject to a point of order if the gentleman had the right to make it.

The CHAIRMAN. On the point of order pending, the Chair will say that when he was asked to preside as chairman on this bill, he was aware that no points of order had been reserved against the bill. While being generally familiar with the rule now involved, he proceeded to study the precedents and to further advise himself as to the philosophy and reasoning underlying the rule. It is some time since the rule has been invoked because, ordinarily, points of order are reserved on all appropriation bills.

It should be clearly stated first, that the right to make a point of order in Committee of the Whole is not inherent; the Committee of the Whole is a creature of the House; the Committee of the Whole has no power, no authority, except as granted by the House. As a matter of fact, each time a resolution is passed to go into Committee of the Whole or into Committee of the Whole House on the state of the Union, there is a new organization of such committee. The House, before the Committee of the Whole begins consideration of any bill, has an opportunity to pass upon points of order relating to such a bill. Points of order may be made or, without objection, may be reserved to a bill before it is committed to the Committee of the Whole, or to Committee of the Whole House on the state of the Union, for consideration. If the House desires that the Committee of the Whole shall consider points of order, that result is usually accomplished by the House permitting the reservation of points of order to be made, and then the Committee of the Whole gets jurisdiction to consider points of order. Otherwise, the theory and philosophy is that the House, having committed a bill to the Committee of the Whole House for its consideration, desires the committee to consider the whole bill and does not desire that the committee shall strike out any portion of the bill on points of order.

When portions of a bill are struck out in the Committee of the Whole on points of order, the Committee of the Whole does not report those portions of the bill back to the House; it does not even report its action upon those portions of the bill, but its report relates only to matters which have been considered in the committee and to the amendments that have been adopted. Then the House has the opportunity to act upon the amendments which have been adopted in the Committee of the Whole.

The Chair believes that the rule is a wholesome one. The Chair does not feel that it is subject to the criticism offered by one of the gentlemen in debate. No rights are lost. Anyone who objects to a paragraph in a bill which can not be made subject to a point of order may make a motion to strike out such paragraph in the bill, and a vote can be had in Committee of the Whole and subsequently in the House upon a motion to strike out the paragraph of the bill to which objection is made. In fact, the House, upon failing to order the previous question, may itself proceed to consider the report of the Committee of the Whole. The Chair is perfectly clear as to the rule and will add that, in the consideration of legislative bills, no question of order arises except as to the jurisdiction of the committee reporting the bill, and under specific rules and the precedents questions of jurisdiction in respect to a legislative bill must be raised before consideration of the bill has begun, except in the case of an appropriation on a legislative bill, to which, under a special rule, objection may be made at any time. The precedents are to the effect that the rule relating to the reservation of the points of order relates only to appropriation bills, and in the opinion of the Chair the reason for those rulings is that questions of order can not ordinarily be raised in the consideration of bills, except in the case of appropriation bills.

In view of the statements made in debate, the Chair has thought it proper to make this general statement with reference to the philosophy and effect of the rule. No point of order having been raised to the point of order made by the gentleman from New York [Mr. GRIFFIN], the Chair feels that under the decisions he must decline to entertain the point of order made by the gentleman from New York, because it relates to a paragraph in an appropriation bill, as to which bill no reservation of points of order was made.

The Chair will add that the precedents sustaining this ruling will be found in paragraph 816, under section 2 of Rule XXI in the House Manual, and in Hinds' Precedents, Volume V, pages 955–959, sections 6921–6925.

In section 6921, Volume V, of Hinds' Precedents, occurs the following:

Points of order are usually reserved when appropriation bills are referred to the Committee of the Whole in order that portions in violation of rule may be eliminated by raising points of order in committee.

The Committee of the Whole must report in its entirety a bill committed to it unless the House by a reservation of points of order sanctions the striking out of portions against order.

On July 11, 1884, the House was considering the river and harbor appropriation bill in Committee of the Whole House on the state of the Union, when Mr. Jones, of Wisconsin, made a point of order against a particular paragraph on the ground that the Committee on Rivers and Harbors had no jurisdiction of the subject, and so forth.

The point was then raised that this point might not be made, since points of order had not been reserved on the bill when it was committed to the Committee of the Whole. Mr. Joseph G. Cannon, of Illinois, referred to this paragraph of the Manual and Digest:

In case of an appropriation reported by the Committee on Appropriations in conflict with rule 21, clause 3, and committed with the bill, it is not competent for the Committee of the Whole or its Chairman to rule it out of order, because the House having committed the bill (of course, it is otherwise where the point was reserved before commitment) are presumed to have received as in order the report in its entirety.

In deciding the question of order Mr. Wellborn, of Texas, Chairman, said:

The Chairman of the Committee of the Whole on the state of the Union is asked to withhold from the consideration of the committee a particular clause in an original bill on the ground that the Committee on Rivers and Harbors, reporting the bill to the House, did not have jurisdiction over the subject matter of the particular clause. In the view which the Chairman of the Committee of the Whole takes of the question it is not necessary to decide whether the Committee on Rivers and Harbors has jurisdiction over the subject matter of this particular clause or not. Whether it originally possessed that jurisdiction, it is not necessary for the Chair to decide in the view which he takes of this question, hence the Chair will not take the time to express any opinion in reference to it.

The view of the Chair is this: The action of the House in submitting this bill to the Committee of the Whole on the state of the Union for consideration does not leave it within the province of the Chair to pass upon the question of original jurisdiction in the Committee on Rivers and Harbors. The bill has been committed to the Committee of the Whole for the purpose of consideration, and the Chairman of this committee believes that he is but executing the order of the House when he decides that the bill shall be considered. The committal of the bill to the Committee of the Whole House on the state of the Union, the Chair thinks, was not a submission to the committee of the question whether or not the bill should be considered, but an express direction to the committee to consider the bill. To hold that the Chairman of the Committee of the Whole on a point of order could go back and inquire into assorted irregularities and errors in the stages of the bill which preceded its reference to the Committee of the Whole would be either to clothe the Chairman of the Committee of the Whole with power to review and reverse the order of the House in the matter of the reference, or place the House in the anomalous position of having expressly directed the Committee of the Whole to do a particular thing and at the same time left the committee to determine whether the thing directed should be done or not.

The point of order raised by the gentleman from Indiana is overruled.

On appeal the decision of the Chair was sustained by a vote of 103 to 63.

Other decisions in Hinds' Precedents are to the same effect.

Mr. HILL of Maryland. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HILL of Maryland: Page 37, line 14, strike out the figures "$3,900,000" and insert in lieu thereof the figures "$14,994,000."

Mr. HILL of Maryland. Mr. Chairman, it is not often that I am able to approach this committee with the calm assurance that I possess at the present time, that my suggestion on pending legislation will be unanimously adopted; but I know to-day that such gentlemen as the gentleman from Georgia [Mr. UPSHAW] will eagerly support this amendment which I propose, and I feel doubly confident in this assurance because I have here upon this table before me a splendid statement from that veteran temperance reformer, Rev. Sam Small, with whom I know the gentleman from Georgia is in entire agreement, and which I shall later call to the attention of the House.

This item is for additional vessels for the Coast Guard. It appropriates $3,900,000. In view of the statements made in the hearings, in view of the far-flung coast line of the United States, and in view of the existing situation on the question, that sum of money is grossly inadequate.

In studying these hearings I have been convinced of the fact that this matter of coast defense from rum smuggling has not been approached from the theory of policy and armament. We must have sufficient armament to carry out the declared policy of this House. [Applause.] And I hope the gentleman from Georgia [Mr. UPSHAW] will continue to applaud during the rest of my discourse.

Mr. UPSHAW. I shall, as long as the gentleman keeps dry and reasonable.

Mr. HILL of Maryland. I shall; and I am going to cite Rev. Sam Small to the gentleman from Georgia.

Therefore, having made a careful analysis of the coast line of the United States, I propose to this House not a haphazard appropriation for 35 vessels, 125 feet long, with a cruising radius of a certain few miles for the defense of the coast, but I am proposing to you that we adequately protect the coast. Do not take a haphazard request for 35 vessels.

Figure out what the policy of the Nation is, figure out what the necessary armament is, and then reconcile policy and armament. I wish to read first from the hearings on page 542, and I think it is valuable that the House hear this. Admiral Billard, who has charge of the policy and armament of the Coast Guard, is being questioned by the chairman of the Committee on Appropriations:

The CHAIRMAN. I think you told the committee when you were here before that the vessels you then had you thought were adequate to meet the existing needs of the service. What has happened since that time to change your mind about it?

Admiral BILLARD. I do not recall telling the committee that.

The CHAIRMAN. Well, when we gave you the additional boats I think that statement was very comprehensively made.

Admiral BILLARD. When you gave us the additional boats, some year and a half ago, I told you that I hoped that they would be adequate, but when I was last before you I recall making no such statement.

The CHAIRMAN. Of course, I made a mistake in saying that it was when you were here last. What I meant to say was that you made the statement when we were giving you the boats. It was then that the statement was made.

Admiral BILLARD. Yes, sir.

The CHAIRMAN. Now, then, I ask you what has changed the situation to require these additional vessels?

Admiral BILLARD. Simply a better knowledge of the problem as it has developed.

My colleagues, a better knowledge of the problem as it has developed is evident in the splendid statement of the Rev. Sam Small, which I shall offer you in a few minutes:

The CHAIRMAN. What has your better knowledge of the problem disclosed?

Admiral BILLARD. It has disclosed the fact that the equipment we now have, while it can guard very satisfactorily certain sections of the coast, is not adequate to guard the entire coast.

The CHAIRMAN. Do you mean the whole coast?

Admiral BILLARD. Yes, sir; the coast where smuggling takes place.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. HILL of Maryland. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, this pending bill—H. R. 8722—makes appropriations, first, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1926; second, to provide urgent supplemental appropriations for the fiscal year ending June 30, 1926; and, third, to provide urgent supplemental appropriations for the fiscal year ending June 30, 1927.

The whole of the proposed added Coast Guard appropriation is as follows:

COAST GUARD

Additional vessels: For additional motor boats and their equipment and for five seaplanes and their equipment for the use of the Coast Guard in enforcing the laws of the United States, and in performing the duties with which the Coast Guard is charged, to be constructed or purchased in the discretion of the Secretary of the Treasury, and for repairs or alterations to or for equipping and placing in commission vessels or boats transferred from the Navy Department to the Treasury Department for the use of the Coast Guard, $3,900,000, to remain available until December 31, 1926.

For every expenditure requisite for and incident to the authorized work of the Coast Guard, as follows:

For pay and allowances prescribed by law for commissioned officers, cadets and cadet engineers, warrant officers, petty officers, and other enlisted men, active and retired, temporary cooks, and surfmen, substitute surfmen, and one civilian instructor, fiscal year 1926, $1,235,000;

For pay and allowances prescribed by law for commissioned officers, cadets and cadet engineers, warrant officers, petty officers, and other enlisted men, active and retired, temporary cooks, and surfmen, substitute surfmen, and one civilian instructor, rations or commutation thereof for cadets, cadet engineers, petty officers, and other enlisted men, fiscal year 1927, $1,218,141;

For rations or commutation thereof for petty officers and other enlisted men, fiscal year 1926, $100,000;

For fuel and water for vessels, stations, and houses of refuge for the fiscal years that follow:

For 1926, $20,000;

For 1927, $336,206;

For outfits, ship chandlery, and engineers' stores, fiscal year 1927, $102,700;

For carrying out the provisions of the act of June 4, 1920, for the fiscal years that follow:

For 1926, $10,000;

For 1927, $3,000;

For mileage and expenses allowed by law for officers, and actual traveling expenses, per diem in lieu of subsistence not exceeding $4, for other persons traveling on duty under orders from the Treasury Department, including transportation of enlisted men and applicants for enlistment, with subsistence and transfers en route, or cash in lieu thereof; expenses of recruiting; rent of rendezvous and expense of maintaining the same; advertising for and obtaining men and apprentice seamen, for the fiscal years that follow:

For 1926, $20,000;

For 1927, $12,000;

For coastal communication lines and facilities and their maintenance, fiscal year 1926, $30,000;

For draft animals and their maintenance, fiscal year 1926, $4,000;

For contingent expenses, including communication service, subsistence of shipwrecked persons succored by the Coast Guard; care, transportation, and burial of deceased officers and enlisted men, including those who die in Government hospitals; wharfage; towage, freight; storage; repairs to station apparatus; advertising; surveys; medals; labor; newspapers and periodicals for statistical purposes; and all other necessary expenses which are not included under any other heading, for the fiscal years that follow:

For 1926, $10,000;

For 1927, $20,000;

For repairs to Coast Guard vessels and boats for the fiscal years that follow:

For 1926, $500,000;

For 1927, $148,410;

Total, exclusive of additional vessels, for the fiscal years that follow:

For 1926, $1,929,000;

For 1927, $1,835,457.

Office of the commandant: For additional personal services in the District of Columbia in accordance with "the classification act of 1923," for the fiscal years that follow:

For 1926, $1,650;

For 1927, $6,750.

Damage claims: To pay claims for damages to or losses of privately owned property adjusted and determined by the Treasury Department, under the provisions of the act entitled "An act to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case," approved December 28, 1922, as fully set forth in House Document No. 153, Sixty-ninth Congress, $1,634.96.

The Appropriations Committee advises me that the cost of attempting to enforce the Volstead Act is as follows for the years 1926 and 1927:

1926

Coast Guard:	
Regular act	$10,500,000
This bill	1,932,000
Total	12,432,000
Prohibition Unit	11,000,000
Department of Justice (estimated at one-third of total appropriation for the department)	8,000,000
Total	31,432,000

To this should be added amounts for Customs Service devoted to prohibition activities and other miscellaneous expenses not definitely determinable. These would bring the total to around $32,000,000.

	1927
Coast Guard:	
Regular bill	$12,700,000
This bill—	
New equipment	3,900,000
Operating expenses	1,842,000
Total	18,442,000
Prohibition Unit	10,635,000
Department of Justice (one-third total)	8,000,000
Total	37,077,000

Adding Customs Service expenses and other miscellaneous would bring total to about $37,500,000.

This makes for 1926, $32,000,000; for 1927, $37,500,000. Approximate total for two years, $69,500,000. And there will be more later.

I thank the acting chairman of the committee for these figures of the Coast Guard this year, the appropriation last year, the appropriation for prohibition enforcement this year, and the appropriation for prohibition enforcement last year.

Mr. BYRNS. Will the gentleman yield?

Mr. HILL of Maryland. With pleasure.

Mr. BYRNS. Of course, the gentleman is aware that if such a large increase, as proposed, is made that there ought to be a great many millions of dollars to provide the personnel to man the vessels and the supplies and fuel necessary during the year. Does the gentleman propose to follow this with a subsequent amendment?

Mr. HILL of Maryland. If this is adopted, it has been estimated by the Coast Guard it will cost to run each one of the 1,666 added boats at least $100,000 a year for each boat. So that will make necessary the difference between——

Mr. BYRNS. Let me ask the gentleman who offers the amendment and says he proposed to follow that with an amendment, Is the gentleman sincerely in favor of appropriating $114,000,000 in this deficiency bill in addition——

Mr. HILL of Maryland. I am against all futile waste of money, because it is futile. But, if you appropriate anything, I should be glad to see a proper appropriation made.

Mr. BYRNS. Is the gentleman really for his amendment?

Mr. HILL of Maryland. I am for attempting to enforce all laws. If some laws are unenforcible, they should be repealed or modified; if, however, you propose to appropriate $7,000,000 more for Coast Guard, do it with some degree of common sense I am against throwing good money after bad. If you gentlemen are sincerely for what you call "law enforcement," you will vote for my proposed amendment.

Mr. SPEAKS. Will the gentleman yield?

Mr. HILL of Maryland. I will.

Mr. SPEAKS. I want to inquire why the gentleman thinks it necessary to make such a very large increase of appropriation for Coast Guard purposes in view of Admiral Billard's statement that "there has been a very great diminution of smuggling, notably on the North Atlantic seaboard." He further says:

> I am satisfied that smuggling along the shores of Long Island has been greatly curtailed, and that there is comparatively little at this time. Undoubtedly there is some. Occasionally a launch will get by the Coast Guard line, but I am satisfied that the amount of smuggling there has been greatly reduced.

In view of that statement, why does the gentleman think it is necessary to enlarge the appropriation to such extent?

Mr. HILL of Maryland. I will say to the gentleman I would not have offered it except for the fact that Admiral Billard is asking for this increase of thirty-five 125-foot boats and asking a total of $7,674,491.96, and states:

> The equipment we now have, while it can guard very satisfactorily certain sections of the coast, is not adequate to guard the entire coast.

If we guard part of the coast, why not all?

Now, I desire to ask permission to put in a section of the report of the committee under the heading of "Coast Guard."

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The extract is as follows:

COAST GUARD

The Coast Guard is given the sum of $7,674,491.96, practically all of which is due to the increased and onerous duties which have been placed upon the service in connection with the prevention of the smuggling of liquor and combating the activities of the "rum runner." In 1924 additional vessels and personnel were granted the service to engage in the work on a larger scale than had theretofore been possible with the fleet which the Coast Guard had operated for many years in the discharge of its normal functions. The extent to which the service would have to go in carrying out the new duties devolving upon it could not be foreseen, and vessel and personnel requirements had to be estimated without any previous experience as a guide in coming to a determination of the needs. This experience has now been had, and as a result of it two factors bring this appropriation before the Congress. First, in estimating personnel and other operating expenses for the vessels which were appropriated for in 1924 it has been found that the total personnel was inadequate for the complements which should be provided for the various classes of boats and to maintain a proper reserve of men in training. Second, the activities of the Coast Guard have driven the smuggling vessels farther out from our coast lines and scattered them over a wider area. The vessels heretofore granted, while suitable for the purposes for which they were asked, have proved inadequate in number properly to protect the vast coast line of the United States and have not a cruising radius or seaworthiness sufficient to take them the distances out to sea which are now required. The amounts carried in the bill are divided into three parts—$3,900,000 for the acquisition of additional vessels; $1,842,207 for the maintenance, repair, and operation of these vessels during the portion of the fiscal year 1927 that they will be in commission; and $1,932,284.96 for the fiscal year 1926 to provide for the additional personnel and maintenance expenses of the present fleet.

The $3,900,000 for additional vessels provides $600,000 for the reconditioning and equipment of five 1,000-ton destroyers to be transferred from the Navy Department, $3,150,000 for the acquisition of thirty-five 125-foot offshore patrol boats, and $150,000 for five seaplanes.

The amount of $1,842,207 for operation for the fiscal year 1927 provides for 80 warrant officers and 803 enlisted men and the necessary maintenance and repair funds for operating the vessels above provided for during that portion of the year it will be possible to have them in commission.

Mr. BYRNS. Will the gentleman yield?

Mr. HILL of Maryland. I yield to the gentleman.

Mr. BYRNS. I understand the gentleman's position from his statement as made a moment ago is that in his opinion the $3,900,000 being appropriated here is a waste of money. In other words that it is a useless appropriation.

Now, I understand the gentleman's position to be this, that in support of the Coolidge program for economy he is willing to appropriate $110,000,000 more than is appropriated here for the same purpose for which $3,900,000 is appropriated?

Mr. HILL of Maryland. I am glad the gentleman asked that question, because every appropriation that is made that is inefficient, useless, and not successful is a waste of money. Now, the position I take is that if you are going to appropriate $7,000,000 more for the Coast Guard, let us not do it in a slipshod fashion and——

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL of Maryland. May I have five additional minutes?

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HILL of Maryland. I take great pleasure in developing the theory on which I have proposed this meritorious amendment. We have in the United States 5,720 miles of seacoast on the Atlantic side. We have 10,740 miles on the Pacific side. That gives us a total coast mileage, exclusive of 8,000 miles in Alaska, of 16,660 miles. I understand the Volstead Act is not violated in Alaska! Now this bill provides for thirty-five 125-foot offshore destroyer boats costing $3,150,000. One of those boats costs $90,000. We have 16,660 miles of coast on the Atlantic and Pacific. Now, one of these boats can only patrol and protect 10 miles on these waters with certainty and therefore 1,666 boats are needed and would cost $149,940,000. My amendment provides 10 per cent of this. Now, gentlemen, I plead with you if we are going to make an honest and sincere attempt to carry out the policy which has been declared by this Congress, do it systematically. Do it in a way that will redound to our glory as business men. I have only two more things to say, and I will conclude. General Wood told the Committee on Military Affairs of this House in 1916 that it would take a million and a half men to hold the line running from Boston south. We really need one boat to each 10 miles. This would cost $149,740,000, but I am only now proposing 10 per cent of this to test your sincerity for "law enforcement." If you vote to increase the appropriation to $14,974,000, we can then go the rest of the way. Of course, there will also be the cost of operating these new boats.

I am dealing to-day with the interior problem only of enforcing the Volstead Act, because Admiral Billard, on page 543 of the hearings, demands an air service and estimates the cost of aircraft to start the progress of aviation at five planes, at $30,000 apiece.

I wish to incorporate in my remarks a very pertinent statement on the subject of prohibition enforcement by the Rev. Sam Small.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks by the inclusion of the statement or article referred to. Is there objection?

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. BANKHEAD. I have always assumed, of course, that the gentleman's nationality is American.

Mr. HILL of Maryland. I have always assumed it, too. [Laughter.]

Mr. BANKHEAD. I think the gentleman to-day is masquerading in the garb of a Greek, because he is bringing gifts here. [Laughter.]

Mr. HILL of Maryland. The gentleman must remember that old classic story from the Gesta Romanorum, to the effect that they found honey in the skull of a dead lion. If I offer you honey, take it, no matter where its comes from. [Laughter.]

Mr. BLACK of Texas. Mr. Chairman, let us have the article read.

Mr. HILL of Maryland. I will ask to have it read in my time.

Mr. MURPHY. How long is it?

Mr. HILL of Maryland. It is brief, considering its value and authority.

Mr. MURPHY. I object to that.

Mr. HILL of Maryland. I hope the gentleman will not object. Here is a statement by an intimate friend and disciple of the gentleman from Georgia [Mr. UPSHAW].

Mr. MURPHY. I suggest that the gentleman put it in the RECORD. Do not read it here.

The CHAIRMAN. Does the gentleman from Maryland withdraw his request for the reading of the article?

Mr. HILL of Maryland. Yes. I ask unanimous consent that it be placed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland.

There was no objection.

Following is the article referred to:

[From the Sun, Baltimore, Sunday, November 29, 1925]

SAM SMALL SAYS PROHIBITION IS GREAT DISAPPOINTMENT—EVANGELIST ADMITS DRY LEADERS REALIZE AMENDMENT WAS ENACTED BEFORE PEOPLE WERE FULLY PREPARED TO ENFORCE IT

(By the Rev. Sam Small, veteran temperance lecturer and evangelist)

WASHINGTON, Nov. 28.—I am not satisfied with national prohibition "as is."

It is not the prohibition that I have publicly contended for during 35 years, from 1885 to 1920.

It is not the prohibition that I have shed my body's blood for on eight occasions during those years.

The present status of prohibition under the eighteenth amendment and the Volstead Act, after over five years of so-called national enforcement, is a bitter disappointment of the faith that led to their enactment.

Fresh from attendance upon the biennial national convention of the Anti-Saloon League of America and from hearing the expressed views of antisaloon leaders, governors and ex-governors of States, Senators and Representatives in the Congress, active officials of the Federal Prohibition Unit, bishops of churches, judges, and prosecuting attorneys, editors of great newspapers, and women of reform organizations, I am deeply impressed by the continuity of the question: "Will prohibition prohibit?"

WHAT IS THE PROBLEM?

The problem as presented now by the prohibition leaders is how to obliterate the traffic in and use of alcoholic intoxicating liquors, "root and branch," as they put it, from the daily business and habits of the American people. All of the advocates of that policy frankly admit that it is one of the largest contracts ever undertaken by a self-determining nation through the agencies of civil government. They hold that the presence of the prohibition amendment in the Constitution of the Republic, affirmed as properly there by the Supreme Court of the Nation, is conclusive evidence that a majority of the people wish that prohibition policy exploited to its fullest limits.

But the holding of this latest "crisis convention" in Chicago this month in advance of the convening of Congress in December was to advertise how far the enforcement of the prohibition law has failed up to date to secure desired effect, to locate responsibility for the failure, and then to propose agreed-upon remedies for the unsatisfactory condition.

TOO EARLY AND TOO EXPANSIVE

Conferences between those concerned in the convention's objectives revealed that some of them are coming to realize that probably national prohibition was brought into law and action before the people were fully prepared to enforce it. One of the outstanding leaders of the cause on the floor of the Congress said so much to this writer at the convention and explained the reasons that have brought him to that conclusion.

The prohibition policy was winning its way by State adoptions in all sections of the Union. Thirty-two States by constitutional amendments or legislative action had provided for state-wide prohibition before the eighteenth amendment was submitted to the States. One other State, Kentucky, adopted the state-wide policy while the amendment was yet pending and unratified.

But there were 15 States, among them those of the largest population, that had not adopted the policy, and some of them had but recently rejected it by large popular majorities. Hence the belief still prevails with many prohibitionists that the blanket national policy was applied too soon. The answer of the more ardent prohibitionists is to point to the ratification of the amendment by the legislatures of 45 of the 48 States within the short period of 13 months. Also that among the ratifying States were the largest in population, such as New York, Pennsylvania, Ohio, and Illinois. Only New Jersey, Connecticut, and Rhode Island failed to ratify, and New Jersey has since done so. It is upon that record that radical prohibitionists stand and, with the difficulty of amending the Federal Constitution back of them, declare with every sense of certainty that the amendment will not be repealed within any calculable time.

TOO INTENSIVE POLICY

I have found some most sincere believers in the prohibition policy who yet think the steps taken by the antisaloon people in framing the amendment and in legislating to enforce it were beyond the original objectives for which the league was formed and supported.

The name "Anti-Saloon League" was clearly indicative of the work it was organized to accomplish. That was to suppress the legalized, licensed dramshop. It was generally denounced as the source of drink evils and the generator of crime, poverty, and a host of social evils. It was constantly in the public eye and its products constantly in the courts, the prisons, and the poorhouses.

For over a hundred years of our national history legislative skill and social wisdom had been taxed to find safe and tolerable restrictions that could be imposed on those institutions, and without satisfaction. Promoting, multiplying, and magnetising saloons became the joint enterprise of liquor profiteers and liquor politicians. They jeered at every sentiment of national sobriety and bludgeoned every demand for social safety and decency. To save their existence and business they fought the antisaloon proposition with every weapon and bitterness, and eventually forced the religious and temperance people to fight for drastic national prohibition.

INSTANCES OF LIQUOR FOLLY

The earliest proposals to amend the Federal Constitution and establish a national prohibition policy—such as those by Blair, Plumb, Ballon, and others in the seventies and eighties—dealt almost exclusively with ardent spirits, with distilled liquors, native and foreign, and would not have affected fermented beverages of ordinary type. The movements of that day aimed at "hard liquors." Indeed, they were then disposed to agree with the earlier view of Thomas Jefferson that mild brews would be a panacea against fiery liquors. But the friends of the liquor trade fought those propositions with as much vehement bitterness as they now do the Volstead Act itself.

It should be remembered that when Congressman Richmond Pearson Hobson presented his famous prohibition amendment in 1914 he was hilariously ridiculed in and outside of Congress by publicists and press for restricting prohibition to the "sale" phases of the liquor traffic. The wording of his proposed amendment was:

"The sale, manufacture for sale, transportation for sale, importation for sale of intoxicating liquors for beverage purposes in the United States and all territory subject to the jurisdiction thereof, and exportation thereof, are forever prohibited."

Such eminent opponents as Congressmen Mann, Underwood, Henry, Gallivan, Carlin, and a score of others derided the repetitious "for sale" in the resolution and declared there could be no genuine prohibition upon those terms; that it really would set up a "free liquor" régime, because it would leave everyone free to distill and brew his own liquors, and that under this Hobson plan there would be universal drunkenness without regulations or restraints.

WHAT HOBSON PLEDGED

In reply to the savage attacks made upon his proposition Congressman Hobson replied that he and those whom he represented did not believe the Federal Government should be empowered to go further than to control and prohibit "the commercial features of the liquor traffic." "The people have the right," he said, "to determine what manner of manufacturers and commerce they will permit within the Nation, but there are ancient and unalienable nature rights which they may not deny and prohibit."

When he was challenged to name those indefensible rights Hobson said:

"The object of forbidding the sale is to avoid even a suspicion of any desire to impose sumptuary legislation upon the American people or to invade the rights of the individual and the home."

On the floor of the House of Representatives he again declared:

"I want my colleagues to understand from the start, and so far as we can have them the American people, that there is no desire, no intent on the part of this resolution, to invade either the individual rights of inherent liberties of the citizen or to climb over the wall that civilization—particularly the Anglo-Saxon civilization—has built around the home."

Because it was pronounced "a free whisky measure" the Hobson resolution failed to carry in Congress. It was the tenor of the criticisms launched against it that forced the prohibitionists to frame the Sheppard-Webb amendment in the comprehensive terms it now carries in the Constitution.

Those are the facts of history which explain why the Anti-Saloon League changed its plan of campaign from a crusade against the saloon to a drive against every phase of legalized beverage liquor commerce.

This writer, as one of the headline speakers of the amendment campaign, made thousands of speeches in churches and to other assemblies, repeating everywhere the assurances contained in the quotations from Hobson. All of us strenuously combated the charge that we sought to deny the individual citizen his right to have and drink what he pleased; we only denied that any man had an inalienable right to run a barroom and conduct a commercial manufactory of drunkards. Such was our main argument, and with it we won millions of voters to support the proposition of decommercializing the drink traffic.

THE PREDICTED RESULTS

On the other hand, the opponents of national prohibition predicted that our success would remove all regulatory restrictions upon the traffic, that moonshining, bootlegging, and smuggling would be enormously increased, and that the transfer of police power from the States to the Federal Government would tremendously increase the mechanism and expense of enforcing all antiliquor laws.

All those predictions, at which we hooted, have come true. The convention at Chicago was a great wholesale complaint against just those evil results.

No one present there ventured to deny that moonshine stills and bootleggers cover the country as the locusts did the land of Egypt. While most of the States have adopted enforcement acts in concurrence with the Volstead Act, nevertheless the authorities in charge of them have almost wholly looked to the Federal officers to detect, chase, capture, and convict the violators of the law.

When that condition was forecast in the debates over the amendment in Congress the reply of its friends was that the States, to prevent being overrun by Federal foreign spies, snoopers, and enforcement officers sent out from Washington, would be foremost in the use of their own officers and in securing to themselves the fines, forfeitures, and convictions from prohibition enforcement.

But all those local benefits have not been experienced. On the contrary, the Federal forces have been planted all over the country and have sought, for either honest or dishonest purposes, to take entire charge of prohibition enforcement. The consequence has not only been a flood of official scandals, evidences of corruption, instances of unwarranted outrages upon private rights, but the demonstration that the Volstead Act is practically unenforceable in its present terms with all the machinery possible for the Federal Government to employ. Hence, the silly demands we hear for more drastic legislation and the use of the armed forces of the Nation.

100 PER CENT PROHIBITIONIST

I am a 100 per cent prohibitionist. I was wholeheartedly in the fight years before the present leaders got actively into it—even before some of them were born and eight years before the Anti-Saloon League was founded by Dr. Howard Hyde Russell in Ohio. No man can discount or deny my devotion to the cause and I want now what I have wanted for those 40 years. That is the abolition of the liquor saloon, and in nearly all the States that is now accomplished. Secondly, the suppression of the manufacture and transportation and importation of intoxicating liquors for beverage purposes.

Those two objectives constitute the heart and lungs of the eighteenth amendment. Unfortunately, in my judgment, the Anti-Saloon Leaguers have gone far beyond those original objectives and have used their influence to enact laws that are designed to control every act relating to liquor, however private, personal, and even permissible under the terms of the law.

DIFFERENCE OF TWO WORDS

When the eighteenth amendment was being framed it was strenuously urged to use in it the words "alcoholic liquors" rather than "intoxicating liquors," but on the committees of Congress who handled the amendment there were able lawyers and ex-judges who saw both the injustice and the futility of attempting to outlaw every kind of liquor that contained any percentage of alcohol. They said in plain speech that the chief purpose in setting up national prohibition was and is to delegalize the making of and commerce in liquors that are generally and necessarily "intoxicating."

In other words, at that time the whole avowed purpose of those who were promoting the amendment was to put a rational stamp of illegality upon liquors of any kind that are actually "intoxicating." It was acknowledged that whether any particular liquor is classifiable as "intoxicating liquor" is a question of fact, dependable upon convincing proof, and is not a matter of opinion—not whether Wayne Wheeler or Sam Small or any other person thinks it is "intoxicating." It is an issue to be determined by expert definition, by cumulative human experience, and by the testimonies coming from courts and corrective institutions.

LIGHT BEER ISSUE

For instance, the issue has been presented in the House of Representatives by the introduction of 58 separate bills to legalize the manufacture and sale of 2.75 per cent beer in such States as may elect to have it, on the ground that such beer is not an "intoxicating liquor."

The proponents of those bills say such beer is not "intoxicating" in fact and therefore should not be included in the prohibition of the eighteenth amendment. The opponents of those bills contend that such beer is "intoxicating." But who knows positively, irrefutably, whether it is so or not?

I have, for five years, sought every available authority and evidence on that question—and yet I do not know whether or not 2.75 per cent beer is necessarily and invariably "intoxicating." But I want to know the truth about it and am ready to welcome any investigation that will get that truth and establish it incontestably.

THE VOLSTEAD DICTUM

I find all over the country men who are as pronounced prohibitionists as myself who are anxious to have that question finally settled. They, like myself, do not believe that the Volstead standard that any liquor with more than one-half of 1 per cent alcohol content must be accounted "intoxicating" is either true or reasonable. It is the insertion of that drastic and irreducible minimum of alcohol content that has caused millions of men in America to pronounce the standard a "palpable lie on its face" and to resist, or condone those who do resist, such a definition of an "intoxicating liquor."

The answer of the Anti-Saloon Leaguers and dry legislators is that "the law does not say that any liquor with more than one-half of 1 per cent of alcohol is in fact intoxicating," but they hold that there must be a base line of alcoholic content from which to project enforcement, and that one-half per cent alcohol content has been found in State experience to be the most ascertainable and feasible standard for enforcement purposes.

The reply made to that is the double one that while one-half per cent may be feasible for taxation it is not indubitable for intoxication, and, second, what a State establishes as a standard for itself is not to be generally accepted as an incontestable standard.

WHAT IS THE WAY OUT?

There were men who have been long in Anti-Saloon League service and are yet, but who will not consent to be personally quoted and so "get in bad" with their league leaders, who are puzzling over "the way out" of the present conditions of law defiance, official derelictions and corruptions, and the broken hopes of those who brought prohibition into the national policy. Incidental benefits to individuals, families, industries, and morals they publish and emphasize, but the criminal increases, the perjuries, murderers, moral poisoning of officials, judicial truculencies, and social demoralizations they do not attempt to deny and deplore.

Unless I have utterly lost all my half-century experiences as a newspaper man and evangelist in gauging public sentiment, I can say with surety that the discontented public, whether for or against prohibition per se, is anxious to have a thorough and honest investigation of the present status of prohibition and how to make it enforcible and satisfying.

Congress and the friends of the eighteenth amendment should cease to camouflage actual conditions and face them frankly and fearlessly, seeking and applying whatever solution may be found rational and constitutional.

LINE OF APPROACH

This question of why prohibition is not being effectively enforced is the most universal and acute issue being discussed by our American people and press. It is up to Congress to find out the answer and legislate upon the facts to the satisfaction of the people.

Congress and the people know that both personal and partisan politics have honeycombed and rotted the national enforcement service from the hour that the Prohibition Unit was formed in the Treasury Department after the enactment of the Volstead law. I have inquired into the operations of the unit in more than 20 States and found in all of them the agreement that lax enforcement and immunities for lawbreakers are almost wholly out of the power of politicians to nominate and control the enforcement officials. This is capable of irrefutable proof—but will Congress dare to bring it to the surface and cure the corrupting evil by divorcing prohibition enforcement from all political control? I doubt it.

Another thing that persons who want practical prohibition, and whose jobs, personal or political, are not dependent upon the Anti-Saloon League, would ask of Congress is a full and comprehensive investigation of the 2.75 beer proposition. What they want Congress to find out definitely and finally is whether that sort of beer is or is not "intoxicating" and deal with the subject accordingly.

SCOPE'S LEAGUE'S CHARGE

In plain words:

If such beer is intoxicating, keep it under the amendment ban.

If it is not intoxicating, let those States have it that want it, but rigidly prohibit them from exporting it into other States that do not want it.

The charge by the Anti-Saloon Leaguers that such action would be "a surrender to the outlaws" is pluperfect poppycock. The demand for a decision of this widely mooted question is not influenced by what brewers, beersuckers, bootleggers, or booze politicians want. Their outcries are negligible and, taken en bloc, would get no attention or response from any type of prohibitionists. Certainly they do not affect me.

The demand comes, in fact, from those who want that truthful and reasonable legislation that will make prohibition appeal to the honesty, loyalty, and law-abiding spirit of the commonality of our American citizens. Until we can get that popular reaction, prohibition will be a delusion and a failure.

URGED THAT MARYLAND BE DRIVEN FROM UNION

Twice in recent years has the Rev. Dr. Samuel White Small attacked the "sinfulness" of Maryland for failing to follow the lead of other Commonwealths in the passage of legislation to back up the Volstead Act.

At the International Conference on Christian Citizenship, held at Winona Lake, Ind., in 1923, Doctor Small introduced resolutions, which were passed, urging that Maryland and New York be denied the right of representation in Congress until they had passed State prohibition enforcement laws.

In an address at the convention of the American Anti-Saloon League at Chicago early this month he was even more vehement in his utterances on this topic, according to newspaper reports of the proceedings. He accused Maryland and New York of "aiding and abetting anarchy," and charged that both States were "working under the shadow of treason," and that "Congress should read them out of the Union."

EVANGELIST NOW 75 YEARS OLD

Doctor Small was born in Knoxville, Tenn., July 8, 1851. He received his A. B. and A. M. degrees at Emory and Henry College, the latter in 1887. He was given the Ph. D. degree at Taylor University, Upland, Ind., in 1894, and the same year was accorded the degree of doctor of divinity at the Ohio Northern University.

Sam Small's first occupation was as a stenographer and newspaper reporter. He later became secretary to Ex-President Andrew Johnson during his post-Presidential campaigns. He was also official reporter of the Georgia Constitutional Convention in 1877 and secretary to the American commission to the Paris Exposition in 1878.

From then until the time he entered actively into evangelistic work at Atlanta, Ga., September 15, 1885, Doctor Small had been variously a committee reporter in the United States Senate, founder of the Norfolk Daily Pilot and the Daily Oklahoman, Oklahoma City. He went to Cuba as chaplain of the Third United States Volunteer Engineers in the Spanish-American War.

ONCE SERVED WITH SAM JONES

He is a member of the National Reform Association, the Anti-Saloon League of America, the United Spanish War Veterans, the Masonic fraternity, Odd Fellows, Knights of Pythias, and Red Men. He has also written several books, one of which was A Plea for Prohibition.

Doctor Small first gained national prominence as an evangelist in his association with the late Rev. Sam Jones, by whom he was converted. The pair toured the country about 40 or 45 years ago and had large meetings wherever they went. Later Doctor Small started out as an evangelist on his own account, and there seems to have been a period when he "fell from grace." He was reconverted in a great revival meeting held in Atlanta on May 23, 1906, and since then has devoted much of his activities in the furtherance of prohibition.

Mr. HILL of Maryland. Mr. Chairman, I would like to thank the committee for its courtesy and helpful suggestions on this great question. [Applause.]

Mr. HERSEY. Mr. Chairman, will the gentleman yield?

Mr. HILL of Maryland. Yes; I yield with pleasure to my friend from Maine.

Mr. HERSEY. I did not exactly understand the gentleman's position. His position, as I understand, is that he is in favor of a large enforcement fund, larger than the committee recommends, for the enforcement of the Volstead law. Now if we should get 2.75 per cent beer, would not that solve the whole question?

Mr. HILL of Maryland. I am glad the gentleman asked that question. I have a great affection for the gentleman, and I have a great affection also for the gentleman's State. When the gentleman from Maine [Mr. HERSEY] was still a young man my uncle, John Boynton Hill, was Speaker pro tempore of the Maine Legislature, and he participated in that regrettable Neal Dow prohibition legislation in Maine. He later regretted it exceedingly, and abjured prohibition before he died. I hope that answers the gentleman's question. [Laughter.]

Mr. HERSEY. It is no answer at all. [Laughter.]

Mr. HILL of Maryland. My proposed amendment has nothing at all to do with the merits or demerits of the Volstead Act. My amendment solely deals with what is known as "law enforcement," meaning thereby enforcement of the Volstead Act.

The Coast Guard asks for 35 more 125-foot patrol boats costing about $90,000 each.

PATROL BOATS

The CHAIRMAN. How do you estimate the cost of these patrol boats?

Admiral BILLARD. As I have told the committee, we have built and are building 13 of this same general type of boat, 100 feet long, upon the Lakes. The total cost of building and equipping those boats is slightly over $80,000 apiece. These boats we want to make a little longer. As a matter of fact, I do not believe that we can build a boat 125 feet long for $90,000, but we can probably build one 110 or 115 feet long.

Captain NEWMAN. The speed of these boats is 11.2 knots. That is something over 12 miles.

The CHAIRMAN. They are not very speedy, then?

Admiral BILLARD. No; but they have a large steaming radius and ability to go way offshore.

The CHAIRMAN. How many men would they carry?

Admiral BILLARD. A crew of two warrant officers and nine enlisted men.

The CHAIRMAN. What is the motive power?

Admiral BILLARD. Diesel engines.

The CHAIRMAN. They will run economically?

Admiral BILLARD. Yes, sir.

Thirty-five added boats admittedly will not accomplish the desires of Admiral Billard. The Coast Guard will soon be back for more boats, and then for more airplanes.

We have, on the Atlantic and Pacific coasts, 16,660 miles of seacoast open to the rum runners. One boat for each 10 miles would mean stopping smuggling, though, of course, smuggled liquor is only about 1 per cent of the illegal supply. One boat to every 10 miles would mean 1,666 boats. One thousand six hundred and six-six boats at $90,000 each would cost $149,940,000, exclusive of cost of operation. I am only asking now by my proposed amendment for 10 per cent of that sum. If you vote for that and show your sincerity for "law enforcement," we can then add the other 90 per cent of the cost of the boats and get, at least, a real attempt to enforce the Volstead Act. No matter what your views may be on prohibition; no matter whether you are a "wet" or a "dry," here is a chance to vote for real enforcement of the Volstead Act, if anything can enforce it, which I very much doubt. [Applause.]

Mr. SABATH. Mr. Chairman and gentlemen, if I believed that the additional appropriation asked for in the amendment of the gentleman from Maryland [Mr. HILL] would bring about the enforcement and compliance of the prohibition act I would gladly support it. But I am satisfied that it can not and will not effectively do so, and for that reason I am opposed to it. I am willing to give to the department all the money they ask for, but I am not ready and willing to give them five times as much as I believe they can uselessly spend, as they have been doing for several years.

Mr. HILL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. HILL of Maryland. Would my colleague be in favor of guarding each 10 miles of coast?

Mr. SABATH. Even with this sum you would not stop the smuggling that is going on, and for that reason I think it would be an unwise expenditure of money and placing an additional burden upon the taxpayers of this country.

Years ago I made the statement on this floor, when the gentlemen from Georgia and Michigan, Kentucky, and others assured the House that $1,000,000 or $2,000,000 would enable them to bring about the enforcement of the Volstead Act. I then stated that it was impossible. I pride myself on knowing the American people, and I know that neither the Volstead Act nor any other similar obnoxious law can be enforced, it matters not how much money you spend, and it is for that reason that I am not in favor of continuing to waste annually millions of dollars of the people's money.

Mr. Chairman and gentlemen, I have not said a word on the question of prohibition for some time. I have voted, as the gentleman from Georgia [Mr. UPSHAW] knows, for all of the appropriations. I was willing that we should try it in an endeavor to bring about enforcement, if it was possible, at the same time being satisfied that if strong, honest efforts were made and it could not be enforced, that the people would demand its repeal. Not only I share this viewpoint but thousands upon thousands of honest men and honest women who are not blinded by prejudice, men and women in this country, hundreds of prominent organizations, doctors, lawyers, men from all walks of life recognize the condition that now exists and are coming to the conclusion that the law can not be enforced, as the law instead of being beneficial is detrimental to the welfare of this Nation. Therefore I feel that it is high time that sensible men from every section of the country should realize that fact. I feel that most of you gentlemen are sensible men, men of standing, and a majority of you are men of courage; and I can not see for the life of me why you can not commence to realize the intolerable conditions that to-day exist. Perhaps you have not the time to investigate and examine the conditions; but we have evidence from men of standing, men of reputation, men who believe in temperance and are sincere advocates of temperance, who from day to day report to their organizations and make statements, that prohibition has failed, that it can not be enforced, and that modification is absolutely necessary.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SABATH. May I have five minutes more? I may not use it all.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. They, after a careful investigation, tell you that the Volstead Act can not be enforced, and they make recommendations of what they believe would be wholesome and beneficial, that would save thousands upon thousands of young girls and young men of America.

Mr. MURPHY. Mr. Chairman, will the gentleman yield there?

Mr. SABATH. Yes; for a question.

Mr. MURPHY. I challenge the gentleman's statement that he makes, that our young girls are any worse to-day than they ever were. That statement has been made by men of your type so many times that I am tired of hearing it. The girl of to-day is as good as she ever was. If she happens to go wrong she is unfortunate, and it is not because of conditions as they are.

Mr. SABATH. As to that, I will say that my reputation is just as good as that of the gentleman to whom I yielded, and I am often as provoked and nearly as much excited as he is when I read these reports about the flask parties in our colleges, schools, and universities. Nor have I stated that they are bad. I have stated that I believe the modification of the Volstead Act would save thousands of our young people who now consider it smart to secure and carry a flask to parties, and openly are showing off by drinking high per cent alcohol containing partly distilled, yes, in many instances poisonous stuff, not only they but I believe the majority of men and women who never have taken any hard liquor do so, as resentment against a law which deprives them of their personal liberty, a right and privilege which every true American citizen cherishes and believes in. Why, Mr. Chairman, I know of hundreds, yes, thousands, of American homes that before the advent of the prohibition act would not allow any alcoholic beverages in their home, but who are now serving cocktails, gin, and other strong alcoholic drinks, and what I have observed a majority of you have, and you know it is true, but you dislike to admit it, hoping against hope that the increased use of this kind of dope may be some day arrested. But I say, no; it can not be done; it matters not whether the entire Army and Navy be utilized to enforce this obnoxious law.

Reliable men and women after a thorough investigation reported that there are hundreds of thousands of homes from the highest to the lowest where alcoholic beverages are being concocted which are not only harmful but poisonous. Now, I know whereof I speak, and I am not speaking only from the investigations and things I have seen myself; I am stating and giving to the House the information that has been broadcasted within the last six months. Doctor Empringham, at one time superintendent of the Antisaloon League of New York, recently stated before a meeting of the Episcopal clergy of New York that prohibition had increased drinking among young people, discouraged the consumption of wine and beer, and increased the demand for distilled liquors, which to-day are mostly poisonous. But a week ago Mrs. Angela Kaufman, founder and president of the International Narcotic Crusade, made this statement:

> I hate to admit it, prohibition has increased the use of narcotics more than any other one thing in the country.

Now comes the statement from one of the leaders of the Big Brothers and Big Sisters' Federation, Mrs. Sidney C. Borg, of New York:

> When the law was first enacted I was strongly in favor of it, but since I have seen how it has broken down the morale of the young my opinion has changed. I have found the moral standards of the youth with whom I have come into contact have declined because of it. There is open defiance of it among the young people on every hand.

I believe that by a modification of the Volstead Act permitting the sale or the manufacture of a beer of about 3 per cent and light wines that we will eliminate the evils that now exist.

Mr. HUDSON and Mr. BARKLEY rose.

The CHAIRMAN. Does the gentleman yield; and if so, to whom?

Mr. SABATH. I will yield to the gentleman from Michigan.

Mr. HUDSON. I would like to have the gentleman explain to me what the alcoholic content of light wines would be.

Mr. SABATH. Well, I will say to the gentleman that I am not an expert on wine. But I know that an alcoholic content of about 3½ or 4 per cent in beer makes a good, palatable, and wholesome drink, and is not intoxicating.

Mr. HUDSON. The gentleman was speaking about light wines.

Mr. SABATH. And I believe that if we were to permit the manufacture and sale of that kind of a beverage the people will not demand the harder drinks, which contain 75 or 80 per cent alcohol. I will now yield to the gentleman from Kentucky.

Mr. BARKLEY. I was wondering whether when the gentleman refers to light wines he means light in content or light in color.

Mr. SABATH. Light in content; but, of course, the color in itself would not make much difference to anyone; the gentleman might know this. [Laughter.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. SABATH. Mr. Chairman, I ask unanimous consent to proceed for another five minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for an additional five minutes. Is there objection?

There was no objection.

Mr. SCHAFER. Will the gentleman yield to me?

Mr. SABATH. I yield to the gentleman.

Mr. SCHAFER. Did not the sovereign voters of the great State of Illinois several years ago, in a referendum vote, indicate by an exceedingly large majority that those voters were in favor of the modification of the Volstead Act by permitting the manufacture and sale of light beer and wine?

Mr. SABATH. Yes; they did that by a vote of about 4 to 1, and I think if a vote were to be taken to-day it would be 10 to 1; not only in my State, but I believe that in a majority of the States the result would be the same as in Illinois.

Mr. HUDSON. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. HUDSON. What was the percentage of that vote to the total vote in the State of Illinois?

Mr. SABATH. I think the vote that was cast was about 60 per cent.

Mr. HUDSON. No; it was less than 25 per cent, was it not?

Mr. SABATH. No; the gentleman is mistaken.

Mr. MURPHY. Will the gentleman yield?

Mr. SABATH. I will yield for a question, but not for a tirade and play to the gallery.

Mr. MURPHY. The gentleman has just answered the gentleman from Wisconsin [Mr. SCHAFER] and given figures as to the vote in Illinois. If conditions are as the gentleman says they are, and considering the orderly manner in which this law was put into the Constitution, could not the same orderly method be used, if conditions are as the gentleman states them to be, in taking it out of the Constitution? If conditions are as the gentleman says they are, why does he not start a movement in each and every one of the States to take it out of the Constitution?

Mr. SABATH. Oh, Congress must act first; the States can not act first; Congress would have to pass a resolution first, if I am not mistaken, and I do not think the House is ready to act now. But what I believe is this, and I am bringing this to the attention of the House, hoping it will receive that con-

sideration to which it is entitled. I firmly believe that if the House, in an orderly way, would amend the Volstead Act which it has the power to do, that we would eliminate a great deal of the evil which now exists.

Mr. UPSHAW. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman.

Mr. UPSHAW. The gentleman said that a movement like that must begin in Congress, a repeal of the eighteenth amendment. Does the gentleman believe Congress would ever have acted on the eighteenth amendment if there had not been a ground swell from great and dry America which brought it on?

Mr. SABATH. Oh, the gentleman knows as well as I know how that amendment or the resolution was brought in; how it was forced through the House, and how little the people of America knew what was transpiring, or how far-reaching the act would be under the amendment.

Mr. UPSHAW. Will the gentleman yield further?

Mr. SABATH. I yield to the gentleman.

Mr. UPSHAW. I want to ask the gentleman if there was not as much agitation, as much referendum, and as much general national attention given to the eighteenth amendment when we were bringing it to the Congress, as there was with regard to the sixteenth, seventeenth, or nineteenth amendments.

Mr. SABATH. The gentleman knows that the eighteenth amendment was passed during the war hysteria.

Mr. HILL of Maryland. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman from Maryland will state it.

Mr. HILL of Maryland. In great deference I suggest that we are not discussing prohibition but a question as to how many boats we need to each square mile of territory along the coasts. There is nothing in this about prohibition. This is ordinary law enforcement.

Mr. SABATH. The gentleman from Georgia knows that the American people did not know anything about the resolution to amend the Constitution; that there was very little publicity; and that they had no expectation the Congress would act at that time.

Mr. BLANTON. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BLANTON. Mr. Chairman, I ask that the gentleman have one more minute. I want to ask the gentleman a question. I ask unanimous consent that the gentleman may have two additional minutes.

Mr. ANTHONY. Mr. Chairman, reserving the right to object, I am not going to object to the request for this additional time, but I hope the gentlemen will finish the debate on this general subject and let us get on with the bill.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the time of the gentleman from Illinois be extended two minutes. Is there objection?

There was no objection.

Mr. BLANTON. Now, will the gentleman yield?

Mr. SABATH. I yield to the gentleman.

Mr. BLANTON. I want to ask the gentleman from Illinois if this is not the fact: When the Congress submitted this amendment to the States, 45 out of 48 States of this Union promptly ratified it?

Mr. SABATH. The legislatures of 45 of the States.

Mr. BLANTON. Yes; the legislatures, who are the direct representatives of the people.

Mr. SABATH. Yes; but the American people did not do so. They did not secure an opportunity to vote on the proposition and the gentleman knows this. If the gentleman believes in referendum and if he believes that the American people should have a voice in such an important matter, why not give them the opportunity and the right to vote on it? I am ready and I am willing to abide by the vote of a majority of the American people on this or any other proposition that is of such great importance to the Nation. [Applause.]

Mr. BARKLEY, Mr. CRISP, and Mr. SUMMERS of Washington rose.

Mr. SABATH. Give me a little more time and I will yield to all of you gentlemen.

Mr. SUMMERS of Washington. Does the gentleman want to submit the other 18 amendments to a vote of the people? They have never come before the people any more than this one. Would the gentleman want to submit all of them in that way?

Mr. SABATH. Well, they are not in question to-day, but the eighteenth amendment is. [Laughter and applause.]

Mr. CRISP. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. CRISP. I would like to ask the gentleman if his State feels on this question as he represents it to feel, why not let his State petition the Congress to amend the Constitution by eliminating the eighteenth amendment. The gentleman is inaccurate when he says that Congress alone has the power to initiate proposed amendments to the Constitution.

Mr. SABATH. But nothing can be done without an act of Congress; is not that right?

Mr. CRISP. No.

Mr. SABATH. They can petition.

Mr. CRISP. The Constitution can be amended by Congress by a two-thirds vote or upon petition by the legislatures of two-thirds of the States of the Union.

Mr. SABATH. The gentleman's own statement bears me out in what I have stated and therefore he himself was inaccurate and not I. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. MURPHY. Mr. Chairman and gentlemen, I have no desire to take up your time in an endeavor to make what you might term a dry speech. I have great admiration for the gentleman who has just left the floor, Mr. SABATH, of Chicago. I could not sit here and let his statement go unchallenged. I could not help it.

Those who are advocating the nullification of the eighteenth amendment have been flaunting the charge publicly everywhere that the children of America are being debauched by reason of the eighteenth amendment to the Constitution of the United States, and I have taken the floor just for the purpose of challenging that statement and of saying that the motherhood of this country is being maligned as it was never maligned before by that contemptible kind of villification—that our young girlhood and womanhood is not as clean, wholesome, and sweet as it was in the days of our mothers. [Applause.] Of all the contemptible arguments that have been put forth to try to justify the changing of this law, that of all is the lowest down. There is no place in hell quite deep enough for it. [Applause.]

Talk about law enforcement! My friend the gentleman from Maryland, who constantly advocates nullification of the Constitution and the return of legalized liquor traffic, is truly representing his district and State. He lives on that politically. His habits are the habits of a gentleman—I am speaking personally now—but he comes to this floor and advocates that which has debauched from the very beginning to the present day the manhood of this great land. [Applause.]

Mr. HILL of Maryland. Will the gentleman yield?

Mr. MURPHY. Yes; I yield, gladly.

Mr. HILL of Maryland. I am advocating only an increase in this appropriation from $3,000,000 to $14,000,000 for law enforcement.

Mr. MURPHY. The gentleman is not sincere and never was sincere in his argument for his side of this question. [Applause.]

Mr. HILL of Maryland. I do not think gentlemen who vote against it are sincere. Admiral Billard says he needs one boat for every 10 miles along the Atlantic and Pacific coasts, and you are only giving him 35 boats when he says he needs 1,665. If you are sincere, you will vote for this amendment.

Mr. MURPHY. The time has come when men like you in this country should not say the time has come for law enforcement, but the time is here when decent men should observe the law. [Applause.]

That time will come to you gentlemen who are in favor of nullifying the Constitution of the United States. The eighteenth amendment was not put there in a day, and some of you folks who are anxious to debauch the manhood of our country seem to forget that it took 60 years to get the eighteenth amendment placed in the Constitution. It was not put there overnight, it was not slipped in as you so often say "while the boys were over there." [Applause.] Why men, we live in the most prosperous country that God's sun shines upon.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MURPHY. I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MURPHY. What has made us prosperous? Why, any thinking man knows the thing that has made us prosperous is because the man who toils with his hands is not spending his surplus for alcohol, but is buying homes and autos for the enjoyment of his entire family—thus giving work to builders of every craft. [Applause.]

Mr. SOMERS of New York. Will the gentleman yield?

Mr. MURPHY. Yes.

Mr. SOMERS of New York. Did the war have anything to do with that prosperity?

Mr. MURPHY. A little bit; yes.

Mr. SCHAFER. Will the gentleman yield?

Mr. MURPHY. I will yield to the gentleman.

Mr. SCHAFER. Did not the American Federation of Labor come out in favor of a modification of the Volstead Act?

Mr. MURPHY. No; I deny that statement. One great labor organization to-day, I think in the current issue published in their paper, says that they are against the modification of the Volstead law. I refer you to the enginemen who operate the locomotives that pull you through the country in safety while you sleep.

Mr. SCHAFER. I have the honor of belonging to a labor organization, the Railroad Brotherhood. I asked if the American Federation of Labor has not gone on record in favor of a modification of the Volstead Act.

Mr. MURPHY. But, thank God, the Federation of Labor does not represent all the people of America. [Applause.]

Mr. UPSHAW. William Green is dry.

Mr. MURPHY. Yes, and he is from my State.

Mr. LEAVITT. Will the gentleman yield?

Mr. MURPHY. I yield.

Mr. LEAVITT. Is it not true that Secretary Hoover has said that one cause of the prosperity of the Nation has been prohibition?

Mr. MURPHY. Absolutely. I tell you I know what I am talking about from personal experience. I came up from the street to my seat in this House where I can look you gentlemen in the eye and talk to you about the chances that can come to an American if he leaves this damnable stuff alone. [Applause.] Gentlemen talk about labor unions; I belong to a labor union and have a union card.

Mr. SOSNOWSKI. Will the gentleman yield?

Mr. MURPHY. Yes.

Mr. SOSNOWSKI. Is it not true that the Rev. Dr. James Empringham of the Episcopal Church convention indorses a modification of the Volstead Act?

Mr. MURPHY. I have no quarrel with any denomination, but I want to say to you that the record does not show anywhere who that gentleman is. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. MURPHY. Yes.

Mr. BLANTON. And it does not represent the sentiment of our colleagues in this House.

Mr. MURPHY. It does not.

Mr. SPEAKS. Will the gentleman yield?

Mr. MURPHY. I will.

Mr. SPEAKS. I hold in my hand a copy of the Columbus (Ohio) Evening Dispatch, across the entire top of the front page of which are these glaring headlines, which, with the statement following, will answer the gentleman from Michigan [Mr. SOSNOWSKI]:

Bishop Reese repudiates temperance report; charges not recognized as from church. Doctor Sweet, Episcopalian minister also upholds the law. Columbus Episcopal Church leader points to prohibition's successes.

The article says:

Episcopal Church leaders in Columbus, Thursday, refused to consider seriously the charges of inequality in the administration of the Volstead Act and flagrant violation as brought by Rev. Dr. James Empringham, national secretary of the Church Temperance Society, in his purported survey of conditions throughout the country.

That it was the expression of a voluntary organization and can not in any sense be considered an official voice of the church was emphasized by Bishop T. I. Reese of the Episcopal Church; Rev. S. E. Sweet, rector of St. Paul's Episcopal Church; and Rev. B. H. Reinheimer, executive secretary of the Episcopal diocese of Southern Ohio.

The Church Temperance Society, Bishop Reese explained, was a purely voluntary organization, formed long before the enactment of the eighteenth amendment, and is classified in church directories under the heading of "Organizations for social amelioration and advance." Its membership list is very small, it is said, the organization having experienced a dwindling of power since prohibition, as its main objective in the promulgation of its work was the teaching of temperance in opposition to the stand of the Anti-Saloon League for complete prohibition.

REPUDIATES SOCIETY

Reverend Reinheimer estimated the society's membership at approximately 5,000. It is not believed that there is any branch of the organization or members in this city or in Ohio.

Bishop Reese refuses to become embroiled in the generalities of Reverend Empringham's findings, declaring that it did not have the imprimatur of the church and did not reflect the church's stand or the majority of its members.

"I believe in the enforcement of the Volstead law," Bishop Reese declared, "and I practice it, largely as a means toward training future citizens."

Following this statement by Bishop Reese is set forth the views of Right Rev. Charles P. Anderson, of the Chicago diocese:

CHICAGO, February 4.—The attitude of the Church Temperance Society in seeking modification of the national prohibition law is not reflected in the Episcopal Church in Chicago and surroundings, in the belief of the Right Rev. Charles P. Anderson, bishop of the Chicago diocese.

"The Church Temperance Society of the Episcopal Church is one of only small membership, and has no official connection with the church," Bishop Anderson said.

"I am not acquainted with the Rev. Dr. James Empringham, its superintendent, and to my knowledge there are no members of that society in Chicago."

Mr. MURPHY. Thank God for Ohio. [Applause.] Now, my friend from Illinois told you how they voted in Illinois. Let me tell you how Ohio voted when they had a chance to express how they felt. They voted 190,000 majority for a sober Ohio and America. That is the kind of people we have in Ohio, who believe in the Constitution of the United States.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MURPHY. Mr. Chairman, may I have five minutes more?

Mr. KNUTSON. Reserving the right to object——

Mr. MURPHY. You wet gentlemen have had days and days to talk about this, now we want a minute or two.

Mr. KNUTSON. I was going to suggest that the gentleman have 10 minutes more. [Laughter.]

Mr. MURPHY. Good, thank you.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BARKLEY. I want to ask my friend if the referendum to which he refers was not taken after the soldiers were discharged, got back home, and participated in the vote?

Mr. MURPHY. I am very glad the gentleman asked that question. That is true. The soldiers voted for upholding the law and voted right; they know the curse and you know it, if you want to deal with it fairly and look it squarely in the face. They talk about there being more booze now than before prohibition. That is such a ridiculous statement that I wonder, with the intelligence of this House, that they have listened to it as long as they have without rebuking the statement.

Mr. HUDSON. And does the gentleman recall that Michigan had a referendum vote upon this and went 270,000 dry?

Mr. MURPHY. That is the kind of folks we have in the Central West, and we are proud of them. Yes, and that vote was had after the soldiers were home. We believe in this Government, we believe in its Constitution, and we believe, not in law enforcement—I have a contempt for a citizen who has to be forced to observe the law—we believe in law observance.

Mr. LEAVITT. And is it not true that the vote referred to as a referendum in Illinois followed a statement sent out by the Anti-Saloon League requesting their followers not to vote in that election because it was a question put in a misleading way.

Mr. MURPHY. That is quite true.

Mr. HILL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. MURPHY. Yes.

Mr. HILL of Maryland. I have listened with a great deal of interest to what my colleague has said, but I have been unable so far to find out whether the gentleman favors my amendment, which proposes raising this amount from $3,900,000 to $14,994,000, with which to adequately enforce the law. Is the gentleman for this amendment to properly enforce the law?

Mr. MURPHY. Let me answer the gentleman's question. If I had the direction of the spending of the amount of money that the gentleman suggests as a total necessary to enforce the law, I would use it in trying to educate fellows like him. [Laughter and applause.]

Mr. BLANTON. Does not the gentleman from Ohio know that an amendment that comes from the gentleman from Maryland is wet, ipso facto?

Mr. MURPHY. Absolutely. [Applause.]

Mr. UPSHAW. Mr. Chairman, the day of miracles has not passed. Whenever the gentleman from Maryland, the Hon. JOHN PHILIP HILL, and the gentleman from Georgia, who, I hope, has won the reputation of being dry not only in precept but in practice, are found voting on the same side of a question the prohibition millenium must be near at hand. [Laughter.]

Mr. BARKLEY. Mr. Chairman, will the gentleman yield?

Mr. UPSHAW. Yes.

Mr. BARKLEY. Has the gentleman forgotten what happened to the Trojans when they let that wooden horse in? [Laughter.]

Mr. UPSHAW. Mr. Chairman, I believe in the old-fashioned Bible that teaches that sometimes the Lord maketh the wrath of man to praise him. I am not responsible for the "wet" Mr. HILL getting on the side of the "dry" Mr. UPSHAW. I have contended from the beginning that we have played at the matter of guarding our coast against the pirate liquor ships of foreign lands. [Applause.] I indorse the bill of the gentleman from Kansas [Mr. AYRES] invoking an old constitutional law concerning slavery which would make a pirate of every ship from a foreign land that got clearance papers to a friendly nation and then came here roosting out yonder on rum row like the very cormorants of hell to violate our Constitution, defying the flag of a friendly nation, while debauching the citizenship of this country. I said on this floor three years ago that I was in favor of calling out the Navy, every vessel if necessary, to say to these devilish foreign ships, "If you defy our Constitution and our flag, you go to the bottom of the sea." [Applause.]

Mr. Chairman, I am willing to admit that I am afraid of Greeks bearing gifts, especially when they come from Baltimore. [Laughter.] I am willing to admit that the past of the gentleman from Maryland [Mr. HILL] lays him under suspicion. I am willing to admit that he, deep down in his soul, wants to use this before the wet galleries of Baltimore in order to increase his majority; but I am in favor of feeding him out of his own spoon. I am in favor of following Admiral Billard's suggestion that we bottle up the whole American coast, saying to these pirates' liquor ships, "You shall not enter one foot of American territory." [Applause.]

Enemy ships did not enter when we were at war with a foreign nation. Who ever heard of German vessels landing on American soil after the war began? The Government was a unit in its purpose with a militant conscience and kept all enemy ships from touching American shores. And I want not a mere gesture to foreign lands; I want the strong fist of American manhood and the majesty of American law to say to other lands: "We have outlawed intoxicating liquors, and you shall not flaunt our constitutional law." Let nobody talk about the cost. The few little millions that this would cost are not to be considered beside the countless millions that have been saved. We saw crocodile tears shed on this floor a few weeks ago about the cost of enforcing this law. I remind the wets, whose motives may not be commendable in this matter, that the cost of $2,500,000,000 as the bar bill alone was laid every year at the door of the saloon. That was the annual income of the saloons in this country, and what is a paltry little $7,000,000 or $14,000,000 beside that? [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. UPSHAW. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. UPSHAW. What are these paltry sums, I say, compared with the majesty of our Constitution? When an alien country offered insult to the American flag we threw nearly $30,000,000,000 at the feet of the Goddess of Liberty. We dedicated it in prodigal loyalty to the triumph of American ideals and the safety of American homes. [Applause.] And I want the word to go out far and wide that the American Nation is no longer playing with this law, that we shut the doors of America to every liquor pirate that tries to challenge the supremacy of the American Constitution and the American flag.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. UPSHAW. Yes.

Mr. KNUTSON. I am in accord with much that the gentleman says. Does the gentleman think that hanging is too good for those who operate on rum row?

Mr. UPSHAW. I have already advocated sending them to the bottom of the sea.

However, I would like to give them time to pray, because, God knows, they are not fit to die. Take this last word, and I speak seriously. I indorse what the gentleman from Ohio [Mr. MURPHY] has so eloquently said about the influence of American motherhood on the youth of to-day. And that is one reason for my voting to put an American patrol boat on every 10 miles of our prohibition shores. Let the word go out the world around that American shores are protected and pirate liquor ships will stop their impudent and devilish business.

Again I declare that the fact that the "wet" gentleman from Maryland who proposed this wholesome amendment shall not make me refuse to vote for the ample Coast Guard protection which I have advocated for years.

I do not propose to allow any "blooming wet" to beat me trying to enforce our prohibition law.

Listen, gentlemen of this Congress, that beautiful flag above the Speaker's chair has never dipped its colors to any defiant foreign foe, and, God help us, that flag that has been made stainless before the eyes of the watching world shall not now lower its majesty and glory one inch to rum runners from abroad or bootleggers, liars, and cowards at home. [Applause.]

Mr. SCHAFER. Mr. Chairman, I move to strike out the last three words. Mr. Chairman, gentlewomen, and gentlemen of the House, I am one of those who believe that the Volstead law should be modified. I shall not vote for this amendment. In my judgment there are some classed "wets" and there are some classed "drys" who do more harm to the cause which they are supposed to be championing than any possible good they may do. I wish to call attention to the fact that the American Federation of Labor indicated its position in favor of modification of the Volstead Act during the hearings before the Judiciary Committee during the first session of the Sixty-eighth Congress. A Member who has spoken a few minutes ago tells of his holding a labor-union card. In the same breath he casts reflections on the American Federation of Labor's indorsement of modification.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. COOPER of Ohio. Will the gentleman tell the House where the Brotherhood of Locomotive Engineers stand? [Applause.]

Mr. SCHAFER. I will tell you at a later date; but I will say the Brotherhood of Locomotive Engineers, of which I am also a member, has not anywhere near as large a membership as the American Federation of Labor.

Mr. COOPER of Ohio. Will the gentleman yield further?

Mr. SCHAFER. As soon as I finish the statement I would be glad to yield. I am a labor man who believes the American Federation of Labor has rendered valuable service to the laboring people of the United States as well as to the Nation. There are some men who when campaigning for public office exhibit their union labor card and say to the workers: "Here is my card; I belong to this labor organization." But their votes in different legislative bodies do not square with the legislative program of organized labor.

Mr. BARKLEY. Will the gentleman yield?

Mr. SCHAFER. Not now.

Mr. BARKLEY. It may be too late.

Mr. SCHAFER. With reference to the Illinois referendum brought to the attention of the House during the address a few minutes ago by our distinguished colleague, Mr. SABATH, an antimodification Member interjected and stated that the antimodificationists sent out word to their friends not to vote on the referendum, and in substance that the referendum vote was no criterion as to the wishes of the voters of the State of Illinois. The question as submitted on the ballot was, "Shall the existing State and Federal laws be modified so as to permit the manufacture, sale, and transportation of beer (containing less than 4 per cent by volume of alcohol) and light wines for home consumption?" The question was voted on by the people on November 7, 1922, with the following results: Yes 1,065,242 and no 512,111, a majority for beer and light wines of 533,131.

Now, let us see whether the vote is a criterion of the will of the Illinois voters. In this vote the interest was so intense that 92 per cent of the highest legislative vote was cast on this modification ballot, and the vote of Cook County alone reached 95 per cent of the highest legislative vote cast and 91 per cent of the vote for the head of the ticket. I have in my office a petition signed by over 4,000 dirt farmers of Wisconsin asking for a modification of the Volstead Act——

The CHAIRMAN. The time of the gentleman has expired.

Mr. SCHAFER. May I have five minutes more?

The CHAIRMAN. Is there objection?

Mr. BLANTON. Reserving the right to object, I shall not if the gentleman will answer the question put by our distinguished colleague from Ohio whether or not his locomotive engineers and firemen are for prohibition; if not, I will object.

Mr. SCHAFER. I will answer that question.

Mr. BLANTON. Then the gentleman is against his organization? [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. SPEAKS. Will the gentleman yield?

Mr. SCHAFER. Just a minute until I handle this man [Mr. BLANTON]. [Laughter.] In reference to his reservation to object, my distinguished colleague from Texas said he would object if I did not answer the question. In view of the fact I take very little time on the floor of this House and the gentleman takes here hours and hours, and the gentleman extends in the RECORD page after page, I think it is somewhat extraordinary for him to threaten to object if I did not answer a question.

Now, in answer to the question, I will state that I am a member in good standing of the Brotherhood of Locomotive Firemen and Enginemen, as well as of the Brotherhood of Locomotive Engineers, and up to this time I have not received a communication, a regularly authenticated communication, from either of those great labor organizations to indicate that they are working at cross purposes with the stand of the American Federation of Labor. According to my observation, the brotherhoods are working in harmony with the American Federation of Labor on legislation, and if the gentleman will furnish me with an authentic document showing that they have appeared against modification——

Mr. COOPER of Ohio. If the gentleman will yield, I can give him that information in a moment.

Mr. SCHAFER. Yes; I yield.

Mr. COOPER of Ohio. Is it not a fact that in 1914 at the triennial convention of the Brotherhood of Locomotive Engineers, held at Cleveland, Ohio, and again in 1918, they took this position, and the resolution passed that convention unanimously pledging the organization in its best efforts to support State and Federal prohibition of the liquor traffic?

Mr. SCHAFER. I admit your statement; but I will say this, that that resolution did not consider the attitude of this organization on a question that was not then on the statute books. There is a good deal of question as to whether one-half of 1 per cent of alcohol is the highest amount of alcoholic content not to be intoxicating.

Mr. COOPER of Ohio. If you were a member of that organization at that time—the delegates representing you voted for State prohibition of the liquor traffic.

Mr. SCHAFER. Well, State prohibition is not the Volstead Act. [Applause.] People have differences of opinion as to whether one-half of 1 per cent is the maximum per cent not to be intoxicating. I wish you would bring the question before the next convention of the brotherhood for a vote, the same resolution as passed by the American Federation of Labor in favor of modification subsequent to the enactment of the Volstead law.

Mr. COOPER of Ohio. It was the American Federation of Labor that took the attitude you speak of, was it not?

Mr. SCHAFER. Yes, sir.

Mr. COOPER of Ohio. You will stand by the declaration of an organized convention like the Brotherhood of Engineers, will you not?

Mr. SCHAFER. The Volstead Act was not a law at that time, and they could not, of course, indorse a question or act upon a question that was not written then on the statute books. It is ridiculous for the gentleman to bring that indorsement of prohibition up here as an argument to indicate the brotherhood's stand against modification.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SCHAFER. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. UPSHAW. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. UPSHAW. The gentleman says that the Volstead law was not then before the people. Does not the gentleman know that the Volstead law was made mandatory by the passage of the eighteenth amendment, and that the Volstead law is simply the eighteenth amendment in action, and that the eighteenth amendment had been declared constitutional by the Supreme Court of the United States?

Mr. SCHAFER. In reply to that I suggest that my distinguished colleague go and get a copy of the eighteenth amendment and read the language over very carefully, and show me where the eighteenth amendment says that more than one-half of 1 per cent of alcohol is intoxicating. [Applause.]

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. GRIFFIN. I suggest that the gentleman also ask the gentleman from Georgia to read the minority opinion of the Supreme Court of the United States, which was a 5 by 4 opinion, on the Volstead Act.

Mr. SCHAFER. Yes. I kindly request the gentleman from Georgia to read that opinion.

Mr. UPSHAW. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. UPSHAW. I submit to the gentleman, in reply to the suggestion of the gentleman from New York [Mr. GRIFFIN], that the question of minority does not enter into the decisions of the Supreme Court. The Supreme Court is the last word to every loyal American.

Mr. SCHAFER. But I submit to the gentleman this: Does he think that if a great man who sits on the bench in the Supreme Court reaches an opinion that we could have more than one-half of 1 per cent without violating the eighteenth amendment, he should be charged with undermining the Constitution and not being loyal to the eighteenth amendment?

Mr. UPSHAW. The Supreme Court of the United States rendered a decision that the American Congress was competent to interpret the eighteenth amendment, which outlawed the liquor traffic.

Mr. SCHAFER. Will the gentleman from Georgia use every effort to provide that a modification bill may be brought before this House, so that the Members may have an opportunity to cast their vote so that the sovereign voters of their districts may have an opportunity to observe the gentleman's vote?

Mr. UPSHAW. "The gentleman from Georgia" is a constitutional American, and he will not stand for any law passed by this House which——

Mr. SCHAFER. Then the gentleman holds to the belief and would have us infer that the Justices of the Supreme Court who held that more than one-half of 1 per cent alcohol was not in violation of the eighteenth amendment are un-American?

Mr. BLANTON. Mr. Chairman, will the gentleman yield for a question?

Mr. UPSHAW. I did not finish.

Mr. BLANTON. Let me ask the gentleman a question.

Mr. BOYLAN. Mr. Chairman, I rise to a point of order.

Mr. SABATH. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. Gentlemen will suspend until the Chair restores order.

Mr. BARKLEY. Mr. Chairman, a parliamentary inquiry.

Mr. BLANTON. Mr. Chairman, you can not take a gentleman off the floor by a parliamentary inquiry.

The CHAIRMAN. The gentleman from Kentucky [Mr. BARKLEY] rises to propound a parliamentary inquiry.

Mr. BLANTON. Under the rules, Mr. Chairman——

The CHAIRMAN. Will the gentleman wait a minute? Does the gentleman from Wisconsin yield to a parliamentary inquiry?

Mr. SCHAFER. I certainly do.

The CHAIRMAN. Does the gentleman yield for a parliamentary inquiry?

Mr. SCHAFER. Certainly I yield.

Mr. BARKLEY. I desire to ask whether it would be in order to offer a resolution inviting Jack Dempsey to participate in this contest upon the floor? [Laughter.]

Mr. BLANTON. Will the gentleman now yield to me?

Mr. SCHAFER. Yes; I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman from Wisconsin has convinced every Congressman in this House that his statement is correct; that there are some wet speakers who make wet speeches and hurt their cause. [Laughter.]

Mr. SCHAFER. Well, I would like to state to the gentleman from Texas that I do not make it a test for any Member of the House on the question of whether he is a wet or a dry. If a man is with his constituents nine hundred and ninety-nine times on economic and political questions and is against them on one question, be it modification or antimodification of the Volstead Act, I do not believe in making that a test of the Member. In a representative Government I do not believe in testing a man on one vote, as our ardent dry organizations do.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

Mr. SPEAKS. Mr. Chairman, reserving the right to object, I want to ask the gentleman one question.

The CHAIRMAN. The Chair will state that a request for the right to revise and extend remarks does not extend the gentleman's time for debate. The gentleman's time for debate has been exhausted and the question is: Is there objection?

Mr. SPEAKS. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended one minute in order that I may ask him a question.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the time of the gentleman from Wisconsin be extended one minute. Is there objection?

Mr. ANTHONY. Mr. Chairman, reserving the right to object, I want to say that the committee desires to finish this bill this afternoon. I shall not object to the request of the gentleman from Ohio, but will object to any more requests for extensions of time. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SPEAKS. In view of the fact that there has been more or less humor in the whole situation here I want to ask the gentleman from Wisconsin a question in all seriousness. As a member of the locomotive engineer organization, and as a man who runs a locomotive engine, would the gentleman advocate modification of the Volstead law as a means of better assuring the safety of the millions of people who utilize the railroads of the country for traveling purposes?

Mr. SCHAFER. In answering that I wish to state that the consumption of a glass of 2¾ per cent beer following a hard trip on a railroad or before going out would not jeopardize the life or the limbs of the engine employees or the general public. There are many ways where you could protect the lives of the workers and the general public by enacting legislation beneficial to these people, which the great brotherhoods have repeatedly asked Congress to enact.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired. All time has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

Mr. HILL of Maryland. Mr. Chairman, may the amendment be again reported?

The amendment was again reported.

The question was taken; and on a division (demanded by Mr. HILL of Maryland) there were—ayes 8, noes 110.

The amendment was rejected.

The Clerk read as follows:

For every expenditure requisite for and incident to the authorized work of the Coast Guard, as follows:

Mr. GRIFFIN. Mr. Chairman, I move to strike out the last two words.

When the Treasury bill was under consideration I called attention to the fact that the Coast Guard had an appropriation of $12,717,804 to be devoted exclusively in the enforcement of prohibition, in addition to the regular appropriation of $10,635,685, making a total of $23,353,489 for next year. Last year the Prohibition Bureau received $11,000,000 as its specific allowance, which was increased by a further appropriation of $9,649,257 for the prohibition activities of the Coast Guard. Now comes this deficiency appropriation of $7,738,291.96—making the total appropriation $28,407,548.96 for the enforcement of prohibition for 1926.

You know a deficiency bill is a compassionate bill. It is one that takes compassion upon the various bureaus and provides them with additional funds which they were not able to get in the ordinary course of business negotiation with the Budget Bureau or a hard-boiled committee. For instance, take this provision in the deficiency bill of $3,900,000 for the building of new ships to be used by the Coast Guard.

I believe in being fair about these things. If anybody were to bring on the floor of this House under any other appropriation bill a proposal for the construction of a new warship for the Navy, it would have a mighty slim chance. Why show this favoritism to this particular activity of the Federal Government?

I do not disguise my sentiments in any way upon this prohibition-enforcement proposition. I am against the eighteenth amendment upon the ground that its avowed object is to curtail human rights. As students of American history and of the origin of this Government, I ask you to give the subject just for a few moments your dispassionate consideration.

The eighteenth amendment, or so-called prohibition amendment, in my opinion, is a blemish upon the magnificent instrument of government created by the founders of this Nation. It is a flareback to medievalism in the evolution of public opinion.

When our Constitution was framed, Jefferson, Patrick Henry, and many of the greatest Americans in the thirteen Colonies objected, and the instrument was finally only adopted in their respective States upon the understanding that at the very first meeting of the Congress the 10 amendments protecting the fundamental rights of liberty embodied in our Bill of Rights should be inserted.

These 10 amendments were intended to enlarge human liberty, to protect the citizen in his right to practice his religion, to secure a free press, to guarantee the rights of property, the right to bear arms, and to conserve the sovereignty of the respective States. They all enlarged human liberty, extended human rights, but the eighteenth amendment is the only amendment in the history of the United States that is intended to, and does, curtail and diminish human liberty.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRIFFIN. Take the fifth amendment to the Constitution and read what it says:

That no person shall be deprived of life, liberty, or property without due process of law.

Is not liberty of importance to the individual even though it may extend to so trifling a matter as his apparel or his diet? The eighteenth amendment is simply a sumptuary law engrafted out of place in the Constitution of the United States. Gentlemen assail those of us opposing this particular constitutional amendment and classify us with the so-called "Wets." That is only resorting to the childish practice of "calling names."

I do not feel that I should be put in a category of those encouraging nullification. I am a firm believer in temperance, but I do not believe in total abstinence, nor in forcing it upon any human being.

Mr. BOX. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. BOX. Does the gentleman understand that he has a right to attack the Constitution of the United States as to the validity of an amendment which has been put there by the solemn action of the people and the Supreme Court of the United States?

Mr. GRIFFIN. The first amendment to the Constitution accords to every citizen freedom of speech and the right to protest against any law under which he feels he is aggrieved. When I arise here in this House or anywhere else and attack this amendment I do so under the authority and protection of the Constitution of the United States.

Mr. BLANTON. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. BLANTON. The fifth amendment, which the gentleman read, says "except by due process of law." Does not the gentleman consider the eighteenth amendment and the statute passed by Congress to be due process of law?

Mr. GRIFFIN. No; I do not.

Mr. BLANTON. What could be more "a due process of law"?

Mr. GRIFFIN. "Due process of law" means the law of the land. The highest law of the land is that embodied in the Bill of Rights protecting the citizen against invasions of his liberty, and neither the Congress, the Supreme Court of the United States, nor even a majority of the people of the United States have the right, although they may arrogate the power, to deprive a minority of the sacred guaranties of the Constitution. Those guaranties were put into the Constitution by virtue of a sacred compact entered into by the thirteen Colonies upon their adoption of the Federal organic law. It was under such a compact that the smallest States in the Union were forever guaranteed the right to have a representation of two Senators in the United States Senate.

If an amendment were adopted, changing that system of representation, assuming that it could be adopted by a majority of the people of the United States, would that not be a breach of faith? Is it any less, then, a breach of good faith to nullify the original compact of the citizen with the Federal Government and with the other States of the Union by repealing the protective clauses of the Bill of Rights, which assure the citizen the guaranties of perpetual freedom?

Tyranny by the majority is no easier to bear than tyranny imposed by kings, aristocracies, or privy councils. It is true, it bears the semblance of conforming to the principles of democracy. But those principles have their limitations, as the

founders of our Republic fully understood. Why did they put in our Constitution the Bill of Rights? For no other reason than to protect minorities.

White flour made into cake or bread is unwholesome and positively injurious. Perhaps it has done more harm to the race than alcoholic beverages. With the poorer classes bread is truly the staff of life. They are the ones who suffer most. Many children grow to manhood suffering from malnutrition, impoverished blood, and depleted nerve power through an unbalanced diet, chiefly composed of white bread Its damage to youth is almost incalculable, unquestionably greater than that inflicted upon the constitution of older folks through indulgence in alcohol.

Suppose, now, the knowledge of this truth became sufficiently general to incite the formation of an "antiwhite-flour league," and it were backed by the wealth of the country and fortified by the support of religious organizations. And suppose they sought to engraft upon our Constitution another prohibition amendment couched in the following language:

The manufacture and sale of white flour for the making of bread and cake is prohibited.

What would happen to such a proposal? I believe that white flour is a greater menace to health than alcoholic beverages ever were, or ever can be, and I never eat it. Yet I would not support such an amendment to our organic law.

Those who believe that it is the duty of the Government to protect the people from harmful beverages would logically be bound to protect the people from harmful foods; but would they ever accept such an amendment? They would laugh at the idea.

What is the difference? Or, in the slang of the day, "Where is the catch?" There is no difference whatever in principle. The "catch," or the solution of the puzzle, is in the difference in point of view. The antiliquor mind has infected itself with a moral fervor based on a revulsion against drunkenness and a hatred of "saloons," which they consider the source of untold evil. In that I believe they were right. The saloon should be doomed, and so long as the reformers confined their efforts to the abolition of that evil, there is hardly a respectable man or woman who would not indorse and support their efforts.

They soon changed, however, from opposition to the saloon to opposition to the things sold in the saloon. That was fundamentally wrong. The patronage of the saloon was limited and growing less every day. In many sections of New York City, for instance, saloon after saloon went out of existence because of waning patronage. Beer, wine, and whisky were sold in groceries for family needs. Beer or wine was served at the family table. Handled in this way overindulgence or drunkenness was exceedingly rare. The bottle of whisky was in the medicine chest for emergencies. That was the regimen that was completely upset by the sudden transition to absolute prohibition.

The result has been the establishment of home brewing and the introduction of the liquor still in the home. These are greater evils than that sought to be corrected. Families in which drunkenness was an utter stranger, accustomed to beer and wines, were suddenly deprived of what they considered an essential part of their household table supplies.

They did the only thing that remained for them to do. They made their own. The ancient household recipes were revived, and elderberry wine, raisin wine, and other ancient concoctions having the necessary flavor or "kick" were restored to the family larder. In such homes, and they are legion, the old status has been to some extent restored, but with this unfortunate consequence—that the shadow of hypocrisy and the gnawing consciousness of law violation disturb the peace of mind. This is the great wrong of such a tyranny of suppression. Decent, law-abiding people should not be subjected to such a hardship.

Then there is another consequence affecting the younger generation. What is their reaction to the disclosures thus made to them in the bosom of their own family? A perusal of the public press, with its daily recitals of immorality among the young, is the answer.

Then there is the saloon that was sought to be wiped out. Has that been accomplished? Yes; but in name only. The old-time corner saloon of the cities has changed the sign over over its door: "Ales, wines, and whiskies," and the bottles of rye and bourbon in its windows have been replaced by others bearing the labels of ginger ale, sarsaparilla, and other liquids of stomach-destroying or of "belly wash" variety. Inside the swinging door the initiated can still get the stronger drink, but of such a vicious, unwholesome character, and at such exorbitant prices, that the health and pockets of the unfortunate patrons are dangerously impaired. Three drinks of this stuff a day at 75 cents a "throw" waste enough of the workers' earnings to keep the whole family well supplied with wholesome meat, bread, and vegetables.

I am awed and perplexed by the persistence of the prohibition fanaticism. Its disciples are mad blind to all the signs and evidences of the utter failure of their propaganda.

There is not a city, town, or village in our land where this clandestine drinking and these blind tigers do not exist. And they always will exist, until the American people return to sanity and abolish the eighteenth amendment.

The decadence of youth—the ruin of morality—the wild orgy of murder, rapine, robbery that has followed the wake of prohibition seems to have no other effect than to stir them up to a wild rage for the wasting of millions of dollars for a futile, though more drastic enforcement. They have completely lost heads.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. GRIFFIN. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRIFFIN. Gentlemen talk here about the vote in Ohio of 180,000 majority, but there were 300,000 who voted against it, and so it is throughout every State in the Union. If a vote were taken in our State to-day a tremendous majority would be rolled up against the Volstead law.

Mr. MURPHY. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. MURPHY. I am sure the gentleman wants to be fair in his statement, and he understands that the statement he made about the vote in Ohio was inaccurate.

Mr. GRIFFIN. I am talking about the vote—I understand it was 180,000 majority, but there were 300,000 that did not want it.

Mr. MURPHY. The vote was 500,000 and some odd for it——

Mr. GRIFFIN. And 300,000 against it.

Mr. MURPHY. We believe in that sort of government, do we not?

Mr. GRIFFIN. We, in New York, do not. The Constitution of the United States was intended to protect the minority States in their fundamental rights and liberty.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The Clerk read as follows:

BATTLE FIELDS COMMISSION, PETERSBURG, VA.

For payment to Col. James Anderson, Springfield, Mass., $965.22, and to Capt. Carter R. Bishop, Richmond, Va., $520, as compensation and reimbursement for expenses incurred as members of the commission authorized by the act entitled "An act to provide for the inspection of the battle fields of the siege of Petersburg, Va.," approved February 11, 1925, fiscal year 1926; in all, $1,485.22.

Mr. DREWRY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 44, line 7, strike out the word "Richmond" and insert the word "Petersburg."

Mr. DREWRY. Mr. Chairman, in offering this amendment I would like to address myself a few moments to the House in explanation of the item in this bill to which the amendment is offered. This morning we heard the beautiful tribute paid by our colleague, Major STEDMAN, to General Stuart of the Confederate Army, and it seems appropriate that this opportunity should arise which permits me to pay a tribute to a soldier of the Army of the Potomac. The story is an echo of days gone by—with possibly an appeal to sentiment, if you please to call it so. It will not, however, hurt the Members of this House to refrain a few moments from the necessary, but unromantic, task of spending the people's money to listen to a little sentiment.

Thirty years ago, on the 19th of January, the old soldiers of Lee and Jackson in Petersburg were celebrating, as was their annual custom, General Lee's birthday with a banquet. On that day all business is suspended in Petersburg, and the people of the city vie in honoring the old Confederate soldiers. It is their day—the city is theirs. As it happened—and I have always thought it was providential—an old soldier from Massachusetts, who fought with Grant in attacking Petersburg, was in town for the purpose of revisiting the scenes of his fighting life. He met the old soldiers in their gray uniforms, told them who he was, and they fraternized like brothers, as brave men always will. Bravery is not a matter of the color of the uniform. He was invited to the banquet for that night and accepted. When he was called on for a speech he gave it to

them straight from the shoulder, or as one of the old soldiers said, "He gave us Johnnies hell." He made no apologies for his course in doing his duty in trying to capture the city, nor did he criticize his opponents for holding a different opinion. When he finished his speech he was cheered to the echo. One enthusiast in gray moved that the "Yank" be made an honorary and associate member of the camp. He was elected unanimously and, so far as I know, is the only Federal soldier who holds the honor of being a member of a camp of Confederate veterans. And at this point I may also say that he has never missed a meeting of this camp of Confederate soldiers in Petersburg at the annual celebration of Lee's birthday since he has been elected.

He went back to Springfield, Mass., and persuaded his city to extend an invitation to the Confederate soldiers to visit it. The invitation was accepted, and the old Confederate soldiers from Petersburg were received with such generosity and courtesy and hospitality that a counterinvitation was extended to the Grand Army of the Republic in Springfield to visit Petersburg. Various courtesies have been extended between the two cities since. Petersburg looks on Springfield as a kindly neighbor, and for a stranger to say that he is from Springfield is the open sesame in Petersburg. Springfield is a name that is synonymous with courtesy and hospitality. Nothing could have been more appropriate than that Massachusetts and Virginia should have renewed old friendships. From the beginning of the history of the States they have clasped hands in a common cause. Only once have they disagreed, and then they fought it out like brothers and brave men. Patrick Henry's prophecy that the next gale from the North would bring a clash of resounding arms was answered by the men of Massachusetts almost as soon as he uttered it. George Washington, if I remember correctly, was made commander in chief of the forces of the United States under the old elm in Cambridge. It is true Adams and Jefferson at times disagreed, but their disagreement was always a matter of mental conclusion and not one of patriotism. John Marshall interpreted the Constitution and Webster upheld it. So it was then not unseemly that a citizen of Massachusetts should come to Virginia and be received with open arms.

James Anderson, of Springfield, Mass., is as well beloved in Petersburg as he is in his own home town—maybe more so, for prophets are sometimes ignored in their own country. We call him "Colonel" in Petersburg. It never occurred to me to ascertain whether he was brevetted on the field of action, but I know that he has been brevetted in the hearts and affections of our people. In the South we like to give titles to those we love, and "colonel" is a term of affection and respect for those we wish to dignify. Many a man has the soubriquet who never wore an officer's epaulets. Every man, woman, and child in Petersburg knows "Colonel Jim," as we call him. He possesses the kindly dignity and open heart to his fellow man, and manly courage with his friends and foes that entitle him to the designation. In my humble opinion he has done more to heal the wounds arising out of that fratricidal conflict of the sixties than any man now alive. The final word might be said of him, "He loves his fellow man."

When this commission was appointed to survey the battle fields around Petersburg he was put on the commission. Notwithstanding that the appropriation was not carried at that session of Congress with the authorization, yet he came down in his own car from Massachusetts, at his own expense, and spent a good part of the summer in carrying on the work of the commission. This item of the bill is to repay him for the expenses advanced by him in this behalf.

He lies now on a bed of sickness in a hospital in his native city, and I felt that I wanted, as a spokesman of the people of Petersburg, to lay on the pages of this journal a tribute to this soldier of the Federal Army, who has done all that lay within his power to bring about a united country. After all, gentlemen, I know of no higher praise that can be awarded a man than to say that for 30 years he labored to promote the harmonious union of his country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

The Clerk read as follows:

NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS

Northwestern Branch, Milwaukee, Wis.: For repairing main roadway through the reservation, approximately one and one-fourth miles in length, $17,500, to continue available until June 30, 1927.

Mr. SCHAFER. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: Page 44, line 10, after the comma after the word "length," strike out "$17,500," and insert in lieu thereof "$25,000."

Mr. SCHAFER. Mr. Chairman, I wish to congratulate the committee on recommending an appropriation to repair the main road at the National Military Home for Disabled Volunteer Soldiers, northwestern branch, in the city of Milwaukee. I call the attention of the Committee of the Whole to the fact that the Budget has authorized $25,000 to be appropriated for the repair of this road. The hearings on the War Department appropriation bill, page 902, reveal the fact that estimates have been obtained by the Board of Managers and that the Board of Managers feel that the amount of $25,000 is necessary properly to repair the road. I think that my amendment is fair. It merely provides the amount estimated by the Board of Managers and what the Budget has recommended as necessary. There are thousands of disabled veterans of all wars who are residents at this national home. I feel that sufficient funds should be appropriated to keep the main roads within the confines of the home in proper shape to add to the comfort of our disabled veterans and especially to the comfort of those who must travel this road in ambulances.

At the last session I offered an amendment to the appropriation covering the home to provide for the repair of these roads which failed of enactment. I am glad the distinguished chairman of this subcommittee made a personal visit to the northwestern branch and has made recommendation properly to repair the roads.

Mr. ANTHONY. Mr. Chairman, the committee felt that $17,500 was sufficient to make the repairs indicated to this road. The first estimate presented about a year ago to the committee was that $10,000 would do the work. It is true that the Budget asks for $25,000 this year. I personally looked at this road last November. The road is in bad shape and needs repair, but there is ample material, macadam, in the road now. All it needs is a tarvia resurfacing, and the committee believes $17,500 is sufficient for the purpose.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—ayes 4, noes 48.

So the amendment was rejected.

The Clerk resumed and concluded the reading of the bill.

Mr. BEGG. Mr. Chairman, I move to strike out the last word. Mr. Chairman and Members of the committee, it is unfortunate that our distinguished Chairman of the Committee on Appropriations [Mr. MADDEN] is prevented from being present here to-day to defend this appropriation. I have been asked to make a brief statement on it, and I refer to the amendment which was offered in the bill and successfully offered, making an appropriation of $374,462.02 as an interest payment to the Omaha Indians. Now, I think in the discussion the other day there was one vital point that was not clearly brought out. The Court of Claims has very rightly stated as a judgment $122,000, in round numbers, is the principal sum due the Omaha Indians. Then they started to find a judgment for interest charge at 5 per cent, which would be a total of $374,000——

Mr. RANKIN. Mr. Chairman, I make the point of order that debate on this amendment has been exhausted. The amendment passed under the five-minute rule, and the gentleman is out of order.

Mr. BEGG. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. BEGG. The only thing I think it is necessary to say on this point of order is I moved to strike out the last word in the bill and under that motion to strike out the last word in the bill I think I am permitted to discuss any phase of that bill which I desire to.

Mr. RANKIN. I make the point of order that the last word in the bill is "1926." The gentleman is not permitted under his motion to go back and discuss the entire bill, which has been repeatedly held by both the Speaker and the Chairman of the Committee of the Whole House on the State of the Union.

Mr. SNELL. After the generous discussion on this bill this afternoon it seems to me rather far-fetched to raise that technicality at this stage of the game. I appreciate the gentleman has the right to make the point of order.

Mr. RANKIN. Mr. Chairman, the gentleman from New York is one of the last men on earth who should attempt to

lecture me on the ethics of the House. I have a right to make this point of order at any time, and I submit this is the time to make it. The amendment to which the gentleman refers has been debated and passed by the Committee of the Whole House on the state of the Union several days ago, and it is not in order to go back now and discuss it under a motion to strike out the last word.

Mr. BYRNS. Will the gentleman from Ohio yield to allow me to ask the gentleman from New York a question? Without discussing the merits or the demerits of this particular amendment, I desire to ask the gentleman if in all his experience here he has heard of a case where an amendment has been passed that has been discussed at length and finally adopted and placed in the bill that when the reading of the bill has been concluded and the committee is ready to rise, I repeat, has the gentleman ever heard of such a thing as making a five-minute speech on a motion to strike out the last word?

Mr. SNELL. There has been a general discussion on the whole bill this afternoon. I appreciate the gentleman has a right to make the point of order—I am not discussing that—but I think he ought to be a little more liberal as long as we had general discussion of the bill this afternoon.

Mr. BARKLEY. And this discussion is on something we have already passed.

The CHAIRMAN. The motion of the gentleman from Ohio was to strike out the word "1926" and debate will have to be confined to the subject of striking out that word.

Mr. BEGG. Mr. Chairman, I offer a motion to strike out the enacting clause of the bill.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the first amendment, then. The gentleman can not swap horses in the middle of the stream.

Mr. BEGG. Mr. Chairman, I submit I have a right to make that motion.

Mr. RANKIN. The gentleman has been recognized for five minutes on the other proposition.

The CHAIRMAN. The gentleman's recognition to this point has been on the first amendment.

Mr. BEGG. I am making a new motion. I am asking a new recognition.

The CHAIRMAN. Without objection, the pro forma amendment made by the gentleman from Ohio will be withdrawn. Is there objection?

Mr. RANKIN. Mr. Chairman, I object.

The CHAIRMAN. The question is on the pro forma amendment of the gentleman from Ohio.

The question was taken, and the amendment was rejected.

Mr. BEGG. Now, Mr. Chairman and members of the Committee, as I started to say a moment ago, I think there is one point that ought to be——

Mr. RANKIN. Mr. Chairman, I submit that the gentleman is not in order. I renew my point of order.

Mr. BEGG. I refuse to be interrupted unless the gentleman is going to do it in accordance with parliamentary law.

Mr. RANKIN. I make the point of order, Mr. Chairman, that the gentleman must confine his remarks to the proposed amendment.

Mr. BEGG. I have not had a chance yet. I did not get more than four words out of my mouth.

Mr. RANKIN. Oh, yes. The gentleman started out to make the same speech.

Mr. BEGG. The gentleman presumes to know what I am going to say.

Mr. RANKIN. He said he was going on to discuss the proposition he started out with. I make the point of order that he must confine his remarks to the amendment.

Mr. BEGG. Well, members of the committee, I think the procedure so far is perhaps more effective in getting before the membership of this House what I wanted to get before it than if I had been permitted to talk three or four minutes.

What I wanted to point out was this: The Court of Claims found a decision on the principal sum for $122,000.

Mr. RANKIN. Mr. Chairman, I renew the point of order.

Mr. BARKLEY. Mr. Chairman, I make the point of order that under a motion to strike out the enacting clause the gentleman can only discuss what appears in the bill under the enacting clause, not what it will be when it is adopted by the House.

Mr. BEGG. A motion to strike out is in order at any time, and we are now in the committee, and all amendments adopted by the committee are part of the discussion that the person offering to strike out the enacting clause is entitled to discuss.

Mr. BARKLEY. That is not a part of the bill until it comes before the House.

Mr. BEGG. It is a part of the bill up to the present time.

The CHAIRMAN. The Chair will say that in his view the motion to strike out the enacting clause brings before the committee the entire bill. The motion can be made at any time before the committee concludes consideration of the bill, and when it is made it relates, as the Chair thinks, to everything contained in the bill. There is a ruling in Hinds, Volume V, section 5336, page 177, where the question was raised whether certain remarks were in order on a motion to strike out the enacting clause. The Chair will read:

5336. On a motion to strike out the enacting clause a Member may debate the merits of the bill but must confine himself to its provisions.

On July 1, 1841, the House was in Committee of the Whole House on the state of the Union considering a bill "to appropriate the proceeds of the sale of the public lands and to grant preemption rights," the pending motion being to strike out the enacting clause of the bill, on which extended debate had taken place.

While Mr. Aaron V. Brown, of Tennessee, had the floor, Mr. Christopher Morgan, of New York, asked if they were to be detained "by discussing everything under the heavens." The gentleman's remarks had no reference to the subject under consideration.

The Chairman (Mr. Lawrence, of Pennsylvania) stated that the question then pending was on striking out the enacting clause of the bill, and the gentleman had a right to go into the whole merits of it, but the gentleman must confine himself to the provisions of the bill.

That is the only precedent that the Chair has been able to find at the present moment.

Mr. BARKLEY. My point of order is not based on the contention that the gentleman can not make his motion to strike out the enacting clause, but that the amendment is not a part of the bill within the meaning of that decision, and does not become a part of it until that amendment is approved by the House.

The CHAIRMAN. In reply the Chair will say that the only action of the committee will be to report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass. That will include a recommendation by the Committee of the Whole that the so-called Howard amendment be agreed to. The motion of the gentleman from Ohio [Mr. BEGG] will prevent that action being taken if his motion prevails.

Mr. BARKLEY. And also any other provisions of it.

The CHAIRMAN. That is for the committee to determine. Of course the striking out of the enacting clause will defeat the whole bill. But the Chair does not feel that he can consider the merits as to the effect of the motion or upon the point of order. The gentleman from Ohio is discussing the reasons for and the effects of his motion. The Chair is constrained to overrule the point of order.

Mr. BEGG. Now, Mr. Chairman, I hope the gentleman on the minority side will permit me to proceed for about two minutes, because that is about the length of time I wanted to consume.

Mr. RANKIN. The gentleman has already made that statement in his speech heretofore.

Mr. BEGG. The Court of Claims found there was due the Omaha Indians, in round figures, $122,000. Then the court started to render a decision which contained a finding that there was an interest charge due of $374,000, when the attorney for the Government called the attention of the court to the fact that the court was without jurisdiction to make a finding for an interest charge.

Now, here is the point I want the House to keep clearly in mind: If there had not been a carrying up of that case by the claimants to the Supreme Court of the United States, there would have been an element of doubt as to whether or not they were entitled to the interest. But, as so often happens, a claimant is dissatisfied with the decision; he carries his case up and the lower court's finding is sustained.

Now, the case was carried to the Supreme Court of the United States by the claimants and the Supreme Court of the United States affirmed the finding of the Court of Claims, to wit, that they were not entitled to an interest charge. I want the House to have that information and I want to call the attention of the House to another fact. There seemed to be some alarm about the fact that the Appropriations Committee was usurping its authority in not appropriating, because we had passed a law specifically authorizing it. However, all that law did was to make this money available, so as not to make it subject to a point of order if the Appropriations Committee found it to be due. In their investigations they find—or they must have found—that it was not due, else they would have brought in a provision carrying the appropriation.

Mr. BYRNS. Will the gentleman yield?

Mr. BEGG. Yes.

Mr. BYRNS. The gentleman said the higher court affirmed the judgment of the lower court, holding that there was no interest due. Does not the gentleman know that the lower court, in its original finding, held they were entitled to interest and it was only disallowed because the attorney for the Government called their attention to the fact that they were without jurisdiction to allow interest.

Mr. BEGG. I made that statement very clearly.

Mr. BYRNS. I did not so understand the gentleman.

Mr. BEGG. Yes; and I will make it plain so that the gentleman will understand, because there are no dollars in it for me either way. I said that the Court of Claims found $122,000 due as principal and started to allow $374,000 as interest, when the attorney for the Government called their attention to the fact that they had no jurisdiction to find any interest due. Then they carried the case to the Supreme Court, and according to the gentleman's own committee report it appears:

> The modified decision of the Court of Claims rendering judgment in favor of the Indians in the sum of $122,295.31 and eliminating any provision for interest was rendered on June 10, 1918.
>
> On appeal to the Supreme Court of the United States that court affirmed the judgment of the Court of Claims as to the disallowance of interest.

Mr. BYRNS. Certainly.

Mr. BEGG. That is exactly what I said.

Mr. SPROUL of Kansas. And there is a statute which forbids the payment of interest.

Mr. BEGG. The gentleman from Kansas calls my attention to another fact, that there is even a statute prohibiting the payment of interest. I give the House that information on the gentleman's statement.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask that the gentleman have two more minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Ohio may proceed for two additional minutes. Is there objection?

Mr. RANKIN. Mr. Chairman, I object. I think it is time we voted on this bill.

Mr. HOWARD. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio be given two more minutes in order that the gentleman from Wisconsin [Mr. COOPER] may ask him a question.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent that the gentleman from Ohio may proceed for two additional minutes. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. I understood the gentleman from Ohio, when reading a moment ago, to say that the Supreme Court in its opinion affirmed the modified judgment of the lower court?

Mr. BEGG. Does the gentleman want the exact language?

Mr. COOPER of Wisconsin. Well, the gentleman himself read "modified judgment."

Mr. BEGG. No; I did not. I said affirmed the judgment of the Court of Claims as to the disallowance of interest.

Mr. COOPER of Wisconsin. But the original judgment of the court below, as I understand, was that the claimants should have principal and interest.

Mr. BEGG. No; the gentleman is in error.

Mr. COOPER of Wisconsin. And then the counsel for the Government called the attention of the court to the fact that the statute forbade the granting of interest; thereupon they modified their original judgment, and then the claimants took the case to the Supreme Court. Only a few moments ago did not the gentleman himself read the words "modified judgment" in what he read? Please read what the gentleman read a few moments ago.

Mr. BEGG. I will do that, but before doing so I want to read the statute with reference to an interest charge. Now, mind you, this interest, as attempted to be allowed in the original judgment, was all prior to the rendering of the judgment, and the statute reads:

> No interest shall be allowed on any claim up to the time of the rendition of judgment thereon by the Court of Claims, unless upon a contract expressly stipulating for the payment of interest.

Now, there was no contract and there was no judgment. The Court of Claims started to render a judgment when their attention was called to the fact that they had no jurisdiction to do so. The case was carried to the Supreme Court by the claimants and the Supreme Court reaffirmed the finding of the Court of Claims as to the disallowance of interest. Now, then, on what ground can we override that kind of a decision?

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. HOWARD. Mr. Chairman, I rise in opposition to the motion. [Applause.]

Mr. Chairman and gentlemen of the committee, I know you are all anxious to go home. You are anxious to get through with this bill to-night, and I am going to detain you only a little bit; just long enough to say that I am surprised at the action of my friend, the gentleman from Ohio, in injecting an argument here so out of place, it seems to me, and not in harmony with the well-settled procedure of the House.

I have no argument to make on the legal phase of this question. I could not make an argument in five minutes; that would not be possible. I only want to say to you, gentlemen, that we have discussed this matter for more than a year now, off and on. Practically every Member of this House is entirely familiar with the situation. Either it is right or it is wrong for this House now to pass judgment favorably upon a former action by the House, by the Senate, and with the approval of our President. One of two procedures is right, and one must be wrong. I am of opinion it will be the right and the fair thing for us now to say to these Indians that the Congress, having passed their bill authorizing this appropriation, the President having approved it, the Budget Bureau having estimated for it, the hour has arrived now when we ought to close the discussion and say to them that their money will be paid. [Applause.]

Mr. SIMMONS. Will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Nebraska.

Mr. SIMMONS. The statement was made by the gentleman from Ohio that the bill authorizing this payment did not direct the payment, but that it contained a proviso, if the Appropriations Committee found it due. I have here the bill which is in the regular form authorizing the appropriation of a specific amount, with no proviso giving the Committee on Appropriations the authority that the gentleman from Ohio states; and may I ask the gentleman further this question?

The gentleman from Ohio read the statute, saying that interest was not authorized, was not this authority on the part of Congress directly authorizing this payment passed years after the general statute to which the gentleman referred, and does it not necessarily supersede it?

Mr. HOWARD. Oh, yes.

Mr. BROWNING. Will the gentleman yield to me?

Mr. HOWARD. I will.

Mr. BROWNING. I will ask the gentleman if it is not a fact that the statute expressly provided that the Court of Claims should not render a judgment for interest; and was not that the only thing the Supreme Court decided?

Mr. HOWARD. I so understood it.

Mr. BROWNING. And the fact is this Congress in exercising its judgment said that this interest should be allowed, and passed an authorizing act to that effect.

Mr. HOWARD. That is the situation exactly.

Mr. BROWNING. And directing the Appropriations Committee or this Congress to make this appropriation?

Mr. HOWARD. That is it.

Mr. MOORE of Virginia. And if your claim should be disallowed we would be disregarding the action of a former Congress.

Mr. HOWARD. That is right. I do not think we will. [Applause.]

Mr. ANTHONY. Mr. Chairman——

The CHAIRMAN. The Chair will say that on a motion to strike out the enacting clause only two speeches may be made, one for and one against. The question is on the motion of the gentleman from Ohio to strike out the enacting clause of the bill.

The question was taken, and the motion was rejected.

Mr. ANTHONY. Mr. Chairman, I move that the committee do now rise and report the bill to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CHINDBLOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration H. R. 8722, the deficiency appropriation bill, had directed him to report the same to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. ANTHONY. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. ANTHONY. Mr. Speaker, I ask for a separate vote on the Howard amendment.

The SPEAKER. Are there any other amendments on which a separate vote is demanded? If not the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the amendment on which a separate vote is demanded, which the Clerk will report.

The Clerk read as follows:

Page 25, after line 2, insert: "To pay the Omaha Tribe of Indians of Nebraska, in accordance with the act of Congress approved February 9, 1925, estimated for by the Budget Bureau and forwarded to the House of Representatives by the President and printed in House Document No. 617, Sixty-eighth Congress, second session, the sum of $374,465.02.

The SPEAKER. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken; and on a division (demanded by Mr. HOWARD and Mr. OLDFIELD) there were—ayes 101, noes 92.

Mr. ANTHONY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 181, nays 108, answered "present" 2, not voting 140, as follows:

[Roll No. 29]

YEAS—181

Abernethy	Dickinson, Mo.	Larsen	Sandlin
Allgood	Doughton	Lazaro	Schafer
Andresen	Dowell	Leavitt	Sears, Fla.
Arnold	Drewry	Little	Sears, Nebr.
Auf der Heide	Driver	Lowrey	Shallenberger
Bacon	Edwards	Lozier	Simmons
Bailey	Eslick	Lyon	Sinclair
Bankhead	Evans	McClintic	Sinnott
Barkley	Faust	McDuffie	Smith
Beck	Fisher	McKeown	Smithwick
Bell	Fletcher	McLaughlin, Nebr.	Speaks
Berger	Frear	McMillan	Spearing
Black, Tex.	Fulmer	McReynolds	Steagall
Bland	Garber	McSwain	Stedman
Blanton	Gardner, Ind.	McSweeney	Stevenson
Bloom	Garner, Tex.	Major	Swank
Boies	Gasque	Manlove	Swing
Bowling	Gibson	Mansfield	Taylor, Tenn.
Box	Gifford	Mapes	Taylor, W. Va.
Boylan	Goldsborough	Mead	Temple
Brand, Ga.	Goodwin	Montague	Thomas
Briggs	Green, Fla.	Moody	Tillman
Browne	Greenwood	Moore, Ky.	Timberlake
Browning	Griffin	Moore, Va.	Underwood
Buchanan	Hadley	Morehead	Upshaw
Bulwinkle	Hammer	Morrow	Vaile
Burdick	Hare	Nelson, Mo.	Vinson, Ga.
Busby	Harrison	Nelson, Wis.	Vinson, Ky.
Byrns	Hawes	Norton	Voigt
Canfield	Hill, Ala.	O'Connell, R. I.	Warren
Cannon	Hill, Wash.	O'Connor, La.	Weaver
Carter, Okla.	Houston	Oldfield	Wefald
Chapman	Howard	Oliver, N.Y.	White, Kans.
Christopherson	Huddleston	Parks	Whitehead
Cleary	Hudson	Peery	Whittington
Collier	Hudspeth	Quin	Williams, Tex.
Colton	Hull, Tenn.	Ragon	Williamson
Connally, Tex.	Johnson, Tex.	Rainey	Wilson, La.
Cooper, Wis.	Kemp	Rankin	Wilson, Miss.
Crisp	Kerr	Rathbone	Winter
Crosser	Kincheloe	Rayburn	Woodruff
Crowther	Knutson	Rogers	Woodrum
Davis	Kopp	Romjue	Wurzbach
Deal	Kurtz	Rubey	
Denison	Kvale	Rutherford	
Dickinson, Iowa	Lankford	Sanders, Tex.	

NAYS—108

Ackerman	Curry	Irwin	Snell
Adkins	Davenport	James	Sosnowski
Aldrich	Eaton	Johnson, Ill.	Sproul, Ill.
Allen	Elliott	Johnson, Ind.	Sproul, Kans.
Andrew	Ellis	Ketcham	Stalker
Anthony	Esterly	Lehlbach	Stephens
Arentz	Fairchild	Letts	Strong, Kans.
Bachmann	Fish	MacGregor	Strother
Barbour	Fitzgerald, Roy G.	Magee, N. Y.	Summers, Wash.
Beers	Fitzgerald, W. T.	Magee, Pa.	Taylor, N. J.
Begg	Foss	Magrady	Thatcher
Bowles	Free	Martin, Mass.	Tilson
Bowman	French	Miller	Tinkham
Brigham	Frothingham	Montgomery	Tolley
Britten	Furlow	Morgan	Treadway
Brumm	Gorman	Murphy	Updike
Burtness	Hall, Ind.	Nelson, Me.	Vare
Burton	Hall, N. Dak.	Newton, Minn.	Vincent, Mich.
Butler	Hardy	Patterson	Wainwright
Campbell	Hawley	Phillips	Wason
Chalmers	Hersey	Purnell	Watres
Chindblom	Hickey	Reece	Watson
Clague	Hill, Md.	Reed, N. Y.	Wheeler
Cole	Hoch	Rowbottom	White, Me.
Cooper, Ohio	Hogg	Sanders, N. Y.	Wolverton
Coyle	Hooper	Seger	Wood
Crumpacker	Hull, William E.	Shreve	Wyant

ANSWERED "PRESENT"—2

McFadden McLaughlin, Mich.

NOT VOTING—140

Almon	Fuller	LaGuardia	Ransley
Appleby	Funk	Lampert	Reed, Ark.
Aswell	Gallivan	Lanham	Reid, Ill.
Ayres	Gambrill	Lea, Calif.	Robinson, Iowa
Bacharach	Garrett, Tenn.	Leatherwood	Robsion, Ky.
Beedy	Garrett, Tex.	Lee, Ga.	Rouse
Bixler	Gilbert	Lindsay	Sabath
Black, N. Y.	Glynn	Lineberger	Schneider
Brand, Ohio	Golder	Linthicum	Scott
Carew	Graham	Luce	Somers, N. Y.
Carpenter	Green, Iowa	McLeod	Stobbs
Carss	Griest	Madden	Strong, Pa.
Carter, Calif.	Hale	Martin, La.	Sullivan
Celler	Hastings	Menges	Sumners, Tex.
Collins	Haugen	Merritt	Swarts
Connery	Hayden	Michaelson	Sweet
Connolly, Pa.	Holaday	Michener	Swoope
Corning	Hull, Morton D.	Milligan	Taber
Cox	Jacobstein	Mills	Taylor, Colo.
Cramton	Jeffers	Moore, Ohio	Thayer
Cullen	Jenkins	Morin	Thompson
Darrow	Johnson, Ky.	Newton, Mo.	Thurston
Davey	Johnson, S. Dak.	O'Connell, N. Y.	Tincher
Dempsey	Johnson, Wash.	O'Connor, N. Y.	Tucker
Dickstein	Jones	Oliver, Ala.	Tydings
Dominick	Kahn	Parker	Underhill
Douglass	Kearns	Peavey	Vestal
Doyle	Keller	Perkins	Walters
Drane	Kelly	Perlman	Weller
Dyer	Kendall	Porter	Welsh
Fenn	Kiefner	Pou	Williams, Ill.
Flaherty	Kiess	Prall	Wingo
Fort	Kindred	Pratt	Wright
Fredericks	King	Quayle	Yates
Freeman	Kunz	Ramseyer	Zihlman

So the amendment was agreed to.

The following pairs were announced:

On this vote:

Mr. Wingo (for) with Mr. McFadden (against).
Mr. Somers of New York (for) with Mr. Appleby (against).
Mr. Peavey (for) with Mr. Kiefner (against).
Mr. Weller (for) with Mr. Madden (against).
Mr. Hayden (for) with Mr. Luce (against).
Mr. O'Connell of New York (for) with Mr. Funk (against).
Mr. Carss (for) with Mr. Reid of Illinois (against).
Mr. Schneider (for) with Mr. Connolly of Pennsylvania (against).
Mr. Kindred (for) with Mr. Griest (against).
Mr. Garrett of Texas (for) with Mr. Williams of Illinois (against).
Mr. Prall (for) with Mr. Swoope (against).
Mr. Hastings (for) with Mr. Golder (against).
Mr. Celler (for) with Mr. Strong of Pennsylvania (against).
Mr. Aswell (for) with Mr. Darrow (against).
Mr. Carew (for) with Mr. Pratt (against).
Mr. Lampert (for) with Mr. Fenn (against).
Mr. O'Connor of New York (for) with Mr. Carter of California (against).
Mr. Doyle (for) with Mr. Graham (against).
Mr. Sullivan (for) with Mr. Newton of Missouri (against).
Mr. Lindsay (for) with Mr. Fuller (against).
Mr. Kunz (for) with Mr. Kendall (against).
Mr. Quayle (for) with Mr. McLeod (against).
Mr. Lee of Georgia (for) with Mr. Kiess (against).
Mr. Dickstein (for) with Mr. Oliver of Alabama (against).
Mr. Black of New York (for) with Mr. Bixler (against).
Mr. Martin of Louisiana (for) with Mr. Mills (against).
Mr. Reed of Arkansas (for) with Mr. Porter (against).
Mr. Milligan (for) with Mr. Morin (against).
Mr. Sabath (for) with Mr. Ransley (against).
Mr. Wright (for) with Mr. Sweet (against).
Mr. Corning (for) with Mr. Bacharach (against).
Mr. Douglass (for) with Mr. Welsh (against).
Mr. Drane (for) with Mr. Taber (against).

General pairs:

Mr. Merritt with Mr. Linthicum.
Mr. Freeman with Mr. Pou.
Mr. Hale with Mr. Almon.
Mr. Perkins with Mr. Sumners of Texas.
Mr. Johnson of South Dakota with Mr. Ayres.
Mr. Scott with Mr. Collins.
Mr. Kearns with Mr. Johnson of Kentucky.
Mr. Dyer with Mr. Cullen.
Mr. Lineberger with Mr. Lea of California.
Mr. Michener with Mr. Taylor of Colorado.
Mr. Walters with Mr. Dominick.
Mr. Thompson with Mr. Cox.
Mr. Zihlman with Mr. Tucker.
Mr. Thayer with Mr. Gallivan.
Mr. Yates with Mr. Tydings.
Mr. Tincher with Mr. Garrett of Tennessee.
Mr. Michaelson with Mr. Lanham.
Mr. Brand of Ohio with Mr. Jeffers.
Mr. Cramton with Mr. Gambrill.
Mr. Johnson of Washington with Mr. Jones.
Mr. Kelly with Mr. Gilbert.
Mr. McLaughlin of Michigan with Mr. Davey.
Mr. Moore of Ohio with Mr. Jacobstein.
Mr. Parker with Mr. LaGuardia.

Mr. JONES. Mr. Speaker, am I recorded?

The SPEAKER. The gentleman is not recorded.

Mr. JONES. I was not in the hall when my name was called.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. ANTHONY, a motion to reconsider the vote whereby the bill was passed was laid on the table.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

A message in writing from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved bill of the following title:

H. R. 7484. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a bridge across Red River near Fulton, Ark.

ITALIAN DEBT SETTLEMENT

Mr. LANKFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Italian debt settlement.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD on the Italian debt settlement. Is there objection?

There was no objection.

Mr. LANKFORD. Mr. Speaker and gentlemen of the committee, to my mind the Italian debt settlement plan as here proposed provides an outright gift to Italy and a vicious robbery of the American people. I know that many who support this plan are honest in their convictions, but the result of their support is just as harmful, nevertheless.

Many say that Italy is bankrupt and unable to pay. All must admit that she has wonderful resources, and that while she has not some of the minerals, and so forth, of other countries, that her soil is fertile, ofttimes producing more than an equal acreage in this country.

Information from the division of statistical and historical research, Bureau of Agricultural Economics, relating to the production of wheat, rye, barley, oats, and corn in the United States and Italy for the year 1925, discloses that—

The average yield of wheat in Italy was 20.6 bushels per acre, while in the United States it was 12.8 bushels; the average yield of rye in Italy was 21.5 bushels per acre, while in the United States it was 11.9 bushels; the average yield of barley in Italy was 22.3 bushels per acre, and in the United States it was 26.4 bushels; the average yield of oats in Italy was 39.2 bushels per acre, while in the United States it was 33.3 bushels per acre; and the average yield of corn in Italy was 27.7 bushels per acre, while it was 28.5 bushels in the United States.

Among the 80 wheat-producing countries of the world Italy usually stands about eighteenth. The average yield per acre of wheat and rye in Italy for the year 1925 was about twice as great as in the United States for the same year. The average yield of oats per acre is about 6 bushels greater in Italy than in the United States for the year 1925, and that of corn and barley is about the same. The soil of Italy can not be said to be "sterile" or nonproductive.

Italy is producing more now than she produced before the war and will continue to produce more and more as the years go by.

Italy is one of the world powers. All admit that she has at least twenty-two billions of national wealth and many contend that her national wealth probably is even twice that amount. But admit that her national wealth is at the lowest figure stated, then it naturally follows that it will increase. The national wealth of the United States to-day is nearly twenty times as great as it was just after the Civil War.

One great mistake that some make is in figuring Italy's ability to pay as of the present and then making none of the debt payable at the present. We ought to figure on her ability to pay as of the date the paying is to be done. She proposes to pay so little at the present until we can easily disregard the present payments. They will be negligible.

But is Italy so poverty stricken? She has approximately 119,000 square miles in Europe and numerous colonial possessions. No nation occupies a more favorable position on the Mediterranean Sea, and she is mistress of the Adriatic Sea. She has practicaly a natural monopoly of sulphur. Sicily is now producing 17 per cent of the world's supply.

Italy has a wonderful climate, and her tourist trade is very valuable.

Then again she is to receive an enormous indemnity from Germany.

Mr. Winston, Assistant Secretary of the Treasury, says that Italy received from Germany last year the equivalent of $16,000,000; that she will get about twenty million each year for the next few years, and then the annual amount will get larger. Italy will get as indemnity from Germany during the next 40 years much more than enough to pay all the debt commission has agreed to accept in full settlement of our whole debt, and yet during the first 31 years of this time she will pay only about one-fourteenth of what she is to pay us. She will get enough out of Germany to pay us nearly all she owed, and she will get enough out of Germany to pay us several times the amount the Debt Commission says we ought to accept. She is to get all her money from Germany in 40 years, and we are asked to give her 64 years on what is due us, and we are asked to let her have this large amount of money practically without interest.

If we had not gotten into the war and had not let Italy have our money, to-day Italy would be paying indemnity to Germany instead of Germany paying it to her. Italy ought to pay us what she owes us, with a reasonable interest.

But if Italy was poverty stricken she could pay us several times what she is offering from the money she is to get from Germany as indemnity. The argument, though, that Italy is poverty stricken falls through on every point. She has all the railroads she needs, has one of the best shipping interests in the whole world, and exports much farm products.

We are simply asked to give Italy a present. We are asked to do more by Italy than we are asked to do by any other country. Even Belgium is to pay much more per dollar loaned than Italy. Belgium, which stood the thickest in the war, is offering to do her part nobly. Belgium suffered more in the war than any other country, and the war was not her fight, either. It happened to take place on Belgian territory. Belgium could have told the Germans to march through and attack France and Belgium would not have suffered so severely, but she did not do this; she held back the German army until the rest of the world could get ready for the war.

We are asked to discriminate not only against our country but also against that brave little people in Belgium who unto the rolling down of the curtain of eternity will challange the admiration of the world in their stand against the powerfully trained troops and fresh ones of the Kaiser in the early war days. Historians now and hereafter will record their work as a miracle that saved Europe and the world from the ravages of a war-mad king.

It seems that around the peace table it was understood that the United States was to cancel the prearmistice debt of Belgium, but now we are asking her to pay interest about four times as great as that charged Italy. Why this great discrimination, and why against our own people and against poor, brave, heroic, glorious Belgium?

To my mind there is simply no defense to the Italian settlement plan as now advocated.

Some say we should be generous with Italy because of the part she played in the war. What about the part Belgium played? What about the part we took in the war?

Some gentlemen seem to have forgotten our sacrifices in the war. We drafted, chiefly from farms and factories, more than 4,000,000 American sons. They defended not only this Nation but the homes and armies of the allied nations. In addition to this, we gave nearly $30,000,000,000 of our national wealth; $20,000,000,000 of this amount went direct as a loan to our allies. In order to raise this money we issued Government bonds and sold them to almost every American family and taxed everyone to the limit of his financial capacity. Thousands of our sons were killed and millions were maimed or diseased. The war is still costing America billions of dollars annually, and neither the present nor the succeeding generation will live to see this enormous debt paid. We have not only been just, but we have been generous to the allied nations. We have not only loaned them money, but we have contributed generously of our substance to them in the hour of need. America gets nothing from the war except disease, debt, and death; our allies do get reparations from Germany.

The armistice was signed more than seven years ago. The allied indebtedness has not yet been funded, and in no case have we extended, or proposed to extend, the day for final payment to less than 62 years, nearly 70 years from conclusion of the war. The bonds which we issued and sold to raise the money loaned to our allies have not yet been paid, and we are now taxing our citizens almost beyond the point of endurance to pay the interest on our domestic indebtedness incurred by reason of the war.

Every citizen and individual in this Nation must pay his or her part by direct income or through the medium of an exorbitant tariff. No one can escape. Within the next few years the bonds we sold must be paid. Who will pay most of the indebtedness. Obviously, many of the same boys who defended

the allied armies. When will they collect the loans made to the Allies? If at all, it will be some 30 or 40 years later. What other obligation has America to discharge?

Some gentlemen contend, and the press has so stated, that under the proposed settlement the full amount of the American debt and interest will be collected; they do not say how much interest will be collected. Let us see if this statement is in point of fact accurate. Senator BURTON, a distinguished Member of this House and one of the ablest men on the Debt Funding Commission, speaking of the Italian debt settlement in comparison with the British settlement, said:

> That seems a very great concession; and it is, for if we calculate the present worth at 4¼ per cent we obtain only 25 per cent, or $583,000,000, on a debt which was originally $1,648,000,000. (See CONGRESSIONAL RECORD, p. 1634.)

Senator BURTON admits that if the terms of the settlement offered are accepted, that we will obtain only about 25 per cent of the debt, and that is a fact. Gentlemen who contend otherwise should remember that we are funding a debt composed of both principal and interest. There is no fundamental difference between the cancellation of interest and the cancellation of principal. Why should gentlemen thus quibble, except to camouflage this enormous gift of the American citizens' money?

What is the difference between a dollar of principal and a dollar of interest? When we begin to figure on paying interest or of giving it away it at first seems a trivial matter, but for a long term of years the interest is much bigger than the principal. It is said, well, we are willing to practically give Italy the interest and a very long term of years, but we are to save the principal. What a wonderful saving we are about to make. This is economy, is it?

Reminds me of the railroad company which went into receivership and lost all their line of road; all their rolling stock, including passenger coaches and locomotives, and all other property of every description, but saved one cowcatcher.

The debt commission in this matter is about to succeed as well as the city fire department which went to a fire on a near-by farm and lost the home, all outhouses, and the farmer's barn and all his supplies, but saved the well.

Let us see about the proposition. Italy owes us much more than $2,000,000,000, but let us figure on $2,000,000,000 for a few minutes. Let us see how much interest we are about to give away. This money belongs to the people of the United States, and many of the farmers would be glad to borrow it at 6 per cent. Italy to begin with is to pay no interest for the first five years. Well, 6 per cent for five years compounded or paid annually amounts to at least 34 per cent of the principal. Thirty-four per cent of $2,000,000,000 is $680,000,000. This, divided into 435 shares, so as to let each Member get a share, would build in each congressional district in the United States 81 post-office buildings costing $50,000 each.

Some economy and some liberality with a foreign nation. It is urged that we can not afford to even enter upon a program to build one building in each congressional district within the next five years, and yet it is proposed to give Italy enough to build 81 post-office buildings in each district during the next five years, and yet this liberality to Italy will have just begun at the end of the five years. It also seems that the miserly attitude toward the cities which are entitled to Federal buildings will have just begun also.

But let us figure a little more. In many sections of the country the farmers pay 8 per cent for money. Just to see how important is the matter of interest for a 64-year period let us see what $2,000,000,000 will amount to in 64 years at 8 per cent compounded annually or paid annually. The farmers generally have to pay or compound it quarterly.

Money at 8 per cent compound interest doubles in every 8 years, then $2,000,000,000 in 8 years becomes $4,000,000,000, and so on until at the end of 64 years $2,000,000,000 of principal is $512,000,000,000, or an addition of $510,000,000,000 on account of interest. The interest on a sum of money at 8 per cent per annum compounded for 64 years is 255 times as large as the principal.

The interest on this Italian debt at 8 per cent compounded for 64 years will produce an amount sufficient to build nearly 300 congressional libraries in each congressional district, as expensive as the one here, which is one of the most expensive and beautiful buildings in the world.

This interest thus calculated would at the end of 64 years be large enough to build a fine courthouse or post-office building for about every eight people in the whole United States. And yet it is urged that we are going to save the principal even though we practically lose the interest.

I get so tired of people howling about saving a few dollars which should be spent for the improvement of the country, and then so gladly make such splendid gifts of the people's money for any purpose sponsored by the big rich, or the international bankers, or some foreign country which happens to be able to exert some sinister influence here in America. Nearly every fellow who is supporting the Italian debt steal, the record will show, voted to cut off the garden seed from the farmers and little children and to deprive the little girls of America of a few flowers. Some economist! Most of these same people are anxious to not build any Federal buildings in the country cities and a great many of them are bitterly opposed to any sort of appropriations for good roads. Economy is a wonderful thing when it is worked overtime on the poor so as to be in position to give millions and billions to foreign nations and to international bankers.

Lets figure just a little more on what the United States will lose on this Italian proposition even with the United States borrowing money under the most favorable circumstances. Oh my, for a term of years, interest is of so much more importance than the principal. We could easily propose to Italy to give her all the principal at the end of eight years provided she paid us interest annually at 8 per cent. This trade would be many times better than what we are asked to accept.

Let us see what Mr. Mellon, the Secretary of the Treasury, has to say about the matter of interest on this Italian debt. We quote from the testimony of Secretary Mellon before the Ways and Means Committee:

> From the United States standpoint, therefore, the question of whether a particular settlement represents a reduction in the debt depends on whether the interest charged over the entire period of the agreement is less than the average cost to us of money during that period. The flexibility in debt settlements is found in the interest rate to be charged.

We submit that this statement clearly sets forth the fact that whether a debt be paid depends on whether the interest charge over the entire period is less than that which we pay out in interest charge for a like sum during the same period.

So that there can be no misunderstanding of the interest rate charged Italy under this bill, we at this point insert in full that portion of the bill which designates the rates of interest to be charged. It is found in lines 1 to 12, inclusive, on page 3 of the bill, and is set forth as follows:

> The bonds to be issued shall bear no interest until June 15, 1930, and thereafter shall bear interest at the rate of one-eighth of 1 per cent per annum from June 15, 1930, to June 15, 1940; at the rate of one-fourth of 1 per cent per annum from June 15, 1940, to June 15, 1950; at the rate of one-half of 1 per cent per annum from June 15, 1950, to June 15, 1960; at the rate of three-fourths of 1 per cent per annum from June 15, 1960, to June 15, 1970; at the rate of 1 per cent per annum from June 15, 1970, to June 15, 1980; and at the rate of 2 per cent per annum after June 15, 1980, all payable semiannually on June 15 and December 15 of each year.

We have heretofore called to your specific attention in the portion of the debt settlement inserted herein that there was no interest paid to this Government until June 15, 1930. Now, when the debt begins to bear interest we are astonished to find that the rate of interest upon the obligation is next to nothing. Kindly keep in mind the statement made by the distinguished Secretary of the Treasury, above quoted, that—

> the question of whether a particular settlement represents a reduction in the debt depends on whether the interest charge over the entire period of the agreement is less than the average cost to us of money during that period.

At this time, we repeat, the average interest rate paid by us upon our indebtedness is 4.1 per cent per annum, and, according to the gentleman best qualified to know, Mr. Mellon, Secretary of the Treasury, the average annual interest rate paid by Italy under this bill is forty-two one-hundredths of 1 per cent. What a vast difference the position of the decimal point makes. The present interest rate of this Government is practically ten times the average rate under this funding agreement. We wonder if the people of this country appreciate just what the position of that decimal point means to them in dollars and cents. Even should the cost of money to us through this same period be lowered to 3 or 3½ per cent, still the rate of interest which we would be compelled to pay would be between seven and eight times as much as we would be receiving from Italy.

We will compare the amount of interest which this Government would pay upon $100 at the present rate at which she borrows money, 4.1 per cent for the period of 62 years, with the amount of interest she would receive from Italy for the

same amount over the same period of time at the average annual rate prescribed by this bill. We find that during this period America would pay out in interest $254.20 for her loan and would only receive the sum of $27.30 from her debtor, Italy. We pay out almost ten times as much as we would receive.

But some will say that we will be able to secure money at a lesser rate in the future. That, of course, is problematical, but assume we could get it through this period of 62 years at the average annual rate of 3 per cent per annum. A loan of $100 for this period would cost us in interest $186, as against the sum of $27.30 which Italy would pay on a loan of like amount.

But let us get down to interest talk that the people back home as well as myself are personally acquainted with. We will take the 6 per cent rate—that is the least rate upon which we can procure money from long-term loan companies. Over this period of 62 years interest on $100 at 6 per cent amounts to $372, as compared to the sum of $27.30 which is paid by Italy for a like amount for a like period.

We submit a table showing the amount in interest that will be paid under this bill for a loan of $100 during the first 35 years of the plan:

Period	Annual interest percentage	Annual interest money	Total interest for period
1925–1930	0	0	0
1930–1940	One-eighth of 1 per cent	$0.12½	$1.25
1940–1950	One-fourth of 1 per cent	.25	2.50
1950–1960	One-half of 1 per cent	.50	5.00

Thus we find that under the proposed plan Italy during the next 35 years would pay us approximately $8.75 for the use of $100 for that period, whereas at 3 per cent it would cost us $105, at 4.1 per cent it would cost us $143.50, and at 6 per cent it would cost us $210.

We wonder if the American people realize how exceedingly generous this Government desires to be to Italy—at their expense.

As heretofore stated, the amount of the Italian debt as of June 15, 1925, was $2,042,000,000. Considering the rate of interest at 4¼ per cent per annum, the present value of the payments made through the 62-year period, or, in other words, the present value of the settlement, is $538,000,000; and with a 3 per cent interest charge the present value of the settlement is $791,000,000. In other words, we have expended money from our Treasury as of the date of the settlement in the sum of $2,042,000,000, and this obligation as of that date, upon the same rate of interest which we have paid since we secured this money for Italy, is worth $538,000,000, or $1,504,000,000 less than we have invested in it. If the 3 per cent basis be used, with the present value of the settlement being $791,000,000, it is easily seen that we are $1,251,000,000 in the hole. In other words, if we were to square the books as of the date of the debt settlement, either by the payment of the present value of the settlement by Italy or by the negotiation and assignment of the present value of the debt agreement, we would lose between one and one-quarter to one and one-half billion dollars. Of course, whatever interest we would pay upon this sum would be an additional loss.

Another angle at which this loss may be viewed is contained in the views of the distinguished gentleman from Tennessee [Mr. HULL], page 44 of report, in this language:

> I am impelled to the conclusion, however, that the proposed settlement is not a reasonable settlement, but is more in the nature of a cancellation. The amount of this debt, with interest under the 62-year plan of payment, would, I am told, aggregate near $5,500,000,000. The amount of the proposed settlement is $2,042,000,000 plus interest of $365,577,000 to be paid during 62 years, or a total of $2,400,000,000 in round figures. This shows a scaling under the 62-year payment plan of near $3,000,000,000, or, when compared with the terms of the British settlement of near $2,500,000,000.

The American people were felicitated by the distinguished leader of the majority, the gentleman from Connecticut [Mr. TILSON], near the adjournment of Congress for the holidays, as a result of the reduction of the Federal tax burden of the people in the sum of $325,000,000. It occurs to me that this debt settlement having been made on November 14, 1925, making this gift to Italy in the sum of $3,000,000,000, it might have been well to have included Italy in the words of felicitation, because their gift was practically ten times that which has been bestowed upon the American people. Divide $3,000,000,000 by 62 and you will find that you will get practically $50,000,000, which represents the annual gift of this country to Italy in the event that this settlement shall be ratified. Fifty million dollars per year, or more than a hundred and thirty-five thousand dollars per day, a gift out of the pockets of the American people.

Is it any wonder that at the consummation of the Italian-American debt settlement the dictator of Italy, Premier Mussolini, wired Count Volpi, the Minister of Finance of Italy, and chairman of the royal war-debt commission, in part as follows:

> I desire to express my full appreciation of the settlement reached, which represents a happy conciliation of interests as well as the acknowledgment of the justice of our case and of our real capabilities.
>
> Please convey to the members of the American commission the expression of my gratification, voicing the sentiments of the Italian people.

The above quotation is taken from the statement given to the press at the time of the signing of the debt agreement, which is filed as Exhibit 73 in the hearings upon this bill before the Ways and Means Committee.

Little wonder is it that Premier Mussolini and the Italian people were pleased. They recognized the fact to be that during the next 32 years they will not pay—without adding any interest charge—the postarmistice debt, amounting to $616,000,000—money which our people loaned Italy after the last gun had ceased firing, and which sum we as citizens of America must pay; in other words, during the first 32 years this agreement will run they will not pay us one-fourth of their obligation.

Two stock arguments of those who favor the proposed Italian debt settlement are that Italy is not able to pay and that we should be generous.

It seems that no one can reasonably contend that Italy is not now able to pay and also that she will never within 62 years become able to pay. In fact, she is able to begin paying reasonable annual amounts at this time. The indemnity she is to receive from Germany would enable her to do this even if she was in bad financial condition otherwise.

She is appropriating huge sums of money for military purposes and naval purposes at this very time. Her present army appropriation is for $72,000,000 and her naval appropriation is for $35,000,000.

She is entering upon a huge military policy. Here is a recent clipping from the Washington Post:

ROME CHAMBER VOTES TO STRENGTHEN ARMY

> ROME, January 29 (by A. P.).—After Premier Mussolini had made a speech in which he declared that the armed forces of the nation must be maintained with the highest efficiency and that Italy wanted peace, but that peace would be more secure if backed by the sword, the Chamber of Deputies to-night adopted the clauses of the bill for reorganization of the army.
>
> The premier announced that 76 regiments are to be stationed in the chief cities of the provinces, "regardless of prayers in the cathedrals and processions in the streets, all of which will be useless."
>
> He said also that 11 extra regiments are to be stationed "at fitting places."

Certainly, Italy could begin paying us now. The great trouble is that she has found out that she can easily get a large part of her debt canceled.

How can anyone ever justify himself with the American people in canceling a very large part of the Italian debt on the theory that Italy is bankrupt. How can anyone justify restricting the consideration of Italy's ability to pay to the present when so small a part of this debt is to be paid in our lifetime or even in the lifetime of most of our children. Her prospective ability to pay should enter into the consideration, especially in view of the great length of time that is given.

We have been more than generous with all the Allies. Italy could not complain if we gave her no discount on her debt. Here we are about to give her a sum of money several times larger than is the sum of money borrowed. Of course, we do not give this to her all at one time but we give her a large sum of money every year and we propose to perfect an arrangement whereby our children and our children's children will be giving her large sums of money every year and every day thereof years and years after we shall have passed off this stage of action.

It is not right. So much has been said about giving away none of the principal. The great trouble is, though, that the thing which it is proposed to cancel here is much greater than the principal. The interest on any sum of money for a long

term of years is much greater than the principal, even as a great forest which grew from one acorn is must greater than the seed from which it sprang.

The interest on this debt for 64 years at 8 per cent, payable annually, as I have shown, is two hundred and fifty-five times as large as the principal. I can scarcely believe the figures after I have gone over them time and again. At 6 per cent for this term of years the interest is more than thirty times as great as the principal. My, what a difference a slight difference in the rate makes.

The settlement becomes shocking when one stops to figure on it just a little. Experts tell us that the present worth of what Italy is to pay us is $791,000,000, and this can be easily verified by a little use of a lead pencil and the application of a simple rule of percentage which we learned when we were school children. I have gone a little further and figured just a little more, and I invite those that may be interested to verify my statement by a little application of the rules of percentage.

Here is what I find. If Italy had paid us 8 per cent per year from the close of the war to date, she would have paid us by this good moment nearly twice as much as our debt commission are now offering to accept in full settlement. If she had paid us only 4 per cent per annum from the time she got the money until this time, and the debt commission was now proposing to cancel the whole blamed principal, the proposition would not be as absurd as the one here proposed, for the present proposition will not get this much out of the affair.

If the debt commission had brought in here a proposition that Italy pay 8 per cent per annum on what she owes for a little over four years and that then the whole debt would be canceled, it would have been a much better proposition than the one which we are asked to swallow.

Yet it is said that the principal is saved. Yes; it is saved for Italy. It is saved so that very little of it will ever be seen by us or our children.

What caused this great scramble of those who are now clamoring for this gift to be made to Italy. A little while ago many statements were given out that there would be no cancellation of any part of the foreign debts, and especially was it made clear that, by all means, the principal would not be canceled, either in whole or in part. The cry was, Save the principal, even if you give away 5 or 10 times the amount of the principal in interest.

The Italian proposition is many times more favorable than the British settlement, and yet here is what the Republicans declared to be the policy of their party in 1924, as expressed in their platform:

> We have steadfastly refused to consider the cancellation of foreign debts. * * * Our position has been based on the conviction that a moral obligation, such as was incurred, should not be disregarded. We stand for settlement with all debtor countries similar in character with our debt agreement with Great Britain.

Senator BURTON, who was then on the debt commission, delivered the keynote speech at the Republican Convention and was very positive in his declarations that there would be no cancellation of the principal of these debts. My colleague from Georgia [Mr. CRISP] was not on the debt commission at that time, but he was very pronounced in his views in speeches here in Congress and assured the people that he opposed any settlement, except along the line of the British settlement.

I can easily see how a man can get wrong occasionally, for we all do this. I feel that the Democrats who favor this bill are, as a general rule, mistaken honestly.

The thing that puzzles me, though, is how the country can believe that many of the Republicans who vote for this thing and who always vote for the corporate interests are ever for the farmers or the laboring people, even though they make many protestations of love for the common folks during campaign year. They only yell for the common folks during campaign year, and then vote for the big interests during their service in Congress.

Nearly every man who voted to stop the free-seed item of only a few thousand dollars voted in a few days to spend many times that amount in building a bridge across the Potomac River, when there are already three bridges in and near Washington, and yet these people shout economy when they have taken a package of garden seed from the farmers of the Nation and from their wives and have made the little children understand that for the sake of economy if they want flower seed they must buy them. Oh, what economy! These economists voted the railroads large amounts of cash and yet voted the ex-service men no money but only a cheap form of death benefit. They furnished the railroads money so that they could live; they said to the ex-service men, "Live if you can; we will guarantee your folks a little money when you die."

These same economists become very much wrought up when there is an effort to appropriate a little money to pay for the printing of a few books on diseases of horses and cattle, and in their anguish of spirit they cry out to their friends to please help them save the great economy program. They know that this little appropriation will help the farmers and must know that this is probably the only thing this Congress will do for the farmers, and yet there is more real agony in the camp of the so-called economist than there has been over any bill at this session.

These same economists in name know that the amount given to Italy each day under the proposed settlement is nearly large enough to print all the books on diseases of horses and on diseases of cattle which will be printed for three years under the item for this purpose as carried in the Agricultural appropriation bill, and yet they complain bitterly over giving this small amount to the farmers for just a day and a few hours, and gladly vote to give it to Italy not for one day out of three years but for every day in the year and for a period of years to last until our children and our children's children will be in the grave or tottering with old age. Some economy!

They say that Italy is poor and needy. What about the poor old fathers and mothers of this country and their children? Are not they needy?

They say Italy helped in the war. What about the poor old fathers and mothers of the farm and their boys and girls? Did not they help in the war, too, and did not they suffer all the terrors of that horrible conflict? They say let us be generous with Italy. Why not be generous with our own people, and why not be generous with that father who lost his sons or with that mother who is widowed and left without a son to help her as a result of that war?

There is another very interesting angle to this Italian debt proposition. The approval of this debt settlement means for the Members voting here to pass on the respective rights of the common folks who, through the Government, have loaned money to the Italian Government, and the rights of the international bankers of the country to whom Italy is now heavily indebted. There is involved, I repeat, in this bill the rights of the common people and the rights of the big rich. This is true in so many of the matters coming up here.

It is difficult, though, in many to trace out the respective rights of each and equally hard to ascertain just how each is to be effected. This bill is not so hard in this respect, for in this bill the same country owes the international bankers and also owes the United States, which is all of us.

First, let us see just how much is owed, and to whom it is owed, and also how cheap is the Italian Government to get off in its dealings with the money of the immensely rich.

We are told in the hearings that the Italian Government owes J. P. Morgan & Co., of New York, the sum of $100,000,000; that $50,000,000 of this is a renewal of an old loan and that the balance is in the nature of a new loan. We are reliably informed that Italy is to pay this firm of international bankers the sum of $9,000,000 as commission and between 7 and 8 per cent as interest. Thus Italy will actually get as a new loan $33,500,000 and will pay for it during the first year of the loan the commission and one year's interest, amounting to $7,500,000 on the whole item, or $3,750,000 on the new item. In other words, Italy will pay the international bankers over 35 per cent for the new loan for one year, and during this same year she will not pay the common people a blamed cent. Neither will Italy for the first five years pay any interest, and, furthermore, she will practically pay no interest for the 64 years the loan of the United States is to run.

Some bill, is not it, with no interest on our money and fabulous interest on the loans made by the big bankers. But, they say, we have saved the principal. Blamed if I know whether they are talking about saving the principal of the debt or about saving the principle of helping the big rich at the expense of the poor of the country.

There is only one way to figure that Italy is not paying the Morgan interest an outrageous interest or charge, and that is to figure that Italy not only got the money from J. P. Morgan & Co. but to understand that Italy also secured another very valuable asset, to wit, the help of the international bankers in putting over this outrageous steal about to be perpetrated on the American people. If the influence of the big rich put this thing over, then Italy is being well repaid for all the money she has agreed to pay the J. P. Morgan & Co. combine.

I wish that the farmers of the Nation could borrow money as easily as we are loaning it to Italy. Just think of a loan

to the farmers for five years without interest then at a rate which never averages as much as 1 per cent, and just think of a loan for 64 years. Just think of a loan to the farmers on the basis of the farmers paying a small interest for four or five years and then for the entire debt to be canceled. This is what we are about to do for Italy.

The farmers can not expect this kind of treatment, for they are the ones that are being forced to do this gift stunt to Italy. I have about decided that the farmers will not get any help from the Government of a substantial nature, for the Government is all the time making the farmers help those that do not need any help and who already are rich beyond our ability to comprehend.

That is a harsh statement, and I wish that it was possible for me to say the contrary and be honest with myself and with the people of my district and of the country.

I am very sorry that there are not more Members here who at heart are for the farmers of the Nation. Too many are for the farmers only in name. They are not for the farmers when voting time comes if they, the Members, are voting. They are only for the farmers at voting time when the farmers are to do the voting.

I hope that I will live to see the day when the friends of the farmers will get together and stay together until the farmers get a square deal. If the friends of the farmers and of the common folks were together at this time, we could defeat not only this Italian outrage but we could put through a program for the farmers of the Nation. When a measure comes up here which is in the interest of the farmers and the common people the friends of the farmers are scattered, and in the end the cause is lost. Some of the farmers' friends are Democrats. Some are not. Some of them are Republicans, and some are not. There is not sufficient organization. Some of the farmers' friends in the Republican camp will respond to the Republican whip and vote contrary to their conviction in order to be called regular in their party ranks. Some in the Democratic Party will do the same thing. We need men here who are for the farmers first, last, and all the time.

We may rest assured of one thing, and that is the friends of the corporate interest stand together all the time, it matters not whether they are Democrats or Republicans, and it matters not how many whips are cracked over their backs. They are loyal to the big rich and can not be swerved from the service of their masters.

Another reason for the present Italian debt settlement going through is that the press of the country are practically all lined up with whatever is called for by Wall Street. This is especially true with the press of the North and New England. Then again occasionally some paper, even in the South, which claims to be Democratic will be found barking along for the gang with the Wall Street interests.

There are too many people who claim to be for the common people who prove by their stand that they are with the other crowd.

Much has been said in this debate about being magnanimous and being generous. It all depends on whom one is to be magnanimous and generous with in his or her dealings.

People who cry out loudest for the Congress to be magnanimous with the corporate interests and with foreign governments are not at all concerned about our being generous with the common folks or with the farmers of the country.

I feel that we should extend generosity to our home people rather than to the peoples of other countries. We have many millions of farmers who are blanketed with millions and millions of mortgages. Many of these farmers are losing their homes simply because they can not pay the interest on these mortgages, and yet we are giving Italy enough to pay off all the mortgages in a few years. But if some one even suggested making the farmers of the Nation a gift large enough to pay off all their mortgages they would be criticized as a demagogue and worse than that would be called crazy and sent to St. Elizabeths asylum for the insane if the Wall Street influence could have its way in putting its enemies out of the way.

Yet we are letting the farmers lose their homes as a result of just such legislation as that I am criticizing; and while he can not pay his taxes and interest, the Congress is making generous gifts to the peoples of foreign countries.

But why talk longer about the matter? I do want to call the attention of Congress and the country, though, to the splendid essay written by the late-lamented Senator Tom Watson, of Georgia, in which he so beautifully pictured the greatness of the farmers of the Nation and the utter dependence of the rest of the country on the farmers. After describing in his inimitable way a beautifully sunny spring day in Georgia, Senator Watson said:

On such a day, such a cloudless, radiant, flower-sweetened day, the horseman slackens the rein as he rides through lanes and quiet fields, and he dares to dream that the children of God once loved each other.

On such a day one may dream that the time might come when they would do so again.

Rein in the stop, here on this high hill. Look North, look East, where the sun rises, look South, look West, where the sun sets—on all sides the steady mule, the steady plowman, and the children dropping corn.

Close the eye a moment and look at the picture fancy paints. Every field in Georgia is there, every field in the South is there. And in each the figures are the same—the steady mule and the steady man and the pattering feet of the children dropping corn.

In these furrows lies the food of the Republic; on these fields depend life and health and happiness.

Halt those children and see how the cheek of the world would blanche at the thought of famine.

Paralyze that plowman, and see how national bankruptcy would shatter every city in the Union.

Dropping corn! A simple thing, you say.

And yet, as those white seeds rattle down to the sod and hide away for a season, it needs no peculiar strength of fancy to see a Jacob's ladder crowded with ascending blessings.

Scornfully the railroad king would glance at these small teams in each small field; yet check those corn droppers, and his cars would rot on the road and rust would devour the engines in the roundhouse. The banker would ride through those fields thinking only of his hoarded millions, nor would he ever startle himself with the thought that his millions would melt away in mist, were those tiny hands never more to be found dropping corn. The bondholder, proud in all the security of the untaxed receiver of other people's taxes, would see in these fields merely the industry from which he gathers tribute; it would never dawn on his mind that without the opening of those furrows and the hurrying army of children dropping corn his bond would not be worth the paper it is written on.

Great is the might of this Republic!—great in its schools, churches, courts, legislatures; great in its towns and cities; great in its commerce; great in its manufactures; great in its colossal wealth.

But sweep from under it all these worn and wasted fields, strike into idleness or death the plowman, his wife and his child, and what becomes of the gorgeous structure whose foundation is his fields?

Halt the food growers, and what becomes of your gold and its "intrinsic value"?

How much of your gold can you eat?

How many of your diamonds will answer the need of a loaf?

But enough.

It is time to ride down the hill. The tinkle of the cowbell follows the sinking sun—both on the way home.

So, with many an unspoken thought, I ride homeward, thinking of those who plant the corn.

And hard, indeed, would be the heart that knowing what these people do and bear and suffer, yet would not fashion this prayer to the favored of the Republic: "O rulers, lawmakers, soldiers, judges, bankers, merchants, editors, lawyers, doctors, preachers, bondholders! Be not so unmindful of the toil and misery of those who feed you!"

CLAIMS BY MEXICO FOR OCCUPATION OF VERA CRUZ (S. DOC. NO. 49)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Foreign Affairs.

To the Congress of the United States:

I transmit herewith a report by the Secretary of State requesting the submission anew to the present Congress of the matter of the claims arising out of the occupation of Vera Cruz, Mexico, by American forces in 1914, which formed the subject of a report made by the Secretary of State to the President on February 4, 1924, and my message to the Congress dated February 7, 1924, which comprise Senate Document No. 33, Sixty-eighth Congress, first session, copies of which are furnished for the convenient information of the Congress.

I renew my recommendation, originally made by President Harding, that in order to effect a settlement of these claims the Congress as an act of grace and without reference to the legal liability of the United States in the premises, authorize an appropriation in the sum of $45,518.69, and I bring the matter anew to the attention of the present Congress, in the hope that the action recommended may receive favorable consideration.

CALVIN COOLIDGE.

THE WHITE HOUSE, *February 6, 1926.*

CHANGE OF REFERENCE OF PRESIDENT'S MESSAGE.

The SPEAKER. On yesterday the Chair referred a message of the President relating to the expenditures of the con-

tingent fund in the State Department to the Committee on Foreign Affairs. He is advised that the precedents for reference are to the Committee on Expenditures in the State Department. Without objection it will be referred to the Committee on Expenditures in the State Department.

There was no objection.

LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted as follows:

To Mr. MICHENER (at the request of Mr. MAPES), on account of illness.

To Mr. ALMON, for to-day, on account of illness.

ADJOURNMENT.

And then, on motion of Mr. ANTHONY (at 4 o'clock and 20 minutes p. m.), the House adjourned until Monday, February 8, 1926, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for February 8, 1926, as reported to the floor leader by clerks of the several committees:

APPROPRIATIONS COMMITTEE

(10.30 a. m.)

Appropriations for independent offices (subcommittee).

DISTRICT OF COLUMBIA COMMITTEE

(10.30 a. m.)

A bill to provide for the construction of a bridge to replace the bridge known as Chain Bridge, located in the District of Columbia, and for other purposes (H. R. 4006); Subcommittee on Streets, Highways, and Traffic.

A bill to abolish capital punishment in the District of Columbia (H. R. 349 and H. R. 4498); Subcommittee on Judiciary.

FOREIGN AFFAIRS COMMITTEE

(10.15 a. m.)

For the acquisition or erection of American Government buildings and embassy, legation, and consular buildings, and for other purposes (H. R. 6771).

IRRIGATION AND RECLAMATION COMMITTEE

(10 a. m.)

To provide for the storage of the waters of the Pecos River (H. R. 3862).

MILITARY AFFAIRS COMMITTEE

(11 a. m.)

A bill to establish a national military park at and near Fredericksburg, Va., and to mark and preserve historical points connected with the Battles of Fredericksburg, Spottsylvania Court House, Wilderness, and Chancellorsville, including Salem Church, Va. (H. R. 6756); Subcommittee 6.

RIVERS AND HARBORS COMMITTEE

(10 a. m.)

Houston (Tex.) Ship Channel.

(10.30 a. m.)

For the purchase of the Cape Cod Canal property, and for other purposes (H. R. 8392).

POST OFFICES AND POST ROADS COMMITTEE

(10 a. m.)

To regulate the manufacture, printing, and sale of envelopes with postage stamps embossed thereon (H. R. 4478 and other similar bills).

JUDICIARY COMMITTEE

(10 a. m.)

Bills for changes in various judicial districts, place and time of court sessions, and related subjects.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DRIVER: Committee on the Territories. H. R. 6573. A bill to extend the time for the completion of the Alaska Anthracite Railroad Co., and for other purposes; without amendment (Rept. No. 211). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8128. A bill to punish counterfeiting of Government transportation requests; with amendments (Rept. No. 212). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MORROW: Committee on Claims. H. R. 537. A bill for the relief of A. B. Ewing; without amendment (Rept. No. 213). Referred to the Committee of the Whole House.

Mr. KELLER: Committee on Claims. H. R. 1731. A bill for the relief of John W. King; with amendments (Rept. No. 214). Referred to the Committee of the Whole House.

Mr. SEARS of Nebraska: Committee on Claims. H. R. 2011. A bill for the relief of William D. McKeefrey; without amendment (Rept. No. 215). Referred to the Committee of the Whole House.

Mr. REECE: Committee on Military Affairs. H. R. 658. A bill for the relief of Harry Coventry; with an amendment (Rept. No. 216). Referred to the Committee of the Whole House.

Mr. JOHNSON of Indiana: Committee on Military Affairs. H. R. 3376. A bill for the relief of Thomas J. Gardner; without amendment (Rept. No. 217). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 712) granting an increase of pension to Lizzie H. Elliott; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 5268) granting a pension to James L. Smith; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HAWES: A bill (H. R. 8988) to amend an act of February 11, 1924, entitled "An act to equip the United States penitentiary, Leavenworth, Kans., for the manufacture of supplies for the use of the Government, for the compensation of prisoners for their labor, and for other purposes"; to the Committee on the Judiciary.

By Mr. BLOOM: A bill (H. R. 8989) amending subchapter 5 of the Code of Law of the District of Columbia, as amended to June 7, 1924, relating to offenses against public policy; to the Committee on the District of Columbia.

By Mr. ZIHLMAN (by request of the Commissioners of the District of Columbia): A bill (H. R. 8990) to amend an act entitled "An act to regulate the height of buildings in the District of Columbia," approved June 1, 1910, as amended by an act of Congress approved December 30, 1910; to the Committee on the District of Columbia.

By Mr. WOODRUM: A bill (H. R. 8991) to establish a permanent status for the United States Army Band, and for other purposes; to the Committee on Military Affairs.

By Mr. CANFIELD: A bill (H. R. 8992) for the purchase of a site and the erection of a public building at Aurora, Ind.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8993) for the purchase of a site and the erection of a public building at Batesville, Ind.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8994) for the purchase of a site and the erection of a public building at Franklin, Ind.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8995) for the erection of a public building in Greensburg, State of Indiana, and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. UPSHAW: A bill (H. R. 8996) authorizing the purchase of a site and the erection thereon of a national home for soldiers and sailors of all wars; to the Committee on Public Buildings and Grounds.

By Mr. GREEN of Iowa (by request): A bill (H. R. 8997) to amend sections 2804 and 3402 of the Revised Statutes; to the Committee on Ways and Means.

Also (by request), a bill (H. R. 8998) to establish in the Treasury Department a bureau of customs and a bureau of prohibition, and for other purposes; to the Committee on Ways and Means.

By Mr. GIBSON: A bill (H. R. 8999) to amend the act of February 28, 1916, creating a Bureau of Efficiency; the act of March 4, 1923, creating a Personnel Classification Board; and

the act of September 7, 1916, creating the United States Employees' Compensation Commission; to the Committee on the Civil Service.

By Mr. RAGON: A bill (H. R. 9000) providing for a mine rescue station and equipment at Spadra, Ark.; to the Committee on Mines and Mining.

By Mr. MEAD: A bill (H. R. 9001) to amend the national prohibition act; to the Committee on the Judiciary.

Also, a bill (H. R. 9002) to amend the national prohibition act; to the Committee on the Judiciary.

Also, a bill (H. R. 9003) to reduce night work in the Postal Service; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 9004) to reduce night work in the Postal Service; to the Committee on the Post Office and Post Roads

By Mr. SINNOTT (by departmental request): A bill (H. R. 9005) to empower certain officers, agents, inspectors, or employees of the Department of the Interior to administer and take oaths, affirmations, and affidavits in certain cases, and for other purposes; to the Committee on the Public Lands.

Also (by departmental request), a bill (H. R. 9006) for the disposition of certain coastal lands in Alabama, Florida, and Mississippi, and the adjustment of claims arising from erroneous surveys; to the Committee on the Public Lands.

By Mr. DENISON: A bill (H. R. 9007) granting the consent of Congress to Harry E. Bovay to construct, maintain, and operate bridges across the Mississippi and Ohio Rivers at Cairo, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. MORIN: A bill (H. R. 9008) to validate payments for commutation of quarters, heat, light, and of rental allowances on account of dependents; to the Committee on Military Affairs.

By Mr. MOORE of Virginia: A bill (H. R. 9009) to provide for the acquisition of a site and the construction thereon of a fireproof office building or buildings for the House of Representatives; to the Committee on Public Buildings and Grounds.

By Mr. WURZBACH: A bill (H. R. 9010) for the development of the training plant for the Air Service of the United States Army at San Antonio, Tex.; to the Committee on Military Affairs.

Also, a bill (H. R. 9011) for additional construction and for improvements at Fort Sam Houston, Tex.; to the Committee on Military Affairs.

By Mr. KNUTSON: Resolution (H. Res. 122) calling upon the United States Tariff Commission to immediately report to the President of the United States its findings in the butter investigation; to the Committee on Ways and Means.

By Mr. CLAGUE: Resolution (H. Res. 123) calling upon the United States Tariff Commission to immediately report to the President of the United States its findings in the butter investigation; to the Committee on Ways and Means.

By Mr. ANDRESEN: Resolution (H. Res. 124) calling upon the United States Tariff Commission to immediately report to the President of the United States its findings in the butter investigation; to the Committee on Ways and Means.

By Mr. GOODWIN: Resolution (H. Res. 125) calling upon the United States Tariff Commission to immediately report to the President of the United States its findings in the butter investigation; to the Committee on Ways and Means.

By Mr. FURLOW: Resolution (H. Res. 126) calling upon the United States Tariff Commission to immediately report to the President of the United States its findings in the butter investigation; to the Committee on Ways and Means.

By Mr. WATRES: Resolution (H. Res. 127) requesting the Secretary of Labor to meet with the representatives of the United Mine Workers and the anthracite operators' representatives for the purpose of tendering his services as mediator; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ACKERMAN: A bill (H. R. 9012) granting a pension to Anna F. Gourlay; to the Committee on Invalid Pensions.

By Mr. BURTON: A bill (H. R. 9013) granting a pension to Bernice McLaughlin; to the Committee on Pensions.

By Mr. GARRETT of Tennessee: A bill (H. R. 9014) granting a pension to Ada Laxson; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 9015) granting an increase of pension to Mary A. Koerper; to the Committee on Invalid Pensions.

By Mr. HUDSPETH: A bill (H. R. 9016) granting a pension to Anton Aggermann; to the Committee on Pensions.

By Mr. KEARNS: A bill (H. R. 9017) granting an increase of pension to Martha A. McIntire; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 9018) granting an increase of pension to Martha L. E. Bromberg; to the Committee on Invalid Pensions.

By Mr. MOONEY: A bill (H. R. 9019) for the relief of Ailing R. Maish; to the Committee on Military Affairs.

By Mr. MOORE of Kentucky: A bill (H. R. 9020) granting an increase of pension to Susan J. Hendrick; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 9021) granting an increase of pension to Cathrine Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9022) granting a pension to Jennie W. McDaniel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9023) granting an increase of pension to Mary M. Fisher; to the Committee on Invalid Pensions.

By Mr. SINNOTT: A bill (H. R. 9024) granting an increase of pension to Eliza Tobin; to the Committee on Pensions.

Also, a bill (H. R. 9025) granting an increase of pension to Mary E. Fenton Pulver; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 9026) granting an increase of pension to Mary J. Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9027) granting an increase of pension to Annie E. Grissom; to the Committee on Invalid Pensions.

By Mr. WHITE of Maine: A bill (H. R. 9028) granting an increase of pension to Eliza M. Sawyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9029) granting a pension to Alice R. Walter; to the Committee on Invalid Pensions.

By Mr. WINGO: A bill (H. R. 9030) for the retirement as ensign of Hampton Mitchell; to the Committee on Naval Affairs.

By Mr. WYANT (by request): A bill (H. R. 9031) for the relief of Sheindel, Morris, Zechari, and Frieda Clateman; to the Committee on Immigration and Naturalization.

By Mr. ZIHLMAN: A bill (H. R. 9032) to change the name of the trustees of St. Josephs Male Orphans Asylum and amend the act incorporating the same; to the Committee on the District of Columbia.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

588. By Mr. BARBOUR: Resolution of the Fish and Game Commission of California urging the reflooding of Lower Klamath Lake; to the Committee on Irrigation and Reclamation.

589. By Mr. W. T. FITZGERALD: Petition of Union Council, No. 21, Daughters of America, Union City, Ind., requesting enactment of House bills 344 and 5583, providing for the naturalization and deportation and registration of aliens; to the Committee on Immigration and Naturalization.

590. By Mr. GALLIVAN: Petition of E. J. Reavey, legislative agent, Boston Lodge, No. 97, Brotherhood of Railway Trainmen, Brockton, Mass., protesting against proposed amendments to the Federal employees liability act; to the Committee on the Civil Service.

591. Also, petition of F. A. Symonds, Massachusetts legislative representative, the Locomotive Firemen of Massachusetts, protesting against proposed amendments to the Federal employees liability act; to the Committee on the Civil Service.

592. By Mr. O'CONNELL of New York: Petition of the American Enameled Brick & Tile Co. (Inc.), New York City, N. Y., favoring the passage of the Blanton bill, H. R. 3811; to the Committee on Interstate and Foreign Commerce.

593. Also, petition of the National Preservers Association (Inc.), opposing the passage of Senate bill 481 and House bill 39, which would permit the use or sale of corn sugar (dextrose) under the modified name "sugar"; to the Committee on Interstate and Foreign Commerce.

594. Also, petition of the Associated Traffic Clubs of America, favoring the passage of a law charging the Interstate Commerce Commission with the regulation of motor vehicles when engaged in interstate commerce; to the Committee on Interstate and Foreign Commerce.

595. By Mr. SWING: Petition of the Riverside Chamber of Commerce, opposing the anti-Federal aid for highways movement; to the Committee on Roads.

596. Also, petition of the Laguna Beach Chamber of Commerce, urging continuance of Federal-aid highway appropriation from Congress and increase in California allotment; to the Committee on Roads.

597. Also, petition of the California State Automobile Association, supporting continuation of Federal-aid appropriation for interstate highways; to the Committee on Roads.

598. Also, petition of Charter No. 30, Hotel Greeters of America, emphatically disapproving of the disallowance or discontinuance by the United States of America of the appropriation for good roads; to the Committee on Roads.

599. Also, petition of the Board of Supervisors of Riverside County, Calif., requesting further appropriations for Federal highway aid; to the Committee on Roads.

600. Also, petition of the Western States County Officials Association, urging continuation of the granting of Federal aid to the States in highway building; to the Committee on Roads.

601. Also, petition of the Riverside Chamber of Commerce, urging continuation of the present policy of the Federal Government in extending aid to the States for the building of highways; to the Committee on Roads.

602. Also, petition of the Redlands Chamber of Commerce, urging continuation of the present plan and policy of Federal aid in cooperation with States in building public roads; to the Committee on Roads.

603. Also, petition of the motor Carriers' Association of the State of California, unanimously indorsing the Federal-aid road plan and asking for an increased appropriation of the Federal aid from the present Congress; to the Committee on Roads.

604. Also, petition of the Orange Community Chamber of Commerce, urging continued Federal appropriations for adequate highway transportation facilities; to the Committee on Roads.